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East Africa Staples Trade Dialogue

Theme: Enabling regional cross-border trade in staples

July, 12th to 14th 2016,

Safari Park Hotel, Nairobi, Kenya

Dialogue's Report

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List of Acronyms

AEO	Authorized Economic Operator
AGMARK	Agricultural Market Development Trust
AGRF	African Green Revolution Forum
B2B	business-to-business
CBT	CROSS border trade
CBTA	Cross Border Traders Association
COMESA	Common Market for Eastern and Southern Africa
CPB	Cartagena Protocol on Bio-safety –
CS	Cabinet Secretary
EAC	East Africa Community
EAFF	East African Farmers’ Federation
EAGC	Eastern African Grain Council
EATIH	East Africa Trade and Investment Hub
EAX	East Africa Exchange
ECTS	Customs Electronic Cargo Tracking System
ECTS	Electronic Cargo Tracking System
FEWSNET	Famine Early Warning System
FTSEA	Food Trade East and Southern Africa
G-SOKO	An online trading platform that connects farmers to markets in Kenya
ICT	Information Communication Technology
IPPC	International Plant Protection Convention ()
ISTA	International Seed Testing Association ()
KEBS	Kenya Bureau of Standards
OECD	Organization for Economic Cooperation and Development
OSBP	One Stop Border Posts
PHL	Post-harvest losses
RATIN	Regional Agriculture Trade Intelligence Network
ReSAKSS	Strategic Analysis and Knowledge Support System
RVF	Rift Valley Fever
SPS	Sanitary and Phytosanitary
TIN	Tax Identification Numbers
TMEA	TradeMark East Africa
URA	Uganda Revenue Authority
USAID	United States Agency for International Development
WFP	World Food Program
WHO	World Health Organization
WTO	World Trade Organization

Introduction

Agriculture remains the major source of food, income and livelihood for between 70-80% of the East Africa Communities. The sector contributes to approximately 32% to the region's GDP, employs over 80% of its labor force either directly or indirectly, generates about 65% of foreign exchange earnings, and provides over 50% of raw materials for the region's industrial sector¹. Despite EAC's potential to support a thriving inter and intra-regional trade in staple foods, grains and related products, both transactional and systemic challenges inhibit the growth of cross border trade, leading to an unnecessary amount of informal trade. These challenges include: trader's reliance on informal networks instead of an organized system; smallholder farmers' disengagement from the formal marketing chain and preference for informality; lack of reliable market/ trade information systems; delays in clearance of goods at border points; poor trade logistics and support infrastructure; and high cost of agricultural trade finance. Finally, the politicization of staples in the region, has often leads to heavy handed policy decisions, such as price controls arbitrary import and export bans, can exacerbate regional food security and trade.

Though deliberate efforts have been made by both stakeholders and development partners to address some of these challenges and there is urgent need for a more concrete way forward toward implementation. It is against this background that Eastern Africa Farmers Federation (EAFF), in partnership with the USAID-funded East Africa Trade and Investment Hub hosted the three-days *East Africa Staples Trade Dialogue* in Nairobi, Kenya. The aim of the dialogue was to build on the important information gathered during the **6th Africa Grain Trade Summit** held in Kigali in October 2015 and the **African Green Revolution Forum (AGRF)** held in Lusaka in September 2015. The dialogue brought together key policymakers and private sector stakeholders all along the staples value chain, and created a platform for discussion of diverse issues to do with staples, made recommendations, and developed an action plans that would be used to implement business and policy solutions for increased cross-border staple trade within the EAC.

Objectives of the Dialogue

The main goal of this dialogue was to bring together key stakeholders in the East African agricultural staple foods and grains sector, including respective border officials to address various issues affecting cross border trade. Specifically, the dialogue set out to achieve the following objectives:

¹ EAC reports/documents-EAC Food Security Action Plan, EAC Agriculture and Rural Development Policy, EAC facts and figures.

- i. Highlight and raise awareness on progress made in enhancing cross-border trade in EAC by various partners
- ii. Provide access to information, skills and knowledge on the EAC cross border grain trade, including documentation requirements and procedures at each partner state level;
- iii. Advocate for continuous engagement of regulatory authorities for interface with stakeholders to enhance an enabling environment for regional trade. strengthened collaboration of public and private sector actors
- iv. Establish business linkages and partnerships among staples food actors, including financial institutions and other service providers.
- v. Develop inclusive action plans leveraging both existing and potential opportunities to boost cross border trade in EAC

Expected Outcomes

It was expected that at the end of the dialogue farmer organizations, traders, other players who handle much of the cross border trade would gain relevant knowledge and skills that would assist them on cross border trading as well as build regional cross border trade partnerships and networks. The stakeholders would also agree on a strategy and action plan for handling issues arising from the forum.

As it relates to the East Africa Trade and Investment Hub (EATIH), this activity would contribute to EATIH's overall objective to increase intra-regional and international trade that contributes to increased regional economic growth, resilience, and integration.

Specific deliverables

Specifically, the expected outputs of this workshop included:

- i. Information disseminated on key topics related to cross-border trade in staple foods, with Power Points presentations and recording disseminated on EAFF and EATIH websites.
- ii. Action plans for each working group developed by participants and disseminated by EAFF to respond to cross-border trade issues discussed during the forum;
- iii. Partnerships established for long-term business agreements and supply contracts, via B2B meetings at open market place

The current report presents the activities and deliberations of the participating stakeholders during the three days' dialogue. During the three days, the participants were able to identify, discuss and deliberate on the opportunities and constraints in regional cross border trade in staple foods and grains, cross border trade dynamics and information flow, understand the legal and regulatory framework

underpinning cross border trade and develop sector specific action plan that would be implemented to unlock the region's potential.

In summary, the topical issues covered in day 1 and 2, included: EAC cross-border trade-outlook, past trends and future projections; updates from EAC development partners on the ongoing projects; enhanced participation of small hold farmers in cross-border trade; cross-border trade enabling technologies; trade finance (availability, access and affordability of specific financial products to support regional trade in grains and staple foods); regional cross border trade logistics and infrastructure; and Commodity markets and market information, including agriculture ICT platforms.

Most of day two of the dialogue was devoted exclusively to working group sessions that discussed various issues impacting cross-border trade. Each working group prepared an action plan, which was presented to the groups.

During day three of the dialogue, there was the launch of the EAFF' SMS based platform for aggregating farmers for the markets and an open market place for business-to-business meeting (B2B). After that the Dialogue was officially closed.

DAY ONE

Session I: Opening Session

Mr. Muchiri, Chief Executive Officer of East African Farmers Federation

The three-days East Africa Staples Trade Dialogue officially commenced on 12th July at 9:00 am, with welcoming remarks from Mr. Stephen Muchiri. In his remarks, Mr. Muchiri, (Chief Executive Officer of East African Farmers Federation), invited the participants to the three-day dialogue and pointed out that the key objective of the dialogue was to bring together the key stakeholders in the East African Agricultural staple foods and grain sector to address various issues affecting cross-border trade. Mr. Muchiri outlined the specific objectives of the dialogue (see objectives in page 6) and invited the President of the East Africa Farmers Federation, Mr. Philip Kiriro.

Mr. Philip Kiriro, President of the East Africa Farmers Federation

In his address, Mr. Philip Kiriro thanked the USAID and the East African Trade and Investments Hub for the financial support towards the dialogue. He pointed out that the objectives of the dialogue were in line with main thrust of the EAFF. Mr. Kiriro argued that reasonable trade cannot take place in East Africa before addressing issues that cause low productivity and competitiveness in commodities in the region. The growth in agricultural output has been very poor, with the COMESA region recording less than 2 percent growth in the last decade. Mr. Kiriro emphasized that the agricultural sector was underperforming, and that the region currently imports food worth more than 20 million US dollars, with the rate increasing at 13 percent every year. Thus, the IGAD region was food insecure. Mr. Kiriro further noted that, ironically, the region sits on land that is largely arable, yet under-utilized. He pointed out that focus should shift towards the transformation of small scale agriculture, through commercialization. He noted that the importance of protocols such as common market agreements, and appreciated the progress in some countries such as Rwanda, in sensitizing the public on the opportunities provided by regional integration.

Mr. Kiriro underscored the role that the East African Farmers Federation, with support of USAID, has played in enhancing capacity around trade among farmers in the region. He pointed out that the EAFF had conducted studies on cross-border trade, with a view of enhancing farmers' understanding of trade procedures. On legislation, Mr. Kiriro pointed out that EAFF has been engaging the East African Legislative Environment with a view of creating an enabling environment for cross border business in staples. This engagement had led to the drafting of a cooperative bill that is currently and Act of Parliament, which has already been signed into law by 3 out of 5 presidents in the East Africa Community. He highlighted that the law would change the status of cooperative movement.

On devolution, Mr. Kiriro noted that a model county law was being discussed by ministers of cooperatives in county governments in Kenya. He added that, the law would enhance regional integration through trade by cooperatives.

In his concluding remarks, Mr. Kiriro emphasized the role of technology in enhancing cross-border trade. He pointed out that the EAFF had decided to adopt the E-granary technology, which would enable the aggregation of the various initiatives. Mr. Kiriro then invited Mr. Juan Estrada-Valle, the Chief of Party at the Hub.

Mr. Juan Estrada-Valle, the Chief of Party at the Hub.

In his remarks, Mr. Estrada-Valle emphasized the importance of the dialogue in deliberating on ways to overcome challenges to cross-border trade in staples. He argued that trade was at the center of food security. Mr. Estrada-Valle challenged participants to focus on action, since there was sufficient evidence that enough research had been conducted and papers written on cross-border trade. He further thanked the dialogue organizers for inviting farmers into the dialogue, pointing out that several meetings had been held among the development community to talk about farming, while excluding farmers from such forums. In addition, Estrada-Valle emphasized that the challenges to cross-border trade were known and that addressing them would allow the countries in the region to address food insecurity.

Mr. Stephen Orr, the Acting Office Chief, Regional Integration at USAID

The next presenter was Mr. Stephen Orr, the Acting Office Chief, Regional Integration at USAID. Mr. Orr opened his address by appreciating the role that EAFF has been playing in the region, particularly leading discussions on how to improve cross-border trade in staples. He pointed out that the support provided by the USAID was in line with the US President, Barack Obama's Feed the Future Initiative. The initiative aimed at addressing food security through provision of seed and fertilizer, supporting policy development among others. Further, Mr. Orr highlighted that unrests and conflicts in the region were significantly affecting farming and trade in East African Region. He optimistic that the three days' dialogue would lead to concrete actions that would enhance cross-border trade.

Hon. Bazovamo

Hon. Bazovamo appreciated the work that the East African Farmers Federation was doing in strengthening trade across the East African region. He further reiterated the call the Chairperson of the African Union Commission for solidarity, unity and spirit of Pan Africanism in addressing the issues affecting the African continent and pointed out that he saw the link between Dr. Zuma's call and the current dialogue, pointing out that both were in tandem with the objectives of East African Community

especially with regard to trade and integration. On legislation, Hon Bazovamo pointed out that the East African Legislative Assembly was working together with the East African Farmers Federation to push for a comprehensive implementation of the Malabo Declaration.

Highlighting the contribution of women in the Agriculture sector, Hon. Bazovamo pointed out that the sector contributes more than 32 % of the GDP, and that 80% of the agriculture population were women. He, therefore, challenged leaders to learn from Rwanda and invest more on women empowerment, arguing that gender equality and empowerment are critical for success. Hon. Bazovamo further challenged successful entrepreneurs to mentor the upcoming ones, arguing that even though a lot had been done, important work lied ahead.

On the importance of regional integration, Hon. Bazovamo argued that the free movement of labor, goods and revenue provided an opportunity for residents to better their lives, even though achievements at present were still low. He was confident, however, that the three days' dialogue was a step forward in helping to increase the outcome for both traders and farmers.

Emphasizing the need for adoption of ICT, Hon. Bazovamo recommended the rapid and wide appropriation of ICT in order to fast track regional integration and development. He pointed out that the targets set by world leaders including poverty reduction and food security would not be achieved if countries did not appropriate ICT as a tool for development. He therefore called on everyone to contribute in overcoming the present challenges. He further highlighted the need for security as a foundation for success and sustainability in everything we do. Hon. Bazovamo concluded his remarks by calling for wise partnerships with national governments.

Hon. Jesca Eriyo - Deputy SG, EA Community

Hon. Jesca Eriyo, the Deputy Secretary General for the East Africa Community. Hon Eriyo opened her remarks by emphasizing the importance of the dialogue in enhancing food security and cross-border trade in Staples. She pointed out that the EAC was a regional economic community and an important component of the African Union, which played a crucial role in implementing the African Union's Agenda 2053. Hon. Eriyo also noted that the EAC was the youngest and fastest growing block under the African Union, and that East Africans shared similar staple foods. However, the markets in the East African Region remained fragmented and more localized, and that several barriers made it difficult to move food from one region to another.

Hon. Eriyo further noted that the East African Community had put in place structures that were aimed at improved cross border movement of goods. These included infrastructure, security, quality and standards among others. The focus, according to Hon. Eriyo, was on the involvement of small holder farmers, because five out of seven products identified for value addition in the region were in the

Agriculture sector. Noting that at least 60-80 percent of the East African population depended on Agriculture, Hon. Eriyo pointed out that the interventions put in place by the EAC were contributing in strengthening the participation of all East Africans.

Hon. Eriyo further challenged all stakeholders to understand their role in addressing the aflatoxin contamination, pointing out that many people have died because of eating contaminated foods.

On infrastructure, Hon. Eriyo applauded the innovation of the e-granary, pointing out that the system would go a long way in strengthening cross-border trade. She pointed out that some of the infrastructure projects such as the one-stop border post and single customs territory had been implemented. She also noted that the transport clearance had already been harmonized and that transit cargo from Mombasa to Kigali would now take less than one week. Hon Eriyo concluded her remarks by pointing out that the remaining barriers can be cleared by focused efforts among partner states.

Cabinet Secretary, East Africa Cooperation, Hon. Phyllis Kandie,

(Remarks read on her behalf by Mr. Alfred Kitolo, the Director Productive and Services in State Department, Kenya)

In her remarks, the Cabinet Secretary, East Africa Cooperation, Hon. Phyllis Kandie, began by thanking the East African Farmers Federation and the USAID for organizing the dialogue. She noted that the dialogue was an annual event that provided space for interaction and exchange of ideas among farmers and other stakeholders in the value chain, in the region.

Pointing out that Agriculture was the mainstay of the region, the Cabinet Secretary also noted that the launch of the e-granary was an important step in facilitating cross border trade and further emphasized the need for more efforts to strengthen the sector. She pointed out that great opportunities exist in staple foods in the region, and that the integration of regional markets in East Africa creates opportunities to balance supply and demand within the region. She, however, noted that transactional and systemic challenges, including transport issues, that inhibit cross border trade still existed and that such problems were compounded for the landlocked countries within the EAC.

On East African Integration, the cabinet secretary noted that the three days' dialogue touched on linking farmers in the region, the mandate of which falls under the EAC integration. She pointed out that one of the main objectives of the East Africa Community was to address food insecurity, and disclosed that the EAC formulated the food security action plan that was adopted in 2010. One of the key challenges identified in the action plan was inadequate food exchange. She noted that, partner states were taking steps to improve infrastructure while addressing non-tariff barriers across the region, which included the development of main integration corridors, one-stop border post, and that some products were already operating under the single customs framework.

The CS noted that the one-stop border post would reduce operational procedures while crossing by at least 30 pc. On harmonization of standards, the CS informed the meeting that the EAC had formulated SPS protocols that were likely to be approved within one month. She also noted that a committee had been set up to address pending issues that relate to non-tariff barriers. The CS closed her remarks by pointing out that the EAC had established support systems for EAC women traders. She therefore encouraged the meeting to make specific proposals to mainstream inclusiveness of women and the youth.

Setting The Scene: EAC Cross-border Trade Outlook, Past Trends and Future Projection - Thomas Awour (FEWSNET)

After the opening ceremony, Mr. Thomas Awour from Famine Early Warning System (FEWSNET) gave an elaborate presentation on the outlook of the cross border trade in East Africa. Mr. Awour address touched on the past trends, the current outlook and future projections. Mr. Awour began his remarks by pointing out that cross border trade had increased four times in the past 4 years. He elaborated on two kinds of cross border trade – the formal trade (recorded) and the informal trade (unrecorded). He argued that the porous borders encouraged and facilitated informal trade.

Mr. Awour further presented an analysis of the past 11 years, where he pointed out that the most traded commodity was maize and beans. He also noted that the export of rice from Tanzania was fast rising. Mr. Awour noted that the main exporting countries of staple food commodities were Uganda, Tanzania and Ethiopia, whilst the recipient countries were Kenya, South Sudan and Congo. He noted that the cross border trade had a seasonal pattern where trade was high during harvesting season. He noted that the cross border trade essentially took place because the areas of surplus were adjacent to the areas of deficit, emphasizing that Kenya was a structurally deficit country in the maize sector. On challenges facing cross-border trade, Mr. Awour highlighted uncertainty about production as being the key issues that needed to be addressed.

With regards to future projections, Mr. Awour noted that on the next two years, there was likely be an increase in the export of maize and beans from Tanzania and Uganda to Kenya, livestock from Ethiopia to Somalia, and from Somalia to Kenya. Mr. Awour concluded his remarks by highlighting the benefits of cross border trade which included the availing of different types of foods at affordable rates to households, and creating employment across the supply chain.

Press Conference

Shortly after the first session, there was a press conference which was attended by crews from six media houses: KBC –TV, Citizen TV, Inooro TV, K24 –TV, People Daily and Star Newspaper. During the press conference the journalist covered various issues including: The essence or importance of the

East Africa Staples Trade Dialogue; the roles of the key participants in the dialogue; the role of the EAC and International organizations like USAID, as well as the government. Present at the press conference were: Mr. Philip Kiriro, President of the East Africa Farmers Federation; Mr. Stephen Orr, the Acting Office Chief, Regional Integration at USAID; Hon. Jesca Eriyo - Deputy SG, EA Community; Mr. Alfred Kitolo, and the Director Productive and Services in State Department, Kenya.

Session 2: Panel Sessions

During this session the participants split into three break away sessions. The first panel deliberated on “Increasing participation of producers' organizations”, and included presentations from Regulatory authorities, Private Sector Representatives (EAGC), Producer Organization Representatives (EAFF & CGA) and Development Partners. The second group deliberated on Agricultural Trade Financing and included panelists from Chase Bank, Umati Capital, Innovare, Acre Africa, Root finance and Gates foundation. The third group discussed the availability of technologies for agricultural trade in the EAC with a special focus on MoDe and E-Soko models. Panelists in this group included: MoDe E-soko, and Image ad.net representatives. The outcome of deliberations in the three sessions are summarized below.

Session 2.1: Demystifying Cross-Border Trade in Staples in EAC

This session discussed the significance of the cross border trade on staples, the key challenges affecting this trade and proposed ways of involving farmers in the trade. The session concluded that cross border trade in staples:

- i. enables movements of produce across border from surplus to deficit area. It is, therefore, significant not only in providing employment and livelihood to border communities, but also promoting food security.
- ii. strengthens commercial ties, promoting cultural understanding and deepening community relationships.
- iii. attracts key players such as EAGC that have come up with programs like RATIN, whose main roles include data collection, collation, analysis and dissemination
- iv. strengthens local production and fosters service provision
- v. lowers the import process
- vi. widens the range of choice of goods available to consumers of staple foods
- vii. leads to more gender balanced trade- women were more actively involved
- viii. leads to provision of incentives for more production
- ix. nurtures harmonious relationships among countries involved

- x. builds foundation for long term programs that would leverage investments by others to effectively link small holder farmers (including women and youths) to producing food commodities for regional and cross-border markets, and
- xi. helps staple farmers eliminate informal and illicit trades and their related risks including harassment and resultant exploitation

On challenges facing cross border trade on staple, the session noted that despite its significance to the economy, small scale CBT remains largely informal and there were limited programs that had been developed to formalize and enhance competitiveness for the benefit of regional integration.

The session presented the following proposals for increasing participation of farmers in CBT:

- i. ensuring participation of farmers in more structured trading regimes in the staple value chain since there are many market models to learn from within EAC e.g. Kenya horticulture export model that has worked well for years;
- ii. generating interventions targeting the strengthening of technical and management skills for the farmers to master the commercial requirements of production in a competitive market, successful management of risks, and product innovations.
- iii. ensuring that standards in staples CBT e.g. the sanitary and phytosanitary are met. This includes the adoption of same measures for prevention of mycotoxin contaminations during grain storage.
- iv. ensuring that farmers use and stop produce in certified stores and warehouses to ensure adherence of standards
- v. Ensuring that restrictions on imports of feed ingredients e.g. fertilizer- are minimized
- vi. providing better market information
- vii. providing financial management skills
- viii. financial empowerment
- ix. facilitating CBT in staple produce by removing administrative roadblocks

Session 2.2: Facilitating Access to Agricultural Trade Finance.

This session brought together representatives from the Trade-hub, Umati Capital, Root Capital and the EAFF. The session discussed the areas of focus in countries of cooperation with a specific focus on target groups, loan values, funding components, and value chains in each of the organizations present. Some of the challenges identified include:

- i. challenges in business projections
- ii. poor record keeping
- iii. unstable markets, and
- iv. informal trading which makes it hard to assess risks accurately

Session 2.3 - ICT for agricultural trade. (Moderator: EATIH)

This session discussed the role of ICT as a tool for enabling, enhancing and managing cross border trade. ICTs in the agriculture sector were classified into the following categories:

- i. Farm/production management ICTs- Warehousing, logistics, supply chain e.g. mFarms
- ii. Financial Services ICTs
 - a. Credit e.g. MoDE
 - b. Insurance e.g. acrafrica
- iii. Information services ICTs
 - a. Market information - prices, availability, location, market linkages e.g. RATIN, E-Soko, e-Granary, Capacity/learning - techniques & practices, weather
- iv. Trade support ICTs
 - a. Exchange services e.g. EAX
 - b. Online markets (Buy/sell transactions) e.g. G-Soko, e-Granary

The session also identified the following as some of the key challenges hindering effective adoption of ICTs in the Agriculture sector:

- i. lack of (reliable, structured) data - about farmers, production, market
- ii. lack of access to credit and services / access to farmers as customers
- iii. a lot of informal trade - information flows are outside the view of ICT systems especially for staples
- iv. literacy/language barriers
- v. farmers cost sensitivity
- vi. duplication of initiatives which end up confusing the farmer
- vii. validating the transaction
- viii. remote areas that do not have connectivity

In spite of the challenges, the following opportunities were identified that could help in mainstreaming ICT use in Agriculture trade:

- i. mobile – 95% of the market is pre-paid enabling providers like MoDe
- ii. cheaper smart device / internet-capable devices
- iii. increasing cross border trade
- iv. some of the benefits of ICTs in Agriculture were identified as follows:
- v. extend credit – for production, trade
- vi. extend educational, informational content - better farming practices e.g. post-harvest
- vii. more trade - better prices for farmers

The team proposed the following steps as a way forward in enhancing the use of ICTs in Agricultural trade:

- i. there is a lot of technology that already exists that can be leveraged for agriculture - don't have to re-invent the wheel e.g. mobile. Leverage this and apply to problems in ag.
- ii. there's an opportunity in platforms that network farmers together/aggregate them in one way or another
- iii. government to improve policy environment through, for example, formalizing by incentivizing farmers to use formal channels
- iv. data and information availability needs to be solved - especially on farmers and on production
- v. need for collaboration, data sharing among solution providers - multiple similar providers, duplication.

Session 4: Sharing Experiences: Market Access - Trade Intelligence and Market Linkages

Abshek Shama, Director of Trade Logistics, TMEA.

The fourth session featured a panel discussion among representatives from four partner organizations: TMEA, EAGC, WFP and FTSEA. The first to present in this session was Abshek Shama who is the Director of Trade Logistics at TMEA. In his remarks, Shama pointed out that TMEA considers formal trade in areas within the border including borderland produce and producers in the hinterland. The priority of TMEA was to find ways to make systems so transparent and easy so as to ensure there was a move towards formalization. Mr. Shama pointed out that many small traders were inadequately informed about cross border trade. For instance, some traders smuggled goods that could be taken across the border for free. TMEA priority areas included increasing access to market and improving trade environment. To this end, TMEA had supported several projects including the one-stop border post and integrated border management.

The key objectives of these initiatives, according to Mr. Shama, include the creation of linkages between producers and the market; enhancement of trade environment through elimination of non-tariff barriers, upgrading of customs management and the implementation of customs union; improvement of business competitiveness through advocacy campaigns for more inclusive and gender responsive policies and harmonization of customs and immigration requirements; and improved business competitiveness through initiatives such as women trade programme.

The second strategy focused on a comprehensive borderland programme, a 6 year long programme that has seen TMEA spend 800 million dollars across the region mapping out challenges that

hinder cross border trading. This involves identifying champions with experience and work with them. Mr. Shama also pointed out that TMEA runs a fund that supports companies for example in packaging products. He challenged participants who had ideas for increasing trade and who planned to do capital investment to apply for a competitive grant from TMEA that provides 50% of the capital investment.

Mr. Titus Kisangau from the East Africa Grain Council.

The second panelist to present in this session was Mr. Titus Kisangau from the East Africa Grain Council. Mr. Kisangau began his presentation by pointing out that EAGC was a membership organization operating within 10 countries. The focus of EAGC was to enable the running of a structured trade system. EAGC does this mainly through policy development and advocacy, and training. Some of the initiatives of EAGC include the Regional Agriculture Trade Intelligence Network (RATIN), a marketing information system that operates by providing price discovery mechanism, timely and reliable market information among others. Mr. Kisangau explained how RATIN works through monitoring supermarket prices to collect data and package information in news briefs and online systems information.

Mr. Kisangau closed his remarks by outlining some of the lessons that EAGC had learnt over the years, which included a lack of harmonized methodologies for obtaining market intelligence, lack of training materials, dynamism of commodity processes and language barriers.

Mr. Simon, World Food Programme

The next presentation was from Mr. Simon, representing World Food Programme. In his presentation, Simon pointed out that the key objective of WFP was to use food not only as a means of saving lives but also for development purposes. He outlined the relevance of WFP in enabling staple food exchange, pointing out that WFP buys about 450-500 metric tons of food in East Africa, mainly staples such as Maize, Beans, Sorghum. He pointed out that the food is bought and distributed within the region.

On challenges experienced, Simon cited internal mechanisms, for instance time when money is availed which sometimes does not coincide with the harvest time, poor infrastructure, poor quality of food supplied and poor interpretation of standards.

Mr. Isaac Talam: Food Trade East and Southern Africa (FoodTrade)

The next presentation was from Mr. Isaac Talam, representing Food Trade East and Southern Africa (FoodTrade). Mr. Talam began his address by pointing out that FoodTrade - is a 5 year UKAID programme focusing on Maize Rice, Soya beans and Beans. The target intervention of FoodTrade, according to Tallam, was storage systems, inputs and service markets, information and coordination, and policy and regulation. He explained that FoodTrade works in 9 countries and promotes partnerships and

private sector-led solutions. Food Trade runs two key programmes: i) the Challenge fund – which supports private sector companies and currently working with 16-17 companies across 4-5 countries – and; ii) the Development fund, which works with regional NGOs to promote standards among businesses that have warehouses.

FoodTrade ESA directly impacts over 400,000 households through support of initiatives that aim at boosting agriculture and trade to improve the lives and incomes of thousands of small scale farmers, as well as strengthen food security in the region. Food trade ESA achieves these goals through investing in innovative systems that allows small-scale farmers to improve their inputs and gain access regional markets. The organization also support the private sector, governments, and other development actors to bring small scale farmers closer to the heart of agricultural systems in East and Southern Africa.

Food trade ESA believes that their market systems approach shall play an instrumental in promoting partnership between farmer organizations, input suppliers, agriculture extension service providers, credit providers and other service providers across the region, in order to increase the quantity and quality of production and trade in staple foods, and protect small scale farmers from inherent risks.

Commodity aggregation and structured marketing systems: A case of EAX

The East Africa Exchange is a regional agricultural commodities exchange that strives to transform African agriculture by creating more bargaining power to smallholder farmers, including: providing accurate and reliable information, new methods and access to secured storage, and increased penetration of credit and agricultural financing. EAX vision is to create lasting institutions that will catalyze Africa’s agricultural potential, support African farmers, achieve food security, and improve Africa’s overall global trade competitiveness.

The main products and services of EAX include: secured storage with grain testing facilities; grain quality improvement; ownership transfer through electronic warehouse receipts; reliable, fair and transparent price discovery process; secured and prompt trade settlement; provision of daily commodity prices to facilitate trade; secured and reliable delivery locations; capacity building for traders and linkages to source grain from the wider east africa community market.

What is the problem

According to EAX, small holder farmers find themselves in vicious cycle of poverty because of diverse reasons, including: lack of proper storage, limited education, lack of market information, and lack of financing. These problems, according to EAX, can be resolved if low income farmers can be given access to finance- thus access to agricultural inputs; training and education on best practices in

agriculture, provision of post-harvest facilities to reduce post-harvest losses; and access to market information to increase income and food security. The organization believes that through improvement of each stage in the value chain, the vicious cycle of poverty may be transformed into a virtuous cycle of productivity and wealth creation.

Warehouse Services

One of the services offered by EAX is warehouse services. Post-harvest losses (PHL) remains a key problem that affects farmers all across Africa. According to Constantine Kandie EAX aims to alleviate the problem of PHL and quality for commodities through provision of collateral management and value addition services at certified warehouse. EAX partners with public and private sector actors, to develop an integrated commodity warehouse infrastructure using world-class collateral management services. Benefits of collateral management include: product guarantee- products that are deposited at an EAX-certified warehouse are guaranteed 100% in regard to quality and quantity for the duration of its storage; value-added service- by storing, grading products and ensuring quality standards, higher-quality products command better prices in the market, creating an incentive for better post-harvest crop management; and confidence-building in financial markets: with EAX's collateral management partner, CMI, putting its balance sheet behind its quality and quantity guarantee, a bank's risk on the physical product is virtually eliminated, enabling them to extend credit to agricultural clients and smallholder producers.

DAY 2

Session 5: Cross- Border Trade Facilitation

Mr. Dickson Poloji: The Hub

This session featured a panel presentation on Cross border trade facilitation. The first presenter in this session was Mr. Dickson Poloji representing The Hub, who talked about the Trade Facilitation Measures in EAC. Mr. Poloji began by emphasizing the importance of good border management in facilitating cross border trade. He pointed out that faster clearance of goods improves competitiveness while delays cause unreliability of supply, hence leading to increased costs. He argued that border agencies needed to work to simplify, standardize and work with transparency. Mr. Poloji highlighted the following challenges with Cross-border trade:

- i. Several agencies working at the border leading to duplication of functions
- ii. Excess documentation
- iii. Limited testing facilities
- iv. Lack of awareness or understanding of border clearance requirements from traders, and
- v. Challenges of logistics services and quality of infrastructure at the border

Mr. Poloji also pointed out that most countries in the east African region were doing well in regards to *Ease of Doing Business Ranking*. He highlighted the following changes that have led to an improvement in trade facilitation across the borders:

- i. One stop border post concept
- ii. Single window system for agencies working at the border - Kenya and Rwanda implementing
- iii. Harmonization of national standards
- iv. Harmonization of regulatory framework
- v. Modernization and improvements of services at the port
- vi. Publication, moderation of enquiry points and notification of measures
- vii. Availing limited testing facilities at the borders
- viii. Alignment of working hours/ harmonization of transit clearance procedures
- ix. Promotion of authorized Economic Operators scheme
- x. Cooperation, collaboration and coordination

In addition, Mr. Poloji talked about the trade facilitation measures that specifically promote cross border trade for small traders, where he cited the following

- i. Simplified EAC rules
- ii. Border committees and CBT associations - facilitate resolution of issues
- iii. Use of national identity card
- iv. Information desk for traders at the border point
- v. Limited testing facilities at the borders
- vi. Capacity building and training of small traders on grading, standards and food safety

In his closing remarks, Mr. Poloji highlighted the following steps undertaken by the activities undertaken by the Hub and that are aimed at improving cross border trade in East Africa:

- i. US government and EAC signed a cooperation agreement
- ii. Supported the establishment of notification points
- iii. Supporting the development of EAC SPS protocol

Ms. Mellon Kabole: KEPHIS

The next panel presenter was Ms. Mellon Kabole representing KEPHIS, who talked about Food Safety Measures and Compliance in Cross Border Trade. Kenya Plant health inspectorate Service (KEPHIS) is Kenya's National Plant Protection Organization governed by The Plant Protection Act (Cap 324) and The Seeds and Plant Varieties Act (Cap 326).

According to Ms. Kabole, KEPHIS undertakes its operations as per the set international standards, rules and regulations by various entities including: World Trade Organization (WTO); Organization for Economic Cooperation and Development (OECD); International Seed Testing Association (ISTA); International Plant Protection Convention (IPPC); and Cartagena Protocol on Bio-safety – CBD; FAO / WHO.

SPS Agreement

During the session Ms. Kabole also talked about the sanitary and phytosanitary (SPS) Agreement and the importance of SPS to the staple farmers. She defined Sanitary and Phytosanitary measures as any measures applied: to protect human or animal life from risks arising from additives, contaminants, toxins or disease-causing organisms in their food; to

protect human life from plant- or animal-carried diseases; to protect animal or plant life from pests, diseases, or disease-causing organisms; and to prevent or limit other damage to a country from the entry, establishment or spread of pests

Examples of SPS Threats

There are a number of threats to SPS in Kenya. Such threats according to Ms. Kabole include MLND- a threat to food security, Tuta Absoluta larval stage, Invasive Pasture Weed (Parthenium Sp), Avian Influenza in Poultry, Rift Valley Fever (RVF); aflatoxin in grains, peanuts and other nuts etc

Mycotoxins

Ms. Kabole defined mycotoxins as poisonous chemical compounds produced by certain fungi including *Aspergillus flavus* and *Aspergillus parasiticus*. Due to their high toxicity and wide diffusion, mycotoxins constitute a severe risk for human health. Disease outbreaks due to the consumption of contaminated food and feedstuff are a recurring problem worldwide. Therefore, maximum tolerance levels in food and feed products have been set up all over the world and analytical controls are mandatory for many commodities.

Lack of visible appearance of fungus does not negate presence of mycotoxins. Toxins can remain in the organism after fungus has been removed. Most of mycotoxins can be heat stable- meaning they are not destroyed by canning or other processes. Several mycotoxins reported to date are cosmopolitan in distribution and incur severe health-associated risks. Awareness among consumers, as well as developing new methods for detection and inactivation is of great importance for food safety.

Generally, there are higher risk in least developed countries due to low standards of living and high intake of affected product, usually in conjunction with limited amounts of other food sources. Notably, greatest threat comes from long term exposure due to eating spoiled food or meat from animals fed contaminated feed and Loss of crops and affected animals. Severe health hazard or high mortality rates are more prevalent in countries with less regulation or monitoring programs.

African Situation

Ms. Kabole noted that, in Africa, high aflatoxins have been reported in groundnuts and cereal grains in various countries including: Gambia, Ghana, Guinea, Nigeria, Senegal, South Africa and Uganda. However, lack of sufficient data on economic impact of mycotoxins in Africa

make it difficult to capture the overall effects of mycotoxins in Africa. But cases like the destruction of contaminated produce announced in Nigeria and Kenya; outbreaks in Somalia (1997/98) and Kenya (1982, 2001, 2004, 2005) indicate the magnitude of the problem.

A world bank study revealed that the European Union regulation on aflatoxins costs nine African countries US\$ 750 million annually in exports of cereals, dried fruit and nuts. The implementation of EU regulations adversely affected African exports of cereals, dried fruits and edible nuts to Europe resulting to significant loss of export revenue.

EAC SPS Protocol

East Africa Community (EAC) SPS protocol is an instrument/framework to domesticate the WTO SPS Agreement. The Protocol was developed between 2009-2011 by experts from Ministries /Departments & Agencies (MDAs) with participation of private sector. It was signed on the 12th of July 2013 and the Ministers responsible for agriculture and food security Cabinet, approved the ratification in July 2014.

The main objectives of the protocol include: promotion of trade in agricultural commodities within the Community and between the Community and other trading partners; harmonization, equivalence, regionalization, transparency and risk assessment; cooperation and coordination and strengthening of sanitary and phytosanitary measures and activities at national and regional levels based on common understanding and application within the Community; and enhancement of sanitary and phytosanitary status through science based approach in the Community.

According to Ms. Kabole, some of the benefits of ratification of the EAC SPS protocol to Kenya include: a guarantee of better food safety measures, plant protection and animal health thus promoting safe trade amongst the Parties; enhanced risk mitigation arising from pests ,diseases and food safety concerns; improved competitiveness of the produce originating from the community in external markets such as the European Union, and new markets such as COMESA and China; establishment/improvement of coordination institutional frameworks for enforcement of sanitary and phytosanitary measures within the Community.

Cooperation in Plant Health in the Community

The benefits of cooperation on plant health regulation in the Community include:

- i. Harmonise the inspection and certification procedures of plant and plant products.

- ii. Regulate the importation, research, development and use of Living Modified Organisms and products of modern biotechnology and biological control agents.
- iii. Provide a framework for the management of pests.
- iv. Ensure the safe movement of plants and plant products.
- v. Build systems for surveillance, pest listing, pest risk analysis, pest reporting and designation of pest free areas and areas of low pest prevalence.
- vi. Provide appropriate facilities and strengthening capacity for undertaking phyto-sanitary measures.
- vii. Harmonise import and export documents and procedures.
- viii. Harmonise and enforce plant quarantine measures.
- ix. Develop a framework for the design and management of plant quarantine facilities; and
- x. Harmonise the registration, identification and traceability of plants and plant products and agro-inputs.
- xi. Provide notification of the existence of animal diseases through prompt and transparent sharing of information on trade-sensitive diseases as well as identification of infected zones.
- xii. Harmonise the inspection, certification and approval of establishments, hatcheries, breeding centres, abattoirs, dairies, animal products, and feedstuff.
- xiii. Develop a framework for the design and management of animal quarantine stations.

Cooperation in Animal Health

The benefits of cooperation in animal health in the Community include:

- i. Standardization of sanitary documents including import permits and veterinary certificates.
- ii. Harmonisation systems for registration, identification and traceability of animals and animal products.
- iii. Harmonisation of control of veterinary drugs; and
- iv. Harmonisation of animal welfare measures.

Cooperation in Food Safety

The benefits of cooperation in food safety in the Community include:

- i. Harmonisation of import requirements for food.

- ii. Notification of food-borne hazards through prompt and transparent sharing of information.
- iii. Harmonisation and strengthening food traceability systems; and
- iv. Determination of tolerance levels for additives, veterinary pharmaceuticals, contaminants, toxins and disease causing organisms in food.

In her conclusion Ms. Kabole noted that the protocol provides for the partner states to cooperate in sharing of information and expertise related to sanitary and phytosanitary measures through establishment and maintenance of a regional information management system including: a list of contact points for plant health, animal health and food safety; a portal on sanitary and phytosanitary measures; and any other relevant information.

Mr. Edmund Rutembemberwa

The next presenter was Mr. Edmund Rutembemberwa, who talked about Border Logistics, drawing on experiences. In his presentation, Rutembemberwa explained how clearance of different categories of goods is done at the border. He also explained the recent changes in border logistics, highlighting the one-stop border post, single customs territory, Authorized Economic Operator among others.

Some of the goods that Kenya imports from Uganda include: Maize, peas, sorghum, bananas, avocados, sweet potatoes and pineapples

Categories of exports/imports:

i) Goods worth more than USD 2000:

All imports/exports worth more than USD 2000 requires the concerned parties to make declaration through a clearing agent.

ii) Goods worth less than USD 2000

According to Mr. Rutembemberwa, goods whose worth is less than USD 2000 (encompasses most of the small scale importers). Most of these traders are or need to be or are enrolled with Cross Border Traders Association (CBTA). The CBTA ought to be involved fully in such discussions because of the key roles they play in Cross Border trade. Most the traders in this category are often illiterate, semi illiterate and may not afford to formally register

for taxes. The CBTA act as representatives, and voice of these traders at the customs. The associations unite them and educates them about the CBT and customs process and their rights as traders. Customs through their association engages them in form of tax clinics and radio talk shows to enable them know their rights and approach customs without fear for services.

Mr. Rutemberwa noted that small scale/informal cross border traders are cleared with EAC Simplified certificate of Origin to enable benefit on duty rates under EAC. Certificate is issued by URA at the border point (Pink in color). It is meant for small scale/informal cross border traders. The small scale traders as well as the informal traders have been provided with a special and simplified models of clearance. The same model of clearance is used to clear small scale traders who use public transport. Traders in this category do not: need exporter/importer's TIN (Tax Identification Number (TIN) is mandatory for importer/exporter in other categories); require a clearing agent; to make a declaration of their goods, since this is made by the customs officer. Finally, clearance for this category takes a short time (a bout 20min).

Border Logistics

Mr. Rutemberwa defined logistics as the processes that involve moving goods from one geographic boundary to another. To illustrate the logistic processes, he used Malaba/Busia border points of Kenya-Uganda as the reference point.

One Stop Border Posts (OSBP)

The first logistic process discussed by Mr. Rutemberwa was based on for a concept known as "One Stop Boarder Post (OSBP)." OSBP structures were funded by World Bank while its operationalization is done by TradeMark East Africa (TMEA). In this arrangement, revenue authorities are the leading agencies that drive the process. By having all the government agencies, border agencies, under one roof creates; and a joint office of operation with Kenya/Uganda officers at the side of the receiving country make transactional process efficient and takes less time.

Single Customs Territory (SCT)

According to Mr. Rutemberwa, SCT declaration document are often prepared by receiving state to move goods from origin. The process, which became effective in 2014, is facilitated among the four partner states (Uganda, Tanzania, Rwanda and Burundi). It has been rolled out in phases that have considered different types of commodities (used clothes, bulk

steel, batteries etc.) Under SCT process, taxes are paid upfront to destination country when goods are still at originating point. Often, destination country officers are deployed at originating points to finish all processes from there. Usually, the C2s are generated to secure goods from originating country

Some of the benefits of Single Custom Territory include: reduced cost of doing business to the client; reduced average clearance time; clearance obstacles at different border posts are removed; taxes are received upfront before delivery of good; and finally the process removes duplication of services.

Authorized Economic Operator (AEO)

Traders who benefit from this arrangement must possess some given status due to their compliance levels. As explained by Mr. Rutembemberwa, 28 of them have so far been rolled out in Uganda and three others at a regional level. Such traders enjoy priority and efficiency in customs clearances and do not have to queue for services. Normally, such clients are accorded separate desks from ordinary clients for services, to avoid queuing, and the checks are done in post clearance audit.

What are the benefits of AEO? Mr. Rutembemberwa pointed out that some of the benefits of the AOE include: helping the client to expedited processing of entries/declarations; ECTS requirement waiver where applicable; no physical or document examination except for random or risk based interventions/exceptional cases and automatic passing of declaration. The clients also get deferred payment of duties and taxes on goods for home consumption Achievements in Brief; expedited payment of refund claim; and reduced customs security wherever applicable.

To the custom agents the benefits include: guaranteed renewal of Customs agent's license; Priority to participate in customs initiatives; priority treatment in cargo clearance chain; and waiver of movement bond for AEO. Transporters benefits include: guaranteed renewal of transit goods license and any other licenses issued by Customs; exemption from the mandatory use of Customs Electronic Cargo Tracking System (ECTS) and priority clearance at the borders - expedited border processes for consignment transported by AEOs. Finally, the AEO process also benefits the Warehouse Operators in a number of ways including: self-management of bonded warehouse; guaranteed renewal of Warehouse Operator's license; and reduced customs security wherever applicable.

Mr. Rutembemberwa concluded his remarks by highlighting the following challenges that have been experienced while implementing border processes: manpower to manage 24 hours processing; road infrastructure; traffic congestions; porous borders; clearing agents are hesitant to implement SCT; poor barrier office facilities that limit business continuity; other countries not members of SCT yet use the same borders; a big component of Informal sector that end up using ungazetted routes; seasonal crops hence peak and off-peak causing export import fluctuations; and hesitations to change by other government stakeholders

Q & A session

1. The discussions on the cross border trade and the standards have been going on for many days and we have attended workshops after workshops. How many more workshops shall we attend before the CBT standards are harmonized?

Response: It is true that a number of standards have been gazetted but the biggest challenge we have had, has been to do with implementation. Some of these challenges have been occasioned by other factors including interpretation issues, definition of parameters and harmonization of the same. But now, most of these issues have been ironed out and a memorandum has been submitted to an East African Committee for recommendation. So what is being awaited is the completion of the approval processes

2. To tax/customs officer: We are trying to import rice from Tanzania- How much tax do we need to pay on milled rice? We also import rice from Ahero irrigation scheme, how much should we pay on this because it has been unclear?

The amount of tax depends on a number of variables – mainly the cost plays a central role in determination of the tax. However, having clear documents is key. Nevertheless, there are factors that come into play and may affect the tax level. For instance, in Uganda, importation of rice is a sensitive issue. Therefore, to protect the local farmer, imported rice is taxed. Otherwise goods coming to support various sectors of economy receive subsidized taxes. For now, taxes on rice and sugar are significantly high because the two are treated as sensitive commodities and attract huge taxes. At the moment, it is based on your cost and the commodity can attract a hundred percent tax.

3. We have had a lot of challenges emanating from the import of Thai rice though we are aware some of the problems have been partially solved. My question is to the Hub. How

have you been addressing issues like originality of goods (as far as rice is concerned). Secondly, I am aware that ICT could be used to solve some of the issues we are talking about here: How are you using ICT to solve farmers' issues (to HUB)?

We are aware there were serious issues of originality affecting a number of countries, including Tanzania, Uganda and Rwanda among others. However, the issue of originality, has been significantly resolved of now. Hub has partnered with organizations involved in this matter to help in implementation of the gazetted rules and help in awareness creation among the stakeholders. The sensitization process has started and we are hoping we shall cover the region by the end of the year. A curricular is also being developed to train all clearing agents across the five countries.

4. Do we have the appropriate and sufficient equipment for analysis of aflatoxin at the border point?

Yes, KEPHIS has the capacity and the equipment are based at the headquarters and the other units are placed at Mombasa. However, we have a number of border points where the equipment are not available. Nonetheless, equipment capable of testing moisture levels of grains and aflatoxin are available in such border points. KEBS also has the capacity to do the same tests. We realize that there are inadequacies at the border points that need to be addressed.

5. How do ensure that that Authorized Economic Operator process is not abused?

The system has its own checks and is alive to the fact that individuals may be tempted to abuse it. There are various spots check that and often un announced that are done on the consignments of such a client to ensure that they adhere to the rules and regulations. If the client is found to have abused the privileges, drastic steps are taken including delicensing such a client.

6. Do custom offices across the counties have harmonized working hours at the border?

No. A case was presented here today where you can possibly get cleared at 5 by one country only to find the offices across the border have closed until the following day. This is an area that needs the attention of the concerned parties.

Session 6: Formation of Working Groups for Improved Cross- Border Trade

In the sixth session, the participants were divided into four groups and asked to brainstorm on the different issues as follows:

Group I: Priority Staple Foods Trade Policy Constraint

Group II: Private sector role, coordination and efficiency in staple food trade; how can linkages among stakeholders be strengthened to facilitate cross border trade

Group III: Identification and role of Business Development Services and providers for improved and increased cross border trade.

Group IV: Market intelligence, Data collection and Trade information flow: Who are the actors/users; identification of overlaps; A case for an integrated regional platform

Participants in each group were expected to brainstorm on the following points:

- i. Main issues arising, identification of overlaps; Who are the actors/users;
- ii. Measures proposed
- iii. Recommendations
- iv. Actionable items and steps
- v. Possible partners for proposed actions
- vi. Expected outcome

Session 6.1 Presentation of Action Plans

In the end, each group was expected to come up with an action plan that included the tasks, by whom and timeline of the tasks. The outcome of this brainstorming session is summarized in the following table:

East Africa Staples Trade Dialogue: Priority Staple Foods Trade Policy Constraints / Action Plan

Thematic I: To Create Enabling Policy, Legal, Administrative and Institutional Framework			
Priority Policy, Legal, Administrative or Institutional Constraint	Measures Proposed	Actions	Actors
Rules of origin - Lack of recognition on certificate of origin; centralized issuance of certificate	Need to decentralize issuance of certificate of origin at the border points Introduction of Farmer registration system	To be determined by the agencies	National governments, EAC and Private sector Agric. Ministry and Private sectors
Trans-shipment of commodities...Rice	Consideration of traceability system		Rice Councils and Governments, (Agricultural department.)
Lack of awareness on the harmonized standards	Sensitization on of small traders on standards		Ministries of Finance, Agriculture, Trade and NBS's with donors
Inefficiency at the border points...limited testing facilities at the border	Establishment of more simple testing facilities at the border		Ministry of Finance, Trade and Industry, NBS's, and Private Laboratories.
Insufficient understanding of the clearing requirement by traders	Training and establishment of help desk at the border		Ministry of Finance, Trade and industry, and Cross border Associations
Trade Financing- access to finance; High cost of borrowing; Collateralization and lack of requisite expertise	Banks need to have requisite expertise in cross border trade financing		Ministry of Finance depts. Legislative bodies (Parliament)
Objective: Market intelligence, Data collection and Trade information flow: A case for an integrated regional platform			
Priority Policy, Legal, Administrative or Institutional Constraint	Measures Proposed	Actions	Actors

Coordination	Integration of platforms, if possible one website where users can get data and information at various level. This should be accessible to all actors within the value chain.		EAGC, FEWSNET, MAS, WFP
Analysis	Need a platform to provide regular analysis on all data collected for specific actors. This is to allow actors to continuously make informed decisions as the market changes.		EAC, ReSAKSS, MAS
Accessing Data	1. EAC procure toll free numbers to allow farmers and other actors to access information. This would allow for data access to be in the same structure. 2. Use of radio, mobile, web and print materials. To allow everyone to have same information to make business decisions		EAC, Farmer Organization, Cooperatives, Media organizations, Trader, etc.
Data needs of actors	Establish the data needs of each actor and frequency of information delivery and also the data each actor can provide. This should be at the sub national, national and regional levels.		Government, Traders, Farmers, EAC
Thematic 2: Definition of the business development services providers (BDSP)			
Priority Policy, Legal, Administrative or Institutional Constraint	Measures Proposed	Actions	Actors

Low production and poor quality of produce (as a result of limited access to Agri-inputs, affordable finance, mechanization etc.)	Tailor make financial products for farmers Involving farmers in interventions targeting them. Incentives/rewards on quality products. Avail extension services. Strengthening farmer institutions to take on advocacy roles.		EAFF in partnership with: Farmer organizations Donor agencies Trade associations and companies Gov'ts
Limited Access to information. (The initiatives in streamlining operations e.g. OSPB, Simplified certificate of origin, Single Customs Territory, Data base for BDS)	Simplified /Translated information booklet. Dissemination of information through Local Radio programs. Sensitization meetings at a local level. Cross border trade multi-stake holder platforms.		Government (Line ministries) in partnership with: Trade Associations Joint Border committees EAFF ReSAKSS RATIN
Excess and expensive documentation requirement	Simplify the documentation requirement		EAC in partnership with: Donors Trade Association
Thematic 3: To strengthen linkages among stakeholders to facilitate cross border trade			
Priority Policy, Legal, Administrative or Institutional Constraint	Measures Proposed	Actions	Actors
Regulations	Harmonization of regulations, communication systems, organization and procedures	Develop Strategic implementation frame works Consultations with various stakeholders	EAFF in Collaboration with: policy makers governments donors East African Northern Corridor TMEA CMA Customs &Excise Bureau of standards, EAX

2. Information Sharing	Harmonized information sharing structures, real time information sharing, interpretation, uniformity, harmonized information, dissemination service	Develop Information plan for the region Consultations	EAFF and East Africa Trade and Investment Hub in partnership with: EAX FEWSNET WFP TMEA Bureau of Standards
3. Capacity Building	Tangible needs assessments sensitization & Outreach programs language uniformity in trainings communication Monitoring and evaluation	Develop a Regional capacity building plan Consultations	EAFF, EAGC, EAX, TMEA, East Africa Trade & Inv Hub
Market Linkages	Market needs assessments, Organization of market, Valuable markets, Demands and supply trends, Price information, Risk management of actors, Exchange rates, Product differentiation, Product standardization,	Across border frameworks for markets. Consultations	EAFF and East Africa Trade & Investment Hub in partnership with: USAID RESAKSS, FEWSNET, G-SOKO AGMARK, MODE, EAGC, EAX TMEA Governments

DAY THREE

Session 7: Launch E-granary

(EAFF Presentation: Mr. Stephen Muchiri)

The session began with a brief overview of the concept of the E-Granary by Steve Muchiri, CEO, EAFF. Mr. Muchiri described E-granary as a disruptive innovative ICT for agriculture technology by farmers to transform African agriculture. Despite low literacy levels among many of the farmers in Africa, farmers are however, expected to play multiple roles in their farms including: planning, financial management, machine operation, farm management, weather prediction etc. As such farmers require skill sets to succeed their ventures. While many farmers in Africa still lack such skills sets, their problems are further compounded by lack of essential information about ready market, disruption of market prices by excessive imports, and poor access to credit facilities.

In addition, the agricultural sector in africa faces a number of constrains. Prominent among these constrains is the post-harvest losses. Food loss and waste is a global problem but its implications in Africa, have far reaching ramifications. For instance, it is estimated that 40% of staple food in sub-Saharan Africa are lost before they hit the market. In Kenya, post-harvest loss is a serious problem too. It is estimated that since 2007 Kenyan post –harvest losses in maize, (currently estimated at 23.4% of the total harvest) have constituted about 125% of the country’s imports. Indeed, experts argue that if post-harvest losses were efficiently managed, incomes of over 470 million smallholder farms in Africa would significantly increase every year.

There exist two points of intervention that EAFF could approach this problem from, and position the farmer better in the market. i) Collective action: Through farmers’ aggregation, farmers could negotiate with input markets, output markets and further strengthen their institutions through efficient uptake of technology and management of various issues including – post harvest. ii) efficient provision of data on agriculture: Today’s farmer is living in a data driven world. For efficient decision making on various issues including – attracting investments for technology/finance development; value addition; advisory services; innovation & policy, farmers need reliable source of quality data. In Africa, lack of up to date data that farmers can rely on, remains a big setback in Agriculture sector and has for a long time repressed innovativeness in agriculture sector. Lack of sufficient and current data has overly disempowered the farmers. It is for these reasons that East African Farmer’s Federation (EAFF)

in collaboration with Mobile Decisioning have launched the E-granary concept to empower the farmer and provide appropriate, timely and data driven solutions to these challenges.

E-granary concept

East African Farmers Federation (EAFF), has partnered with Mobile Decisioning to ensure that farmers are accessing technology that is usable by the farmers and have the necessary linkages with financial institution. E-granary product will also ensure that farmers have access to affordable credit, agriculture inputs, e-extension, value addition, and aggregation centers among other benefits.

While the mobile phone technology has revolutionized a number of critical sectors to the economic growth in Kenya, its effect or utilization has been least witnessed in the Agricultural sector. With over 30 million subscribers, Kenya leads in mobile phone subscription in in East Africa, and is sixth in Africa. At least the target region has over 60 million connected people.

In summary Muchiri's the e-granary is an SMS based platform using the USSD mobile technology. Its objective is to collect information on farmers' bio data, geographic location of farmers and their farms, type of crop they grow, and the harvest they achieve per season. EAFF will use the data provided by farmers to link farmers directly to potential buyers of their produce, get farmer's production history for the agricultural credit access, access to agricultural mechanization, E-extension, e-Insurance, access to quality inputs at reasonable prices and to inform policy intervention at national and regional levels.

The biggest challenge of agriculture in Sub Saharan Africa is the fragmentation of farmers. As a result, they are not able to aggregate around output markets, input markets and other agricultural services such as extension, credit, transport, mechanization and warehousing. E-Granary, is therefore a transformative and innovative model that will aggregate farmers to address these challenges.

The initiative is in line with EAFF strategic thrust of agricultural commercialization. The membership to the e-Granary is EAFF National Farmer Organizations, cooperatives, groups and agribusiness units.

In Kenya, e-granary was piloted and now has close to 20,000 farmers mainly involved in maize, rice and pulses farming. The USSD code is *492# and can be used in both Safaricom and Airtel mobile platforms.

How E-granary works

According to Mr. Muchiri, the transactions expected to be carried out on the e-GRANARY network include a database and records of the number of: farmers registered in a farmer group/cooperative, amount of seed planted, harvest attained in gazetted weights, quantity of deliveries to an aggregation center, value of deliveries to the aggregation center, quality of the deliveries to the aggregation center, Payments disbursed on a monthly basis, and value of the supply contract signed.

In his conclusion, Mr. Muchiri noted that the launch of the E-granary means that farmers will be able to patronize E-granary for the following reasons:

- The e-GRANARY loan requires no collateral to access and farmers will not be expected to fill lengthy and tedious paperwork.
- The e-GRANARY loans do require farmers to first accumulate savings.
- E-GRANARY loans are tied to farmers expected income. The only other institutions with this approach are in Dairy Sector and Tea sector (– Kenya Tea Development Authority). There has been tangible success in such loan models.
- The Loans are also relatively cheap.
- E-GRANARY loans are tied to farmers group to help in spreading repayment responsibility which will reduce bad debt risk as individual farmers want their group to have a good rating.
- E-Granary loans will not be disbursed all at once but in batches based on crop cycle

Q & A Session

1. Does the term "E-granary refer to grains alone or does it encompass other farmers who do other products? *E-granary encompasses all sectors – livestock, poultry, dairy etc.*
2. How shall you disseminate this info to the villages? *A strategy has been put in place to ensure that we reach out to all the farmers in various parts of the country. This will be done through meetings and social networking forums, and use of print materials including fliers,*

translated in languages that the farmers can understand. We are going to utilize the forums we hold with our members to spread the word.

3. *Is this technology going to be extended and operational in other east African states? Our intention is to go beyond Kenya. We will soon introduce the product in all the other countries we have representation.*
4. *Beatrice - chase bank - Assuming farmers has been advanced a loan and crops fails - will the loan be insured? Yes, we have been in discussion with some of the insurance companies some of them represented here in this forum today to put in place a system that will reduce the risks*
5. *Wakhungu Juma - Genetically modified crops is consistent with disruptions theme you have talked about; what is your take on the GMO? What in your opinion is the anticipated effect? My opinion is that “we” farmers need enough information about GMO so that we can make informed decisions. We do not want to feel like decisions in which we were not fully involved in making are cascaded down to us. - we need to have farmers ready to make informed decisions by educating them sufficiently about GMOs.*
6. *There are so many levels - how do you intend to protect market integrators. The idea of the E-granary to organize the farmers - once the farmers are organized then everyone on the value chain shall be comfortable, will have a rightful position in a win – win arrangement.*

Session 7.2: Open Market Place- B2b Meetings and Collaborative Partnerships

The final phase of the three days’ dialogue entailed Market linkages session. During this session at least 19 cooperatives from Uganda, Tanzania and Kenya displayed the samples of their produce (rice, maize and pulses) (see Appendix i). Also present were more than 16 regional buyers including: Joseph initiatives, Upland rice millers, United commodities, Cereal world among others who interacted with these producers. As the farmers displayed their commodities, they had an opportunity of interacting with traders, negotiate business contracts with them, exchange experiences and ideas with fellow farmers and create valuable connections for future correspondence.

In summary, the following agreements were reached during the session:

No	Name of buyer	Name of Supplier	Commodity	Volume	Total Volumes
1	Rwanda Grains and Cereals Corporation	Joseph initiatives-Uganda	Maize	1000MT- end July 2000MT by August	3000MT
2	Upland Rice Millers in Uganda	Igembensabo cooperative	Rice		1000MT
3	Cereal world in Uganda	Igembensabo cooperative	Rice		1000MT
4	Export Trading Group	EAFF membership	Pigeon Peas and Green grams		10000MT
5	United Raw Materials-Amit	Henry Bwire (Cross border trader based at Busia)	Pigeon Peas, Cowpeas and Green Grams	27MT weekly	unlimited
		3 cooperatives (Meru, Tharaka Nithi and Amicus development)	Pigeon Peas, Cowpeas and Green Grams		Unlimited
6	Kyula Enterprises	Meru, Tharaka Nithi, Tanzania cooperative	Various samples of pulses	Samples	Samples

In addition, the following points of action were agreed upon:

- i. EAFF and EAX agreed that the former will mobilize members to deliver to EAX warehouses starting from Kenya then in Uganda
- ii. United Raw Materials--Mr. Amit and Henry Bwire are currently discussing quality specifications, price and delivery logistics.
- iii. United Raw Materials--Mr. Amit and 3 cooperatives (Meru, Tharaka Nithi and Amicus development to send samples for quality speciation). He can buy any volumes. These cooperatives agreed to report back on what amount they can be able to aggregate so that the first lot can be supplied.
- iv. Kyula exporters took samples of pulses from Meru, Tharaka Nthi and from Tanzania for quality tests and then provide feedback.

Closing Remarks

Mr. Philip Kiriro, President of the East Africa Farmers Federation

The President of the EAFF thanked all the participant for the robust dialogues and structured group discussions, presentations and more importantly sharing of knowledge and experiences. He further affirmed the commitment of the East African Farmers federation to enhance solidarity of all partners involved and their efforts in addressing the problems facing the farmers in the region. “Our belief is that, if we successfully turned around the marketing infrastructure, that alone could easily trigger production. Our aim is to have the thriving market dynamics catalyze production around the region,” observed Mr. Kiriro. He further noted that agriculture as a mover of our economies ought to be accorded more support by all the stakeholders involved. The passing of the EA cooperative Bill, for instance, was aimed at helping all farmers in the sector in various ways including in accessing financial resources to do farming.

While concluding his remarks, Mr. Kiriro noted that, EAFF has always been looking forward to building strong partnership with private sector and have their business interests addressed with the efficiency they anticipate. For the partnership between EAFF and private sector to progress, there is need to provide private sector with reliable infrastructure and incentives. EAFF therefore appreciates and recognizes the efforts of all the people represented in the forum.

Representative from MoDe

The importance of this kind of a dialogue to the private sector and other stakeholders cannot be over emphasized. The private sector would indeed wish to have this kind of dialogue on line and scaled globally. This would ensure that the transaction between farmers and different stakeholders continues at all times and at global levels. The use of technological innovation like the mobile phone can make this a reality.

In conclusion, all the stakeholder present in this forum should know that they are ambassadors of the farmers and should endeavor to educate the farmers on their roles, rights and privileges as business partners.

Hon. Judith Ramata Pareno

On behalf of East African Legislative Assembly (EALA), Honorable Pareno recognized and appreciated the close partnership between EALA and EAFF and expressed optimism that the cordial relationship would continue. EALA in collaboration with EAFF has made significant steps in making sure that the voices of the farmers were listened to and acted upon. “As we took views from farmers through public hearing in all partner states, the farmers made it clear that they needed East African Farmers’ Cooperative societies. Many of the farmers felt that such an establishment was long overdue. The deliberations resulted to the East African Cooperative bill that was passed by EALA in 2015 and currently going through the process of assent by the five Heads of States from these countries,” observed Honorable Pareno

Honorable Pareno encouraged the attendants of the dialogue to continue petitioning EALA on matters to do with integration so that EALA can enact laws that would address such issues. She further hailed the launching of the E-granary platform, terming it as a major mile stone and revolution to the way farming is done in the region. The platform should be developed further to cover all agriculture sectors.

In her conclusion, Honorable Pareno underscored the need for implementation of the resolutions reached at this forum in order get to the next level. There has been many forums and declarations and failure to implement such resolutions continue to hurt the farmers.

After her speech, Honorable Pareno officially closed the three days’ East Africa Staples Trade Dialogue.

Appendix I: List of Cooperatives and Buyer Companies

	Names of cooperatives	Country
1.	Kimachia CBO	Kenya
2.	Mwea Rice Mills Multipurpose Co-operative Society Ltd	Kenya
3.	Trans East Maize and Cereals Marketing Co-operative society	Kenya
4.	Ighembensabo Co-Operative Union	Tanzania
5.	Mwamapuli Agriculture Marketing Co-operative Society (AMCOS)	Tanzania
6.	Madibira Agriculture Marketing Co-operative Society (AMCOS)	Tanzania
7.	Matembwe Agriculture Marketing Co-operative Society (AMCOS)	Tanzania
8.	Maendeleop Agriculture Marketing Co-operative Society	Tanzania
9.	Nyakera ACE	Uganda
10.	Nyamahasa Area Co-operative Enterprise (ACE),	Uganda
11.	Masindi DFA	Uganda
12.	Kiptamos Cooperative	Kenya
13.	Mugwe CBO	Kenya
14.	Ilimotiok Farmers' Cooperative Society	Kenya
15.	Ahero rice cooperative	Kenya
16.	Hoima District Farmers' Association	Uganda
17.	Nyakera cooperative	Uganda
18.	Ibumila cooperative	Tanzania
19.	Nyamahasa Area Co-operative Enterprise (ACE),	Uganda

Appendix ii: Names of Buyers

	Buyer	Country
1.	Oriental Mills LTD	Kenya
2.	United Commodities	Kenya
3.	Grain Pro	Kenya
4.	Mahindra Agribusiness	Kenya
5.	Export trading company	Kenya
6.	East Africa Exchange Company	Kenya
7.	Rwanda Grains and Cereals Corporation	Rwanda
8.	Minimex	Rwanda
9.	Daniel Anyadwile Mulungu, Mbeya buyer	Tanzania
10.	Raphael Group	Tanzania
11.	Kikonyogo Millers (U) Limited	Uganda
12.	Joseph Initiative	Uganda
13.	Upland rice millers	Uganda
14.	Cereal word	Uganda
15.	Kenya Bixa Company Ltd	Kenya
16.	Kyula exporters	Kenya