

SOUTHERN AFRICA TRADE AND INVESTMENT HUB

Annual Report – FY 2018



November 12, 2018

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SOUTHERN AFRICA TRADE AND INVESTMENT HUB

ANNUAL PROGRESS REPORT FY 2018

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DAI

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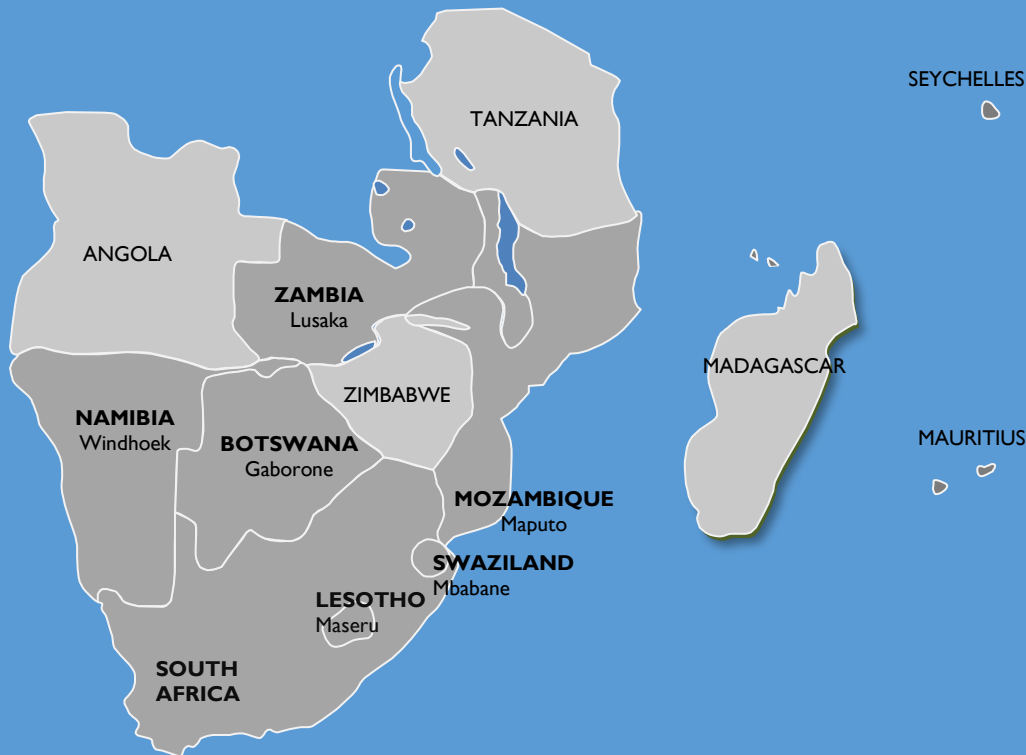
ACRONYMS

ACE	Africa Commodity Exchange (Malawi)
AEO	Authorized Economic Operator
AgDiv	USAID Feed the Future Agricultural Diversification Activity
AGOA	African Growth and Opportunity Act
AHCX	Auction Holdings Commodity Exchange (Malawi)
AMCHAM	American Chamber of Commerce
ANDE	Aspen Network of Development Entrepreneurs
APCG	Africa Private Capital Group
APS	Annual Program Statement
ASIF	Agricultural Storage Investment Facility
AU	African Union
B2B	Business to Business
BITC	Botswana Investment and Trade Centre
BURS	Botswana Unified Revenue Service
C2B	Customs-to-Business
CBI	Center for the Promotion of Imports
CBM	Coordinated Border Management
CBO	Community-based Organization
CCA	Corporate Council on Africa
CMP	Common Market Protocol
COMESA	Common Market for Eastern and Southern Africa
Comex	Commodity exchange
COP	Chief of Party
DCA	Development Credit Authority
DFI	Development Finance Institution
DFID	Department of International Development
DQA	Data Quality Assessment
DTI	South Africa Department of Trade and Industry
EAC	East African Community
EAGC	Eastern African Grain Council
EATIH	USAID East Africa Trade and Investment Hub
EDF	European Development Fund
EIB	European Investment Bank
EU	European Union
FANR	SADC Food, Agriculture and Natural Resources Directorate
FAO	Food and Agriculture Organization
FI	Financial Institution
FIC	SADC Finance, Investment and Customs Directorate
FMB	First Merchant Bank
FtF	Feed the Future
GDP	Gross Domestic Product
GHFSI	Global Hunger and Food Security Initiative
GIS	Geographic Information Systems
HTS	Harmonized Tariff Schedule
ICP	International Cooperating Partners
IDT	SADC Industrial Development and Trade Directorate
IF	Indemnity Fund
IO	Intermediate Objective
IPA	Investment Promotion Agency
IPF	Investment Policy Framework
IPPC	International Plant Protection Conventions

IR	Intermediate Result
JBC	Joint Border Committee
JSE	Johannesburg Stock Exchange
LOP	Life of Project
LNDC	Lesotho National Development Corporation
M&E	Monitoring and Evaluation
MITC	Malawi Investment and Trade Centre
MIS	Market and Information Systems
MOU	Memorandum of Understanding
NAPI	National Action Plan on Investment
NASP	National Association of Security Professionals
NBM	National Bank of Malawi
NTB	Non-Tariff Barriers to trade
NSW	National Single Window
OECD	Organization for Economic Cooperation and Development
OPPAZ	Organic Producers and Processors Association of Zambia
OPIC	Overseas Private Investment Corporation
OSBP	One-Stop Border Post
PF	Partnership Fund
PFF	Program for Funding
PIMS	Pest Information Management System
PMA	Produce Marketing Association
PMEP	Performance Monitoring and Evaluation Plan
PPP	Public Private Partnership
PRA	Pest Risk Assessments
RAP	Regional Agricultural Policy
RAIP	Regional Agricultural Investment Plan
REC	Regional Economic Community
REI	Regional Economic Integration
RFA	Request for Applications
RFBS	Regional Food Balance Sheet
RISDP	SADC Revised Regional Indicative Strategic Development Plan 2015-2020
RISR	SADC Regional Industrialization Strategy and Roadmap
RoO	Rules of Origin
SA	South Africa
SACU	Southern Africa Customs Union
SADC	Southern African Development Community
SADCSTAN	SADC Cooperation in Standardization
SADCAS	SADC Accreditation Service
SAPReF	Southern Africa Pesticide Regulatory Forum
SATH	Southern Africa Trade Hub
SAVCA	Southern African Venture Capital and Private Equity Association
SIPA	Eswatini Investment Promotion Agency
SME	Small and Medium-sized Enterprises
SPEED+	USAID Support Program for Economic and Enterprise Development +
SPS	Sanitary and Phytosanitary
SSA	Sub-Saharan Africa
STP	USAID Seed Trade Program
TAMIS	DAI's Technical and Administrative Management Information System
TBT	Technical Barriers to Trade
TF	Trade Facilitation
TFA	WTO Agreement on Trade Facilitation
TFP	Trade Facilitation Program
TIFI	SADC Trade, Industry and Finance Directorate

TIP	Trade Information Portal
TIPAs	Trade and Investment Promotion Agency
TRALAC	Trade Law Centre of Southern Africa
TTTFP	Transport and Transit Facilitation Program
TTW	Try The World
USAID	United States Agency for International Development
USFDA	United States Food and Drug Administration
USG	United States Government
WATIH	West Africa Trade and Investment Hub
WBG	World Bank Group
WCFFI	Western Cape Fine Food Initiative
WCO	World Customs Organization
WESGRO	Western Cape Investment and Trade Promotion Agency
WFP	World Food Program
WR	Warehouse Receipt
WRS	Warehouse Receipt System
WTO	World Trade Organization
ZAGIS	Zambia Grain Information Service
ZAMACE	Zambian Commodity Exchange
ZDA	Zambia Development Agency
ZEGA	Zambia Export Growers Association
Z-TFAP	Zambia Trade Facilitation Agreement Program

USAID SOUTHERN AFRICA TRADE AND INVESTMENT HUB



Presidential Initiative:

Feed the Future

Project Goals:

- Regional and multilateral trade and investment agreements and support institutions strengthened
- Global and intra-regional trade in higher value products increased
- Intra-regional trade in staple foods, agricultural inputs and primary agribusiness products increased
- Trade and transportation facilitation measures implemented

Expected Accomplishments:

- Improved regional trade and investment enabling environment
- Increased competitiveness of target value chains
- Increased non-oil exports under AGOA

Project Locations:

Southern African Development Community (SADC) Countries – South Africa, Botswana, Zambia, Namibia, Eswatini (formerly Swaziland), Malawi, Mozambique, and Lesotho

STRUCTURE OF THE PROGRAM

The Hub is composed of four components: i) Finance and Investment; ii) Export Competitiveness; iii) Agribusiness Trade; and, iv) Enabling Environment and Trade Facilitation. Its priority strategies are interconnected and leverage resource efficiency and synergies that impact multiple project stakeholders and indicators.

1. **Finance and Investment** implements activities within three core strategies: i) banking, structured trade, finance and investment; ii) finance and investment policy; and iii) investment facilitation and funding platform development.
2. **Export Competitiveness** implements activities along two strategic trajectories: i) trade and export promotion; and ii) capacity building to increase utilization of AGOA.
3. **Agribusiness Trade** implements four strategies to achieve results: i) support of structured trading in staple food crops; ii) assistance that improves trade of inputs and services; iii) facilitating systemic use of new agricultural technologies; and iv) supporting trade in key non-staple value chains.
4. **Enabling Environment and Trade Facilitation** focuses on the following core activities: i) harmonizing the application of sanitary and phytosanitary (SPS) and Technical Barriers to Trade (TBT) measures; ii) measuring and intervening to improve the time and costs of trading along key Southern African Development Community (SADC) regional corridors; iii) enabling the private sector to overcome trade, logistics, and business development constraints; and iv) supporting the implementation of other measures to facilitate trade.

Strategic Communications is a cross-cutting and integral aspect of the program aimed at providing information, both internally and externally, on key Hub activities and results; creating buy-in among stakeholders, and raising the awareness of, and participation in, project activities.

Monitoring and Evaluation (M&E), Learning, and Knowledge Management are all critical to the Hub's effectiveness and immediate and long-term impact. The M&E, Learning, and Knowledge Management approach works with the technical components in capturing, analyzing, and articulating the impacts and outcomes of Hub-funded activities.

EXECUTIVE SUMMARY

By the end of FY2018, the United States Agency for International Development (USAID) Southern Africa Trade and Investment Hub (the Hub) exceeded 11 of its key performance indicators (KPI) and is on track to achieve two other Life of Project (LOP) indicators. This represents achievement of 55% of the 27 key indicators (of which 20 are performance, two are biannual¹ and five are context).²

The Hub continues to employ an enterprise-led approach to improve the market system and engage U.S. and Southern African companies and stakeholders to achieve investment, commercial, and development results.

To date, Hub activities have supported \$113 million of new private sector investment in the region; a 272 percent increase from year one (\$24 million) to year two (\$89 million). Agribusiness and food value chain transactions completed in FY2018 constitute 75 percent of total deals closed (\$62.8 million). The Hub has also facilitated 71,174 metric tons (MT) of grain traded through regional commodity exchanges, with 47 certified warehouses participating.

PROGRESS TO DATE FY2017 & FY2018	LIFE OF PROJECT TARGETS
<ul style="list-style-type: none"> ▪ \$25.5 million value of exports in targeted non-agricultural and agricultural commodities 	<ul style="list-style-type: none"> ▪ \$155 million value of exports in targeted non-agricultural and agricultural commodities
<ul style="list-style-type: none"> ▪ \$83 million of new private sector investment in agricultural sector 	<ul style="list-style-type: none"> ▪ \$96 million of new private sector investment in agricultural sector
<ul style="list-style-type: none"> ▪ \$30.7 million of new private sector investment in non-agricultural sector 	<ul style="list-style-type: none"> ▪ \$64 million of new private sector investment in non-agricultural sector
<ul style="list-style-type: none"> ▪ 71,174 MT metric tons of grain traded through commodity exchanges/certified warehouses supported with Trade Hub assistance 	<ul style="list-style-type: none"> ▪ 51,000 MT metric tons of grain traded through commodity exchanges/certified warehouses
<ul style="list-style-type: none"> ▪ 47 certified warehouses participating in commodity exchanges and/or warehouse receipt systems with trade hub assistance 	<ul style="list-style-type: none"> ▪ 6 certified warehouses participating in commodity exchanges and/or warehouse receipt systems with trade hub assistance
<ul style="list-style-type: none"> ▪ 82,642 MT of installed storage capacity 	<ul style="list-style-type: none"> ▪ 500,000 MT of installed storage capacity
<ul style="list-style-type: none"> ▪ 623 buyer/seller linkages established in targeted non-agricultural sectors as a result of Trade Hub assistance 	<ul style="list-style-type: none"> ▪ 1,755 buyer/seller linkages established in targeted non-agricultural sectors as a result of the Trade Hub assistance
<ul style="list-style-type: none"> ▪ 122 buyer/seller linkages established in targeted agricultural sectors as a result of Trade Hub assistance 	<ul style="list-style-type: none"> ▪ 745 buyer/seller linkages established in targeted agricultural sectors as a result of the Trade Hub assistance

¹ KPI Indicator 23 assessing border crossing time and Indicator 24 assessing border crossing cost are biannual. A baseline was established in FY2017 and following implementation data will be collected and assessed in FY2019.

² There has been a revision of the KPIs for FY2019 reducing the number from 27 to 13.

<ul style="list-style-type: none"> ▪ \$16.8 million value of loans to target enterprises/groups due to Trade Hub assistance 	<ul style="list-style-type: none"> ▪ \$60 million value of loans to target enterprises/groups due to trade hub assistance
<ul style="list-style-type: none"> ▪ 650 food security private enterprises, producers' organizations, water users' associations, women's groups, trade and business associations & community-based organizations receiving U.S. government (USG) assistance 	<ul style="list-style-type: none"> ▪ 600 food security private enterprises, producers' organizations, water users' associations, women's groups, trade and business associations & community-based organizations receiving USG assistance.
<ul style="list-style-type: none"> ▪ 17 public-private partnerships (PPPs) formed with hub assistance 	<ul style="list-style-type: none"> ▪ 15 PPPs formed with Hub assistance
<ul style="list-style-type: none"> ▪ 16 enabling environment policies analyzed consulted on, drafted or revised, approved and implemented with USG assistance 	<ul style="list-style-type: none"> ▪ 15 enabling environment policies analyzed consulted on, drafted or revised, approved and implemented with USG assistance

Note, there has been a revision of the KPIs for FY2019 reducing the number from 27 to 13.

FY2018 NOTABLE ACCOMPLISHMENTS (by Component)

EXPORT COMPETITIVENESS

- The Hub provided technical assistance to 206 firms to facilitate exports to the U.S. and other targeted markets. Through this assistance, Hub-supported firms created a total of 1,438 direct jobs: 727 full-time and 721 part-time. Furthermore, 20 out of 36 firms surveyed reported being profitable.
- Exports to the U.S. by Hub-supported companies in specialty foods, textiles and apparel and accessories was \$3.15 million under AGOA in FY2018, an 839 percent increase over FY2017's exports of \$375,338.
- The Hub worked closely with national governments and the private sector to develop and launch National AGOA utilization strategies for Zambia, Malawi, and Mozambique (in conjunction with the USAID Speed Plus project). The Hub also began the AGOA Utilization Strategy stakeholder consultation process in Lesotho and Eswatini (in close collaboration with the U.S. Embassy).
- The Hub conducted nation-wide road shows in Botswana surrounding the AGOA Utilization Strategy and also held two awareness workshops on organic certification and the marketing of arts and crafts as part of implementing recommendations from the Utilization Strategy.
- The Hub entered into a memorandum of understanding (MoU) with Registrar Corp (U.S.) and facilitated three seminars in three countries (Botswana, Eswatini, and Lesotho) on U.S. market entry requirements focusing U.S. Food & Drug Administration (FDA) compliance and registration.
- The Hub assessed 27 regional export-ready workwear firms with recommendations on U.S. market entry and regional expansion. Workwear was identified as a key niche sector for textiles and apparel with potential for exports to the U.S. under AGOA.

- The Hub partnered with global leader Messe Frankfurt on highly successful Source Africa 2018 textiles, apparel, and footwear trade show in Cape Town, South Africa. The 2018 Source Africa trade show saw an increase in exhibitor space of over 200 square meters and a 45 percent increase in industry attendance. The Hub also facilitated a key buyer from the U.S. to visit Source Africa as a panel speaker but also to investigating sourcing apparel and accessories from South Africa, Lesotho, and Eswatini.
- The Hub facilitated four regional Worldwide Responsible Apparel Production (WRAP) social compliance awareness workshops with U.S.-based WRAP accreditation body in four countries, benefitting 38 exporting manufactures from Botswana, Eswatini, Lesotho, and Zambia.
- The Hub assessed 28 apparel companies in Lesotho, South Africa, and Zambia for export readiness and technological and skills requirements (18 are export ready and are being marketed through inward and outward buyer missions; 10 are being assisted to better meet international export requirements).
- The Hub supported 17 specialty food companies from five Southern African countries to exhibit under the Hub-South African Department of Trade and Industry (DTI) 'Africa Fine Foods Pavilion' at the 2018 Summer Fancy Food Show in New York. Linkages were established and discussions are ongoing. The Hub expects at least two export contracts to come to fruition in the next six months.

FINANCE AND INVESTMENT

- The Hub surpassed its year one and year two targets of \$40 million³ in new private sector investments with the close of \$56 million in Q4. This raises the number of deals closed to 10, valued at a consolidated \$113 million (FY2017 and FY2018). Transactions closed were conducted in five Hub priority countries including Malawi, Mozambique, Namibia, South Africa and Zambia.
- To date, nearly 50 percent of Hub supported transactions have reached financial close.
- The Hub partnered with ABSA (Bank) to develop an enterprise development pilot product for the small- and medium-sized enterprise (SME) sector in Botswana, disbursing \$3.9 million to investee companies. This SME pilot is ABSA's first in the Southern African Development Community region (SADC) region and is planned for expansion to Mozambique and Zambia in FY 2019.
- The Hub facilitated the second tranche disbursement of \$15 million from the European Investment Bank's (EIB) as part of a line of credit to the National Bank of Malawi (NBM). NBM is lending the funds to local agribusinesses to build new warehouses, reducing post-harvest loss, improving smallholder farmer income, and increasing food security.
- The Hub organized with U.S.-based global financial services company INTL FCStone to host a landmark Trade Seminar in Livingston, Zambia focused on structured trade that aims to strengthen the continent's trade, finance, and investment capacity. Attended by over 200 senior level representatives of banking and financial institutions, agribusiness and governments,

³ Target quoted as per Performance Monitoring and Evaluation Plan (PMEP) dated May 2017

the Hub leveraged \$95,000 from the private sector to underwrite the seminar. The event sets the stage for a series of business-to-business (B2B) commodities trading events in FY 2019.

- The Hub (along with the USAID East Africa Trade and Investment Hub) was a premier sponsor and participant, along with the African Development Bank (AfDB), in an inaugural three-city U.S. roadshow tour organized by the Initiative for Global Development (IGD). The roadshow offered a unique and unprecedented platform to promote trade and investment opportunities in Africa as well as highlight the hands-on support offered by USAID's Trade and Investment Hubs to assist U.S. businesses and investors in navigating the African marketplace.
- The Hub helped design and develop a platform to support B2B interregional commodity auctions based on collaboration with four commodity exchanges: Agricultural Commodity Exchange for Africa (ACE, Malawi), Zambia Commodity Exchange (ZAMACE, Zambia), Johannesburg Stock Exchange (JSE, South Africa), and the East Africa Exchange (EAX, Rwanda).
- The Hub also provided technical assistance to facilitate and close a \$5 million loan between FDH Bank and Rab Processors that was collateralized with ACE warehouse receipts and collateral management services.

AGRIBUSINESS TRADE

- In close collaboration with the Finance and Investment Team, the Hub surpassed agricultural investment targets of \$21 million by facilitating the close of four agribusiness transactions valued at \$63 million.
- Hub agribusiness and food value chain investment transactions targeted a diversity of sub-sectors including wheat milling, wholesale fisheries, warehouses and warehouse receipts systems (WRS), and horticulture in Mozambique, Zambia, Malawi, and Namibia.
- The Hub sourced a pipeline of nine agribusiness and agriculture services investment transactions across the Southern Africa region valued at an approximately \$69 million to be assessed and potentially supported in FY2019.
- The Hub sourced a strong pipeline of structured trade-related transactions, including prospective investments by the Lusaka Stock Exchange into ZAMACE, investments by Pangaea Securities (Zambia) into warehouse receipts, and investments by First Merchant Bank into innovative financial products. The Hub also worked on improving the utilization of USAID's Development Credit Authority (DCA) to facilitate closes valued at approximately \$5 million.
- At the behest of the Ministry of Investment, Trade & Industry (MITI), Botswana Meat Corporation (BMC), Business Botswana, and Ministry of Agriculture Development & Food Security (MADFS), the Hub completed a report entitled, "An Assessment of the Competitiveness of Botswana's Beef Sector and Development of a Strategic Approach to Gaining Access to the U.S. Beef Market". The assessment identified opportunities, for beef exports to the U.S under the African Growth and Opportunity Act (AGOA).
- The Hub assisted in the registration of the Zambia Grain Information System (ZAGIS) to support the collection, verification and timely dissemination of reliable data to the Crop Estimates Committee (CEC), Stock Monitoring Committee (SMC), and Food Security Committee (FSC). Put simply, ZAGIS is critical to developing a more transparent price discovery mechanism for structured trade.

- The Hub sponsored an investor session at the U.S.-based Produce Marketing Association's (PMA's) Fresh Connections Conference in Pretoria, South Africa to support work done by the MUSIKA Development Agency and IAPRI. The meeting was attended by 154 international and regional players from the fresh produce industry.

ENABLING ENVIRONMENT AND TRADE FACILITATION

- The Hub finalized and received funding of over \$3 million from USAID/Zambia (for its proposal) to provide technical assistance for the implementation of the Zambia Trade Facilitation Agreement Program (Z-TFAP). Priority areas include: improving export capacity at the Ministry of Commerce, Trade and Industry; implementing sanitary and phytosanitary (SPS) measures that address technical barriers to trade (TBT) and export certification; and improving the efficiency and effectiveness of border operations.
- The Truck Monitoring System (TMS), formerly known as the Corridor Performance Monitoring System (CPMS), was repurposed and its application extended by the Hub to SADC and the private sector. TMS objectively, consistently, and accurately monitors the primary Southern Africa trade corridors to determine the time it takes trucks to deliver to neighboring countries, including identifying the bottlenecks, throughout 16 countries in Southern and Eastern Africa.
- The Hub harmonized SPS inspection processes at seven of the major border posts across Zambia including Kasumbalesa, Nakonde, Mwami, Kazungula and developed draft customs manuals for plant health.
- The Hub supported SPS national enquiry points to adopt transparency provisions in Namibia, Swaziland, and Zambia by completing an assessment of SPS enquiry points for efficacy in all three countries. This includes obtaining the acceptance in Eswatini of the East African regional phytosanitary information database for customization.
- The Hub completed a pest risk analysis for the export of citrus and citrus planting materials from Eswatini to the U.S. Training (300 person-hours) was then delivered on pest risk analysis to participants drawn from academia, the national agricultural marketing board, the national plant protection organization (NPPO), and the Ministry of Environment. A list of pests for citrus was compiled and stakeholder consultations facilitated.
- The Hub assisted with the domestication of SADC TBT policies in Malawi, Eswatini, and Zambia. This also included support to the harmonization of regional TBT policies. In collaboration with the ministries and government departments responsible for commerce, trade and industry; national standards bodies; and the ministry of justice, the Hub drafted and created stakeholder awareness of the statutory instruments for domestication of the TBT Annex to the SADC Protocol on Trade.
- As part of its engagement with Namibia's National Single Window, the Hub assisted in a business process reengineering (BPR) exercise for government agencies involved in the Single Window's Phase Two development. The Hub collaborated with the Namibian Ministry of Industry, Trade, Small and Medium Enterprises (MITSMED) to conduct BPR analyses of the import and export processes managed by the Namibia Customs and Excise (NCE) Department and the MITSMED to improve their efficiency and effectiveness.
- The Hub partnered with the Malawi Revenue Authority (MRA) to launch the Authorized Economic Operator (AEO) pilot program with importers and exporters. Successful

implementation is leading to greater compliance with national trade laws and faster clearance times at borders.

CROSS-CUTTING

- Collaborating closely with USAID/Southern Africa and the Millennium Challenge Corporation (MCC), the Hub reached agreement to assist the MCC in FY 2019 with value chain analyses and development in agribusiness, mohair, and specialty foods. The Hub will also assist in facilitating a first loss investment mechanism focused on AGOA and agriculture products to catalyze the Lesotho Public Officer's Pension Fund (approximately \$40 million).
- In FY2018, emphasis was placed on reenergizing the Hub's communications products and platforms. Hub success stories, business cases, videos, and infographics are increasingly focused on capturing how USAID, through the Hub, advances enterprise-driven development; connects U.S. investors and businesses with new buyers, suppliers, and markets; and supports regional economic integration and self-reliance across Southern Africa.
- The Hub partnered with the Association of Black Securities and Investment Professionals (ABSIP) to host a career planning and advancement session through the ABSIP University of Witwatersrand student chapter. The training initiative was aimed at promoting and facilitating the entry of more female students into the finance and investment industries. Both suffer from an acute skills shortage as well as a lack of female representation across various segments of these sectors.

FY2018 ADMINISTRATIVE AND OPERATIONAL CHANGES:

- The team successfully recruited and mobilized a country director and sanitary and phytosanitary (SPS) specialist in Zambia to support implementation of the Zambia Trade Facilitation Agreement Program (Z-TFAP) funded directly by USAID/Zambia.
- Uncertainty regarding the Hub's funding stream required several adjustments to the project's scope of work, activity prioritization, and monthly burn rate. As a result, several staff members and some key personnel were retrenched over the year. Further streamlining and cost cutting measures included the closure of the Botswana office and a decision not to replace the DCOP (at this juncture).
- An increase in emphasis on transactional activities, a downgraded priority on trade facilitation, and certain program elements that did not deliver the expected results (e.g. agricultural exports) led DAI to embark on a significant program realignment and reorganization. This included the dismissal of the Chief of Party (COP), and the recruitment of a new COP, Adam Saffer, who is currently serving as Acting COP pending USAID approval. Other forthcoming actions include further personnel changes, a revised and upgraded approach to M&E, a more focused and tactical transaction-oriented development strategy, increased emphasis on capturing and collating transactional data, information, and research for dissemination to the public, and a "One Hub" model where the team is fully integrated, functioning as a whole rather than by deal, component or geographic focus.

FY2018 INDICATOR PERFORMANCE

In FY2018, the Hub exceeded 11 of its key performance indicators and is on track to achieve two other Life of Project (LOP) indicators. This represents achievement of 55% of the 27 performance indicators (of which 20 are performance, two are biannual⁴ and five are context).

Figure 1: FY2018 Hub Indicator Performance

	Indicator	FY2018 Target	FY2018 Achievement	Target Achievement	Indicator Performance
1	Value of exports in targeted non-agricultural and agricultural commodities	\$ 15,000,000.00	\$ 25,065,421.10	167%	Achieved
2	Value of new private sector investment in agricultural sector or food chain leveraged by Trade Hub implementation	\$ 21,000,000.00	\$ 62,803,946.95	299%	Achieved
3	Value of new private sector investment in non-agricultural targeted sectors leveraged by Trade Hub implementation	\$ 14,000,000.00	\$ 22,734,760.00	162%	Achieved
6	Number of firms that experienced an increase in profitability/self-sufficiency (FTF 4.5.2-43) or (EG 3.2-21)s	5%	20 out of 36 companies experiencing an increase in profitability	200%	Achieved
7	Number of agriculture and non-agriculture full-time jobs created with Trade Hub assistance	5%	727	N/A	Under Review
	Number of agriculture and non-agriculture part-time jobs created with Trade Hub assistance	5%	721		
9	Number of metric tons of grain traded through commodity exchanges/certified warehouses supported with Trade Hub assistance	5000	53628.13	1073%	Achieved
10	Number of certified warehouses participating in commodity exchanges and/or warehouse receipt systems with Trade Hub assistance	3	6	200%	Achieved
11	Metric tons of installed storage capacity	100000	82642.40	83%	On track (LOP)
12	Number of for-profit non-agricultural sector private enterprises, producers' organizations, water users' associations, women's groups, trade & business associations & community-based organizations that applied improved organizational-level technologies or management practices as a result of USG assistance	24	35	146%	Achieved
<p style="text-align: center;"> Blue: Achieved Navy Blue: On track Grey: Under Review </p> <p style="text-align: center;">*Results presented are aggregated across relevant components as the Hub did not set targets for each component</p>					

⁴ KPI Indicator 23 assessing border crossing time and Indicator 24 assessing border crossing cost are biannual. A baseline was established in FY2017 and following implementation data will be collected and assessed in FY2019.

	Indicator	FY2018 Target	Cumulative		FY2018 Indicator Performance
			FY2018 Achievement	FY2018 % Target Achievement	
13	Number of buyer/seller linkages established in targeted non-agricultural sectors as a result of Trade Hub assistance	475	112	24%	Under Review
14	Number of assisted non-agricultural sector firms/associations meeting international grades and standards to export	3	2	67%	On track (LOP)
15	Number of for-profit private enterprises, producers' organizations, water users' associations, women's groups, trade & business associations & community-based organizations that applied improved organizational-level technologies or management practices as a result of USG assistance	41	8	20%	Under Review
16	Number of buyer/seller linkages established in targeted agricultural sectors as a result of Trade Hub assistance	145	50	34%	Under Review
17	Number of assisted agricultural sector firms/associations meeting international grades and standards to export	4	2	50%	Under Review
18	Value of loans to target enterprises/groups due to Trade Hub assistance.	\$5,000,000	\$ 7,530,533.30	151%	Achieved
19	Number of food security private enterprises, producer's organizations, water users' associations, women's groups, trade and business associations & community-based organizations receiving USG assistance	82	404	493%	Achieved
20	Number of PPPs formed with Trade Hub assistance	12	17	142%	Achieved
21	Number of enabling environment policies analyzed, consulted on, drafted or revised, approved and implemented with USG assistance	3	7	233%	Achieved
22	Number of organizations assisted to reduce Non-Tariff Barriers (NTB) which are relevant to the SADC region	6	0	0%	Under Review
23	Time required to trade goods across borders and along corridors because of Trade Hub assistance	TBD	0	N/A	Under Review
24	Cost to trade goods across borders and along corridors as a result of Trade Hub assistance	TBD	0	N/A	Under Review
27	Person hours of USG supported training completed in trade and investment	4000	798.5	20%	Under Review
<p>Blue: Achieved Navy Blue: On track Grey: Under Review</p> <p>*Results presented are aggregated across relevant components as the Hub did not set targets for each component</p>					

At the end of FY2018, the Hub revised its performance monitoring and evaluation plan guided by the new “Phase Two” Feed the Future Indicator Handbook, the USG’s Feed the Future initiative, and the Global Food Security Strategy (GFSS). In close consultation with the USAID/Southern Africa Regional Economic Growth Office (REGO), the Hub developed for FY2019-21, a consolidated set of 13 indicators (12 performance indicators and 1 context indicator). These indicators are designed to better measure progress against each result in the Feed the Future results framework and also within the broader USAID/REGO indicator framework. The revised indicators are pending final USAID approval.

LESSONS LEARNED

As of the end of FY2018, the Hub exceeded a number of key performance indicators or was on track to do so by project end in September 2021. However, to ensure all indicators are met and for the Hub to reach a higher level of performance and success, the Hub team has identified several areas where it can adjust its approach to be more effective:

- **Prioritizing U.S. business and markets:** Marketing Hub services and business opportunities to U.S. firms interested in investing, buying products from, and selling their products into Southern Africa as well as continued support to local firms seeking U.S. market entry.
- **Increased emphasis on cross border agricultural trade:** Agriculture is the dominant sector in Southern Africa and intra-regional cross border trade is a key objective of the Hub. Hence, prioritization of staple and specialty agricultural products and more robust collaboration between the agricultural trade and finance & investment teams will take place.
- **A robust M&E reporting system and close collaboration with technical teams are essential for enhancing program implementation and success:** Reporting and documenting are just as important as the program intervention. There is a need for robust online monitoring system that allows for an alignment between the Hub’s interventions and key performance indicators to strengthen the Hub’s contribution, attribution and communication of results.
- **Generation of materials for the public:** In addition to facilitating one to one transactions, the Hub will also look to address systemic factors inhibiting cross border trade and regional economic integration. This will include but not be limited to sharing more of the Hub’s findings, conclusions, recommendations and research (e.g. investment analyses, sector assessments, AGOA guidelines) with the general public.
- **The importance of private sector financing:** Finding viable, investment-ready pipelines can be challenging and requires time and networking across the region and globally to identify potential transactions in the Hub’s sectors. The Hub actively pursues investment opportunities in the region and has taken a leadership role among its partners in the organization of investment road shows and promotional events to develop a pipeline of potential investment opportunities.
- **Improving technology and innovation linkages:** Increasing focus on identifying and disseminating innovations in finance, technology, information and communications technology (ICT), and agriculture, with an emphasis on helping to commercialize U.S. products in Southern Africa will broaden the Hub’s universe of potential deals.
- **Increased cost sharing:** Diversifying financial support and increasing cost-share among investment and trade promotion agencies, trade organizations, and business associations relevant to the agribusiness and trade value chains to maximize sustainability.

- **Promoting a USG “whole of government approach:”** Working more closely through USAID with the U.S. Department of State, United States Trade Representative Office (USTR), Foreign Agriculture Service (FAS), Foreign Commercial Service (FCS), and Millennium Challenge Corporation (MCC) and other U.S. agencies to build interagency awareness, strategic application of resources and services, cross-referrals, and synergies.
- **Adhering to USAID protocol:** Working with the Contracting Officer’s Representative (COR) to ensure across the board compliance with the protocol requirements introduced in FY2018 to ensure bilateral USAID Missions and other USG agencies are appropriately informed of and engaged in regional Hub plans, travel, and activities in their respective countries.
- **Focus on communications:** Continuing to produce high-quality communications products to effectively tell the Hub’s story to internal and external audiences, while ensuring results and successes are presented in a variety of formats that provides optimal utility and visibility for USAID.



COMPONENT I

FINANCE AND INVESTMENT

- The Hub surpassed its year one and year two targets of \$40 million⁵ in new private sector investments with the close of \$56 million in Q4. This raises the number of deals closed to 10 valued at a consolidated \$113.0 million (FY2017 and FY2018).
- Agribusiness transactions closed in FY2018 constitute 73 percent of deals closed, valued at a consolidated \$63 million.
- Designed and developed a platform to support B2B inter-regional auctions with four commodity exchanges: Agricultural Commodity Exchange for Africa (Malawi), the Zambia Commodity Exchange (Zambia), the Johannesburg Stock Exchange (South Africa), and the East Africa Exchange (Rwanda).

⁵ Target quoted as per Performance Monitoring and Evaluation Plan (PMEP) dated May 2017

FY18 KEY ACTIVITIES AND ACCOMPLISHMENTS

The objective of the **Finance and Investment Component** is to attract and accelerate US and other international investment and finance, and to strengthen trade and investment between the US, Southern Africa, and across Sub-Saharan Africa. To achieve this objective, the component facilitates new finance and investment in the region to catalyze trade across selected high-impact sectors including financial services, warehousing, agriculture and non-agriculture commodities.

FY2018 FINANCE AND INVESTMENT OVERVIEW

The Finance and Investment component has overachieved its targets for FY2017 and FY2018 with \$113 million investment facilitated against a target of \$40 million. Investments achieved in FY2018 totaled \$83 million. Recently completed partner surveys confirm the sector and firm-level relevance of the Hub's in-depth transaction support. In executing its investment facilitation model, the investment team was deployed to address firm-level barriers, including transaction costs and information asymmetries, and to catalyze investment into the region. Hub-supported transactions are approved through a fit check process that ensures alignment with the Hub's strategic priorities. The Investment Team's advisory toolkit includes opportunity validation, market intelligence, fundraising support, due diligence, financial analysis, structuring, neutral facilitation, and investment implementation planning.⁶

FY2018 SUMMARY OF CONTRIBUTIONS TO HUB PMP INDICATORS

Indicator	Achievement in FY2018
Value of new private sector investment in non-agricultural targeted sectors leveraged by Trade Hub implementation	\$62,803,946.95
Value of new private sector investment in agricultural sector leveraged by Trade Hub implementation	\$22,734,760.00
Number of firms experiencing an increase in profitability or associations experiencing an increase in self-sufficiency because of Trade Hub interventions	7 out of 20 firms reported an increase in profitability, are Finance and Investment-supported firms.
Number of agriculture and non-agriculture full-time equivalent (FTE) jobs created with Trade Hub assistance ⁷	414 full-time jobs 700 part-time jobs
Number of metric tons of grain traded through commodity exchanges/certified warehouses supported with Trade Hub assistance	10,829.972 MT

⁶ Due to the confidential nature of ongoing and planned transactions, information reported under this section, including associated appendices, should remain confidential to the Hub and USAID.

⁷ Indicator measures full-time equivalent (FTE) jobs.

Number of certified warehouses participating in commodity exchanges and/or warehouse receipt systems with trade hub assistance	6
Metric tons of installed storage capacity	82,642.40 MT
Number of for-profit non-agricultural sector private enterprises, producers' organizations, water users' associations, women's groups, trade & business associations & community-based organizations that applied improved organizational-level technologies or management practices as a result of USG assistance	5
Number of for-profit private enterprises, producers' organizations, water users' associations, women's groups, trade & business associations & community-based organizations that applied improved organizational-level technologies or management practices as a result of U.S. government (USG) assistance*	5
Value of loans to target enterprises/groups due to trade hub assistance.	\$7,530,555.30

FY2018 FINANCE AND INVESTMENT ACTIVITIES

ACTIVITY 3.4: HUB CLOSED TRANSACTIONS

Transaction Name	Country	Sector	Sub-Sector	Investment Size (\$m)
Mozambique agri-processing	Mozambique	Ag	Agribusiness	\$30-40m
South African fiber equipment importer and assembler	South Africa	Non-Ag	Other services	\$10-15m
Zambia & Malawi microfinance	Regional	Non-Ag	Financial Services	\$5-10m
Zambia fish wholesaler	Zambia	Ag	Agribusiness	\$6.3m
Namibian horticulture	Namibia	Ag	Agribusiness	\$1-5m
Zambia microfinance	Zambia	Non-Ag	Financial Services	\$3.0m
South African microfinance	South Africa	Non-Ag	Financial Services	\$2.0m
Environmental, health & safety communications agency	South Africa	Non-Ag	Other services	\$1-5m

\$83 million⁸

⁸ This total is a mean average of closed transactions.

For some transactions, investors have not publicly announced the transaction values due to their commercial sensitivity, and thus ranges are shown here.

ACTIVITY 3.4: SUPPORTED TRANSACTIONS – PENDING CLOSE

Transaction Name	Country	Sector	Sub-Sector	Investment Size (\$ million)
Agricultural mechanization and contracting business	Malawi	Ag	Ag- services	\$25-50m
South African specialized distributor	South Africa	Non-Ag	Consumer Goods	\$25.0m
Namibia greenfield aquaponic farm	Namibia	Ag	Agribusiness	\$24.0m
South African greenfield olive oil processing	South Africa	Ag	Agribusiness	\$5-10m
South Africa & regional restaurant chain	South Africa	Non-Ag	Consumer Goods	\$9.0m
Malawi dried fruits	Malawi	Ag	Agribusiness	\$5-10m
Malawi agri-retail	Malawi	Ag	Agribusiness	\$5.0m

\$134m⁹

ACTIVITY 3.4: PIPELINE OF POTENTIAL TRANSACTIONS¹⁰

Transaction Name	Country	Sector	Sub-Sector	Potential Size
South Africa beverage and snacks manufacturer	South Africa	Ag	Agribusiness	\$5-10m
Botswana Denim	Botswana	Non-ag	Textiles	\$3.0m
Zambia Grain	Zambia	Ag	Agribusiness	\$2.5m
Zambia Seed	Zambia	Ag	Agribusiness	\$6.0m

⁹ Not every transaction that receives Hub support will reach financial close.

¹⁰ All numbers captured in the potential pipeline are solely indicative and are subject to change as transactions become more imminent.

Dairy farm business rescue	South Africa	Ag	Agribusiness	TBC
Wool and Mohair warehouse receipt facility	South Africa	Ag	Agribusiness	\$20m
Macadamia nut drying and processing facility in South Africa	South Africa	Ag	Agribusiness	\$2.3m
Citrus farm	South Africa	Ag	Agribusiness	\$2.3m
South African abattoir	South Africa	Ag	Agribusiness	\$2.3m
Mozambique soy bean	Mozambique	Ag	Agribusiness	\$13m
Organic fertilizer in Madagascar	Madagascar	Ag	Agribusiness	\$31m
Zambia avocado farm	Zambia	Ag	Agribusiness	\$8.0m
Workwear and uniform manufacturer	Lesotho	Non-ag	Textiles	\$7.5m

\$105.4m¹¹

ACTIVITY 3.3: POTENTIAL PIPELINE OF TRANSACTIONS INVOLVING THE SET-UP OF FUNDS¹²

Transaction Name	Country	Sector	Sub-Sector	Potential Size
Various emerging funds in need of fundraising support	South Africa	Non-ag	Multiple	up to \$160m
Set up of real estate fund for rural warehouse and trading centers	Regional	Ag	Ag Services	up to \$100m
Set up of fund focused on agri-processing	South Africa	Ag	Agribusiness	up to \$75m
Impact investment fund utilizing MCC first loss, pension fund capital, and AFDB debt	Regional	Ag	Multiple	Up to \$70m

¹¹ Transaction total excludes the dairy farm business rescue potential transaction whose potential investment size is unknown.

¹² All numbers captured in the potential pipeline are solely indicative and are subject to change as transactions become more imminent.

ACTIVITY 1.2: POTENTIAL PIPELINE OF STRUCTURED TRADE RELATED TRANSACTIONS¹³

Structured Trade Activity	Transaction size
Warehouse receipt wholesale finance facility for ACE, EAX and AFEX	\$15-20m
Support for JSE Zambia-deliverable futures, and envisaged trading volumes thereafter	\$20-30m
B2B regional commodity trading event in parallel with AIF in November	\$5-10m
ACE warehouse receipt finance transactions, replicating the FDH-Rab deal	\$15-20m
Pangaea securities warehouse receipt fund support in Zambia	\$2-3m
Seed company investment facilitation	\$3-5m
FDH DCA support facility	\$5-10m
Innovative financing structures- anchor farms/ rural warehouses	\$10-15

The Hub participated in the following events in FY2018 directly resulting in companies being added to the pipeline for further investment facilitation support.

ACTIVITY 3.1: HUB INVESTMENT EVENTS

Activity Title	Location	Date
Annual Southern Africa SME & Microfinance Academy conference	Johannesburg, South Africa	February 6, 2018
SAVCA's Annual Private Equity Industry Conference	Stellenbosch, South Africa	February 21-22, 2018
MiDA Investors Delegation to Africa in 2018 in Association with NASP and USAID	Cape Town and Johannesburg, South Africa	March 1-5, 2018
Financial Markets Indaba: Zimbabwe– Beyond the Headlines (“FMI”) conference	Johannesburg, South Africa	March 1, 2018

¹³ All numbers captured in the potential pipeline are solely indicative and subject to change as transactions become more imminent. It is important to note that not all transactions listed in the pipeline will receive Hub support or reach contractual close.

Southern African Structured Trade Seminar sponsored by INTL FC Stone and Thomson-Reuters	Johannesburg, South Africa	April 12, 2018
Managing Legal Risk in Mergers & Acquisitions in Africa Panel Discussion hosted by Baker McKenzie	Johannesburg, South Africa	June 6, 2018
Farming to Feed the Future conference hosted by the Mandela Washington Fellowship	Johannesburg, South Africa	July 27, 2018
Impact Investing Roundtable Hosted by Aspen Network of Development Entrepreneurs	Johannesburg, South Africa	June 28, 2018
FW Agribusiness Africa Conference	Johannesburg, South Africa	July 18-19, 2018
ABSIP 3rd Biennial Investment Management Summit hosted by the Association of Black Securities and investment Professionals	Johannesburg, South Africa	July 20, 2018
SAVCA 2018 Venture Capital Survey Launch	Johannesburg, South Africa	September 13, 2018

Q4 FY2018 ACTIVITIES

Activity 1.1: Support to Financial Institutions

Objective: The Finance and Investment Component developed a strategy to raise awareness of the Development Credit Authority (DCA) facility with USAID as well as to provide technical assistance to banks on how to successfully leverage the DCA guarantee while also working with non-DCA banks providing technical assistance to support banks to unlock the potential of lending efficiencies.

Activities and Progress in FY18 Q4:

- The Hub team developed a comprehensive investment facilitation toolkit aimed at enhancing new private sector investment across the Trade and Agribusiness Components. The toolkit is tailored to meet the specific requirements of the most relevant value chains and market participants. This toolkit includes a comprehensive plan to assist emerging fund managers with fund set up, visa via funds structuring and potentially through first loss tranches or DCA portfolio guarantees to attract private sector capital commitments. The toolkit also aims to enhance DCA utilization by working with regional banks currently in the Hub network. This toolkit will be deployed in Q1 of FY19.

Activity 1.2: Support for Structured Trade, Finance, and Investment

Objective: FY 2017 assessments, in conjunction with stakeholder consultation on regional warehouse receipts systems (WRS), have generated an organizing framework for interventions that aim to systematically address bottlenecks to WRS financing.

Activities and Progress FY18 Q4:

- Following the Structured Trade Seminar in Livingston, Zambia hosted at the end of Q3, the Hub developed relationships that resulted in a series of events that would strengthen the continent's trade, finance and investment capacity. The first event was an introduction to the B2B inter-regional commodity exchange auction platforms to 75 institutions, agribusinesses, producer groups and financiers at the Africa Green Revolution Forum in Kigali, Rwanda. The B2B interregional commodity exchange auctions are a new one stop commodity sourcing portal for African agricultural commodities, involving an alliance of Africa's commodity exchanges backed by the Hub in coordination with institutions including African Development Bank, Alliance for a Green Revolution (AGRA) and DFID. The B2B auctions allow producers to sell into a broader, more diverse and more competitive market and agribusinesses to efficiently source raw material from across over 12 countries across Southern and East Africa through a single platform;
- The Hub established partnerships to support innovative financing deals on anchor farms and rural warehousing in Malawi (NASFAM, AFAP) and Zambia (Musika) with Mozambique in progress;
- The Hub developed a draft template for the development of a Comex Anchor Investment Plan (CAIP) to be used as the basis for institutional actors as well as private sector to invest into the whole structured trade ecosystem-incorporating infrastructure such as warehousing, logistics and processing; working capital needs, in particular trade and commodity finance; equity and quasi-equity investment; and policy guidance and capacity-building measures;
- The Hub assisted in the registration of the Zambia Grain Information System (ZAGIS) to support the collection, verification, and timely dissemination of reliable data to the Crop Estimates Committee (CEC), the Stock Monitoring Committee (SMC), and the Food Security Committee (FSE).
- The Hub sourced a strong pipeline of structured trade related transactions, including prospective investment by the Lusaka Stock Exchange into ZAMACE; Pangaea Securities into warehouse receipts; First Merchant Bank into innovative financial products and working to generate utilization of DCAs.
- The Hub provided technical assistance to facilitate a \$5 million loan between FDH Bank and Rad Processors collateralized with ACE warehouse receipts and collateral management services closed in June. FDH drew down \$3 million before the end of August.

Activity Constraints:

- Policy uncertainty continues to hinder progress with structured trade across the region as banks and financial institutions are reluctant to underwrite value chains and warehouses receipts, and concurrently value chain players are reluctant to trade through unfamiliar platforms. Commodities have also been subject to ad hoc policy interventions including trade bans or non-market related pricing and procurement intervention. Public sector support for structured trade is imperative in FY 2019.

Activity 2.1: Enabling Policy Environment to Strengthen and Support Investment

Objective: The Hub will work with key economic trade and investment agencies as well as ministries in Botswana, Malawi, and Zambia to facilitate and develop national action plans on investment to provide avenues of domestication of regional policies designed to improve trade and investment climates.

Activities and Progress FY18 Q4:

- The Hub continues to engage with the Botswana Investment and Trade Centre (BITC) in close coordination with the U.S. Embassy/Botswana to facilitate potential U.S. investment in Botswana (telecom and beef sectors).
- In Mozambique, the Hub collaborated closely with the Mozambican Investment and Exports Promotion Agency/Agência para a Promoção de Investimento e Exportações (APIEX) regarding potential AGOA usage and investment in export-oriented businesses.

Activity 2.2: Implementation and Management of Agricultural Investment Plan

Objective: Under the guidance of SADC, the Hub will continue to support the development of the Regional Agricultural Policy (RAP), Regional Agricultural Investment Plan (RAIP), and Agricultural Development Fund (ADF).

Activities and Progress in FY18 Q4:

- The Hub continues to support expert Martin Muchero, who is seconded to the SADC Food, Agriculture, and Natural Resources Director (FANR) for the implementation of RAP and ADF.

Activity 3.1: Transaction Sourcing

Objective: To undertake a three-stage process to deploy the investment facilitation model: source, select, and support.

Activities and Progress in FY18 Q4:

The Investment Team continues to build new relationships with investors and capital seekers. In addition to direct investor meetings, their activities include attendance of conferences and events to advance awareness of the Hub services and to update the pipeline of potential engagements.

Members of the Investment Team attended relevant conferences (i) to extend their relationships with investors and capital seekers active in the region, and (ii) to identify barriers to investment and possible opportunities to deliver support. Key events attended during the quarter included:

1. FW Agribusiness Africa Conference hosted by Farmer's Weekly in Johannesburg on July 18-19, 2018
2. ABSIP 3rd Biennial Investment Management Summit hosted by the Association of Black Securities and Investment Professionals in Johannesburg on July 20, 2018
3. SAVCA Women in Private Equity conference hosted by the Southern Africa Venture Capital and Private Equity Association and Ethos Private Equity in Johannesburg on August 31, 2018
4. SAVCA Venture Capital Industry Forum in Johannesburg on September 4, 2018
5. Government Employees Pension Fund (GEPF) Thought Leadership Conference co-hosted with the World Bank in Johannesburg on September 10-11, 2018
6. SAVCA 2018 Venture Capital Survey Launch in Johannesburg on September 13, 2018

Local and global investors that may need Hub support to deploy capital and successfully bring transactions to financial close attend many of these conferences. Through extensive networks developed and enhanced at these conferences, the Hub is able to effectively source new transactions in support of its targets.

Activity 3.2: Support Gender Inclusion

Objective: To facilitate at least 135 person-hours of training to women investment professionals to capacitate the industry and contribute towards gender parity in the finance industry. The training program will introduce students to private equity and advisory and provide career guidance that will equip students with the tools they need for job-searches, interviews and career navigation for women.

Activities and Progress in FY18 Q4:

The Hub's Finance and Investment team partnered with the Association of Black Securities and Investment Professionals (ABSIP) to host a career planning and advancement-training event through the ABSIP University of Witwatersrand student chapter. The event was aimed at facilitating student entry into the finance industry, which suffers from skills shortage and lack of women in the industry. The finance industry is a key enabler to drive vibrant investment activity in the region.

The event was aligned with the Hub mandate of "addressing the gender disparities of trade and investment with a focus on women's economic empowerment across all interventions." The event was therefore designed with a specific focus on women empowerment. The Hub enabled roughly 70 students from four Gauteng universities, including University of Witwatersrand, University of Pretoria, Monash South Africa, and the University of South Africa Pretoria campus, to attend the training. This resulted in 182 person-hours of training being reported.

Activity 3.3: Transaction and Strategic Support

Objective: To provide active transaction support to unlock investment tailored to specific requirements for the transaction as well as capacity building to enhance organizational capacity to develop strategic and operational initiatives.

Activities and Progress in FY18 Q4:

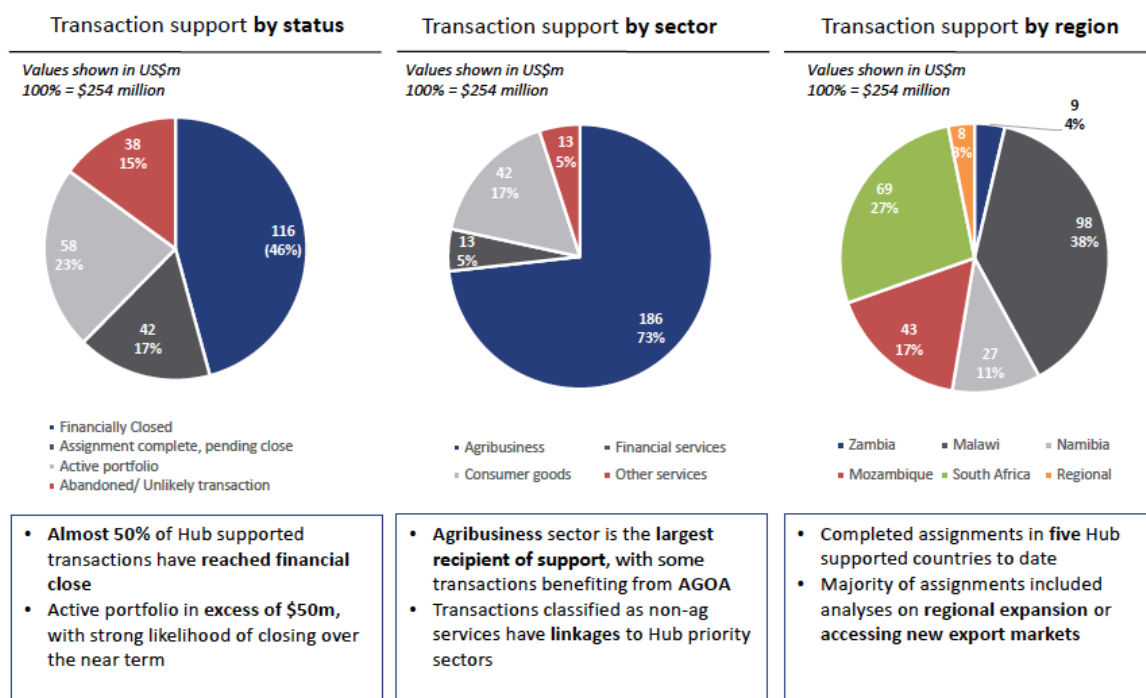
The graph below illustrates key performance achievement in value of new private sector investment in agricultural sector or food chain leveraged by Trade Hub implementation.

Figure 2: Value of Private Sector Investment by Quarter



The Hub supported transactions by status, sector, and region.

Figure 3: Transactions by Status, Sector, and Region



In Q4 FY2018, the Investment Team provided active transaction support to two transactions:

1) Mango producer and processor in Malawi

The team supported a South African Asset manager who is planning an investment into a mango producer and processor in Malawi. The Hub team investigated the export market opportunity and determined logistics cost. The company is an established operation that plans to produce over 300 tons of mangoes this year. Fresh mango will be sold locally, to neighboring countries and exported to India and the Middle East. The company also plans to use its state-of-the-art processing facilities to produce dried mangoes and mango purée for export to the US and EU. Mangoes will be sourced from the company's farm and from smallholder farmers, creating income opportunities in a country with GDP capita of \$486, only 4 percent of the world's average. The company also supports these farmers with seedlings, training and other measures to ensure a consistent, quality yield. To date, Malawi has exported tobacco, maize, tea, nuts, and cotton to foreign markets. However, fruit product exports from Malawi are relatively underdeveloped. The transaction sets a precedent not only for fruit exports from Malawi but also for foreign investment into the country.

2) Agricultural mechanization and contracting business

The team supported a South African private equity investor who is planning an investment into Farming and Engineering Services (FES) in Malawi. The investor required support in determining expansion opportunities to utilize donor funding to provide agricultural services to smallholder farmers to assist in improving production and yields. In addition, the investor also required validation of the opportunities to enter new markets. FES Malawi distributes agricultural equipment supplying tractors, generators, farm support equipment, as well as construction equipment. It provides parts, maintenance, and after sales servicing, leasing and maintenance of equipment; agricultural contracting services; irrigation solutions and agronomy department. This transaction would also be one of the few private equity transactions to have taken place in Malawi, setting precedent for investors to explore Malawian businesses as commercially viable.

Activity Constraints:

- On average, Hub transactions take between four and 15 months to reach financial close.¹⁴ During these long lead times, transactions are at risk of collapse outside of the Hub's circle of influence. While already more than 50 percent of supported transactions have closed, a proportion of supported transactions was delayed or fell apart during various stages of the negotiations or due diligence. Such risks are typically outside of the control of the Hub and include:
 - The investor's financial, legal, tax, operational or commercial due diligence identifying issues that result in the investor no longer wishing to pursue the transaction¹⁵

¹⁴ The four-to -15-month period excludes the approximately two-month project preparation period for Hub travel and support approval.

¹⁵ In FY18, the Hub supported a proposed investment into a greenfield aquaponic farm in Namibia. The commercial due diligence carried out by the Hub revealed that the pricing assumptions and business case could not be substantiated by observations in the market. This avoided the investor from investing into a flawed transaction.

In FY17, the Hub supported a proposed investment into an agri-retail chain in Malawi that was looking to vertically integrate with an abattoir. The investor's investment committee decided not to proceed with the

- A material adverse change in the trading conditions of the target company, which can include adverse political or economic conditions affecting the company¹⁶
 - A breakdown in negotiations over the proposed price or terms of the transaction¹⁷
 - Inability by the investor to secure the requisite funding
 - Delays or hurdles in obtaining regulatory approvals (e.g. exchange control, competition, transfer of licenses)¹⁸
 - Other conditions to the transaction not being met within the stipulated timeframe
- The more narrow Hub focus on trade and agribusiness-related transactions has made transaction sourcing more challenging as many investors see these sectors as a higher risk.¹⁹
 - During Q3FY18, the Investment Team was affected by budget discussions and changes in the sector mandate of the Hub.

Activity 3.4: Transaction Close

Objective: The Hub will support the contractual close of transactions through investment facilitation advisory services including documentation and success stories for reporting.

Activities and Progress in FY18 Q4:

Two Hub supported transactions reached contractual close during the quarter:

1. The Hub's Investment Team facilitated an investment by a South African private equity company into a Namibian horticulture producer. The investee is a greenhouse farmer in Namibia that produces 'salad bowl' produce, including peppers, cucumbers and lettuce. The investment will be used to improve the investee's productivity through a reverse osmosis plant, by adding additional greenhouse capacity and restructure the investee's balance sheet. Namibia imports close to 80 percent of its fresh produce from South Africa, which is experiencing shortage due to drought. The investee is currently the only producer of colored peppers in Namibia and has achieved exponential growth as a result of the high consumer demand. The investee will enhance food security by supplying the local Namibian market, and neighboring markets in the long term.
2. The Hub's Investment Team facilitated the European Investment Bank's second tranche disbursement of \$15 million as part of a line of credit to the National Bank of Malawi. National Bank of Malawi is in the process of on lending the funds to local agribusinesses for the purposes of building new warehouses. Warehousing is important to local agriculture as it reduces post-harvest loss, smooths crop flow around the year, and improves operational and financing efficiency.

transaction as the financial due diligence, performed by a big four accounting firm, raised concerns over the quality of financial records.

These abandoned transactions were valued at a consolidated \$29 million.

¹⁶ In FY17, the Hub supported a transaction in the specialist logistics space. The COO of the business passed away unexpectedly, resulting in a management vacuum. This coincided with poorer financial results over the period, resulting in the investor putting the transaction on hold until performance has recovered.

¹⁷ A significant portion of transactions tracked by the Investment Team fall away due to misaligned expectations.

¹⁸ In FY17, the Hub supported a transaction into a Namibian horticulture producer. The transaction has been significantly delayed due to required restructuring of bank loans and competition approval process, which lasted several months.

¹⁹ Agri-processing is one of the few sectors that have experienced a decline in value of new private equity investments between 2016- 2017 in the region, according to the SAVCA 2018 Private Equity Industry Survey, 13.

These transactions are valued at a consolidated \$18 million. In addition to the eight transactions that reached contractual close in prior quarters, the Hub has now facilitated \$113 million of new private sector investments into the region. The success of the investment facilitation model is confirmed by strong client feedback where 100 percent of surveyed Hub clients indicated they were satisfied with the services received. Many of these clients have reengaged the Hub for further support on additional transaction indicating the high value add of the Hub's advisory services to reduce transaction cost, information asymmetry and facilitate investments into the region.



COMPONENT 2

EXPORT COMPETITIVENESS

- The Hub provided technical assistance to 206 firms. Hub-supported firms created a total of 1,438 direct jobs: 727 full-time and 721 part-time jobs through this assistance, and 20 out of 36 firms surveyed reported being profitable.
- Exports to the U.S. by Hub supported companies in specialty foods, textiles and apparel and accessories were \$3.15 million under AGOA in FY2018, an 839 percent increase over FY2017 exports of \$375,338.
- The Hub worked closely with national governments and the private sector to develop and launch AGOA utilization strategies for Zambia, Malawi, and Mozambique (in conjunction with the USAID Speed Plus project) and began the AGOA Utilization

Strategy stakeholder consultation process in Lesotho and Eswatini (in close collaboration with the U.S. Embassy).

FY18 KEY ACTIVITIES AND ACCOMPLISHMENTS

The objective of the **Export Competitiveness Component** is to support export-ready companies to increase their access to regional, the U.S. and global markets. Value-added export-oriented industries will expand their production capacity responding to increased demand through improved export competitiveness interventions. The life-of-project target is to contribute to exports in the textiles and apparel; accessories, leather, and footwear; and, processed foods, nuts, and dried fruits sectors. Targeted assistance will be provided to leverage this opportunity and increase access to the U.S. market, including through business-to-business (B2B) linkages, trade shows and buyer missions.

FY2018 EXPORT COMPETITIVENESS OVERVIEW

Eight Hub focus countries exported a total \$9.4 billion in 2017 to the U.S., a 16.85 percent increase from 2016 exports of \$8.16 billion. Of this, 34.39 percent (\$3.28 billion) was exported to the U.S. under AGOA/GSP in 2017, and 39.39 percent (\$3.2 billion) in 2016. South Africa, Lesotho and Malawi comprised the top three AGOA exporters in 2017, accounting for 89 percent of AGOA exports from the eight Hub focus countries. Hub-supported companies exported a total \$14.91 million globally; with 21.12 percent (\$3.15 million) exported to the U.S. Following its readmission as an AGOA eligible country, Eswatini exported \$604,000 to the U.S. (Jan-Sept 2018).

FY2018 SUMMARY OF CONTRIBUTIONS TO HUB PMP INDICATORS

Indicator	Achievement in FY2018
Value of exports in targeted non-agricultural and agricultural commodities	\$14,907,378.55
Number of firms that experiencing an increase in profitability or associations experiencing an increase in self-sufficiency as a result of Trade Hub interventions	12
Number of agriculture and non-agriculture full-time equivalent (FTE) jobs created with Trade Hub assistance ²⁰	311 Full Time Jobs 21 Part Time Jobs
Number of for-profit non-agricultural sector private enterprises, producers' organizations (POs), water users' associations (WUAs), women's groups, trade & business associations & community-based organizations that applied improved organizational-level technologies or management practices as a result of USG assistance	30

²⁰ Indicator measures full-time equivalent (FTE) jobs. Companies could not provide information on how many days constitute full-time employment in a year for your firm (e.g. 260 days in a year minus holidays and weekends constitute full-time employment at Firm X). They could only provide number of full-time jobs and part-time jobs created.

Number of buyer/seller linkages established in targeted non-agricultural sectors as a result of Trade Hub assistance	112
Number of assisted non-agricultural sector firms/associations meeting international grades and standards to export	2
Number of food security private enterprises, POs, WUAs, women's groups, trade and business associations & CBOs receiving USG assistance ²¹	186
Number of PPPs formed with hub assistance	15
Number of enabling environment policies analyzed, consulted on, drafted or revised, approved and implemented with USG assistance	6

ACTIVITY I.1: FIRM-LEVEL TECHNICAL ASSISTANCE

Technical Assistance	Sector	Beneficiaries	Description	Achievements
Regional workwear supplier capacity technical assessments	Textile & Apparel	Southern African workwear manufacturers and exporters in South Africa	Hub strategy is to promote the regional workwear firms to the \$10 billion workwear & corporate uniform market	<ul style="list-style-type: none"> 27 regional export-ready firms technically assessed and given recommendations/buyer linkages established
WRAP awareness seminars for textile & apparel suppliers	Textile & Apparel	Botswana, Lesotho, Malawi, Swaziland & Zambia manufacturers and other stakeholders	Technical assistance to conduct social compliance awareness training for staff and key departments	<ul style="list-style-type: none"> Four workshops conducted in Botswana, Lesotho, Swaziland & Zambia 78 workshop attendees 38 manufacturers supported at workshops 12 government and public-sector participants 8 manufacturers received pre -WRAP certification assessments
Post-Summer Fancy Food Show and export linkages follow-ups	Specialty Foods	Specialty food firms in the region	Post-trade show and preparatory export linkages support	<ul style="list-style-type: none"> 7 companies visited, received technical preparatory support, the rest via electronic updates and advice

²¹ In FY2018, firms that were reported to have received USG assistance were revised for Q1-Q3, following an M&E verification and validation exercise.

Pre-trade show support	Specialty Foods	Specialty food firms in the region.	Pre-tradeshow training and awareness workshops	<ul style="list-style-type: none"> • 16 exhibitors supported
Arts and crafts market entry requirements	Handicrafts & accessories	Handicrafts & accessories firms in the region Botswana	Collaborative workshops with Eswatini based SWIFT, reaching out to private sector	<ul style="list-style-type: none"> • 45 participants attended workshop
Market entry and FDA requirements	Specialty Foods	Specialty food firms in the region, Botswana Lesotho Eswatini	Collaboration with Registrar Corp to disseminate FDA compliance information	<ul style="list-style-type: none"> • 114 participants attended workshop
Organic certification awareness	Specialty Foods	Specialty food firms in the region Botswana Lesotho Eswatini	To promote organic foods certification	<ul style="list-style-type: none"> • 100 participants attended workshop

ACTIVITY 1.2 & 1.4: TRADE SHOWS AND MARKET LINKAGES

Trade show	Sector	Location	Date	Activity	Achievements
Source Africa	Textile & Apparel	Cape Town, South Africa	June 20-22, 2018	Collaboration with Messe Frankfurt; U.S. buyers engaged to visit Source Africa in conjunction with a regional buyer mission	<ul style="list-style-type: none"> • 80 linkages established with Source Africa exhibitors • 8 buyer linkages established with regional suppliers • \$1.3 million in potential sales
Summer Fancy Food Show	Specialty Foods	New York, USA	June 30-July 2, 2018	Procured 8 booths that accommodated 16 specialty food firms from 5 Southern Africa countries under the Africa Fine Foods Pavilion	<ul style="list-style-type: none"> • 100 plus strong trade linkages; anticipated \$4 million in exports (three to 12 months after the show)

ACTIVITY 1.3 BUYER MISSIONS

Mission	Sector	Location	Date	Companies supported	Achievements
Ladieswear fashion	Textile & Apparel	Maseru, Lesotho & Mbabane, Swaziland	June 25-28, 2018	1 U.S buyer 5 Lesotho firms 3 Swaziland firms	8 trade links established; \$1.5 million in potential sales
Children's denim	Textile & Apparel	Gaborone, Botswana	July 4, 2018	1 South African buyer 1 firm supported	1 trade link established; \$240,000 in potential sales annually
		Maputo, Mozambique & Ndola, Zambia	March – May 2018	2 South African buyers (Edcon) and 2 firms supported	2 trade links established; \$1.5 million in potential sales

ACTIVITY 2.1 & 2.2: DEVELOPMENT NATIONAL AGOA STRATEGIES AND SENSATIZATION

Activity	Sector	Location	Date	Audience
AGOA Awareness Seminar	Multi-sectoral	Maseru, Lesotho	December 8, 2017	(16) Basotho firms
AGOA Awareness Seminar	Multi-sectoral	Cape Town, South Africa	February 6, 2018	(44) Western Cape firms
AGOA Awareness Seminar	Multi-sectoral	Mbabane, Eswatini	March 23, 2018	(48) Eswatini exporters and potential exporters
AGOA Road Show	Multi-sectoral	Gaborone, Francistown, Selibe Phikwe, and Maun, Botswana	May 3-30, 2018	(64) Botswana exporters
AGOA Utilization Strategy Launch	Multi-sectoral	Maputo, Mozambique	May 15, 2018	(35) Mozambican firms, government departments, USG officials
AGOA Utilization Strategy Launch	Multi-sectoral	Lusaka, Zambia	June 22, 2018	(62) Zambia firms, government departments, USG officials
AGOA Awareness Seminar	Multi-sectoral	Port Elizabeth, South Africa	September 13, 2018	(28) Eastern Cape firms

Q4 FY2018 ACTIVITIES

Activity 1.1 Provide Targeted Firm Level Assistance

Objective: Support companies in Botswana, Lesotho, Malawi, Mozambique, South Africa, Eswatini, and Zambia to meet social, organic, U.S. Food and Drug Administration (USFDA) compliance certification and training.

Activities and Progress in FY18 Q4:

- Out of a total 34 workwear firms assessed, the Hub identified 14 export-ready firms in South Africa, Lesotho, Swaziland, Zambia and Botswana. There are plans in FY2019 to engage a U.S.-based short-term technical consultant who will target U.S. workwear retailers. Potential sales from the export ready firms are estimated at \$8 million.
- The WRAP sensitization workshops held in four Southern African countries (Zambia, Botswana, Lesotho and Eswatini) were attended by 70 participants representing the private sector and government. In FY2019, it is anticipated that the Hub will facilitate the certification of at least five textile and apparel firms. The cost of WRAP certification remains a major hindrance for many firms' ability to achieve certification. An initiative by the Hub and WRAP to assist in training regional accredited auditors will reduce cost of certification significantly.
- The Hub, in collaboration with Registrar Corp, conducted U.S. FDA awareness sessions in Botswana, Eswatini, Lesotho. A total of 114 participants attended the workshops. The targeted sectors were the specialty foods and cosmetics companies. In FY19, the activity will be replicated in Malawi, Zambia and South Africa.
- Organic certification awareness workshops were conducted in Lesotho, Botswana and Eswatini, and over 100 people participated. In FY19 this activity will be replicated in South Africa and Mozambique.
- The Hub in collaboration organized an arts and crafts U.S. market entry requirements workshop with SWIFT and the Botswana Investment and Trade Centre (BITC). The workshop attracted approximately 45 participants in Gaborone. In FY2019, the activity will be replicated in Lesotho and Malawi.

Activity 1.2: Support Trade Shows and B2B Events

Objective: Support and organize effective participation of regional exporters at select trade shows for exporters to showcase products, compare with the competition, meet buyers and gauge obtaining trends.

Activities and Progress in FY18 Q4:

- An MOU with Messe Frankfurt resulted in an increase of exhibition space by over 200 square meters, resulting in a 45 percent increase in attendance figures from 2017. The Hub facilitated a key buyer from the U.S. to visit the Source Africa Trade Show in Cape Town as a panel speaker and to establish potential apparel suppliers from exhibitors at the tradeshow. The buyer also embarked on a regional buyer mission to Lesotho and Eswatini. The Hub is currently following up on the buyer/seller linkages established.
- The Hub followed up with Hub-supported firms that have attended Gulfood Show and Summer Fancy Food Show. Participants have started exporting with some changing packaging to meet buyer/markets requirements while others are in discussions on pricing and testing

products. Hub supported specialty food firms reported a total \$4.2 million to the U.S., and \$10 million to other markets during the quarter under review.

- The Hub is in the process of procuring exhibition space at Summer Fancy Food Show 2019 following high interest from exporters. The Hub will better coordinate participation with South African Consulate General SACG/New York and provincial trade and investment agencies in South Africa to prepare exporters and engage Hub M&E team on pre-trade show support to discuss data collection and management.
- The Hub will procure one information booth at Las Vegas Magic Trade Show 2019 to disseminate information on potential linkages from the region.

Activity 1.3 Host Buyer Missions

Objective: Link buyers and sellers and manage the buyer/seller linkage relationship with regular follow-ups to facilitate export sales

Activities and Progress in FY18 Q4:

- There was no buyer mission during the quarter under review. However, U.S. buyer Red River Foods, whose visit was previously facilitated by the Hub, anticipates \$2.5 million from macadamia imports from South Africa, Mozambique and Malawi in 2018/2019. Red River Foods had a follow up visit to the region in September 2018, visiting suppliers in Malawi and South Africa.
- The Hub is planning an inbound U.S. Buyer mission sourcing tree nuts (cashew, macadamia, pecans), dried fruits, olive oil, and organic soy. U.S. buyer Jambo Trading will meet cashew suppliers in Nampula (Mozambique), olive oil and dried fruit suppliers in Western Cape, and macadamia and dried fruit suppliers in Mpumalanga, South Africa from in Q1 FY19.
- A regional U.S. buyer mission for arts and crafts is planned in conjunction with SWIFT from Eswatini; dates for Q1 FY19 have not been confirmed.

Activity 1.4: Market Linkages initiative (U.S., United Arab Emirates, Europe)

Objective: The market linkages initiative will engage two STTAs based in the U.S., one focusing on specialty foods and the other on textiles/apparel. Another STTA will be based in Dubai (UAE) for specialty foods and another in Europe for textiles/apparel.

Activities and Progress in FY18 Q4:

N/A: To be implemented in FY19

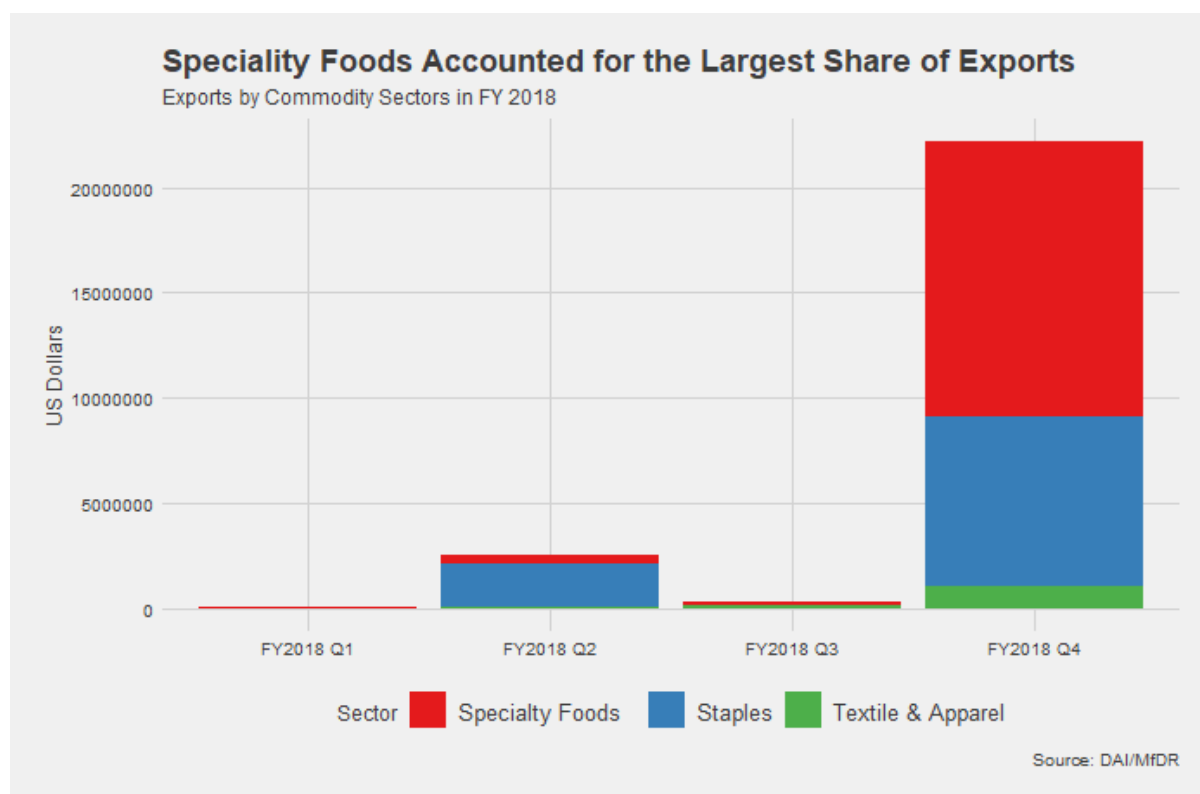
In FY2017, the Hub established 511 linkages through trade show participation, buyer mission and market linkages activities. Informed by data reported in FY2017, a strategic decision was made in FY2018 to concentrate efforts on following up on established linkages. The table below illustrates the Hub's significant results in value of exports in targeted non-agricultural and agricultural commodities from Hub-supported firms/entities/associations.

Figure 4: Value of Exports in Targeted Non-Agricultural Commodities



Out of the \$25.5 million in value of agriculture and non-agriculture exports realized by the Hub in FY2018, the table below indicates that Hub-supported companies in the specialty foods sector have contributed significantly to higher total exports. Companies that exhibited at the Fancy Food Show (June 2017, New York) and the Gulfood Show (Feb 2017, Dubai) continue to yield export results.

Figure 5: Specialty Foods Accounted for the Largest Share of Exports



Activity Constraints:

- Due to project budgetary constraints the market linkage STTA based in the U.S. and UAE has been placed on hold.

Activity 1.5: Create Online Interactive Platforms with TRALAC

Objective: Online Interactive Platforms will be created in partnership with the Trade Law Centre (TRALAC) for Southern Africa.

Activities and Progress in FY18 Q4:

- The Hub continues to coordinate closely with TRALAC providing pertinent trade related and AGOA export information and data. It also provides TRALAC with AGOA Utilization Strategies completed (Botswana, Zambia, Mozambique) for access on the TRALAC website. The Hub continues to profile regional suppliers and international buyers.

Activity 2.1 Develop National AGOA Strategies and Implement Action Plans

Objective: Support the development, validation and launch of utilization strategies for AGOA eligible countries

Activities and Progress in FY18 Q4:

- Lesotho’s first draft AGOA Utilization Strategy was completed, and the final draft is expected in Q1 FY19.

- Terms of Reference (ToRs) for the development of the Eswatini AGOA Utilization Strategy was received by the Hub from Eswatini.
- There are plans to explore AGOA support in Namibia.

Activity 2.2 Support AGOA Sensitization

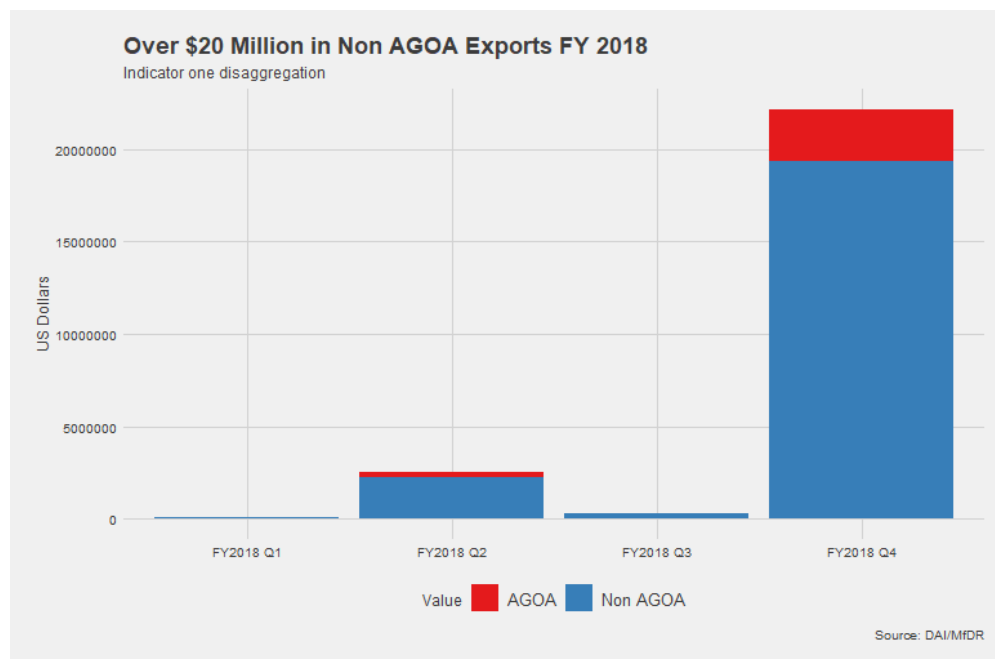
Objective: Facilitate AGOA sensitization workshops covering Botswana, Eswatini, Malawi and Zambia to improve understanding of AGOA

Activities and Progress in FY18 Q4:

- The Hub collaborated with the Eastern Cape Development Corporation (ECDC), the Swaziland Investment Promotion Authority (SIPA) and the Trade & Investment Kwa-Zulu Natal (TIKZN) to conduct AGOA awareness seminars and Hubs support services in East London, Mbabane and Durban, respectively.

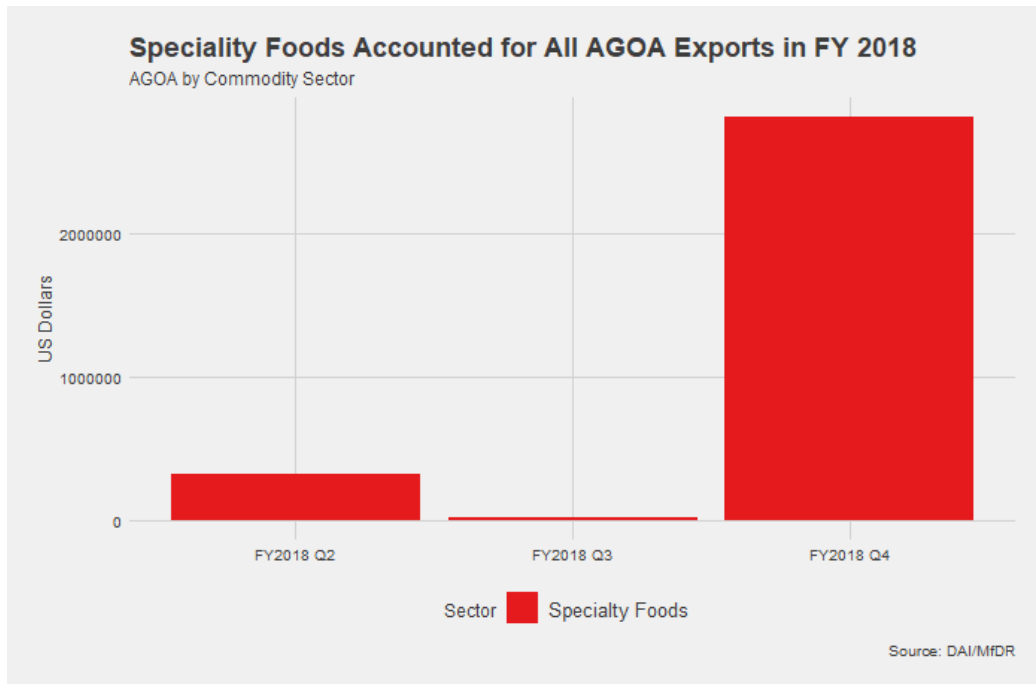
Increasing exports from Southern African countries to world markets through trade and export promotions and building capacity to increase the utilization of AGOA remains a critical programmatic area for the Hub. The table below indicates value of exports under AGOA versus under non-AGOA, with 13 percent of value of exports AGOA exports and 87 percent non-AGOA.

Figure 6: Value of AGOA and Non-AGOA Exports



While the total value of exports from non-AGOA exporting companies is higher, the Hub's specialty food companies that exhibited at the Fancy Food Show (June 2017, New York) and the Gulfood Show (Feb 2017, Dubai) have contributed significantly to AGOA exports reported by the Hub.

Figure 7: Specialty Foods Accounted for All AGOA Exports in FY2018





COMPONENT 3

AGRIBUSINESS TRADE

- The Hub completed the Beef Value Chain report and presented the results to the Government of Botswana. The results and recommendations from the report were adopted, with technical implementation and awareness building to begin in FY2019.
- The Hub followed-up on several contracts from the Lusaka B2B event held in June 2018. Due to the Hub's intervention, 42,804 tons of grain worth \$10.3 million was exported from Zambia to several countries in East Africa including Kenya, Rwanda, Burundi, and Tanzania.
- The Hub in partnership with Musika Development Agency and the Indaba Agricultural Policy Research Institute (IAPRI) sponsored investor workshops in Pretoria, South Africa and Lusaka, Zambia to promote investment in the fresh produce industry in Southern Africa. The investment required for the establishment of a fresh produce market floor is in the order of \$5 million.

FY18 KEY ACTIVITIES AND ACCOMPLISHMENTS

The objective of the **Agribusiness Trade Component** is to increase the level of intra-regional trade in staple and non-staple foods and inputs through investment, technology transfer, and greater private sector participation. The Agribusiness Trade Component contributes towards the realization of the U.S. government's (USG's) Supporting the Global Hunger and Food Security Initiative (GHFSI) with the objective of enhanced regional food security through increased agricultural productivity and regionally integrated markets to sustainably reduce hunger, and the USG Global Food Security Strategy FY 2017-2021.

FY2018 AGRIBUSINESS TRADE OVERVIEW

In close collaboration with the Finance and Investment Team, the Hub surpassed agricultural investment targets of \$21 million by facilitating the close of four agribusiness transactions valued at \$63 million. Hub agribusiness and food value chain investment transactions targeted a diversity of sub-sectors including wheat milling, wholesale fisheries, warehouses and warehouse receipts systems (WRS), and horticulture in Mozambique, Zambia, Malawi, and Namibia.

The Hub also undertook a variety of regional agriculture trade policy, value chain, and business enabling environment interventions. Ongoing Hub agribusiness activities include strengthening market information systems (MIS) in Zambia (and potentially Malawi), a beef chain value chain study for export to the U.S. in Botswana, promoting access and usage of the Zambian Commodity Exchange (ZAMACE) and the Africa Commodity Exchange (ACE) in Malawi, and facilitating access to export markets for and investment in the fresh fruit value chain in Zambia, Eswatini, and South Africa. The Hub continues to support the development of the SADC Regional Agriculture Policy (RAP) through its embedded advisor in Gaborone.

FY2018 SUMMARY OF CONTRIBUTIONS TO HUB PMP INDICATORS

Indicator	Achievement in FY2018
Value of exports in targeted non-agricultural and agricultural commodities	\$10,158,042.55
Number of firms that experiencing an increase in profitability or associations experiencing an increase in self-sufficiency as a result of Trade Hub interventions	1 Firm
Number of metric tons of grain traded through commodity exchanges/certified warehouses supported with Trade Hub assistance	42,798.16 MT
Number of buyer/seller linkages established in targeted agricultural sectors as a result of Trade Hub assistance	50
Number of assisted agricultural sector firms/associations meeting international grades and standards to export	1
Number of food security private enterprises, producers' organizations, water users' associations, women's groups, trade and business associations & community-based organizations receiving USG assistance	5
Number of PPPs formed with hub assistance	2

FY2018 AGRIBUSINESS TRADE ACTIVITIES

Activity 1.1: Strengthen Regional Market Information Systems

The Hub assisted in the registration of the Zambia Grain Information System (ZAGIS) to support the collection, verification and timely dissemination of reliable data to the Crop Estimates Committee (CEC), the Stock Monitoring Committee (SMC) and the Food Security Committee (FSE). Next steps include developing a business plan and continued links with South Africa Grain Information Service (SAGIS) being utilized as a model and partner. ZAGIS is critical to developing more transparent price discovery mechanism for structured trade in Zambia. The Hub agreed with SADC FANR that work done in Zambia (and prospectively, in Malawi) on agricultural market information systems should be aligned with the regional template to promote integration into a regional platform of SADC AIMS.

Activity	Location	Date	Achievement
Agriculture Information Management Systems (AIMS) Malawi Stakeholder Meeting	Cape Town, South Africa	November 29, 2017	Summary Report
SADC FANR Meetings with Agricultural Information Management Systems (AIMS) Expert	Gaborone, Botswana	May 30, 2018	Summary Report
One-on-One Meetings on ZAGIS	Lusaka, Zambia	August 27 – 31, 2018	Summary Report
SEVIR ESA Hydro-Climate Training Workshop	Lusaka, Zambia	September 4– 7, 2018	Summary Report
ZAGIS Steering Committee Meeting	Lusaka, Zambia	September 11, 2018	Summary Report

Activity 1.2: Support Market Development

In FY2017, at the behest of the Government of Botswana, the Hub began the beef value chain assessment and study in Botswana. Subsequent consultations and validation workshops were held in FY2018 in close cooperation with the Botswana Meat Commission (BMC) in Gaborone and the Ministry of Industry, Trade and Investment (MITI). The culmination of this endeavor was formal approval of the *Beef Value Chain Study* and action plan for implementation by the inter-Ministerial Reference group chaired by MITI. In FY2019, the Hub proposes to assist the Botswana beef industry with awareness campaigns, and training programs on U.S. food safety and quality standards and compliance to promote efforts of establishing exports under AGOA.

Beef Value Chain Assessment

Activity	Location	Date	Achievement
Internal Technical Workshop of the Beef Value Chain Report	Pretoria, South Africa	October 16, 2018	Draft Comments on the Report

Beef Value Chain Report – Consultation Meeting with MITI	Gaborone, Botswana	March 8, 2018	Summary Report
Validation Workshop with the AGOA Inter-Ministerial/Reference Group	Gaborone, Botswana	April 24, 2018	Summary Report (updated)
Beef Value Chain Study	Gaborone, Botswana	May 15, 2018	Study approved by MITI

The Hub engaged SADC/FANR on partnering to facilitate the implementation of SADCs’ Industrialization and Productive Sector (SIPS) Project focused on activities aimed at enhancing policy, regulatory and business environment at the national and regional levels for the development and sustainable operation of regional value chains for selected products in agro-processing. The Hub and SADC continue to collaborate in the implementation of the “regional soybean value chain,” one of SADC’s priority value chains, as well as regionally exploring the leather value chain.

SADC Food, Agriculture, and Natural Resources Directorate (FANR) Value Chain Cooperation

Activity	Location	Date	Achievement
Meeting with new SADC FANR Director	Gaborone, Botswana	March 6, 2018	Summary Report
Follow-up Meeting on Regional Soybean Value Chain Assessment	Gaborone, Botswana	May 30, 2018	Summary Report
SADC Industrialization Week	Windhoek Namibia	July 31 – August3, 2018	Summary Report (Leather value chain)

Activity 1.3: Support Warehouse Receipt System Development

The Hub held three training workshops in Lusaka, Kitwe, and Choma, Zambia where participants from government agencies, regional and national associations, traders and millers learned how to better utilize the ZAMACE trading platform for commodities. The training workshops outlined and discussed finance and investment instruments that drive improvements in integrated commodities exchanges and trading across borders. Further ZAMACE engagement in 2019 will be undertaken through the Z-TFAP based in Lusaka.

ZAMACE Capacity Building Workshops

Activity	Location	Date	Participants
ZAMACE training	Lusaka, Zambia	August 27, 2018	19
ZAMACE training	Kitwe, Zambia	August 29, 2018	22
ZAMACE training	Choma, Zambia	August 31, 2018	22

Activity 4.2: Support Fresh Produce Exports

In FY2018, the Hub pursued the development of fresh produce markets in Southern Africa targeting Zambia based on South African commission-based model of promoting competition, transparency and efficiency in the market. It sponsored an international investor’s session at the Produce Marketing Association (PMA) Conference in Pretoria, South Africa to highlight the business case for investing in a “Fresh Produce Market Floor” in the Lusaka. The Hub also organized a follow-up event for local investors in Zambia with MUSIKA Development Agency, and Indaba Agricultural Policy Research Institute (IAPRI).

Investor Workshops

Activity	Location	Date	Participants
PMA Fresh Produce Session	Pretoria, South Africa	September 13, 2018	154
Local Investor Workshop	Lusaka, Zambia	August 30, 2018	74

Activity 4.3: Support Marketing Activities for Mohair and Wool Growers

The regional mohair value chain presented an opportunity for deeper regional value chain integration between Lesotho and South Africa. The Hub facilitated B2B linkages between BKB Ltd, Development Finance Institutions (DFIs) and mobile network service providers to support and collaborate in the implementation of the wool and mohair digital payment system and promote the system to wool and mohair farmers. The Hub’s FY2018 engagements included working with BKB Ltd, Vodacom Lesotho, and Dimension Data to lay foundation to design and implement the e-wallet and blockchain platforms in FY 2019. Other potential development partners the Millennium Challenge Corporation (MCC), the World Bank, and the International Fund for Agricultural Development (IFAD)

Stakeholder Engagement

Activity	Location	Date	Achievement
Wool & Mohair Stakeholder Mapping	Pretoria, South Africa	October 18, 2018	Summary Report – digital platform opportunity
Blockchain Strategy Session	Port Elizabeth, South Africa	June 11, 2018	Summary Report – technical requirements and applications

e-Bulk-payment/Blockchain Integration Session	Maseru, Lesotho	August 8, 2018	Summary Report – next steps
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Q4 FY2018 ACTIVITIES

Activity I.1: Strengthen Regional Market Information Systems

Objective: To strengthen market information systems in Malawi and Zambia through industry mapping (identifying key institutions and their roles in the respective industries) and supporting stakeholder engagement workshops that will organize and design strategies on the development of crop forecasting programs (to determine yield objectives) and Market Information Systems.

Activities and Progress in FY2018 Q4:

- The Hub engaged the Zambia Grain Information System (ZAGIS) Steering Committee to resume progress towards strengthening market information systems. The Hub and ZAGIS also agreed to finalize a business and sustainability plan as well as a strategy document by the first quarter of FY2019. Industry insisted on ZAGIS being a stand-alone institution but with a clearly defined relationship with the Indaba Agricultural Policy Institute (IAPRI), which will provide technical capacity and institutional support.
- The Hub sponsored a training workshop on crop forecasting and drought monitoring to complement strengthening of the regional information system and ZAGIS. The training supported participants from eight countries in Eastern and Southern Africa, as well as regional institutions such as FEWSNET and the Southern SADC Climate Services Centre.

Activity Constraints:

- The agriculture industry has indicated the need for direct support to ZAGIS. Given emerging funding constraints, the Hub will be challenged to provide this kind of commitment. Discussions with stakeholders will take place to determine a model that is feasible for both parties.
- The relationship between the Hub and ZAGIS has not been clearly defined and they need an overarching strategy to determine how the Hub support will support ZAGIS going forward. This strategy will have to be integrated into the ZAMACE strategy, which will allow for deeper integration between the two institutions.

Activity I.2: Support the Development of Grain, Oilseed, and Groundnut Value Chains

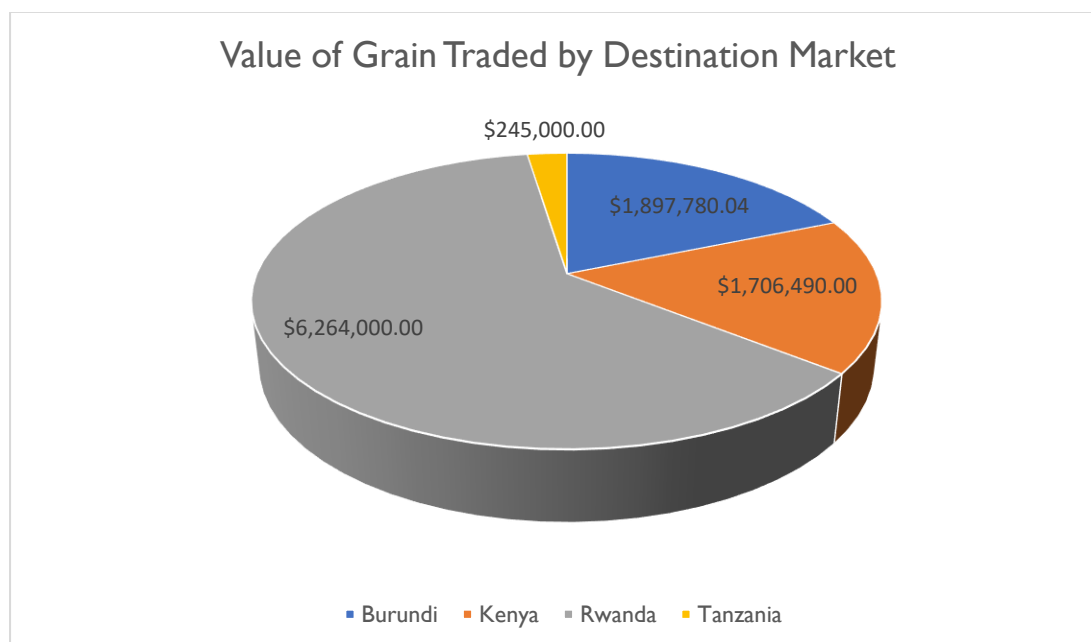
Objective: Assessing the size and growth prospects of markets in maize, oilseed and groundnuts. This information will contribute to a strategy designed to facilitate regional crops trade and to support trade in feed and protein manufacturing.

Activities and Progress in FY2018 Q4:

- The Hub liaised with the East Africa Trade and Investment Hub to capture any outstanding contracts from the 2027 Lusaka B2B Event. An additional 36,804 MT of traded grain from 12 contracts had been overlooked in previous follow-up efforts. This would amount to an

additional \$8,015,490 in grain exports realized in Q4, with the cumulative value of grain exported in 2018 amounting to \$10.1 million.

Figure 8: Value of Grain Traded by Destination Market



Activity Constraints:

- Transitions on the Agribusiness Team delayed further value chain development activities.

Activity 1.3: Support Warehouse Receipt Systems Development

Objective: To support the creation of a sustainable, private sector-driven Warehouse Receipt System (WRS) in Mozambique through technical assistance towards the design of WRS software, training manuals, and processes. This intervention will allow a new market entity to increase grain marketed via WRS. This activity will also support the Zambian Commodity Exchange (ZAMACE) and the Africa Commodity Exchange - Malawi (ACE) by increasing the volume of grain marketed through their respective WRS. This activity will be closely coordinated with the USAID Speed Plus Program in Mozambique.

Activities and Progress in FY2018 Q4:

- The Hub held three training workshops in Lusaka, Kitwe and Choma, where a total of 66 participants from government agencies, regional and national associations, traders and millers learned how to utilize of ZAMACE. The training workshops outlined and discussed finance and investment instruments that drive improvements in integrated commodities exchanges and trading across borders.

Activity Constraints:

- Direct support to ZAMACE was hindered by the Hub's budgetary constraints and the indefinite delay of the grant program. It also emerged that ZAMACE is in debt and there are ongoing discussions regarding its sale and/or merger with the Lusaka Stock Exchange (LSE). Additionally, support to ACE was placed on hold due to USAID's interest in further financial due diligence requirements and the Hub's grant program being indefinitely delayed.
- Since USAID's bilateral mission-funded activities in Malawi and Zambia exclude the feed component, the Hub was unable to support the growth of the feed sector as stated in the work plan.

Activity 2.1: Improve Regional Trade in Inputs and Services

Objective: To increase regional trade in staple and non-staple food crops and thereby drive trade in inputs and services, the Hub will focus on trade in feed (which utilizes maize and soya as key ingredients), improved seed, fertilizer and other inputs.

Activities and Progress in FY2018 Q4:

- The Hub is focusing on private sector-led initiatives to identify anchor firms that will help drive trade and investment. To this end, the Hub has engaged QualiBasic Seed (QBS) as a strategic partner to promote the trade of seed in the region. QBS is a company established to produce and supply quality foundation seed (basic seed) for companies in East and Southern Africa, with the aim to be their preferred supplier. The company is headquartered in Nairobi, Kenya and has subsidiaries in Zambia and South Africa. The Hub is in the process of signing an MoU with QBS to leverage its networks, expertise, as well as trade and investment potential in the promotion of seed trade across the region.

Activity Constraints:

Activities to drive expansion in the seed industry mostly fall under the responsibility of the Hub's sister program – Seed Trade. Efforts have been made to ensure that in FY 2019 there is complementary and coordinated efforts, with frequent interactions between the respective Chief of Parties.

Activity 3.1: Supporting Accreditation of Laboratories

Objective: To capacitate labs and thereby reduce the agriculture and agribusiness export industry's reliance on South African laboratories. This is meant to save time and costs by conducting sample tests of products in country.

Activities and Progress in FY2018 Q4:

- The Hub conducted a scoping exercise with the SADC Accreditation Services (SADCAS) to assess the current status of accredited laboratories in the region. The exercise revealed that SADCAS has issued 105 certificates to registered companies and accredited 38 testing laboratories, most of which serve the water and mining sectors. To date, SADCAS has received 57 applications for certification from across the region.

- SADCAS agreed to develop a concept note and share it with the Hub requesting support for an assessment or survey to identify critical laboratories at an advanced stage of the process to be assisted to achieve accreditation in the shortest possible time.

Activity 4.1: Support Market Development

Objective: To support the potential for cross-border trade in non-staples and thereby contribute to food and nutrition security.

Activities and Progress in FY2018 Q4:

- As a follow-up to the recommendations of the beef sector assessment report, the Hub will support the completion of the draft guidelines of the Quality Assurance Program that is being run by Botswana Investment and Trade Centre (BITC).
- The Hub has agreed to assist Botswana Meat Commission (BMC) and BITC to implement the Botswana Farm Assurance Manual, which supports appropriate animal husbandry practices and the production of high-quality beef at farm level.
- The Hub also agreed in principle to support the Botswana beef industry with awareness campaigns and training programs on U.S. food safety and quality standards and compliance to promote exports under AGOA.

Activity Constraints:

- BMC has a new and revised mandate opening up the local beef market. The liberalization of the market is partial at this stage, but clear opportunities exist for expansion and export promotion.

Activity 4.2: Support for Fresh Produce Exports

Objective: To provide fresh fruit industry stakeholders with identification of key export markets and support initiatives that help the industry meet stringent sanitary and phytosanitary (SPS) conditions for those export markets.

Activities and Progress in FY2018 Q4:

- The Hub entered into a partnership with South Africa-based Ichthys Aquaponics to support the development of a regional training program on aquaponics. Ichthys Aquaponics boasts the largest training facility in Southern Africa and are planning on establishing regional centers across Southern Africa.
- Two Hub-sponsored investor workshops were held to facilitate possible commercial partnerships between local and international horticulture and financial market actors, with a focus on triggering investments into formal and commercially viable fresh produce wholesale markets in Zambia:
 - The Hub sponsored an investor session at the Produce Marketing Association (PMA) Fresh Connections Conference in Pretoria, South Africa to support work done by MUSIKA Development Agency and IAPRI. The meeting was attended by 154 international and regional players in the fresh produce industry.
 - The Hub's partnership with IAPRI and MUSIKA Development Agency led to a follow-up event in Lusaka for the same work to be presented with a group of local investors. The event convened 74 delegates from Zambia and within the region (including local

media) to discuss the opportunities that are domiciled in the country's fresh produce market.

Activity Constraints:

- Further due diligence and promotion is needed regarding attracting suitable investment for the inception of the Lusaka fresh produce market.

Activity 4.3: Support Marketing Activities for Mohair and Wool Growers

Objective: To develop a scope of work for Lesotho mohair marketing, including assistance in developing a smallholder strategy for marketing of Lesotho wool in the Port Elizabeth market through BKB Limited. The Hub will also assess mohair and wool industry to design and implement strategic interventions to support smallholder participation of Lesotho farmers on the Port Elizabeth Auction.

Activities and Progress in FY2018 Q4:

- The Hub signed non-disclosure agreements with Vodacom Lesotho to share information between Vodacom Lesotho, BKB Ltd and Dimension Data in the development of a bulk payment system that will be interfaced with a digital block chain structure.
- The Hub is facilitating discussions between AfDB and BKB Ltd for a \$35 million working capital fund that can be used as a loan facility for wool and mohair farmers.

Activity Constraints:

- The government recently announced the Agricultural Marketing (Wool and Mohair Licensing) Regulations, which will effectively prevent the export of wool and mohair at early stages of marketing. This will likely have impact on wool and mohair exports over the coming year.



COMPONENT 4

ENABLING ENVIRONMENT & TRADE FACILITATION

- The Hub increased awareness and interest in the Truck Monitoring System (TMS), formerly known as the Corridor Performance Monitoring System (CPMS), by delivering presentations to audiences comprised of private and public-sector stakeholders in Botswana, Namibia, South Africa, and Zambia. Responses were positive with increased number of authorized users and potential application for advocacy and supply chain planning purposes.
- The Hub harmonized SPS inspection processes at seven of the major border posts across Zambia including Kasumbalesa, Nakonde, Mwami, Kazungula, and developed draft customs manuals for plant health.

FY18 KEY ACTIVITIES AND ACCOMPLISHMENTS

The objective of the Enabling Environment and Trade Facilitation component is to support regional and national partners in enabling transparent, reliable, efficient and cost-effective trade through a top-down, policy level approach and bottom-up activities supporting private sector such as traders and associations. In addition, the Hub will build partners' capacity to advocate for trade and investment friendly policies.

FY2018 ENABLING ENVIRONMENT AND TRADE FACILITATION OVERVIEW

Trade facilitation in Southern Africa remains a challenging area for both public and private sectors. Based on available data (2017-2018), movements of trucks along major trade corridors in the region vary from approximately six days for the North-South Corridor (Lusaka to Durban); seven days for the Maputo Corridor (Gauteng to Maputo); 5.2 days for the Beira Corridor (Lusaka to Beira); and 4.5 days for the Trans Caprivi corridor (Lusaka to Walvis Bay). The Hub's trade facilitation activities have focused on delivering a diagnostic online platform that can consistently, effectively, and objectively measure truck movements across borders in 16 countries in Southern and Eastern Africa, which helps to promote the design and implementation of trade and investment-friendly policies for an improved business environment.

Non-Tariff Barriers (NTBs) are often major obstacles to promoting intraregional trade. NTBs fall into many categories²² but some of the most problematic NTBs affecting regional exports have been sanitary phytosanitary (SPS) measures, Technical Barriers to Trade (TBT) including lack of regional technical conformity (unreasonable and inconsistent guidelines and requirements) and complex, burdensome import and export procedures at border crossings. The Hub has begun activities in Malawi, Eswatini, and Zambia by helping public stakeholders develop SPS and TBT structures that are in line with the WTO's Trade Facilitation Agreement (TFA) and U.S. food safety requirements.

Trade information portals previously developed by the Hub in Namibia and currently under development in Zambia are equally important to trade facilitation because portals publish online importing and exporting requirements to the general business community and public and are updated on a regular basis, satisfying a key requirement under the TFA to which Zambia is a signatory. Border crossing times can also be reduced by implementation of the National Single Window requiring a complete business process review of all relevant government agencies involved in trade as was done by the Hub in Namibia.

²² Import bans, general or product-specific quotas, complex/discriminatory Rules of Origin, quality conditions imposed by the importing country on the exporting countries, unjustified Sanitary and Phytosanitary conditions, unreasonable/unjustified packaging, labeling, product standards, complex regulatory environment, determination of eligibility of an exporting country by the importing country, determination of eligibility of an exporting establishment (firm, company) by the importing country, additional trade documents like Certificate of Origin, and Certificate of Authenticity, and others. Other categories include occupational safety and health regulation, employment law, import licenses, State subsidies, procurement, trading, state ownership, export subsidies, fixation of a minimum import price, product classification, quota shares, multiplicity and controls of foreign exchange market, inadequate infrastructure, "buy national" policy, overvalued currency, restrictive licenses, seasonal import regimes.

Authorized economic operators (AEOs) are vital to helping customs administration establish positive customs-business partnerships and for improving trade conditions. The Hub assisted Malawi with developing and implementing AEO guidelines and a pilot supply chain program to improve compliance while reducing delays at border crossings.

FY2018 SUMMARY OF CONTRIBUTIONS TO HUB PMP INDICATORS

Indicator	Achievement in FY2018
Number of agriculture and non-agriculture full-time equivalent (FTE) jobs created with Trade Hub assistance ²³	2 full-time jobs
Number of for-profit private enterprises, producers' organizations, water users' associations, women's groups, trade and business associations, and community-based organizations that applied improved organizational-level technologies or management practices as a result of USG assistance	3
Number of assisted non-agriculture sector firms/ associations meeting international grades and standards to export	1
Number of food security private enterprises, producers' organizations, water users' associations, women's groups, trade and business associations & community-based organizations receiving USG assistance	58
Number of enabling environment policies analyzed, consulted on, drafted or revised, approved and implemented with USG assistance	1
Person-hours of USG supported training completed in trade and investment	506

FY2018 ENABLING ENVIRONMENT AND TRADE FACILITATION ACTIVITIES

SPS activities to develop inspection structures and capacity of government agencies that regulate imports and exports of agricultural products.

Activity 1.2 & 1.3: SPS Border Inspection Standards and SADCSTAN Awareness

Activity	Location	Date	Participants
SPS national enquiry points	Namibia	March 7, 2018	15

²³ Indicator measures full-time equivalent (FTE) jobs. Companies could not provide information on how many days constitute full time employment in a year for your firm (for example, 260 days in a year minus holidays and weekends- constitute a full-time employment at Firm X). They could only provide number of full-time jobs and part-time jobs created.

SPS national enquiry points	Swaziland	Dec 12, 2017	19
SPS national enquiry points	Zambia	March 14, 2018	18
Pest Risk Analysis for Citrus	Swaziland	Dec 11-15, 2017	19
SADCSTAN fish standards	Zambia	Nov 29-Dec 1, 2017	21

Activity 1.9: Strengthen Domestication of SADC Technical Barriers to Trade Policies

TBT related activities to ensure that technical regulations do not become a barrier or impediment to cross border trade.

Activity	Location	Date	Participants
Harmonize SADC TBT Policies	Malawi	March 2, 2018	17
Harmonize SADC TBT Policies	Swaziland	January 25, 2018	71
Harmonize SADC TBT Policies	Zambia	Jan 29 – Feb 3, 2018	13

Activity 3.1: Conduct Time/Cost Baseline Studies/Surveys of Select Corridors (Truck Monitoring System)

Promote user utilization of TMS within public and private sectors to inform trade facilitation policy-making.

Activity	Location	Date	Participants
SADC Industrialization Week–TMS presentation	Namibia	August 2, 2018	20
TMS presentation	Botswana	August 22, 2018	26
TMS presentations (3)	Kitwe, Choma and Lusaka, Zambia	August 27, 29 and 31, 2018	63

Activity 4.9, 4.10, & 4.11: Other Trade Facilitation Activities

Develop Authorized Economic Operator (AEO), National Single Window, and information portal that will simplify and promote transparent trade.

Activity	Location	Date	Participants
Business process review, Single Window	Malawi	January, 2018	27
AEO Guidelines	Malawi	July 3-4, 2018	8

SADC Industrialization Week – TMS presentation	Namibia	August 2, 2018	20
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Q4 FY2018 ACTIVITIES

Activity 2.2: Identify, Develop, and Enable Innovative Logistics Solutions That Address Transport, Transit, and Trade Constraints

Objectives: To find logistics and transport technologies that will address transport, transit, and trade constraints.

Activities and Progress in FY18 Q4:

- The Hub conducted TMS awareness raising events with public and private sector stakeholders in Botswana, Namibia, South Africa, and Zambia. For example, the Hub delivered a TMS presentation during the SADC Industrialization Week in Windhoek on August 1, 2018. The objective of these events was to inform participants about the benefits of TMS as an evidence-based advocacy platform and supply chain/route planning tool. These events helped increase the number of TMS users by 25 percent. The component worked with the Agbiz Trade component to combine TMS awareness raising events with training on how to maximize the use of ZAMACE trading of grains.
- The Hub identified technologies for calculating and reducing cost of moving merchandise across borders. Potential partnerships are being developed with solution providers such as EmptyTrips and Cyber Logistics to integrate online freight auctions with TMS, with the aim of reducing freight costs by providing a solution for back haulage.

Activity Constraint:

With certain exceptions (the Zambia USAID bilateral buy-in), trade facilitation was shifted within the project's scope of work by USAID/REGO.

Activity 3.1: Conduct Time/Cost Baseline Studies and Surveys of Selected Corridors

Objectives: Baseline replicated; and evaluation of time and cost performance

Activities and Progress in FY18 Q4:

- The Hub funded the ongoing development and application of the Truck Monitoring System (TMS), formerly known as the Corridor Performance Monitoring System (CPMS), designed to objectively, consistently, and accurately monitor the time of trucks engaged in cross-border trade throughout 16 countries in Southern and Eastern Africa;
- The Hub leveraged TMS reports to create baseline time related data for corridors and border crossing border post complexes in Zambia and Malawi.

Activity Constraint:

With certain exceptions (the Zambia USAID bilateral buy-in), trade facilitation was shifted within the project's scope of work by USAID/REGO.

Activity 4.9 Support the development of the Authorized Economic Operator (AEO Facility)

Objectives: In response to the Malawi Revenue Authority's (MRA) request, the Hub provided assistance to develop AEO guidelines, develop an implementation plan, and start supply chain assessments.

Activities and Progress in FY18 Q4:

- With Hub support, the MRA has started its initial AEO pilot program, working with seven importers and one exporter involved in retail, tea, automotive, tobacco, building supplies, and steel industries. The participating companies include Toyota, Eastern Produce, Game discount stores, Japan Tobacco International, Steel Supplies, CASTEL Malawi (Southern Bottlers), CFAO Malawi Ltd, and Link Building. The pilot program is working on AEO implementation by working with a set of draft AEO templates and policies developed with the Hub's assistance to test the participating companies' compliance with the AEO criteria.
- The companies are working with MRA to improve their compliance and to identify and develop potential trade facilitation benefits. AEO status reduces border crossing delays and physical inspections of import and export cargo by bestowing an equivalent of green lane clearance to AEO accredited parties. The establishment of the AEO Pilot reflects the commitment of MRA leadership to develop and implement AEO. Selection of the participating firms was the result of an MRA outreach program and sensitization process spearheaded by MRA's Commissioner General.

The third phase of the Hub's technical assistance is underway to help MRA review and develop the required institutional frameworks that will formalize the AEO program, including undertaking a gap analysis and an updated roll-out plan.

Activity Constraint:

With certain exceptions (the Zambia USAID bilateral buy-in), trade facilitation was shifted within the project's scope of work by USAID/REGO.



STRATEGIC COMMUNICATIONS

STRATEGIC COMMUNICATIONS

FY18 KEY ACTIVITIES AND ACCOMPLISHMENTS

The Hub’s complex economic growth mandate involves engaging partners and stakeholders across Southern Africa, the broader African continent, the United States, and globally. Stakeholder engagement with and perceptions of the project, including awareness of its strategies, services, and achievements, directly impact the Hub’s ability to continually deliver its objectives. A robust strategic communications and outreach program in FY2018 ensured internal and external stakeholders were fully informed and actively participated in program activities and critical initiatives.

In FY2018, particular emphasis was placed on reenergized the Hub’s communications products and increasingly focused on business success stories, transaction cases, and videos to enhance visibility of Hub impact within USAID and publicly. Closed transactions, U.S. business engagement, and improved AGOA utilization offer clear opportunities to highlight the role of USAID and the Hub in private sector focused, enterprise-led development.

FY2018 STRATEGIC COMMUNICATIONS OVERVIEW

Products/Outputs – FY 2018

(See Annex C for samples of materials)

	PRODUCT	OUTPUT
1	Project Website	Redesign Reorganization Upload Access
2	Country Profiles (8)	Botswana South Africa Lesotho Eswatini Zambia Malawi Namibia Mozambique
3	Sector Profiles (4)	Trade Facilitation/Business Enabling Environment Export Competitiveness

		Agriculture/Agribusiness
		Finance and Investment
4	Business Cases (6)	Capital Fisheries - Zambia
		Truck Management System (TMS) Profile – SADC
		Kibo Capital/South Africa & Zambia
		DWM Investment
		European Investment Bank (EIB)/Malawi
		Milling/Bread - Mozambique
5	Video Success Stories/Company Profiles (9)	Rio Largo Export Profile
		Khoi San Export Profile
		Super Moringa Profile
		AGOA Strategy Launch – Zambia
		Jewel of Africa – AGOA
		AWEP/Zambia
		Source Africa
		Africa Rising – Investment
		Capital Fisheries
6	Success Stories (3)	Lesotho – An AGOA Success
		Jewel of Africa – Zambia and AGOA
		Source Africa/South Africa
7	USAID Success Story Format (8)	Two per Quarterly Report
8	AGOA Utilization Strategies Design/Printing/Distribution (4)	Zambia
		Mozambique
		Botswana
		Malawi
9		Fancy Food Show Brochure

	Specialized Marketing Materials (3)	Structured Trade Seminar (2) – Brochure and Program Agenda
10	USG Events/Press Releases (8)	AGOA Launch Mozambique AGOA Launch Zambia AGOA Launch Botswana Source Africa 2018 – Cape Town Structured Trade Seminar (2) – Livingstone, Zambia Eswatini Trade Fair Produce Marketing Association (PMA) Annual Fair
11	Regional Mission Director - Opening Remarks/Talking Points (8)	AGOA Utilization Strategy Launch - Maputo, Mozambique AGOA Utilization Strategy Launch – Lusaka, Zambia Source Africa 2018 – Cape Town, SA <ul style="list-style-type: none"> • Mission Director/Southern Africa • U.S. Consulate General/Cape Town Structured Trade Seminar – Livingstone, Zambia Mission Director Blog Post - Africa Bureau- AGOA Forum Wholesale Produce Market Development – Zambia ECDC AGOA Workshop – U.S. Consulate General/Cape Town IGD Road Show – United States – Mission Director
12	Hub Monthly Newsletter (4)	Redesign Launch Circulation Four newsletters
13	AGOA Outreach Materials (3)	Overview (booklet) AGOA Facts (brochure) AGOA Step-by-step (brochure) FDA-compliance Guide FDA Step-by-Step Guide

I4	Structured Trade Seminar (Livingstone, Zambia)	Invitation letter
		Sponsorship letter
		Brochure
		Final report
I5	Hub PPTs	Hub Overview
		AGOA
		AGOA Utilization Strategies
		FY2017 Results
		FY2018 Results
		Investment and Finance
		USTR
		USAID - Washington, DC - Briefing
		IGD U.S. Investor Roadshow
		Export Competitiveness
		Truck Monitoring System
		American Investor Initiative
		The Hub in Lesotho
The Hub South Africa		



CROSSCUTTING &
GENDER ACTIVITIES

CROSSCUTTING AND GENDER ACTIVITIES

The Hub's Gender strategy supports the promotion of gender equality and the empowerment of women across its activities through support to improved governance and leadership capacity that is gender sensitive and inclusive regardless of one's sexual orientation. The Hub has demonstrated its commitment to female empowerment through targeted capacity building interventions within the four components.

OVERVIEW OF Q4/FY2018

- The Hub partnered with the Association of Black Securities and Investment Professionals (ABSIP) to host a career planning and advancement-training event through the ABSIP University of Witwatersrand student chapter. The initiative was aimed at facilitating female student entry to the finance industry, which suffers from skills shortage and a lack of women. Working on the premise that barriers often exist for women to entering financial services, an industry that is dominated by men, requires support, mentorship and empowerment, the Hub enabled 70 students from four Gauteng universities, including University of Witwatersrand, University of Pretoria, Monash South Africa, and the University of South Africa Pretoria campus, to attend the training. This resulted in 182 person-hours of training being reported.
- The Hub supported eight women-owned or managed companies to exhibit at the Summer Fancy Food Show (FFS) 2018 in New York under the Africa Fine Foods Pavilion. The eight firms produce sauces and spices, beverages (crafted, moringa infused drinks), olives and extra virgin olive oil, authentic morula and baobab-based jams, and moringa products. Intra-pavilion business opportunities were identified, especially with Something South African (SSA), providing guidance and having capacity to distribute for fellow exhibitors (Fynbos Fine Foods, Black Mamba, and Rio Largo) in the U.S., and Jonday Foods in Canada. The impact was larger as new exhibitors were able to learn from international practice and directly interact with buyers and sellers. The Hub continues to monitor opportunities resulting from the FFS.
- The Hub completed a market analysis, financial analysis and a technical and commercial validation of the planned distribution strategy for an emerging South African female-owned Black Economic Empowerment (BEE) compliant industrial firm planning to invest into a greenfield olive oil processing facility. This is a high impact investment that contributes to the development of an emerging private equity firm and facilitates investment into the agricultural value chain. It is anticipated to create an additional 20 to 30 jobs.

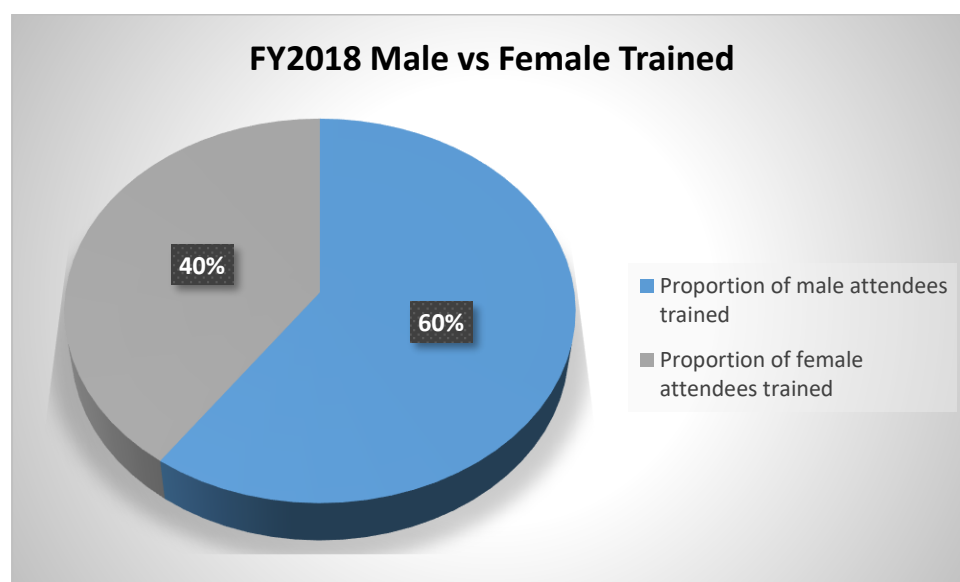
FY2018 QUARTERLY PERFORMANCE

Training Topic	Reporting Period	Total Person Hours Training	Person Hours Training for Male Participants	Person Hours Training for Female Participants	Location
Pest risk analysis training workshop to build capacity of the national plant protection organization of Eswatini	FY2018 Q1	170	68	102	Eswatini

Warehouse Receipt System capacity building	FY2018 Q1	148.5	54	94.5	Zambia
SPS annex & phytosanitary information management	FY2018 Q2	126	42	84	Namibia
SPS annex & phytosanitary information management	FY2018 Q2	210	140	70	Zambia
Career-building training for the finance industry	FY2018 Q4	144	90	54	South Africa

The Hub conducted several trainings on pest risk analysis, SPS customs standards, and phytosanitary information management, as well as a career building training targeted at young people, specifically young women in the finance industry. The chart below illustrates that out of the 307 individuals that participated in the Hub training 40 percent of these are female.

Figure 9: FY2018 Male vs. Female Individuals Trained





MONITORING AND
EVALUATION

MONITORING, EVALUATION AND LEARNING

The goal of the Hub's Monitoring and Evaluation, Learning (MEL) and Knowledge Management approach is to support effective evidence-based programming and performance measurement/management. This is attained by rigorous collection and analysis of timely, accurate, and reliable data on the Hub's activities.

In Q4 of FY2018, the Hub amplified its MEL approach and focus. It has made great strides in expanding and intensifying the processes and systems to better capture results, measure progress, and facilitate improved communication to USAID, counterparts, and other stakeholders. Application of the improved "data confirmation tool," (see Annex C) resulted in the Hub capturing significant export and sales data in Q4. Additionally, the Hub was able to work closely with the East Africa Trade and Investment Hub (EATIH) to capture outstanding results from the FY2017 Lusaka Grain B2B event resulting in an additional 36,804 MT of traded maize valued at \$8,00,490.

OVERVIEW OF FY2018 QUARTER 4

Strengthening internal data quality assessment

In August 2018, DAI undertook an internal data quality assessment (DQA) to review the data management processes and identify any existing or potential data quality gaps on the project. The assessment revealed the program has a suitable M&E system with a robust management information system that guarantees effective data management. However, the assessment also identified several opportunities to further strengthen the data management system and improve data quality. Based on the findings, the M&E team put in place several measures to strengthen the data collection methodology and data management systems.

- **Increase technical team participation in ongoing monitoring.** The M&E team has a limited capacity to capture data for every activity across the project. This gap has been addressed by migrating from manual data collection tools to online tools available to component teams with clear guidance to increase ongoing monitoring. This allows end of quarter reporting to better focus on verification and analysis as opposed to actual collection. The integration of data collection tools and mobile technology will increase uptake across the component teams, improve the efficiency of the M&E system, and capture more data with higher quality.
- **Complexity-aware monitoring increases context monitoring to enhance MEL.** In FY2019 Q1, the Hub M&E team will utilize performance monitoring to improve documentation regarding the connections between Hub technical assistance activities and the desired results strengthening the MEL system.

Firm-level data acquisition

During the FY2018 Q3 program review session with technical leads, it was noted that there were difficulties in data acquisition for export sales from companies supported by the Hub. To report value of exports attributable to the HUB, invoices and waybills were required as evidence. However, companies were wary of sharing invoices as they felt this was sensitive information. Furthermore, it was established that data requests were narrowly focusing on cause and effect and not attribution and contribution.

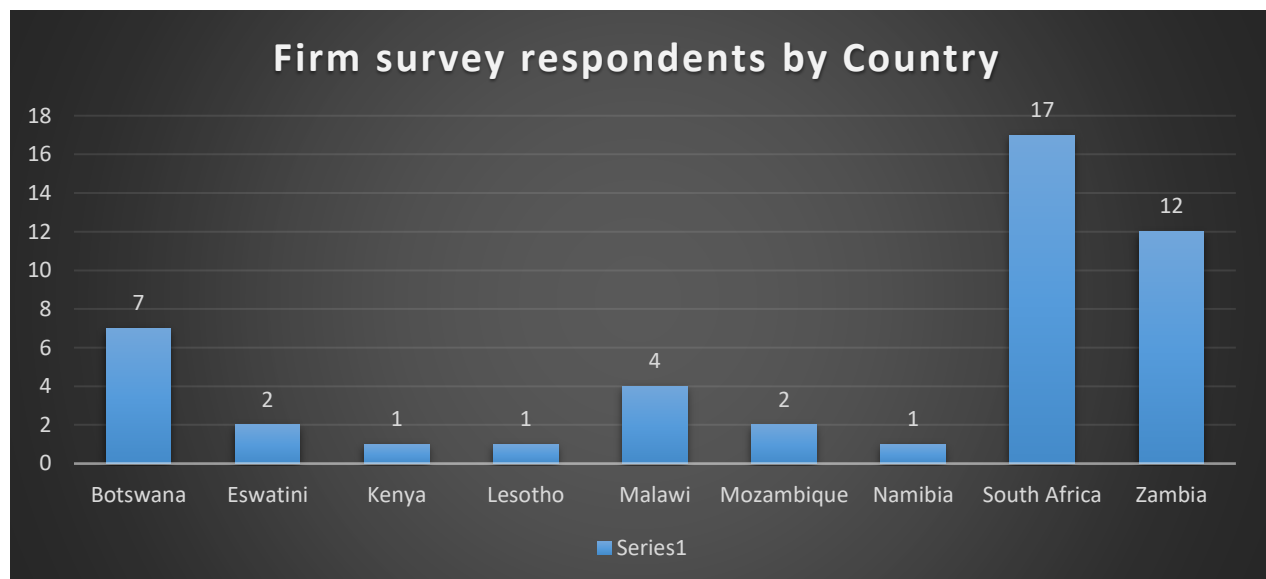
In view of this and in consultation with technical leads and Pragma Corporation, an organization commissioned by USAID to conduct the Hub Data Quality Assurance (DQA), the M&E team devised improved data acquisition strategies to uphold USAID data quality standards while addressing

companies' concerns. Once drafted, the Hub then shared the designed tool with private-sector entities during FY2018 Q4, resulting in companies sharing a surge of firm-level data on exports. One learning from this exercise is that Hub M&E team in consultation with technical leads will continue to review and revisit data acquisition methods for indicators perceived as problematic or too sensitive by beneficiaries.

Follow-up survey on firms receiving technical support

The M&E Team designed and conducted an online survey of firms and associations that received technical support from the Hub to determine the outcome and impact of that support. The survey targeted all firms that have participated in current and previous Hub-supported trade shows, buyer missions, training, B2B sessions, and other events. The survey collected information on number of new jobs created, level of technology adoption and profitability. Although the overall response rate was low with only 46 out of 200 targeted companies responding (about 30 percent). The graph below illustrates companies surveyed from across the Southern Africa Trade and Investment Hub countries.

Figure 10: Firm Survey Respondents by Country



The companies span a number of value chains and some operate in multiple value chains. The value chains with the largest number of respondents operating in specialty foods and textiles and apparel value chains. The seafood sector had the smallest number of respondents. A breakdown of respondents by value chain is depicted in the table below.

Figure 11: Sector Respondents by Value Chain

Value Chain	Count of Value chain
Beef and beef products, Seafood	1
Horticulture	1
Maize	1
Maize, Beef and beef products, Textiles/apparel, Dried fruit/semi-processed fruit, Agricultural inputs and implements, :	1
Maize, Nuts, Horticulture, Agricultural inputs and implements, Services (e.g. transport, etc.)	1
Maize, Nuts, Pulses (beans, chickpeas, lentils, cowpeas), Seed	1
Maize, Processed food	1
Maize, Pulses (beans, chickpeas, lentils, cowpeas)	1
Maize, Soy	1
Specialty Foods	11
Pulses (beans, chickpeas, lentils, cowpeas), Soy	1
Seafood	5
Services (e.g. transport, etc.)	8
Textiles/apparel	10
Textiles/apparel, Home and fashion accessories	2
(blank)	
Grand Total	46

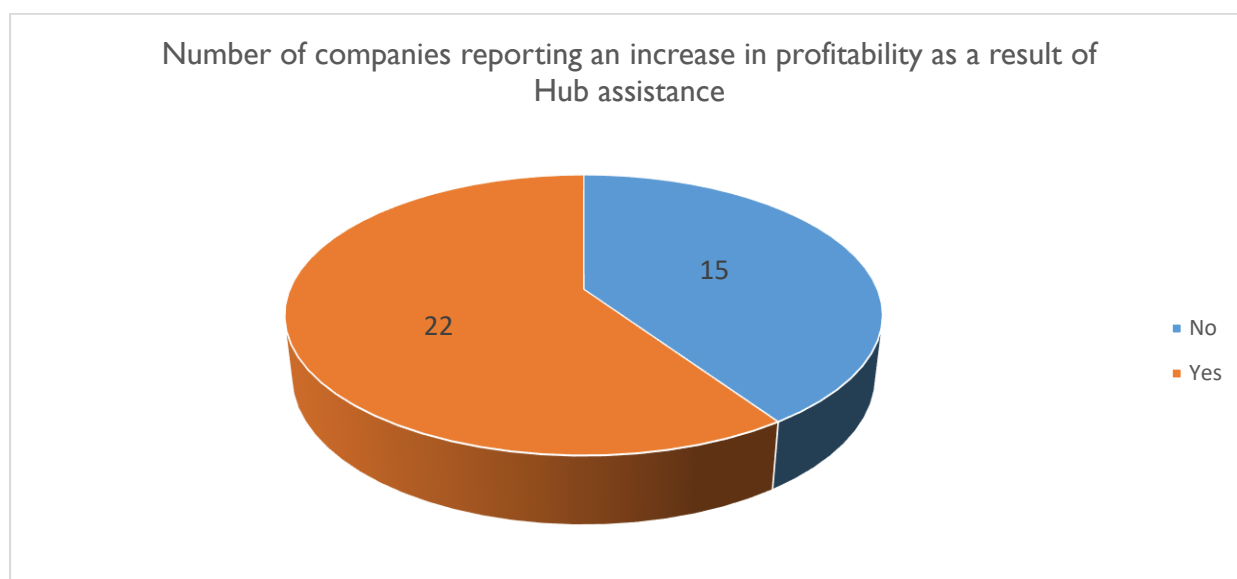
The above table can be aggregated further into the broader sector categories of agriculture, non-agriculture and services. This breakdown is provided in the following table. It is clear from this table that the majority (57 percent) of companies surveyed are operating in the non-agricultural sector, while 39 percent are operating in the agricultural sector and just 2 percent are service providers.²⁴

Sector	No.	% of total sample
Agriculture	26	57%
Non-Agriculture	12	26%
Services	8	17%

Ultimately, the Hub seeks to improve the incomes and livelihoods of Southern Africans through economic growth and job creation that results from improved intra-regional and international trade, so it is important to understand the current levels of key indicators to discern how things have changed as a result of Hub interventions. The survey asked 37 exporting firms exporting whether or not they are currently making a profit. According to the figure below, and the vast majority of respondents (59 percent) reported that they are indeed profitable as a result.

²⁴ The term ‘Agriculture’ includes cereals and grains, pulses, animal products, oil seeds, horticulture and agricultural inputs; ‘Non-agriculture’ refers to specialty foods, textiles and apparel, leather and accessories, seafood, and natural products; and ‘Service’ refers to all companies that indicated that they were offering services in the ‘Other’ category.

Figure 12: Companies Reporting an Increase in Profitability as a Result of Hub Assistance



In addition to companies reporting an increase in profitability, the Hub also documented jobs created. A key indicator for the Hub is the number of full-time equivalent (FTE)²⁵ jobs created with Hub assistance. To get a sense of the jobs created by Hub assistance, the survey focused on establishing direct jobs created, both part-time or full-time. The Hub documented over 1,500 direct jobs from exporting companies surveyed.

It is worth noting one of the constraints realized in this survey is validity and accuracy of self-reported data by supported firms. The validity and accuracy of data provided by supported firms and associations are key concerns to the program. Many of the firms receiving Hub support are reluctant to share data on actual sales/exports and employment.

Cases of underreporting are especially evident when comparing online, self-administered survey data to telephone interviews conducted by M&E staff. As a result, the response to Hub surveys has been low (roughly 30 percent response rate), which poses challenges to the documentation of the project's long-term results, especially in view of the fact that the Hub assisted 404 companies in its two years of operation. Technical teams are encouraged to work with M&E to ensure that companies are sensitized to the Hub's quarterly and annual M&E processes to avoid reluctance or push back from companies. The Hub will continue to employ a multipronged data collection approach to compare data sets from different sources as a means of validating Hub results.

Program review meetings

To ensure systematic internal review of progress in achieving set targets and results, and to address any bottlenecks that impede smooth implementation of activities and accomplishment of results, the M&E team organized quarterly program review meetings with the technical teams. These reviews served as a mechanism for validating performance data, reviewing timeliness in project implementation

²⁵ FTE in the companies' survey is equal to the number of full-time employees (defined as working 35 hours or more per week) plus the number of part-time employees multiplied by the proportion of time spent working relative to a full-time employee. There were a number of respondents that did not provide an answer for the proportion of time spent working by a part-time employee, so the number of FTE employees reported above includes all full-time employees as well as part-time employees, where a proportion was provided.

and accomplishment of agreed milestones and deliverables, identifying any data gaps and developing solutions. This has been an integral part of the project performance management.

The Hub has evaluated its progress and agreed to actions to further enhance performance in the following quarter, including extensive follow-ups with supported firms to capture the outcome of Hub interventions in increasing intra-regional and international exports, technology adoption and meeting international export standards. In response, the M&E team worked with the technical team and the Hub's partners to streamline the follow-up approach. This led to additional documentation of project outcomes, as is reflected in the overall performance data.

Hub M&E data management systems strengthened

The M&E Team in collaboration with DAI home office, M&E team is developing online systems that will house all Hub data collection tools and sync them with the new 13 key performance indicator and activities outlined in the yet-to-be-approved FY2019 Work Plan, thereby synthesizing Hub data, collection, verification and management processes. As part of the Hubs efforts to improve data management and reporting, in January 2019, an in-house workshop will be conducted with all staff to orientate them to newly designed system. The data management system should be fully commissioned in FY2019 Q2.

Performance monitoring

In FY2018 Q3, the Hub and the USAID Feed the Future activity manager reviewed the new Feed the Future (FTF) results framework and indicators against the Hub Work Plan activities implementation, identifying indicators the Hub might have to report on year-end when the PMEP is revised at the end of the program year. The interactive session, held on May 7, 2018, also provided the Hub M&E team with an improved understanding of the use of M&E for evidence-based decision-making and results-based management. Topics included the development of results frameworks, selection of appropriate indicators, performance monitoring, data quality assurance, communication of data, and types of evaluation for the selected new indicators.

M&E indicator orientation session to technical team: The M&E Team held indicator clarification sessions and meetings with all technical leads and USAID in attendance to orientate them through the significant Feed the Future indicator changes and reporting requirements. The session provided an opportunity to harmonize indicator concepts, definitions and expectations and clarify any issues that may not be clear as well as stipulate cases where the Hub would need to amend indicator definitions. The Hub also held an indicator target-setting meeting to communicate the newly introduced FTF indicators.

PROJECT ADMINISTRATION

PERSONNEL

The Hub is undergoing a significant restructuring, realignment, and reorganization effort. A new Chief of Party (COP), Adam Saffer, has been identified and is currently serving as Acting COP pending USAID approval.

The Deputy Chief of Party (DCOP) resigned from the Hub and a decision was made to temporarily not refill this position, pending the realignment and reorganization effort. Another decision was made to replace the current Component Director for Trade Facilitation/Enabling Environment to better adjust and align to a revised approach toward trade facilitation. Short-term technical assistance (STTA) has been identified to cover the responsibilities in the interim.

Four additional team members have departed the project, including the Communications Coordinator, the Finance and Investment Coordinator, Grants Manager, and Component Director for Agribusiness. With the departure of the Director for Agribusiness, active recruitment is under way for a replacement with a modified scope that focuses on sourcing and supporting cross border agriculture and agribusiness transactions. Short-term technical assistance (STTA) has been identified to cover the responsibilities in the interim.

The team successfully recruited and fielded a Country Director and Sanitary and Phytosanitary (SPS) Specialist in Zambia to support implementation of the Zambia Trade Facilitation Agreement Program (Z-TFAP) funded through a project buy-in from USAID/Zambia. Z-TFAP shares office space with the Feed the Future Southern Africa Seed Trade Project in Lusaka.

As part of its refocusing efforts, the Hub closed its Gaborone, Botswana office in September 2018. Multiple Botswana-based team members departed the project including the Trade Facilitation Specialist, M&E Specialist, and Project Administrator. The Logistics/Program Manager based in Gaborone continues to remotely support the Hub.

At various times throughout the year, the Hub employed a limited number of STTA Independent Consultants (ICs) to bring in expertise and support Hub technical activities and deliverables in Southern Africa. The Hub prioritized recruiting local consultants from the region. The prudent and targeted use of ICs allows the Hub to achieve its performance targets and maximize resources by bringing in short-term, specialized expertise when needed.

ANNEX A: FY2018 PERFORMANCE MONITORING AND EVALUATION PLAN

INDICATOR ACHIEVEMENT

Indicator	FY2018 Target	Q1 Achievement	Q2 Achievement	Q3 Achievement	Q4 Achievement	FY2018 Achievement	% FY2018 Achievement	Comments
1 Value of exports in targeted non-agricultural and agricultural commodities (ACTE DOI.1) (EG 3.2-23)	\$15m	\$49,017.55	\$2,547,461.06	\$291,069.27	\$22,177,873.22	\$25,065,421.10	167%	The FY2018 target has been achieved and exceed in Q4. Significant results have been realized in Q4 due to additional implemented source of evidence from the firms also additional data mining on the FY2017 B2B event.
2 Value of new private sector investment in agricultural sector (ACTE DO I.2); (FTF 4.5.2-38); (EG 3.2-22)	\$ 21m	\$0	\$6,346,666.45	\$0	\$56,457,280.50	\$62,803,946.95	299%	The FY2018 target has been achieved and exceed in Q4.
3 Value of new private sector investment in non-agricultural targeted sectors leveraged by the Hub (ACTE DO I.3)	\$14m	\$5,700,000.00	\$2,980,000.00	\$14,054,760.00	\$0	\$22,734,760.00	162%	The FY2018 target has been achieved and exceeded in Q3.
4 Value of exports (both intra-regional and international) in targeted non-	0	0	0	0	0	0	0	Context Indicator to be reported at the end of the year.

Indicator		FY2018 Target	Q1 Achievement	Q2 Achievement	Q3 Achievement	Q4 Achievement	FY2018 Achievement	% FY2018 Achievement	Comments
	agricultural and agricultural commodities								
5	Foreign Trade (X+M) as a percentage of GDP	0	0	0	0	0	0	0	Context Indicator to be reported at the end of the year.
6	Number of firms that experiencing an increase in profitability/self-sufficiency (FTF 4.5.2-43) or (EG 3.2-21)	5% ²⁶	N/A	N/A	N/A	20	20	200%	Out of the 36 firms that responded to profitability on the survey form, 20 reported experiencing an increase in profitability.
7	Number of agriculture and non-agriculture full-time equivalent (FTE) jobs created with SATIH assistance (FTF 4.5-2); (EG 3-9)	5%	N/A	N/A	N/A	0	0	0%	Indicator measures full-time equivalent (FTE) jobs. Companies did not provide number of days that constitute full time, part time employment. But could only provide number of full time and part time jobs created. 727 full time jobs created 721 part time jobs created

²⁶ The Hub assisted 206 for profit firms in FY2018 with the aim of increasing firms' profitability/self-sufficiency. The Hub target was at 5 percent of assisted companies i.e. 5 percent of the 206, this in turn sets FY2018 target at 10 firms experiencing an increase in profitability/self-sufficiency.

Indicator		FY2018 Target	Q1 Achievement	Q2 Achievement	Q3 Achievement	Q4 Achievement	FY2018 Achievement	% FY2018 Achievement	Comments
8	Trading across borders ranking	0	0	0	0	0	0	0	Context Indicator to be reported at the end of the year.
9	Number of metric tons of grain traded through commodity exchanges/certified warehouses supported with Trade Hub assistance	5,000 MT	0 MT	13,797.878 MT	2,094.94 MT	37,735.31 MT	53,628.13 MT	1073%	The indicator has been surpassed significantly in Q4. This is due in part to the contribution from the 2017 B2B event.
10	Number of certified warehouses participating in commodity exchanges and/or warehouse receipt systems with trade hub assistance	3	0	0	0	6	6	200%	The FY2018 target has been achieved and exceeded in Q4.
11	Metric tons of installed storage capacity	100,000 MT	0MT	56,780 MT	0MT	25,862.40 MT	82,642.40 MT	83%	Indicator on track

Indicator		FY2018 Target	Q1 Achievement	Q2 Achievement	Q3 Achievement	Q4 Achievement	FY2018 Achievement	% FY2018 Achievement	Comments
12	Number of for-profit non-agricultural sector private enterprises, that applied improved organizational-level technologies or management practices as a result of USG assistance (ACTE IR 2.1) (FTF 4.5.2-42); (EG 3.2-20)	24	0	2	16 ²⁷	17	35	146%	The FY2018 target has been achieved and exceeded in Q4.
13	Number of buyer/seller linkages established in targeted non-agricultural sectors as a result of Trade Hub assistance (ACTE IR 2.2)	475	0	51	41	20	112	24%	
14	Number of assisted non-agricultural sector firms/associations meeting international grades and standards to export (ACTE IR 2.2)	3	0	0	0	2	2	67%	

²⁷ In FY2018 Q1 17 firms were reported as having applied improved organizational level technologies or management practices as a result of USG assistance. Following M&E verification and validation, the reported figure has been revised to 16.

Indicator		FY2018 Target	Q1 Achievement	Q2 Achievement	Q3 Achievement	Q4 Achievement	FY2018 Achievement	% FY2018 Achievement	Comments
15	Number of for-profit private enterprises that applied improved organizational-level technologies or management practices as a result of USG assistance (ACTE IR 1.1) (FTF 4.5.2-42); (EG 3.2-20)	41	0	0	1	7	8	20%	Data to be derived and populated once survey data has been consolidated and finalized.
16	Number of buyer/seller linkages established in targeted agricultural sectors as a result of Trade Hub assistance. (ACTE IR 1.2)	145	4 ²⁸	18	17	11	50	34%	
17	Number of assisted agricultural sector firms/associations meeting international grades and standards to export (ACTE IR 1.3)	4	0	0	0	2	2	50%	

²⁸ In FY2018 Q1 firms were reported as having 5 linkages established as a result of USG assistance. Following M&E verification and validation, the reported figure has been revised to 4.

Indicator		FY2018 Target	Q1 Achievement	Q2 Achievement	Q3 Achievement	Q4 Achievement	FY2018 Achievement	% FY2018 Achievement	Comments
18	Value of Loans to target enterprises/groups due to trade hub assistance. (EG 3.2-6)	\$5,000,000	\$0	\$0	\$530,533.30	\$7,000,000.00	\$7,530,533.00	151%	Indicator achieved and exceeded.
19	Number of food security private enterprises, POs, WUAs, women's groups, trade and business associations & CBOs receiving USG assistance (EG 3.2-4)	82	29 ²⁹	93 ³⁰	186 ³¹	96	404	493%	Indicator achieved and exceeded.
20	Number of PPPs formed with hub assistance (EG 3.2-5)	12	0	0	0	17	17	142%	Indicator achieved and exceeded.

²⁹ In FY2018 Q1, 23 firms were reported to have received USG assistance, Following M&E verification and validation, the reported figure has been revised to 29.

³⁰ In FY2018 Q2, 178 firms were reported to have received USG assistance, Following M&E verification and validation, a duplication exercise was conducted and the reported figure has been revised to 93.

³¹ In FY2018 Q3, 218 firms were reported to have received USG assistance, Following M&E verification and validation, a duplication exercise was conducted and the reported figure has been revised to 186.

Indicator		FY2018 Target	Q1 Achievement	Q2 Achievement	Q3 Achievement	Q4 Achievement	FY2018 Achievement	% FY2018 Achievement	Comments
21	Number of enabling environment policies analyzed, consulted on, drafted or revised, approved and implemented with USG assistance (ACTE IR 1.3) (FTF 4.5.1-24); (EG 3.1-12)	3	0	0	1	6	7	233%	Indicator achieved and exceeded.
22	Number of organizations assisted to reduce Non-Tariff Barrier (NTB), which are relevant to the SADC region	6	0	0	0	0	0	0%	This indicator is to be revised as tracking of number of organizations being assisted to reduce NTBs is not of significance as opposed to tracking NTBs reduced with the Hub's assistance.
23	Time required to trade goods across borders and along corridors because of Trade Hub assistance. (ACTE IR 3.1) (EG 2.1-2)	TBD	0	0	0	0	0	0%	Baseline study conducted in FY2017. Following implementation activities, the Hub will assess in FY2019. This is a bi-annual indicator.
24	Cost to trade goods across borders and along corridors as a result of Trade Hub assistance (ACTE IR 3.2)	TBD	0	0	0	0	0	0%	Baseline study conducted in FY2017. Following implementation activities, the Hub will assess in FY2019. This is a biannual indicator.

Indicator		FY2018 Target	Q1 Achievement	Q2 Achievement	Q3 Achievement	Q4 Achievement	FY2018 Achievement	% FY2018 Achievement	Comments
25	Time to export and to import along corridor					0	0		Context Indicator reported at the end of the year.
26	Cost to export and to import along corridors					0	0		Context Indicator reported at the end of the year.
27	Person hours of USG-supported training completed in trade and investment (EG.2-1)	4,000	318.5	336	0	144	798.5	20%	

ANNEX B: FY2019 NEW KEY PERFORMANCE INDICATORS

At the end of FY2018, the Hub revised its performance monitoring and evaluation plan guided by the new “Phase Two” Feed the Future Indicator Handbook, the USG’s Feed the Future initiative, and the Global Food Security Strategy (GFSS). In close consultation with the USAID/Southern Africa Regional Economic Growth Office (REGO), the Hub developed for FY2019-21, a consolidated set of 13 indicators (12 performance indicators and 1 context indicator).

Indicator		Output or Outcome	FTF Indicator Reference	Disaggregations
1	Value of exports in targeted non-agricultural and agricultural commodities	Outcome	N/A	Commodity/Value Chain; Destination market (Region, U.S., rest of world) Country of origin; Sector: FTF agriculture (staple foods), other non-FTF agriculture; non-agriculture) Reporting to ACTE will only be for Agricultural commodities.
2	Value of targeted agricultural commodities exported at a national level [National-Level]	Context	EG.3.1-c	Commodity
3	Value of annual sales of farms and firms receiving USG assistance	Outcome	EG.3.2-26	<u>Type of producer/firm (firms are non-farm enterprises):</u> Producer - smallholder, Producer – non-smallholder, Firm – microenterprise, Firm - Small and medium enterprise, Firm- Large enterprise or corporation. <u>Sex of producer or proprietor(s):</u> Male, female, mixed <u>Age:</u> 15-29, 30+, mixed
4	Value of new commitments and private sector investment leveraged by the USG to support food security and nutrition	Output	EG.3.1-14	Funding source: USG commitment amount (using "commitment" to include funding in the form of direct loans or a grant); Private sector partner leveraged amount (using leveraged to include both cash and in-kind investment valued at market rates from the private sector partner) Country – where the investment occurs, Sector/Value chain—agriculture only; Type of organization (Firm, CSO/NGO, women owned, Association, Other); Operating capital/Capital Investments for FTF 4.5.2-38/EG 3.2-22
Indicator		Output or Outcome	FTF Indicator Reference	Disaggregations
5	Value of new commitments and private sector investment leveraged by the USG in non-Agricultural sector	Output	EG.3.1-14	Funding source: USG commitment amount (using "commitment" to include funding in the form of direct loans or a grant); Private sector partner leveraged amount (using leveraged to include both cash and in-kind investment valued at market rates from the private sector partner)

				Country – where the investment occurs, Sector/Value chain—agriculture only; Type of organization (Firm, CSO/NGO, women owned, Association, Other); Operating capital/Capital Investments for FTF 4.5.2-38/EG 3.2-22
6	Number of agriculture and non-agriculture jobs created with SATIH assistance	Outcome	N/A	Agriculture/Non-Agriculture (Agricultural totals reported with the other disaggregation to FTF 4.5-2/EG 3-9), Country Direct jobs and Indirect jobs
7	Number of metric tons of grain traded through commodity exchanges/certified warehouses supported with Trade Hub assistance	Outcome	N/A	Country; Value Chain(s)/Sector (FTF, non-FTF AG, non-AG); Gender of owner/MD; type of organization; commodity exchanges/warehouse system, country
8	Number of individuals in the agriculture system who have applied improved management practices or technologies with USG assistance	Outcome	EG.3.2-24	Value chain actor type (Smallholder producers/Non-Smallholder producers/People in government/People in private sector firms/ People in civil society/Others)
9	Number of assisted agricultural sector firms/associations meeting international grades and standards to export	Outcome	N/A	Country, Sector/value chain, Type of organization (e.g., for profit firm, women owned, CBO, etc.) Type of standard/grade; ag/ag-services; Non-Ag/Non-Ag Services
10	Value of agriculture-related financing accessed because of USG assistance	Outcome	EG.3.2.27	Type of financing accessed: Debt (Type of debt: Cash, In-kind); Size of recipient (Individual/microenterprises); Sex of producer/proprietor(s)(Male/Female/Mixed); Age ((15-29),30+, mixed) Non-debt: <u>Size of recipient</u> (Individuals/microenterprises) <u>Sex of producer or proprietor(s)</u> : Male, female, mixed) <u>Age</u> : 15-29, 30+, mixed
Indicator		Output or Outcome	FTF Indicator Reference	Disaggregations
11	Number of milestones in improved institutional architecture for food security policy achieved with USG support.	Outcome	EG.3.1-d	Level (National/Subnational/Regional/continental and International level); IA policy element: Predictability of the Guiding Policy Framework, Policy Development and Coordination, Inclusivity and Stakeholder Consultation, Evidence-based Analysis, Policy Implementation, Mutual Accountability

12	Time required to trade goods across borders and along corridors as a result of Trade Hub assistance	Outcome		Process; Country; imports/exports; sector/value chain; corridor; corridor interval
13	Cost to trade goods across borders and along corridors as a result of Trade Hub assistance	Outcome		Country; imports; exports; value chain; corridor interval; type of cost

ANNEX C: EXPORT - SALES DATA CONFIRMATION TOOL

EXPORT-SALES DATA CONFIRMATION TOOL

Attention: Southern Africa Trade and Investment Hub

Dear Sir / Madam,

I write this letter in confirmation of the amount of US\$ _____ (value of exports), exported to the following countries, and US\$ _____ (value of domestic sales) during the period 1st July 2018- 30th September, 2018.

I also confirm that **Saddler Belts** _____ was assisted by the Hub to exhibit at the **Magic Trade Show 2017** in Las Vegas.

Domestic Sales					
Indicator	Country	Products	Value of Domestic Sales (US\$ amount) (July 01- Sept 30, 2018)	Women Owned/ Managed	
Value of Domestic Sales <i>(Unit of Measure, USD)</i>			US\$		
			US\$		
			US\$		
			US\$		
Total			US\$		
Export Sales					
Indicator	Destination Country	Products	Value of Goods Exported (US\$ amount) (July 01- Sept 30, 2018)	AGOA (Is it AGOA related?)	Women Owned/ Managed
Value of Exports <i>(Unit of Measure USD)</i>			US\$		
			US\$		
			US\$		
			US\$		
			US\$		
			US\$		
Totals			US\$		

We confirm that the above products have been exported and received by the client.

Yours faithfully,

Company Name

Name /Person

Job Title

Signature

Date

ANNEX D: SUCCESS STORIES



SUCCESS STORY

Food Security Investment in Mozambique

Building an Integrated Multinational Packaged Food Group



The USAID Southern Africa Trade and Investment Hub is a multi-sector, regional project that provides technical assistance and implements strategies to advance intra-regional trade, enhance food security, and increase employment opportunities across Southern African.

A Hub supported consortium encompassing Amethis' Fund II, Kibo Capital's Fund II, and Proparco, announced their acquisition of a minority equity stake into Mecer Industries ("Mecer"), a family-owned wheat and maize miller in Mozambique. Formed in 2001, Mecer has since grown into a leading wheat and maize miller and packaged food manufacturer in Mozambique with an increasingly strong export focus. In recent years, Mecer's successful product expansion into pasta, biscuits, and animal feed has contributed to its strong footprint in the SADC region.

This investment will support Mecer's strategy towards building an integrated, multinational packaged food group, as well as further diversifying its brand through partnerships and acquisitions in Mozambique and across Southern African.

To facilitate this investment, the Hub supported the consortium in understanding the bread market in Maputo and Matola. The work involved, inter alia, sizing the market, analyzing market structure, price drivers and elasticities, and assessing distribution channels for bread products. Bread is predominantly sold through informal markets. The analysis provided independent validation of the investment concept, a key requirement for securing investment committee approval. Bread is the key staple food in the urban areas of Mozambique.

The Mozambican market has received limited non-resource related private equity investments, making this transaction an important market precedent. Despite recent economic challenges, the country benefits from a strong demographic profile, robust GDP growth, and a favorable geographic location. The transaction is expected to enhance food security by improving access to bread and wheat-based food products.

U.S. Agency for International Development
www.usaid.gov



SUCCESS STORY

FDA Awareness Launched in Southern Africa

Capacitating Firms to Meet U.S. Import Standards



The USAID Southern Africa Trade and Investment Hub is a multi-sector, regional project that provides technical assistance and implements strategies to advance intra-regional trade, enhance food security, and increase employment opportunities across Southern African.

The Hub recently established a Memorandum of Understanding with (MOU) with Registrar Corp and launched a series of U.S. Food & Drug Administration (FDA) awareness seminars in Botswana, Eswatini, and Lesotho. The seminars were aimed at providing practical information on FDA compliance and the steps necessary to meet U.S. import standards to increase exports to the U.S. under the African Growth and Opportunity Act (AGOA). The Hub is partnering with in-country trade and investment promotion agencies (IPAs) and various ministries in the region to host the seminars. It is also working closely with the specialty and processed food sectors at the value chain and firm level to promote exports to the U.S.

Thirty-eight participants from private sector specialty and wholesale food, organic, and cosmetic companies attended the first FDA awareness seminar in Gaborone, Botswana on September 24, 2018. The seminar demystified perceptions surrounding exporting food and drugs to the U.S. and highlighted the existing regulatory framework. It also shared experiences on recent changes to food safety including the Food Safety & Modernization Act (FSMA), the Foreign Supplier Verification Program (FSVP), and new food labelling requirements.

Registrar Corp is a Virginia-based company and a market leader in FDA compliance assistance. It has 21 international offices (including Cape Town, South Africa), over 150 employees, and has aided more than 30,000 companies across 160 countries. Following the signing of the MOU, the Hub and Registrar Corp co-branded key informational (fact sheets, checklists) materials distributed during the seminars. The FDA awareness seminar series is a cost-share between the Hub and Registrar Corp. Similar seminars are envisioned for later in 2018 in Malawi, Mozambique, Zambia and South Africa.

U.S. Agency for International Development
www.usaid.gov

ANNEX E: COMMUNICATIONS PRODUCTS

Hubs Delivering Results



USAID AFRICAN TRADE HUBS: DELIVERING RESULTS

USAID Trade and Investment Hubs advance enterprise-driven solutions to unlock Africa's growing markets. Through innovative public-private sector partnerships, the Hubs promote trade and investment that drive international commercial expansion and encourage resilient economic growth—a win-win for the U.S. and our African partners.

RETURN ON \$1 INVESTMENT IN AFRICAN TRADE PROGRAMS

800%



JOB
S CREATED
(2010-18)

46,000



VALUE OF AGOA EXPORTS
FACILITATED (2004-18)

\$450M



VALUE OF INTRA-REGIONAL
TRADE FACILITATED
(2004-18)

\$250M



VALUE OF TOTAL
EXPORTS FACILITATED
(2004-2018)

\$1.35B



VALUE OF POTENTIAL
INVESTMENTS IDENTIFIED

\$592M



VALUE OF INVESTMENTS
FACILITATED (2004-18)

\$437M



www.satihub.com



FDA News: Regulatory Updates for Fall 2018

FSMA Deadline: First FDA Qualified Facility Attestation Period Begins October 1, 2018

Under the FDA Preventive Controls Rule, “qualified facilities” receive exemption from certain FDA food safety requirements, such as development of Hazard Analysis and Risk-based Preventive Controls (HARPC) Plans and Supply-Chain Programs.

Facilities may be eligible for exemption if their average global food sales plus the market value of their unsold food inventory was less than \$1,000,000 during the last three years (including affiliates and subsidiaries, collectively).

To take advantage of these exemptions, facilities must submit a Qualified Facility Attestation to FDA between October 1, 2018 and December 17, 2018. FDA requires qualified facilities to maintain records supporting eligibility and records demonstrating compliance with FDA food safety requirements or those of another regulatory authority. The Agency may check for these records during an FDA food facility inspection.

As of September 2017, FDA requires most other food facilities to have HARPC Food Safety Plans. If you are subject to these requirements and do not have a HARPC Plan, it is prudent to develop one immediately. Registrar Corp’s Qualified Individuals can develop a HARPC Plan for your facility or review a current plan for compliance.

Many Food Businesses Have Less Than 2 Years to Comply with New Label Rules

FDA finalized significant changes to food, beverage, and supplement labeling, including updates to daily values, serving sizes, the Nutrition Facts chart, and more. Updates to daily values may affect what nutrient content claims, such as “high in fiber,” a label may bear. FDA’s compliance deadline for these rules is January 1, 2020 (or January 1, 2021 for manufacturers with less than 10 million in annual sales).

We urge industry to comply now. FDA extended the previous compliance date due to industry concern for meeting the original deadline. Registrar Corp can update your labeling to be compliant with FDA’s new regulations. Start now for a smooth and efficient transition.

Reminder: Renew Your FDA Registration October 1 – December 31, 2018

FDA requires registered food facilities to renew their FDA registrations between October 1 and December 31, 2018, regardless of when they initially registered. Facilities that do not renew before the deadline may have their shipments detained due to invalid registrations.

Registrar Corp can quickly and properly renew your FDA registration. For facilities located outside of the United States, Registrar Corp can also serve as your required U.S. Agent for FDA Communication.

Nutrition Facts	
Serving Size 2/3 cup (55g) Servings Per Container About 8	
Amount Per Serving	
Calories 230	Calories from Fat 72
% Daily Values*	
Total Fat 8g	12%
Saturated Fat 1g	5%
Trans Fat 0g	
Cholesterol 0mg	0%
Sodium 10mg	7%
Total Carbohydrate 10g	12%
Dietary Fiber 1g	16%
Sugars 1g	
Protein 3g	
Vitamin A	10%
Vitamin C	8%
Calcium	20%
Iron	45%

*Percent Daily Values are based on a diet of other people's misdeeds.
Your daily values may be higher or lower depending on your calorie needs.

	Calories: 2,000	2,500
Total Fat	Less than 65g	80g
Sat Fat	Less than 20g	25g
Cholesterol	Less than 300mg	300mg
Sodium	Less than 2,400mg	2,400mg
Total Carbohydrate	300g	375g
Dietary Fiber	25g	30g

Old format

Nutrition Facts	
8 servings per container Serving size 2/3 cup (55g)	
Amount per serving	
Calories 230	
% Daily Value*	
Total Fat 8g	10%
Saturated Fat 1g	5%
Trans Fat 0g	
Cholesterol 0mg	0%
Sodium 10mg	7%
Total Carbohydrate 10g	13%
Dietary Fiber 1g	14%
Total Sugars 1g	
Includes 1g Added Sugars	20%
Protein 3g	
Vitamin D 2mcg	10%
Calcium 260mg	20%
Iron 8mg	45%
Potassium 235mg	6%

*The % Daily Value (DV) tells you how much a nutrient in a serving of food contributes to a daily diet. 2,000 calories a day is used for general nutrition advice.

New format

Contact Registrar Corp: www.registrarcorp.com/contact | Contact The Hub: www.satihub.com/contact-us



Checklist for Exporting Food and Beverages to the USA

Verify that you have a valid FDA registration

Facilities that manufacture, process, pack, or hold food must register with the U.S. Food and Drug Administration (FDA) and renew their registrations between October 1 and December 31 of each even-numbered year.

Designate a U.S. Agent

The U.S. agent for FDA communications serves as a point of contact for any matters related to FDA, including the scheduling of inspections, complications in port, and other regulatory matters. This agent is different than a commercial or customs agent.

Verify that your labeling is compliant

Labeling mistakes are one of the leading causes for food to be denied entry into the USA. FDA's regulations are strict and extensive, and include everything from the placement of the Nutrition Facts Chart to the font sizes used. Be sure to review the regulations thoroughly.

Ensure that your ingredients are not prohibited by FDA

Certain ingredients are not permitted in food products intended for U.S. consumption. Products utilizing prohibited ingredients may be subject to FDA regulatory action, even if the ingredients are acceptable in the country of origin.

Determine if your product requires an FCE Registration

FDA requires companies that produce certain shelf-stable, hermetically-sealed acidified or low-acid foods to obtain a Food Canning Establishment (FCE) registration. In addition, manufacturers must submit documentation for each process used in the production of foods subject to these requirements.

Submit Prior Notice for each shipment

Facilities must submit Prior Notice to FDA for every shipment of food to the United States. Prior Notice may be submitted by anyone with knowledge of a shipment and includes information about the exporter, the importer, the product, and the method of shipment. When to submit Prior Notice depends on the method of shipment (air, sea, road, etc.).

Comply with the new Food Safety Modernization Act (FSMA) requirements

New regulations under FDA's Food Safety Modernization Act require most FDA-registered food facilities to write and implement Food Safety Plans (HARPC Plans), Food Defense Plans, and monitor their suppliers for compliance with FDA regulations.

Registrar Corp assists with all the FDA requirements above. Contact us for help.
(+27) 21-979-5383 | www.registrarcorp.com | southafrica@registrarcorp.com

Find USAID Southern Africa Trade and Investment Hub trade resources at www.satihub.com

Jewel of Africa – AGOA Success in Zambia



AGOA: SUSTAINING DAZZLING PROSPECTS IN ZAMBIA

Zambian jewellery company, Jewel of Africa, exemplifies the potential that the United States' African Growth and Opportunity Act (AGOA) offers to African exporters.

Jewel of Africa (JOA) began selling jewelry to the U.S. in 2002. At the time, Rashmi Sharma, now Director of Sales and Marketing at JOA in Lusaka carried a mere US\$20,000 worth of jewelry for 10 clients. At that level, getting through customs was a relatively simple process that required paperwork but no import duties. It was not long before Ms. Sharma was carrying US\$250,000 worth of jewelry, and customs clearance grew complicated. On one trip, no sooner had Ms. Sharma landed than a U.S. Customs Officer forced her to take the next flight back to Africa because she did not have a clearing agent. That is when she turned to the United States Southern Africa Trade and Investment Hub (the Hub) for help.

"How can one not fall in love with gems? They are gods of beauty, they have positive energy, and their spectra of colours are endless. That's why they are my first true love!"

- Rashmi Sharma, Head Gemologist FGA, GIA, MBA

The Hub linked JOA to a U.S. clearing agent, and helped the company take advantage of the African Growth and Opportunity Act (AGOA), which provides duty-free access to the U.S. for over 7,000 tariff lines from Sub-Saharan African states (see below). It has been several years since Jewel began leveraging AGOA's benefits, which include exemption from the 4 and 7 percent duties levied on precious metals in which gemstones are set, and Jewel has become Zambia's largest vertically integrated gemstone business, conducting the mining, smelting, cutting, and polishing of gemstones, operating six stores in Zambia and a sister company in the U.S., and planning to expand its Internet presence. According to Ms Sharma, AGOA also means that clearing customs is now a breeze.

JOA is one of the few Zambia companies to have fully realized the potential of AGOA. Today, JOA exports many more thousands of dollars' worth of loose and set gemstones to the U.S. Chief among her products are Zambian emeralds, which rank among the world's finest, but she also sells jewellery featuring tourmalines, amethyst, citrine, garnets and aquamarine.

Below, Jewel of Africa Founder, Dr. K.B. Sharma, Rashmi Sharma, and Managing Director Rajnish Sharma



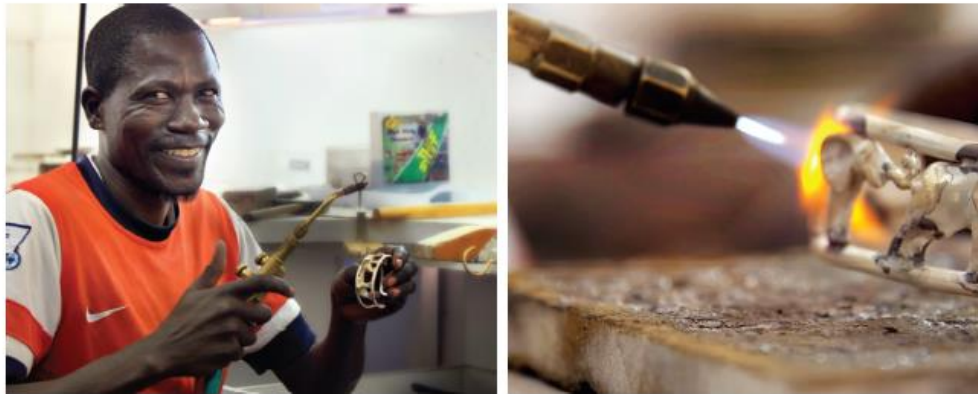


AGOA

AGOA is the cornerstone of U.S. economic engagement with the countries of Sub-Saharan Africa. AGOA helps eligible nations diversify their exports by providing duty-free access for nearly 7,000 tariff lines to the U.S. market, creating jobs and fostering inclusive economic growth. Major AGOA eligible product lines from Sub-Saharan Africa include textiles and apparel; footwear; specialty foods; leather accessories, among others.

The USAID Southern Africa Trade and Investment Hub has helped Zambia's government to develop an official AGOA Utilization Strategy that prioritizes key sectors and products for potential export to the United States, including textiles and apparel, leather goods and accessories, handicrafts and wood products, agro-processing (honey, cassava, legumes, beef, and fruit) and gems and jewelry.

Since AGOA was established, non-oil exports have increased almost 200 percent to \$4.3 billion in 2017. This growth has spurred an estimated 300,000 direct jobs in beneficiary countries. AGOA benefits are currently extended to 40 countries in Africa.



THE HUB

Building a vibrant, broad-based and export-oriented private sector and promoting a governing environment that is conducive to business fosters resilience among Southern African economies and fuels demand for U.S. goods and services. The Southern Africa Trade and Investment Hub implements activities in four critical areas: finance and investment, enabling environment and trade facilitation, export competitiveness, and agribusiness.

The program works with eight Southern Africa Development Community member states: Botswana, Lesotho, Malawi, Mozambique, Namibia, South Africa, Swaziland and Zambia. The Hub is assessing potential activities in Angola, the Democratic Republic of Congo, and Zimbabwe.

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Expand Food Security through Market Expansion



DEVELOPING WORLD MARKETS

THE SOUTHERN AFRICA TRADE AND INVESTMENT HUB

The United States Agency for International Development's (USAID) Southern Africa Trade and Investment Hub (the Hub) partners with private and public sector institutions across Southern Africa to strengthen regional economies, grow industry value chains, and attract investment that drives commercial expansion within the region and to global markets. The Hub's dedicated Finance and Investment Team assesses prospective investment opportunities and partners with financial institutions to develop innovative solutions that fund inclusive growth. The Team has facilitated over \$75 million worth of investments since 2017. Recently, the Hub collaborated with Sub-Saharan African private equity group EXEO Capital's Agri-Vie Fund II to promote the growth of agribusiness in Zambia.

Fish & Seafood Losses Due To Problems With Distribution & Storage

Sub Saharan Africa:
37.5%

North Africa, West & Central Asia:
26.7%

North America:
10.0%

DEVELOPING AGRIBUSINESS VALUE CHAINS IN ZAMBIA

Zambians are avid fish eaters: individual intake averages 10 kilograms per year, and demand is rising alongside a growing population, intensifying urbanization and expanding incomes.¹ To meet demand, Zambia imports over 50 percent of fish consumed, an amount estimated at about \$367 million. The World Bank estimates that fish imports to Zambia have climbed 15-fold in the past decade, and Zambia's government has identified aquaculture as a high priority sector.² Supplying animal protein is problematic, however, due to unreliable cold chain logistics and inadequate storage facilities.

Zambia's Capital Fisheries has overcome these difficulties by operating a vertically integrated business distributing local and imported frozen fish and meat. It operates the logistics business, Capital Trucking, and sells block ice called 'Capital Ice'. Capital Fisheries is Zambia's largest frozen food wholesale network, distributing over 240 local and imported frozen food products to supermarkets, restaurants and informal markets via a network of over 50 wholesale depots.

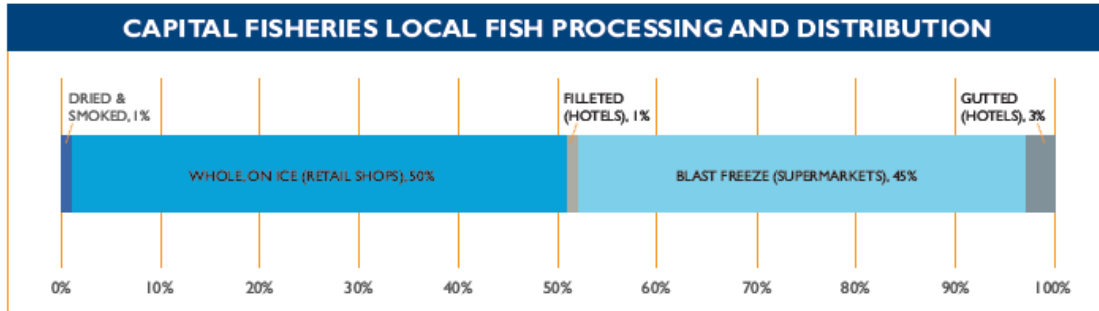
Capital Fisheries has been able to grow in part by purchasing large volumes at competitive prices from long-standing partners. It also sells quality products at low prices, often offering price promotions in the middle of the month, when customers are cash-tight. The company's ability to deliver sustainable and reliable protein to Zambians helps foster food security in the country, and supports agribusiness, which employs over 50 percent of the population.



¹ <http://www.fao.org/docrep/field/003/AC081E/AC081E03.htm>

² Sudha Bala Krishnan and Teresa Petersburg. 2017. "Zambia Jobs in Value Chains: Opportunities in Agribusiness." World Bank, Washington, DC.





Source: Kirstman and Petersburg, 2017, citing Capital Fisheries

HARNESSING OPPORTUNITIES FOR GROWTH

Trends in African agribusiness are attracting investors like Agri-Vie, which has invested over US\$100 million in Sub-Saharan Africa's food and agribusiness sectors since 2008. Keen to explore a potential investment in Capital Fisheries, Agri-Vie asked the Hub's Finance and Investment Team to perform a comprehensive assessment of the wholesaler's businesses. The Finance and Investment Team performed detailed analyses of Capital Fisheries' core operations and regulatory environment, and offered key recommendations on how Capital Fisheries might improve its business operations. The Team held extensive workshops with stakeholders from Agri-Vie and Capital Fisheries. *These are the value-added services that the Hub offers American firms seeking opportunities in Southern Africa.*

THE IMPACT

The Hub's detailed assessment convinced Agri-Vie to invest almost US\$6.4 million in Capital Fisheries from its second fund, the Agri-Vie Fund II, in early 2018. Agri-Vie's investment is expected to help create up to 100 new jobs in logistics, sales, manufacturing and management, resulting in significant business process improvements. Capital Fisheries plans to double the number of wholesale depots and increase related cold-chain logistics over the next two years. This transaction indirectly supports the retail and logistics sectors in Zambia, as well as the high number of mostly female micro-entrepreneurs who buy frozen fish products at wholesale depots to on-sell in informal markets.



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Brokering Investment into Mozambique



BROKERING INVESTMENT IN MOZAMBIQUE

The United States Agency for International Development's (USAID) Southern Africa Trade and Investment Hub (the Hub) engages with partners throughout Southern Africa to deepen regional economic integration, promote two-way trade under the African Growth and Opportunity Act (AGOA), and attract investment that drives commercial expansion within the region and to global markets.

The Hub's Finance and Investment Team

The Hub's finance and investment team works with financial institutions to develop innovative financial solutions that enhance businesses' access to finance while delivering productive investment returns. The Hub facilitated over US\$45 million worth of transactions in its first year of operating.

The Challenge

Africa is ripe with investment opportunities, but they can be difficult to find due to a lack of reliable market information. An undercurrent of robust but informal trade and commerce is often masked by weak macroeconomic landscapes.

Mozambique's retail sector is a case in point: informal retail activity in suburban and rural areas accounts for as much as three-quarters of retail employment and more than half of GDP. Consumers congregate at sprawling venues, including outdoor markets, kiosks, street vendors and warehouses, because they provide opportunities to socialize and offer a broad array of bulk products.

The Opportunity

The food, beverage and fast-moving consumer goods (FMCG) distributor, Tropigalia, has capitalized on informal markets by employing sales agents who use GPS-enabled tablets to capture and analyze point-of-sale data and make real-time orders to warehouses. Tropigalia manages over 3,000 stock keeping units (SKUs), primarily focused on leading brands such as Colgate-Palmolive, Pioneer Foods, Dr. Oetker, Milaneza and Bavaria. Tropigalia is one of Mozambique's largest importers in the FMCG category.

Tropigalia's strong position in serving Mozambique's growing consumer market attracted interest from Kibo Capital Partners (Kibo), a private equity partnership focused on Sub-Saharan Africa. To pursue its interest, Kibo sought an independent source of information to better understand and quantify the market opportunity.

Mozambique's Informal Retail Market

Employment:
75%

Contribution to GDP:
50%

Trade:
75%

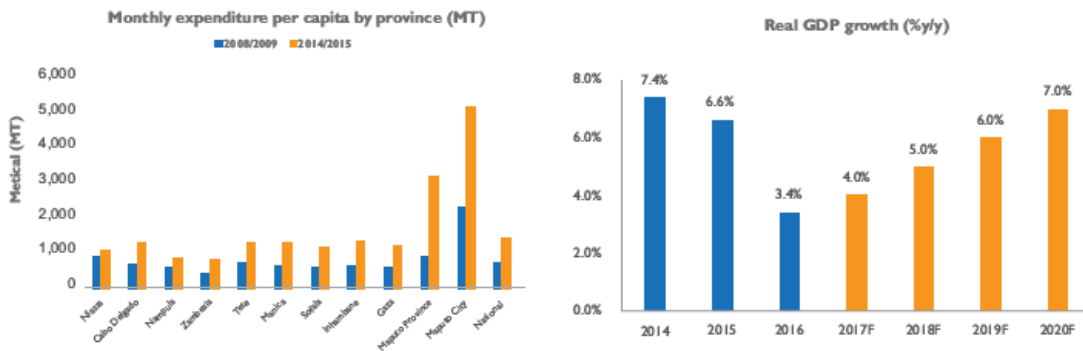


The Collaboration

Having collaborated successfully with USAID on a previous investment, Kibo reached out to the finance and investment team of the Southern Africa Trade and Investment Hub.

The Hub's finance and investment team produced a deep-dive analyses of Tropigalia's business model in the context of Mozambique's informal and formal retail sectors. The analysis found that Tropigalia's blended use of advanced technologies and on-the-ground tactics has a competitive edge in Mozambique's mosaicked retail sector. Growth in Mozambique's FMCG market should remain strong given the country's sanguine economic outlook, which is buoyed by the development of offshore natural gas reserves.

Mozambique Economic Outlook



Income levels and consumer spending have doubled in most provinces over the past seven years, with the highest growth rates recorded in Maputo.

The Impact

The Hub's support played an integral role in Kibo's decision to acquire a stake in Tropigalia, marking its fifth deal from its second fund, which closed in 2016 with US\$63 million in commitments.

The impact for Tropigalia will be substantial, as the company now has the means to expand its distribution footprint in Mozambique and develop new relationships with global brands. Tropigalia also plans to grow its proprietary 'Gourmet' food range through local producers. Tropigalia will also benefit from Kibo's guidance to enhance governance and strengthen operations.

For the Hub, Kibo's investment in Tropigalia exemplifies the success bred from regional synergies, enduring relationships with private sector firms, and an understanding of the investment climate in Southern Africa.

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Lesotho Exports to the U.S.



LESOTHO - AN AGOA SUCCESS STORY

Export Competitiveness

The United States Agency for International Development's (USAID) Southern Africa Trade and Investment Hub (the Hub) engages with partners throughout Southern Africa to deepen regional economic integration, promote two-way trade under the African Growth and Opportunity Act (AGOA) and attract investment that drives commercial expansion within the region and to global markets.

The Hub's export competitiveness team works with companies and governments across Southern Africa to boost export in targeted sectors. The team also collaborates with the Hub's trade facilitation and enabling environment team to smooth customs procedures. The Hub has facilitated over \$40 million worth of exports from Southern Africa since 2010.

AGOA is the cornerstone of U.S. economic engagement with the countries of Sub-Saharan Africa. AGOA helps eligible nations diversify their exports by providing duty-free access to the U.S. market, creating jobs and fostering inclusive economic growth. Since AGOA was established, non-oil exports have increased almost 200 percent to \$4.1 billion in 2015. This growth has spurred an estimated 300,000 direct jobs in beneficiary countries.

Lesotho By The Numbers

Population:
2.2 million

Apparel Exports to the U.S. (80% of total):
+\$200 million

Apparel Employment (80% of total employment):
45,000

Rank among AGOA Exporters:
Top 5

Lesotho Apparel Manufacturing

Lesotho's apparel manufacturers have been strategically and successfully harnessing AGOA benefits since 2001 to build one of the largest textile and garment manufacturing industries in Sub-Saharan Africa (SSA). Lesotho's apparel industry accounts for 80 percent of the country's formal manufacturing workforce, a third of its GDP, and supports several downstream sectors, including the small packaging industry, road freight transporters, traders that sell food to workers, utilities, and more. Lesotho's apparel exports represent over one-fifth of all AGOA apparel exports to the U.S.

AGOA accords duty-free treatment to almost 7,000 tariff lines including textiles and apparel, footwear, specialty foods, and leather accessories, among others.

• U.S.\$ Million



Taking Advantage of AGOA Benefits

One of the key reasons for Lesotho's success is its strategic utilization of AGOA, which is executed with support from the Hub. Lesotho's apparel manufacturers focus on producing materials with otherwise higher customs duties (25% to 35%) to gain a competitive advantage against synthetic fiber exporters from countries that do not enjoy the AGOA advantage.

The Hub also supports Lesotho's efforts to attract responsible buyers by working with exporters to obtain Worldwide Responsible Accredited Production (WRAP) certification. Over 100 major brands around the world use WRAP, an independent social compliance program that serves as a proverbial "international entry pass" for exporting to overseas markets. Lesotho also adheres to all International Labor Organization (ILO) standards. Leveraging these and other strengths, manufacturers count Levi Strauss, the VF Corporation (which makes Lee and Wrangler denim), Sears and The Children's Place among their many U.S. clients.

The Hub's Role in Supporting Lesotho

Lesotho has the potential to further develop its apparel and textile manufacturing industry. To this end, the Hub's export competitiveness team has been working with Lesotho's Ministry of Trade and Industry and the Lesotho National Development Corporation to revise and implement an AGOA response strategy and related initiatives aimed at:

- Collaborating with Lesotho National Development Corporation (LNDC) to:
 - Promote AGOA awareness
 - Conduct WRAP certification workshops
 - Assist Lesotho firms to attend international trade shows
 - Arrange buyer missions from the U.S.
- Growing capacity and encouraging vertical value chains in diversified sub-sectors, such as footwear and leather goods, wool and mohair, and handicrafts
- Encouraging joint ventures between U.S. and SMEs
- Helping to identify and reduce non-tariff barriers to trade
- Encouraging compliance with U.S. sanitary and phytosanitary (SPS) requirements



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Africa Rising – Investment Promotions

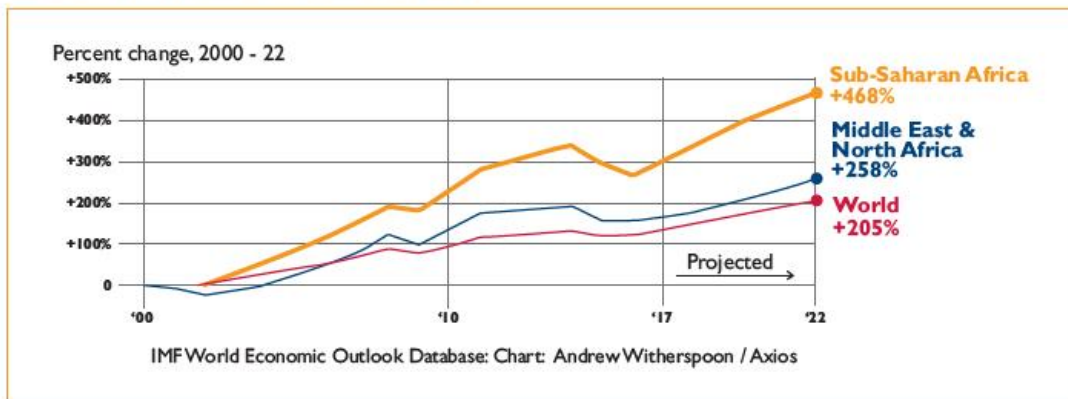


SOUTHERN AFRICA
**TRADE
+INVESTMENT
HUB**



Africa is home to six of the world's fastest growing economies, the fastest growing, working-age urban populations, and increasingly powerful consumer classes. Africa's economic development is also driving investments in infrastructure. The United States' President's Advisory Council on Doing Business in Africa estimates that African states will spend between US\$50 billion to US\$90 billion yearly on infrastructure projects that offer an average rate of return of 29 percent.

GDP GROWTH AROUND THE WORLD



MAURITIUS	94.86
SEYCHELLES	87.22
SOUTH AFRICA	80.32
BOTSWANA	72.20
NAMIBIA	69.98
CAPE VERDE	64.13
RWANDA	56.58
KENYA	55.35
GHANA	54.16
SENEGAL	53.59

*Score out of 100, based 2015 and 2016 data on various economic and social indicators.

SOURCE FRONTIER STRATEGY GROUP'S CONSUMER-CLASS CONDITIONS INDEX © HBR.ORG

For U.S. and International businesses and investors seeking new frontiers for growth, Africa holds abundant promise.

The United States Agency for International Development (USAID) Southern Africa Trade and Investment Hub (the Hub) promotes economic engagement in Africa by partnering with private and public sector institutions, business and industry associations, and international development agencies across Southern Africa to deepen regional economic integration, promote two-way trade with the U.S. under the African Growth and Opportunity Act (AGOA), and attract investment that drives commercial expansion within the region and to global markets.



THE SOUTHERN AFRICA TRADE AND INVESTMENT HUB

Improving the region's trade competitiveness, encouraging the diversification of exports beyond natural resources, and promoting a governing environment that is conducive to trade creates resilience among Southern African states while fueling demand for U.S. goods and services and growing international trade. The Hub focuses on four critical areas: finance and investment, an enabling regulatory environment and trade facilitation, export competitiveness, and agribusiness.

The Hub's dedicated Finance and Investment team works with regional and international financial institutions to identify and assess prospective investment opportunities and develop innovative solutions that enhance businesses' access to finance while delivering returns on investments.

The team's services include:

- Regulatory and market assessment services and commercial due diligence to support corporate and investment-driven financial transactions
- Partnerships with local banks that enable equity investors to find local debt capital to quickly close on transactions
- Long-standing experience collaborating with regional institutions such as SADC to overcome market-entry and analysis challenges while helping to remove non-tariff trade barriers and harmonizing customs norms and procedures
- Convening power with key stakeholders in the region as well as with U.S. government agencies to assist financial institutions with private sector transactions

The Hub facilitated over US\$45 million worth of transactions in its first year of operations.

THE HUB'S ADVISORY TOOLKIT

	U.S. Investors & Private Equity Firms	U.S. Corporations	U.S. Pension Funds
On-the-Ground Country Intelligence	✓	✓	✓
Introduction to Local Partners	✓	✓	✓
Identification of Acquisition Targets	✓	✓	✓
Opportunity Validation	✓	✓	✓
Tailored Market Studies	✓	✓	✓
Market Entry Strategy	✓	✓	—
Commercial and Operational Due Diligence	✓	✓	✓
Financial Analysis and Deal Structuring	✓	✓	✓
Investment Implementation Strategy	✓	✓	—
Technical Assistance	✓	—	—
Fundraising Support	✓	—	✓

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The South African Gateway – Promoting Trade and Investment



THE HUB COVERS THE ENTIRE SOUTHERN AFRICA REGION

The Southern Africa Trade and Investment Hub operates in some of the most politically and economically stable countries on the continent. South Africa is the frontrunner in terms of economic development and investment climate.

The program works with eight Southern Africa Development Community member states: Botswana, Lesotho, Malawi, Mozambique, Namibia, South Africa, Swaziland and Zambia. The Hub is assessing potential activities in Angola, the Democratic Republic of Congo, and Zimbabwe.

The Southern Africa Trade and Investment Hub is based in Pretoria, South Africa and Gaborone, Botswana, with resident advisors in Malawi and Zambia.



USAID'S SOUTHERN AFRICA TRADE AND INVESTMENT HUB

The United States Agency for International Development's (USAID) Southern Africa Trade and Investment Hub (the Hub) is a powerful and established economic growth platform that assists U.S. businesses and global investors to seize growth opportunities in Sub-Saharan Africa.

The Hub partners with private and public sector organizations, business and industry associations, international development agencies and financial institutions across Southern Africa to deepen regional economic integration, promote two-way trade with the U.S. under the African Growth and Opportunity Act (AGOA), and attract investment that drives commercial expansion within the region and to global markets.

The Hub's dedicated Finance and Investment team works with financial institutions to identify prospective opportunities and develop innovative solutions that enhance African businesses' access to finance and investors' ability to generate returns on investments. The Hub facilitated over US\$45 million worth of transactions in its first year of operations.

WHY AFRICA?

Africa is home to the world's fastest growing, working-age urban populations. The total population is expected to double to 2 billion by 2050, with 40 percent living in urban areas. These burgeoning urban middle classes are fueling a rise in Africa's global trade in everything from imported beverages to fiber optic equipment. According to the United States' President's Advisory Council on Doing Business in Africa, African states will spend between US\$50 billion to US\$90 billion yearly on infrastructure projects that offer an average rate of return of 29 percent.

THE HUB'S ADVISORY TOOLKIT

	U.S. Investors & Private Equity Firms	U.S. Corporations	U.S. Pension Funds
On-site/General Country Briefings	200	200	200
Identification of Local Partners	200	200	200
Identification of Acquisition Targets	200	200	200
Opportunity Assessments	200	200	200
Market Entry Studies	200	200	200
Market Entry Strategy	200	200	200
Commercial and Operational Due Diligence	200	200	200
Financial Analysis and Deal Structuring	200	200	200
Investment Implementation Strategy	200	200	200
Technical Assistance	200	200	200
Facilitating Support	200	200	200

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THE SOUTH AFRICA GATEWAY

As the most developed and diversified economy on the continent, South Africa offers U.S. businesses and investors the kind of hard and soft infrastructure required to fuel expansion. South Africa boasts well-functioning legal and regulatory systems, a relatively deep pool of experienced local partners, established road and ports infrastructure (Durban is the fourth largest container port in the Southern Hemisphere), and a vibrant financial services sector (the Johannesburg Stock Exchange is among the world's 20 largest exchanges by market capitalization).

South Africa also boasts preferential access to export markets in the United States, its third largest partner in two-way trade by value, as well as to markets in the European Union and Southern Africa, where its integration into the regional economic infrastructure is formalized by membership in the Southern African Development Community (SADC), the Southern African Customs Union (SACU) agreement with Botswana, Lesotho and Swaziland, and the World Trade Organization (WTO). South Africa exports 17 percent of its goods and services to other African states.

SOUTH AFRICA'S RANKING AS AN INVESTMENT DESTINATION

- 82 out of 190 countries on World Bank's Ease of Doing Business Ranking (June 2017)
- 47 of 140 on DHL Global Connectedness Index (2017) which measures cross-border flows of trade, capital, information and people
- 57 out of 127 on INSEAD's Global Innovation Index (2018), which assesses economic innovation potential according to 81 indicators that include political environment, education, infrastructure and business sophistication
- 77 out of 180 on the Heritage Foundation Index of Economic Freedom (2018), which evaluates 12 "freedoms," such as property rights, rule of law, financial freedom and regulatory efficiency

THE U.S. IN SOUTH AFRICA

Approximately 800 U.S. businesses already operate in South Africa. Given projections of sustained demand for infrastructure and trade, these and more U.S. companies could potentially play a critical role in designing, financing, building and operating major infrastructure projects in the region. Here are five reasons why U.S. companies should consider South Africa as an investment and/or export destination:

- South Africa's business ecosystem, including legal, communications, accounting, forensics, logistics and process outsourcing infrastructure, are arguably the best in Africa
- South Africa is a business incubator for new-to-market ideas
- South African companies are frontrunners into other African economies, making them potent partners for lower-risk entry into third markets
- South African companies are receptive to various partnering arrangements with U.S. companies, from joint ventures, to agency, to licensing, to mergers and acquisitions
- South Africa uses the English language as its principal business medium

FDI FACTS FOR AFRICA

As of 2017, the United States remains the largest investor in Africa with foreign direct investment (FDI) inflows of \$64 billion between 2010 and 2015, followed by the United Kingdom (\$58 billion), France (\$54 billion), China (\$35 billion), South Africa (\$22 billion), Italy (\$22 billion), India (\$17 billion), Singapore (\$16 billion), Switzerland (\$14 billion) and Malaysia (\$12 billion).

*Source: United Nations Conference on Trade and Development (UNCTAD) World Investment Report (2017)

THE TRADE AND INVESTMENT HUB'S SERVICES

For U.S. businesses seeking new footprints in Africa, the Southern Africa Trade and Investment Hub offers a robust network of leading financial institutions, trade and investment associations and U.S. government agencies to facilitate transactions in South Africa and beyond.



THE HUB OFFERS BESPOKE SERVICES TO U.S. CLIENTS INTERESTED IN EXPANDING IN SOUTHERN AFRICA

- Regulatory and market assessment services and commercial due diligence to support corporate and investment-driven financial transactions
- Partnerships with local banks that enable American equity investors to find local debt capital to quickly close on transactions
- Long-standing institutional knowledge and experience collaborating with regional economic entities such as the Southern African Development Community (SADC) to overcome market-entry and analysis challenges while helping to remove non-tariff barriers to trade and harmonizing customs norms and procedures
- Counseling power with key stakeholders in the region as well as U.S. government agencies to help financial institutions to execute transactions, providing significant impetus to facilitating American private capital investment in the region

THE HUB'S SOUTH AFRICAN NETWORK

- American Chamber of Commerce in South Africa
- Corporate Council on Africa
- Wagns, the tourism, trade and investment promotion agency of Cape Town and the Western Cape
- U.S. Commercial Service
- U.S. Trade Representative
- U.S. International Trade Commission
- South Africa Department of Trade and Industry
- Trade & Investment KwaZulu-Natal, the trade and investment agency of KwaZulu-Natal