

# MICROLINKS | AGRILINKS



## Trade-Based Solutions to Food Insecurity

### Speakers:

Gerald Makau Masila, Eastern Africa Grain Council

Tshililo Ramabulana, USAID Southern Africa Trade and Investment Hub

Scott Cameron, USAID/Kenya and East Africa Office of Regional Economic Integration

Yohannes Assefa, USAID East Africa Trade and Investment Hub

### Facilitator:

Kristin O'Planick, USAID Bureau for Economic Growth, Education and Environment

### Date:

January 31, 2018

# Yohannes Assefa



Yohannes Assefa serves as Director of Agriculture and Agribusiness for USAID's East Africa Trade and Investment Hub. Mr. Assefa is an international development professional specializing in structured trade, agriculture market development and international trade policy. Mr. Assefa serves as the Director of Stalwart Management Consulting Ltd., where he leads the structured trade and agricultural markets advisory practice groups of the firm. Prior to his position there, Mr. Assefa also served as the Chief of Party of the USAID-funded World Trade Organization Accession Plus Project in Ethiopia. Mr. Assefa served as an Adjunct Professor of Law in 2012 at the Addis Ababa University Faculty of Law and currently serves as an Adjunct Professor of International Business at The George Washington University. He holds a Juris Doctorate from Northeastern University School of Law.

# Scott Cameron



Scott Cameron is the Chief of the USAID/Kenya and East Africa Office of Regional Economic Integration, which is the largest regional program and technical services unit in USAID/Kenya and East Africa leading implementation of two regional Initiatives, Trade Africa and Feed the Future.

Prior to Kenya, Scott was in USAID/Kosovo where he spent three years as the Director of the Economic Growth Office. He was responsible for the development and management of the \$130 million economic growth portfolio consisting of agriculture, business policy reform, development credit, basic and higher education, energy and natural resource management programming.

# Gerald Makau Masila



Gerald Makau Masila has been the Executive Director and CEO of EAGC since 2011, working to support structured grain trade in the Eastern Africa region. Under Mr. Masila's leadership, the organization has grown and its operation now spans over 10 countries, including Kenya, Uganda, Tanzania, Rwanda, Burundi, the DRC, Zambia, Malawi, Ethiopia and South Sudan. Mr. Masila has over 20 years of experience in sales, marketing, distribution, commodity trading and fast-moving consumer goods management, having worked in sectors including tobacco, dairy, coffee and wine. Mr. Masila has worked for the British American Tobacco, New Kenya Cooperative Creameries and Acumen Business Consultants. He holds a master's degree in Agricultural Economics and bachelor's degree in Marketing, both from Egerton University, Kenya. He is currently pursuing a PhD in Project Planning and Management at the University of Nairobi.



# Tshililo Ramabulana



Tshililo Ramabulana is the Southern Africa Trade and Investment Hub Agribusiness Trade Director. Prior to his current position, Mr. Ramabulana served as the National Agricultural Marketing Council Chief Executive Officer. Over the past fifteen years, he has developed extensive expertise in agricultural food chains analysis and development, agricultural market development, smallholder market access, farmer training and institutional development. He has worked to provide financial and institutional support to over 17 commercial agricultural industry organizations representing over 70 percent of South African primary agricultural production and 14 agricultural trusts with over \$20 million in assets. He serves in numerous boards, including as non-executive chairman of OBP. Mr. Ramabulana has an MBA from UNISA SBL, South Africa.

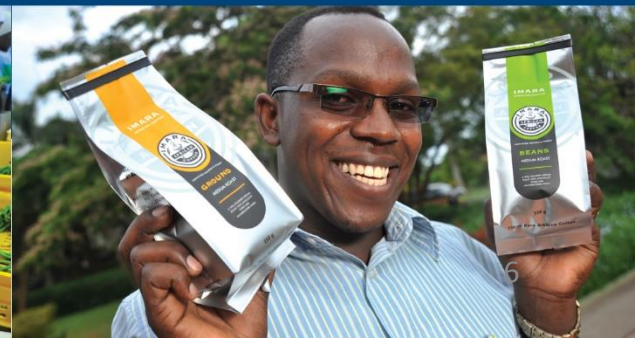


**USAID**  
FROM THE AMERICAN PEOPLE

EAST AFRICA  
**TRADE**  
+ INVESTMENT  
**HUB**



## Trade Facilitation and Its Contribution to Food Security in East and Southern Africa





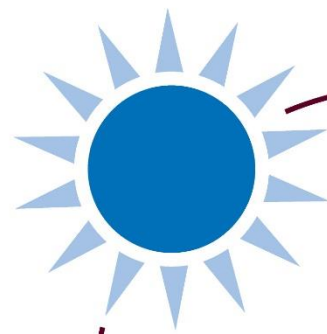
# Agenda

- **The Food Crisis Situation in East Africa**
- Role of the Hubs in Trade Facilitation
- Leveraging Partnerships for Trade Facilitation
- Trade Opportunities in East and Southern Africa
- Fostering Grain Trade Forums & Addressing Barriers



# The Food Crisis in East Africa

In the past decade, half the years have recorded drought spells, with the 2011 drought being the worst in 60 years.



People were food insecure in Eastern and Southern Africa due to El-Nino conditions

## CYCLE OF FOOD INSECURITY

More people affected by corresponding rise in food prices as a result of the shortage



Counties in Kenya were declared “disaster zones”, requiring emergency food assistance for 2.7 million people

## CHALLENGES TO REGIONAL FOOD SECURITY



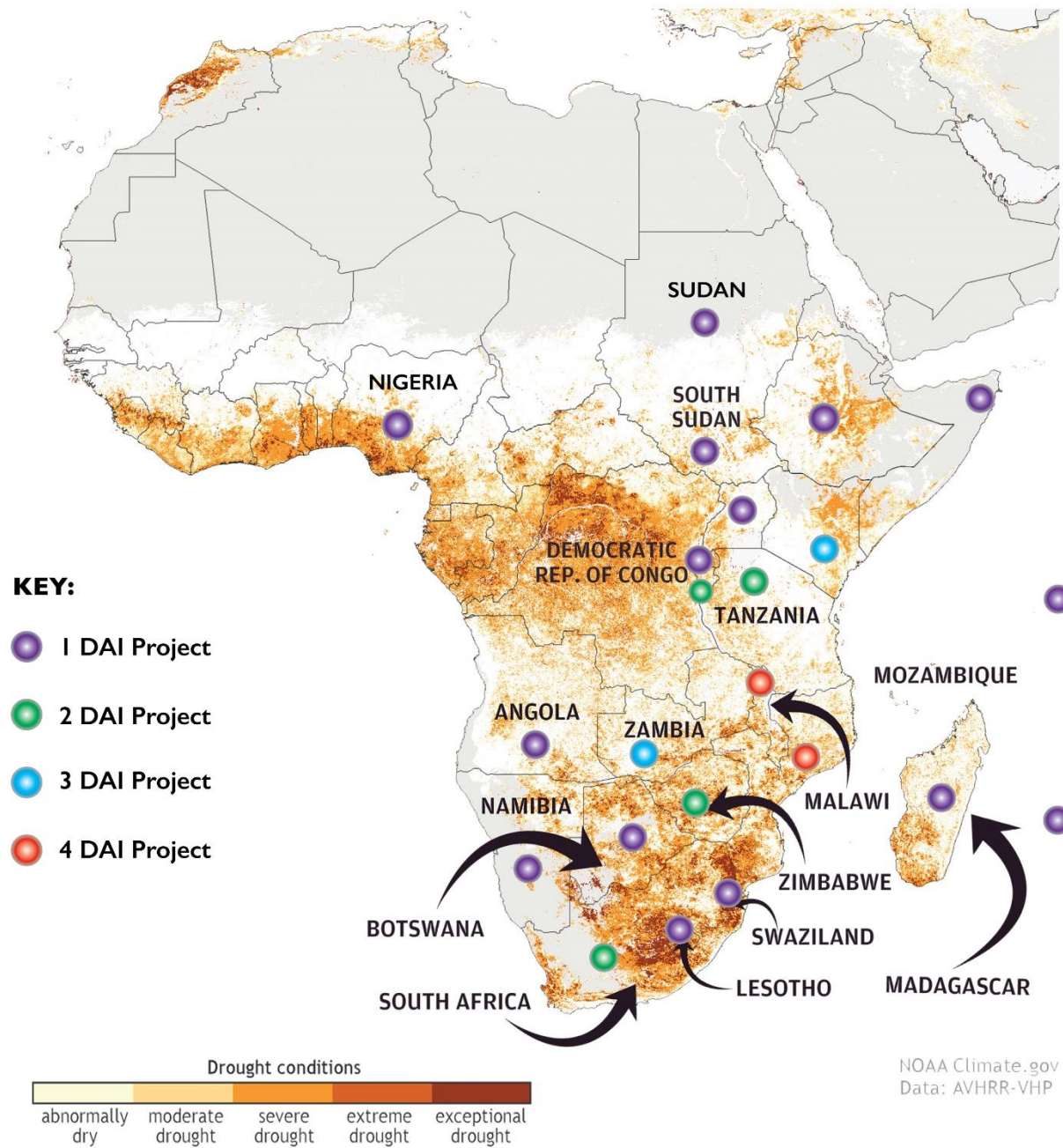
No free flow of food between surplus and deficit areas in the region



## HURDLES TO REGIONAL TRADE

Non-tariff barriers, infrastructure and logistical challenges





# Agenda

- The Food Crisis Situation in East Africa
- **Role of the Hubs in Trade Facilitation**
- Leveraging Partnerships for Trade Facilitation
- Trade Opportunities in East and Southern Africa
- Fostering Grain Trade Forums & Addressing Barriers



# USAID's Focus on Grain Trade Facilitation

- USAID supports trade and regional economic integration through initiatives that:
  - Improve food security through efficient cross-border grain trade,
  - Harmonize safety and quality standards; and
  - Reduce the time and cost of doing business in the region.

**The impact is a stable and self-sufficient region with the capacity to meet climate change-driven food crises.**



*"If we break down non-tariff trade barriers and barriers that prevent trade from happening between countries, then what we are going to see is not only expansion of investments in trade and opportunities but also economic growth, and that could be the spark, the basis for other trade and development."*

**Donald Yamamoto**  
**Acting U.S. Assistant Secretary of State for African Affairs**



# The Hub – One of Three

- The East, West and Southern Africa Trade and Investment Hubs are USAID's primary vehicles for trade facilitation within the continent and between Africa and the U.S.
- They play a critical role in creating an enabling environment for both American and African businesses to thrive across Africa.



**FEED THE FUTURE**  
The U.S. Government's Global Hunger & Food Security Initiative

# Facilitating Trade

The Trade Hubs are meeting the Administration's objective by facilitation **private sector-focused** trade facilitation and ensuring **sustainability through improved markets**



Creating Market Linkages



Facilitating Access to Working Capital



Supporting Market  
Information Systems



Supporting Policy Reform

# Agenda

- The Food Crisis Situation in East Africa
- Role of the Hubs in Trade Facilitation
- **Leveraging Partnerships for Trade Facilitation**
- Trade Opportunities in East and Southern Africa
- Fostering Grain Trade Forums & Addressing Barriers





# The EAGC

- The EAGC is a membership not-for-profit organization whose overarching goal is to contribute to the integration regional grain markets.
- Its operations span across 10 countries; Kenya, Uganda, Tanzania, Rwanda, Burundi, DR Congo, Zambia, Malawi, Ethiopia and South Sudan.
- Its membership comprises all levels of the value chain, including input suppliers, producers, traders and processors.



10

Countries

40

Certified Warehouses

200+

Agriculture Trainings

6

Successful Grain Trade Summits

## Services



# Agenda

- The Food Crisis Situation in East Africa
- Role of the Hubs in Trade Facilitation
- Leveraging Partnerships for Trade Facilitation
- **Trade Opportunities in East and Southern Africa**
- Fostering Grain Trade Forums & Addressing Barriers



# The Trade Opportunities in Eastern and Southern Africa

## The True Size of Africa

A small contribution in the fight against rampant innumeracy, by Kai Krause  
Graphic layout for visualization only (some countries are cut and rotated)  
But the conclusions are very accurate: refer to table below for exact data

COUNTRY	AREA in 1000 km²
China	9.597
USA	9.629
India	3.287
Mexico	1.964
Peru	1.285
France	633
Spain	506
Papua New Guinea	462
Sweden	441
Japan	378
Germany	357
Norway	324
Italy	301
New Zealand	270
United Kingdom	243
Nepal	147
Bangladesh	144
Greece	132
<b>TOTAL</b>	<b>30.102</b>
<b>AFRICA</b>	<b>30.221</b>

In addition to the well known social issues of *illiteracy* and *innumeracy*, there also should be such a concept as "*inmapprancy*", meaning *insufficient geographical knowledge*.

A survey with random American schoolkids let them guess the population and land area of their country. Not entirely unexpected, but still rather unsettling, the majority chose "1-2 billion" and "largest in the world", respectively.

Even with Asian and European college students, geographical estimates were often off by factors of 2-3. This is partly due to the highly distorted nature of the predominantly used mapping projections (such as *Mercator*).

A particularly extreme example is the worldwide misjudgement of the true size of *Africa*. This single image tries to embody the massive scale, which is larger than the *USA*, *China*, *India*, *Japan* and *all of Europe*.....combined!



No Rights Reserved This work is placed in the Public Domain

© Kai Krause, 109

## Top 100 Countries

Area in square kilometers, Percentage of World Total  
Sources: Britannica, Wikipedia, Amnesia; 2010

	AREA km²	%
1	Russia	17 099 242
2	Canada	9 984 670
3	China	9 596 961
4	United States	9 629 081
5	Brazil	8 511 477
6	Australia	7 682 024
7	India	3 287 243
8	Argentina	2 780 400
9	Kazakhstan	2 374 900
10	Sudan	2 500 813
11	Algeria	2 381 741
12	Congo	2 344 858
13	Guatemala	2 140 000
14	South Africa	2 149 000
15	Bolivia	1 098 580
16	Indonesia	1 904 561
17	Liberia	1 113 000
18	Iran	1 628 700
19	Mongolia	1 564 100
20	Peru	1 285 210
21	Chad	1 284 000
22	Niger	1 267 000
23	Angola	1 246 700
24	Nail	7 250 100
25	South Africa	1 221 037
26	Colombia	1 141 740
27	Ethiopia	1 104 300
28	Burkina	1 086 841
29	Mauritania	1 075 500
30	Egypt	1 002 000
31	Tanzania	945 000
32	Nigeria	923 768
33	Venezuela	912 000
34	Burkina	804 116
35	Mozambique	801 000
36	Pakistan	796 000
37	Turkey	783 562
38	Chile	756 102
39	Zambia	752 470
40	Myanmar	676 576
41	Afghanistan	652 000
42	Kenya	579 967
43	France	632 824
44	C. African Rep.	622 000
45	Ukraine	603 000
46	Madagascar	597 000
47	Bolivia	582 000
48	Kenya	580 000
49	Tanzania	537 000
50	Thailand	513 120
51	Spain	505 000
52	Turkmenistan	485 100
53	Comoros	475 462
54	Papua New Guinea	462 000
55	Uzbekistan	447 400
56	Morocco	446 500
57	Indonesia	441 070
58	Iran	438 317
59	Paraguay	408 702
60	Zimbabwe	390 707
61	Japan	377 930
62	Germany	357 114
63	Rep. of Congo	342 000
64	Poland	312 674
65	Malaysia	330 800
66	Kenya	320 000
67	Kenya	320 000
68	Kenya	320 000
69	Kenya	320 000
70	Kenya	320 000
71	Kenya	320 000
72	Kenya	320 000
73	Kenya	320 000
74	Kenya	320 000
75	Kenya	320 000
76	Kenya	320 000
77	Kenya	320 000
78	Kenya	320 000
79	Kenya	320 000
80	Kenya	320 000
81	Kenya	320 000
82	Kenya	320 000
83	Kenya	320 000
84	Kenya	320 000
85	Kenya	320 000
86	Kenya	320 000
87	Kenya	320 000
88	Kenya	320 000
89	Kenya	320 000
90	Kenya	320 000
91	Kenya	320 000
92	Kenya	320 000
93	Kenya	320 000
94	Kenya	320 000
95	Kenya	320 000
96	Kenya	320 000
97	Kenya	320 000
98	Kenya	320 000
99	Kenya	320 000
100	Kenya	320 000

TOP 100 TOTAL 130 633 828 88.24



- Africa is the equivalent of China, India, the U.S. **AND** most of Europe put together.
- The population of Eastern and Southern Africa is around **664 million people** (IGAD, EAC & SADC).



# Maize Production and Surplus/Deficit Positions

Country	Maize Production (2016/2017) <sup>1</sup>	Maize Consumption	Surplus/Deficit Position <sup>1</sup>
<b>Kenya</b>	2.8 Million MT	3.8 Million MT	Deficit – 1 Million MT
<b>Uganda</b>	2.6 Million MT	2.3 Million MT	Surplus – 300,000 MT
<b>Tanzania</b>	5.5 Million MT	5.2 Million MT	Surplus – 300,000 MT
<b>Rwanda</b>	550,000 MT	600,000 MT	Self-sufficient, slight deficit
<b>Burundi</b>	150,000 MT	180,000 MT	Self-sufficient, slight deficit
<b>Ethiopia</b>	6.3 Million MT	5.3 Million MT	Surplus – 1 Million MT
<b>Malawi</b>	3.2 Million MT	3.9 Million MT	Deficit – 700,000 MT
<b>Zambia</b>	3.6 Million MT	2 Million MT	Surplus – 1.6 Million MT



# The Maize Crop Calendar

The growing cycles across the region vary, with Zambia and Malawi having their main crop cycle November to April, while Kenya's main growing season is March to September, and therefore harvests are staggered.

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct
Kenya						Planting					Harvesting		
Uganda						Planting					Harvesting		
Tanzania	Planting					Harvesting							
Rwanda	Planting					Harvesting							
Burundi	Planting					Harvesting							
Ethiopia						Planting					Harvesting		
Malawi	Planting					Harvesting							
Zambia	Planting					Harvesting							

Note: The table only indicates the main crop calendar. Most countries have a second, short rains cycle, but maize is not a dominant crop in that cycle.

# Agenda

- The Food Crisis Situation in East Africa
- Role of the Hubs in Trade Facilitation
- Leveraging Partnerships for Trade Facilitation
- Trade Opportunities in East and Southern Africa
- **Fostering Grain Trade Forums & Addressing Barriers**





# Regional Grain Trade Facilitation Initiative

The Hub promotes movement of staple grains from surplus to deficit areas to improve the food security outlook of the EAC region.



Lack of effective  
market linkages



Information  
Assymetry



Policy  
Impediments

# Impetus for Regional Grain Trade Facilitation B2Bs

## Growing Regional Integration

- Increased economic integration efforts through the EAC.
- Improved cross-border trade conditions through the Common Market Protocol.

## Improved Infrastructure

- The development of the SGR in Kenya, the LAPSSSET corridor and several other road improvement projects across the EAC will ease transport of goods and people across the region.

## Balancing Surpluses and Deficits Across the Region

- The staple foods across the various countries vary — e.g., maize is a staple in Kenya but not in Uganda or Ethiopia, therefore Uganda and Ethiopia are more likely to record surpluses, which can be sold to address the deficit in Kenya.

## Private Sector-Driven Intervention

- This intervention has low investment costs but potentially large returns, and since it is private sector-driven, it has no market distortion.

# 2017 B2Bs – The Success Story

In 2017, the Hub-facilitated contracts for **1.21 million MT** in cross-border trade of staple grains with an estimated value of **\$402 million**, supporting the **food security of 14.4 million people**.



## 2017 EAC REGIONAL TRADE LINKAGES

B2B LOCATION	PARTICIPATING COUNTRIES	VOLUME (MT)
ZAMBIA	EAC +	337,310*
ETHIOPIA	EAC +	676,431
RWANDA	EAC +	175,616*
ADDITIONAL EAC TRADE	EAC	21,305

\* Contract deliveries undergoing verification

### East Africa Community (EAC) Countries

Kenya  
Uganda  
Tanzania  
Rwanda  
Burundi

### EAC+ Countries

Zambia  
Malawi  
Ethiopia



## REGIONAL FOOD SECURITY



• 1.21 million metric tons = **1,210,000,000kg**



• Average yearly per capita consumption of grain = 84kg = **14.4 million people**



• Average house hold = 5.4 people = **2.67 million households**

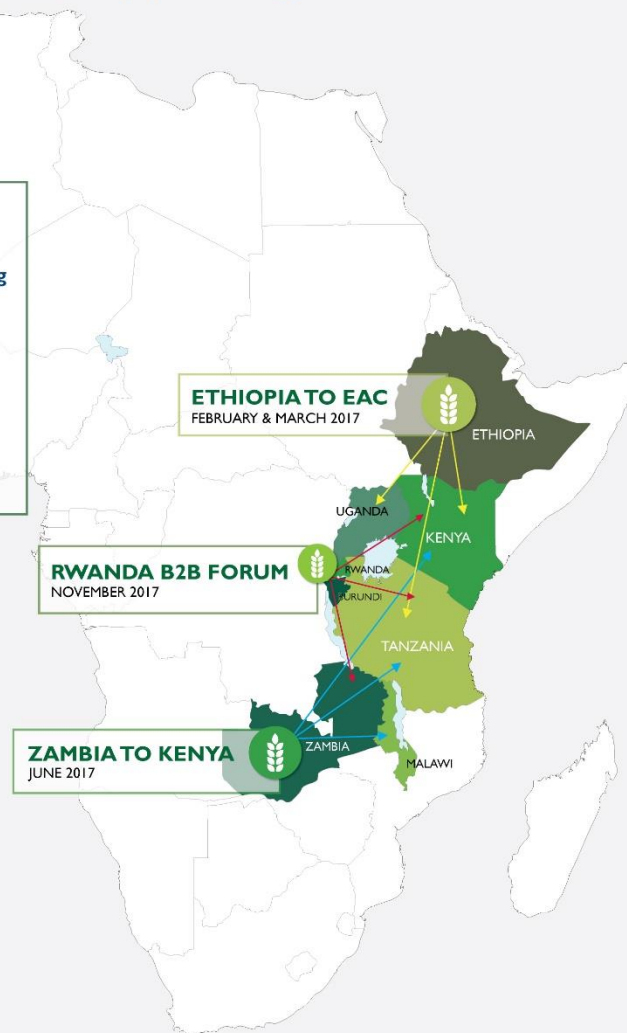
### KEY:

→ Ethiopia B2B trade flows

→ Rwanda B2B trade flows

→ Zambia B2B trade flows

Note: The Rwanda B2B forum brought together buyers and sellers from EAC countries, Zambia and Malawi





# Fostering Regional Trade Through B2Bs





# Addressing Barriers to Trade & Supporting Policy Reform

## Logistics Challenges



## Trade Finance



## Policy Reform



## Capacity of Cross-Border Traders



## Harmonization of Grain Standards



# LESSONS LEARNED



- **The Kenyan government's subsidisation of maize rendered private trade impractical.**
  - Assess political situation and its potential impact on the success of B2B to allow for more informed decision-making.
  - Need to undertake a transaction cost analysis on main delivery markets to determine actual market potential(s).
- **Many participants would inevitably not be eligible under financing arrangements by commercial banks to access trade finance.**
  - Attendance based on access to credit.
  - Credit checks on participants (letter from banks).

# LESSONS LEARNED



- **Database on logistics costs or link/partnership with existing service in the region to determine:**
  - Costs of logistics for all commercially viable transportation routes to all possible regional destinations. This should be done prior to any B2B event.
  - Conditions of transport fully understood — for instance, Beira-Mombasa or Dar-Mombasa shipping route requires large volumes to safeguard space on a vessel.
  - Capacity of each transporter (ship/train/road).

# *Questions and Answers*



# MICROLINKS

---

# AGRILINKS

**Contact:** [koplanick@usaid.gov](mailto:koplanick@usaid.gov) or [jmaccartee@usaid.gov](mailto:jmaccartee@usaid.gov)

**Comment on today's topic:** <https://microlinks.org/events/mpep-seminars/trade-based-solutions-food-insecurity> &  
<https://agrilinks.org/event/trade-based-solutions-food-insecurity>

**Tweet tips!** [twitter.com/agrilinks](https://twitter.com/agrilinks) & [twitter.com/microlinks](https://twitter.com/microlinks)

**Post resources!** [facebook.com/agrilinks](https://facebook.com/agrilinks) & [facebook.com/microlinks](https://facebook.com/microlinks)