

**Proceedings Notes from the
2011 AGOA Forum Joint Private Sector/Civil Society Event
Mulungushi International Conference Centre
Lusaka, Zambia**

Introduction

Since the passage of the U.S. African Growth and Opportunity Act (AGOA), key stakeholders from civil society have been convening for structured dialogue on an annual basis at the AGOA Fora. The 2011 AGOA Civil Society and Private Sector sessions of the AGOA Forum in Lusaka, Zambia, took place at the Mulungushi Conference Center on June 7 and 8, 2011, immediately before the Ministerial-level forum on June 9 and 10. An international trade fair ran concurrently with all the Forum events.

The organizers of the civil society components were the Centre for Trade Policy and Development and the U.S. Civil Society Alliance. The Corporate Council on Africa and the Zambia Association of Manufacturers organized the private sector components. U.S. Agency for International Development's Knowledge Sharing and Analysis project provided overall programmatic and logistical support for the civil society and Ministerial components.

The enthusiastic participation of attendees from throughout Africa created a constructive and useful dialogue.

Civil Society and Private Sector Synopses

At the joint opening plenary, C. Evans Chibiliti, Deputy Secretary to the Cabinet, Republic of Zambia; the Honorable Mark Storella, United States Ambassador to Zambia; and the Honorable Felix Mutati, Minister for Commerce, Trade, and Industry, Republic of Zambia, welcomed participants and discussed the challenges and opportunities around trade.

During his remarks, Deputy Secretary Chibiliti emphasized that bilateral trade between Africa, Zambia, and the United States has been declining but that the Forum was an opportunity to stimulate broader access to the international market through partnership. AGOA will address the growing trade between the two countries and Zambia, as the host, is responsible for ensuring that this increase happens. Mr. Chibiliti told attendees that week it is important to make business linkages between Africa and the United States but that a deliverable of AGOA is to have a successful forum for civil society and the private sector. More generally, a deliverable of participants is to make AGOA work for Africa and the United States.

During his remarks, Ambassador Storella declared that Africa is a strategic partner and the United States is committed to promoting Africa's growth and trade. He encouraged attendees to listen to and learn from each other, as the Forum is a natural opportunity to make connections.

Finally, during his remarks, Minister Mutati referred to challenges to development that are on the horizon, but said that there is a strong commitment to change. He also stated that regional integration is essential to growth since it will decrease transaction costs, improve business, and help market-based reforms. Furthermore, it reduces the amount of time that it takes to do business (e.g., at borders) and reduces the number of required licenses. Minister Mutati said that the government's role is not to do business but to level the playing field and declared that Zambia is ready to attract large investment. In conclusion, Mr. Mutati said that AGOA's role is to change the perception that trade relationships are short term.

Following the joint plenary session, the civil society-focused breakout sessions were as follows:

- A. Civil society's role in trade promotion.
- B. Empowering women through trade capacity building.
- C. The role of trade-related technical assistance.

- D. The next generation.
- E. Creating economies of scale for small and rural producers.
- F. Effective corporate responsibility programming.

Summaries of these breakout sessions are included below.

Also following the joint plenary, the private sector-focused breakout sessions were as follows:

- A. Improving the implementation of AGOA.
- B. Financing Africa's industrial development.
- C. Value additions' role in expanding agricultural markets.
- D. AGOA and entrepreneurial approaches to breaking business barriers: challenges and solutions.
- E. Stimulating intra-African trade.
- F. Energizing the competitiveness of African agriculture.

Summaries of these breakout sessions are included below.

The joint closing plenary was moderated by Tony Carroll, an African trade expert with Manchester Trade and USAID's Knowledge Sharing and Analysis project. Mr. Carroll introduced the panel by discussing the need to review AGOA's activities and look for improvements.

Panelist Stephen Hayes, President and CEO of the Corporate Council on Africa, thanked the participants for their open dialogue and realistic expectations. Looking ahead, Mr. Hayes mentioned that each person has to use his/her personal capacities to form partnerships and better link with the economic communities. He advised all to take the information from this week, review it, and prepare for October's meetings.

Panelist Chace Kabaghe, Chairman, Zambia Association of Manufacturers, remarked on the high quality of the participants. He reinforced that everyone needs to improve the quality and value of products and there must be deliberate steps and plans between Americans and Africans. He discussed the opportunity to expand and diversify exports into fields such as alternative energy, transport, processed foods, electronics, agriculture, real estate, carbon credits, and equipment and stressed that deepening regional integration and using resource focal points to consolidate and export to the United States would help African countries capitalize on their own capacity.

Panelist Jeannine Scott, President, U.S.-Angola Chamber of Commerce, discussed the technical assessment, capacity building, and specific needs by country. She explained that there is a need for better reflection on financial assistance to allow a deepened engagement and an impetus to increase involvement of women. Ms. Scott also pointed out important future sustainability and infrastructure questions such as who will invest? What can donors do long term? She concluded by saying that we need to rebrand and re-engineer why we should invest in women. Without women, she believes that Africa cannot compete in the global market place.

Panelist Savior Mwambwe, Executive Director, Center for Trade Policy and Development observed that this is a great opportunity for civil society and the first time that civil society and the private sector have come together for a joint event. He stressed the importance of young people being included on panels and in planning and making linkages with large and small organizations. He challenged the audience to think about an exit strategy and what the long-term strategy will be. He said that civil society needs to examine its own role and be more demanding of results from the government.

The moderator then closed the session and thanked the audience.

Note: Three notable outputs of the Forum are included as appendices to this document. They are:

- *Appendix I:* Draft Communiqué of Ministers of Trade for AGOA Beneficiary Countries
- *Appendix II:* Civil Society Communiqué
- *Appendix III:* Private Sector Communiqué

JOINT OPENING PLENARY SESSION

Opening Remarks

C. Evans Chibiliti, Deputy Secretary to the Cabinet, Republic of Zambia, welcomed all the participants and honorable guests. He congratulated civil society and African Women Entrepreneur Program (AWEP) participants for their hard work over the past six months in preparing the African Growth and Opportunity Act (AGOA) Forum and then stated that:

- Bilateral trade between Africa, Zambia, and the United States has been declining and this is an opportunity to stimulate broader access to the international market through partnerships.
- AGOA will address growing trade between the two countries. As the host, Zambia is responsible for ensuring that this increase happens.
- This week, it is important to make business linkages between Africa and the United States.
- A deliverable of AGOA is to have a successful forum for civil society and the private sector.
- A deliverable of participants is to make AGOA work for Africa and the United States.

The Hon. Mark Storella, U.S. Ambassador to the Republic of Zambia, welcomed all the honored guests and participants and spoke of the importance of the relationships and friendships that will be formed during the week. He also stated that:

- Africa is a strategic partner, and the United States is committed to promoting Africa's growth and trade, which is the purpose of AGOA.
- He reminded everyone to listen and to learn from each other. This event presents a great opportunity to make linkages to grow and prosper.
- Addressing AWEP participants in particular, he advised them to: "build on your success and continue your momentum," as both are drivers of economic growth. He also thanked the women who worked hard to put this event together.

Hon. Felix C. Mutati, Minister for Commerce, Trade, and Industry, Republic of Zambia, welcomed all the guests and stressed that Africa has made progress and earlier problems are giving way to opportunity. He also:

- Cited African trade and growth statistics. He referred to the challenges to development on the horizon, but said that there is a strong commitment to change.
- Stated that the key to growth is deepening regional integration, which will decrease transaction costs, improve business, and help market-based reforms.
- Pointed out that deepening regional integration also reduces the amount of time that it takes to do business (e.g., at borders) and reduces the number of necessary licenses.
- Said that the government's role is not to do business but to level the playing field.
- Declared that Zambia is ready to attract large investments.
- Said that AGOA's role is to change the perception that trade relationship is short term, to make access easier, to maximize the positives, and to minimize the negatives of investing in Africa.

2011 AGOA Forum Civil Society Component: Civil Society Breakout A

CIVIL SOCIETY'S ROLE IN TRADE PROMOTION

Panelists

- Marcellus Ayoma Matunga, Trustee and Board Member, Kenya Civil Society Alliance Policy
- Savior Mwambwa, Executive Director, Centre for Trade Policy and Development, Zambia
- Gordon Brown, Country Director, AfriCare, Zambia
- Percy Makombe, Programmes Manager, Economic Justice Network, South Africa
- Greg Simpkins, Professional Staff Member, United States House Sub-Committee on Africa, Global Health, and Human Rights
- Mukhisa Kituyi, Visiting Scholar, Brookings Institute African Growth Initiative

Moderator

- **(Hon.)** Love Mtesa, Chairman of the Executive Board and Advisor, CUTS International

Overview

Ms. Nalunga said that the session was designed to discuss the varied roles that civil society organizations have played in facilitating trade. She noted the logistical, commercial, political, and legal obstacles that have prevented the optimal implementation of AGOA trade preferences. She opened the discussions by asking the panelists to discuss the various means that civil society organizations can employ to effect change and contribute to solutions.

Marcellus Ayoma Matunga

Mr. Matunga began by recognizing that most government sectors, business communities, and the civil society sector have not been cooperating effectively and emphasized the need to strengthen this cooperation. He also acknowledged that the challenges that countries face in the trade sector vary from country to country.

He further noted that the eligibility of several member states in Africa has been revoked since the inception of AGOA in 2000. Among the affected member states are the Central African Republic and Eritrea in January 2004, Cote d'Ivoire in 2005, and Mauritania in January 2006. Burundi was designated as AGOA eligible, with Mauritania being re-designated in June 2007.

He also elaborated on Section 102 of AGOA by highlighting some of the requirements that have been set forth for any country to be eligible to trade with the United States under the AGOA program.

Mr. Matunga suggested the following as ways of helping civil society effect changes and achieve greater trade promotion success:

- Formulation of strategic guidelines to be enforced within AGOA.
- Development of smart partnerships between government, civil societies, and the private sector that will help trade promotion.
- Local sourcing of funds for civil society from their own government and reduction of the dependence on donor funding.
- Continuous consultative meetings with other sectors in other regions that have broken through to the U.S. market via AGOA programs.

Savior Mwambwa

Mr. Mwambwa started by quickly noting that Africa has not really benefited from AGOA, basing his point on global statistics in relation to the measured trade between the United States and Africa and the United States and other countries and continents.

He said that one of the main constraints of civil society to contributing to trade promotion is the relatively limited involvement of civil society in decision-making. He did acknowledge that AGOA was like a “gift” to African countries, including Zambia, to expand their trade.

However, he stated that the failure to involve civil society was the reason why civil society could not play a major role in trade promotion. He further acknowledged that civil society had the responsibility of ensuring that the voices of the marginalized are heard on political platforms—whether for AGOA or other issues. He noted that it was high time that civil society organizations stepped up and spoke for the marginalized groups.

Furthermore, he noted that AGOA programs had missing ingredients in that they do not highlight the actual beneficiaries of the growth in trade that was being recorded. In his closing remarks, Mr. Mwambwa also shared his opinion that local civil societies were not benefiting from AGOA to the same degree as foreign investors.

Gordon Brown

In his opening remarks, Mr. Brown acknowledged that trade is an important tool for sustainable development. He further acknowledged that African countries have consistently shown the desire to improve their relations with the United States by participating in bodies like the World Trade Organization and talks like the Doha discussions to ensure that Western countries import more African products.

Mr. Brown then discussed his work with AfriCare, acknowledging that trade is an important pillar of building a foundation of sustainable development for Africa. AfriCare’s emphasis has been on self-ownership of development from the household level to the level of national governments.

He further acknowledged that people were motivated by profit and opportunity as a reason for engaging in most trade activities. He also stressed that it was with this in mind that AfriCare decided to focus on the intersection between non-profit/civil society organizations and the public-private sector partnership.

He also pointed out that AfriCare, through the World Bank, was managing a uniquely structured grant facility designed to empower, support, and enable medium- and large-scale agribusinesses. Out of the 15 currently supported projects, two in Zambia are focusing exclusively on reaching the U.S. markets—through Sylva Catering and Prusa Zambia, which are both part of AWEF and are establishing and reinforcing export channels to the United States.

In his closing remarks, Mr. Brown noted that considerable effort needed to be made to provide financing for new ideas to help Africa open U.S. trade channels. He also said that solid technical support and capacity building for businesses are needed as they strive to reach a global level of competitiveness.

Percy Makombe

In his remarks, Mr. Makombe recognized that since the inception of AGOA in 2000, United States–Africa trade has grown in the past 10 years. Although he noted that most of the increase in trade has been in the extraction industries (giving the example of oil-producing countries like Nigeria and Angola as some of the top beneficiaries of AGOA in Africa). He also noted that a surge in non-extractable commodities has also been recorded, with South Africa being the principal beneficiary.

Mr. Makombe outlined some of the challenges faced by African countries with regard to AGOA, as follows:

- General market access abroad.

- Infrastructure and capacity to trade.
- AGOA is an externally generated policy for Africa.

To benefit more from AGOA, the changes in conditions need to be less dependent on changes made by the U.S. Government and more on addressing the issues above.

Jane Nalunga

In her closing remarks, the moderator emphasized the following:

- Civil society needs to play a role in trade promotion.
- AGOA should be perceived as a business deal and has to be made a win-win deal between the United States and African countries.
- There is a need to increase and promote inter-regional trade among African countries even before thinking of exporting to the United States.

2011 AGOA Forum Civil Society Component: Civil Society Breakout B

EMPOWERING WOMEN THROUGH TRADE CAPACITY BUILDING

Panelists

- Engwase B. Mwale, Executive Director, NGO Coordinating Council, Zambia
- Khosie Dlamini, Country Director, SIFE
- Anne Zulu-Chime, CUTS International

Moderator

- Pearl Alice Marsh, Senior Professional Staff Member, U.S. House Committee on Foreign Affairs

Overview

This session focused on ways that women entrepreneurs can bring greater benefits to African economies through increased participation in trade with the United States. It also highlighted the challenges women faced as entrepreneurs or would-be entrepreneurs and how these challenges can be addressed.

The moderator, Pearl Alice Marsh, opened the discussion with related questions about building capacity for women in Africa: Given that we have seen a significant drop in the number of women participants in entrepreneurship, how can this drop in numbers be addressed and what solutions are already available? How can women be empowered through weak institutions?

Engwase B. Mwale

Ms. Mwale stated that a correlation exists between economic growth, gender inequality, and poverty reduction. She said that poverty and a lack of economic growth aggravate gender disparities, and gender inequalities undermine prospects for poverty reduction. But, why is women's empowerment important? Global population statistics indicate that there are more women than men and 70% of the world's poor are women. For example, in Zambia, 2006 statistics show that poverty among female-headed households stood at 64.1%. Thus, addressing women's empowerment directly affects poverty issues of those women as well as the families and others who depend upon them.

The challenges facing women in trade participation include:

- Organizational and institutional systems that do not welcome women.
- Limited access to resources.
- Inadequate knowledge about benefits.
- Policies based on assumptions about women and their needs (e.g., not enough women participate in policy-making instruments).

Solutions she suggested include building partnerships between government, civil society, and private sector that:

- Ensure access to finance and trade information and training.
- Enable investment and support.
- Address the other key gaps in gender inequality.

Lomkhosi Dlamini

Ms. Dlamini started her discussion with a look at the background from which most African women are coming, in particular peri-urban and rural women, and pointed out the challenges that women coming from this background face.

The challenges she cited include:

- Existing cultural constraints—coming from a patriarchal society, cultural constraints create barriers to fair access to information and education for women.
- Lack of mentorship—beyond academia, entrepreneurs lack role models to mentor them to success.
- Limited or no access to the financing or bureaucracy to promote trade opportunities.
- Lack of information about successful entrepreneurs.
- Incompatible social structures—beneficial relationships do not exist or women are focused on many roles and responsibilities, such as mother or subsistence breadwinner, that can be incompatible with running a business.

The solutions she cited include:

- Engaging and involving local communities.
- Bridging the gap between local and outside communities.
- Creating long-term rather than short-term partnerships.
- Creating opportunities to build lasting infrastructure from partnerships: for example, a community in Swaziland was given access to water. SIFE went in to help the locals get involved with farming, thereby creating on-going opportunities.
- Making information on how to succeed and where to obtain resources available in local languages and translated to be understood by the majority.

Anne Zulu-Chime

Ms. Zulu-Chime stated that a great many of the advantages that exist with AGOA markets, such as duty-free trading and participation in a large market, will eventually facilitate access to other international markets. Women from AGOA-eligible countries should take advantage of these opportunities, even though the significant challenges faced by women entrepreneurs in AGOA-eligible countries are impeding their ability to capitalize on those opportunities.

The challenges include the fact that many women are business-minded but do not possess advanced entrepreneurial skills, such as the ability to grow the business after a certain point or leverage financial support. She said that this is attributable to the education that is made available to the girl child. She also said that statistics have shown a large number of start-up businesses by women do not go past a certain point or fail outright as a result.

Additionally, she made the example that due to the high costs associated with producing high-quality products, particularly at scale, women from AGOA-eligible countries are disadvantaged and cannot deliver.

Most solutions center on capacity building and are focused both on the institutional and individual levels. Individually, women should aim towards obtaining entrepreneurial and managerial skills and exposing themselves to information. They must also have the drive to succeed (a successful Zambian female entrepreneur was cited). Institutionally, more policies should be made to close the gender gap. Information and access to technology should be made available.

Questions and Answers

Question 1 – Considering the challenges that women face in a patriarchal society and through social engagements (the burden of care by the woman), how do we factor in capacity building when society has a prescribed role for women? (Pamela Chisanga, ActionAid Zambia)

Answers

Ms. Dlamini

Ms. Dlamini said that women should be empowered economically, which, in turn, fights the limitations of the proscribed role of a woman in a patriarchal society.

Ms. Zulu-Chime

She said that empowerment should also be tackled from the angle of the issues that affect and address empowerment and trade issues.

Ms. Mwale

She responded that advocacy is needed on issues that affect empowerment in patriarchal societies. She continued that it is understood that women's burdens go beyond the necessities of life and, as such, a bigger voice is needed on the plight of the African woman in general.

Question 2 – How do we sustain local mentorship partnerships beyond the initial engagement? (N. Moyo, Brookings Institution)

Answers

Ms. Dlamini

Ms. Dlamini said that successful women entrepreneurs should be tracked and be engaged in mentorship programs with other entrepreneurs. For example, SIFE has student teams that mentor peri-urban and rural women, providing them with the necessary information to be successful.

Ms. Zulu-Chime

She stated that associations are running mentorship programs to address these issues. In Zambia for example, AWEP provides such mentorship, and members are encouraged to have these programs run continuously.

Question 3 – How can rural farmers benefit from AGOA? (Malango, Chipata District Farmer's Association)

Answers

Dr. Marsh

She said that rural farmers can access the U.S. market under AGOA, and there is a strategy in the making that will benefit rural farmers.

Ms. Mwale

Ms. Mwale responded that there is a need to look beyond AGOA and realize that opportunities exist outside of AGOA that can benefit the rural farmer. Partnerships can be formed to bridge the gap between urban and rural areas, such as investing in diversification strategies.

Question 4 – *There are different levels of capacity building. How do we address the gaps in capacity building in terms of financing?*

Answers

Ms. Zulu-Chime

She responded that financial institutions should have specific products for small and medium enterprises (SMEs) and entrepreneurs with terms that are favorable to facilitate access to financing. India is a country that has made such products available

Dr. Marsh

She noted that working with financial institutions in Africa, she has observed that the banking sector is problematic and not favorable for SMEs.

Question 5 – *Has a study been done on what products have a market in the United States?* (Ekanath Khatiwada, SNV)

Answer

Dr. Marsh

More than 6,000 products are eligible under AGOA. Participants have to carry out their own research and surveys to determine which products are marketable. Many markets within the United States can be explored.

Question 6 – *Does a possibility exist to develop integrated partnership models that will aid in the empowering of women?*

Answers

Ms. Mwale

The Zambian NGO Coordinating Committee is implementing a 60-60-60 project that works with government and the private sector to promote access to education, health, and entrepreneurial training.

Gregory Simpkins, U.S. Congressional Aide

Mr. Simpkins closed by adding some general comments about AGOA. He said that AGOA distracts, to some extent, from certain trade realities such as costs associated with trading. Inasmuch as AGOA is an opportunity for trade, not all traders should rely on exporting solely to the United States. He noted that a trader should look at its capacity (product choice and size) to determine export trade viability. Ultimately, he noted that it could be more profitable to participate in regional or local trade than exploring the AGOA market.

Additional challenges faced in trade that he noted include policy instruments that get affected by the change of government institutions. He said that this can result in one policy undergoing several modifications in accordance with the views perceived by the government of the day, thereby delaying the implementation of the policy. For example, some banking institutions do not regularly create opportunities for entrepreneurs in order to avoid the high risk associated with engaging entrepreneurs. The solution to this would be the banking sector working with government to create products targeted for SMEs.

2011 AGOA Forum Civil Society Component: Civil Society Breakout C

THE ROLE OF TRADE-RELATED TECHNICAL ASSISTANCE

Panelists

- Venkatesh Seshamani, Economics Lecturer, University of Zambia
- Dorothy Tembo, Executive Director, Enhanced Integrated Framework
- Stephen Lande, President, Manchester Trade, Ltd.

Moderator

- Jeanine Scott, President, U.S.-Angola Chamber of Commerce

Overview

Ms. Scott opened by saying that a large number of AGOA-eligible countries have limited knowledge of market standards, such as Pest Risk Assessments, and minimum residual level requirements for chemicals. This lack of knowledge prevents these countries from exporting agricultural products to the United States. This session explored the types of trade-related technical assistance available to help African nations overcome these long-term capacity constraints. Panelists highlighted existing measures that have a mandate to build the capacity of AGOA-eligible countries in Africa, such as the Aid for Trade Initiative and the USAID regional trade hubs.

Venkatesh Seshamani

Mr. Seshamani noted that the regulatory know-how is missing on how to penetrate the AGOA market. Conditions have to be fulfilled and it is difficult to capitalize on opportunities for one to be able to export. He mentioned that Africans had not taken full advantage of AGOA.

The reasons he cited to explain why trade in AGOA had not been enhanced included:

- Trade is not given priority in the domestic agenda because funds still come from international sources.
- AGOA is seen as more of a vehicle for foreign investment than domestic investment.
- The private sector is not part of AGOA trade implementation; instead, it is seen as a subordinate.
- There is inadequate understanding of trade policy.

Dorothy Tembo

Ms. Tembo began by describing the Enhanced Integrated Framework (EIF)—an Aid for Trade program in action with a difference. She said this program creates a genuine partnership among all EIF stakeholders to show results on the ground in support of the least-developed countries' (LDCs) own drive to:

- Mainstream trade into national development strategies.
- Set up the structures needed to coordinate the delivery of trade-related technical assistance.
- Build capacity to trade, which also includes addressing critical supply-side constraints.

She further noted that most developing countries have acknowledged the significance that potential trade holds to contribute to economic growth, poverty reduction, and national development. She also said that almost every African country has included trade in its policy documents about development. However, harnessing the full potential of trade and its impact has proven to be difficult due to numerous trade-related constraints such as market demands on standards or other requirements, including infrastructure. She continued that often the gaps

and needs are plentiful while the funding is very limited. She highlighted that it therefore demands that countries be strategic and systematic in the identification and prioritization of needs. This will provide a clear signal that facilitates a coordinated response, which in turn will yield maximum impact on the ground.

Ms. Tembo noted that the provision of trade-related technical assistance has a crucial role to play for the realization of tangible benefits of trade for developing countries in general and Africa in particular are to be attained.

She also noted that the effectiveness of trade-related technical assistance is dependent on three key issues:

- It needs to be demand driven.
- Situations need to be analyzed and prioritized.
- There needs to be a targeted and coordinated action plan for specific delivery of activities linked to broader national strategies.

The EIF provides two windows of support:

- Institutional capacity building.
- Catalytic support by providing support for priority projects.

She also highlighted the relevance of civil society. She said that civil society can be a key strategic partner whose major interaction is with the most vulnerable groups of people to bring about improved living standards; civil society can act as partners in analytical and research work and as implementing partners in projects.

Stephen Lande

He began by mentioning that most technical assistance in the United States comes from companies and institutions. He asked the question: if a nation had good infrastructure, competition, and education would there be a need for technical assistance? The answer was no. He further asked: who provides the technical assistance? How do you get technical assistance from a government that is failing to cope with its problems? As an entrepreneur, how do you make the contact in the value chain to distribute the product (are you waiting for the government to come through and teach you)? The main reason that AGOA has failed to work in most African countries is the lack of stable or proper infrastructure—and he suggested that the solutions would likely need to come from a variety of sources.

2011 AGOA Forum Civil Society Component: Civil Society Breakout D

THE NEXT GENERATION

Panelists

- Humphrey Mulemba, Director of Corporate Strategy, United Machining Works
- Siphso Moyo, Africa, ONE
- Modesta Lilian Mahiga, Managing Director, Professional Approach Limited and Maanishal Foundation

Moderator

- Lena Zamchiya, Regional Vice President, SIFE

Overview

This workshop focused on allowing young entrepreneurs to explain how they create new opportunities, providing jobs and revenues for the benefit of their societies. It also focused on brainstorming on how young people can participate and foster local and regional trade and development. This session also builds upon the proposed recommendations rendered at the video consultation held at the World Bank country office in Lusaka, in collaboration with local World Bank offices around the Africa region and some of the representatives of the African Diaspora in the United States.

Humphrey Mulemba

Mr. Mulemba began by pointing out that this is the first AGOA Forum where the plight of the young people is adequately addressed in a full session. He continued that AGOA must be used to network and link youths with those living in the Diaspora, as they have adequate knowledge of how markets in those countries operate.

He continued by saying that AGOA was established in May 2000 to offer tangible incentives for African countries to develop their economies and build free markets. He continued that AGOA has increased the export of products as diverse as oil, clothing, and flowers and has benefited countries including Nigeria, Angola, Lesotho, Kenya, Swaziland, and Madagascar. He also cited the fact that AGOA has brought approximately \$300 billion in export earnings to Africa and created more than 300,000 jobs, mostly in the manufacturing sector. In addition, AGOA has seen a dramatic increase in U.S. exports to Africa, rising from \$5.9 billion in 2001 to \$18.5 billion in 2008.

He said that improving preferences like AGOA, promoting investment in infrastructure, and promoting transparency around revenues from investment, such as in the extractives sector, can help ensure that trade and investment contribute to poverty reduction. He also maintained that the United States should encourage resource-rich nations to sign up to the Natural Resource Charter, to rigorously implement the Extractive Industry Transparency Initiative (EITI), and to commit to setting in place transparency laws and regulations or voluntary standards that require or encourage oil, gas, and mining companies to disclose the payments they make to governments.

Siphso Moyo

Dr. Moyo began by pointing out that Africa has great investment opportunities that U.S. investments should support:

- Impressive average growth rates in Africa up to the economic crisis.
- Fourfold increase in exports.

- Significant arable land (25% of the world's arable land is in Africa).
- Mineral wealth (11 countries rank among the top ten suppliers for at least one major mineral, and Africa will be producing 13% of global oil by 2015).
- An increase of 200 million more African consumers by 2015,
- An explosion of access to mobile phone service.
- A great opportunity for green technology.

Dr. Moyo also noted that 70% of Africa's population are youths under the age of 34 and that 6 out of 10 of the world's most economically dynamic countries were in Africa. She said that recognizing the power of this youth demographic and recognizing that they are the majority is the beginning of changing Africa's future.

She stated that this may be achieved by creating deliberate socioeconomic policies and programs to go beyond just creating employment to presenting entrepreneurial opportunities to benefit the majority of Africans. This would present African youth with the impetus to drive these immense economic opportunities awaiting them and thus unlock Africa's great potential.

Africa has abundant natural resources and African youth must stand up and make their governments answerable in the exploration of these resources. This exploration must be sustainable for use by more generations to follow.

In promoting this kind of transparency, her organization, ONE is undertaking a worldwide campaign to make investors from different countries answerable through public media about how much they are spending and where they are investing. For instance, this kind of legislation was passed in the United States in December 2010. If successful, this type of campaign could help transform African economies as more resources will be available for use and exploration by future generations.

Modesta Lillian Mahiga

Ms. Mahiga began by stating that there is a wealth of expertise and levels of sophistication among African youths, more than one might initially expect. In recent video conferences held at the World Bank offices, it was pointed out that the missing link is young people and they must get on board. They must find out, however, how to get on board by sharing vital information on economic trends, business opportunities, and other networking opportunities. Young people must also participate with government and civil society organizations and make sure that their voice is heard.

Young people must have high ethical standards when they are involved in business and must network to share knowledge about best practices. She also noted that the young generation must do business professionally and engage themselves in corporate social responsibility to give back to their communities. They must also take up the challenge of competing with bigger companies through expansion programs and economies of scale.

She suggested that Africa needs to groom more people with entrepreneurial skills and abilities as the socioeconomic trends among the youths on the African continent were below the required levels to compete on a global level. The main constraint is that there is no skills transfer as education is mainly theoretical and does not equip them for the practical world. She noted that effective internship and exchange programs can aid this needed skills transfer and place emphasis on practical knowledge, skills, and performance.

Lastly, she stated that young African entrepreneurs must be action oriented and not be found wanting when opportunities present themselves. Young African and women entrepreneurs must actively pursue all possible avenues and get what they need in the business ventures they pursue. They must be confident and courageous enough to compete with older and more experienced competitors from all over the world. She also noted that legislation to benefit the young African entrepreneur must be deliberately created.

Questions and Answers

In lieu of a formal question and answer session, the moderator allowed an open discussion to happen within the audience after the panelists' presentations.

Amon Daka, Student Leader from the University of Zambia (UNZA)

He stated that the future of AGOA, and largely of humankind, lies in the hands of the young generation. He cited the example that UNZA has come up with Corporate Students Link (CSL)—an organization for students by students that aims to link the theory and practice badly needed by the more than 4,000 yearly graduates. This is through partnerships with the African Business Trust and internship programs among other initiatives.

Tobias Tembo, Corporate Students Link, UNZA, Zambia

He called for the shaping of academic life in Africa to suit the holistic and dynamic nature of business. AGOA, he insists, should help facilitate this as it will not serve its intended purpose otherwise.

Shibe Maroto, General Motors, South Africa

He stated that African youth must be incorporated in economic activities through appropriate legislation and they must take advantage of these opportunities as they present themselves. There should be no limit or specific time to achieve big things.

Trust Chikokola, Youth leader, Zimbabwe

He added that young people need a lot of mentorship and linkages with older and more successful business people. He was also of the view that neither of these two groups must isolate themselves and must compete effectively as they both depend on each other for successful business ventures.

Still others called for a united approach to such challenges faced by the next generation and noted that allocating more time to youth issues at events like the AGOA Forum is key. They also noted that youth movements must be united and must spearhead initiatives to discuss or take action and agitate situations that will prompt leaders to take their plight into consideration. This unity and collectiveness is important as the next generation realizes its potential through networking and becomes more able to take advantage of investment opportunities.

2011 AGOA Forum Civil Society Component: Civil Society Breakout E

CREATING ECONOMIES OF SCALE FOR SMALL AND RURAL PRODUCERS

Panelists

- Maybin Nsumpila, Zambian Civil Society Organisations
- Jennifer Willis, Country Director, SNV Zambia
- Brian Baltimore, Transaction, Team Leader

Moderator

- Fred Oladeinde, President, The Foundation for Democracy in Africa

Fred Oladeinde

Mr. Oladeinde opened the discussion by stating that providing technical assistance and tracking the impact of AGOA are very critical in terms of increasing the market participation of small and rural producers.

Maybin Nsumpila

Maybin Nsumpila focused on ways to increase the competitiveness of small-scale producers such as cost advantages, economies of scale, specialization, and bargaining power. Special focus was given to looking at internal and external economies of scale. Internal economies of scale were said to have been realized when a company reduces costs and increases production. External economies of scale occur outside of a firm but within a given industry when an industry's scope of operation expands due, for example, to the creation of better transportation network, which results in a subsequent decrease in cost for a company working within that industry. External economies of scale would therefore benefit all of the firms within the industry and increase a given industry's cost competitiveness.

Mr. Nsumpila also noted that it was possible to create both internal and external economies of scale for small-scale and rural producers at firm level. To create external economies of scale, Nsumpila noted that it is equally critical to identify and re-engineer issues limiting the scope of operation for small-scale and rural producer industries.

Jennifer Willis

Ms. Willis stated that the agricultural sector is confronted with structural concerns such as insufficient incentives. Small and rural producers struggle to sell goods and services because the demand and supply ratio is not taken into consideration. Huge investments are needed for processing facilities, road, rail, communication, information technology, and storage facilities. She also emphasized that small and rural producers should organize themselves to work together towards a common goal.

She emphasized that AGOA's role in this matter would be to look at the demand and supply ratio and subsidies to increase trade. Focus should include youth who currently have no interest in staying in rural areas. Providing them with better opportunities and increasing efficiency so that they do not go to urban areas will be important going forward.

Brian Baltimore

Mr. Baltimore believes that it is very important to look at products from the input stage to the value chain. It is also important for AGOA to survey rural communities in advance to see if there is room for economic growth and employment opportunities. Various training skills should be provided to the small and rural producers, and he

cited some examples in Ghana of successful programs to that effect. He further mentioned that private-public partnerships help enhance sustainability and so should be encouraged.

Questions and Answers

In lieu of a formal question and answer session, the moderator allowed an open discussion to happen within the audience after the panelists' presentations.

AGOA should come up with practical commodity packing strategies and not use academic ideas to solve problems.

AGOA should focus on the lack of storage and preservation facilities in rural communities instead of dwelling on capacity building. (*Charles Masange, Vice President, Timber Producers Association of Zambia*).

It does not make sense to develop internationally without addressing some of the other core issues at the product source in Africa. AGOA needs to be better structured to address this set of concerns. (*Sanmi Akinmulero, CEO, African Chamber of Commerce, Texas*).

AGOA does not focus on the social impact of investment funds but economic growth. (*Lawrence Wilde, VEGA, United States*).

The problems faced by rural and small producers are multi-faceted, so holistic approaches are needed. The knowledge gap is very wide in that producers plant recycled seeds, extension services are not diverse, information about some farming sectors is not known, and there is a limited market and a lack of financing. (*Chief Chibesakunda*).

Ms. Willis

Ms. Willis agreed with Mr. Masange's points and emphasized that challenges should be looked at first before giving interventions. She responded to Sanmi Akinmulero by saying that it is important to start from the province then international level.

Brian Baltimore

Mr. Baltimore responded by saying that the strategy should include building infrastructure, looking at the constraints, segmenting the work (specialization), and measuring everything by output and not input.

2011 AGOA Forum Civil Society Component: Civil Society Breakout F

EFFECTIVE CORPORATE RESPONSIBILITY PROGRAMMING

Panelists

- Donna Chung, International Relations Officer, U.S. Department of Labor
- Augustine Seyuba, Marketing and Public Relations Specialist/Board Leadership Trainer, Institute of Directors
- Stephen Hayes, President, Corporate Council on Africa

Moderator

- Pamela Chisanga, Country Director, ActionAid International

Donna Chung

Dr. Chung opened by saying that questions about corporate social responsibility (CSR) are crucial to the future of trade and economic growth in Africa.

She identified five qualities as the “must haves” of an effective CSR approach:

- Consistent with sound principles.
- Community based—a firm should follow principles/policies that promote a healthy and abuse-free environment. They should engage the community to obtain information that would be used in formulating these policies.
- Comprehensive and core to the value chain—firms should identify partners to work with to obtain the goals set out in their CSR program.
- Shared value—a firm should be able to make a social environmental change when implementing its CSR program. Investing in CSR should benefit the community and the organization.
- Continuous improvement—CSR programs should not be “one offs” but should be seen to have a lasting effect on its community.

Augustine Seyuba

Mr. Seyuba focused his examples on Zambia to highlight how its example can be used by other countries participating in the AGOA initiative.

He stated that CSR is a growing area of globally focused businesses. He said this is because communities are interested not only in the performance and management of companies, but also in the management and social behavior of those companies.

He said AGOA, in his opinion, is a great platform to share ideas and best practices on effective CSR training, vis-a-vis implications on trade and investment opportunities between the U.S. private sector and their counterparts in AGOA-participating countries.

He cited that in Zambia and Kenya, for example, CSR has been a private-sector contributor to sustainable development. Policy makers have recognized that government alone does not have the capacity to achieve poverty reduction and sustainable development objectives.

He continued that the key themes of CSR initiatives revolve around labor standards, human rights, health, child labor, poverty reduction, education, and last but not least, environmental impact. For these themes to be successful, they must reverberate with an organization's internal and external stakeholders.

He said that in Zambia, for example, some workplaces have included the institutionalization of HIV/AIDS programs that involve voluntary testing and counseling as well as the subsidizing of anti-retroviral treatment drugs largely by both state and some privately owned companies.

Mr. Seyuba said that CSR is definitively a value-adding factor as it not only improves the bottom line, but it also enhances the reputation of many companies/organizations and enables them to maintain their competitive edge. He also said that CSR provides strong links to the community and government and helps a company operate responsibly while growing a more balanced business for the future. He concluded by saying that partnership opportunities between AGOA and the participating countries require a commitment of time, effort, and resources by all the parties.

Stephen Hayes

Mr. Hayes shared his opinion that every company and organization such as non-governmental organizations should be engaged in CSR, where a difference can be made as a group and not imposed upon anyone. He also said that companies should engage in CSR programs that will have a lasting impact on a community. The cost of CSR programs should be value adding to a corporation and should be seen as an investment that will yield a return. He also said that expectations about a company's CSR program should be realistic and obtainable. He cited the example of a beneficial CSR program being the provision of training through vocational schools that can develop skills for people to apply in various organizations in various industries. Nonetheless, he does see a role for government in promoting CSR.

Questions and Answers

Question 1 – How do we measure the sustainability of CSR? Corruption does affect CSR, companies have ethics, and few follow those ethics. We have also seen how companies in production and manufacturing have contributed to the effects on environment (climate change)? (Gerard Amangoua, Apex-CI)

Question 2 – CSR must be synonymous with management production. How do we address the issues of those in the extractive industries over tax invasions that are covered by community projects? (Patrick Mucheleka, Civil Society for Poverty Reduction in Zambia)

Answers:

Mr. Seyuba

He answered by giving a personal example of how he had left a high-paying job with a mining company (Konkola Copper Mines) because he did not think it was right that the mine was part of the pollution problem in the area but did nothing about it. He added that the road structure leading to the mine and surrounding area was pathetic, yet the mine has been able to open up a university in India. He ended by saying that it is important for citizens to ask themselves what they are doing to hold these companies responsible.

Mr. Hayes

He agreed that the environment should be protected via sustainability management.

Dr. Chung

She stated that CSR should be in accordance with policies that will factor in issues such as climate change and environmental protection. This is where firms must partner with the community and see how best they can operate and still protect the environment.

Pamela Chisanga

Ms. Chisanga then posed the following question to the panel. *Should the health care of employees be part of a company's CSR program?*

Stephen Hayes

Mr. Hayes stated that a company should protect the health of employees.

Augustine Seyuba

Mr. Seyuba responded that many companies in Zambia do not have the resources to provide health insurance or care for their employees. But it is a much-needed investment by firms to avoid costs associated with employee absenteeism due to health reasons.

Pamela Chisanga

Ms. Chisanga then asked: *Should there be an expected return on investment in CSR?*

Stephen Hayes

Mr. Hayes said that companies are for-profit organizations and as such they should expect CSR programs to generate a profit.

Augustine Seyuba

Mr. Seyuba answered that CSR has no monetary figure, but it is a wise investment in the long run.

2011 AGOA Forum Private Sector Component: Private Sector Breakout A

IMPROVING THE IMPLEMENTATION OF AGOA

Panelists

- Demetrios Marantis, Deputy USTR, U.S. Trade Representative
- Guy Mbengue, Cote d'Ivoire
- Stephen Lande, President, Manchester Trade
- Aubrey Hruby, MD, The Whitaker Group

Moderator

- Stephen Hayes, President and CEO, the Corporate Council on Africa.

Overview

Mr. Hayes opened the discussion by talking about the future of AGOA, Africa, and the United States. He said that the European Union (EU) has initiated economic partnership agreements (EPAs) with many African countries to have access to commercial engagements. He further stated that the United States needs Africa more than Africa needs the United States because competition in the African market is intensifying dramatically. He added that there are many challenges in figuring out how to help Africa as it continues to be the poorest region in the world. He launched the discussion by asking: "How can African countries proceed and improve?" He also added that there is a need to find the means of financing and establishing mechanisms and relationships for long-term growth and development.

Demetrios Marantis

Mr. Marantis said that China has overtaken the United States as Africa's largest trading partner and that the two-way China–United States trade will triple by 2015. He shared his opinion that opening the U.S. market to Africa would be a starting point. Other options would be the twin pillars (trade capacity building) to open doors to Africans, logistics, competition challenges and how to solve them, and opening markets and how to access them. The challenge, however, is the lack of diversification of products in exports; e.g., Mauritius and South Africa.

Africa on the one hand should take advantage of the AGOA open market by removing the customs duties that exporters find in doing business with foreign countries. However, Mr. Marantis was quick to point out that the mandate for AGOA needs to be extended beyond 2015.

Guy Mbengue

Mr. Mbengue said it is important for his country (Cote d'Ivoire) to join AGOA, which presents a number of opportunities for his country since it is a powerful cocoa-producing country in West Africa. He further stated that before gaining AGOA eligibility, African countries can improve by boosting trade, attracting investments, getting jobs for the young who are unemployed, and acting as a solution for the reconstruction policy.

In sum, Mr. Mbengue noted that democracy helps to have open markets and leads to better development of infrastructure (e.g., roads, rail lines, and food storage). Joining AGOA therefore could bring in more benefits for Cote d'Ivoire, especially for the small- and medium-sized farmers.

Stephen Lande

Mr. Lande said that his organization's role in AGOA would be to look at the comprehensive review of AGOA and go beyond it.

Steps could include:

- Revamping U.S. investment promotion programs to ensure that U.S. companies do not lose opportunities like more robust financing options.
- Expanding existing Organization for Economic Cooperation and Development standards to cover China and India as well and setting up a one-stop shop.
- Introducing more reciprocity and predictability into the process, like upgrading the Tipper system.
- Perfecting AGOA's product coverage by introducing a non-tariff barrier system on African agricultural exports to enter the United States.

He also said that efforts should focus on the formation of large customs unions like the Economic Community of West African States (ECOWAS) and the Tripartite group to work together in order to take over the highest traders like China: the larger the group, the more effective it is.

Aubrey Hruby

Ms. Hruby began with the idea that establishing a serious working group to frame the future of AGOA would encourage new investment. Other measures like incentives, pushes to increase investor confidence, and a focus on products that are not available in a particular area (e.g., peanuts), and navigate Africa more to seize opportunities are also key. AGOA needs to help promote regional integration, and in turn countries need to build a better platform to support AGOA.

Stephen Hayes

Mr. Hayes then asked the panel how regional integration should be improved.

Demetrios Marantis

Mr. Marantis suggested that trading investment, regional investment treaties, removing customs barriers, and focusing on large groups instead of small ones are all part of the answer to improvement.

Guy Mbengue

Mr. Mbengue said there should be a free movement of people in Senegal and Cote d'Ivoire and different mechanisms should be provided.

Stephen Lande

Mr. Lande stated that the focus should not just be on West Africa. Other areas need attention. He continued that imported goods should be taxed at the entry point into customs unions and then benefit from free movement across borders—as is done in the EU and the Southern African Development Community (SADC).

Aubrey Hruby

Ms. Hruby said that there should be policies to support the EU and regional infrastructure building like roads and rail lines. She gave an example of East Africa not having had developments in rail building for a long time.

Questions and Answers

In this session, members of the audience, in addition to panelists, also commented on questions.

Question 1 – What is the next strategy for AGOA in 10 years to make it effective and beneficial to the United States and Africa? (Mr. S.B. Vora, Chairman, Fallsway Timbers Ltd, Livingstone, Zambia.)

Answers (from the audience):

AGOA needs to look at long-term aspects, predictability, transparency, and its uncertainty, and examine its one-stop shop status. *(Dr. Richard Mutule Kilonzo, CEO, Export Processing Zones Authority, Kenya)*

AGOA needs to look at strategies for integrating instead of simply talking and taking no action. The focus should also be on the private and not public sector. *(Edwin Zulu, Project Coordinator, Common Market for East and Southern Africa (COMESA), Zambia)*

Question 2 – How possible is it for U.S. trade negotiating teams to treat all African countries equal looking at their ranking (rating) of LDCs and non-LDCs? This is against the WTO and Doha, and different benefits are accorded to LDCs and non-LDCs. *(Shibisbi Mauatona, from South Africa).*

Answers

Demetrios Marantis

Mr. Marantis answered by stating that USTR should examine LDCs more closely and then decide how to set target goals, including public consultations; how to come up with answers; and how to make the transition from a low to a high standard in a robust and open process.

Stephen Lande

Mr. Lande answered by stating that all countries should be treated the same regarding of whether they are developed or under-developed countries. Products should be duty-free, but payments could be made over time. He advocated setting up of a U.S.-Africa taskforce on trade and investment.

Guy Mbengue

Mr. Mbengue closed by saying that countries must understand the needs of the people at a national level, and the United States needs incentives that can promote generalized economic growth because individual markets are so small.

2011 AGOA Forum Private Sector Component: Private Sector Breakout B

FINANCING AFRICA'S INDUSTRIAL DEVELOPMENT

Panelist

- Lloyd Chingambo, CEO, Lloyds Financials and Chair of the African Carbon Credit Exchange

Moderator

- Justin Chinyanta, Chairman and Executive Officer, Loita Group Financing Africa's Industrial Development

Overview

This session examined the conditions necessary for leveraging financial investments via AGOA, especially in Africa. Mr. Chinyanta pointed out how export-processing zones (EPZs) have been a vital tool for financing export-oriented investment in Africa, although he cited a strong need to leverage domestic financial and capital markets in various forms such as pension and insurance funds. This, as several panelists pointed out, would substantially accelerate trade and investments as opposed to EPZs, which are mostly financed through FDI.

Lloyd Chingambo

Mr. Chingambo went straight into the discussion by stating that he believes finance is not an issue in financing Africa's development, but that Africans themselves do not understand commerce. He continued that many Africans do not understand the way the economic world operates and how to mobilize the much-needed resources for developing African industry. The continent has a great deal of accessible money, but people do not know how to access or find these funds. For instance, he stated that even though funds are accessible through soft instruments and short-term agreements with financial establishments, there are no attempts or efforts to access these funds. He further pointed out that Zambia, as a country, is relying less on donor-funded projects. There is a danger that investors may gradually pull out and therefore their needed guidance on financial issues would not always be there.

He stated that internal and external sources are the two sources of financing across many African countries. External sources of financing comprise funding from sources outside of Africa, mostly characterized by donor aid, budget support instruments, and numerous types of grants among others.

Internal sources are largely influenced by the level of local investment in Africa, which in turn is determined by the level of savings a particular country can make. Thus, the higher the level of savings, the more investments that country can make. For instance, Zambia has a reserve of more than US\$2 billion, which is not used for domestic funding. This, he insisted, is a manifestation of how many Africans do not understand commerce.

He pointed out that another sector African countries can benefit from is that of climate change. But he said that this requires African leaders and other stakeholders to understand the systems and rules to try to develop financial systems based on climate change programs.

As examples, he cited that in the short term, US\$30 billion has been allocated for short-term climate change control programs and US\$100 billion for long-term climate change goals. The biggest battle, however, is for African nations to access these funds due to insufficient climate change programs and policies.

Climate change presents good opportunities. Infrastructure that supports carbon exchange and green products must be developed if Africa is to benefit from the carbon market. However, lack of financing and knowledge hinders this process. According to Mr. Chingambo, in the next five to ten years, the carbon market will be a

US\$1-trillion market. Yet he believes that it is more likely that people from outside the continent will come and take advantage of such opportunities.

He said that Africans must develop deliberate parallel policies and programs that concentrate on mobilizing resources internally within Africa rather than externally. This is so that Africa can grow gradually towards being self-sustainable where financing Africa's industry is concerned. With this, he believes Africa will understand what it takes to mobilize resources, what needs to be done, how it should be done as well as the strategies to be used that they then should follow accordingly.

Question and Answers

Question 1 – What is the biggest challenge to developing a deliberate policy for unlocking money for locals?

Answers:

International companies accessed huge sums of money using the mining licenses granted to them by African governments as securities, said Alan Kyerematen, a former Minister from Ghana. He cited this as an example of how business people from outside the continent are capitalizing on African resources to access financing. He further stated that when African countries access funds from the International Monetary Fund (IMF) and World Bank through budget support, they are given inflexible conditions that hinder many governments in Africa from carrying out many development projects. He concluded by saying that we need bold leadership to pass IMF/World Bank conditions and use local assets to access funds from other financial institutions like the African Development Bank. Alan Kyerematen *former Minister in Ghana*)

The problem is that most African countries have a dichotomous governance system, which they tend to overlook as they fail to find a fusion point between the rural and urban setup. Many economies are not suitably structured to recognize the rural component, which accounts for more than 70% of the total agricultural sector in countries like Zambia. Many business consultants are unwilling to pursue frontiers in these areas and advise rural Africans on issues of financing their projects. (*Chief Chibesakunda, Zambia*)

Another delegate queried him on whose balance sheet a country's mineral resources are based, pointing out countries like Zimbabwe that have mineral resources of up to US\$2.5 trillion. Chief Chibesakunda said that could be used as collateral to finance industries but instead they are exploited and left with 'crumbs.' If combined, these resources will finance SMEs and move the country forward as African natural resources, notably minerals, are worth much more.

Lastly, Mr. Chingambo reemphasized his stance that Africans need to see things from another perspective. He said that countries like Zambia have been independent for nearly 50 years, but are still exporting raw materials that are processed outside the country and brought back at exorbitant prices and conditions. He concluded by saying that the practices that will transform the economy of the continent are the ones that should be embraced.

2011 AGOA Forum Private Sector Component: Private Sector Breakout C

VALUE ADDITIONS' ROLE IN EXPANDING AGRICULTURAL MARKETS

Panelists

- Neil Crowder, Co-Founding Partner, Chayton Capital
- Midge Drakes, MD, Freshpikt
- Jose Fernandez, Assistant Secretary for Economic, Energy and Business Affairs, U.S., Department of State
- Cris Muyunda, CEO, Alliance for Commodity Trade in Eastern and Southern Africa
- Savior Mwambwa, Executive Director, Centre for Trade Policy and Development

Moderator

- Chace Kabaghe, Chairman, Zambia Association of Manufacturers

In his opening remarks, Chance Kabaghe observed that Zambia has tons of maize that go to waste every bumper harvest. Africa has more raw materials, which have less value on the U.S. export market. These need to be processed into finished goods to stop the wastefulness and to add value. America has almost 90% of its food processed; hence a market is readily available.

Neil Crowder

Mr. Crowder noted the importance of food security in most African countries. For value to be added to most of the products from Africa, food security issues have to be addressed. The improvement of infrastructure can also add value; working on road networking and rail lines will make it easy for marketing both within and outside Africa.

He further stated the importance of building processing factories in rural areas where the small-scale farmer is located. These processing factories come with the latest technologies, which benefit them in both the growing process and post harvest. Technological development means people will be trained and hence create the much-needed employment for the youths.

The key point is to work hand-in-hand with the communities on issues of improved technology to enhance production, primary product investment, input and output (scaling) controls to enhance returns, information on marketing the products, and creation of a climate that they feel is for their benefit.

Midge Drakes

Ms. Drakes noted that products like tomatoes and mangoes rot fast, hence the need to provide a stable price-fixed market for small-scale and medium producers to cater for the durability for their perishable goods.

Furthermore, the problem is that the already established brands have better storage facilities, which prolong their products and hence develop and expand their markets in the United States compared to small-scale producers who have poor storage and road network. This disadvantages the small-scale producers in terms of competition. For example, Zambia has good weather conditions for growing fruits (mangoes), which can be processed into finished goods and later exported to add value to the product, unlike the current wastefulness.

Cris Muyunda

Mr. Muyunda observed that the agriculture sector in Africa produces 20% of processed raw materials compared to the United States, which processes 90%. In terms of losses, the ratio of Africa to the United States is 80% to 10%, hence a lot of opportunity for investment in Africa.

He highlighted the following policies:

- Trade policy—there should be free movement of goods from one country to the other.
- Agricultural policy—the private sector should be responsible for financing.
- Regional integration—regional groupings like COMESA and SADC should unite in order to remove trade barriers and also create new trade partnerships.
- Capacity building—to work in processing, production, and understanding contracts (partnerships) to meet people's needs.

Savior Mwambwa

Mr. Mwambwa believes that trade serves to get profit and create employment and income for small-scale producers, which can never be over-looked for value addition. Value addition is only for commercial farmers but they should be the same for local linkages, especially for the rural farmers.

He further noted that if the linkages were realized, it would be possible to turn raw materials into finished goods. Big companies should go in the rural areas to set up factories, which would add value to the products, and the local producers should be seen as producers rather than clients in the business. To work with small-scale producers should be seen as a stepping block for big companies.

Jose Fernandez

Mr. Fernandez stated that for value addition to be realized, the following have to be unlocked: transport, technologies, limited markets, and water resources. The United States has unlocked these by creating AGOA, which is opening up to African countries. The United States is building capacity within African countries, such as through the Zambia-U.S. Business Forum.

He also emphasized women's participation in identifying markets and the introduction of new technology for post-harvesting and road network systems. If Africa has to come out of poverty, it has to start at the household level and it is important to add value to local goods.

Questions and Answers

The moderator then allowed the audience/delegates to ask some questions and comments.

Question 1 – How do you ensure that there is consistency in supply by small-scale producers in keeping the standards? (*Chaba Mokuku, Project Manager, Lesotho*)

Question 2 – Is the produce organic or GMO? How will you ensure that technology is brought to Africa? Have you considered working with SMEs? (*Patel Yussuf, California*)

Question 3 – Some presentations did not look at the debate of genetically modified organisms (GMOs) in detail and there is too much waste that could be resolved by strategic alliances between suppliers and buyers if the same type of crop is grown among a number of countries. Because AGOA does not emphasize poverty eradication completely, AGOA is not doing enough to promote youth employment and those who need experience; instead, it focuses on already established SMEs. (*Gerard Amangoua, Cote d'Ivoire*).

Answers

Neil Crowder

Mr. Crowder answered that there is a need to improve the supply. Mr. Crowder said that Zambia is 100% GMO free, and laboratories have been set up to test the products. In addition, ACTESA liaises with other countries on GMO product policies.

Midge Drakes

Ms. Drakes said that they have worked hand in hand with SMEs but the weather is the most challenging factor for both small and commercial producers.

Jose Fernandez

Mr. Fernandez said that there are post-harvest machines in the United States ready for buyers. For the machines to go to the countries where they are needed, there should be good road networks and railways. There should be open markets for transportation. If technology exists and is available, there is less spoilage. For example, in India, the storage facility for potatoes was worked on and reduced the spoilage from 20% to 0%.

Cris Muyunda

He responded by saying that South Africa has commercialized maize, cotton, and soy beans as GMOs. Zambia has taken a regional approach on GMOs in growing and trading.

Chace Kabaghe

In conclusion, Mr. Kabaghe reemphasized the point made by Hon. Felix Mutati (Minister of Trade and Commerce, Zambia) that the future of Africa lies in our hands and Africans are responsible for their own change.

2011 AGOA Forum Private Sector Component Private Sector Breakout D

AGOA AND ENTREPRENEURIAL APPROACHES TO BREAKING BUSINESS BARRIERS: CHALLENGES AND SOLUTIONS

Panelists

- Barbara Hachipuka-Banda, Managing Director, Zoomlion Zambia
- Gavin van der Burgh, President and CEO, Ocean Sea foods
- Jung-ui Sul, Legal Advisor, Trans-Farm Africa
- Mike Haney, Global Operations Director, Wise Power Systems
- Paul Sullivan, Director of International Business Development, Acrow Corporation

Moderator

- Marc Cavaliere, Head of Global Sales Development and Alliances, South African Airways

Overview

This particular session gave insight on new innovative and different approaches on how to conduct businesses on the African continent and how AGOA would enhance Africans' attractiveness especially in expanding intra-African investment. Each of the panelists gave a brief biography about themselves, the type of business they are involved in, and their feelings towards AGOA and the different challenges and barriers they have faced in running their particular field of business.

Mr. Cavaliere also gave insight on different methods of facilitating exports, incorporating entrepreneurial ventures involving multiple parties, removing trade barriers, and how AGOA could best promote intra-African trade.

Barbara Hachipuka-Banda

Ms. Hachipuka-Banda started by giving a brief history about herself, who she is and how she started. She was clear about her passion to invest in the young people in Zambia.

She created a partnership with a waste company from Ghana called Zoomlion, which exists in a few African countries like Togo and Angola. She stated that the benefits of a company like this to Zambia include:

- Creating partnerships with existing waste companies, so that the sub-contracted companies would allow their employees to maintain their jobs.
- Giving training and lending equipment to enhance capacity.
- Creating intra-partnership trade, so it would be a win-win situation for both.
- Employing locals and creating partnerships with both the local and private sector (because 30% of the company is owned by Ms. Hachipuka-Banda and colleagues, and they have a say in these decisions).

She said that AGOA should really focus on intra-African trade and on young Africans in the Diaspora for their skills and expertise. She also added that AGOA needs to move from just being a networking forum in Africa to a more investment-focused approach. She also said that her remaining question was what would help increase entrepreneurship in Africa? In particular, how best could fora such as this one help the young improve their services and deliver better quality goods.

Gavin van der Burgh

A fisherman by profession, Mr. van der Burgh also faced initial challenges with trying to export tuna to the international market. He said that this was especially true given that he had little knowledge about the business, but he was determined to succeed and learn from his mistakes.

He made the following points:

- There are massive opportunities for Africans in the United States. He cited the example of his tuna business that did not succeed in Japan but has been doing extremely well in the United States and surrounding countries, such as Namibia and Mozambique (where they now own factories and employ 27 people in the United States and more than 500 in Africa).
- As entrepreneurs, you have to know your limitations, leave the expertise to those that know what they are doing, and know where to identify opportunities.
- He also stated that, as a potential supplier, he initially had a hard time engaging with U.S. retailers because they did not know whether they could trust his supply capacity and were initially somewhat skeptical.
- Big companies that are well established and recognized cannot take sole control over trade in the U.S. market because the market is huge; everyone has a chance at it.
- His company has capitalized on free trade opportunities with neighboring countries like Namibia and Mozambique so that it is not dependent on U.S. trade alone.

Jung-ui Sul

Ms. Sul said that there is a lot of regulation hindrance to successful implementation of AGOA. The right regulations are not easy to follow. She therefore advised people on how to anticipate and adapt to these new regulations from a legal point of view, especially where some regulations are not easy to understand. Many Africans are disadvantaged due to the different policies that exist and it is difficult for many of them to comply.

Regional integration has been very beneficial to many sectors in Africa, for example between Kenya and Tanzania, where agricultural barriers have been removed (e.g., seed trade in East Africa).

Mike Haney

Mr. Haney said that focusing on sustainable energy technologies was a key to Africa's economic future. He also said that Africa should:

- Focus on solar energy, wind energy, and micro hydro energy.
- Understand the mindset of investors.
- Recognize that Africa represents many different emerging markets and that sustainable energy is not a very easy industry to grasp.
- Follow the example of his company by hiring people native to that country in order to create local jobs.

Paul Sullivan

He stated that his company has a comprehensive bridge development program to form partnerships with government to train their engineers, as well as offer the materials and work together to build bridges, especially in rural areas that are affected by rainy season. Some challenges that he highlighted include:

- The contract process is not always smooth sailing and not all people in the government are willing to embark on such projects or see them as the same priority.
- Accessing financing can be complicated.

- Budget shortfalls are common.
- Clearing of containers sometimes takes months and puts the program on hold even once it has been approved.
- Paying for the transportation sometimes is a big cost.

2011 AGOA Forum Private Sector Component: Private Section Breakout E

STIMULATING INTRA-AFRICAN TRADE

Panelists

- Standa Vecera, General Manager for South and East Africa, Procter & Gamble
- Dr. Chungu Mwila, Director of Investment Promotion and Private Sector Development, COMESA
- Edward Kaluwa, Managing Director, Combine Cargo Limited, Malawi
- Hennie Heymans, Regional Director, Central Africa and Indian Ocean Islands, DHL
- Sebastian C. Kopulande, Chief Executive Officer, Zambian, International Trade & Investment Centre

Moderator

- Robert Kirk, Chief of Party, USAID Southern Africa Trade Hub

Overview

Dr. Kirk stated that the purpose of this session was to examine the important role played by regional integration as a tool for creating more business-friendly environments in Africa, through removal of tariff and non-tariff trade barriers and the harmonizing of import/export procedures, among other measures. The session also touched on how AGOA exports to the United States could be enhanced through deeper regional integration in Africa.

Standa Vecera

In his opening remarks, Mr. Vecera spoke with pride of the number of years (over 50) that his company had been operational in Africa. He was quick to point out that Procter & Gamble has purpose-driven strategies on branding their products to create jobs in Africa.

However, he said that just like any other company, Procter & Gamble has faced challenges in Africa. Mr. Vecera shared a number of reasons why it was taking a long time for his company to realize the benefits of its strategies in Africa. Some of the reasons he alluded to included:

- The quest has not been easy to set up manufacturing plants to reduce the cost of production in sub-Saharan African nations by grouping the nations in the region. The grouping of nations is an attempt to justify the size of the target market so that they could compete with the likes of China.
- The failure by the company to produce and distribute its products freely within the sub-Saharan African nations tends to make the cost of trading high. Mr. Vecera however, thanked COMESA for the help it offers in the distribution of products in Africa from one of its manufacturing plants in Egypt.
- He also pointed out that the only way to lower the cost of goods was by harmonizing the tariffs within the African countries.
- Other non-tariff issues like the time to clear products was also another constraint. The non-tariff issues increased the cost of the commodities. On this, he proposed that the tariff and non-tariff issue be removed in order to realize the vision.

In his closing remarks, Mr. Vecera highlighted some of the programs that Procter & Gamble had embarked on in creating employment in Africa by giving an example of Nigeria where small-scale distributors are engaged in the distribution of goods.

Dr. Chungu Mwila

Dr. Mwila opened his remarks by first acknowledging that regional integration was a model adopted and accepted elsewhere that involved several trading blocs, with COMESA being an example of one. He also pointed out that COMESA tries to enhance intra-Africa trade by the following:

- Promoting economic growth.
- Creating an internal market.
- Creating synergies and complementarities.
- Enhancing consumer benefits.
- Reducing the cost of production.

He noted that intra-Africa trade was being promoted through regional integration/trading blocs or regional economic communities, such as the East African Community (EAC), SADC, ECOWAS, and Economic Community of Central African States (ECCAS), all coordinated under the auspices of the African Union (AU).

Dr. Mwila was quick to note that in spite of regional integration having taken root in Africa, intra-African trade was still dismal, ranging between 5 and 12 percent of total exports.

Some of the key COMESA programs he highlighted that facilitate the efficiency of trade and minimize the cost of doing business included the following:

- COMESA started by giving trade preferences. In 1982, COMESA established a preferential trading area. Tariff levels were reduced by the same margins in all the participating countries, hence increasing trade between countries. By 2000, COMESA established a free trade area, which abolished tariffs by creating a tariff-free zone—although the application of rules of origin of goods was still enforced. Positive results have been posted in this regard, with COMESA trade having moved from 4 to 5.1 percent to 15 percent among the participating countries.
- In June 2009, the COMESA customs union was established. The customs union was designed to create a free market of goods and services. One of the key issues was about aligning national tariffs with the COMESA common external tariffs. The other issue of origin of goods under the customs union will become outdated as is the case with the free trade area.

Dr. Mwila also pointed out some of the various initiatives and projects that have taken off successfully through collaborative partnership with development partners from the United States, EU, and other stakeholders in Africa's economy. Some of these initiatives included:

- The Tripartite Free Trade Area: this comprises EAC, SADC, and COMESA, which covers over 26 of the 54 member states of Africa, and will be operational by 2012. The Tripartite FTA will be divided into three pillars, namely, infrastructure development, market integration, and industrial development.
- Reducing the cost of doing business through non-tariff barrier (NTB) monitoring systems, whereby a system has been established for review by the Council of Ministers and various policy organs and intergovernmental committees of the gradual elimination of NTBs in the region.
- Trade facilitation such as one-stop border posts.

A number of instruments, which are trade facilitating, are to be introduced to promote intra-COMESA trade. These include the following:

- Regular monitoring of non-tariff barriers—to reduce the cost of doing business and ensure the smooth flow of goods among participating countries.
- Trade in services, or regional trade in services.

- Trade facilitation through a number of measures to include:
 - Third-party insurance or yellow card.
 - Regional customs transit guarantee scheme.
 - Use of a unified COMESA customs document.
 - Promoting cross-border trade through a simplified trade regime.
 - One-stop border post at Chirundu (Zambia and Zimbabwe) and forthcoming at Kasumbalesa and Malaba border posts.

Other key measures he cited are:

- Institutional support—African trade insurance will be put in place to cover certain types of risks.
- Complementary/accompanying programs.

Edward Kaluwa

Mr. Kaluwa's business has been in existence and running for the past 17 years in the area of transportation. He was quick to point out that the landed costs alone of doing business contributed to 50 percent of the cost of running the business, and this makes most companies fail to compete favorably with other regions.

Some of the major challenges of doing business in the region that he discussed include the following:

- Too many government officials at borders, who all report independently. This has resulted in considerable time being wasted at the borders. He was of the view that placing one authority at the borders would reduce the time taken, since it would only take one official to clear one truck.
- Mr. Kaluwa also observed that most of the corridors were not under any proper management system. Thus, most transporters had to wait for a response from the head offices if a problem arose. He emphasized that this could be solved by putting management systems in all of the corridors.
- He also pointed out that port operators in most cases had no information concerning shipments and as a result most transporters are forced to travel to the ports or call agents to get information. This contributes to increasing the cost of doing business, since most transport would have to spend more time at the ports awaiting the arrival of goods.
- Transit times are too long. He also noted that even though the transit time on certain routes had been reduced, this was still not good enough. He suggested that this could be improved by increasing the efficiency on clearing goods and improving the railway system to complement the road network.

Hennie Heymans

In his opening remarks, Mr. Heymans gave a brief history of DHL and acknowledged that Africa had the potential to be one of the main trading forces on the global market.

He pointed out some of the major challenges that needed to be ironed out in order for Africa to realize its full potential of doing business.

Some of these challenges are:

- Customs—Short operational times sometimes require camping over at the borders until the next day. He advocated for 24-hour Custom services to enable goods to be cleared at any time.
- Payment—He also noted the payment systems were inadequate, with most posts accepting only cash or checks. Electronic payment systems will have to be implemented to facilitate the paying for goods during clearance.

- Infrastructure—He specifically commented on the roads, electricity, and railway system and the overall need to improve infrastructure in most African countries in order for them to realize their full potential. Some border posts have no electricity, for example. Mr. Heymans was, however, quick to praise Botswana for its tremendous development in infrastructure.
- Corruption—He says this mostly affects small and medium entrepreneurs.
- Political instability—He noted that this has the potential of frightening away investors.
- Skill set available—He noted that in Africa, many unemployed graduates have no management expertise.

In his closing remarks, he observed that there was a need to have inclusive processes from the private sector perspective. Thus, he said, private enterprises should interact with government officials and other sectors to alleviate all the difficulties that entrepreneurs are facing in an attempt to stimulate intra-African trade.

Mr. Sebastian C. Kopulande

In his presentation, Mr. Kopulande focused on the macroeconomic level of identifying how Africa had performed globally and how to deal with the challenges that affected Africa trade. He pointed out that since 2006 Africa, had recorded a growth rate of more than 5 percent annually, except for 2009 and 2010 due to the global economic meltdown. The projected annual growth after 2011 is expected to be above 5.2 percent.

Mr. Kopulande observed that only 3 percent of total world trade was attributable to Africa and this called for African countries to challenge themselves to improve this statistic. He noted that even with all its ongoing efforts Africa was still lagging in terms of global trade.

This lag can be attributed to several factors: the narrow patterns of trade that involve specific products only, poor infrastructure, faulty customs procedures, the so-called “come tomorrow syndrome” exhibited by many government officials who, without apparent reason, will commonly ask a person to come back the next day.

He further discussed some of the reasons why Africa’s trade performance was low. Some of the issues he raised include investment challenges, poor investment platforms, lack of action to deepen financial markets, limited promotion of export value added to products, and lack of deliberate policies to improve local investment.

He further proposed that AGOA take certain measures by raising support to improve investment in Africa. In his final remarks, Mr. Kopulande acknowledged the establishment of the first African World Trade Centre, located in South Africa, and advised African countries to consult it if they are to succeed in trade with Western countries.

2011 AGOA Forum Private Sector Component: Private Sector Breakout F

ENERGIZING THE COMPETITIVENESS OF AFRICAN AGRICULTURE

Panelists

- Chris Sturgess, General Manager for the Commodity Derivatives Division, Johannesburg Stock Exchange
- Daniel Tesfaye, Africa Sales and Marketing Manager, GrainPro
- Ali Abdi, Director Trade and Scientific Exchanges Division, Foreign Agricultural Service/ U.S. Department of Agriculture (USDA)

Overview

This session focused on the all-important agricultural sector in African trade. The session was opened with the discussion “what is the agricultural sector and how does it fit into AGOA and African trade?”

Chris Sturgess

Mr. Sturgess opened by saying that agriculture is an investment opportunity for Africa’s middle class. The sector also brings in elements of technology that are important to business investment. He continued that SMEs are the largest group within the agriculture sector and have the most room for growth. He also said that agriculture is an investment opportunity for emerging markets, citing existing investment commitments to livestock development and the food production sector.

He also discussed the SAFEX commodity exchange in Johannesburg as an example. The exchange focuses on price transparency by creating a reference price for the willing buyer/willing seller, with the market force driving the price. He then contrasted that with Zambia, where the ZAMACE focuses on price discovery to manage the price risk.

In any event, he said for futures markets to be fair, efficient storage is needed to protect commodities. For the past two years in South Africa, there has been good rainfall, whereas there has been a drought in other countries. Efficient storage is needed to take advantage of high yields that are not happening elsewhere. Fundamentally, farmers have to remain competitive and efficient to survive in a free-market system.

Daniel Tesfaye

Mr. Tesfaye said that the USDA is providing capacity building support to help Africa achieve its own agricultural goals and to fulfill the need for food processing. Currently, USDA has a range of programs under way throughout Africa to help develop the agriculture sector to that end. He said that there is also direct assistance to organizations and the private sector as well as government-to-government assistance.

Local capacity building is implemented through NGOs. USDA also supports exchanges, private sector development, policy makers, researchers, and the coordination of collaborative research. He elaborated that all the AGOA members are eligible to receive this support from USDA. He concluded by saying that capacity building and technologies such as biotech are critical factors in agriculture and that without science in agriculture, there is no case for development.

Ali Abdi

Mr. Abdi said that Africa has a huge need for quality storage facilities to increase the quality of seed. Citing the example that most grain needs to be able to be stored for 6-9 months, he said that Africa needs to look to alternative technology to achieve quality storage. He continued that GrainPro has developed hermetic technology for flexible airtight containers that creates a high carbon dioxide environment to kill bugs. In his opinion,

increasing storage quality is a big opportunity for Africa. The flexible storage units, similar to silo bags but not the same, come in varying sizes from 50 kilograms to 1,000 metric tons.

Questions and Answers

Question 1 – Where do small-scale farmers fit in? (Pearl Alice Marsh, Senior Professional Staff Member, U.S. House Committee on Foreign Affairs)

Answers:

Chris Sturgess

Mr. Sturgess said that for the cereal sub-sector, capacity building for small-scale farmers has been a failure.

It is true that the cereal sub-sector is not capacity building for the small-scale farmers, but other sub-sectors are having success such as the table grape, cotton, and sugar growers. The table grape growers have 300 small-scale farmers engaged in production. In order for small-scale farmers to be competitive, the input side of the value chain needs to be improved. This creates efficiency and leads to significant gains for the small-scale producer in yields. Collecting harvest at a reduced logistics cost to get a product to market will increase income for the small producer as well. Where cereal efforts are failing is in the input costs because production cost is high and driving that cost down is virtually impossible. Horticulture has great success in this area and should be considered the next step to get farmers up to scale, not cereals. Subsistence farmers growing cash crops have difficulty in meeting quality standards, and the traders they engage with are small traders, leaving the supply chain full of challenges. Part of the supply chain problem is structural and aggregate centers for these cash crops do not exist, thereby making it impossible for many subsistence/small-scale producers to increase their quantities for selling power. (Participant, South Africa)

Infrastructure is important for small-scale farmers. Again referring back to ZAMACE, creating public-private partnerships with the government, public sector, and small-scale farmers will increase capacity. (Participant, U.S. Treasury Department)

Ali Abdi

Mr. Abdi said that there is a need for the government to move aside to let the private sector take the lead for the storage of grain. The policy (i.e., warehouse receipts and quantities) for national reserves should come from the government, but implementation should be through the private sector. He cited the example of Nigeria, where there is a desire to have post-harvest storage of grain but the small producers have no means for proper storage. Ultimately, he concluded that the government's role was encroaching on the private sector grain storage and ultimately the national reserve.

Daniel Tesfaye

Mr. Tesfaye responded that this is where the opportunity for public-private partnerships are predominate; e.g., in grain aggregation systems. He noted that small-scale, rural farmers have limited access to market and no storage capability, therefore requiring them to sell low quantity and quality, resulting in even greater losses in product. He suggested that public-private partnerships could operate in remote areas with the farmers or farmer groups to resolve these issues.

Chris Sturgess

Mr. Sturgess suggested that standardization is needed. Liquid markets allow for active trading and better prices for farmers.

An audience member said that her company makes mosquito nets impregnated with pesticide. For diversification, they are breaking into agricultural netting and are currently in their first months of production. They are operating

with an EPZ under AGOA. She stated that public-private partnerships are necessary to link cotton farmers to manufacturers. She continued that rural micro financing is a problem for rural farms who cannot afford to access the market to sell cotton. She noted that market and technical knowledge is lacking as well, as rural farmers struggle for their product to reach international agricultural standards. (Ms. Nima, Textile Manufacturer)

Question 2 – How is your organization supporting food processing in Africa? (Pearl Alice Marsh, Senior Professional Staff Member, U.S. House Committee on Foreign Affairs)

Answers

Ali Abdi

Mr. Abdi said that in several countries, USDA supports food processing through funding and procurement of local commodities (e.g., maize, soy, beans, cooking oil) for distribution to needy families. Land O' Lakes implements this project and, through it, USDA gave \$3.6 million for procurement of food items for distribution. He stated that in Liberia, commodities are donated to USDA, monetized, and sold on the market. The proceeds from these sales go to development projects within the country. In Cameroon, Liberia, and Zambia, processors are supported to add value to products.

Daniel Tesfaye

Mr. Tesfaye stated that GrainPro is present in 23 African countries, with most users of products being small-scale farmers storing crops for food security. The company is also investing in research for tropical climate food storage. Cereals are their targeted commodity with the biggest customer being Ghana.

Chris Sturgess

Mr. Sturgess noted that commodity exchange is designed to add value through price discovery. For the 190-grain pick-up points in South Africa, the buying price differs from point to point and the exchange does not have the exact price at each point on a given day.

He added that SAFEX has a licensing agreement with the Chicago commodity exchange to trade crude oil, U.S. soybeans, and U.S. corn, which brings money and food security to the country. The exchange reduces price risk management and increases transparency. South Africa was trading grain at a low price. Realizing that its reserves were going to run out in 8 months' time, Kenya approached SAFEX to negotiate a maize price for the future purchase of maize from South Africa, thus creating lasting food security for the country.

Question 3 – For grain marketing boards, the state is usually the first to buy, how do you bring other countries into the exchange? (Pearl Alice Marsh, Senior Professional Staff Member, U.S. House Committee on Foreign Affairs)

Answer

Chris Sturgess

Mr. Sturgess answered that there are two models that can be used: Free market model on the one hand, and control boards to set the market price on the other.

He noted that Zimbabwe was on a free market model and then returned to the control board model. In either model, he said there has to be a system in place to add value through price discovery. Each country chooses the model appropriate for it and establishes the infrastructure to make the model work by finding available funds to create the infrastructure. In a closed market, an exchange would not add value. He also noted that timing the marketing of a product is difficult; it is hard to know when to buy and when to sell. Price discovery and exchanges, in his opinion, reduce this risk.

JOINT CLOSING PLENARY SESSION

Panelists

- Stephen Hayes, President and CEO, The Corporate Council on Africa
- Jeannine Scott, President, U.S.-Angola Chamber of Commerce
- Savior Mwambwe, Executive Director, Centre for Trade Policy and Development
- Chace Kabaghe, Chairman, Zambia Association of Manufacturers

Moderator

- Anthony Carroll, USAID Knowledge Sharing and Analysis (KSA) Project AGOA Forum Advisor

Overview

The moderator introduced the panel and discussed the need to review AGOA's activities and look for improvements. These conversations are not only about opening market access between the U.S. and Zambian private sectors, but analysis of fundamental issues constraining all trade.

Stephen Hayes

Mr. Hayes thanked the participants for their open dialogue and realistic expectations. He also discussed CCA's role as a supporter and critic of AGOA.

Mr. Hayes asked where we go from here. He mentioned that each person has to use his/her personal capacities to form partnerships and better link with the economic communities. He advised participants to take all the information from this week, review it, and prepare for October's meetings.

Jeannine Scott

Ms. Scott discussed the technical assessment, capacity building, and specific needs by country. There is a need for better reflection on financial assistance to allow a deepened engagement and an impetus to increase involvement of women

Ms. Scott also pointed out important future sustainability and infrastructure questions such as who will invest? What can donors do long term?

She concluded by saying that we need to rebrand and re-engineer why we should invest in women. Without women, she believes that Africa cannot compete in the global market.

Savior Mwambwa

Mr. Mwambwa stated that this is a great opportunity for civil society and the first time that civil society and the private sector have come together for a joint event. He also stressed the importance of young people being included on panels and in planning and making linkages with large and small organizations.

He challenged the audience to think about an AGOA exit strategy and what the long-term strategy will be.

He said that civil society needs to examine its own role and be more demanding of results from the government.

Chace Kabaghe

He commented on the high quality of participants throughout the day. He reinforced that everyone needs to improve the quality and value of products. There must be deliberate steps and plans between Americans and Africans.

He also referred to the Likindo paper and the opportunity to expand and diversify exports into fields such as alternative energy, transport, processed foods, electronics, agriculture, real estate, carbon credits, and equipment. He further stated that deepening regional integration and using resource focal points to consolidate and export to the United States would help African countries capitalize on their own capacity.

The moderator then closed the session and thanked the audience.

Appendix I: Draft Communiqué of Ministers of Trade for AGOA Beneficiary Countries

We, Ministers of Trade from the following AGOA beneficiary countries met on the margins of the COMESA-SADC-EAC Tripartite Meeting in Lusaka, Zambia on 9th June 2011: Angola, Botswana, Burundi, Chad, Djibouti, Ethiopia, Kenya, Ghana, Malawi, Lesotho, Mauritius, Mozambique, Namibia, Nigeria, Rwanda, Senegal, Seychelles, South Africa, Tanzania, Cameroon, Uganda, and Zambia.

We received a presentation on a joint survey conducted by the African Union Commission (AUC) and UN Economic Commission for Africa (UNECA) on African countries experiences and expectations on AGOA. The focus of the survey was on the impacts on employment, international trade, foreign direct investment, requirements and restrictions and future prospects of AGOA. We took note of the presentation and the recommendations contained therein.

We also received presentation of the report of meeting of the senior officials and experts, which was held on 11-12 May 2011 in Lusaka, Zambia. The report summarizes presentations, discussions and recommendations of officials on the following issues: (i) Kigali Declarations; (ii) background academic papers on selected member states experiences with AGOA; (iii) findings of the continental survey on AGOA; (iv) status on the preparations for the hosting of the 10th AGOA Forum; (v) concept paper prepared by the African Group in Washington DC, and; (vi) the proposed strategy for effective participation in the 10th AGOA Forum. We took note of the report after an exhaustive deliberation.

We identified the benefits of AGOA to African countries, particularly in promoting the non-traditional exports such as textiles and apparels, leather products, agro processing products. We also noted that AGOA has contributed to job creation and flow of investments in some African countries.

We also noted that despite the positive contribution of AGOA to African countries, there remain some challenges that are hindering the realization of its full potential benefits. Among these challenges are: (i) sanitary and phytosanitary (SPS) requirements; (ii) restrictive rules of origin (RoOs); (iii) product specific standards; (iv) uncertainty about the future of AGOA; (v) potential expiration of third-country fabric rule in 2012; (vi) weak productive capacity of most African countries; (vii) lack regional value chain; and (viii) weak competitiveness of African countries because of weak infrastructure development.

After an exhaustive discussion we agreed on the following recommendations:

- i. AGOA beneficiary states should continue to urge the US to extend the AGOA beyond 2015 on a long and sustainable basis;
- ii. AGOA beneficiary states should continue to urge the US to align the third-country fabric provision alongside the term of AGOA;
- iii. The US is urged to consider the concept of cumulation as a way of dealing with stringent rules of origin (RoOs). In this regard, the US should consider cumulation rule that allows the sourcing of inputs from more competitive non-African beneficiary countries of US preferences;
- iv. The US is urged to relax the rules of origin (RoOs) to allow for effective market access of fish and fish products;
- v. The US is urged to provide support for building productive capacities as well as for diversifying and expanding the production base in order for Africa to benefit from the more than 6,000 products that are eligible under AGOA;
- vi. The US is urged to be engaged more in infrastructure development in Africa;

vii. AGOA beneficiary states are urged to shift focus towards a US-Africa productive capacity development agenda which could set the basis for more profitable trade. In this regard, AGOA beneficiary states are urged to continue pursuing the idea of an AGOA beneficiary countries-US summit;

viii. UNECA and AUC, in collaboration with other organizations, are requested to continue to support member states in assessing various scenarios of AGOA after 2015;

ix. AGOA beneficiary states and the US are urged to establish a joint monitoring and evaluation mechanism to assess progress on the implementation of decisions taken at AGOA Forums; and

x. The AUC is urged to strengthen its office in Washington DC to better coordinate the activities of AGOA.

We thanked the Government and the people of Zambia for hosting the meeting and for their warm hospitality.

Done in Lusaka, Zambia 10th June 2011

Appendix II: Civil Society Communiqué (Final)

Communiqué of the 2011 AGOA Civil Society Forum

Lusaka, Zambia, 8th June 2011

Presented to: 10th AGOA Ministerial
on 9th June 2011 at Mulungushi International Conference Centre
Lusaka Zambia

Since the passage of the African Growth and Opportunity Act (AGOA) in 2000, civil society organizations have strived to work closely with government and the private sector as partners to achieve the modest growth in trade volume, and closer trade ties between the United States and the eligible sub-Saharan African nations. We have seen trade volume increase from \$23.4 billion in 2001 to \$64.3 billion in 2010, and hereby pledge our re-commitment to fostering increased US-Africa trade under AGOA, through trade policy reforms that will provide African producers the necessary competitive edge to be successful in accessing US markets.

We recognize that the trade volumes are mainly composed of petroleum products. There is need for diversification in the make-up of exports under AGOA beyond crude oil exports, to include value-added products produced by Small and Medium African producers across all sectors, particularly, in rural communities; using AGOA as platform for reducing poverty and mitigating the rural to urban migration of unskilled workers in Africa.

We acknowledge the fact that the sustainability of the positive gains in increased trade volume and closer economic ties between the United States and the eligible sub-Saharan African (SSA) countries under AGOA in the last decade requires robust and receptivity to such participation from government. We believe this can be achieved, through dialogue, strengthened collaborations between the public and private sectors on policy, facilitate the extension of the third country fabric provision of AGOA, and the expiration of AGOA beyond its present deadlines.

We, the Civil Society Organizations (CSO) gathered here, in Lusaka, for the 2011 AGOA Civil Society CSO Forum are gravely concerned about the termination of the multi fibre provision in 2012, and the expiration of AGOA in 2015. We see these two upcoming deadlines as major challenges to the sustainability of the trade gains made since the passage of AGOA in 2000, and a threat to the improved trade linkages that currently exists between the US and sub-Saharan Africa .

We applaud the US Administration's recent commitment to working with the US Congress on extending the third country fabric provision to 2015. We call upon the US government to extend both the AGOA deadline, and the third country fabric provision to 2025.

We welcome the recent, midterm review of AGOA, conducted by the African Union and the UNECA, and look forward to their findings and recommendations. And we would like to see Civil Society Organisations to be part of future midterm reviews.

We call upon the US Government to foster greater co-operation with, and provide enhanced technical assistance to eligible Sub Sahara African countries. This supplemental support would enable eligible AGOA countries to conform to market requirements and other technical standards, such as, Pest Risk Assessment (PRA), Minimum Residue (MR) Requirements, Sanitary and Phyto Sanitary (SPS) regulations.

The 10th AGOA forum has brought together Civil Society private sector and young professionals and entrepreneurs. The young entrepreneurs are important in the sustainability of Sub-Sahara Africa's development process. We therefore commend the Zambian and US governments for facilitating such a process.

RECOMMENDATIONS:

We hereby recommend the following actions:

We call upon Sub-Saharan African governments to adopt measures aimed at addressing the supply side constraints. And we call upon the US Government to consider extending the third country fabric provision from 2012 to 2015 and the AGOA provisions beyond the current deadline of 2015.

We recommend that official delegations to future AGOA ministerial forums include and support at least three (3) civil society organization representatives, so that they can participate in the CSO forums.

We call for the diversification of imports under AGOA from eligible African Countries, to include products by small and medium enterprises (SMEs) from various sectors, including arts, handicrafts, cultural souvenirs, and pottery.

We call upon the United States to provide technical assistance to AGOA eligible countries on sanitary and phytosanitary requirements, Minimum residue requirements, pest risk assessment and to facilitate imports of primary and value added agricultural products from Africa, under AGOA. We commend the US government for efforts to initiate a bill to address Technical Assistance under AGOA.

We call upon SSA governments to reform their investment policies to encourage both domestic and foreign direct investment through public private partnerships for processing and manufacturing plants in Africa. We urge US, private sector to invest in SSA countries, and to also help create demand in the United States for African products.

We call upon African countries to speed up regulatory and policy reforms that foster private sector development, encourage domestic and foreign direct investment, stimulate the supply of export products that will create jobs in the rural areas and support agriculture and food and nutrition security. We urge the US to support infrastructure development, especially the production, transmission and distribution of power to spur economic growth in Africa and support industrialization; and the building of feeder roads to transport products from farm to market, ports and airports to reduce transportation cost between Sub Sahara Africa and markets in the United States this can be done through the Millennium Challenge Corporation grants, private sector investment and other US Government bilateral assistance.

We call upon Governments of the SSA countries to harmonise and standardise customs requirements to allow for easier movement of goods and services.

We call upon the Governments of Sub-Saharan African countries, under the Comprehensive Africa Agriculture Development Program (CAADP), to increase investments in the sector, accordingly and address the needs of small holder agricultural producers. SSA countries should encourage investment through Public Private Partnerships, (PPP) in the processing of agriculture products; realising that the majority of the agricultural producers are small scale farmers.

We call upon SSA governments to undertake assessments regarding trade and gender, specifically women and to provide support to women through skill enhancement and access to finance. This would ensure that opportunities for women in trade are maximized.

We call upon the US government to facilitate a framework under AGOA for the empowerment of young African business professionals and entrepreneurs, through entrepreneurship skills development, knowledge exchange, mentorship and internship programmes.

We call upon the US government through AGOA to promote responsible business practices among US investors in Sub Sahara Africa.

Appendix III: Private Sector Communique (Final)

COMMUNIQUÉ OF THE PRIVATE SECTOR TO THE 10TH AGOA FORUM

We, the Private Sector participating at the 10th AGOA Forum held between 7 and 10 June 2011 at Mulungushi International Conference Centre in Lusaka Zambia, organized an international trade fair that attracted more than 58 exhibitors from public and private organizations and companies from 37 AGOA-eligible countries and the United States of America. We also organized a full-day business seminar that included a joint plenary session with Civil Society. The trade exhibition included a special platform for young entrepreneurs and women in business. The business seminar was emphatically dedicated to examining opportunities for substantially enhancing the benefits of AGOA for both the United States and AGOA-eligible countries through approaches that increase the flow of investment into the productive and competitive capacities of entrepreneurs and companies operating in AGOA-eligible countries.

We noted and agreed with observations made at recent AGOA Fora, and contained in various past Communiqués of Civil Society and the recent Communiqué of May 2011 of the Ministers of Trade of AGOA-eligible countries that, in summary: there has been an expansion of trade in agricultural products between the US and AGOA-eligible African countries though much remains to be done; that there have been benefits of AGOA to African countries, particularly in promoting non-traditional exports such as textiles and apparels, leather products, agro-processing products; that AGOA has contributed to notable job creation and flow of investments in some African countries; that minerals and oil continue to exceed 93% of all African exports to the US; that American agricultural subsidies remain a serious constraint to trade alongside trade restrictions applied on certain commodities; that the following key constraints to AGOA realizing its full benefits remain disturbingly in place: sanitary and phyto-sanitary requirements; restrictive rules of origin; product specific standards; uncertainty about the future of AGOA; potential expiration of third-country fabric provision in 2012; weak productive capacity of many African countries; limited regional value chains; and weak competitiveness of African countries because of weak infrastructure development.

Nevertheless we took keen note that the global economic environment has dramatically changed since the signing into law of AGOA by the US Congress in 2000. The global financial crisis, that continues to destabilize in the Euro-zone, combined with the rapid economic ascent of China and other significant emerging economies such as India and Brazil, have radically transformed the flow of international capital, technology, investment and economic opportunity. Despite the recent global economic down turn, African economies have remained largely resilient. Whereas global economic growth has averaged less than 2.5% per annum in recent years, Africa's economic growth has remained above 4%. In several African countries, such as Zambia, annual growth rates have averaged even more than 5% with per capita GDP more than doubling over the past ten years. 43 of Africa's 53 countries are experiencing sustained economic growth at a time when many regions of the world continue to grapple and even shrink in the wake of the more recent challenging global economic environment. This success, however, has also revealed deep cracks in the structure of intra-African trade. Markets within the continent itself often are cut off from one another either by infrastructure or by policies that hamper or divert precious resources. Nowhere is this more apparent than in the area of regional integration. Though the continent is home to over a dozen regional trade arrangements, these trading blocs are, by design, fragmented and limited in scale, thus missing out on significant opportunities in Africa for larger scale, better competitiveness and effective optimization of supply.

The ability of African governments and Regional Economic Communities (RECs) to address the challenges of regional integration will be the key determinant of future economic growth in Africa. Freer trade among African countries would greatly facilitate the movement of goods and services from one country to another and – more importantly – from one trading bloc to another. This would promote increased investment and employment, more efficient production and distribution and will facilitate consumer access to a wider range of high quality products at affordable prices. For Africa to reap the full benefits of integration, quick and deep integration of the key regional trading blocs will be essential, coupled with further harmonization of policies on tariffs, standards and customs procedures.

Given the foregoing, the Private Sector agreed that AGOA should enhance its benefits to both AGOA-eligible countries and the United States through a greater and more effective emphasis on mutually beneficial expansion of investment in Africa through the following measures:

On the African Side:

- 1) African governments should increase investments, including through public-private partnerships, in economic infrastructure, such as more efficient transport networks and better telecommunications
- 2) African public development agencies and private sectors should develop and co-finance investment projects that are larger and more attractive to foreign direct investment
- 3) African governments, regional economic bodies and private sector should accelerate regional integration and intra-Africa trade in order to scale up the general competitive capacities of the African private sector. They should continue to explore among their respective organizations how to further enable freer trade across the countries of Africa in the spirit of creating more opportunities for their people and those wishing to do business in and with Africa.
- 4) The Private Sector in Africa should lay more emphasis on exporting manufactured goods and processed foods to the US in order to better overcome sanitary and phyto-sanitary barriers to trade with the US.
- 5) Although the productivity of African Agriculture is improving, quality, management know-how and market connections within Africa' regional economic communities, investments in educating and supporting farmer associations, the industry, and commercial farmers are critical to transforming Africa's agricultural economy into structures that are responsive to African consumer demand.
- 6) Africa should develop mechanisms for the African Diaspora in America to more easily participate in gainful investments in Africa in order to expand its financial market and stimulate more transfers of technology and know-how.

The American Side

The USG and private sector are urged to view AGOA as a wedge essential to strengthening America's ability to compete for African resources and markets in the current climate of the growing economic influence of emerging economies;

- 1) The US should extend AGOA beyond 2015 on a long and sustainable basis;
- 2) The US should align the third-country fabric provision with the term of AGOA;
- 3) The USG should develop AGOA quotas in the budgets of its development agencies, such the Millennium Challenge Corporation, US African Development Foundation and USAID, so that they provide measurable support to building productive capacities as well as for diversifying and expanding productivity in AGOA-eligible countries of presence;

Together

AGOA-eligible African countries and the US should develop a monitoring and evaluation mechanism to periodically assess the progress and impact of AGOA.

We thank the Government and people of Zambia, the Zambia Association of Manufacturers and the Corporate Council on Africa for organizing and hosting our consultations.

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