



Report: AGOA national strategy development, ZAMBIA

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I. Purpose of Trip and Results Achieved

The main purpose of this trip was to facilitate the First National Workshop on AGOA Strategy Development sponsored by The Ministry of Trade, Commerce and Industry (MCTI). Attendees from both public and private sectors engaged in active dialogue on key strategic issues related to trade/investment promotion, including access to US markets under AGOA. Based on the workshop evaluation there was unanimous agreement among the attendees that the focus on implementation of AGOA, and level of interaction on how to do this was particularly useful. Organized by the HUB and SAEN (Southern African Enterprise Network), this workshop resulted in production of a National AGOA Strategy Planning Matrix that identifies strategic objectives that need to be met in order to implement this national program*. These objectives are as follows:

1. Identify sectors where Zambia has a comparative/competitive advantage
2. Increase access for Zambian products in US and regional markets
3. Promote local/regional business linkages in tandem with Zambia Investment Center, Business Support Organizations et al
4. Promote efficient production/movement of goods to export markets
5. Streamline institutional coordination and formalize working public/private sector working committees
6. Strengthen MCTI capacity for trade facilitation and investment promotion
7. Improve access to capital on more competitive terms and better interest rates
8. Promote FDI through target market outreach campaigns
9. Build the capacity of local health and food safety agencies to comply with US SPS/Food Safety standards/testing requirements

*** Workshop outputs are summarized in the Matrix attached -- see Annex I. A list of participants is also attached in Annex II.**

I.A. National Export Strategies

The “New Deal” Government is committed to job creation and poverty reduction through export diversification, targeting FDI and developing products with high export potential e.g. coffee, cashew nuts, wood products, tropical fruits, fish, meat/leather products. The Hub will assist those companies that are export ready in close collaboration with MCTI.

The opening remarks made by MCTI highlighted the pivotal role of the Ministry of Agriculture, Export Board and Zambian Investment Center in revitalizing the nearly moribund textile sector. This process would allow Zambian producers to provide key inputs to exporters of finished products destined for US markets under AGOA.

An AGOA Implementation Committee co-chaired by MCTI and a representative from the private sector – Board of Directors Chairman, Africa Insurance Agency -- has been formally established (with sub-committees on: textiles, US market research, agriculture and AGOA II). This is a major step forward in policy coordination and facilitation.

The speech cited that ZAMTIE had coordinated 4 successful regional AGOA workshops last year. Next year MCTI is planning trade missions to select countries in the region to glean lessons learned on selling products *other than textiles* to the US market.

Comments from the *private sector* underscored the need to redress serious export development constraints: lack of access to finance, poor infrastructure, high transport costs, lack of market intelligence, and stringent product certification requirements (under SPS/food safety standards). These issues are addressed in the AGOA National Strategy matrix – Annex I.

COMESA AGOA Desk Manager, Moses Simemba, highlighted objectives of the newly created “ALINC” program matching export ready companies to buyers, distributors and venture partners in the US. The program will help increase African country exports through information exchange, industry evaluation, sales/marketing assistance and technical support. Industry experts from the US will be invited to assist companies in improvement of their production techniques and quality control mechanisms. The pilot countries selected for ALINC Phase I include: Malawi, Ethiopia, Rwanda, Uganda and Zambia.

II. Other Trip Highlights

USAID Meeting – Monday, November 25th

Consultative meetings with Ms Helen Gunther, Chief, Agriculture and Private Sector Office and Chris Muyunda, Agribusiness Specialist resulted in frank discussion of program priorities and cooperation mechanisms between USAID and the Hub. Ms. Gunther clearly pointed out that HUB advisors should coordinate activities with existing projects managed in the field by ZAMTIE and ZATAC. Given the fact these two organizations are well connected in Zambia, we can implement complementary activities, leveraging resources/expertise to produce sustainable results.

The problem of protracted delays in the Pest Risk Analysis (PRA) approval process was mentioned. It was agreed that we will await the outcome of Cabinet level interagency deliberations on this issue currently underway in Washington.

MCTI Meeting – Friday, November 29th

Ms. Charles was invited to participate in a meeting chaired by Mr. Gerald Tembo, Acting Director Department Trade & Commerce, MCTI to discuss the AGOA Mauritius Forum, including the level of participation by government officials and members of the private sector. It was an enlightening meeting since key members of the AGOA Implementation Committee were present. The Hub was asked to comment on how Zambia can best position its products and services in that type of venue.

Site Visits – Friday November 29th

Agriflora Small Scale Ltd.

Mr. Jacob Mwale, Deputy Director, Agriflora Small Scale Ltd, invited Ms. Charles to visit Waterfall Farm for a tour of the company’s production facilities. Agriflora exports fresh vegetables and roses to various destinations worldwide, including the U.K. They are interested in pursuing U.S. market opportunities under AGOA if transport costs are not prohibitive. The products are harvested in cold stores and transported to state-of-the-art facilities before arriving to their final destination. Key products grown include: mangetout, fine beans, baby corn, chilies, okra, sugarsnap, baby carrots and gooseberries. New developments underway include: asparagus and passion fruit. The plant harvest site is impressive where fresh products are sterilized and hand-packed for shipping to export markets. Other Hub experts visited and commended this production facility as well.

Kembe Estates Ltd.

An interview with Chris Spyron, Managing Director Kembe Estates Ltd, was conducted near the meat packing facility in Lusaka. There are two leather retail stores in Lusaka that sell leather goods and skins; and they are expanding operations. Mr. Spyron expressed keen interest in selling to the U.S. market under AGOA; and solicited Hub support in sourcing potential buyers for leather goods and accessories.

III. Issues, Constraints and Opportunities

The major constraints mentioned by the public and private sector during the workshop have been addressed in the National AGOA Strategy Plan document. The “New Deal” Government is making concerted efforts to work with donors e.g. EU, IMF, and WB to institute macro-economic reforms that lead to a more transparent, investor friendly environment

IV. Recommendations and follow-up action required

The workshop planning session resulted in creation of a Lead Committee comprised of one representative from ZAMTIE, the HUB, SAEN and the Private Sector Development Association. Our role is to drive the process forward. A finalized document will be presented to MCTI before December 25, 2002. Therefore, travel to Zambia will be required in order to present the report and to facilitate implementation of the action plan. The Hub will work closely with MCTI to target potential exporters for assistance under our program and COMESA ALINC.

Attachments

Annex I – National AGOA Strategy Planning Matrix

Annex II – National AGOA Strategy Workshop Participant List

Annex 1: National AGOA Strategy Planning Matrix

<i>Key objective:</i>	<i>Activities/Strategies:</i>	<i>Performance Indicators:</i>	<i>Responsibility:</i>	<i>Resources Required:</i>
<i>Key Strategic Issue No 1: Identify AGOA Priority Sectors and Sub-sectors</i>				
<i>Identify areas and sectors where Zambia has a comparative advantage and develop strategies to exploit those advantages</i>	<ul style="list-style-type: none"> ▪ Review and collate information from existing sector studies ▪ Carry out an assessment of existing sector studies and determine gaps ▪ Develop work plans for MCTI/private sector, sector subcommittees eg textiles, agriculture, US Market and AGOA ▪ Establish technical and financial partnership to implement the sector sub-committee work program 	<ul style="list-style-type: none"> ▪ Produce single source document highlighting Zambia's priority sectors and competitive advantages ▪ Produce strategy paper and recommendations on AGOA priority sectors ▪ Cabinet decision/approval on AGOA priority areas 	Sector Subcommittee monitored by the National working Group	Get technical and resource assistance from donors e.g ZAMTIE, ALINC, UNDP, Hub, ITC, IESC
<i>Key Strategic Issue No 2: Market Access, Information and Intelligence</i>				
<ol style="list-style-type: none"> 1. <i>To increase access of Zambian products in the US and or regional the market.</i> 2. <i>To promote local/regional and US business linkages in collaboration with intermediaries e.g ZIC, business associations</i> 	<ul style="list-style-type: none"> ▪ Gather market information and intelligence ▪ Identify and address national supply constraints, production capacity issues, tariffs and non-tariff barriers to trade ▪ Develop inter-sectoral business linkages with COCs, BSOs, IPAs and Embassies ▪ Promote industry clustering to promote production orders ▪ Transform Embassy missions into trade and investment instruments 	Increased Export Sales	MCTI working in collaboration with business intermediaries and the donor community on market access issues including those cited above	

<i>Key objective:</i>	<i>Activities/Strategies:</i>	<i>Performance Indicators:</i>	<i>Responsibility:</i>	<i>Resources Required:</i>
<i>Key Strategic Issue No 3: Infrastructure Development</i>				
<i>More efficient production of and movement of goods and services from Zambia to local, regional and export markets</i>	<ul style="list-style-type: none"> ▪ Lobby government to divert resources into building and maintaining adequate infrastructure projects (transport, telecoms, communications, energy, water utilities) ▪ Exploit regional project opportunities being financed and/or organized by the donor community – COMESA, SADC, World Bank ▪ Establish private/public sector smart partnerships to promote increased public and private sector investment in projects ▪ Encourage local private sector investment in infrastructure projects ▪ Create and implement integrated inter-modal transport plan (air, road, rail, cargo) 	<ul style="list-style-type: none"> ▪ Integrated Infrastructure Development Plan ▪ Reduced insurance, energy and transport maintenance costs ▪ Increased use of water and air routes ▪ Reduced lead time for moving goods across borders 	Lead Ministry MCTI in collaboration with Ministry of Transport and other relevant Ministries to be determined	

<i>Key objective:</i>	<i>Activities/Strategies:</i>	<i>Performance Indicators:</i>	<i>Responsibility:</i>	<i>Resources Required:</i>
<i>Key Strategic Issue No.4: Institutional Restructuring, Coordination and Capacity Building</i>				
<p><i>Enhance capacity of MCTI and its statutory bodies to facilitate trade and to promote investment</i></p> <p><i>Improve coordination among MCTI, trade related public institutions and the private sector in development of requisite capacity to drive Zambia's trade and investment program</i></p>	<ul style="list-style-type: none"> ▪ Support proposal to create a National Development Agency (“one-stop shop”) to coordinate export/trade/investment promotion ▪ Establish a Secretariat under the proposed Trade National Working Group (TNWG) ▪ Establish a national platform that formalizes private – public sector dialogue on trade related issues ▪ Elevate AGOA debate among key policy makers within the Ministry with endorsement from the top echelon of the Zambian Government ▪ Develop staff retention strategies ▪ Strengthen private sector capacity at firm and association levels including skills in: negotiation, lobbying, sector market research, advocacy and business marketing. 	<p>Increased trade and investment</p>	<p>MCTI/EBZ/ZIC/ Private Sector</p>	

<i>Key objective:</i>	<i>Activities/Strategies:</i>	<i>Performance Indicators:</i>	<i>Responsibility:</i>	<i>Resources Required:</i>
Key Strategic Issue No 5: Investment Promotion				
To attract new foreign and local investment in key priority sectors	<p>Promote good governance, transparency, and accountability in both public and private sectors</p> <p>Prepare comprehensive marketing materials that highlight Zambia's unique attributes and incentives (climate, labor market, culture etc). Disseminate this information and invite potential investors and trading partners to Zambia</p> <p>SELL Zambia</p> <p>Provide recommendations on the Investment Act under review</p> <p>Examine national investment incentives through public private sector dialogue.</p> <ul style="list-style-type: none"> ▪ Target strategic investment partners by industry sector in accordance with national economic development priorities ▪ Sensitize political leaders on the impact of political pronouncements and decisions that can negatively impact the investment climate in the country ▪ Encourage AGOA related investment in Zambia and throughout the region ▪ Enhance mechanisms that support investment in outlying/out-grower farm regions ▪ Work in tandem with COMESA Secretariat to coordinate harmonization of investment 	<ul style="list-style-type: none"> ▪ Increased investment ▪ Improved Investment Environment 	ZIC and the Private Sector	

	promotion programs throughout the region			
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<i>Key objective</i>	<i>Activities/Strategies</i>	<i>Performance Indicators:</i>	<i>Responsibility:</i>	<i>Resources Required:</i>
<i>Key Strategic Issue No. 6: Access to Finance</i>				
<i>To access short, medium and long term capital at competitive interest rates and more favorable terms</i>	<ul style="list-style-type: none"> ▪ Develop a proposal for EU, WB and other donors for increased lending facilities for expansion of economic diversification and exports ▪ Highlight successful business case studies ▪ Encourage foreign financial institutions, donors and commercial banks to make capital available on better terms ▪ Create public/private sector working group ▪ Lobby government to reduce the level of borrowing from commercial sources to avoid “crowding out” the private sector ▪ Develop a user-friendly databank of local, regional and international sources of capital by institution and type of financial instruments -- ZAMTIE Directory can serve as a platform for setting up the database ▪ Leverage AGOA financial resources under OPIC/EXIM/CCA and related bodies to encourage US foreign direct investment 	Increased availability of capital for Zambian companies and exporters on more competitive terms and lower interest rates	Development Bank of Zambia, Ministry of Finance, business service organizations with the private sector playing the lead role	

<i>Key objective:</i>	<i>Activities/Strategies:</i>	<i>Performance Indicators:</i>	<i>Responsibility:</i>	<i>Resources Required:</i>
<i>Key Strategic Issue No 7: SPS/Food Safety Policy Framework</i>				
<i>Improve capacity of local institutions to conduct SPS/food safety tests; including PRAs</i>	<ul style="list-style-type: none"> ▪ Human resource capacity training and assessment of equipment needs ▪ Examine current national legislation regarding SPS policy and provisions for meeting certification requirements (assess lab testing facilities) ▪ Coordinate activities of all key institutions including MACO and relevant agencies in meeting SPS/safety food standards ▪ Solicit from SAGC Hub up to date information on activities related to SPS / food safety assessments in Zambia, including results of the survey conducted ▪ Obtain from SAGC Hub up to date information on the SADC Trade Protocol SPS Annex 	Procedures for compliance and certification of fresh fruits and vegetable exports in place	Ministry of Agriculture lead agency in tandem with Hub, MOH, FAO and other relevant agencies.	

Annex 2: List of workshop participants

**UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
REGIONAL CENTER FOR SOUTHERN AFRICA (USAID/RCSA)**

**SOUTHERN AFRICA GLOBAL COMPETITIVENESS HUB
AGOA National Strategy Development Workshop
(A public / private partnership)**

**Venue – Mulungushi International Conference Center, Lusaka
Dates 27 & 28 November, 2002**

Attendance / invitation list

Name	Organization	Title
Kathleen Charles	Southern Africa Global Competitiveness Hub	AGOA Advisor
Maggie Makanza	Southern Africa Global Competitiveness Hub	Training and Capacity Building Specialist
Chibembe Nyalugwe	ZENA	Administrative Director
Peter Kakungu	Zambia-China Mulungushi Textiles(pvt) Ltd	Senior Marketing Officer
Matildah Chibale	USAID Zambia	Private Sector Specialist
Likando Mukumbuta	USAID Zambia	
Trevor Simumba	ZAMTIE	Private Sector Development Specialist
Bobi K Nebwe	Agricultural Consultative Forum Secretariat	Programme Officer
Irene Tembo	Ministry of Commerce Trade and Industry	Chief Economist
Sunday Chikoti	Ministry of Commerce Trade and Industry	Senior Economist(TIPO)
Danies K Chisenda	Ministry of Finance and Economic Planning	
Elias Chipimo	ZENA	
Henry Lumbeta	Ministry of Commerce Trade and Industry	Economist
Susan Mpande	Ministry of Commerce Trade and Industry	Economist-Multilateral
Kufamuyeke Muniynda	ZENA	
Hector Banda	Sylva Prof Catering	Executive Chairman
Yusef Dodia	Private Sector Development Association(PSDA)	Chairperson
Jessica Chombo	Zambia Investment Centre	Marketing Manager
Peter Chibichabo	Unity Garments Limited	Accountant
Ron Black	ZAMTIE	Chief of Party
Ndambo Ndambo	Zambia National Farmers Union	Liaison /Projects Coordinator
Tim McCoy	COMESA	
Moses Simemba	COMESA/IESC	ALINC Africa Manager AGOA Desk
Mbewe Luke	Zambia Export Growers Association(ZEGA)	Chief Executive
Dorothy Tembo	ZAMTIE	Trade Advisor
Lydia M Sibanda	ZENA	Managing Director

Name	Organization	Title
Jacob Mwale	AGRIFLORA LIMITED	Deputy Director
Derrick Simukoko	Ministry of Commerce Trade and Industry	Economist- Commercial and Trade Policy
Joseph Ngwira	EBZ	Research Officer
Harrison Muchinda	Zambia Revenue Authority(ZRA)	Assistant Commissioner
Chris Spyron	Kembe Estates	Managing Director
Jonathan B Mulilo	Leather Industries Association of Zambia	Co-coordinator
Maxwell Sichula	Zambia Chamber of Small and Medium Business Associations(ZCSMBA)	Executive Secretary
Edward Katongo	Ministry of Commerce Trade and Industry	Director-Human Resources and Administration
Dr Silane Mwenechanya	Zambia Business Forum	Business Forum Coordinator
G. Tembo	Ministry of Commerce Trade and Industry	Director
Nelson Chisenga	ZACCI	Acting Chief Executive
Kelvin Kamana	ZENA	Administrative Officer
David Mundia	Ministry of Commerce Trade and Industry	Principal Economist
Simon Sithole	Southern Africa Global Competitiveness Hub	SPS/Food Safety Policy Advisor