

**Partnerships for Food Industry Development
A U.S./Ukrainian/Moldovan/Georgian/Azeri/Nicaraguan/South African Partnership**

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**First Semi –Annual Report (Phase
II, January 15 – June 30, 2005)**

Submitted by

International Programs

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Baton Rouge, Louisiana

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The University of Stellenbosch, Stellenbosch, South Africa, and

The Cooperative League of the USA – Nicaraguan Chapter, Managua, Nicaragua

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List of Acronyms

AWP	Annual Work Plan
BPCS	Better Process Control School
CCC	Commodity Certification Center (of Azerbaijan)
CCUU	Consumer Cooperative Union of Ukraine
CLUSA	Cooperative League of the USA (Nicaraguan Chapter)
FAO	(UN) Food and Agriculture Organization
FDA	Food and Drug Administration
HACCP	Hazard Analysis Critical Control Point
HCPI	Host Country Partner Institutions
ICS	In-Country Satellite
IIFSQ	International Institute of Food Safety and Quality
ISS	Information Support System
KNUTE	Kyiv National University of Trade and Economics
LSU AgCenter	Louisiana State University Agricultural Center
MCFQS	Moldovan Center for Food Quality and Safety
PFID	Partnerships for Food Industry Development
PFID-MSP	PFID – Meat, Seafood and Poultry
PHT	Post Harvest Technology
SAIL	Schaffer and Associates International Ltd.
SAR	Semi-Annual Report
TTA	Training and Technical Assistance
USAID	United States Agency for International Development
USAID/EGAT	USAID/Economic Growth, Agriculture, and Trade
USAID/RCSA	USAID/ Regional Center for Southern Africa
USt	University of Stellenbosch
WFLO	World Food Logistics Organization
World Lab	World Laboratory, Ukraine Branch
WTO	World Trade Organization
ZATAC	Zambian Agri-business Technical Assistance Centre

Section I. Summary and Introduction

This is the first Semi-Annual Report (SAR) of the Partnerships for Food Industry Development for Meat, Seafood and Poultry's (PFID-MSP's) second phase of operation and the ninth SAR overall for the USAID/EGAT-funded leader award. Under Phase II, the Project was jointly undertaken by the Louisiana State University Agricultural Center (LSU AgCenter), the World Food Logistics Organization (WFLO), the Ukraine-based headquarters of the International Institute for Food Safety and Quality (IIFSQ), the IIFSQ's In-Country Satellites (ICSs), the University of Stellenbosch (USt), and the Nicaraguan Chapter of the Cooperative League of the USA (CLUSA). To date, the IIFSQ's ICSs include the Moldovan Center for Food Safety and Quality of Chişinău, Moldova and Rapadani, Ltd of, Tblisi, Georgia.

In addition, PFID/World Lab is overseeing the six-month extension of a Phase I project activity pertaining to model livestock markets.

The PFID-MSP program has recorded several results in the second half of the fourth and final year of its first phase. Among the highlights for this reporting period are:

- Capacity building, materials acquisition and networking to improve the improved veterinary control of the Charodiy Central Wholesale Livestock Market;
- Planning and preparation for the Charodiy Livestock Market's expansion as well as the livestock market model throughout Ukraine;
- Expansion of the IIFSQ, including selection of ICSs, a HACCP seminar in Azerbaijan, policy review, etc;
- Conduct of the FDA-certified Better Process Control School in Ukraine, as well as two bio-security seminars; and
- Assessment activities for the USAID/RCSA-funded Associate Award in Southern Africa.

Key issues and future activities include the following:

- *IIFSQ Expansion* – The potential for collaboration between PFID-MSP and a WTO Accession Project in Azerbaijan, selection of an ICS in that country and sponsoring the participation in a US-based HACCP audit course;
- *Better Process Control School* – Conduct of the course by competent Ukrainian trainers in the native language; and
- *Phase II Expansion in Nicaragua and the Republic of South Africa* – Particularly when the sub-contracts with USt and CLUSA are finalized.

Section II. Project Activities in Eastern Europe/Commonwealth of Independent States

A. Extended Phase One Project Activity – Central Livestock Market

PFID/World Lab proposed a no-cost expansion of remaining funds to facilitate the central livestock markets' sustainability by incorporating veterinary services at a raion (district) level.

During the extension, PFID/World Lab also aimed to increase the central livestock market's geographic coverage and sales participants to include nine raions in Cherkassy Oblast (province) and nine Oblasts throughout Ukraine.

1. Accomplishments

USAID/EGAT approved the extension of the Phase I project activity pertaining to the improved veterinary service of Charodiy Central Wholesale Livestock Market in Zhashkiv Raion (the activities of which are illustrated below). This extension was conducted to realize the following results:

- *Documented training of two veterinary personnel in livestock control as it pertains to central markets* – Messrs. Petro Polishchuk and Ighor Koval completed a specialized training course in livestock controls at the National Agricultural University of Ukraine; the course covered the following topics:
 - Veterinary Sanitary Expertise,
 - Animal Internal Medicine,
 - Veterinary Toxicology,
 - Parasitology,
 - Cattle Infectious Diseases, and
 - Hog Infectious Diseases;
- *Documented purchase of the first set of supplies for the lab making express analysis* - A specialized thermometer was purchased to measure internal temperature and orders for express analysis kits were made;
- *Accreditation of the lab with the state authorities* – The package of necessary documents is completed;
- *Documented provision of the laboratory with necessary information materials* - Directories on cattle and hog diseases were purchased for the laboratory (descriptions of 20 new diseases and 36 medicines were added to the laboratory's computer data base);
- *Establishment of the communication with local and central veterinary control entities through phone and Internet* - To provide veterinary services before the laboratory's accreditation is complete:
 - Charodiy reached an arrangement with Zhashkiv Raion Veterinary Service on cooperation (including exchange of information on outbreaks of livestock diseases, provision of consulting services, developing awareness among local population), and



Figure 1 - Operations, Charodiy Model Livestock Market

- Working contacts were established with veterinary services of other Raions in the Oblast.

Other PFID/World Lab interventions in the Model Livestock Market included assistance to the Charodiy Model Livestock Market in the diversification of its activities. Charodiy Market has been entered in the list of small business operators eligible for affordable credit under the Governmental Program of Small and Medium Enterprise support. PFID/World Lab also assisted the Charodiy Market owner in developing a business plan to attract investment for reconstruction and expansion. This includes establishment of a slaughter and refrigerated over a three year period. This business plan was submitted to the Cabinet of Ministers of Ukraine. PFID/World Lab also facilitated allocation of three additional hectares to Charodiy through requests to the Ag Ministry, facilitation of officials' field trips to Charodiy and negotiations with local authorities.

PFID/World Lab's promotion of the Livestock Wholesale Market Model in other regions included the following:

- Monitoring of available mixed retail markets under control of the Consumer Cooperative Union of Ukraine (CCUU) and series of workshops in Zhytomyr, Khmelnytsky, Chernovtsy and Ivano-Frankivsk Oblasts;
- Initiation of a centralized livestock market system, linked within a single information supply network and involving five mixed retail markets;
- Dissemination of a short video on the Charodiy market, among regional TV-companies of Ukraine; and
- Conduct of three national seminars (with a total of 252 participants), one regional seminar (at Cherkassy Oblast with a total of 110 participants), one round table discussion and a series of mini-seminars in Zhytomyr, Khmelnytsk, Chernivtsi, Ivano-Frankivsk and Volhyn oblasts (with a total of 62 participants);

Information support to livestock market operators included the following:

- Publication of translated materials in the "Meat Business" Monthly under the heading "Livestock Supply Market" – This included several Canadian, US and European regulations on Livestock Marketing – and Consumer Cooperation News newspaper;
- Database of Processing enterprises issued in CD and hard copy version (purchase requests were received from stakeholders);
- Established process to collect price information for livestock from regional retail markets and weekly dissemination through the PFID/Livestock Market website;
- Preparation and dissemination through the PFID/Livestock Market website two databases (livestock reproductive farms with 396 items and combined feed suppliers with 71 items) as well as a regulatory framework for livestock market development and sectoral news items; and
- Daily registration of over 70 visitors on the PFID/World Lab website – the Business Board is widely used and updated by visitors themselves.

PFID/World Lab also developed recommendations to the Ministry of Agriculture and local administrations on implementation of alternative schemes of livestock sales and transformation of retail livestock markets in wholesale outlets. This was facilitated by a one-day information workshop (administered by PFID/World Lab with the CCUU) on issues of transforming the retail market into specialized wholesale livestock markets. Over two hundred directors and specialists of retail markets from all regions of Ukraine participated in the seminar. PFID/World Lab summarized the seminar's conclusion in recommendations drafted for the Ministry of Agrarian Policy of Ukraine, which will be further improved with feedback information from the CCUU.

2. *Issues and Future Activities – Sustainability after the Project's Conclusion*

Professor Lubov Moldavan drafted a section of “Establishment of Regional Auction Centers and Livestock Auctions Network” to the All-National Program of Support for Rural Development and Model Investment Projects. She also is preparing an investment proposal entitled “Wholesale Livestock Market” to be included into the State Register of Model Investment Projects compiled under the All-National Support Program;

Construction of the physical facility for the Market Veterinary Laboratory was delayed due to the severe winter of 2004-2005. Therefore, interior finishing works and outfitting of the Laboratory were delayed, and would be resumed after the end of construction works.

B. Phase Two Project Activities

1. *IIFSQ Expansion*

The cooperative agreement between LSU AgCenter and the International Institute for Food Safety and Quality (IIFSQ) was signed and initiated. IIFSQ submitted a package of documents to USAID/Kyiv for registration of PFID within the Ministry of Economy. In May 2005, Dr. Lakshman Velupillai, PFID-MSP's Project Director, traveled with representatives the IIFSQ (Dr. Gennady Myronyuk, Director General and Ms. Anna Vasylenko, Director, International Relations). The purpose of the trip was twofold. One goal was to select the In-Country Satellites for the IIFSQ in Azerbaijan and Georgia. The second was to look at buy-in potential by discussing PFID-MSP interventions at the local USAID Missions (relevant text for this goal is provided in Page 13). PFID-MSP and IIFSQ representative also took this opportunity to visit government, private sector and non-governmental entities to learn more about the food industry in general, and food safety/regulatory compliance in particular.

Other activities pertaining to IIFSQ expansion are detailed below.

HACCP seminars in other NIS countries - On May 11-13 in Baku, the Commodity Certification Center (CCC) of the Azeri Ministry of Economic Development invited IIFSQ to give a seminar for basic certification (as recognized by the International HACCP Alliance) in red meat HACCP. The training was attended by fourteen individuals, primarily processors and regulators. The training was conducted on a cost-share basis; the CCC covered transportation and accommodation for IIFSQ trainers, and paid certificate fees. In addition to the HACCP training, consultations were provided to participating representatives of meat processing facilities on

specific food safety problems they faced at their facilities. IIFSQ received formal appreciation from the CCC, which expressed hope for further collaboration.

Review food safety draft regulations for the Parliament committees of Ukraine - On June 14-15, IIFSQ Director General attended two meetings organized by the Parliament Committee to discuss new amendments to two laws of Ukraine: “On Food Safety and Quality”, and “On General Product Safety”.

Institutional development and In-country Satellites – Local partner selection as the In-Country Satellites (ICSs) of the IIFSQ proceeded well. The Moldovan Center of Food Safety and Quality officially joined IIFSQ as a host country affiliate and has signed a sub-agreement with the LSU AgCenter to participate in PFID-MSP. PFID-MSP received two applications each from Azerbaijan and Georgia. The candidate selected in Georgia is an excellent outfit that is a spin-off company from a USAID funded project and is well qualified. Subcontract execution with this firm is now in progress. IIFSQ has provided consultations to both the Moldovan Center and Rapadani on formalities accompanying sub-contract signing. The applicants from Azerbaijan included one from the private sector and one from a government unit.

Other Activities – In May-July IIFSQ and the German consulting company BC Berlin implemented an IFC-funded short term technical assistance project “HACCP Food Safety System Implementation” at Sandora, the largest juice processor in Ukraine. BC Berlin and IIFSQ won a tender for the project in late April. The project included comprehensive training for five groups of Sandora personnel having different levels of HACCP involvement: executives, HACCP experts, HACCP implementation team members, future internal HACCP trainers and auditors and other personnel). The training covered the following topics: juice HACCP, audit of available elements of HACCP system and assistance in HACCP plan implementation. Sandora was highly appreciative of IIFSQ’s expertise and of the seminar’s quality.

IIFSQ staff attended seminars on quality management systems auditors (ISO 9001-2000, conducted by Bureau Veritas/Ukraine) and “Technical and Economic Aspects of Economic Improvement of Dairy Facilities” (on the invitation of the Ukrainian State University of Food Technologies). On June 9, IIFSQ staff attended a meeting with Ms. Karin Flock, Consultant to the “Environmentally and Socially Sustainable Development Project” (Sector of Europe and Central Asia), World Bank. On June 10, IIFSQ staff met with Mr. David J. Sedik, Chief, Policy Assistant Branch, Regional Office in Europe, Food and Agriculture Organization of the United Nations, and discussed the current status of Ukrainian food law, prospects for joining WTO in terms of SPS, and possible IIFSQ involvement into FAO/Codex Alimentarius food safety training activities in CIS.

2. *Better Process Control School (BPCS)*

The BPCS was conducted on May 31-June 3 in Kyiv, Ukraine. The School was attended by a total of eighteen individuals, including two from Azerbaijan, three from Georgia and two from Moldova (the Moldovan participants were selected by the MCFSQ). The lectures were presented by Dr. Michael Moody, Dr. Alfred Trappey and Ms. Tara Etheredge of the LSU AgCenter. All three have extensive experience in the School, since this School is offered through the LSU AgCenter’s Department of Food Science. The course was also supervised and

evaluated by Dr. Bradley Taylor of the Food Processor Institute and Dr. Donald Greaves of FDA, the certifying governmental agency for all BPCSs.

The BPCS was preceded by extensive preparatory activities, including acquisition of FDA approval, publicity, translation (refer to the manual cover at right), selection of participants and logistical arrangements. To assist in selecting participants, the IIFSQ received a list of regional canneries registered within FDA and sent invitations to the registered Ukrainian facilities.

Visits by the Technical Team to retail food establishments to compare finished products in relation to international norms followed the BPCS.

3. *Food Security Capacity Building and Additional Activities*

As part of Dr. Moody's visit to Ukraine, on-site introductory bio-security courses were conducted on June 7 in Illichivsk (Aquavit facility) and on June 10 in Berdyansk (Pocherk facility). At each location, Dr. Moody presented a seminar to facility personnel on "Food Plant Security". This one hour presentation provided introductory concepts on food processing bio-security concepts based on current published guidelines available through the US Food and Drug Administration and the US Department of Agriculture.



Figure 2 - "Canned Food..." manual, Russian edition title page

A total of twenty-three Ukrainians attended, including management and personnel of respective facilities. Both facilities received a copy of "Food Producers, Processors, and Transporters: Food Security Preventive Measures Guidance" developed by FDA.

IIFSQ continues provision of HACCP information seminars, conducting four in the reporting period for a total of 114 participants. On April 5, IIFSQ, Ukrmetrteststandard (Ukrainian Center for Certification, Standardization and Metrology), and the BIZPRO Project conducted a joint seminar "Ensuring Competition Advantages through HACCP Implementation" for twenty-four representatives of food processing facilities and regulatory authorities. Lastly, Oksana Dorofeeva, the IIFSQ's Technical Director, gave a presentation on HACCP systems at the seminar for cooperative enterprises of Ukraine.

On May 6-11, IIFSQ's Director General headed the State Exam and Diploma Commission at KNUTE's Department of Food Commodity Science and Expertise, and consulted several graduates whose diplomas included HACCP-related issues.

4. *Issues and Future Activities*

Expansion – During his May trip to Azerbaijan and Georgia, Dr. Velupillai found that the status of food safety awareness and the regulatory environment is at an early stage in both countries. Georgia is ahead in many aspects in terms of a national dialogue on food safety and related issues, as well as the drafting of regulations. Georgia is also following the lead of the Baltic nations in terms of moving to a single authority or body to deal with all food safety and security

matters, while Azerbaijan is considering that initiative. Because of limited export potential in animal products, HACCP and related procedures and standards are not considered important by the smaller processors in both countries, while the larger processing plants are very keen on acquiring these enhanced capabilities. While both in Azerbaijan and Georgia some USAID projects have marginally dealt with food safety issues through introductory training programs, neither has implemented the kinds of interventions that resulted from PFID-MSP efforts in Ukraine and Moldova. Georgia is more interested in import substitution in the meat sector rather than developing exports, while Azerbaijan already exports caviar, and sturgeon meat.

According to the Project's overall scope of work HACCP training courses in Azerbaijan/Georgia were scheduled for 2006. However, the IIFSQ decided to take the invitation of the Commodity Certification Center (the CCC) and give the training in 2005. According to the CCC, information and skills acquired at IIFSQ's training, are currently used for development and implementation of HACCP systems at "Caspian Fish" and "Hazarballah" facilities, as well as for drafting regulations - in particular, the Decree of the President of the Azerbaijan Republic, "On Improvement of Exportation of Fishery Products to EU countries", and the Decision of the Cabinet of Ministers of Azerbaijan Republic, "On the Expertise Procedure at Fish Processing Facilities Exporting to EU" (both regulations are currently in force).

In Azerbaijan, IIFSQ's Director General arranged to share a WTO compliance report, which included the food safety area, with PFID-MSP. The report was prepared by Dr.W.R. Marsman of the Azerbaijan WTO Accession Project. The report's findings, particularly in terms of shortcomings/needs identified by WTO experts in Azerbaijan included the following:

- a) The former USSR standards should be phased out as soon as possible.
- b) Publication of the legislation and establishing an enquiry point and notification procedures as required by a Sanitary and Phyto-Sanitary (SPS) agreement should be implemented and properly functioning.
- c) The WTO Accession Project has an obligation to transfer the knowledge in practical issues in the field so that all related parties understand the obligations and transparency and awareness start in entire country – capacity building measures include:
 - i) Exchange experience with other countries;
 - ii) Active stakeholder membership in codex issues (as well as SPS meetings); and
 - iii) Translation of all relevant documents.
- d) Key training topics should include inspectors' code of conduct, the audit system and risk (assessment, communication and management).
- e) Azerbaijan should aspire to use international standards in different sectors:
 - i) Laboratory analysis of food should be done according international standards; and
 - ii) Inspection and certification during import and export should be conducted with transparency, accountability and proper financial accountability.

These findings indicate potential for collaboration between PFID-MSP and the WTO Accession Project.

Through Dr. Michael Moody, IIFSQ received an inquiry letter from Mr. Francisco Blaha, USAID-funded Agribusiness Small and Medium Enterprise Development Project, Armenia, on

possible Russian language HACCP training in Armenia. IIFSQ e-mailed him detailed information on the Institute's capabilities and offered its services.

The decision on an Azeri partner institution has not yet been finalized. An opinion has been requested from the USAID Mission as to the suitability of the applicant from their standpoint. Once this is received, the decision will be made and subcontract execution started.

In addition, preparations have been started to send two Ukrainian participants to an October HACCP Audit course in Ann Arbor, MI.

Bio-Security - Field visits, discussions and seminars indicated that bio-security was a new concept for Ukraine and CIS countries. Ukrainian facilities do have some control elements in place but they are parts of a regular security system to prevent such unlawful actions as theft and acts of bio-terrorism. However, appreciation of the importance of bio-security is in evidence at the Pocherk facility, which is planning to supply frozen goby fillet to the USA and is extremely interested in learning of recent FDA recommendations to food processors. Other facilities exporting or planning to export to the US are likely to have the same interest. This relates to Ms. Barbara Montwill's seminar on registration procedures last year to Ukrainian processing firms wishing to export to the United States. Dr. Moody noted that the seminar was well received by both facilities, and hoped that implementation of the bio-security concepts at those facilities will be models for other facilities to follow.

Better Process Control School – Some of the participants noted that it was rather difficult for them to listen to the trainers via simultaneous translation, and they would like the course to be given by competent Ukrainian trainers in the native language. In fact, the IIFSQ plans to do just this under the aegis of PFID-MSP.

Due to the project at Sandora Ltd, IIFSQ participated for the first time in an on-site Juice HACCP integrated training program. The IIFSQ found that a large number of Ukrainian juice processors export their products to various destinations including the US. There is a demand for juice HACCP training courses, including those on US exportation procedures and requirements, Good Management Practices, and sanitation. Processors are also very interested in learning about internal audit procedures and training their own trainers. Thus, IIFSQ believes it is important to develop or adapt available juice HACCP training materials. In this regard IIFSQ thinks it would be advisable to attend a training seminar on fruit and vegetables HACCP to be conducted by Citizen's Network for Foreign Affairs in Moldova.

Section III. Project Activities in Other Target Areas

A. Issues and Future Activities, South Africa

PFID-MSP's day-to-day activities in the Republic of South Africa are being coordinated by the Project's South African partner institution, the University of Stellenbosch. The contract between the LSU AgCenter and USt is being finalized. The current AWP commits PFID-MSP to address the following programmatic objectives in its South Africa Component:

- Project Object # 1 - Post Harvest Technology Center (PTC); and

- Project Object # 3 – Value Added Post-Harvest Technology – Cold Chain Technologies¹.

Regarding the first objective, an agreement was reached between WFLO and USt regarding assessment methodology during WFLO’s initial (associate award funded) assessment trip.

To address the third objective, an initial assessment was made during that initial assessment trip. In addition, WFLO is employing an application process for stakeholders that are interested in participating in case studies to determine the viability of proposed technologies. One example of this process is WFLO’s discussions with Roelcor Ltd to determine if the company’s facility is suitable for a cold storage project utilizing rubber strip curtains. WFLO sees this as a low cost yet effective means to reduce energy consumption, reduce ice build up and improve product quality. Dr. Louw Hoffman of USt (PFID-MSP’s South African partner institution) is currently negotiating with Roelcor to determine if the firm has the proper configuration and support to effectively measure the impact of WFLO’s proposed cold chain technology.

B. Issues and Future Activities, Nicaragua

PFID-MSP’s day-to-day activities in Nicaragua are being coordinated by the Nicaraguan Chapter of the Cooperative League of the USA (CLUSA), Project’s partner institution for that country. The contract between the LSU AgCenter and USt is being finalized. The current AWP commits PFID-MSP to address the following programmatic objectives in its Nicaraguan Component:

- Project Object # 1 - Food Safety, Quality and Security Compliance; and
- Project Object # 3 – Value Added Post-Harvest Technology – Cold Chain Technologies².

Regarding the first objective, action has been delayed for developing a plan to assess HACCP Compliance. For the third, Page: 11

WFLO is planning to start the assessment mission in October of this year, and will coordinate with CLUSA to organize the mission. A scope of work is being developed and will be circulated to LSU and CLUSA personnel. The mission was initially scheduled to occur between July and September, but has been delayed due to other PFID initiatives and WFLO expert consultant travel conflicts.

C. USAID/RCSA – Funded Associate Award – Southern Africa

1. Progress toward Meeting Project Activity Indicators

PFID-MSP has received an associate award funded by USAID’s Regional Center for Southern Africa (USAID/RCSA). This Project is administered by the LSU AgCenter in conjunction with the following partner institutions:

- The World Food Logistics Organization (WFLO)

¹ The second objective, pertaining to food safety and quality, is scheduled to be addressed next year.

² The second objective, pertaining to post harvest technology for value-added products, is scheduled to be addressed next year.

- Schaffer and Associates International, Ltd (SAIL)
- The University of Stellenbosch (USt), South Africa
- The Zambian Agribusiness Technical Assistance Centre (ZATAC)
- The University of Namibia (UNAM), and
- The University of Eduardo Mondlane (UEM), Maputo, Moçambique

Current work items are primarily dedicated to assessment and project set-up and include the following (full details are available in the Associate Award's 2nd and 3rd Quarterly reports, already provided to USAID/EGAT):

- a) Food Safety, Quality and Security Compliance
 - Host Country Partner Institutions (HCPIs) have identified a total of eight TTT candidates for seafood HACCP – seven of which have submitted applications for the basic certification course (a prerequisite); and
 - Dr. Kenneth McMillin observed 12 plants and met with a number of other stakeholder entities during his sectoral assessment.
- b) Plant-Based Technical Training Assistance
 - WFLO has prepared a list of five qualified candidate firms from which Page: 12 it has selected a plant managed by a Moçambican women's cooperative, as the participating facility for the TTA project; and
 - Technical training will initiate in the Fall of 2005 to improve operational efficiency and profitability.
- c) Cold Chain Assessment and Recommendations
 - An assessment trip has been conducted, a report has cleared internal WFLO review and it has been submitted to LSU and the HCPI's for peer review.
- d) Information Support and Outreach
 - At least two documented Information Support Systems (ISS) design models – A South African ostrich processor and the Poultry Association of Zambia have agreed to participate in the establishment of a traceability system.
- e) Association Development as a Way to Promote Group Marketing
 - An assessment trip has been conducted, a report has cleared internal WFLO review and it has been submitted to LSU and the HCPI's for peer review.
- f) Producer-Processor-Market Linkages
 - An initial assessment trip by Dr. Michael Reed was conducted to provide programmatic direction; findings from at least twenty-eight respondents (more than half of which were Agri-business related) were collected and documented during that assessment trip.
- g) Investment Opportunities/Leveraging Resources

- SAIL has identified at least six investment opportunities in South Africa and five in Zambia

2. *Deviations from Targets and Additional Information*

Some of the work item targets for these reporting periods were not yet completely met:

- Due to budget and travel constraints and based on successful TTA programs elsewhere, the benchmarking component of the TTA activity will occur just prior to the training phase;
- For Information Support and Outreach, activity organization, promotion, dissemination and web-page design were rescheduled for subsequent quarter;
- A second market linkages assessment trip was conducted in June-July – Strength, Weakness, Opportunity and Threat findings from focus groups in each of three countries: South Africa, Namibia and Zambia will be documented in the next quarter;
- ZATAC received two applications and is reviewing the proposals for a small grants program – selection will be concluded in the next quarter.

Section IV. General Management Issues

Exploring the potential for funding buy-in by local USAID Missions was one of two reasons for Dr. Velupillai's trip to the Caucasus. Such potential was explored through meetings with program officers and agricultural advisors at the Tbilisi and Baku Missions, as well as with other USAID funded projects that might have a need for PFID services. The Baku Mission has indicated that the PFID-MSP program has the necessary expertise/experience and is relevant to some of their activities in country. However, they are now evaluating their programs and priorities and PFID-MSP should be hearing of any interest they may have in the next reporting period. The situation in Georgia was rather more positive in that there is a USAID funded project (AgVantage, implemented by Agricultural Cooperative Development International/Volunteers in Overseas Cooperative Assistance) which has indicated their interest in PFID-MSP services. In our discussions at the Mission, Dr. Velupillai was told to contact the AgVantage project for potential interest and the LSU AgCenter (with the IIFSQ) proposed a preliminary scope of services. Additionally, Dr. Velupillai met with the USAID-funded World Learning project that provides funding to training initiatives for the Caucasus region. Discussions there indicate that they would work with PFID-MSP and the AgVantage to fund any training related activities that PFID-MSP might propose.

IIFSQ has moved its headquarters to the Kyiv National University for Trade and Economics (KNUTE) but an unsolved issue is Internet connection. During the summer months KNUTE will install a broadband line to the building where IIFSQ is located. Currently IIFSQ is using World Lab's facilities to have Internet access.