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US ASSISTANCE TO AFRICA STRENGTHENING AFRICA'S TRADE UNDER AGOA

AFRICAN GROWTH AND OPPORTUNITY ACT FORUM
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STRENGTHENING AFRICA'S TRADE UNDER AGOA

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ACRONYMS

AGCI	African Global Competitiveness Initiative
AGOA	African Growth and Opportunity Act
AGOA+	African Growth and Opportunity Act-Plus
APEP	Agricultural Productivity Enhancement Program
ARCS	AGOA Resource Centers
ATEA	Agribusiness and Trade Expansion Activity
BDS	Business development service
CAPP	Central African Power Pool
CBOCS	Cross-Border Overload Control System
CET	Common External Tariff
CLIR	Commercial Law Institutional Reform Diagnostics
COMESA	Common Market for Eastern and Southern Africa
DCA	Development Credit Authority
EA Hub	East Africa Global Competitiveness Hub
ECA	Eastern and Central Africa
ECOWAS	Economic Community of West African States
EPC	Export Promotion Council
EurepGAP	European Good Agricultural Practices
FESARTA	Federation of East and Southern Africa Road Transport Associations
FTA	Free trade agreement
FY	Fiscal year
ICT	Information and communications technology
KBDS	Kenya Business Development Services Program
KHDP	Kenya Horticultural Development Program
KSA	Knowledge sharing and analysis
kWh	Kilowatt hour
MARKETS	Maximizing Agricultural Revenue and Key Enterprises in Targeted Sites Project
MATWP	Market Access Trade and Enabling Policies Project
MFI	Microfinance institution

MFRC	MicroFinance Regulatory Council
MoTI	Ministry of Trade and Industry (Ethiopia)
MW	Megawatt
NPPO	National Plant Protection Organization
PROFIT	Production Finance and Improved Technologies Project
RATES	Regional Agricultural Trade and Expansion Support Program
RCTG	Regional Customs Transit Guarantee
RURAL SPEED	Rural Savings Promotion and Enhancement of Enterprise Development
SA Hub	Southern Africa Global Competitiveness Hub
SAAGA	South African APS Grants Program
SAGIC	Support for Accelerated Growth and Increased Competitiveness Program
SAIBL	South African International Business Linkages Program
SAIBL-Pal	SAIBL-Promoting Agribusiness Linkages Program
SAD 500	Single Administrative Document 500
SMEs	Small and medium enterprises
SPREAD	Sustaining Partnerships to Enhance Rural Enterprise and Agribusiness Development
SPS	Sanitary and Phytosanitary
SPS AGREEMENT	USAID-funded Agreement with USDA on the Application of Sanitary and Phytosanitary Measures
US	United States
SSA	Sub-Saharan Africa
TIPCEE	Trade and Investment Program for a Competitive Export Economy
TKH	Trans-Kalahari Corridor
TRADE	Trade for African Development and Enterprises
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
USDOC	United States Department of Commerce
WAGP	West Africa Gas Pipeline
WA HUBS	West Africa Global Competitiveness Hubs
WTO	World Trade Organization

ABOUT THIS PUBLICATION

This brochure provides a compendium of the technical assistance funded by the US Agency for International Development (USAID) in support of the African Growth and Opportunity Act in sub-Saharan Africa (SSA). The African Global Competitiveness Initiative (AGCI), a US Presidential Initiative started in 2006, is the primary vehicle for this assistance. It builds on earlier trade work begun by another Presidential Initiative, Trade for African Development and Enterprises (TRADE). In addition, a number of countries have bilateral assistance programs with USAID, which specifically address trade, agriculture and business development that contribute to exporting goods to the United States.

The following pages depict a rich landscape of technical assistance activities that are implemented with African regional institutions, US Government partners, and US and African private enterprises to remove constraints to increased trade between Africa and the United States and among African countries. It describes ongoing and planned support to expand trade capacity and the anticipated results of that support. All AGOA eligible countries can receive technical assistance, training, or market development support either through regional or country programs. In many instances, funding levels reflect previous activities under the TRADE initiative that have been reinforced and broadened under AGCI.

The booklet is organized according to four themes:

- Improving the business and regulatory environment for private sector-led trade and investment
- Strengthening the knowledge and skills of private sector enterprises in SSA to take advantage of market opportunities
- Increasing access to financial services for trade and investment
- Facilitating investments in infrastructure.

In addition, it describes the programs in East Africa, West Africa, and Southern Africa, both regionally and bilaterally.

INTRODUCTION

Africa's challenges are numerous and complex, but there is also much potential and opportunity for growth and development throughout the continent. With a growing global economy, improved sub-Saharan African (SSA) macroeconomic management, the resolution of past regional conflicts, and the commitment of African leadership to the Comprehensive African Agriculture Development Program, many African countries can now attract new investment in both their export and domestic sectors.

US Government assistance and trade policies offer opportunities for African countries to build free markets and increase foreign investments that promote economic growth, create jobs, and raise living standards.

At the July 2005 fourth annual AGOA Ministerial Forum in Dakar, President Bush announced AGCI to build SSA's capacity for trade and competitiveness. AGCI provided \$30 million of assistance in 2006 and will provide \$35 million more in 2007 towards its commitment of \$200 million over five years to expand African trade with the United States under AGOA, with other international trading partners, and regionally within Africa; and to promote the export competitiveness of African countries.

AGCI OBJECTIVES

AGCI has four strategic objectives:

- Improving the business and regulatory environment for private sector-led trade and investment
- Strengthening the knowledge and skills of private sector enterprises in SSA to take advantage of market opportunities
- Increasing access to financial services for trade and investment
- Facilitating investments in infrastructure.

HOW AGCI RESOURCES ARE ALLOCATED

Resources are allocated based on the following general criteria:

- AGOA eligibility
- Commitment of African businesses and governments
- Potential for regional impact
- Potential for improving enterprises' competitiveness and stimulating domestic sales and international trade that will produce long-term sustainable growth
- Tangible results that can be achieved in five years in the existing institutional and political environment.

AGCI PARTNERS

AGCI works with African regional economic organizations, national governments, and the private sector. Illustrative partners include:

AFRICAN INSTITUTIONS

- The New Partnership for Africa's Development
- The African Union
- Economic Community of West African States
- Common Market for Eastern and Southern Africa
- Southern African Customs Union
- East Africa Community Customs Union
- Southern Africa Development Community
- The African Partnership Forum.

US GOVERNMENT PARTNERS

- US Department of Agriculture
- US Trade Representative
- US Department of State
- US Department of Treasury
- US Department of Commerce
- US Trade and Development Agency
- Overseas Private Investment Corporation
- The Millennium Challenge Corporation
- The African Development Foundation.

PRIVATE SECTOR

- Business associations such as Chambers of Commerce, artisan associations, farmers and agriculture-business associations.

AGCI PROJECTS

The AGCI program is implemented through a series of projects, whose scope can be SSA-wide, regional or national. These projects provide technical assistance, training, foster business-to-business relationships, and fill analytical and technical gaps that will lead to infrastructure investments. They can be linked to each other, to other donors, and to private sector investments. USAID, through its overseas missions and/or other US Government agencies can implement them. Projects can range from one year to the full five years of the program. All projects discussed in this booklet are organized by AGCI objectives.

LOCATIONS OF AGCI ASSISTANCE

GLOBAL COMPETITIVENESS HUBS

USAID's Regional Global Competitiveness Hubs provide assistance that responds to region-specific needs. The Hubs are a central point for information and technical assistance on trade, investment, business activities, and training opportunities. They are located in Gaborone, Botswana; Nairobi, Kenya; Accra, Ghana; and Dakar, Senegal.

The wide range of activities underway in each of the Hubs includes promoting exports of agricultural commodities to the United States, establishing business contacts, generating business opportunities for the export of textiles and apparel, and removing policy and infrastructure constraints that hamper trade.

The results are measured by improved economic performance for assisted countries and enterprises; increased sales and value of trade, including trade diversification; growth and expansion of enterprises' capacity through new or improved management and business skills; and increased investments in infrastructure. A description of the activities of the three Hubs is found at the beginning of each geographic division of the booklet.

BILATERAL MISSIONS

While USAID's regional missions and their Competitiveness Hubs are the focal point under the AGCI, USAID bilateral missions also provide significant separate technical assistance, training, and introduction of technology that technical assistance to expand African trade and competitiveness. These programs are generally separate from AGCI funding. For a portion of the AGCI, funds can be transferred to bilateral USAID missions for implementation through their own instruments. These missions will work in close coordination with the African trade ministries and private sector, US Embassy country team, and other US Government agencies as appropriate and African counterparts. A description of the activities of the bilateral programs are found following the regional Hub descriptions. Countries that do not have a separate USAID bilateral program receive assistance from the regional Hubs.

EAST AFRICA REGIONAL MISSION/NAIROBI

EAST AND CENTRAL AFRICA GLOBAL COMPETITIVENESS HUB

The East and Central Africa (ECA) Global Competitiveness Hub provides technical assistance and training to help African entrepreneurs expand their trade links with the United States. This Hub promotes broad-based economic growth by strengthening companies' ability to take advantage of the opportunities offered by international trade agreements, including AGOA.

The ECA Hub's program has four components:

- 1) Trade capacity building and policy formulation
- 2) AGOA/enterprise development
- 3) Customs harmonization and simplification
- 4) Transport efficiency/infrastructure development along the Northern Corridor.

The Hub works closely with the Common Market for Eastern and Southern Africa (COMESA), whose goal is to pursue economic prosperity through regional integration. COMESA's 19 member countries have adopted a common external tariff structure in preparation for introducing a customs union in 2008.



The ECA Hub Serves 23 Countries

SOME ECA HUB SUCCESSES

- The strengthened abilities of such regional organizations as COMESA have increased East Africa's trade and export of agricultural commodities to regional and international markets
- A return of \$182 for every dollar invested to support US-East Africa trade
\$14 million in AGOA-related exports
- The design of a regional bond guarantee mechanism that will release over \$300 million in business capital from burdensome bonding requirements each year.

For more information, please visit: <http://www.ecatradehub.com/home/index.asp>



IMPROVING THE BUSINESS AND REGULATORY ENVIRONMENT FOR TRADE AND INVESTMENT

LEVERAGING INFRASTRUCTURE INVESTMENTS IN ENERGY, ROADS/ PORTS, AND ICT

THE COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA (COMESA) AGREEMENT

USAID activities in East Africa are assisting COMESA through a three-year, \$6.9 million program that aims to:

- Promote expanded US-COMESA trade
- Support the expansion of the COMESA Free Trade Agreement (FTA) and the establishment of a customs union
- Strengthen COMESA's ability to facilitate increased trade in the region.

The Agreement's major achievements include:

- Free Trade Area: COMESA successfully negotiated a free trade area among COMESA member states in October 2000. Thirteen members have signed the FTA to date: Burundi, Comoros, Djibouti, Egypt, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Sudan, Zambia, and Zimbabwe.
- A Regional Third-Party Insurance System: USAID has worked with COMESA to establish a system (a "Yellow Card Scheme") that will allow transit vehicles to be insured regionally rather than in each transit country.
- Regional Customs Transit Guarantee (RCTG): USAID worked with COMESA to complete the management information system for the RCTG. When implemented, transit cargo will not need a separate bond for each transit country, releasing approximately \$500 million of working capital now held up in transit bonds.
- One-Stop Border Post: COMESA is championing the replication of one-stop border posts piloted at Malaba. The Malaba post has reduced transit time at the border from three days to three hours, on average.
- Harmonization of Standards: COMESA, with USAID assistance, has adopted harmonized maize standards for the region and is now nearly ready to adopt harmonized dairy standards.
- Trade Flow Analysis: USAID and COMESA are working on a trade flow analysis that will help COMESA countries identify trade opportunities in the region.

Results: Trade among COMESA member states is now growing at 10 percent per annum.



REGIONAL AGRICULTURAL TRADE AND EXPANSION SUPPORT PROGRAM (RATES)

RATES is providing over \$26 million to enable agricultural trade by eliminating policy constraints and providing support to trade associations, which in turn lend technical support to producers and provide links to international buyers. RATES focuses on specialty coffee, maize, cotton and textiles, and dairy.

Results: RATES has increased exports in its targeted sectors by 58 percent.

Through RATES' "Meet the US Buyer" and other promotional events, sales of specialty coffees have increased annually by 25 percent over the last four years, to over \$162 million. Companies such as Starbucks and Green Mountain Coffee will double their African coffee purchases in the next two years as a result. A RATES-supported regional cotton/textile organization was a strong advocate of extending the third-country fabric provision and including yarns, fabrics and home furnishings within AGOA. The RATES-supported www.cottonafrica.com trade promotion web page has recorded over \$400 million in offers to buy and sell cotton/textile products with an increasing number of companies exporting these products to the US market.

For more information, please visit: <http://www.ratescenter.org/>

LEVERAGING INFRASTRUCTURE INVESTMENTS IN ENERGY, ROADS/ PORTS, AND ICT

KULAU/GALANA BAGASSE PROJECT, KENYA

The ECA Hub conducted a \$250,000 pre-feasibility study of a bagasse plant that may be situated on the coast between Malindi and Mombasa.

Results: The study's findings showed considerable potential for generating 60 megawatts of energy and creating approximately 1,000 jobs.



EAST AFRICA BILATERAL MISSIONS ETHIOPIA

IMPROVING THE BUSINESS AND REGULATORY ENVIRONMENT FOR TRADE AND INVESTMENT

WORLD TRADE ORGANIZATION ACCESSION ETHIOPIA

USAID's World Trade Organization (WTO) Accession Ethiopia provides technical assistance, analysis, public awareness and capacity building to help Ethiopia achieve accession to the WTO. This \$1.2 million program partners with the Ethiopian Ministry of Trade and Industry (MoTI), chambers of commerce, industry associations, and financial institutions.

WTO Accession Ethiopia:

- Drafts new laws and regulations for WTO compliance
- Raises public awareness about the benefits, issues and implications of WTO accession
- Builds the trade capacity of MoTI and other key government institutions, and parliamentarians to enable informed decision-making and more effective conduct of their responsibilities
- Identifies trade-related policy constraints that negatively impact private investment, trade competitiveness, private sector development and economic growth.

IMPROVING THE COMPETITIVENESS OF ENTERPRISES

AFRICAN GROWTH AND OPPORTUNITIES ACT-PLUS (AGOA+)

This \$300,000 activity educates the private and public sectors in Ethiopia about AGOA opportunities and conducting business with the United States. With technical assistance and training, it strengthens the business practices of firms, creates strong market linkages and direct contacts with buyers, and provides training in web-based marketing. AGOA+ works to build the capacity of the Ethiopian Chamber of Commerce and selected other city chambers by making market information systems available.

Results: AGOA+ has increased AGOA/Generalized System of Preferences sales or exports value to \$5.2 million. It has also helped small and medium enterprises (SMEs) in the garment, leather, handicrafts, flower, and food processing sectors garner \$1 million in new sales; and has provided business development services to approximately 250 such enterprises.



AGRIBUSINESS AND TRADE EXPANSION ACTIVITY (ATEA)

ATEA is a \$3.5 million activity that identifies market opportunities and stimulates market-led agro-enterprise and cooperative linkages with domestic, regional and international markets. Through an export-led market strategy, it increases the quantity and quality of production of four commodities: oilseeds/pulses, horticulture/floriculture, hides/skins/leather products and coffee. ATEA works with international and domestic commercial producers, exporters and processors in these sectors.

Under ATEA, new markets will be accessed and new products marketed as industry and public sector capacity is strengthened to support agribusiness and market development.

Results: Exports of these four commodities will increase and contribute to export-led job creation and rural income generation. Market systems will improve, as will production capacity and productivity.

INCREASING ACCESS TO FINANCING FOR SMALL AND MEDIUM ENTERPRISES

LOAN GUARANTEE FACILITIES/CREDIT GUARANTEE

This \$955,000 activity improves access to capital for agribusiness and SMEs that cannot obtain loans under existing systems. Improved access to capital will finance marketing activities, operational costs and capital investments in Ethiopia, thereby stimulating and contributing to economic growth, job creation, poverty alleviation and food security. Loan guarantee facilities also strengthen the capacity of private partner banks and expose them to other credit systems like cash-flow based lending.

Loan Guarantee Facilities/Credit Guarantee shares up to 50 percent of any default on loans it covers. It also provides bankers with technical assistance (in collaboration with the Ethiopian Bankers Association) and training on core banking subjects.

Results: In its first two years, Loan Guarantee Facilities/Credit Guarantee completed loans of \$11.4 million (41 percent of its \$28 million 10-year portfolio), gave 60 small and medium enterprises access to capital (38 percent of total planned beneficiaries), and strengthened banks' human resource development and their understanding of new credit systems.



KENYA

IMPROVING THE COMPETITIVENESS OF ENTERPRISES

KENYA HORTICULTURAL DEVELOPMENT PROGRAM (KHDP)

KHDP is a \$7.5 million activity that works with public and private sector agencies to provide technical and marketing assistance to smallholder horticulture growers nationwide. Its main agribusiness partners include grower associations, input suppliers, processors, exporters, research institutions and trade associations. Technical and marketing assistance increases agricultural productivity and trade, access to business support services for small and medium enterprises, and ultimately, the ability of smallholder organizations to provide business services to their members and represent their business interests.

Results: KHDP has assisted more than 30,000 smallholder farmers since 2003. In 2006 alone, domestic horticultural product (such as passion fruit, cashews, chili, and selected vegetables) sales by farmers directly supported by KHDP totaled approximately \$65 million (of a \$1.5 billion domestic market).

In 2007, KHDP will provide technical assistance that will lead to at least 1,000 smallholders becoming certified under European Good Agricultural Practices (EurepGAP), a private sector body that sets voluntary standards for the certification of agricultural products around the globe.

KENYA BUSINESS DEVELOPMENT SERVICES PROGRAM (KBDS)

KBDS is a \$6 million activity to develop the capacity of private sector providers of financial, production and market services (e.g., business services) in the tree crops and fishery sectors. It also links producers with service providers, and links SMEs with larger commercial firms through long-term supply contracts.

The program develops private sector providers of business services, strengthens smallholder producer groups, and sensitizes micro and small businesses to the need for services and links them to markets. It collaborates with East African Growers, Indu Farm, Kakuzi, Kenya Horticultural Exporters and Promasidor Ltd.

Results: By October 2006, KBDS had facilitated the creation of two commercial market linkage firms (Fineline Rural Reach and Agri-Outlets Ltd.) that provide services for negotiating supply contracts, forming smallholder producers into groups to achieve economies of scale, and maintaining a quality management system for large numbers of small farmers. These two firms provide market linkage services in passion fruit, avocados and mangoes to more than 11,425 farmers, five exporters and six processors. As a result of participating in the KBDS activity, the value of avocado exports to the international market increased by 45 percent in US Fiscal Year 2006 over the previous year, to \$308,000.



KBDS has linked 15,442 micro and small-scale enterprises with commercial market firms through long-term supply contracts. By 2008, it is expected that KBDS will increase the number of micro and small enterprises accessing business services to 65,000, commercial business service providers to more than 1,000, and micro and small enterprises linked with commercial markets to 22,000.

EXPORT PROMOTION COUNCIL (EPC)

USAID provides \$1.2 million of support to the EPC to promote exports to the United States under AGOA. The EPC/AGOA project provides market information, market linkages and training to handicraft, coffee, tea and textile producers.

Results: During US Fiscal Year 2006 alone, US orders for products by EPC-assisted firms (in handicrafts, leather, coffee, tea, textiles and apparel) totaled more than \$7 million. Further, Kenyan firms that were supported by EPC to participate in the 2006 Specialty Coffee Association of America Convention secured orders of \$6.2 million.

In July 2006, the Namayiana Maasai Women's Group was selected by the EPC through the EPC Trade Development Program to participate in the Sources International Trade Fair in Los Angeles. Namayiana received technical assistance from Aid to Artisans, which provided training on market trends, pricing, design, exhibition display techniques and color modification intended to broaden the products' appeal to US buyers. The Group produced samples of all the design suggestions, resulting in a huge selection of product possibilities at the show. The show resulted in Namayiana fulfilling orders totaling more than \$10,000.

DEVELOPMENT CREDIT AUTHORITY (DCA)

The DCA provides loan portfolio guarantees (up to \$23.9 million in total) to selected Kenyan banks (Fina Bank, K-Rep Bank, Cooperative Bank, Kenya Commercial Bank) to encourage lending to SMEs. To date \$4.19 million has been disbursed.

The DCA promotes lending by financial institutions by mitigating perceived risks, excessive loan loss provisioning, prohibitive collateral requirements, and collateral eligibility problems. The program also aims to increase banks' experience and capacity for lending to private enterprises in targeted sectors.



RWANDA

IMPROVING THE COMPETITIVENESS OF ENTERPRISES

SUSTAINING PARTNERSHIPS TO ENHANCE RURAL ENTERPRISE AND AGRIBUSINESS DEVELOPMENT (SPREAD)

SPREAD is a \$6 million, 5-year activity that builds on previous investments in the specialty coffee sector to develop the industry and make Rwanda a premier destination for specialty coffee importers from around the world. Its key objectives are to:

- Increase prices paid for specialty coffee by improving quality and quality control systems
- Increase market opportunities and premiums through organic coffee farming and certification
- Expand capacity at all points of the value chain
- Increase local consumption of coffee and related products, and create spin-off businesses development
- Increase marketing and sales of quality coffee
- Expand horticulture and other high-value chains

Illustrative results to date include:

- The development of 352 serial dramas for two years of radio shows to understand the international coffee market, and improve coffee agronomic practices, processing, and health practices
- Working with five co-ops to access loans from development banks
- Leveraging \$800,000 from the African Development Foundation, Clinton Foundation, Dutch Government and the Development Bank of Rwanda for quality control, export facilitation, and price negotiation services

SPREAD is working to increase trade sales or exports within the region and Africa, and to the United States and other countries worldwide. It is expected to:

- Increase revenues from the sale of selected commodities from \$3 million in 2005 to \$12 million by 2011
- Increase the volume of specialty coffee exports from 2,000 metric tons in 2006 to 10,000 metric tons in 2011
- Increase the price paid for Rwandan Specialty Coffee from \$2.92 per kilo in 2005 to over \$3.60 by 2010



UGANDA

IMPROVING THE COMPETITIVENESS OF ENTERPRISES

AGRICULTURAL PRODUCTIVITY ENHANCEMENT PROGRAM (APEP)

APEP is an \$18 million activity that expands rural economic opportunities and increases household income by strengthening the production and marketing of such export commodities as cotton, coffee, maize, vanilla, and flowers. To address production-to-market issues and increase the competitiveness of agricultural and rural enterprises, APEP focuses on post-harvest handling, including quality assurance issues and developing market linkages and market intelligence.

In coffee, APEP focuses on training farmers on improving quality, agronomic practices and farmer-enterprise linkages. In vanilla, it provides financial and technical support to the industry through the Association of the Vanilla Exporters of Uganda (VANEX). A refresher training-of-trainers course is conducted annually for VANEX staff and Ugandan extension coordinators. For the flower industry, it extends assistance via research, training and market promotion. APEP also focuses on quality assurance, standards and certification. One Ugandan flower farm has been exporting sweetheart roses to the United States.

Results: Through October 2006, APEP supported an estimated 270,000 households that experienced a 28 percent rise in household income while nearly 70,000 jobs were created. In addition, over 140,000 acres were cultivated using improved technologies.



WEST AFRICA REGIONAL MISSION/ACCRA

THE WEST AFRICA GLOBAL COMPETITIVENESS HUBS

The West Africa (WA) Regional Mission supports two Global Competitiveness Hubs, one in Accra and one in Dakar; these Hubs provide information and technical assistance on trade, investment, and business activities in the region, including training opportunities. Since October 2005, the Hubs have facilitated over \$6 million in AGOA exports, helped bring more than \$1 million in investment to the region resulting in increased production capacity, and sponsored more than 125 businesses to exhibit at over 15 international tradeshow including repeated representation at the Fancy Food Show, Material World, MAGIC, California Gift Show, Health and Beauty America, Natural Products Expo West and East, and SIAL Global Food Marketplace in Paris.



WEST AFRICA GLOBAL COMPETITIVENESS HUB/ACCRA

The Accra Hub works to foster trade in 21 countries across West Africa. It has provided in-depth technical assistance to over 100 West African export-ready firms, as well as industry-specific training, export guides and advice to over 1,500 individuals. The Hub's website provides answers to questions about buying or selling West African goods or exporting duty-free to the United States.

For more information, please visit: <http://www.watradehub.com/>



WEST AFRICA GLOBAL COMPETITIVENESS HUB/DAKAR

The Dakar Hub works to reform regional trade policy, boost international exports (particularly of fish and seafood, and specialty foods), and help businesses take advantage of AGOA. Visitors to the Hub's website can download reports on export opportunities, learn about upcoming events, or link to the ultimate sources of global trade and market information, TradeMap and ProductMap. Buyers can tap into the Hub's database of West African exporters, while those interested in expanding their exports to new markets can take a self-evaluation for regional businesses.

For more information, please visit: <http://www.watradehub.com/>

IMPROVING THE BUSINESS AND REGULATORY ENVIRONMENT FOR TRADE AND INVESTMENT

TRADE FACILITATION AND CUSTOMS REFORM

Globalization has increased international trade in agricultural food products and with it, the risk of spreading new food-borne diseases. Global food issues now demand international standards and controls that are enforced in all countries. If standards are harmonized internationally, they will facilitate both domestic and international trade.

The Hubs provide \$1 million in assistance to help build the capacity of governmental offices in the region in order to facilitate trade, particularly with respect to AGOA and trade with the United States. Over the past year, training for customs officials has been held in Nigeria, Ghana, Senegal and Cameroon, with a Benin-based training session in April 2007 for officials from Benin, Burkina Faso, Chad, Guinea, Mali, Niger and Senegal.

Results: The West Africa Hub will have enhanced ability to administer textile and Category 9 visas, which will help increase trade (particularly in apparel) with the United States.

REDUCING TARIFF AND NON-TARIFF BARRIERS TO TRADE

The Hub is providing \$950,000 to build West Africa's capacity to trade internationally and regionally as a means of raising incomes and reducing poverty. Barriers to trade and private sector activity due to regulations, customs regimes, taxes and law enforcement are significant, particularly as they govern trade between countries. Through the adoption of the Common External Tariff (CET), the Economic Community of West African States (ECOWAS) will remove barriers to trade by simplifying and harmonizing its tariff system.

The WA Hubs also provide analytical and other technical assistance to the ECOWAS Executive Secretariat. Their assistance focuses on supporting the oversight process for implementing the CET/Common Market, technical support to complete negotiations on the CET Schedule and related issues, building analytical capability, monitoring mechanisms for the implementation of the CET and Common Market, an internal document dissemination system, a public information campaign, donor coordination on the CET and Common Market, and assisting ECOWAS in the preparation of a trade policy for agricultural products.



IMPROVING THE COMPETITIVENESS OF ENTERPRISES

IMPROVING BUSINESS PRACTICES AND MARKET LINKAGES

Under a \$2.5 million activity the WA Hub's export business development activities target export-ready companies in competitive sectors such as clothing, wood products, shea butter, home décor items, specialty foods and processed cashews to build linkages to markets overseas. The Hubs conduct regional sector-specific trainings that impart broad-based business skills and market knowledge, with topics including access to finance, meeting international standards and certifications, quality control processes, managing production and supply chains, costing and pricing, packaging and labeling, and export logistics. The Hubs also prepare selected companies for participation in international trade shows in the United States and Europe, facilitating deal making at the shows, and forging contacts with international buyers and investors, accompanying them on regional visits to West Africa.

In addition, the Hubs hold periodic "AGOA Days" that help exporters reach the US market, and support AGOA Resource Centers (ARCs) in 15 AGOA-eligible countries. These sessions focus on the competitive non-traditional export sectors in countries where a Hub has expertise, and are designed to help regional entrepreneurs understand the US market and navigate the logistics of exporting under AGOA. Sessions have been held in Benin and Senegal this year with future events in Burkina Faso, Nigeria, Gabon and Cameroon scheduled for later this year. Last, a new ARC was recently opened with WA Hub assistance in Libreville, Gabon.

Trade shows include the European Seafood Exposition in Brussels, the Fancy Food Show in New York in July 2007, the California Gift Show in July 2007, and Material World (apparel) in September 2007. The Hubs also helped host a Cost Plus World Market buyers' trip for regional home décor/handcrafts producers in Senegal and Ghana.

Results: Hub export business development activities helped spur \$2.4 million in new exports from West Africa, \$135,000 in new intra-regional exports, and \$77,000 in foreign direct investment during the first six months of US Fiscal Year 2007.

INCREASING ACCESS TO FINANCING FOR SMALL AND MEDIUM ENTERPRISES

IMPROVED ACCESS TO CREDIT FOR SMES IN THE WEST AFRICA REGION

One way to improve access to credit for export-ready businesses in West Africa is to change the perceptions of commercial banks towards SMEs. To this end, the WA Mission launched a \$200,000 demonstration project that focuses on the credit worthiness of small entrepreneurs. Among other strategies, the project establishes a partial loan guarantee using the Development Credit Authority (DCA) to reduce commercial bank risks in making loans to SMEs and non-traditional exporters.

Expected Results: The demonstration project is expected to improve SMEs' ability to provide satisfactory documentation in support of a loan request. It will also improve commercial bank capacity to provide affordable, flexible and innovative pre-export financial products tailored to non-traditional exporters and SMEs.



LEVERAGING INFRASTRUCTURE INVESTMENTS IN ENERGY, ROADS/PORTS, AND ICT

The WA Mission funds approximately \$4 million a year of activities that will spur infrastructure investment in energy, telecommunications, and roads. The investments are in support of the West Africa Power Pool (WAPP) and West Africa Gas Pipeline (WAGP), regional telecommunication development (to decrease the costs of cellular roaming and high-speed Internet access), and road transport governance. Trade data are collected to understand the impact of future investments.

For the past several years, USAID has provided technical assistance to ECOWAS and West African states for construction of the WAGP. The \$650 million, 700 km pipeline stretching from Nigeria to Ghana will begin delivering gas to power plants in spring 2008. USAID support has included training and advisory services for representative entities from Benin, Ghana, Nigeria and Togo. This support helped the countries negotiate the necessary institutional and regulatory frameworks as well as other agreements. USAID is now working to facilitate new investments and open new markets for West African natural gas.

By the end of the 2008 US Fiscal Year, the Mission will have identified and quantified the costs of moving good across borders, along highways, and through ports. In the energy sector, key feasibility and impact studies will be underway in coordination with other donors, meeting a prerequisite for investment financing.

Through its Improved Road Transport Governance initiative and with co-financing by the Sub-Saharan African Transport Program, the Mission is collaborating with ECOWAS and the West Africa Economic and Monetary Union to build an information system to track delays and corruption along the region's major trucking routes.

Results: Strong policies to reduce delays and corruption, and decreased transit times and costs. Within five years, major improvements in transport management will be implemented, and key new investments in port and other facilities will have been attracted. Over the same period, the key electricity grids in West Africa will have been interconnected in a common power pool, and major new investments in large-scale energy generation will have been attracted.



WEST AFRICA BILATERAL MISSIONS

GHANA

The activity described below contributes to achieving all four AGCI objectives.

TRADE AND INVESTMENT PROGRAM FOR A COMPETITIVE EXPORT ECONOMY (TIPCEE)

TIPCEE is a \$30 million agricultural and business development activity. During 2006, TIPCEE's Business Development component helped make Ghanaian agriculture competitive through a series of marketing activities.

USAID places emphasis on the installation of a fair and transparent import-export regime and trade facilitation. It has assisted the Ministry of Food and Agriculture by supporting the revision of the Food and Agriculture Sector Development Program, which now better reflects the role of the private sector in agricultural development and the importance of agriculture to export-led growth.

In its focus on 11 commodities (pineapple, mango, papaya, Asian vegetables, cashew, banana, medicinal plants, citrus, tomato, onion, and maize) this program addresses the competitiveness of Ghanaian private enterprises' exports at different levels and scales of production. Assistance is tailored to smallholder farmers, firms, industry, and market partners. TIPCEE provides assistance in developing business plans that are export oriented and contain sound financial management planning, quality control measures, packaging, and marketing strategies.

In the financial sector, TIPCEE's goal is to increase financial flows and efficiencies in the capital market as well as to support Ghana's Financial Sector Strategic Plan. To this end, USAID/Ghana has organized public-private dialogues that helped hone a draft Non-Bank Financial Institutions Bill that outlines regulatory requirements.

With gas from the WAGP expected to flow in 2007, the development of a policy and regulatory framework for natural gas in Ghana has taken priority for many stakeholders, but especially for the Ministry of Energy. At the request of the Ministry, the Mission is employing TIPCEE to develop a roadmap for activities leading to the development of a secondary (to electric power generation) market for natural gas.

Results: Approximately 90 firms and 2,500 producer groups will be assisted, and 100,000 producers trained in 2007. The value of Ghanaian exports by firms assisted is estimated to be \$75 million. Intense interest in Ghana's horticultural commodities has led to at least four pending deals as a result of contacts made with international buyers.



MALI

IMPROVING THE BUSINESS AND REGULATORY ENVIRONMENT FOR TRADE AND INVESTMENT

MALI FINANCE PROJECT

In 2002, this \$200,000 project helped the Malian Government create the Investment Promotion Agency to attract foreign investment. Since then, the agency has taken on the challenge of attracting foreign direct investment into critical new commercial projects, such as upgrading carton manufacturing to meet international agricultural quality standards. To promote mutual understanding between lenders and entrepreneurs, the project sponsors joint training of small business owners and microfinance institution (MFI) credit agents. Since 2004, more than 100 small businesses and MFIs have received training in the MicroPlan and ComptEx small business accounting systems, and a simple Excel-based risk analysis tool developed by Mali Finance.

IMPROVING THE COMPETITIVENESS OF ENTERPRISES

TRADEMALI PROJECT

This project has helped Mali improve agriculture production and create new export marketing opportunities for a variety of crops. An additional \$288,000 will be added in US Fiscal Year 2007. The potato sector is promoted through training sessions on cooperative organization, export procedures, and management capacities, as well as through assistance in identifying and supplying market information. Exporters now experience decreased delays and “extraordinary taxes and charges” paid on sub-regional exporting routes. New and revived potato markets in Ivory Coast, Burkina Faso, Ghana, and Togo will be accessed.

Mango producers and exporters are trained in pre- and post-harvest activities. Much of the focus has been on quality control, handling, and packaging techniques, implementing EurepGap norms and standards, and the provision of appropriate tools and equipment. Exploring marketing opportunities in the sub-region and with the European Union has helped exporters break into new markets. TradeMali is now sending a test shipment of 200 tons of mangoes to Dutch importer Royal Dutch Ahold in collaboration with exporter associations. The result should be exports of 4,000 tons of commercialized mangoes each year.

TradeMali, in collaboration with a USAID-funded agricultural production project and government services, developed a program in the Tombouctou region to improve the quality of anise, while at the same time increase its production levels. Trials on experimental plots have shown that the production per hectare can be increased to more than three tons when using appropriate practices. In addition, improved harvesting and conservation techniques have a positive effect on the quality of the crops harvested. Some 500 producers are expected to benefit.

Results: Increased commercialization of potatoes.



INCREASING ACCESS TO FINANCING FOR SMALL AND MEDIUM ENTERPRISES

MALI FINANCE PROJECT

Many small business owners in Africa have trouble formalizing their operations as their businesses grow, but now Malian entrepreneurs are receiving the tools they need with an additional \$500,000 in new funds from the Mali Finance Project. The project has been helping SMEs in the Sikasso area through a partnership with a local non-governmental organization. In February 2006, entrepreneurs took advantage of a training session offered on ComptEx, a simplified accounting system that is easy to master, even for those with little or no education.

Results: During the 2007 US Fiscal Year, 44 loans will be made through banks and 628 loans through microfinance institutions, valued at \$1.1 million. A similar value in loans to SMEs is expected.

NIGERIA

IMPROVING THE COMPETITIVENESS OF ENTERPRISES

MAXIMIZING AGRICULTURAL REVENUE AND KEY ENTERPRISES IN TARGETED SITES (MARKETS)

MARKETS is a \$25 million activity focusing on increasing incomes in the agriculture sector by identifying market demand and working with farmers and processors to provide quality, value-added products. The program works with agribusiness firms to strengthen their capacities to become more competitive and capture increasing domestic and foreign market share, and provides an avenue for developing value-added processing. Linking farmers to markets has enabled the MARKETS program to facilitate the provision of technical assistance through local non-government organizations and service providers as well as technology transfers to the private sector. This approach is applicable to any commodity that is identified to have the desired market demand and will have positive impact on income of participants in the enterprise value chain.

Results: It is projected that gross commodity and value-added sales will be in excess of \$200 million during the life of the project.



SENEGAL

IMPROVING THE COMPETITIVENESS OF ENTERPRISES

SUPPORT FOR ACCELERATED GROWTH AND INCREASED COMPETITIVENESS (SAGIC) PROGRAM

The SAGIC Program will provide \$3.3 million to improve trade and competitiveness, and increase economic development by reducing the number of procedures, time, and the cost of starting a formal business in Senegal.

Technical assistance has been provided to Senegal's Investment Promotion and Projects Agency (APIX) to become a one-stop-shop for domestic and international investors, and to reduce the cost and time for conducting business in Senegal. The President signed 14 additional decrees on October 5, 2006.

Results: SAGIC has developed a list of eight sub-sectors with significant potential for export: mangoes, cashews, hibiscus (bissap), woven textiles, fisheries, dairy, neem and gum Arabic. SAGIC has trained more than 30 key people selected from stakeholder institutions on phytosanitary risk management in collaboration with the US Department of Agriculture. SAGIC also worked with APIX and the Ministry of Urban Development and Land Use Management to facilitate access for land for an apparel investor and in another case land for a cashew exporter.

WULA NAFAA (THE AGRICULTURE AND NATURAL RESOURCE MANAGEMENT PROGRAM)

Wula Nafaa provides \$2.4 million to promote trade in non-traditional agricultural and natural products. Its objective is to increase the incomes of rural producers and local communities through sustainable local development.

In 2006, the markets for fonio (a native grain), Karaya gum (a pharmaceutical ingredient), baobab, madd, and jujube (local fruits), and charcoal were strengthened, leading to substantial revenue increases. Wula Nafaa focuses on promoting and increasing trade by creating links directly between farmers and exporters, developing product lines for targeted commodities, and training small enterprises in basic business management skills.

Results: In the past year 100 firms received capacity building assistance to export, 200 women's organizations/associations were trained in improved production methods, and 600 individuals participated in trade and investment capacity building trainings (40 percent were women). Over 975 emerging enterprises working with the program have increased their revenues by 92 percent: from \$133,400 to \$255,631. The total volume of all marketed products rose from 1,010 tons to 2,800 tons during the year. Karaya gum, baobab fruit and fonio were exported, generating \$1 million.



INCREASING ACCESS TO FINANCING FOR SMALL AND MEDIUM ENTERPRISES

DEVELOPMENT CREDIT AUTHORITY (DCA)

DCA is a new program that will provide guarantees to three Senegalese banks to generate up to \$10 million in loans to SMEs over a five-year period. DCA guarantees will assist Senegalese SMEs in accessing bank financing for their working capital and capital investment needs for six underserved sectors: agriculture and agro-business, textile and garment, tourism, handicraft and cultural industries, fisheries, and information technology and communication. The guarantee will help mitigate risks that constrain access to lending, such as the provision of large amounts of collateral.



SOUTHERN AFRICA REGIONAL MISSION/GABORONE **THE SOUTHERN AFRICA GLOBAL COMPETITIVENESS HUB**

Established in June 2002, the Southern Africa (SA) Global Competitiveness Hub's primary objective is to enhance the competitiveness of Southern Africa's products and services in an effort to reduce poverty. The Hub emphasizes capacity building and private sector competitiveness.

The SA Competitiveness Hub's key activities to facilitate trade and build capacity are:

- Customs modernization and transport facilitation
- Financial services for trade and competitiveness
- Building private sector advocacy
- Trade policy and capacity building

The Hub seeks to improve the capacity of regional businesses and clusters to produce and market competitive goods and services. It also aims to develop value-adding export relationships within the region and internationally by providing enhanced access to technical assistance.

Priority target sectors include agribusiness, apparel and tourism.



The Southern Africa Hub Serves 14 Countries

The SA Competitiveness Hub helps:

- Facilitate or provide technical assistance to improve market linkages
- Innovate in products and processes to diversify the region's export offerings
- Firms meet international standards (quality, sanitary and phytosanitary, environmental, social and services) to make their products more competitive
- Build sustainable competitive advantages within firms and their value chains and clusters that will result in accelerated and long-term economic growth

For more information, please visit: <http://www.satradehub.org/>



IMPROVING THE BUSINESS AND REGULATORY ENVIRONMENT FOR TRADE AND INVESTMENT

SINGLE ADMINISTRATIVE DOCUMENT (SAD) 500

SAD 500 is a multi-purpose goods declaration form for imports, exports, cross-border and transit movements; it incorporates all the information necessary for advanced customs clearance and customs risk management. It also allows for quicker turnaround times with fewer errors, less confusion, lower costs, and improved trade efficiencies. SAD 500 complies with international best practices and customs standards.

With technical assistance from the SA Hub, SAD 500 has been successfully piloted for the past two years in the Trans-Kalahari Corridor between South Africa, Botswana and Namibia. It is now the only customs declaration document in Botswana and Namibia, and in October 2006, the South Africa Revenue Service legalized and introduced SAD 500 throughout South Africa.

The Hub will also assist Mozambique in implementing SAD 500 throughout the country and as a through-customs transit declaration to neighboring countries (Maputo Corridor – South Africa and Swaziland, and the Beira Corridor – Malawi and Zambia). The next step will be the adoption of SAD 500 in Malawi and Tanzania.

Results: SAD 500 has replaced more than ten customs goods declaration forms that were required for processing imports and exports.

IMPROVING THE COMPETITIVENESS OF ENTERPRISES

TRADE AND SOURCING SHOWS: MATERIAL WORLD

Material World New York, New York's premier global fabric and sourcing event, was held on September 26-28, 2006. It drew apparel, home furnishings, and accessories representatives from 475 companies worldwide. International participation expanded from 40 exhibitors in 2005 to 236 in 2006. Over 4,000 buyers attended, representing more than 35 countries including Bangladesh, China, Korea, Thailand, Morocco, India, Pakistan, Japan, and Taiwan.

More than 10 African countries featured their apparel products in the Africa Pavilion, organized by Trade Links, LLC. Dedicating an exhibition area exclusively to the African companies had the effect of marketing Africa as a collective destination for buyers; however, each of the exhibitors retained their national, cultural, and corporate identities. The pavilion showcased product samples and descriptions of facilities and services in Botswana, Cameroon, Ethiopia, Ghana, Kenya, Lesotho, Madagascar, Senegal, South Africa and Swaziland, among others.

Results: The SA Hub sponsored five companies (at a cost of \$40,000) to attend Material World New York. Through a contact made on the exhibition floor, Lesotho's Hippo Knitting will supply an order valued at \$1.9 million to a New York retailer in 2007, a move that will expand the Maseru Company's production capacity by 10 percent and allow it to hire 160 new employees. Botswana's Label Clothing will supply an order valued at \$519,000 to Butta's "Made in Africa," earning its first foray into the US consumer market. Both companies are in follow-up communication with additional buyers.



TRADE AND SOURCING SHOWS: FANCY FOOD SHOW

The Fancy Food Show, organized by the National Association for the Specialty Food Trade, Inc., attracts between 19,000 to 32,000 representatives from the specialty foods market. In May 2006 the SA Hub sponsored six regional companies (at a cost of \$80,000) – Eswatini Kitchen (Swaziland), Peppadew International (South Africa), Olyvenbosch Vineyards (South Africa), Nali (Malawi), Bou Joubert (South Africa), and African Spices (Zambia) – representing a sampling of the specialty food products available from the Southern Africa region to attend the Spring Fancy Foods Show in Chicago.

Results: Three of the six companies have since realized new exports to the US specialty and gourmet food sector. As a result of their participation in the Fancy Food show, 10 companies from the region are being contracted to provide products to Sun Rich International. Sun Rich is now developing a product line of African foods and has committed to buying 10 products from Southern Africa.

LEVERAGING INFRASTRUCTURE INVESTMENTS IN ENERGY, ROADS/ PORTS, AND ICT

CROSS-BORDER OVERLOAD CONTROL SYSTEM (CBOCS)

Overloaded trucks on Southern Africa's road networks are a major cause of damage to roads, which slows down transportation and increases costs. In November 2004, the SA Hub introduced the CBOCS for the Martin's Drift/Grobler's Bridge border crossing between Botswana and South Africa as a pilot program designed to reduce truck overloading. USAID has provided \$120,000 in support of the CBOCS.

The CBOCS was introduced at the request of the Federation of East and Southern Africa Road Transport Associations (FESARTA) and is being implemented in collaboration with FESARTA, the National Road Transport Associations, Road Transport Control Agencies, National Road Agencies/Departments, and the National Departments of Customs.

An August 2006 audit of the pilot program found that CBOCS was successful and produced significant benefits. For example, the number of vehicles weighed per month increased from an average of 323 in November 2004 to 1,691 in August 2006 (a 424 percent increase), while the percentage of vehicles overloaded beyond acceptable tolerance limits decreased from a mean of 8.2 percent to 2.9 percent during the same period.

Results: The CBOCS has been accepted for rollout to the Trans-Kalahari Corridor (TKC) and the Kazungula Ferry Border post between Botswana and Zambia. The legal provisions of the rollout plan are now pending approval by the affected countries.



ESTABLISHING TRANSPORT CORRIDORS MANAGEMENT INSTITUTIONAL FRAMEWORKS

This \$120,000 project is creating management institutions for several transportation corridors: the TKC, Maputo, North-South, Dar es Salaam, Trans-Cunene, and Beira. The management institutions are public-private partnerships of all stakeholders concerned with the effective flow of trade along the corridors.

The project will also create a coordinating body for each corridor and assist with implementing reforms, leading to faster and less expensive goods transport. To date, the SA Global Competitiveness Hub has recruited a program coordinator for the TKC Secretariat and has presented institutional framework proposals for the Maputo Corridor.

Results: It is expected that the three corridor countries will agree on a suitable corridor management structure for the Maputo Corridor, leading to a signed agreement and implementation, as was the case for the TKC. An effective corridor management structure will help bring solutions to transport logistics problems along the corridors through public-private partnerships. It will also provide a good avenue for the private sector to influence public policies with respect to trade facilitation.



SOUTHERN AFRICA BILATERAL MISSIONS MOZAMBIQUE

IMPROVING THE BUSINESS AND REGULATORY ENVIRONMENT FOR TRADE AND INVESTMENT

REDUCING EXPORT AND IMPORT PROCESSING TIMES

The goal of this \$750,000 program is to reduce the time needed to import to and export from Mozambique from 40 to 20 days. A task force of customs officials, importers, exporters, freight forwarders, donors and the Mozambique Ministry of Industry and Trade has been established to determine how to reach this goal.

In 2007 a World Bank Doing Business team worked with the task force to help break down import/export activities into defined areas. The team concluded that exports are complicated by a series of cumbersome requirements (e.g., rules of origin) that are often not required by the purchaser, and that imports are delayed by pre-shipment inspection that can take 15 days. Further delays are caused by the 14 days required to open a letter of credit.

Time-saving recommendations from the team included eliminating the pre-shipment inspection and working with the banking system on ways to accelerate letter of credit approvals. The team also recommended moving to an electronic system for imports and exports, to include links among dispatch agents, customs, banks, and importers or exporters.

Results: Based on preliminary information, customs and finance experts will develop an action plan with the task force that will be implemented over the next year. Expectations are that by October 2008, this program will succeed in reducing times by half.

LEVERAGING INFRASTRUCTURE INVESTMENTS IN ENERGY, ROADS/ PORTS, AND ICT

IMPROVING BORDER CROSSING

This \$700,000 activity, which will commence in September 2007, is a component of Mozambique's Trade and Investment Program. In an effort to help reduce the time for importing and exporting by 50 percent, it will focus on improving the efficiency of border operations – both road and port. Special attention will be paid to the interface among importers, port concessions, customs, and immigration. The first step will be a comparative cost, time and variability study of Maputo port with its more direct competitors (e.g. Durban and Richards Bay).

This program offers the potential for leveraging further private investment in either the Maputo port, which is currently under a private concession, or the land border, where concessions are a possibility. Specifically, South African and other regional transit trade would increase due to greater efficiency and reduced costs at Maputo port.



SOUTH AFRICA

IMPROVING THE COMPETITIVENESS OF ENTERPRISES

SOUTH AFRICAN INTERNATIONAL BUSINESS LINKAGES (SAIBL)

A South African consulting firm implements SAIBL under a cooperative agreement with the Corporate Council on Africa in Washington, DC. The program, funded at nearly \$2.2 million, has three components:

- SAIBL-Core provides business development, and financial, trade and market access services to SMEs engaged in national and international trade in the services and manufacturing sectors
- SAIBL-Promoting Agribusiness Linkages program (PAL) provides market linkages, business development services, and training in grades and standards for small and medium agricultural firms (farms and agro-processing companies) engaged in or seeking to expand into national and international trade in agricultural and other food products
- SAIBL-TRADE promotes exports from South Africa and the region by building regional and international export trade capacity and market linkages

Results: From 2003 through 2006, over 5,700 jobs were created, nearly half of which were held by women. Over \$650 million in trade sales has been reported since 2003, of which \$81.3 million were export sales. Of the 525 SMEs assisted, 139 were woman-owned.

In US Fiscal Year 2007, the trade capacity building carried out by SAIBL is expected to generate \$218.8 million in trade sales or exports within the region, to the United States and other countries outside Africa. It is also expected that the program will help 5,023 new companies improve their business practices and that 1,185 new jobs will be created.

SOUTH AFRICAN APS GRANTS PROGRAM (SAAGA)

SAAGA has provided grants of up to \$500,000 to five South African organizations engaged in activities related to improving the competitiveness of SMEs. By mid-2007 five one-year grants had been awarded to local organizations. USAID support of this program is just over \$4 million.

The grants strengthen the competency of independent small business development service (BDS) providers to SMEs; train SME business owners and BDS mentors to consolidate their businesses, identify new opportunities and develop business growth plans; help emerging dairy farmers and farm workers to complete extensive commercial dairy farming training courses, and emerging dairy cooperatives to receive thorough training in commercial cooperative management practices. The grants also create on-farm jobs and raise incomes for participating farmers. Access to contracts and finance is also improved for SMEs. Grants to companies like Natural Botanicals are expected to create employment for historically disadvantaged people.

Results: In 2006, 1,654 SMEs were counseled and trained. Approximately 1,671 jobs were created, targeted SMEs obtained sales contracts of \$4.4 million, and SMEs accessed finance valued at \$571,428.



INCREASING ACCESS TO FINANCING FOR SMALL AND MEDIUM ENTERPRISES

MICROFINANCE REGULATORY COUNCIL (MFRC) ASSISTANCE

USAID helped the MFRC prepare the National Credit Bill and a new National Credit Act, which passed in 2005. As a result, the National Credit Regulator, responsible for the regulation of the South African credit industry, was established under the Act. The Act requires the Regulator to promote the development of an accessible credit market, and in particular, to address the needs of historically disadvantaged persons, low-income persons, and remote, isolated or low-density communities.

The \$1.5 million MFRC assistance activity has provided an increased level of responsible financing to SMEs and individuals, and has increased the quality of credit risk management. It also has given rise to structural improvements to credit monitoring systems and helped launch the National Credit Regulator.

Results: Approximately 700 civil magistrates were trained on the practical implications of the new National Credit Act prior to its implementation on June 1, 2007. Information technology systems were developed and a new Credit Register set up; debt counseling and National Credit Regulator procedures were also developed.

DEVELOPMENT CREDIT AUTHORITY (DCA)-CAPITECH

This loan guarantee allows Capitech Bank of South Africa to increase lending to small-scale businesses, and to expand its branch network and upgrade its information systems. Funding for this program is just over \$76,310; it provides a guarantee to reimburse up to \$4.15 million if needed.

Results: During the 2006 US Fiscal Year, Capitech made almost 390,000 loans totaling \$116,647,106, increasing the level of financing to small and medium enterprises. It is expected that this will be replicated during US Fiscal Year 2007.



ZAMBIA

IMPROVING THE COMPETITIVENESS OF ENTERPRISES

IMPROVING THE BUSINESS AND REGULATORY ENVIRONMENT FOR TRADE AND INVESTMENT

INCREASING ACCESS TO FINANCING FOR SMALL AND MEDIUM ENTERPRISES

MARKET ACCESS TRADE AND ENABLING POLICIES (MATEP) PROJECT

The \$1.7 million MATEP project focuses on identifying foreign markets for Zambian goods and working with exporters to complete transactions in those markets. The Zambia Agribusiness Technical Center assists smallholder producers of high-value products such as coffee and honey through the provision of expertise, start-up capital, and the forging of market linkages. MATEP also supports participation in trade shows.

MATEP works with Zambia's Private Sector Development program mainly through the Trade Expansion Working Group, the Administrative Barriers Committee, and the Judiciary's pilot small claims court.

MATEP's Finance Component focuses on improving access to formal sector credit for small- and medium-scale export and tourism enterprises. Access to credit for such enterprises is extremely limited in Zambia. MATEP operates a \$2 million investment fund for lending to such enterprises and helps them develop a track record of successful operations and repayments, making them credible future clients of formal financial institutions. This fund will be self-sustaining, with re-flows from loan payments.

In 2006, MATEP continued to provide secretariat and technical support services to the Trade Expansion Working Group. It also participated as a member of the Cargo Time Release Study Technical Working Group. MATEP will work with the Zambia Revenue Authority and donor agencies to see that the Action Plan arising from the study can be implemented in order to help reduce clearance times at border posts.

Results: By the close of FY 2006, agricultural and natural resource-based exports had reached \$494 million as result of MATEP assistance. In addition, \$5 million in capital/finance had been accessed and over 30,154 people had been reached with HIV/AIDS outreach programs.



PRODUCTION FINANCE AND IMPROVED TECHNOLOGIES (PROFIT) PROJECT

PROFIT is a \$2.5 million rural industry development program that focuses on improving competitiveness in industries in which large numbers of small farmers participate. It helps organize training events aimed at improving the trade and investment capacity of small farmers, SMEs, and lead firms that which consolidate farm produce. The program also trains a variety of agri-business service providers including veterinarians, agriculture-input providers, the Farmers Union, and lead integration firms on production practices required to assist these businesses with meeting market demands

Other PROFIT training involves educating financial professionals on international standards related to SMEs, risk management, and SME agricultural credit analysis. PROFIT worked with the insurance industry to develop and market appropriate products for smallholder farmers and SMEs. It also supports the inclusion of warehouse certification and the issuance of warehouse receipts in association with the newly registered Zambia Agricultural Commodity Exchange, which is directly linked to markets in Zimbabwe, South Africa and Malawi, through the an electronic trading platform. Finally, PROFIT is working with local phone companies, banks, vertically integrated production/marketing systems, and the Farmers Union to establish a cell-phone based electronic funds transfer capacity.

Results: With PROFIT's help, agricultural production group and client sales of goods and services had surpassed \$11 million by October 2006. In addition, over \$2.5 million in capital/finance had been accessed and over 155,000 people had been reached by HIV/AIDS outreach programs.



BUREAU FOR AFRICA, OFFICE OF SUSTAINABLE DEVELOPMENT ACTIVITIES

IMPROVING THE BUSINESS AND REGULATORY ENVIRONMENT FOR TRADE

INTELLECTUAL PROPERTY RIGHTS

USAID attaches great importance to the economic benefits of intellectual property and is providing \$3 million over five years to the US Department of Commerce (USDOC) to help the governments of SSA countries strengthen their intellectual property protection regimes.

USDOC works through the offices of its Commercial Law Development Program and its United States Patent and Trademark Office in consultation with the International Trade Administration's Office of Africa to strengthen the trade and investment enabling environment in sub-Saharan Africa. USDOC and USAID will undertake activities to strengthen intellectual property rights in East and Central, West, and Southern Africa in close coordination with the USAID regional and bilateral missions. It will work through such African regional economic integration organizations as Economic Community of West African States, West Africa Economic and Monetary Union, Common Market for Eastern and Southern Africa, and the Southern African Development Community and through public-private dialogues with the private sector and civil society organizations.

USAID will protect African intellectual property rights for music, film and unique products, but also assist in the harmonization of local rules and regulations for these rights to international standards that will comply with existing and future trade agreements. To achieve this, assessments are underway to strengthen the contribution of intellectual property in key sectors of the economy. USAID will work on developing collective management organizations as an important link between the creators and users of copyright works; these organizations can ensure that, as owners of rights, creators receive payment for the use of their works.

COMMERCIAL LAW INSTITUTIONAL REFORM (CLIR) DIAGNOSTICS

AGCI will work to reduce tariffs and non-tariff barriers, and to facilitate customs reforms in three to four countries in East Africa.

USAID will provide \$400,000 to CLIR Diagnostics to help identify impediments to, and reforms needed for, the most efficient business and trade enabling environments. The project will also help strategic planning efforts at the national, sub-regional and regional levels, as well as provide insights into defining regional priorities and sequencing approaches to accelerated economic growth through increased international trade, regional economic integration and private sector development.

The CLIR effort will also identify regional best practices and "champions of reform" for each of the diagnostic areas and establish benchmarks for monitoring and evaluating results toward specific performance objectives.

SANITARY AND PHYTOSANITARY (SPS) AGREEMENT

In September 2006, USAID signed an agreement with the US Department of Agriculture (USDA) to provide \$11.5 million over five years to support key SPS policy objectives under AGCI. Prior to 2006, the Pest Risk Assessment Program had trained more than 400 people from 35 countries in SSA. The new funding allows USDA to continue to provide SPS advisors in East, West and Southern Africa to cover capacity building in plant and animal health and food safety systems, with an emphasis on harmonizing SPS regulations with international standard setting bodies and increasing export opportunities for plant, horticultural, and animal products.

The Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement) was developed by the World Trade Organization. The West Africa Hubs have worked with regional organizations to conduct country assessments of SPS standards in Ghana, Nigeria, Sierra Leone, Liberia, and The Gambia in order to develop harmonized SPS regulations. A synthesis report has been produced and consultations with ECOWAS are being held to develop a framework agreement that harmonizes the standards of all ECOWAS countries.

The AGCI SPS program addresses key policy objectives including assisting African countries as they diversify their economies, supporting increased export of agricultural products, and taking advantage of AGOA preferences in the export of agricultural products to the United States.

US Fiscal Year 2007 Results:

- USDA assistance teams on plant pest surveillance and mitigation techniques helped Madagascar improve its regulatory and trade capacity, enhancing bilateral trade
- USDA, in coordination with USAID and Namibia's Ministry of Agriculture, conducted an initial assessment and report on Namibia's regulatory system for meat products. USDA is currently training Namibians on the US equivalency system and US sanitary and hygiene standards. With training and guidance from the assessment, Namibia can work to bring conditions in slaughterhouses, laboratories and monitoring systems to US standards
- USDA experts evaluated Kenya's packhouses to assist that country's efforts to export fine beans to the United States. Beans are a major export crop for thousands of small-scale Kenyan farmers.
- In addition to SPS programs in West Africa, USDA is conducting pest mitigation activities in Senegal and discussing pest risk assessments with Senegalese exporters and plant protection organizations. USDA is also providing information on how to gain permission to export products to the United States. West African products with US market potential include mangoes, papaya, eggplant, peppers, tomatoes, melons, asparagus, and okra
- Officials from Senegal and Mali consulted with USDA on Hazard Analysis and Critical Control Point inspection so that national food safety legislation reflects internationally recognized protocols

- Experts on the trade impacts of whitefly infestations presented a risk assessment and risk management options to officials at the Ghanaian Plant Health Organization so that officials could institute and manage a successful systems approach with local producers. Similar consultations were held with the Senegalese plant protection authority.

Over the next few years, it is expected that:

- Proper pest mitigation methodologies will be identified and put into place for SSA's exports, including Ghanaian eggplant, peppers, and okra, Kenyan beans, Senegalese fine bean, tomato, melon, and asparagus
- Namibia will begin meat and grape exports to and from the United States
- Human infrastructure and software to share pest information within and among African countries will be created
- Capacity at National Plant Protection Organizations and African Ministries to identify and log pests will be improved
- Interaction between public and private sector stakeholders on SPS issues in SSA will improve. As a result of better communications, barriers will be more easily identified and addressed, resulting in increased regional and international trade.

INCREASING ACCESS TO FINANCING FOR SMES

FINANCIAL SECTOR ACTIVITIES

The focus of USAID's \$31 million five-year financial sector work in Africa is to reduce key market risk factors that impede financial intermediation and raise costs. Activities are underway in Angola, Kenya, Mozambique, Nigeria, Rwanda, South Africa, Zambia and the West Africa region. The activities will be increasingly integrated into the broad donor coordination effort, Making Finance Work for Africa, as part of the G8 agenda.

A number of activities are ongoing on the continent and include:

- Credit Bureau Development: in Angola, South Africa and Mozambique
- Expansion of Access to Term Finance: Improving the certainty of real estate values as collateral is a key ingredient. Work has begun in Angola, South Africa, and Rwanda with discussions underway in Tanzania
- Leasing: Zambia
- Capital Markets Development: in partnership with the US Securities and Exchange Commission to support the regionalization of capital markets
- Financial Transparency: through support to the African Focus Group on Accounting Reform to introduce International Accounting Standards
- Strengthening the Capacity for Bank Supervision: in Angola, Nigeria, Kenya and Rwanda with regional training under development with the US Department of Treasury and possibly through the Association of African Central Banks

- Improving Payment Systems: by facilitating the entry of mobile banking using cell phone technology in West Africa and Zambia. This will help to expand access to financial services, lower costs, and support market entry for credit insurance on export receivables in Zambia and possibly Mozambique to facilitate bank discounting of the receivables

Results: Expand the private sector's access to finance by 1 percent of GDP in target countries, and reduce the intermediation margin (specific targets will be developed with counterparts).

LEVERAGING INFRASTRUCTURE INVESTMENTS IN ENERGY, ROADS/ PORTS, AND ICT

USAID's support to the African energy sector includes:

- Power Pool Development: USAID has assisted South, West and Central Africa in developing regional power pools to promote electric infrastructure development and service at reduced cost. This work will continue under AGCI
- Major Energy Infrastructure Projects: Feasibility studies for geothermal projects in East Africa, methane gas use in Lake Kivu, and a petroleum products pipeline and mini-hydro facility in Rwanda in partnership with the US Trade and Development Agency (USTDA)
- Electrification and Renewable Energy: Assistance is being provided to Angola in electrifying peri-urban areas, the Democratic Republic of the Congo in developing micro-hydro, and Rwanda in providing electricity to rural health clinics and hospitals
- Energy Efficiency and the Environment: Energy-efficient, non-polluting bio-gas cooking stoves have been introduced in Rwanda, Northern Uganda camps for the internally displaced, and Nigeria
- Development of Laws and Regulations: To improve government oversight and policy decisions, laws and regulations have been developed for southern Africa, western Africa, and Zambia
- Emergency Power Supplies: USAID is working to re-establish electricity services in post-conflict countries including Liberia

As a result of the April 28, 2006, Gulf of Guinea Energy Security meeting among the United States, Nigeria and United Kingdom, participants agreed to:

- Investigate the potential to use oil fingerprinting and tagging for authenticating the sources of crude oil sold internationally
- Strive for the full compliance of Nigerian ports with international port security regulations and standards
- Provide emergency power supplies to re-establish electricity services in post-conflict countries including Liberia

Specific USAID energy projects include East Africa Geothermal Development and the Central African Power Pool.

EAST AFRICA GEOTHERMAL DEVELOPMENT

East African countries are experiencing large shortages in electricity supply due to drought. Some experts estimate that economic growth is penalized by 20-30 percent due to the shortage conditions. Geothermal energy, currently used in Kenya and Ethiopia, is a more affordable, renewable energy source believed to be present in a half dozen other countries. The development of a renewable, clean, lower-cost energy source will improve the competitiveness of African businesses, permit the attraction of industry and mining, and expand trade, all with fewer environmental effects than other available energy sources.

USAID actively participates in the US Government Working Group that supports East African geothermal development. USAID provides approximately \$600,000 in support of East African Geothermal Development with additional funding provided by the US Departments of State and Energy and the USTDA.

It is expected that within 2 to 10 years, the first pilot projects for new geothermal generation (perhaps three projects of up to 10 megawatts [MW] each) will be developed, followed by the development of larger production plants (perhaps three to five projects of 40 MW each). These projects will provide power at prices of 8-10 cents/kilowatt hour (kWh), matching the prices of available hydro or thermal resources in East Africa and without the adverse environmental effects of either.

CENTRAL AFRICAN POWER POOL (CAPP)

USAID activities in the Democratic Republic of Congo and the USAID Energy Team are providing assistance to CAPP to:

- Update and expand previously prepared action plans for the development of CAPP's governance, planning and management systems; technical operational decision-making capacity; cross-border trade; and other needed market regulations
- Design and, where funding permits, implement management, communications and data organization systems to improve CAPP's transparency in performing its functions
- Develop the legal framework to support CAPP operations based on regional agreements and within the laws of member countries
- Provide guidance, training and information on the diverse, highly technical subjects necessary for effective power pool operations

The current program phase has funding of \$500,000 (approximately \$500,000 was expended during the first two phases of the project). Up to \$650,000 of additional AGCI funds will be provided to continue this work in Fiscal Year 2007.

Results: Development of a capable CAPP electric system operator, whose presence and technical capacity will materially assist in the provision of affordable, reliable electric service and in the attraction of investment capital. Investment capital, in turn, will permit the needed expansion of electric service to support the location and operation of industry in Central Africa, thereby expanding goods produced, trade, economic growth and quality of life for the population.

THE KALANGALA INFRASTRUCTURE SERVICES PROJECT

The Kalangala Infrastructure Services project is multi-sector infrastructure initiative to develop new and rehabilitate existing infrastructure to satisfy the growing and unmet demand for infrastructure services on Bugala Island, Lake Victoria in the Kalangala District of Uganda. The project addresses electricity, water, ferry service and road upgrade.

USAID will provide a \$750,000 (\$250,000 for water, \$250,000 energy, and \$250,000 for transport) Development Credit Authority credit guarantee which would leverage \$47 million in project development and financing from the World Bank, the Netherlands Development Finance Company (FMO), Stanbic Uganda, the Dutch Development-Related Export Transactions Programme (ORET) and other private sector equity investors.

Expected Results:

- Improved access to regional trade markets in key economic sectors: fishing (Uganda's largest export industry), timber and agriculture
- \$47 million in infrastructure investment will be leveraged, achieving a leverage ratio of 63:1
- Infrastructure to support the creation of 6000+ jobs
- 50,000+ people will receive access to clean water
- 7,000+ households will have access to reliable energy services
- Model for delivery of rural infrastructure services that can be replicated in the region
- Spillover growth in demand for other goods and services from local suppliers and
- Improved access to health and education services

ADDITIONAL ENERGY PROJECTS

Other energy projects under development include an environmental mitigation program for the Bujagali Hydropower Project in Uganda and the development of the Mmabula Power Project in Botswana.

ICT DEVELOPMENT

USAID and African partner institutions ICT development efforts focus on four strategic and mutually reinforcing areas. Strong regulatory capacity and transparent economic governance serve to stimulate investment and help communications sectors grow. Regional market integration further stimulates investment by increasing opportunities for firms operating at the national level, and enables nations with smaller economies to benefit through participation in the larger economic system. Market integration is not driven solely by policy and regulations; it also requires critical infrastructure, or digital arteries, enabling the lowest possible costs to firms for communications services. Availability of these services creates new economic efficiencies and development opportunities that will be fully realized through building the capacity of African firms and institutions to apply ICTs. USAID provides approximately \$3 million a year to ICT development.

TRANS-KALAHARI RAILWAY NETWORK PROJECT (TKRNP)

The Trans-Kalahari Railway Network Project (TKRNP) is a proposal to develop a new railway transportation backbone for South Central and Southern Africa. The project will develop a modern, high speed, heavy haul railway that traverses an East–West axis between Walvis Bay in Namibia and Gauteng in South Africa and a North–South axis linking Zambia and the DR Congo (DRC) to southern Botswana at a new dry port to be established in Lobatse. USAID is developing a program to help Trans-K Holdings, a consortium of private investors and promoters that initiated the proposal for the TKRNP update and expand its pre-feasibility study of 2002.

Expected Results: While still in preliminary planning stages, when complete this project will open up south-central Africa and further open up the Gauteng region of South Africa. More specifically, TKRNP will:

- Provide for fast implementation of a fundamental regional transportation backbone through the harnessing of private-sector innovation, finance, and commercial and management expertise
- Generate improved quality of service through the transfer of commercial risk to the private sector by means of operating the network under performance-based concession terms
- Increase regional integration and international cooperation and
- Provide for better distribution of regional traffic among the Southern African Corridors

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