



WEST AFRICA TRADE HUB

QUARTERLY PROGRESS REPORT #16

December 2011 - March 2012



USAID
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WEST AFRICA TRADE HUB 2

QUARTERLY REPORT #16

WEST AFRICA GLOBAL COMPETITIVENESS HUB
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ACRONYMS & ABBREVIATIONS

| | |
|----------------|--|
| AATC | African American Trading Company |
| ACA | African Cashew Alliance |
| ACET | Associated Commodities Exporters and Traders |
| AGCI | African Global Competitiveness Initiative |
| AGOA | African Growth and Opportunity Act |
| AIMS | African Investors Management Services |
| ALCO | Abidjan Lagos Corridor Organization |
| ARC | AGOA Resource Center |
| ASEPEX | <i>Agence Sénégalaise de Promotion des Exportations</i> |
| BOI | Bank of Industry, Nigeria |
| CAADP | Comprehensive Africa Agriculture Development Program |
| CBC | <i>Conseil Burkinabè des Chargeurs</i> |
| COCOBOD | Ghana Cocoa Board |
| COMESA | Common Market for Eastern and Southern Africa |
| COP | Chief of Party |
| CSO | Civil Society Organization |
| CY | calendar year |
| CET | Common External Tariff |
| DCA | Development Credit Authority |
| DfID | Department for International Development (U.K.) |
| DSI | <i>Département des Services Informatique</i> (Information Services Department), UEMOA |
| ECOWAS | Economic Community of West African States |
| EDIF | Export Development and Investment Fund |
| EGAT | Economic Growth, Agriculture & Trade |
| ERC | export-ready company |
| EPA | Economic Partnership Agreement |
| ESE | European Seafood Exposition |
| ETLS | ECOWAS Trade Liberalization Scheme |
| FOB | free on board |
| FTA | free trade area |
| FY | fiscal year |
| FP | focal point |
| GAMA | Ghana Apparel Manufacturers' Association |
| GDA | Global Development Alliance |
| GSMA | Global System for Mobile Communications Association |
| GS2010 | Global Shea 2010 |
| GSP | General System of Preferences |
| GIZ | <i>Deutsche Gesellschaft für Internationale Zusammenarbeit</i> (incorporating the former German Development Corporation GTZ) |
| HACCP | Hazard Analysis and Critical Control Point |
| HTS | Harmonized Tariff Schedule |
| ICT | Information and Communication Technology |
| IESC | International Executive Service Corps |

| | |
|---------------|--|
| IEE | Initial Environmental Examination |
| IFC | International Finance Corporation |
| ITU | International Telecommunications Union |
| IRTG | Improved Road Transport Governance |
| MCC | Millennium Challenge Corporation |
| MOU | Memorandum of Understanding |
| NEPAD | New Partnership for Africa's Development |
| NEPC | Nigerian Export Promotion Council |
| NGOs | non-governmental organizations |
| NYIGF | New York International Gift Fair |
| OPA | <i>Observatoire des Pratiques Anormales</i> (French name for IRTG initiative) |
| OPIC | Overseas Private Investment Corporation |
| PCV | Peace Corps Volunteer |
| PEFIB | Private ECOWAS Financial Improvements Board |
| PPP | public-private partnership |
| PSI | Presidential Special Initiative |
| ROPPA | <i>Réseau des organisations paysannes et des producteurs agricoles de l'Afrique de L'Ouest</i> |
| RRTC | reduced road transport costs |
| RTIS | regional trade information system |
| SAGIC | Senegal Accelerated Growth and Increased Competitiveness |
| SIAO | <i>Salon International de l'Artisanal de Ouagadougou</i> |
| SIDIM | <i>Salon International du Design d'Intérieur de Montréal</i> |
| SME | small and medium enterprise |
| SOW | scope of work |
| SPS | sanitary and phyto-sanitary |
| SSATP | Sub-Saharan Africa Transport Program |
| TIC | trade and investment capacity |
| TIFA | Trade and Investment Framework Agreement |
| UBA | United Bank for Africa Group |
| UEMOA | <i>Union Economique et Monétaire Ouest Africaine</i> (West African Economic & Monetary Union—WAEMU in English) |
| USAID | United States Agency for International Development |
| USG | United States Government |
| USTR | United States Trade Representative |
| WAEMU | See <i>UEMOA</i> |
| WACIP | West Africa Cotton Improvement Program |
| WAMI | West Africa Monetary Institute |
| WAMZ | West Africa Monetary Zone |
| WAML | West Africa Market Links, Ghana |
| WASSDA | West Africa Sustainable Seafood Development Alliance |
| WTO | World Trade Organization |

EXECUTIVE SUMMARY

Ten years after it labeled Africa the “hopeless continent,” *The Economist* did an about-face: In December 2011, its front cover insisted “Africa rising.” It devoted new attention to business and economic issues in Africa and reached an entirely different conclusion: “After decades of slow growth, Africa has a real chance to follow in the footsteps of Asia.”

Africa-optimism, as they say nowadays, is “trending,” and for good reason. Although there will always be challenges to progress, some very serious to be sure, business in West Africa is expanding robustly. Indicators abound: During the first nine months of 2011, the latest period for which data is available, non-petroleum exports to the U.S. under AGOA increased by 19%, reaching USD 54 billion, compared the same period a year earlier. The world’s fastest growing economy – **Ghana’s** – is in West Africa.

From December 2011 through March 2012, USAID Trade Hub-assisted companies in targeted sectors (apparel, cashew, shea, specialty foods and handcrafts) exported USD 15 million worth of goods. Multiplier effects conservatively estimated mean that the USD 15 million generated millions more in additional household income in the rural family households directly linked to the USAID Trade Hub’s targeted value chains. Families use the addition income budget for food, education and health expenses. Ultimately, trade is aid – fundamental to improving the livelihoods of millions of people. Given that aid flows to developing nations fell 2.3% – the first decline in generations – according to the OECD, trade is more important than ever: Africa **must** follow in the footsteps of Asia if poverty –

malnutrition and famine, conflict, illiteracy and good governance have any chance of improving.

During the same December to March period, the USAID Trade Hub facilitated USD 15.9 million in investment, which, along with technical



assistance to 201 companies (73 owned by women) contributed to the creation of 2,065 new jobs (1,085 for women).

Since 2006, the activities of the African Cashew Alliance, co-founded by the USAID Trade Hub, have facilitated the creation of almost 10,000 jobs in the region.

Working closely with partners in **Burkina Faso**, **Côte d’Ivoire** and **Niger**, the USAID Trade Hub launched three new AGOA Resource Centers between December and March. One – in **Burkina Faso** – provides extended services, the fourth such “enhanced” center in the region. **Côte d’Ivoire** and **Niger** only recently regained AGOA eligibility. More than 125 companies consulted with ARCs over the reporting period, obtaining information on taking advantage of AGOA tariff exemptions, connecting to potential buyers and participating in USAID Trade Hub activities such as Shea 2012: Shared Value, set for April

23-27 in Cotonou, **Benin**, and Borderless 2012: Transforming Trade, in Abidjan, **Côte d'Ivoire**, May 15-16.

Using a push-pull marketing strategy in its Market Linkages program, the USAID Trade Hub assisted 8 West African companies as they participated in 6 international trade events – where they made 377 linkages with professional buyers. The U.S.-based Market Linkages manager presented shea, cashew and specialty foods opportunities to major U.S. brands at the Sustainable Food Summit and the Natural Food Expo, worked with the world's leading maker of shea-based specialty fats to present its benefits to major cosmetics makers.

The African Cashew Alliance was co-founded by the USAID Trade Hub in 2006 with 24 private sector partners, and what a difference five years makes. The Alliance facilitated the creation of more than 10,000 jobs in cashew processing in that short time. The opening of six new cashew processing facilities over the last six months – including Africa's largest in **Côte d'Ivoire** (a USD 30 million investment) – will create as many as 5,000 more new jobs.

Connecting buyers to companies is fundamental to export success. USAID Trade Hub-facilitated buyer visits to Home Décor and Fashion Accessories companies in **Burkina Faso, Ghana, Mali** and **Senegal** are leading to orders that create jobs and lift incomes. “Thanks to the support of the USAID Trade Hub, this is the most successful trip I have had in the 17 years I have been in business,” said Leslie Mittelburg, CEO of Swahili Imports.

Barely a year after the USAID Trade Hub co-founded it in Accra, **Ghana**, with stakeholders at the world's most important shea industry event – the annual shea conference – the Global Shea Alliance has more than 140 dues-paying members. Among them are the world's leading shea nut traders, makers of cosmetics, West African exporters and women's groups that collect the shea nuts that are the foundation of the industry's growth over the last 10 years. Thanks to multiplier effects, the millions of dollars in increased exports drive the creation of hundreds of new jobs and generate millions of dollars in new household income in the rural communities where it is needed most. The Body Shop has noted that in the last decade, none of the communities in which it works has reported a case of a child leaving to work on a cocoa plantation or as a market porter in southern **Ghana**, two common vocations for the children of poor families. This is not coincidental: shea's economic impacts have significant social impacts as well. Shea creates shared value – helping families buy food, send their children to school.

Ostensibly, West Africa has all the pieces to create a successful apparel industry: AGOA benefits, a large, young labor force, and interest from U.S. buyers. The USAID Trade Hub worked with **Ghana's** Ministry of Trade and Industry to put the other pieces together during a two-day multi-stakeholder workshop in Accra in January: access to finance, human resources, logistics and marketing were addressed one by one with the USAID Trade Hub Apparel Advisor's technical expertise supporting discussions.

Access to finance remains a leading constraint for exporting companies in West Africa. A year after it innovated a multi-stakeholder partnership approach to improving access to finance for exporting companies, the USAID Trade Hub joined the African Cashew Alliance, commercial banks and ECOWAS at the signing of an MOU in Ilorin to expand the **Nigerian** Cashew Cluster Finance Scheme. Stakeholders are now calling to replicate the model in other sectors.

In December 2011, **Togo** eliminated checkpoints along its national highway, and this time, it appears to be different than previous temporary improvements. The checkpoints have not come back. A combination of factors, with a common link to the Borderless initiative launched by the USAID Trade Hub in 2010, explain this breakthrough. The key factors included intensive awareness raising efforts involving Trade Hub-supported civil society groups; USAID-UEMOA regular reporting on checkpoints, delays and bribes; and, increased advocacy by the private sector under the Borderless banner. These factors

explain declines across the region in delays and bribes in **Côte d'Ivoire** and **Senegal**, too. The second comprehensive review of transport costs along a major West African corridor connecting Lome to Ouagadougou showed the potential for significant savings: the cost of moving imports could be reduced by 41%, saving traders as much as USD 70 million annually, and the cost of moving exports could be reduced by almost half, saving as much as USD 10 million annually. Under the Borderless initiative, stakeholders are now armed with this information to advocate for the improvements.

In February, in a report entitled “Defragmenting Africa,” the World Bank reported that Africa loses billions of dollars in lost trade opportunities due to the many and varied barriers traders face. It was already widely known that West Africa is fragmented: Regional trade accounts for as little as 12% of all trade – far below a similar regional economic community such as MERCOSUR in South America, for example, where the proportion is about 20%. The USAID Trade Hub has led the way in finding – and implementing – practical solutions to overcome trade barriers. Now in its eighth month, the Border Information Center at the **Ghana-Togo** border is resolving problems daily that block trade. Stakeholders are seeking to establish the second such center at the **Benin-Nigeria** border next.

One USAID Trade Hub customs focused study published in January reinforced the World Bank’s primary conclusion; another published in February offers solutions. The Borderless Alliance, launched with stakeholders in 2011, is now making the case to policymakers across the region. What started with eliminating checkpoints in **Togo** could ultimately result in defragmenting Africa entirely.

A decade later, *The Economist* has it right: Africa is rising. Export-led economic growth – trade and investment – is creating jobs and lifting incomes, transforming West Africa economically and socially, too.



U.S. Senator Lindsey Graham learns about the USAID Trade Hub's shea work during a USAID Trade Hub-organized exhibition.

BACKGROUND

USAID's West Africa Trade Hub was initiated in 2003 under the President's African Global Competitiveness Initiative (AGCI). The Trade Hub grew out of the African Growth and Opportunity Act specifically where policy makers realized that eliminating tariffs on goods from eligible African countries was not sufficient to make West Africa competitive. The Trade Hub's overall goal is to transform the West African economy by addressing the primary constraints to competitiveness – high transport and telecommunications costs, limited access to finance and consistent implementation of regional trade policies. These efforts are, in turn, driven by direct assistance to West African exporters to demonstrate the potential of companies across the region in six targeted sectors. The success of those companies demonstrates the potential of each sector to create jobs and increase incomes.

The Trade Hub uses a demand-driven approach to facilitating exports and strengthening value chains, working from the market backward to identify how West African firms can improve their products and efficiencies to meet market requirements. By exposing firms to buyers and investors in global markets, the Trade Hub facilitates a better understanding among West African firms of market requirements, and then provides technical assistance to help those firms meet those requirements. Where constraints to competitiveness are not unique to one particular firm, the Trade Hub facilitates the formation and strengthening of industry clusters, alliances or trade associations that address common constraints. In addition to enabling collaboration between industry leaders on initiatives such as joint marketing campaigns, these alliances and associations provide platforms for engagement with policymakers on issues of concern to the private sector. They also provide a platform for collaboration with other industries of critical importance to their success, including the financial services, telecommunications and transport logistics industries. Industry clusters and alliances are promoted and strengthened through credible and visible international brands developed with stakeholders across an industry.

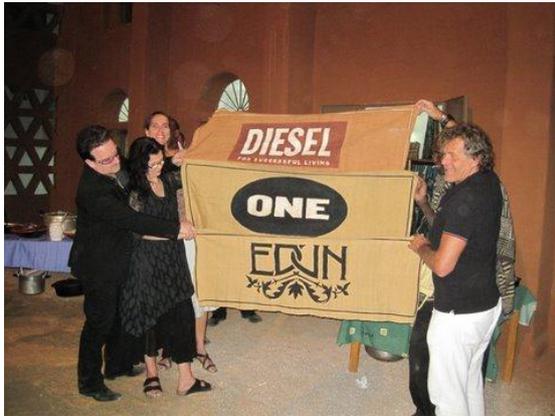
This report presents activities and results December 2011 through March 2012 in the Trade Hub's five components: Trade and Investment Capacity (Business), Transportation Infrastructure, Financial Services, Business Environment and Telecommunications Infrastructure. While the Business component involves working directly with companies in specific value chains, the other components cut across the value chains.

Dissemination of information is a key aspect of the Trade Hub project. The Trade Hub produces marketing and branding materials, maintains nine websites, three Facebook pages, three Twitter feeds and a YouTube channel; publishes a monthly newsletter with nearly 20,000 subscribers; and provides assistance to client companies as well as ensuring constant translation of Trade Hub reports and materials into French and Portuguese.¹ This library can be found on the website www.watradehub.com.

¹ Our websites are www.watradehub.com, www.agoatoolkit.com, www.africa-now.org, www.africancashewalliance.org, www.financetrade.org, www.globalshea.org, www.tastaffricanow.com, www.wassda.org and www.borderlesswa.com.

HIGH LEVEL MEETINGS

General



Bono, Jeffrey Sachs, Jamie Drummond and Renzo Rosso visit USAID Trade Hub companies in Mali

International popular music star Bono, Jeffrey Sachs, the director of the Earth Institute at Columbia University, Jamie Drummond, the executive director of DATA, the international advocacy group and Renzo Rosso, the CEO of Diesel Jeans learned about economic development activities undertaken by the USAID Trade Hub in **Mali** in January. The delegation visited a USAID Trade Hub-assisted textiles exporter and a shea women's

group.

http://issuu.com/watradehub/docs/doumbia_and_bono_in_Mali?mode=window&backgroundColor=%23222222

Congressional delegation discusses trade and investment issues in Ghana in January

U.S. Senators Lindsey Graham, John Thune, John Barrasso, Mike Johanns, Kay Hagan, and Richard Burr and U.S. Representative Kay Granger learned more about the USAID Trade Hub's work during a presentation in January by Director Vanessa Adams at the residence of the U.S. Ambassador to **Ghana**. After the presentation, the Members of Congress and their spouses visited a showcase of exporters' products and exhibits on key aspects of the Trade Hub's work to develop winning products for international markets, reduce the costs of transport, build industry alliances and improve the utilization of the African Growth and Opportunity Act.

Pascal Lamy, Michael Punke, Patrick Coleman discuss the West Africa Business Environment in December

World Trade Organization Director-General Pascal Lamy (in center of photo, right), Deputy U.S. Trade Representative Michael Punke (to Lamy's left) and USTR Director for African Affairs Patrick Coleman discussed issues affecting trade in West Africa during a visit to the USAID Trade Hub. "The World Trade Organization supports the USAID Trade Hub's work to increase trade within West Africa and to the world," Lamy said at the close of the meeting. "I was very pleased to discuss trade issues with the Trade Hub."



Moono Mupotola and Gerald Ajumbo, African Development Bank, Regional Integration and Trade

The African Development Bank's division manager of Regional Integration and Trade, Moono Mupotola discussed the bank's regional integration strategy in West Africa with Vanessa Adams, USAID Trade Hub Business Environment Director Sola Afolabi and USAID Trade Hub Business Environment Technical Coordinator Ometere Omluabi.



Moono Mupotola of the African Development Bank.

AGOA

USAID Trade Hub Director Vanessa Adams, Director of Business and Finance Roger Brou, and AGOA Services Manager Abou Fall met with the Managing Director of the **Côte d'Ivoire** Export Promotion Agency (APEX-CI), Guy M'Bengue and his team to launch the AGOA Resource Center, along with Ambassador Carter, and representatives of the Ministry of Trade and Transport. Discussions included commitments for collaboration with USAID Trade Hub on upcoming events to be held internationally and in **Côte d'Ivoire** including the AGOA Forum and the Fancy Food Show in Washington and the Borderless 2012 Conference in Abidjan May 15-16.

Apparel

Ghana's Deputy Minister of Trade and Industry, Dr. Joseph Annan MP, met with USAID



Jacqueline Novogratz, CEO of the Acumen Fund, at the fund's launch in Accra, Ghana in February.

Trade Hub Director Vanessa Adams, international apparel buyers Ray Scott of Superior Uniforms Group, Jeff Stein Chairman of apparel investor Liberty and Justice, potential Chinese investor, Goldsmart Garments of Hong Kong CEO Luke Wang, and USAID Trade Hub Apparel Advisor Joop de Voest. The meeting focused on competitiveness, logistics, access to finance and government support for the industry. After the stakeholder workshop in January, a second meeting took place to follow up on the action plan. Key

issues discussed included the AGOA third country fabric exemption provision scheduled to

expire in Sept. 2012; re-engaging U.S. buyers; challenges encountered by investors (e.g visa issues that an apparel manufacturer encountered); and access to finance.

Shea

Dialogue with senior personnel from industry bodies: The Federation of Oils, Seeds and Fats Associations (FOSFA), the president of the UK Society for Cosmetic Scientists led to invites for presentations and advertising of Shea 2012 on their websites and newsletters Attendance at UK Parliamentary Inquiry into the Integration of Smallholder Producers in Supply Chains in the Developing World gave an opportunity to share the successes of the Global Shea Alliance with members of the UK government.

Home Décor

Burkina Faso, February. Director of the Salon International de l'Artisanat de Ouagadougou M. Zongo

The USAID Trade Hub met with Mr. Zongo, Director of the Salon International de Ouagadougou (SIAO), West Africa's largest crafts show. Zongo and his management team hope to have Hub support to launch a two-day professional trade show of professional African production and export companies for international professional buyers in to the SIAO bazaar. Developing this parallel trade show is the best way for large international buyers to generate orders and access professional vendors.

Mali, December. Mr. Idrissa Ly, Mali's National Director of Handcrafts, Ministry of Tourism and Handcrafts.

The national director discussed a broad strategy to promote **Malian** handcrafts for export with Elaine Bellezza in Bamako on two occasions. A collaborative agreement letter was written and outlines activities the USAID Trade Hub and the Ministry may undertake together to increase exports to world markets.

Burkina Faso, Ghana, February. Leslie Mittelburg, CEO of Swahili Imports

Ms. Mittelburg's visits to companies in **Burkina Faso** and **Ghana** were facilitated by the USAID Trade Hub. In **Burkina Faso** she identified 12 new producers, ordered thousands of samples in lots of 100, and organized consolidated shipping via **Ghana**. In **Ghana** she identified more new producers and reestablished relations with former producers to successfully develop enough collections for container orders.

Specialty Foods

Senegal, February. Chief Operation Officer Diane White of Africare

On February 21, 2012, The Trade Hub Dakar team met with the Diane White (Chief Operation Officer) and Gwen Young (Country Director – **Senegal**) of Africare www.africare.org. Africare works on development projects in over 35 countries in Africa to help improve lives in areas ranging from agriculture, health, water and sanitation and women's empowerment. After exchanging information about each project's work in West Africa, Africare is keen on partnering with the Trade Hub in agriculture related programs including strengthening the supply chain of products as cereals (one of the main exports of Trade Hub's specialty foods clients) and training.

Cashew

Benin, February. Minister of Trade

ACA President Idrissa Kilangi, Executive Committee Member Ram Mohan, **Benin** ACA National Representative Georgette Taraf, **Benin** ACA National Secretary Boris Houenou and ACA Managing Director Christian Dahm met with **Benin's** Minister of



Trade Hon. Madina Sephou in February to mobilize support for the ACA Annual Conference to be held in **Benin** in September 2012. The Minister

H.E. President Alassane Ouattara visits the African Cashew Alliance booth at the opening of a cashew factory in Bouaké.

assured ACA of her ministry's full support for the event and will facilitate the participation of the President of the Republic.

Côte d'Ivoire, February. H.E. President Alassane Ouattara, and Olam International CEO Sonny Verghlese

At the inauguration of OLAM's new cashew processing factory in Bouaké, ACA Public Relations Manager Xénia Défontaine welcomed the President of **Côte d'Ivoire**, H.E. Alassane Ouattara, and Olam International CEO Sonny Verghlese to the ACA and African Cashew Initiative booth and presented them with promotional materials. After Ms. Défontaine explained the objectives of ACA, President Ouattara and his ministers stated that a strong Ivorian cashew processing industry is a key component of their vision for **Côte d'Ivoire** to become an emerging economy that exports predominantly manufactured products by 2020.

Nigeria, March. Minister of Agriculture Akinwunmi Ayo Adesina and Governor of Kwara State Alhaji Abdulfatah Ahmed

The National Cashew Association of **Nigeria**, a private sector association, organized a "flag-off" to launch the cashew season on March 1, 2012. More than 500 cashew farmers, traders, processors, and exporters participated in the launch. ACA Managing Director Christian Dahm presented key elements of a sustainable cashew industry in **Nigeria**. A representative of **Nigeria's** Minister of Agriculture Akinwunmi Ayo Adesina, a representative of the Minister of Trade and Investment Olusegun Aganga, a representative of the Minister of Science and Technology Ita Okon Basse Ewa, and the Governor of Kwara State Alhaji Abdulfatah Ahmed, and several other high level officials participated, demonstrating strong government support for efforts to develop **Nigeria's** cashew industry.



Market Linkages

Friend and Advisor to #1 U.S. female skier Lindsey Vonn

Market Linkages Manager, Leslie Shages discussed Vonn's interest in championing baobab into

the U.S. market. Social impact, product attributes, and nutritional benefits were discussed in order to encourage her interest in developing a new baobab product to launch in the U.S. market. Samples were sent and discussions continue.

Director of Sourcing at Sambazon

A USD 50M beverage company accredited for introducing acai to the mainstream market. Sambazon is a leader in the marketing, development and stewardship of exotic superfruits into the U.S. market. They were identified early on as a strong potential partner for raising awareness and building demand for baobab and moringa.

Côte d'Ivoire's Minister of Transport Gaoussou Touré with USAID Trade Hub Road Governance Team Leader Christophe Bruyas, right.

Transport

Côte d'Ivoire, November 28. Minister of Transport and the Minister of Regional Integration of Côte d'Ivoire

Chief of Party, Vanessa Adam & OPA Coordinator, Christophe Bruyas met with Minister of Transport and the Minister of Regional Integration of **Côte d'Ivoire** to present Trade Hub and Borderless activities. The Minister of Transport expressed great interest in the USAID Trade Hub's initiatives in transport facilitation in West Africa and assured the team of the government's involvement for more transparency and less corruption in **Côte d'Ivoire**. His



**Lt. Col. Doh Kani of Côte d'Ivoire's Forces
Republicaines.**

strong willingness to host the next Borderless regional conference was remarkable

Togo, January 31. Minister of Security and Civil Defense M. LATTA Dokisime Gnana (Through the President of the Togo National Trade and Transport Facilitation Committee M. Baouna)

USAID Trade Hub Transport Director Niels Rasmussen met with the **Togo's** Minister of Security and Civil Defense to discuss the abolishment of police and gendarmerie checkpoints. The Minister explained that as of August 15, 2011, a Directive took effect resulting in the elimination of all fixed police and Gendarmerie checkpoints in **Togo**. A USAID

Trade Hub verification trip in February on the Lomé-Ouagadougou corridor confirmed that there are no longer any fixed police and gendarmerie checkpoints on the **Togolese** portion of the corridor.

Ghana, February 8. Chief Executive of the Ghana Shippers' Authority Dr. Kofi Mbiah

Rasmussen and USAID Trade Hub Transport Specialist Afua Eshun met with Dr. Kofi Mbiah to discuss further cooperation with the GSA, which is the Road Governance Focal Point in **Ghana**. Rasmussen, Eshun and Mbiah reviewed the results and lesson learned of the jointly GSA/Trade Hub organized Feb 2, 2012 Road Governance and Borderless workshop in Kumasi and discussed continued cooperation on future initiatives, workshops and events.

Burkina Faso, March 2. Commissioner for the Department of Public Land, Transport and Tourism, M. Augustin TOMPIEU-ZOUO

Rasmussen presented the USAID Trade Hub, the USAID-UEMOA road governance initiative and the Borderless campaign and Alliance, in particular, as well as the sustainability of the road governance initiative within a West Africa Transport and Facilitation Observatory to the Commissioner, who is new in the position. The Commissioner promised to increase UEMOA's financial contribution to the Road Governance initiative and to update the road governance software as had been agreed in early 2011.

Burkina Faso, March 2. General Director of the Burkinabé Shippers' Council (CBC), M. Ali Traore

Rasmussen met with M. Traore, director general of CBC, which hosts and manages the USAID-UEMOA road governance initiative's Focal Point in **Burkina Faso**. The meeting centered on the upcoming launch of the USAID Trade Hub study on the Lomé-Ouagadougou corridor and advocacy issues. Other subjects discussed were sharing of statistical information between CBC and the USAID Trade Hub for the purpose of building the West Africa Transport & Facilitation Observatory.

Côte d'Ivoire, March 19. President of the Chamber of Commerce, M. Jean-Louis Billon

USAID Trade Hub Business and Finance Director Roger Brou met with the President of the **Côte d'Ivoire** Chamber of Commerce and Industry, Jean-Louis Billon. They discussed road governance issues at the national and regional level and possible solutions.

Côte d'Ivoire, March 20. Managing Director, Free Port of Abidjan, M. Hien SIE

As part of the preparation towards the Borderless Conference in Abidjan, 15 – 16 May 2012, USAID Trade Hub Transport Specialist Bright Senam Gowonu and USAID Transport Specialist Noel Kossonou met the Managing Director of the Port of Abidjan, Mr. Hien SIE. M. SIE was formally invited to participate in and sponsor the Borderless Conference and discussed the road governance report with particular focus on **Côte d'Ivoire**.



Carl Modey.

Business Environment

Ghana, February 15. Commissioner of Customs, Ghana Revenue Authority, Carl Modey

The Business Environment Team met with Major General Carl Modey, Customs Commissioner to inform him about the Forum which took place on February 17, 2012 on expediting clearance at Aflao. The visit was a courtesy call as a follow up to letters previously sent to the Commissioner on the findings of the study. The Commissioner ensured that his staff would attend the forum and reiterated his interest in supporting the USAID Trade Hub's efforts.

Nigeria, March 13. New ECOWAS Commissioner for Trade, Customs & Free Movement, M. Ahmed Hamid

The USAID Trade Hub met the new commissioner for Trade, Customs and Free Movement at the ECOWAS Commission in Abuja, M. Ahmed Hamid, who had resumed duty in February 2012 and had since been informed by his team of the Trade Hub's work relating to the Free Trade Area (FTA). The USAID Trade Hub briefed the Commissioner on previous engagements with the ECOWAS Customs & Trade directorates, specifically on the ETLs.

Togo, Customs Director General Mr. Kodjo Adzedze

The team met with the **Togo** Customs DG in Lome in February to retrieve data on the number of transactions at Aflao/Kodjoviakopé border to determine the impact on trade if the clearance procedures for goods were expedited or simplified. The Customs Sector Head for Kodjoviakope also participated in the meeting and reminded the team that parking was a big problem at the border, however, the clearance procedures were not cumbersome. On this basis, the team placed more effort on the **Ghanaian** side of the border, Aflao, where most complaints related to delays generated.

Togo, Deputy Director of External Trade and Deputy Commissioner of Customs

The Business Environment team and Lanny Spencer, Economic Officer of the U.S. Embassy, held discussions which centered on GPS cargo tracking, destination inspection, advance cargo information, liberalization of the trucking industry, and AGOA (textile visa). **Togo** has implemented two-way cargo tracking for Hilla-Condji/Aflao and Lome-Port/Aflao, with implementation of northern axis (Lome-Ouagadougou) in progress. Destination

inspections are carried out at the port and borders by CÔTECNA. A decree has been issued liberalizing trucking activities in **Togo**. There is a request from the Ministry of Commerce to assist in making the toll-free line for traders/truckers functional.

Ghana, February. ECOWAS Parliamentarians visit to the USAID Trade Hub

In February, the USAID Trade Hub welcomed a delegation from the ECOWAS Parliament to discuss issues related to the free movement of goods, vehicles and people across the region.

Ghana, February. Deputy Minister of Finance and Economic Planning Seth Terkper

The USAID Trade Hub met with the Deputy Minister of Finance of **Ghana** to present the report of an assessment survey on clearance procedures at the **Ghana-Togo** border. The report highlighted short, medium and long-term recommendations, as well as an action plan for expedited customs clearance activities at Aflao, especially regarding FCVR issuance and cargo tracking. The Deputy Minister expressed the support of Government for any effort aiming at facilitating trade in **Ghana**. He also promised to facilitate the participation of his Ministry and its agencies, especially the Customs Division of the **Ghana** Revenue Authority, at the Stakeholders' Forum to discuss and review the findings and recommendations of the Report.



Ghana's Vice President John Mahama, right, and Minister of Trade and Industry Hannah Tetteh, just behind him, visited the USAID Trade Hub booth, chatting with Director Vanessa Adams, left.

INDICATORS

Table 1: Trade Hub Performance Indicators

| Indicator | Unit of measure | Q1 & Q2 FY2012 (Nov 2011 – Mar 2012) | | | Life of Project (Nov 2011 – Sep 2012) | | |
|--|-------------------------------------|---|------------|------------|--|------------|------------|
| | | Target | Achieved | % Achieved | Target | Achieved | % Achieved |
| Trade and Investment Capacity | | | | | | | |
| Number of firms receiving capacity-building assistance to export from the Trade Hub ² | Number of firms | 120 | 201 | 168% | 300 | 201 | 67% |
| | Women owned firms | 40 | 73 | 183% | 100 | 73 | 73% |
| Number of Trade Hub supported capacity building events related to improving trade and attracting investments | Number of events | 10 | 11 | 110% | 25 | 11 | 44% |
| Number of participants in Trade Hub supported capacity building events related to improving trade or attracting investment | Number of people | 600 | 505 | 84% | 1,500 | 505 | 34% |
| | Number of women trained | 200 | 62 | 31% | 500 | 62 | 12% |
| Value of investment facilitated by the Trade Hub (USD) ³ | Value of investments | 6,000,000 | 461,180 | 8% | 15,000,000 | 461,180 | 3% |
| Value of exports facilitated by the Trade Hub (USD) | Total value of exports ⁴ | 12,000,000 | 15,961,352 | 133% | 30,000,000 | 15,961,352 | 53% |
| Number of jobs created attributable to Trade Hub support | Number of jobs | 400 | 2,065 | 516% | 1,000 | 2,065 | 207% |
| | Number of Women | N/A | 1,085 | N/A | N/A | 1,085 | N/A |

² Companies are counted for each reporting period during which they receive technical assistance.

³ Data for indicators on the value of investment facilitated, new exports facilitated, and numbers of jobs created are collected from the export-ready companies the Trade Hub works with. The Trade Hub sends out questionnaires requesting information on indicators two weeks prior to the end of each quarter to all companies receiving technical assistance to collect data on investment, exports, and jobs, and reports on the total of their responses. The Business Technical Coordinators and the Monitoring and Evaluation Specialist save and file all information from individual companies and tally the information for reporting purposes. Further, the Trade Hub periodically validates the authenticity of data received from the responding companies by inspecting bills of lading for exports and conducting site visits to inspect new machinery purchased or new construction. Value of exports and investments are very conservative figures. They include products actually shipped to international buyers not pending sales and investments implemented not planned. All values are in U.S. Dollars.

⁴This value equals the total value of exports worldwide.

Table 1: Trade Hub Performance Indicators, continued

| Indicator | Unit of measure | Q1 & Q2 FY2012 (Nov 2011 – Mar 2012) | | | Life of Project (Nov 2011 – Sep 2012) | | |
|--|----------------------------------|---|----------|------------|--|----------|------------|
| | | Target | Achieved | % Achieved | Target | Achieved | % Achieved |
| Transportation Infrastructure | | | | | | | |
| Number of people receiving Trade Hub supported training in transportation-related policy and regulatory practices | Number of people trained | 1,600 | 1,128 | 71% | 4,000 | 1,128 | 28% |
| | Number of women trained | 120 | 44 | 37% | 300 | 44 | 15% |
| Number of improved national transportation and logistics policies adopted this year as a result of Trade Hub assistance | Policy document | 2 | 3 | 125% | 6 | 3 | 50% |
| Reduction in the number of barriers along priority West African trucking corridors ⁵ | Number of barriers/ checkpoint | -6% | 20% | -333% | -15% | 20% | -133% |
| Reduction in average transportation & logistics costs (direct & indirect) for key exports using priority West African trucking corridors | Percent of cost | N/A | N/A | N/A | -4% | N/A | N/A |
| Business Environment | | | | | | | |
| Number of trade and investment enabling environment diagnostics conducted ⁶ | Number of diagnostics conducted | 1 | 1 | 100% | 3 | 1 | 33% |
| Number of consultative processes with private sector as a result of Trade Hub assistance ⁷ | Number of consultative processes | 8 | 7 | 88% | 20 | 7 | 35% |
| Number of ECOWAS capacity building activities ⁸ | Number of activities | 3 | 4 | 143% | 7 | 4 | 57% |

⁵ This is the average number of barriers across all corridors, weighted by the length of the corridor.

⁶ This is defined as studies, reports or analyses that identify or diagnose constraints for trade. Figures in this report vary from previous reports on account of this redefinition.

⁷ Consultative processes are Hub facilitate private-public dialogues or Hub consultations with the private sector. These processes are documented by questionnaires and other information provided by the Trade Hub's Business Environment Coordinator. Figures in this report vary from previous reports on account of this redefinition.

⁸ This is defined as an activity supporting ECOWAS and Member States to build capacity on ETLs and Free Trade Area and Customs Union implementation. Figures in this report vary from previous reports on account of this redefinition.

Table 1: Trade Hub Performance Indicators, continued

| Indicator | Unit of measure | Q1 & Q2 FY2012 (Nov 2011 – Mar 2012) | | | Life of Project (Nov 2011 – Sep 2012) | | |
|---|--------------------|---|-----------|------------|--|-----------|------------|
| | | Target | Achieved | % Achieved | Target | Achieved | % Achieved |
| Financial Services | | | | | | | |
| Do lending institutions access credit bureau reports as part of the credit investigation process? | Yes/No | N/A | N/A | N/A | N/A | N/A | N/A |
| Number of new banking products and services established by allied banks ⁹ | Number of products | 1 | 1 | 100% | 2 | 1 | 50% |
| Number of loans made by allied banks to client ERCs ¹⁰ | Number of loans | 4 | 4 | 100% | 10 | 4 | 40% |
| Value of new loans made to ERCs (USD) | Value of loans | 1,600,000 | 1,312,000 | 82% | 4,000,000 | 1,312,000 | 33% |

⁹ Allied banks are banks that work frequently with the Trade Hub, and who have implemented financial products and services that enhance access to finance for export-ready companies.

¹⁰ Defined as loan funds disbursed to export-ready companies.

Table 2: Country Summary Table (November 2011 – March 2012)

| Country | # Trade Hub person trips ¹¹ | Value of exports facilitated USD | Value of investment facilitated USD | # Jobs added (# women) | Value of Inter-regional trade USD | # Companies received technical assistance (# women-owned) | TIC training (# women) | Transport Infrastructure: training (# women) |
|---------------------|--|----------------------------------|-------------------------------------|------------------------|-----------------------------------|---|------------------------|--|
| Benin | 11 | 107,956 | | | | 15(3) | | |
| Burkina Faso | 10 | 1,884,264 | | | | 17(4) | 70 | 152(7) |
| Cameroon | | 75,167 | | | | 37(14) | 20(7) | |
| Cape Verde | | | | | | | | |
| Chad | | | | | | | | |
| Côte d'Ivoire | 12 | 7,045,000 | | 1,200(720) | | 7(1) | 105(5) | 660(23) |
| Gabon | | | | | | | | |
| Gambia | | | | | | 6(2) | 17(1) | |
| Ghana | 8 | 3,513,173 | 207,180 | 839(345) | 33,790 | 16(8) | | 137(14) |
| Guinea | | | | | | | | |
| Guinea-Bissau | | | | | | | | |
| Liberia | | | | | | 21(16) | | |
| Mali | 4 | 14,744 | 500 | 7(2) | 4,012 | 36(10) | 10(6) | |
| Mauritania | | | | | | | | |
| Niger | 2 | | | | | | 140(19) | |
| Nigeria | 5 | 2,622,875 | 2,500 | | | 12(4) | 38(12) | |
| São Tomé e Príncipe | | | | | | | | |
| Senegal | 2 | 357,757 | 51,200 | 19 (18) | | 22(11) | 100(12) | 179 |
| Sierra Leone | | | 4,800 | | | | | |
| Togo | 13 | 340,416 | 195,000 | | | 12 | 5 | |
| Total | 67 | 15,961,352 | 461,180 | 2,065 (1,085) | 37,802 | 201(73) | 505 (62) | 1,128 (44) |

¹¹ USAID Trade Hub staff and consultants also traveled to Germany, Kenya, Spain, Tanzania and the United States of America during the period under review.

USAID TRADE HUB ACTIVITIES NOVEMBER 2011-MARCH 2012

| Activity | Date | Location | Contact person |
|---|------------------------------|----------------------------------|--|
| <i>Trade Investment Capacity</i> | | | |
| Product Development for Ambiente | November 18-25, 2011 | Accra, Ghana | Elaine Bellezza, Emmanuel Odonkor, Cheick Diallo |
| eARC Opening | December 1, 2011 | Ouagadougou, Burkina Faso | Abou Fall, Roger Brou |
| Nigerian National Cashew Summit | December 1-2, 2011 | Lagos, Nigeria | Xenia Defontaine |
| Buyer Trip, Harper Po | December 2-7, 2011 | Bamako, Mali | Elaine Bellezza |
| COMPETE Fair | December 3-11, 2011 | Yaoundé, Cameroon | Olivier Dimala |
| ARC Opening & SAFEM | December 13-16, 2012 | Niamey, Niger | Abou Fall |
| Product Development, Ambiente meeting with ASEPEX | January 10-14, 2012 | Dakar, Senegal | Elaine Bellezza |
| Peanut and Tree Nut Processors Association Convention | January 14-16, 2012 | Orlando, Florida | Christian Dahm |
| Product Development, Ambiente meeting with CNPA | January 14-19, 2012 | Bamako, Mali | Elaine Bellezza |
| NYIGF Show | January 25- February 4, 2012 | New York | Elaine Bellezza, Leslie Shages |
| Apparel Buyer Trip | January 2012 | Tema and Accra, Ghana | Joop de Voest & Hanna Amichia |
| MOTI Textile & Apparel Workshop | January 2012 | Accra, Ghana | Joop de Voest, Hanna Amichia & Abou Fall |
| Shea Stakeholders workshop | February 1-2, 2012 | Abidjan, Côte d'Ivoire | Vanessa Adams, Roger Brou, Peter Lovett |
| Ambiente Show | February 8-16, 2012 | Frankfurt | Leslie Shages, Elaine Bellezza, Roger Brou |
| Shea Stakeholders workshop | February 13-19, 2012 | Cotonou, Benin | Aaron Adu |
| Biofach-Europe, | February 15–18, 2012 | Nuremberg, Germany | Peter Lovett |
| Shea Stakeholders workshop | February 16–18, 2012 | Bamako, Mali | Kara Diallo |
| AFRICALLIA | February 22-25, 2012 | Ouagadougou, Burkina Faso | Abou Fall |
| Olam Factory Inauguration | February 23, 2012 | Bouake, Côte d'Ivoire | Xenia Defontaine |
| Shea Stakeholders workshop | February 29, 2012 | Ouagadougou, Burkina Faso | Aaron Adu |
| Work with Malian Artisans, Paris Show | February 28-March 2 2012 | Bamako, Mali | Elaine Bellezza |
| Nigeria Cashew | March 1, 2012 | Ilorin, Nigeria | Nene Akwetey-Kodjoe, |

| Activity | Date | Location | Contact person |
|---|---------------------|-------------------------------------|--|
| Season Launch | | | Christian Dahm, Judson Welsh |
| Product Development and Buyer Follow up | March 4-9, 2012 | Bamako, Mali | Elaine Bellezza |
| Buyer visit, Swahili | March 5-11, 2012 | Accra, Ghana | Elaine Bellezza, Emmanuel Odonkor |
| Natural Products Expo, West | March 8–11, 2012 | Anaheim, CA - USA | Leslie Shages |
| Cashew Season Launch | March 10, 2012 | Bobo-Dioulasso, Burkina Faso | Mohamed Ouedraogo |
| Buyer visit , Swahili, Meeting with SIAO & VAO | March 11-17, 2012 | Ouagadougou, Burkina Faso | Elaine Bellezza |
| AGOA Workshop and ERC meetings | March 13-16, 2012 | Bobo-Dioulasso, Burkina Faso | Abou Fall |
| Buyer visit, David Spetka | March 15-30, 2012 | Accra, Ghana | Elaine Bellezza |
| Buyer visit, Mathieu Chatin | March 16, 2012 | Ouagadougou, Burkina Faso | Elaine Bellezza |
| Buyer visit, Swahili | March 21-23, 2012 | Bolgatanga, Ghana | Elaine Bellezza |
| Cashew Season Launch | March 22, 2012 | Savalou, Benin | Boris Houenou |
| AGOA Resource Centre Launch and Workshop | March 27-31, 2012 | Abidjan, Côte d'Ivoire | Vanessa Adams, Makhtar Thiam, Elaine Bellezza, Abou Fall, Roger Brou |
| Textile Visa Technical Assistance | March 28, 2012 | Lome, Togo | Abou Fall |
| Shea Stakeholders workshop | March 29, 2012 | Nigeria | Aaron Adu |
| Financial Services | | | |
| Bankers Training on Cashew Value Chain | February 2, 2012 | Abidjan, Côte d'Ivoire | Vanessa Adams, Roger Brou, Jean-Guy Biley, William Larbi |
| NCCFS MOU Signing | March 1, 2012 | Ilorin, Nigeria | Nene Akwetey-Kodjoe |
| Transport | | | |
| Road Governance workshop | December 1, 2011 | Abidjan, Côte d'Ivoire | Christophe Bruyas, Noel Kossonou |
| Road Governance roadshow | December 15, 2011 | Kaffrine, Senegal | Christophe Bruyas, Ibrahima Sy |
| Verification trip | January 15-31, 2012 | Bamako, Mali-Dakar, Senegal | Bright Gowonu |
| Road Governance roadshow | January 19, 2012 | Bobo-Dioulasso, Burkina Faso | Christophe Bruyas |
| Regional Workshop on Facilitation on the Abidjan-Lagos Corridor | January 30-31, 2012 | Lomé, Togo | Niels Rasmussen, Sola Afolabi |
| Road Governance | February 2, 2012 | Kumasi, | Niels Rasmussen, |

| Activity | Date | Location | Contact person |
|--|----------------------|--|--|
| workshop | | Ghana | Christophe Bruyas, Afua Eshun |
| Verification trip | February 5-17, 2012 | Lomé, Togo - Ouagadougou, Burkina Faso | Noel Kossonou |
| Togo drivers guide | February 6-10, 2012 | Lomé, Togo | Aline Adamou |
| Meeting with focal points | February 6-10, 2012 | Cotonou, Benin & Niamey, Niger | Christophe Bruyas |
| Regional Seminar on the liberalization of road transport | February 28-29, 2012 | Ouagadougou, Burkina Faso | Niels Rasmussen |
| Road Governance caravan | March 12-19, 2012 | Côte d'Ivoire | Christophe Bruyas, Noel Kossonou |
| Borderless membership drive | March 19, 2012 | Abidjan, Côte d'Ivoire | Bright Gowonu, Roger Brou |
| Transport Observatory working group | March 19-20, 2012 | Accra, Ghana | Niels Rasmussen, Sola Afolabi, Ometere Omoluabi, Vanessa Adams |
| Africa Ports and Logistics conference | March 19-20, 2012 | Accra, Ghana | Afua Eshun |
| Corridor Performance Monitoring Workshop | March 27-28, 2012 | Mombasa, Kenya | Afua Eshun |
| Business Environment | | | |
| Borderless Alliance Membership Drive – Togo | February 6, 2012 | Lomé, Togo | Sola Afolabi, Ometere Omoluabi, Peter White |
| Completion of Niger Gap Analysis, | February 7, 2012 | Niamey, Niger | Ometere Omoluabi |
| Forum on Recommendations from Expedited Clearance assessment | February 17, 2012 | Accra, Ghana | Sola Afolabi Ometere Omoluabi, Fred Levitan |
| ECOWAS Parliamentary Visit | February 20, 2012 | Accra, Ghana | Sola Afolabi |
| FCVR Meeting | March 7, 2012 | Accra, Ghana | Sola Afolabi, Ometere Omoluabi |



1. TRADE & INVESTMENT (BUSINESS)

During the period under review, the Trade Hub's Trade & Investment (Business) component provided 201 companies with technical assistance (73 women-owned) and provided capacity building training to 505 people (62 women). Exports were USD 15,961,352 from Trade Hub-assisted firms, and facilitated USD 37,802 in regional trade. The Trade Hub also facilitated USD 461,180 in investments, and companies receiving technical support and assistance created 2,065 (1,085 women) new jobs.

The Trade Hub's business report is divided into AGOA and Market Linkages cross-cutting services assisting all sectors, and industry-specific training, technical assistance to firms, activities and results in each of the five value chains.



1.1 AGOA Services

Introduction

Opportunities to increase exports to the U.S. market continue to generate international interest thanks to the African Growth and Opportunity Act, which eliminates tariffs on 6,400 products from eligible African countries. The USAID Trade Hub makes AGOA work for exporters by providing technical assistance to trade-support institutions (TSIs) through AGOA Resource Centers (ARCs), export-ready companies (ERCs), and governments. The assistance focuses on export procedures and documentation and, at a higher level, sectoral export strategies to help countries take better advantage of AGOA.

The USAID Trade Hub continued to reinforce institutional partnerships and the AGOA Resource Center (ARC) network with the opening of an enhanced AGOA Resource Center (eARC) at the Chamber of Commerce and Industry (CCI-BF) in **Burkina Faso**, which included the hiring of a Trade Advisor, bringing the number of eARCs to four (**Benin, Burkina Faso, Cameroon** and **Mali**). Two new AGOA Resource Centers opened as well: in **Niger** at the Chamber of Commerce, Industry and Handicrafts (CCIAN) and in **Côte d'Ivoire** at the *Association pour la Promotion des Exportations de Côte d'Ivoire* (APEX-CI). There are now 15 active ARCs across the region.

This quarter also saw a thrust in setting up effective procedures to facilitate exports under AGOA as well setting sectoral export strategies in **Benin, Burkina Faso, Liberia, Mali, and The Gambia**.



Results

*New enhanced AGOA Resource Center in **Burkina Faso** and new AGOA Resource Centers launched in **Côte d'Ivoire** and **Niger***

The USAID Trade Hub completed the set-up of enhanced AGOA Resource Centers (eARCs) in the region with the opening of an eARC at the Chamber of Commerce and Industry (CCI-BF) in **Burkina Faso**. This brings the number of eARCs in the region, which each have a dedicated, Hub-funded trade advisor, to four (**Benin, Burkina Faso, Cameroon, and Mali**). The Trade Hub also opened an ARC in **Niger** at the Chamber of Commerce, Industry and Handicrafts (CCIAN), and in **Côte d'Ivoire** at the *Association pour la Promotion des Exportations de Côte d'Ivoire* (APEX-CI). The network now includes 15 active ARCs, leveraging stronger partnerships to provide technical assistance to export-ready companies (ERCs).



From left to right, USAID Trade Hub Director of Business and Finance Roger Brou, U.S. Ambassador Thomas Dougherty, and Burkina Faso's Minister of Industry, Commerce and Handicrafts of Burkina Faso, Arthur P. Kafando.

ARCs provide technical assistance to business

The ARC network provided technical assistance to 125 (46 women) businesses and individuals seeking sectoral information, tradeshows, and buyers from **Benin, Burkina Faso, Cameroon, Liberia, and Mali**.

The eARC in **Burkina Faso** participated in an AGOA and export-readiness workshop in Bobo Dioulasso, in collaboration with the U.S. Embassy, and attended by over 115 businesses and individuals. The eARC also reached out to businesses and trade associations, namely:

- The *Association Régionale des Professionnels du Sésame du Burkina Faso* (ARPSB), a professional regional business association in the sesame sector, which is seeking ways to improve the competitiveness of the sector, the second largest export of **Burkina Faso** after cotton
- The *Salon International de l'Artisanat de Ouagadougou* (SIAO) to discuss collaboration with the USAID Trade Hub for the upcoming 2012 SIAO
- Assessment visits to a spinning company and a cashew-processing company
- AFRICALLIA – a B2B event involving 415 companies from 20 countries, which was an opportunity to do outreach and awareness raising of the USAID Trade Hub activities and services

The **Mali** eARC reached out to a **Burkinabe** cashew processor that intends to invest in **Mali**, and several specialty foods company that intend to participate at the Fancy Food Show in Washington D.C. The eARC also promoted Shea 2012 during the *Bourse Nationale de Karité*.

The Trade Hub, in close collaboration with the host institutions and the network of ARCs, is working to build a stronger partnership and sustainability. The Trade Hub successfully negotiated with the *Agence pour la Promotion des Investissements* (API-**Mali**), the institution hosting the eARC, to fully integrate the Trade Advisor by July 2012, thus contributing to the sustainability of services provided to businesses.

More effective export procedures and export strategies

The Trade Hub provided technical assistance to the **Togolese** National AGOA Committee on the textile visa process, and will assist in the drafting and submission of the textile visa to USTR for approval.

The ARC in **Liberia** collaborated with the Ministry of Commerce to review the textile visa process for the export of textiles/apparel to the U.S. under AGOA. The Ministry drafted a practical guide to help exporters understand the process, and is working with **Liberia** Customs to streamline the process of delivering the textile visa.

The USAID Trade Hub is working in close collaboration with **Burkina Faso's** Ministry of Commerce Directorate of External Trade to begin the process of defining an export strategy. The USAID Trade Hub will provide guidelines and a framework to the Directorate of External Trade to start the process and will provide sectoral feedback. The eARC is already working with the Ministry of Industry, Commerce and Handcrafts (MICA) to support stakeholders in the sesame value chain to boost exports.

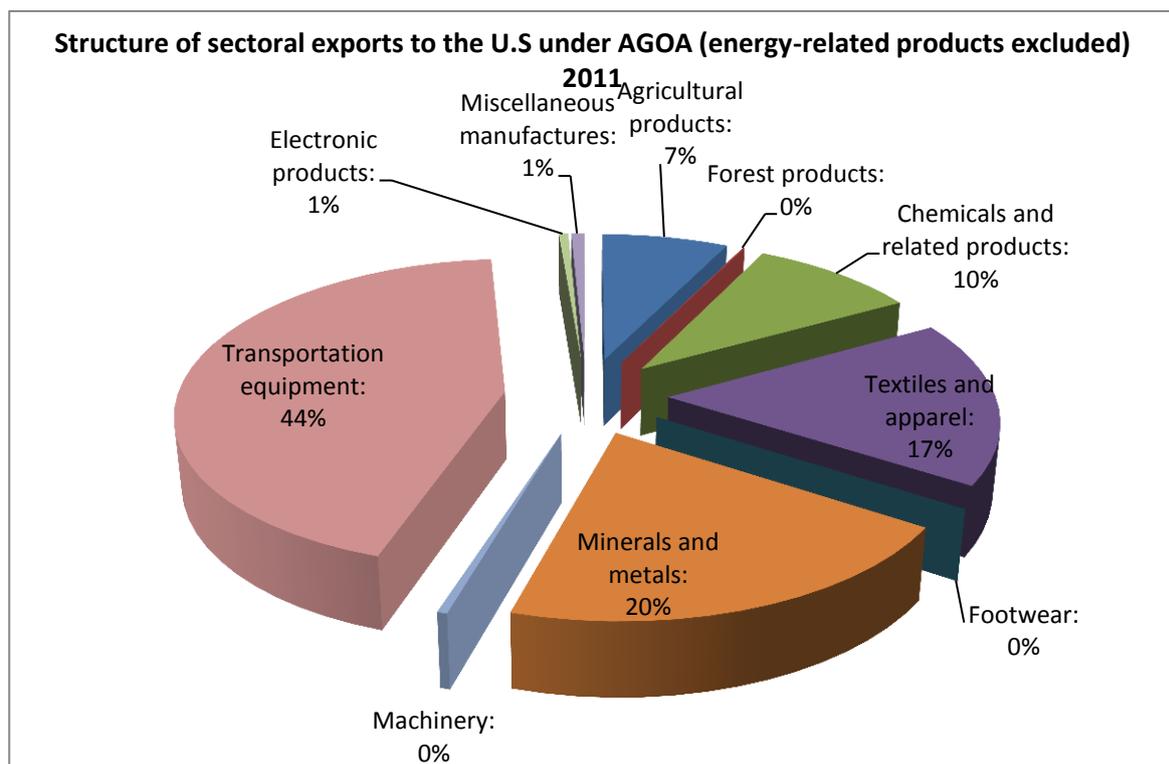
The eARC in **Mali**, with the Trade Hub Home Décor Advisor, held a high level meeting with the Minister of Handcrafts and Tourism to discuss collaboration with the Handcrafts National Directorate (DNA) to discuss national export strategy and participation in Ambiente 2012.

The **Mali** eARC also met with stakeholders in the cashew value chain to present a sectoral strategy draft, which resulted in the proposal to create an Association for the Development of the Cashew Value Chain in **Mali**.

Analysis

The U.S. Department of Commerce reveals that in the first nine months of 2011, U.S. imports from SSA reached USD 57.7 billion, a 16% increase compared to the same period in 2010 (and consistent with the 17% increase of U.S. imports from the world). In the first nine months of 2011, goods imported into the U.S. under the African Growth and Opportunity Act (AGOA) totaled USD 41.2 billion, a 22% increase from the same period in 2010. If energy-

related products are excluded, which still accounts for 90% of AGOA exports, AGOA imports of non-energy-related products, which increased by 19%, were dominated by transportation equipment, minerals and metals, textiles and apparel, chemicals and related products, and agricultural products (See graph below).



Within the two sectors of interest to the USAID Trade Hub, agriculture and textiles and apparel, there is an uneven evolution in the values of exports, with agricultural exports decreasing by 12% in 2011, while textiles and apparel increased by 18% percent (see table below). These changes reveal the necessity to implement a systemic mechanism, through the definition and implementation of export strategies, to boost sectoral competitiveness and market access. Several countries in the region (**Benin, Burkina Faso, The Gambia, Ghana, and Sierra Leone**) have already perceived this requirement and are creating the appropriate frameworks to start defining export strategies. The USAID Trade Hub will accompany these efforts to sustain the ownership by governments and the private sector to implement their own strategies to improve competitiveness and market access.

Sub-Saharan Africa: Exports to the U.S., by major commodity sectors, annual and year-to-date (January to December) (AGOA-eligible countries)

Value (1,000 dollars)

| Sector | 2009 | 2010 | 2011 |
|---|------------|------------|------------|
| Agricultural products: | | | |
| AGOA including GSP provisions of the AGOA act | 290,422 | 418,602 | 359,090 |
| Textiles and apparel: | | | |
| AGOA including GSP provisions of the AGOA act | 918,240 | 730,628 | 855,939 |
| All sectors: | | | |
| AGOA Including GSP provisions of the AGOA act | 33,709,298 | 44,269,935 | 53,791,101 |

Source: Compiled from official statistics of the U.S. Department of Commerce.



SUCCESS STORY

African women entrepreneurs come together with Trade Hub support

With Trade Hub support, women entrepreneurs are connecting for partnership and growth through the AWEP program.



USAID West Africa Trade Hub

U.S. Ambassador Donald Teitelbaum, left, and Ghana's Minister of Trade and Industry, right, launched Ghana's chapter of the African Women's Entrepreneurship Program.

"We want to share our experiences with other up and coming business women."

**- Josephine Forson
Ghana**

At the AGOA Forum in 2011, U.S. Secretary of State Hillary Clinton launched the African Women's Entrepreneurship Program. With support from the USAID West Africa Trade Hub, women have formed four chapters in the region, connecting women entrepreneurs for business success.

Chapters were launched in Ghana, Liberia and Sierra Leone. Each is serving as a source of support, networking and assistance to hundreds of women entrepreneurs in each country.

"Economic development is a national issue," said U.S. Ambassador Donald Teitelbaum at the launch of Ghana's chapter. "In today's world of global competition, no country can afford to marginalize half of its population."

AWEP is important because it directly tackles one major issue identified as critical by researchers: the lack of role models for young women entrepreneurs. "Familiarity with someone involved in entrepreneurship is positively correlated with becoming an entrepreneur," the World Bank reports.

"We want to share our experiences with other up and coming business women," said Josephine Forson of Ghana, who manages Tekura, a home décor and fashion accessories company, and is a member of the AWEP-Ghana executive committee. "We also want to incubate women-owned businesses in the various sectors."

Creating more opportunities for women is simply good business, said USAID Trade Hub Director Vanessa Adams.

"Women are very creative at solving problems," said USAID Trade Hub Director Vanessa Adams. "Their approach to conflict tends to be a partnership approach. The approach to leadership is not one of command and control – but of mentoring.

"Women approach positions of power through influence rather than trying to impose ideas. These skills are necessary and desirable for businesses around the world."



1.2 Market Linkages

Introduction

West African products have great potential in international markets – once buyers are aware of them and can confidently source them. Genuine excitement from buyers who have recently been introduced to products from one of the USAID Trade Hub’s five target sectors is proof that product offerings are strong. However, for some of the most unique products – those exclusive to Africa - overall market awareness is low. This creates a barrier to entry for high-quality products that could address real market needs. If there was a market demand, these non-commodity products could slide into the market with no competition on price or competitive advantage; however, limited resources to market and promote these products limits the growth of promising industries. The USAID Trade Hub approaches this problem from two angles - applying a “push-pull” marketing strategy to inform and engage businesses and consumers on all levels.

The push strategy involves “pushing” information out to important market players who are unaware of sourcing opportunities. This strategy is used to generate demand among retailers, manufacturers, and distributors. It focuses on informing parties of what is available from professional West African producers and exporters, and provides the business case for sourcing. This is achieved through speaking engagements at summits and conferences where key sourcing opportunities are presented to industry players and decisionmakers; connecting West African companies to buyers at international trade shows; direct outreach to buyers at shows and networking events; and buyer trips to introduce interested parties to

TRADE HUB MARKET LINKAGES

using “push-pull” marketing strategy to increase sourcing from West Africa



prospective sourcing partners and opportunities. These efforts succeed in turning interest into sales.

The second piece of the strategy directly targets retailers and consumers in an attempt to indirectly “pull” products into the market. The goal is to create a buzz among consumers, and excitement among retailers looking for new trends and products; retailers then demand product from wholesalers, and wholesalers search out producers. This “pull” is being driven by reaching out to celebrities for promotion and endorsements; attracting media to the stories and attracting public interest; networking and speaking at events where retailers or trend-setting consumers, bloggers, and an ‘engaged’ public are present; and involving chefs or designers who can directly introduce consumers to new products in a new but familiar form. Understanding current trends, how products meets buyer needs, and the value to consumers has been key to the success of this outreach. The USAID Trade Hub continues to work closely on the ground to relay market needs to producer-exporters. As a result the offerings coming out of Africa are increasingly ready to meet the needs of global manufacturers, retailers, and consumers.

Results

Sustainable African ingredients draw attention from high-profile audience at Sustainable Food Summit

Recent market studies aimed at understanding future trends in the specialty foods industry surveyed importers on what cuisines and countries of origin they expect to be “up and coming”. Only 4% expect African cuisines to really emerge in coming years. However, when asked what natural, ethically-positioned ingredients interest consumers most today versus what will interest them most over the next three years, 52% responded that sustainability will be the *most* important natural, ethical claim influencing consumer purchase decision, versus 8% today. That made the Sustainable Food Summit the ideal place to present to key players in the sustainable food industry about sustainable

African ingredients with social impact. Following the presentation, manufacturers, buyers, retailers, and NGOs came to inquire about the opportunities to get involved. Some were interested in immediately sampling products, others wanted to engage in product development and promotion, and others wanted to advocate mainstream food manufacturers to contribute to sustainability.

Introducing target buyers to attractive new products and new uses of existing products at Natural Products Expo West



In a USAID Trade Hub market survey, consumers preferred baobab fruit powder over leading "superfruit" branded powders.

Southern California is a hub for natural, sustainable, and healthy products, making it the perfect market for the unique, healthy dried fruits, nuts, seeds, and herbs available from West Africa. In particular it provided a prime opportunity to market products from shea and cashew and one new high potential specialty food product--baobab. Baobab, shea, and cashew are three ingredients with a full range of benefits that meet a wide range of consumer health and wellness needs. They also have the potential to have huge social impact on West African economies. However, baobab is almost completely unknown in the U.S. market, shea is known almost exclusively for its use in cosmetics, and the superior taste and size of African cashews compared to cashews from other regions remain hidden. At the Natural Products Expo West, the Trade Hub Market Linkages Manager brought these facts to life for some of America's most popular, growing brands in the natural foods segment. Shea was introduced as a dairy alternative for vegan applications; specifications of the baobab superfruit were shared with high-growth companies – proving it to have a superior nutritional profile to all leading superfruits on the market; and African cashew was shared with major buyers. As a result, many trendy, mainstream, and high-growth brands such as Nature's Path, Earthbalance, Dr. Bronners, Jamba Juice, Sunopta, United Natural Foods, and Clif Bar have requested samples, information, and connections to suppliers.

Changing the messaging to "Great Products from Africa" brought attention from new high end and mainstream buyers at Ambiente and New York International Gift Fair

Often, market linkages activities for handcrafts focus on bringing African products to the market. In contrast, the USAID Trade Hub's market linkages strategy re-focused its messaging to highlight great products - products suitable for all markets that happen to be made in West Africa. The messaging around the *AfricaNow!* brand has evolved to symbolize quality, contemporary products that can be sourced with confidence. The new strategy proved effective at two major international trade shows: the New York International Gift Fair, and Ambiente, where Italian designers with high-end shops, and buyers from upscale retailers like West Elm and Anthropologie placed orders and connected with producers of unique new lines of products from West Africa.

Introducing IKEA, the world's largest producer of candles, to the potential of shea as the new sustainable candle ingredient

With sales of USD 4.2 billion annually, IKEA is the world's largest retailer of candles. A USAID Trade Hub team accompanied IKEA's Project Manager for Sustainable Raw Materials on a one week tour through **Burkina Faso** and **Ghana** to visit seven shea processors, speak with shea communities, and explore shea parklands. Over the course of



At Ambiente, buyers and companies discussed sourcing opportunities in West Africa.

the week the teams discussed the various options for sourcing shea, and how a combination of processors and refiners could make a shea product that would meet IKEA's requirements and price points. A partnership with IKEA would not only result in an additional 50,000 tons of shea sourced annually, it would also create a strong relationship between one of the world's leaders in responsible, sustainable sourcing and the Global Shea Alliance. The buyer response was positive and she is currently pushing this sourcing opportunity to IKEA management. If successful, this could result in shea replacing palm—the much less environment and development friendly alternative—in a significant portion of IKEA's USD 4.2 billion dollar candle market.

Jergens and Avon commit to greater usage of shea following collaborative presentations from the USAID Trade Hub and AAK, the world's largest processor of shea nuts and founding member of the Global Shea Alliance



Currently, many brands exploit the positive reputation of shea as a highly nutritive, moisturizing ingredient by including it at levels of 0.1% - the amount necessary to make a marketing claim on the label but not enough to provide any of the shea benefits to the consumer. To discourage this practice, preserve the positive reputation of shea, and increase demand, the USAID Trade Hub collaborated with AAK, the world's leading buyer and processor of shea nuts, in an effort to educate two of America's leading cosmetic brands on the functional and social benefits of shea. The objective was to convince these manufacturers to use shea at a 'functional' level (hypothetically 1-4%), an amount which would deliver the promised shea benefits. AAK and the Trade Hub presented to key decision makers at KAO brands (owner of Jergens) and Avon. Following the presentation, Jergens committed to using shea at functional levels and plans to become a "shea company" by incorporating shea into its full line of products. Avon is also exploring product re-formulations. Both companies are interested in collaborating with the Trade Hub and the Global Shea Alliance – expressing excitement over the future possibility of licensing a GSA seal to prove their commitment to the industry and sustainable sourcing. The presentations were so successful that AAK is scheduling additional presentations to Burts Bees, Unilever, and Johnson & Johnson for the next quarter.

Proof of Concept for a GSA Seal draws interest from major retailers

This quarter the GSA assessed launching a Global Shea Alliance Seal. The seal would achieve multiple objectives:

- Generate licensing revenue to contribute to the self-sustainability of the Alliance
- Bring attention to the sustainability issues in the supply chain, and opportunities to get involved and become a member of the GSA
- Recognize companies that source shea sustainably and invest in the growth of the shea industry
- Create value for brands and companies by differentiating them from brands that exploit shea for marketing purposes
- Educate consumers about the health and social benefits of shea.



Baobab fruit makes a "superfruit" powder that consumers love.

The Trade Hub and AAK have developed recommendations that will be presented to the GSA executive committee at Shea 2012, the annual industry conference, early next quarter.

Taste tests show Baobab to be the preferred superfruit among young professionals

Preliminary research by the USAID Trade Hub suggests that young professionals (the functional foods market's largest consumer segment) prefer the taste of baobab over other leading superfruits. Recent comparisons of nutritional profiles of baobab versus leading superfruits showed baobab to be higher in antioxidants and fiber (the most desirable product attributes for the health industry) than other leading superfruits. This attracted interest from superfruit buyers, including Naked Juices and Clif Bar, at recent trade shows. Inquiries led the Market Linkages team to conduct a series of taste tests with surprisingly positive results. Of the 40 consumers who took the test more than half preferred the taste of baobab over three other leading superfruits. Following the taste tests consumers were educated on the nutritional benefits of baobab. A few quotes sum up their overall response to the fruit: "I'm sold. Where can I get it?"; "I'm going to have a baobab smoothie everyday"; "Get that on the market"! These messages are being relayed to interested brands as research continues on reliable exporter supply chains.

Market Linkages Facilitated

| Sector | Trade & Marketing Events | Location | # Participating Companies (Women owned) | Countries Participating | # Buyer Linkages |
|-----------------------------|---|-----------------------------|---|---|------------------|
| Specialty Foods | Food Ingredients Europe & Natural Ingredients | Paris | Trade Hub | N/A | 48 |
| Shea | Presentations to Avon and Jergens | Cincinnati, OH & Newark, NJ | Trade Hub | N/A | 3 |
| Specialty Foods | Sustainable Food Summit | San Francisco, CA | Trade Hub | N/A | 36 |
| Home Décor | New York Intl Gift Fair | New York | 12 importer-partners in <i>AfricaNow!</i> Network | Products from Burkina Faso, Ghana, Mali, Senegal | 36 |
| Home Decor | Ambiente | Frankfurt, Germany | 8 | Senegal, Ghana, Mali | 184 |
| Specialty Foods | Natural Products Expo | Anaheim, CA | Trade Hub | N/A | 70 |
| Total Buyer Linkages | | | | | 377 |

Analysis

The Trade Hub's international market linkages services remain essential to increasing export-led growth. Activities not only facilitate African exporters' strategic entrance into the U.S. and European market, but equally provide a valuable service to international brands and buyers who feel more confident when an intermediary organization can vouch for an exporter's professionalism. Upon learning all the ways in which the USAID Trade Hub could assist in strategically sourcing, one wholesaler claimed, "We are going to buy everything you got."

Despite the current state of the economy and reduced spending, companies in the Hub's targeted value chains have significant opportunity to gain market share, particularly in specialty foods, where the market has stayed strong over the last four years despite the recession's impact on the overall food market. The USD 70 billion specialty foods market weathered the economic storm with retail sales growth of over 4% during 2008-2009, and 7.4% during 2009-2010.¹² Those companies that were willing to innovate, take calculated risks, and embrace the challenges and uncertainties of investment in new products and regions gained market share and came out stronger. Identifying and reaching out to these leaders and innovators in the sector are key to continued progress.

In the Home Décor and Fashion Accessories sector, the *AfricaNow!* brand continued to gain recognition and greater visibility at trade shows. The brand's tagline – "source with confidence" – resonates with major buyers. African designs and patterns also became trendy this year – broadening what used to be a very niche market. Simultaneously, African designers and producers have focused on expanding their modern, contemporary lines that cater to a mainstream audience – in the U.S. alone this sector is valued at almost USD 40 billion. The combination of strong products and professionalism in the supply chain makes West Africa a strong competitor in this sector. Market linkages activities will continue to encourage these market trends by identifying partners who can help to make African products a mainstay of Western decor. Celebrities, media, and mainstream, trendy retailers should be the primary targets.

The shea sector has hit an interesting crossroads. In the cosmetics market, shea has become a coveted ingredient by consumers. However, as mentioned above this has led some companies to abuse the shea name for false marketing claims. This introduces many risks to the industry – primarily consumers will no longer see shea as uniquely beneficial, and sales will stagnate or even decline despite new market entrants. The GSA will have a very important role to play in ensuring that shea's reputation is not tarnished by these unsubstantiated marketing claims. Public-private partnerships will be important for conducting corporate education seminars and consumer education on the technical and social benefits of shea. While working to boost reputation and increase sales to the cosmetics industry, the Market Linkages team will continue to work on finding new applications for shea in the edible sector. Use as a dairy alternative for vegan products or as a healthy fat for the natural products industry are promising opportunities, with both segments forecast to have strong growth over the next few years. Seeking out chefs and others in product development who can make edible shea a known and desirable ingredient should continue to be a key focus for this sector.

¹² Mintel Group Ltd., Specialty Foods – The NASFT State of the Industry Report – The Market – US – September 2011, Executive Summary

Trade Hub Developed Brands

| Brand | Sector | Trade Shows | Website |
|---|----------------------------------|---|--|
|  | Cashew | Anuga (Germany), SIAL (France), INC, AFI, Fancy Food Show, ACA Annual Conference | www.africacashewalliance.com |
|  | Shea | Shea 2012 Conference, California & New York Cosmetic Chemists Suppliers Days, In-Cosmetics (Paris & Milan) | www.globalshea.com |
|  | Home Décor & Fashion Accessories | New York International Gift Fair, California Gift Show, International Contemporary Furniture Fair, Ambiente, Santa Fe International Folk Art Market | www.africa-now.org |
|  | Apparel | MAGIC, South Africa Fashion Week, B2B | www.sourceafricanow.com |
|  | Specialty Foods | Anuga, (Germany), SIAL (France), Fancy Food Show | www.tasteafricanow.com |



1.3 Cashew and the African Cashew Alliance (ACA)

Introduction

West Africa produces 40% of the world's cashew crop. Since 2006, the African Cashew Alliance, co-founded by the USAID Trade Hub, has sought to increase cashew processing in Africa to create jobs that will provide a path out of poverty for thousands of people directly and many more indirectly through demonstrated multiplier effects. While the sale of USD 1,000 of raw cashew nuts for export at the village level creates approximately USD 1,430 in additional household income, the same sale of USD 1,000 of raw cashew nuts *for processing* creates USD 2,000 in additional household income through the creation of additional jobs and value addition.¹³ Cashew processing in West Africa can also create a more transparent and stable source of income for the more than 7.5 million cashew farmers and their families in West Africa during the dry months of the year.



Highlights

After opening factory gates in 2010 and significantly expanding capacity in 2011, the largest cashew processing factory in **Burkina Faso** (3,500 MT) was officially inaugurated in Bobo-Dioulasso in February. A further six new cashew processing plants have begun operations in West Africa since November 2011. A fully mechanized factory with a processing capacity of 30,000MT, the largest in Africa, was inaugurated in Bouaké, **Côte d'Ivoire**, in February by **Côte d'Ivoire's** President H.E. Alassane Ouattara. This represents a USD 30 million investment and 2,400 new jobs, with plans for two additional factories of the same size in the coming years in Korogo and Bondoukou.. Finally, four new medium-sized processing plants in **Benin** have recently opened, with a combined processing capacity of almost 10,000MT. In total, these factories in **Benin** and **Burkina Faso** have already created almost 1,000 new year-round jobs in rural areas for unskilled persons, 70% of them women.

The African Cashew Alliance now has 135 members from throughout the value chain, including the recent registration of its first member from China, bringing the total number of countries with ACA members to 23. ACA continues to develop and expand services to promote the growth of the industry while also ensuring the long-term sustainability of the organization. After a year of developing the ACA Seal, the first processing factory in Africa is poised to begin implementing the ACA Quality and Sustainability Seal. ACA will increasingly integrate the Seal program into its established processor support program, which provides cashew processors with technical assistance, business advisory services, access to finance facilitation, and market linkages.

Results

First cashew processor receives provisional ACA Seal approval

The first African cashew processing factory received provisional approval for the ACA Quality and Sustainability Seal following successful implementation of the program. The ACA Quality and Sustainability Seal is an international industry-supported initiative to improve the competitiveness of African cashew and promote the sustainability of the African cashew industry by training processors on international food safety, quality and labor standards.

¹³ "Export, Employment and Incomes in West Africa," West Africa Trade Hub Technical Report #39, Jan. 2011

Tolaro Global, a new processing facility located in Parakou, **Benin**, signed a contract with ACA to execute the Seal program in mid-December. After a preliminary inspection and



training in the food safety, quality, and labor procedures, the company addressed the recommendations to institute systems to ensure compliance with the Seal standards. When the ACA Seal team visited for a second time in March, an inspection verified overall compliance and the team awarded the factory provisional approval pending correction of specified issues.

“Through the assistance of the ACA Seal program, our team has been able to create a strong foundation committed to becoming a world-class cashew processing group in terms of quality and food safety,” said

ACA Seal Advisor Gillian Epule and Tolaro Global CEO Jace Rabe inspect the factory’s drying areas as part of the ACA Seal audit.

Jace Rabe, CEO of Tolaro Global. “The ACA Seal program has proved an incredibly valuable partner in achieving our long-term goals and continues to help us set ourselves apart from other cashew operations around the world.”

Preliminary inspections and trainings have also been held in four other factories, three others in **Benin** and one in **Ghana**, as the program continues to grow and expand. Under the MOU signed between ACA, Intersnack and Kraft Foods in September 2011, ACA received the technical support and expertise of Tjasse-Pieter Dijksterhuis, Quality Assurance and Vendor Development, Intersnack, who toured four factories in **Benin** and two in **Ghana** with the Seal team, providing training to the ACA Seal Advisor and support to cashew processors in ensuring that the implementation of the Seal procedures on the ground meet international demands.

*ACA facilitates up to USD 2 million in financing for three **Nigerian** processors in partnership with Ecobank and NEXIM*

A breakthrough in access to finance was announced on March 1 by the African Cashew Alliance (ACA), the USAID West Africa Trade Hub, and African Investors Management Services Ltd (AIMS): Thanks to the collaboration of the **Nigerian** Export Import Bank (NEXIM) and Ecobank, three **Nigerian** processing firms will access up to USUSD 2 million in financing over the next year.

Following the successful partnership with NEXIM in 2011 which brought more than USUSD 600,000 of financing to the processors, the MOU marked the introduction of Ecobank’s participation in the scheme. Ecobank will complement NEXIM’s funding by efficiently facilitating transactions to improve the ability of the processors to meet their buyers’ quality, quantity and delivery specifications in a timely manner. As part of the agreement, ACA will provide technical assistance and business advisory services to the cashew processors. ACA experts train staff in financial management and operational best practices, ensuring the funds received through the financing scheme are used as effectively as possible.

By 2016, the financing scheme aims to achieve a 6,000MT increase in processing capacity, representing nearly 1,000 new jobs and USD 5 million in additional income in the local economy. Almost 5,000 farmers sell their produce to these factories, ensuring greater

transparency, a more stable market, and the opportunity to secure higher prices through a long-term, direct relationship (i.e. instead of selling to exporters via middlemen).

ACA, Nigerian government, and private sector move toward formal partnership for cashew strategy

In the culmination of five years' work to build a relationship with the **Nigerian** public and private sectors, ACA has become a key partner in devising strategies to spark the development of the cashew sector in **Nigeria**. The **Nigerian** National Cashew Summit in early December 2011 rejuvenated the sector. ACA provided technical support to the event, which acted as a national networking platform and strategy discussion session. Stakeholders discussed possible policies that could produce an increase in **Nigeria's** cashew production volumes and lead to an expansion of processing capacity.

To build on the success of the Summit, the National Cashew Association of **Nigeria** (NCAN), a private sector association whose new president is also the ACA Deputy National Representative, organized a "flag-off" to launch the cashew season on March 1, 2012. More than 500 cashew farmers, traders, processors, and exporters participated in the launch. On a trip sponsored by NCAN, ACA Managing Director Christian Dahm presented key elements of a sustainable cashew industry in **Nigeria**. **Nigeria's** Minister of Agriculture, Minister of

Trade and Industry, Minister of Science and Technology were represented, while the Governor of Kwara State, and several other high level officials participated, demonstrating strong government support for efforts to develop **Nigeria's** cashew industry.



ACA delegation meets Beninese Minister of Trade, Hon. Madina Sephou (third from left)

After the launch, ACA Managing Director Christian Dahm met with NCAN and **Nigeria's** Ministry of Science and Technology's Raw Materials Research and Development Council

(RMRDC) in Abuja. The three organizations followed-up on the recommendations of the Cashew Summit and formulated a plan for RMRDC to convene an inter-ministerial working group for the development of a comprehensive strategy for **Nigeria's** cashew industry. Terms of reference are currently being specified for ACA to collaborate with this working group. Through this partnership, ACA will facilitate public-private cooperation in the cashew sector, strengthen the national industry body as an effective stakeholder platform, and work with government officials to propose policies favorable to the cashew industry. **Nigeria** is currently the 6th largest cashew producer in the world and the first in cashew processing in West Africa, with the capacity to process more than 30% of the national crop.

ACA develops new model for efficient small-scale cashew processing

ACA partnered with the USDA-funded International Relief and Development (IRD) to develop and implement an innovative contract-processing model in **Senegal** and **The Gambia**. This model links small-scale processors with more established commercial processors and traders. Level 1 processors steam and cut raw nuts provided by the commercial processor (referred to as Level 3). Level 2 processors then dry, peel, and grade the nuts before sending them to the Level 3 processor, who packages and markets the nuts. This model allows small processors to increase their income without assuming responsibility for supplying the raw nuts, investing in packaging material, or marketing the nuts, all major

constraints to the viability of small-scale processing. After consulting on the model's development, ACA has assisted in the installation of new processing equipment and provided training in equipment maintenance, productivity monitoring, and business concepts. ACA plans to replicate this model for further pilot projects. Donors, including the World Bank and United Nations Industrial Development Organization (UNIDO), have expressed interest in the model.

World's largest cashew processor joins ACA Advisory Board

When Iracema, the world's largest cashew processor based in Brazil, considered plans to enter the African cashew market and invest in cashew processing in Africa, they quickly realized a close relationship with ACA was crucial to their success. The Brazilian firm joined the ACA Advisory Board, which requires a contribution of at least USUSD 50,000. This advances ACA's efforts to expand its donor base and mobilize international industry support for its mission of a competitive African cashew industry. Iracema's support signals a strong commitment from the company to expand its presence in Africa, both as a source of raw nuts and a location for future investments in processing. Neil Hyde of Iracema clearly voiced this intention at the Peanut and Tree Nut Processors Association Convention in the United States in January. In his keynote speech at the cashew workshop, most expected him to speak primarily about Brazil. But instead Hyde dedicated almost half of his speaking time to describing his experience of buying around USD 50m worth of raw cashew nuts in West Africa with the help of ACA. He stated that "We see West Africa as very much a part of our future as a supplier of in-shell and as a place we want to set up modern processing plants." He concluded, "I would like to acknowledge the excellent work that is being done by USAID-West Africa Trade Hub, U.S. Peace Corps, the Gates Foundation's ACi project, and the African Cashew Alliance they all support. The level of professionalism and commitment of people involved in the cashew sector in West Africa has deeply impressed me. In the **Ghanaian** countryside, you could find Peace Corps volunteers living in mud huts among the locals who work extremely hard to help cashew farmers organize themselves in groups and obtain fair trade certifications. And when you walk into the ACA office in Accra, you can see Kraft's former Vice President of Quality for Planters, Jim Giles, happily sharing his knowledge on food safety and quality with a team committed to develop Africa's processing industry."

New communication services disseminate crucial market information

Many African cashew stakeholders have missed out on opportunities or made costly business mistakes due simply to a lack of information about the complex international cashew market in which they operate. To address this, ACA has developed new tools for cashew stakeholders to improve transparency in the value chain and empower all players. During the 2012 cashew season, ACA has begun producing a Weekly Market Report with the latest crop and price information from all African cashew-producing countries. Major buyers have expressed that Africa is largely an unknown territory for many in the trade, so current, reliable crop information is highly desired. This report is subscription-based as ACA continues to develop new private sector revenue. All ACA members can continue to access weekly price information on raw cashew nut and cashew kernel prices from Africa, India, Vietnam and Brazil on the ACA website, along with a monthly update with market analysis and information from the cashew industry both globally and in Africa. The ACA Newsletter is now released every two months. A redesigned ACA website, due to be launched in April, will further improve the ability of stakeholders to access this information and will feature useful information for cashew businesspeople including currency exchange rates and freight costs.

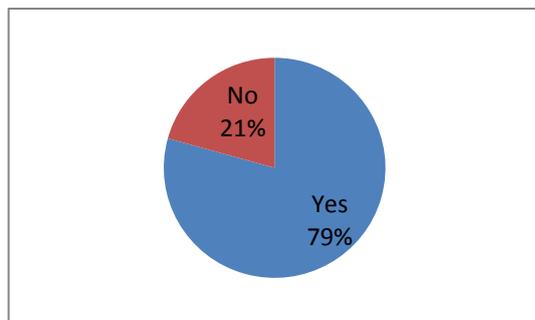
ACA members' survey shows strong satisfaction with ACA services

In order to learn if ACA services are meeting the needs and expectations of ACA members and possible ways they could be improved, ACA disseminated a survey to all members and received almost 50 responses. The survey found that **81% of ACA members had received services or benefits from ACA which grew their business.** The ACA communications

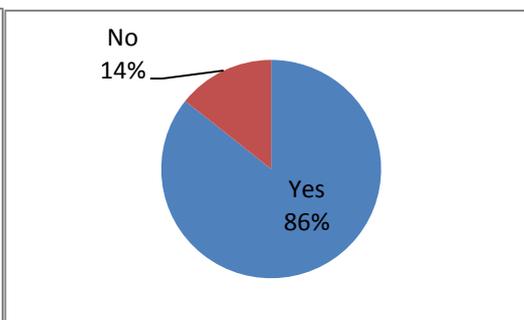
offering in particular (the provision of market information and industry news) was found to be beneficial to the highest number of members (74%). The survey found that the high value ACA members place on ACA services translates into a willingness to pay for these services, particularly market information and business advisory services. There was also strong support for the development of new revenue-generating services (respondents rated this option an average of 4.1 on a scale from 1, indicating no support, to 5, indicating strongly support), including an online cashew trade forum which is now being developed as a result of the survey.

Have you received any service, help or benefit from the ACA which has grown your business?

Members in Africa:



Members Overseas:



Analysis

After two seasons of steadily rising prices, lower prices this year show that the cashew market remains highly volatile. After last year’s record prices for kernels of USUSD 4.65/lb (W320), prices have steadily fallen in the international market since October 2011 to current levels of around USD 3.20/lb. This strong movement in prices has been mirrored in the raw nut market, where farmgate prices in West Africa are currently between USUSD 0.50 – 0.60/kg, almost half of last year’s highs of USD 1.00/kg¹⁴. Significant remaining inventory in Tanzania, Mozambique, and Indonesia, along with unsold stocks remaining in West Africa from last year, should keep prices low in the next quarter. This volatility is affecting farmers throughout Africa. Without fully understanding market dynamics, many are refusing to sell at the current prices in the hope of an increase in prices at a later stage. However, cashew remains an effective development tool in rural areas, providing much needed income during the dry season when other crops are not available, and enabling farmers to pay for food, health, and education. Cashew production is low-cost and low-input, making capital restrictions less of a constraint.

In order to reduce vulnerability to market volatility, ACA has undertaken significant efforts to establish long-term partnerships between processors and buyers. Linking small African processors to large industry players such as Costco, Kraft and Intersnack – who have more ability to provide favorable commercial terms, such as yearly purchasing commitments with price floors or other risk sharing strategies – mitigates the risk of price fluctuations. Further, this increases processors’ ability to source raw nuts from farmers in a stable fashion with consistent prices. Many processors now buy their raw nuts directly from farmers, increasing the income received by farmers. Strong linkages from farmers to processors to buyers also improve traceability, which is increasingly a requirement from the international market.

Improved access to finance also protects processors and farmers against the volatility of the market. If processors could secure financing in a timely manner, they could source nuts at the beginning of the season when the quality is best and prices are low. ACA’s efforts, in

¹⁴ Data for the ACA Market Information System is from various sources, including international publications, cashew traders and ACA partner organizations and companies in Africa.

partnership with the USAID West Africa Trade Hub Finance team to assist processors in receiving working capital loans are absolutely essential to the continued growth of the industry.



Increased processing means more jobs in West Africa.



USAID | WEST AFRICA

FROM THE AMERICAN PEOPLE

SUCCESS STORY

Cashew processing expands

The ACA is achieving its primary mandate – increasing cashew processing in Africa – and creating thousands of jobs.



African Cashew Alliance

His Excellency President Alassane Ouattara of Côte d'Ivoire discussed cashew with the African Cashew Alliance at the inauguration of the world's largest cashew processing facility in Bouaké.

“None of our investment would have been possible without the ACA.”

**- Shalin Behal,
IRACEMA**

When 24 private sector stakeholders and the USAID West Africa Trade Hub co-founded the African Cashew Alliance five years ago, its mandate was simple and clear: Increase cashew processing in West Africa in order to create jobs – and reduce poverty.

The opening of six new major processing facilities over the last six months – that will employ as many as 5,000 people total – are yet more evidence the ACA is a success.

“The technical assistance and information that the African Cashew Alliance provides is instrumental for making our business work,” said Georgette Taraf of Nad & Co. who recently opened a factory in Benin.

The ACA today includes over 135 members from 23 countries – including every African cashew-producing country and buyers and retailers from every major international market.

In a recent ACA survey of its members more than 80% reported using the ACA’s services to grow their business. Bringing together every aspect of the industry has allowed international buyers to quickly assess the opportunities – and act.

“None of our business in Africa would have been possible without the ACA,” said Shalin Behal of IRACEMA, a leading processor of cashew from Brazil that has purchased millions of dollars of African cashew. “The ACA has introduced us to all the key players in the region, facilitated field trips and all our first steps in doing business here.” The company is now planning to invest in a processing facility in West Africa.

The impacts in the communities where the processing facilities are located are significant. Residents of a town in Côte d'Ivoire said prostitution, once a problem in the community, had all but disappeared once the factory opened: It created hundreds of jobs for young women. Since its inception, the ACA has facilitated the creation of almost 10,000 cashew processing jobs in West Africa.

Fittingly, the world’s largest cashew processing factory – a US\$30 million investment – was opened in February in Bouaké, Côte d'Ivoire, Africa’s largest producer of cashew nuts. His Excellency President Alassane Ouattara inaugurated the factory.



1.4 Shea

Introduction

Shea trees occur across 3.7¹⁵ million km² of Sahel-Savannah landscape in 21 Sub-Saharan African (SSA) countries from **The Gambia** and **Senegal** through to South Sudan and Uganda. With *gender-exclusive* rights to income from their kernel and butter sales, only women harvest the crop of fallen fresh fruit in these ancient agroforestry farmlands. As a result, shea empowers women to support their children and families, protect biodiversity, store carbon and maintain protection against desertification – thereby assisting with food security across an entire region.

Shea has been used in hair/skin care, food and cultural practices supporting African livelihoods for millennia. Internationally it is valued as a functional ingredient in both personal care and edible products. Consumer awareness of shea butter use in natural cosmetics has increased exponentially – following global marketing by retail brands such as The Body Shop and L'Occitane – but shea's largest market – confectionary – is where stearin fractions are *invisibly* utilised for cocoa butter improvers (CBIs) as well as in ice creams, margarines and other baking products. This is the "Paradox of *paradoxa*" – 90% of global knowledge is hand-crafted cosmetic use, despite 90% of trade coming from industrially processed kernels.

Since 2005, West Africa has seen tens of millions of dollars of investment and the creation of thousands of new jobs in the shea industry. Annual exports average 250-350,000 Shea Equivalent Tons (SETs¹⁶) of which a larger proportion now has local value-addition,¹⁷ e.g. mechanically or hand extracted, semi-refined or fractionated butter, and certified or finished products. Even at their lowest annual level, farm-gate dollar prices are twice those paid a decade ago, yet global prices of shea products have become more competitive – simultaneously encouraging quality improvements and increased trade. Most notably there has been a surge of *social enterprises*¹⁸ that transparently source an annual export of about 15,000 SETs directly from thousands of African women pickers and processors.

Across the entire zone, an estimated 16 million women pickers harvest shea, yet only a quarter is picked for export and only half a potential crop of 2 million SETs is utilized. Most shea utilised internationally is still a *substitute* and virtually invisible¹⁹ to global consumers. World use is just an insignificant 0.1% fraction of a vegetable oil industry producing 120+ million tons of palm, canola (rapeseed), soya and sunflower oil annually.

The Global Shea Alliance's (GSA) secretariat host, the USAID West Africa Trade Hub has been focused on developing a foundation for sustainable industry-wide growth through the following GSA member-mandated objectives:

- Continue increasing West African shea exporting firms' market exposure
- Work towards development and adoption of internationally accepted quality standards
- Advocate for national & regional support for shea
- Source funds for GSA
- Brand & promote *Sustainable Shea*

¹⁵ The Encyclopedia of Fruit & Nuts, Jules Janick, Robert E. Paull, 2008, pg. 845

¹⁶ Sheanut Equivalent Tons – whether as dry kernels, crude or fractionated butter or finished product

¹⁷ "Incomes, Employment and Exports in West Africa," USAID West Africa Trade Hub multiplier effect study, Jan. 2011. The study concluded a multiplier effect of 1.58 for shea kernel production and trade.

¹⁸ Examples include: <http://www.sustainablecounter.com/>, <http://carishea.com/>, <http://www.starshea.com/>

¹⁹ <http://www.globalshea.com/news/invisibility-shea-food-industry>

Results

Global Shea Alliance continues to grow, strengthening the industry

The Global Shea Alliance now has over 150 members spreading the message about *Sustainable Shea*. Several multi-million dollar brands have registered to join and support the alliance in its quest to expand markets and increase sustainability for rural West African women shea pickers.

The inclusion of GSA descriptions in the most recent CSR reports of the two biggest international shea-buying firms reflects the Alliance's importance to the industry as a whole. In the reports, the firms declared their support for the Alliance as well as their expectations. Both reports are publically available on the firms' homepages²⁰ and were announced at the record breaking 25th anniversary of Food Ingredients (Fi) Europe 2011 (FIE).

Throughout the quarter, the secretariat worked to prepare the accounting procedures, administrative manual and first business plan that guide the financial and administrative management of the Alliance's secretariat. In February, the 3rd edition of the GSA newsletter was published and distributed globally in both English and French, where an extensive article on the invisibility of shea in the food industry explained where the majority of shea sourced from West Africa ends up in Europe.

Awareness-raising on shea at key international events

In addition to attendance at SCS-Formulate in the U.K. and the Sustainable Cosmetics Summit in Paris, three GSA secretariat members attended FIE 2011, held in Paris in late November, where three days of exhibition saw a record 1,200 exhibitors from 65 countries and more than 23,600 food professionals from 127 countries visit the show. In addition, and as part of the promotion of the



Minister of Industry, Small and Medium Enterprises Mme. Sephou Madina launched the registration for Shea 2012 in Benin.

annual shea industry conference, a series of in-country workshops were organized by the GSA with support from partners in **Benin, Burkina Faso, Côte d'Ivoire, Mali, and Nigeria**. These events brought more than 400 stakeholders in their respective countries together to discuss industry issues, expectations of the GSA and to prepare for Shea 2012.

²⁰ <http://europe.croklaan.com/> and <http://aak.com/>

Leading brands also learned about shea at the Sustainable Foods Summit in January in San Francisco and the Natural Products West Expo in Anaheim in February (see Market Linkages section).

Shea Nut Quality Improvement Project launched



Wide variation in the quality of shea nuts severely affects the value of shea nuts. Traders are willing to pay more for higher quality nuts but the absence of objective quality standards has prevented the establishing of a price premium for women pickers. Currently, 40% variation in extraction yield occurs across the region, i.e. extraction yield of butter by dry weight varies between 25% and 45% as a direct result of post-harvest processing and storage conditions of the shea kernels. There are no consistent, objective and locally appropriate industry quality standards against which kernels can be assessed. In addition there is insufficient value chain efficiency between actors to allow for any quality increase to be incentivized. The low and widely inconsistent yield of shea kernel does not encourage buyers to offer premiums or differential prices for kernel quality – leaving the women pickers as *price takers* and local traders focused purely on volume. As part of the Alliance’s five-year vision to increase yields and introduce price differentials for quality – with support from the Peace Corps **Ghana** and **Benin**, Business Development Services Fund in **Ghana** and Fludor SA in **Benin**, as well as with NASPAN **Nigeria** – the Alliance will start pilot projects to evaluate the impact of quality improvements on yield and rural women’s

Improvements in the shea industry are key to improving the livelihoods of millions of women in rural communities.

income. If successful, the program will be continued and rolled-out across the sub-region.

New sources of funding obtained to support the Global Shea Alliance

The GSA Secretariat worked on sourcing private sector and diversified funding. Proposals were sent to the BDS Fund, ECOWAS, FRICH and other private sector industries. The Alliance obtained approval for a grant of 74,150 USD from the BDS Fund to support the quality project in **Ghana** and 20,000 from Fludor **Benin** S.A to support the quality project in **Benin**. The application to FRICH did not pass the initial stage because as at the time of submission, GSA had not received a confirmation from large-scale food industry stakeholders and partners. The Alliance is still waiting for confirmation on ECOWAS support.

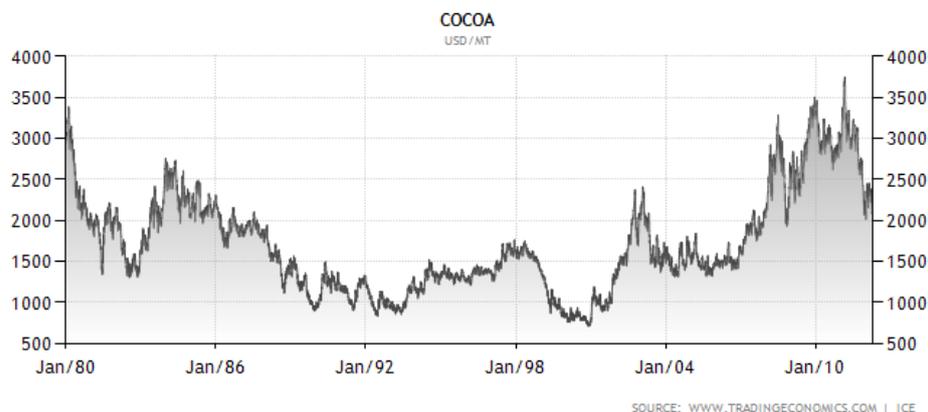
*GSA and COCOBOD collaborate to set shea industry policy in **Ghana***

The **Ghana** Cocoa Board (COCOBOD) has decided to regulate the shea industry in **Ghana** as it does the cocoa industry. However, a majority of GSA members suggest that prior experience in the sub-region’s industry (namely in **Nigeria** and **Ghana**) demonstrates a free market for this substitutable crop makes more sense. COCOBOD has established a shea unit that is working to establish a shea board that would be sponsored by government to

oversee the activities of the shea industry. GSA is currently involved in the steering committee that is working to establish the shea board and is advocating for a fully representative multi-stakeholder body to lead the shea industry in **Ghana**. Initial reports on the floor price established by COCOBOD for the 2011 season hurt the buyers and sellers equally due to unsupported high prices, resulting in large quantities of unsold stocks.

Analysis

With the recent collapse in price and demand for cocoa butter – as a result of a global recession, record cocoa bean production in **Côte d’Ivoire** and **Ghana** and a complete turnaround in international powder demand (notably in Asia) – shea butter exporters to the edible industry are rightly concerned as the price of shea stearin, their key product, closely follows cocoa butter demand. The cocoa market is a very volatile place and there have been many peaks and troughs in the past, e.g. most notably in the mid-nineties, the early 2000s and again in the mid-2000s. Yet the shea industry survived, strengthened and even grew during the last 15-20 years – from an estimated 50,000 tons of sheanuts in the mid-nineties to at least 350,000+ SETs in recent years.



The key questions then are, “Why has the largest extraction and fractionation plant in West Africa – **Ghana** Specialty Fats Ltd. in Tema, **Ghana** – shut down?”; “Why has Olam apparently reversed its plans for getting more involved in the shea market?”; “Why has Loders Croklaan – the world’s second biggest shea buyer – stopped supplying its extraction partners in **Ghana**?”; and, “Is AAK really decided in its plans to shut down an entire 60 year old shea supply chain across northern **Ghana**?” Something is definitely afoot in the market.

Apart from the **Côte d’Ivoire** civil war “spike”, cocoa prices are still at levels last seen in the mid-1980s and there are many positive market indicators, e.g. signs of global recession recovery; the world’s insatiable demand for chocolate is again predicted to outstrip production; and shea/cocoa stearin is becoming widely recognized as a healthier alternative to other “bad” saturated fatty acids and trans-fats.

Through the concerted efforts of an ever more organized shea industry, the internationally recognized Global Shea Alliance has been increasing global visibility for shea while improving traceability of production, quality and proof of sustainability. So why all the doom and gloom? What has made the shea exporters so nervous with regards to the current cocoa price collapse this time around?

The Government of **Ghana** has become involved in price-fixing and apparently about to regulate shea supplies for the newly built extraction plant in Buipe.

In October, the Government of **Ghana** announced a floor price for sheanut purchases of 32 cedis per bag (about USD 22), which equates to about USD 250 per ton. Shea has been currently trading on the northern **Ghana** ‘open’ markets at USD 280 per ton and has peaked

at USUSD 380 per ton and seen a minimum of c. USUSD 200 since December 2008. In 1992, or thereabouts, COCOBOD set a clear precedent to shea businesses – it deregulated or “privatized”²¹ the shea market (albeit without changing any laws in relation to the sector). The then rather chaotic and invisible sector picked up the gauntlet and got on with the business of trading, storing, processing, formulation and the marketing of shea. COCOBOD’s Produce Buying Company (PBC) unsuccessfully attempted to maintain a share of the shea market, but as both private and public sector got involved in an industry with a level playing field, a rapid turnaround soon occurred as investors dived into a variety of business models to source both nuts and butter; investments into processing plants and transparent sourcing models grew exponentially. After COCOBOD’s announcement, growth in the sector exceeded expectations as better and more equitable pricing was apparent all along the supply chain and PBC had seemingly all but abandoned shea.

Ghana itself currently produces about 50-60,000 tons of sheanuts for export annually (from c. 2,000 tons exported in 1992) and despite the huge potential for growth, the majority of sheanuts feeding into, what has become, the “hub of shea processing” in the sub-region actually come from the surrounding Sahel-Savannah zone. With over six mechanical processing plants and many thousands of women working daily, half of West Africa’s annual shea harvest can be processed in **Ghana**.

The shea industry is waiting to see what additional regulations will be imposed in the new era of the **Ghana** shea sector. With factories actively being built, re-commissioned or already processing in neighboring countries – in **Benin, Burkina Faso, Côte d’Ivoire, Mali, Nigeria** and **Togo** – one now has to wonder what the future for shea will be in **Ghana**. Some say with the formation of a national steering committee and governmental support, the sector is predicted to receive a big boost.²² The Global Shea Alliance’s advocacy work takes on added importance given these developments.



Fludor's shea processing factory in Bohicon, Benin. Fludor entered the shea sector after reading a USAID Trade Hub report. It has steadily expanded production – from 500 to 15,000 tons of shea nuts annually – since 2006. It is a leading sponsor of Shea 2012: Shared Value, the annual industry conference that will take place in Cotonou in April.

²¹ Chapter 5 Remaking Markets and Shape Shifting States – *Privatizing Shea in Northern Ghana*. The Shea Butter Republic (2004) Brenda Chalfin”

²² <http://www.modernGhana.com/news/365260/1/cocobod-is-a-big-boost-for-shea-industry-chief-far.html>



1.5 Home Décor & Fashion Accessories

Introduction

AfricaNow! importers at The New York International Gift Fair (NYIGF), the largest gift fair in the U.S., were jubilant to report that orders were finally equal to pre-recession levels at the February show, signaling renewed vitality in the gift and décor sectors. Another key factor in order strength are the efforts of USAID West Africa Trade Hub to help West African producers with product design assistance in order to stay current with market trends, connecting them to buyers via web marketing and buyer trips, building and maintaining commercial relationships, and overcoming key challenges in finance and logistics. The Trade Hub has also been instrumental in encouraging cross-border collaboration in West Africa so that vendors have a well-rounded repertoire of product options for consolidated orders.

The USAID Trade Hub has increased buyers' interest in West Africa by informing them of the opportunities to source with confidence from West Africa, which is represented by the *AfricaNow!* brand. Over the past two years since the inception of the brand at NYIGF alone, buyer participation in the *AfricaNow* network has quadrupled and many buyers who never considered Africa as a sourcing opportunity are scouting opportunities through the *AfricaNow!* network, some have already come on buyer trips and others are in the planning stages.

The USAID Trade has also increased buyer interest, strengthened sales figures and improved incomes across the region by helping companies begin making products outside of the "Afro-centric" comfort zone and confidently present the market with quality products at affordable prices that are suited for any environment, not simply ones interested in Africa. This strategy has seen strong impacts in many countries. Currently one US buyer is importing at least one 40-foot container of generic home décor baskets every month from **Senegal**, and as producer capacity builds, that figure could easily double within the next two



West African companies are increasing sales and their market base by expanding outside of the Afro-centric and ethnic niche.

years, up from two 20-foot containers just a few years ago, now impacting the livelihoods of women in over 15 rural communities.

Results

Online company showcase attracts buyers to West Africa

In September, 2011, the USAID Trade Hub launched an online company showcase www.africa-now.org/company-showcase on the AfricaNow! website, displaying new products West African producers have to offer. Many Buyers use the showcase page to see new products and identify producers and contact companies directly. In February, Matthieu Chatin of A Taste Of France, a U.S.-based importer of high-end décor from Africa, saw images on the AfricaNow showcase page; barely an hour later, Chatin had booked a flight to **Burkina Faso**, arriving two days later. He then spent a week in Ouagadougou meeting with AfricaNow! producers and is looking into arrangements to ship a consolidated **Burkina Faso/Ghana** order from Tema, the port in **Ghana**

Producers connect to buyers at world's largest Home Décor Fair – Ambiente

Hundreds of new buyers discovered AfricaNow! and saw first-hand the fabulous products coming from producers in West Africa at Ambiente, the world's largest home decor fair held annually in Frankfurt, Germany. AfricaNow! had an expanded presence with a 100-square meter pavilion that featured the best from **Mali**, **Ghana** and **Senegal**, ranging from innovative inexpensive animal figures to high-end home décor.

New York International Gift Fair Draws New Buyers to Africa

The AfricaNow! showcase and resource booth at the New York International Gift Fair (NYIGF) in February attracted many new buyers who had never considered buying from Africa: a buyer of children's décor who wants to investigate colorful plastic storage elements from **Senegal**, a large home décor importer showing in another part of the show that wants rustic décor elements and horn jewelry and accessories and others. More and more buyers are beginning to look for products in new places and AfricaNow! is showing many buyers that West Africa can be that place. Discussions have already begun regarding possible buyer trips with new buyers. This is a result of moving product designs away from traditionally Africa aesthetics into a world view of design possibilities.

Pier One purchases increase employment, build collaboration and generate income

One of the largest U.S. direct-import retail chains with over 1,000 stores across the US has recently began working in **Ghana** after a several year hiatus. The first phase of its order is being packed for May and June shipments to warehouses in the U.S. The Trade Hub has been instrumental in getting Pier One to return to **Ghana** and in helping the agent and vendors handle the complex logistics and building collaboration between the agent, the buyer and the Grassroots Business Fund for financing. The **Ghanaian** products will be in



Ousmane Mbaye from Senegal exhibited his unique recycled oil barrel furniture in the AfricaNow pavilion to raving reviews from buyers from around the world.

retail stores across the U.S. Fifteen production companies are involved, each hiring new workers to fulfill the order, and to continue filling the future orders.

AfricaNow! buyer trips lead to new business



Harper Poe in Mali with Boubacar Doumbia of Atelier Ndomo doing product design

Companies in **Burkina Faso, Ghana, Mali** and **Senegal** met with numerous buyers on trips organized and facilitated by the USAID Trade Hub. Leslie Mittelburg, CEO of Swahili Imports, came to **Burkina Faso** and identified 12 new producers, ordered thousands of samples in lots of 100, and organized consolidated shipping from **Ghana**. In **Ghana** she identified more new producers and reactivated relations with former producers to successfully develop enough collections for container orders. Mittelburg said, “Thanks to the support of the Trade Hub, this is the most successful and fruitful buyers

trip I have ever had in 17 years of doing business!” Similarly, Harper Poe of Proud Mary, who discovered the AfricaNow booth at the International Contemporary Furniture Fair in New York in May. So impressed with the products, by December she was in **Mali**, her first trip ever to Africa. The Trade Hub facilitated her trip and home décor specialist Elaine Bellezza accompanied her. She worked with Atelier Ndomo, Cooperative Djiguiyaso, **Mali Chic**, and Centre Christine Dramo. In February she showcased these new collections, wrote significant orders which are now in full production.

50 Burkinabè producers learn about working with international buyers, market trends

Abraham Diao, the Commercial Director of the *Village Artisanal de Ouagadougou*, Leslie Mittelburg, CEO of Swahili Imports and USAID Trade Hub Home Décor Advisor Elaine Bellezza presented “Buyer Expectations – What U.S. Buyers Expect from Artisans,” in Ouagadougou in February. The workshop covered the essential elements of working with wholesale buyers and the difference between a boutique buyer and a wholesale buyer. The artisans appreciated the opportunity to ask questions directly to a major U.S. importer and a lively question and answer discussion followed. Topics covered included pricing for the wholesale market, buyer/vendor partnerships, the importance of good communication and professionalism.

SIAO 2012 preparations and collaboration kick off

Since 2004, the USAID Trade Hub has worked closely with the management team of the *Salon International de l’Artisanat de Ouagadougou*, West Africa’s largest handcrafts fair that takes place at the end of October bi-annually. In January, USAID Trade Hub Business and Finance Director Roger Brou met SIAO’s director to discuss modalities of collaboration and in February, further discussions involving Swahili Imports CEO Leslie Mittelburg and Elaine Bellezza covered the primary new initiative for the up-coming show: a two-day fair for professional buyers before SIAO is open to the public. SIAO’s director requested USAID Trade Hub assistance with identifying buyers as well as experienced export producers from across the continent.

Collaboration launched with Mali's Ministry of Tourism and Handcrafts

In December, USAID Trade Hub Home Décor and Fashion Accessories Advisor Elaine Bellezza developed an outline for the creation of a comprehensive strategic plan for a pro-active, efficient and sustainable development of the sector in **Mali** with M. Idrissa Ly, National Director of Artisanat, in the Ministry of Tourism and Artisanat of **Mali**. The USAID Trade Hub and the Ministry signed a letter of agreement for this collaborative effort. M. Ly attended Ambiente with the Trade Hub to witness firsthand the effective AfricaNow strategy.

Wood Products

The Trade Hub is assisting the National Handicraft Exporters Association (NAHE) to find solutions to simplified, fast and cost effective ways of sourcing legal wood for handcraft production as well as conducting field monitoring of wood sourcing for handcraft production.

Analysis

As the economy is recovering and buyers are launching campaigns to find new and interesting products for consumers, it is important that African companies are positioned to take advantage of the upswing. Often companies have little idea about how to access international markets. Helping companies create products more generic in appeal is one way, linking the vendors directly to buyers is another way. The USAID Trade Hub is looking at even greater expansion of market opportunities through fostering relationships between West African companies and market consultants and agents. These professionals have databases bulging with buyer contacts and can help companies target appropriate buyers efficiently. Buyer trips jump-start these relationships, specifically for market consultants and agents.

The *Salon International de l'Artisanat de Ouagadougou* will launch its first parallel professional trade show where professional exporting producers will be able to have quiet and well-designed exhibition stands fully separate from the noisy bazaar of the grand SIAO. This professional venue will allow market consultants to discover the vast array of product opportunities and forge professional relationships with the African companies to help them clearly define a pro-active and efficient marketing strategy. The USAID Trade Hub is in contact with a number of marketing specialists and will seek others with expertise on markets in Asia, the Middle East, Europe and Latin America. Buyers will be invited to this event as well, and they will be looking for products specific to their niche needs. The consultants will be assessing all types of products to have the greatest possibility of meeting the needs of the many clients whom they serve.

In order to service the increased numbers of buyers, buyers of scale, and more complicated buying patterns that include multi-company consolidated ordering and cross-border purchases, export agents are growing more and more important in the handcrafts sector in West Africa. Exporting producers are becoming busier with production and find it difficult to follow through with client interface or consolidation. Previously, less demand made business more manageable with exporting producers, but now it is the critical turning point where economies of scale are making it essential to have sector-specific agents to handle buyer expectations and help the sector move to a growth platform.



SUCCESS STORY

Buyers source with confidence

AfricaNow! is showing buyers that products are available reliably and professionally from across West Africa.



Elaine Bellezza/USAID West Africa Trade Hub

Leslie Mittelburg of Swahili Imports examines ceramics from a company in Ghana during a buyer's tour of West Africa organized by the USAID Trade Hub.

"Thanks to the support of the USAID Trade Hub, this is the most successful and fruitful buyer's trip I have ever had."

***- Leslie Mittelburg
CEO, Swahili Imports***

Everyone knows seeing is believing. Buyer trips organized by the USAID West Africa Trade Hub as part of its AfricaNow! brand are taking professional buyers into the workshops and offices of West African handcrafts companies – showing buyers they can source with confidence across the region.

"Many buyers assume that they can't get products out of West Africa," explained USAID Trade Hub Home Décor and Fashion Accessories Advisor Elaine Bellezza. "They assume that vendors are not reliable, there's no quality control – the whole nine yards. We've worked very hard to show it is possible, products are available, they can be contemporary and that vendors are professional."

Among the buyers is Leslie Mittelburg of Swahili Imports. In Ouagadougou, Burkina Faso, Mittelburg found furniture made of recycled oil drums, among other amazing products. She also conducted a workshop with artisans. In Ghana, she met companies in Accra and Bolgatanga, again discovering exciting new products and the professional companies behind them.

"Thanks to the support of the USAID Trade Hub, this is the most successful and fruitful buyer's trip I have ever had in the 17 years I have been in business," Mittelburg said at the end of her stay.

Harper Poe of Proud Mary is another buyer who came, saw – and developed a whole collection of new products.

"I came to Mali after visiting the AfricaNow! booth at the International Contemporary Furniture Fair in New York in May 2011," Poe explained. "The most valuable part is interacting with the artisans, sitting down with them, being a part of the process and learning from them.

"I could not have done this without the AfricaNow! program," she continued. "They set up the trip and introduced me to more groups than I thought existed."

The products Poe developed with Malian companies during her trip were the cornerstone of her display at the New York International Gift Fair in January 2012.

AfricaNow! buyer trips are connecting buyers to companies. The results are showing up on the shelves of retail stores in the U.S., Europe and elsewhere around the world.



1.6 Apparel

Introduction

A combination of factors – access to finance, marketing, production and logistics – has led to a significant slow-down in the apparel industry in West Africa. Addressing the issues is critical – the apparel sector holds tremendous potential to drive job creation. For a variety of reasons, manufacturing apparel in West Africa makes good business sense. Above all, AGOA eligibility in 20 of 21 countries gives the region a significant competitive advantage. Further, however, there is a large pool of available labor, particularly young women, who gravitate to such jobs. In countries like **Ghana**, the government has invested significantly to build factories and train workers. Finally, extensive marketing supported by the USAID Trade Hub has raised awareness among international buyers of sourcing opportunities in West Africa.

Results

*Stakeholder meeting leads to road map for the industry in **Ghana**, rejuvenation of **Ghana** Apparel Manufacturers Association*

With support from the USAID Trade Hub in January 2012, stakeholders in **Ghana** met over two days, forming teams to address core issues: finance, marketing, production and logistics. A comprehensive collaboration is necessary to identifying and implementing effective solutions. **Ghana's** Ministry of Trade and Industry organized the workshop in collaboration with the USAID Trade Hub. In particular, **Ghana** has a considerable number of idle apparel factories. In addition to private sector garment manufacturers, the MOTI Deputy Minister and other government officials, including Customs, and financial institutions and international buyers participated in the workshop.

Apart from the pertinent issues raised by industry, service sectors and buyers (finance, marketing, production and logistics), break-out groups recommended steps to resolve key constraints: access to finance, port congestion and customs clearance, and lack of technical skills. MOTI then provided the stakeholders with a summation of the problems and recommendations and pledged to act on them.

The meeting also resulted in the rejuvenation of the **Ghana** Apparel Manufacturers Association, which was co-founded by the USAID Trade Hub in 2009. By and large defunct for the last two years, the group was reconstituted. This was by and large due to a presentation by **Ghana's** Business Development Services Fund (BDSF) at the meeting regarding their matching grant program, which is only applicable to an association or company groupings.

*Buyers assess opportunities in **Ghana**, MOU for factory and equipment signed*

Three international buyers visited a number of factories in **Ghana** with USAID Trade Hub assistance in January. The buyers sought to assess sourcing potential from the factories and the potential use of existing factories to manufacture on their behalf.

One of the buyers, who also has a factory in **Liberia**, signed an MOU with an existing but closed factory, to lease a building and equipment with a view to produce trousers (order volumes are approximately one million units annually).

*Spinning mill in **Burkina Faso** expands*

A spinning mill in **Burkina Faso** will double its productive capacity, the first new textile investment in the country in over 10 years. The USAID Trade Hub assisted by connecting an

equipment manufacturer to the company. Given that a similar facility in **Mali** had closed, this is the only operational stand-alone spinning mill in the region.

Grant funding obtained for technical team

A proposal submitted to **Ghana's** BDSF late November/early December, for the grant funding of a technical team to come in for Dignity Garments and Rim-Artex, has been approved for one of the two companies.

*Apparel factory in **Ghana** thriving*

In taking over one of the closed factories in Tema, an overseas investor has now effectively two factories running and a full order book from the largest retailer in the U.S. With 442 employees – roughly 90% young women – the factory is shipping two containers per month.

*Assistance leads to expansion in **Liberia***

A U.S. apparel investor has hired and begun training employees in **Liberia** to expand its operations there. The USAID Trade Hub has provided technical assistance to facilitate the expansion.

Analysis

The apparel industry workshop arranged by MOTI and attended by all relevant stakeholders (manufacturers, service providers and buyers) has shown commitment from MOTI to the **Ghanaian** apparel industry. This comes as a breath of fresh air to the industry as for the last two years their problems (access to finance, lack of technical teams/skills, customs/shipping delays etc – essentially the same problems from a few years back) had by and large been ignored. The fact that all these role players were present showed that MOTI, having initiated the workshop, is looking at the garment industry somewhat more favorably than in the past. MOTI also reiterated its commitment to the industry. The problems and recommendations/way forward have been reported by MOTI and circulated to stakeholders. It is now a question of reminding MOTI of its commitments to resolve the contentious issues.

GAMA should ideally be monitoring progress and working with MOTI officials to address the issues as their members will directly affected by the implementation of recommendations.

The **Cameroonian** commercial garment industry has virtually closed; however, ICÔTEC, a government body set up to further the interest of the garment industry, is evaluating strategies to take the industry forward. One of its plans to relaunch the industry is to attract investment into the textile industry. Another positive sign is the investment in additional capacity by a spinning mill in the region to be housed in a brand new building designed for the expansion.

More promising is the news that a U.S. investor, Lucky 1888Mills, is now running two factories at full capacity, another leased factory will shortly be starting up with orders in hand and one that is being evaluated for further orders on hand is promising and may be joined by two others. Although these are all encouraging signs that the industry is “potentially” back on track, optimism is cautious based on the stop-start history of the sector.

Narrow focus on the U.S. market is a concern: Should the AGOA third country fabric exemption not be extended, most factories in operation in West Africa will close. With the EU-EPA trade agreement, apparel manufacturers have a similar trade agreement to that of AGOA. The difference is that there is no time limit on the use of third country fabrics. GAMA, with the possible assistance of MOTI/EDIF, should look at ways they can attract more European buyers to **Ghana**.



1.7 Specialty Foods

Introduction

Consumer demand for West African specialty foods is growing as international buyers learn more about the products available: dried vegetables, grains and flours (cous cous, attieke, semolina, yam flour, plantain flour); spices and sauces, honey, dried leaves and teas (moringa), seeds (sesame), finished products (jams and juices), have high export potential. The impacts of exporting these products are significant, not only in direct job creation but in the stabilizing influence of market for farmers' produce. With USAID Trade Hub assistance, West African export-ready companies connect directly to buyers while marketing communications (see Market Linkages section) raise awareness of product offerings and productive capacity.

Results

Assessments for trade show participation completed

The USAID Trade Hub assessed 16 companies in **Côte d'Ivoire** (1), **Gambia** (1), **Ghana** (5), **Mali** (4) and **Senegal** (5) for export-readiness and export success potential. The companies produce dried vegetables, grains and flours (cous cous, attieke, semolina, yam flour, plantain flour); spices and sauces, honey, dried leaves and teas (moringa), seeds (sesame), and finished products (jams and juices), which have high export potential. The companies with high potential for export will be invited to the Fancy Food Show in June 2012.

Collaborative promotion activities take shape during meetings

The USAID Trade Hub facilitated meetings involving stakeholders from **The Gambia** and **Senegal** that will ultimately result in joint activities to promote Fair Trade products in both countries. Mr. Benjamin Robert, business and export director of the **Gambian** Investment and Export Agency (GIEPA), visited the Trade Hub Dakar Office and met with **Senegalese** institutions, including the **Senegalese** Export Promotion Agency (ASEPEX) and Association Africa Agro-Export (AAFEX), **Senegalese** Food Research Institute (ITA), a packaging company (FUMOA) as well as the USAID Trade Hub social investment partner, Root Capital. He also visited Trade Hub-assisted export-ready companies.

AAFEX adopts "Taste of Africa" brand for PROMOTE

Association Africa Agro-Export (AAFEX) is a regional group involving 20 companies from 15 countries. At the International PROMOTE Exhibition, held in Yaoundé in December, AAFEX used the Trade Hub-developed "Taste of Africa" branding. This demonstrates the brand's viability as a platform to represent stakeholder collaboration in the specialty foods industry, which is critical to its competitiveness in international markets. Indeed, in meetings with the USAID Trade Hub, AAFEX funders at the French Development Agency indicated that the agency will collaborate with the USAID Trade Hub on the Taste of Africa brand and other efforts to promote West African specialty foods in international markets.

ECOWAS launches ECOAGRIS in Senegal

On March 15th, 2012, the USAID Trade Hub participated in the launch of the ECOWAS Agriculture Information System (ECOAGRIS) in **Senegal**. The program is funded by the European Union, International Fund for Agriculture Development (IFAD), and UNOPS. ECOAGRIS aims at tackling food security issues, strengthening the partnership between the countries of the sub-region, and promoting trade in food products. ECOAGRIS will also help policymakers access data in order to analyze issues and formulate and monitor policies and

strategies for agricultural development. The program will cover seven countries: **Benin, Burkina Faso, Côte d'Ivoire, Ghana, Mali, Niger, and Senegal.**

Malian specialty foods companies assessed

In March, the USAID Trade Hub Specialty Food Advisor travelled to Bamako to identify and assess **Malian** companies' export-readiness and capacity to participate in the [Fancy Food Show](#), to be held in June, and to discuss with partners that could co-sponsor their participation. With the assistance of the **Mali** AGOA Resource Center's Manager Mr. Kara Diallo, six export ready companies were visited and a financial partner was identified who is committed to sponsoring two **Malian** companies.

Fancy Food Show preparation continues

Assessment visits and contacts with buyers have prepared the Taste of Africa participation at the Fancy Food Show that will be held in Washington later this year in June. A number of products (baobab powder, dried mangoes, spices, coffee, and others) and companies with real potential to penetrate the U.S. market have been identified. AAFEX has committed to partnering on the show and APEX-CI in **Côte d'Ivoire** is expected to join for the first time. Partnership discussions are in progress with GIEPA of **The Gambia** and the Ministry of Trade in **Cameroon**. A new market approach for ethnic products is being developed in partnership with AAFEX, which has already hired a U.S.-based consultant to identify the best products to introduce into the market. The study will lead to better positioning of the products in the U.S. market. The USAID Trade Hub gathered and sent samples of proposed products to the consultant with the goal of having sufficient stock on hand to avoid long delays between sample request time and delivery time.

Analysis

The USD 70 billion specialty food market has stayed strong again this year despite economic concerns. The market for specialty foods has been rising over the past few years with sales from 2008-2010 increasing 10.4% - over seven times the growth in the overall food and beverage market (1.4%)²³. This trend is expected to continue. Demand for healthy natural foods in particular is on the rise. Consumer awareness of the need to cut down on processed sugars and fats is leading mainstream brands and companies to develop more healthy options. Volume sales of nuts, seeds, dried fruit and trail mixes grew 31% this year.

This presents a huge opportunity for West African ERCs to start gaining market share. In a recent study of specialty foods manufacturers, one of the greatest cited 'threats to business' was demand becoming higher than supply. As demand and thus prices rise, African companies become more cost competitive – this combined with AGOA advantages, makes it an ideal environment to attract buyers and investors to the unique product attributes and social impacts associated with sourcing from Africa.

A few other elements of the current climate highlight major opportunities for the sector. Namely, manufacturers, importers, and retailers of specialty foods are expecting a switch in consumer interest from organic to sustainable claims. Organic certifications – which have created large financial burdens on many smaller specialty foods producers – will be less important allowing them to focus more on the key elements of building sustainable, strong businesses. According to importers surveyed, the 8% of consumers most interested by sustainability claims will grow to 52% over the next three years.

²³²³ Source: Mintel: Specialty Foods – The NASFT State of the Industry Report – The Market- US – September 2011

The focus on sustainability will be taken into account in the USAID Trade Hub's strategy for the sector – but considering the current state of global specialty foods supply chains, West Africa will already have a leg up on their global competitors.



In Yaoundé, AAFEX used the Taste of Africa branding to increase visibility of specialty food companies.



2. FINANCIAL SERVICES

Overview

Due to weak links to the rest of the global economy, Africa has been less exposed to the direct effects of economic and financial issues roiling the U.S. and European economies. Instead, Africa is now looked upon as the next frontier by the world investment community. Numerous investment funds have been targeting opportunities across the continent despite the challenges found in the business environment.

Despite its enormous potential, West Africa is still home to some of the most vulnerable populations in the world and, given the risks often associated with their precarious situation, financial exclusion tends to be very high and is applied to local businesses, especially SMEs. The USAID Trade Hub promotes trade as a means to reduce poverty and improving Access to Finance (A2F) is key to realizing this goal. The USAID Trade Hub has taken advantage of investors' new interest in Africa and has engineered models to help address the A2F problem. Although the impact has been limited so far, significant successes are encouraging, building the motivation to continue the struggle for SMEs across West Africa.

The USAID Trade Hub has used an "intensive care" approach in providing technical assistance to export-ready companies, which is complemented by strong partnerships with financial institutions of many types (commercial banks, social investment firms, regional and international development banks, for example) and private sector alliances and development partners that provide sophisticated technical assistance in a company's daily operations. Partnerships with the Acumen Fund, the Grassroots Business Fund, Ikatu International and Root Capital have led to important deals that allow ERCs to expand, creating more jobs and higher incomes.

Results

Nigerian Cashew Cluster Financing Scheme at work

The **Nigerian** Cashew Cluster Financing Scheme was launched in 2010 and represents one of the financial models developed by the USAID Trade Hub to resolve financial gridlock. Under the scheme, two of the three small cashew companies targeted, Abod Success and ACET, received financing totaling USD 1.2 million, allowing them to restart their activities last year. The third company, KD Food, was offered financing but declined for personal business reasons. Out of the two ERCs which received financing, one used two-thirds of the financing for raw cashew procurement of almost 400 MT and the balance for factory refurbishing.

The second company only drew half of its available line of credit for processing, which was made available late in the season. Consequently, it was able to use the remaining half to purchase raw nuts at an early stage of this 2012 cashew season.

If all goes well for this cashew season, then the Finance Team will assist ABOD Success to move to the next stage of its development strategy and secure CAPEX financing of a brand new multimillion dollar semi-mechanized factory from both **Nigerian** banks including Bank of Industry (BOI) and **Nigeria** Export-Import bank (NEXIM) and a regional bank, Ecowas Bank for Investment and Development (EBID). The social impact would be measured in terms of number of job created, about 1,000, and revenues distributed into the local economy.

Small cashew processing unit in Burkina Faso soon to expand into a major factory

Banfora-based cashew factory Sotria-B has been assisted by Trade Hub over the past four years along with additional technical assistance from African Cashew Alliance (ACA). After securing a strong partnership with a major international buyer, the company is experiencing an increase of its kernel order for the current 2012 cashew season with the prospect to grow its business even further. To keep up with this potential growth, the company is on the

course of expanding its facility and reinforcing its equipment. The USAID Trade Hub is assisting the company in securing the adequate financing. An initial approach is currently being discussed with a social investment fund to provide financing for equipment acquisition to address the problem of labor shortage.

Ghana Apparel manufacturer poised to secure major US order

During the period under review, Trade Hub Finance and Apparel Teams worked closely at offering a repeat order scheme from U.S.-based global garment manufacturer TNO to **Ghana** based GGT. If successful this 60,000 piece per repeat order valued at more than USD 300,000 each will allow GGT to boost its current factory to expand and generate more than 160 new jobs, mostly for women. A non-commercial bank, First Capital Plus, has expressed its interest to support this new deal over the necessary period to make this scheme a success. TNO-GGT PO scheme is expected to be finalized early next month and go into execution mode in May 2012.

Pier One orders from 15 Ghanaian producers with lending from GBF

The USAID Trade Hub also assisted in the execution of a USD 400,000 plus order from Pier One awarded to a pool of **Ghanaian** handcrafts producers led by Fritete, an experienced ERC. Thanks to a strong collaboration, Grassroots Business Fund (GBF) agreed to pre-finance this PO and for the period under review, a first disbursement of USD 230,000 was made available to Fritete as production work is currently underway for a scheduled first shipment in May 2012.

Similarly, GBF also provided USD 150,000 in financing to another Trade Hub ERC in the handcrafts sector, Geolicraft, for drums production. It is important to note that all GBF funding includes technical assistance (TA). Hence, Geolicraft was able to benefit from the service of an accountant to develop good book keeping practices. Overall, this financial support went well and GBF is now considering a second and more important financing of a new PO.

Cajou Espoir carries the “Hope” of Togo

During the period under review, the USAID Trade Hub worked in securing adequate financing for a cashew processor in **Togo**. As a result, USD 864,000 was approved and partially disbursed for the only cashew processing factory in **Togo**, Cajou Espoir. The financial support included technical assistance provided simultaneously by the African Cashew Alliance to help the company expand its processing volume. In addition, significant progress was made with key partner financial institutions including Ecobank, EBID and OIKOCREDIT on a CFA 3 billion (approx. USD 6mn) factory expansion financing request. When completed, this additional financing would increase the factory capacity from its current 1,500MT/p.a. to 6,000MT/p.a. This will represent creation of more than 4,000 new jobs including 80% women and a major infusion of cash in the local economy.

Cashew, shea stakeholders in Côte d’Ivoire trained, connected to services

In collaboration with the ACA, the USAID Trade Hub trained 20 commercial bankers in **Côte d’Ivoire**, who were given exposure to the key drivers of the cashew sector and provided with an opportunity to visit a cashew processing plant. The hope is to leverage their understanding of the sector to significantly increase the level of financing over the coming season.

Analysis

The first quarter marked the first anniversary of the USAID Trade Hub’s “intensive care” model which generated the **Nigeria** cashew cluster financing scheme. The results are encouraging even if limited. Financial partners, when educated on the USAID Trade Hub’s sector focus and when provided with clear commitment for technical assistance by key

partners have demonstrated greater commitment to financing ERCs identified by the USAID Trade Hub. Monitoring and reporting is a continuing constraint. Another constraint has been confusion caused by a commitment fee requested of beneficiaries for assistance; in one case, an ERC declined signing for the assistance. While this model addresses ERCs' immediate needs, by outsourcing the competence to secure their financing needs it does not strengthen their internal capacity in the long run. In other words, the "intensive care" provides results but not competency at the ERC level to deal with commercial bankers or alternative sources of finance.

Relying on a pool of financial partners, including commercial banks, development institutions and non-traditional financial entities, whether for profit or high social impact interventions or both, has proven successful. In the past, a limited number of financial institutions have impeded efforts to improve access to finance. By developing new partnerships, we have in effect enlarged our scope of baseline solutions to the many diverse requests the Trade Hub receives.

While some of these partnerships are promising they are sometimes complex to implement. This has been the case with the MOU signed with the ECOWAS Bank for Investment and Development in the cashew sector: the request procedure and processing needs to be streamlined in order for a company to benefit from this important financing. Strategic partnerships are critical but attention to the usage rate is as important.

Additionally, continued training of financial partners and ERCs is necessary to maintain an acceptable level of knowledge sharing and linkages that would facilitate the building of trust and mutual understanding. To ensure sustainability, training the trainers is one avenue to explore along with a graduation system that would ensure that the greater number does indeed get exposed to basic managerial knowledge and understanding of the value chain they operate in.



USAID | WEST AFRICA

FROM THE AMERICAN PEOPLE

SUCCESS STORY

Cracking the access to finance nut

The USAID Trade Hub's innovative approach to finance is preserving jobs in the cashew sector.



Ryan Yingling/USAID West Africa Trade Hub

The opening of new cashew processing factories is transforming the lives of thousands of workers, most of whom are young women.

“Getting financial institutions to share their collateral is an excellent approach to facilitating access to finance that we can replicate in other sectors across West Africa”

**- Alfred Braimah,
ECOWAS**

Intangible as it is, business confidence is built on concrete factors that are often spread out: technical expertise that can ensure a quantity of quality is delivered on time, market intelligence that can connect a company to an interested buyer and business experience that can identify financial backers to make it all happen. If one element is missing, an enterprise's viability is thrown into doubt.

The USAID Trade Hub's finance team implemented a cashew financing scheme in 2011 that brings all of these elements together. Successful financing is the result.

The scheme was launched last year with stakeholders in Nigeria who met in February 2012 to expand it thanks to its positive impacts. By doing so, they are also preserving hundreds of jobs that otherwise would have been lost.

“Six months ago we had one plant,” said Tunde Odunuga of Abod Success, a cashew processor in Lagos. “Now we have three and we employ 300 compared to the 150 employees we had before we received the financing.”

The scheme brings together cashew processors, banks, the African Cashew Alliance and a USAID Trade Hub-supported financial services company, AIMS Limited. Each plays a vital role in overcoming the number one issue businesses report in West Africa: The difficulties they face obtaining access to finance.

The numbers tell the story: the scheme facilitated almost \$1 million in financing for two processors. The expansion brings in Ecobank, who join NEXIM Bank, Nigeria's Bank of Industry and the ECOWAS Bank for Investment and Development on the financial side. The ACA provides technical assistance and the USAID Trade Hub provides market linkages support. AIMS provides the overall coordination for the finance scheme.

Buoyed by their success, stakeholders are setting their sights on applying the approach in other export sectors.

“Getting financial institutions to share their collateral is an excellent approach to facilitating access to finance that we can replicate in other sectors across West Africa,” noted Alfred Braimah, Private Sector Director at ECOWAS.



3. TRANSPORT INFRASTRUCTURE

Introduction

The high cost of transport in West Africa is a key constraint to the region's competitiveness. The USAID Trade Hub works with private and public sector stakeholders to reduce the costs of transport in order to increase trade. Since 2006, the USAID Trade Hub and UEMOA have published quarterly reports on road governance – the checkpoints, bribes and delays that affect the movement of vehicles and goods – in six countries (**Burkina Faso, Côte d'Ivoire, Ghana, Mali, Senegal and Togo**). But road governance is not the only reason, nor the most important reason, that road transport costs so much. Comprehensive studies of all the costs affecting the movement of goods and vehicles have revealed many others. Advocacy is critical to implement a variety of recommendations from these studies. In 2010, the USAID Trade Hub launched Borderless, a multi-stakeholder platform to advocate for improvements that will make transport more efficient – less costly and more predictable.

Highlights

Regional transport observatory takes shape

Following the decision taken in September 2011 to sustain the Road Governance initiative within a region-wide West Africa Transport & Facilitation Observatory, a working group including ECOWAS, UEMOA, USAID and the EU tasked to make this vision a reality held their first meeting in Accra in March. The partners developed a road map to achieving the goal.

Lome-Ouagadougou cost study published

The Lome-Ouagadougou cost study was finalized and translated . If implemented, the report's recommendations would potentially result in total savings of about USD 110.72/tonne out of total costs of USD 272.80/tonne on imports, a 41% reduction, and approximately USD 63.71/tonne out of total T&L costs of USD 139.00/tonne on exports, a 46% reduction.

Borderless road shows raise awareness of transport and facilitation issues

During the last quarter, the Trade Hub transport team conducted a number of dissemination activities in the region regarding transport issues in general and road governance in particular as well as promoting the Borderless Alliance and the first regional Borderless conference.

Marked improvements seen in participating countries

The Road Governance situation has improved significantly in several countries, in particular in **Togo, Senegal and Côte d'Ivoire**, but has deteriorated slightly in **Ghana** and remains stagnant in **Burkina Faso and Mali**.

Results

Reduced Transport Costs initiative

"Transport and Logistics Costs on the Lomé-Ouagadougou Corridor" is the second USAID Trade Hub comprehensive transport costs study; the first looked at the Tema-Ouagadougou corridor and was published in April 2010. The studies drive stakeholder-led evidence-based advocacy efforts under the Borderless banner. The Lomé-Ouagadougou study presents four key recommendations to reduce the costs of transport:

- liberalizing the West African trucking market
- creating a single market in the ECOWAS region

- eliminating corruption and road checkpoints
- implementing fully the ECOWAS and UEMOA axle-load regulations.

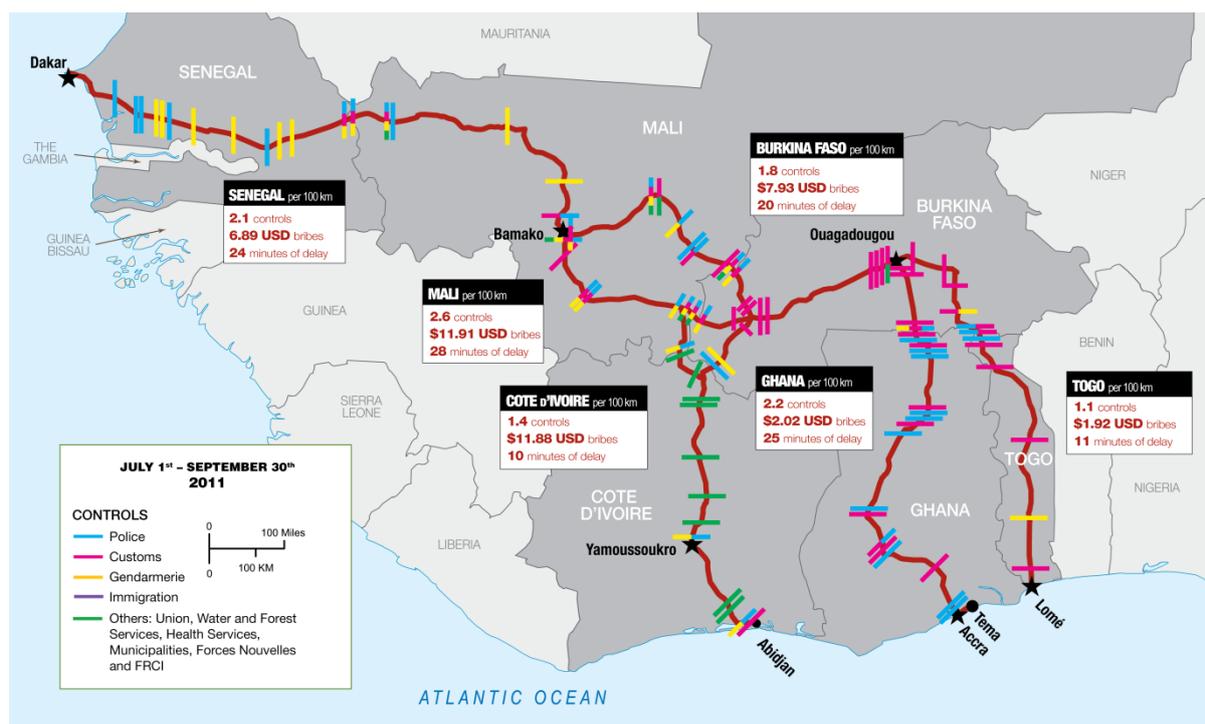
If implemented, transport costs for exporters and importers would reduce significantly – by about 46% and 40%, respectively.

The tables below highlight the differences between the Tema-Ouagadougou and Lomé-Ouagadougou corridors. The “port operations” data is highlighted because between 2008 and 2010, a significant drop in the time occurred in Tema; similarly, Ouagarinter, the inland terminal in **Burkina Faso**, also saw significant declines due to changes made by the inspection company, CÔTECNA.

| | Tema-Ouagadougou (2008) | | | Lomé -Ouagadougou (2009-10) | | | Tema-Bamako (2010) | | |
|-----------------|-------------------------|---------------|--------------|-----------------------------|---------------|--------------|--------------------|---------------|--------------|
| Import time | Time (days) | Delays (days) | Total (days) | Time (days) | Delays (days) | Total (days) | Time (days) | Delays (days) | Total (days) |
| Port operations | 6.1 | 4.6 | 10.7 | 3.7 | 4.2 | 7.9 | 3.6 | 3.3 | 6.9 |
| Road leg | 4.4 | 1.1 | 5.5 | 3.6 | 0.8 | 4.4 | | | |
| Ouagarinter | 3.0 | 3.0 | 6.0 | 1.1 | 1.3 | 2.4 | | | |
| Total | 13.5 | 8.7 | 22.2 | 8.4 | 6.3 | 14.7 | | | |
| Export time | Time | Delays | Total | Time | Delays | Total | Time | Delays | Total |
| Port operations | 0.9 | 0.7 | 1.6 | 0.9 | 1.4 | 2.3 | 0.7 | 0.6 | 1.3 |
| Road leg | 4.6 | 1.6 | 6.2 | 2.2 | 0.3 | 2.5 | | | |
| Ouagarinter | 0.3 | 0.5 | 0.8 | 0.2 | 0.4 | 0.6 | | | |
| Total | 5.8 | 2.8 | 8.6 | 3.3 | 2.1 | 5.4 | | | |

| | Lomé-Ouagadougou (2009) | Tema-Ouagadougou (2008) |
|---------------------------------------|-------------------------|-------------------------|
| Import (truck load) – total T&L costs | USD 5,155 | USD 5,371 |
| Of which informal costs | USD 348 | USD 438 |
| Export (truck load) – total T&L costs | USD 2,201 | USD 3,014 |
| Of which informal costs | USD 111 | USD 86 |

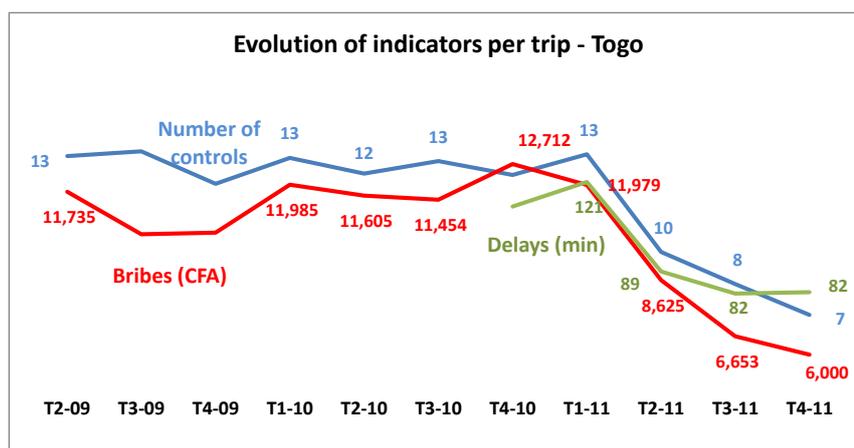
Road Governance



Although the overall trend has been positive during the fourth quarter of 2011, there are important differences from one country to another. Road governance in **Senegal**, **Togo** and especially **Côte d'Ivoire** is improving dramatically while the situation in **Ghana** is deteriorating and **Burkina** and **Mali** remain unchanged.

Togo: On its way to be a model of good road governance

The second quarter 2011 saw a substantial reduction in number of Customs checkpoints in **Togo** (see Success Story). In the third and fourth quarters, police and gendarmerie also removed a substantial number of checkpoints



Consequently, bribes paid to the gendarmerie have been eradicated and bribes to police dramatically reduced. Delays have fallen significantly. Officials have remained steadfast in their decisions, taken at the highest levels, particularly by the Minister of Security and Civil Defense to remove checkpoints: none of the checkpoints has been re-established. The improvements are making Lomé Port more attractive. This shows that dramatic change is possible when political will and stakeholder mobilization are combined.

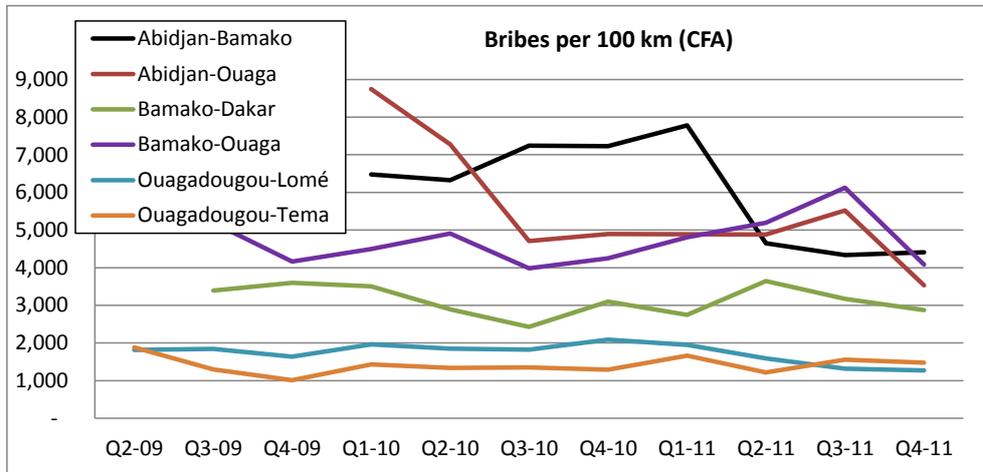
Côte d'Ivoire confirms its commitment

In **Côte d'Ivoire** political will to improve road governance has also led to positive results. Data collected during the third and fourth quarters of 2011 confirmed the improvements. The army (FRCI) has abandoned checkpoints; police, the gendarmerie and customs are now

maintaining security and controlling trucks and goods at checkpoints. Despite the decline in the number of checkpoints, bribery remains elevated. Also, unofficial checkpoints, mounted by municipal authorities and unions, are problematic.

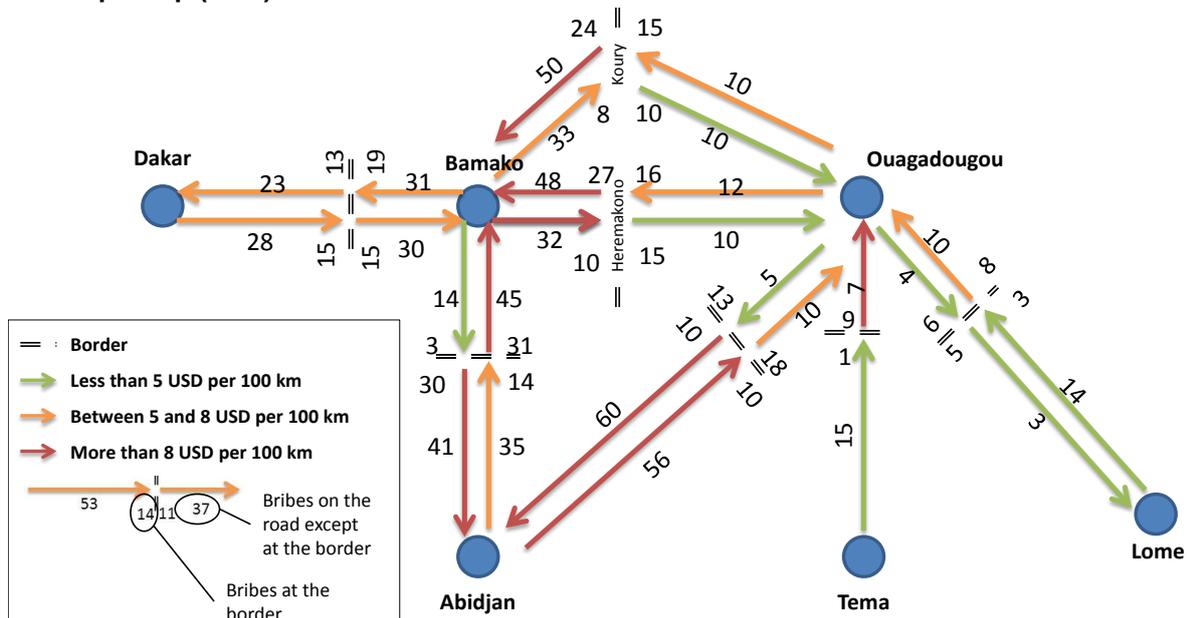
Long delays on Bamako-Dakar corridor

Loaded trucks plying the Dakar-Bamako corridor are facing the worst delays in the sub-region since the beginning of 2010. A convoy system – in which more than 30 trucks will move together

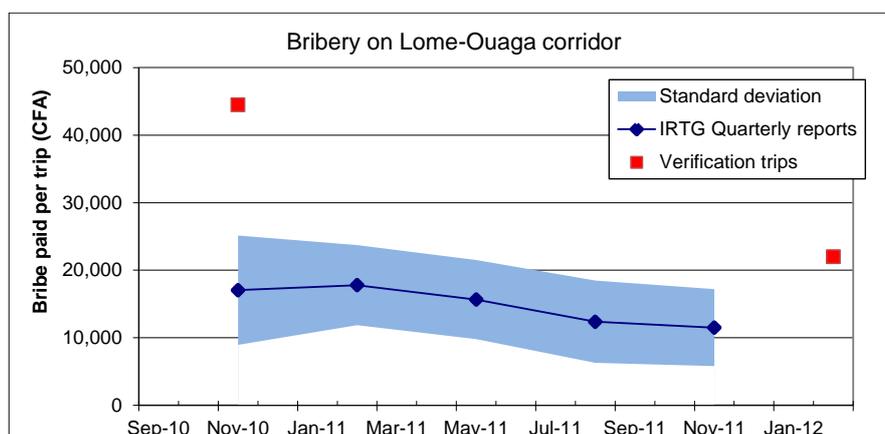


– causes bottlenecks at the Kidira-Diboli border and at the X-ray scanner in Kayes, **Mali**, when many trucks arrive at the same time. They all wait and depart together causing an average delay of one hour and thirty minutes in Kayes and three hours at the border.

Bribes per trip (USD) – Fourth Quarter 2011



The USAID Trade Hub, joined by staff at Focal Points, conducted four verification tours along corridors during this reporting period: Bamako-Ouagadougou, Abidjan-Bamako, Bamako-Dakar and Lomé-Ouagadougou. The tours verify that checkpoints indicated by truck drivers in their surveys actually exist, that the delays reported are accurate and the amounts paid in bribes accurate. Verification results were compared against the range of observations (the average plus minus one standard deviation) reported by truck drivers over a period of time encompassing at least two verification trips (see chart below).



The first analysis done on the Lomé-Ouagadougou corridor suggests that – contrary to expectations - drivers tend to underreport the bribes paid.

Road Governance reports dissemination

From December 2011 to March 2012, the Trade Hub organized workshops in Kumasi, **Ghana** and Abidjan, **Côte d'Ivoire**, and roadshows in Kaffrine, **Senegal**, and Bobo-Dioulasso, **Burkina Faso**, to disseminate the results of the 16th report, advocate for better road governance, and present the Borderless Alliance.



Minister of Transport and President of the Chamber of Commerce heading the road governance workshop in Abidjan

In **Côte d'Ivoire**, the USAID Trade Hub organized a caravan that took 22 government officials along the length of the national highway; more than 600 stakeholders participated in workshops in the major cities along the route. The officials represented the uniformed services, the Ministry of Transport, the drivers, the shippers, the Port of Abidjan, and civil society. The delegation met local counterparts and had the opportunity to see firsthand the issues affecting the movement of goods and vehicles. Three unauthorized checkpoints were dismantled during the week-long caravan.

Number of participants at Road Governance Events & Borderless Alliance

| Gender | Ghana | Togo | Burkina Faso | Côte d'Ivoire | Senegal | Niger | Benin | Mali |
|---|------------|------|--------------|---------------|------------|-------|-------|------|
| Male | 123 | NA | 145 | 593 | 179 | NA | NA | NA |
| Female | 14 | NA | 7 | 17 | | NA | NA | NA |
| Total | 137 | | 152 | 610 | 179 | | | |
| <i>Borderless Alliance Membership Drive</i> | | | | | | | | |
| Male | | | | 44 | | | | |
| Female | | | | 6 | | | | |
| Total | | | | 50 | | | | |

Borderless Alliance Membership Drive

As part the effort to sensitize and recruit the private sector in West Africa to join the Borderless Alliance, two Borderless Alliance Membership Drive events were organized in **Togo** and **Côte d'Ivoire** during this quarter. More than 70 participants participated in the events, including representatives from OLAM, Scanning System, TransAlloman, Bollore Africa Logistics, *l'Association pour la Promotion des Exportations de Côte d'Ivoire* (APEX-CI) and COPRA. Companies which attended these events have registered to join the alliance and to participate in the Borderless Conference in Abidjan in May.

Media coverage

There has been a decline in media coverage this reporting period as compared to January – March 2011. This is due to the fact that the media coverage only covered activities organized by the transport team itself as no grants for work in the transport field were awarded to Civil Society Organizations due to the reduction in the budget. In this reporting period more events were reported in newspapers than in audio-visual media, which was a result of events mostly taking place outside the capital cities.

Summary of media coverage

| Media | Mali | Togo | Ghana | Senegal | Burkina | Côte d'Ivoire | Total FY'12 Q2 | Total FY'11 Q2 |
|---------------------------------|------|------|-------|---------|---------|---------------|----------------|----------------|
| Newspaper articles | N* | N* | 2 | 2 | 3 | 13 | 20 | 72 |
| Radio broadcasts (number) | N* | N* | 1 | N* | N* | 4 | 5 | 49 |
| Cumulative radio time (minutes) | N* | N* | 25 | N* | N* | 90 | 115 | 450 |
| TV broadcasts (number) | N* | N* | 1 | 1 | N* | 3 | 5 | 16 |
| Cumulative TV time (minutes) | N* | N* | 6 | 8 | N* | 40 | 54 | 245 |

N*= Not Applicable

West Africa Transport and Facilitation Observatory

At the Road Governance Steering committee meeting in Lome in September 2011, ECOWAS and UEMOA accepted a USAID Trade Hub proposal to establish a regional West Africa Transport & Facilitation Observatory, which would cover all of ECOWAS and expand the scope of data collected to include transport statistics, cost and performance data. The proposal grew out of mutual concern among all stakeholders for the sustainability of the USAID-UEMOA road governance initiative. The first meeting of a working group tasked to make this vision a reality, held its first meeting in Accra in March. ECOWAS, UEMOA, USAID and the EU, as well as delegates from the World Bank/SSATP, ALCO, ATP, and the USAID Trade Hub participated.

At the meeting ECOWAS and UEMOA agreed to submit requests for funding to the EU. Stakeholders also agreed to develop a joint Framework Document by the Regional

Economic Communities (REC) and partners for implementation of the Observatory, the establishment of a Steering Committee, and the development of a technical working group to work on indicators, approach, methodology, tools, and type of data collection. USAID and EU agreed in principle to jointly finance the Observatory.

This quarter, the Transport Team has started to collect transport data from its partners. For instance a major transporter in **Ghana** has started to share data on its fleet utilization, and the ports of Dakar, Takoradi, and Tema have started to provide traffic data. Also the Minister of Transport in **Burkina Faso** communicated data on the national fleet. Data are still expected from Lomé, Cotonou, and Abidjan ports. The next wave of data gathering will target transport ministries and shippers' councils.

Analysis

Transport & Logistics costs

The Lome-Ouaga transport costs study which was completed and translated during this reporting period illustrates some of the limitations of corridor studies. The Lome-Ouaga study

was the second corridor study carried out by the Trade Hub. The first was a study on the Transport and logistics costs on the Tema-Ouagadougou corridor which was published in 2010.

Many of the recommendations resulting from the Lome-Ouaga study were already made in the Tema-Ouaga study. In fact a major conclusion was that most issues related to transport and logistics in West Africa are not corridor specific but apply to the region as a whole and therefore should be addressed at the regional level. For example, of the five most important recommendations identified by the study in terms of potential savings, four are



Borderless roadshow in Kaffrine, Senegal

common to the region as a whole. These recommendations are:

- Liberalize the West African trucking market
- Create a single market in the ECOWAS region
- Eliminate corruption and road checkpoints
- Implement ECOWAS and UEMOA axle-load regulations
- Reduce container handling charges at the *Terminaux routiers à conteneurs du Burkina* (TRCB)

More pointedly, unless corridor studies are carried out at the same time they are not reliable for comparisons. For example in the Tema-Ouaga study with data from 2008, cargo dwell time in Tema port was reported as 10.7 days on average while in the Lome-Ouaga study with data from 2009-2010 average dwell time was reported as 7.9 days. This suggests that Lome is the more efficient port.

However, a study²⁴ on the Tema-Bamako corridor with data from 2010 found that dwell time in Tema port has improved from 10.7 days in 2008 to 6.9 days in 2010, suggesting that Tema port may be the more efficient port..

This strongly supports the joint decision by UEMOA and ECOWAS to establish a West Africa Transport & Facilitation Observatory which, eventually, will be in a position to publish region-wide comparative cost and performance data on a regular basis. Such reports will allow the private sector to make better business decisions and undertake more effective and constructive advocacy; at the same time, the reports would provide governments, regulatory bodies and donors with the information they need to develop appropriate policies.

Road Governance

The August 2011 decision in **Togo** to abolish fixed police and gendarmerie checkpoints was confirmed this quarter, which is very encouraging news (in the past, officials have removed checkpoints but later the checkpoints have returned). Important reductions in fixed checkpoints and bribes were also observed in **Senegal** and **Côte d'Ivoire**. Only time will tell if these improvements are sustainable but the positive change has come about through strong political commitment in all three countries and as long as that commitment remains there is reasonable hope that the observed positive change will be maintained and further improved upon.

Interestingly, the authorities in **Togo** have said that the abolishment of checkpoints has been accompanied by an increase in road accidents. However the Minister of Security and Civil Defense told the USAID Trade Hub that **Togo** will address that issue through a combination of education and mobile checkpoints; the minister categorically ruled out re-introducing fixed checkpoints.

Although USAID Trade Hub transport costs studies have shown that the many fixed checkpoints - and the bribes and delays they cause - along West African transport corridors is a minor problem compared to the corruption and delays found in ports, at border crossings, and during the clearance process at inland terminals, they are a great and very visible irritant and, when queried, stakeholders still list road checkpoints as the most important issue they face.

During this reporting period the transport team introduced a new methodology for relating the findings of verifications trips with the observations reported by drivers. This new methodology has so far been applied to the Lome-Ouagadougou corridor where it was found that drivers seem to underreport bribes paid. This is very interesting considering that many uniformed services have raised concerns about the accuracy of the data collected by the drivers; the officials have said that drivers have a strong self-interest in over-reporting.

Advocacy

During this reporting period a number of recruitment activities were undertaken in **Côte d'Ivoire** and **Togo** to inform stakeholders about the Borderless Alliance initiative and encourage companies and others to become members. Much effort was also invested in the preparations for the first Borderless Conference and Borderless Annual General meeting, which will take place in Abidjan from May 15-16.

While the West Africa Transport & Facilitation Observatory will provide data and analysis that will allow the private sector to make better business decisions and governments, regulatory bodies and donors to make and evaluate the most appropriate and effective policies, sustained change for a more competitive West Africa will be much strengthened if the private sector can be mobilized and supported to conduct constructive and evidence-based advocacy. This will be the role of the private sector-led Borderless Alliance, which is thus an important complement to the Transport & Facilitation Observatory.

²⁴ Study is yet to be published.



SUCCESS STORY

Togo eliminates checkpoints

A sustained awareness raising campaign, the regular USAID-UEMOA quarterly reports and numerous workshops led to a breakthrough in Togo.



Olivier Asselin/USAID West Africa Trade Hub

Scenes like this are less common in Togo after the Minister of Security and Civil Defense eliminated checkpoints.

Previous pledges to eliminate checkpoints have, regrettably, not lasted long. But in Togo, the checkpoints are gone – and have not come back.

Checkpoints are the bane of transport across West Africa, causing delays in the movement of goods and fostering bribery and harassment of drivers.

The decisive action of Togo's Minister of Security and Civil Defense LATA Dokisime Gnana to eliminate police and gendarme checkpoints along the country's primary highway is a breakthrough for stakeholders who routinely list checkpoints as the biggest problem they face.

"Of course it's much better," said Francois Agbagli, who operates a trucking company in Togo. "Before, it took three or four days to get to the Burkina-Togo border, but now it takes just one. Outside every city, trucks used to be stopped and inspected. Those checkpoints are gone."

More importantly, perhaps, is that they have not returned.

"Other countries have made similar pledges in the past, but the checkpoints have always returned," said Lilian Osei, manager of a trucking company in Ghana and a member of the Borderless Alliance's executive committee. "The news from Togo is different this time."

Indeed it is: the USAID-UEMOA (West Africa Monetary Union) road governance monitoring initiative shows that – unlike pledges from officials in other countries in the past – Togo's is sticking. The checkpoints have not returned.

"The Minister was concerned because he was receiving reports that accidents had increased on the highways, but was said that this would be dealt with through a combination of education and mobile checks" said USAID Trade Hub Transport Director Niels Rasmussen, "The Minister was adamant that fixed checkpoints will not return"

The Minister told the USAID Trade Hub his decision came after a meeting with UEMOA, in which he was reminded of the regional rule of no more than three checks for transit cargo: in the port, at the border crossing and at final clearance – in other words no checkpoints along corridors at all for transit cargo. In addition to the joint USAID-UEMOA quarterly reports on the numbers of checkpoints, bribes and delays, USAID Trade Hub-supported media campaigns, a caravan and numerous workshops put the issue on the public policy agenda.



4. BUSINESS ENVIRONMENT

Overview

The USAID Trade Hub's Business Environment component supports ECOWAS and the private sector to reduce supply chain costs for exporters, increasing their national government's competitiveness – leading to job creation, higher incomes and reduced poverty. In 2009-2010, the Trade Hub assessed the implementation of the ECOWAS Trade Liberalization Scheme (ETLS), otherwise known as the free trade area (FTA) and has finalized a Gap Analysis summarizing regional findings and recommendations, as well as individual country reports.

Results

Based on the findings of the ETLS Gap Analysis and other studies conducted by the Trade Hub, the Business Environment team has undertaken efforts to implement the report's recommendations, namely, the establishment of Border Information Centers and Expediting Clearance for non-dutiable goods.

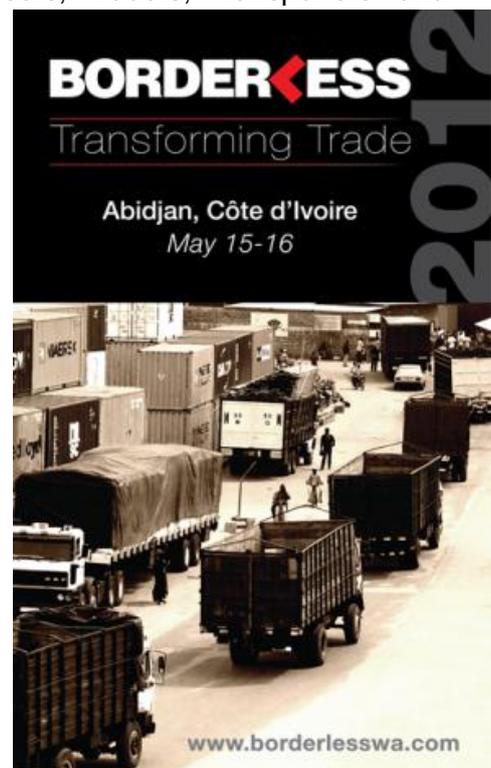
Côte d'Ivoire Minister of Transport to host first Borderless Conference in Abidjan

Two years after the launch of the Borderless campaign to remove trade barriers and one year after the launch of the Borderless Alliance, a private-sector led coalition to increase trade, the first Borderless Conference is set for May 15-16, 2012. With support from the Ivorian Minister of Transport, the event will bring together about 150 public and private sector representatives collaborating to reduce delays and costs of moving goods and services across West Africa. The Borderless Alliance, established in 2011, provides an independent, sub-regional platform for leading producers, traders, transporters and financiers to propose and advocate for systemic and practical improvements to the movement of goods, transport, capital and services across West Africa. Increased trade is a win-win: businesses will see increased profits, government will see more revenue and consumers will see more competitive prices. Advocacy – led by the private sector – is critical to achieving the Borderless goals.

Borderless Alliance gains momentum

A critical underpinning of the Borderless Alliance is that it is driven by the private sector and for the private sector, in close partnership with the public sector and other stakeholders and partners interested in improving trade. The Borderless Alliance has been led by an Interim Executive Committee, supported by the Trade Hub, including the Borderless Alliance's Secretariat. The Interim Executive Committee has convened a half-dozen meetings, taking place at the USAID Trade Hub's office.

In addition, over the reporting period, three Borderless Alliance Launch and Membership campaign meetings took place in **Ghana** (November), **Togo** (February) and **Côte d'Ivoire** (March). Participants reiterated the need to improve trade efficiencies if they were to expand and compete successfully in the region's growing markets. Their endorsement for the Borderless Alliance was strong.



*Key issues identified in study on expediting goods clearance at the **Ghana-Togo** border*

The Business Environment team initially sought to develop a plan and secure support from relevant stakeholders for the implementation of express lanes on both sides of the **Ghana-Togo** border that would provide for the expedited clearance of duty-free ECOWAS-originating goods such as:

- ECOWAS-originating unprocessed agricultural products
- Non-dutiable products
- ECOWAS Trade Liberalization Scheme (ETLS) Approved Products

Ground realities fostered a shift in approach from the implementation of an “express lane” concept to one that focuses on express or expedited clearance procedures. Primary and secondary research methodologies were used to examine current customs clearance processes with an emphasis on ECOWAS goods. Initially, secondary sources of information such as reports, notes, and brochures²⁵ completed by the USAID Trade Hub and statistics from **Ghana** Customs were used to develop a preliminary understanding of clearance procedures and issues. Requests were submitted to **Ghana** Customs for additional data.²⁶The available information was used to develop a general illustration of current and proposed streamlined procedures that would be discussed with stakeholders in order to evoke opinions, suggestions and, ultimately, to garner support for implementation of the express lane concept.

Interviews to discuss and validate the current and proposed customs procedures were completed, initially, on an individual basis with **Ghana** customs personnel and BIVAC officials in Accra and Aflao. Meetings have also taken place with freight forwarders/agents, trade associations, the **Ghana** National Standards Board, importers, and the Ministry of Trade and Industry (“MOTI”) in order to obtain a broader understanding of the causes and nature of the bottlenecks and delays in the clearance process.

Meetings were also held with **Togo** Customs in order to map out its customs procedures and identify customs clearance issues. Discussions with **Ghana**-based exporters that sell goods to **Togo** and other ECOWAS countries complemented these interviews.

The validation process was finalized during a forum at the USAID Trade Hub that solicited comments from all stakeholders such as agents/importers, **Ghana** Customs, MOTI, Ministry of Finance, IT companies, **Ghana** National Standards Board and BIVAC. Stakeholders refined their recommendations and devised a workplan with next steps in breakout sessions.

The purpose of the forum was to discuss and validate findings on how best to facilitate trade in West Africa. The forum participants represented both the private and public sectors and focused on the movement of goods; they expressed an interest in promoting faster trade within their respective remits.

The key issues identified included:

- Centralization of FCVR process in Accra can add up to 2-5 days to clearance times
- Negligence and/or fraud by many clearance agents simply reaffirms distrust felt by Customs and BIVAC and increases scrutiny which adds to clearance delays
- Limited use of risk management tools to determine low- versus high-risk goods and reputation of importers and agents adds to clearance delays through excessive examination (100%)

²⁵ BIC Aflao West Africa Trade Hub Meeting Notes, ETLS Gap Analysis Report,

²⁶ Statistical data relating to types of transactions being cleared in Aflao that is needed to establish Indicators

- Customs declarations for transit are not differentiated yet from declarations for consumption in **Ghana** and that adds to the delays and traffic congestion

Advocacy launched for more Open, Expedited Trade

In February, the USAID Trade Hub published “Impact of Open, Expedited Trade on Investment in ECOWAS Region – A Path Forward.” The “OExT” study looked at how the successful implementation of the ECOWAS Trade Liberalization Scheme’s (“ETLS”) would influence foreign and domestic investors’ decisions to invest in the sub-region. Through interviews and research the study demonstrated that broader implementation of ETLS would induce investment, promote development including job creation, ultimately reduce consumer prices and raise state tax revenues.

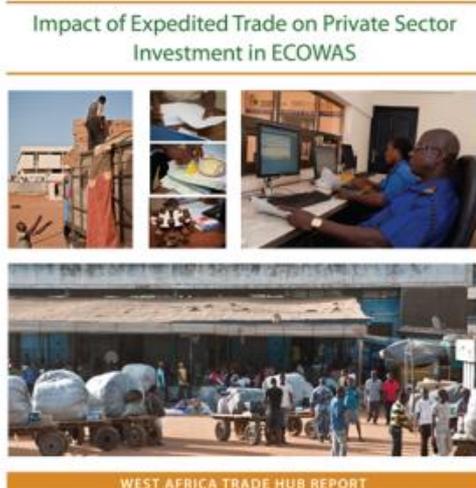
The study built on the USAID Trade Hub’s transport and ETLS work, using Accra-Lagos corridor as an example. Key findings included:

- All-in shipping costs from Tema to Lagos for ETLS: Represents 12% for high- and 28% for low-value
- Cost/km: USD 15.46/km; with six border crossings
- 8-days to travel 430 kms – 7km per hour (!)
- Per company interviews, the highest fees were imposed by **Benin** and **Nigeria** (see table below)
- Cost of idle truck: USD 400-600/day (up to USD 1,000)

| Fee Collection along Tema to Lagos Corridor (2011) (Percentage of total by country) | | | |
|---|------|-------|---------|
| Ghana | Togo | Benin | Nigeria |
| 4% | 17% | 43% | 36% |

In brief, three main messages emanated from the study and are being shared with private sector companies and government policy makers as part of the USAID Trade Hub’s Borderless advocacy campaign:

- Private companies—local, regional and international—are eager to invest in Africa and ECOWAS’ growing markets. West Africa is considered a new “frontier.” Many seek to adopt a regional investment approach but are deterred from doing so by the high cost, delays and uncertainties of moving goods across borders and their negative impact on competitiveness and investment returns.
- Customs revenues earned from ECOWAS trade in West Africa are generally insignificant, when compared with a country’s total customs revenues. For example, customs related revenues earned on ETLS trade represent only 2% of **Ghana**’s total customs revenues. However, the “hassles” of intra-



February 2012
 Report on pilot study by Peter White, consultant to the USAID West Africa Trade Hub Business Environment Component.

regional trade are voiced by investors as a great deterrent to their making investments. Countries have more to gain developmentally by pursuing a pro-ETLS and investment model than a customs revenue generation model, especially as this relates to ETLS.

- OExT is a shared opportunity and responsibility. Farmers, producers, traders, transporters, national governments and regional organizations and development partners all have something to gain by moving goods more efficiently.

The OExT report drew heavily on real live case inputs from the private sector; of the partners, one of the most engaged was Nestlé Central and West Africa (see text box).

Cerelac-Ghana Investment Boosts Development

Nestlé-Ghana's Cerelac infant cereal operation is an excellent example of how regional trade leads to investment opportunity and development impact. Nestlé-Ghana's factory, located in Tema, started production in 1977. Nestlé follows a "hub and spoke" type strategic plan in which its eight plants in West and Central Africa are strategically located at regional production poles. From these poles, Nestlé-Ghana serves its local and surrounding markets. For example, Cerelac-Ghana produces not only for the rapidly growing Ghanaian market but also for "neighbors" Burkina Faso, Mali and Niger and for markets as far away as Cameroon and Gabon, which do not have their own Cerelac production facilities. At the same time, Nestlé-Ghana imports from other production poles those brands which it itself does not produce. Nestlé-Ghana imports, for example, the group's famous Maggi culinary cubes from neighboring Côte d'Ivoire. The logic behind Nestlé's strategy is that it can capture "economies of scale" and efficiencies inherent in producing larger volumes at one location and then export to other locations. The economies may include lower per unit production costs due to larger volumes and higher capacity utilization; local availability of raw materials; concentration of key research, technical and management personnel; modern storage and logistic facilities, etc.

Nestlé-Ghana Cerelac's factory invested about US\$35 million in 2009 and 2010 to expand production from about 5,000 tons per year to currently 7,000 tons per year. This major investment included infrastructure for additional production. The company expects in the coming year to further invest in equipment to double production capacity to 15,000 tons per year in the near future, eventually rising to 18,000 tons per year. Depending on the relative strengths of the home and regional markets, 30-40% of this production (currently less than 20%) may be exported. Therefore, cost and time-efficient transport of inputs and final product is critical. Unfortunately, Nestlé-Ghana like other exporting companies in the region faces costly and unpredictable road transport conditions, in spite of the fact that Cerelac is ETLS-approved. The company cites examples in which it took two weeks to ship by road the 430 km distance between Tema and Lagos. As an alternative, Nestlé-Ghana often chooses to use sea freight, which, while more predictable, is expensive for the short haul distance. As a result of these excessive charges, Cerelac's cost competitiveness against imported infant cereals is impeded.

The Cerelac expansion represents substantial economic and developmental benefits in addition to its commercial merits. Along with its own permanent staff of about 75 people (plus seasonal staff), nearly 300 construction workers were on-site at the peak of the expanded plant's eighteen-month construction period. Employment impact does not stop there. Nestlé-Ghana supports a well-developed and expanding program to procure locally produced raw materials. Cerelac procures locally its entire maize requirement. Literally thousands of farmers in Ghana and the sub-region have received training as well as supply of improved seed and fertilizer. Down the chain, thousands more distributors, wholesalers and large and small retailers are involved in the distribution of Cerelac to its final point of sale.

Source: Press releases and company interviews

Second Border Information Center at Seme-Krake border prepared

Eight months after launching the Border Information Center at the **Ghana-Togo** border – and encouraged by the success of the effort (see Success Story) – the USAID Trade Hub and collaborating stakeholders (the World Bank-funded Abidjan-Lagos Corridor Organization and the **Nigerian** NEXIM Bank) are set to launch a second center at the **Benin-Nigeria** (Seme-Krake) border, at the request of several private companies who face hurdles moving goods along the corridor. The Business Environment team will begin a preliminary assessment of the Seme-Krake clearance processes, constraints and facilities to determine next steps. The team has received support from the **Nigerian** NEXIM Bank, the National Trade Facilitation Committee of **Nigeria**, chaired by Customs and the Association of Freight Forwarders, which currently has a complaints unit at the border.

*Border Information Center successfully reduces delays, harassment at **Ghana-Togo** border*

The **Ghana** Shippers' Authority and the Abidjan-Lagos Corridor Organization collaborated with the USAID Trade Hub and public and private sector stakeholders affiliated with the Borderless campaign to launch the first pilot Border Information Center in August 2011. On the **Ghana** side, the center is managed by Evans Klutse, a retired **Ghana** customs official with over two decades experience; on the **Togo** side it is managed by Edem Bonfoh, a volunteer with the Abidjan-Lagos Corridor Organization. The primary results include:

- Private sector would like to be updated on changes in fees & procedures through public notices
- **Benin-Togo** border and **Nigeria-Benin** border contribute to most uncertainty & “fee burden” along Abidjan-Lagos Corridor
- Procedural improvements in goods clearance can contribute significantly to reduction in costs & delays

Successes

- Partnerships with private sector, such as the **Ghana** Shippers' Authority at the Aflao border are key
- Private sector has seen the BIC as a neutral help center/hotline to help resolve their issues along the corridor
- BIC has brought closer partnership with public sector, specifically **Ghana** Customs & Ministry of Trade

Analysis

To expedite clearance at the **Ghana-Togo** border, all parties – agents, importers, **Ghana** Customs, other government ministries, and BIVAC - contribute to the current situation and must work together to articulate the issues and define and implement the solutions. “Time is money” was the overarching message of all presentations in stakeholder meetings and the region must reduce delays if West Africa is to realize its potential. According to a recent study, a 50% reduction in clearance times will generate about 20-25% increase in exports of West African manufactured goods; this is a compelling bottom-line motivation for resolving the issues. With the goal in mind, there are a number of immediate issues that must be resolved in order to realize the benefits of open, expedited trade along the **Ghana-Togo** border. The current clearance times can be dramatically reduced – from about 7 days to 1 day. Similar successes have been achieved in other countries such as Morocco, Mozambique, Peru, and Zambia, which faced or are still encountering even more challenging operating conditions. Trade Hub studies present short- and long-term recommendations to address these issues.



SUCCESS STORY

Center resolves traders' woes

The new Border Information Center improves traders' access to information – reducing delays and frustration in cross-border trade.



Ryan Yingling/USAID West Africa Trade Hub

Moving goods across West African borders is not easy. The new Border Information Center is tackling the problems where they happen - and getting results for traders.

Offering direct assistance, training stakeholders and facilitating problem-solving efforts, the new Border Information Center is transforming trade.

On a recent afternoon at the Ghana-Togo border, a truck filled with sandals destined for Nigeria was stuck – not in the mud or a deep ditch, but in the complex procedures involved with moving goods across borders in West Africa.

Thanks to the work of the Border Information Center, launched in August 2011 with the support of the USAID West Africa Trade Hub, the truck was soon rolling along toward Lagos: A form was corrected and then properly stamped.

The new center is a collaboration of the Ghana Shippers' Authority, the Abidjan-Lagos Corridor Organization and the USAID Trade Hub. An experienced retired Ghanaian customs official – Evans Klutse – brings more than two decades of experience to the benefit of traders confronting the sometimes onerous and opaque processes and procedures involved in cross-border trade.

“This is the busiest corridor in West Africa, connecting the region's most important cities, everything and anything happens here and I think I've seen it all,” Klutse said. “It's satisfying to use that experience to reduce the delays and frustrations for everyone involved in trade at the border.”

The stakes are high. According to ALCO's most recent report, the Ghana-Togo border imposes the longest delays on traders.

Beyond immediate assistance, Klutse and his counterparts from ALCO and the Shippers' Authority are connecting to stakeholders at the border – at customs, immigration and the destination inspection company – to identify problem areas and devise solutions to speed trade up. They have also conducted stakeholder training workshops to educate traders. A hotline allows traders to call the center, too.

The center has directly assisted 61 people since it opened, resolving a wide variety of issues – and reducing costs and delays.

“Our only wish is that a center like this was also operating at the Benin-Nigeria border,” said a trader after a successful intervention saw her load of food products move along.

She will not need to wait long: USAID and ALCO are setting up the next center at the Benin-Nigeria border.

PLANNED ACTIVITIES: APR–JUN 2012

Table: Key Events April–June 2012

| Activity | Date | Location | Contact person |
|---|----------------|--|--|
| Trade Investment Capacity | | | |
| In-Cosmetics 2012 | April 17–19 | Barcelona, Spain | Roger Brou, Leslie Shages |
| ARC Training during Shea 2012 | April 22-26 | Cotonou, Benin | Abou Fall, Karen Radji |
| Global Shea 2012 | April 23–27 | Cotonou, Benin | Aaron Adu, Peter Lovett, Vanessa Adams |
| SIAGRO / AFRICA FOOD PACK | May 8-11 | Dakar, Senegal | Makhtar Thiam |
| New York Society of Cosmetic Chemists Suppliers Day | May 15-16 | New Jersey, USA | Peter Lovett, Leslie Shages |
| Sustainable Cosmetics Summit | May 17–19 | New York, USA | Leslie Shages |
| International Nut & Dried Fruit Congress | May 18-20 | Singapore | Christian Dahm |
| VINACAS Golden Cashew Rendezvous | May 22-12 | Nha Trang City, Vietnam | Christian Dahm |
| USA Week Dakar | May 23-26 | Dakar, Senegal | Makhtar Thiam |
| AGOA Forum | June 12-14 | Washington DC | Vanessa Adams, Abou Fall |
| Fancy Food Show | June 17-19 | Washington, USA | Makhtar Thiam, Sarah Engleka, Leslie Shages, Xenia Defontaine |
| Côte d'Ivoire Cashew Summit | June | Abidjan | Xenia Defontaine |
| Financial Services | | | |
| GSA Shea Conference B2B and Trainings | April 23-26 | Cotonou, Benin | Roger Brou, Jean-Guy Biley, Stephanie Diakite, Judson Welsh |
| Transport Infrastructure | | | |
| Focal points agents training | April 16-27 | Cotonou, Benin & Niamey, Niger | Christophe Bruyas |
| Lomé-Ouagadougou cost study validation and workshop | TBD | Ouagadougou, Burkina Faso | Afua Eshun |
| Lomé-Ouagadougou cost study validation and workshop | May 2-3 | Lomé, Togo | Afua Eshun |
| Transport Observatory working group | May 17 | Abidjan, Côte d'Ivoire | Niels Rasmussen, Sola Afolabi, Vanessa Adams |
| Road Governance initiative Steering Committee | June | TBC | Christophe Bruyas, Niels Rasmussen |
| Business Environment | | | |
| Border Information Center Preliminary Assessment at Seme-Krake Border | April 2, 2012 | Krake, Benin – Seme, Lagos | Sola Afolabi, Ometere Omoluabi |
| Borderless Alliance Membership Drive – Nigeria | April 13, 2012 | Lagos, Nigeria | Sola Afolabi, Vanessa Adams |
| Borderless Conference Promotion in Senegal | TBC | Dakar, Senegal | Sola Afolabi, Makhtar Thiam |
| Borderless 2012 – Transforming Trade regional conference | May 15-16 | Abidjan, Côte d'Ivoire | Vanessa Adams, Sola Afolabi, Peter White, Fred Levitan, Ometere Omoluabi |

ATTACHMENTS

A table of the Trip and consultancy reports can be found in Annex 2 to this quarterly report, and the following documents are being distributed as separate attachments:

1. Partnerships Table
2. Trip reports
3. Tradewinds Stories
4. ARC Launch Graphics
5. ACA Newsletter – January & March 2012
6. GSA Newsletter – February 2012
7. **Côte d'Ivoire** Home Décor Companies Assessment
8. Visuals from NYIGF and Ambiente trade shows
9. **Nigeria** Cashew Cluster Financing Scheme MOU
10. 17th IRTG Report
11. Final RRTC – Lomé-Ouagadougou Report
12. In Transit – March 2012
13. Final Open Expedited Trade Study
14. Implementing The Expresse/Expedited Lane Concept
15. West Africa Transport Observatory Meeting Recommendations and Action Plan