

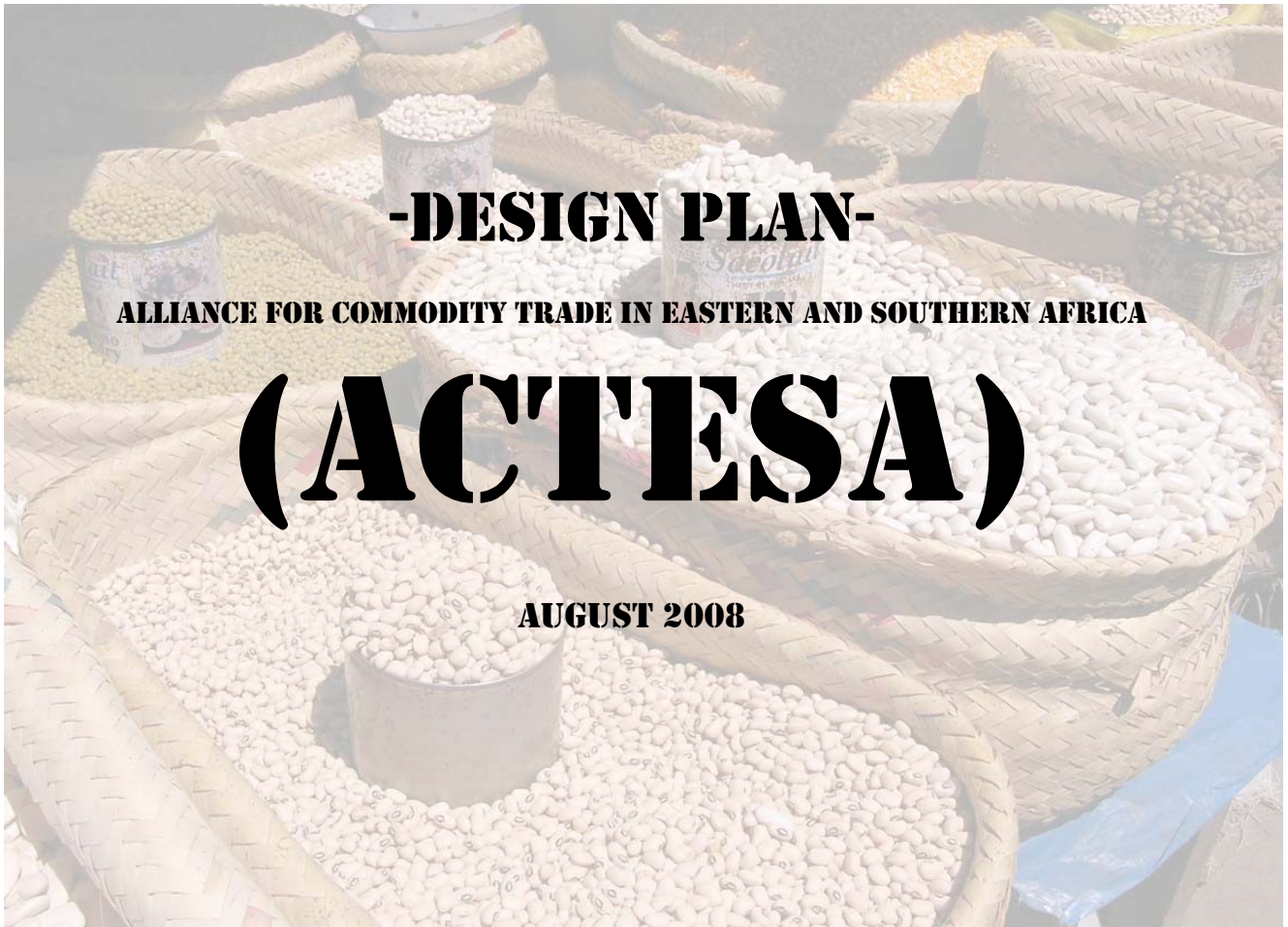


-DESIGN PLAN-

ALLIANCE FOR COMMODITY TRADE IN EASTERN AND SOUTHERN AFRICA

(ACTESA)

AUGUST 2008



Design Plan

Alliance for Commodity Trade in Eastern and Southern Africa (ACTESA)
August, 2008

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List of Acronyms

IFPRI	International Food Policy Research Institute
ACTESA	Alliance for Commodity Trade in Eastern and Southern Africa
AFSTA	African Seed Trade Association
AAMP	Africa Agriculture Market Program
ASARECA	Association for Strengthening Agricultural Research in Eastern and Central Africa
AU	African Union
BOD	Board of Director
CAADP	Comprehensive African Agricultural Development Programme
COMESA	Common Market for Eastern and Southern Africa
DFID	Department for International Development
EAC	East African Community
EAGC	Eastern Africa Grain Council
ED	Executive Director
ESASA	Eastern and Southern Africa Seed alliance
FTA	Free Trade Area
GDP	Gross Domestic Product
ICRISAT	International Crops Research Institute for the Semi-arid Tropics
IDP	Internally Displaced People
IGAD	Inter Government Authority on Development
IHEA	Initiative to End Hunger in Africa
IOC	Indian Ocean Commission
M&E	Monitoring & Evaluation
MDG	Millennium Development Goal
MT	Metric ton
NEPAD	New Economic Partnership for African Development
P4P	Purchase for Progress
PS	Private Secretariat
REC	Regional Economic Communities
Re-SAKSS	Regional Strategic Analysis and Knowledge Support Systems
RIA	Regional Investment Agency
SADC	Southern Africa Development Community
SCOSA	Sustainable Commercialisation of Seeds in Africa
SIDA	Swedish International Development Agency
SPS	Sanitary and phyto sanitary
TOR	Terms of Reference
USAID	United States Agency for International Development
WFP	World Food Program

1. Executive Summary

Enhanced national and regional trade in staple foods holds the potential to stimulate agricultural growth and accelerate broad based poverty reduction in the Eastern and Southern Africa sub-region. Pillar II of the Comprehensive African Agricultural Development Programme (CAADP) highlights the strategic urgency of developing trade in certain commodities that exhibit short and long term national and regional market opportunities key areas for deployment of resources to accomplish this goal. Pillar II also identifies the need to review and align investment and trade policies in the region to more efficiently leverage demand trends in domestic, regional and export markets to unlock regional development potential. Pillar III of CAADP identifies the need to ensure that emergency responses promote agricultural growth and reduce chronic hunger.

This is best accomplished through growth in intra-regional trade, particularly in staple foods that the poor produce and consume, and by increasing the distribution of food supply to moderate price volatility. The urgency of these needs is made starkly apparent by the shocking escalation of prices for staple foods in international commodity markets, a trend that is unlikely to change in the short to medium term. This provides a unique opportunity to for the development of a vibrant regional agricultural sector. It is for these reasons that the Common Market for Eastern and Southern Africa (COMESA) commissioned the Alliance for Commodity Trade in Eastern and Southern Africa (ACTESA).

At the meeting of COMESA Ministers of agriculture held in Victoria, Seychelles on 14 and 15th March 2008, the COMESA secretariat was mandated to hasten the preparation and design of ACTESA. This was a follow up to the 2006 Abuja declaration by the African Union (AU) on food security in Africa to promote development of collaborative partnerships for expanded trade in staple foods in within the Regional Economic Community such as COMESA. The member states also committed to ensuring that food aid assistance in the region is development oriented and promotes improved food security among target beneficiaries. The formation of ACTESA is therefore in line with the aspirations of the CAADP this being an Africa wide initiative to ensure that plays its rightful role as an engine of economic development and enhanced food security.

ACTESA is the primary agency for achieving the COMESA vision of “increased regional integration and improved competitiveness of staple food markets, leading to broad based growth and decreased food insecurity”. The three objectives of ACTESA are:

1. Improve competitiveness and integration of staple food markets in COMESA member states through improved micro and macro economic policies as the drivers of staple food markets
2. Improve and expand market facilities and services for staple foods commercialisation to facilitate growth in staple food markets
3. Increase commercial integration of staple foods producers into national and regional markets to promote growth in food staples and food security

In pursuit of this goal, ACTESA will organize its activities around Core Activities and Special Projects in accordance with its strategic objectives.

The primary Core Activity of ACTESA will be a Regional Competitiveness Analysis. The Regional Competitiveness Analysis will evaluate the areas of micro and macro economic policies relevant to production and trade of staples through comparative competitiveness benchmarking of national policy environments between COMESA member states.

Other activities include the analyses of key intra-regional markets and the comparative analysis of regional markets against alternative exports in viable export destinations for selected staples. The projects will also include promoting harmonization of policies such as for standards and grades and engagement with policy makers on key issues through evidence based policy analysis.

Improved and expanded market facilities and services will support staple food commercialisation and marketing. These facilities and services will structure trade in staple foods and improve market efficiency. They include: financial services, emerging warehousing receipt programs, market information systems, transport and infrastructure, upscale simplified custom systems and emerging commodity exchanges among others. The Core Activity in this area will be the creation of service forums to develop and disseminate best practices and lessons learned for development of key facilities and services supporting commercialisation of staples and their expansion across the region. Special projects under this objective will include the development of new facilities and services that support staple food commercialisation. The service forums are private public sector partnerships that will promote and expand the market facilities and services.

Producers and their associations are the key enterprises that drive staple food markets. Under the objective of commercialisation of small-scale producers, the Core Activity of ACTESA will be to host the Production and Market Development Forum. This forum will support development and dissemination of methodologies to promote increased farmer integration into agricultural markets. It will also promote key aspects that support the transformation of production from subsistence to market oriented production, including association development. Special projects under this objective will include mechanisms to ensure the inclusion of vulnerable producers in viable agricultural regions in market growth. This activity will be linked to the CAADP Pillar IV to disseminate technologies development for improving productivity in staple foods.

ACTESA intends to strongly focus on promoting the trade and development of staple crops. It will evolve over time into a fully-fledged institution under COMESA. Initially, it will act as a coordinator of various development partners' programmes to achieve the broad objectives of COMESA described under CAADP pillars II and III. The ACTESA secretariat will report to a Board of Directors made up of respected persons who are fully committed to CAADP. An Executive Director will provide leadership to the secretariat and also set the broad strategic vision for ACTESA.

The Executive Director, working with the Board of Directors, will liaise with development partners and private sector entities to develop long term strategies and multi year operational plans. Other key personnel in the secretariat are a Policy Advisor whose functions will fall under the office of the Executive Director, a Trade and Market Advisor, Communication Expert, a Production and Market Development Advisor, a Monitoring and Evaluation (M&E) Specialist, an Administrative Assistant and other support staff. The board will provide guidance to ACTESA in setting priorities and will coordinate and direct investments to improve regional trade within COMESA. The board will also ensure that ACTESA programs are aligned with CAADP principles, and will report to the Assistant Secretary General Programs on annual basis. ACTESA board members will include Permanent Secretaries (PS) (or its equivalent) of Trade and Agriculture from countries chairing and the past chair of COMESA respectively, a representative of COMESA at the director level, four representatives of ACTESA service forums, two ACTESA focal point persons representing country members and the Executive Director as an ex-official.

An ACTESA focal point person appointed by each member country will represent ACTESA at the national level. The ACTESA focal point person will coordinate ACTESA activities and ensure that the activities at the national level are consistent with CAADP compact country priorities, establish ACTESA network of stakeholders, and coordinate the implementation of ACTESA projects at the national level. The ACTESA National Committee will be chaired by the private sector

ACTESA alliance members will be drawn from private sector industry groups, regional farmer organizations, private banks, micro finance institutions and development partners among others. Alliance members already committed to ACTESA include the World Food Program (WFP), which has committed its Purchase for Progress (P4P) program, the Eastern and Southern Africa Seed Alliance (ESASA), Swedish International Development Agency (SIDA), World Bank and United States Agency for International Development (USAID). COMESA is intending to establish a fertilizer alliance that will link into ACTESA.

ACTESA will be implemented in three phases. During an initial set up period of three months a consultant will be hired to implement early action activities including coordination amongst COMESA member states while COMESA puts in place the necessary structures for ACTESA to function. The set up consultant will continue dialogue with potential alliance members, ensuring their support. The set up period will be followed by a start up phase during which the governance structure of ACTESA will be finalized and the ACTESA communication strategy fully developed. Remaining full time ACTESA staff will be hired during this phase.

A five member steering committee will oversee the implementation of actions during the start up phase. The first full implementation phase of ACTESA will be a one year period ending in May 2010 during which ACTESA will implement its Core Activities under each objective, including launching the annual Regional Competitiveness Analysis, convening service forums and commissioning policy research and advocacy activities. Monitoring of alliance activities will be continuous. The third year, an independent external evaluator will assess the effectiveness of ACTESA Core Activities in achieving objectives. During a second phase commencing May 2011, ACTESA will begin implementing special projects based on best practices established through forums in priority areas.

2. Problem Statement

Chronic poverty and hunger are widespread and pervasive in the COMESA region. The share of undernourished in total populations ranges from 19 percent in Swaziland and Uganda to a high of 73 percent in Eritrea.¹ Natural shocks and human conflict further expose the chronically poor to dangers of asset depletion that triggers humanitarian crises in the region. In 2006 for example, over ten million people were at risk in Ethiopia, and 3.6 million in Kenya depended on Food Aid. In Southern Sudan, nearly three million people are dependent on food aid and in Uganda 1.2 million internally displaced people (IDP) rely on food aid. Overall over half of the COMESA member states are chronically food insecure. Eleven out of the nineteen member states receive regular food aid inflows.²

Production of staple foods in Africa is dominated by smallholders and in the COMESA region more than 90 percent of staple producers are smallholders. Research has shown that less than ten percent of these farmers produce primarily for the market,³ while 50 to 60 percent of them sell a substantial part of their crops at harvest, only to buy it some of it back later in the season, inevitably at higher prices. Very few smallholders are effectively organized and so lack mechanisms for integrating into better developed marketing systems that would provide viable options and more predictable prices. These smallholders on average sell between 500 and 1,500 kilos per sale, while buyers are often looking for from ten to one hundred metric tons (mt) daily of predictable quality commodities. Gearing up supply systems to meet market demands is a major challenge.

Africa currently spends an estimated US\$19 billion per year on commercial food imports.⁴ Of the total of US\$808 billion in maize bought and sold in the COMESA region in recent years, only approximately US\$30 million annually (3.71 percent) is traded among the member states.⁵ This demonstrates the immense opportunity for trade in agricultural commodities within the region. In the following years, urban markets for commodities (staple and others) are going to increasingly drive commodity movement both in terms of price and absorption of surpluses. Urban growth is projected to more than double that of rural populations within 25 years (340 million urban compared to 160 million rural).⁶

Demand in Africa's urban and regional markets is estimated to be around US\$ 50 billion, and is expected to reach US\$150 billion within 25 years.⁷ Economic growth and social stability for the region will be based on the region being able to feed itself cost effectively in comparison to wages offered. The cost effectiveness of food supply chains will be based on the efficiency of being able to move commodities from surplus production areas, both within countries and across national borders, to consuming areas. To enhance trade in staples, COMESA is promoting a regional approach to food security by encouraging infrastructure development and harmonized policies that will enable the free flow of food staples from surplus to deficit areas.

¹ COMESA Regional Concept Paper for CAADP Pillar III, Increase Food Supply, Reduce Hunger and Improve Responses to Food Emergency Crises

² Ibid.

³ Comprehensive African Agriculture Development Programme (CAADP) Pillar II Draft framework document, March 2008

⁴ Tschirley, David and Steven Haggblade "" Michigan State University 2006

⁵ Ibid.

⁶ Ibid.

⁷ Ibid.

Commodity trade is the movement of commodity from point of production to point of demand. All such movements are based on comparative advantage, and therefore surplus areas compete to gain market access. The higher the cost of moving the goods from a given area compared to alternative sources of supply, the lower the price that is offered by buyers. Movement of commodities is further complicated for staple food crops, due to large numbers of farmers needing to sell at harvest to meet immediate consumption demands as well as pressing financial obligations including debts, school fees, medical expenses, etc. Traders, most of whom have few facilities to assist with the storage and financing of commodities, and who slowly feed them into the markets, absorb these seasonal surpluses. Farmer incomes and costs to consumers are directly affected by the infrastructure servicing their area, physical infrastructure, financial options, and other barriers to market access.

Transactions costs are a normal part of moving commodities from one place to another. When market forces and inefficiency affects transactions costs, marketing systems are not efficient or cost effective. Within COMESA trading systems, inefficiencies are multifarious ranging from: poor organization of smallholders producing small amounts of variable quality; poor infrastructure accessing production areas; poor roads and other transport infrastructure; inadequate storage capacity at key locations; counter-productive policies; capricious policy decisions (including export bans); interference in markets by food reserve agencies and other government and parastatal organizations; cumbersome customs and other border procedures; poor security; corruption; lack of reliable information; lack of financing; etc. Despite the signing of the Free Trade Area (FTA) agreement by eleven of the nineteen members states of COMESA, countries have continued to impose barriers to regional trade in staple and other foods, including periodic import or export bans, superfluous sanitary and phyto sanitary (SPS) requirements, duties and other charges on cross border trade; it is often said that it is easier to export into the world market than to trade with a neighbouring country.

Generally throughout the COMESA countries the public sector distrusts trade and does not understand its functions, the opportunities it provides or the constraints it works under. Dialogue between public and private sector is disjointed, limited and rarely provides a basis for a better understanding of the market for the different commodities. The private sector is often blamed for not taking up opportunities that the liberalization of commodity markets were meant to offer, and for not providing farmers with a more secure marketing system. Traders are distrusted, despite providing a key link with urban markets. Private sector is also blamed for not investing in market infrastructure; classic “public goods” that should be at least matched by public sector investment. All over the world, private investments are made in environments that provide good potential for profit and acceptable risks. The risks in African commodity markets are high while predictable, long-term returns to trading in staple food crops have been low. Nevertheless, there is tremendous potential for innovative partnerships along staple food value chains, which can create a favourable environment for broad-based economic growth.

2.1 Opportunities presented by COMESA and CAADP

The COMESA Vision is “fully integrated internationally competitive regional economic community; a community within which there is economic prosperity demonstrated by high living standards of its people with political and social stability; a community within which goods, services, capital and labour move freely across national geographical borders”. As such, COMESA must play a critical role in improving the enabling environment for trade, convening high level meetings at the PS or its equivalent level, Ministerial, and Heads of State levels, harmonizing policies and regulations, etc.. Nevertheless, significant economic transformation can only take place if the member state governments implement joint decisions, and if needed investments are mobilized from the private sector, from national governments, and from donors.

A key COMESA activity is working with national governments through a combination of advocacy and evidence based analysis, which will compare and contrast the benefits both within country and compared to other member countries of the movement towards increased regional trade, reduced trading barriers, developing the FTA, and work towards customs union and broader economic integration. Smaller countries, many of them landlocked, can operate more effectively as a single, integrated market.

CAADP is being developed on the basis of broad recognition that significantly increased resources must be invested in the agricultural sector, if it is going to play its appropriate role as an engine of economic growth in the region. In 2003, African heads of state gathered in Maputo declared the need to raise investments in agriculture to at least ten percent of national budgets, in order to stimulate a six percent growth in agricultural Gross Domestic Product (GDP), which would generate enough income to meet Millennium Development Goal (MDG) number one; to cut hunger and poverty in half by 2015.

Lead Regional Economic Communities (RECs) have been named by the African Union (AU) and New Economic Partnership for African Development (NEPAD) to coordinate a process for the implementation of CAADP. COMESA has taken responsibility for the region comprised of its 19 member states, working in coordination with the Southern Africa Development Community (SADC), the East African Community (EAC), the Indian Ocean Commission (IOC) and the Inter-government Authority on Development (IGAD). Specialized partner organizations have been pulled together to identify priority opportunities in four interlocking subject matter areas:

- Pillar I: Soil and water management
- Pillar II: Infrastructure and Trade
- Pillar III: Food Security and Vulnerable Populations
- Pillar IV: Science and Technology for Increased Productivity

In the fifth meeting of the COMESA Ministers of Agriculture in Seychelles in March 2008, the COMESA secretariat was asked to hasten the preparation and design of an initiative on ACTESA, as a follow up to Abuja declaration on food security. The main focus of ACTESA would be to promote development of collaborative partnerships for expanded trade in staple crops in the COMESA region. The member states also committed to ensuring that food aid assistance in the region is development oriented, promoting sustainability of food security among target beneficiaries.

The CAADP pillar II document identifies the following steps needed to expand the supply base to respond to future demand opportunities and develop value chains to raise the competitiveness on domestic, regional and foreign export markets, which correspond to activities within ACTESA strategic objectives and goal:

- Step 1: Identification of strategic commodities that exhibit short and long term market opportunities which would allow the acceleration of broad based poverty reducing growth, and identifies areas for deployment of country and regional resources
- Step 2: Review and align investment and trade policies so to fully exploit demand trends in domestic, regional and export markets
- Step 3: Countries and sectors actors need to identify the types of regulatory and institutional changes, partnerships and alliances required to build the technical and commercial capacities of farmer organizations and trade associations

CAADP pillar III document identifies the following principles, which will correspond to activities within ACTESA strategic objectives and goal;

Principle 5: Ensure that emergency responses promote growth and reduce chronic hunger (i.e. does no harm to the overall CAADP agenda)

Principle 8: Promote intra-regional trade, particularly in food staples to raise food supply, food quality, and moderate price volatility

Country round-tables have been organized for partners to sit down together and review the results of systematic stocktaking and analysis and agree on what significant changes in their ongoing agricultural development portfolios are needed to catalyse the necessary dynamic growth. Rwanda has completed development of their compact in 2007, and Uganda and Zambia are in the processes of completing theirs. Donor organizations, organized as the CAADP Partnership Platform, have agreed to coordinate their approaches around the most promising strategies. The Ministers of Agriculture of the COMESA member states have agreed to organize regional programmes around the four CAADP Pillars.

Out of these processes, the need for coordinated actions to improve regional markets for staple foods has been identified as an early action of CAADP. The ACTESA is designed to bring together private and public sector partners and programs to build regional cross-border alliances that will strengthen innovative market institutions and link smallholder farmers with national and regional markets. ACTESA will support and disseminate innovative mechanisms that will allow farmers to participate in markets in ways that will increase their food security and incomes. Improving market access will encourage these farmers to diversify production for sale, further increasing their incomes and spreading risks. At the national and regional levels, improved market systems will increase availability of staple foods at affordable prices and promote regional market integration.

3. Results Framework

The vision of COMESA is:

“A fully integrated internationally competitive regional economic community; a community within which there is economic prosperity demonstrated by high living standards of its people with political and social stability; a community within which goods, services, capital and labour move freely across national geographical borders”

ACTESA will be the primary agency of COMESA for achieving this vision in the area of staple foods production and trade across its member states. The goal of ACTESA is;

“Increased integration and improved regional competitiveness of staple foods markets across the COMESA region leads broad-based growth and decreased food insecurity”

Growth in staple foods markets is of critical importance to both producers and consumers in all COMESA member states. Large areas of the COMESA region are dominated by disaggregated smallholders producing primarily for home consumption. Policy environments are often not conducive to investment in this sector, and services and facilities are underdeveloped. The result is low and unstable production levels and incomes for producers, and relatively high consumer prices with large cyclical price swings.

Increased integration and improved regional competitiveness requires a transformation from subsistence farming to larger commercially oriented units producing for markets according to demand. Likewise, production must be delivered more efficiently to consumers in order to lower prices, and improve the consistency of supply and stability of prices. Lower prices through improved efficiency, as well as consistent supply and price stability are the most important factors in reducing the alarming growth of urban poverty, and mitigating the impact of skyrocketing prices for staple foods in international commodities markets.

Growth of staple foods markets for producers will result in:

- Increased income for producers of staple foods
- Increased production of staple foods
- Increased productivity of staple foods

Growth of staple foods markets for consumers will result in:

- Decreased prices for staple foods
- Increased price stability for staple foods

Ultimately, growth in staple foods markets will lead to long-term decreased humanitarian assistance needs in COMESA member states.

Growth will require simultaneously promoting improvements in the three key elements of staple foods markets (Annex 1: Results Framework). This includes the *drivers* of staple foods markets, i.e. the macro and micro economic policies that comprise the “enabling environment” for investments. In addition, this includes the *enablers* of these markets, i.e. the services and facilities that enable the commercialisation of production and trade. Finally, these elements

include the *enterprises* that supply markets, i.e. the farmers and farmer organizations that produce staple foods (see Annex 2: ACTESA Strategy Diagram).

In pursuit of its goal, ACTESA will organize its activities around Core Programs and Special Projects under three objectives, each corresponding to the three key elements that comprise staple foods markets:

1. Improved competitiveness and integration of staple foods markets in COMESA member states through improved micro and macro economic policies
2. Improved and expanded market facilities and services for staple foods commercialisation
3. Increased commercial integration of staple foods producers into national and regional markets

3.1 Objective One: Improved Competitiveness

Objective one *Improved competitiveness of staple foods markets in COMESA member states through improved micro and macro economic policies.*

Despite certain notable successes,⁸ COMESA member states frequently rank amongst the poorest in the world in international assessments of the business environment, such as the World Bank's "Doing Business" benchmarking, Transparency International's indexes of perceived corruption, and Heritage House's "Index of Economic Freedom". The region's extremely unfavourable business environment results in low rates of investment for all scales of enterprises, in virtually all sectors. Without investment into facilities and services that support production, mobilizing improvements in agronomic practices will not occur, and increased production and productivity will be impossible to realize. Return on investment in agriculture often entails long profitability horizons. Most of the region's producers have very limited resources to invest in production systems. Whether producers are mobilizing their own resources, traders are investing around their supply sources, or financial institutions are providing investment funds and products, these investors must perceive the business environment as both stable and conducive.

Once the environment is conducive, investors will take advantage of the vast opportunities for investing in growth in staple foods markets across the region. Macro and micro-economic policies largely determine the business environment for producers and traders of staple crops, and hence policy improvements are critical to the growth of these markets. Key areas of macro and micro-economic policy that ACTESA will address through analysis and evaluation are:

- Trade policy
- Investment policy
- Sector-specific policy

In addition to policy decisions, real provision and implementation of quality facilities and services are also critical to determining the competitiveness of the business environment. ACTESA will evaluate this element of the business environment through extensive Client Satisfaction Surveys of producers, traders and consumers, so that users of facilities and can express their opinion on the "actual" implementation of these elements. The results of these surveys will in turn inform the assessment of policy.

⁸ For example, Egypt and Kenya were rated amongst the top ten for improvements in business environment in the World Bank "Doing Business" benchmarking in 2007.

Core Activity: Regional Competitiveness Analysis

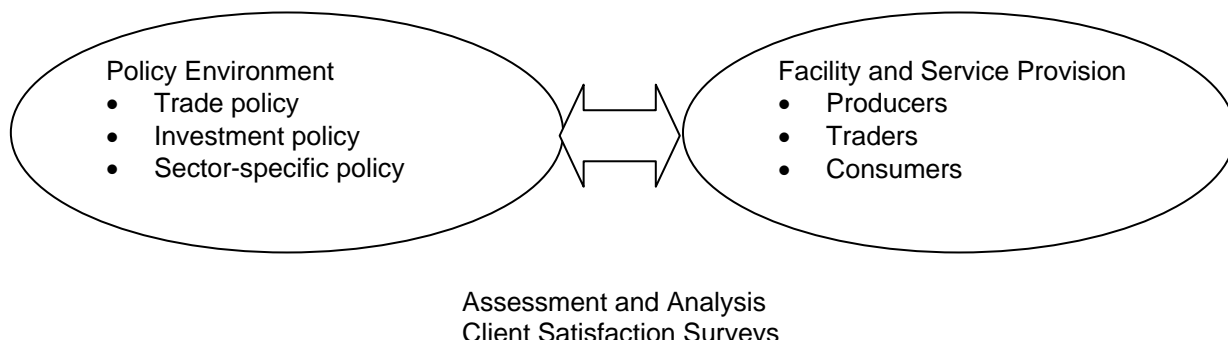
A Core Activity of ACTESA will be evaluating elements of the business environment relevant to staple foods production and trade through annual Regional Competitiveness Analyses, which will be disseminated across the COMESA countries. Given the synergies between staple food production, and trade and investment, ACTESA will design and carry out the Regional Competitiveness Analysis in close collaboration with its sister COMESA organization the Regional Investment Agency (RIA). Synergistic projects in COMESA aimed at business reform will provide indicators as well. *Properly designed and implemented, the Regional Competitiveness Analysis will guide ACTESA in setting priority areas for focus, as well as provide an “M&E system” for the various programs aimed at business environment reform, implemented by numerous entities throughout the region.*

The Regional Competitiveness Analysis will assess and evaluate relevant areas of the business environment in three ways:

1. Comparative competitiveness benchmarking of national business environments between COMESA member states (through analysis and empirical client satisfaction surveys)
2. Analysis of key sectors across intra-regional markets in COMESA
3. Comparative analysis of COMESA regional markets against alternative export sources in viable export destinations for selected staple foods

The Regional Competitiveness Analysis will evaluate these areas through client satisfaction surveys to assess the impact of planned development in the areas covered.

Regional Competitiveness Analysis



During the start-up phase, ACTESA staff will undertake a baseline survey of relevant indicators for all COMESA member states. ACTESA will aim to undertake detailed assessments of at least four key or high-potential COMESA member states within the first two years of its launch, and will thereafter add additional member states as possible aiming have complete 12 detailed assessments by year five. The detailed assessments will serve as the basis for an enhanced Regional Competitiveness Analysis annual report for the member states undertaking it.

The Regional Competitiveness Analysis will be presented to the COMESA Council of Ministers on an annual basis, and will likewise be published broadly across the region to compare and contrast progress across participating COMESA member states.

Special Projects: Harmonization and Policy Research

Regional COMESA activities under Objective One will also include promoting harmonization of policies such as grading and standards systems, seed regulations (linked to ESASA objectives). Other Special Projects under Objective one will include engagement with policy makers on key policy issues identified through the Regional Competitiveness Analysis.

3.2 Objective Two: Improved and Expanded Market Facilities and Services

Objective two *Improved and expanded market facilities and services for staple foods commercialisation.*

Improved and expanded market services and facilities in the region will support staple foods commercialisation and marketing. These include: market places, financial services, contract and arbitration systems, market price and information services, emerging warehouse receipts programmes, grading and standards systems, science based sanitary and SPS and laboratories providing the testing transport and infrastructure, as well as emerging commodity exchanges.

The availability and access to these facilities and services is a determinant of efficiency and stability of the chain of steps through which staple foods are purchased from producers, and delivered to consumers.

Services and facilities across COMESA are broadly under-developed and in many cases often non-existent. However, several such services and facilities are being developed in the region, including ambitious and bold plans for emerging commodities exchanges in Ethiopia, Malawi, Uganda and Zambia. Once successful, these institutions can link producers of staple foods across the COMESA region into dynamic commercial networks.

The development of these modern viable services and facilities face tremendous challenges. Development often occurs in isolation and is frequently undermined by the poor policy environments in which they must function. Where these services and facilities are being developed they rarely interact and compare best practice and lessons learnt to ensure that work in the same areas integrate to produce a seamless regional integrated market.

Core Activity: Service Forums

ACTESA will create Service Forums bringing together the players working within a particular facility or service to compare and contrast their experience, and plan ways forward. *These service forums are the key public-private partnerships along staple foods value chains.* The Service Forums will provide a venue where alliance members engage with ACTESA. Participants in the Service Forums will interact with wider audiences to learn from each other the best practices and lessons learnt. The forums will also be used to identify impediments to further development of production, market facilities and services, and policy issues.

ACTESA will document and disseminate best practise and lessons learnt learned for the development of key facilities and service supporting the commercialisation of staple foods. ACTESA will note the impediments, prioritise across the forums actions will need to take which will include further research on impact of actions needed, policy advocacy, highlighting need for capacity building among others. ACTESA will identify areas where support for expansion of different levels of facilities and services across the COMESA region is needed. Output will focus on increasing the availability of services and facilities, and improving accessibility for producers and traders.

Each of the main service forums will be able to elect a member to serve on the ACTESA Steering Committee, through which the forum will be able to influence the areas into which the alliance will focus resources. In addition to the development of services and facilities, the Steering Committee will also identify areas of the policy environment that require improvement in order to enable the functioning of these institutions.

Service Forums will be developed in ten areas critical to the value chain; producing and moving staple commodities from the farm to the consumer:

1. **Commodity Production:** Commodity Production Forum will be convened under Objective Three and the Production and Marketing Advisor's mandate and will include projects working on production, farmer organisations, improving small holder market access, introduction of new technology among other activities.
2. **Trade Facilities:** Trade Facility Forum will have a number of sub forums which will include small scale store development, market place development, Market Information Systems, warehouse development and warehouse receipt programmes, commodity exchanges; As an example, the Warehouse Receipt Forum could pull together all the participants who are involved in developing the warehouse receipt concept in the region. This at the moment would include representatives from Kenya, Uganda, Malawi and Zambia and would include regulators, banks, warehouse operators, depositors and buyers.
3. **Policy Harmonization and Research:** this forum will be convened under Objective One and the Executive Director's mandate and is aimed at bringing together those that endeavour to change policy through evidence based research and through advocacy, and bringing together research institutions both in policy and crops to discuss research being undertaken and to compare methods of moving research into the field.
4. **Membership Organizations:** under this forum there will be sub forums to reflect regional, national and local membership organisation, vertically and horizontal within and across sectors. Representatives of Membership Organisations and members of these organisations at the different levels will be brought together to compare relevancy, services and sustainability of membership organisations and their impact in the markets. Such membership organizations include National Smallholder Farmers' Association of Malawi (NASFAM), Eastern Africa Grain Council (EAGC), East African Farmers Federation (EAFF) Southern African Confederation of Agriculture Union (SACAU) among others.
5. **Infrastructure and Transport:** this forum will include participants who are involved in development of the transport corridors and would bring together the potential users of the transport corridors and market facilities and services present within the corridors. The forum would in addition bring together transporters associations (where available) and would also identify challenges and constraints facing transporters of commodities.
6. **Finance and Investment:** this forum will bring together financial institutions in a number of aspects; different products available and the benefits and risks associated with them, identify products could be developed if the appropriate services were available such as the warehouse receipts, making timely market information on production to facilitate the trade, consumption, imports and exports information where available), policy

impediments on developing products such as the withholding tax charge on finance provided by one country for an investment in another country.

7. Regulation: Regulation Forum will bring together governments and self regulating bodies to discuss modes of regulating the marketing systems and compare the most effective match of skills to regulate both commodities and those participating in marketing systems.
8. Strategic Food Reserves: under this forum private sector and government representatives will discuss impact of Strategic Food Reserves on the markets, possible alternative methods of acquiring Food Reserves and best practices of managing the Strategic reserves.
9. Industrialization (agro-processing): the Industrialization Forum will bring together industry players in food, feed and other processors with suppliers to identify the constraints to these sectors and promote further value addition of raw staple food commodities.
10. Humanitarian Assistance: providers of humanitarian assistance, including government, donors and Non Government Organisations (NGOs) will come together under the Humanitarian Assistance Forum to develop guidelines, best practices and lessons learned. This forum will also develop methodologies through which humanitarian assistance avoids distorting production and trade, or creating parallel structures, and instead promotes market development and the viability of commercial market facilities and services (market-integrated relief).

The ACTESA staff managing the forums and the forum participants will determine the frequency of the meeting but it is expected that it will range between once and twice a year depending on the forum. Through the forums, ACTESA staff will identify constraints at the different points in the value chain, the impact of the constraints and identify the actions needed to ease the constraint. The Executive Director will present to the steering committee the constraints identified at the different points, their impact, the action needed to alleviate the constraint, the potential cost of various action and the timeframe.

Forums will also identify what works under which conditions, ACTESA will through its analysis of commodity trade in the region identify gaps in markets across the region and promote appropriate interventions. Ultimately through the identification of gaps in the market facilities and services, ACTESA will develop Public Private Partnerships.

ACTESA will assist other institutions and private sector who are developing initiative for expanding market access for staple such as cassava and banana processing through interaction in the forums, access to best practice and ultimately assistance with reviewing strategies and business plans to ensure that the environment is conducive for commercial viability.

Special Projects

Special Projects under objective two will be to monitor and evaluate the on going development of market facilities and services, independently assessing effective strategies and, lessons learnt, and undertaking of client satisfaction surveys to ensure that facilities and services developed are meeting the customer's requirements. It is anticipated that ACTESA shall later on

in its existence develop specific key services and facilities required for increased integration and improved regional competitiveness of staple foods markets across the COMESA region.

3.3 Objective Three: Increased Commercial Integration

Objective three *Increased commercial integration of staple foods producers into national and regional markets.*

Staple foods producers are the enterprises that form the backbone of growth in staple foods markets. However, large numbers of producers within the COMESA region are poorly integrated into national and regional markets. These producers orient their production around their immediate consumption needs, rather than toward market opportunities. As a result, they often minimize investments into farming systems, resulting in low incomes, highly variable production levels, and low per unit productivity.

Core Activity: Farmer Commercialization

Several organizations in the COMESA region are developing methodologies to promote increased farmer commercial integration. These organizations have utilized tools for educating farmers in planning and marketing their crops, as well developing innovative linkages to facilities and services. ACTESA will host the Production and Marketing Development Forum, which will promote key aspects supporting transformation from subsistence to market-oriented production:

- Farmer association development
- Producer marketing plans
- Commercial orientation of work force skills development through extension services
- Innovative linkages to facilities and services
- Integration of research and technology uptake

Special Projects

Special programs under Objective three will focus on the expansion of commercial farming into vulnerable but viable agricultural areas, such as areas recovering from conflict disasters.

3.4 Communication Strategy

Recognizing the need to develop public opinion support for public policy reform and improving facility and service provision in order to improve the business environment, ACTESA will employ an aggressive media strategy. This will include dissemination of the annual Regional Competitiveness Analysis, as well as relevant outputs from other activities. The ACTESA media strategy will target three sectors:

1. Policy makers and donors: policy makers include key staff of Ministries of Agriculture, Finance and Trade, as well as specialized national and regional agencies. ACTESA will present the published Regional Competitiveness Analysis to these staff, and consult with them on outcomes. ACTESA anticipates presenting Regional Competitiveness Analysis results at regional COMESA forums, such Council of Ministers Meetings. ACTESA staff will also disseminate Regional Competitiveness Analysis results with relevant donor agencies.
2. Urban populations: urban populations are assumed to have some knowledge of the impact of policy environment on their staple food markets. ACTESA will publish and broadcast background articles on policies impacting staple foods markets throughout the year in order to increase this knowledge base. ACTESA will also publish and broadcast

the results of Regional Competitiveness Analyses in all participating COMESA member states, and make efforts to explain outcomes in public forums.

3. Rural populations: while rural populations are assumed to have less knowledge of the impact of policy environments on their staple foods markets, these policies often have great direct impact on them. ACTESA will develop basic orientation information on public policy impacting on staple foods markets, and disseminate this to rural population through partnerships with entities that serve these organizations, such rural extension services, and NGOs that work with rural staple foods producers.

(Annex 4: Regional Competitiveness Analysis and Communication Budget)

4. Organizational Structure

The Secretariat for ACTESA will evolve over time. Initially, a relatively small secretariat will coordinate Core Activities to achieve objectives under CAADP Pillars II and III. It will lay out a clear framework for development partners emphasizing collaboration, harmonization, efficiency, knowledge management, learning, and application of best practices and assessment of performance.

Subsequently, the Secretariat will determine critical investments based on sound empirical evidence of needs and results in the context of CAADP Pillar II and Pillar III. With this in hand, multi-year operational plans and programs can be developed to address the needs and priorities identified in the strategy.⁹ Participating development partners will fund Special Programs developed by ACTESA identified as achieving results of growth in staple foods markets.

Initially ACTESA will operate under the aegis of COMESA secretariat while the legal status is established, documentation prepared and presented to the Council of Ministers for endorsement. Once endorsed ACTESA will then be established as an autonomous institute, with its own budget, and plans.

Functions of the secretariat will include:

Partnerships: Establish active public-private partnership through the Service Forums. These forums will monitor programs, assess progress, identify and disseminate lessons learned and best practices, identify strategic research and technical assistance needs and provide information for wider dissemination.

Coordination: Play a key role in coordination and dissemination of information to alliance members and stakeholders. It will be responsible for ensuring coordination of both on-going and new programs. The challenge will be to constructively engage partners and to add value to the activities by more effectively sharing information and learning from experience.

Harmonization: Promote harmonisation, standardisation, and improvements in information quality, knowledge and dissemination. The Secretariat will focus efforts on improving efficiency across programs and among Alliance members. The framework of ACTESA provides a structure for common understanding staple food trade, and provides objectives for aligning Alliance Member investments. COMESA member states have already agreed to the concept of ACTESA, providing a unique opportunity to pull together public and private sectors. The Secretariat will focus on harmonizing various on going procedures, approaches and systems such as market information systems, leading to more efficient and robust systems.

Communications Strategy: the Secretariat will provide an independent forum for the undertaking and disseminating Regional Competitiveness Analyses, best practices, and research findings. A keystone of ACTESA is the process of assessment and review. This is fully in line with the CAADP principles of peer review, and involves developing a set of performance indicators by which each COMESA member country will be assessed on an annual basis.

⁹ This is similar to the process that Association for Strengthening Agricultural Research in Eastern and Central Africa (ASARECA) and RIA went through to identify critical investments most likely to lead to increasing incomes and reducing poverty in their operational areas.

Establish Empirical Evidence: ACTESA will commission policy and other research to fill knowledge gaps. A significant body of knowledge already exists that will provide the Secretariat a substantial amount of knowledge for its advocacy role. However, there are gaps in knowledge, and as ACTESA moves forward, additional needs for empirical evidence will be identified. ACTESA will develop Terms of Reference (TOR) with national and regional policy research organizations to identify options, and evaluate key sectors. This research will serve as a basis for evidence based dialogue in policy forums showing the benefits of change compared to business as usual.

Advocacy: The Secretariat will facilitate policy advocacy, based on empirical evidence. The Secretariat will have an important role in promoting changes that will promote trade and market development and reduce food insecurity. However advocacy must be done from a position of strength that comes from credible research.

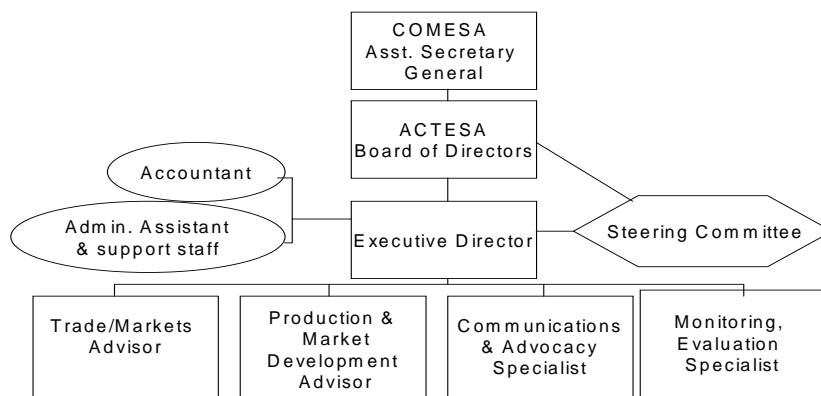
Monitoring and Evaluation: M&E will provide information on the status and impact of Alliance Members' activities.

The Secretariat will develop indicators, reporting formats and timing and will likely outsource to conduct baselines. Regular annual internal assessments of progress will be conducted based on monitoring. External evaluations should be carried out every two to three years. The Secretariat will have an M&E Specialist, but much of the monitoring will be carried out by external consultants or through systems already in place with other organisations.

4.1 Secretariat

The structure for ACTESA for its initial years of operation is indicated below.

ACTESA Secretariat: Start Up Phase



The *Executive Director* heads the Secretariat and is appointed by ACTESA Board of Directors.

The Secretariat will:

- Issue contracts to obtain technical advisory services to supplement staff of the Secretariat.
- Convene meetings, forums
- Conduct strategic studies, evaluations, benchmarking exercises

Within the first year the Secretariat will hire five professionals as full time staff who each report to the Executive Director:

Executive Director

- Provides leadership to ACTESA
- With input from the ACTESA forums sets the broad picture for the Alliance
- Ensure COMESA is abreast of all ACTESA development on a regular basis
- Liases with development partners and private sector entities to develop alliances within ACTESA
- Liases with ESASA and other such initiatives such as the intended initiative on fertiliser.
- Leads the process of developing a long-term strategy, a multi-year Operational Plan, and Implementation plan
- Raises funds
- Identifies the broad areas for research and advocacy campaigns
- Identifies policy constraints to trade and market development at regional level
- Identifies policy research needs and develops TORs to carry out strategic research. Ensures that TORs have contributions and agreement from key stakeholders so that results are more likely to be accepted by all
- Develops guidelines for food aid and humanitarian assistance, strategic grain reserves, other topics as identified
- Interprets research results and develops scenarios for implementing changes. Identifies winners and losers, with and without scenarios, in order to develop advocacy platforms
- Facilitator for Policy, Strategic Reserves, Humanitarian Aid, Production of Commodity and Industrialization Forums and participates as needed in other Forums

A Policy Assistant

- Follows and facilitates implementation of harmonization of procedures
- Ensure policy research and capacity building is implemented
- Provides support to the Executive Director in organising
- Facilitates Policy forum
- Establishes and maintains research library

An *Administrative Assistant* assists the Executive Director to ensure smooth running of office and provides logistic and administrative support to the Secretariat staff. A *Chartered Accountant* establishes and maintains financial systems with checks and balances to ensure high levels of transparency and accountability. Both the Administrative Assistant and the Accountant report to the Executive Director. The Executive Director reports to the Board of Directors, which in turn reports to the Assistant Secretary General Programs of COMESA.

In addition to the Policy assistant, the Secretariat will have four other full time professional staff reporting to the Executive Director:

Trade and Markets Advisor:

- Facilitates Forums on;
 - Trade Facilities
 - Membership Institutions
 - Infrastructure and Transport
 - Regulation
 - Finance and Investment
 - Strategic Food Reserves
 - Industrialization
 - Humanitarian Assistance
- Identifies bottlenecks to regional trade such as lack of standards, lack of harmonized standards, and develops best practices for resolving these
- Facilitates the professionalisation of traders, transporters, brokers, cross border traders.
- For those commodities that are not sufficiently organized, facilitates members of the value chain to come together as an industry to improve competitiveness
- Synthesizes best practices from past and ongoing activities for improving the functioning of peri-urban, rural town markets; for increasing small farmers' ability to participate in markets. Monitors performance of new or emerging market facilities such as warehouse receipts, commodity exchanges and develops best practices

Communications Expert:

- Develops approaches, formats and identifies various media for most effectively disseminating information generated by ACTESA to Alliance Members, national and regional organizations, farmers, traders, processors, and other stakeholders
- Liases with all levels of ACTESA (national and regional)
- Develops with the rest of the team the TOR for conducting Regional Competitiveness Analysis, customer satisfaction surveys, sector regional trade surveys
- Develops appropriate format for dissemination of information and analyses coming out of the ACTESA forums
- Ensures that Regional Competitiveness Analysis and Client Satisfaction surveys are done, analysed and disseminated

Production and Marketing Development Advisor:

- Facilitates Production and Marketing Development forum
- Develops and disseminates methodologies for farmer association development
- Promotes the development and utilization of producer marketing plans
- Promotes commercial orientation of work force skills development through extension services
- Develops methodologies for innovative linkages to facilities and services
- Monitors farmer incomes, production levels and productivity assessments

M&E Specialist:

- Develops performance monitoring system that will provide credible/respectable data on progress towards ACTESA objectives
- Develops indicators for the objectives
- Develops Intermediate Results and indicators to track progress on the processes undertaken in ACTESA
- Ensures that all reporting units track the same indicators and use the same approaches in gathering, analysing and reporting on data

Support staff: driver, accountant assistant, receptionist.

4.2 Financial Support

Budgets will be required to support the Secretariat's functions. All staff - Executive Director, five other professionals, accountant, administrative assistant and support staff (driver, accountant and receptionist) will be on salary. Particularly in the initial two to three years, there will be significant travel by the Secretariat to promote the Alliance at the national level and to potential Alliance Members. The Secretariat will likely need to visit each selected country at least four times in year and perhaps three times in year two.

The Secretariat will need one town vehicle (not 4x4) based at the Secretariat, and will need budget for taxi/vehicle rental when they visit Alliance countries or when they need additional transport at the home base. Per diems and airfare will also be needed for travel to the Alliance countries and to COMESA.

4.3 Board of Directors

The Board of Directors is made up of persons who are highly respected and committed to CAADP. The role of the Board is to provide guidance to ACTESA in setting priorities, approaches and for its role as an umbrella organization for coordinating investments to improve regional trade in the COMESA region. The Board will ensure that the ACTESA programs are aligned with CAADP, particularly Pillars II and III, and contribute to the achievement of CAADP objectives and goals.

Members should be selected based on their involvement in trade, market development and/or commercialisation of small farmers; their sincere commitment to ACTESA goals and objectives; and their commitment of resources to this effort (human, monetary, in-kind, intellectual etc.). The Board will determine the selection process of the chairman, tenure of office.

The BOD members will consist of:

- Permanent Secretary for Trade from the COMESA member country chairing the Ministers of Trade Committee
- Permanent Secretary for Agriculture from the COMESA member country previously chairing the Ministers of Agriculture Committee
- COMESA (Director level)
- Representatives of Forums (four) (these representatives should be from the Private Sector)
- Up to two country members (rotating having completed in depth baseline) (ACTESA Focal Point Person or appointed ACTESA National Committee Member)
- Donor representative as observer member

During the first three years the BOD will meet twice annually.¹⁰ The Executive Director will act as the secretary of the Board. The Executive Director will present the annual Implementation Plan to the Board for approval. The Executive Director will report to the Board on ACTESA portfolio performance, status of the Alliance, finances and management. The Chairman of the BOD will meet with the Assistant General Secretary Programs COMESA on an annual basis to report on ACTESA performance against objectives and targets, management of the Alliance and financial status. The Executive Director will ensure that the results of the annual external audit are presented during one of the meetings with the Board. The Board may call for ad hoc meetings with the Executive Director and will provide Executive Director with the agenda for such meetings two weeks in advance.

4.4 Steering Committee

The Steering Committee will have between 10 – 12 members (external to ACTESA staff) and will be made up of elected representatives of half of the main forums, up to 5 ACTESA Focal Point Person (rotating), one representative Alliance Member (rotating) who has brought considerable resources to the Alliance (donors, private sector organisations etc), the Executive Director and relevant ACTESA staff. The Steering Committee as determined by ACTESA articles will elect a Chairperson. The Steering Committee will meet twice a year. The Steering Committee provides overall guidance on the activities that ACTESA will undertake.

The Forums (assisted by ACTESA staff) will feed in the priority activities needed in each area of the value chain; the Steering Committee will determine the overall prioritisation of activities. The Executive Director and his / her team will prepare an annual Implementation Plan which they will present back to the Steering Committee (electronically) for comment after which the Executive Director will present the annual Implementation Plan to the Board of Directors for approval. If the Steering Committee fails to determine within itself the prioritisation of certain activities the Board of Directors will make the final decision. If the Board of Directors fails to approve the annual Implementation Plan the Executive Director shall provide assistance to the Steering Committee in making changes in line with suggestions from the Board and agreement from the Steering Committee.

4.5 Links to National Level

In several meetings the design team heard from key informants the importance of taking into consideration the dynamics at national level. ACTESA will mirror the CAADP light structure with an ACTESA Focal Point Person in every country. Member countries will appoint the ACTESA Focal Point. Initially, the National Level structure will be organized for the set of countries that are first targeted for ACTESA activities.

The ACTESA Focal Point Person will be the coordinator of ACTESA activities at the national level. This person will be responsible for:

- Ensuring that ACTESA activities at the country level are consistent with the CAADP Compact and country priorities
- Establishing a National ACTESA network of stakeholders, with a concerted effort to include private sector participants
- Providing national level stakeholders with results from Regional Competitiveness Analysis and other analysis that can be used by all stakeholders in advocacy efforts in country

¹⁰ The RIA Board of Directors meets twice a year and is discussing moving to three times a year

- Coordinate the implementation of ACTESA projects at the national level (including the process of benchmarking for the annual Regional Competitiveness Analysis)

He or she will be responsible for mobilizing stakeholders and potential alliance members at the national level. The stakeholders' role is to effect policy change through advocacy based on empirical research and endorsed by ultimately COMESA through ACTESA. These include:

- Relevant representation from the government: at a minimum, representatives from the Ministry for Trade, Ministry for Agriculture. For certain issues, representatives from ministries for Finance, Treasury will be relevant and important
- Private sector: representatives from the entire commodity industry – including traders, brokers, transporters, processors, exporters, producers as well as their representative organisations
- NGOs active in agricultural production, marketing, trade, formation of producer organizations
- Universities and policy research organizations specializing in agriculture, trade and markets

The ACTESA FOCAL Point will bring the network of stakeholders together at regular intervals (determined by the national committee) to ensure that are engaged in the results of the Regional Competitiveness Analysis and other analysis understanding their country's position within the region and assist the national stakeholders to formulate advocacy positions within ACTESA framework. The Network will appoint their own chairperson which would preferably be appointed from the private sector, and may if requested represent the ACTESA focal point on either the Steering Committee or the Board of Directors. Activities at the national level will be prioritised and funded by ACTESA. There may be a need for funds for photocopying and for transport and limited per diem for stakeholders such as farmer groups, small traders including small cross border traders, and processors, to travel to the capital city for meetings.

Five of the ACTESA Focal Point representatives on a rotating pattern will attend the Steering Committee meetings prior to the Board of Director meetings. The role of national level committee is to provide input into ACTESA Regional program directions and identify bottlenecks to trade, market development and the commercialisation of farmers and increasing their use of market facilities.

4.6 Alliance Members

ACTESA is different from the normal set of activities that comprise a development program. The Alliance aims to have public-private partnerships as the basis of its operations and it provides a framework for improving the performance of food staples trade in COMESA. It aims to harness and coordinate the significant resources already available for regional trade into the framework, leading to more efficient use and impact of existing and future programs.

ACTESA will invite stakeholders to become Alliance Members. Whereas stakeholders traditionally are represented by individuals who attend meetings and voice their group's interests, Alliance Members will have more consistent involvement, and will be expected to bring some resources with them. Resources can be in the form of regular and meaningful participation in ACTESA Forums, human resources dedicated to Forums, studies, short-term technical assistance; financial resources; and intellectual resources. Alliance Members will commit to the ACTESA Framework and to the processes that set ACTESA apart from a regular program: the central role of private sector; publicized Regional Competitiveness Analysis peer

reviews and client satisfaction surveys; jointly designed research; Forums on topical issues for wide dissemination to decision makers; and the development of industry organizations.

Alliance Members will be drawn from private sector industry groups, regional farmer organizations, representative organisations, private banks, development partners including Non Government Organisations (NGOs) and WFP has joined the Alliance and will be dedicating significant resources through the Purchase for Progress (P4P) program. Other Alliances such as ESASA may join as members since there is mutual interest (harmonizing and increasing seed trade). RIA has indicated interest in becoming an Alliance Member due to the common objectives of increasing investment in the region. SIDA, World Bank, Department For International Development (DFID) and USAID have also expressed interest in alliance membership.

4.7 Eastern and Southern African Seed Alliance (ESASA)

Currently, the weak seed industry in Eastern and Southern Africa prevents smallholder farmers from gaining the inputs and technologies needed to increase productivity, diversify farming systems, and increase rural incomes. Small and fragmented national markets and a lack of regional market integration due to inconsistent policies and implementation of those policies discourage regional seed trade.

An improved policy enabling environment is critical to the Eastern and Southern Africa seed industry. Without the unimpeded import and export of seeds across borders, the national markets of Eastern and Southern Africa are too small to support a viable, thriving seed industry. With constraints to seed trade removed, the Eastern and Southern Africa regional market becomes very attractive and commercially viable.

ESASA was established as public private partnership to champion the needs of the seed industry members include African Seed Trade Association (AFSTA), USAID, Sustainable Commercialisation of Seeds in Africa (SCOSA), Pioneer Seed, International Crops Research Institute for the Semi-arid Tropics (ICRISAT), Iowa State University. ESASA members have agreed to function as a sub alliance working within the overall ACTESA frame work but against its own strategic objectives. ESASA will use ACTESA as a leverage point to bring greater force to bear in advocacy work such as the implementation of the harmonized common seed regime agreed by the Ministers in the 8th April 2008 meeting in the Seychelles.

ESASA is in the final stages of design but it is envisioned that ESASA will report to COMESA through the Executive Director of ACTESA, and through the Board of Directors to COMESA. ESASA will campaign for its own funding but shall also receive support through the ACTESA channels in particular in areas where ACTESA is working.

Primary activities relating to ESASA objectives will come under ACTESA objective one with harmonisation of seed regulations, and objective two working within the forums in objective two promoting and disseminating best practice.

5. Integration of Existing Projects and Programs

ACTESA will serve as the primary permanent agency of COMESA to achieve its vision of “A fully integrated internationally competitive regional economic community”. It will accomplish this through increased competitiveness in staple trade through improvements in micro and macro policies, improved and expanded market facilities and services and increased commercial integration of small-scale producers in national and regional markets. In this role, ACTESA will also serve as a permanent vehicle through which various other initiatives within COMESA and its member states can be coordinated. The permanent nature of ACTESA will enhance the sustainability of such initiatives. Likewise, the regional scope of ACTESA will enhance the ability of these initiatives to “go to scale” throughout the region. During the start up phase, ACTESA staff will negotiate with current projects and programs to promote regional coordination and cooperation between these efforts.

The Africa Agriculture Market Program (AAMP) has been developed with objectives to enhance regional technical capacity, policy dialogue in the area of staple food trade. This program has obvious synergies with ACTESA in terms of identifying policies that could stimulate competitiveness of regional trade in staple foods and building technical capacity. Evidence based policy analysis undertaken by AAMP will link with the countries where both ACTESA and AAMP operate to inform policies that stimulate investment in staple food markets in the region. Further consultations are needed to define how ACTESA and AAMP will work closely together, with ACTESA offering a strong communications strategy, and a permanent “home” for AAMP policy analysis and technical capacity building.

A notable area for synergies between ACTESA and on going programs in the COMESA region is relief assistance. Humanitarian relief agencies have become increasingly aware of the Market Integrated Relief approach to providing assistance. This convergence is beginning to narrow the gap between relief and development activities in the area of commodity provision. Market Integrated Relief principals are:

- Private Sector Partners: working with private sector actors (to the degree possible) to respond to emergencies, rather than creating “parallel” relief supply channels, or transitioning to commercial supply channels as early as is feasible following a crisis
- Value Chain Approach to Post-Crisis Market Assessment: matching relief response to crisis impact on demand or supply. Focus on “demand” subsidies (cash or grants) as opposed to “supply” subsidies (i.e. in-kind relief commodities)
- Local And Regional Purchase: purchasing relief supplies (food, clothing, and shelter) from the nearest available source, especially “natural” supply markets, rather than importing supplies from donor country surplus stocks
- Institutional Development: leveraging opportunities for relief assistance to “provide the muscle” to support institutional development (i.e. grading and standards systems, certified warehouse chains, trading exchanges, etc.)

In 2007, WFP launched its Purchase for Progress (P4P) program, with the objectives of developing new models for utilizing the considerable regional WFP local food aid procurement in the region to:

- Strengthen emerging market facilities and services
- Strengthen linkages of smallholders to commercial market channels

P4P notably provides a model for utilizing local procurement of food aid to strengthen emerging market services and facilities as per ACTESA Objective Two, through purchases through emerging warehouse receipts schemes and commodity exchanges. Such procurements could also promote staple foods grading and standards systems, by utilizing these systems in their purchases. By purchasing through traders that interact with smallholders, P4P can support increased commercial integration of staple producers as per ACTESA Objective Three.

Examples of programs that should be coordinated with ACTESA include the Food and Agriculture Market Information Systems (FAMIS) under the Agriculture Marketing Promotion and Regional Integration Project (AMPRIP), Risk Management Program for Eastern and Southern Africa (REFORM), the planned COMPETE project, the WFP P4P program, and on going Title II Development Relief programs implemented by the USAID Office of Food for Peace.

6. Implementation Arrangements

The institutional capacity for implementation of ACTESA objectives along with its ability to leverage COMESA influence on the national governments will be crucial to its success.

6.1 Phasing

The time frame for developing ACTESA from a design to a fully functioning secretariat is estimated to cover a five year period.

Phase	Period of time	Activities	Results
Set up period	June 9 th 2008 - August 2008	Consultant hired to cover activities listed in appendix 10	
Start up period	September 2008 – June 2009	<ul style="list-style-type: none"> • ACTESA staff hired • Finalization of governance structures and issues • Communications Strategy developed • Regional Competitiveness Analysis starts • Priority research identified • Immediate Advocacy issues identified • Harmonisation of grade and standards, seed regulations started 	<ul style="list-style-type: none"> • First seed regulations standardised across 3 additional countries • Operational secretariat
First phase implementation	June 2009 – May 2010	<ul style="list-style-type: none"> • Annual Regional Competitiveness Analysis started • Forums convened • Research commissioned • Advocacy • Harmonisation of grade and standards, seed regulations continued 	<ul style="list-style-type: none"> • Regional Competitiveness Analysis results disseminated through communication strategy in all countries and at national ACTESA focal points • First seed regulations standardized across 5 additional countries • Grades and standards in main staples harmonized in 2 countries
Second phase implementation	May 2011 onwards	<ul style="list-style-type: none"> • Implementation of projects based on best practices established through the forums in priority areas identified by commissioned research 	<ul style="list-style-type: none"> • Appendix 1: Results Framework

The inclusion of a set up period immediately following on the approval of design will ensure that ACTESA remains a fast track implementation of the CAADP process. The consultant will alongside COMESA ensure that all national governments are aware of the development of ACTESA and canvass their interest in participating further and receiving an in depth evaluation of their market facilities and the ease of agricultural trade both in their country and across their borders into their neighbouring countries. The consultant will continue dialogue with potential alliance members updating them on progress and canvassing their support.

During the set up and start up period a small start up steering committee consisting of five members; COMESA representative, donor representative, regional trade organization

representative, apex farmer organization representative and a regionally respected member of a trading company will meet on a regular basis (bi monthly) to provide direction and support. The consultant will assist the steering committee in identifying the initial staff (Executive Director, one initial manager and an assistant) along with office space.

The start up period will start when the Executive Director commences employment and will continue for nine months as the Executive Director and his team engage with governments, donors, and the private sector and establish Core Activities. During this period the Start Up Steering Committee will continue to provide guidance and support until such time as the Board of Directors is constituted. The Executive Director will continue recruiting staff, initiate some of the priority activities and fully develop the implementation plans for Core Activities including identifying and engaging key implementers. From the beginning of the start up period ACTESA will provide better coordination between the different partners (government, donors and private sector) interacting within the markets both to promote best practices and to avoid duplication and highlight areas needing intervention.

While implementation of some of the activities may begin before the First Stage Implementation Phase starts, the majority initial ACTESA Core Activities will start June 2009 (subject to time lines being maintained).

Through the development of the Regional Competitive Analysis and evidence based research and analysis ACTESA will build up a communications strategy which will disseminate results to COMESA, national governments, private sector organizations and the general media, building up a momentum for change of market distortionary practices. As ACTESA develops capacity through better understanding of required interventions and best practices learnt and disseminated through the forums, it will increasingly design and implement its own projects in prioritised areas.

6.2 Secretariat Location

ACTESA design set out criteria to be considered in determining the location of the secretariat (Appendix 5: Location Criteria). A central location with good transport connections (in particular air routes) is key to the success of ACTESA. Likewise, a strong communications platform and well developed media companies will support the ACTESA communication strategy. Taking into consideration these criteria, the best location for the secretariat is Nairobi, Kenya, followed by Entebbe, Uganda.

6.2.1 Priority Areas

While ACTESA will initially concentrate on interventions in four or five priority staple crops in four to six prioritised countries, the intention is to then expand into other countries and into other crops as identified in the research analysis, carried out at the end of the second year. Many of the interventions will cut across a number of countries, for example ensuring implementation across the region, and expanding the financial limit on the Simplified Trade Regime (presently at \$500 per border crossing) will improve transaction conditions for all crops crossing the borders.

Initially ACTESA will target staple crops and crops where small holders can significantly increase production and replace imports with locally grown commodity. The staple crops will contribute significantly to a country's food security, be traded in considerable quantities and or provide significant cash contributions to a family's income. Different crops and trade routes will be targeted in different countries as identified by the in depth assessments. Different activities will occur in different countries base on the conditions and needs.

Based on these criteria the following staple crops were identified;

1. Significant production and trade (both in country and regional) in a main staple; **maize**
2. Significant regional trade with high potential to increase; maize and **beans**
3. Significant specific trade with issues needing immediate interventions to improve the situation; **bananas**
4. Significant potential to produce in country GDP gains of a basic staple crop; **cassava**¹¹
5. Significant opportunity to replace imports with locally grown commodity; **rice**

The Secretariat will need to carefully develop criteria for selecting the initial countries/trade blocks to start implementation of more specific activities. These criteria must be transparent and defensible, and could include such things as status of the CAADP Compact, indications of how the country see itself relative to regional trade, progress on trade and market reforms at the national policy level.

Based on the knowledge within the design team of trade flows within the region and along with the criteria that governments are not interfering in markets in a manner that makes regional trade non viable, the following areas were identified as first areas for ACTESA. To analyse the trade impediments and address where possible bottle-neck areas that could be addressed through simplified custom regimes, improved communication, harmonization of standards and procedures;

1. Maize flows; Rwanda – Uganda – Kenya, Malawi – Zimbabwe
2. Bean flows; Rwanda - Uganda - Kenya
3. Banana flows; Rwanda – Uganda, Rwanda – Burundi, Uganda – Kenya and Zambia – Democratic Republic of Congo

6.3 Prioritisation Criteria

Further activities to promote within ACTESA should be identified and prioritised basis the following criteria are laid out in Table 1.

¹¹ The International Food Policy Research Institute (IFPRI) in collaboration with the ASARECA report; Strategic Priorities for Agricultural Development for Eastern and Southern Africa

Table 1 ACTESA Prioritisation Criteria

	Criteria	Comments
1	Extent to which the Activity contributes directly to overarching COMESA strategies	CAADP is the key overarching COMESA strategy to which all interventions should contribute.
2	Extent to which the Activity contributes directly to the ACTESA goal; Increased integration and improved regional competitiveness of staple foods markets across the COMESA region leads broad-based growth and decreased food insecurity. And objectives laid out in the results frame work Appendix 1: Results Framework	All ACTESA activities should contribute significantly to the ACTESA Goal and objectives.
3	Extent to which the Activity addresses an identified severe barrier to commodity trade development	
4	Extent to which the Activity contributes to the growth and competitiveness to commodity trade	
5	Extent to which the Activity is already underway or planned with financing secured	There are large number of ACTESA related projects and programmes already underway or planned. It will be quicker and more efficient to take forward ACTESA activities that are already fully or partially supported by an existing project or programme, than 'start again'. Activities that are already supported are in general prioritised though not at the expense of Activities which fulfil other prioritisation criteria but are currently unsupported
6	Implementation capacity	The capacity of existing institutions to implement ACTESA activities is a key criteria for prioritisation and sequencing. Where an Activity has been identified as a priority according to other criteria, it is not dropped from ACTESA just because the implementation capacity is lacking; rather it is sequenced later in the work plan to allow capacity building to take place prior to implementation.

7. Monitoring and Evaluation

The M&E framework will ensure that all alliance members are integrated components of the system enhancing internal and external accountability and transparency of participating organizations. The system will play a key role in ensuring successful implementation of ACTESA objectives. Its purpose is to determine if ACTESA programmes are progressing towards planned objectives and the extent to which activities are enhancing regional integration and leading to increased competitiveness of staple foods. A framework for monitoring implementation of ACTESA and Alliance member activities will be developed within the ACTESA area to continuously and periodically assess progress towards stated goals, objectives and outcomes.¹²

The M&E system will, where possible, build on already established national, regional and donor structures such as the ASERECA, Initiative to End Hunger in Africa (IHEA) and others for, indicators, data collection mechanism and reporting to avoid duplication and build synergies. In the start up phase, ACTESA will take stock of existing M&E systems to consolidate their data, leverage its activities and funds with them. The M&E system will be cost effective, feasible, dynamic and easy to follow and use as much as possible existing data. This should facilitate ease of adjustments of formats and indicators within the system.

The ACTESA M&E system is not intended to identify problem areas but will be more geared to formulating and presenting lessons learned for use in the future. Benefits that accrue from the framework are improved performance through timely feedback to stakeholders, improved coordination through readily available information, greater awareness about the programme activities in areas, and gaps in other areas.

As noted the Regional Competitiveness Analysis will be initiated as one of ACTESA priority activities. This will constitute a baseline from which progress on country's competitiveness will be measured within the M&E system.

ACTESA M&E will inform the Alliance on status and impacts of activities undertaken by COMESA. Specifically, Monitoring will provide regular and annual assessment of progress of various activities. External evaluation will in addition be carried out mid point and at the end of initial implementation phase

The nature of COMESA activities suggests that quantitative and qualitative indicators will be needed for monitoring and evaluation. Specifically, the following key indicators will be used to monitor and evaluate the program:

Regional Competitive Analysis

The regional competitive analysis will compare competitiveness in trade between countries members of COMESA. Indicator for this activity will be a weighted regional competitive index formulated from an analysis of multiple factors that influence trade between countries.

Policy analysis and Advocacy

The extent of policy analysis will be monitored through policy change matrix at the beginning and then development of policy change index over time. The Policy change matrixes will tract the number of policies that have been changed over a specific period of time.

¹² The frequency of M&E presentations will be decided by the Board of Directors

Harmonization Program

Number of policies harmonized annually will be an indicator for this activity. An intermediate result will also track the extent to which a particular policy has moved through to a fully harmonized stage.

Service and market facilities expanded or improved

Indicators for this activity include numbers and types of market facilities and services available or established within each COMESA country and the extent of utilization of these market facilities and services. An indicator for this could be the number of producers, traders, transporters and other users of such facilities.

Best practices for small-scale commercialisation

The role of COMESA as far as this activity is concern will be to gather and monitor projects for the best practice for small-scale commercialisation. Indicators for this activity include identifying the number of assessed best practices, number of best practices disseminated and the extent of utilization of the best practices within the COMESA trade zone. At the producer level an indicator on changes in productivity will be monitored.

After two to three years of implementing ACTESA, an evaluation of its activities will be carried out to gauge the extent of its impact .A similar evaluation will be conducted after five years of implementation.

8. Financial Management System and Funding

The financial management system of ACTESA will need to take cognizance of the implementation structure, which uses two main channels for implementation;

- Implementation through ACTESA (public sector)
- Implementation through donor funded projects, private sector institutions, (private sector)

ACTESA financial management system will need to provide a structure to allow the actual flow of funds into ACTESA from COMESA, donors and potentially the private sector through to beneficiary organisations and projects as well as the flow of funds direct from COMESA, donors and private sector to beneficiary organisations and projects that fall under the ACTESA mandate.

Therefore the financial management system will need to detail the funding and reporting flows for the public sector and the private sector respectively. Financial reporting prepared twice a year prior to the Board of Directors meetings will;

- Inform on the strategy and the implementation
- Assess the effectiveness of implementation
- Verify use of funds

ACTESA will need to explore the options available on financial management systems, either taking the COMESA system and tailoring it to their own needs, or purchasing an off the shelf system and having it tailored to their requirements. The financial management system put in place needs to take into account the potential requirements of future activities that ACTESA will undertake. ACTESA will have two full time staff (Chartered Accountant or equivalent and assistant) working with the financial management system to ensure continuity. Due to the regional nature of ACTESA and the national ACTESA Focal points, the system should be internet based, accepting scanned documentation for processing.

COMESA has the overall responsibility for the start up implementation of ACTESA. In both the public and private sector there are a number of development and policy activities that fall within the objectives of ACTESA that are already underway. ACTESA will endeavour to capture all such activities, such activities will be managed by a wide number of stakeholders and ACTESA will not have control of such activities. However ACTESA role is to coordinate the activities of the various stakeholders in a way that builds towards achieving ACTESA objectives.

COMESA shall channel their own funds to ACTESA and such funds will be channelled through their own financial systems.

A number of development partners have indicated support and interest in becoming Alliance members, and there are already ongoing and planned programmes that will relate and should fall under ACTESA activities and will be included in the implementation plan. It is hoped that that support will evolve into financial support for the secretariat as well as linking and developing activities within the ACTESA objectives and guide lines. It is anticipated that Development Partners providing support to ACTESA will agree under a Memorandum of Understanding to fund the secretariat and the implementation plan through different funding modalities (e.g. ear-market funds, basket funds, direct funding) and agree to a uniform reporting system.

8.1 Budget Summary

The Secretariat's costs falls within two key areas:

1. Running costs of the secretariat which is estimated to be in the region of US\$6.5 million over the first five years including a set up, a start up and a first implementation phase.
2. Core Activities in the five two years are estimated to cost in the region of US\$28.7 million dollars, the bulk of which will be spent through the communication strategy, and the evaluation of the progress of projects working on changes in policy, market facilities and services.

(Appendix 3: Five Year Estimated Budget)

Budget Narrative

Short term consultant	\$ 21,000	Consultant for first four months to facilitate the set up phase
Full time staff	\$ 3,861,032	Executive Director, two Assistants, Trade and Market Advisor, Production and Marketing Development Advisor, Communication Export, M&E Advisor over five year period
ACTESA computer and office equipment	\$ 213,500	Computer and office equipment
Secretariat car	\$ 30,000	Saloon car
ACTESA operating costs	\$ 755,958	Cost of telephone, paper, utilities etc
Technical Assistance	\$ 197,400	Consultant costs over four years
Travel costs	\$ 661,920	Travel around the region for the main staff
Board of Directors meeting	\$ 67,296	Bi annual Board of Director meetings
Start Up Steering Meetings	\$ 29,550	Bi monthly Start Up Steering Meetings estimated first 12 months
Steering Committee Meetings	\$ 288,410	Bi annual Steering Committee Meetings
Liaising with COMESA	\$ 107,820	Executive Director and other key staff travel to COMESA over five years
Setting up of financial management system; system development, equipment, training, manuals	\$ 100,000	Purchase of off the shelf financial management package and financial consultant to adapt and implement system in first year
Audit	\$ 62,692	Annual audits
Set up M&E system; system development, equipment, training, manuals	\$ 100,000	Set up M&E system; system development, equipment, training, manuals
Extended M&E on related projects	\$11,930,000	Independent M&E of projects and programs related to ACTESA objective (cost reductions may be achieved through synergies with existing programmes) over five years
Workshops to introduce ACTESA	\$ 75,000	Workshops to introduce ACTESA over first 18 months
Forum meetings	\$ 1,069,291	Multiple forum meetings annually and bi annually over five year period
Research and Analysis	\$ 3,624,600	Outputs from the RCA analysis will clearly identify areas for detailed research and analysis, additionally in depth analysis year three to identify areas of interventions in areas high production potential with low market access to prioritize further programmes.
Media outreach	\$10,277,311	Communication strategy over five years which includes RCA costs, and dissemination in radio, print

and internet media

Advocacy	\$ 646,500	Capacity build organizations to constructively engage in advocacy, based on respected empirical research over five years
National Committees	\$ 1,088,928	ACTESA focal points meetings estimated bi annually to engage government and private sector stakeholders in regional and national trade reforms over five years

Annexes

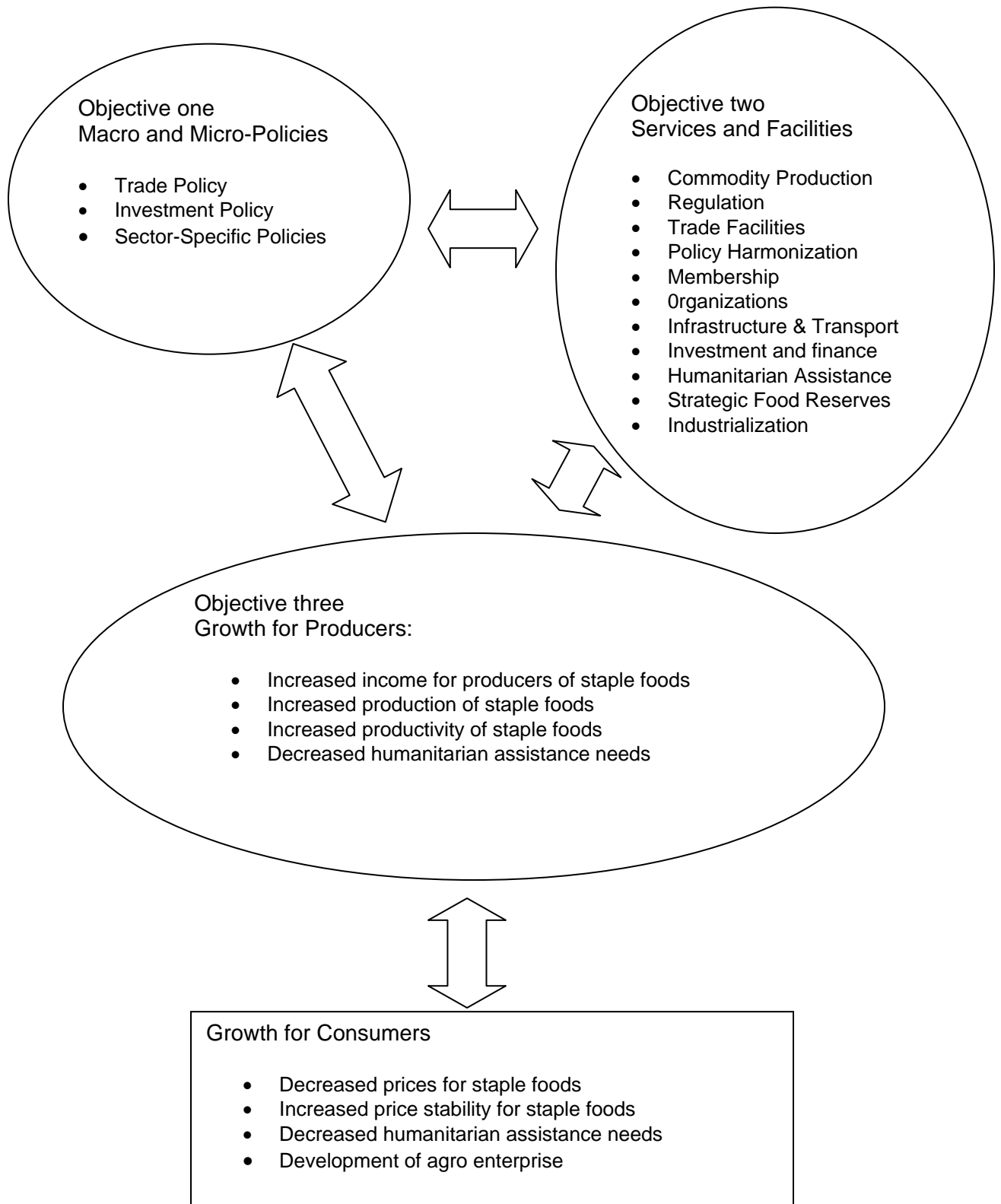
Annex 1 Results Framework

COMESA VISION	“A fully integrated internationally competitive regional economic community; a community within which there is economic prosperity demonstrated by high living standards of its people with political and social stability; a community within which goods, services, capital and labour move freely across national geographical borders”			
ACTESA Goal	Increased integration and improved regional competitiveness of staple foods markets across the COMESA region leads broad-based growth and decreased food insecurity			
		Activities	Outputs	Outcomes
Objective 1	Improved competitiveness and integration of staple foods markets in COMESA member states through improved micro and macro economic policies	<ol style="list-style-type: none"> 1. Regional Competitiveness Analysis <ol style="list-style-type: none"> a. Comparativeness benchmarking of national business environments between COMESA member states b. Analysis of key sectors across intra-regional markets in COMESA c. Comparative analysis of COMESA regional markets against alternative export sources in viable export destinations d. Development of COMESA wide trade related policy matrix 2. Policy and Research Forums 3. Harmonization of grades and standards 4. Guide lines for Humanitarian Assistance establish 5. Communication 6. Establish Library for material 	<ol style="list-style-type: none"> 1. Annual RCA results disseminated in all COMESA countries by radio, newspaper 2. Results of in depth assessments disseminated in relevant country by radio and newspaper (12 countries by year 5) 3. Changes in trade related policies mapped and assessed 4. Maize, bean, rice, cassava and banana standards harmonized between trading countries 5. Simplified Trade Regime implemented through out the region 6. 10% reduction of time spent crossing borders in 6 countries 7. Financial limit on Simplified Trade Regime increased to the value of a truck load of a staple commodity in 6 countries 8. Research Institutions deposit research material in staple crops and on markets in ACTESA library 9. Year 3 in depth analysis of high production areas with low market access along with best practices learnt from the forums identifies key areas to implement development projects 10. ACTESA web site updated RCA , assessments and research information available 	<ol style="list-style-type: none"> 1.Improvement of competitiveness of COMESA regional markets against alternative exporters 2.Positive change in private sector perception of trade and production data. 3.Improvement or reform of key policy issues (e.g. export bans), reduced documentation involved in moving commodity 4.Increased investment by private sector in services and facilities servicing staple foods

Results Framework

		Activities	Outputs	OUTCOMES
Objective 2	Improved and expanded market facilities and services for staple foods commercialization	<ol style="list-style-type: none"> 1. Establish and run forums 2. Collate information generated from forums 3. Independent M&E on projects working to develop market facilities and services 4. Communication <p>Special Program Purchase for Progress (P4P) World Food Program</p>	<ol style="list-style-type: none"> 1. Best practice of establishing or developing market facilities and services collated, linked to M&E and disseminated to government, donors and private sector 2. Projects move to integrate lessons learnt and best practices identified into their project designs 3. Improved availability and accessibility of services and facilities 4. Increase volume of staple commodities through facilities 5. Development of new services and facilities that are sustainable within reasonable start up times 6. Apex bodies offering improved services to their members, increase in paid up membership, Apex bodies sustainable through membership and service income 	<ol style="list-style-type: none"> 1. Reduced transaction costs and increase in productivity result in an overall reduction in staple commodity prices supplied to consumers 2. Public private sector partnerships around facilities and services
Objective 3	Increased commercial integration of staple foods producers into national and regional markets	<ol style="list-style-type: none"> 1. Establish and run forums 2. Collate information generated from forums 3. Independent M&E on projects working with small holder farmers on increasing production and improving their market access 4. Communication <p>Special Program Vulnerable farmer commercial linkages project (USAID Food for Peace)</p>	<ol style="list-style-type: none"> 1. Best practice of establishing or developing market facilities and services collated, linked to M&E and disseminated to government, donors and private sector 2. Projects move to integrate lessons learnt and best practices identified into their project designs 3. Projects achieving 50% increase in small holder productivity over 3 years in farmers accessing agronomic training and increase linkages to market facilities and services 4. Projects achieving 25% increase in small holder income per unit areas over 3 years of farmers accessing agronomic and increased linkage to market facilities and service 	<ol style="list-style-type: none"> 1. Decreased prices for staple foods 2. Increased price stability for staple foods 3. Decreased humanitarian assistance needs

Annex 2 ACTESA Strategy Diagram



Annex 3 Budget: Five Year Estimated Budget

	Year 1		Year 2	Year 3	Year 4	Year 5	Overall 5 year total
	Set up; 3 months	Start up; 9 months	Implementation; first 12 months				
Secretariat costs							
Short term consultant	15,000	6,000					21,000
Full time staff		371,000	752,000	827,200	909,920	1,000,912	3,861,032
ACTESA computer and office equipment		63,500	138,000		12,000		213,500
Secretariat car		30,000					30,000
ACTESA operating costs	12,000	103,500	138,000	151,800	166,980	183,678	755,958
Technical Assistance		69,000	75,900	25,000	27,500		197,400
Travel costs	15,000	90,000	120,000	132,000	145,200	159,720	661,920
Board of Directors meeting		6,545	13,090	14,399	15,839	17,423	67,296
Start Up Steering Meetings	14,775	14,775					29,550
Steering Committee Meetings		28,050	56,100	61,710	67,881	74,669	288,410
Liaising with COMESA		15,000	20,000	22,000	24,200	26,620	107,820
Setting up of financial management system; system development, equipment, training, manuals		100,000					100,000
Audit		7,000	12,000	13,200	14,520	15,972	62,692
Set up M&E system; system development, equipment, training, manuals		100,000					100,000
Total Secretariat costs	56,775	1,004,370	1,325,090	1,247,309	1,384,040	1,478,994	6,496,578
Activities							
Extended M&E on related projects			2,000,000	3,000,000	3,300,000	3,630,000	11,930,000
Workshops to introduce ACTESA		37,500	37,500				75,000
Forum meetings		123,508	203,789	224,167	246,584	271,243	1,069,291
Research and Analysis		200,000	400,000	1,500,000	726,000	798,600	3,624,600
Media outreach		157,000	2,212,700	2,554,970	2,514,017	2,838,624	10,277,311
Advocacy		50,000	100,000	150,000	165,000	181,500	646,500
National committee		108,000	96,000	211,200	290,400	383,328	1,088,928
Total Activity cost		676,008	5,049,989	7,640,337	7,242,001	8,103,294	28,711,629
Total	56,775	1,680,378	6,375,079	8,887,646	8,626,041	9,582,288	35,208,207

Annex 4 Budget; Regional Competitiveness Analysis and Communications strategy

Description	Unit	Yr	Qty	Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Total
PUBLICATION				10%						
RCA Dissemination Radio	Countries		19	8,000		304,000	334,400	367,840	404,624	1,410,864
<i>Assessment Dissemination Radio</i>		2	4	8,000		32,000				32,000
		3	4	8,800			35,200			35,200
		3	4	8,800			35,200			35,200
		4	8	9,680				77,440		77,440
		4	2	9,680				19,360		19,360
		5	10	10,648					106,480	106,480
		5	2	10,648					21,296	21,296
<i>RCA Dissemination Print</i>			19	12,000		456,000	501,600	551,760	606,936	2,116,296
<i>Assessment Dissemination Print</i>		2	4	12,000		48,000				48,000
		3	4	13,200			52,800			52,800
		3	4	13,200			52,800			52,800
		4	8	14,520				116,160		116,160
		4	2	14,520				29,040		29,040
		5	10	15,972					159,720	159,720
		5	2	15,972					31,944	31,944
				Sub Total	0	840,000	1,012,000	1,161,600	1,331,000	4,344,600
DATA COLLECTION										
<i>Annual RCA</i>		2	19	30,000		570,000	627,000	689,700	758,670	2,645,370
<i>Assessment and Analysis</i>	Countries	2	4	150,000		600,000				600,000
		3	4	165,000			660,000			660,000
		4	2	181,500				363,000		363,000
		5	2	199,650					399,300	399,300
<i>Client Satisfaction</i>		2	4	7,500		30,000				30,000
		3	8	8,250			66,000			66,000
		4	10	9,075				90,750		90,750
		5	12	9,983					119,790	119,790
				Sub Total	0	1,200,000	1,353,000	1,143,450	1,277,760	4,974,210
TARGET AUDIENCE										
<i>Web</i>	Countries	1	1	5,000	5,000	5,500	6,050	6,655	7,321	30,526
<i>Mail</i>			19	5,000	95,000	104,500	114,950	126,445	139,090	579,985
<i>Additional Print</i>			19	3,000	57,000	62,700	68,970	75,867	83,454	347,991
				Sub Total	157,000	172,700	189,970	208,967	229,864	958,501
			Media Budget		157,000	2,212,700	2,554,970	2,514,017	2,838,624	10,277,311

Annex 5 Location Criteria

	Ethiopia	Kenya	Uganda	Rwanda	Zambia	Malawi	Madagascar
Air Transport Hub	2	3	2	1	2	1	1
Good communications (phone, cell and email)	1	3	3	3	3	2	3
Good media outreach companies	1	3	2	?	?	?	2
Location of companies able to handle RCA	?	3	?	?	?	?	2
Cost of location (office space, communications etc)	2	3	2	2	2	?	3
Cost effective hotels, conference facilities etc	2	3	2	2	2	2	3
Pool of trade related professionals	1	3	2	1	2	1	2
Progress from draft report submitted to signing Compact	0	1	2	3	2	2	0
ESASA located		2					
Significant source of staples for regional trade	0	2	3	2	0	2	0
Significant recipient of staples from regional trade	0	3	0	3	0	2	2
Implementation of the simplified trade regime	?	3	3	?	3	?	?
Low government involvement in markets	1	1	3	2	1	1	3
Score	10	33	24	19	17	13	21

Annex 6 Illustrative Regional Competitiveness Indicators

Policy	<ol style="list-style-type: none"> 1. Import or export restrictions 2. Simplified Trade Regime implemented 3. Number of licenses needed to be an official trader 4. Strategic Grain Reserve Strategy 5. Taxes charged on operations and commodities (e.g. fuel taxes etc)
Infrastructure	<ol style="list-style-type: none"> 1. Kilometre of paved road per person 2. Formal warehouse capacity against traded commodity produced 3. Cost of 1 minute of cell phone time 4. Cost of SMS
Transaction Conditions	<ol style="list-style-type: none"> 1. Per 100 km number of check points 2. Per 100 km amount of bribes paid 3. Per 100 km delay incurred through check points 4. Time take to clear truck with staples through main trading borders 5. Proportion of staple food cargo is transhipped onto bicycles or other 'transport' to cross border informally 6.
Production	<ol style="list-style-type: none"> 1. Average cost of producing main staples per acre 2. Average distance of main high potential production areas to main demand centres 3. Diversity of crop production
Finance and Investment	<ol style="list-style-type: none"> 1. With holding tax not charged on financing costs from sources outside of the country 2. Credit bureaus acceptable across borders 3. Number of financial products offered to commodity operations 4. Number of project finance products available to commodity operation 5. Number of years required to pay back project finance

Annex 7 Facilities and Services

		Kenya	Uganda	Tanzania	Malawi	Zambia
Farmers	Commercial	Some not many	Very Little	Very Little	Very Little	80% maize in market from commercial farmers, 95% wheat
	Small holders	Yes	Yes	Yes	Yes	Yes
	Farmer groups	Yes	Yes	Yes	Yes	
	Nucleus farmer purchases from neighboring farmers	Yes	Yes	Yes		
	Apex org present	Yes	Yes	Yes	Yes	Yes
	Projects working with small scale farmers	KMDP, APS	APEP, VOCA	ACDI	RUDI	NASFAM
Markets	Village collection	Yes	Yes	Yes	Yes	Yes
	Larger markets	Yes	Yes	Yes	Yes	Yes
	Wholesale markets in consumption areas	Yes	Yes	Yes	Yes	Yes
	Retail market	Yes	Yes	Yes	Yes	Yes
	Brokers			Yes		
Processors		Maize	Maize	Maize	Maize	Maize
		Wheat	Wheat	Wheat	Wheat	Wheat
		Barley		Barley		
		Rice	Rice	Rice	Rice	
	Sorghum (breweries)		Sorghum			
				Cassava		Cassava
WFP local purchase		Some	Yes		Yes	Yes

		Kenya	Uganda	Tanzania	Malawi	Zambia
Contracts	Culture of contract use	No	No	No	No	No
	Contract when exist broken	Yes	Yes			
GTPA 400,000 mt contract to Zim	Large scale farmers with processors	Yes		Yes		Yes
	Large traders with processors/WFP	Yes	Yes	Yes	Yes	Yes
	Small farmer groups with processors	Yes	Yes			
	Small farmer groups with WFP	Yes	Yes			
Contract rules provider		EAGC	EAGC	EAGC		
Arbitration provider		EAGC	EAGC	EAGC		
Warehouses	Government	Yes		Yes	Yes	Yes
	Processors	Yes	Yes	Yes	Yes	Yes
	Large Trader Stores	Yes	Yes	Yes	Yes	Yes
	Traders with informal stores	Yes	Yes	Yes	Yes	Yes
	Cereal Banks	Yes				
	Farmers Store commodities	Yes	Yes	Yes	Yes	Yes
Commodity Exchanges Working now			UCE		ACE Yes	ZAMACE
Warehouse receipts WR		Pilot	Pilot	Rice - Rudi Bank of Tanzania, through Asian bank		Failed, starting again
Bank interested in WR		Equity Bank	Centenary Bank			

		Kenya	Uganda	Tanzania	Malawi	Zambia
MIS	RATIN Radio Other MIS	KACE Yes	FOODNET Yes Yes	Yes Yes	MACE Yes Yes	Yes
	SMS Newspaper	RATIN, KACE Yes	RATIN, FOODNET	RATIN Yes	MACE	ZNFU
Representative organisations		EAGC CMA CGA	EAGC	EAGC Mwivata	GTPA NASFAM	
Feed Mills		Yes	Yes	Yes	Yes	Yes
Outgrowing		Brewery - Barley Horticulture Floriculture	Tilda - Rice Mukwano failed sunflowers Floriculture	- Cashew failed - in government interference Floriculture	cotton Tobacco	Horticulture
Finance		Equity - factoring Gov purchases Equity - warehouse receipt Mpesa			S Africa banks providing trade finance to some of the larger reputable traders	External finance for project management (warehouse construction), External finance for inventory financing
Inputs; Seeds	Locally saved Hybrid Seeds Stockists	Yes Yes Yes	Yes Yes	Yes Yes	Yes Yes Yes	Yes Yes Yes
Crop Insurance		Pilot			Pilot	
Other		Coffee Auctions				

		Tea Auctions						
		Ethiopia	Rwanda	Burundi	DRC	Sudan	Eritrea	Madagascar
Farmers	Commercial	Very Little	Very Little	Very Little		In North		
	Small holders	Yes	Yes	Yes	Yes	Yes	Yes	
	Farmer groups	Yes	Yes					
	Nucleus farmer purchases from neighboring farmers							
	Apex org present							
	Projects working with small scale farmers		Yes					
Markets	Village collection	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Larger markets	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Wholesale markets in consumption areas	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Retail market	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Brokers	Yes						
Processors		Maize Wheat Barley	Maize Wheat	Maize Wheat		Maize Wheat	Wheat	Wheat
			Rice					Rice
	Sorghum (breweries)		Sorghum	Sorghum				
			Cassava					
WFP local purchase		banned by government	Yes					

		Ethiopia	Rwanda	Burundi	DRC	Sudan	Eritrea	Madagascar
Contracts	Culture of contract use	No	No	No	No	No	No	No
	Contract when exist broken							
	Large scale farmers with processors	Yes						
	Large traders with processors/WFP	Yes	Yes					
	Small farmer groups with processors							
	Small farmer groups with WFP							
Contract rules provider								
Arbitration provider								
Warehouses	Government	Yes						
	Processors	Yes	Yes					
	Large Trader Stores		Yes	Yes				
	Traders with informal stores	Yes	Yes	Yes	Yes			
	Cereal Banks							
	Farmers Store commodities	Yes	Yes					
Commodity Exchanges		ECX						
Working now		Yes						
Warehouse receipts WR		pending						
Bank interested in WR								

		Ethiopia	Rwanda	Burundi	DRC	Sudan	Eritrea	Madagascar
MIS	RATIN Radio Other MIS SMS Newspaper	Yes						
Representative organisations								
Feed Mills		Yes						
Outgrowing								
Finance								
Inputs; Seeds	Locally saved Hybrid Seeds Stockists	Yes	Yes	Yes	Yes	Yes	Yes	
Crop Insurance								
Other								

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Annex 9 Terms of Reference for Executive Director

The Executive director will be the Chief Executive Officer and the key Policy advisor to ACTESA. Specific Terms of reference are to:

- Lead the process of developing a long-term strategy, a multi-year Operational Plan, and Implementation plan
- Ensure that COMESA secretariat is abreast of all ACTESA development on a regular basis
- Liaise with development partners and private sector entities to develop alliances within ACTESA
- Link up with COMESA and governments of member states to identify policy needs that are translated into evidence based policy research
- Management and coordination of policy research, analysis and dissemination
- Ensure proper financial and Human resources management
- Fund raise for ACTESA activities
- Provide Public functions for ACTESA
- Identifies policy constraints to trade and market development at regional level.
- Develop guidelines for food aid and humanitarian assistance, strategic grain reserves, other topics as identified

Annex 10 Terms of reference for ACTESA consultant for 4 months

The consultation will be hired by COMESA for a minimum period of 4 months to:

- Develop a plan to popularise ACTESA among COMESA member states, development partners and private sector members
- Popularise ACTESA across the COMESA member states, development partners and private sector participants
- Identify and canvass interest of development partners, private sector and other possible alliance members to join the ACETSA membership
- Drum up support by member countries to participate in the RCA and in depth evaluation of their market facilities to ease of agricultural trade both in their country and across their borders into their neighbouring countries
- Assist COMESA to advertise and hire the Executive director
- Assist COMESA to identify office space and start up equipment and other facility for ACTESA secretariat

Annex 11 Scope of Work
Electronic