



## 2009 AGOA FORUM

Realizing the full Potential of AGOA through Expansion of Trade and Investment

### Plenary 1 –

#### **Possible Effects of Global Challenges on AGOA: Laying the Groundwork for the Next Wave of Growth and Beyond**

August 5, 2009, 10:15 – 11:30

#### **U.S. Chair: Acting Assistant Secretary of Commerce, Stephen Jacobs, Department of Commerce**

Countries can best promote a competitive economy by scaling up their reforms to the business enabling environment.

Key issues to focus on are highlighted in the *2008-2009 WEF Global Competitiveness*, and include:

- 1) Property rights
- 2) Governance
- 3) Judicial independence
- 4) Government inefficiency.

#### **Ambassador Kirk, U.S. Trade Representative**

AGOA is an important tool to further enhancing and diversifying the U.S.-Africa trade and investment relationship.

Trade capacity building is critical to assisting Africa to maximize the economic benefits of trade and to improve the business and investment environment.

#### **Jim McDermott, Member of Congress, Washington**

Future of African development is in Africa's hands, but the dreams are shared.

The United States has a moral obligation and self-interest to fight extreme global poverty, which has led to conflict and human rights abuses.

#### **Donald Payne, Member of Congress, New Jersey**

Consider three global challenges on AGOA: 1) Cooperative engagements; 2) Identification of key barriers and their resolution; and 3) Re-emergence of the Doha Round.

#### **Donald Kaberuka, President, African Development Bank (AfDB)**

The global downturn has affected countries across the continent differently. However, they have resisted better than 15 years ago, and the crisis has not stalled economic reforms.

Lessons learned thus far:

- 1) Regional integration matters
- 2) Serious problems with both maritime ports and railway construction
- 3) Dependence on single commodities needs to be addressed, as well as moving up the value chain.



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### **Summary of Key Issues**

#### **Commerce A/AS Jacobs:**

Countries can best promote a competitive economy by scaling up their reforms to the business enabling environment. Burdensome regulations and lengthy border procedures stand in the way of intra-Africa trade and export development, and detract from both foreign and domestic investment.

- Key issues to focus on are highlighted in the *2008-2009 WEF Global Competitiveness Index for Public Institutions*, and include:
  - 1) Property rights—particularly intellectual property rights;
  - 2) Governance, especially corruption;
  - 3) Judicial independence; and
  - 4) Government inefficiency, particularly in the area of trade facilitation.

#### **Ambassador Kirk:**

AGOA is an important tool to further enhancing and diversifying the U.S.-Africa trade and investment relationship—it has increased our bilateral trade, helped to create new jobs—not only in Africa, but in the United States as well, and sparked new investment in African countries.

- Trade capacity building (TCB) is critical to assisting Africa to maximize the economic benefits of trade and to improve the business and investment environment. The United States is the biggest contributor of TCB in Africa; however, we need to find new and more effective ways to use it to promote African competitiveness.
- African countries also will need to improve their overall business environment and reduce production costs, especially those related to electricity, telecom, and transport.

#### **Congressman McDermott:**

Future of African development is in Africa's hands, but the dreams are shared, in initiatives such as PEPFAR, MCC, and AGOA.

- The United States has a moral obligation and self-interest to fight extreme global poverty. Extreme poverty has led to conflict and human rights abuses.
- To be successful, African leaders must play a role to shape policies—rather than fight them—and to find solutions together.
- Globalization demonstrates that the world is increasingly inter-connected than even in 1995.

#### **Congressman Payne:**

AGOA is working, but we have a long way to go to fully maximize its potential.

- Should consider three global challenges on AGOA:
  - 1) Cooperative engagements (such as GSP, MCC, USAID Trade Hubs, etc)—we need to “synchronize these entities and tools;
  - 2) Identification of key barriers and their resolutions (such as transport networks); and
  - 3) Re-emergence of the Doha Round, which he hopes will open up greater trade in agricultural products.



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### **AfDB President Kaberuka:**

The global downturn has affected countries across the continent differently. However, they have resisted better than 15 years ago, and the crisis has not stalled economic reforms.

- In order to help the continent cope with the crisis, the AfDB has instituted a \$1 million trade finance facility, in cooperation with the IFC, and have increased support to individual countries, such as Botswana (which has not typically borrowed from the Bank over the past 15 years). The World Bank and AfDB need additional resources from capital accounts.
- Lessons learned thus far into the crisis:
  - 1) Regional integration matters. There is too much competition for funding between national and regional projects, and for infrastructure the regional funding often makes most sense;
  - 2) Serious problems with both maritime ports and railway construction; and
  - 3) Dependence on single commodities needs to be addressed, as well as moving up the value chain.



## 2009 AGOA FORUM

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### Session 1 –

#### **Reforming the Financial Sector: African Experiences and Priorities**

August 5, 11:45 – 13:00

#### **U.S. Chair; Andy Baukol, Acting Assistant Secretary for International Affairs, US Dept of Treasury**

##### Session Goals:

- 1) Identify options for increasing access to finance, both in the current crisis and long-term
- 2) Consider which reforms work (and which don't)
- 3) Understand the role of the central bank in promoting stability and credit growth
- 4) Explore options for technical assistance

Access to finance is very low in Africa. Less than 20% of population has access and only 5.4% of bank loans are to small firms.

SSA does not fare well in the “Doing Business” indicators related to Access to Credit.

#### **Co-Chair; Sanusi Lamido Sanusi, Governor Central Bank of Nigeria**

Central Bank of Nigeria has undergone reforms including increased capitalization of banks, increased minimum capital requirements, and pension reform.

Lessons learned include the importance of capacity building, integration of systems and sound ethical banking.

Reforms should focus on reducing intermediary cost of banking to improve access.

#### **James Mwangi, Managing Director and CEO of Equity Bank**

Increasing access to finance requires creating affordable financial services that are conveniently located for clients

Reforms should include: creating enabling conditions for e-commerce, using monetary policy and consolidation of regulatory framework, and focusing on regional integration.

#### **William Lyakurwa, Executive Director of African Economic Research Consortium**

Global financial crisis has impacted local and foreign investment, export earnings and remittances.

Possible policy interventions include improving surveillance of financial systems, strengthening of risk management, better preparation for future crisis and liquidity support.

Potential opportunities created by the crisis include merging of regional stock markets and reassessing the way governments do business by emphasizing competitiveness, quality and diversification.

#### **Chris Baltrop, Senior Financial Markets Advisor USAID**

Banking sector trends before the crisis were encouraging. These included real sector reform, better regional collaboration and expansion of banking services

Challenges still exist: lack of access, market risks, market fragmentation, and structural barriers. USAID is working with countries to improve efficiency, coordinate assistance with other donors, and respond quickly to country requests for assistance.

#### ***Q&A issues***



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- 1) How did the structural reforms of the past fare during the current global crisis?
- 2) How will financial sector reform address rural economies (including access to credit)?

### Summary of Key Issues

- Well capitalized banks are needed for a country to fund its own development. However, to increase capitalization, banks need depositors. Mobilizing and efficiently allocating savings are key challenges to financial sector development.
- Regulation is needed in the financial sector; however, regulation should not be too much to discourage private growth, nor too little to help reduce the risk of future crises.
- In addition to reform of the financial sector, other regulatory reforms are needed that encourage private sector growth.
- Increasing access to financial services remains the largest challenge, but also presents the greatest opportunity. With over 80% of Africa's population as "un-banked," and a large portion of these people in rural areas, competition among banks for this market should increase access to finance.
- The costs to customers who utilize financial services must be affordable but still cover the cost of operations and risk.
- Reforms that promote access to finance include building up a yield curve starting with short-term interest rates, increasing loan tenors, regulating microfinance institutions in a way that allows growth while promoting stability, and increasing the transparency of bank operations.



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### Session 2 –

#### **Addressing Good Governance and Enabling Investment Environments**

August 5, 11:45 – 13:00

##### **U.S. Co-Chair: William Craft, Acting DAS, Trade Policy and Programs, DoS**

Key Points: Reiterated POTUS' Accra Speech; addressed cost of corruption; emphasized need to improve investment climate, based on indexes, barometers (TI, WB rankings); perception matters when companies make important investment decisions.

##### **Africa Co-Chair: Hon. Justice Aaron Ringera, Director/CEO, Kenya Anti-Corruption Commission**

Key Points: Emphasized need for stronger institutions to combat corruption; Kenya has an anti-corruption task force (KACC) and the Commission has received recognition for implementing improvements since the KACC was launched five years ago. Notes changes in focus on improving public service training; tax collections (which have doubled in five years); and development of action plans. Law enforcement is not enough. Best way to combat corruption is prevention. Last, Justice Ringera emphasized need for private sector engagement with 4 key tips (collective action with public sector; implement internal good practices/ethics; and zero tolerance for paying bribes (if you open an inch, you open a mile).

##### **Panelist - Alexandra Wrage, President, TRACE International**

Key Points: Emphasized that corruption is a borderless crime. Accepting bribes is theft and results in inferior products and services (shoddy roads and schools, health care). Presented her ten-step approach to combating corruption (six steps for public sector; 4 for private sector). Notes that anti-corruption commissions usually have full support until they become successful. Too little focus on gray areas of corruption. Bribery is bribery regardless of payoff size.

##### **Panelist - Dr. Nelson Githinji, Head of Public Policy, East and Central Asia, Coca-Cola and President of U.S./Kenya AMCHAM**

Key Points: Leadership from the top is needed to effectively combat corruption. Private sector should have critical role in advising public sector on strengthening institutions, showing strong leadership. Individual companies must implement its own anti-corruption programs and be willing to pay premium for good business partners. Mr. Githinji reviewed data from the 2006 Survey of Executive CEOs on Corruption (Chamber of Commerce) and concluded that sound leadership from the top is needed to enforce zero tolerance.

##### **Panelist - Mr. Charles Mbogori, Executive Director, East Africa Business Council**

Key Points: Emphasized the absolute need for top level political commitment, using Rwanda as example of reaction when a new leader commits to implementing anti-corruption practices.

##### **Q&A Issues:**

- 1) If governments are serious about combating corruption they need to create laws that do not allow for abuses and loopholes.
- 2) Reduce or eliminate direct aid to problematic countries.
- 3) Countries in the west (and their companies) must also practice zero tolerance.



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- 4) Need to start early teaching zero tolerance; public education should be strengthened.
- 5) Too many competing agendas in public sector; anti-corruption needs to be holistic, spread across all ministries, from top to bottom.
- 6) Citizens in corrupt countries need to see the direct relationship between corruption and poverty/weak development.

### **Summary of Key Issues**

Anti-corruption leadership must come from the top and the message on zero tolerance must be clear. Private sectors have critical role; companies must play a role in advising the public sector and must also be fully committed to zero tolerance. If anti-corruption programs are to work, there must be collective action from all sides and nonaligned agendas must be eliminated.

- Anti-Corruption commitment must come from the top. It needs to be vocal and practices. Promises must show results.
- Action plans should be used to implement anti-corruption programs. Plans should focus on measurable actions, with measurable results.
- Anti-corruption ten-step toolbox can be used to implement easy, effective practices.
- Private Sector has clear roles to play; anti-corruption efforts need collective action.



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### Session 3 –

#### **Ministerial Roundtable (Ministers Only)**

August 5, 12:30 – 13:30

#### **Summary of Key Issues**

U.S. Trade Representative Ron Kirk and Tanzanian Minister of Industry, Trade and Marketing Dr. Mary Nagu co-chaired this closed session for trade ministers and heads of regional economic organizations. Ambassador Kirk described elements of the Obama Administration’s trade policy toward Africa, with special attention to preference programs and the U.S. approach to the World Trade Organization’s (WTO’s) Doha Round multilateral trade negotiations. He said that President Obama and he believe that an ambitious and balanced outcome to the Doha Round could provide a much-needed shot-in-the-arm to the global economy. He outlined U.S. efforts to advance that objective. Minister Nagu noted the potential for African economic growth through trade, said that a Doha Round breakthrough could help, and underscored the importance of this being a “development round.” The ensuing discussion with African Ministers touched on several issues, including cotton, agricultural subsidies, the impact of preference programs on regional economic integration, aid for trade, and African efforts to break down barriers to regional trade.



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### Session 4 –

#### **Agricultural Policy and Regulatory Standards**

August 5, 11:45-13:00

**Co-chair 1) H.E. Rhoda Peace Tumusiime**, Commissioner African Union-Department of Rural Economy and Agriculture (AU-DREA)

The AU-DREA is supporting SPS regulatory development among member countries.

Regulatory standards are necessary for livestock and crop production, for food security, and to produce high quality safe food for domestic consumption

The AU-DREA is working to coordinate the SPS institutions of African governments and to work with them to ensure that African perspectives are represented in international fora.

It is important to small farmers that an effort is made to ensure that private standards do not prevent small producers from participating in trade.

**Co-chair 2) Mr. Nicholas Gutierrez**, Associate Administrator U.S. Department of Agriculture-Animal and Plant Health Inspection Service (USDA/APHIS)

Public-private partnerships are critical to regulatory development in the U.S.

USDA works on a regional level to resolve SPS regulatory issues that impact trade and to prevent the transfer of plant and animal diseases that impact economic development.

**Panelist 1) Dr. Vivian Iwar** Principal Program Officer for Livestock Development Economic Organization of West African States (ECOWAS)

ECOWAS has a number of programs that support trade by harmonizing regulations (e.g. SPS, seeds, pesticides, trade policy, etc).

Under ECOWAS's Regional and National Agriculture Improvement Plans (RAIP and NAIP) and in support of CAADP and NEPAD, member countries are setting priorities and identifying areas of comparative advantage.

The ECOWAS vision for 2020: A self-sufficient region that anchors its development on sustainable and environmentally friendly land use, specially organized agricultural and natural resource development with modernized and diversified production and distribution systems, which provide a reliable basis for competitive agro-industrial and related economic activities.

**Panelist 2) Mr. Jim Thaller** Chief Executive Officer Talier Trading Group

The U.S. is a major market for processed food products and U.S. consumers are interested in African foods.

There is greater potential for processed, branded, "uniquely African" products than there is for commodities including coffee, tea, and spices.

Government support for product development and marketing is critical for African products to succeed; they must also support the private sector in their effort to comply with regulatory standards, certifications for export markets, and infrastructure.



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### **Panelist 3) Dr. Chris Muyunda Senior Agricultural Advisor/Lead CAADP Coordinator for the Common Market for East and Southern Africa (COMESA) CEO for Alliance for Commodity Trade in Eastern and Southern Africa (ACTESA)**

Agriculture is economically important and a key catalyst for broad-based economic development and poverty reduction in East and Southern Africa.

Since 2003, COMESA has harmonized 114 standards for agricultural primary and processed goods. This has been achieved through partnerships with the East African Community (EAC) and the Southern African Development Community (SADC), working with private sector associations, and improving cooperation among national standards organizations.

COMESA is working to increase the impact of AGOA on COMESA's agricultural trade through harmonizing agricultural policy, standards, and SPS measures within the COMESA region. SPS regulations have been developed and are expected to be adopted by the end of 2009.

### **Q&A Issues**

- 1) What is being done to support the farmer who is at the bottom of the value chain?
- 2) Regarding the AU's declaration on land policy and women's access to land.
- 3) Coffee, Starbucks and Kenya – the relationship with small farmers.
- 4) Can COMESA connect small scale farmers directly to buyers?
- 5) Need for improved quality, science-based standards, and connections with universities; what is being done?
- 6) How can farmers be helped more through ECOWAS and COMESA, especially in relation to the supermarket revolution and dry goods?

### **Summary of Key Issues**

The adoption of harmonized, transparent, science-based standards, especially on a regional basis and in line with international standard-setting bodies, facilitates trade in agricultural products. Public-private partnerships are critical to this effort. The AU-DREA co-chair, representative from ECOWAS, and representative from COMESA all discussed their organizations' efforts and successes in improving regional harmonization of agricultural policies and regulatory standards. Each also discussed the linkages between these efforts and the CAADP strategy. The USDA/APHIS co-chair discussed the importance of the partnership between USDA and private sector organizations in the U.S. to develop policies to support agricultural production and regional collaboration to address SPS issues. The panelist representing the U.S. specialty food products industry discussed the importance of government support for helping African companies comply with regulatory requirements, product development, product transportation, and marketing.

- Many of the questions from the audience at the session's conclusion related to the impact of AGOA on small farmers.
- CAADP was again stressed as the African plan to support development (the co-chair from the AU-DREA highlighted a session on CAADP scheduled for the evening).
- The recent formation of ACTESA to support trade in Eastern and Southern Africa was highlighted as a major step forward (the panelist from COMESA was elected CEO of ACTESA).



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- Potential exporters and their governments were encouraged to look away from commodities for economic growth and increasingly to processed products. It is important to be competitive on price and find a niche market.
- It is important to cooperate with scientists and researchers to comply with regulatory requirements.



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### Session 5 –

#### **Intellectual Property Rights: New Tools for African Competitiveness**

August 5, 11:45 – 13:00

##### **U.S. Co-Chair; Rick Wade, Senior Advisor and Deputy Chief of Staff, U.S. Department of Commerce**

The presence of counterfeit/pirated goods in Africa severely impacts both multinational companies and local African firms.

Inadequate intellectual property rights (IPR) protection and enforcement in Africa severely hinders Africa's own efforts to attract new investment, promote small enterprise development, and increase global competitiveness.

Collectively need to view IPR protection and enforcement as a multi-dimensional challenge that needs to be addressed in the context of African development, growth, health, and culture.

##### **Co-Chair; Fernando dos Santos, Director-General, Industrial Property Institute, Mozambique**

IPR protections are important for the development of Africa at the personal, society, and economy level. They also are important to capture the value of existing products and should be present at each stage of production.

##### **Panelist; Sarah Walusimbi, Legal Advisor, Nice House of Plastics of Uganda**

Local African companies have been affected by counterfeiting as well—not just foreign investors.

Counterfeiting can harm companies' brand integrity, their sales volume and resulting ability to employ locally, and potentially pose health risks to unsuspecting consumers.

##### **Panelist; James Lennox, CEO, Southern African Federation Against Copyright Theft**

The creative industries—for example, TV, film, music—are an area of great potential in Africa that have been largely untapped.

However, piracy is a large problem throughout the continent—even copying of African artists' work. Governments need to improve enforcement of their copyright laws so that their creators are rewarded.

##### **Panelist; Tony Carroll, Vice President, Manchester Trade**

Textile industry previously was the largest employer (after government) in West Africa, but the industry has greatly shrunk over the past 20+ years. Chinese counterfeit textiles are the most serious problem affecting the sector, and governments should engage the Chinese on this problem as well improve enforcement at the border.



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### Summary of Key Issues

#### **Rick Wade, Senior Advisor and Deputy Chief of Staff, U.S. Department of Commerce:**

The presence of counterfeit and pirated goods in Africa's marketplaces represents human and economic challenges: real health and safety concerns; detrimental impacts on legitimate businesses; connections with criminal networks; and loss of government revenue. As we move forward, the international community should not merely view intellectual property as a "trade policy issue" or as an issue that affects only large multinational companies. We need to see this as a multi-dimensional challenge that needs to be addressed in the context of African development, growth, health, and culture.

- The presence of counterfeit/pirated goods in Africa severely impacts both multinational companies and local African firms—estimated losses of hundreds of millions of dollars a year. Some companies report they have lost more than 70 percent of their market share because of counterfeit goods. In addition, inadequate intellectual property rights (IPR) protection and enforcement greatly diminishes the chances that foreign and local companies will want to conduct future business on the continent
- Inadequate IPR protection and enforcement in Africa also severely hinders Africa's own efforts to attract new investment, promote small enterprise development, and increase global competitiveness. Fake products in Africa, such as counterfeit medicines, fake auto parts, and counterfeit toothpaste, also pose health and safety risks to Africa's citizens. For example, while prevalence rates vary, some health industry experts estimate that as much as 30 percent of the pharmaceuticals in certain countries are counterfeit.
- There are signs that investments of technical, financial, and human resources can yield significant results. This is certainly the case when key decision makers are willing to make tough decisions and, perhaps most important, invest their own political capital.

#### **Fernando dos Santos, Director General, Industrial Property Institute of Mozambique:**

IPR protections are important for the development of Africa at the personal, society, and economy level. They also are important to capture the value of existing products and should be present at each stage of production.

- Governments need to explain that IPR violations are not only problems for investors, but for consumers and the country.
- At a personal level, IPRs provide the incentive to create, reward creators, and protect creators. IPR protection provides incentives to innovate and address welfare issues. IPR protection also is linked to attracting and retaining foreign investment, fostering competitiveness, adding and capturing value to products.
- The GoM created a task force to deal with counterfeiting and piracy, under the Ministry of Trade and Industry, and are considering an inter-sectoral committee.
- Dos Santos argues that Africa needs to capture more value using IPR, such as trademarks, geographical indicators, and traditional knowledge. In addition, Africa needs to address the legal, institutional, and enforcement challenges of IPR protection—including training of officers and better collaboration with the private sector and internationally.



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### **Sarah Walusimbi, Legal Advisor, Nice House of Plastics of Uganda:**

Local African companies have been affected by counterfeiting as well—not just foreign investors. Counterfeiting can harm companies' brand integrity, their sales volume and resulting ability to employ locally, and potentially pose health risks to unsuspecting consumers.

- This local Ugandan company's sales volumes have dropped drastically due to counterfeits of their toothbrushes. They reported the problem to the relevant authorities and consumer groups in 2003, although they did not have a breakthrough until 2005. In addition, they took legal action against the importer, but they could not get the offender into court. As a result, they only got two court orders for destruction in 2006—and still have not been able to execute them. Unfortunately, there are non-punitive measures against offenders currently in place in Uganda so the problem continues.
- In addition to pursue every counterfeit of your product, you must obtain an order for each shop or stall selling the counterfeit product. This greatly increases the time and cost to pursue your IPR and is a major challenge for local African companies.
- She recommends: 1) EAC policymakers work together and also with other regional blocs; 2) Increase penalties and treat counterfeits as a serious crime, instead of a misdemeanor; 3) Court orders should be published so that the public can know the dangers of these products, as well as include no orders for re-exportation—should only be for destruction; 4) EAC should maintain a database of counterfeit products which is publicly-accessible; and 5) All products entering the region should require clear markings for country of origin/manufacture, as it will assist customs authorities in determining legitimate products (particularly when those products are manufactured in country).

### **James Lennox, Chief Executive Officer, Southern African Federation Against Copyright Theft:**

The creative industries—for example, TV, film, music—are an area of great potential in Africa that have been largely untapped. However, piracy is a large problem throughout the continent—even copying of African artists' work. Governments need to improve enforcement of their copyright laws so that their creators are rewarded.

- However, creators and owners also need to take more responsibility for their own security/rights.
- There is a need to become more business-like to develop creative industries properly.
- Piracy is not a victimless crime; often up against significant crime syndicates. Governments should not let these violations pass by as they are building up these crime networks in their country.
- Don't confuse inability to enforce IPR with lack of willingness. However, customs have got to get away from the mindset—if there are not duties payable it can come in.

### **Tony Carroll, Vice President, Manchester Trade:**

Textile industry previously was the largest employer (after government) in West Africa, but the industry has greatly shrunk. Chinese counterfeit textiles are the most serious problem/Governments should engage the Chinese on this problem, as well as increase border enforcement.



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- Counterfeiting of ethnic fabric, particularly by the Chinese, has decreased the number of people employed in this sector substantially from 250,000 in 1985 to below 40,000 at present.
- There are many counterfeiting methods, including mislabeling the country of origin.
- Customs should destroy imports of counterfeit textiles.



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### Plenary 2 –

#### **Africa: Successes, Challenges and Prospects**

August 5, 15:30 – 17:15

**U.S. Co-Chairs: Lloyd Pierson, President, U.S. Africa Development Foundation (USADF)**

**Leocadia Zak, Acting Director, U.S. Trade and Development Agency (USTDA)**

**African Co-Chair: Hon. Girma Birru, Minister of Trade and Industry, Federal Democratic Republic of Ethiopia**

Panelist: Hon. Sindiso Ndema Ngwenya, Secretary-General, Common Market for Eastern and Southern Africa (COMESA)

Panelist: Hon. Monique Nsanzabaganwa, Chairperson of Sectoral Council of Ministers of Trade, Industry, Finance and Investment, East African Community (EAC)

Panelist: Mohamed Daramy, Commissioner for Trade, Customs and Free Movement of Persons and Goods, Economic Community of West African States (ECOWAS)

#### **Summary of Key Issues**

Plenary 2, “Africa: Successes, Challenges and Prospects,” focused on the successes, challenges, and prospects for expanding U.S.-Africa trade through investment in infrastructure. In particular, the Plenary highlighted the crucial role that transportation infrastructure plays in enabling African countries to trade both amongst themselves and with the rest of the world. The Plenary provided audience members with a broad range of perspectives regarding the successes, challenges, and prospects for expanding U.S.-Africa trade. Following opening remarks from each of the Plenary participants, a brief dialogue was held in which each of the regional panelists answered questions about challenges and opportunities for promoting trade between their member states and the rest of the world.

Two signing ceremonies followed the regional dialogue. The U.S. Africa Development Foundation (USADF) and the Government of Zambia held a ceremonial signing to acknowledge four capacity building grants that USADF has awarded to rice growing cooperatives in Zambia. The U.S. Trade and Development Agency (USTDA) and the West African Economic and Monetary Union (UEMOA) signed a grant agreement for a feasibility study on the proposed West Africa Regional Rail Integration project, which would provide a reliable transport link for land-locked Burkina Faso and Niger to the Port of Dakar in Senegal.



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### Session 1 –

#### **Opportunities for Sustainable Financing for Health System Strengthening**

August 6, 09:00 – 10:30

##### **Introduction**

The African Growth and Opportunities Act Trade and Economic Cooperation Forum (AGOA Forum) took place at the Kenyatta Convention Centre on 5<sup>th</sup> and 6<sup>th</sup> August 2009. Conveners for the 3-day event were the United States Office for Sub-Saharan Africa and the Kenyan Government (Ministry of Trade). The Health Session was held on 6<sup>th</sup> August under the theme “*Realizing Full Potential of AGOA through Expansion of Trade and Investment*”. The Session was Co-Chaired by Ms. Holly Vineyard and Congressman Jim McDermott both representing the US Government; and Hon. Ken Kandodo as the African Union Co-Chair.

##### **Ms. Holly Vineyard**

In her welcome remarks, Ms. Vineyard expressed her gratitude for serving as the Co-Chair and thanked both the US and Kenyan Governments for facilitating the Session. She also thanked the Government of Malawi through Hon. Kandodo for accepting to Co-Chair the session. Further, she noted the role played by Congressman Jim McDermott (US Co-Chair) has played in championing Africa’s Health Management issues in the Congress. On AGOA, she stressed the fact that the US Government recognizes that development and support of functional Health Systems in Africa will contribute immensely in providing able and qualified man-power required for the supply side of the AGOA equilibrium. On the issue of trade, she reiterated the belief of the US Government that the private sector in Africa has the capacity to contribute to the creation of jobs and also provide funding to the Health Sector. She cited the issue of lack of qualified man-power and brain drain from Africa to the developed countries and lack of policy frameworks as some of the major impediments to the provision of quality health services in Africa. In addition, she expressed the need for African countries to formulate policies that would encourage Public-Private-Partnerships (PPPs) in order to provide the much needed finance to support the Health Sector in Africa. Ms. Vineyard then invited her African Co-Chair Hon. Ken Kandodo.

##### **Hon. Ken Kandodo**

In his opening remarks, he outlined the structure of the session to the audience. He reiterated that the key objective of the session was deliberate on the status of Health Systems and HIV/AIDS in Africa and strategies of strengthening health sector financing. He introduced the topic of the session “Opportunities for Sustainable Financing for Health System Strengthening in Sub-Saharan Africa” and finally invited the US Co-Chair and key speaker Congressman Jim McDermott to open the session.



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### **Congressman Jim McDermott**

Congressman Jim McDermott started by giving historical perspectives of his relationship with Africa through his efforts in Congress. He traced his experience on HIV/AIDS to the early 1980s when it was discovered in the US and its effects on the World. Since management of this pandemic and other opportunistic diseases like Tuberculosis are expensive to manage, it is imperative that African countries be empowered economically in order to have internal capacities to manage them. It is with this realization that he realized that the US Government did not have legislation that facilitated trade with Africa. To address this shortcoming, he championed the formulation of “the African Growth and Opportunities Act – AGOA” by the American Government in order to give preferential trading opportunities to African countries. He stressed in order for trade to be effective in improving lives, the issue of HIV/AIDS must be addressed.

He further enumerated efforts made by the US Government in managing the AIDS pandemic in Africa by both President George Bush and Bill Clinton and observed that the recent election of President Barack Obama provides an even better platform to enhance them.

Jim’s speech stressed the fact that HIV/AIDS poses challenges of socio-economic nature to both developed and developing countries and that it is a Global War. In order to manage HIV/AIDS, resources must be dedicated to research in order to find its cure. He noted that there are positive efforts by both the US Government and the International community in seeking for a cure to HIV/AIDS and other opportunistic diseases that are associated with it. However, these efforts and vaccines being tested are still inadequate. He singled out that those most vulnerable are the young hence more efforts must be directed to managing and reducing Mother-to-Child transmission. He suggested that the US has a moral responsibility in leading the way in fighting AIDS not only in Africa but globally.

He cited statistics that indicated that by the year 2010, 20 million children will be orphaned and that GDP globally will slump by 8% due to the effects of AIDS. In order to address this worrying trend, he suggested that access to health care was critical for the infected. In addition educational efforts must be enhanced to prevent the spread of the pandemic.

On the current global economic crisis, he observed that it had impacted negatively on governments’ efforts to manage HIV as most people are unable to afford the costs related to the management of the pandemic. He also However, he noted that medicines are not a panacea to the pandemic. AIDS is a social, economic and psychological and strategies of managing it must be continuously sought.

On the issue of brain drain, he stated that the US, UK and Australia are among the countries that have been “poaching” qualified medical practitioners from under-served countries. This practice has left many hospitals in Africa without qualified work force to manage them which has in turn impacted negatively on the efforts of managing HIV/AIDS. As such, there is urgent need to enhance efforts aimed at training more medical personnel to fill this cap.



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He cited the experience of Mrs. McDermott who works in the Southern Africa region where hospitals are reported to have no doctors to manage them as most of them have migrated to the developed world in search of greener pastures!

In conclusion, Congressman McDermott summed up his presentation by saying that since most the 40 million reported cases of HIV/AIDS live in Africa and the developing world, it was important for the entire world to:

- 1) Stop brain drain of doctors and other qualified medical practitioners to US and Europe from Africa and other developing countries.
- 2) Develop policies and strategies aimed at not only treating but management of HIV/AIDS pandemic globally.
- 3) That all nations in the world must work together in fighting the pandemic.
- 4) All the people in world must be agents of change as no single person is safe from the pandemic

He thanked all for allowing him the opportunity to address them.

NOTE: Due to engagements in other sessions of the forum, Congressman Jim McDermott requested leave from his Co-Chairs to leave after his presentation which was allowed.

### **U.S. Co-Chair; Ms. Holly Vineyard, Deputy Assistant Secretary of Commerce for Africa**

Ms. Vineyard started off by citing research statistics about HIV/AIDS and specifically that 11% of the world's population is infected. However, lack of functional health systems in Africa impact negatively on efforts of treating and providing care to them. This is primary due to lack of proper financing strategies and mechanisms. This calls for the need to balance trade with health care hence the import of AGOA in improving health systems in Africa. As such, there was need for governments to increase financing of the health systems. In addition, the situation also provides an opportunity for the private sector to seek and exploit the market.

Citing researches by the International Finance Corporation (IFC) and the International Development Research Centre (IDRC), she stated that the health care sector portends a market for private investors in Africa. The sector has the potential to contribute to the creation of jobs and the overall development of African countries.

She further observed that health care is one of the 5 drivers for Africa's development. However, the sector's growth was being impeded by the following:-

- 1) Issues of Intellectual Property Rights (IPR) in Health Care.
  - Institutionalization of IPR enhances Foreign Direct Investment (FDI) as it assures investors safety of their investments and technology.
- 2) Lack of Policy frameworks in African countries to support the development of the health sector.
  - Policy frameworks provide the impetus for the development of systems in any country. As such, lack of such policies impedes the development of health systems making it difficult for the private sector to actively contribute to growth of the sector.
- 3) Lack of relevant technology.
  - Global technology can not develop if rights of investors are not protected



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#### 4) Lack of Standards

- These are critical ingredients for the development of the health care system as they safeguard investor confidence hence their sustained investment in the sector. With proper standards, issues that relate to management of drugs and research would be addressed.

She stated that since the development of the OPIC model for Africa, some progress has been made in streamlining the financing of health care systems in Africa although a lot remains to be done. Ms. Vineyard cited models from Nigeria and South Africa that confirm that if properly modeled, the health sector portends growth opportunities for Africa.

In conclusion she reminded the audience of the expectations of the session by asking providing answers to the question “What actions do we need to take to improve the provision of health care in Africa?”

The juxtaposed the theme of the 9<sup>th</sup> Health Session of the AGOA Forum to themes of previous forums which addressed infrastructure; HIV/AIDS in sub-Saharan Africa; Health care challenges; amongst others.

#### **Panelist – Prof. Eyitayo Lambo “Health/HIV status, Health System Strengthening and Private-Public-Partnership”**

Prof. Lambo’s presentation started by presenting statistics on the status of Health in the World, which indicated that by 2007, Africa had the lowest life expectancy at 50yrs. During the same time, Africa had posted the highest infant mortality rate. On the issue of mortality rates of children under 5 years of age, the statistics indicated that although there is a slight improvement from the 1980, Africa still posted very high rates compared to other continents. Regarding HIV/AIDS prevalence, he reported that although Africa’s rates peaked in the year 2000 when it was at 6, in 2007 it was still high (at 5) compared to the World’s report average of 1 per 100. He then introduced the issue of Health Systems and stressed that strong health system were crucial to the achievement of better health outcomes and that failure or inadequate health systems constitute one of the major obstacles to scaling up cost-effective interventions for improving health outcomes and therefore, a key barrier to achieving health related Millennium Development Goals (MDGs).

Regarding the issue of Health Systems Strengthening, he identified three main components critical to its success: Leadership/Governance; Health services delivery; Health workforce or Health human resources; Health information systems; Health financing; and Technology and infrastructure. This was presented on the backdrop of the WHO’s and IFC’s models.

He went to present investment opportunities in Sub-Saharan African that could be exploited. He suggested that there exists a market valued at between \$11m – \$20m between 2007 and 2016. To demonstrate the functionality of PPPs in Africa, he presented a report about Nigeria’s National Health Insurance Scheme (NHIS). He gave its background, rationale, objectives,



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programs, benefits to the Nigerian people, payment systems and implementation status. Key impacts of the scheme were reported as:

- 1) Federal civil servants and their families now access quality services at facilities of their own choice.
- 2) Funding of health services in both public and private sector has increased.
- 3) Utilization of health services by enrollees has increased. and
- 4) Problem of barrier to access MCH services by pregnant women and children (under 5) has been overcome in state/LGAs where the NHIS-MDG/MCH pilot is being implemented.

Regarding the issue of Private-Public Partnership, he presented the case of the Dutch Health Insurance Fund/Hygeia Community Health Plan (HCHP) and how it demonstrated how partnerships can be tailored to provide services to poor communities.

Through these initiatives, it was obvious that there existed models in Africa that demonstrate how Private-Public Partnerships function. However, the issue of over-dependence on subsidy threatened the sustainability of such programs. These initiatives offered the following lessons:-

- 1) Unlocking the demand side of the health systems structure;
- 2) Investing in the provider network is important;
- 3) Quality monitoring is a must;
- 4) Education & Awareness encourages new enrolment & renewals;
- 5) Community-owned administrative systems enhance successful implementation;
- 6) Uses of technology can simplify things; and
- 7) Advocacy with key stakeholders is vital to the success of such programs.

### **Panelist – Dr. Heather Sherwin “Opportunities for Sustainable Financing for Health System Strengthening”**

Dr. Sherwin’s presentation started by providing challenges that face the Health sector in Sub-Saharan Africa. She stated that sub-Saharan Africa accounts for 11% of the world’s population; bears 24% of the global disease burden; commands less than 1% of global health expenditure; and suffers from a severe shortage of trained personnel. Citing a 2007 report titled “The Business of Health in Africa” by International Finance Corporation (IFC), she further reported that additional challenges that Africa faces included the burden of HIV, TB and Malaria; poor public infrastructure and the poor working conditions that had resulted in a migration of trained personnel to the developed countries.

To overcome these challenges, she recommended a strong partnership between Government, Private Sector and the Donor Community. She further enumerated statistics from Africa that indicated the role played by the private sector in financing health care systems in sub-Saharan African which stood at 50%. However, she observed that although the private sector has played a key role in providing health care to the rich, it had ignored poor communities. She further lamented that the private sector has also failed to actively participate in the provision finance to support the health sector in Sub-Saharan Africa. She attributed this failure to lack of funding to the private sector and regulatory uncertainty. With proper mechanisms and regulatory frameworks, the private sector can reduce the burden of financing the health sector from the



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public through various models of investment models. Some of the suggested models she presented are:

- 1) Private equity which either provides equity finance for business or where an investor takes an equity stake in business. Some of the healthcare specific private equity funds being raised for Sub-Saharan Africa include the IFC/Aureos Fund, IFHA – Dutch initiative and AHF Fund.
- 2) Debt / loan financing where banks or banking type organizations – e.g. development banks Get small asset backed loans for equipment such as dentists chairs to use in their business.
- 3) Leasing of equipment. This form of financing is very common in developed countries. It does not require capital upfront. Efforts being made in this area are General Electric – for GE equipment; Stanbic Bank – for medical professionals in private practice; and other various equipment suppliers who give loan equipment including Beckton Dickenson.

She cited a case in Lesotho where a new public hospital had been constructed under an 18 year PPP between the Government and a consortium of private sector businesses.

However, the current economic crisis is impacting negatively the level of funding available to support the health sector.

In conclusion, Dr. Sherwin suggested the following solutions:

- 1) We should move away from the blame game and work together;
- 2) Seek and develop new realistic and financing models; and
- 3) Use technology to bring down costs;

### Plenary Questions and Answers

- 1) In building Health Systems in Africa, what is the quantum of financial resources earmarked as investments in preventive health care?

Answer: AGOA is one of the platforms through which financing for Health Systems will be increased by encouraging participation of the private sector to complement efforts by central governments in serving the sector

- 2) Since those who fund initiatives in Health Systems in Africa, and especially in reference to the management of HIV/AIDS, tend to focus more on the provision of condoms, yet it is a widely accepted norm that behavioral change plays a key role, what is the policy of the US Government on the matter?

Answer: Provision of condoms as a management strategy for HIV/AIDS was just one of the many. It was the resolve of the session that behavioral change is a key strategy and should be mainstreamed alongside the former in the management of the pandemic.



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- 3) Donors and investors tend to focus more on institutional support ignoring the civil society. What was the US Government doing to ensure that funding to the civil society is enhanced?

Answer: The Civil Society has always been a key player in the delivery of services to the poor and the opportunities presented through the forum are aimed at strengthening these linkages.

- 4) Funding to Africa is primarily channeled through large institutions (either private or public) yet it had been demonstrated that micro-financing presented an even better platform of reaching the multitudes of the poor. What was the US Government doing to incorporate micro-finance institutions in its funding grid?

Answer: There is need to focus more on micro financing of the Health Systems in Africa due to the critical role micro-finance institutions as it will augment institutional efforts of extending health care services to the poor.

### **Recommendations**

- 1) Undertake a comprehensive study of the Health Sector in Africa, whose findings can be used to inform the formulation of policies aimed at streamlining and growing the sector.
- 2) Develop Health Information Systems in Africa as there is none in place at present.
- 3) Private sector be encouraged and actively join and participate in the Health Sector and develop services for people of all cadres and NOT just the rich.
- 4) Governments in Africa should develop incentives to encourage private sector participation in the Health Sector. Such incentives can include tax incentives and the development of conducive policies that support the development of Private-Public-Partnership (PPP) initiatives.

### **Closing remarks by the African Union Co-chair Hon. Ken Kandodo**

In closing the session, Hon. Kandodo recognized the contributions of the Global Fund and PEFA in supporting the Health Sector not only in Africa but globally.

However, he reiterated that Africa's low level of development hindered its capacity to contribute effectively in the growth of the Health Sector.

He noted as welcome efforts by the private sector to invest in the provision of health services in Africa but expressed reservations that they tend to ignore rural communities yet it is these communities that require health services most.

Hon. Kandodo alluded to importance of the issue of food security in Africa as being critical in the management of HIV/AIDS. He reiterated that poor people living in the rural areas who have no capacity to afford food, even if given ARVs for free, can't be able to use them effectively as they cannot be taken on empty stomachs!

Finally he thanked all that were present for participating in the session.



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### Session 2 –

#### **Advancing African Economic Communities: Trends and Challenges**

August 6, 09:00 - 10:30

##### **U.S. Chair, Ambassador Demetrios Marantis, Deputy USTR,**

Africa has made progress in growing intra-regional trade. Trade within Africa stands at 19 percent, up from 10 percent. However, Africa is still less integrated than other regions of the world.

The session seeks answers to number of questions: What are the challenges to African regional integration? How will Africans advance this process? What are the priorities and mechanisms to accomplish this?

The Forum should revisit this issue next year; all elements are there, only an issue of implementation

##### **African Co-Chair: Erastus Mwencha, Deputy Chair, African Union,**

Africa has been making progress toward regional integration.

The effort started from a decision of African leaders in 1963 to pursue integration through sub-regional communities.

In 2007, the AU heads of state committed to continent-wide free trade working through eight sub-regional organizations.

AU has adopted minimum standards for integration within sub-regional communities.

There are a number of regional integration issues arising from overlapping membership, finance, differential treatment among WTO members, trade facilitation, and resources.

RECs can't do everything, so it is important to focus.

##### **Panelist – West Africa, Mohamed Daramy, Commissioner for Trade, Customs, and Free movement of Persons and Goods, ECOWAS**

Multiple memberships in sub-regional communities are a challenge.

Facilitating trade from for landlocked countries is an issue.

COMESA and SADC are mostly English speaking; one challenge for ECOWAS is the divide between Francophone and Anglophone countries.

Differences in perspective from the larger economies versus the smaller countries are an issue.

Questions of transparency, governance, and distribution of power with the private sector and civil society are an issue.

##### **Panelist – Peter Kiguta, Director General, East African Community**

Overlapping Membership is a problem to forming a functional Customs Union.

Each regional group has a different timeline implementation of commitments.

Members with overlapping member are negotiating in regional grouping with the EU. What tariff will be applied? There can be only one rate.

Tripartite group of EAC, COMESA, and SADC are working at the technical level to identify issues for political decision.

##### **Panelist – Member Government Hanna Tetteh, Minister of Trade, Ghana**

Political will is a challenge to African regional integration.



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There is a tension between the larger ECOWAS countries and smaller countries in West African when it comes to delivering on liberalization.

The United States should help address the problem of weak regional infrastructure.

### **Panelist – Private Sector Jas Bedi, Chair of the African Cotton and Textiles Industries Federation (ACTIF)**

Africa has huge potential. As a continent it has comparable economic size and population to China and India.

To be competitive with China in apparel, Africa will need to reduce cost by 20 percent. A lot of costs for African firms are outside of the factory.

African logistical infrastructure is a problem. Difficult to travel directly within Africa, difficult to move money in Africa.

Non tariff barriers need to be addressed, not just tariffs.

### **Q&A Issues**

How can America assist Africa's regional integration?

How can America assist Africa's regional integration?

Are African economic communities sharing best practices?

How can regional infrastructure needs be addressed?

### **Summary of Key Issues**

The Co-Chairs asked panelists to explore how to advance regional economic integration, how the United States might contribute to the process, and mechanisms to further African regional integration.

- Mr. Mwencha provided a history of African regional integration starting with the 1963 decision leaders to integrate through sub-regional groupings and later to form a continent-wide free trade area.

### *Challenges*

- The Chairs noted a number of challenges: inadequate infrastructure, supply-side constraints, lack of labor market mobility, lack of regional coordinating mechanisms, and public skepticism of the value of trade liberalization.
- Panelists identified overlapping responsibilities of RECs, facilitating trade, financing, finding resources for African institutions, maintaining peace and stability, and the differentiated treatment of developing and least developing countries in the WTO as key challenges.
- The private sector identified logistical challenges and costs outside of the factory as the key barriers to greater economic integration.

### *U.S. Role*

- An observer remarked that colonial powers designed Africa's infrastructure to send natural resources to Europe. As a result, current infrastructure does not necessarily facilitate trade among regions.
- Panelists noted infrastructure, building institutional capacity at RECs, and understanding of U.S. market and standards as areas the United States could provide assistance.



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### *Mechanisms*

- Co-chairs and panelists alike noted that African Economic Communities should not be “all talk and no action”. Participants and panelists noted mechanisms to address challenges.
- The EAC representative mentioned the technical work by the tripartite committee of EAC, COMESA, and SADC as important mechanism for regional integration.
- COMESA recognized the efforts of several USAID projects in East Africa and requested closer collaboration with U.S. government in developing such projects.
- A participant noted some of the progress made in telecommunications and travel logistics in recent years.
- In summary, Co-Chair Marantis suggested that given its importance, this topic merits revisiting next year.



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### Session 3 –

#### **Ensuring Workforce Benefits**

August 6, 09:00 – 10:30

#### **U.S. Co-chair: Tim Wedding, Deputy Director, US Department of Labor, Bureau of International Labor Affairs, Office of Trade and Labor Affairs.**

If workers are to have effective incentives to pursue skills and develop their talents, they need to have the ability to prosper from their labor. Enabling workers to develop their skills and talents – their human capital – provides an engine for economic growth.

Ethical sourcing is a growing concern for consumers in the United States. By ensuring that products meet higher standards, such as ensuring that inputs into a product and the product itself does not have child labor involved in its manufacture, a company/country benefits from “reputational risk insurance.” Buyers/middlemen and customers are then confident that the product they supply/buy meet high ethical standards.

There will likely be pressure during the global economic downturn to reduce labor protections. However, for countries’ long term economic development, the current downturn is an essential time to be focusing on improving worker standards and laying the foundation for a healthy recovery that benefits all workers

#### **Co-chair: Francois Ngoboka, Director of Labor, Government of Rwanda**

Rwanda has benefited from its passage of the ILO’s 8 core labor standards. The government has internalized them by incorporating the Core Labor standards into its own labor laws, and has benefited by doing so.

Rwanda has found that these core labor standards promote social dialogue via tripartite discussions and provides a forum for continued discussions. The tripartite model gives legitimacy to decisions made by including all important national players.

Rwanda is also focusing on improving labor benefits, such as social security and discrimination in employment.

#### **Panelist: Michael Lerner, Chief Technical Advisor, International Labor Organization, Tanzania Labor Law Compliance Project**

The tripartite structure of the ILO: government, employers, and workers, is an effective structure and gives broad legitimacy to the decisions that the ILO reaches. It provides for a social dialogue with all the players. It may take longer to reach a decision on an issue, but it will be more effective as all parties have been included in the consultations.

Countries that are members of the ILO have an obligation to respect, promote and realize the ILO’s fundamental labor rights, even if they have not yet ratified all of the 8 individual conventions, since the rights are enshrined in the ILO’s Constitution.

The ILO, with its ability to provide technical assistance, can help countries increase capacity to enforce their labor laws, and increase understanding and acceptance of these labor laws.

#### **Mamohale Matososo: Labor Commissioner, Government of Lesotho**

Workers benefit from AGOA when a company not only focuses on profits, but on worker benefits as well: decent wages, health and safety, and social security.



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A well-resourced government inspectorate is necessary to make sure that laws are enforced. This includes the ability to adjudicate problems, and also includes a dispute resolution mechanism to air problems. Employers must be willing to invest in training for workers as well as safe and healthy working conditions.

Lesotho's textile industry was severely affected by the end of the Multi-Fiber Agreement. By focusing on becoming an ethical sourcing center—including strong labor standards, Lesotho has been able to attract investment and ensure that textiles are made in factories with good reputations.

### **Patrick White: International Relations Officer, USDOL, ILAB, Office of Child Labor, Forced Labor and Human Trafficking.**

Eradication of child labor involves concerted efforts by governments, employers, and unions. Child labor is a result of poverty and also contributes to poverty. No one group or institution can solve it alone.

Education and vocational training are part of what is needed to combat child labor. They give working children with the means to improve their situation and reduce the likelihood that at-risk children will be exploited.

As countries seek the best strategies for overcoming economic difficulty and charting a new path to growth and opportunity, we need to ensure that addressing child labor and promoting education is a part of that strategy.

### **Q & A's**

- 1) How to deal with temporary and migrant workers?
- 2) How are environmental issues being dealt within Lesotho?

### **Summary of Key Issues**

Workers, with their contribution of human capital, are a necessary component in any production process. Governments and employers are benefiting from increased trade via AGOA. However, to meet AGOA's broader development goals, workers should also be benefiting from AGOA. Products created in factories that meet higher labor standards are attractive to companies sourcing in AGOA countries especially since there is more stress on ethical sourcing than ever before in the countries that consume these goods. Meeting this higher standard also provides "reputational risk insurance."

Countries such as Rwanda and Lesotho shared lessons learned. They both have embraced the enforcement of ILO core labor standards as a way to invest in their workers. Rwanda has linked these standards to its own national labor laws, and enforces these laws. Lesotho and Rwanda note that a tripartite partnership between government, employers and workers also promotes social dialogue and provides a forum for continued discussion of issues that arise. Employers should be willing to invest in training their workers and a safe and healthy workplace, as benefits will accrue not just to workers but ultimately to the employers themselves.

Finally, eradication of child labor must be a concerted effort by governments, unions, and employers, with community outreach to educate the public. Child labor is a result of and a contribution to poverty, as a lack of access to education continues the cycle of poverty. Primary education should be free.



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- In order for AGOA to meet its full potential, benefits should accrue not only to industries and governments, but to workers themselves.
- A well-resourced government inspectorate is necessary to make sure that labor laws are enforced. This includes the ability to adjudicate problems, and also includes a dispute resolution mechanism to air problems. Employers, workers, and government all have responsibilities in developing and maintaining an effective and efficient labor relations system.
- Households need sustainable livelihoods in order to protect their assets, which includes their children. Studies show that when a society educates a child, the benefits that accrue to the society exceed costs by a ratio of 7 to 1. Primary education should be free.



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### Session 4 –

#### **Financing Climate Change Mitigation in Agriculture**

August 6, 09:00 – 10:30

**U.S. Co-Chair; David Atwood, Director, Office of Sustainable Development, Bureau of Africa, USAID**

**African Co-Chair; Boniface Ngniado, National Coordinator for Food Security, Department of Agriculture, Government of Cameroon**

#### **Panelist; George Wamukoya, Climate Change Advisor, COMESA**

Carbon financing can lead to real community rewards, including sustainable agriculture, improved livelihoods, and environmental stewardship.

Kyoto Protocol's Clean Development Mechanism (CDM) has been a missed opportunity for Africa, in part because it excluded many opportunities for carbon sequestration and mitigation through land use that are counted in developed countries.

Other constraints include establishing a baseline, the additionality rule, leakage, cost effectiveness, irreversibility, high transaction costs, and property rights.

Based on the potential mitigation from land use changes and using an estimated carbon price of \$20/ton, annual financial flows to Africa could be \$10B from reduced deforestation and degradation, \$10B from deforestation and reforestation, and \$10B from agriculture – 2.5 times the total amount of development assistance that Africa currently receives.

COMESA is currently developing the Africa Biocarbon Facility, which would serve to pool projects (minimizing risk) and negotiate sales of credits.

#### **Panelist; Keith Shepherd, Principal Soil Scientist, World Agroforestry Center**

Building carbon markets based on landscape-scale changes in carbon storage will require cost effective and practical measurement methods.

These measurement systems can be integrated into broader land health surveillance systems, a concept stolen from public health.

These systems are designed around several characteristics: standardized measurement protocols based on statistical sampling, rapid screening assessments, assessment of risk factors, a basis for design and evaluation of interventions, and integration of surveillance systems into policy and decision-making systems.

Public private partnerships (PPP) can leverage carbon trading to support smallholder and pastoralist land management systems and national surveillance, so that money raised from carbon financing support sustainable land management.

This methodology development is supported by UNEP and hopefully will be widely accepted.

#### **Peter Lovett, Shea Specialist, West Africa Trade Hub**

One example of a project to sell carbon credits is based on shea production.

Shea trees grow across a large landscape in Africa, from Senegal to Uganda and Sudan in the Sahelian zone. 1 kg of shea butter requires 20 kg of shea fruit, 10 kg of firewood, and releases 18 kg of carbon dioxide – a major source of carbon, given the size of the landscape in which shea trees grow.



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Current production methods are energy intensive (relying on unsustainable fuel wood production), labor intensive, and with small margins.

It is possible to mitigate greenhouse gas emissions during shea production by stabilizing carbon sinks (trees), improving energy efficiencies through introduction of new technologies, and increasing sustainability of fuel wood production.

Reducing the carbon footprint of shea butter production starts at landscape scale initiatives and continues throughout the value chain through initiatives to reduce energy use (firewood) and increase sustainability.

Other landscape-scale carbon financing projects include the Green Belt Movement and the Nile Basin Reforestation Project. Many others are already up and running and selling voluntary carbon credits to private companies.

### Q&A Issues

**Carbon prices and estimates of the potential of carbon markets in Africa:** The carbon price used in the presentation was conservative, based on current sales prices of carbon on compliance markets. It is possible that carbon prices could go much higher – and thus lead to higher financial flows to Africa than estimated.

### Lessons learned from China and Brazil about CDM, and what Africa should do post-2012:

The answer emphasized diversification of economies, as well as the need for a common African position in the UN climate change negotiations. It was noted that the African position has commonalities with the U.S. position, and it may be possible to build on these connections in the negotiations.

**REDD in Central African countries:** Many questions and comments concerned the role of local/indigenous communities, how they would benefit, what compensation should be provided to countries with tropical rainforest, and the role of regional organizations. Although ECOWAS and COMESA have a voice in negotiations, CEAS/CENA is poorly organized and with no civil society representation. There was also a discussion of reforestation, including in areas that are not tropical rainforest, with a need for integrated projects and a focus on protected parks.

### Chair's Summary (provided by David Atwood)

Changes in land use in Africa can lead to important financial and climate change mitigation benefits.

Distribution of financial benefits from mitigation is an important issue, as Africa has received few of the CDM benefits but contains important sinks such as tropical rainforests.

Scale of benefits and level of benefits: Should we be working at the national or regional scale, or at the scale of communities? Is it even realistic to work at the scale of single farms?

How do we get the science and local project activities to scale? Kyoto was a missed opportunity – Africa needs to be a player in the climate change negotiations this time around.

### Summary of Key Issues

This session addressed issues concerned with making carbon markets work for Africa. Two thirds of the mitigation opportunities in Africa fall in the land use sector, where methodology for



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establishing measurable, reportable, and verifiable credits in agriculture and agro-forestry is still in development because carbon storage on land and in soils is very complicated. Methodological development must address both establishing a baseline and the additional, long-term storage above the baseline. Having reliable and trusted methodologies will speed up development of a carbon market because purchasers can trust the product.

Under the Kyoto Protocol, the Clean Development Mechanism for providing financial flows to developing countries for mitigation and sequestration operated at the project level. New markets in agriculture and agroforestry could also be at the national level if a country wants to invest in changing large-scale practices. This will require new policy development and cooperation between ministries such as agriculture, finance, trade, and environment. Besides the fact that these changes could lead to significant financial flows to countries, increased carbon storage is associated with better agricultural and agroforestry practices – and higher agricultural productivity. These kind of investments are already possible through voluntary markets – for example, selling shea produced through improved practices along with the carbon credits generated – and the opportunities are growing quickly. However, in order to benefit from compliance markets developed under the UN negotiations on climate change, it will be necessary for African countries to engage more actively and present a unified front to advocate for changes that will benefit them.

### **Key takeaway messages include:**

Developing the potential of carbon markets in agriculture and agro-forestry is going to take establishment of a widely-accepted protocol for measurable, reportable, and verifiable credits. This work is currently underway.

Agricultural and agro-forestry carbon markets could be based at the project level or at the national level. More work needs to be done on developing methodologies for addressing the scale and level of projects and benefit-sharing, as well as how to scale up the most promising ideas. Africa must proactively engage in the development of international climate change policy in order to benefit as much as possible from these international flows.



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### Session 5 –

#### **Promoting Regional Trade in Staple Food Products**

August 6, 09:00 – 10:30

##### **U.S. Co-Chair, Franklin Moore, Deputy Assistant Administrator, USAID**

Improving trade and transport corridors in Africa will have a tremendous impact on food security. Improvements to both infrastructure and services will link producers to consumers, reduce the time and cost of moving goods, as well as lower the cost of key agricultural inputs, such as seeds and fertilizer.

I want to highlight the program for advancing agriculture and trade to end hunger and poverty that the USG is launching this year. The president announced his intention at the G-8 in Italy to seek \$3.5 billion annually for the next three years to improve agriculture and food security, much of this devoted to Africa.

The focus on staple foods affects millions of farmers, many of which are smallholders and women.

The smallholder staple food sector faces risks. Crop and animal yields are low, improved technologies and inputs are rarely used, rainfall is uncertain, and access to markets is generally poor.

USAID is working with many partners to access to markets using a value chain approach and along the major transport corridors.

Two key actions will facilitate increased trade in staple foods within the region: 1) cheaper and more reliable transport links between surplus and deficit areas; and 2) simplified policies and regulations to reduce delays at the borders.

Increased regional trade can help achieving food security at the household, national, and regional level in good and bad years.

Small farmers need to increase their production and productivity. A range of issues affect this goal – access to land, water, education, training, technical assistance, access to credit, and natural resource management.

Better coordination – among donors, governments, NGOs, research institutes, and private sector actors – and more resources are needed.

##### **Uganda Minister, Hon. Minister of Agriculture, Animal Industries, and Fisheries Hope Mwesigye**

Thanks to AGOA for granting duty free, quota free access for African goods. In Uganda, the 10<sup>th</sup> country to qualify under AGOA, the government formed a coordinating committee and produced an exporters guide, and a number of products have reached the U.S. market, including coffee, tea, tobacco, cotton, vanilla, frozen fish, simsim, horticulture, handicrafts, tourism, and dried fruit.

Based on its experience, USAID can do a lot to support increased intra-regional trade working at the national and regional level. Improving technical assistance for farmers, agricultural productivity programs, capacity building, trade infrastructure development, and facilitation of services for market access are all examples.



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Increasing regional agricultural trade is an important goal for Africa. Agricultural trade accounts for 27.3% of total GDP in COMESA and 20% for Uganda. The current market value of African food staples is \$50 billion annually, or 70% of all agriculture by value.

Political borders frequently separate surplus and deficit areas.

The financial crisis and effects of climate change make improved regional trade a priority to cushion these external threats.

The RECs are the building blocks for the African Economic Community. To promote regional trade in staples, member states must promote and protect rice, legumes, maize, cotton, palm oil, beef, dairy, poultry, and fisheries products as strategic commodities. In accordance with the AU/NEPAD framework, Africa must become self-reliant in rice, maize, sorghum, millet, cassava, palm oil, beef, poultry, and aqua-culture.

The Regional Economic Communities (RECs) are becoming a focus of these trade reforms.

Member states should do the following to improve regional trade:

- 1) Lower tariffs on staple foods and remove non-tariff barriers (NTBs) and express a unified African position at the Doha negotiations; and
- 2) Implement improved and harmonized technical standards, including sanitary and phytosanitary (SPS) measures;
- 3) Promote value addition to extend the shelf-life of agricultural commodities; and
- 4) Invest in infrastructure, including roads, water/irrigation, railways, storage facilities, and research and technology.

The current demand imbalance also represents an opportunity to accelerate progress in improving regional trade. Uganda is investing in irrigation, mechanization, value addition, energy, and other infrastructure as well as moving to abolish all export taxes.

### **Ali Traore Burkina Faso Shipper's Council**

The speaker described a USAID-supported initiative in West Africa to identify and remove bottlenecks on the region's major transport corridors.

The project involves having truckers complete a survey form noting the number of checkpoints and nature of interaction with regional police, customs, and army officers along the routes. For instance, in one five kilometer stretch checkpoints cost \$3. The opportunity for police and others to delay and charge trucks is due in part to the fact that trucks must have many documents and be in good condition. If a trucker doesn't pay, he must wait, causing delays.

The project, based in Ghana, has mapped the official and unofficial checkpoints along three major transport corridors in West Africa. The project includes a structure that involves reporting back to ECOWAS and WAEMU as well as the heads of state. Quarterly reports are generated and an annual stakeholders meeting is held. WAEMU is able to monitor the problems encountered by roads along the roads. USAID, through the West African Trade Hub, provides technical assistance, funding for the meetings, advice to the focal points that collect the drivers' forms, and support for the database into which the forms' information is entered.

The strategy is to quantify the impact of red tape along transport corridors for the first time.

An important aspect of the project is the publicity it has generated. Even countries beyond West Africa are aware of the effort. The project partners with two NGOs in each country (Burkina Faso, Ghana, and Togo) to help publicize the effort, generate a sense of good citizenship, and build support to combat corruption as citizens, potential victims, and consumers.



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The project underscores how countries cannot work alone to improve regional trade but must engage the RECs, like ECOWAS.

Vanessa Adams and Andy Cook of the Hub are the main drivers of this project.

### **Dr. Chris Muyunda, ACTESA / COMESA**

The number one problem in African agriculture is low productivity compared to other world regions. African farmers, who are mostly smallholders (90% in staple crops) and often women, are only 1/3 as productive as the global average. Agricultural markets in Africa are comparatively weak, with few farmers well-organized and many unconvinced of the potential to sell into markets. Only 10% of farmers produce for the market. Also, because many farmers produce primarily for household consumption, if there is a rainfall shortage there is also a food crisis.

Food aid dependency remains an issue. Food aid needs to be more development oriented by emphasizing local purchasing and being sustainable.

There are major opportunities for regional trade in agriculture. As maps show, there is an imbalance in Africa of nutrient rich soil, making some countries net consumers and some net producers of agricultural goods. The COMESA countries import \$19 billion in food and trade only \$3 billion in agricultural products.

Africa has seen policy reversals that hinder improved regional trade. These include import/export bans, NTBs, and investment climate issues at the borders.

ACTESA intends to become the focal point for various donor and regional initiatives related to food security and agricultural trade. The organization aims to integrate stallholders into national, regional, and export markets. Their focus will be on improving agricultural competitiveness by ensuring that smallholders have access to the necessary services that will increase their productivity. These services include general capacity building, accessing inputs, improving knowledge or markets and specialized products.

Knowing the smallholder target market is important. For example, in COMESA 29% of smallholders sell maize, 30% both sell and buy maize, 11% are net buyers and don't produce any maize, and 23% produce maize but don't sell it.

ACTESA has set some benchmarks for targeted results. These include:

- 1) Helping an additional 240,000 farmers access improved inputs;
- 2) Develop 400 new agro-dealers; and
- 3) Improve productivity by 20%.

ACTESA also has a livestock program focus on disease mitigation, SPS issues, and access international markets.

ACTESA also wants to link with the region's CAADP Pillar 4 centers of excellence in Tanzania (rice), Kenya (dairy), and Ethiopia (wheat).

ACTESA's goals include improving market information, agricultural standards, fostering links to transport corridors so that become true development corridors that serve farmers, improve value chains, and help complete national CAADP compacts (only one of which is complete).

### **Constantine Kandie, EAGC**

The East Africa Grain Council (EAGC), established in 2006 with support from USAID through its RATES project, promotes free trade in grain. The EAGC now has 58 members in five countries, most of which are from Kenya, Tanzania, and Uganda).



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USAID's COMPETE project supports the EAGC now and SIDA has also offered support for five years.

Although the EAGC is a private sector organization, its goals are in line with the AU/NEPAD goals on agriculture and food security.

EAGC's activities include collecting statistics on grains like maize, including regional prices, production levels, and trade volumes and patterns. The group also conducts trainings for small farmers (1-5 acres), with a specific focus on women. The trade links program has trained 97 farmer organizations thus far representing 5,000 farmers.

The Market Information Service allows farmers to use a cell phone to receive SMS updates on regional prices. There is also an online trading platform that handles bids and offers for grain and, for some users like the World Food Program, to target purchases from certain groups such as smallholders.

EAGC's Warehouse Receipt System (WRS) helps farmers get access to cash while waiting to sell at higher prices, improves sale margins, increases access to a larger and formal market, and improves storage conditions for grain. Governments that use WRS can improve strategic reserve planning. EAGC's role in the WRS includes designing the protocols, supporting arbitration, and printing receipts. A second warehouse is coming online in Kenya soon.

### Q&A Issues

- 1) Q from Kenyan farmer: Farmers need emergency support from government or other existing institutions, such as when the rains fail and one has to buy water or lose a crop.  
A from Uganda: Yes, emergency support is appropriate to look at.
- 2) Q Namibian agriculture official: Was there resistance from bank to participate in the WRS and accept grain as collateral?  
A from EAGC: Yes, at first. But we found a bank focused on rural and small-scale companies, convinced them to participate, and now it is successful. Having demonstrated this success, other banks are now more interested in participating.
- 3) Q from regional informal sector NGO: Our farmers have excess growing capacity several months out of the year but don't know enough about diversifying and what niche crops might be tradable. We don't get adequate information about this from our governments. Can USAID address this?  
A from USAID: Yes. Let's discuss our existing programs are structured after the session.



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### Session 1 –

#### **Adding Value to Agricultural Production: Market Access, Export Competitiveness, and Policies**

August 6, 11:00 - 12:30

##### **U.S. Co-Chair: Patricia Sheikh Acting General Sales Manager, USDA/FAS (for USDA DUS Bud Philbrook)**

USDA and the USG are working to improve regulatory capacity to build SPS regulatory infrastructure, support trade and industries that add value to agricultural products.

By adding value through processing and certification, trade is being enhanced, skills developed, and value is increased.

While there has already been U.S. direct investment valued at \$13.3 billion, policies that encourage value addition are required to continue growth – tariffs must be reasonable and policies must be transparent.

USDA has programs that support value addition in the U.S. that could be adapted for Africa.

##### **Co-Chair: Hon. Hannah Tetteh, Minister of Trade, Industry and Private Sector Development, Ghana**

Agriculture is 1/3 of the GDP for Sub-Saharan Africa, but provides the livelihood of 2/3 of the population; productivity must increase.

In order to increase productivity, access to inputs must be expanded, infrastructure improved and extension more effective.

Public-private partnerships to improve policies and public sector investments have already manifested great improvements in the agricultural sector.

The work to improve agriculture is not just about describing problems but also about identifying solutions; in order to succeed in the global market, producers must meet the market's specifications and standards.

##### **Panelist: Matthew Armah, Chief Operating Officer, Millennium Development Authority, Ghana**

The MCA programs focus on maximizing sustainable poverty reduction through broad-based economic growth in programs designed by country stakeholders. In Ghana, MCA programs are working to increase export competitiveness in agriculture.

The cooperation between MiDA/MCA in Ghana has built trust through high levels of integrity.

The MiDA/MCA program in Ghana has adopted an integrated approach to agricultural value chain development.

##### **Panelist: Ali Cherif Deroua, Co-Founder and Former Chairman, AIA Ltd., Mozambique**

In 2001, the company was founded in a region with no infrastructure and few good jobs; in the first year, they exported 1 container. By 2009, they had 12 processing plants, employ 5000 people, and export 150 containers per year – this also has a major social impact.

It is important to develop supply chain expertise; in growing the industry, there are opportunities for all players to benefit.



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The major challenges they faced were government interventions, productivity issues and financing issues. There is a role for the government to play to resolve many of the challenges. In Mozambique, it took AIA constantly pushing the government.

### Q&A Issues

- 1) What do the projections related to the increase of pineapple exports consider? (Minimally cut pineapples; smoothies for local and regional market) b) What will the government do to address barriers to trade? (Barriers to trade are being discussed at the Minister level and within ECOWAS; the work toward harmonizing systems will help address issues such as trans-shipment, smuggling, and dumping)
- 2) What are the benefits of belonging to the Cashew Alliance? (Sharing best practices, developing an African brand and access to finance)
- 3) Regarding gender concerns and women's under-representation in farm organizations, how can the government encourage more women to get involved in value chain management and decision making (i.e. choosing crops, selling decisions, marketing and technology)? (In Ghana, the Minister of Trade is working with MCA, because without a push for gender mainstreaming at all levels, the desired progress cannot be achieved.)
- 4) How can post-harvest losses be reduced through value addition and thereby improve food security? (Farmers are being trained, especially smallholders in groups, on developing business plans with these shortcomings in mind).
- 5) It is a challenge to work with smallholders and more difficult all the time with ongoing subdivision of land; what should be done? (Land subdivision must be reduced and the government must support the private sector to identify opportunities and facilitate the transition from subsistence to commercial farming)
- 6) The AIA example of a company's successful partnership with development organizations was impressive; what advice can be offered to companies as they are forming? (The initial project was less than \$80K; first the founders approached Technoserv, then the banks. USAID was able to guarantee the loans, which helped secure financing.)
- 7) Shouldn't businesses operate based on supply and demand? Why do governments intervene and distort the market and prices? (Higher quality products get higher prices; there are certain roles for the government)
- 8) In the Ghana example, who determines the varieties that are produced? (Governments help provide the planting material, but the market drives decisions made by producers)
- 9) In response to question 7: If the government does not set minimum prices and farmers are exploited, poverty will remain. How does the processor set prices? (Processors believe the market regulates itself, but there are many complicating factors and the processors and exporters negotiate daily to settle on the right price based on the international market)
- 10) How is Mozambique addressing the land tenure issue? (No clear answer was given, but the point was made that the government must support infrastructure development as capital intensive projects must be handled by the government in order for the private sector to be able to compete internationally.)

### Summary of Key Issues

In much of sub-Saharan Africa, the food processing industry is limited in scale and utilizes dated technologies, resulting in the export of lower-value, raw agricultural products and the import of



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processed goods. The food processing sector could increase competitiveness by improving national and regional harmonization of regulatory frameworks, systems, and quality standards. In addition to well-documented economic benefits including increased employment, food processing also contributes to food security and a safer food supply. The development of a food processing industry is therefore critical to agricultural growth and economic and social development.

Public-private partnerships are beginning to enable African agribusinesses to realize regional and international trade opportunities. This session discussed the importance of strengthening and increasing regional trade in the near to medium term with deeper penetration of U.S. and international markets in the medium to long term. The session also provided a forum for participants to discuss possible collaboration to improve opportunities for African agribusiness to add value to exports both regionally and to the U.S. and other international markets.



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### Session 2 –

#### **Small and Medium Enterprises (SME) Programs**

August 6, 11:00 – 12:30

##### **Luz Hopewell, Director of Office of International Trade**

The Small Business Administration (SBA) represents the small businesses in the U.S. Government.

SBA is a successful model that can be replicated in developing countries.

SBA works with governments in developing countries to assist SMEs.

##### **Dr. Tebogo Matome, Local Enterprise Authority (LEA)**

In the past, it was assumed that businesses only need capital and infrastructure to succeed. However, it is now recognized that capacity building is equally as important as capital and infrastructure.

Creating internationally competitive businesses is the key to sustainable growth for developing countries.

##### **M. Kelosiwang, LEA**

Recognizing that SMEs need more than just capital, the government of Botswana created the LEA.

LEA focuses on creating competitive firms that do value-addition on locally available products. They assist both the business and the entrepreneur, and are creating business incubators.

Governments should strive to harmonize SME development efforts into one ministry for a more strategic approach.

##### **John Agnowabi, Vice-Chairman of the African Development Foundation**

Explained the model of ADF- USG agency that focuses on small businesses owned by or serve marginalized communities. ADF assists with capital (fixed and working) and capacity building. ADF uses local Partners on ground to implement ADF programs. Partners are local experts who understand challenges of country environment, and “hand-hold” SMEs as they grow their business. Zambian Partner for ADF spoke about services provided.

ADF grantee from Botswana spoke about receiving support from ADF for boreholes, cattle rearing equipment and capacity building.

##### **Stephen Hayes, President of Corporate Council of Africa (CCA)**

CCA is comprised of US companies that have interest or investment in Africa. CCA uses this network to address issues that block greater trade or investment.

CCA, through a local partner SABLE, assists businesses in S. Africa that are close to exporting. This work has assisted with the creation of over 20,000 jobs and \$1.8 billion in exports.

##### **Q&A issues**

- 1) What is the failure rate of SMEs that are assisted by LEA?
- 2) What is the process for ADF to operate in a country?



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- 3) Can there be a database of organizations that do capacity-building?
- 4) How can entrepreneurs gain access to information and training to assist in growth?

### **Summary of Key Issues:**

SMEs need more than just capital and infrastructure to become profitable businesses. Business Development Services (BDS) are crucial to a company's success; BDS comes in a variety of forms that should be tailored to a specific country's needs. Specially, BDS should assist in training, access appropriate financing instruments, and marketing.

Countries can adopt several different models to assist SME growth- however it is noted that a single agency or ministry that represents all SMEs regardless of sector can improve coordination and advocacy for SMEs.



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### Session 3 –

#### **Regional Transportation Integration: Strengthening Food, Commodities, and Industrial Supply Chain**

August 6, 11:00 – 12:30

##### **Paul Marin, Regional Director for Sub-Saharan Africa, U.S. Trade and Development Agency (USTDA)**

Building infrastructure for trade requires regional solutions

There must be a focus on all modes of transportation

USTDA is a partner and a resource

##### **Christophe Joseph Marie Dabiré, Commissaire Chargé du Département du Marché Régional, du Commerce, de la Concurrence et de la Coopération (Commissioner of the Department of Regional Market, Trade, Competition and Cooperation) West African Economic and Monetary Union (UEMOA)**

Founded in 1994, UEMOA is a monetary and customs union made up of eight West African countries.

The objective of UEMOA is to improve competitiveness through the free movement of people, goods, services, and capital.

The removal of tariff barriers has helped to meet this objective; however, many barriers to intra-regional trade remain. Increasing the integration of transportation infrastructure in the region is vital to the further increasing intra-regional trade.

##### **Cornelia Wilson-Hunter, Manager, Safe Skies for Africa Program (Office of the Secretary) U.S. Department of Transportation (USDOT)**

Without adequate transportation infrastructure, African countries will not be able to take advantage of the opportunities that AGOA offers: “You can’t trade if you can’t get there.”

High transportation costs are impeding economic growth in Africa.

Building and improving transportation infrastructure entail high upfront costs, but is ultimately necessary to enable economic growth. Liberalizing the transportation market, pursuing transportation infrastructure projects on a regional basis, and cooperating with the private sector can facilitate the implementation of transportation infrastructure projects.

##### **Kwasi Kwakwa, General Manager-Engineering, Ghana Ports and Harbors Authority**

Private sector involvement in Ghana’s ports sector has dramatically increased the efficiency of its ports, thereby reducing the cost of trade.

Major challenges facing Ghana’s ports sector include obtaining financing for port improvements and attracting and retaining quality/experienced personnel.

The Ghana Ports and Harbors Authority plans to spend \$30 billion over the next 15 years to improve its ports, including the introduction of modern ICT systems and other state-of-the-art equipment, staff training, and port expansions.

##### **Jeri Jenson, Managing Director for Private Sector Initiatives Millennium Challenge Corporation (MCC)**



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The objectives of AGOA cannot be met through market access alone. Rather they will require increased capacity to trade, especially through improved infrastructure.

MCC, whose purpose is to reduce poverty through sustainable economic growth, is helping to create this capacity by providing grants for infrastructure projects, such as rural roads and irrigation, in Africa.

MCC is looking to strengthen its linkages to Africa, including the ability to develop regional compacts.

### **Mike Mohan, Technical Consultant on the Dar es Salaam to Isaka Railway Upgrade Project** (Mr. Mohan's remarks were limited due to time constraints.)

- The Dar es Salaam to Isaka Railway Upgrade Project is technically viable.
- The Dar es Salaam to Isaka Railway Upgrade Project is economically justified.
- The Dar es Salaam to Isaka Railway Upgrade Project offers ample opportunities for private sector involvement.

### **Q&A Issues**

Note: A Q&A period was not possible due to time constraints.

### **Summary of Key Issues**

This session examined the integration of regional transportation infrastructure as a means for enhancing trade of agricultural products, commodities, and industrial goods. The session featured a broad cross-section of U.S. and African, as well as public and private perspectives on African transportation issues. The panelists also covered a variety of transportation modalities, including air, rail, road, and marine.

Each panelist spoke about the importance of developing transportation infrastructure as a means to foster economic growth and trade in Africa and the particular role that his/her organization plays in the development of Africa's transportation infrastructure. Common themes among the panelists included:

- The key role that transportation infrastructure plays in economic growth and international trade;
- The need for regional approaches to the development of transportation infrastructure; and
- The importance of private sector involvement in the development of transportation infrastructure.



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### Session 4 –

#### **Financing Renewable Energy**

August 6, 11:00 – 12:30

##### **U.S. Chair; Rick Angiuoni, Regional Director for Africa, Strategic Initiatives division, Export-Import Bank**

Gave background of Ex-IM Bank and its programs in SSA and Renewable Energy stressing the new 18 year financing rules.

##### **Country Co-chair, Moussa Cissé, Mali Ministry of Energy**

Emphasized that Mali has a big challenge concerning renewable energy.

The Malian government has a 15 year plan to exploit their renewable potential.

The plan stresses solar and bio-energy, but financing is difficult.

##### **John Mudany CFO of KenGen**

Kenya has significant energy demand, but little supply despite the vast amounts of renewable potential.

They have a 2030 target to exploit geothermal, hydro and wind potential.

KenGen needs affordable, reliable and profitable power (to be responsible to shareholders).

Need \$1.6 billion to reach 2030 energy targets, but financing is difficult because borrowing costs have increased greatly resulting in a decrease in investment.

##### **Steve Everhart, Associate Dean at American University in Cairo**

Explained a bio-energy project in Cairo, Egypt.

The market in SSA for this is large as the feedstock is largely agricultural waste.

USTDA, Ex-IM Bank and OPIC are critical for these types of projects to succeed.

John Moran, Chief of Staff at OPIC, noted how Ex-IM Bank, TDA and OPIC work together.

Renewable Energy and SSA are priorities of OPIC.

Various policies and projects are in place to assist renewable energy for SSA at OPIC.) John Moran

##### **Q&A Issues**

- 1) The first question centered on Product marketing and small scale mining. It was explained that there are ways that this can be done, but is outside of this session's scope.
- 2) The second question concerned South Sudan undertaking a project that Mr. Everhart explained. It was explained that these projects can be scaled but are meant to be smaller in scale.
- 3) The third question concerned not funding projects that are “shovel ready,” but ones that need feasibility studies before investors can be pursued. TDA and USAID were in the audience and responded that they have programs that can assist in feasibility studies.



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### Summary of Key Issues

This panel focused on financing renewable energy. Panelists focused on renewable project potential, problems and solutions on how to bring projects to a financial close. Concerning potential it was shown that:

- Mali has great renewable potential in solar and biomass.
- Kenya has great renewable potential in hydro, geothermal and wind.
- Small biomass to energy projects can assist in smaller scale renewable energy.

Concerning the problems, it was noted that:

- Large scale renewable projects require long payback periods and loan tenors for investors.
- Long payback periods and loan tenors require stable operating environments, politically and commercially.
- The financial crisis has caused the costs of borrowing to increase greatly while decreasing tenors and time horizons.
- Feasibility studies are expensive for renewable such as geothermal, and funds for studies are hard to acquire.

Solutions were identified as:

- Ex-IM Bank explained that they can guarantee loans and directly lend into projects that incorporate US goods and services. This mitigates country and commercial risk for banks that lend into such projects.
- OPIC explained that they too offer products that can mitigate country risk for US investors that equity invest into large scale projects. They also have programs that can assist investors in containing country risks related to large project finance projects.
- USTDA and USAID mentioned that their organizations can provide seed funding concerning feasibility studies to identify the best renewable projects that would appeal to investors.



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### Session 5 –

#### **Specialty Food Products**

August 6, 11:00 - 12:30

##### **U.S. Co-Chair: Florizelle Liser, Assistant U.S. Trade Representative for Africa.**

Co-chair Liser described the special opportunities available under AGOA for African specialty food products. By eliminating duties on processed food items, AGOA has turned the “tariff escalation” phenomenon on its head and given African producers a special advantage in the U.S. market. The USAID Trade Hubs have devoted special attention to the specialty food sector and have organized an African pavilion at the New York Fancy Foods Show the last few years.

##### **African Co-Chair: Honorable Jabulile Mashwama, Minister of Commerce, Industry and Trade, Swaziland**

Minister Mashwama noted Africa’s comparative advantage in agriculture and spoke of how moving up the value chain in food production can help create good jobs in Africa. She cited the experience of Eswatini Kitchen in Swaziland, which is exporting jams and jellies to the U.S. under AGOA.

##### **Shreef Abass Chair, South African Fine Foods Association (SAFFA)**

Africa should harness its power of diversity to trade within the continent and with the United States under AGOA.

The SAFFA is a model in South Africa that can be used to assist food companies to the next level, including to take steps to export to the United States and other markets.

There are many South African companies that are export-ready, and more assistance should be provided to help expose them to international markets.

##### **Pablo Garrido, Manager, Eswatini Kitchen, Swaziland**

Eswatini is a good example of an African company creating value in the Swazi community with rural farmers, building capacity in the specialty food value chain by promoting production from smallholders within Swaziland.

Eswatini invests profits back into Manzini Youth Care and supports the honey industry and income creation for AIDS orphans in Africa.

Eswatini could benefit from an exchange program with MBA students or U.S. corporations on capacity building (USAID Trade Hub Southern Africa is following up with their network on this request).

##### **Amaan Khalfan, Managing Director, Honeycare, Kenya**

Honeycare has a unique model of assisting both the rural and urban poor in Kenya through the value chain, from beekeeping to distribution of honey products in the high density areas of Nairobi. Currently, over 12,000 smallholders are benefiting from the production and sales of Honeycare products. Honeycare can be a valuable resource to other African honey companies on capacity building. (USAID Trade Hub Southern Africa may work with this company to mentor companies producing honey in Southern Africa).



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### **Jim Thaller, CEO Talier Trading Group**

The Africa Set is an example of an AGOA program that is operating, working, and providing sales and marketing for African specialty food producers.

Food producing companies should work with the USAID Trade Hubs based in West, East and Southern Africa to feed into the Africa Set, which is rolling out in 10,000 supermarkets across the United States.

Branding Africa through this program is a valuable tool to change the image of Africa in the minds of American consumers, and has important links to tourism. The specialty food market is a \$70 billion a year sector, and is growing despite the recession.

### **Q&A Issues**

- 1) Public attention to African specialty foods is increasing, and the USAID Trade Hubs can assist African producers in getting their story out through the media and gaining greater recognition for their products in the United States.
- 2) Good product packaging is critical for American consumers to buy African specialty food products. A good way to see the latest trends in packaging is to attend the NYC Fancy Food Show, held each year in June at the Jacob Javits Center.

### **Summary of Key Issues**

The specialty food sector in the United States is a \$70 billion per year market, and despite the economic recession, will continue to grow and expand. African specialty food products -- from Zambian honeys, to fruit pastes from Mauritius, and juices from South Africa -- are witnessing increasing AGOA exports to the United States through programs such as the “Africa Set”, which is a group of products marketed and promoted by food broker Jim Thaller. The Africa Set is an example of a public-private partnership between the U.S. government and Talier Trading through the four USAID Trade Hubs. The Hubs assist Thaller with finding new African products for his line. Thaller’s Africa Set provides a marketing outlet for African specialty food products at a low cost, with many opportunities for marketing and promotion throughout the United States. The Africa Set features food products that have value-added and processing, providing the greatest benefit to producers and farmers in Africa who supply specialty food producing companies.

Due to the success of the South African specialty food producers, the South African Fine Food Association has formed to coordinate the industry in the Western Cape and assist with issues such as transportation logistics and consolidated shipping; providing a voice to the industry on policies; and to mentor historically disadvantaged companies, bringing different cultures and cuisines together around the concept of food. Eswatini Kitchen, in Ezulwini, Swaziland is providing AGOA benefits to the Swazi community through their exports to the United States and other countries by investing profits in their company and in Manzini Youth Care, an NGO that assists Swazi AIDS Orphans. Honeycare, based in Kenya, has established a business model that supports both the rural and urban poor. All of these companies and organizations are examples of how AGOA exports benefit companies and producers throughout the specialty food value chain to support industry growth and job creation.



## 2009 AGOA FORUM

Realizing the full Potential of AGOA through Expansion of Trade and Investment

- Jim Thaller, through his Africa Set, and the USAID Trade Hubs provide a strong network of support for African specialty food products and are a good resource for African specialty food products looking to access the U.S. market under AGOA.

Specialty food products are an excellent example of an AGOA product set that benefits the entire value chain (value-addition) from rural farmers to workers in the factories producing these products.