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## **RATES PROGRAM**

**Second Quarterly Progress Report FY 05  
January 2005 to March 2005**

**April 15, 2005**

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**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.**

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## 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 has now reached its half way mark in project implementation. The program continues to gain momentum and is starting to reap benefits from earlier successes. RATES has gained a commendable reputation within the region for producing quality work and enhancing regional integration efforts. During the next two and one half years, RATES hopes to continue building on this success and achieve expected end-of project results. This progress report details the progress for the second 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.

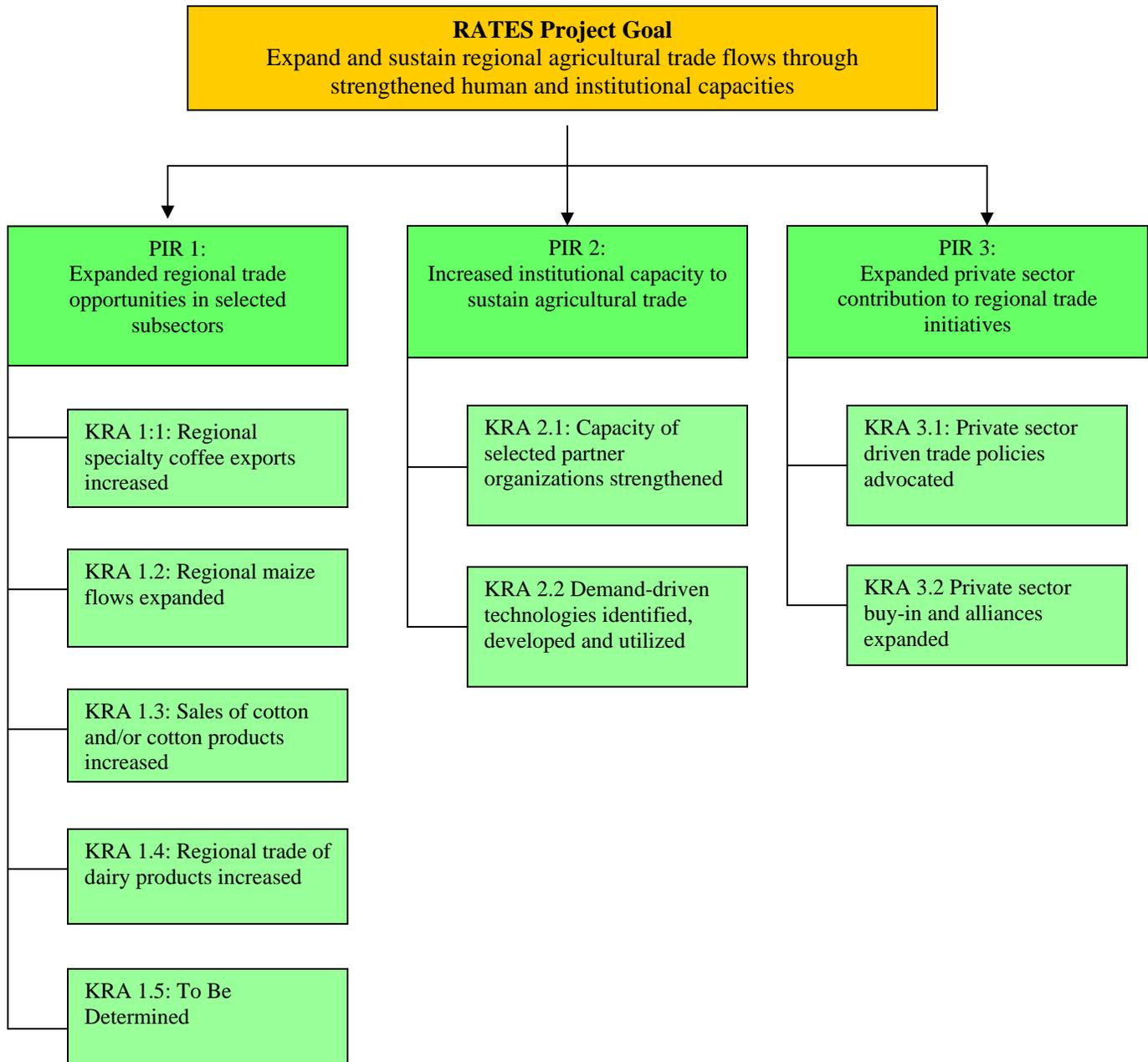
<p style="text-align: center;"><b>RATES Project Goal</b> Expand and sustain regional agricultural trade flows through strengthened human and institutional capacities</p>
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The Results Framework for RATES (Exhibit 1) is presented below. To achieve the 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 RATES 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 coffees in regional and international markets, and to set a course of action that leads to its sustainability. Activities during the second quarter focused on supporting EAFCA's growth and development in the areas of market expansion and product enhancement. Also a significant amount of assistance was provided to help EAFCA develop systems aimed at building long-term sustainability and included developing membership and communication strategies, writing proposals for additional funding and defining an overall fund-raising strategy.

#### Progress on key activities:

**Activity 1. Support EAFCA's program for market expansion and promotion.** RATES has worked closely with EAFCA to develop activities and events that promote the region's coffees and that also raises the profile and prestige of the organization. The most important of these events is the Annual African Fine Coffee Conference and Exhibition, affectionately called the World's Wildest Coffee Conference (WWC). In March, EAFCA held the 2<sup>nd</sup> Annual African Fine Coffee Conference and Exhibition in Livingston, Zambia from March 3-5, 2005. This event was a culmination of a full year of intensive planning and involved coordination between the EAFCA secretariat and the coffee industry in Zambia, COMESA, ICO, the international coffee trade, and other key players in the coffee world. Below is a summary of the key components of the conference.

#### Pre-Conference Events

☞ **Coffee Safari.** Over 70 delegates participated in a two-day "Zambian Coffee Safari" that was held in Mazabuka, the principal coffee growing region of Zambia. This event gave international buyers and regional producers an opportunity to see first hand Zambian coffee production and talk with growers in the area. Following a dinner at Munali Farms, participants were hosted overnight by local farmers before returning to Livingston for the conference. This event was co-sponsored by the Zambian Coffee Growers Association and local producers.



Coffee Safari participants viewing shade grown coffee plots at Munali farms.

☞ **Pre Conference Workshops.** Two pre-conference workshops were held in Livingston just prior to the start of the official conference. As a sign of EAFCA's growing status in the region, several partners took full advantage of the conference venue (and list of stellar participants) to set up meetings to share information with conference delegates. The first workshop was a dissemination workshop on the Common Code for Coffee Community (4Cs). The 4Cs is a certification initiative aimed at having coffee farmers produce coffee in a way which is economically viable, socially acceptable and environmentally sound. The second concurrent workshop was sponsored by CABI International and focused on research funded by the Common Fund for Commodities (CFC) and part of the CORNET network.



Scientists reviewing latest coffee research at CABI pre-conference workshop

## Conference and Exhibition

☞ **WWC2.** The WWC 2 conference attracted over 400 coffee professionals from more than 30 different countries and included a large cadre of coffee buyers including Kraft, Atlas, Illy, CTSC, Schluter, Mitsubishi, Neumann, Mercon, Holland, Café Direct, and roasters including Starbucks, Intelligentsia, Portland, Ambex, and European, among others. As the primary revenue earner for EAFCA, the event netted the organization around \$150,000 in profits from conference registrations and exhibition booth rentals. These funds will be used to finance operational costs for the association for the upcoming year. EAFCA also received grants and sponsorship monies from USAID-Zambia for \$52,000, and \$20,000 from the Coffee Board of Zambia. The five day program began with the “Taste of Harvest” cupping competition with coffees from eight EAFCA member countries being scored by an international team of coffee judges (see below). The five judges were all volunteers under the Coffee Corps program. The winning coffees were available for cupping and tasting at the exhibition. The conference program focused on the current trends and requirements of the international coffee market. Sessions covered all aspects of marketing and promotion with a special focus on consumer demands of the US and European markets. Highlights included a report by Judith Gaines Chase, a world renown coffee industry expert, who gave a bullish forecast on coffee prices for 2005. Ted Lingle, the Executive Director of the Specialty Coffee Association of America, also spoke on the benefits of holding the Q auction with its focus on quality. Colman Cuff of Starbucks gave a review of their café practices program. Other sessions focused on production and processing issues and pest and disease control. In collaboration with the International Institute for Sustainable Development (IISD), a full morning session was devoted to holding a sustainable coffee workshop with buyers, certifiers and producers discussing various certification programs e.g. Utz Kapeh, Rain Forest Alliance and how these programs could benefit EAFCA growers. There were ample opportunities for buyers and producers to meet and discuss possible relationships. RATES will continue to track deals that will come out of these deliberations as a direct result of the conference. During the conference, EAFCA signed a memorandum of understanding with the Coffee Quality Institute (CQI), a separate fund of SCAA. The MOU formalizes collaboration between the two groups on issues such as transparency, traceability and the supply of technical assistance.



Ted Lingle of the SCAA and James Kibera of EAFCA at MOU signing ceremony

## The 2<sup>nd</sup> Annual African Coffee Conference and Exhibition



Judith Chase's bullish report was well received



The Secretary General of COMESA addressing the conference



Ted Lingle encouraging the EAFCA membership



Robert Nsibirwa Executive Director of EAFCA with Ludovica Bellingeri, conference coordinator

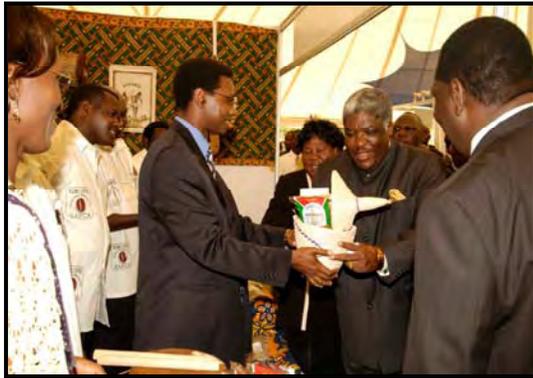


Colman Cuff of Starbucks congratulating Michael Gehrken



International buyers cupping the Taste of Harvest winning coffees

The Exhibition, held in an adjacent outdoor area, included more than 40 booths from around the world with at least 20 of them staffed by representatives from each of the EAFCA member countries of Burundi, Tanzania, Uganda, Kenya, Malawi, Rwanda and Ethiopia.



**Burundi delegation with President of Zambia**



**The Malawi Booth**



**Munali Farms had a great booth**



**COMESA delegation greeting the President of Zambia**



**US Ambassador to Zambia conferring with SG of COMESA**



**The President of Zambia addressing the conference**

## **Exhibition Highlights**



**Dormans served up fine Kenyan coffees at their booth**



**MTL of Uganda with a great looking booth**

**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 is devoting 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.** The RATES coffee specialist worked closely with EAFCA to coordinate a number of training events during the quarter, often with the support of the Coffee Corps. Specific activities included 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.

EAFCA sponsored two training activities around the WWC2 event, all through CQI volunteer assignments. Bob Osgood, a coffee researcher (retired) from the University of Hawaii, and Daniel Mulu, a coffee trader from Ethiopia conducted the post harvest training course in Mazabuka, Zambia. Dave Gibson and Rebecca Cague of Chemonics International also led the participants in understanding aspects of various certification programs. Sunalini Menon of India, Paul Songer of Songer and Associates and Craig Holt of Atlas Coffees, also through Coffee Corps assignments, conducted the roasting and cupping training that were held concurrently in Lusaka at the ZCGA.



Chris Von Zastrow working with trainees in Lusaka



**Bob Osgood working with trainees during the milling training**

☞ **“Taste of Harvest” cupping events.** To build the capacity to recognize the difference between fine and mediocre coffee, EAFCA launched a new member promotional and service event, “The Taste of Harvest”. This competition took place in conjunction with the 2<sup>nd</sup> African Coffee Conference and Exhibition held in Livingston, Zambia in March. The TOH event was a culmination of 8 national-level cupping competitions where local cuppers (with EAFCA support) identified the 5 best coffees from samples submitted by local estates and cooperatives. The first and second place winners of these national competitions were recognized with monetary awards at ceremonies following the local events. In Livingston, five international coffee cupping judges gathered to evaluate the coffees for this competition.



### **Great Coffees**

Craig Holt, founder of Atlas Coffee Imports, said the following about the coffees during this year’s competition: “It was great to see the range of flavors among the EAFCA coffee producers. There were and are some very exciting coffees available from this part of the world. As a buyer, it was a great introduction to the lesser known East African origins. I am looking forward to seeing more samples and trying to find a place for them in the North American market.”

Mane Alves of Coffee Lab Pltd. acted as head judge. Chris Von Zastrow and Kelly Peltier of RATES provided coordination and technical support, with help from the staff of the Zambian Coffee Growers Association. The other international judges for the event were Sunalini Menon of India, Craig Holt of Atlas Coffee Importers, Paul Songer of Songer and Associates, and Daniel Mulu of Worbek Industry & Trading. 70% of the coffees scored very high on the specialty coffee ranking scale and all coffees were of premium quality. Specialty coffee, scoring 80 or above, is of high quality that has a unique cup characteristic leaving a lasting and positive impression with the consumer. After the competition and during the conference a casual cupping was held featuring the Taste of Harvest finalists. A number of international coffee professionals participated in this event and found all of the Taste of Harvest coffees to be of high quality standards. The top two winning producers from each country were recognized during the welcome dinner at the conference and will be highlighted at the EAFCA booth at the Specialty Coffee Association of America (SCAA) conference to be held in Seattle, April 15-18 2005.



Sunalini Menon, a great cupper and Coffee Corps volunteer

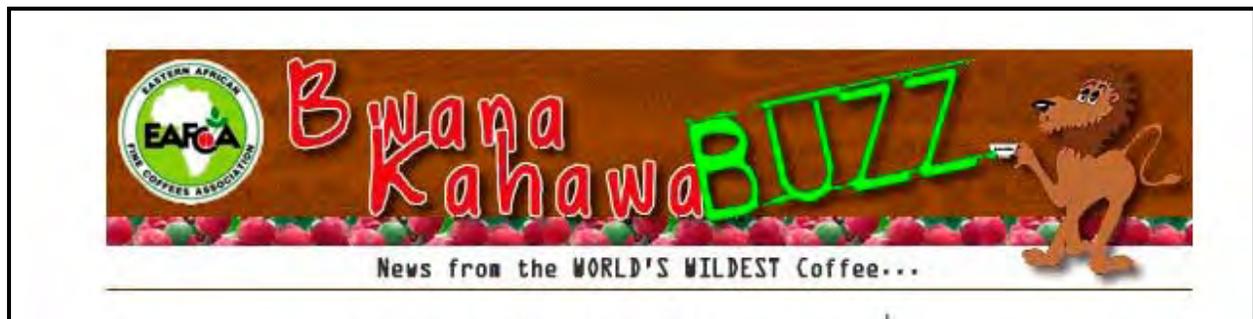


Chris and Kelly confer at the TOH event

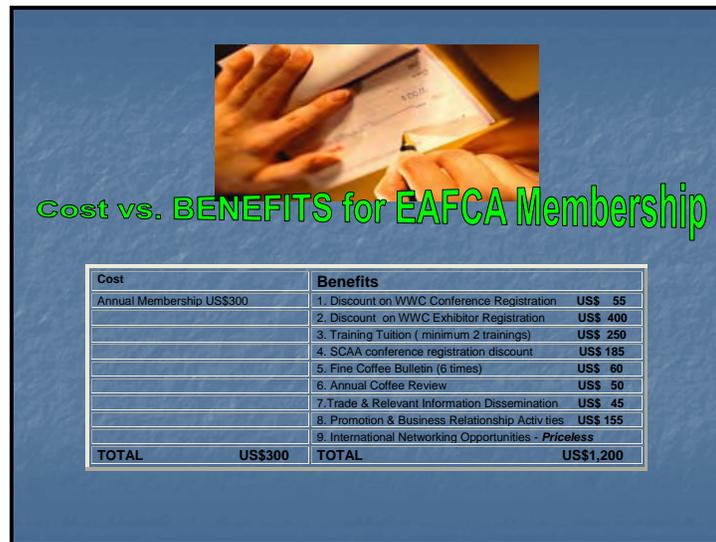
☞ **Certification seminars.** EAFCA is supporting the development of internationally recognized standards and certification programs through partner organizations like Utz Kapeh and the GTZ sponsored 4-Cs program. As mentioned above, EAFCA teamed up with the International Institute for Sustainable Development (IISD) 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 continues to 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.

☞ **Communication strategy.** 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 inquires will be improved with an emphasis on “linkage”, connecting seller to buyer. The web page has been redesigned and EAFCA has begun publication (with RATES help) of weekly newsletter called “Bwana Kahawa Buzz.”



**Membership drive.** EAFCA has now undertaken a proactive membership drive 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

With assistance from Melissa Marland, EAFCA developed a new membership tracking system that now puts association membership on a rolling monthly system. In this way, EAFCA can better track when individual memberships are due. In this regard, EAFCA also is now distributing a laminated membership card that indicates the term of membership.

**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 NGOs 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. Progress includes:

☞ **Food Aid and Trade.** The trade office staff met with WFP procurement staff in Nairobi to discuss adding WFP procurement requirements and tenders on the [www.tradeafrica.biz](http://www.tradeafrica.biz) web site. There appears to be some administrative hurdles to overcome (within the global WFP management structures) before this can happen and will require further discussions and follow up. The RATES team also gave a presentation in late March to a joint planning meeting between WFP and REDSO’s Office of Food for Peace office to promote the “Maize without Borders” concept and how food aid agencies could contribute to the maize information network. RATES met with the regional WFP procurement chief based in Kampala and will follow up with a meeting in Kampala in early April regarding information exchange.

☞ **Warehouse receipt programs.** RATES assisted the ZACA to develop a warehouse receipt webpage. This has been uploaded on [www.tradeafrica.biz](http://www.tradeafrica.biz) . The team is working closely with the new warehouse receipt initiative in Uganda with a view of also dedicating a page on the web site. In the same vein, the team met with Kenya Maize Development Program regarding progress towards getting a warehouse receipt program going in Kenya.

👉 **Regional Maize Supply Outlook.** The RATES/COMESA “Regional Maize Supply Outlook” is a new initiative that captures 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. The regional balance sheet is now posted on [www.RATIN.net](http://www.RATIN.net) . Below is a screen capture of the most recent sheet as of March 2005.

**Table 1. Regional Balance sheet for EAC countries**

	KENYA	UGANDA	TANZANIA	RWANDA
<b>CARRY OVER STOCKS JULY 2004</b>	360,000	25,000	146,287	8,201
<b>IMPORTS</b>				
Uganda	80,000		0	11,869
Kenya			0	
Tanzania	120,000	1,250		
Rwanda		0		
<b>Total East Africa Imports</b>	<b>200,000</b>	<b>1,250</b>	<b>0</b>	<b>11,869</b>
DRC		1,000		1,000
Imports from outside the region	178,000		5,000	
<b>Total Imports</b>	<b>378,000</b>	<b>2,250</b>	<b>5,000</b>	<b>12,869</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>NATIONAL AVAILABILITY</b>	<b>2,748,000</b>	<b>529,250</b>	<b>3,151,287</b>	<b>109,279</b>
<b>EXPORTS</b>				
Uganda			1,250	0
Kenya		80,000	120,000	
Tanzania	0	0		
Rwanda		11,869		
<b>Total exports to East Africa</b>	<b>0</b>	<b>91,869</b>	<b>121,250</b>	<b>0</b>
Exports outside the region			26,667	
<b>Total Exports</b>	<b>0</b>	<b>91,869</b>	<b>147,917</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>SURPLUS/DEFICIT</b>	<b>-186,000</b>	<b>34,881</b>	<b>124,745</b>	<b>14,279</b>

☞ [www.tradeffrica.biz](http://www.tradeffrica.biz) . The site continues to draw interest from the private sector with inquiries to buy closing at \$ 57.2 million for the quarter representing 289,910 metric tons of grain (Table 1). Offers to sell closed at \$26.4 million representing 150,797 metric tons. The slight decrease in offers to sell reflects the poor growing conditions and reduced production coming from the southern areas of the region and hence traders have less maize to offer for sale.

**Table 2. Volume and value of business postings for maize on [www.tradeafrica.biz](http://www.tradeafrica.biz) for FY 05.**

Inquiries to Buy Maize	2004 totals	Quarter 1 Oct 1–Dec 31	Quarter 2 Jan 1–Mar 30	Quarter 3 Apr 1–Jun 30	Quarter 4 Jul 1–Sep 31	Cumulative Total
Volume in MT	732,870	154,220	289,910			444,130
Value in USD	143,168,987	28,441,680	57,214,290			85,655,970
Average Price USD/MT	195	183	193			188

Offers to Sell Maize	2004 totals	Quarter 1 Oct 1–Dec 31	Quarter 2 Jan 1–Mar 30	Quarter 3 Apr 1–Jun 30	Quarter 4 Jul 1–Sep 31	Cumulative Total
Volume in MT	388,478	219,540	150,797			370,337
Value in USD	86,314,343	38,048,760	26,432,160			64,480,920
Average Price USD/MT	222	196	192			194

**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 was accepted into the COMESA and EAC agendas for 2004.

☞ **Business forums.** RATES continues to hold business forums with these national stakeholders. The trade team participated in two industry-led food and trade meeting in Tanzania and Kenya. RATES hosted three EAC grain trade meetings held in Dar es Salaam,

Nairobi, and Kampala. At these meeting, an official from the EAC was invited to speak to the groups explaining the impact of the new EAC customs union agreement on grain trade among the three countries.



Participants at the Kenya EAC Grain Trade Meeting



Participants at the Uganda EAC Grain Trade Meeting

☞ 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.

**Activity 3. Oversee management of the Regional Agricultural Trade Intelligence Network (RATIN).** The management of RATIN is now fully under the RATES Trade Office, currently supervised by Stephen Njukia, the maize commodity specialist. The new RATIN data base administrator, Bridget Okumu, who started work part-time in the office in November 2004, was brought on board full-time under RATES effective April 1, 2005. With the FEWS NET Task Order TO 804 coming to a close, RATES will assume full management responsibilities for the site and will continue to work closely with FEWS NET on providing critical data input to the network.

☞ **RATIN web page.** 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.

☞ **Market information systems.** 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 continues to improve features on the site and to expand the number of stakeholders using the site.

☞ [www.cottonafrica.com](http://www.cottonafrica.com). The expansion and widening of the scope of companies captured on the site continued during the quarter. The number of registered traders at the site increased by 50% and trade postings: from US\$ 12.9 million last quarter to US\$ 50 million this quarter.

- The ‘featured company’ coverage was widened and plans are underway to feature one company per target country. The exchange rate feature was improved to include currency converter. The cotton trade directory continues to be improved and provides a good base for the industry to work with. The scope of companies captured in the database is expected to widen next quarter.
- The newflash/trade posting attracted more traders to the cottonafrica.com web site and the timely newflash to the targeted traders and registered members gained momentum. This resulted in an increase in trade postings and general trade inquiries. A Canadian clothes designer, looking for manufactures information from Africa received feedback within minutes after our news alert to the registered traders and members on our mailing list.
- Compilation and completion of the supply capacity database is almost complete. Short-term contracts were awarded to “fill” the information ‘gaps’ contained in the already completed 7 country studies. This has been completed and a regional report is being prepared in readiness for the Cotton & Textile summit scheduled to take place on 27<sup>th</sup> to 28th April, 2005. Once the capacity database information has been collated, a “supply map” will be created and posted onto the website before the end of the third quarter.

☞ **Trade volumes.** A total of US \$ 65,341,877 dollars in offers to buy and sell were posted on the site during the second quarter. The lion’s share of this volume was attributed to offers to sell cotton/textile products, a direct result of RATES contact with the industry.

**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	\$615,600			\$3,496,600
Offers to Sell (USD)	\$49,156,000	\$10,067,000	\$64,736,277			\$74,803,277
<b>TOTALS (USD)</b>	<b>\$72,923,000</b>	<b>\$12,948,000</b>	<b>\$65,351,877</b>			<b>\$78,299,877</b>

**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.

☞ **Trade networking and linkages.** During the quarter, progress was made to promote interaction with selected business entities, manufacturing/trade associations and export processing authorities. A case in point is the Kenya, Mauritius and Madagascar meetings that were organized in partnership with respective country-level associations. There has been more collaboration with Kenya Association of Manufacturers (KAM) and the EPZA. Focus next quarter will be to promote more collaboration with other national trade associations, trade and investment bodies with the aim of promoting regional interaction geared towards the formation of a regional body/trade entity.



**Mr. Barry Fisher RATES Cotton Specialist (left), M/S Danielle Wong, Director, MEPZA (seated in wheelchair) and Didier de Senneville, Senior Partner, Africa-US Trade Services**

👉 **Ongoing business forums.** RATES sponsored successful trade meetings in Mauritius, Madagascar, Tanzania and Kenya during the quarter to continue the promotion of national business meeting forums. A point worth noting is that after the Mwanza (Tanzania), meeting a group of cotton ginners posted 36,000 tones of cotton lint (worth US\$ 43 Million) on [www.cottonafrica.com](http://www.cottonafrica.com) website. This underscores the importance of holding national meeting as way of promoting inter-regional trade.



Hon: Raphael N Mlolwa M.P, Chairman Tanzania Cotton lint, and Seed Board addressing participants at Dar es Salaam business forum

👉 **Collaborative efforts with other REDSO/bilateral programs.** Good liaison and collaboration continued with the ECA Hub, together with bilateral projects in Uganda (SCOPE and APEP) and in Malawi (SALES). The EAC Hub is actively involved in the preparation of the Cotton and Textile Summit.

👉 **Cotton and Textile Executive Summit.** The summit, scheduled for April 27<sup>th</sup> to 28<sup>th</sup>, 2005, is being jointly sponsored by COMESA/EAC, ICAC, EAC Trade Hub, and RATES. RATES is taking the lead on organizing the event and preparations are in the final stages and in high gear. The cotton team has invited speakers from a cross-section of top notch regional and international experts including COMESA, ICAC, the World Bank, WTO, New York Board of Trade, UNCTAD, US Trade Representative Office and the US National Council of Textile Organizations. The region has never hosted an event of this caliber that has been able to attract key participants from the World Trade Organization, World Bank and ICAC. The summit will cover key regional and global issues including the Multi-Fiber Agreement, AGOA, product competitiveness and investment.

#### **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.

## **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 is now operational: [www.dairyafrika.com](http://www.dairyafrika.com). The trade linkage site will be a sub-domain and will be ready for business in April 2005. Sawa Sawa has completed the database “backbone” of the site and it is now in the final beta testing phase.

**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.

☞ **Dairy trade directories.** Two directories were started this quarter from bits and pieces that have been compiled over the past few months. The first is the complete ESADA membership directory that comprises 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. 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. Some significant results include:

☞ **Resolving trade disputes.** A key role of the association is to serve as an “honest broker” to resolve 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. This activity is being coordinated through both COMESA and EAC.

- **Zambia- Kenya UHT trade dispute.** This dispute has been going on for some time and involved the rejection of Kenyan UHT milk trying to be imported into Zambia. ESADA participated in bilateral meeting held at Zambia High Commission office in Nairobi on 16 March 2005 to discuss the specifics of the dispute and to refer the issue to COMESA for

resolution. The RATES trade policy advisor in Zambia participated in an interdepartmental meeting attended by Zambia Bureau of Standards, the Ministry of Trade, and the Ministry of Agriculture to discuss the dispute and map out a way forward. As a result of this meeting, Zambia has proposed sending a team to Kenya to conduct a value chain audit of the Kenya dairy sector to certify dairy processors to export UHT and other products to Zambia. This proposal is under review by the Kenyan government and the Kenyan dairy industry. There is some concern that Zambia is creating non-tariff barriers to the importation of Kenyan dairy products. RATES and ESADA are following this process carefully.

**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 major activity in the works for ESADA is the upcoming regional dairy conference and exhibition planned for May 2005.

☞ **Dairy Conference and Exhibition (ADC).** ESADA will host the first major dairy conference and exhibition in Africa from May 23rd - 25th, 2005 at the Safari Park Hotel in Nairobi. The ADC promises to be a first rate promotional and educational event with speakers from leading international dairy companies and associations and an exhibition to highlight products and services in the dairy industry. Topics covered will include marketing and promotion, quality assurance, health and safety standards and other related issues. The exhibition will become a major income/revenue generator for the association and offers the regional dairy sector a venue for highlighting their products and allied industries a chance to showcase new products and technologies to the industry. RATES and ESADA are now in full gear in organizing the event. The conference web site is now fully operational and ads have been placed in several local newspapers to drum up attendance. An official launching of the conference will be held in early May at a local hotel (with full press attendance) as the main promotional event leading up to the conference.



**Invitation to the ESADA Breakfast Launch**

**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 (Specialty Coffee Exports Increased). 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 under the Partner Fund, RATES is providing EAFCA 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 is providing technical capability in developing and implementing marketing strategies that have been lacking at the Secretariat. RATES core staff also supports the EAFCA secretariat in institutional capacity building in conference planning, constitutional review, business planning, organizational models, and sustainability strategies. Thomas Carr, the RATES Technical Director, is in his second term

as an ex-officio Director of the EAFCA Board and serves to guide them through the long-term process of institutional reform and long-term sustainability.

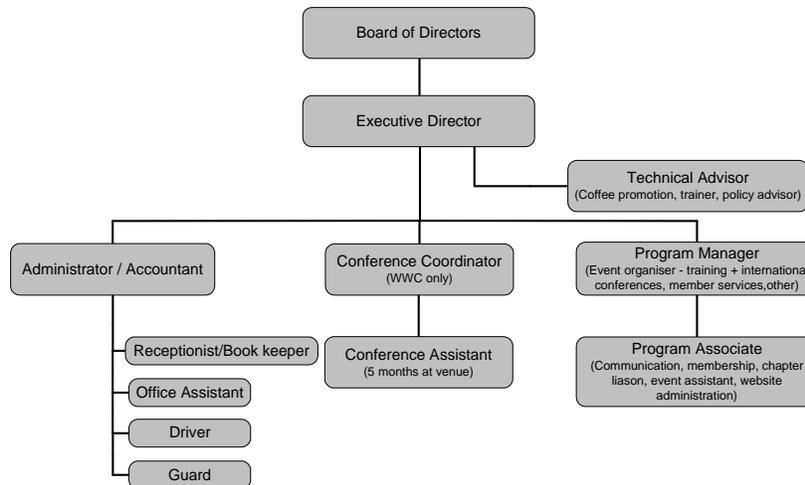
RATES core staff including Diana Walls and Kimberly H. Smith have been very active on the EAFCA program this quarter. In addition to her ongoing assistance to the secretariat on Partner Fund management, Diana has re-worked the EAFCA personnel and operational manuals, bringing them up to appropriate standards. Kimberly has provided her expertise and energy into defining EAFCA's role in the Kenya Chapter Barista Championship and assisting EAFCA with the WWC Conference held in March and the SCAA conference in Seattle taking place in April 2005.

RATES also contracted two short-term consultants this quarter to work on program planning and Taste of Harvest activities. Melissa Marland was posted to the Kampala Secretariat for eleven weeks from January 15<sup>th</sup> to March 30<sup>th</sup> to work with Secretariat staff on membership systems, communication configuration, program planning, sponsorship strategies and fundraising options. She also worked with EAFCA staff with their first submission of their first non-USAID grant proposal under the EU Proinvest program. Kelly Peltier, contracted by RATES under a short term consultancy from February 14<sup>th</sup> to April 17<sup>th</sup>, assisted with the management of the Taste of Harvest program that concluded at the WWC in Livingston with awards of certificates to the first and second place winners. Kelly continues her contract in Seattle at the SCAA Conference where Taste of Harvest winning coffees will be presented and highlighted.

☞ **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 supported under the new EAFCA secretariat restructuring plan by the recruitment of a permanent Program Director. After a vigorous recruitment process, Stella Mandi was recruited for the position and started her contract in March 2005, in time to assist with WWC2. The EAFCA Conference Management Team met several times this quarter to work out the details of the African Fine Coffee Conference (WWC2) that took place in Livingston, Zambia in March (see details under KRA 1.1).

## EAFCA Secretariat Approved Organization Chart – Core Structure



👉 **Strategic planning.** RATES has been working with EAFCA on the process of developing a long-term business 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.

The November 2004 Board meeting 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 plan and implement a 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 final step was accomplished at the EAFCA Annual General Meeting where the members approved the new Articles.

A significant action in EAFCA governance took place this quarter with the election of Chapter Representatives to the EAFCA Board following the new guidelines as stated in the approved Articles of Association. The process was monitored by the Executive Director and the new system worked well. The EAFCA Board stepped down at the Conference and elected new officers for a two-year term. Leslie Omari from Tanzania is the new EAFCA Chair, with Bernard Kaunda (Malawi) as the Vice Chair and Fred Kawuma (Uganda) as the Treasurer.



**Outgoing Chairman, James Kibera turns over the leadership role to Leslie Omari**

**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 and 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 1.4) and other core staff will provide essential support for conference planning, institutional framework, policy advocacy, and strategic planning.

☞ **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.

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. The committee also met on November 4, 2004 in the Regency Hotel in Nairobi to start the design process.

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 was distributed to all committee members to discuss with their national memberships. All national dairy associations have been visited during the 2nd quarter by Moses Nyabila (RATES DMS) and Fred Osore (Executive Director, ESADA) to seek endorsement of the institutional design.

The Steering Committee met for the third time on February 23, 2005, in Nairobi to finalize the formation of the association. The brief was approved after some deliberation and adjustments. Using the brief as a guideline, the Memorandum of Association and Articles of Association were prepared and will be reviewed and adjusted by the ESADA lawyer for adoption by the membership. The Steering Committee is in the process of reviewing the documents and will provide comments by May 15<sup>th</sup>, 2005. The general membership will vote to ratify the formation of the association during its first annual general meeting scheduled for May, 2005 during the African Dairy Conference and Exhibition.

👉 **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 Secretary, 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. ESADA has also advertised for the position of Program/Administrative Assistant which will be filled in April 2005.

Fred Osore and the Chairman of KDPA have worked out and signed a Memorandum of Understanding with the Kenya Association of Manufacturers (KAM), to provide office space, accounting services, bank accounts and general services – the Secretariat is born!

ESADA applied to the RATES Partner Fund for operating funds to sustain them for the first year and it has been approved for the sum of \$74,676. It is anticipated that revenues

derived from subscriptions, sponsorships and the African Dairy Conference will cover most of the administrative overhead costs allowing grant funds to support the service program.

☞ **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). To build capacity and to ensure a professional approach, RATES is providing Ludovica Bellingeri as the "contracted" conference coordinator. The conference management team is made up of Mahul Shah, Chair of the ESADA Steering Committee (also representing KDPA), Fred Osore (ESADA), Moses Nyabila (ESADA Advisor), Tom Carr and Kimberly Smith.

The ADC conference program has been proceeding extremely well. Well known international speakers have signed up including the Head of Land O' Lakes Development Division and the current and past presidents of the International Dairy Federation. Venue and other logistical aspects are in place and the program is looking very strong. Marketing, publicity and advertising are ongoing and should have the expected result of a full target audience of 130-150 delegates. Fifteen of the twenty exhibition booths have been purchased.

☞ **Create a dairy trade directory.** The Dairy Trade Directory is now operational. This directory is an all encompassing trade directory of 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 in most targeted COMESA countries, RATES works at the national level with trade associations. 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, GEM, APEP, 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.

## 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 is up and running. The immediate need was for the conference page which was designed and launched within days of the first conference committee meeting. Work is continuing 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. Sawa Sawa has been engaged to design the trade linkage component of the site which will have its own sub-domain. The beta site is undergoing final peer review and will become a sub domain of the [www.dairyafrika.com](http://www.dairyafrika.com) site.



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 6,400 hosts served this quarter. 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	160,412			224,817
Average requests per day	2,063	1,881			1,291
Distinct files requested	3,194	4,596			7,790
Distinct hosts served	3,097	6,465			9,562

☞ 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	2004 totals	Quarter 1 Oct 1– Dec 31	Quarter 2 Jan 1–Mar 30	Quarter 3 Apr 1– Jun30	Quarter 4 Jul 1– Sep 31	Cumulative Total 2005
Successful requests	242,819	57,531	167,471			225,002
Average requests per day	8,390	1,932	5,877			7,809
Distinct files requested	4,004	1,578	2,934			4,512
Distinct hosts served	5,197	1,039	2,576			3,615

☞ 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.

☞ **Relationship coffees.** Initial contacts were made with Paul Katzeff of Thanksgiving Coffees who is interested in forming a relationship with a Ugandan coffee cooperative located in the Mount Elgon area. His company, based in northern California, is very active in the region and has formed strong relationships with several cooperatives in Rwanda. His Gorilla coffees are well known. This type of direct buyer linkage could form the basis of a pilot program involving a collaborative effort between RATES, the Uganda bilateral projects and the private sector. The RATES coffee specialist will visit the cooperative early next quarter to determine the way forward. The RATES team will also liaise with Thanksgiving coffees at the SCAA meeting in Seattle in April.

**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:**

**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. Progress includes:

- ☞ **Harmonization of the EAC maize standard.** Consultations were held with private sector maize traders and other players in the three east African countries of Kenya, Tanzania and Uganda to facilitate their comment and input into the second round of the EAC maize standards process.
- ☞ **Harmonization of COMESA-wide maize standards.** The COMESA Harmonized standard for maize has been agreed upon by the National Standards Bureaus (NSBs). However, the private sector has indicated that they have not been sufficiently consulted to provide their input into this process. Through the COMESA SQA (Standards and Quality Assurance) Coordinator, the COMESA harmonized maize standard was circulated to key private sector players – millers and traders for their input. During next quarter, RATES will facilitate the process of ensuring that NSBs hold consultative meetings with private sector stakeholders in the respective countries to obtain collective national input before the standard is finally adopted at regional level. A major challenge is to ensure convergence of standards being developed by the EAC and COMESA and RATES is providing that interface.
- ☞ **Formation of Common External Tariffs.** RATES participated in the second COMESA Workshop on negotiations for a Common External Tariff (CET) in preparation of the COMESA Customs Union. The workshop recommended a four-band structure for raw materials (0%), capital goods (0%), intermediate goods (10-15%) and final goods (20-40%).
- ☞ **Adoption of regional dairy trade policy platform.** The recommendations and action plan developed from the Regional Dairy Trade Policy Conference (held in Nairobi in October 2004) were submitted to the relevant EAC and COMESA structures as a draft regional dairy policy platform. This platform will be formally presented and endorsed at the 16<sup>th</sup> meeting of the COMESA Trade and Customs Committee meeting to be held in April 2005 and

subsequently, approved by the COMESA Council of Ministers meeting in May 2005 paving the way for implementation.

**Activity 2: Assist the region to develop and adopt trade policy platforms for cotton/textiles and coffee.** This activity in the cotton/textile sector follows the same strategy as the methodology used for maize and dairy with a draft cotton/textile policy platform as the final outcome. The coffee sector will follow a slightly different approach due to the nature of the coffee trade.

- ☞ **Prepare a regional synthesis trade and investment policy report on cotton and textiles trade.** During the quarter, RATES completed/updates country studies for 12 countries: Tanzania, Kenya, Malawi, Uganda, Zambia, Ethiopia, Zimbabwe, South Africa, Mauritius, Madagascar and Egypt). From these national-level studies, the RATES policy team completed a Regional Policy Paper on Cotton and Textiles in preparation for the Regional Cotton and Textile Summit to be held in April 2005.
  
- ☞ **Complete the draft cotton trade policy platform.** Work continued on completing a draft regional platform. This activity will culminate in the regional policy conference that is scheduled to take place in April 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 completed national-level forums in Mauritius and Madagascar 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. Some key tasks this quarter:

- ☞ **Launch the Agricultural Trade Policy Monitoring and Reporting System (AgTrade-PMRS).** The functionality and features of the web site were improved and presentation re-designed making the site more user-friendly. Following COMESA's input, the site was renamed TradeCOMESA from Africatradepolicy. The beta site is under review.

- ☞ **Convene demand-driven trade policy forums.** The RATES policy team participated in the cotton/textile forums held in Mauritius and Madagascar (KRA 1.4) and provided input on regional policy issues. The team also worked with ESADA to hold consultations and prepare a status report on Kenya/Zambia dairy dispute as a way of facilitating resolution of the impasse on this issue.
  
- ☞ **Participate in the CAADP process.** The RATES Policy office in Zambia provided technical support to COMESA in collaboration with USAID/REDSO, by participating in two planning meetings in Dar-es-Salaam (in January) and in Maputo (in February) as part of the process of developing an Action Plan for the Comprehensive African Agricultural Development Programme (CAADP) of NEPAD (the New Partnership for Africa's Development).
  
- ☞ **Participate in preparations for COMESA Business Summit.** The RATES policy team is working as part of the COMESA planning group preparing for the COMESA Business Summit to be held in Kigali, Rwanda in May 2005 and has provided technical input particularly on the structure and content of the program.
  
- ☞ **Participate in COMESA standards meeting.** RATES prepared a status report and participated in the 2<sup>nd</sup> Meeting of the COMESA Committee on Standardization and Quality Assurance where issues related to maize standards and the dairy Action Plan on standards was presented. This also provided the opportunity for RATES to brief senior officials from National Standards Bureaus on issues related to the development of standards for RATES focus commodities.
  
- ☞ **Coordinate with the Agricultural Marketing Promotion and Regional Integration Program (AMPRIP).** The RATES program is making a concerted effort to link with COMESA's (ADB funded) AMPRIP program as part of this program includes the formation of a "Food and Agriculture Market Information System" (FAMIS). If fully functional, this effort could offer an institutional home for the RATIN network. To ensure collaboration from the onset of this program, RATES met with the COMESA team in February to begin the process and will conduct a formal strategy/planning meeting with the COMESA team early next quarter.

### **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.

☞ **Kenya National Barista Championship.** The first ever barista championship in Africa was held in Nairobi in February 2005. Over 50 Kenyan barista candidates from the best Kenya coffee houses, hotels, and restaurants competed in the event. To add to the excitement, a large cheering section from each of the competing companies provided support by dancing, playing drums and marching in support to their baristas. Competitors were judged on the preparation of three different coffee drinks: a cappuccino, an espresso and a special signature hot or cold coffee

Three international judges from Iceland and one from Italy were flown in and accommodated at the expense of the Kenyan coffee industry and devoted their time and energy not only in terms of judging but to carefully train participants from each of the three competing coffee house chains in Kenya. It was a first for these firms to work together and they happily came together under the EAFCA banner and together the top three main companies (Nairobi Java House, Food Service Exotica and C. Dorman's) contributed US \$12,380 in actual costs to make the event a success. Mr. Dominic Ruo from Nairobi JAVA House was selected as the winner of the competition and will represent Kenya at the World Coffee Barista Championship in SCAA in Seattle, Washington in April 2005. The event attracted great attention in the local hotel and restaurant industry who were hosted to an informative lunch at the Village market (a sponsor) while several other firms made cash contribution including: Nairobi Serena, Brazafric, Tamarind, Sheffield, Pasha, Going Out and Spin Knit, as well as additional in kind contribution from many other companies including water, milk, advertising, exhibition space, etc.



Dominic Ruo serving up his winning coffee drinks.



Dominic Ruo accepting 1<sup>st</sup> place form James Kibera of EAFCA

☞ **Cotton/Textiles.** The private sector has taken a keen interest in the development of [www.cottonafrica.com](http://www.cottonafrica.com). The number of registered traders of the site increased by 50% during the quarter. [www.cottonafrica.com](http://www.cottonafrica.com) is now number 4 in the yahoo search engine with Cotton Africa as the key search word and number one in the Google search engine with Cotton Trade Directory as the key search word. This is in contrast to the last quarter when it was not appearing in top 20 in respect to yahoo and in the top 40 with Google. We have also seen increased postings from US\$ 12.9 million last quarter to US\$ US \$50 million this quarter. Some interesting linkages include:

- A businessman from the US traveling to Kenya in June sought our help in providing hand woven fabric suppliers details in Kenya.
- A Swedish special paper manufacturer requested our help for potential suppliers of linters.
- A Canadian clothes designer, looking for manufacturers' information from Africa received feedback within minutes after our news alert to the registered traders and members on our mailing list.
- The Mwanza, Tanzania meeting generated extreme interest in regional trade- a group of cotton ginner posted 36,000 tons of lint worth US\$ 43 million after the cottonafrica.com presentation.
- An Israeli exporters' website requested that their website be linked to cottonafrica.com

**Activity 2: Maximize private sector contribution to RATES programs.** RATES team views private sector participation in, and contribution to, the development process as important as their involvement in the trade process. RATES will integrate corporate input into the planning and implementation process and will encourage companies to participate at RATES' planned events. RATES will also assist clients to identify trade initiatives that are attractive as investment (or involvement) opportunities for private sector companies. This activity is cross linked with all other activities in the work plan and described in detail in other sections of this report. Below is a table of results during the first half of the year concerning private sector involvement in the program:

**Table 6. Number of private sector participants in RATES supported activities during 1st half of FY 05.**

Participants	Totals
Males	812
Females	165
Total	977

## **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 March 31<sup>st</sup>, 2005, the RATES program had 24 full-time employees which included 5 long-term employees through the RATES subcontracts (IDC, ITI, Land-of-Lakes and Computer Frontiers).

☞ **Partners' Fund.** This quarter, RATES has worked closely with a new partner, the Eastern and Southern Africa Dairy Association (ESADA) and approved financial support in the form of a FARA for the amount of \$74,676.00. The Kenya Association of Manufacturers (KAM) has agreed to be the beneficiary for this first FARA since ESADA is still in the process of registering as an association. The dates of this FARA are March 1, 2005 to February 28, 2006. In order to encourage more institutional sustainability, the terms of the KAM/ESADA FARA require that ESADA assume almost all operational costs. RATES is anticipating that these operational costs will be paid for from profits earned by ESADA from the upcoming Dairy Conference held in May. RATES plans to advance two "tranches" of funds to ESADA (the first being for \$30,000) after finalizing banking arrangements. RATES' continues to work closely with its primary partner, the Eastern African Fine Coffees Association (EAFCA) and anticipates awarding the final payment of their FARA shortly.

☞ **Institutional Development.** At the request of the EAFCA Chairman of the Board, RATES contracted Chemonics International's association specialist, Melissa Marland, to undertake a short term assignment of 70 days embedded within the EAFCA Secretariat. While in Kampala, Melissa worked closely with EAFCA's Program Manager and Executive Director in assessing the membership needs of the association. Melissa assisted EAFCA in successfully producing an extensive amount of EAFCA membership and association policy deliverables that will greatly contribute to the institutional stability of EAFCA.

☞ **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 gap study consultant, Mr. Keith Atkinson, hired through RATES subcontractor, IMANI, to conduct a textile data “gap” study in Zimbabwe.
- Conference coordinator, Ms Ludovica Bellingeri, whose contract was extended until May 31<sup>st</sup>, 2005 in order to continue serving as the overall conference coordinator for WWC3 event in Tanzania.
- Textile specialists, Mr. Alex Valeta, Dr. Dejene Aredo, Mr. Ali Ngongolo and Dr. Evarist Mugisa who all conducted textile data studies and meeting facilitations in Zambia, Ethiopia, Tanzania and Uganda.
- Maize specialists, Mr. David Tuhoye and Paul Wagubi who facilitated and organized industry meetings in Tanzania and Uganda to discuss the EAC maize handbook
- Dairy consultant, Mr. Francis Ogutu, who is conducting a dairy forward trading study for the RATES program.
- Mr. Ibrahim Kasirye, who completed a 30 day short term assignment in producing an electronic coffee trade data base for EAFCA.

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

- **Cover Concepts Media Ltd** was awarded a contract to design and produce 500 copies of the fourth RATES quarterly newsletter as well as produce an electronic pdf electronic format of the newsletter that will be emailed to RATES' partners.
- **Conferences and Speakers, International Ltd.** was awarded a contract to help facilitate two textile business presentations in Madagascar and Mauritius as well as to promote the trade linkages website within the cotton textile value chain in these countries.
- **Graphic Designs by Winnie Oyuko** was contracted to create and complete a number of graphic assignments for the upcoming Cotton Summit.
- **Winrose Machuki Kamuathi** was contracted under a FPSA to edit and complete the electronic dairy directory.
- **SawaSawa.com Ltd.** RATES awarded SawaSawa a Fixed Price contract in order to develop a dairy trade link commodity website, [www.dairyafrika.com](http://www.dairyafrika.com) .

## **RA 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.** Peter Kegode, our RATES staff member responsible for tracking results, redesigned the M&E capture forms used by the commodity specialists 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 continues to work closely with COMESA to review trade data to be used for preparing the annual PMP report for October 2005. 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 will provide a semi-annual report on the IEHA indicators to REDSO in April 2005. Complete Trade data is presented on an annual basis as this data is not available from COMESA on a monthly or semi-annual basis.

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

**Incremental Funding.** As the quarter comes to a close, RATES is currently at 92% of obligated funding. Without a clear indication of when the next tranche of funding will be forthcoming, it makes it somewhat difficult for activity planning purposes. We have received assurances that bridge funding will be provided (if necessary) to assure the program can continue at an accelerated pace.