



# THE SOUTHERN AFRICA TRADE HUB

Supporting Regional Food Security through Enhanced  
Agricultural Supply Chains





## Trade Facilitation and Customs Reform

- Botswana
- Malawi
- Namibia
- SADC

## Enabling Environment

- Botswana
- Lesotho
- Malawi
- Mozambique
- Swaziland
- Zambia
- SADC

## Agricultural Value Chains

- Malawi
- Mozambique
- Zambia
- SADC

## Clean Energy

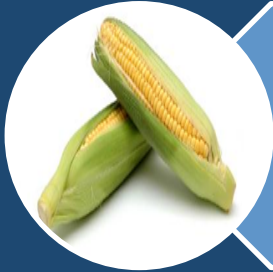
- Zambia
- RERA in SADC countries

## Textiles and Apparel Export

- Botswana
- Lesotho
- Mozambique
- South Africa

## Key Elements:

- Trade Hub Agricultural Value Chain Positioning
- Warehouse Receipt Systems (WRS) Development
- Grain Grading & Storage management
- Harmonization of Grain Grading Systems
- Grain & Oilseed Laboratory Development
- Agricultural Storage Investment Facility (ASIF)
- Strategic Partnership Grants (SPGs)
- Aflatoxin mitigation
- Support to SADC HSR
- Regional Food Security



Maize



Groundnuts



Soy

Seeds

Increased Storage & Structured Trade

Improved Standards & Quality

Increased Investment & Technology Transfer

Strengthened Regional Organizations

- Grain (or oil seed) deposited and stored securely in warehouse
- Grain depositor gets a Warehouse Receipt (WR), which he/she can leverage finance against. Remains owner of the grain and can sell when prices are higher
- WRS requires:
  - warehouses; financing institution; insurance company; farmers & traders; system to issue WRs
- Farmers not “forced to sell” and traders with ability to acquire more finance to buy more crops
- WRS is not for free (storage, financing, insurance fees)

- Trade Hub has supported Agricultural Commodity Exchange (ACE) in terms of rules development since 2013
- ACE WRS issued increased from \$200,000 (2012) to \$8,000,000 (2014)
- African Trade Insurance (ATI) has agreed to roll out credit insurance for forward contracts through ACE



ATI's entrance into WRS is projected to increase finance to potentially US \$ 80 million for 2015

- A major private sector commodity trading partner (ETG) willing to pilot WRS was identified
- WRS pilot now being implemented; 5 warehouse selected, 2 financial institutions & insurance company on board, training program developed, WRS platform now becoming operational
- WRS pilot up-scaled (with additional USAID) support; Will now run to end of 2015/16 season, WRS further roll-out planned. BMM has confirmed to participate in the WRS pilot and is becoming more market oriented



Mark Wilt and Bill Benjamin observe the issuing of the first ever electronic warehouse receipt in the history of Mozambique (May 2015)



- Government of Republic of Zambia (GRZ) approved Statutory Instrument #35 of the Agricultural Credit Act end 2014, providing a solid base for WRS development in Zambia
- ZAMACE has engaged the Trade Hub as Technical Partner to assist in the development and delivery of WRS in Zambia
- Five key commodity traders have now committed storage sites in excess of 80,000 tons for the ZAMACE WRS, interest from international grain traders as well



CHC warehouse in Zambia earmarked for WRS services this trading season

- During 2013 Trade Hub started providing grain grading and storage management training to warehouse operators, grain traders and farmer groups through STTA
- Outcomes of trainings have been excellent (reduction in storage losses from 25% to less than 3%), link to improved food security
- Ybema grain services has been supported with a SPG grant enabling it to provide commercial/sustainable grain grading and storage services within the FtF countries



Grain grading and storage training taking place in Malawi

- Grading systems in the 3 FtF countries are opaque, creating levels of distrust and confusion and is hampering both local (in-country) as well as regional trade
- Trade Hub is now reviewing grading practices/standards and recommend/develop a harmonised grain, cereals and oil-seed grading system
- A practical training program will be implemented in the FtF countries



Standardized grades will reduce disputes about quality and support local and regional grain and oil seed trade

- Emphasis of the FtF is of ensuring improved availability and access to safe food
- Market, quality and safety standards play a critical role in determining if export products actually make it into markets. Quality & standards are also specified for laboratory services (ISO17025)
- In recognition of the above Trade Hub is supporting regional lab development; Deltamune/Vetlab SPG. Enabling Vetlab Zambia, Intertek/Intertek Mozambique SPG. SAGL regional lab assessment and aligned training program



As a result of the Strategic Partnership Grant, the VetLabs facility will be the first ISO 17025 accredited lab in Zambia, capable of performing aflatoxin tests and many others.

- Agricultural Storage Investment Facility (ASIF) enabling private sector operators to access long-term finance at more competitive rates in Malawi and Zambia (80-120 MUS\$)
- Development issues: % of warehouses open to 3<sup>rd</sup> party storage/WRS; Support warehouse construction in more remote areas; Support SME operated warehouse development



The Trade Hub facilitated the first ever investment mission by the Agence Francaise de Developement (AFD), related to ASIF Malawi development.

# Strategic Partnership Grants



- Partnership between SA and FtF based company. SPG support amounting to a maximum of \$100,000 must be matched by applicant(s)
- Criteria: Provide technology transfer, skills development and/or promote market access; Linked to FtF commodities; Must provide additionality
- Trade Hub has to date supported 18 SPGs (12 over the last year) valued at \$1,675,000
- \$3,945,747 matching funding , potential SPG partner investments estimated at US \$20,600,000; Farmer level impact so far recorded \$3,238,700, potential impact estimated at US \$53,200,000



Amtech/COMACO SPG. Installation of HACP compliant peanut butter plant in Chipata (Eastern Province, Zambia) at COMACO factory, June 2015

# 18 SPGs



- ONGOING/UPCOMING TRADE HUB SPG ACTIVITIES
- COMPLETED TRADE HUB GRANTS



- Mitigation training (processors, farmers, etc.)
- Promotion of in-shell marketing
- Promotion of Intertek Blue-box technology
- Lab development



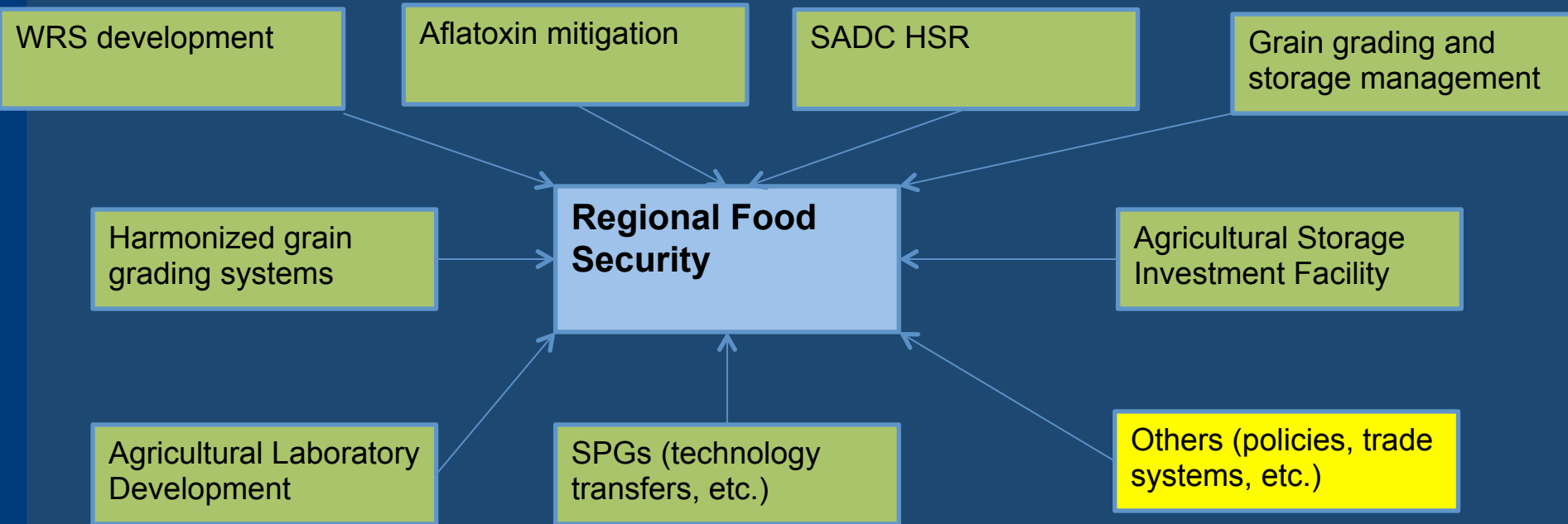
Aflatoxin mitigation training

- Review capacity of National Seed Trade Associations and Seed Institutes (FTF countries) to domesticate HSR as they are the main drivers of alignment of seed laws
- MIS development for Seed institutes (SCCI-Zambia) and Seed trade associations (SANSOR) in MIS development (efficiencies, market information)
- SADC Seed center support (HSR on-line catalogue)
- Pilot HSR export from Zambia to Swaziland



The Director, SCCI facilitating ZASTA proceedings related to HSR, Lusaka, Zambia

## Multi-faceted Support to Agricultural Supply Chains Enhance Regional Food Security



## The Trade Hub is:

- A market driven program. Each activity addresses particular needs identified by stakeholders in 8 countries
- Focused on sustainable development with knowledge transfer and investment programs
- An inclusive program that is building the foundations for future programming





Thank You!



Trade Hub Ag VC Team

[www.satradehub.org](http://www.satradehub.org)