

The Link

A Value Chain Approach to Doing Business in Africa



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COMPETE
The Competitiveness and Trade Expansion Program

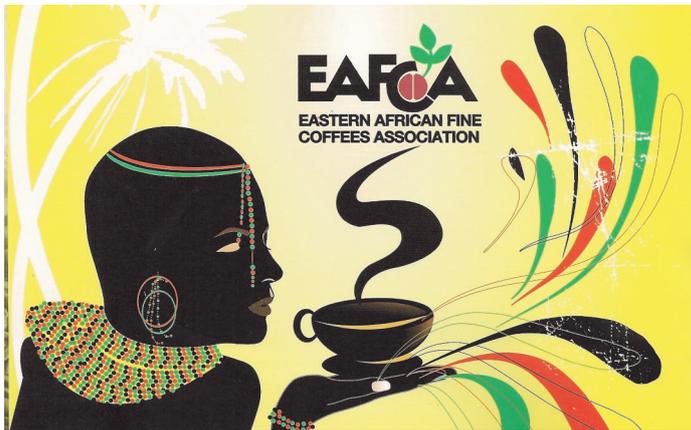
The Newsletter of the USAID Competitiveness and Trade Expansion Program (COMPETE)

The Eastern African Fine Coffees Association's annual coffee conference, the largest coffee conference in Africa, brought together over 700 delegates from all parts the world. The EAFCA conference was held from February 11-13 in Mombasa, Kenya.

This was EAFCA's 7th conference, and it was a significant boost for the industry in the region, enabling coffee producers, researchers, marketers and buyers to exchange fresh ideas on the future of the commodity's multi-billion dollar market.

The conference which was officially opened by the Kenyan Minister for Agriculture William Ruto also helped renew interest from the traditional coffee markets such as the United States and Europe but also emerging markets such as Japan, and China.

Speakers, including researchers, brought new insights in areas such as the effects of climate change on coffee, fertilization and financing. It was a big boon for coffee farmers, 140 of whom joined delegates at the Sarova Whitesands hotel. Other issues such as logistics and marketing which have



been key shortcomings in the coffee sector were covered extensively, with speakers seeking to offer solutions.

EAFCA's Executive Director Philip Gitao said the conference was the most successful since the ten-year old body kicked the coffee stakeholders' conferences seven years ago.

"We have managed to bring about 700 minds in the coffee industry together, tackling diverse issues such as coffee production, transport, roasting and marketing. They also shared ideas and established important networks that will help this industry," said Mr. Gitao.

A highlight of the conference was the entry of the Democratic Republic of Congo (DRC) to the EAFCA family, making it the 11th country to join

this regional trade association. EAFCA's expanded membership now spans from the Atlantic to the Indian Ocean.

"This is a great move towards accepting more countries into EAFCA and a milestone for this body. DRC is a giant in terms of available arable land - 700,000 square kilometres of prime unutilized land and considering that consumption is expected to outstrip production this would be a major boost to plug the gap," said Etienne Delbar, the Chairman of EAFCA Kenya Chapter.

Mr Delbar said delegates from Cameroon, Gabon and Togo attended the conference and expressed hope that they would join

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COMPETE Introduces the Regional Food Balance Sheet: A New Tool to Monitor Regional Food Stocks

Movement of products from surplus to deficit regions within East Africa is still limited because of restrictive policies motivated by food security concerns. Currently, there is a lack of credible information on available food stocks. Countries plan according to what is available within their borders, instead of looking at regional food availability.

According to Constantine Kandie, the Executive Director of the COMPETE-supported Eastern Africa Grain Council (EAGC), the EAC and COMESA regions, "have proven tradable surplus in products such as maize, rice and beans. The region also has potential for producing tradable surplus for other cereals. Despite this reality the region remains a net importer from extra-regional sources."

National policies on export/import restrictions, seasonal pricing and marketing controls distort production and limit investment in the value chains, and perpetuate food shortages. Information on regional food availability is critical in helping countries within the EAC and COMESA blocs combat food insecurity through trade. A true picture of the food

of the food situation could be provided if governments looked at the issue from a regional perspective. "We have also involved the Common Market for East and Southern Africa and the East Africa Community as we seek to build a regional food balance sheet that presents a comprehensive picture of the pattern of the region's food supply for specific periods," said Ms. Kandie.



"This will be used as pillars to address food security in the region as well as work as a foundation for development of a regional trade policy framework for structured trading systems," she said.

The Regional Food Balance Sheet is an extension of the national food balance sheets and focuses on key staples - maize, rice, wheat, millet, sorghum, and beans - in eight countries in the region (Kenya, Uganda, Tanzania, Burundi, Ethiopia, Rwanda, Malawi, and Zambia).

The new Regional Food Balance Sheet will help in formulating policies to support structured trading systems and will put a stop to ad-hoc import and export restrictions that have not added any value in the effort to have long-term food security and have severely restricted intra-regional trade.

African Commodity Exchanges Organization Launched in Addis Ababa

USAID COMPETE has brought together representatives of commodity exchanges throughout Africa for the first meeting of the African Commodity Exchanges Forum. The African Commodity Exchanges Forum was officially launched in Addis Ababa, Ethiopia on February 25th, with representatives drawn from 13 African exchanges and exchange start-up initiatives from Kenya, Uganda, Tanzania, Zambia, Malawi, Zimbabwe, South Africa, Sudan, Nigeria, Ghana, and Ethiopia, and representatives from COMESA (Common Market for Eastern and Southern Africa), and UNCTAD (United

Nations Conference for Trade and Development), as well as participation from the Eastern Africa Grain Council.

The guiding vision of the organization is "to foster the establishment and growth of commodity exchanges in Africa" Its specific objectives are to promote mutual learning and knowledge sharing, to enhance capacity building, and to engage in policy advocacy.

At this initial meeting, the members unanimously voted Dr. Eleni Gabre-Madhin, CEO of the Ethiopia Commodity Exchange (ECX,) as first chair of the African Commodity Exchanges Forum. It is

expected that the Forum secretariat will be set up within one month. Chairmanship will be for a period of two years and will rotate among the members.



Dr. Eleni Gabre-Madhin, CEO of the Ethiopian Commodity Exchange and current Chair of the new African Commodity Exchange .

Industry Leaders to Share Expertise to Guide African Apparel Industry

The inaugural meeting of the Friends of Africa, the COMPETE African Apparel Board of Advisors, was held on February 17th at the MAGIC Apparel Trade show in Las Vegas, Nevada. The Friends of Africa is an integral part of USAID/COMPETE's new awareness campaign for African manufactured Apparel called *Origin Africa*. The Friends of Africa is made up of a cross section of leaders in the apparel industry who are contributing their knowledge and expertise to collaborate together to guide Africa through its growth as a global sourcing destination. Assistant U.S. Trade Representative for Textiles, Gail Strickler, provided the keynote address for this event. The meeting provided a forum for an open and frank discussion, with a lot of positive energy and creative ideas.

The Friends of Africa will raise awareness within the apparel sector about Africa's comparative advantage in niche markets like organic cotton customized production, state of the art manufacturing facilities and viability as a sustainable, long term sourcing destination.

The Friends of Africa plans to meet periodically and collaborate with firms drawn from leading apparel manufacturing countries in Africa: Ethiopia,



Members of the COMPETE Friends of Africa Apparel Advisory Board at their February kick-off meeting at the MAGIC Apparel Trade Show in Las Vegas

Kenya, Mauritius, Rwanda, Tanzania, and Uganda to share information on current market and manufacturing trends, certification requirements, quality control and assurance, and promote regional inward buyer missions to Africa.

Plans are already underway to conduct the first Friends of Africa Inward Buyer Mission in May which will be made up of a core set of US companies that will link individual buyers and factories. This will begin the process of designing innovative solutions to develop Africa into a leading sourcing destination.

In addition to serving in an advisory capacity, the individuals in this group view themselves as champions of Africa within the industry.

"As a long time buyer in Africa, I am honored to be part of this innovative initiative. I look forward to working with other like-minded advisors on the board for the benefit of Africa."

*Ronald Smith, Executive Vice President,
Director of Sourcing, The Orvis Group*

Africa Pavilion Excites Buyers at MAGIC Apparel Show



From left to right: JC Mazingue, COMPETE, Ron Kirk, U.S. Trade Representative, and Finn Holm-Olsen, COMPETE ECA Trade Hub Director

The Africa Pavilion at the MAGIC Apparel trade show was a hub of activity as tribal and ethnic themed clothing and accessories were hot trends according to buyers attending this February's show. MAGIC organizers estimated that over 100,000 exhibitors and buyers took part, speculating that brisk business for the Fall 2010 fashion season augur signs of economic recovery. The COMPETE East and Central Africa Trade

Hub, the West Africa Trade Hub and Southern Africa Trade Hub sponsored 17 firms representing 8 countries to take part in this semi-annual event.

During the exhibition, U.S. Trade Representative Ron Kirk took time out from his Plus 1 for Haiti trade promotion to visit the Africa Pavilion and commend USAID for its support of African companies.

Africa Now! at the New York International Gift Fair

Twice a year, an astounding array of the world's best home, gift, lifestyle and handi-craft firms converge at the New York International Gift Fair (NYIGF). This year's NY-IGF was held from 30 January – 03 February and featured 2700 companies from 85 countries. Over 40,000 professional buyers passed through the exhibition halls during the event.

COMPETE's East and Central Africa Trade Hub along with the West and Southern Africa Trade Hubs brought nearly 30 artisans from 10 African countries take part in the trade fair. Under the banner "Africa Now!", the Africa Pavilion showcased a range of handmade products including furniture, contemporary and traditional jewelry, fashion accessories, home textiles and furnishings, basketry, wood and ceramics.



The goal of Africa Now! is to offer market driven, ethically sourced products for the home and gift specialty retailer that are beautifully made and relevant to customers while changing lives through trade and economic empowerment.

One of the most popular events at NYIGF is the museum buyers breakfast hosted by the Africa Pavilion. This year over 70 buyers participated. The museum buyers are a key buying community and were instrumental in boosting the visibility of the African products on show at NYIGF.

As a result of attending NYIGF in January 2010, participating companies have reported orders made at the show or in process with various buyers in the range of \$100,000. In addition companies have reported receiving interest from a wide range of prospective buyers and importers in the US market. Hallmark/UNICEF, TJMaxx, and Robin Givens Home Décor have all requested product samples from several of the East African exhibitors.

US buyers including SERRV, Ten Thousand Villages, Hallmark/UNICEF, TJ Maxx and the American Museum of Natural History expressed strong interest in participating in a regional buyers mission to East and Central Africa to visit producers, develop products and encourage additional sourcing of products in the region.

African products weren't just limited to the gift fair. One of the USAID COMPETE-sponsored firms, Imani Workshops produces a line of jewelry. Their unique products caught the eye of Korto Moulu, an up and coming fashion designer who was first runner up on the 2009 season of "Project Runway", Korto Momolu, who is originally from Liberia but now resides in the US, included Imani Workshops items in her runway show at the February New York Fashion Week.

Marvelous Batik Signs Deal with Designer Rachel Roy

Marvelous Batik based in Dar Es Salaam, Tanzania has entered into a business deal with New York designer Rachel Roy to produce a line of women's handbags.

The ECA Trade Hub began working with Marvelous Batik six years ago. The company is led by a dynamic entrepreneur, Flotea Massawe. Her company manufactures high quality textiles and handicrafts based on Tanzanian themes and designs. With support from the ECA Trade hub, she has been able to fine tune and market her product line and become the leading company in the industry.

The clutch was made from Kuba cloth from weavers in Congo and the clutch was crafted in Tanzania before sending it to the U.S. for Rachel's final touches.

Says Flotea, "This clutch really has created a chain of women in three different countries who linked together to help alleviate poverty by providing employment and economic opportunities for African women."

Rachel Roy is a New York based designer who produces an exclusive range of women's clothing. Beginning with this spring's collection, Roy is working with Fairwinds Trading to create jobs for women in Africa. As part of the initiative, Roy will add items which have been handcrafted in Africa by female-owned businesses. For spring 2010 that means handbags produced in Tanzania with indigenous textiles and beaded jewelry handmade in Rwanda.

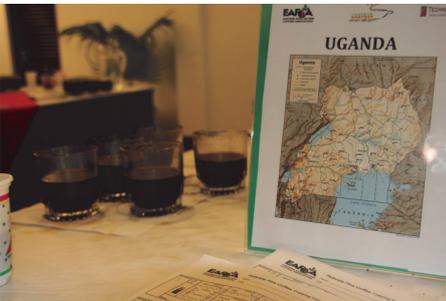


Flotea Massawe displays one her clutch bags.

A Celebration at the Gateway: EAFCA Conference

the fast-growing body, which is now one of the most influential in the region. Kenya's key coffee organisations, the Coffee Board of Kenya, the Coffee Research Foundation and the Coffee Development Fund played a big role in shedding light on the new trends in the country.

As with previous EAFCA conferences, there were a number of special side events including cupping training, the Taste of Harvest competition, the Agenda on Gender—Women in Coffee breakfast and new events: Fine Robusta Cupping and the First Africa Barista Championship. This year's Agenda on Gender forum put the spotlight on the low numbers of women coffee farmers. Rachel Nampinga, EAFCA's Program Manager screened the film *Sisters in Coffee—Breaking Barriers, Creating Champions* which underscored how gender issues need to be addressed in order for the coffee industry to thrive.



The Taste of Harvest competition garners a lot of enthusiasm among coffee farmers and has great impact in terms of motivating farmers to improve the quality of their coffee. John Karuru of Technoserve reported that even when their crop places last in the taste test, farmers are not bitter that they have lost but want to know how to improve the quality of their coffee crop.

For the winner of this year's Taste of Harvest, the results are nothing short of outstanding, says David Griswold, President of Sustainable Harvest,

"... I wanted to share that a great moment for Sustainable Harvest was when our Sustainable Harvest at Origin/Kigoma Tanzania project coffee won the 1st place among the 1st place Taste of the Harvest national winners. It capped a 3 year project effort of bringing an obscure region to such elevated status --

and it felt great that the coffee was recognized by a great international cupping jury and the news delivered at the prestigious EAFCA Taste of the Harvest awards."

EAFCA is working hard to help introduce market interventions aimed at boosting local consumption for countries in the region to shield the industry from adverse price fluctuations in the world market. With support from USAID COMPETE and the European Union EAFCA is training farmers across East and Central Africa in managing price risk. This and other courses are being delivered through EAFCA's new training center.

Participants regarded the 7th African Fine Coffees Conference and Exhibition as the best ever. EAFCA succeeded in its mission of bringing buyers to producers and producers to buyers, and proving once again that East Africa is indeed the world's leading origin of fine coffees.



RADDEx Launches at Malawi/Tanzania Border

It was evident that the Malawi private sector embraces RADDEx, The Revenue Authorities Digital Data Exchange—a USAID COMPETE trade facilitation system designed to reduce clearance delays and the under-declaration of goods—at the February 11th launch ceremony in Blantyre, Malawi.

COMPETE worked directly with the Malawi and Tanzania Revenue Authorities to ensure buy-in of the program at a government level. The Malawi private sector couldn't be more thrilled. Private sector

spokesperson and Combine Cargo Managing Director, Eddie Kaduwa, said, "The initiative is critical for trade facilitation." The latest RADDEx connection will operate at the Kasumulu / Songwe border post. Through the exchange of data between countries' revenue administrations, RADDEx speeds up the clearance of goods. RADDEx is one of the many initiatives that COMPETE is spearheading to reduce barriers to trade and increase competitiveness in East Africa.



Officials of the Malawi Revenue Authority, the Tanzanian Revenue Authority, the Southern Africa Trade Hub and COMPETE at the launch RADDEx operations at the Kasumulu / Songwe border crossing.

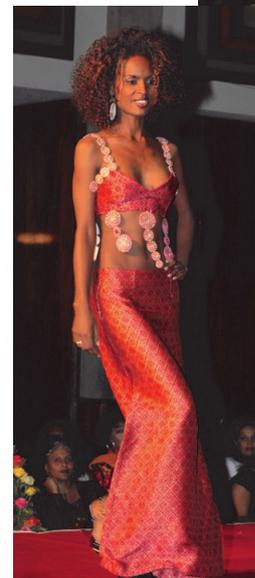
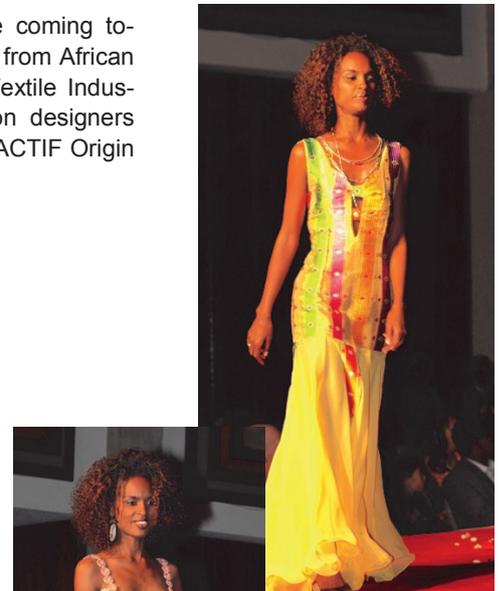
Designer Showcase Highlights African Talent



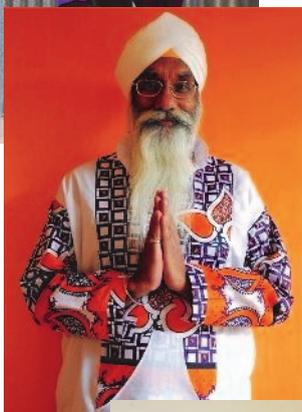
Africa's cotton industry and African designers are coming together to put the spotlight on modern fashion made from African fabric. COMPETE grantee, the African Cotton & Textile Industries Federation (ACTIF) is partnering with fashion designers across East Africa for this first of its kind show, the ACTIF Origin Africa Designer Showcase.

The Designer Showcase will feature the work of design students and promising designers from Ethiopia, Kenya, Tanzania and Uganda. Collections will hit the runway at a special fashion show following the ACTIF Annual General Meeting on April 28th in Nairobi.

Using fabric and production facilities donated by ACTIF members, designers are challenged to create a capsule collection of garments ready for commercial production and a show stopper that represents the design fantasy behind the theme of the collection. But this is not just a fashion design competition. The Designer Showcase is a practical exercise as well where the designer sources fabric from the region, produces a collection, undertakes the pattern making and design development and then subcontracts production to a factory. ACTIF hopes that the Designer Showcase will promote opportunities for local talent and local manufacturers to work together to develop a strong African fashion industry.



Photos courtesy of Paradise Fashion Ethiopia



Photos courtesy of ki2 Fashion Tanzania

Kenya Shippers' Council Changes Name to Reflect Regional Status

The Kenya Shippers' Council (KSC) is changing its name to Shippers Council of East Africa (SCEA). The new name will reflect the more regional role that KSC plays in shipping advocacy. The SCEA mandate will remain the same: providing a voice to cargo owners in addressing the myriad of challenges that shippers face in importing and exporting, with the end goal of reducing the cost of doing business in East Africa.

The Shippers Council's name change became a topic of conversation at the

recent USAID/COMPETE sponsored strategic planning retreat. Through technical assistance and a Partnership Fund grant award of \$249,024, USAID/COMPETE is working with the Shipper's Council to strengthen the Council's institutional capacity and organizational strategy. The name change reflects the desire and need of the Shippers' Council to represent the interests of a larger member group.

The cost of doing business in East Africa is among the highest in the world. The cost of transport is a key

contributor to the cost of doing business in the region and a critical component of competitiveness for regional companies. The services provided by the Shippers Council will support the import and export industry in reducing the cost and time of transport and logistics. Reduced costs will lead to enhanced competitiveness of the Eastern African region, which will subsequently lead to economic growth and poverty reduction.

New Grants Awarded from Partnership Fund

The COMPETE Partnership Fund welcomes 5 new grantees:

FEAFFA - Federation of East African Freight Forwarders Association is a business association that federates national private sector associations in the customs and freight forwarding (logistics) sector in the East African Region. Registered in 2006, the association aims to promote growth and development of a professional, efficient and competitive sector in the region.

Grant Award: \$246,000

Grant Objective: Strengthen the FEAFFA association so that they may more effectively steer and influence the development of a professional and competitive freight logistics industry in the EAC region.

KSC- The Kenya Shippers' Council was established in 2006 following a study funded under the ECA Trade Hub. It supports the import and export industry of East Africa in reducing the cost and time of transport and logistics.

Grant Award: \$249,024

Grant Objective: Reinforce the technical assistance that COMPETE was already providing to KSC in the area of institutional capacity building and sustainability. The end goal is to enhance competitiveness of value chains, promote investments and trade between US and East and Central Africa, and build the private sector capacity to be able to participate in policy reform processes.



Members of FEAFFA and the COMPETE team at the FEAFFA strategic planning retreat in Rwanda.

KTA - The Kenya Transport Association is an association of road transporters registered under the Societies Act in the Kenyan laws. It seeks to instill safety, discipline and professionalism in trucking.

Grant Award: \$230,840

Grant Objective: Strengthen the institutional capacity of KTA so that they are better able to advocate for efficient transport policies that reduce costs and create fair competition in road transport. KTA will create an effective secretariat that will improve services to members, instill professionalism, and increase participation of small and upcoming transporters in the transport business by linking them to existing and new networks of transport businesses within the region.

AGMARK – The Agricultural Market Development Trust was established on April 14th, 2004 under the Trustees Act Chapter 167, Laws of Kenya. AGMARK has specialized in strengthening agrodealers to better serve farmers.

Grant Award: \$249,304

Grant Objective: Consistent with COMPETE's Component of "Developing Sustainable Value Chains", the objective of SSMATI is to integrate smallholder surplus production in Kigezi and Eastern Regions of Uganda into the Rwanda and Kenya cereals value chain respectively through agrodealers located in the two regions.

ACE – The Agricultural Commodity Exchange for Africa Trust was established in July 2004, and has had a live exchange trading platform since late October 2006. The objectives of ACE are to link farmers to markets and to create price discovery in a transparent marketplace.

Grant Award: \$60,000

Grant Objective: Short term, to provide a bridging fund to secure continued operations over a 4 months transition period. Long term, to establish one hub for all real time market information currently being generated in Eastern and Southern Africa through the expansion of RATIN.

COMPETE
 123 Gardenia Road
 Off Magnolia Close, Gigiri
 P.O. Box 1555 — 00606
 Nairobi, Kenya

Phone: +254-20-421-2000
 Fax: +254-20-421-2271
 E-mail: info@competeafrica.org

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

COMPETE works to :

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

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

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Events Calendar

Date	Event	Venue	Find Out More
3 - 5 March	ACTIF National Planning workshop	Pretoria, South Africa	
9 - 13 March	Meetings between ECA Hub & Enterprise Mauritius, US Embassy MOU signing	Port Louis, Mauritius	
10 March	EAC Maize Quality Standards Workshop	Dar es Salaam, Tanzania	
17 March	Growing Agriculture Through Finance Workshop – Kenya School of Monetary Studies	Nairobi, Kenya	www.ksms.or.ke
26 March	EAC Heads of State Summit on Food Security and Climate Change	Arusha, Tanzania	www.eac.int
28 April	ACTIF Meeting and Cotton Fashion Launch	Nairobi, Kenya	www.actifafrica.com
4 -7 May	Mobile Money Africa 2010	Nairobi, Kenya	www.mobile-money-transfer.com/africa