AGOA Forum, 2007

The 2007 African Growth and Opportunity Act Forum was held in Accra, Ghana from July 18-19, 2007.

The following pages are brief notes of the proceedings of the various plenary sessions and workshops that comprised the main program of the Forum.

Opening Ceremony

Alan Kyerematen, Ghana Minister of Trade, underscored two elements unique to this year's forum: 1. the inclusion of representatives from the US and African governments, private sectors, and civil society/NGOs in a unified forum and 2.the emphasis on practical guidance as to how Africa can optimize benefits from AGOA.

The Minister also described obstacles to the implementation of AGOA goals. Chief among these are a lack of supply capacity/technical capacity of participating African countries, the need for increased FDI from US companies, and phyto-sanitary barriers.

The Representative of the African Private Sector, Alhaji Bamanga Tukur, President of the Africa Business Roundtable and Chair of the NEPAD Business Group, put the current AGOA Forum into a historical context relative to previous Forums. He underlined the value of a public/private sector partnership as an effective tool for development.

Alex Cummings, President of Coca-Cola Africa, Representative of the US Private Sector, drew attention to AGOA's important role in creating investment opportunities as Africa moves away from commodity exports and towards vertical integration of companies that add value to exported goods.

Vernice Guthrie, Chief Operating Officer of The Leon H. Sullivan Foundation, Representative of U.S. Civil Society, emphasized the necessity of including health, education, and workforce readiness as key components of a successful macroeconomic plan.

Professor Paul Kuruk, Executive Director at the Institute for African Development, the Representative of African Civil Society presented a draft action plan for facilitating sustainable growth and development through AGOA through 1. improving market access for African countries, 2. actively involving civil society in AGOA legislation, and 3. creating a more equitable framework in which to discuss trade relations. He also called for the extension of AGOA by 20 to 30 years to encourage long-term investment.

U.S. Ambassador Pamela Bridgewater introduced United States Trade Representative Susan Schwab, who stressed President Bush's commitment to Africa as a strategic partner through AGOA and other programs such as the Millennium Challenge Account (MCA), the President's Emergency Plan for AIDS Relief (PEPFAR), the President's Malaria Initiative (PMI) and the Africa Education Initiative. Officials at the Forum will also devote attention to the World Trade Organization's Doha Development Agenda, to whose success President Bush is fully committed.

Ambassador Schwab also stated that because an increase in trade is recognized as the most effective weapon against poverty, African countries should focus on improving their ability to export agricultural products as well as value-added processed and manufactured goods.

A video message from President of the United States George Bush emphasized the U.S. commitment to helping Africa through AGOA. The President has acted to strengthen and extend provisions of AGOA to ensure that the program's benefits will continue. In addition, the Africa Financial Sector Initiative (AFSI) will provide technical assistance to African nations to strengthen their markets and the Overseas Private Investment Corporation (OPIC) will help mobilize up to $1 billion of private investment in Africa. The President asserted his support for the successful conclusion of the Doha Round which will result in increased trade. The President outlined his administration's programs to combat malaria and AIDS and invited participants to next year's Forum in Washington, DC.

President of Ghana John Kufuor expressed his appreciation of the U.S. commitment to AGOA and praised the program's goal of developing trade for the benefit of all. President Kufuor appealed for an extension of AGOA in order to allow Africa to develop capacity which will enable it to fully enjoy benefits of the act. The President focused on the need to encourage investment not only in extractive industries, but also in manufacturing, processing, and tourism. President Kufuor highlighted AGOA and MCA as assurances of goodwill on the part of the U.S.

<u>Plenary Session 1</u>: *Progress on AGOA Implementation*

Co-chair Minister Madan Dulloo, Minister of Foreign Affairs, International Trade and Regional Cooperation, Mauritius outlined the purpose of the session: to give each African region the chance to discuss its experiences with AGOA implementation, with a strong focus on the need for export diversification. He highlighted the need for "meaningful rules of origin," especially in the textile sector. He closed by urging Africans to take responsibility for their role in maximizing AGOA benefits.

Co-chair Ambassador Susan Schwab, United States Trade Representative, also outlined the purpose of the session: to take stock of AGOA's achievements and to capitalize on those accomplishments. She acknowledged that AGOA's impact has been uneven, with benefits concentrated among a dozen countries, and that some countries have yet to export under AGOA. She referred to some recent AGOA meetings, agreements and reports, with which some of the audience may have been unfamiliar, and concluded that AGOA's success rests ultimately on the initiatives of the African countries, as well as on the private and civil society stakeholder partnerships.

Reporting for the Southern region, Minister of Trade and Industry Mandisi Mpahlwa, South Africa, suggested that product diversification, relaxing rules of origin and inadequate physical infrastructure are critical issues that should be addressed at this forum. He mentioned several shortcomings of AGOA: the requirement for some benefits of AGOA to be renewed annually, the uncertainty of AGOA's existence in the long-term, and the issue of duties. Specifically, Mpahlwa drew attention to phytosanitary requirements (particularly difficult for small farmers), integration of production platforms (Malawi implemented an integrated cotton strategy), and high transportation costs (particularly for landlocked countries). He gave the example of some policy responses that are being attempted in Southern Africa: implementing national development strategies to make the investment climate more attractive (Mauritius overhauled its investment regime by passing legislation); providing institutional mechanisms to market access initiatives; establishing incentives for small and medium enterprises and women's empowerment; deepening regional integration; and creating linkages for sourcing imports. He also cited the need for export diversification and the need to build physical and institutional capacity.

Reporting for the Eastern region, Minister of Trade and Industry Mukhisa Kituyi, Kenya, cited some of the same areas of concern: lack of diversity in the export market and phytosanitary requirements. Attracting entrepreneurs to Africa and getting them to develop the capacity of the market is also difficult. He discussed regional integration in East Africa (Rwanda and Burundi have recently joined the EAC customs union; Rwanda is particularly impressive in negotiating aggressive trade deals). He explained how AGOA has lured the Diaspora back to East Africa as investment partners. He also urged the completion of the Doha round and, referring to the involvement of China in Africa, added that resource incentives can make it possible for more American companies to invest in Africa. Kituyi also noted an interesting statistic: the number of Kenyan companies exporting to the U.S. has fallen from 62 to only 25.

Reporting for the Central region, Minister of Trade and Industry Paul Biyoghe Mba of Gabon presented the reasons why American companies should invest in Central Africa.

Reporting for the Western region, a Representative from Senegal's Ministry of Agriculture and Rural Development returned to and expanded on the central themes previously mentioned: the need for export diversification: too much concentration in petrol products at present; in West Africa, most of the AGOA trade is concentrated on Nigeria; non-tariff barriers (especially agricultural and technical standards) make it difficult to penetrate the market; the high costs of shipping by air and sea; the absence of adapted systems for funding businesses, i.e. credit lines (there was a perception that OPIC and Ex-Im don’t always respond adequately); and other administrative constraints (especially obtaining visas). She made a plea for these obstacles to be removed.

<u>Lunch Special Session</u>: *Facilitating Agricultural Trade and Development Under AGOA*

Chairman Birru, Minister of Trade and Industry, Ethiopia, introduced the Keynote Speaker, Dr. Mark Keenum, Under Secretary for Farm and Foreign Agricultural Services, United States Department of Agriculture.

U.S. Department of Agriculture Under Secretary Dr. Mark Keenum outlined four important steps that African governments should take to ensure an increase in their exports of agricultural goods: 1) Adopt and meet international standards 2) Provide opportunities for investment partnerships 3) Diversify products and expand on value added exports and 4) Remove barriers to trade

He noted that if AGOA countries could capture an additional 1% of world trade then Africa would receive an increase of $70 billion annually. Moreover, a 1% increase in agricultural productivity would significantly raise the income of about 6 million people. Keenum stated that the U.S. understands that direct investment and capacity building spur economic growth, and have therefore committed over $1 billion in trade capacity building, but the real driving force is a robust and diverse stream of agricultural exports.

He stressed that adherence to sanitary and phytosanitary standards (SPS) is crucial. SPS standards are vital in ensuring the safety of food, and plant & animal products and protecting the health of consumers, plants and animals in all nations, and are not to be used as barriers to trade.

The U.S. government has responded to concerns raised with Secretary Johanns at the 2005 AGOA Conference in Dakar, that the U.S. regulatory process was too long and served as a de facto trade barrier. On his return, Secretary Johanns charged the Department with streamlining the regulatory requirements for allowing new fruits and vegetables into the U.S. market. As a result, USDA has implemented a fundamental change in the process that will allow for quicker consideration of market access requests from sub-Saharan Africa. The new rule, called Q56, published July 17, in the Federal Register, will eliminate the lengthy rulemaking process for certain products and allow for issuance of import permits after a risk assessment.

The first commodities to be affected by the streamlined Q56 process will be for AGOA countries: baby carrots and baby corn from Kenya, gooseberries and currants from South Africa, and eggplant, peppers and okra from Ghana.

Under Secretary Keenum stressed the importance of public-private partnerships and stated that the U.S. was working to build capacity in plant and animal health, and food safety. He explained that Agricultural Advisors are helping to establish protocols to help diversify African exports. Additionally, programs like Cochran Fellows (1,000 individuals trained from 25 AGOA countries) and the recently created Norman Borlaug Program (48 trained from 10 AGOA countries since 2006) are helping aid in development.

Dr. Keenum also noted the need for a successful conclusion of the WTO Doha Round. He stated that 2/3 of WTO members are developing countries and 32 are least developed countries (LDCs). According to Keenum, 70% of these countries rely on agriculture as primary employment. Additionally, 50% of all the economic benefits of free trade will go to LDCs and global free trade will lift 500 million people out of poverty.

He explained that the U.S. government also has a responsibility to its own domestic constituents -- the farmers -- and said that the U.S. will review its agricultural policies and aims to create new policies that will lessen market distortions. He also said the U.S. wants its farmers to be able to operate globally, that two-way trade is beneficial to all, and that there is great potential for increased agricultural trade.

Key Points

Under Secretary Keenum highlighted the four steps that African governments must take to ensure an increase in exportation of agricultural goods:

1. Build capacity to adopt and meet international standards
2. Provide opportunity for investment and partnerships
3. Diversify products and expand on value added exports
4. Remove barriers to trade

He also stressed that if AGOA countries could capture just an additional 1% of annual world trade they could benefit from an additional $70 billion in income annually.

<u>Concurrent Sessions on Broadening Opportunities Under AGOA</u>
<u>Session 1</u>*: Textile and Apparel*

Co-Chair Hon. Popane Lebesa, Lesotho Minister of Trade, Industry, Cooperatives and Marketing stated that companies need to be more efficient in order to compete in the global market, and governments must focus on providing "AID FOR TRADE".

Co-Chair Ambassador Karan Bhatia, Deputy U.S. Trade Representative said that the end of global apparel quotas continues to impact international trade in textiles and apparel. He noted that an ITC study found a number of factors that are improving African competitiveness including AGOA, government policies, regional integration, improved infrastructure, and skilled labor. He suggested that integrated regional fiber, yarn, and fabric production could make AGOA producers more competitive in the long run.

Panel I

Panelist Jas Bedi, African Textile Producer Working with ACTIF (Trade Association for Textiles and Apparel) remarked that China has the capacity to clothe the world, while Africa lacks economics of scale, modern facilities, vertical integration, and production speed. Africa needs to address its non-competitive advantage. ACTIF is in active dialogue with Asian apparel industries and the International Cotton Advisory Committee.

Tony Carroll of Manchester Trade said that Africa should fight against the theft of indigenous cultural products by Chinese manufacturers. He also noted that heavy subsidies by the Chinese and their unwillingness to enforce the most obvious of violations posed problems for African competitiveness. He recommended that African brands should be developed and aggressively marketed (Africa tourism is a success story in this regard), and China should be encouraged to invest more in Africa. He noted that the third country fabric provisions give access to the advantages of AGOA.

Paul Ryberg of the African Coalition for Trade noted recent developments affecting AGOA apparel trade, including the end of the MFA, safeguard quotas, 2006 AGOA amendments, and the duty-free quota-free (DFQF) initiative. He pointed out that Africa is losing its market share to China, Cambodia, Bangladesh and others. The U.S. Congress amended

AGOA in December 2006 to help Africa adapt to post-Multi Fiber Agreement challenges. He mentioned the law's new incentives for vertical integration to improve competitiveness. He noted the potential impact of the DFQF initiative on African apparel production.

Panel II

Consultant Joop de Voest noted examples of how regional vertical integration of the cotton, yarn, fabric and apparel sectors could improve African competitiveness. He noted that the U.S. government provided for a three-year period to implement vertical integration. This, he said, is the correct path.

David Love, Senior Vice President for Global Sourcing for Levi Strauss noted that the AGOA Abundant Supply provisions limit growth. Too many factors are beyond the buyers control. He stressed how important it was for AGOA legislation to adopt a customer focus with the Abundant Supply provisions. He said that what customers look for is variety, predictability, simplicity, and longevity.

Bill Releford of the Global Integrated Development Group said an excellent way to BRAND AFRICA is to target the African-American consumer through the BUTTA (Bringing you the Treasures of Africa) brand. Releford urged entrepreneurs to take advantage of branding opportunities in Africa: “Made in Africa” means something and should be linked to American consumers, who represent the largest market in the word. He also advised the audience to be strategic about AGOA, and brand eco-friendly sustainable fabric products from corn, soy bean, bamboo and others inputs.

Robert Cudjoe of Earlpark Garments provided examples of the challenges and opportunities facing African textiles and apparel producers. He discussed Earlpark Garments’ plans to tap into market opportunities provided under AGOA.

Key Points
The panelists agreed that under AGOA, textile and apparel industries in Africa experienced a huge success through 2005. Africa experienced a 300% growth during a five-year period. However, with the cessation of the World Trade Organization’s Multi-Fiber Agreement in January 2005, the world’s textile giants – China, India, Cambodia, Bangladesh and others – are

dominating the global marketplace, adversely affecting Africa. The removal of the MFA quota restrictions means that Africa is no longer protected from the stiff competition from the Asian mass producers, which receive government subsidies and currency corrections.

Consequently, there is much Africa can do to become more efficient and competitive: BRAND AFRICA, BUY AFRICA, and MARKET AFRICA. That is, develop an aggressive strategy; streamline the textile and apparel industry, particularly output per worker, in order to survive in the post-MFA world. Take advantage of the window of opportunity left by the current AGOA legislation. Finally, Africa needs to enforce protection of intellectual property rights of its indigenous cultural products and unique textile designs vulnerable to theft from Chinese manufacturers.

- There is much Africa can do to become more efficient; Africa can experience market success even with stiff competition from China.
- BRAND AFRICA; create new African labels not only promote well known brands.
- Protection of intellectual property of indigenous textile designs should be enforced.

<u>Concurrent Sessions on Broadening Opportunities Under AGOA</u>
<u>Session 2</u>: *Agri-business*

Co-Chair Dr. Mohamed Ibn Chambas, President of ECOWAS, said that agriculture remains a strategically important priority for economic growth and the expansion of trade and that regional economic integration is a priority.

Co-Chair U.S. Department of Agriculture Under Secretary Dr. Mark Keenum said that success in the global marketplace begins with a transparent, consistent, science-based regulatory framework that increases the competitiveness of farm products and facilitates agricultural exports and imports. He also stressed that the new U.S. risk-based process for approving the importation of certain fruits and vegetables will help streamline the arrival of six commodities from sub-Saharan Africa. This rule change, which was announced earlier at the AGOA Forum, continues to protect U.S. agriculture yet streamlines the rulemaking process.

Dr. Ousmane Badiane, Africa Coordinator, International Food Policy Research Institute (IFPRI), pointed out that the regional market for agricultural trade in Africa is large and growing. Badiane also stressed that countries need to pursue regional trade integration in order to access global markets and that reducing barriers to regional trade supports overall trade while having a positive impact on poverty reduction.

Dr. Chris Muyunda, Senior Agricultural Advisor for COMESA, explained that, in the COMESA area, the major challenges to increasing regional trade are low productivity, inability to meet international standards, and lack of harmonized policy.

Ms. Anne Mbaabu, Executive Director of the Eastern Africa Grains Council, stated that producers, traders and manufacturers need better access to market intelligence. She argued that the structures that facilitate agricultural trade and provide access to finance need to be strengthened.

Mr. Phillip Kiriro, President of the Eastern Africa Farmers Federation (EAFF), said that farmer associations need to be professional organizations and that there is a strong need to provide capacity building for small scale farmers and organizations. Kiriro also asserted that strong farmer organizations and regional networks provide the keys to small scale farmers’ ability to trade under AGOA. He said there is a need to address the farmer's ability to access credit.

Mr. Tidjani Barry, President of Network of Economic Operators in the Food Industry (CNB-ROESAO) in Burkina Faso, described opportunities not yet seized that could result in greater regional trade in the livestock sector, and identified areas under AGOA that can increase the competitiveness of farm systems.

Key Points:

- More attention needs to be given to understanding the African consumer and the fundamentals of their markets.
- A stable, regionalized policy framework is needed to support regional and international trade.
- Public-private capacity building partnerships are key to building a unified policy framework and facilitating financial services.

Concurrent Sessions on Broadening Opportunities Under AGOA

Session 3: *Home Décor and Wood Products*

Chair Willa Shalit, CEO Fair Winds Trading Co. (USA), noted the obstacles to penetrating the lucrative US market are many, including a negative perception of the African 'brand', and lack of capacity to produce large orders within the rigorous time and quality standards of the US market. Shalit argued that connecting and succeeding in this market requires partnerships: US investment/partnership with its technical expertise and market access, local government support through training programs and trade missions, and US/donor assistance through programs such as ADF's African Links program and Canada's Design Africa.

Panelist E. Diane White, Chief Strategist, Buyer Linkages Program, United States African Development Foundation, pointed out that the home décor market in US is big, serious business, and there are major penalties for late delivery or quality flaws. ADF's rigorous training program focuses on select producers and stresses quality production management, while encouraging collaboration among producers to manage costs. White said that the long term marketability of African handmade goods in the U.S. and Europe will depend on the continuous evolution and adaptation of product designs to more contemporary tastes and preferences.

Panelist Kathleen Holland, Design Africa Programme in Canada described how Design Africa aims to raise export competitiveness in Africa through product and market development. Design Africa also tries to build positive brand image among African products, encouraging high design, high quality, high margin products that stress handmade, environmentally and socially conscious attributes as well as authenticity of traditional designs (vs. cheap knock-offs from Asia).

Panelist Mamadou Diallo, Senegalese Designer (Design Africa Client) said that fusion design is important for the African brand; producers should be creative with traditional patterns and fuse with contemporary designs**.** Diallo also said it was important to be flexible with materials; combine recycled products with modern design; and turn constraints (e.g. lack of hi-tech machinery) into strengths (handmade, artisanal product).

Panelist Kweku Forson, Tekura Enterprise Accra (USADF client) noted that buyers say they see the same products all the time from Africa. Instead, encourage local designers and use resources available (ADF, Design Africa) to create new designs. He pointed out that many programs exist to expand capacity for production, modernize business practices and management.

Key points:

Competing in the US home décor and wood products market is difficult. Buyers demand on-time delivery with precise quality specifications, and at competitive prices. Africans are particularly disadvantaged due to the negative association with African products. In order to compete, African producers have to be flexible and creative, and have to take advantage of local government and donor resources to build the capacity to produce at an internationally competitive level. Partnerships with US investors/companies are invaluable, and offer the greatest opportunity for long-term sustainable growth.

Concurrent Sessions on Broadening Opportunities Under AGOA
Session 4: *Strategies for Diversifying the Manufacturing Sector*

Co-chair Stephen Hayes, Corporate Council on Africa, said that manufacturing is key to African development and a prime investment tool for American companies. He explained that U.S. firms have not taken the opportunity to invest for various reasons, but the goal is to get U.S. firms to invest using AGOA as a tool.

Co-chair Hon. Lebonamang Mokalake, Deputy Minister of Trade, Botswana, said that Africa has an abundance of raw materials, but African countries are not taking advantage of diversifying based on those raw materials. He explained that it is difficult to export because the cost of infrastructure is high, and eligibility for AGOA is re-evaluated annually, creating an uncertain environment for investment. Other problems include: standards, the lack of skilled labor (and lack of new and different skills), water, electricity. He also stressed the need to educate U.S. and Africans about AGOA and the benefits of joining.

Panelist Enoch Osei-Safo, Head of Corporate Banking, EcoBank Ghana said that SMEs have a tough time getting credit, especially if leadership isn't disciplined. Banks get nervous about the exporter's capability, volatility in demand or prices.

Big Concept - Structured Trade Finance. It focuses on borrowers' financial conditions, the transaction, borrower's ability to perform obligations. There is built-in protection for banks, so more people can get credit extended. The importer pays the bank back directly. This minimizes risk for the bank.

Deal breakers - most SMEs are involved in small transactions, and this process can be labor intensive, some banks might not find it worth the time. The ambiguous laws re security and title of goods, transfer of titles in warehouse receipts are a market constraint. There should be an ability to transfer and negotiate warehouse receipts.

Panelist Nora Bannerman-Abbott, CEO, Sleek Garments, recalled how she started as a fashion designer for boutiques, then registered her company in 2002, wanting to mass produce garments for the US market. Sleek Garments has had success exporting. The company is all Ghanaian owned, but their technical expertise comes from Sri Lankans. They are competitive because they can export duty-free to the US, can source fabrics from anywhere.

Panelist Afari, Deputy General Manager, Smartex Natural Resources Management, said that the timber industry is 6% of GDP, employs 104,000 people. Key challenges: natural resource management, regulatory policies, human resources, unsustainable farming practices, illegal logging, mining. There are constant regulatory and tax reviews, costs the company lots. Fuel costs have jumped, as has the minimum wage. The current business plan involves diversifying the portfolio. They are involved in eco-tourism, reforestation projects, non-timber forest products (essential oils and medicinal plants), and handicrafts. They've become very involved with a plant called tamatine, which could become a big seller internationally, but the recovery rate is very low. Challenges include: technical know-how, funding, market penetration bottlenecks, investment climate, kosher certification, shelf life of 3 years. It's tough to venture out without outside support and expertise.

Panelist Ronald Brown, President, SIMBA Holdings, said that his firm is essentially a creation of AGOA. His company becomes a one-stop shop for American companies that want to import apparel, but may not know Africa. Obstacles are really big: lack of knowledge about Africa, fear of the unknown, existing positive relationships with other suppliers. Locating good factories is tough - need people to get you a sample, price quote quickly, be responsive. Political risk causes disruption, and buyers can't afford that - poor investment. Execution - turn around for garments can be 100-110 days, and that's too long for buyers; they fear quick changes can't be factored into their orders. Logistics - things can ship late, daily communication can be impossible, lots of forms to fill out. His firm has shows that if you show examples of quality work from Africa and do legwork for the buyers, you can win over potential customers. The two key things for Africans to do in order to diversify manufacturing: 1) create a track record of success, the best possible recommendation, and 2) everyone has existing relationships, think about how to capitalize on those relationships, make it clear to the other person that working with you is a win for Africa and a win for them too.

<u>Special Session</u> : *Addressing Health Challenges to Africa Productivity Under AGOA*

The session was opened by the **Honorable Minister of Health Major Courage Quashigah, Government of Ghana**. Minister Quashigah expressed his satisfaction that health is increasingly recognized as the engine of productivity. He promotes an increased emphasis on healthy lifestyles as essential to further economic progress in Ghana, rather than an exclusive focus on curative care, under the slogan of creating wealth through health. He then introduced the Co-Chairs for the session: Ambassador Mark Dybul, United States Global AIDS Coordinator; and the Honorable Olubanke King-Akerele, Minister of Commerce and Industry, Republic of Liberia.

Ambassador Mark Dybul, U.S. Global AIDS Coordinator, presented an overview of the economic implications of ill health in Africa, particularly the ravages of HIV/AIDS in the sub-continent. He stressed the magnitude of international response to these problems and the heartening progress that has been made in recent years, including the rapid increase of people in Africa receiving anti-retroviral treatment (ART). He noted that President Bush pledged to work with the U.S. Congress to double the $15 billion in funding provided under the five year President's Emergency Plan for AIDS Relief over the coming five year period, to $30 billion, and that the President's Malaria Initiative is also providing substantial resources to Africa. Given these commitments, other G8 members have pledged large matching amounts through the Global Fund for AIDS, TB and Malaria and other channels. Finally, he noted the importance of partnership between government, civil society and the private commercial sector to address these challenges, and gave several examples of successful partnerships in the region.

The first panelist, Peter Van Wyk, Program Manager for the Namibia Business Coalition on AIDS, presented an overview of the current health status by giving the latest data on prevalence of HIV/AIDS and other diseases and their economic impact. On the basis of recent studies on the topic, he showed the links between improved health and improved productivity both historically worldwide as well as in the context of Africa. He specifically mentioned the result of a study that showed that HIV/AIDS patient receiving antiretroviral drugs restored productivity within a year. He then laid down the future health challenges to African productivity. These challenges will arise from the threat of the spread of new diseases in addition to existing diseases such HIV/AIDS and Avian Influenza. The movement of population, goods, and services associated with trade and development present the possibility of rapid spread of new and existing diseases that can undermine productivity. He argued for making health an essential part of development by creating job and livelihood opportunities for better health and nutrition. He also argued that work place programs can be effective ways to maintain a healthy workforce in order to sustain economic progress in Africa. He pointed out that private-public partnerships will be essential for comprehensive and successful health and productivity improvements

The second panelist, Vivian Lowery Derryck, Vice President of the Academy for Educational Development, stressed the importance of including civil society as a critical partner in addressing health problems in Africa, along with governments and commercial partners. She gave examples of successful partnerships that drew on strengths of civil society and non-governmental organizations (NGOs), and mentioned that the recommendations from NGO attendees were to increase the capacity of local NGOs to plan and implement programs, through partnership with international NGOs and other means. She urged more focus on improved education as a way to improve health. Finally, she suggested several ways to encourage partnership through AGOA including preferential treatment of commercial firms that are excellent partners, or an annual AGOA award for successful commercial/civil society partnerships.

The final panelist, Brian Toohey, Vice President of International Affairs of PhRMA, stressed the active engagement of U.S. based pharmaceutical companies not only in development and production of effective treatments, but also in strengthening the capacity of countries in the developing world to deliver these treatments. He pledged the continued interest and engagement of the commercial sector in improving the health status of people in Africa.

During a brief question and answer period, questions and comments were made by the representatives of COMESA, Nigeria and Swaziland. All agreed on the seriousness of the issues, with COMESA and Swaziland focusing on HIV/AIDS, the importance of taking it seriously, and acknowledgement of U.S. support in this area, while the comment from Nigeria was about the need to effectively combat malaria.

Honorable Olubanke King-Akerele, Minister of Commerce and Industry, Republic of Liberia, made the closing remarks. After congratulating AGOA organizers on including the topic, she noted the strong interest of all discussants including audience participants, and urged conference organizers to consider featuring the linkage between health and productivity earlier and more prominently in next year's AGOA agenda.

Key Points:

- Failure to address health will result in failure to achieve economic goals in Africa, so the stakes are very high.
- Increased recognition of this fact has resulted in greatly increased resources available to fight major diseases, but the challenges are still considerable.
- Partnerships between governments, commercial actors, and civil society are critical to achieve good results.
- All AGOA members have a strong interest and contribution to make in the fight for increased health in Africa.

Plenary Session 2: *Enhancing Supply Capacity of SMEs Under AGOA*

Co-Chair Jovita Carranza, Deputy Administrator, U.S. Small Business Administration, pointed out that U.S. small businesses enjoy great prosperity, and account for $4 trillion of GDP. The key factors in SME success in the U.S., which can also be applied in Africa, have been (1) education and training , such as the advice that SBA's Small Business Development Centers provide to owners on all aspects of business management issues, or that provided by thousands of volunteers from the private sector working now in Nigeria (2) availability of technical assistance to current and potential business owners, as SBA provides through locally-based business information centers with internet access, business software and references (3) a banking system that makes credit available to business owners of varying sizes, for example through micro-enterprise financing or substantial capital investment (4) opportunities in international trade. Africa should look to Asia's export growth as a model and think about products that are attractive to the U.S. Africans should think about trade as more than a market opportunity, but also an opportunity for exposure to new ideas.

Co-Chair Abdou Kolley, Secretary of State for Trade, The Gambia, pointed out that the African private sector is faced with “supply side constraints”. He said that AGOA offers great opportunities but we need to be ready, and that it is important to consider quality standards, market development strategies and infrastructure development needs. Sole proprietorships should think big and collaborate in order to compete in the global marketplace and commercial banks should support businesses with innovative finance solutions.

ACCESS TO FINANCE

Ahmed Saeed, Deputy Assistant Secretary of Treasury said that 80% of businesses in Africa are SMEs, so it is important to improve efficiency in financial sector operations, increase private sector training in credit analysis, and determine the underlying causes why SMEs have difficulty getting cash (e.g. less than 20% of adults in Africa have bank accounts). He cited several efforts in African countries to improve transparency and accountability, and observed that international partners are helping (e.g. $200 million program of the IFC; World Bank’s Making Finance Work for Africa initiative;

technical assistance programs from US Treasury; USAID's Africa Global Competitiveness Initiative.

Minister of Trade Alan Kyerematen of Ghana advised entrepreneurs to take practical steps to attract capital: create business proposals that are bankable and have a business plan; put up your own money before seeking outside financing; then look at all types of financing, and not just commercial loans, including longer term financing from development or investment banks; private equity/venture capital, which requires giving up part ownership; public equity funding on stock exchanges, where listing requirements are more stringent, portfolio equity capital, such as the Alternative Investment Fund in the UK for new SMEs and lease financing. He recommended that entrepreneurs keep good books, pay back loans, and develop long-term relationships with financing institutions. Kyerematen also called on governments to improve institutional and policy frameworks to help entrepreneurs.

Samuel Mensah, Principal, SEM International Associates, said that the government bears responsibility to provide an enabling environment by removing legal and regulatory barriers, protecting property rights, and removing restrictions on lending. He said that governments should think about risk-sharing with the private sector to support SMEs (e.g. venture capital trust funds). Governments should to work to improve capital markets through reporting and accounting systems and accounting systems, and governments can also enhance competition via the entry of foreign banks.

MARKET DEVELOPMENT

Nick Railston-Brown, Ghana Country Director, Technoserve, pointed out that African SMEs in the informal markets are trying to meet the formalities of the US market. He said that African business owners need to be reliable and trustworthy, and have bankable proposals that are investment ready. African business owners also need to develop contacts and understand the target market.

Ronald Jewell, President Jewell Industries of Ghana, shared success stories about using state of the art technology, building trust and following quality standards, and suggested that partnerships with government should be used to empower other SMEs. He also highlighted the importance of working with affinity associations to build contacts.

PRODUCTION

Holly Vineyard, Deputy Assistant Secretary, U.S. Department of Commerce, pointed to the World Bank's "Doing Business Indicators 2007" as a good resource and benchmarking tool. In order to increase productivity and encourage innovation she recommended that governments provide an enabling environment that promotes the use of technology, innovation, and protection of intellectual property rights to encourage businesses to build brand identity, thus should encourage a telecom regime with competition and low regulatory barriers She suggested surveying existing investors what it would take to double their business in a country in two years. She highlighted that access to the internet is key for entrepreneurs to market themselves and to gain market intelligence, cited that innovation in the U.S. is responsible for half the GDP growth in the last fifty years, and further informed the audience that ninety-seven percent of exporters in the U.S. are SMEs.

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Steve Wallace, President of Omanhene Cocoa Bean Co. laid out his approach to penetrating a new market: (1) If the prospective consumer has no interest, you must use creativity to change his attitude (2) Think about a market niche (3) Look for investors other than multinationals (4) Pay for experienced freight forwarders and use the same port of entry to build consistency (5) Know that nothing is free about the "free market system" – you must pay for intangibles such as legal, marketing, etc. (6) Good quality is highly valued over price and (7) Corporate social responsibility is critically important.

INFRASTRUCTURE

Mandla Gantsho, Vice President for Infrastructure, African Development Bank, emphasized the need for connectivity between African countries without going through Europe. This will help facilitate exchange of ideas, people and products. He stressed that the lack of infrastructure undermines competitiveness and prevents integration into the global economy and highlighted some constraints on businesses without good infrastructure improvements: (1) Increasing transport costs, (2) Microeconomic situations are not attracting investments, (3) Inefficient public sector provisions of services. He also noted some promising interventions to improve infrastructure -- NEPAD, G8, ICA, and AID for Trade.

Cheryl Warner of Computer Frontier, stressed that ministries need to create an enabling environment for entrepreneurs. Warner said that entrepreneurs should not have to spend time on bureaucracy that takes away from production.

QUALITY STANDARDS

Rodney Macalister, President of the U.S. African Development Foundation, described ADF programs for small businesses and encouraged delegates to contact him or his associates for more information.

Message from Secretary of State Condoleezza Rice

Secretary Rice expressed regrets for her absence due to a request from the President, and extended her deep appreciation to President Kufuor and the government and people of Ghana for hosting the Forum. Secretary Rice remarked on Ghana's "Golden Jubilee" in recognition of its 50th year of independence and political freedom noted that today the dialogue is about economic freedom.

The Secretary hailed the renewed promise of independence in other African nations such as the Democratic Republic of Congo, which had just held its first free elections in 40 years, and Liberia, but called attention to continued suffering in Somalia, Zimbabwe, and Darfur.

Secretary Rice noted that Africans and Americans had built a partnership for peace that helped end many conflicts including those in Liberia, Sierra Leone, Angola, Burundi, the Congo and the conflict between Northern and Southern Sudan. The Secretary added that we are building a partnership for health and human life through the President's Malaria Initiative and the Emergency Plan for AIDS Relief, and building a partnership to support poverty reduction and good governance by quadrupling our assistance to Africa, working to relieve tens of billions of dollars of debt for the poorest African countries, and directing greater assistance to governments committed to their people's success through the Millennium Challenge Corporation, which has now signed compacts worth more than $2 billion with responsible African governments.

The Secretary observed that we are expanding our AGOA partnership, by welcoming Liberia and welcoming back Mauritania. We listened to African concerns that certain textile and apparel benefits were due to expire, and with the support of Congress, President Bush signed legislation extending these benefits. We have launched the African Growth and Competitiveness Initiative and the AGOA Diversification Fund, and instituting a new Faculty Exchange Program to bring African agricultural specialists to study at American universities. The first two universities to take part in the program will be Ohio State and Texas A&M who will host seven faculty members from six different AGOA countries.

Secretary Rice concluded by stressing that the bond between Africa and America is “unbreakable” and reiterating the promise of independence throughout the African continent.

Concurrent Sessions on Enhancing Supply Capacity for SMEs

Session 1: *Access to Finance*

Co-Chair Ahmed Saeed, Deputy Assistant Secretary of Treasury, said that SME's in sub-Saharan Africa comprise 80% of economic activity, thus, they are vital to economic growth and development, yet they lack access to financing for equipment purchases, new hiring and exporting. Saeed said that the private sector is confronted with high interest rates and onerous collateral requirements, crowding out by government borrowing, and lack of credit bureaus and analysts. However, governments can help: Ghana abolished secondary reserve requirements in government securities and established a venture capital trust fund and Nigeria raised minimum capital requirements for banks which resulted in consolidation and high liquidity. Donors can help also: Treasury assists with banking regulations and developing capital markets to improve financial sector operation.

Co-Chair Immanuel Nghatjizeko, Minister of Trade of Namibia, said that SME's are underfunded and the development outcome of increased access to finance would be wide-ranging. Nghatjizeko also suggested innovative strategies should be designed to respond to the needs of SME financing.

Cynthia Hostetler, Vice President for Investment Funds of OPIC, said that the OPIC mission is to catalyze investments in the emerging markets to facilitate sound sustainable economic development. They have been focusing on Africa for the last four to five years. Investing private equity into the emerging markets is a high risk, high return proposition. Interest in investing in Africa has increased because of several high profile successful private equity investments. Access to debt and equity, coupled with top-tier management, is vital to African SMEs.

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Sam Kolawale, Fund Manager, Aureos Capital Ltd in Ghana, stressed that entrepreneurs need to prepare proper business plans and strategies to attract private investment, for example, in Nigeria a scheme to require 10% for SME financing has been underutilized due to this. Also, managers need to ensure that an exit strategy exists beyond the life of the private equity investment.

Jacob Kholi, Fund Manager, Aureos Capital Ltd in Ghana, said that private equity typically looks to existing businesses, but capital exists for every stage (including start-ups) and every sector. To capture it, entrepreneurs need to do homework and research to find the right fund manager. There is a gap between fund managers (who have capital to invest) and entrepreneurs -- firms need better plans and government/donors can play a role to build this capacity.

Key Points:

While capital constraints exist in Africa, private equity can be part of the solution (but not the only solution) if the firms themselves can build their own capacity to receive investment. In response to multiple questions from participants asking where to find investment capital, working capital and trade finance, panelists stressed the option of private equity (no collateral or interest rates) as a way forward for private sector development. While pointing out the availability of government and donor support to build the capacity for business planning and management, panelists also stressed the need for a broad change in mindset from looking to the government for direction in economic growth matters to looking to the private sector.

Concurrent Sessions on Enhancing Supply Capacity for SMEs

Session 2: *Infrastructure*

Co-Chair Karen Harbert, Assistant Secretary, U.S. Department of Energy opened the session by stressing the 4 "I's" needed for better export potential within and from Africa: infrastructure, investment, innovation and institutional capacity. She said that linkages between increased trade and infrastructure development in telecom, aviation, ports, and energy will lead to greater economic and social development. Assistant Secretary Harbert noted that 13% of the world's population lives in Africa, but Africa uses only 3% of the world's energy. Harbert added that 75% of Africa's population does not have access to reliable energy and lack of energy is a major constraint for FDI in Africa.

Co-Chair Erastus Mwencha, Secretary General – COMESA, advocated a regional approach to building infrastructure; for example, the West African Gas Pipeline (WAGP) and West African Power Pool (WAPP) are good examples of regional approaches. The G8, Millennium Challenge Corporation (MCC), and African Development Bank (ADB) are good examples of financial support mechanisms. Mwencha said that private sector support and investment are needed for success.

Ms. Leocadia Zak, Acting Director, U.S. Trade and Development Agency said that the development of a modern infrastructure is of paramount importance if African countries are to benefit from AGOA. She stressed that before a modern infrastructure can be built, feasibility studies must be conducted, and this is where USTDA plays a role. Ms. Zak explained that USTDA's mission is to advance the host country's economic development and U.S. commercial interests in developing and middle income countries, while at the same time supporting the development of modern infrastructure and a fair and open trading environment.

Ms. Zak explained that USTDA supports public-private partnerships, and works with the U.S. private sector to bring technical expertise and technology to developing markets. Ms. Zak also stated that USTDA looks forward to continued work with local private sector participants, which will assist in the development of small and medium-sized enterprises (SMEs).

Mr. Mandla Gantsho, Vice-President of the African Development Bank,

stressed that it takes time to complete feasibility studies, BUT feasibility studies are absolutely essential and infrastructure development is essential for increased trade and building upon an “Aid for Trade” strategy. Gantsho stated that the African Development Bank will oversee infrastructure development projects over the next few years. The G8 establishment of the Infrastructure Consortium for Africa is important as it aims for more mobile projects. He added that regional economic organizations (COMESA, ECOWAS etc.) need to address infrastructure financing gaps.

Mr. John Simon, Executive Vice-President, Overseas Private Investment Corporation (OPIC) showed how, through OPIC's support for the private sector, the U.S. Government promotes global social and economic development.

OPIC uses three primary tools: 1. Risk insurance against political instability or violence, expropriations, and currency inconvertibility, 2. Loans and loan guarantees and 3. Loans to private equity funds investing in emerging markets.

According to Simon, OPIC currently has $2.3 billion of investments in Africa that leverage $5.5 billion in business and $1.3 billion of this $5.5 billion is centered on infrastructure development. OPIC handles small projects ($700,000) to mega projects (up to $250 million). Simon warned that Africa will need investment from global markets in the upcoming years which will require tens of billions of dollars. OPIC can help mobilize this funding through new investment vehicles and services being developed with the U.S. financial sector, such as infrastructure bond funds and bond insurance where OPIC and a private bond insurer would share risk with bond investors.

Mr. Kyle Kelhofer, International Finance Corporation , The World Bank assured that the International Finance Corporation/World Bank will guarantee loans for bond issuance as well as provide infrastructure advice to governments and projects. It will also grant loans in small, medium, and large figures (millions to billions) and seeks to improve foreign exchange and local currencies. Kelhofer also advised on feasibility studies, finance, and supervision.

Mr. Amadou Diallo, Secretary General of West African Power Pool (WAPP) said that WAPP seeks to realize regional energy potential and address energy management issues. 2003 marked the ratification of WAPP by its member states. It also seeks to harmonize regional energy policies and cooperation. Diallo added that the Secretariat was created with the Secretary General. Diallo reiterated that WAPP develops financial regulations and the lack of energy security equates to overall insecurity in countries and region.

Mr. Chamsou Andjorin, Executive Director for West & Central Africa, Boeing International stated that Boeing receives 2 billion air travelers yearly and 40% of all goods are shipped via air transport. He added that 1/3 of African countries are landlocked and African air carriers should be improved and meet U.N. International Civil Aviation Organization (ICAO) standards. Andjorin stressed that not meeting ICAO standards is dangerous and prevents direct flights to the US and the EU. According to Andjorin, only three African countries can have carriers fly directly to USA: South Africa, Ethiopia, Morocco. He added that Africa ranks last for air safety (12 accidents per 1 million flights; USA is ½ accident per 1 million flights).
He also said that new planes and management structure needed; government run airlines and a 10% increase in air transport will equate to a 1.6% in overall GDP.

Key points:

Africa's infrastructure must be modernized if the continent hopes to experience increased trade and maximize trade benefits under AGOA. USTDA, OPIC, and the World Bank provide excellent mechanisms for feasibility studies, insurance to investors, and technical advice. However, global collective investment is needed in Africa if its infrastructure is to become updated and viable.

Concurrent Sessions on Enhancing Supply Capacity of SMEs

Session 3: *Market Development – Market Intelligence, Product Development, Market Access*

Co-Chair Jovita Carranza, Deputy Administrator of the U.S. Small Business Administration began by stressing that without good marketing, no company can succeed. Carranza added that small businesses make economies stronger.

Co-Chair Hon. Mamadou Sanou, Minister of Trade and Enterprise Promotion in Burkina Faso noted that this is an important workshop because trade is important for facilitating real development results; however, so far we have had insufficient results so we need to keep working. According to Sanou marketing and infrastructure is fundamental in this process and we need concrete positions for tangible results to fight poverty.

Ronald Jewell, President and CEO of Jewell Industries, Inc. (Virginia, Maryland, Ghana) explained that he owned a company in Ghana called "African American Trading Company" that exports spices and other food stuffs as well as pharmaceutical raw material. He said he appreciated support from the government of Ghana and SBA and stressed the importance of developing a relationship with the people you want to sell to.
Jewell added that it is necessary to figure out how to navigate government red tape and create mutual respect, which results in job creation for the U.S. and Ghana. Also, it is important to figure out how to get access to capital by being responsible and finding out what you need to do to get capital beforehand. He added that it is crucial to work on sanitation and standardization in quality, and bonding is important for back-up especially with perishable products.

Juanita Britton of Busy Bee International is the buyer for twelve stores in Washington. She stated that she wants to change pity-buying in Africa (one time, average quality buying that is not sustainable) and instead encourage strong export products. Referring to an "African Renaissance," Britton said there is real potential for export in Africa under AGOA. Britton noted how the U.S.-African Development Foundation brings the market to Africa through working locally and highlighted the importance of Africa Diaspora in consumer spending in the US ($700 billion). She stressed that products need to be upgraded constantly for contemporary markets and suggested an expansion of the line i.e.: not just shoes but shirts too etc.

Panelist Robert Hornsby of Jobomax is a shea butter exporter who pointed out important new trends in U.S. consumer attitudes such as: 1) embracing authenticity through handcrafted and unique products, 2) natural products are popular rather than harsh chemicals, and 3) change in social consciousness. Hornsby stated it is important to know your market and control it through production process, packaging, logistics, analysis; and to know and influence your market through clients, end-users, partners, and competitors. Also, you should know and be known by your customer, and focus on building relationships and constant contact.

Panelist Issaca Kargougou, General Manager of Enterprise House in Burkina Faso spoke of his experience with Burkina Faso. He believed that a favorable macroeconomic system was one with a liberal/open economy, privatization and reformed finance system. According to Kargougou, the main constraints for SMEs in Burkina Faso are financing and taxes.

Kargougou said that the government needs to become a partner, not a constraint, and they are dong this through cooperation with the World Bank. Kargougou also stressed the need to have a leadership role in the economy. Capacity is the main challenge in global economy for SMEs, along with normalization and standardization and the government is making this possible.

Minister Sanou closed with an example of Burkina Faso's high-quality artisan-production that is receiving technical assistance and financing for US markets and vertical production of cotton with the help of a private foreign company.

Concurrent Sessions on Enhancing Supply Capacity of SMEs

Session 4: *Production – Technology, Productivity and Competitiveness*

Joyce Cacho, Director of Agribusiness Initiatives Program, Corporate Council on Africa; Adewale Adekunle, Coordinator of the Sub-Saharan Africa Challenge Program, Forum on Agricultural Research in Africa (FARA); Baba Dioum, Coordinator General, Conference of West and Central African Ministers of Agriculture; and Parthiban Theodore, Business Manager, Olam International of Cote D'Ivoire discussed how bottlenecks hinder the use of improved technology to increase productivity, for example, the use and development of out-of-context technologies along with the lack of awareness of technology available. In addition, poor access to complementary inputs and poor knowledge of how to use technology adversely affects prospects of progress in increasing productivity. Affordability of new technology is an issue because many up-to-date forms of technology are out of the price range of many African companies. Also, poor market linkages, poor complementary skills to enhance use of new technology, as well as a poor policy climate for adoption of new technology make it difficult for fast advances in technology.

According to the panel, examples of technical, process and organizational constraints include: Inappropriate genetic materials, inappropriate management practices and, poor value addition. Also, poor access to input and output markets and overall ineffective standards and regulations make it difficult to improve efficiency and are organizational constraints. Additionally, poor support services as well as policy, human and material capabilities are technical, process and organizational constraints.

The panel also discussed considerations for risk assessment. Value chain challenges include: (1) market linkages are small (2) weak response to consumer market demands (3) need more focus on supplying local markets (4) food safety (5) quality standards and (6) distribution and storage. Other risk assessment considerations include: overcoming crop issues such as climate and weather; freight management; capacity management and the capability and capacity to contract.

<u>Concurrent Sessions on Enhancing Supply Capacity of SMEs</u>

<u>Session 5</u>: *Meeting Market Requirements on Organic Agriculture Standards*

Co-Chair Patricia Sheikh, Deputy Administrator, U.S. Department of Agriculture Foreign Agricultural Service, said that countries are encouraged to strengthen institutional capacity in accordance with international standard setting bodies. She noted that USDA had announced plans to organize regional organic certification training.

Co-Chair Luis Sitoe, Commercial Counselor, U.S. Embassy Mozambique discussed the importance of quality standards in accessing organic markets and the need for increased awareness of organic requirements.

Panelist Mark Bradley, Associate Deputy Administrator, USDA Agricultural Marketing Service, pointed out that the USDA National Organic Program (NOP) currently has organic standards published for products sold, labeled or represented as organic in the U.S. He added that NOP standards are not a food safety program; they are a marketing and labeling program. The standards are in addition to regulatory sanitary and phytosanitary (SPS) requirements, which producers must also meet to export certified organic products to the U.S. Bradley explained that NOP certification requires complete documentation of the organic management plan according to NOP standards. This plan is verified by on-site inspections conducted by an independent third party. Certification is issued upon successful implementation of the approved organic systems plan.

Panelist Nathaniel Fields, Vice President of Africa Operations, U.S. African Development Foundation said that properly structured and implemented organic agriculture programs create opportunities to generate significant increases in jobs and incomes, as well as overall improvements in the livelihoods of African farmers. However, he stressed, to realize these benefits, strategic partnerships must be initiated and structured with specific intent to: 1) Invest in and promote profitable, efficient and equitable organic production and marketing value chains; and 2) Expand the capacity of national and local institutions to develop and deliver high quality technical support and financial resources at all stages of the value chain.

Panelist Henry Lartey, CEO, Lartey Associates Ghana Ltd. showed how organic markets present a significant opportunity for increasing African exports to U.S. markets and other developing countries, and noted that the development and training of out-grower groups were critical steps in successfully meeting organic requirements in Europe.

Panelist Jon Seltzer, Vice President, Corporate Resource, Inc. said that in looking at opportunities in the United States (and other markets), one should look first to products that are in demand but not available domestically. He cited bananas and pineapples as "classic" examples. He also advised looking for imported products that are distinctively better, e.g. Holland peppers, tomatoes and tulips. The Dutch are superb marketers, and also have outstanding logistics. Finally, look for products than can be delivered at a price advantage due to location. However, in the absence of SPS standards, quality production and a marketing program there is no price advantage.

Key Points

There are many challenges facing developing countries that aim to export organic products, including knowing and meeting certification requirements, lack of technical skills and training and lack of national bodies that have received accreditation for certification. However, organic trade offers significant opportunity for increasing African exports to U.S. markets, creating jobs, and improving the livelihoods of African farmers. To help facilitate organic trade between African countries and the U.S., we must invest in profitable value-chain programs in Africa and expand local institutional and financial capacity. Recommendations include: generate renewable roots for local capital; develop an African technical support organization; establish strategic partnerships; and promote and disseminate best practices and lessons learned.

Lunch Special Session: *Mobilizing Africa's Capital: A Conversation with Africa's Leading CEOs*

The Whitaker Group partnered with Mr. Alex Cummings, CEO Coca Cola Africa, Ghana's Minister of Trade, the Hon. Alan Kyerematen, and the Hon. Erastus Mwencha, Secretary-General of COMESA, to host a luncheon discussion on mobilizing Africa's capital.

The Whitaker Group CEO, Rosa Whitaker, moderated the panel, which included Mr. Cummings, Mr. Girma Wake, CEO, Ethiopian Airlines, and Mr. Arnold Ekpe, CEO, Ecobank Group. Opening remarks were made by Minister Kyerematen and Mr. Mwencha summed up the discussion at the close.

Mobilizing Africa's considerable capital resources has long been identified by African business and development groups as key to unlocking the continent's potential for economic growth. By sharing their priorities and concerns, the discussants offered an opportunity to move Africa closer to this goal.

<u>Plenary Session 3</u>: *Roundtable Dialogue - U.S. and African Government Technical Assistance Programmes*

Co-Chair Hon. Denys Mbuyu Manga, Minister of Economy, Commerce and Industry from the Democratic Republic of Congo began by stating Technical Assistance (TA) for Africa should focus on market development, obtaining funds for Small Medium Enterprises (SMEs) and developing investment markets in energy and transport to link urban and rural centers. Manga said that African leaders can reduce poverty though trade. He noted that exports to U.S. markets from the Democratic Republic of Congo (DRC) include cheese, ginger, and cotton. Constraints to Congolese products are that U.S. standards cannot be met, and the DRC needs to build capacity for quality control to meet export standards. DRC will take advantage of AGOA before legislation ends in 2008, but the question is what will happen afterwards.

Co-Chair Katherine Almquist, Assistant Administrator, Bureau for Africa, USAID said that the U.S. government has pledged to double aid to Africa to $8.7 billion by 2010. Assistance programs include the President's African Education Initiative, the President's Emergency Plan for AIDS Relief, the $1.2 billion Malaria Initiative, and a new $23 million program to reduce the threat that Avian Influenza poses to poultry and people. Two major U.S. programs for supporting economic development in Africa are the African Global Competitiveness Initiative and the Initiative to End Hunger in Africa. Examples of African Global Competitiveness Initiative support are the four USAID Competitiveness Hubs in Ghana, Senegal, Botswana, and Kenya. The Hub in Ghana links small and medium enterprises to markets overseas, helping to spur $2.4 million in new exports from West Africa in the past six months. USAID supports ECOWAS, COMESA, and SADC. USDA programs with USAID financing and ADF are also active in Africa.

Panelist Emeka Nwankwo, African Private Sector Investor/businessman, discussed **market development**. He provided a practical operational perspective on doing business in Africa and acknowledged that while doing business in Africa is very difficult, it can be done. Nwankwo said the private sector must become skilled on trade facilitation requirements, such as product specifications, labeling, laboratory testing analysis, packing, customs and bonding, and acquiring bar codes for export products. Nwankwo said that technical assistance is helpful but sometimes technical assistance needs technical assistance; this involves the practice of acquiring constant feedback from the business community. Nwankwo suggested **c**ollaboration while competing, and that TA should go to trade groups and new associations.

Panelist Mahamudu Bawumia, Deputy Governor, Bank of Ghana, discussed **financial sector strengthening**. He said that in Sub-Saharan Africa banks lend the least to the private sector and the most to government and government-owned enterprises. Bawumia noted that constraints to access to finance comprise the monetary, fiscal, and structural stagnation experienced in Africa since 1990. In addition, Bawumia showed how the Bank of Ghana began reform with TA, which involved a reengineering of fiscal and monetary policy: the independence of the Central Bank; the Bank of Ghana Act 2002 emphasized transparency; no restrictions on investment; liberalization of the foreign exchange regime; credit reference bureaus established; common platform for financial services; and introduction of smart card system Dec. 2007.

Panelist Leocadia I Zak, Acting Director, U.S. Trade and Development Agency, discussed **infrastructure needs and assistance**. She explained that USTDA's mission is to advance the host country's economic development and U.S. commercial interests in developing and middle income countries, and to support the development of modern infrastructure and a fair and open trading environment. USTDA program activities range from investment analysis, TA, workshops and conferences, training, to reverse trade missions. USTDA promotes public-private partnerships by opening export markets in developing countries and shared ownership or management between U.S. companies and overseas project sponsors (e.g. USTDA assisted in improving sanitary and phytosanitary standards by developing a comprehensive training program for inspectors like SOBFEL's fruit processing facility in Burkina Faso). USTDA's technical assistance involves supporting the building blocks of development: legal and regulatory framework; financial market development; and infrastructure (e.g. in Cameroon USTDA promoted regulatory and legal reform to open market to leasing of capital equipment; establishment of a Venture Capital Fund targeted at small and medium enterprises; and in Rwanda structuring ownership and financing for hydropower).

Panelist Ricardo Michel, Export-Import Bank, described how Ex-Im Bank finances exports to overseas markets. According to Michel, Ex-Im Bank operates in 48 African countries. Ex-Im Bank provides guarantees to cover risks, helps bankers undertake corporate risk, and finances equipment to facilitate exports. Michel added that Sub-Sahara is a big focus for Ex-Im Bank totaling $532 million in the short-term.

Panelist Jonathan Bloom, Millennium Challenge Corporation, highlighted the MCC's core principles: policies are critical – MCC works in countries where policies are good; there is country ownership; and results are tracked against quantifiable targets. Bloom said that MCC works with 25 Compact-eligible partner countries, and has signed 12 compacts constituting over $2 billion in Africa. MCC projects $4.5 billion in compacts by the end of the year. He added that partner countries are responsible for implementing the programs, not U.S. government. The MCC does not provide TA but provides investment to reduce poverty and develop infrastructure and agricultural productivity.

Panelist Vernice Guthrie, COO, Leon H. Sullivan Foundations (civil society), argued that technical capacity building should not have a "cut and paste" approach in Africa but must be sensitive to local challenges in looking for solutions. Guthrie stressed that TA's horizon for success must be long-term and should focus on supporting and strengthening existing capacities.

Key points
The panelists discussed the various ways private and public institutions provide TA to African countries to compete and export globally. African leaders acknowledge poverty reduction through trade is the best approach. The USG actively supports economic growth and job creation. Several U.S. government agencies (USAID, MCC, U.S. Department of Treasury, the Overseas Private Investment Corporation, the Small Business Administration, the Export Import Bank and USTDA) are providing technical assistance, training, financial investments, and forming business linkages to U.S. companies to help Africa diversify trade and help small and medium enterprises be more competitive. The U.S. has pledged to double aid to Africa to $8.7 billion by 2010. The MCC advances government ownership of trade and development processes in eligible countries.

Entrepreneurs find doing business in Africa very difficult but acknowledge it can be done. The key to success is to master trade facilitation requirements. Trade associations are an excellent way to disseminate best practices and lessons learned that strengthen the quality of technical assistance. A financial institution like Ex-Im Bank provides technical assistance to African banks and provides guarantees to cover risks in 48 African countries. A civil society technical assistance perspective emphasizes a long-term horizon for success and discourages a standardized approach toward African countries. Technical assistance must continue to take into account local challenges when applying solutions.

Plenary Session 4

Plenary 4 was a government-only session focusing mainly on the World Trade Organization's Doha Round negotiations. U.S. Trade Representative Susan C. Schwab and Ghanaian Trade Minister Alan Kyerematen co-chaired the session. Ambassador Schwab provided her perspective on recent developments in the Doha negotiations and participated in a discussion with the Ministers and other senior officials on what should be done to breathe new life into the Doha process.

Kenya offered to assume the chair of the African Trade Ministers Consultative Group in 2008.

Closing Session

Alhaji Bamanga Tukur, President of Africa Business Roundtable and Chair of NEPAD Business Group, for the African Private Sector said Minister Kyerematen did a great job organizing AGOA but he believes the private sector should also organize its own private sector AGOA meeting. Tukur said the media portrays too negative a view of Africa, and the private sector needs to work with the media to change that. Also, Tukur believed that more members of the private sector should attend to make these discussions more meaningful. He also suggested that panels be limited to four panelists, and discussion should start earlier. Tukur concluded that he hoped the AGOA program will be extended.

Rosa Whitaker, CEO of The Whitaker Group, for the U.S. Private Sector, recalled the start of AGOA. She remembered drafting the original AGOA legislation in 1995 with five Americans and Africans. She stressed that although much has happened since then, much remains to be done, for instance: AGOA is worth protecting, but is currently under threat and needs a sound trade policy environment. Providing AGOA treatment for all LDCs at the expense of Africa would be a mistake, as Africa, the only region of the world that is getting poorer, needs more time to be protected from Asia. All OECD countries, as well as China, Brazil, and India should offer AGOA-type benefits to Africa. Second, it is important to work more on value-added. African countries get 10% of value when they export only raw materials. She commented that Cargill's new investment in Ghana will bring big benefits to Ghanaians. Finally, for effective trade capacity building, the vision should lead the aid, and not the reverse.

Professor Paul Kuruk, Executive Director at the Institute for African Development in Accra, for African Civil Society, noted that this is the first time civil society has participated in AGOA so fully. It is important, he said, to involve civil society in policy formulation and implementation, as they can provide constructive advice, and can give information that is not currently available to the private sector. Also, they can help identify entrepreneurs at the grassroots who could become exporters. Trade hubs often bypass companies they don't deem export-ready. Significant financial help is needed from African governments. Kuruk added the U.S. Government could give money as part of technical assistance. Growing pains are inevitable when three groups work together, but they all deserve a seat at the table.

Vernice Guthrie, of the Leon H. Sullivan Foundation, for U.S. Civil Society, said it was important that U.S. civil society was included in the drafting of the forum's agenda. It is crucial to AGOA since the start, they help to empower rural communities, are best able to help in building workforce. AGOA needs to be explained in laymen's terms. Increase the number of tariff lines and get rid of agricultural subsidies. Small, rural, and micro businesses should benefit too, and civil society is well positioned to help.

Ambassador Susan Schwab, USTR, summed up the Forum: government, business, and civil society were brought together in the same meetings, and there was synergy and good conversation between the various stakeholders. Schwab said the U.S. has continuing interest in strengthening the U.S.-Africa relationship. We've been focused on problem solving, pragmatic solutions – product diversification, improving apparel export and production, agribusiness. She shifted the focus to what can we do to make things work better with regard to competitive issues, market development, technical assistance. She added that we should strengthen and deepen AGOA and that she looked forward to 2008's conference.

Hon. Alan Kyerematen, Minister of Trade, Industry, Private Sector Development and PSI, Ghana, said that Ghana had volunteered to host to show their commitment to AGOA as an economic tool to coordinate thoughts, formulate unified African position. Kyerematen noted that Ghana had pushed for changes in the structure and content of AGOA to make it a fully integrated event. This was a more practical, action-oriented forum that responded to the needs of business and decreased the emphasis on government-to-government relations. Kyerematen added that the crystallization of changes improved the quality and content of the forum. He said the African countries decided to have an experts' meeting before AGOA which contributed to the substance of work produced on the African side. AGOA is still a big tool for economic transformation. The biggest challenge in Africa, however, is how to enhance supply capacity. The Ministerial Consultative Group had made several proposals, including: 1) establish an AGOA fund for SMEs to help them meet market demands; 2) the U.S. Government should tailor technical assistance to particular requests of African business, and 3) start planning now to explore a more permanent framework for engagement beyond 2015, when AGOA expires. Kyerematen noted that the U.S. and Africa have shared interests and values and that a list should be drawn up of things requiring more discussion. He concluded that trade is critical to reduce poverty and increase wealth.