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African Trade Hub Best Practices Review

Building on Successes and Lessons Learned for the Next Generation of Trade Hubs

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EXECUTIVE SUMMARY

For nearly 10 years, three subregional Global Competitiveness Hubs, or West Africa (WA), East & Central Africa (ECA) and Southern Africa (SA) Trade Hubs, have been the primary implementers and regional focal points of USAID-sponsored trade capacity building assistance. The breadth and depth of Trade Hub implementation across two “generations” has reflected a wide variety of influences, including evolving presidential initiatives, USAID regional and bilateral assistance frameworks, stakeholder priorities and on-the-ground political and economic realities. It has also been shaped by more pragmatic concerns, such as the availability of funding. As USAID-funded Trade Hub implementation approaches a decade, the Office of Sustainable Development (AFR/SD) is interested in tracking the evolution of Trade Hub assistance to take stock of best practices and lessons learned.

Presidential Initiatives and Trade Hub Assistance

The Trade Hubs have been primarily influenced by two presidential initiatives: Trade for African Development and Enterprise (TRADE) and the African Global Competitiveness Initiative (AGCI). Though the Hubs were also influenced (and sometimes funded) by other initiatives, including the Initiative to End Hunger in Africa (IEHA) and most recently the Global Hunger Food Security Initiative (GHFSI), those influences are only tangentially considered here.

The first generation of Trade Hubs was created to implement the objectives of the four-year, \$70 million TRADE Initiative (FY2002-2005). The focal points for TRADE assistance were the three Trade Hubs mentioned above. Trade Hub program design reflected TRADE objectives through activities in two technical areas: (1) trade facilitation and trade capacity building; and (2) African Growth and Opportunity Act (AGOA) education/export development; as well as cross-cutting programs (e.g., gender, environment, HIV/AIDS prevention, and anticorruption).

In 2005, AGCI was announced at the AGOA Ministerial Forum in Dakar, Senegal. AGCI was to expand upon the successes of TRADE and an additional \$200 million of U.S. assistance was pledged to carry out four policy objectives over four years (FY2006-2010). The three Trade Hub programs procured pursuant to the TRADE Initiative were still underway; however, the AGCI and TRADE objectives were similar. In each case, the Trade Hub contracts covered some, but not all four AGCI objectives.

Comparing Trade Hub Activities

Although the overall mandate and objectives of the Trade Hubs were informed by TRADE and AGCI, Trade Hub design has also been influenced by respective regional mission priorities and preferences. At their inception, the Trade Hubs were primarily conceived as vehicles for firm level support to help countries maximize opportunities

provided by AGOA. Broader business environment activities to enhance regional competitiveness were part of the programming of all three Hubs, but to different degrees. Over time, support for AGOA-related assistance has remained an essential component of all three Trade Hubs, but has gradually broadened to focus on enhancing overall regional competitiveness. In the end, Trade Hub strategies and approaches have adjusted to reflect changing regional dynamics. This flexibility has allowed the Trade Hubs to be effective, efficient and results-oriented.

Tracing the evolution of the three Trade Hub programs has revealed best practices and lessons learned for future regionally-based economic growth programming for Sub-Saharan Africa. These lessons include staffing the Trade Hubs with strong regional advisers and coordinating efforts with other bilateral and multilateral U.S. government and donor-funded programs, as well as technical area-specific best practices including:

When Trade Hubs collaborate, everyone benefits. AGCI emphasized collaboration between the three subregional Trade Hubs to pool resources, explore synergies, and share best practices and lessons learned.

- Example: Africa Pavilion at the MAGIC Fashion and Apparel Trade Show in Las Vegas and the ECA Trade Hub-SA Trade Hub collaboration on the Revenue Authorities Digital Data Exchange (RADDEx) system.

Targeting specific policy issues brings real change. Policy reform which drilled down on specific issues or procedures often achieved the most concrete results.

- Example: Common External Tariff in West Africa, harmonizing axle load requirements in East & Central Africa, and work with the corridor management institutions operating in Southern Africa.

Capacity building of trade-related institutions should continue to ensure fundamental, long-term sustainable change. Building knowledge and capacity on key trade-related issues has raised the level of discourse and empowered policymakers to take decisions and pass laws and regulations that will ultimately improve the competitiveness of regional businesses and foster a pro-growth business environment.

- Example: USAID assistance on rules of origin (policy notes and training of negotiators and policymakers) during the SADC Trade Protocol negotiations and thereafter has educated a cadre of officials to be more conversant on these issues.

The use and placement of trade advisers supporting RECs must consider regional politics and dynamics. The Trade Hubs have each taken different approaches in supporting regional economic community (REC) agendas and building capacity. The placement of trade advisers (i.e., to embed in RECs or maintain separate presence) depends heavily on context.

- Example: The first generation ECA Trade Hub's long-term expatriate adviser was embedded in Common Market for East and Southern Africa (COMESA) headquarters, while WA and SA Trade Hub advisers have forged strong relationships with their

respective RECs without embedding. In Southern Africa, this is because the REC headquarters and the Trade Hub office are located in the same city.

Policy interventions are most effective when public sector and private sector reform efforts are aligned. In many subregions and countries, there is still a fundamental distrust between the public and private sectors. Trade Hub activities must attempt to build trust by building the capacity of public sector institutions to implement policy and regulatory reform and working with the private sector to provide better support services and advocate for a better business environment. Reform cannot be achieved without the crucial participation of each of these sectors and the encouragement of public-private dialogue on key issues.

- Example: RADDEx design and implementation (East & Central Africa) and Single Administrative Document design and rollout (Southern Africa) were successful trade facilitation efforts that would not have been possible without public-private dialogue.

Strong communications and outreach establish the Trade Hubs as regional authorities on trade issues. This has benefited each Trade Hub and solidified their reputations as purveyors of quality technical assistance and information on regional trade and transportation issues.

- Example: Well-developed websites (all Trade Hubs), periodic newsletters to update on activities and events (all Trade Hubs), in-depth news publications (Southern Africa), and documentary films (West and Southern Africa).

Regional and Bilateral Mission Relationships

Trade Hubs have played a crucial role in providing technical assistance that is best delivered from a regional platform, rather than a bilateral one. This work generally relates to (1) work with RECs; (2) assistance on issues involving more than one country in a region; and (3) work on matters that affect or are common to multiple countries in a region. Coordinated and complementary activities at national and regional level are often required to address key issues and problems. Ultimately, all multilateral, regional, and bilateral trade agreements must be implemented by each participating national government to have an economic impact. Furthermore, any regional initiative—be it a free trade agreement or a transport corridor—will be only as strong as its weakest link. Work at the national level is essential to achieve regional results.

The Trade Hubs' work on AGOA support has been one example of this. AGOA is a non-funded mandate. Although the Trade Hubs were subregional in scope, in all three cases, it has helped to have national-level representation. In West Africa, both generations of Trade Hubs have supported a network of 21 national AGOA Resource Centers (ARCs) to serve as focal points and information centers for AGOA-related issues. In 2004 the ECA Trade Hub issued \$250,000 challenge grants to four AGOA countries—Ethiopia, Central African Republic, Tanzania and Uganda—to expedite project activities. In Southern Africa, the Trade Hub worked one-on-one with export-ready firms in countries

throughout the region. Where possible, it leveraged synergies with bilateral programs, e.g. Swaziland and Zambia, promoting value-added agricultural exports.

When focused on these carefully defined related areas, and with the proper associated expertise, Trade Hubs can be and are viewed as valued partners of bilateral missions and their respective national programs. Making that connection and constantly nurturing and reinforcing it is essential for successful programming.

In each subregion, bilateral relations between the United States and USAID non-presence countries (e.g., Burkina-Faso, Congo-Brazzaville, Mauritius, and Lesotho) have been enhanced by regional Trade Hub activities. National level presence of the regional project can be beneficial to all; however success requires diligent coordination between regional and bilateral USAID missions and programs to avoid overlap and ensure the best use of program resources.

Africa Bureau would benefit from drafting a bureau development framework with explicit linkages between (a) regional mission strategies and their counterpart organizations; and (b) bilateral mission strategies and their national governments. The ability for bilateral mission to buy in to regional programs such as the Trade Hubs would also benefit this end.

Trade Hub Models and “Brand”

Issues relating to model and brand have surfaced throughout Trade Hub implementation. For example, with its dual offices in Accra and Dakar, the WA Trade Hub arguably represents a “twin hub”. Other Trade Hubs have considered dual offices and the idea merits exploration—but feasibility and success depends on having the required resources over the life of the project.

The second generation ECA Trade Hub under the regional COMPETE program has become a “little hub,” focusing exclusively on AGOA/export promotion work. This raised concerns about the erosion of the Hub “brand,” however the COMPETE vs. Trade Hub distinction has become merely a matter of semantics.

The second generation SA Trade Hub represents a “big hub”. Throughout its lifetime, and despite funding fluctuations, it has managed, for the most part, to retain a relatively large team of long-term technical experts—the majority of whom are regional.

In the final analysis, Trade Hub structures have more often than not been driven by political and financial, rather than programmatic imperatives. The ECA Trade Hub maintains its strong record of assistance in a broader regional agricultural trade program, the SA Trade Hub has emerged as a “Center of Excellence” for trade policy, trade facilitation and governance expertise, and the WA Trade Hub as a regional center for export business development with the United States. Over time, each Trade Hub has evolved, to varying degrees, into trusted and recognized Centers of Excellence for trade-related technical assistance in their respective regions.

Impact of Funding on Trade Hub Programming

Inconsistent funding levels have frequently challenged Trade Hub implementation. At their peak, AGCI funds were spread across 15 bilateral missions and three regional missions and their respective Trade Hubs. As such, funding for individual activities—including new technical areas under AGCI—was limited. The uncertainty around annual funding levels has affected the implementation of key AGCI activity areas. USAID regional missions should incorporate contract budget line item tracking requirements (CLINs) into future Trade Hub contracts upfront, so that implementing partners will be prepared to provide information on budget expenditures. Future Trade Hub contracts should also be written with higher contract ceilings to allow bilateral missions to buy into the contract with their own funding. This would enable missions to leverage the regional program and link their work more closely to promote economic integration, which often requires national action.

Role of USAID/Washington

USAID/Washington has long had a desire to standardize Trade Hub programming and has, inter alia, established common indicators for the Trade Hubs and aggregated Trade Hub data and successes through the KSA project. However, the Trade Hubs operate in diverse political, cultural and economic contexts non-conducive to a uniform structure and set of activities. The next generation of Trade Hub programming must bridge the gap between Washington's needs and field imperatives by developing methods to monitor and evaluate consolidated performance, while acknowledging subregional differences and flexibility necessary for programming for impact.

Conclusion

Over the past 10 years, the USAID-funded Trade Hubs have contributed significantly to improving the enabling environment for US two-way trade with Sub-Saharan Africa; empowered African SMEs to increase exports to the U.S., regional and international markets; and facilitated regional economic integration. Implementation has conformed overall to presidential initiative objectives and shown the creativity, flexibility and ingenuity to overcome difficult operating environments and uncertain funding levels. Regional and national counterparts in the public and private sectors must be empowered to assume ownership of future programs, both technically and financially. As AGCI ends and the Obama Administration crafts its own U.S.-Africa trade paradigm, the time is right to assess what has worked and what has not, to benefit the next generation of Trade Hubs and other providers of trade-related assistance.

A. INTRODUCTION

For nearly 10 years, three subregional Global Competitiveness Hubs, or “Trade Hubs” located in Accra, Ghana and Dakar, Senegal (West Africa); Nairobi, Kenya (East and Central Africa); and Gaborone, Botswana (Southern Africa) have been the primary implementers and regional focal points of USAID-sponsored regional trade capacity building (TCB) assistance to the private sector, African governments and organizations, U.S. government agencies and civil society organizations. The breadth and depth of Trade Hub implementation across two “generations” has reflected a wide variety of influences, including evolving presidential initiatives, USAID regional and bilateral assistance frameworks, stakeholder priorities and on-the-ground political and economic realities. It has also been shaped by more pragmatic concerns, such as availability of funding. As USAID-funded Trade Hub implementation approaches a decade, and AGCI nears its end, the Office of Sustainable Development (AFR/SD) is interested in tracking the evolution of Trade Hub assistance to take stock of best practices and lessons learned. AFR/SD is also interested in highlighting the commonalities and differences in approach and implementation among Trade Hubs.

This analysis tracks the implementation of “two generations” of regional Trade Hubs including their evolution from, in certain instances, near-exclusive purveyors of AGOA-related technical assistance and training to a broader “Center of Excellence” model of overall trade-related assistance, including trade policy, trade facilitation, finance, and infrastructure. This evidence based research can serve as a quick reference for the three regional missions and an incoming generation of USAID professionals who may hope to learn more about the history of Trade Hub regional TCB programming. This analysis can also help the Africa Bureau strategize the post-AGCI trajectory of Trade Hub funding.

We begin with a short description of Trade Hub assistance, including two charts summarizing the activities of the two generations of Trade Hubs according to technical areas within the Trade for African Development and Enterprise (TRADE) and African Global Competitiveness (AGCI) presidential initiatives – historically the two primary initiatives guiding and funding the Trade Hubs. (It is, however, important to note that although the Trade Hubs also received funding from and responded to other initiatives (i.e.; the Initiative to End Hunger in Africa), the scope of this analysis was designed to focus only on TRADE and AGCI. Next, we present lessons learned drawn from comparing regional approaches and address specific issues of interest to AFR/SD (e.g., Trade Hub “models,” the role of Washington in Trade Hub implementation, and Trade Hub budgets). A bibliography of reference documents, some of which can be found on an accompanying CD-ROM, is presented at the end of the review. Several other reference materials, including an Africa Bureau map, list of presence and non-presence countries, a list of AGOA Resource Centers, and information on African regional economic communities (RECs) have also been annexed to this report.

B. FIRST GENERATION OF TRADE HUBS: TRADE FOR AFRICAN DEVELOPMENT AND ENTERPRISE INITIATIVE (FY2002–2005)

The first generation of Trade Hubs was created to implement the objectives of President George W. Bush’s \$70 million, four-year TRADE Initiative (FY2002-2005). The focal points for TRADE assistance were three Trade Hubs in West, East and Central and Southern Africa. Trade Hub program design in all three subregions reflected TRADE objectives through activities in two technical areas: (1) trade facilitation and trade capacity building; and (2) African Growth and Opportunity Act (AGOA) education/export development; as well as cross-cutting programs (e.g., gender, environment, HIV/AIDS prevention, and anticorruption).

Table 1 summarizes the activities of each first-generation Trade Hub, according to TRADE Initiative categories. This information was drawn from request for proposal (RFP) documents, program reports, and first-person interviews. Please note that the period of performance for two of the three first-generation Hubs actually straddles the TRADE and AGCI initiatives.

West Africa. When TRADE was announced, economic growth programs in West Africa were being implemented under the West Africa Regional Program (WARP) Economic Integration Strategic Objective (SO). This SO included three intermediate results (IRs): (1) increase intraregional trade; (2) develop and implement policies for foreign economic integration; and (3) improved regional capacity to provide a competitively priced energy supply. TRADE objectives corresponded well with these IRs. The West Africa Global Competitiveness Hub RFP addressed both WARP and TRADE objectives, emphasizing activities to build West African capacity to more effectively participate in the multilateral trading system (citing World Trade Organization Doha Round negotiations), increasing AGOA-related trade, supporting trade facilitation efforts, reducing non-tariff barriers to increased intra-regional trade, building SPS capacity, and increasing awareness of opportunities for investment in West Africa. The West Africa Trade Hub (WA Trade Hub) contract was awarded to a consortium led by CARANA Corporation in 2003. Energy issues were covered under a separate contract to advance the West Africa Power Pool (WAPP). There was also a separate contract covering regional trade issues which continued through 2005. The WA Trade Hub is based in Accra, Ghana. A second WA Trade Hub office opened in Dakar, Senegal in 2005 following its announcement at the Senegal-hosted AGOA Forum.

TRADE Initiative Objectives (FY2002-2005)

- Promote U.S.-African business linkages
 - Enhance the competitiveness of African products and services
 - Expand the role that trade can play in African poverty reduction strategies
 - Improve the delivery of public services supporting trade
 - Build African capacity for trade policy formulation and implementation
 - Strengthen the enabling environment for African businesses.
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Table 1. TRADE Initiative (First Generation of Hubs)

Initiative	Trade Facilitation/TCB	AGOA/Export Promotion	Cross-Cutting Programs
<p>West Africa Trade Hub (2002–2007) Implemented by CARANA Corporation</p>	<p>SPS Measures</p> <ul style="list-style-type: none"> • Support for UEMOA and ECOWAS <p>One-week WTO training (GATS) TCB database Regional Trade Information System (RTIS) Improved Road Transport Governance (IRTG)</p>	<p>Firm-level technical assistance Trade show support B2B support (market linkages) Sector-specific technical assistance Value chain studies Association support Export guides AGOA textile visas and Category 9 certification Finance Finance export guide Workshops and sector-specific seminars/trainings ARC support services</p>	<p>Communications and outreach</p> <ul style="list-style-type: none"> • Website development • “Tradewinds” publication • Export promotion short film <p>Monitoring and evaluation</p> <ul style="list-style-type: none"> • Management and administration • Opened WA Trade Hub /Dakar
<p>East/Central Trade Hub (2002–2003) Implemented by Chemonics International East/Central Trade Hub (2003–2008) Implemented by Bearing Point</p>	<p>COMESA Support</p> <ul style="list-style-type: none"> • Embedded regional trade facilitation specialist • WTO GATS training • Trade flow analysis • Regional Investment Agency • COMESA Fund Infrastructure Window <p>SPS Measures</p> <ul style="list-style-type: none"> • Support to USDA/APHIS adviser <p>Customs harmonization and simplification</p> <ul style="list-style-type: none"> • Malaba one-stop border post • Revenue Authorities Digital Data Exchange (RADDEX) • Regional Customs Transit Guarantee Scheme <p>Transport Sector Efficiency</p> <ul style="list-style-type: none"> • Harmonized policies • Support to Northern Corridor Transit Transport Coordination Authority 	<p>Firm-level technical assistance</p> <ul style="list-style-type: none"> • Product design • Trade show support • Market research education <p>National AGOA Strategies AGOA “Add-On” Programs</p> <ul style="list-style-type: none"> • Congo-Brazzaville • Ethiopia • Tanzania <p>Rules of origin training with AGOA Focus AGOA workshops (Raise Awareness)</p>	<p>Gender Environment HIV/AIDS Anticorruption Communications and outreach</p>

Initiative	Trade Facilitation/TCB	AGOA/Export Promotion	Cross-Cutting Programs
<p>Southern Africa Regional Activity to Promote Integration through Dialogue and Policy Implementation (2000–2005) Implemented by Chemonics International</p> <p>Southern Africa Trade Capacity Building Project (2000–2004) Implemented by The Services Group (TSG)</p> <p>Bridge Activity (2004–2005) Implemented by Chemonics International</p> <p>Southern Africa Global Competitiveness Hub (2004-2010) (<i>procured as the Trade Expansion for Southern Africa Program I and II</i>) Implemented by: TSG (AECOM International) and CARANA Corporation</p>	<p>Trade capacity building for SADC and SACU</p> <ul style="list-style-type: none"> • SADC trade protocol technical assistance (ROO, TBT, economic impact studies, tariff policy, negotiation skills) • US-SACU FTA negotiations • TCB needs assessments • Training and seminars <p>Customs Streamlining and Harmonization</p> <ul style="list-style-type: none"> • Customs valuation training and support • Risk management training and support • Single administrative document for customs clearance <p>Trans-Kalahari, Dar and Maputo Corridor Efficiency</p> <ul style="list-style-type: none"> • Institutional Capacity Building—Corridor Management Committee • Transit Bond Guarantees • Road User Fee Harmonization • Private Sector Dialogue and Capacity Building 	<p>Firm-Level Technical Assistance</p> <ul style="list-style-type: none"> • AGOA Textile Visas and Category 9 Certification • HACCP Assessments and Training; Capacity Building to Meet International Quality Standards (SPS) • Marketing and Business Linkage Support (B2Bs, Trade Shows) <p>Sector-specific technical assistance and training</p> <ul style="list-style-type: none"> • Sector Assessments • Market Research • Association Support <p>National AGOA Strategies AGOA Workshops (Raise Awareness)</p>	<p>Gender</p> <p>Environment</p> <p>HIV/AIDS</p> <p>Anticorruption</p> <p>Communications and Outreach</p>

East and Central Africa. The East and Central Africa (ECA) Trade Hub was initiated in late 2002, by awarding a one-year sole-source task order to Chemonics International, the implementer of the Regional Agricultural Trade Expansion Support (RATES) program. It was located in Nairobi, Kenya, also the home of RATES. The ECA Trade Hub was programmed under USAID/REDSO's Strategic Objective 5, "Achieve regional food security through building African capacity," though the ECA Trade Hub's three major components (trade policy capacity building, working with private sector to increase exports under AGOA, and improve the efficiency and lower the cost of trade-related transportation) closely reflected TRADE objectives. In 2003, USAID/REDSO procured a five-year follow-on program with the same components. This contract was awarded to a consortium led by Bearing Point.

Southern Africa. In Southern Africa, a broad regional integration program, the Regional Activity to Promote Integration through Dialogue and Policy Implementation (RAPID) had been operating for almost two years before the announcement of the TRADE Initiative. RAPID program design was informed by the Regional Center for Southern Africa (RCSA) Strategic Objectives, which included regional market integration and regional agricultural/natural resource management. RAPID was implemented by a consortium led by Chemonics International. With the announcement of TRADE, USAID/RCSA instructed RAPID to establish the Southern Africa Global Competitiveness Hub (SA Trade Hub) in Gaborone, Botswana. Consequently, the RAPID program focused primarily on national and firm-level AGOA-related assistance and streamlining/harmonizing customs procedures along the Trans-Kalahari Corridor (TKC).

Meanwhile, a separate technical assistance program, the Trade Capacity Building (TCB) Policy Program (2000-2004), was also providing long- and short-term trade policy capacity building technical assistance to the Southern African Development Community (SADC) Secretariat to facilitate the implementation of the SADC Free Trade Area. This program was implemented by a consortium led by The Services Group (TSG). The policy program worked closely with the SA Trade Hub.

In 2004, USAID/RCSA procured Trade Expansion for Southern Africa I and II (TESA I and II) as the technical activities of the SA Trade Hub. TESA design was informed by USAID/RCSA SO14—"A more competitive Southern African economy"—and its IRs. Program design was aligned with the TRADE Initiative objectives, but to a greater extent than other Trade Hubs, focused more broadly on improving the overall business environment. Program design emphasized trade policy and capacity building for trade-related counterpart ministries, trade facilitation and private sector advocacy. TESA's two components—I (trade policy, finance, private sector advocacy, transport policy and Trade Hub management) and II (enterprise development/export promotion)—were procured separately. AGOA support was conspicuously absent from both programs but was added to TESA II post-award. The six-year TESA I program was awarded to a consortium led by The Services Group (now AECOM International Development) and the five-year TESA II was awarded to CARANA Corporation. Both programs were to be co-located in one office in Gaborone, Botswana and collectively referred to as the SA Trade Hub.

C. SECOND GENERATION OF TRADE HUBS: AFRICAN GLOBAL COMPETITIVENESS INITIATIVE (FY2006–2010)

In 2005, Secretary of State Condeleezza Rice announced President George W. Bush’s African Global Competitiveness Initiative (AGCI) at the AGOA Ministerial Forum in Dakar, Senegal. AGCI was to expand upon the successes of TRADE and an additional \$200 million of U.S.

assistance was pledged to carry out four policy objectives (see text box at right). The three Trade Hubs procured pursuant to TRADE were still underway; as mentioned earlier, the Trade Hubs also received funding to implement activities to address objectives under the Initiative to End Hunger in Africa (IEHA), in various amounts depending on the year and the Trade Hub. AGCI and TRADE objectives were similar. In each case, the Trade Hubs covered some, but not all four AGCI objectives. Table 2 summarizes the activities of the second-generation Trade Hubs expanding from two technical areas to four technical areas.

West Africa. In West Africa, the second-generation Trade Hub was tendered in 2007. Enabling environment activities focused on building trade policy capacity in the Economic Community of West Africa States (ECOWAS). Enterprise development work, by far the largest component of the project, emphasized firm-level technical assistance to increase trade in targeted value chains, though AGOA was not explicitly mentioned in the RFP. Access to finance activities, as envisioned by the RFP, included legal/regulatory reform but were not fully funded, while proposed transportation infrastructure work built on the predecessor Improved Road Transport Governance (IRTG) project, with some telecommunications and energy (WAPP) activities included. In 2007, the West Africa Trade Hub II contract was awarded to CARANA Corporation. Program implementation of the second generation Trade Hub gradually incorporated the AGCI objectives for the financial sector and trade facilitation work; USAID/West Africa maintained a separate contract outside the Hub for infrastructure (roads, energy and ICT). The WA Trade Hub contract will end in 2011.

East and Central Africa. With the first generation ECA Trade Hub ending in 2008, USAID/East Africa took programming in a different direction. To facilitate coordination and promote synergies between regional programs, USAID/East Africa combined the ECA Trade Hub and the RATES project under a broad umbrella program called the Competitiveness and Trade Expansion Program (COMPETE). This holistic approach for an agriculturally led economic growth model reduced the management units overseen by the mission and aligned two presidential initiatives—Initiative to End Hunger in Africa (IEHA) and AGCI—under a single contract.

AGCI Objectives (FY2006-2010)

- Improve the policy, regulatory, and enforcement environment for private sector-led trade and investment
 - Improve the market knowledge, skills, and abilities of workers and private sector enterprises
 - Increase access to financial services for trade and investment
 - Facilitate investment in infrastructure
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Table 2: AGCI Initiative (Second Generation of Trade Hubs)

Initiative	Enabling Environment	Enterprise Development	Access to Finance	Infrastructure	Communications and Outreach
<p>West Africa Trade Hub II (2007–2012) Implemented by: CARANA Corporation</p>	<p>ECOWAS Common External Tariff (CET) Support</p>	<p>AGOA Services</p> <ul style="list-style-type: none"> • Support to ARCs • Training/workshops • Category 9 certifications <p>Firm-level technical assistance</p> <ul style="list-style-type: none"> • Market linkages (trade shows, B2B events) • Standards/quality certification <p>Sector-specific technical assistance</p> <ul style="list-style-type: none"> • Sector analysis • Association support • Export guides 	<p>Firm-level technical assistance in access to finance</p> <p>Product development (per RFP)</p> <p>Mobile banking study, public-private partnerships</p>	<p>Transportation</p> <ul style="list-style-type: none"> • Improved Road Transport Governance Project • Reduced Road Costs Initiative <p>Telecommunications</p> <ul style="list-style-type: none"> • Legal/regulatory studies • Infrastructure evaluation • Public-private partnerships 	<p>Tradewinds publication</p>
<p>East Africa Competitiveness and Trade Expansion Program (2009–2013) Implemented by: Chemonics International <i>(RATES Program and ECA Trade Hub combined; Trade Hub became subcomponent of larger program)</i></p>	<p>EAC-COMESA Simplified Trade Regime support</p> <ul style="list-style-type: none"> • Standards/SPS Harmonization • Training and information dissemination <p>Trade in services support to EAC and COMESA customs unions</p> <p>Trade policy harmonization</p> <ul style="list-style-type: none"> • Reform policies and regulations to enable increased investment in infrastructure • Support RECs to enable local capital markets to finance infrastructure projects with bonds 	<p>ECA Trade Hub:</p> <ul style="list-style-type: none"> • AGOA Training for Public and Private Sector • Firm- and Sector-Level Technical Assistance on AGOA • Market linkages (trade shows, inward buyer missions) • National AGOA Strategies Building Target Value Chains (follow-on to East Africa RATES): • Smallholder support • Market linkages • Value addition support • Private sector partnerships • Trade platforms 	<p>Product development (per RFP); quality services for export finance</p>	<p>Transportation</p> <ul style="list-style-type: none"> • Integrated Transit Corridor Management (increased one-stop border posts, harmonized axle load policies, etc.) • Institutional Capacity Building (Corridor Committees) • Extension of RADDEx system; other ICT initiatives <p>Energy (begun under TRADE initiative)</p> <ul style="list-style-type: none"> • Policy/regulatory reform to promote investment in energy sector (subject to funding) 	<p>“The Link” newsletter</p>

Initiative	Enabling Environment	Enterprise Development	Access to Finance	Infrastructure	Communications and Outreach
<p>Southern Africa Global Competitiveness Hub (2004–2010) <i>(Procured as the Trade Expansion for Southern Africa Program I and II)</i></p> <p>Implemented by: AECOM International and CARANA Corporation</p>	<p>SADC trade protocol implementation assistance</p> <ul style="list-style-type: none"> • Trade monitoring compliance mechanism • SPS measures (Policy) <p>Investor roadmaps</p> <p>Trade capacity building</p> <ul style="list-style-type: none"> • Rules of origin • Trade agreements <p>WCO time-release studies</p> <p>WTO Trade facilitation needs assessment</p> <p>Customs modernization (legal and regulatory)</p> <ul style="list-style-type: none"> • One-stop border post feasibility studies • Expansion of RADDEX into Southern Africa <p>Financial services liberalization</p>	<p>Firm-Level Technical Assistance</p> <ul style="list-style-type: none"> • Marketing and Business Linkage Support (B2Bs, Trade Shows) • Private Standards (HACCP, GlobalGAP) Capacity Building <p>Sector-Specific Technical Assistance and Training</p> <ul style="list-style-type: none"> • Association Support • AGOA Sourcing Information Support (Textiles and Apparel) 	<p>Firm-level technical assistance in access to finance</p> <p>Studies on product innovation and technological approaches to accessing finance</p>	<p>Transportation</p> <ul style="list-style-type: none"> • Single administrative document rollout • Transport corridor efficiency <ul style="list-style-type: none"> – One-stop border post – Corridor sustainability action plans – CPMS – Policy harmonization (e.g. axle loads) <p>Energy (begun under TRADE initiative)</p> <ul style="list-style-type: none"> • Support to Regional Energy Regulatory Agency (RERA)—TA on harmonizing regulations • Support to new regulators—training and TA 	<ul style="list-style-type: none"> • Inside Southern Africa Trade • Hub Happenings <p>Trade issues film series</p>

The ECA Trade Hub was reconfigured as a subcomponent of COMPETE, focusing exclusively on national- and firm-level AGOA promotion work. The trade policy and transit facilitation work formerly done by “the Trade Hub” was transitioned to COMPETE, along with RATES’ work supporting strategic agricultural value chains. Finance, again not fully funded, and infrastructure (energy sector) work were also to be handled by COMPETE. After a protracted procurement (protest) process, the four-year COMPETE contract was awarded to Chemonics International in 2009. The program will end in 2013.

Southern Africa. As mentioned above, USAID/RCSA procured the TESA activities in 2004. When AGCI was announced, the TESA I and II contracts were evaluated against the new AGCI objectives. While some questioned whether the TESA design fully complied with AGCI, the activities did in fact overlap. SA Trade Hub programming continued to include trade policy and building capacity of counterpart governments, work to support SADC, customs and corridor/trade facilitation activities, access to finance, firm-level AGOA support and private sector dialogue/outreach. Again, the access to finance component of AGCI was not fully funded. Energy-related work under the Infrastructure component of AGCI was later added. TESA I will end in 2010. TESA II ended in 2009 but was extended via a one-year bridge contract to align with TESA I. The SA Trade Hub program has been redesigned and is currently being re-competed with an award expected before the end of fiscal year 2010.

D. COMPARING TRADE HUB ACTIVITIES

Although the overall mandate and objectives of the Trade Hubs has been informed by TRADE and AGCI, Trade Hub design has also been influenced by respective regional mission priorities and preferences. Each is managed by its respective regional mission and each has transitioned on its own timeline. Particular Trade Hub design has been standalone. There has been no attempt to design Trade Hub programs cohesively, despite calls by some at one time for a common SOW. Implementation has reflected on-the-ground realities, stakeholder priorities and funding levels. At their inception, the Trade Hubs were primarily conceived as vehicles for AGOA support. Trade Hub implementation emphasized national-level support to develop and implement AGOA Action Plans, as well as providing direct assistance to export-ready firms seeking US markets. Broader business environment activities to enhance regional competitiveness were a part of the programming of all three Hubs, but to different degrees.

For example, the WA Trade Hub focused heavily on firm-level support, the SA Trade Hub focused more on trade policy, building national and regional government capacity, and transport corridor and customs facilitation, while the ECA Trade Hub did both and had a strong history of working on transport issues along the Northern Corridor. Over time, support for AGOA has remained an essential component of all three Trade Hubs, but has gradually broadened to focus on enhancing overall regional competitiveness. This reflects the transition from TRADE to AGCI, which was designed to enlarge the Trade

Hub field of play past AGOA to support intra-regional, as well as global trade and competitiveness.

In the end, strategies and approaches for the three Trade Hubs have adjusted to reflect changing regional dynamics. This flexibility in implementation has allowed the Trade Hubs to be effective, efficient and results-oriented.

Tracing the evolution of the three Trade Hub programs has revealed several observations, best practices and lessons learned to inform future regionally-based economic growth programming for Sub-Saharan Africa. These include:

Strong regional advisers have gone a long way to make the Trade Hubs regional Centers of Excellence. Over the two generations of Trade Hubs, there have been variations in staffing composition (e.g., number of long-term advisers, availability of resources for short-term expertise, regional vs. international staff), but all three Trade Hubs have always benefited from strong long-term regional advisers. These team members have been highly regarded known entities in the region with a strong record of advancing the reform agenda. As such they have gained access and influence which has resulted in real impact. Complemented by well-known international experts, these individuals have helped to establish the Trade Hubs as regional Centers of Excellence. Strong regional teams should be featured in any subsequent regional economic growth programs.

Coordination with other bilateral and multilateral programs enhances effectiveness. The three Trade Hubs have traditionally operated in an extremely crowded donor environment. The Trade Hubs have established themselves as focal points for trade-related technical assistance and trainings, which have enabled them to leverage the resources of other donors to the collective benefit of the region. They have also effectively coordinated with other USG departments with complementary mandates, such as USTR, USDA, USTDA, Commerce and State. Real coordination and partnership is not without its challenges. But done right, it pays big dividends as programming and results from all three Trade Hubs has effectively shown.

When Trade Hubs collaborate, everyone benefits. During the TRADE years, the Trade Hubs had limited interaction – at best, informal meetings at an AGOA Forum meeting. AGCI emphasized collaboration between subregional Trade Hubs to pool resources, explore synergies, and share best practices and lessons learned. In 2007, the three Trade Hubs successfully teamed up to present a well-received Africa Pavilion at the MAGIC Fashion and Apparel Trade Show in Las Vegas (see text box at right). The Hubs have

Putting Africa on the Map in the Textiles and Apparel Sector

The USAID-sponsored Africa Pavilion was awarded the distinction of Best of Show at the 2007 MAGIC Fashion and Apparel Trade Show. The annual show, hosted by the Men's Apparel Guild in California, featured about 1,350 exhibitors that year. This was the first time the three trade hubs worked together on an exhibition and involved 15 companies from across Africa. The pavilion held a strategic position in the Sourcing Hall, and according to MAGIC Sourcing organizers David Pennes and Jessie Zhang, it “put Africa on the map” as a viable apparel sourcing option.

Source: USAID/East Africa Press Release

also collaborated on other business-to-business (B2B) events, such as the Fancy Food Show in New York City. The Trade Hubs are also collaborating on trade and transport issues: trade facilitation experts on COMPETE are working with counterparts at the Southern Africa Trade Hub to introduce the Revenue Authorities Digital Data Exchange (RADDEx) system to the Southern region. These efforts are excellent models for future economic growth programming. Inter-Trade Hub collaboration has also been supported by annual AGCI meetings co-hosted with the three Trade Hubs held in Accra (2008), Nairobi (2009) and Southern Africa (2010).

The Washington-based Knowledge Sharing and Analysis—African Global Competitiveness Initiative (KSA-AGCI) project, introduced in 2007, has supported AGCI and the Trade Hubs by identifying and disseminating trade-led economic growth best practices among African institutions, governments and enterprises, Trade Hubs, and other AGCI stakeholders through knowledge sharing and analysis briefs (KSABs), summaries of applied best practices, conferences, trainings, and presentations. The AGCI website has links to all three Trade Hubs: http://www.usaid.gov/locations/subsaharan_africa/initiatives/agci.html

Targeting specific policy issues brings real change. Trade policy work requires considerable time and resources to gain consensus in national governments and among REC member states. Trade Hub scopes of work often featured broad trade policy capacity building mandates, reflecting the demand-driven nature of policy assistance. However, policy reform which drilled down on specific issues or procedures (e.g., Common External Tariff in West Africa, harmonizing axle load requirements in ECA, and work with the corridor management institutions in Southern Africa) often achieved the most concrete results. Future USAID programming should target a handful of strategic issues to efficiently allocate limited resources.

Capacity building of trade-related institutions should continue to ensure fundamental, long-term sustainable change. The Trade Hubs have all, to varying degrees, implemented institutional capacity building activities. The impact of these activities (e.g., training on rules of origin, SPS and other WTO-related topics) can be challenging to report against standard indicators or to profile as success stories. However, building knowledge and capacity on key trade-related issues has raised the level of discourse and empowered policymakers to pass laws and regulations that have ultimately improved the competitiveness of regional businesses and fostered a pro-growth business environment. For example, in Southern Africa, USAID assistance on rules of origin (policy notes and training of negotiators and policymakers) during the SADC Trade Protocol negotiations and thereafter has educated a cadre of officials to be more conversant on these issues.

The use and placement of trade advisers supporting RECs must consider regional politics and dynamics. The Trade Hubs have each taken different approaches in supporting REC agendas and building capacity. The first generation ECA Trade Hub's long-term expatriate adviser was embedded in Common Market for East and Southern Africa (COMESA) headquarters in Lusaka, Zambia. In this case, the adviser's continuous access to REC decision makers expedited consensus and moved reform forward. Given

the ECA Trade Hub's location in Nairobi, Kenya, working at a distance would not have been practical. In addition, USAID/East Africa and COMESA have historically had a significant working relationship; a complete matrix of USAID/East Africa's assistance program with COMESA and a recently completed strategic fit analysis of the USAID–COMESA relationship are included on the CD-ROM accompanying this analysis.

In Southern Africa, the second generation Trade Hub team has forged a strong working relationship with the Southern Africa Development Community (SADC) without embedding advisers in the REC. The Trade Hub and SADC headquarters are located in the same city (Gaborone, Botswana); this is the only Trade Hub to have this proximity. This has allowed SA Trade Hub advisers—many of whom are former trade negotiators in the region and former advisers to SADC—to maintain close relationships without sacrificing their independence and becoming de facto “line experts” to the REC. Memoranda of understanding (MOUs) with SADC have paved the way for work in several areas including monitoring and compliance work of the SADC Trade Protocol, as well as support for regional transport corridors. A matrix of USAID/Southern Africa's assistance program to SADC and a recently completed strategic fit analysis of the USAID–SADC relationship are included on the CD-ROM.

In West Africa, both generations of Trade Hubs have worked with ECOWAS—based in Abuja, Nigeria—and the West African Economic and Monetary Union (WAEMU)—based in Ouagadougou, Burkina Faso. The ECOWAS work has focused on establishing a Common External Tariff. The WAEMU work has concentrated on regional road governance and transport corridor efficiency issues. The embedding of advisers in the RECs has proven neither feasible nor strategically advantageous. A copy of USAID/West Africa's overall assistance to ECOWAS and a recently completed strategic fit analysis of the USAID–ECOWAS relationship are included on the CD-ROM.

Policy interventions are most effective when public sector and private sector reform efforts are aligned. In many subregions and countries, there is still a fundamental distrust between the public and private sectors. Trade Hub activities must attempt to build trust by building the capacity of public sector institutions to implement policy and regulatory reform and working with the private sector to provide better support services and advocate for a better business environment. Reform cannot be achieved without the crucial participation of each of these sectors and the encouragement of public-private dialogue on key issues. Trade facilitation efforts in East and Central Africa (e.g., RADDEX system development and implementation) and Southern Africa (Single Administrative Document) are an excellent example of this. Successes in these areas would not have been possible without the active participation of both the public and private sectors.

Strong communications and outreach establish the Trade Hubs as regional authorities on trade issues. Strong communications and outreach has benefited all the Hubs and solidified their reputations as purveyors of quality technical assistance and information on regional trade and transportation issues. Each Trade Hub has a well-developed website that provides a range of trade-related information pertinent to their respective programs

and to the region. Each publishes periodic newsletters to update on activities and events: WA Trade Hub publishes *Tradewinds*, the ECA Trade Hub (COMPETE) has *The Link* newsletter and Southern Africa has *Hub Happenings*. As part of its technical program, the SA Trade Hub also developed an in-depth news publication, *Inside Southern African Trade (INSAT)*, to provide timely and accessible trade-related information for the private sector, policymakers and broader civil society; and enhance understanding of the many trade-related issues in the region. Both the WA and SA Trade Hubs have also produced documentary films on export promotion for specific sectors, as well as trade issues including business environment, trade preferences, private sector advocacy, trade facilitation and the impact of HIV/AIDS on business.

E. REGIONAL AND BILATERAL MISSION RELATIONSHIPS AND SUPPORT TO NON-PRESENCE COUNTRIES

Trade Hubs have played a crucial role in providing technical assistance that is best delivered from a regional platform, rather than a bilateral one. This work generally relates to (1) work with regional economic communities (RECs); (2) assistance on issues involving more than one country in a region, as in the example of transport corridor work; and (3) work on matters that affect or are common to multiple countries in a region. Many issues and problems of a regional nature have a national element. For example, ultimately all multilateral, regional, and bilateral trade agreements must be implemented by each participating national government to have an economic impact. Furthermore, any regional initiative—be it a free trade agreement or a transport corridor—will be only as strong as its weakest link. Work at the national level is essential to achieve regional results. Where efforts and resources are coordinated and complimentary success is more likely.

The Trade Hubs' work on AGOA support has been one example of this. AGOA is a non-funded mandate. Under the TRADE Initiative, the Trade Hubs were the only source of AGOA-related technical assistance. Although the Trade Hubs were subregional in scope, it has helped to have national-level representation. In West Africa, both generations of Trade Hubs have supported a network of 21 national AGOA Resource Centers (ARCs) to serve as focal points and information centers for AGOA-related issues. Approximately half the ARCs are housed in private sector entities, with the balance sponsored by host governments. This network remains in place without USAID funding.

In 2004 the ECA Trade Hub issued \$250,000 challenge grants to four AGOA countries—Ethiopia, Central African Republic, Tanzania and Uganda—to expedite project activities. Each country took a different approach, as

Ethiopia AGOA +

Building off the momentum from ECA Trade Hub support, the bilateral Ethiopia AGOA + program (2005-2009) trained more than 90 businesses in skills required to enter the U.S. market. The project also sponsored 19 firms to attend six U.S. trade shows, resulting in more than 90 new contacts and leads and potential orders of \$1 million per month. One firm supported by AGOA+ was able to hire 1,000 new employees as a result of a business linkage. Ethiopian exports to the USA under AGOA have increased every year since AGOA+ started raising from less than \$1 million in 2003 to over \$10 million in 2009. The AGOA+ Case Study and Tool Kit are attached to this report.

Source: IESC Website

documented in the KSA AGOA+ Case Study. This national level assistance sought to inspire bilateral AGOA programs (see text box at right). Only USAID/Ethiopia in 2005 followed up with three-years of bilateral matching funds for the establishment of its own national ARC called AGOA+. AGOA+ continues to operate with USAID support through 2011.

In Southern Africa, the Trade Hub worked one-on-one with export-ready firms in countries throughout the region. Where possible, it leveraged synergies with bilateral programs, e.g. Swaziland and Zambia, promoting value-added agricultural exports.

When focused on these carefully defined related areas, and with the proper associated expertise, Trade Hubs can be and are viewed as valued partners of bilateral missions and their respective national programs. Making that connection and constantly nurturing and reinforcing it is essential for successful programming.

In each subregion, bilateral relations between the United States and USAID non-presence countries (e.g., Burkina-Faso, Congo-Brazzaville, Mauritius, and Lesotho) have also been enhanced by regional Trade Hub activities. Trade Hub support has been in response to national government and private sector requests, often working through the U.S. Embassy. This has assisted in furthering national economic and trade agenda and also supporting activities at a national level that form part of furthering a regional initiative.

National level presence of the regional project can be beneficial to all; however success requires diligent coordination between regional and bilateral USAID missions and programs to avoid overlap and ensure the best use of program resources.

Africa Bureau would benefit from drafting a bureau development framework with explicit linkages between (1) regional mission strategies and their counterpart organizations; and (2) bilateral mission strategies and their national governments. The ability for bilateral missions to buy in to regional programs such as the Trade Hubs would also benefit this end.

F. TRADE HUB MODELS AND BRAND

Issues relating to model and brand have surfaced throughout Trade Hub implementation. For the most part, the Trade Hubs have each been consistently characterized by a one-office configuration, with a core long-term team of international and regional experts. However, some differences among regions have emerged.

West Africa. In West Africa, the Trade Hub began with one office in Accra, which remains the primary office location. The WA Trade Hub, more than its other subregional counterparts, has consistently been stretched in its capacity to cover its target countries (more than twenty) in a region where transportation and communications are challenging. In 2005, the WA Trade Hub opened a second office in Dakar, Senegal, on the heels of the Senegal-hosted AGOA Forum. Among other reasons, this second office was viewed as a better way to service Francophone countries in the WA Trade Hub's portfolio. With its

dual offices in Accra and Dakar, the WA Trade Hub arguably represents a “twin hub” model. However, since its opening, the Dakar office has been reduced to a one-person office due to a lack of funding. Other Trade Hubs have considered dual offices and the idea merits exploration—but feasibility and success depends on having the required resources over the life of the project.

East & Central Africa. USAID/East Africa balanced resource management considerations and differing preferences in approach when it chose to subsume the second-generation ECA Trade Hub—under the COMPETE umbrella program. This raised concerns about the erosion of the Trade Hub brand in the region and throughout the continent. Today, the ECA Trade Hub focuses exclusively on AGOA/export promotion work, representing a “little hub” model. This harkens back to the more narrowly focused AGOA-centric vision under the TRADE Initiative. Advisers common to both generations of ECA Trade Hub—“big” and “little”—have indicated that the Trade Hub versus COMPETE distinction has ultimately become a mere matter of semantics. The ECA Trade Hub “brand” still appears on COMPETE business cards and on the project web site and client firms continue to view the Trade Hub as a valuable resource.

Southern Africa. The second generation SA Trade Hub represents a big hub model. Throughout its lifetime, and despite funding fluctuations, it has managed, for the most part, to retain a relatively large team of long-term technical experts—the majority of whom are regional. This continuity has built the necessary trust and relationships with stakeholders to enact change in the region. Based in Gaborone, Botswana, the home of SADC, the question of the SA Trade Hub’s best “home” has been a recurring issue. Some have felt the Trade Hub would be better situated in Pretoria/Johannesburg, closer to the regional USAID mission and the region’s business center and transport hub, as is the case with the WA and ECA Trade Hubs, though proximity to SADC has ultimately won the day. Programming warrants a long-term presence in the region’s business capital, Johannesburg, but to date, the Trade Hub’s limited resources have made this unfeasible.

In the final analysis, Trade Hub structures have more often than not been driven by political and financial, rather than programmatic, imperatives. The regional agricultural trade emphasis in the COMPETE/ECA Trade Hub design represents a different approach from the Southern African model of “Trade Hub” as “Center of Excellence” for trade policy and governance expertise or the West African model of “Trade Hub” as a regional center for export business development with the United States. But whether “small” or “big,” the power of the Trade Hub brand can not be denied. Over time, each Trade Hub has achieved a high degree of name recognition and evolved, to varying degrees, into a trusted and recognized Center of Excellence for trade-related technical assistance, training and information in its respective region.

G. IMPACT OF TRADE HUB FUNDING ON PROGRAMMING

The transition from TRADE (two technical components) to AGCI (four technical components) presupposed that the Trade Hubs could absorb work in new technical areas,

such as access to finance and non-transport related infrastructure areas (e.g., telecommunications and energy policy). However, these new areas were not adequately funded. The absence of requisite funding and the Trade Hubs' broad technical and geographical mandates caused these new areas (as well as cross-cutting issues) to be de-emphasized in favor of maintaining momentum on trade and transport policy and enterprise development efforts. AGCI funding for the access to finance and infrastructure components was ultimately retained in AFR/SD with these two components managed directly from Washington.

This is merely one example of how inconsistent and unpredictable funding levels have challenged Trade Hub implementation over the years. A predetermined budget for each objective for each of the five years of AGCI was established by the State Department-led interagency working group that designed AGCI. However, the \$200 million for AGCI was not additional Economic Growth funding but rather a "soft earmark" on the Africa Bureau's discretionary Development Assistance account. Funding was, in effect, "attribution" to both regional and bilateral budgets. At its peak, AGCI funds were spread across 15 bilateral Missions and three Regional Missions and their respective Trade Hubs. As such, funding for individual activities was limited.

In any given year, any one Trade Hub's funding was "cobbled" together from a variety of sources which could and often did include AGCI, IEHA, Mission discretionary and other funds. The funding sources impacted the resource allocation, staffing and activity design year to year and made for challenging program management as Trade Hub implementers endeavored to maintain continuity in the face of funding variations and fluctuations.

Africa Bureau, through the KSA-AGCI project, has tracked Trade Hub funding levels from FY 2006-2010 (i.e., the AGCI implementation period) to illustrate these challenges. Tables 3, 4, and 5, which depict funding levels for the WA, ECA and SA Trade Hubs, respectively, reflect the uncertainty of Trade Hub funding over the course of AGCI. The WA Trade Hub budget is especially indicative of this volatility. Funding for West Africa declined slightly between FY2006 and FY2007, dropped precipitously in FY2008, and then spiked to a new high in FY2009. Such uncertainty around annual funding levels has had many impacts, not least of all making the recruitment of long- and short-term experts problematic. As a result, implementation of Trade Hub programming has been tainted by the level and source of funding in any given year.

USAID's Foreign Assistance Coordination Tracking System (FACTS) requires accurate information on each of the four components of AGCI, i.e., the level of funding spent on enabling environment (trade policy) activities compared to enterprise development and AGOA activities, financial sector and infrastructure. The Agency must also know the level of funding consumed by internal costs (implementation) versus outside assistance to beneficiaries. Unfortunately, this information has been difficult to obtain. To address these questions, Trade Hub implementing partners would have to retroactively examine several years of invoices line item by line item to assign expenses to proper categories. This represents a management burden that few partners are set up to address, given the challenges of implementing these ambitious projects. When procuring the "3rd

generation” of Trade Hub assistance, USAID’s regional missions should incorporate contract budget line item tracking requirements (CLINs) in Trade Hub contracts upfront, so that implementing partners will be adequately prepared to provide information on budget expenditures.

Table 3: West Africa Regional Budgets

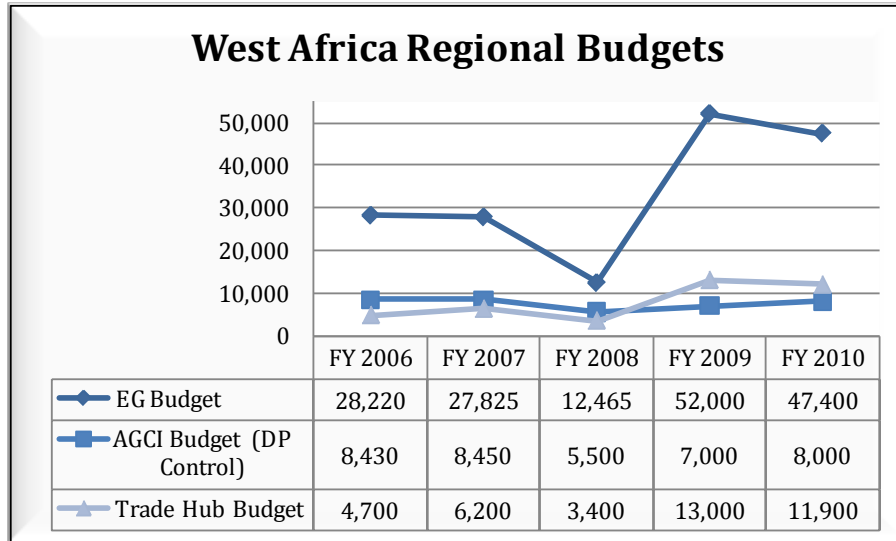


Table 4: East & Central Africa Regional Budgets

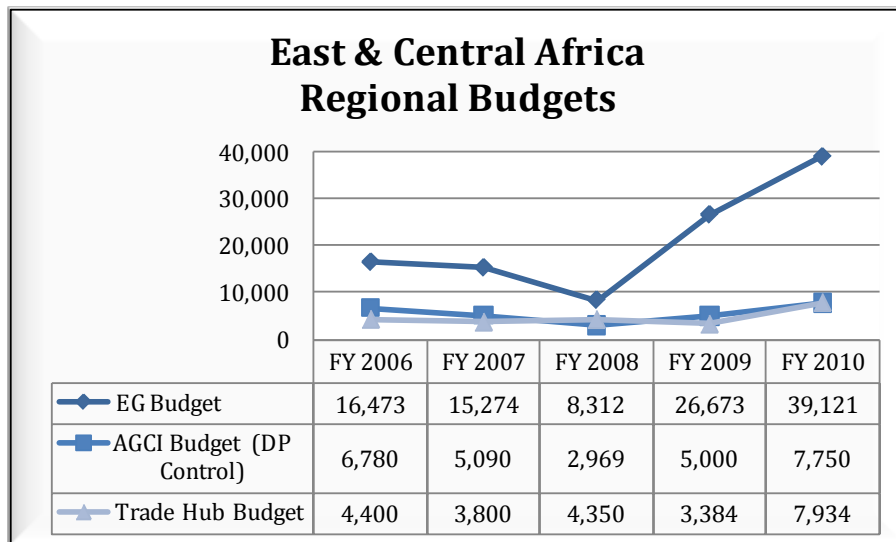
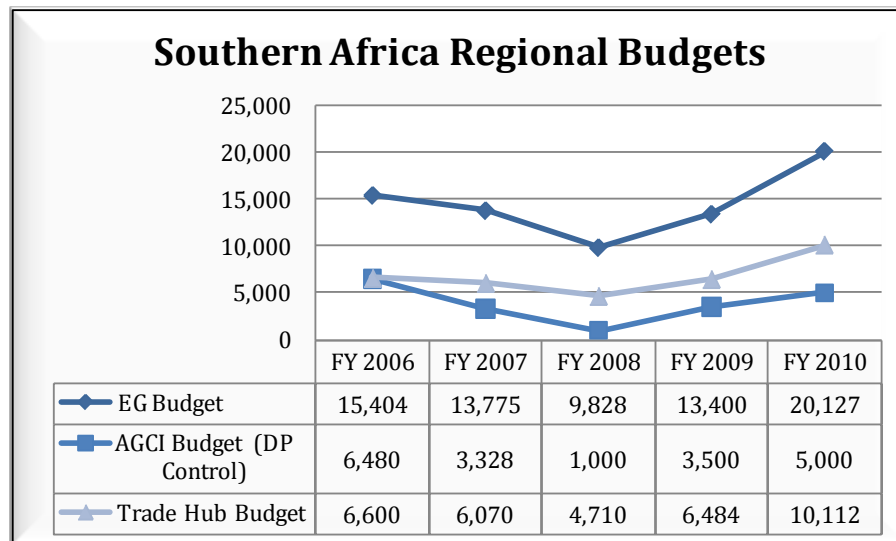


Table 5: Southern Africa Regional Budgets



In addition, future Trade Hub contracts should be written with higher contract ceilings to allow bilateral Missions to buy into the contract with their own funding. This would enable the Missions to leverage the regional program and link their work more closely to promote economic integration, which often requires national-level action.

H. ROLE OF USAID/WASHINGTON

The role of USAID/Washington in Trade Hub implementation has been the subject of discussion over the course of the two Presidential initiatives. The KSA-AGCI study, *A Comparison of Presidential Trade Initiatives in Sub-Saharan Africa Funded by USAID 1997-2010*, summarizes the proposed interface between USAID/Washington and field programs for both the TRADE and AGCI initiatives. The report—attached to this document—examines how Washington’s role has evolved over time; those issues of managing inter-agency relationships and establishing technical direction.

USAID/Washington has long had a desire to standardize Trade Hub programming. The Trade Hubs have been tasked with achieving a set of common objectives, under both the TRADE or AGCI initiatives. Standardization can help the Agency report on progress towards meeting those objectives in the aggregate. To this end, AFR/SD has established common indicators for all three Trade Hubs for AGCI, established an AGCI “key issues” reporting data set in FACTS and the annual Operational Plan. Furthermore, AFR/SD’s KSA project aggregates best practices among Trade Hubs and facilitates communications and information exchange. The KSA project has helped to network the Trade Hub while allowing the degree of independence required to ensure programming is targeted to regional needs and realities.

However, the Trade Hubs operate in diverse political, cultural and economic contexts that are not conducive to a uniform structure and set of activities. The next generation of

Trade Hub programming must bridge the gap between Washington's needs and field imperatives by developing methods to effectively monitor and evaluate consolidated performance, while acknowledging and providing for subregional differences and flexibility essential to programming for impact and success.

In addition to the functions carried out by KSA, AFR/SD—with appropriate staffing/contracting—could fill the gap and assume the responsibilities left vacant by the closing of the Africa Fast Track Trade Program (AFTT) implemented by the International Executive Service Corps (IESC). AFTT served as a *de facto* “fifth Trade Hub” based in the United States. The program provided advisory services on product selection/category offerings for target markets; technical assistance in product quality and/or design, distribution and marketing; and access to import/wholesale/retail networks in the United States and creation of market linkages. The project also helped coordinate and manage trade show exhibitions on behalf of the three Trade Hubs. Playing this technical role in Trade Hub implementation would support the field-based programs in a concrete way, while more effectively integrating Washington in field-based activity. A U.S.–African Business Center hosted by the Corporate Council on Africa in Washington, D.C. has been suggested by AGOA interagency members as a successor to AFTT.

I. CONCLUSION

For nearly 10 years, the Trade Hubs in West, East and Central and Southern Africa have contributed significantly to improving the enabling environment for two-way trade between the United States and Sub-Saharan Africa, empowered African small and medium entrepreneurs, especially women owned firms, to increase their exports to the United States, regional and international markets, and facilitated regional economic integration. Implementation has fully conformed to the TRADE Initiative and most of the original AGCI program design and demonstrated the required level of creativity, flexibility and ingenuity to overcome challenges posed by difficult operating environments and uncertain levels of funding.

This analysis must also take into consideration and reflect upon new initiatives of other providers of trade-related assistance, such as DfID, whose regional Support to West African Regional Integration (SWARIP) and TradeMark (TM) East and Southern Africa programs are in design or have recently begun implementation. USAID regional programming was on the cutting edge at the time the TRADE Initiative created the Trade Hubs. DfID's new regional trade programming adds to the mix with an approach that marries regional and national support, backed by high funding levels (including multi-donor funds – e.g., in the case of Trade Mark East Africa UKaid (from DFID) and the UK Ministry of Foreign Affairs are the primary donors, but The Belgian Development Cooperation, Ministry of Foreign Affairs of Denmark and CIDA also support the program).

Future programs must also account for the long-term sustainability of USAID-funded interventions. Regional and national counterparts, including RECs, national ministries of

trade and industry, transit corridor committees and AGOA Resource Centers and other private sector entities, must be empowered to assume ownership of these programs, both technically and financially. The sustainability question demands more depth and rigor than this brief analysis can accommodate. AFR/SD and the three regional missions should begin to consider an exit strategy for the Trade Hubs.

As AGCI ends and the Obama Administration crafts its own U.S.-Africa trade paradigm, the time is right to assess what has worked and what has not, to benefit the next generation of Trade Hubs and other providers of trade-related assistance.

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East & Central Africa

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Final Report (Inclusive of Modification 7), ECA Global Competitiveness Hub, Bearing Point, USAID, 2008.

Final Report, Regional Agricultural Trade Expansion Support (RATES) Program, Chemonics International, 2008.

Southern Africa

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Final Report, Regional Activity to Promote Integration through Dialogue and Policy Implementation (RAPID), USAID/Regional Center for Southern Africa (RCSA), 2004.

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Fourth Quarter and Year End Report 2008, Southern Africa Global Competitiveness Hub,
The Services Group and CARANA Corporation, USAID/Southern Africa, 2008.

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ANNEX A: TERMS OF REFERENCE

Africa Trade Hubs Scopes and Best Practices Review (Anthology)

BACKGROUND

The \$200-million, five-year (2005-2010) African Global Competitiveness Initiative (AGCI) is aimed at promoting the export competitiveness of enterprises in Sub-Saharan Africa in order to expand African trade with the United States, other international trading partners, and regionally in Africa. Four subregional Competitiveness Hubs are the primary implementers of AGCI's regional assistance and are located in Ghana and Senegal for West Africa, Botswana for Southern Africa and Kenya for East and Central Africa. The Competitiveness Hubs, also known as Trade Hubs, are the regional focal points for AGCI and are managed by the respective USAID Regional Missions. The Trade Hubs provide information and technical assistance to African organizations, U.S. Government agencies, donor and civil society organizations, and the private sector on trade, investment, and business activities in the region, including training opportunities.

Technical assistance and training provided by the Trade Hubs dates back to 2000, with the implementation of the Trade for African Development (TRADE) initiative. As USAID funded Trade Hub implementation nears its tenth-year, and the AGCI program comes to an end (9-30-2010), Africa Bureau wants to track the evolution of Trade Hub assistance to gather best practices and lessons learned. The Bureau is also interested in highlighting the commonalities and differences in approach and implementation among the Hubs serving the West, East and Southern Africa regions. The Worldwide Support for Trade Capacity Building project (TCBoost), led by a former chief of party of the Southern Africa Global Competitiveness Hub, is well positioned to write a history of the Trade Hubs highlighting the successes and challenges of the Hub concept, as well as commonalities and differences between the Regional Hubs. This "evidence based" research can serve as a foundation for USAID to strategize the post-AGCI trajectory of a third generation of Trade Hubs.

OBJECTIVES

To produce a brief history or "anthology" of Trade Hub objectives and implementation to serve as a quick factual reference base for the Africa Bureau.

DELIVERABLES

TCBoost will produce a brief (approximately 10 page) analysis of the TRADE (first generation) and AGCI (second generation) funded Global Competitiveness Hubs in West, East and Southern Africa. The analysis will examine the scopes of work for the Hubs dating back to 2000, and track the evolution of Hub programming across at least two

iterations. TCBoost will also interview appropriate USAID past and current staff at the three Regional Missions and their Trade Hub implementing partners to gather first-person perspectives on what has worked and what has not. The end analysis will also look at how each Hub has been shaped by common goals, as well as by regional differences. These commonalities and differences will be presented in easily digestible charts that can act as quick reference guides for the Africa Bureau. One chart will track trends in Hub funding between 2005-2010. The analysis will also feature several open-ended questions intended to generate further discussion on the third generation of trade hubs. Questions may include:

- How have the three Hubs historically related shared information with one another? Should there have been/be a stronger link and more unified reporting?
- Would there have been an appropriate role for a Washington-based link for the Hubs?
- How important is the Hub “brand” for achieving USAID objectives in sub-Saharan Africa?
- How have funding issue impacted hub programming and have the sources of Hub funding affected the technical direction of particular Hubs?
- What is the exit strategy for USAID-funded assistance through the Hubs? How has past programming through the Hubs positioned host governments and RECs for sustainability?

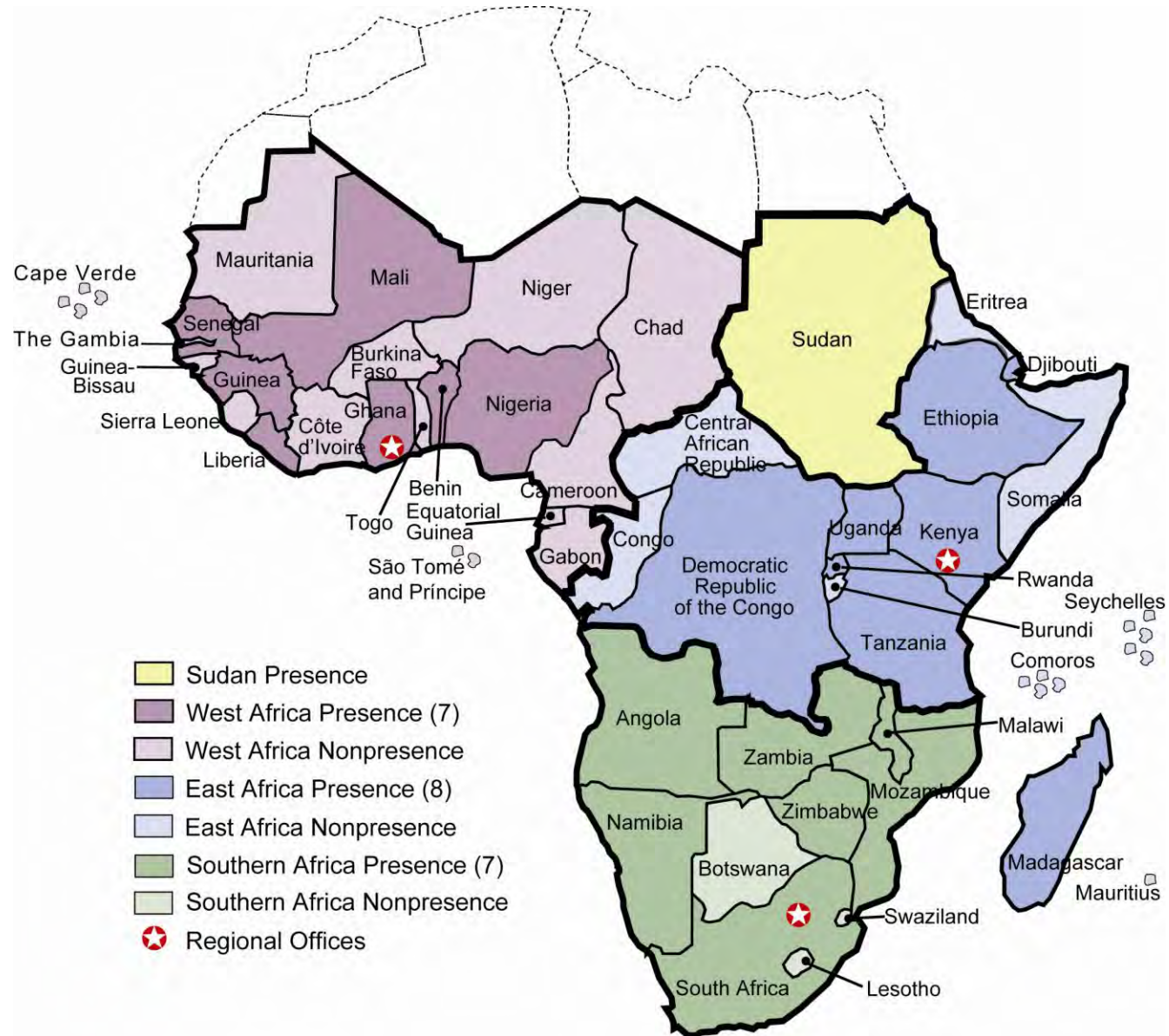
This analysis will also feature a short bibliography of reference documents used to shape this anthology.

ANNEX B: USAID PRESENCE IN SUB-SAHARAN AFRICA



USAID
FROM THE AMERICAN PEOPLE

USAID PRESENCE IN SUB-SAHARAN AFRICA



ANNEX C: COUNTRY MEMBERSHIP IN MAJOR ECONOMIC COMMUNITIES BY REGIONAL GROUPING

**ANNEX D: AGCI POINTS OF CONTACT: KSA PROJECT TEAM
AND REGIONAL HUBS CONTACT LIST**



AGCI BRIEF – September 2009

African Global Competitiveness Initiative (AGCI) Points of Contact

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**ANNEX E: AFRICAN GROWTH AND OPPORTUNITY ACT
COUNTRY CONTACTS**



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ANNEX F: ETHIOPIA AGOA + REFERENCE SHEET

AGOA+ Toolkit: Lessons Learned Illustrated by Ethiopia's AGOA+ Project

This Toolkit, derived from the “AGOA+ Case Study and Project Profile,” summarizes the critical lessons learned from a successful trade development project. These lessons are divided into the design and implementation phases.

DESIGN PHASE

1) Understand the logic of existing trade patterns and relationships. Understand the trade regime of a country, including who its traditional and current trading partners are, what types of products are exported/imported, and what trade agreements offer preferences that might influence the trade flows.

2) Recognize policy, infrastructure, administrative, and regulatory constraints. Trade capacity building (TCB) projects like AGOA+ can help address the major constraints that inhibit export growth, but sequencing is important.

3) Leverage political and material support from the U.S. Government (USG) community. TCB projects succeed when they are an interagency effort, especially with the four AGOA statutory agencies: a) Department of Commerce; b) Department of the Treasury; c) U.S. Departments of State; and d) Office of the U.S. Trade Representative. Leveraging technical assistance and funds from other agencies, such as the U.S. Department of Agriculture, or programs, such as USAID's Development Credit Authority, can also be very useful.

4) Cultivate high-level reform and pro-trade champions in government. The most successful donor projects have clear, strong support from leaders within a host government. Use the following techniques to secure that support: a) *understand the host country's economic policies, priorities, and sensitivities and find complementarities between your programmatic objectives and theirs;* b) *leverage senior USG support in engaging senior government leaders;* and c) *know how to support reform champions, including recognizing their interests may change over time.*

5) Cultivate business leader support. Finding opportunities for the private sector to show leadership in TCB projects, support project activities, and advocate for pro-trade reforms can make a project more credible and effective. Local business leaders are often more persuasive in influencing government decision-makers than the best technical analysis.

6) Identify an appropriate project niche suitable to the resources available. Use important analytic research conducted by USAID and others, including sector selection, exploring the applicability of a value-chain approach, and evaluating the constraints to export growth, at the design phase to avoid time-consuming steps when the project begins. Once operational, take advantage of others' progress without duplicating efforts.

7) Find opportunities to lower costs. Opportunities exist at each step of the design phase to increase efficiency, reduce cost, and add value. Cooperative efforts with existing projects, such as sharing office space and communications equipment and transportation as well as using non-expendable property left over from closed projects, are cost-saving measures.

IMPLEMENTATION PHASE

1) Choose the right, business-centric team. The team should have the international business and production management expertise to select and assist the most promising clients. Ideally, Chiefs of Party (CoPs) and other key staff should: a) *have MBAs or similar degrees and actual export experience in trade between sub-Saharan Africa and the U.S.;* b) *be comfortable with building business relationships with government and host-country private sector leaders and the U.S. Mission;* c) *have the appropriate contacts and skill to brief other-country Ambassadors and their commercial teams.*

2) Consider hiring a qualified Third Country National for senior project leadership. It is preferable to hire a CoP who has: a) *cross-cultural skills, but first-world business acumen;* b) *a transactional personality – one that excels in the promotion of business deals between buyers and sellers;* c) *strict ethical boundaries and an understanding of USAID principles regarding such transactions;* and d) *the contacts and skill to brief other country Ambassadors and their teams.*

3) Create and manage an effective AGOA Committee. Following are some guidelines for forming and managing an AGOA Committee to secure and maintain momentum for the project's goals: a) *set clear goals, with tactical steps included;* b) *use prior analysis to determine who the most important participants are;* c) *establish a consultative rather than directive role for the Committee, particularly in countries emerging from a centrally planned economy;* d) *ensure there is an odd number of committee members to preserve a voting majority;* e) *establish a larger representation from private sector and civil society than government;* f) *schedule regular, but not too frequent, meetings that are briskly paced and have robust, meaningful agendas.*

4) Create a calendar of AGOA events. Provide a rolling 24-month calendar of AGOA events that include the annual AGOA Forum, senior USG trade missions or visits, AGOA workshops in other countries, and significant U.S. trade shows to allow key officials to plan participation and recognize the project's role in helping promote the country's exports.

5) Select your exporters, don't let the exporters select you. Establish clear sectoral and firm-level criteria to determine which firms will receive assistance and redirect those potential exporters who do not fit the criteria. Having clear, published guidelines for assistance will help avoid misunderstandings and disappointment among firms that are not yet export-ready or in a non-priority sector. Be flexible, however, as unanticipated export opportunities will ultimately arise.

6) Identify and attend regional/international events that can advance your project. Being an active player in networking and sales events builds credibility and enables you to take advantage of opportunities. If possible, accompany the host country delegation to the AGOA Forum to build trust and rapport.

7) Engage non-traditional trading groups. Engaging emerging market segments, such as women or Diaspora, may create a deeper and broader development impact from trade and can contribute to economic growth. Advantages include: a) *gaining public diplomacy support for AGOA success stories;* b) *marketing advantages from selling a product that is socially responsible or sold through fair trade;* and c) *unique opportunities to help subsistence farmers plug into specialty market opportunities.*

8) Leverage international resources. The U.S. and the European Union (EU) often have similar requirements for exports, but it is important for countries to have certifications for both markets. The EU can offer different marketing opportunities for African countries for a broader array of products.

Other potential sources of funds and technical support include: a) *World Bank or other donor projects;* c) *The World Trade Organization and International Trade Center representatives;* c) *other in-country or regional officials who deal with intra-African trade issues including the Regional Economic Communities;* and d) *other key trading partners - both individual businesses and the Embassies of those countries.*

9) Prioritize trade show management. Training attendees to take maximal advantage of the international exposure that comes with attending a trade show results not only in increased trade, but also a greater chance of long-term self-sufficiency. Most new exporters need extensive assistance in: a) *identifying trade show opportunities for companies as well as industry consortia, including creating in-bound buying missions;* b) *pricing a product;* c) *branding and packaging for export markets;* d) *facilitating meetings and contacts with country and business representatives;* e) *participating in a Pan-African display;* and f) *ensuring appropriate follow up such as sending samples, fulfilling orders on time, and using other credibility-building techniques to guarantee sales.*

10) Emphasize value-addition between farm gate/factory to port. Regional and international study tours for key AGOA stakeholders can demonstrate how more successful value chains operate. These study tours can include visits to pre-port facilities such as cold storage, packaging, branding, bar coding, and multi-language labeling operations. Changes in policies and procedures may result once officials and business stakeholders visit these facilities and witness better practices in person and are encouraged to implement changes on the ground in their own country.

11) Export Management 101 is critical to AGOA success. Exposing the basic principles and best practices of export management to as many participants in the value-added chain as possible can result in better production for both domestic and export products.

12) Attention to small details can yield results. Many of the countries where TCB projects operate have poor business environments with significant logistical and bureaucratic roadblocks to the export process. This means that most exporters do not have exposure to minimal standards of international business. Some quick fixes include: a) *ensuring that people have internationally acceptable business cards, written in English and with complete contact information;* b) *emphasizing the importance of using email and responding in a timely manner;* c) *creating quality sales materials such as well-printed/designed brochures;* d) *planning for travel in advance, including securing visa applications and tickets;* e) *pre-trade show role-playing;* and f) *bringing in experienced trade show management consultants to train for success in the market through all stages of a sale and order fulfillment process.*