



**USAID**  
FROM THE AMERICAN PEOPLE

## **RATES PROGRAM**

**First Quarterly Progress Report FY 05  
October 2004 to December 2004**

**January 15, 2005**

**This publication was produced for review by the United States Agency for International Development (USAID). It was prepared by Chemonics International Inc.**



**First Quarterly Progress Report FY 05  
October 2004 to December 2004**

**January 15, 2005**

**Submitted by Chemonics International Inc.**

**A USAID-funded Project  
Contract #623-C-00-02-00089-00**

**The author's views expressed in this publication do not necessarily reflect the views of the Agency for International Development or the United States Government.**

## Table of Contents

Acronyms.....	iii
I. Introduction .....	1
A. Overview of the RATES Program .....	1
B. The RATES Results Framework.....	2
II. Progress to Date .....	4
PIR 1: Expanded agricultural trade in selected subsectors .....	4
KRA 1.1: Specialty Coffee Exports Increased .....	4
KRA 1.2: Regional maize flows expanded.....	11
KRA 1.3 : Regional Cotton/Textile Trade Increased.....	18
KRA 1.4: Regional trade in dairy products increased .....	21
PIR 2: Increased institutional capacity to sustain agricultural trade.....	26
KRA 2.1: Capacity of selected partner organizations strengthened .....	26
KRA 2.2: Demand-driven technologies identified, developed and utilized .....	32
PIR 3: Expanded private sector contribution to regional trade initiatives.....	35
KRA 3.1: Private sector-driven agricultural trade policies advocated .....	35
KRA 3.2: Private sector buy-ins and alliances expanded. ....	38
PIR 4: Program Management, Monitoring and Evaluation .....	40
KRA 4.1: Management and coordination mechanisms established.....	40
KRA 4.2: Program monitoring and reporting needs met.....	41
III. Problems Encountered/Remedial Actions Taken .....	42

## Acronyms

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

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

## **I. Introduction**

The Regional Agricultural Trade Expansion Support (RATES) program is beginning its third year of implementation. The program has reached full stride and has received sufficient incremental funding to allow the team to accelerate the pace of implementation. The RATES commodity list now includes maize, specialty coffee, cotton/textiles, dairy and technical support to the livestock program under AU-IBAR. In addition, RATES is exploring adding oilseeds to the list of commodities and have done the preliminary research on opportunities for increasing inter-regional trade in oilseeds. This progress report details the progress for the first quarter of FY 05 and is structured in line with the project's results framework.

### **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.

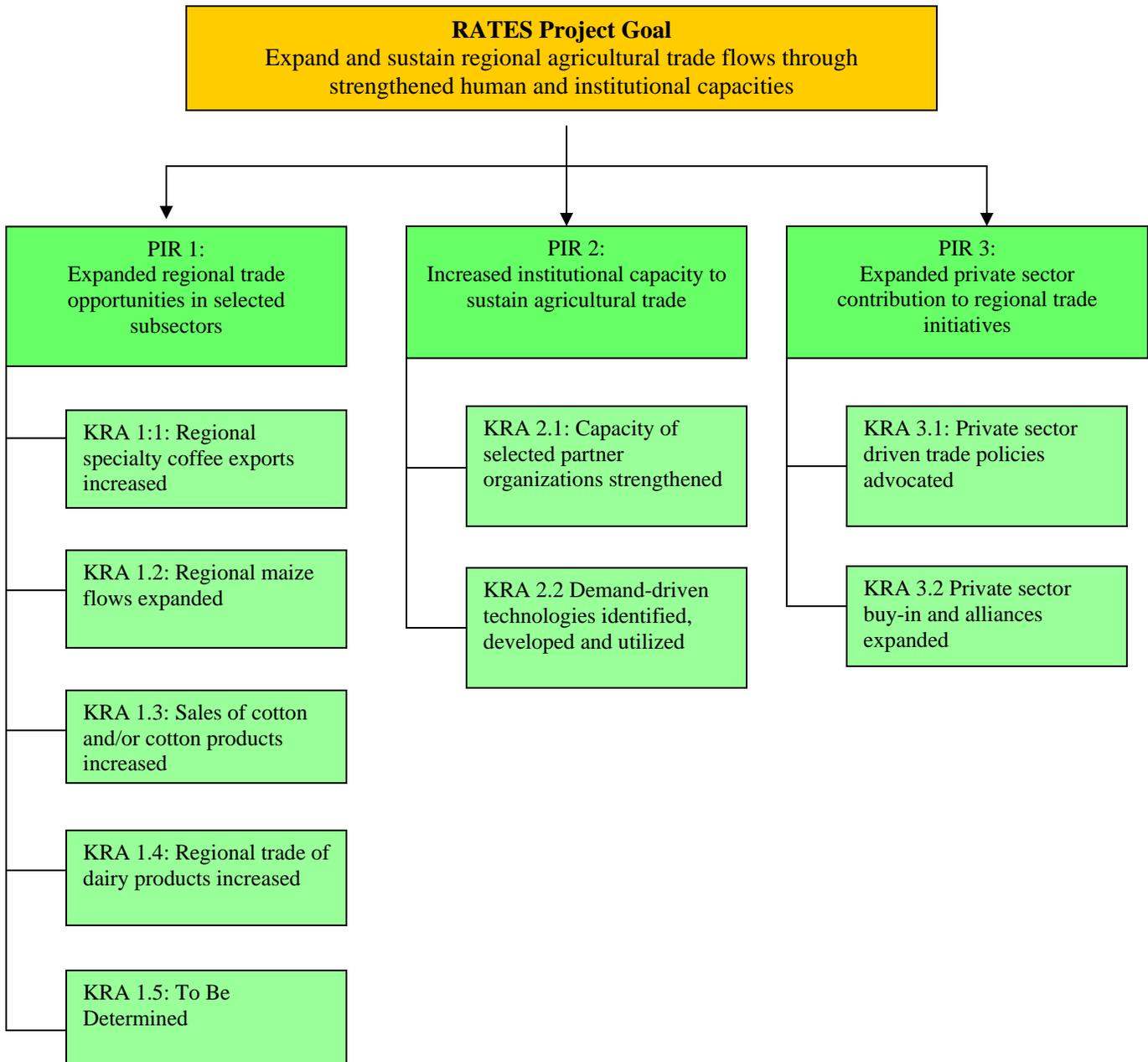
<p style="text-align: center;"><b>RATES Project Goal</b> Expand and sustain regional agricultural trade flows through strengthened human and institutional capacities</p>
---

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

### **RATES Results Framework**

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

## Exhibit 1. RATES RESULTS FRAMEWORK



## II. Progress to Date

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

#### KRA 1.1: Specialty Coffee Exports Increased



**Strategy.** The Eastern African Fine Coffee Association, (EAFCA) the regional body representing nine Eastern African coffee producing countries, is the selected trade flow leader for the fine coffee strategy. The long-term strategy is to support EAFCA's efforts to position itself as a major actor in the marketing and promotion of Eastern African fine coffee in regional and international coffee markets, and to set a course of action that leads to its sustainability.

Numerous surveys and consultations with EAFCA membership and coffee industry stakeholders in the region have indicated that the two primary demand driven services required from the EAFCA secretariat are: 1) assistance in the promotion and overall expansion of the market for their fine coffee; and 2) direct member assistance to better understand how to deliver a better product to the market. The strategy for the work plan period is to support EAFCA's growth and development in the areas of market expansion and product enhancement. This includes an emphasis on institutional development with the long-term target of sustainability that is explained in detail under KRA 2.1. RATES will emphasize inter-regional trade impediments for the first time this year using a member roasting company in a pilot activity to encourage free flow of coffee within member countries.

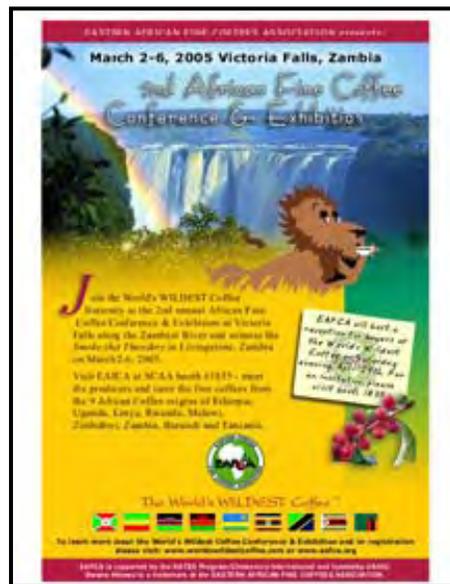
The EAFCA and RATES annual work plans for coffee are identical; developed in a team effort following a RATES planning workshop that preceded an EAFCA Board meeting in June 2004. Chris von Zastrow, the RATES Coffee Marketing Specialist, is assigned as the Technical Advisor to EAFCA and is based in their Kampala office.

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

**Activity 1. Support EAFCA's program for market expansion and promotion.** RATES was instrumental in helping EAFCA develop the regional marketing theme of "The World's WILDEST Coffee", which together with its character logo, the lion "bwana kahawa", has been successful in creating name association and regional "brand awareness". RATES and EAFCA are working with the private sector, both in the region and in the primary consuming countries, to build on this theme and determine trends relating to market needs. RATES will continue to support EAFCA to assist its membership to participate in all the major international coffee exhibitions, as the market awareness created has already had dramatic effects on the regional reputation.

☞ The most important of these events is the annual African Fine Coffee Conference and Exhibition (WWC). This promotional event will create an opportunity for hundreds of important internal buyers to visit the region. The second annual conference is scheduled in

March 2005 at Livingston, Zambia on the banks of the Zambia River in sight of Victoria Falls. This annual event requires serious forward planning and several key actions have been taken to ensure that the event is well planned and organized:



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

- The WWCII website was re-designed soon after the first conference and is now live and taking new registrations. Over 60 registrations have taken place up to this quarter, right on target to the 300 that are expected.
- The Executive Committee of EAFCA has assumed the role of the former Conference Steering Committee. This new committee serves as a more efficient and effective way to monitor the conference planning and implementation process.
- Ludovica Bellingeri has been contracted by RATES to work for the EAFCA Secretariat as the WWC Conference Coordinator.
- EAFCA did an excellent job promoting the event at the Atlanta SCAA Conference in March. The WWCII brochure was available for distribution, the new website was designed and ready and the venue was promoted.
- A “Conference Team” has been put together comprised of Robert Nsibirwa (EAFCA Executive Director), Ludovica Bellingeri (Conference Coordinator EAFCA/RATES), Joe Taguma (Zambia Coffee Association), and Chris von Zastrow (RATES advisor to EAFCA). The first team visit to Zambia was followed by a Technical Team meeting in Nairobi. This key meeting concluded the “blue print” of the conference, assigned roles and formed sub-committees. Members of the team meet periodically and other trips to Zambia have taken place.
- The “Taste of Harvest” program, preceded by national competitions in all countries, is now well in hand, with most countries having responded positively. Newspaper templates are in the process of being created to promote the event in all countries.

- EAFCA has hired Sula Mahoney to serve in the position of host country coordinator. Sula will coordinate and report to the WWC conference coordinator. ZCGA have agreed to provide an office and other facilities for Sula. ZCGA has also agreed to organize and financially support the “Meet the Farmer Coffee Safari” for up to 100 participants.

☞ A high-level coffee breakfast event was held in Lusaka by EAFCA and ZCGA on October 29, 2004 to officially launch the WWC event. Over 200 corporate leaders, public sector officials and members of the press attended the event. This event, to be held from March 3<sup>rd</sup> -5<sup>th</sup>, 2005, Victoria Falls, in Livingstone, Zambia is expected to attract the world’s leading houses and names in coffee. The first such event was held in Nairobi, Kenya in February 2004.



**Participants enjoying breakfast at the official launch of WWC2**

☞ Interestingly, the WWC2 coincides with the launch of a major initiative to promote tourism in Zambia, the “Visit Zambia 2005” campaign which is targeted at promoting Zambia as an international tourism destination. The Zambian Minister of Agriculture and Cooperatives, Hon. Mundia Sikatana (MP), officiated at the breakfast which was well attended by all relevant sectors including the Minister of Finance and the Deputy Minister of Commerce. The launch sensitized the coffee industry as well as the Zambian business sectors on the event and its activities. The Zambian government pledged support as host country and will actively participate in the promotion of the event and its activities.

☞ EAFCA will also maintain a strong presence at several internally recognized coffee events including the Specialty Coffee Association of America taking place in Seattle in April 2005. EAFCA also participated in Sintercafe in Costa Rica in November 2004 and the International Federation of Organic Agriculture Movements (IFOAM), which took place in Kampala in October 2004. These events are critical for EAFCA’s continued presence on

the internal coffee scene both to market members' coffee and to promote EAFCA's own WWC event. As part of these activities, RATES assists EAFCA to host a specific "Meet the Buyer" event that has become increasingly popular with the buying sector and has proven successful at forging strong market linkages with members.

- **IFOAM.** EAFCA participated in the Organic Coffee Conference held on 6th – 8th October 2004 in Entebbe, Uganda. The conference was organized by the International Federation of Organic Agriculture Movements (IFOAM) with over 150 delegates attending, including many notable international organic sustainability and certification organizations. The conference provided a platform for organic experts across the globe to share the experiences gained from certification programs carried out elsewhere in the world. It was evident that sustainability and certification programs are gaining momentum worldwide. However, most of the large successes are still only being achieved outside of Africa, a situation that gives added emphasis to the need for technology transfer to meet the changing demands of world markets. In the case of coffee, it is essential that the production of high quality coffees be stressed as the underlying pre-requisite for higher premiums. An exhibition complemented the conference activities and a coffee cupping competition saw Ethiopia take the points in the Arabica category with Tanzania emerging on top in the Robusta category.



**EAFCA Booth at the IFOAM Organic Conference in Entebbe**

- **SinterCafe.** EAFCA sent a team to Costa Rica for the SinterCafe event (November 6-10) comprised of Robert Waggwa Nsibirwa, the EAFCA Executive Director, Chris von Zastrow, RATES Coffee Specialist, and Ludovica Bellingeri, the EAFCA Conference Coordinator. As the major regional coffee marketing event for Central America, SinterCafe attracts major coffee buyers and roasters from all over the US and Europe. The EAFCA team took advantage of this opportunity to network with these key coffee players and to promote the upcoming WWC2 conference. The EAFCA region was selected by SinterCafe as the featured guest region for next year's SinterCafe conference. This "honor" has some significant financial obligations and responsibilities. EAFCA will now need to weigh the advantages and disadvantages of expending resources to develop the required promotional materials for this event. The team was also able to line up several key speakers for the WWC event including: David Rouche, CQI, Judith Gaines-Chase, J. Ganes Consulting, Sunalini Menon from India, Willem Boot, Carlos Brando of P& A, Dr. Nestor Osorio /Pablo Dubois, ICO, Niels Vaan Heeren from Utz Kapeh, Carsten Schmitz-Hoffman, 4Cs and Paul Songer. Three booths were also confirmed from Utz Kapeh and the GTZ 4-C's program.



**EAFCA booth at SinterCafe**

- **SCAA.** The annual Specialty Coffee Association of America (SCAA) conference has significant meaning for EAFCA. SCAA is a member of EAFCA and strongly supports EAFCA through special services and a strong participation in the CQI/Coffee Core program. The conference is a main international marketing event for EAFCA members and the RATES' "Meet the Buyer" event has become a sought after activity by the SCAA membership. EAFCA also uses the SCAA conference as a launching pad for the World's Wildest Coffee (WWC) conference scheduled for Arusha Tanzania in February 2005. EAFCA has organized a SCAA Conference Steering Committee and the RATES' marketing and promotion specialist, Kimberly H. Smith, has been assigned to assist.

**Activity 2. Support EAFCA’s program of member services to enhance product quality.**

RATES supports EAFCA’s program of member services to enhance product quality. As part of activities projected within its strategic plan, EAFCA will devote significant resources to the delivery of member-demanded services including workshops and training that focus on the improvement of coffee handling within the market chain.

☞ **Technical trainings.** Specific activities will include training (and training of trainers) for cuppers, millers, roasters and exporters that address the deterioration of quality of coffee as it moves from farm to port. Such services are in demand by members and will take place at venues throughout the region.

- **Cupping/roasting/milling training.** Trainings already scheduled include a roasting and cupping training in Lusaka and a milling training at a local mill in Zambia following WWC in March. The full annual schedule of trainings will soon be distributed to members at the WWC2.
- **“Taste of Harvest” cupping events.** To build the capacity to recognize the difference between fine and mediocre coffee, EAFCA will launch a new member promotional and service event, “The Taste of Harvest”. This event will assist member countries to identify and select their best coffees following internationally accepted cupping criteria and to promote their products at the “Taste of Harvest” event that will take place at the African Fine Coffee Conference and Exhibition in Zambia.
- **Certification seminars.** EAFCA is supporting the development of internationally recognized standards and certification programs through partner organizations like Utz Kapeh and the GTZ sponsored 4-Cs program. EAFCA is teaming up with the International Institute for Sustainable Development to hold a major certification workshop at the WWC2 conference under the headline “Sustainable Coffees for Sustainable Quality of Life.”

**Activity 3. Improve EAFCA’s capacity for program delivery and communication.** RATES will work with EAFCA to improve their capacity for program delivery and communication. RATES is assisting EAFCA to develop improved capacity to deliver services to members. Although much of the effort falls under institutional capacity building which is discussed in KRA 2.1, EAFCA has declared improved services to members as its main theme for this program year.

- ☞ A new emphasis on communication systems has been adopted and will involve timely and informative news publications in both electronic and hard copy formats. Response time to member inquiries will be improved with an emphasis on “linkage”, connecting seller to buyer. A new Trade Directory will be completed this quarter with STTA provided through RATES.
- ☞ A proactive membership drive has been undertaken based on a “value for money” approach convincing prospective members that services provided by EAFCA are beneficial to their coffee business. Membership kits with a calendar of events and other promotional materials have been prepared and disseminated.

**Cost vs. BENEFITS for EAFCA Membership**

Cost	Benefits
Annual Membership US\$300	1. Discount on WWC Conference Registration US\$ 55
	2. Discount on WWC Exhibitor Registration US\$ 400
	3. Training Tuition ( minimum 2 trainings) US\$ 250
	4. SCAA conference registration discount US\$ 185
	5. Fine Coffee Bulletin (6 times) US\$ 60
	6. Annual Coffee Review US\$ 50
	7. Trade & Relevant Information Dissemination US\$ 45
	8. Promotion & Business Relationship Activities US\$ 155
	9. International Networking Opportunities - <i>Priceless</i>
<b>TOTAL US\$300</b>	<b>TOTAL US\$1,200</b>

**Flyer listing member cost vs. benefits of EAFCA membership**

- ☞ EAFCA will hold a series of “coffee forums” in all member countries. These forums take the form of multi-purpose business lunches or evening functions with members and prospective members. The forums will include programs geared towards member promotion, WWC advertising, sponsor searches and current coffee marketing information of interest to the participants.
  - The first coffee forum took place in Nairobi on November 19<sup>th</sup>, 2004 at the Jacaranda Hotel. Over 40 people attended from the Kenya coffee sector.
  - The second coffee forum took place on December 16<sup>th</sup>, 2004 in Moshi, Tanzania with 21 people in attendance.

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



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

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

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

**Activity 1. Increase commercial commodity trade through the RATES trade office.** To address the challenges of managing “real time” market information and trade linkage sites, the RATES Trade Office was opened last year with a full-time Trade Office Manager dedicated to the upkeep and management of both the [www.RATIN.net](http://www.RATIN.net) and [www.tradeafrica.biz](http://www.tradeafrica.biz) sites. This office serves as the RATES “call center” where trade inquiries are proactively pursued through the internet, email, telephone, SMS and radio. All site “hits” and trade inquiries are monitored and tracked for transactional viability and completion. The RATES trade office maintains an extensive trade directory of private companies and public sector agencies connected to the maize, bean and pulse trade. The database driven directory needs continuous updating and serves as a model for other RATES commodities, especially cotton, coffee and dairy.

A key task this year is to involve the participation of new stakeholders engaged in regional food security procurement and distribution activities. The target group includes World Food Program, Food for Peace, National Strategic Grain Reserves, marketing boards, commodity exchange programs, warehouse receipt programs and a number of NGO’s involved in food security programs (i.e. CARE, CRS). The first step is their adoption of the [www.tradeafrica.biz](http://www.tradeafrica.biz) site as the key linkage to sources of maize and other food for their food distribution program. Aside from benefiting from a transparent and regionally-based food-linkage system, it is also important that food-aid agencies coordinate their programs with the commercial grain sector to achieve an improved balance of aid with trade.

- ☞ Steve Njukia pursued this activity in Malawi where he attended a SADC and EU sponsored Strategic Grain Reserve (SGR) meeting in Lilongwe on October 4<sup>th</sup>. Steve influenced the meeting significantly when he introduced the “maize without borders” concept that works as a virtual regional grain reserve if allowed to operate unfettered by governments.
- ☞ The Trade Office has also been collaborating with the more noteworthy warehouse receipt program in the region, Zambia Commodity Exchange (ZACA), to design a special web page on [www.Tradeafrica.biz](http://www.Tradeafrica.biz) that serves to display real-time stock inventory, storage location and stock grades.
- ☞ Steve also presented a paper on regional marketing integration to participants at the NEPAD/IGAD Conference held at the Windsor Resort in Nairobi on November 23, 2004 to promote the concept of regional supply chains and their affect on competitiveness and food security. Some key points included:
- Support COMESA’s goal of increased trade and investment and economic development
  - Increase the value and volume of intra-regional agricultural trade, create industry linkages and regional value chains
  - Eliminate tariff and non-tariff barriers to facilitate free-flow of regional agricultural trade
  - Enhance private sector capacity for advocacy and strengthen public-private partnerships



**Steve Njukia represents RATES at the NEPAD meeting in Lilongwe**

- ☞ The RATES/COMESA “Regional Maize Supply Outlook” is a new initiative that will capture changes in the monthly maize supplies in the region. The initiative will continue this year to 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.

EAST AFRICA MAIZE AVAILABILITY BALANCE SHEET JULY 2004 TO JUNE 2005 (MINIMUM QUALITY MAIZE) By December 2004					
	KENYA	UGANDA	TANZANIA	RWANDA	EAST AFRICA
<b>CARRY OVER STOCKS JULY 2004</b>	180,000	25,000	146,287	8,201	359,488
<b>IMPORTS</b>					
Uganda	40,582		0	5,955	
Kenya			0		
Tanzania	48,665	1,250			
Rwanda		0			
<b>Total East Africa Imports</b>	<b>89,247</b>	<b>1,250</b>	<b>0</b>	<b>5,955</b>	
DRC		1,000		1,000	2,000
Imports from outside the region	142,706		8,000		150,706
<b>Total Imports</b>	<b>231,953</b>	<b>2,250</b>	<b>8,000</b>	<b>6,955</b>	
<b>MAIZE PRODUCTION 2004-05</b>					
Long Rains	1,710,000	322,000	2,857,000	69,264	
Short Rains	300,000	180,000	143,000	18,945	
<b>Total Production per year</b>	<b>2,010,000</b>	<b>502,000</b>	<b>3,000,000</b>	<b>88,209</b>	<b>5,600,209</b>
<b>NATIONAL AVAILABILITY</b>	<b>2,421,953</b>	<b>529,250</b>	<b>3,154,287</b>	<b>103,365</b>	<b>6,112,403</b>
<b>EXPORTS</b>					
Uganda			1,250	0	
Kenya		40,582	48,665		
Tanzania	0	0			
Rwanda		5,955			
<b>Total exports to East Africa</b>	<b>0</b>	<b>46,537</b>	<b>49,915</b>	<b>0</b>	
Exports outside the region			23,333		23,333
<b>Total Exports</b>	<b>0</b>	<b>46,537</b>	<b>73,248</b>	<b>0</b>	
<b>NATIONAL CONSUMPTION</b>	<b>2,934,000</b>	<b>402,500</b>	<b>2,878,626</b>	<b>95,000</b>	<b>6,310,126</b>
<b>SURPLUS/DEFICIT</b>	<b>-512,047</b>	<b>80,213</b>	<b>202,413</b>	<b>8,365</b>	<b>-221,056</b>

Compiled by RATIN: Data from Ministries of Agriculture of Kenya, Tanzania, Uganda and Rwanda; FEWS NET and RATIN.

### Regional balance sheet for EAC countries

👉 [www.TradeAfrica.biz](http://www.TradeAfrica.biz) got off to an impressive start this quarter with inquiries to buy closing at \$ 28.4 million representing 154,200 metric tones of produce (Table 1). This is a 25% increase over the same quarter last year. Offers to sell closed at \$38 million representing 220,000 metric tons. This is a whopping 95% increase in volume of business over the same quarter last year.

**Table 1. Volume and value of business postings for maize on [www.tradeafrica.biz](http://www.tradeafrica.biz).**

Inquiries to Buy Maize		Quarter 1 Oct 1–Nov 30	Quarter 2 Dec 1–Mar30	Quarter 3 Apr 1–Jun30	Quarter 4 Jul1–Sep31	Cumulative Total
Volume in MT	732,870	154,220				154,220
Value in USD	143,168,987	28,441,680				28,441,680
Average Price USD/MT	195	183				183

Offers to Sell Maize		Quarter 1 Oct 1–Nov 30	Quarter 2 Dec 1–Mar30	Quarter 3 Apr 1–Jun30	Quarter 4 Jul1–Sep31	Cumulative Total
Volume in MT	388,478	219,540				219,540
Value in USD	86,314,343	38,048,760				38,048,760
Average Price USD/MT	222	196				196

- ☞ Pulses have recently been added on to the [www.tradeafrica.biz](http://www.tradeafrica.biz) website and the trade office is working to identify key traders and to determine key issues affecting the pulse trade. National traders meetings, an ongoing activity, will include a focus on the pulse trade with the intention of encouraging active trading on the linkage site and identification of trade impediments
- ☞ Another commodity that may be added to the [www.tradeafrica.biz](http://www.tradeafrica.biz) trade site is oil seeds and the trade office has been busy collecting regional trade data and conducting preliminary interviews with leading Kenya-based edible oil companies. Key raw commodities will probably include maize, sunflower and soybean. At first glance, it seems that domestic production may cover only a fraction of edible oil requirements. Intra-regional trade in raw commodity and processed oil products totals only about US \$ 22 million while extra-regional imports of the same products exceeds US \$ 316 million. This disparity represents the market opportunity for regional based edible-oil producers which may be the “issue” that RATES will focus on.

**Table 2. Volume and value of posting for beans and pulses on [www.Tradeafrica.biz](http://www.Tradeafrica.biz) .**

Inquiries to Buy & Sell Beans	Quarter 1 Oct 1–Nov 30	Quarter 2 Dec 1–Mar30	Quarter 3 Apr 1–Jun30	Quarter 4 Jul1–Sep31	Cumulative Total
Volume in MT	11,250				11,250
Value in USD	4,314,800				4,314,800
Average Price USD/MT	383.5				383.5

Offers to Buy & Sell Pulses	Quarter 1 Oct 1–Nov 30	Quarter 2 Dec 1–Mar30	Quarter 3 Apr 1–Jun30	Quarter 4 Jul1–Sep31	Cumulative Total
Volume in MT	430				430
Value in USD	134,240				134,240
Average Price USD/MT	283				283

**Activity 2. Strengthen formation of the Regional Trade Network.** During the 2002/03 program year a National Resource Person (NRP) was selected in seven target countries to research and complete a maize market analysis and value-chain study. The study was followed by national trade policy workshops in seven countries that defined regulatory and policy constraints that negatively affected regional maize trade. From the seven studies and the workshop deliberations, RATES developed a *Regional Maize Trade Policy Paper* that formed the basis of discussion at a regional conference on maize trade policy that took place in September 2003. Also from the national workshops, an informal National Working Group was formed for each country with attending participants represented by key government agencies involved with customs, SPS, grades and standards, and by key trade leaders in the private sector.

This working group made up the team of delegates that attended the regional conference and successfully negotiated a trade policy platform that is being introduced into the COMESA and EAC agendas for 2004.

- ☞ The trade office continues to work with the national working groups to pursue both components of the maize program: 1) to empower them to participate in the policy harmonization process, especially at the national level to assert their expertise and influence to encourage results; and 2) to engage them in a broader regional approach, networking them together for commercial trade, and creating forums to encourage more efficient trading systems. Such national forums are scheduled for the coming months.
  
- ☞ RATES needs to take national level forums to a regional level and plans to host topic specific/sector specific forums that address key trade constraint issues. These regional forums will network sub-sectors that have never met face-to-face before on a regional basis with the objective to promote the “regional view” on maize marketing. Sub-sectors such as SGR’s, warehouse receipt programs, cereal/grain traders, have never met on a regional basis and this activity will focus on creating new partners, new alliances and new attitudes.
  
- ☞ The trade office and the RATES policy team are working hand-in-hand to produce handbooks on import and export regulations targeting the small and medium traders as well as officials manning border posts. Starting with EAC, these publications will be printed through the auspices of EAC and the respective revenue authorities of Kenya, Tanzania and Uganda. The first draft has been prepared and is being vetted and endorsed by EAC officials. Publication and distribution will be followed by a training and promotion program targeting trader associations and customs officials. Regulations will also be posted on the [www.RATIN.net](http://www.RATIN.net) and [www.tradeafrica.biz](http://www.tradeafrica.biz) websites.
  
- ☞ To strengthen network systems, a bi-monthly trade bulletin, “Bi-Weekly Trade Brief”, is emailed to member organizations listed in the maize trade directory, and through the [www.tradeafrica.biz](http://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.



**RATES**  
Regional Agricultural Trade Intelligence Network



**tradeafrica.biz**  
The African Regional Commodity Link  
Trade Office Biweekly Briefs  
November 1, 2004

**Trading Opportunities**

Following our earlier publications of the Trade Office Biweekly Briefs, we at the Trade Office are delighted by the positive response our readers have expressed for the bi-weekly issues. In addition to the traditional trade stories, a special report on the annual TradeAfrica.biz statistics is presented.

- Price variations in the region as a result of fluctuating demand and supply
- Zambia maize market is featured as a growing source for regional maize
- Kenya receives 15,000MT of maize as food relief from World Food Program
- TradeAfrica.biz Web and Financial statistics presented

**Maize Prices**

Our market intelligence indicates an upward trend in the global world maize prices, mainly owing to escalating oil prices and increasing demand for the commodity. This in turn has impacted on the regional maize prices, with some country terminal markets currently posting offers as high as US\$ 222/MT. Maize specific to the region, is the lower than average rainfall that has significantly contributed to the low production output.

As illustrated on the table, Kenya quotes the highest indicative price at US\$ 222/MT. It is interesting to note that during the August to October 2004 maize season, the country experienced a severe food deficit of 360,000 MT of maize. The government was forced to lift the maize import duty to encourage the private sector to import, and also appealed for international food aid.

**Prices to Sell Maize**  
*(US dollars per Metric Tonne)*

Country - Market	W/E 31 Oct
Uganda - Kampala	208
Kenya - Nairobi	222
Ethiopia - Addis	163
Tanzania - Dar	150
Malawi - Lilongwe	145
Zambia - Lusaka	175

Table 1.B. Indicative Maize Prices

**Zambia Country Feature**

Zambia harvested a good crop this season, with sufficient maize for local consumption and a surplus of over 130,000MT for export within the region. The crop success is mainly attributed to the input subsidies provided by the government and the good weather conditions experienced during the planting and harvesting seasons.

The Food Reserve Agency (FRA), under the management of Mrs. Freda Lubala has established a number of trading points along border lines to increase exports of maize for cross-border trade. Maize containers have been placed at the Kamukulu border which is currently selling at between US\$160 and US\$165 per metric ton.

At Vudoi, FRA is working with the Chindia Cooperative Society and has already started selling maize, at a price of US\$160/MT. A further trading center is to be opened in Nchelenge, Luapula Province.

In the spirit of regional trade integration, Zambia has opened its trading centres to facilitate cross border trade.

**WFP Donates Food Aid to Kenya**

Following the National Cereals & Produce Board (NCPB) tender for 150,000MT of imported maize on behalf of the Kenya Government Emergency Operations Program (EMOP), the first consignment of 15,000MT recently arrived at the Mombasa port from Durban, South Africa at US\$ 229/MT.

Apprehensive Minister Kiprotis waip Karoo attributed the delay in the importation of the maize to logistical problems and in the inability of the government to raise the required funds for purchasing the maize at a go.

As a key player in the regional maize market, and having witnessed the commencement of the NCPB maize procurement process through tender, RATES was invited by NCPB for the hand over to World Food Program (WFP) who confirmed that the maize would not be released to the market for sale but distributed as food relief to famine-stricken areas in Kenya.

Finally, the minister concluded by stating that currently, the available maize stocks for combating hunger are in excess of 600,000 bags, stored with the NCPB.

For your latest maize market trade intelligence visit [www.tradeafrica.biz](http://www.tradeafrica.biz)

### Scanned copy of the biweekly Trade Brief

**Activity 3. Oversee management of the Regional Agricultural Trade Intelligence Network (RATIN).** RATIN has been successfully launched in the four target countries of Kenya, Tanzania, Uganda, and Rwanda. On June 1<sup>st</sup>, 2004, RATES, in partnership with FEWSNET (Kenya), assumed full management responsibility of the RATIN program. Under a Memorandum of Understanding between RATES and FEWSNET, FEWSNET will continue to provide most of the support to the network until their current contract expires in May, 2005. Under the term agreement to May 2005, FEWSNET will provide:

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

☞ The management of RATIN has been placed under the auspices of the RATES Trade Office, currently supervised by Stephen Njuria, the maize commodity specialist. The office officially opened in November 2004 and Tom Awuor has actively participated in the RATES planning process for 2004/05.

- ☞ The new Data Base Administrator, Bridget Okumu, started work in the office in November. She underwent ICT training from November 3-5, 2004 for managing the RATIN website by CFI, the RATES consortium partner.



**Bridget Okumu, the new database administrator for RATIN**

- ☞ The [www.RATIN.net](http://www.RATIN.net) site has been adjusted by CFI to conform to the current program. Uganda, Kenya, Tanzania and Rwanda are still the target countries and maize, beans and rice are the three leading commodities. The site has been “re-tooled” for ease of use and to present a more credible format. Geographic expansion of the RATIN network will depend in part on a collaborative program still under discussion with COMESA leadership as their ADB funded project comes on board.
- ☞ The regional MIS program comes on line during this program year. Currently referred to as the Food and Agriculture Marketing Information System (FAMIS), RATES and REDSO will pursue deliberations with COMESA that will determine the future role of RATIN. RATES has had significant influence in the process of regional acceptance of an appropriate regional MIS system that provides trade data to the commercial and food aid sectors. RATES concepts were appreciated at the October 2004 COMESA workshop on strengthening MIS systems which was followed by presentations at the fifth meeting of the COMESA Committee on Agriculture, and the second meeting of the Ministers of Agriculture.

### **KRA 1.3 : Regional Cotton/Textile Trade Increased**



**Strategy.** The strategy this year to meet RATES objectives in the cotton/textile 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 to the apparel sector taking advantage, where applicable, of 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 has been working with the industry to develop and strengthen regional markets. RATES is promoting and implementing programs for improved regional competitiveness that position the sector to work to best advantage in national, regional and export markets.

A key element in the 2004/05 program is the direct industry ownership of the program and RATES has been meeting with key cotton/textile companies to promote the concept of regional integration of the supply chain. To make this happen, RATES has been encouraging regional networking through the [www.cottonafrica.com](http://www.cottonafrica.com) trade linkage site launched last year that provides trade linkage systems and trade information. To date, over \$80 million has been posted to the site and that volume of business is expected to double this program year. RATES will work with national and regional organizations to gain support for the regional integration approach to cotton development. 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. This is presented in KRA 3.1.

RATES has been coordinating its cotton/textile and other programs closely with the ECA Global Competitive HUB, based in Nairobi, and the Southern HUB in Gaborone, especially where it concerns the AGOA program. RATES and the Hub projects schedule periodic meetings to ensure a smooth working relationship and RATES is working closely with bilateral mission projects to ensure that RATES regional focus on trade facilitations and policy harmonization compliments national-level efforts. RATES has a strong working relationship with all of the bilateral projects including APEP, SCOPE, SPEED, ACE, ZATEC, SALES and PESA.

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

**Activity 1. Promote and develop regional trade integration systems.** To support the promotion efforts on regional integration, RATES designed a regional cotton industry trade linkage website for cotton/textiles, [www.cottonafrica.com](http://www.cottonafrica.com), linking suppliers and buyers region-wide. The focus is the supply of regionally produced lint to the textile sector, and fabrics to the apparel sector to meet the AGOA third country fabric conditionality which has now been extended to year 2007. The website also posts a comprehensive cotton trade directory listing all companies and products serving the region, and serves as the sector voice in the region providing trade news, updates, and trade regulation/policy interventions. The site is managed by the

RATES cotton office using a proactive call center approach. The team has been working this quarter to improve features on the site and to expand the number of stakeholders using the site.

☞ **Trade volumes.** Volume of inquiries on the site is expected to double from the 2003/04 level of \$80 million. A total of US \$ 12,948,000 dollars in offers to buy and sell were posted on the site during the first quarter. RATES has recently recruited a new program assistant, Fred Kongongo, who brings experience and key skills to the cotton program and his presence is expected to bring the trade integration systems to a new level.

**Table 3. Value of business postings on [www.cottonafrica.com](http://www.cottonafrica.com) .**

POSTINGS	Totals for 2003/04	Quarter 1 2004/05	Quarter 2 2004/05	Quarter 3 2005/06	Quarter 4 2005/06	TOTALS 2004/05
Enquiries to Buy (USD)	\$23,767,000	\$2, 881,000				\$2, 881,000
Offers to Sell (USD)	\$49,156,000	\$10,067,000				\$10,067,000
TOTALS (USD)	\$72,923,000	\$12,948,000				\$12,948,000

☞ **News bulletins.** A popular service with [www.cottonafrica.com](http://www.cottonafrica.com) users has been the publication of timely and informative bulletins and newsflashes. The team is upgrading this service and expanding dissemination to include not only electronic systems (website and email) but also hard copy mailings to subscribers. The news service includes market updates, trade postings and policy developments (i.e. WTO, AGOA, COMESA and EAC).

☞ **Information gaps.** Ongoing efforts will continue to map out the supply/demand structure of the region; an activity that requires further detailed historical and current data collection on cotton production, installed capacity, and actual output for lint, yarn, textiles, and apparel. Compilation and completion of this data is in progress and short term contracts have been awarded to “fill” the information ‘gaps’ contained in the already completed seven country studies. An additional four country baseline studies (South Africa, Egypt, Mauritius and Madagascar) have been completed and these will provide the required capacity data, among other information. Once the capacity database information has been collated, a “supply map” will be created and posted onto the website.

**Activity 2. Develop the concept of a regional trade community/networking structure.** Under the direction of the cotton marketing specialist, RATES has conducted a series of national-level workshops to promote the concept of a “regional trade community” for the cotton/textile sector. Three new COMESA countries have been added to the “A” list, Egypt, Madagascar and Mauritius, and meetings will be organized there as well. The sessions include private sector industry leaders in lint, textiles and apparel, trade associations and private sector leaders representing external market interests. Key public sector institutions are represented including investment and trade agencies, economic processing zones and national cotton authorities.

☞ **Business forums.** The RATES team recently held discussions with the Director General of the Tanzania Cotton Lint and Seed Board, Dr.J.Kabissa, in Dar es Salaam on the 15<sup>th</sup> - 16<sup>th</sup> of December 2004. The concept of promoting and implementing a regional approach for Tanzania was accepted with the Board prepared to assist, promote and initiate trade meetings in this regard. At the same time, the TCLSB is well positioned to collaborate and initiate dialogue for RATES with the policy makers. This acceptance and willingness to partner with RATES in promoting the regional integration concept is particularly important in the context of Tanzania where the industry, particularly the textile sector, is not very well organized and we have had some difficulty in obtaining their participation and cooperation. Business forum meetings were arranged for the latter part of January 2005 to be held at two venues; one in Mwanza (the heart of ‘cotton country’) and the other in Dar es Salaam (the seat of the policy makers and also where a number of textile businesses are located).

☞ **Regional entity.** A key element in the formation of a regional entity is the nationally based cotton/textile trade association. Although they will undoubtedly play a key role in the regional integration process, the CMS has recognized that many of these lack institutional strength and require some program support either at the bilateral mission level or from RATES. The RATES team agrees that such support can be provided from either the RATES core team or as specific short-term technical assistance, in regards to policy advocacy, institutional capacity building, strategic planning and market/promotion and as required.

☞ **Southern connection.** It is imperative that RATES takes into consideration the role that Southern Africa and SADC play in an integrated supply-chain system and the fact that it is clearly tied into the trade systems that fall under the COMESA umbrella. Private sector trade associations in the SADC region are contemplating the formation of a regional



Walter Simeoni, President of the South African Textile Federation, and Barry Fisher of RATES

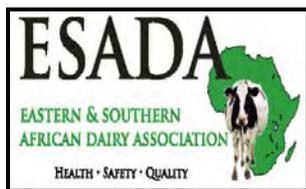
trade association and the CMS has been very proactive in monitoring their deliberations and progress. Even if two associations were formed, efforts can be undertaken to ensure collaboration and harmonization. The CMS will follow up meetings held last year to ensure

that linkage is maintained. Preliminary discussions and liaison with the SADC secretariat will commence in late January, 2005 to brief it on the RATES cotton/textiles program and to consider ways of harmonizing the SADC and COMESA initiatives. Contact has been maintained with the Textile Federation of South Africa that has been tasked with coordinating the SADC initiative.

☞ **Cotton and Textile Executive Summit.** Progress has been made this quarter in the planning and preparation of the COMESA regional Cotton and Textile Executive Summit that could lead to a consensus among the trade leaders that it would be more beneficial to work together rather than apart. The region has never hosted an event that would attract key participants such as World Trade Organization, World Bank and ICAC. The summit would cover key regional and global issues including the Multi-Fiber Agreement, AGOA, product competitiveness and investment. The summit, scheduled for April 26<sup>th</sup> to 27<sup>th</sup>, 2005, will be jointly organized by COMESA/EAC, ICAC and RATES. The summit launch and invitations will start early January 2005 and will be promoted by Barry Fisher and the RATES team at nationally held functions over the next few months.

☞ **ICAC meeting.** A strong relationship has developed between ICAC, a partner in the cotton summit activity, and RATES which was further enhanced by Barry's participation at the International Cotton Advisory Committee (ICAC) 63<sup>rd</sup> Plenary Meeting held in Mumbai, India from November 29<sup>th</sup> to December 3<sup>rd</sup>, 2004.

#### **KRA 1.4: Regional trade in dairy products increased**



**Strategy.** The program for RATES activities in the dairy sector is focused on the development of extra/inter-regional export markets, initially targeting countries in the region with products that have regional demand. Target markets need to be identified through market demand assessments. Exportable “surplus” follows a production/consumption definition but there is potential in many “deficit”

countries to export limited volumes of milk product during seasonal “flush” periods, especially if the domestic market has limited demand.

Key dairy sector issues have been raised with the conclusion of eight national dairy studies, conducted jointly by RATES and ECAPAPA, that highlight the lack of milk supply throughout the region. There is no country in COMESA that is self sufficient in milk products and installed processing capacity has a regional average of only 30%. Domestic milk consumption is also very low, averaging about 36 liter/ person throughout the COMESA region (compared to the WHO recommended consumption of 200 liter/ person). One may be tempted to conclude that the region doesn't have an inter/extra “trade” problem since there is little to trade, but rather a domestic liquid milk production and consumption problem.

However, RATES has recognized that there is a need for free and transparent ebb and flow of milk products throughout the region based on seasonal supply highs and lows, along with a focus on value added processed goods (UHT, yogurt, cheese, and ice cream) that do have a regional

market. This is a sound strategy to pursue, especially as it highlights impediments to trade that may inhibit increased production and consumption.

**Background.** RATES recently sponsored a Regional Dairy Summit in October 2004 that was well attended by executives of all the key dairy processors in 12 different COMESA countries. The RATES work plan for this year is based in part on the resolution they passed to form a regional dairy processors association; now referred to as Eastern and Southern Africa Dairy Association or **ESADA**. Key issues that led to this unanimous decision included the lack of regional market information, limited knowledge on potential trade partners and their respective products, and the absence of a regional voice in the international dairy arena. The fact that imports to COMESA countries valued at \$684 million over a five year period far exceeded the \$25 million over the same period that was traded between them, has created an urgent sense of unity among the commercial stakeholders and encouraged the conclusion that it was better to work together than apart. RATES will focus on the objective of increased inter regional capacity to compete with the extra regional COMESA import trade that represents 95% of the dairy market. This is our “window of opportunity” and it is significant.



**Delegates at the 2004 Executive Dairy Summit in Nairobi pass the resolution to form ESADA.**

In 2003, RATES initiated a subcontract with the Nairobi Land O’Lakes (LOL) regional office to provide a long term dairy marketing specialist based in the RATES office. LOL brings significant institutional and technical strength to the program including several bilateral mission-supported dairy projects in the region that compliment the RATES’ field support structure.

The work plan for 2004/05 addresses the key elements of concern expressed by the dairy executives. This supports the RATES methodology that encourages industry ownership of the program, laying the foundation for regional networking, trade linkage and trade information that is sustained by the industry itself. Therefore, the RATES dairy program will be implemented under the auspices of ESADA, the formation of which is explained in detail under KRA-2.1.

## **Progress on key activities:**

**Activity 1. Develop systems for inter-regional market linkage systems.** Although the emphasis this quarter was on the formation process of ESADA, the RATES team is working with the ESADA Steering Committee to implement a program of linking trade partners together. Components of this program include:

- ☞ **Trade linkage website.** The website for ESADA and the dairy conference has been designed and launched. Preliminary meetings have taken place with Sawasawa, the website design firm that has worked with RATES on [www.tradeafrica.biz](http://www.tradeafrica.biz) and [www.cottonafrica.com](http://www.cottonafrica.com). The trade linkage site will be a sub-domain and will be ready for business in February 2005.
- ☞ **Dairy trade directory.** Two directories will be started next quarter from bits and pieces that have been compiled this quarter. The first is the complete ESADA membership directory that will comprise all 50-60 members of National Associations. The second is an all encompassing trade directory of all dairy companies, agencies, projects, support companies, cooperatives, distributors, supermarket chains, international bodies and regulatory authorities in the region and overseas.
- ☞ **Forward-sales system.** The scope of work has been prepared and the consulting firm identified for this new marketing approach. The contract has been prepared and the work is scheduled for completion by end of February.
- ☞ **Dairy capacity system.** Country profiles on production capacity, product identification and consumption were completed last program year. These profiles will be re-designed in a consolidated data base format and loaded onto the website next quarter.

**Activity 2. Develop systems for improved market information.** RATES is designing a marketing data collection system for dairy products that will be housed on the trade linkage site. The site program will be augmented by a bi-monthly trade newsletter or bulletin that will be disseminated through the website, email and hard copy mailings to association members. The trade directory will also be used to mass-mail news flashes, bulletins, etc. through the internet. RATES will work with the regional association to research and publish an import/export regulatory hand book to reduce current level of confusion and to better manage the use of discretionary authority by regulatory agencies.

**Activity 3. Build a regional trade community through the regional association.** RATES is working with the ESADA Steering Committee to provide core technical support on institutional design and formation. This is further explained under KRA 2.1. Core support will also be accessed to kick-start association programs that address inter/extra regional trade issues. The RATES dairy marketing specialist will coordinate the RATES dairy program with the regional association program and will provide full-time technical expertise to ESADA. The Steering Committee has identified first-year actions and services which include but are not exclusive to the following:

- Design and launch an ESADA website that will profile the national associations, provide general information about the association, highlight a different member and its products once a month, provide news and updates on the regional dairy sector, provide linkages to other key sites, and promote the upcoming African Dairy Conference and Exhibition.
- Create a trade directory of the regional dairy sector available to members on the website.
- Publish and disseminate trade and market news to members via a newsletter and on the website.
- Conceptualize, plan and implement the African Dairy Conference and Exhibition scheduled for May, 2005 in Nairobi.
- Organize trade delegations to attend international dairy events; i.e. the International Dairy Federation Conference which was held in Australia in November, 2004.
- Research and implement trade facilitation initiatives that may include forward selling systems and a trade linkage website.
- Participate in the resolution of trade barriers among member countries that will result in increased trade.
- Pursue the adoption of the regional dairy policy platform within the EAC and COMESA agenda for 2005.
- Represent the region at international and regional forums.
- Working with the steering committee, plan and conduct the annual general meeting in Nairobi in May 2005 that will inaugurate the start of ESADA.
- Proactively pursue funding sources that can be channeled to national levels that will aid in the development of an effective market supply chains at the domestic level.
- Act as a conduit to national association members for assistance available from the RATES Center that may include moderate grant funding and technical assistance.

It is anticipated that the association will also play a significant role in proactive market development and will organize and/or host trade delegations that visit the region on trade missions. Likewise, the association and its membership will also seek to investigate markets within and without the COMESA region.

A key role that the association may play is assistance in the resolution of trade disputes within the region using improved knowledge of trade regulations and trade imbalances that now affect the region. The new EAC customs union protocols, well known to the RATES policy team, will be monitored and capacity transferred to the regional members to enable them to effectively plan their marketing strategies within the changing regulatory environment.

**Activity 4. Improve Product Competitiveness.** The Nairobi Executive Summit endorsed a program of product promotion through trade exhibitions. RATES will work with the new regional association to plan, promote, prepare and implement trade fairs at the international and regional level. The first international event with joint ESADA and RATES participation was the International Dairy Federation (IDF) Conference and Exhibition that took place in Australia from November 21-26, 2004. The RATES/ESADA delegation was successful in meeting four key objectives at the conference:

- Introduce the new regional associations and its products to the global dairy community
- Apply for membership with IDF (Requires IDF constitutional amendment due to ESADA's regional structure and still under consideration)
- Promote the regional association's conference and exhibition planned for May 2005.
- Learn about the IDF and its functions and gain some insight into the global dairy sector.



**The ESADA booth at the International Dairy Federation (IDF) Conference in Australia**

☞ The second promotional event planned for the program year is the Africa Dairy Conference and Exhibition planned for May, 2005. This event will serve the multiple purpose of marketing and promotion of members' products, holding the association's first Annual General Meeting, and raising much needed funds. A Conference Committee has been formed with Mahul Shah, Moses Nyabila, Fred Osore, and Kimberly H. Smith. Kimberly will be providing much appreciated leadership in conference planning, preparation and implementation. The event is scheduled for May and will take place in Nairobi. The conference website is up and running, the venue is booked, the program draft is ready, and the search for sponsorship has started.

**Activity 5. Strengthen national dairy trade associations.** Results for this activity are presented under KRA 2.1, but it is an integral part of the trade expansion program. Most associations at the national level already receive bilateral mission support and other assistance, and Land O' Lakes has been instrumental in the formation of most of them through bilateral mission support. RATES will augment the ongoing efforts to national associations with assistance that focuses on the main activity objective: increased intra/extra regional trade. In collaboration with LOL country projects, RATES will utilize core staff for programs related to marketing and promotion, policy advocacy, institutional development and strategic business planning. Short term technical assistance is also an option and access to grants under the Partner's Fund may be available under specified conditions.

## **PIR 2: Increased institutional capacity to sustain agricultural trade.**

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

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

**Strategy:** RATES is supporting the ability of implementing partners to provide important trade support services on a sustainable basis. Work in this KRA during the work plan period will target regional associations such as EAFCA that REDSO has already initiated the PIVA process and other regional and national-level organizations that are at a more nascent level.

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

**Activity 1. Provide targeted support to EAFCA.** This activity is cross-linked to the work under KRA 1.1. RATES is assisting EAFCA to provide market and technical development services that support and add value to the programs of its members, promote aggressive regional and international market development, and position EAFCA in the longer term to maximize opportunities for revenue generation and sustainable operation.

In addition to financial assistance, RATES is providing a full time coffee marketing specialist, Chris von Zastrow, with over 20 years of coffee marketing experience in both the United States and Africa. The coffee marketing specialist will provide technical capability in developing and implementing marketing strategies that have been lacking at the Secretariat (see KRA 1.1). Chris and the secretariat staff are also supported through RATES core staff that provide institutional support in conference planning, constitutional review, business planning and sustainability strategies. Tom Carr, the RATES Technical Director, is now a voting member of the EAFCA Board of Directors and serves to guide them through the long-term process of institutional reform and long-term sustainability.

☞ **Financial management.** RATES worked closely with the EAFCA Secretariat this quarter to develop a sound fiscal budget for FY 2004/05, part of which is funded under the RATES Partner Fund. The new fiscal strategy for the 2004/05 program year requires EAFCA revenue to be first targeted for overhead expenses such as salaries, a key step in developing a program for long-term sustainability. An estimated 50% of the administrative budget is expected to be funded through self-generated revenues (compared to just 10% last year), leaving a larger portion to finance much-needed program activities.

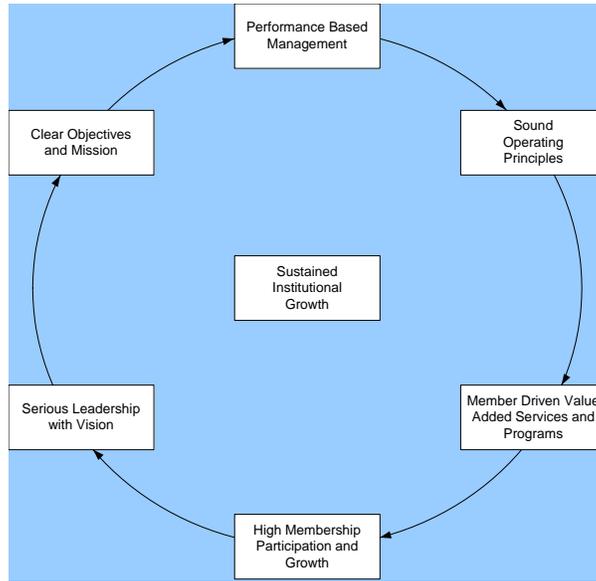
☞ **Conference planning and implementation.** RATES support to EAFCA for organizing regional coffee conferences such as the World's Wildest Coffee (WWC) Conference has the dual purpose of creating market opportunities as well as providing a significant revenue stream that addresses long term financial and institutional sustainability. Ludovica Bellingeri, the EAFCA Conference Coordinator, is contracted temporarily under RATES to provide EAFCA the capacity to deliver a conference product of international quality. This position is planned to be permanent under the new EAFCA secretariat restructuring plan and interviews will take place next quarter. With RATES support, the EAFCA Conference Management Team met twice this quarter in Kampala, November 29<sup>th</sup> to December 3<sup>rd</sup> and in Nairobi on December 13<sup>th</sup>. In addition, Ludovica joined the EAFCA team that attended the Sintercafe Conference in Costa Rica from November 6<sup>th</sup> to 10<sup>th</sup>, 2004 with the objective of promoting the WWC to attending participants. EAFCA officially launched the 2005 WWC Conference at a Coffee Breakfast held in Lusaka on October 29<sup>th</sup>, 2004 where dignitaries from the Zambia government, COMESA, USAID, and executives from the commercial sector were introduced to this major event scheduled to take place in early March at Victoria Falls, Livingston.

☞ **Strategic planning.** RATES has been working with EAFCA this quarter on the long term process of developing a long-term strategy that started last year with three chapter strategy meetings. Board members have been involved from the beginning in order to build awareness of long-term goals. In addition, board members have completed a SWOT analysis and deliberated on those desired services currently not being provided by other existing agencies and program. A major constraint to service delivery is the broad spectrum of members across the value-chain brought about from the open membership policy.

**Exhibit 2. The coffee Market Chain**

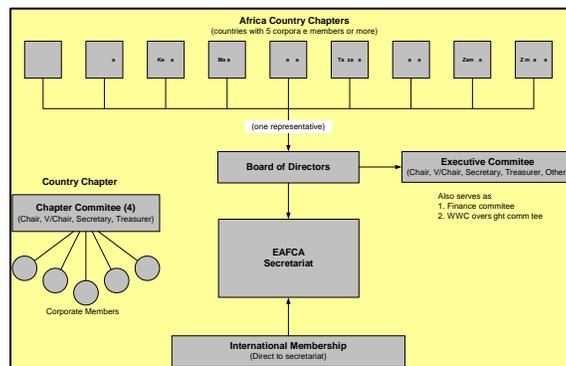


### Exhibit 3. Sustainability Circle



At the November 2004 Board meeting we focused on the more specific issue of long-term sustainability. A draft “road-map” of sustainability was presented to the BOD and specific issues of membership and income generation were discussed. It was clear that at the present rate of expenditure and growth, EAFCA will still require grant support to sustain operations after the completion of the RATES project. The level of support they will require will depend on how they follow the long-term plan.

**Structural Adjustments:** At the request of the EAFCA Executive Committee, RATES conducted a review and revision of the Articles of Association. The review was undertaken to incorporate necessary changes and adjustments that reflect desired structural and governance systems, a phase that was finally completed at the November 2004 Board meeting. The next and final step is to pass the new Articles at the annual general meeting scheduled to take place in March, 2005 in Zambia. Work has also been completed on secretariat staff requirements and chapter definition. A chapter formation handbook is still in the pipeline.



### Institutional Structure Eastern and Southern Africa Dairy Association

**Activity 2. Provide targeted support to the regional dairy processors’ association.**

Executives at the October 2004 Dairy Summit passed a unanimous resolution to form a regional dairy processors’ association. RATES is committing resources to assist in this structural development process and to initiate a program of services to their membership. Chairmen of all five existing national dairy trade associations were present at the summit and formed a steering committee to work with RATES during the formative stages.

RATES is providing the services of the dairy marketing specialist, Moses Nyabila, to focus on specific trade and marketing activities (see KRA 1.5) and other core staff will provide essential support for conference planning, institutional framework, policy advocacy, and strategic planning.

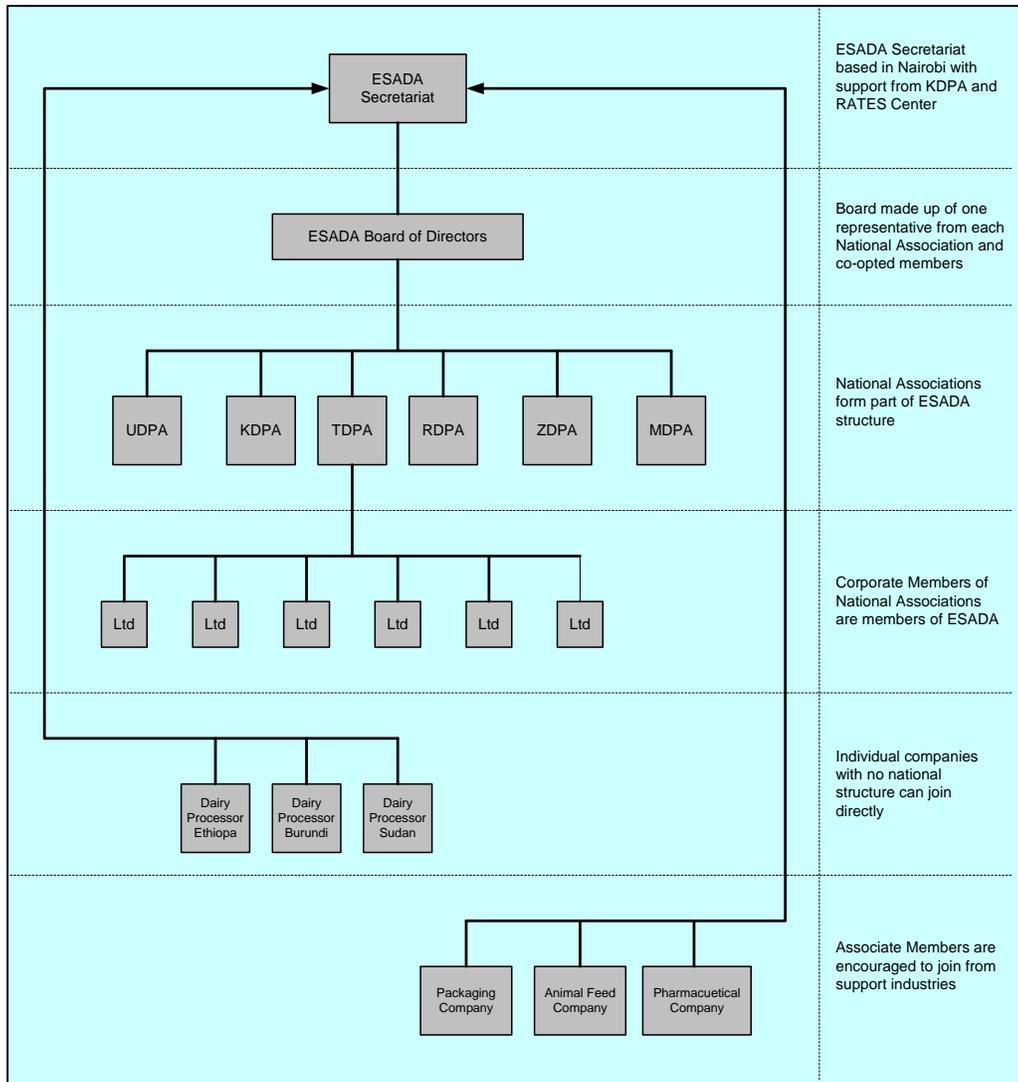
☞ **Deliberate and agree on the institutional framework of the association.** On October 5, 2004, the RATES Center sponsored an Executive Dairy Summit that preceded a two-day Regional Dairy Policy Conference (October 6/7, 2004) at the Windsor Golf and Country Club, Nairobi, Kenya. The Executive Dairy Summit was attended by over sixty executives of dairy processing companies and other key officials from the dairy sector within the COMESA/ EAC region.

One of the key resolutions deliberated and unanimously approved at the summit was the formation of a regional dairy association. The resolution approved the formation of a steering committee charged with the task of preparing a working paper or “brief” that would present recommendations on the design, purpose, management and sustainability of a regional wide association. The resolution also approved that the five national associations present at the summit would be represented on the steering committee (Uganda, Kenya, Tanzania, Malawi, and Zambia). All association chairmen were available at the summit and met as a steering committee for the first time on October 6<sup>th</sup>, 2004. Also invited to sit on the committee were representatives from Rwanda and Mauritius making a total of seven.

<b><u>ESADA STEERING COMMITTEE</u></b>	
Mahul Shah	Chairman KDPA, Kenya
Sandress Nyirenda	Chairman ZDPA, Zambia
Philip Msindo	Chairman MDPA, Malawi
DK Mmari	Chairman TAMPWA, Tanzania
Geoffrey Mulwana	Rep Chairman UDPA, Uganda
Innocent Rutamu	Ag. Chairman RDPA, Rwanda
Anand (M) Dulloo	Mauritius
Moses Nyabila	RATES
Thomas Carr	RATES
Fred Osore	Administrator, KDPA, recording

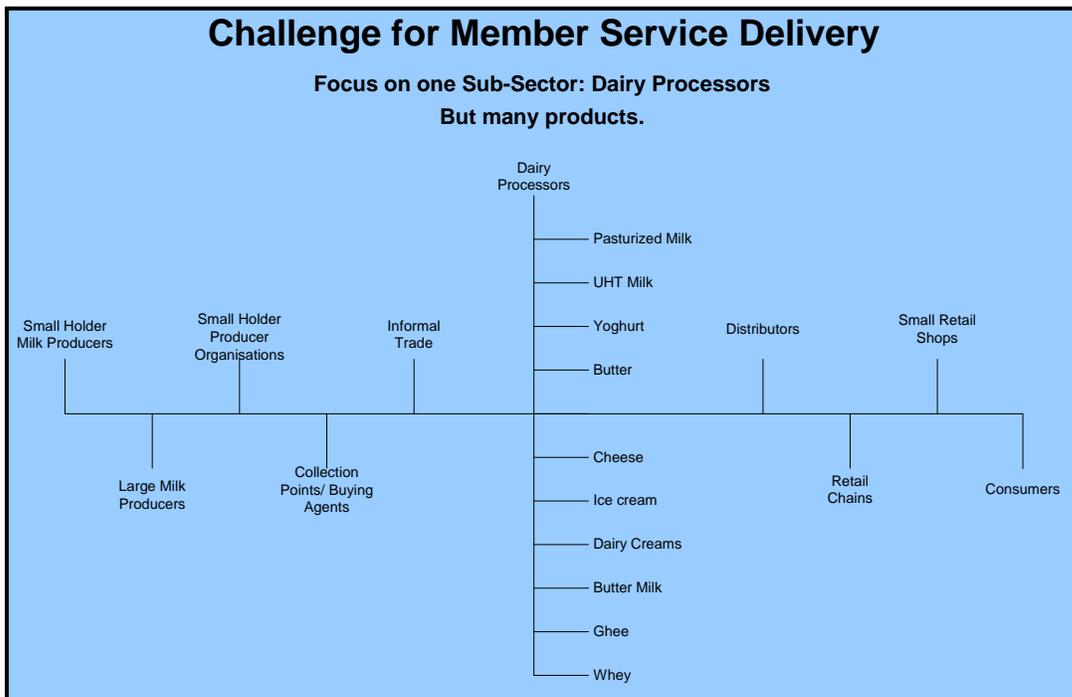
It was agreed that Mahul Shah of KDPA would act as steering committee Chairperson until the proposed annual general meeting, scheduled for May, 2005, is held. Fred Osore, Executive Officer of KDPA, was appointed as the Committee Secretary. Moses Nyabila and Thomas Carr were invited to provide technical support. It was also agreed that the committee meet to start the design process on November 4, 2004 in Nairobi. The second committee meeting took place at the Regency Hotel in Nairobi on November 4<sup>th</sup>, 2004 as scheduled.

**(ESADA)**



The institutional design, objectives, governance, and services were deliberated at this meeting and the “Institutional Brief” was completed on December 15<sup>th</sup>, 2004 as planned. The brief has been distributed to all committee members to discuss with their national memberships. All

national dairy associations will be visited during the J/F/M quarter next year by Moses Nyabila (RATES DMS) and Fred Osore (Secretary, ESADA) to seek endorsement of the institutional design. The Steering Committee is scheduled to meet in February, 2005 to finalize the formation of the association. The general membership will vote to ratify the formation of the association during its first annual general meeting scheduled for May, 2005.



☞ **Set up an interim secretariat.** A “lean and mean” approach has been adopted for the ESADA management design to keep expenses to a minimum and to pave the way for a more sustainable organization. The Kenya Dairy Processors’ Association (KDPA) has “volunteered” the services of Fred Osore, their Executive Office, at 50% of his time to serve as the ESADA Executive Director. Moses Nyabila, the RATES Dairy Marketing Specialist, will dedicate his services full time to ESADA as their technical and marketing advisor. This two-man team has proven to be highly motivated and has accomplished much in the first quarter of this program year. The Chairman of KDPA is working through his parent organization, the Kenya Association of Manufacturers, to provide office space.

ESADA will apply to the RATES Partner Fund for operating funds to sustain them the first year. The proposal with attached work plans and budgets will be submitted next quarter. It is anticipated that revenues derived from subscriptions, sponsorships and the African Dairy Conference will provide up to 20% of their operating capital for the first year.

☞ **Plan and hold a regional dairy conference/exhibition.** This event will serve the multiple purpose of marketing and promotion of members’ products, holding the association’s first annual general meeting and raising much needed operating funds (See KRA 1.4).

☞ **Create a dairy trade directory.** Two directories will be started next quarter from bits and pieces that have been compiled this quarter. The first is the complete ESADA membership

directory that will comprise all 50-60 members of national associations. The second is an all encompassing trade directory of all dairy companies, agencies, projects, support companies, cooperatives, distributors, supermarket chains, international bodies and regulatory authorities in the region and overseas.

**Activity 3. Provide targeted support to national trade associations.** Across most commodity chains RATES works at the national level with trade associations in most targeted COMESA countries. Many sub-sectors including maize milling, ginning, textiles, dairy processing and coffee have organized themselves into associations or chapters to promote their industry, sell their products, lobby governments and advocate policy change. These associations form the national-level foundation for regional integration activities promoted by RATES.

However, many associations are newly formed and institutionally weak, and require assistance to formulate strategies and better serve their membership. It is recognized that many participate in bilateral mission programs through projects known to RATES (i.e. Land O'Lakes, SCOPE, SALES, etc.) and close collaboration and communication is required to ensure a smooth working relationship is maintained to achieve desired results. RATES' support will focus on regional integration and export trade objectives and will limit support to that end. RATES will also support industry driven efforts to organize "themselves" on a regional basis to address market promotion and policy issues. Heads of programs for cotton and dairy have made plans for next quarter to promote this resource to qualified partners.

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

**Strategy.** RATES strategy under KRA 2.2 is premised on using new and appropriate technologies to help promote private sector-driven trade initiatives. It involves utilizing information and communication technologies (ICT) to expand the number of private sector beneficiaries with access to market and trade information. It also involves forming networks and creating linkages with technology and research networks relevant to the RATES-supported commodities. RATES strategy depends on forming partnerships with on-going bilateral development projects to leverage resources and to work with programs that reach out to the grass roots level.

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

#### **Activity 1. Develop and support web-based trade and market/policy information websites.**

As discussed in PIR 1 (KRA 1.1, 1.2), RATES has developed a number of key market information and trade sites. Tasks under this activity included maintaining and updating existing sites and well as developing new sites for dairy and trade policy.

☞ **Design and launch a three-fold dairy website.** The ESADA website was up and running within three weeks of the November steering committee meeting. The immediate need was for the conference page which was designed and launched within days of the first conference committee meeting. Work will continue on the site to expand the use of the association site, [www.dairyafrika.com](http://www.dairyafrika.com), and to update the conference page as required. A

different firm will be contracted next quarter to design the trade linkage component of the site which will have its own sub-domain.



Screen shot of [www.dairyafrika.com](http://www.dairyafrika.com)

👉 Upgrade [www.cottonafrica.com](http://www.cottonafrica.com). As indicated in KRA 1.3, RATES designed a regional cotton industry trade linkage website for cotton/textiles, [www.cottonafrica.com](http://www.cottonafrica.com), linking suppliers and buyers region-wide. The focus is the supply of regionally produced lint to the textile sector, and fabrics to the apparel sector to meet the AGOA third country fabric conditionality which has now been extended to year 2007. This site continues to be popular with the industry with over 3,000 hosts served. Below, we provide the web site statistics for the quarter:

Table 4. [www.cottonafrica.com](http://www.cottonafrica.com) :Quarterly Web Server Statistics (2004/2005)

Classification	Quarter 1 Oct – Dec 04	Quarter 2	Quarter 3	Quarter 4	Cumulative Total
Successful requests	64,405	-	-	-	64,405
Average requests per day	2,063	-	-	-	2,063
Distinct files requested	3,194	-	-	-	3,194
Distinct hosts served	3,097	-	-	-	3,097

☞ **Maintain and upgrade [www.tradeafrica.biz](http://www.tradeafrica.biz)** . As indicated in KRA 1.2, postings on the web site continue to be strong. Quarterly statistics are shown in table 5.

**Table 5. [www.tradeafrica.biz](http://www.tradeafrica.biz) : Quarterly web server statistics.**

Classification		Quarter 1 Oct 1– Nov 30	Quarter 2 Dec 1– Mar30	Quarter 3 Apr 1– Jun30	Quarter 4 Jul1–Sep31	Cumulative Total
Successful requests	242,819	57,531				57,531
Average requests per day	8,390	1,932				1,932
Distinct files requested	4,004	1,578				1,578
Distinct hosts served	5,197	1,039				1,039

☞ **Assist EAFCA to upgrade [www.worldswildestcoffee.com](http://www.worldswildestcoffee.com)** . The EAFCA website is continually undergoing upgrading and redesign. The website has been redesigned to cater for both the promotion of EAFCA as well as the WWC Conference. Gathering market demand information and creating a regional coffee data base and trade directory are priority tasks for this program year. EAFCA requested STTA from RATES in December for the services of a data base specialist to create their trade directory. This consultancy was augmented by RATES own IT staff member, Vincent Kaabunga, who traveled to Kampala to work with the EAFCA staff and consult on the use of ACT, a standard directory software package used by all of the RATES commodity teams.

**Activity 2: Develop a pilot pre-appellation activity for Uganda.** This is an ongoing activity that is being carried out with support from the USAID Uganda mission. As the environment in Uganda for establishing a sustainable appellation program does not exist, RATES is working with the mission, and its local partners (APEP, SCOPE and/or PRIME West) to redesign the activity to build capacity of local cooperatives/farmers.

**Activity 3: Provide technical support to REDSO's Bio-safety Program.** This activity involves working closely with the mission's bio-safety program and providing demand-driven technical support as required. The commodity specialists are keeping this program informed of issues involving any of the RATES commodities.

**Activity 4: Maintain collaborative relationships with regional research networks.** RATES continues to maintain strong collaborative relationships with a number of regional research institutions. Recent collaborative efforts include the Dairy Policy conference (KRA 3.1) held in collaboration with ASERECA. RATES is also assisting EAFCA to form an MOU with the Coffee Research Network (CORNET) to design a pilot coffee marketing activity.

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

Work under PIR 3 is cross-linked to activities under PIR 1 and PIR 2 and driven by results from analysis and consultative forums held with trade flow leaders and national institutions regulating trade in the region. Activities focus on trade facilitation and improving the agricultural trade policy and regulatory environment and on expanding private sector involvement through buy-ins and alliances. There are two KRAs under this component:

#### **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 structures (COMESA, EAC and SADC), and to support the implementation process. For each of the target commodities, RATES is working closely with private sector trade flow leaders who are continually consulted in the process of identifying constraints to increased trade. RATES strategy is to increase the regional IGO's capacity to better serve the trading community in RATES-supported commodities.

**Progress on key activities:** There are four key activities for the work plan period.

**Activity 1. Facilitate the on-going harmonization process for trade policies and regulations for maize and dairy.** This activity focuses on working with policy making institutions to facilitate the adoption and implementation of trade policy platforms that have been identified through the RATES policy harmonization process.

☞ **Adoption of regional dairy trade policy platform.** RATES co-sponsored a regional dairy trade policy conference in October 2004 under the auspices of COMESA and EAC and in collaboration with ASARECA. This meeting was held in conjunction with the Dairy Summit as described in KRA 1.4 and was attended by a large cross-section of public and private sector stakeholders. The aim was to identify key policy constraints and to map out a way forward to harmonizing dairy policies. The primary output of the conference was a draft regional dairy trade policy platform. Key components of the platform include:

- Removal of all import controls and restrictions aside from the need to comply with SPS and food safety requirements.
- Eliminating tariffs on agricultural commodities including dairy to zero.
- Harmonizing non-tariff charges on dairy with a view to their eventual elimination.
- Developing regionally harmonized dairy product quality standards based on international standards which should eventually replace existing national standards including introduction of national marks of quality which should be recognized at regional level;
- Building capacity for exchange of information among animal health departments and facilitating mutual recognition of each others certification processes.
- Recognizing the importance of informal milk trade and taking measures to facilitate and mainstream this trade into the formal sector.

- Improving capacity utilization in dairy processing which currently runs below 50% for most countries through innovative industry partnerships and alliances.



**Delegates at the Dairy Policy Conference listen to private sector case studies on constraints to dairy trade in the region.**

**Activity 2. Assist the region to develop and adopt trade policy platforms for cotton/textiles and coffee.**

☞ **Cotton trade policy platform.** Work continued on completing a draft regional platform. This activity will culminate in a regional policy conference that is scheduled to take place in May 2005 in Nairobi. The objective (as with maize and dairy) is to mainstream the regional cotton and textile trade and investment policy platform into COMESA and EAC policy review framework. During the reporting period, RATES engaged local consultants to complete policy and industry reviews in four additional countries (Egypt, Mauritius, South Africa, and Madagascar) all that play important roles in the cotton/textile sector. The policy team and the cotton specialist are completing national-level forums in Mauritius and Madagascar early next quarter, and are gearing up for the workshop.

☞ **Coffee policy issues.** RATES assisted EAFCA to undertake a targeted policy study on the movement of green coffees within the region. The study looked specifically at Kenya's regulations on importing coffees from the region to be used for roasting and sale through retail outlets in Kenya rather than for re-export. The study was initiated at the request of an EAFCA member who had received conflicting interpretations of the rules from the Kenya Coffee Board and Kenya Revenue Authority (KRA), and was blocked from importing regional coffees. As a result of the policy review, this company re-applied for a permit based on RATES/EAFCA recommendations and guidelines.

**Activity 3. Assist COMESA/EAC to develop and support programs that better serve the regional trading community.** This activity focuses on assisting the two regional IGOs to promote programs and services that assist the regional trading community to increase trade in RATES-supported commodities.

☞ **Participation in key COMESA policy and trade meetings.** The RATES team played an important role in a number of key COMESA meetings/workshops that focused on regional integration and food security. Shemmy Simuyemba attends all major COMESA meetings and is fully integrated as an active member of the COMESA team.

- **Committee on Agriculture (Oct 11-12<sup>th</sup>, 2004, Nairobi).** The RATES policy advisor (based in Lusaka) was enlisted by COMESA to work with COMESA staff on developing the various programs and producing final reports and official documents. The RATES maize specialist was asked to give a PowerPoint presentation to the “Regional Workshop on Strengthening Agricultural Marketing Information System” that focused on the necessary requirements and objectives of an effective MIS system. This presentation was again presented to the full committee of Agriculture. RATES has been asked to work with the Secretariat and the newly launched ADB-funded project on developing a COMESA-led regional MIS system.



**The Secretary General of COMESA and the Minister of Agriculture for Kenya speaking at the MIS workshop.**

- **Second Meeting of the Ministers of Agriculture.** RATES played a catalytic role at the second meeting of the COMESA Ministers of Agriculture meeting held in Nairobi, Kenya on October 15-16, 2004 by providing technical support to the COMESA Secretariat, especially in reviewing and producing final documents and recommendations. At the conclusion of the meeting, the Ministers of Agriculture produced the “Nairobi Declaration” a decree that emphasized the importance of agriculture in the region. It underscored the determination of the Ministers to expand opportunities for agricultural production. The declaration also stressed the need to

promote regional trade and expanded agro-exports that will help lead to enhanced regional food security. Many of RATES themes were incorporated into sections of this declaration.

- **COMESA Council of Ministers Meeting and Tenth Anniversary Roundtable.** RATES received recognition during the COMESA Council of Ministers Meeting and Tenth Anniversary Roundtable held in Lusaka on December 18<sup>th</sup>. During his presentation, the Hon Kitui, the Kenyan Minister of Trade, referred to RATES initiatives during his report on the Nairobi Ministers of Agricultural meeting. The President of Zambia, Levy Patrick Mwanawasa and his Vice President, Lupando Mwape both made specific mention of RATES activities in their speeches including “maize without borders”, the Second African Coffee Conference and Exhibition, and RATES work in cotton and textiles.

### **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. Meeting the challenges of expanding private sector involvement requires working directly within the marketplace, designing activities that provide opportunities for business involvement, and providing ongoing support to identified businesses to business linkages.

#### **Activity 1. Identify and facilitate market linkages in RATES supported activities.**

☞ **Coffee.** EAFCA continues to explore new international and domestic market opportunities for specialty coffee. One new focus area is Africa itself where new interest in specialty coffee has recently surfaced in South (and possibly Northern) Africa. In addition, a focus on domestic coffee consumption in EAFCA member countries may now become a viable activity with the noticeable influx of specialty coffee roasting/retail companies, some of which are now strong EAFCA members. One such opportunity is to ensure that representatives from the new markets are invited to the WWC in Zambia in 2005.

- The EAFCA team is following up on an earlier fact finding trip to South Africa by inviting many of their key contacts, especially those in the roasting/retail sector, to the EAFCA coffee conference in Zambia. These contacts include I&M Smith, a major buyer/exporter in the southern region and Mug and Bean, a prominent roasting house.
- EAFCA is pursuing its domestic consumption activity by sponsoring a major Barista competition in February 2005 among Nairobi-based coffee houses in Kenya. EAFCA is working in collaboration with the Kenyan coffee industry including C. Dorman’s, Exotica/Food Services Ltd and Nairobi Java House. This event is designed for professional coffee makers or “Baristas” and will be the first major event of its kind in Africa. Kenya’s best baristas will compete on making four different coffee drinks and will be judged on technical merit and taste. The champion will win an international air ticket and the right to represent Kenya in the World Barista Championship in Seattle, Washington, in April, 2005.



**Flyer for the Kenya National Barista Championship.**

**Activity 2: Maximize private sector contribution to RATES programs.**

☞ **Dairy.** Brookside Dairy arranged a factory tour for 50 regional dairy processors during the dairy summit held in Nairobi in October 2004. For many, this was a first view of the region's most modern processing and packaging equipment. Brookside's chairman, Mr. Muhoho Kenyatta, also hosted a networking cocktail reception in the garden by the processing plant. Other major sponsors with over \$10,000 in actual cash contributions to the dairy event were Combi Blok and Tetra Pak. Both these dairy packaging companies were very supportive of the effort to create a regional association and promise to be excellent partners for future RATES assisted dairy events.



**Muhoho Kenyatta speaking to delegates.**



**Delegates at the Brookside plant.**

## **PIR 4: Program Management, Monitoring and Evaluation**

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

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

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

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

**Continue RATES management systems.** RATES continues to be a well-staffed and highly functional team of employees. As of December 31<sup>st</sup>, 2004, the RATES program had 19 full-time employees which included 5 long-term employees through the RATES subcontracts (IDC, ITI, Land-of-Lakes and Computer Frontiers).

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

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

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

- Cotton and textile study consultant, Ms. Maria Schouten, hired through RATES subcontractor, IMANI, to conduct a textile data study in Malawi.

- Finance specialist, Ms. Eunice Maranya-Ombati, who conducted an EAFCA feasibility study on the financial sustainability of EAFCA in November, 2004.
- Conference coordinator, Ms Ludovica Bellingeri, who is serving as the overall conference coordinator for the upcoming WWC event in Zambia through March, 2005.
- Textile specialists, Mr. Alex Valeta, Dr. Dejene Aredo, Mr. Ali Ngongolo and Mr. Evarist Mugisa who all conducted textile data studies in Zambia, Ethiopia, Tanzania and Uganda.
- Dairy consultant, Mr. Hezekiah Gichere Muriuki, who served as a dairy conference facilitator, at the recent regional Dairy Trade Policy Workshop, held in October, 2004, at the Windsor Hotel in Nairobi.
- Ms. Dana Rose who completed a 15 day short term assignment as the technical writer for the maize traders' manual that RATES is assisting COMESA to produce.

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

- **ArtKenya Ltd** that developed, updated, maintained and hosted the [www.wildestcoffee.com](http://www.wildestcoffee.com) (WWC) website for the 2<sup>nd</sup> African Fine Coffee Conference & Exhibition in March, 2005 in Zambia (WWC2). ArtKenya also, by the terms of their Scope of Work, established and broadened the site exposure to major search engines in order to provide optimal visibility on the Internet. In December, 2004, RATES also awarded a second FPSA to ArtKenya to develop, update and maintain the [www.dairyafrika.com](http://www.dairyafrika.com) website.
- **Cover Concepts Media Ltd** was awarded a contract to design and produce 500 copies of the third RATES quarterly newsletter as well as produce an electronic pdf electronic format of the newsletter that was emailed to RATES' partners.
- **SawaSawa.com Ltd.** RATES awarded SawaSawa a contract to update the [www.tradeafrica.biz](http://www.tradeafrica.biz) website to include and feature the addition of pulses.

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

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

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

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

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

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

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

### **III. Problems Encountered/Remedial Actions Taken**

**MOU/Tax status for Chemonics Kenya staff.** RATES received word in late December that an MOU had been signed between REDSO and the Government of Kenya. This long awaited document includes provisions for providing contractors with tax/VAT exemption and is retroactive back to January 2003. This is very good news for the project and RATES appreciates REDSO's perseverance in this matter. RATES is now pursuing options for requesting VAT reimbursement from the Ministry of Finance.

**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.