



USAID
FROM THE AMERICAN PEOPLE

AFRICA'S GROWTH AND COMPETITIVENESS IN 2010

AFRICAN GLOBAL COMPETITIVENESS INITIATIVE

Improving Africa's trade competitiveness is a central tenet of the U.S. Agency for International Development's overall strategy to reduce poverty in Africa through increased economic growth. USAID has played a critical role in helping African governments and businesses take better advantage of the opportunities provided by trade, including under the African Growth and Opportunity Act (AGOA). AGOA is the United States' most generous bilateral trade preference program, offering more than 6,500 African products duty-free, quota-free access to the U.S. market.

Over the past five years, USAID trade capacity building programs have helped to increase African trade competitiveness and boost African trade through the \$200-million African Global Competitiveness Initiative (AGCI).

In FY 2010—the final year of funding for AGCI—USAID worked with its African partners and other U.S. agencies to:

- Reform the policy environment for trade and investment;
- Improve the skills and knowledge of thousands of African entrepreneurs;
- Overcome infrastructure constraints to make African goods and services more globally competitive; and
- Increase access to trade-related finance.

Through AGCI, USAID has implemented programs on a regional and bilateral basis throughout the continent.

REGIONAL PROGRAMS

For five years, AGCI has helped governments and companies increase their trade competitiveness. USAID's regional programs work with regional economic communities, national governments, and other stakeholders to harmonize policies, standards, regulations, and administrative procedures to create more efficient and better-integrated supra-national markets.

In addition to improving Africa's trade competitiveness, AGCI programs in FY 2010 continued to focus on infrastructure capacity building, finance, and intellectual property rights.

Through the **West Africa** trade hub, located in Accra, Ghana (with a satellite office in Dakar, Senegal), USAID is helping West African governments and firms to capitalize on the potential gains from expanded trade. The Hub collaborates closely with the major regional organizations, including the Economic Community of West African States (ECOWAS), the West African Economic and Monetary Union, and the West African Power Pool.

Through its network of AGOA resource centers throughout West Africa, the Hub helps businesses to take advantage of the AGOA trade preference program, while encouraging governments to develop national export strategies. In addition, the Hub works directly with a select number of “export-ready” companies to help them export products to overseas markets, including the United States.

A recent USAID study to evaluate the impact of increasing exports from West Africa found that a \$1,000 rise in sales creates scores of jobs—100 in the case of wood products and 160 in the case of handmade baskets—and can generate thousands of dollars in additional household income in the businesses’ communities. Some results from AGCI’s work in West Africa in FY 2010 include:

- Assisting in realizing \$15.8 million in new investment and 962 new jobs over the course of the year, including 252 new jobs for women.
- Helping generate 263 export transactions and \$12 million in new exports, of which 35 percent, or \$4.4 million, were exports to the United States under AGOA.
- Training 2,112 entrepreneurs, 787 of whom were women, in business skills and providing technical assistance directly to 631 firms, including 243 woman-owned businesses.
- Facilitating the participation of 515 firms (including 41 woman-owned businesses) in 22 international trade shows, which generated some 3,000

business contacts with buyers and industry resource people.

- Completing an assessment of the ECOWAS Trade Liberalization Scheme implementation in nine ECOWAS member states (Benin, Burkina Faso, Côte d’Ivoire, Ghana, Mali, Niger, Nigeria, Senegal, and Togo) and documenting how the failure to harmonize rules and procedures for trade within West Africa is having a negative impact on the region’s export competitiveness.

Many AGCI activities in **East and Central Africa** are carried out under USAID’s Competitiveness and Trade Expansion (COMPETE) program located in Nairobi, Kenya, which builds the capacity of East and Central African countries to take advantage of cross-border, regional, and global trading opportunities and promotes increased regional economic integration.

Through COMPETE, USAID works with the Common Market for East and Southern Africa (COMESA) and the East African Community (EAC) to improve the enabling environment for trade by harmonizing regional trade and transit policies and procedures. The program also supports private sector associations in strengthening their value chains and works with individual companies to help them take advantage of trading opportunities. Some results from AGCI’s work in East and Central Africa in FY 2010 include:

- Brokering more than \$23 million in new trade deals between East African firms and U.S. buyers under AGOA, which is almost twice the value of exports facilitated in 2009 and more than three times the value of exports facilitated in 2008.
- Facilitating the training of 1,047 East African entrepreneurs in order to improve their understanding of and access to global markets.
- Facilitating the signing of agreements on joint cargo inspections between Kenyan, Tanzanian, and Ugandan government agencies. Currently, all

declarations at Malaba (Kenya/Uganda), Busia (Kenya/Uganda), and Song'we (Tanzania/Malawi) are completed using the Revenue Authorities Digital Data Exchange (RADDEx) system—saving time and money at border crossings while increasing transparency.

- Completing a World Trade Organization-compliant EAC valuation handbook to harmonize cargo valuation procedures and working with the EAC and the Alliance for Commodity Trade in East and Southern Africa to draft standards for 23 staple foods.
- Assisting in reducing the number of weighbridges or weigh stations along the Northern Corridor, which reduced by five days the time needed to transport goods from Mombasa to Kigali.
- Providing training to 330 financial sector supervisors in Kenya, Tanzania, and Uganda to increase the participants' understanding of agricultural insurance products.

The **Southern Africa** Trade Hub, located in Gaborone, Botswana, focuses on reducing trade barriers, increasing the transparency and harmonization of trade regulations, and promoting intra-regional and international exports.

The Hub also supports a range of regional partners in enhancing regional integration, including the Southern African Development Community (SADC), Southern Africa Power Pool, the Regional Energy Regulators Association, and regional transport corridor management organizations. Some results from AGCI's work in Southern Africa in FY 2010 include:

- Assisting the Governments of Lesotho, Mozambique, Namibia, and Swaziland in drafting customs and excise procedures.

- Drafting a Swaziland Investment policy and auditing the implementation of recommendations from the Namibia Investor Roadmap.
- Facilitating the completion of the WTO Trade Facilitation Needs Assessment process within the SADC region, as well as the SADC Trade Protocol Audit Reports.
- Supporting SADC's implementation of the Trade Monitoring and Compliance Mechanism, which monitors compliance with the provisions of the SADC Protocol on Trade.
- Advancing the implementation of RADDEx at the Malawi/Tanzania border.
- Assisting in the generation of \$65.6 million in transactions in the textile, apparel, specialty food, and other product categories, of which nearly \$30 million were exports to the United States.
- Helping generate \$3.9 million in new investments made by various businesses.
- Establishing 1,836 buyer/seller linkages and providing export capacity building to 426 firms.
- Training 1,075 public and private sector representatives, including 487 women, on trade issues regarding the implementation of the SADC Protocol on Trade, trade facilitation, trade in services, and customs and excise procedures.
- Conducting training in hazard analysis and critical control points, user-buyer linkage, U.S. market entry, and U.S. domestic and import regulations for 54 individuals, as well as training in energy-related policy and regulatory practices for 28 participants.

USAID's **Africa Infrastructure Program (AIP)** targets energy generation and interconnection. In 2010, AIP supported capacity building and transaction-related activities for 11 projects, representing 1,960 MW of potential power development and \$3 billion of new investment opportunities in Africa. Through AIP, USAID also conducted training in energy-related topics for 258 individuals, including 46 women, from Cameroon, Kenya, Mozambique, Namibia, Nigeria, and Rwanda.

In the last year, **regional finance programs** established a private credit reference bureau in Rwanda and trained 53 financial sector supervisors and 54 financial sector analysts.

The **intellectual property rights (IPR) program** trained 82 judges and magistrates from Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, and Zambia in improved IPR enforcement techniques; and another AGCI-funded program provided IPR training to 84 people from Ghana and Liberia and 53 from Uganda.

BILATERAL PROGRAMS

In FY 2010, AGCI bilateral programs focused on enhancing the enabling environment, strengthening enterprise development, and supporting public-private infrastructure development. Selected results in FY 2010 include:

- Advancing 11 policy reforms in **Ethiopia** to improve the business environment, expand the private sector, and increase trade and investment.

- Helping **Mozambique** improve its ranking in the World Bank 2011 *Doing Business* "Starting a Business" indicator (moving up 31 positions to 65th place) and "Trading across Borders" indicator (moving from 136 to 133 out of 183 countries).
- Providing management training in **Senegal** for 5,064 enterprises and 1,121 producer and community-based organizations, as well as training for 20,592 people to adopt more competitive business practices related to agriculture techniques, quality control, product management, processing, and marketing to increase exports.
- Facilitating the generation of \$21 million in exports from **Ethiopia, Kenya, and South Africa** to the United States under AGOA.
- Providing export assistance to 116,000 firms in **Burundi, Ethiopia, Kenya, Nigeria, Senegal, Uganda, and Zambia**.
- Providing trade and investment capacity building training to 340,000 people in **Burundi, Kenya, Mozambique, Nigeria, Uganda, and Zambia**.
- Facilitating passage of a regulatory structural reform code in the energy sector in the **Democratic Republic of the Congo** to boost private sector participation and investments.
- Training 26 people in technical, policy, and regulatory issues for the oil and gas sector in **Ghana**.

USAID envisions a world where private sector investment drives sustainable growth and market-led development replaces foreign assistance. Our priority is fostering sustainable, broad-based economic growth in Africa, and for growth to be sustainable, it must be led by the private sector. USAID's work in Africa has made a significant impact in promoting private sector competitiveness, and through major new initiatives in food security, climate change, and health, we seek to leverage that progress toward long-term economic growth that reaps benefits for all stakeholders.