



**USAID**  
FROM THE AMERICAN PEOPLE

**EVALUATION OF TRADE HUBS LOCATED IN ACCRA, GHANA;  
GABORONE, BOTSWANA; AND NAIROBI, KENYA  
FINAL REPORT**

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## LIST OF ACRONYMS

|         |                                                                                      |
|---------|--------------------------------------------------------------------------------------|
| AFTT    | Africa Fast Track Trade                                                              |
| AGCI    | African Global Competitiveness Initiative                                            |
| AGOA    | African Growth and Opportunity Act                                                   |
| ARC     | AGOA Resource Center                                                                 |
| ASAP    | Apparel Sourcing Association Pavilion                                                |
| ASYCUDA | Automated Systems for Customs Data                                                   |
| ATRIP   | African Trade and Investment Policy                                                  |
| BOT     | Build Operate Transfer                                                               |
| BMC     | Botswana Meat Commission                                                             |
| CBS     | Community Based System                                                               |
| CCA     | Corporate Council on Africa                                                          |
| CCC     | Community Computing Center                                                           |
| CEO     | Chief Executive Officer                                                              |
| CET     | Common External Tariff                                                               |
| COP     | Chief of Party                                                                       |
| CRBGS   | Customs Regional Bond Guarantee Scheme                                               |
| CTO     | Cognizant Technical Officer                                                          |
| DFID    | Department for International Development (UK)                                        |
| EAC     | East African Community                                                               |
| EBA     | Everything But Arms (EU)                                                             |
| EPA     | Economic Partnership Agreement                                                       |
| ECA     | East and Central Africa Global Competitiveness Hub                                   |
| ECOGEE  | Growth through Engendering Enterprise in ECOWAS Countries                            |
| EDIFACT | Electronic Data Interchange For Administration, Commerce and Transport               |
| EU      | European Union                                                                       |
| EXIM    | Export Import Bank                                                                   |
| FAO     | Food and Agriculture Organization                                                    |
| FY      | Fiscal Year                                                                          |
| GAAP    | Generally Accepted Accounting Principles                                             |
| GAEC    | Ghana Atomic Energy Commission                                                       |
| GATS    | General Agreement on Trade in Services                                               |
| GDA     | Global Development Alliance                                                          |
| IESC    | International Executive Service Corps                                                |
| IPA     | Investment Promotion Agency                                                          |
| IPPC    | International Plant Protection Convention (of the Food and Agriculture Organization) |
| IPR     | Intellectual Property Rights                                                         |
| ITA     | Information Technology Agreement                                                     |
| KRA     | Kenya Revenue Authority                                                              |
| MISTOWA | Regional Market Information Systems and Traders' Organizations in West Africa        |
| MSME    | Micro, Small and Medium Enterprise                                                   |
| NSC     | National Security Council                                                            |
| OPIC    | Overseas Private Investment Corporation                                              |

|        |                                                                                     |
|--------|-------------------------------------------------------------------------------------|
| OPIN   | Online Presidential Initiatives Network                                             |
| PMP    | Performance Monitoring Plan                                                         |
| PSI    | President's Special Initiative (Ghana)                                              |
| RAPID  | Regional Activity to Promote Integration through Dialogue and Policy Implementation |
| RCSA   | Regional Center for Southern Africa (USAID)                                         |
| REC    | Regional Economic Community                                                         |
| REDSO  | Regional Economic Development Support Office (USAID)                                |
| SAGCH  | Southern Africa Global Competitiveness Hub                                          |
| RATES  | Regional Agricultural Trade Expansion Support project                               |
| ROI    | Return on Investment                                                                |
| RSA    | Republic of South Africa                                                            |
| RTIS   | Regional Trade Information System                                                   |
| SAD    | Single Administrative Document                                                      |
| SME    | Small and Medium Enterprise                                                         |
| SO     | Strategic Objective                                                                 |
| SOW    | Scope of Work                                                                       |
| SPS    | Sanitary and Phyto-Sanitary                                                         |
| STTA   | Short-Term Technical Assistance                                                     |
| SWOT   | Strengths, Weaknesses, Opportunities, and Threats                                   |
| TC     | Trade Competitiveness                                                               |
| TFCB   | Trade Facilitation and Capacity Building                                            |
| TIPCEE | Trade and Investment Program for a Competitive Export Economy                       |
| TRADE  | Trade for African Development and Enterprise Initiative                             |
| TRS    | Time Release Study                                                                  |
| TTCA   | Trade and Transit Coordination Authority                                            |
| UEMOA  | Union Economique et Monétaire Ouest Africaine (See WAEMU below)                     |
| UN     | United Nations                                                                      |
| URA    | Uganda Revenue Authority                                                            |
| USAID  | United States Agency for International Development                                  |
| USG    | United States Government                                                            |
| USTDA  | United States Trade and Development Agency                                          |
| USTR   | United States Trade Representative                                                  |
| VSAT   | Very Small Aperture Terminal                                                        |
| WAEMU  | West Africa Economic and Monetary Union (See UEMOA)                                 |
| WAIBL  | West Africa International Business Linkages Program                                 |
| WAMI   | West Africa Monetary Institute                                                      |
| WAPP   | West Africa Power Pool                                                              |
| WARP   | West Africa Regional Program                                                        |
| WATH   | West Africa Trade Hub                                                               |
| WATH/A | West Africa Trade Hub Accra                                                         |
| WATH/D | West Africa Trade Hub Dakar                                                         |
| WCO    | World Customs Organization                                                          |
| WISHH  | World Initiative for Soy in Human Health                                            |
| WRAP   | Worldwide Responsible Apparel Production                                            |

## **EVALUATION TEAM**

### **Sam Koduah, Team Lead**

Mr. Koduah has 16 years of professional experience in both the private and public sectors in areas including business development, business valuation, project development and evaluation. He also has expertise in financial and operations management. Having evaluated several acquisition and merger targets in the automotive, transportation, Information, Communication & Technology (ICT), and manufacturing sectors, he understands due diligence procedures, investor relations, marketing, and trade issues. He also has direct experience in trade and investment in emerging economies as a result of his leadership at a finance and investments company that focused on Small and Medium Enterprises (SMEs) primarily in Africa. Mr. Koduah holds an MBA from Harvard Business School. Besides English, he is fluent in Twi and understands basic French. He received his B.S. in Civil Engineering and M.S. in Structural Engineering from the University of Idaho. He is a registered Professional Engineer (P.E.) in the State of California.

### **W. Carlton Jones, Competitiveness and Trade Specialist**

Mr Jones has 15 years of private sector experience working in the fields of Information and Communications Technologies, Private Sector and Microenterprise Development, Competitiveness and Microfinance. He has consulted and implemented projects, conducted evaluations, and provided technical assistance for various international donors, NGOs and public/private sector clients in Africa. He speaks English and French, and has a B.S. in Marketing from Hampton University, and a Master's in International Public Policy from Johns Hopkins School of Advanced International Studies.

### **Kevin Newman, Private Sector Development Specialist**

An expert in Private Sector Development, Mr. Newman is a senior international business manager who has over 14 years of private sector expertise in ICT policy, emerging markets development, sales, and client relations. He has worked in Asia for about 10 years, in Southeast Europe for two, and in Africa and the Middle East. He has also consulted and implemented projects for different public and private sector clients. Mr. Newman has a Master's of Arts in Law and Diplomacy from Tufts University's Fletcher School of Law and Diplomacy, and a B.A. in Political Science from the University of North Carolina at Chapel Hill. He also studied at the Kansai Gaidai University in Osaka Japan, in a one-year exchange program which focused on the Japanese language, business and legal practices. A native English speaker, he is fluent in Japanese.

## 1.0 EXECUTIVE SUMMARY

As USAID transitions to a new Presidential Initiative – the \$200 million African Global Competitiveness Initiative (AGCI) – it seeks to build upon the program platforms of the Trade for African Development and Enterprise (TRADE) Initiative, by incorporating lessons learned from TRADE. Thus USAID directed Global Business Solutions, Inc. (Global) to evaluate the three oldest Trade Hubs located in Accra, Ghana – West Africa Trade Hub (WATH); Gaborone, Botswana – Southern Africa Global Competitiveness Hub (SAGCH); and Nairobi, Kenya – East and Central Africa Global Competitiveness Hub (ECA). The Hub located in Senegal, established in October 2005, was simply too new for the evaluation.

Section 2.0 looks at the background of the trade hubs, Section 3.0 details the evaluation methodology, Section 4.0 looks at the activities of each Hub and provides a Strength-Weaknesses-Opportunities-Threats (SWOT) analysis to size up the respective performances of the Hubs, Section 5.0 handles the evaluation results and lessons learned, and Section 6.0 talks about recommendations.

### 1.1 *Principal Conclusions and Findings*

In spite of several challenges from funding issues to regional problems, coupled with *ad hoc* requests and pressure to have some quick success stories, the Hubs embarked on activities to address the TRADE objectives. While we list several conclusions and findings in the report, below is a summary of the key ones.

- **The Trade Hubs met or surpassed their targets.** Despite having different performance-based contracts and terms of reference, respective regional Strategic Objectives (SOs), unique regional problems working with Regional Economic Communities (RECs) such as ECOWAS, *ad hoc* requests and indirectly some unfunded mandates, the Trade Hubs met the targets stipulated in their respective work plans, to reflect the six goals of the TRADE Initiative. The work plans detailed how each Hub was going to meet its SOW through its activities to reflect the SOs, attendant Intermediate Results (IRs), and the TRADE objectives. The work plans typically showed a results framework with targets (outputs/results) and the necessary resources to achieve those targets. We evaluated the outputs/deliverables relative to the TRADE objectives to see how the Hubs performed. They were successful in identifying markets, developing business linkages, increasing sales by boosting exports, diversifying exports, working on transport corridors and customs issues to facilitate trade, and handling some policy issues.
- **The Hubs are taking major strides to facilitate Intra-regional Trade.** They have all embarked on programs on transport corridors, customs modernization and harmonization, sanitary and phyto-sanitary (SPS) training, etc. with varying degrees of success. Both the ECA and SAGCH have regional transport and customs experts who have moved the development of transport corridors along. Thus they have a much bigger regional impact.

WATH/A lacks such regional experts and hence lags the other two hubs in developing transport corridors. Hence its regional impact is limited.

- **The Hubs' programs and activities advanced the policy objectives of the AGOA legislation.** The hubs undertook programs under their respective AGOA Education and Support Services to promote AGOA exports, build capacity of some Small and Medium Enterprises (SMEs), develop market linkages and competitiveness through trade shows at the regional and international levels, and provide technical assistance.
- **The Hubs integrated activities well with different stakeholders when appropriate.** Wherever appropriate, the hubs integrated activities with respective Regional Missions, Embassies (especially for non-presence countries), Bilateral Missions, other partners and US Government agencies to provide various services under the main components of Trade Facilitation and Capacity Building and AGOA Education and Export Business Development. The Hubs have much closer working relationships with the Regional Missions but generally have *ad hoc* relationships with the Bilateral Missions and others.
- **USAID should develop an overall bilateral/regional mission strategy for each region.** The *ad hoc* relationship between the bilateral and regional missions does not augur well for planning programs. An overall strategy will compel both missions to plan programs jointly to avoid the duplication of services or to keep it to a minimum. Such a strategy will also foster teamwork and cooperation.
- **Crosscutting issues should focus on a few critical activities.** Due to resource constraints, the myriad crosscutting activities limit the effectiveness of the hubs as they sometimes have to focus on issues that are peripheral to trade.
- **Communications strategy was not robust enough to facilitate implementation of multi-faceted, multi-agency programs such as the TRADE Initiative.** Multi-agency programs require dedication to a robust communications strategy to facilitate information dissemination and ensure clear lines of responsibilities and an appropriate command structure. The lack of institutionalized communications among the Hubs limited knowledge sharing about best practices and challenges. Communications between and among the hubs facilitate sharing lessons learned and limit duplication of efforts. Interagency communication leads to better policy and coherent strategies about lines of responsibility and overall management of programs. An external outreach/communication strategy allows USAID to share success stories with key constituents such as congressional staff, major stakeholders and the general public.
- **US Government inter-agency cooperation is essential for success.** To ensure the efficient use of resources, avoid duplication of effort and maximize economies of scale for significant results, it is quite critical for all the major stakeholders to work in concert



with each other. Hence it is essential to plan efforts to involve such stakeholders early in the program design and implementation process.

- **Strengthening Regional Economic Communities (RECs) is essential to facilitate implementing regional programs.** Among COMESA, SACU, SADC, and ECOWAS, COMESA has been an effective partner with the East and Central Africa Global Competitiveness Hub (ECA) on different regional projects. It is imperative for USAID to provide some resources to develop and enhance the institutional capacities of the RECs to make them effective implementation partners on regional programs.
- **Access to affordable financial services is quite critical for export business development.** While it is necessary to develop market linkages and get orders, several SMEs cannot fulfill such orders due lack of creative and affordable financing. A handicrafts company in Ghana had obtained several purchase orders from a major US firm but the former had difficulties fulfilling those orders. The Global team heard similar stories from other SMEs.
- **The Hubs showed strength in some areas.** WATH/A has been particularly strong in Export Business Development. It has a logical and methodical approach to select export-ready companies, tracks key performance metrics, uses General Accepted Accounting Principles (GAAP) rules in booking export details, and has developed an AGOA Export Toolkit, which is quite informative. It is the only hub to have set up AGOA Resource Centers, which are typically housed in government ministries or Chambers of Commerce facilities. It developed 1531 business linkages, facilitated investments of \$1.3 million, boosted exports from \$700,000 to \$1.46 million and managed intra-regional trade/exports of \$255,000 all in 2005. Unlike the other hubs, WATH/A started from scratch as there was no existing program upon which to build.

SAGCH has been strong in the development of transport corridors. Its work on the Trans-Kalahari Corridor (TKC) is an example. It has also developed AGOA national strategies, investor road maps, and the first World Customs Organization (WCO) Time Release Study (TRS) in the Southern Africa region. Furthermore, it has boosted intra-regional trade by linking value chains in South Africa and Lesotho. This resulted in \$100,000 monthly additional revenue for the Lesotho Apparel and Textile Manufacturers. SAGCH has developed a film series that is quite instructive. The series focuses on trade preferences, competitiveness, policy advocacy, transport corridors and HIV/AIDS.

The ECA has been quite successful in developing transport corridors and customs issues. The successful pilot Malaba One-stop Border Post attests to this. It is also working on implementing the complementary IT corridor project. Moreover, it has also been successful in leveraging resources and working with COMESA to implement a regional bonds scheme. The single customs guarantee under the customs bond scheme is

projected by regional experts to free \$200-300 million of potential investment capital held in customs bonds. The ECA also developed AGOA national strategies.

The key findings in program design and communications issues follow.

### **Program Design**

- Key informants and staff stated there was neither a common set of indicators for the Hubs nor a results framework that factored in regional differences. USAID had developed a common set of indicators which were never officially implemented because the TRADE Initiative was ending. USAID also has an Online Presidential Initiatives Network (OPIN) reporting system for Presidential Initiatives.
- Interagency Participation and Coordination – The Hubs were getting mixed messages from different stakeholders sometimes due the unclear boundaries of the various agencies. USAID never implemented its plans for a high-level interagency policy group, whose terms of reference the agency’s Office of General Counsel had already cleared.
- The Hubs were not fully funded at the budgeted levels; funding stood at around 80% of budgeted amounts. Funding levels appear small for the objectives at hand.
- Initially, there was a tacit understanding between the US Trade Representative (USTR) and the Hubs that the latter had to focus on developing and increasing AGOA exports. It was not until November 2005 that USTR made it clear to at least one Hub, to proceed with pursuing exports to other regions and/or international markets. This raises a continuing concern about who directs the hubs’ overall programs.

### **Communications**

- Inter-hub Outreach/Communications – There were no concerted efforts (not required by contracts) among the Hubs to meet to discuss challenges, best practices, share knowledge, use each other’s materials for training, avoid duplicative efforts, etc.
- Interagency Communications – Given the multi-agency TRADE Initiative, it was imperative to have an interagency group to plot strategy and speak with one voice. There was no such group according to the pertinent staff we interviewed.
- External Outreach/Communications not as robust – USAID should communicate the success stories of the Hubs strongly and effectively to engage key Congressional Staff and share results to pre-empt issues such as “We give USAID all this money and there’s nothing to show for it.” USAID must include key stakeholders, institutions, and the general public in disseminating results.

## 2.0 INTRODUCTION

### 2.1 *Background of Trade Hubs*

In October 2001, President Bush announced the Trade for African Development and Enterprise (TRADE) Initiative to strengthen the ability of African countries to expand regional and international trade, improve the enabling environment for African businesses to enhance their competitiveness, integrate African countries into the global economy, and to spur economic growth through the African Growth and Opportunity Act (AGOA), the Administration's cornerstone of trade and investment policy toward Sub-Saharan Africa. President Bush also announced at the time that the US Government would establish Regional Trade Hubs for Global Competitiveness to help African businesses sell more of their products on the global market. The USAID Africa Bureau commenced the implementation of the TRADE Initiative in 2002.

The TRADE Initiative followed the African Trade and Investment Policy (ATRIP) which was announced in June 1997. Funded at over \$75 million for four years (1997-2001), ATRIP was then the single most important U.S. trade and investment program in Africa. USAID, in collaboration with the National Security Council's Africa Office and the State Department, managed ATRIP, which was designed to help African countries to become more attractive to international trade and investment. While ATRIP centered around three main objectives to: 1) achieve policy reform to facilitate trade and investment; 2) create business and association linkages; and 3) support the objectives of the Presidential initiative that eventually resulted in the African Growth and Opportunity Act (AGOA), the \$70 million TRADE Initiative had six main objectives namely:

- Promoting U.S.-African business links;
- Enhancing the competitiveness of African products and services;
- Expanding the role that trade can play in African poverty reduction strategies;
- Improving the delivery of public services supporting trade;
- Building African capacity for trade policy formulation and implementation; and
- Strengthening the enabling environment for African businesses.

The transition from TRADE to a new Presidential Initiative – the \$200 million African Global Competitiveness Initiative (AGCI) – has compelled USAID to evaluate programs and activities of the TRADE Initiative and incorporate lessons learned from the program platforms into AGCI. Thus USAID directed Global Business Solutions, Inc. (Global) to evaluate the three oldest trade hubs located in Accra, Ghana; Gaborone, Botswana; and Nairobi, Kenya. The trade hub located in Dakar, Senegal, which was established in October 2005, was simply too new to be evaluated.

The Hubs have embarked on a variety of programs to fulfill the objectives of the TRADE Initiative and to boost exports to the US. The activities under the programs, described in Section 4.0, have been structured to meet successfully the TRADE objectives and advance the legislative policy of AGOA by providing various services and training on AGOA and its benefits. This report looks at the activities and programs that the Hubs conducted to fulfill their respective

performance-based contract requirements and to meet the objectives of the TRADE Initiative. The performance-based contracts are between the Hub contractors and USAID Regional Missions. The contracts stipulate objectives and milestones that the Hubs have to meet.

## **2.2 Program Operations of the Trade Hubs**

The hubs are typically set up as follows:

### **Contract Management**

- A typical hub is normally managed by one contractor, whose staff oversees all programs. The South Africa Growth and Competitiveness Hub (SAGCH) is unique in the sense that there are two separate contracts run by two different contractors – one each for Trade Facilitation and Capacity Building (TFCB) and Trade Competitiveness (TC). SAGCH also has a hub manager to oversee the hub's myriad operations and numerous events.

### **Personnel**

- Chief of Party (Normally an expatriate who typically has dual roles – technical and administrative);
- Three to Four Key Staff - Usually leaders of component areas who may be expatriates;
- Media/External Outreach/Communications Person; IT and other support staff; and
- Consultants and other short-term TA as necessary for capacity building and other training needs that the COP and/or component leaders deem(s) imperative.

### **Services**

To fulfill the objectives of the TRADE Initiative and their contract requirements, the Hubs offer services in three component areas:

#### 1) Trade Facilitation and Capacity Building

- Capacity Building and Policy Reform,
- Transport/Customs Modernization;

#### 2) AGOA Education & Export Business Development; and

3) Crosscutting Programs such as transport corridors, building SPS capacity, reducing bribery and corruption in trade, HIV/AIDS, and others.

### **Role of Others**

The Regional Missions manage the hubs and each hub, in addition to contractual requirements from its performance-based contract, also has to respond to the Strategic Objectives (SOs) from the respective Regional Mission. Knowledgeable staff members, particularly the Cognizant Technical Officers (CTOs) at the Regional Missions, facilitate the work of the Trade Hubs and help to coordinate and integrate programs with other agencies and implementing partners. Due to the extremely close working relationship between the Hubs and their respective Regional Missions, the CTOs influence the execution of the Trade Hubs' work and strategic direction. Wherever appropriate, the Hubs have worked with the Bilateral Missions to reinforce each

other's trade portfolio. However, there is no set procedure for the parties to reinforce each other's trade programs. In fact, there is no standard way for the Hubs to interact with others, including US government agencies, such as the Embassies, Bilateral missions, USTR, USDA, Commerce, local and national governments, etc. Requests for collaboration and other assistance are typically *ad hoc* ones. Some of these request place undue pressure on the Hubs and all of them now have set up "responsiveness" funds to handle typical *ad hoc* requests.

In some cases, the Hubs and Bilateral Missions work in tandem on programs to which both can add value. For example, in Ethiopia, the Bilateral Mission used the National AGOA Strategy that the ECA had developed to launch an AGOA+ (AGOA Plus) program to provide information around the clock and to build local capacity. The bilateral program went on to leverage private sector funds for AGOA and Trade related projects. The project now has local ownership which enhances sustainability. There was a similar success story in Rwanda where the ECA and other US agencies developed a coffee project to bring in buyers such as Starbucks Coffee and Peet's Coffee.

## **3.0 EVALUATION OBJECTIVES AND METHODOLOGY**

### ***3.1 Evaluation Objectives***

Per the SOW, the evaluation objectives were for Global to:

- Develop an information base of lessons learned to guide USAID's Africa Bureau in the planning and implementation of the African Growth and Competitiveness Initiative (AGCI), the successor to the TRADE Initiative; and
- Consider how the activities funded under the TRADE Initiative advanced the policy objectives in the AGOA legislation.

### ***3.2 Methodology and Data Collection***

The evaluation team consisted of Messrs. Sam Koduah, W. Carlton Jones, and Kevin Newman, who travelled to the three hubs located in Accra, Ghana; Gaborone, Botswana; and Nairobi, Kenya, from May 6 to June 4, 2006. The team sought information on operations of the hubs, their efficiency and working relationships, and program results. Prior to the trip, the team extensively reviewed several sets of documents, including:

- the current scope of work,
- current work plans,
- comprehensive list of partners and counterparts per hub in each region,
- any monitoring and evaluation reports,
- the last six monthly Hub reports, each Mission's Performance Monitoring Plan (PMP) if any, and
- the Africa Strategic Framework and the June 2005 AGOA Competitiveness Report.

The team also conducted several interviews with personnel from key stakeholders like USTR, USDA, Commerce, and USAID, all in Washington. The interviews continued in the field with key staff at the Hubs, USAID Regional and Bilateral Missions, entrepreneurs, national private sector and government officials, some embassy officials, other donors such as DFID, and Regional Economic Communities like COMESA and ECOWAS.

On June 9, the team made an oral presentation of the preliminary results to USAID officials from the Africa Bureau and some USAID contractors, including key staff from the three Hubs evaluated and the Hub in Dakar, Senegal.

The team developed surveys (on line via Survey Monkey) to facilitate the information gathering exercises. There were two survey types – one for clients of the Hubs and another for partners of the Hubs. Appendix B shows sample surveys in both English and French and details of the survey methodology. We gave WATH clients and partners surveys in both English and French. SACCH had only the partner survey in English and the ECA had both partner and client surveys all in English. Table 3.1 below shows the survey distribution

The surveys focused on biographical data of survey participants, Hub awareness and outreach, overall effectiveness and program impact.

### 3.2 Survey Observations and Results

Table 3.1 below shows the surveys sent per hub and the response rates. The table shows that of the 346 total surveys sent, 215 were for WATH, 84 for ECA and 47 for SAGCH. We had many returned emails - approximately 20% of the official lists we got.

**Table 3.1 – Survey Distribution per Hub and Response Rates**

| HUB                 | CLIENT  |        | PARTNER |        | TOTAL* |
|---------------------|---------|--------|---------|--------|--------|
|                     | English | French | English | French |        |
| WATH/A Surveys Sent | 49      | 71     | 66      | 29     | 215    |
| WATH/A Responses    | 26      | 10     | 18      | 3      | 57     |
| Response Rate (%)   | 53.1    | 14.1   | 27.3    | 10.3   | 26.5   |
| SACGH Surveys Sent  |         |        | 47      |        | 47     |
| SACGH Responses     |         |        | 11      |        | 11     |
| Response Rate (%)   |         |        | 23.4    |        | 23.4   |
| ECA Surveys Sent    | 62      |        | 22      |        | 84     |
| ECA Responses       | 7       |        | 6       |        | 13     |
| Response Rate (%)   | 11.3    |        | 27.3    |        | 15.5   |

\*Total Surveys Sent - 346

\*Total Responses - 81

We made the following observations about the surveys and responses:

- 81 responses over seven surveys (WATH/A - Four; ECA - Two; SAGCH - One). Responses tended to be higher for clients based in the same country as the hubs.
- We only received official lists from ECA towards the end and participants had only 10 days or so respond. SAGCH has had a little more than two weeks. WATH/A has had over a month to respond and we sent three reminders to participants.
- Despite WATH/A being the smallest hub in terms of budget, we conducted four surveys (client and partner, both English and French). WATH/A also had the lion's share of the response total - 57 of the 81. This skews any comparison with the other hubs. Hence we could only comment on the individual hub responses.
- ECA and SAGCH have larger budgets and yet nearly two-thirds of the data for comparison (and anecdotes) come from the smallest hub, WATH/A - the hub with the least effective overall impact in its region since it was unable to focus (due to financial constraints) on larger transport/customs/integration issues like the others.
- Problems with survey population - it is a selective group chosen solely by the hubs. Thus, we are not certain we were reaching all clients/partners properly for the survey. As such, the participants are different by hub and the very large number of clients (businesses) for WATH skews the responses vis-à-vis those for SAGCH and ECA. Thus, we could not make any meaningful comparisons among the hubs.

Appendix B shows the detailed responses and comments for WATH/A and the other hubs. Of the 26 WATH/A Clients who responded, 50% had been in business for three to five years. Fifty four percent had 10-50 employees and 23.1% had over 100 employees. Some spoke of lessons learned to include marketing, product design, customer service, etc. We show some responses below from WATH Implementing Partners. There were no responses in some cases from partners (three) in the Francophone countries. A total of 18 Anglophone partners participated.

*“Access to trade shows has been invaluable. Without their support, we would not have been able to attend otherwise. They have also introduced us to a few customers and have provided PR for our organization. “*

*A successful WATH Client*

*What are the most important lessons learned from the WATH program?*

|                         | Anglophone | Francophone |
|-------------------------|------------|-------------|
| Total Respondents       | 7*         |             |
| (skipped this question) | 11         |             |

\* Some Comments

1. I learned that a company must have the capacity to respond to orders promptly before it ventures into the us market
2. Do not know
3. To harmonize phytosanitary measures in West Africa
4. Hands-on training and coaching for would-be exporters
5. Organizing workshop events
6. Need for dialogue among different set ups.
7. Did not learn

*Do you have any recommendations for future activity design?*

|                         | Anglophone | Francophone |
|-------------------------|------------|-------------|
| Total Respondents       | 8*         |             |
| (skipped this question) | 10         |             |

\* Some Comments

1. WATH must include a component for building the capacity of businesses that are not export ready but have the potential to export.
2. Not until I know enough about the WATH program.
3. Hire good people and give them the support and resources to succeed!
4. have more representatives in each country more contact with authentic grassroots stakeholders more articulate publicity
5. Activity design should focus on both the regional West African and US markets.
6. None yet.
7. WATH can help Regional communities to gradually influence change in the minds of the poor. Poverty is in the mind and Africans should believe that the change in their life can only happen IF and ONLY IF Africans themselves believe in the change and let it happen. Nobody from outside can bring the change in our lives. Africans should own the projects. WATH can also help to promote good governance and transparencies. This will eliminate desperation among the young.
8. Future design should have a wider reach

We display the responses for the ECA and SACGH in the following textboxes. We chose to reproduce the responses here because there were just a few of them. We encourage readers to look at the comments respondents made for all the Hubs in Appendix B. There are quite a few interesting ones including one that USAID should use existing structures to facilitate trade and not create new ones like the hubs appear to be.



**ECA Partner (6 Respondents)**

1. How did you find out about the ECA Hub?
  - Of the 5 responses, everyone either found out about the Hub from another USAID project or official (60%) or from their own organization (40%)
2. What were your organization's initial reasons for working with the ECA Hub? (check all responses that apply)
  - Of the 6 responses, 80% said it was for Technical Assistance for trade facilitation and 40% for AGOA information.
3. What additional services do you believe the ECA Hub should offer?
  - The trade program promoted by the ECA Hub is too limited to have impact on trade between the US and the countries in Eastern and Central Africa.
  - Financing the new projects or new companies.
  - Regional and non-US market access is requested by companies on a daily basis - and in many cases these are the most appropriate markets for the companies either in place of, in addition to, or leading up to trade with the US. However, there are limited resources for US trade at this point, so additional resources would be needed to include assistance for accessing non-US markets.
4. Has the ECA Hub provided sufficient information about AGOA opportunities and requirements?
  - Over half feel that most firms and countries don't meet all the AGOA requirements
  - However, one person mentioned that as more countries come online & receive assistance, the AGOA assistance will need to be extended
5. How could the ECA Hub become more visible and reach more export-oriented clients and trade-related policymakers?
  - Closer collaboration with regional integration bodies. The ECA Hub (more correctly USAID) should provide support to such bodies for implementation of their programs. In this way, there is a two-way collaboration. Regional integration organizations should not be considered simply as partners in implementing ECA Program.
  - Open a local office in Ethiopia
  - More public relations with a full fledged budget to market services, seminars and information to the public in the region. With the Hub located in Nairobi it is imperative that the Hub create more awareness in the other countries in the region through a PR campaign and follow up
  - Holding many meetings
  - More resources to be in each country on a regular basis. This may be through representatives/agents acting on the Hub's behalf, additional Hub staff, consultants, etc.
6. The ECA Hub contributed substantially to advancing the AGOA initiative in this country/region.
  - 60% strongly agreed that the Hubs advanced AGOA

**ECA Partner (6 Respondents) – Cont'd**

7. What did you learn/gain from the ECA Hub that you feel was the most beneficial?
  - 25% of the respondents didn't respond
  - The others:
    - A greater understanding of USG policy for the region and also a greater working of USG bodies in the region.
    - Till now nothing
    - (from Ashley Gasque – IESC) It should be noted that the ECA Hub has been extremely collaborative, particularly with programs like Africa Fast Track Trade (AFTT), funded under the Volunteers for Prosperity Presidential Initiative. AFTT and ECA have worked extremely well together to leverage limited resources to best help exports to reach US markets. They would not have been as successful independently. AFTT also works very closely with SATH and WATH in the same manner as with the ECA Hub, and I would have similar comments about those hubs.
8. What are the other services from the ECA Hub would be beneficial?
  - All the topics were picked, only Trade Finance had an extra choice – i.e., no new information
9. What are the most important lessons learned from the ECA Hub program?
  - Limited resources used in a very focused way can create successes, however, it also means there is little room to widen the focus and only "winners" can be worked with to achieve trade results. There is no room for helping companies get to the level of being able to export.
10. Do you have any recommendations for future activity design?
  - Work within the framework of existing regional institutions. Do not create another institution, which the Hubs in Africa appear to be.
  - Greater resources for Trade Finance for export ready firms from the region.
  - We need finance
  - Build on the successes of what is there now....don't remake something completely new and lose the momentum! Also, increase resources for helping firms reach export readiness and access US and non-US markets.

**ECA Client (7 Respondents)**

1. If you are an ECA Hub Client, please answer questions 4-6. How long has your company been in business?
  - More than 60% of businesses had been in business 6 years or longer
2. What is your estimated sales revenue (USD)?
  - More than 60% had revenues over \$50,000 (1 more than \$500,000)
3. What were your initial reasons for contacting the ECA Hub project?
  - 83% (5 of 6) said Trade Connections through Trade Fairs
4. Do you feel the ECA Hub activities are well known among export-ready companies and producers?
  - 4 of 6 said that 'no, companies don't know about ECA'
5. If "no", please explain the reasons you feel why below.
  - It is still a mystery as to their activities in Kenya they need more visibility.
  - I feel that the Hub does rather tend to limit itself to the confines of Nairobi and needs to increase its exposure in the rural areas.
  - I really don't think they are well known, because we just find out about ECA in 2005.
  - Within the sphere of handicrafts, I feel the Hub concentrates mainly on Nairobi and immediate environs. Therefore, companies working outside those areas are not aware of the Hub's existence and its activities. They need to look outside the capital and see what's going on in the rural areas.
6. What additional services do you believe the ECA Hub should offer clients?
  - More thorough follow up would be critical and useful
  - Training at grass roots level in the areas of basic presentation, marketing and management skills.
7. How do you rate your communications with the ECA Hub?
  - 80% said communications were either sporadic or inconsistent – only person answered they are acceptable.
8. What did you learn/gain from the ECA Hub that made you the most successful?
  - About the external trade but has not made me successful
  - We gained exposure in the US thanks to participation in trade fairs. Through this we secured a distributor and a number of orders. This has increased our turnover exponentially, which has meant that we have increased our group membership thereby benefiting the community as a whole.
  - The fact I was technically supported and also participated in seminar.
  - I am not yet successful but the hub has helped me to know about my competitors and to see where I am compared with other firms in my line. The hub also helped me to see which line of business would be more applicable to me.
9. Has personnel and/or program changes at the ECA Hub impacted the effectiveness of your interaction with them?
  - 2 of 5 responded, "No - It has made no impact on my work with the ECA Hub."
  - 2 responded 'Other', "withdraw due to poor business results," and "the changes too often tend to create gaps in operations"

**SAGCH Partner (11 respondents – One each from USA, Malawi, and Botswana; Two each from Swaziland, Zambia, Mozambique, and South Africa.)**

1. What were your organization's initial reasons for working with the SAGCH program?
  - Either AGOA related (6 of 11) or Technical Assistance for Trade (both 5 of 11)
2. Do you feel SAGCH activities are well known among export-ready companies, trade associations and policymakers in your country/region?
  - Only 5 of 11 said 'Yes'
3. If "no", please explain the reasons you feel why below.
  - We are a consultant company in the US and the Hub is only known in a very tight trade circle. They also are not as known as they should be in Southern Africa
  - Among policymakers, yes. Among export-ready companies, perhaps not.
  - Known, but I am not sure if "well-known".
  - Among policymakers, yes. Among export-ready companies, less well known
  - For my knowledge, SAGCH is known amongst few partners with whom they interact. Not widely.
  - As far as I am aware the SAGCH does not appear to be particularly active in South Africa
4. Do you believe SAGCH offers enough services to help exporting businesses, associations and policymakers?
  - 9 of 11 responded positively
5. What additional services do you believe SAGCH should offer?
  - More association capacity building, assisting companies in follow up from trade missions or trade shows, marketing training, assisting in matching African businesses with US partners. The countries need longer term technical assistance.
  - In the case of Swaziland we are in the process of establishing an AGOA Committee, so not much has been achieved in that respect.
6. How often do you use the AGOA resources from SAGCH?
  - 66% responded several times a year
7. How could SAGCH become more visible and reach more export-oriented clients and trade-related policymakers?
  - The hub needs to have a Washington component to assist with business matchmaking and to provide any function that helps make sure there is some consistency around the Hubs. There also needs to be more outreach efforts by the Hub
  - Make better use of local projects and organizations on the trade policy side.
  - More visits to participant countries
  - The establishment of an in-country AGOA Committee will help.
  - Make better use of local projects and organizations on the trade policy side.
  - By publicity of their activities and more involvement with the clients.
  - Through more seminars and workshops with potential exporters in the beneficiary country.
  - Broaden recipients of their monthly publication to include more companies
  - Staff needs to be increased; Increased marketing to member countries; Maybe they should consider moving their offices to South Africa.

**SAGCH Partner (11 respondents) – Cont'd**

8. For questions on Section 5 “SAGCH Overall Program Impact”
  - many of the responses were agree or neutral, and no follow-up with other thoughts.
  - The exceptions are #s 9 – 12 below.
9. SAGCH programs had a stronger impact than traditional donor activities with similar or larger resource levels in my country/region of operation.
  - 4 of 10 disagree with this statement while four (three strongly) replied positively (at least some dissent!)
10. SAGCH successfully built a stronger capacity for trade in my country/region of operation.
  - 4 of 10 disagree (one strongly) while three agree (two strongly) with this statement
11. SAGCH programs were often innovative compared to a more traditional country/regional development activity.
  - 4 of 10 disagree while one 3 agree (1 strongly) with this statement
12. SAGCH-funded programs effectively increased the number of African exports to the United States in my country/region of operation.
  - 5 of 10 disagree (1 strongly) while 3 agree (2 strongly)
13. What are the other services from SAGCH would be beneficial? (6 of 11 responded)
  - Need to establish a sustaining program of technical assistance. The mission has changed a lot of times over the years. Also, there needs to be assistance given to companies after trade shows to help them follow up
  - That regional projects need to find ways to work effectively with local partners to achieve impacts.
  - Countries need to be proactive in what they need, otherwise they get left behind. Demand driven assistance is what works in most cases.
  - The regional projects need to find ways to work with local partners to achieve impact.
  - No comment
  - I think it is a good program and the active participation of its drivers makes it more client-driven more than anything else
14. Do you have any recommendations for future activity design? (5 of 11 responded)
  - Work more through local partners
  - Involvement of key stakeholders in the design of programs is key.

## 4.0 INDIVIDUAL HUBS

There are now four hubs, namely WATH/A located in Accra, Ghana; WATH/D located in Dakar, Senegal; SACGH located in Gaborone, Botswana; and ECA located in Nairobi, Kenya. The West Africa Trade Hub (WATH) became WATH/A after the Hub in Senegal (WATH/D) opened in October 2005. This evaluation pertained to the Hubs in Accra, Gaborone, and Nairobi.

Both SAGCH and ECA had predecessor programs upon which to build. WATH had to start from scratch and thus faced unique challenges initially. We however observed the following about the program design and communications.

### Program Design

- Key informants and staff stated there was neither a common set of indicators nor a results framework that factored in regional differences for the Hubs. USAID has developed an Online Presidential Initiatives Network (OPIN) reporting system for Presidential Initiatives. USAID had also developed a common set of indicators which were never officially implemented because the TRADE Initiative was ending.
- Interagency Participation and Coordination – The boundaries and responsibilities were often not clear from our interviews with key personnel; the Hubs were thus getting mixed messages from different stakeholders sometimes. Even though the USAID Office of General Counsel has already cleared the terms of reference for a high-level interagency policy group, USAID has never implemented its plans for this policy group.
- The Hubs were not fully funded at the budgeted levels; funding stood at around 80% of budgeted amounts. Funding levels appear small for the objectives at hand. On a per capita (dollars/country) basis, WATH started with \$1.5 million for 21 countries implying about \$75,000 per country for the duration of the project. The \$75,000 amount is sufficient only for a one-week WTO training session.
- Initially, there was a tacit understanding between the US Trade Representative (USTR) and the Hubs that the latter had to focus on developing and increasing AGOA exports. There was little or no direction on other export markets – Intra- and Inter-regional Trade, EU, and Asia. It was not until November 2005 that USTR made it clear to at least one Hub, to proceed with pursuing exports to other regions and/or international markets. This raises a continuing concern about who directs the hubs' overall programs.

### Communications

- Inter-hub Outreach/Communications – There were no concerted efforts (not required by contracts) among the Hubs to meet to discuss challenges, best practices, share knowledge, use each other's materials for training, avoid duplicative efforts, etc.
- Interagency Communications – Given the multi-agency TRADE Initiative, it was imperative to have an interagency group to plot strategy and speak with one voice. There

was no such group to plot an overall coherent strategy in both program design and communications according to the pertinent staff we interviewed.

- External Outreach/Communications not as robust – USAID should communicate the success stories of the Hubs strongly and effectively to engage key Congressional Staff and share results to pre-empt issues in Congress such as “We give USAID all this money and there’s nothing to show for it.” USAID must include key stakeholders, institutions, and the general public in disseminating results.

The program design and communications issues resulted in the Hubs:

- climbing a steep learning curve to determine what worked;
- focusing on projects to yield quick success stories, including adapting existing programs to fit goals of the TRADE Initiative;
- cherry-picking the best companies ready/suitable to increase export numbers, given the resource constraints;
- duplicating efforts of some bilateral programs, e.g., USAID Ghana’s Trade and Investment Program for a Competitive Export Economy (TIPCEE), which funds a bilateral mission project on cashews and WATH/A’s involvement with the Cashew Alliance in Ghana;
- having difficulty meeting moving targets including political objectives;
- balancing short-term/long-term goals to satisfy Headquarters; and
- responding to *ad hoc* requests from numerous quarters including USAID and other US government agencies.

On geography-specific issues related to trade, the Hubs conducted a myriad of activities from developing transport corridors and customs procedures to SPS standards and WTO training. WATH/A has provided resources for WTO training, establishment of a regional customs information system, and regional road-transport governance. Both the ECA and SAGCH are working on some major transport corridors in their respective regions. SAGCH is working on the Trans-Kalahari Corridor (TKC), one of the major corridors in Southern Africa. The ECA, in concert with Trade and Transit Coordination Authority (TTCA), has been working on the Malaba One-stop Border Post on the corridor from Kenya to Uganda and developing information systems to facilitate transit of goods and services in the COMESA countries.

#### ***4.1 West Africa Trade and Competitiveness Hub – WATH/A (Accra)***

Unlike the other Trade Hubs, WATH had no predecessor program to follow. With 21 countries speaking three major languages, a limited budget and regional problems, WATH had to adapt quickly. Changes in CTOs at the regional mission and COPs at the Hub exacerbated the problems. Even then, WATH has managed to hit most of its targets in the 2004-05 work plan. It is on its way to meeting the 2005-06 targets. WATH falls under the fourth Strategic Objective (SO4) of the USAID West Africa Regional Program (WARP), which focuses on regional economic integration. Through SO4, WARP contributes to the development of a prosperous

West Africa by supporting the following principal activities, the first six of which are funded under the TRADE Initiative:

1. West African Trade Hub (WATH)
2. USDA APHIS (Advisor/Pest Risk Assessment)
3. Regional Market Information Systems and Traders' Organizations in West Africa (MISTOWA)
4. ECOTRADE, to promote a common external tariff for ECOWAS countries
5. West Africa International Business Linkages Program (WAIBL)
6. Growth through Engendering Enterprise in ECOWAS Countries (ECOGEE)
7. West Africa Monetary Institute (WAMI)
8. The West Africa Power Pool (WAPP)

WATH has worked closely with the APHIS Pest Risk Assessment Project, WAIBL, ECOTRADE and MISTOWA.

WATH took over responsibility of the AGOA Resource Centers (ARCs) from WARP and became WATH/A (Accra) when WATH/D (Dakar) was set up in October 2005. WATH/A now has 14 countries. Its major regional partners are ECOWAS and the West Africa Economic and Monetary Union (WAEMU).

WATH/A focuses on three component areas namely:

- 1) Policy and Governance (formerly Trade Facilitation),
- 2) Export Business Development, and
- 3) AGOA Support Services.

Its crosscutting issues are: Communications and Outreach, Responsiveness, Monitoring and Evaluation, and Hub Management.

#### **4.1.1 Export Business Development Program Design**

At the outset of the TRADE Initiative, WATH/A's Export Business Development program was tasked with increasing trade to the United States under AGOA, and increasing trade within the West Africa region. Based on its limited budget and staff, WATH/A designed its interventions in a systematic and targeted way that took advantage of economies of scale, existing infrastructure, and established criteria for export readiness. For its interventions in export business development, WATH/A adopted a market-demand driven approach, which sought to assist a small number of export-ready companies with the best opportunities to make linkages with new markets, especially in the

*"I don't think any other organization has helped us in a more critical area than the West Africa Trade Hub in Accra."*

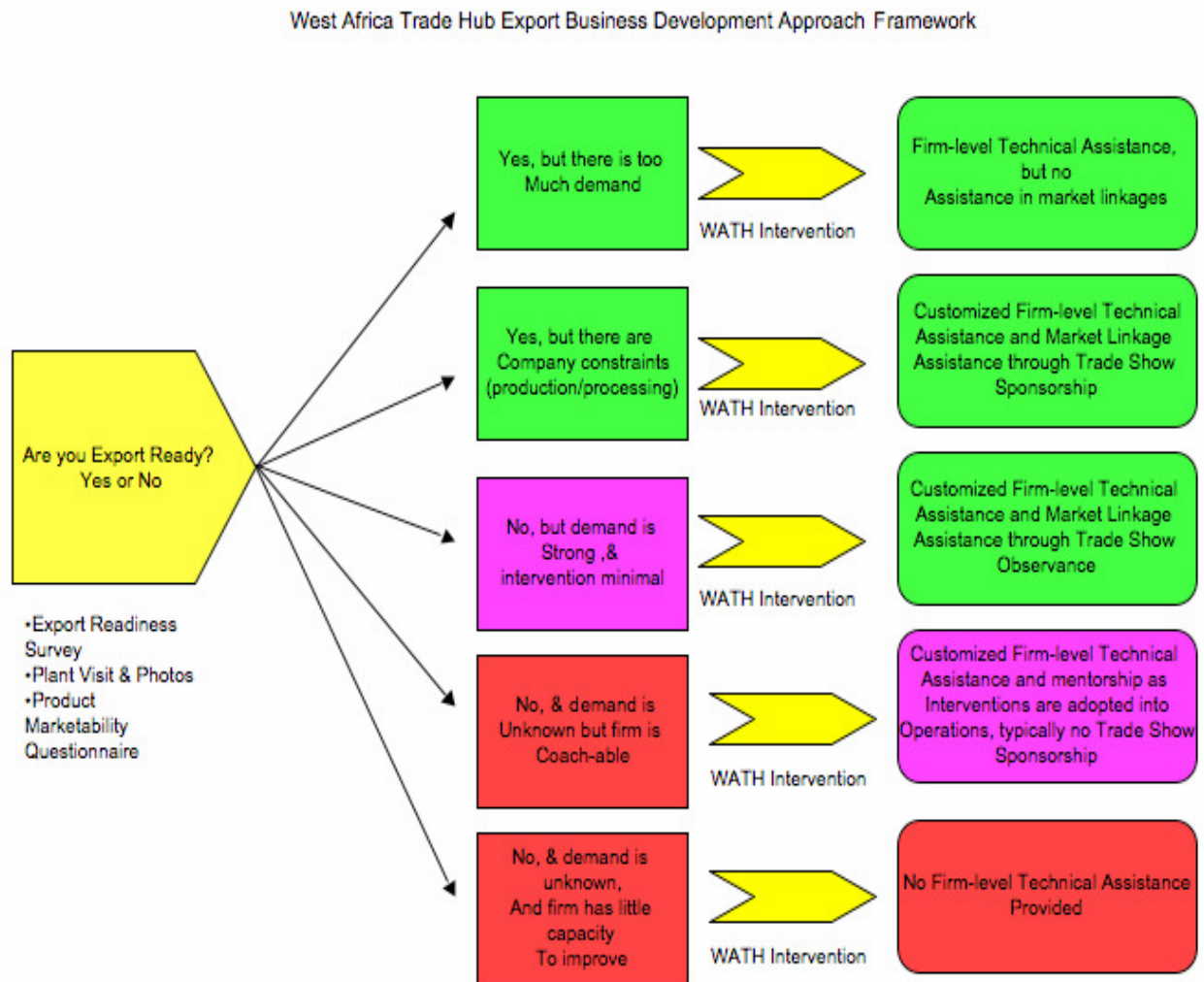
*Nana Tweneboah-Boateng,  
Coordinator, Garments & Textiles  
President's Special Initiative (Ghana)*



United States. WATH identified firms within the manufactured apparel, handicrafts, shea butter and cashew industries, and targeted them for firm-level assistance.

To identify the above industries, WATH/A conducted surveys and analyzed data to determine the broadest regional impact that would result from the selected industries. WATH/A saw both the shea nut and cashew as commodities that, through value-chain analysis and intervention, could benefit several countries throughout Western Africa. The hub targeted manufactured apparel and handicrafts because of their possibilities as viable industries to pursue for AGOA export development. WATH/A identified, targeted, and vetted export-ready firms using the illustrative approach in Figure 4.1 below.

Figure 4.1



Once WATH/A identifies a firm as having the potential to succeed in export marketing, it analyzes that firm's export readiness. This analysis included a survey to determine if the firm had export experience, either regionally or to markets outside of West Africa, and trade show experience. The Hub then visits the plant to:

- tour the facility,
- determine the level of product quality, and development,
- review marketing materials,
- meet key staff to measure the number of full-time staff and managers,
- view the types and quantities of equipment used for production,
- learn of the testing processes used for quality assurance and certifications, and
- take pictures for future reference.

This analysis resulted in firms falling into one of five categories:

- a. Export ready, but demand exceeds capacity to deliver consistently.
- b. Export ready, but there are company constraints that limit the firm's ability to locate markets, or meet quality and quantity standards.
- c. Not currently export ready, but there is a uniqueness in the product set, and potential for strong demand,
- d. Not export ready, but the firm has the organizational strength to be trained in such a manner that could enable them to export in the future.
- e. Not export ready, they lack the organizational capacity to benefit from interventions, and their market is unknown.

Based on these categories, WATH/A developed and delivered customized training modules in the following areas:

- a. *Marketing*- Branding, marketing materials, target marketing, market studies, trade show preparation and booth presentation, advertising, website development, and labeling,
- b. *Sales Management*- Understanding international business practices, long-distance relationship management, forecasting, and terms and contract negotiations,
- c. *Financial Analysis and Management*- Pricing, cost management, investment decisions, purchasing analysis, bank relations, loan management, audits and budgeting,
- d. *Product Development*- Understanding trends and markets, product design, developing viable product lines and packaging for export,
- e. *Production and Quality Management*- Planning and monitoring production, productivity analysis, measuring quality, international standards, consistency, certifications, and testing.

WATH/A was careful to match each firm with the appropriate WATH/A intervention. Not every firm required assistance in all five areas. The team observed that firms that fell within the first

three categories experienced a level of success in exporting to other markets. This showed the effective targeting approach did yield results.

### **Activities**

In addition to the customized firm-level assistance provided through training, the Hub staff undertook the following activities:

#### *Manufactured Apparel*

- Updates and redistribution of WATH/A's Apparel Export Guide
- Continued facilitation of Worldwide Responsible Apparel Production (WRAP) certifications
- Continued updates for WATH's Textile and Apparel Inventory
- Traceability training and technical assistance
- Coordinating exhibits and business linkages at the Apparel Sourcing Association Pavilion (ASAP) and Material World Trade Shows

#### *Handicrafts*

- Completion and distribution of Handicrafts Export Guide.
- Continued product development training.
- Providing financial-analysis and management technical assistance.
- Coordinating exhibits and business linkages at the Sources Trade Show.

#### *Shea-butter (bulk and cosmetic products)*

- Distribution of Shea Butter Export Guide.
- Providing technical assistance in labeling and packaging.
- Providing technical assistance and training in product capacity, grading and quality.
- Providing financial-analysis and business planning technical assistance.
- Coordinating exhibits and business linkages for Natural Products Expo, and Inside Beauty Expo.

#### *Processed cashews*

- Provided production management and competitiveness technical assistance.
- Provide financial-analysis and business-planning technical assistance.
- Provide technical assistance to the African Cashew Alliance.

### **Results**

While it is premature to map these activities to the results identified in WATH/A's FY 2006 work plan, the following observations and success stories can be attributed as progress toward them.

- WATH/A facilitated nearly \$500,000 in exports and assisted with \$5,400,000 in pending deals.
- WATH/A-sponsored companies added 142 new jobs and made \$866,772 in investments
- WATH/A sponsored and provided on-site technical assistance for 31 companies exhibiting in three US-based trade shows generating more than 600 contacts.

- WATH/A trained 468 rural and urban Nigerians in improving shea-nut quality for export
- Created 1531 buyer-seller links versus a target of 50 for 2005, boosted exports from \$0.7 million to \$1.3 million, facilitated investments of \$1.3 million through Sept. 2005.
- Distributed 1034 copies of the AGOA Export Toolkit (CD-Rom) through September 2005.

#### **4.1.2 WATH/A Export Business Development SWOT Analysis**

##### **Strengths:**

- WATH/A has a capable Director with private sector experience in marketing and creating business linkages. The Director provides technical expertise at the design level, and commands immediate credibility within the West African business community.
- WATH/A's strong Program Design for targeting export-ready businesses leverages its limited resources with maximum results for market linkages.
- WATH/A's use of GAAP allows it to measure true sales, not just anticipated sales based on promised orders.
- Public-Private Partnerships (PSI garment sector) have enabled WATH/A to spread the cost of interventions with the business community in Ghana.

##### **Weaknesses:**

- Both shea nuts and cashew interventions overlap with programs supported by MISTOWA and USAID/Ghana. This overlap potentially wastes already scarce budget resources.
- WATH/A lacks regional experts in customs and transport such as we saw at the other Hubs. This limits its programs in transport corridors and its ability to work effectively with member states.
- The COP normally doubles as a policy advisor at a Hub. The dual roles usually limit the activities on the policy side. This problem is acute at WATH/A due to its limited staff.

##### **Opportunities:**

- Stronger coordination of interventions with, and knowledge transfer to, Governmental Ministries of Trade and Export Promotion ensure that institutional knowledge is created and maintained within each country.
- Identify and mentor private sector consulting firms to be "export-business promotion firms." This helps build local capacity and enhances program sustainability.
- Build stronger relations with alternative financial institutions and Investment Promotion Agencies (IPAs) to open the market to more competitive financial vehicles.

##### **Threats:**

- Existing funding levels do not allow for broad-reaching impact outside of the few companies that are assisted.
- Inability to staff key positions fully within WATH/A leaves it vulnerable to inadequate scale, and inconsistent results.

**Program Observations and Recommendations**

- Little capacity exists outside of WATH/A’s program within the region to promote export opportunities. WATH/A could broaden its impact and build a path to long-term sustainability by identifying, building capacity, and mentoring indigenous private sector firms in export business development.
- Coupled with the above recommendation, WATH/A could also support the development of, and institutional capacity within host-country Export Promotion Agencies and Parastatals by collaborating on joint efforts of AGOA-related export activities.
- The Global team recommends that WATH/A limit its value-chain interventions to top levels, leaving Bilateral Missions and Regional Programs to focus their interventions on small growers up to the point of export readiness. Once value-chain productivity and quality have improved such that commodity producers are ready to explore new markets, WATH/A should then intervene to make the market linkages at the exporter level.
- Access to affordable financial vehicles enables the Western-African firms that receive orders from US firms to have the capacity to fulfill those orders. Capital investment for plant improvement and expansion in addition to affordable trade finance mechanisms, allow firms to scale and grow once demand from the US is established. WATH/A could develop a three-pronged strategy to attack this need for affordable finance as illustrated in

Figure 4.2

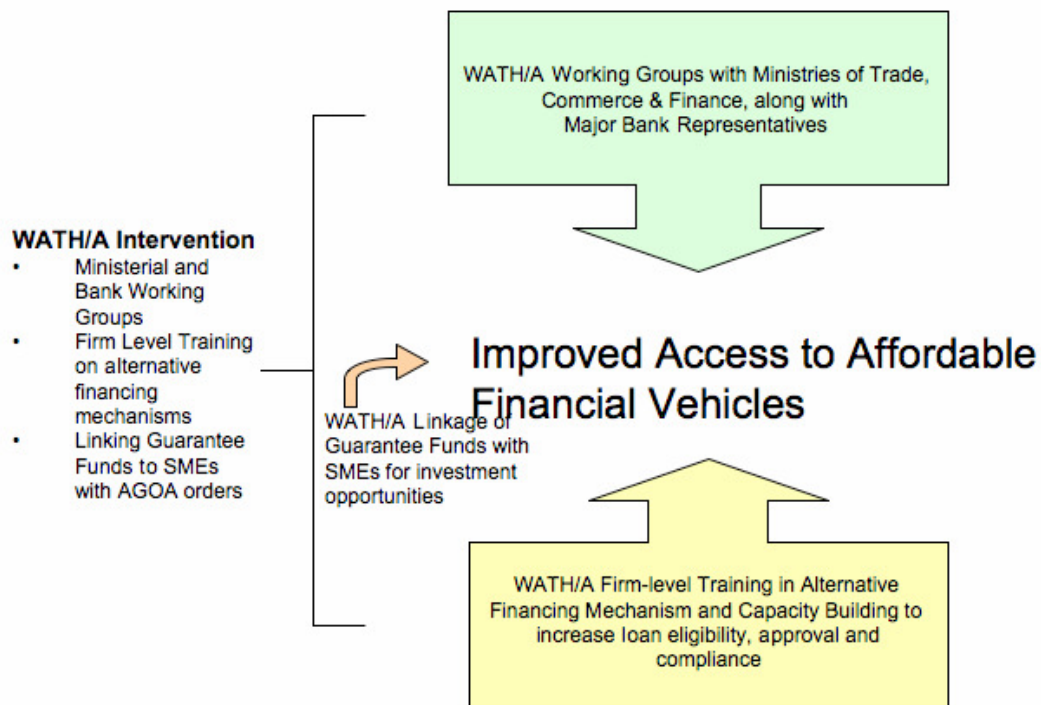


Figure 4.2, by doing the following:

- Coordinate discussion groups with the Ministries of Trade, Commerce, and Finance, as well as Principals from the major Banks. These discussion groups could be exposed to the benefits of flexible financial vehicles to SMEs, as well as gain exposure to innovative financing mechanisms like forfaiting, [(the purchasing of an exporter's receivables (the amount importers owe the exporter) at a discount by paying cash. The forfaiter, i.e., the purchaser of the receivables, becomes the entity to whom the importer is obliged to pay its debt)], factoring, and guarantee fund financing.
- Expand the existing training provided to firms on trade finance to include the same topics discussed in item #1.
- Where available, WATH/A can also reach out to alternative financial vehicles like Guarantee Funds (EXIM, Development Credit Agency (DCA)), to expose them to investment opportunities within the AGOA export market throughout the region.

The goal of this strategy is to:

- a) build the capacity of small firms to understand alternative loan mechanisms, which increases demand for these products, while
  - b) supporting institutional change in financial policy at the Ministerial level.
  - c) Additionally, WATH/A introduces and links successful SMEs, which have Purchase Orders from US companies in AGOA Trade, to alternative funding sources (i.e., guarantee funds). The fund operators may see the SMEs as additional investment opportunities.
- There has to be better coordination between WATH/A commodity interventions with those of other programs (MISTOWA, WARP) to limit, if not eliminate, overlapping and conflicting activities.

#### 4.1.3 WATH Policy and Governance Program Design

Following extensive consultations with the regional USAID Bilateral Missions, USAID West Africa Regional Program (WARP) and other stakeholders, WATH/A programs have been designed to assist West African nations to increase international and intra-regional trade, which is the foundation for sustainable economic development. WATH/A program designs have focused on improvements in infrastructure, institutions, laws, governance and knowledge. Key interventions include harmonizing sanitary and SPS measures, customs harmonization, improving road transportation, and supporting effective participation in the World Trade Organization (WTO).

WATH/A programs provides technical support and trade analysis to the client West African nations and regional organizations – ECOWAS (Economic Community of West African States) and UEMOA (*Union Economique et Monétaire Ouest Africaine*) – to ensure that the trade negotiations are on an equal footing compared with competing nations.

WATH/A programs emphasize broad diffusion of the lessons learned and the information generated, to government departments, partnering regional organizations, civil society

organizations, local media and to the Bretton Woods institutions that record indicators of good governance.

### **Activities**

In addition to the Export Business Development activities stated above, the following Trade Facilitation and Trade Capacity-related activities occurred:

#### *Supporting Improved Road Transport Governance*

Transport by road costs more in West Africa than anywhere else in the world. Reasons include the high costs of inputs and high taxation, low capacity use, overloaded vehicles running on degraded roads, and old, inefficient trucks. Another source of high cost is the set of road barriers that allow law-enforcement agents to exact bribes from truckers through threats of extended delays if they are not paid. The worst delays occur at international border posts. WATH/A aims to quantify the costs of bribes and delays and focus debate on the following:

- Quantifying the cost of bribes and delays in West African trucking
- Concentrating on the commercial losses from bribes and delays
- Addressing ways to reduce all illicit activity hindering trade

Under the WATH/A program, the program on improved road-transport governance has targeted the following areas for technical assistance:

- Collection of credible data on bribes and delays along West Africa's major trucking corridors
- Conversion of the data into summary statistics, tables and graphs for use in reports, bulletins, newspapers, etc.
- Debate at the regional and national levels and lobbying by civil society to reduce roadside corruption

In preparation for setting up the information system that promotes improved road-transport governance, WATH/A will focus on the following:

- Non-tariff barriers to trade from road barriers run by police and/or customs officers, who are often publicly criticized for their corrupt practices. Such practices are however institutionalized within the public sector.
- Work with drivers' unions, truck-owner unions in Burkina Faso, and their representatives in Ghana, in order to assemble drivers to introduce and explain the project. Produced progress report of the improved road-transport governance information system in November, 2005.
- Organize trips to Burkina Faso to establish road transport legislation (October 9-22, 2006) and to identify the *Conseil Burkinabè des Chargeurs* as national focal point (November 19-22, 2006); to Togo to explain the IRTG project (October 23-24); and to Benin to discuss data-collection methodologies with Abidjan-Lagos Corridor Organization (October 25).
- Began registration project for truck drivers working the Tema (Ghana)-Ouagadougou (Burkina Faso) corridor.

ECOWAS and UEMOA have a joint program to improve West Africa's trucking efficiency, of which improved road-transport governance is a part. Other donors supporting ECOWAS and UEMOA's joint initiative are the World Bank, the European Union, and the African Development Bank.

In developing the Regional Transport Information System, the data collected and fed into the information system will allow quarterly updates on bribes and delays according to:

- Route (in each direction)
- Country
- Branch of government
- Type of vehicle
- Changes in these metrics over time

WATH/A is tailoring the diffusion of updates to meet the needs of international and national governments and organizations, the media, and civil society. The information will guide civil society to develop strategies and lobby for reducing roadside corruption.

#### *Establishment of a Regional Trade Information System (RTIS)*

- The Regional Trade Information System is an offer of support by the USAID WARP to ECOWAS to set up a system that will allow efficient flows of harmonized trade data across the region.
- WATH/A has worked with ECOWAS' Community Computer Center (CCC) in Lome, Togo to design an implementation plan for RTIS.
- Comparison of imports and exports throughout West Africa and aggregation of trade flows for the region.
- Analysis of recent trade trends by statistical offices within West African countries.
- Increase the control by governments of revenue from taxation of trade.
- Calculation of transfers due between ECOWAS member states within the context of the ECOWAS compensation mechanism as part of its harmonized tariff scheme for these countries relative to the rest of the world (Common External Tariff, CET).
- Clearance of goods through ports if the system described employs ORION software used for electronic collection of data on imports and exports.
- Diffusion of trade data in various forms from ECOWAS to other regional organizations and projects, such as the USAID WARP-financed MISTOWA, to allow the private operators to incorporate more complete and up-to-date data into their decision making.
- Transfer of data of other sorts between ECOWAS member-states using the VSAT (very small aperture terminal) technology.

#### *Improved SPS standards*

- Began organization of national SPS workshops in seven non-UEMOA countries. WATH staff was in contact with the ECOWAS Secretariat in Abuja to help identify contact persons in each non-UEMOA country who will take responsibility for organizing the national workshops. ECOWAS sent out requests to each of the seven



- countries to identify national organizers. Ghana and Liberia had already named their organizers. Staff also asked ECOWAS to take the lead role in organizing the workshops and to provide political direction and assurance to member countries on SPS harmonization.
- Conducted SPS evaluation studies in Guinea, Liberia, and Sierra Leone. Kofi Humado, a WATH/A staff member, and consultant Tidiane Traore, conducted SPS capacity evaluation studies in Guinea, Liberia and Sierra Leone in October and November 2005. Mr. Humado made arrangements with institutions in Cape Verde and Nigeria during the period to facilitate the studies planned for January 2006.
  - Supporting the completion of UEMOA's efforts to establish common legislation on pest control, animal health and food safety across the organization's eight member states.
  - Reviewing existing UEMOA plans for investment in laboratory equipment and training of civil servants, technicians, and traders to take advantage of a harmonized SPS policy once established.
  - Sponsored IPPC SPS capacity building workshop in Accra, December 5-9, 2005. Mr. Humado participated on the first day of the workshop and met with the FAO organizers and the National Plant Protection Organization officers from various West African countries. On the second day, the USDA APHIS Advisor made a presentation on the activities of both WATH/A and APHIS in West Africa, and briefly summarized pest risk assessments completed to date.
  - Followed up and implemented the recommendations of the food irradiation report. Mr. Humado received copies of U.S. irradiation standards from the American Society for Testing and Materials as well as guidelines for certification of irradiated foods from USDA APHIS. He provided these to the Ghana Atomic Energy Commission (GAEC) and The Ghana Standards Board to enable them to update the Ghanaian irradiation standards.
  - To leverage synergies across the US Government, Mr. Humado led efforts with USAID WARP, USDA and USAID/Ghana's bilateral TIPCEE project to encourage their assistance with further research on markets for irradiated foods in the U.S., as well as identifying candidate agricultural products that Ghanaian businesses can irradiate for the U.S. market at prices competitive with those of exporters from Latin America.

*Develop a Common External Tariff (CET) for ECOWAS*

- Cooperating with the USAID WARP-financed ECOTrade project, WATH/A provides technical support to the ECOWAS CET initiative, which promotes trade within West Africa via the development of a common external tariff (CET) for member states.
- WATH/A is working with ECOWAS to introduce a mechanism that successfully compensates member states which are losing revenue. To create this mechanism, ECOWAS must be able to gather data from customs services throughout the region using a common standard.

- WATH/A is promoting standardized electronic systems to enable much faster port clearances and simple collection of trade statistics by national statistical offices.
- WATH/A has plans to partner with ECOWAS' Community Computing Centre (CCC) in Lomé to establish systems that will improve and harmonize the software and hardware used by customs services, statistical offices and port authorities for the benefit of all these institutions and of the private sector.
- The project will initially work in nine countries – Benin, Burkina Faso, Cape Verde, Ghana, Mali, Niger, Nigeria, Senegal and Togo – to help CCC install VSAT communication systems, standardize customs-data software, and provide training for the national institutions to run the new systems. While principally a tool to enable the rapid exchange of customs data, the VSAT communication network will also facilitate communication of other sorts between ECOWAS countries.

#### *WTO training*

- Given a limited training budget of \$50,000, WATH/A conducts week-long training workshops in the General Agreement on Trade in Services.

#### **Results**

- Inter-regional integration, which paired Ghana and South Africa, resulted in the shipment of pineapples and mangoes, respectively, to a South African fresh cut fruit processor for export to EU markets.
- Intra-regional integration increases with more harmonization across member states for SPS, regional transport and regional trade agreements.

#### **4.1.4 WATH/A Policy and Governance SWOT Analysis**

##### **Strengths:**

- WATH/A's highly targeted interventions with issues such as SPS harmonization, Road Transport Information Systems, irradiation and direct engagement with UEMOA has resulted in high impact programs with relatively limited financial resources.
- WATH/A's close collaboration with related donor programs allows for maximum efficiency of budgeted technical interventions in policy and governance.

##### **Weaknesses:**

- Without experts being placed in ECOWAS and UEMOA to provide daily or constant support for complex policy interventions, WATH/A is limited to workshops and guidance on better frameworks, instead of successful implementation.
- ECOWAS and UEMOA are weak institutionally, which limits effective implementation of agreed-upon programs.

##### **Opportunities:**

- WATH/A has an opportunity to better align its trade promotion activities with those of ECOWAS and UEMOA, by locating staff at the offices of these organizations, similar to what the ECA did (co-locating Dr. Michael Wyzan) with COMESA.
- West Africa has the highest costs of road transport in the world. A variety of factors contribute to this problem, including the high costs of inputs and high taxation, low

capacity use, overloaded vehicles running on degraded roads, and a surfeit of old, inefficient trucks operating, when they should be retired from the fleet. The expected high impact of RTIS activities should generate substantial externalities with limited budget outlays.

**Threats:**

- Non-US donor programs are rapidly increasing funds for West Africa, which may lessen the attractiveness of technical programs requiring substantial cost-share by local governments for implementation.
- If WATH/A's Policy and Governance programs do not expand to provide individual countries specific trade negotiation expertise, the overall impact of inter-regional integration efforts may suffer without harmonization efforts across multiple actors and member states.

**Program Observations and Recommendations**

- Design program interventions intentionally to target and work with agencies that are focused on trade facilitation and on building trade capacity in RECs as well as in member states, to boost trade and capacity within regional organizations.
- In the same way WATH/A brings together key stakeholders at the Ministerial and Private Sector levels within its Trade Facilitation and Capacity Building Program, WATH/A could adopt a similar approach to bring together the region's agencies supporting trade integration to share best practices, establish a common framework for collaboration, and design a marketing strategy that improves investment and trade at a regional level.
- Closer collaboration with USAID/Ghana and Nigeria also ensures the integration of bilateral programs and those of WATH/A.

## ***4.2 Southern Africa Global and Competitiveness Hub – SAGCH***

There was an existing USAID program – Regional Activity to Promote Integration through Dialogue and Policy Implementation (RAPID) – that was adapted to fit the TRADE Initiative for the Hub. This facilitated the Hub's TRADE program, as the previous contractor had built some relationships. A new contractor took over the Hub on April 1, 2005. SAGCH is unique in having two separate prime contracts run by two different prime contractors – one each for Trade Facilitation and Capacity Building (TFCB) and Trade Competitiveness (TC). The two contractors work seamlessly together and present a unified front to the outside world. SAGCH also has a hub manager to oversee the hub's myriad operations and numerous events.

SAGCH falls under the fourteenth Strategic Objective (SO14) of the USAID Regional Center for Southern Africa (RCSA), which seeks "A More Competitive Southern Africa Economy."

The intermediate results (IR) under SO14 that TFCB addresses include:

- IR14.1 – Improved Policy and Regulatory Environment for Competitiveness and Free Trade;
- IR 14.2 – Key Transaction Costs Reduced.

TFCB is responsible for implementing components 1, 3, 4 and 5 of SO 14:

Component 1: Capacity Building and Policy Reform for Trade and Competitiveness  
Component 3: Trade Facilitation (Customs Modernization and Transport Facilitation)  
Component 4: Financial Services for Trade and Competitiveness  
Component 5: Dialogue for Competitiveness (Building Private Sector Advocacy and Outreach)

Trade Competitiveness (TC) is responsible for carrying out Component 2, “Sector Development” which focuses on activities related to specific industries. It identifies and promotes exportable products, and business linkages between producers and markets. The TC activities also include the Africa Growth and Opportunity Act (AGOA) Advisor who provides capacity building and technical assistance at both the firm and national levels to help the region maximize opportunities under AGOA. SACGH integrates the TC and TFCB activities.

In a nutshell, SAGCH focuses on the following component areas namely:

- 1) Trade Facilitation and Capacity Building, which has as sub-components –
  - Capacity Building and Policy Reform for Trade and Competitiveness,
  - Customs Modernization and Transport Facilitation, and
  - Dialogue for Competitiveness (Building private sector advocacy and outreach); and
- 2) Trade Competitiveness, which has sub-components –
  - Exportable Agriculture,
  - Sustainable Tourism,
  - Textiles and Apparel,
  - AGOA Support Services and Export Business Development; and
- 3) Crosscutting issues which include Communications and Outreach and HIV/AIDS.

The Hub has provided support to both SADC and SACU. The Hub has also provided technical assistance to SACU countries in their negotiations for the SACU-US Free Trade Agreement with the US. In September 2005, the Hub signed its first Global Development Alliance with the World Initiative for Soy in Human Health (WISHH). WISHH will work with local manufacturers in Botswana, South Africa, Mozambique, Malawi, Angola, Tanzania, Swaziland, Lesotho and Zambia to improve the nutritional profile of locally processed foods by introducing soy into those foods. The Hub is looking at the feasibility of developing another GDA in collaboration with the Trans Kalahari Corridor and Walvis Bay Corridor Group. Moreover, it is also examining the feasibility of a GDA to introduce a comprehensive information system.

SAGCH has developed a film series that is quite instructive. The series has the following titles:

- The impact of trade preferences, with a particular focus on AGOA and the apparel industry in Southern Africa (using Lesotho as a case study).

- Business environment challenges in the region and initiatives to improve competitiveness.
- Building an effective private-sector voice for policy change (using the Botswana Cattle Producers Association (BCPA) as a case study).
- Improving trade facilitation by means of the Trans-Kalahari and Maputo Corridors.
- HIV/AIDS from a business and economic perspective.

The hub has been using the films in its outreach activities.

#### **4.2.1 SAGCH Export Business Development Program Design**

Through consultations with RCSA, and USAID Bilateral Missions and other stakeholders, SAGCH, at its inception, chose the following sectors to target its interventions; exportable agriculture products, sustainable tourism and textiles and apparel. Continued discussions led SAGCH to target the horticulture and livestock sectors while pinpointing efforts in tourism to eco-tourism. The SAGCH evaluation team, under direction of RCSA, limited its evaluation of SAGCH's export business development strategies to:

- Exportable agricultural products
- Exportable textiles and apparel industries

SAGCH adopted a sector-strengthening approach to export business development, which seeks to support the sectors and industries with the best chances of benefiting from AGOA, and intra-regional export opportunities.

Unlike the other TRADE hubs in Africa, SAGCH focuses its export business development interventions, not at transactional firm level market linking, but at sub-sector value chains. It is expecting to increase the capacity of several firms this way within these sub-sectors through collaboration with trade associations, government agencies and select key firms. SAGCH also expects to identify and carry out strategic interventions anywhere along the value chain where technical assistance can improve productivity or competitiveness while reducing transaction costs.

To spread its interventions as broadly as possible across Southern Africa, SAGCH also paired the sub-sectors with specific opportunities within certain countries. Horticulture was thus paired with Zambia, South Africa, Mozambique and Botswana. Livestock and meat was paired with Botswana, and apparel was paired with Lesotho, South Africa and Swaziland. SAGCH also collaborates with the International Executive Service Corps (IESC) Africa Fast Track Trade (AFTT) program to provide firm level technical assistance in its horticulture sub-sector interventions.

Finally, SAGCH integrated AGOA education and support services into its framework. AGOA support included:

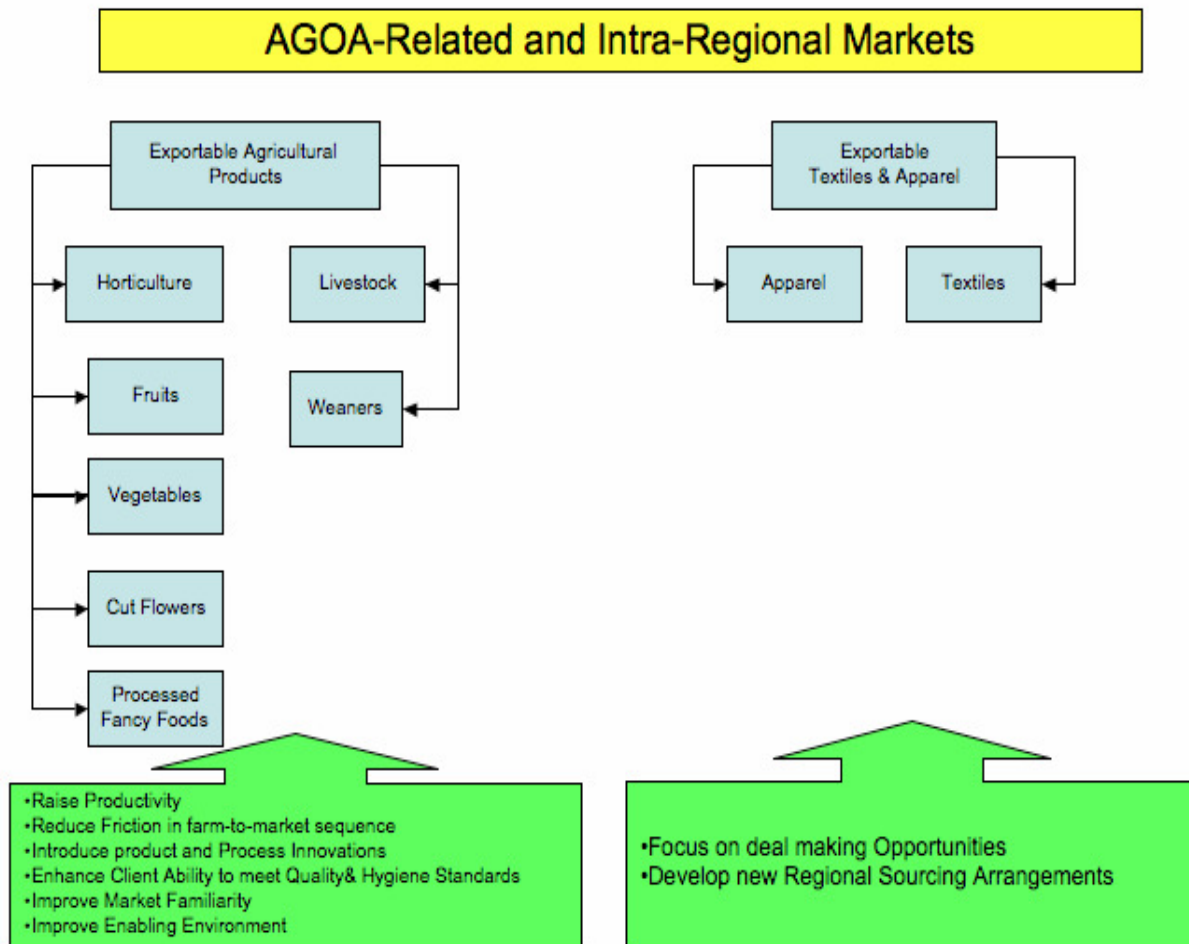
- Activities to increase awareness at the country, sub-sector, cluster and firm level
- Promoting apparel and agricultural exports

- Organizing and co-sponsoring AGOA related events in the region, and
- Responding to requests to link exporters with buyers

SAGCH's EBD approach is illustrated in Figure 4.3 below.

Figure 4.3

Southern Africa Global Competitiveness Hub Sub-sector & Industry Export Business Development Approach Framework



### Activities

In addition to the AGOA-related activities previously stated, the following export business development activities occurred:

#### *Horticulture*

- Botswana fresh melon value chain targeted for export to South Africa and EU markets;
- Mozambique foliage and fresh fruit value chains targeted for export to South Africa and EU markets;
- South Africa fresh mixed fruit value chain targeted for export to EU markets, and litchi and avocado value chains targeted to US markets under AGOA;

- Zambia fresh cut flower value chain targeted for export to South Africa and EU markets; and
- Select firm sponsorship to Fancy Food Trade Show in the US.

#### *Livestock and Meat*

- Botswana Cattle Producers Association institutional development and capacity building

#### *Textiles and Apparel*

- Sponsoring Country AGOA Forums to address competitiveness in a post-MFA environment;
- Research to determine US retailer needs and experiences with apparel manufacturers in Southern Africa with the results presented later in 2006; and
- Pursuing sourcing relationships between Southern African fabric producers and West African apparel manufacturers for exports under AGOA.

### **Results**

- Botswana Cattle Producers Association, through interventions initiated by SAGCH, now realizes an increase in the price of its cattle by an average of 40%, progress along the way of achieving export-parity pricing.;
- Established Textile and Apparel clusters in Lesotho and Swaziland to benefit from economies of scale, and more skilled workers;
- Provided technical assistance to Swaziland on facilitating AGOA exports – Category 9 Certification - and AGOA diversification;
- Prepared more than 10 companies from several member states for the 2006 International Fancy Food and Confection Show to be held in Chicago;
- Facilitated intra-regional integration between South Africa and Lesotho Apparel value chains to create \$100,000 per month in new exports for Lesotho; and
- Inter-regional integration which paired South Africa with Ghana and Senegal resulted in the shipment of pineapples and mangoes respectively to a South African fresh cut fruit processor for export to EU markets.

### **4.2.2 SAGCH Export Business Development SWOT Analysis**

#### **Strengths:**

- SAGCH's value-chain interventions in agricultural sub-sectors are improving competitiveness of small firms where applicable.
- SAGCH's focus on intra- and inter-regional trade expansion ensures local firms build capacity as an interim step to AGOA related export marketing.

#### **Weaknesses:**

- The lack of a programmatic firm-level transactional intervention strategy restricts SAGCH's ability to have a broader impact on improving AGOA related exports, and building firm level capacity.

- SAGCH has no AGOA Resource Centers (ARCs) to facilitate disseminating AGOA information to stakeholders and others looking for that information. This keeps the AGOA advisor busy with requests that ARCs could easily handle.

**Opportunities:**

- SAGCH could strengthen its impact in the region in the following ways: 1) by working more closely with Government, and Parastatal Export Business Development agencies that share the same objectives, e.g., Botswana Export Development & Investment Authority; and 2) by bringing together similar agencies from within region to share best practices, collaborate for regional trade promotion, and coordinate export promotion interventions.
- SAGCH has an opportunity to better align its trade promotion activities with those of USAID/Republic of South Africa.

**Threats:**

- Impending expiration of the AGOA third country fabric provision could drive many apparel manufacturers out of business, unless they shift their reliance on inputs from Asia.
- US Government policy to restrict interaction and cooperation with the Southern Africa Development Community (SADC) limits SAGCH's ability to improve capacity at REC level.
- Budgetary uncertainties and trepidation about the transition to AGCI may result in the loss of key regional experts, who may be difficult to replace.

**Program Observations and Recommendations**

- Design program interventions to intentionally target and work with firm-level transactions to boost trade and capacity within regional SMEs.
- In the same way that SAGCH brings together key stakeholders at the Ministerial and Private Sector levels within its Trade Facilitation and Capacity Building Program, SAGCH could adopt a similar approach to bring together the region's Export Business Development Agencies to share best practices, establish a common framework for collaboration, and design a marketing strategy that improves investment and trade at a regional level.
- Closer collaboration with USAID/Republic of South Africa also ensures that Bilateral programs and those of SAGCH's are integrated.

**4.2.3 SAGCH Trade Facilitation and Capacity Building (TFCB) Program Design**

To achieve the results outlined in USAID RCSA's Strategic Objective 14, "a more competitive Southern Africa Economy," SAGCH targeted trade capacity building (TCB) opportunities for rapidly expanding integration with the global economy, which include:

- duty free market access to the United States under the African Growth and Opportunity Act (AGOA);



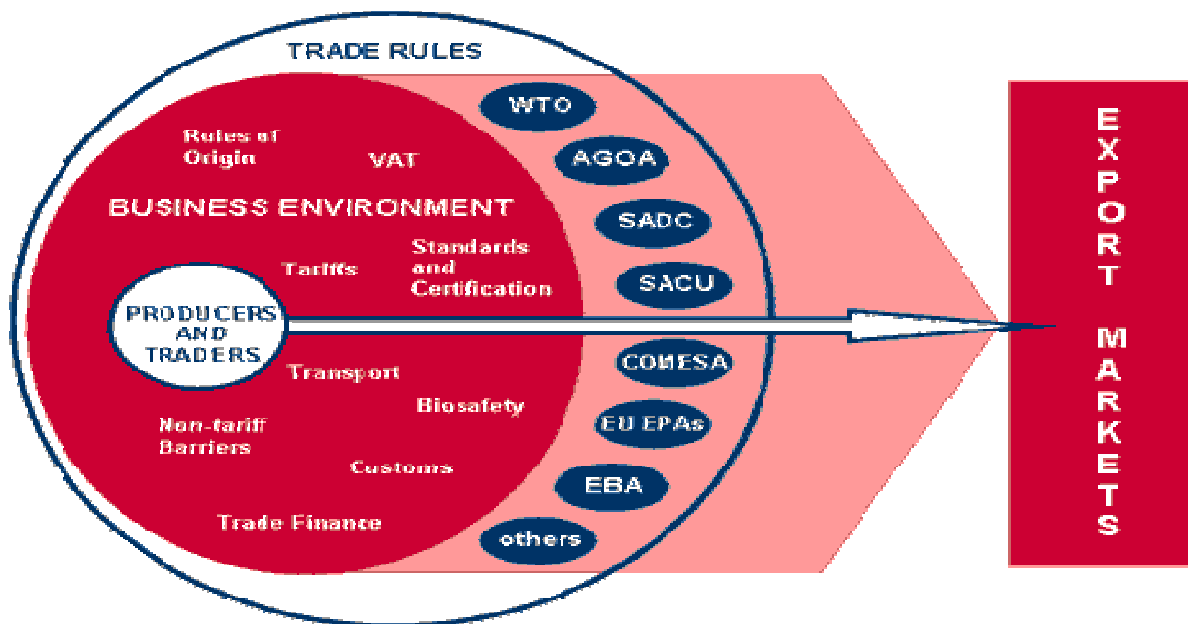
- the negotiations for a free trade agreement between the United States and the Southern African Customs Union (SACU), the WTO Doha Development Round; and
- the negotiations for Economic Partnership Agreements (EPAs) with the European

Following extensive consultations with the regional USAID Bilateral Missions, USAID Regional Center for Southern Africa (RCSA) and other stakeholders, SAGCH programs have been designed to assist Southern African nations to increase global and intra-regional trade, which is a requirement for dynamic economic growth. SAGCH program designs have focused on improvements in institutions, laws, policy, and transport logistics. The key technical interventions include creating Investor Roadmaps in Namibia and Swaziland, customs harmonization, improving road transportation logistics through the Trans-Kalahari Corridor, and supporting effective participation in the World Trade Organization (WTO) with extensive training on Rules of Origin and Trade Data Analysis.

SAGCH programs provide technical support and trade analysis to the client Southern African nations and RECs (Regional Economic Communities) – COMESA (Common Market for Eastern and Southern Africa), SACU (Southern Africa Custom Union) and SADC (Southern Africa Development Community) – to ensure that the trade negotiations are on an equal footing compared with competing nations. With an extensive public outreach communications program, SAGCH excels in providing the lessons learned to related audiences, including government departments, partnering regional organizations, civil society organizations, local media and related donor organizations.

The following is a SAGCH schematic for its approach to TFCB efforts in the region:

**MAKING TRADE RULES WORK FOR BUSINESS**



The Global team recognized five major elements of the TFCB program by SAGCH, which distinguished its efforts. These elements are as follows:

1. Hire the best local regional trade, transport and customs experts to ensure high receptivity from member states due to strong local networks of top trade officials and negotiators,
2. Focus on concrete TCB results, not simple commitments to REC policies,
3. Work with a core of the most committed Southern Africa member states on TCB,
4. Integrate trade better with South Africa and promote, by extension, to the larger, more developed economies of the EU and the US, and
5. Promote low external tariffs to non-member states.

### **Activities**

In addition to the previous Export Business Development activities stated above, the following Trade Facilitation and TCB-related activities occurred:

#### *Customs Modernization and Transport Facilitation*

- Efforts by SAGCH in supporting the development of the Trans-Kalahari Corridor (TKC) were given high praise by numerous regional bodies and organizations, such as DFiD, the World Bank and the RECs.
- Working with regional partners and USAID Bilateral Projects, SAGCH pursued an aggressive policy to develop transport logistics alternatives to the main Durban port, such as Maputo Corridor in Mozambique and Walvis Bay in Namibia. These efforts lined up well with similar World Bank projects in the same area.
- To connect similar corridor work throughout Africa, Ranga Munyaradzi, the Senior Customs Advisor, has facilitated meetings of the TKC, Dar es Salaam Corridor, and Maputo Corridor Customs Working Groups in Johannesburg. In creating these Customs Working Groups, transit experts from Customs Administrations of relevant countries are able to discuss the modification and adoption of TKC procedures for the Dar and Maputo Corridors.
- The Working Groups are currently dealing with issues to include customs integration, the development of one-stop border posts and a common Customs Bond Guarantee across the region.
- By developing the Trans Kalahari Corridor (TKC)/Maputo Corridor Customs Working Groups, Ranga Munyaradzi successfully focused particular attention on the adoption of the single administrative document (SAD 500) on the Maputo and Beira Corridors. The Working Groups finalized plans to roll-out the SAD500 in Swaziland, Lesotho and throughout Southern Africa; develop the one-stop border concept; extend border opening hours; and proceed with the practical implementation of the TKC Pilot Customs Bond Guarantee Scheme.
- At the request of the Malawi Revenue Authority, Ranga Munyaradzi, SAGCH's Senior Customs Advisor, developed the final version of the WCO Time Release Study Report – a first for the region, which will then be made available to the public. The hub expects several more requests from regional member states.
- Seeking to discover new sources of logistics improvement, SAGCH provided technical assistance to Spoornet (national railway company) of South Africa

- concerning planned private sector involvement in rail development and operations, especially on the short and abandoned or unused lines, which could improve national and regional bottlenecks.
- SAGCH continues to work with relevant South Africa authorities to develop investment and business opportunities concerning revival of abandoned or unused rail capacity, particularly from Paarl to Franschhoek in the Western Cape, South Africa, for tourist purposes.

#### *TCB Training and Research Analysis*

- As part of the demand-driven strategy, at the request of member states, SAGCH holds numerous rules-of-origin trainings, export diversification, and trade in services (GATS) throughout the region. Examples include the following:
- At the request of the Government of Malawi, Bridget Chilala, SAGCH's Capacity Building Director, developed an assessment of trade in services in Malawi, focusing on the transport, tourism and telecommunications sectors.
- At the request of Lesotho, Bridget Chilala and Joshua Setipa, SAGCH Trade Policy Advisor, developed studies on Market and Export Diversification. SAGCH will conduct product and market analysis to identify products besides textiles with export potential. It will also develop an export strategy for Lesotho that takes advantage of FTA opportunities.
- Paulina Elago, SAGCH Deputy Director for TFCB, developed a review with Trade Economist Frank Flatters of the administrative and economic constraints involved in implementing the new SACU revenue sharing formula, especially as they relate to intra-SACU trade data that are needed for the calculation of revenue shares. The assignment required extensive data collection and consultation with all SACU member countries.
- At the SACU Secretariat's request, SAGCH is formulating a long term work plan focused on sustainability and FTA effectiveness, which includes the drafting of administrative guidelines for the Secretariat and the various bodies provided for under the SACU Agreement.
- Investor Roadmaps developed for Namibia and Swaziland, adopted by the top levels of government, including the President and his Cabinet, serve as a blueprint for regulatory reforms in those countries.
- Bridging practical realities such as food security and regional self sufficiency, Bridget Chilala developed policy briefs to highlight the benefits of the adoption of Intellectual Property Rights (IPR) legislation in the SADC region and a harmonized common seed security policy – in particular its potential contribution towards poverty reduction by ensuring seed security as a precursor to food security in the region.

#### **Results**

- Working with partner member states and border authorities, SAGCH secured the adoption of a single, unified administrative transport document to reduce documentation from an estimated 30+ separate documents to a single version across the region.

- Inter-regional integration which paired Ghana and South Africa resulted in the shipment of pineapples and mangos respectively to a South African fresh cut fruit processor for export to EU markets.

#### **4.2.4 SAGCH Trade Facilitation and Capacity Building (TFCB) SWOT Analysis**

##### **Strengths:**

- SAGCH's close collaboration with RCSA and related donor programs (DFiD, World Bank) provided for targeted technical interventions in TFCB without undue overlap or duplication.
- Close cooperation with the RCSA Economic Growth and Trade Program, in particular the Managing Director, Lawrence Johnson, has been key to engaging regional partners and obtaining needed compromises for complex regional integration issues.
- SAGCH's highly targeted interventions in Transport, Customs, Trade Policy Negotiations and direct engagement with SACU has resulted in high-impact programs recognized by regional donors as the most effective regional project for promoting trade integration.
- SAGCH has credibility among donors and others in the region as having very talented and knowledgeable staff.

##### **Weaknesses:**

- Inability to engage and include the SADC Secretariat at a more substantive level reduces effectiveness of region-wide initiatives, particularly due to SACU's more limited regional outreach.
- SADC has not been as strong institutionally, which limits effective implementation of regional programs.
- Without full-time experts being placed in SADC and SACU to provide daily or constant support for complex policy interventions, SAGCH is limited to workshops, seminars, policy briefs and guidance on creating better discussion topics, while there is less actual implementation.
- Despite the excellence of the local regional experts on Trade, Transport, and Customs, there is increasing suspicion by member states about Trade Negotiators and Policy Units regarding the motives of a US Government-sponsored TFCB project. The Hub experts are not allowed to directly be involved with specific negotiation techniques, but rather provide more esoteric policy briefs, which are not perceived as being effective when most countries face severe human capacity problems in their trade policy units.

##### **Opportunities:**

- Given the high cost of road transport in Southern Africa, the targeted transport and customs interventions, particularly through standardized, shared cross-border trade data and longer border post hours, can unlock enormous potential for inter-regional trade, especially by extending the South African supply-chain networks, whether in horticulture, light manufacturing or other value-added industries.
- SAGCH can address the severe constraints on human capacity problems in areas such as trade negotiation techniques and policy development through marketing more aggressive

training programs, rather than simply being “request driven” for meeting trade integration needs of client states.

- Partnering with the WCO to roll-out a series of Time-Release Studies (TRS) could provide objective third-party analysis. TRS provides effective diagnostic tools for identifying inefficiencies in the customs clearance process and determining necessary infrastructure, policy and process improvements as it assesses the time elapsed at each stop in the cargo release process.

#### **Threats:**

- SADC’s continuing overpoliticization of regional issues may sideline important trade and integration programs, which highlight the value of improved logistics, transparent customs regimes and harmonized trade regimes.
- Without further engagement directly with the South African Government on regional trade policy initiatives, SAGCH will continue to face an uphill battle in promoting effective regional integration. RSA continues to drag its feet on border post hours, customs data sharing and numerous other programs that would benefit neighboring countries.
- The USAID/Republic of South Africa Bilateral program must be engaged to provide political cover in addressing these sensitive regional trade issues, rather than simply focusing on narrow bilateral programs such as MSME development among historically disadvantaged populations.
- Numerous donors are rapidly increasing program funds for Southern Africa. This may greatly impact SAGCH technical programs which requires substantial cost-share by local governments for implementation.

#### **Program Observations and Recommendations**

- Closer collaboration with the USAID/Republic of South Africa will also ensure that Bilateral programs and those of SAGCH are better integrated and knowledge management is highlighted.
- SAGCH may adopt similar programs to create Ministerial level working groups that bring together the region’s trade-related agencies, which also support trade integration by sharing best practices, establishing common frameworks for collaboration, and designing marketing strategies to improve investment and trade at a regional level.
- Program interventions must focus resources on trade facilitation and trade capacity related agencies within RECs and the member state governments to boost trade and capacity coverage within regional organizations.

### ***4.3 East and Central Africa Global Competitiveness Hub – ECA***

Similar to what happened at the SAGCH, there was an existing USAID program, some of whose elements were adapted for the TRADE Initiative for the Hub. This hastened the Hub’s TRADE implementation programs.

ECA falls under the fifth Strategic Objective (SO5) of the USAID Regional Economic Development Support Office (REDSO), which seeks an “Enhanced African Capacity to Achieve Regional Food Security.”

ECA focuses on the following component areas namely:

- 1) Trade Policy Formulation and Capacity Building,
- 2) Transport and Trade Efficiency (Customs and Transport Infrastructure), and
- 3) AGOA Business Development.

Crosscutting issues include gender, environment, HIV/AIDS, and anti-corruption.

ECA works closely with COMESA on key regional projects including the COMESA Regional Customs Bond Guarantee (RCBG) scheme, which was fully ratified recently. The RCBG scheme allows goods to transit COMESA countries under a single customs guarantee, essentially freeing \$200-\$300 million of capital held up in customs bonds. A complementary component to this project is the effective use of IT (see textbox below) to reduce bond acquittal times from months to weeks.

### **The Malaba One-stop Border Post - Building the IT Corridor**

#### **Background – Problem Being Addressed**

The land-locked countries in the East and Central Africa sub-region are faced with high transport costs, caused by a number of factors. High transport costs hinder market access and competition in the global market.

The major reasons contributing to these high costs include:

- Inadequate transport infrastructure and facilities.
- Operational inefficiencies in the transportation chain.
- Inadequate mechanism for exchange of information among the shipping and transportation community.
- Delays occasioned by cumbersome procedures and non-physical barriers en-route.
- Poor turn-around of vehicles and containers, partly due to the delays and partly due lack of appropriate tracking systems.

As an example, problems like the customs bond guarantee issue (as a method of enabling the customs authorities in the region to protect their revenue from duties on imported goods transiting through their regimes) contribute to a huge chunk of the transportation costs.

An importer has to put up a bond guarantee each with the customs authorities of all countries that the goods will transit on their way from the sea-port of entry to the country of destination. The guarantee is equivalent to the duty payable on those goods in that customs regime. As result, the importer has to approach banks and/or insurance companies and has to put up collateral for each bond taken. The costs are passed down to the end-user.

In theory, the bond is to be cancelled immediately once the goods have transited the country. In reality, the cancellation of a single bond takes inordinately long, as the paperwork for the goods has to travel from the point of exit to the point of entry; this can take as long as three months for a single bond.

### **The Malaba One-stop Border Post - Building the IT Corridor – Cont'd**

It is estimated that over one billion dollars are tied up at any given time as transit customs bond guarantees. Addressing this single problem by creating a system of advanced information dissemination and notification alone will have a huge impact on trade in the region. The bonds will be acquitted faster, hence a reduction in transportation costs, and a freeing up of more money for the players in the region to do more trade.

The customs bond guarantee issue is just one problem that can be solved by advanced information being availed to the various stakeholders. To address the problems caused by this lack of advanced information, the concept of the IT corridor was born.

#### **Project Objectives**

The IT Corridor will use modern Information and Telecommunications Technology (ICT) to enhance operational efficiency and to facilitate the exchange of information between the customs authorities of Kenya and Uganda as a pilot.

The Kenyan and Ugandan customs authorities have already implemented IT systems for the handling of their various operations under their individual customs modernization programs; what is missing is the data exchange between their two systems.

Further, the community and stakeholders at the border posts (customs, police, internal security, phytosanitary services, boards of standards, etc.) need to exchange information on a daily basis. A Community Based System (CBS) as a platform of information exchange at the Malaba border is to be implemented as part of the IT Corridor.

Implementation of this interface and the CBS will ensure that online, real-time information is transmittable from Mombasa to the borders of Uganda with its neighboring land-locked countries, effectively creating the IT corridor for up-down information flows between Mombasa and these inland border points.

#### **Achievements So Far**

With regards to the IT corridor, the ECA Global Competitiveness Hub has undertaken the following activities so far:

1. A border post Telecommunications survey to map the capabilities in terms of telecoms and electricity infrastructure at border posts within the region as the success of the IT corridor is dependent on the availability of infrastructure that can support computerization at sometimes remote stations.

The IT survey was completed and many of the major border posts in Kenya, Uganda, Tanzania, Rwanda, Burundi and DR Congo have been documented.

2. A proof of concept for the implementation of a one-way interface between the Kenya Revenue Authority's (KRA) Simba 2005 IT system and Uganda Revenue Authority's (URA) ASYCUDA ++ IT system was undertaken and a simulation of the data exchange using EDIFACT was demonstrated.

The proof of concept was well-received and the notion that the two systems were incompatible has been removed as a stumbling block to the implementation of the interface.

**The Malaba One-stop Border Post - Building the IT Corridor – Cont'd**

3. The hub is embarking on the implementation of the first phase of the actual development of the IT interface between the Simba 2005 and ASYCUDA++ in three stages as:
  - a. Stage One: implement a short term solution for data exchange between URA and KRA for declaration information that can be used for verification by both parties.  
  
This is to be done by August 2006 as per the current timelines by the revenue authorities.
  - b. Stage Two: implement a long-term solution for the automated data extraction and transmission between the URA and KRA systems.  
  
A system design is being proposed to the revenue authorities for discussion and possible implementation.
  - c. Stage Three: Implementation of a Community Based System at the Malaba border post.

**Expected Results**

Once the IT Corridor has been implemented, the following are some of the immediate expected results on trade and transportation in the region:

1. Improved procedures for cargo clearance;
2. A well coordinated framework between institutions involved in cargo clearance on Kenya and Ugandan side;
3. Adequate Information communication facilities on both sides of the border;
4. Integrated Information Communication Systems for cross border cargo management;
5. Co-ordinated cross border activities in which all activities are combined in one channel and IT system;
6. Faster transit bond cancellation due to availability of advanced information.
7. Increased transparency in trade processes;
8. Availability of advanced notification and a communication channel between the stakeholders;

Each of the above results will have a significant impact in the reduction of trade and transportation costs in the region as:

1. Paperless Trade implies faster documentation and trade procedures.
2. Increased transparency implies decrease in corruption.
3. Advanced notification implies increased efficiency which leads to lower costs.
4. Advanced notification further means faster bond cancellation which leads to lowered costs and increased capacity for players to do more volumes of trade.



### **4.3.1 ECA AGOA Export Business Development Program Design**

The ECA Hub focuses its export business development interventions on firms looking to benefit from AGOA. As such, most, if not all of its resources are directed to firm-level technical assistance that helps East African firms adapt products to the US market, identify sources of finance and facilitate business introductions and deals. It is ECA's goal to build the local capacity of indigenous-run firms. To reach this goal, ECA partners with the International Executive Service Corp (IESC), the Corporate Council on Africa (CCA), and Manchester Trade to deliver its interventions. IESC is also a coordinating partner through their USAID funded Africa Fast Track Trade, (AFTT) Program.

This trade Hub originally targeted the following sectors to receive its sector-level assistance; apparel, leather, handicrafts and fancy foods. Of those sectors, it was later determined that the leather sector was not as viable as previously thought because firms in this sector were not competitive in a global value chain. This led to a shift in focus from the leather sector to the horticulture sector. To reach these determinations, the Trade Hub completed research, and sought feedback from regional partners; Common Market for East and Southern Africa, (COMESA), East African Community, (EAC), Trade and Transit Coordination Authority, (TTCA), and USAID/East Africa.

ECA provides firm-level technical assistance through its implementing partners to export-ready firms throughout the region. Firms usually demonstrate their capacity to export by showing that they already export to other markets. (Trade within COMESA and trade to the EU markets make up most of these companies' exports). There does not appear to be any other systematic criteria used to determine export readiness of East African firms. Based on demand, consultants are hired through implementing partners to assist firms in preparing to export to the unique demands of the US market.

#### **Activities**

##### *Develop AGOA export strategies*

- Disseminate AGOA-related news, information and fact sheets via ECA site,
- Deliver National AGOA Export Strategies for Gabon and Uganda,
- Continue to implement firm level technical assistance and trade promotion activities for AGOA country specific programs in Congo-Brazzaville, Ethiopia, and Tanzania,
- Initiating an intervention in cut flowers sector.

##### *Improve understanding of AGOA and US market requirements*

- Provide tiered training on AGOA to exporters and potential exporters based on country eligibility;
  - Advanced training to countries that already have a broad understanding of AGOA but need industry specific assistance,
  - Intermediate training for countries with a basic understanding of AGOA but need help in formulating broad export strategies, and
  - Beginner training for countries that are just entering the AGOA process, (not yet eligible) and require basic training.

- Supporting women-owned businesses by targeting sectors with a high level of participation and partnering with businesswomen's networks, and associations to provide firm-level technical assistance.

*Improve competitiveness for exporting to the US*

- Continuing to provide sector level technical assistance in coordination with IESC in preparation for trade show attendance and after-show support. These interventions target cut flowers, apparel, handicrafts, Category 9 home accessories and specialty foods,
- Providing firm-level assistance targeted to at least twenty-five firms in the textiles and apparel, leather and handicrafts sectors.

*Improve access and exposure to US and regional markets*

- Facilitating regional trade fairs and missions,
- Facilitating US trade missions,
- Initiating a pooling of exports in the region to the US to benefit from economies of scale that result from pooled storage and transport.

**Results**

- Each dollar spent by ECA in direct technical assistance and trade show support resulted in a growing return on investment in AGOA-related exports to the US. Figures from 2005 show that for each \$1 spent on interventions led to \$183 in exports, up from \$30.43 in 2004.
- ECA's exports to the US under AGOA were up 33% from the previous year.
- Since ECA's inception, 83 export-ready Eastern African firms have participated in handicrafts and home accessories, textiles and apparel, and processed fancy foods trade shows in the US resulting in \$14 million worth of transactions.
- 47% of export ready firms receiving ECA intervention are women-owned/managed businesses.
- The ECA has developed National AGOA Export Strategies for Congo-Brazzaville, Ethiopia, Rwanda, Seychelles and Tanzania, helping to identify key AGOA-ready sectors along with their constraints and opportunities for competitiveness.

**4.3.2 ECA AGOA Export Business Development SWOT Analysis**

**Strengths:**

- ECA is singularly focused on promoting exports to the US through AGOA at the firm level.
- ECA has strong and capable implementing partners through which to provide technical assistance to export ready firms
- ECA has a strong follow-up technical assistance component in their export business development strategy that partners consultants with firms even after US linkages to ensure orders turn into delivered product

**Weaknesses:**

- ECA does not have a systematic approach to identify export-ready firms. As a result, some firms that have received assistance are no longer in business despite ECA intervention. Others such as Chandu EPZ, Ltd, a firm noted for winning a multi-million dollar textile order from JC Penney is now under investigation by the Kenya Revenue Authority for alleged fund mismanagement and as of this writing is prohibited from exporting.
- Unlike WATH/A, ECA does not have someone focused on developing AGOA Resource Centers housed in the Ministries of Trade, Commerce, etc. or Chambers of Commerce. This slows information dissemination and keeps pressure on the hub to respond some AGOA issues that the Resource Centers could handle.

**Opportunities:**

- ECA could strengthen its impact in the region by working more closely with Export Business Development agencies that share the same objectives, (Kenya Export Promotion Center), as well as mentoring local firms to build local capacity for future export business development.
- Export and Trade Finance could be better facilitated through closer collaboration of ECA with PTA (Preferential Trade Area for Eastern and Southern Africa) Bank.
- When applicable, the ECA could be more deliberate in assisting firms that wish to only export within the COMESA region, or to EU markets. Lessons learned from exporting to these regions could be the building blocks for future exporting to the US under AGOA.

**Threats:**

- Unmet and sometimes unrealistic expectations experienced by firms attending AGOA trade shows could dissuade future participation in those events and make it difficult for ECA to build credibility within the region.

**Program Observations and Recommendations**

- Closer collaboration with Export Business Development Agencies ensures that precious resources are not spent targeting the same export ready firms for US trade shows. ECA can facilitate this by:
  - 1) sharing work plans and reports with local Export Business Development Agencies, (Kenya Export Promotion Center and others), to coordinate interventions and remove overlap,
  - 2) Purposefully build capacity within these agencies to ensure long term regional sustainability when US interventions discontinue, and
  - 3) Facilitate and encourage collaboration at a regional level among all the Export Promotion Agencies within COMESA.
- Design a more systematic tool to assess firm-level export readiness to ensure that targeted companies have the best chance to succeed after linkages occur with US buyers.
- Build an export readiness continuum strategy where firms that only wish to export regionally, or to the EU, still get assistance with the understanding that building this capacity ultimately allows these firms to target US markets when their capacity improves.

### **4.3.3 ECA Hub Trade Capacity Building (TCB) and Policy Formulation Program Design**

Although included as part of the USAID REDSO/ESA Food Security Program, the ECA Hub has targeted trade capacity building, customs harmonization and transport logistics opportunities for rapidly expanding integration with the global economy. ECA Hub seeks to expand duty free market access to the United States under the African Growth and Opportunity Act (AGOA), the negotiations for a possible free trade agreement between the United States and the Common Market for Eastern and Southern Africa (COMESA), the WTO Doha Development Round and the negotiations for Economic Partnership Agreements (EPAs) with the European Union.

Following extensive consultations with the regional USAID Bilateral Missions, USAID Regional Economic Development Services Office of Eastern and Southern Africa (REDSO/ESA) and other stakeholders, the ECA Hub programs have been designed to assist Eastern and Central African nations to increase global and intra-regional trade, which is a requirement for dynamic economic growth. ECA Hub program designs have focused on improvements in institutions, laws, policy, and transport logistics.

The key technical interventions include:

- Training in Trade in Services (COMESA and the WTO).
- The ECA sending a staff member (Dr. Michael Wyzan) to help build capacity at the COMESA Secretariat.
- COMESA Trade Flow Analysis.
- Women in Business/Women's Entrepreneurial Training (Gender).
- One-stop Border Post/Trade Facilitation.
- Implementation of IT infrastructure along Northern Corridor.
- Rules of Origin (COMESA, EU, AGOA).
- WTO Information Technology Agreement.
- Anti-corruption.
- COMESA Regional Customs Bond Guarantee Scheme.
- Transport Facilitation Instruments.
- Strengthening of the Trade and Transit Coordination Authority and related organizations (e.g., transport associations).

Following a detailed consultative process with the client Eastern and Central African nations, including the RECs (Regional Economic Communities) – COMESA (Common Market for Eastern and Southern Africa) and EAC (Eastern Africa Community) – the ECA Hub programs support technical interventions and trade analysis to ensure TCB efforts and trade negotiations are on an equal footing compared with competing nations. With an extensive public outreach communications program, ECA Hub excels in providing the lessons learned to related audiences, including government departments, partnering regional organizations, civil society organizations, local media and related donor organizations.

Our evaluation team recognized five major elements of the program by ECA Hub, which distinguished its efforts. These elements are as follows:

1. Hire the best local regional trade, transport and customs experts to ensure high receptivity from member states due to strong local networks of top trade officials and negotiators,
2. Strengthen the supply-side issues accompanying TCB programs,
3. Focus on concrete TCB results, not simple commitments to REC policies,
4. Integrate trade better regionally, with South Africa and where possible, with the larger, more developed economies of the EU, the US, and Asia, and
5. Promote low external tariffs to non-member states.

### **Activities**

In addition to the previous Export Business Development activities stated above, the following TCB, Policy Formulation, Transport and Customs-related activities occurred:

#### *TCB and Policy Formulation*

- Strengthen Capacity to Participate in Multilateral Trade Deliberations and Negotiations through direct technical assistance and preparation.
- Build capacity within COMESA, particularly through Dr. Michael Wyzan, and among national governments to participate effectively in trade deliberations and negotiations, including strengthened working stakeholder relationships, especially with the COMESA Secretariat.
- The ECA Hub will place special emphasis upon refining and implementing the COMESA Free Trade Agreement (FTA) and the achievement of a COMESA Customs Union in 2008.
- Based upon extensive discussions with COMESA, the implementation of a COMESA-wide services agreement will be the highest priority this year, followed by promoting the refinement and implementation of the COMESA Common Investment Framework Agreement and the finalization of the COMESA Trade Flow Analysis.
- Facilitate COMESA Trade in Services Agreement, including comprehensive training on the concept of Trade in Services and negotiation of agreements on services. The training events focused on the following:
  - The importance of the Services Sector, including the rapidly expanding services trade; the variety of types of service sectors (e.g., telecommunications, financial services, transportation, tourism, etc.), especially as formulated within the WTO; and how services are integrally linked to trade in goods.
  - The nature of the WTO, including a review of the General Agreement on Trade in Services, its coverage and modes of supply, the general obligations and specific commitments of members, the similarities to trade rules in the goods area, and the panoply of barriers in the services sector.
  - The nature of negotiations, including how to identify national interests and prepare for negotiations; how to understand, maintain and modify the services schedules and how to formulate a schedule of commitments; which services areas have been carved out from the GATS; what the modalities for negotiations are (e.g., "negative" and "positive" lists approaches, model

schedules, mutual recognition arrangements, request/offer approaches, and hybrids of these mechanisms); and what types of special provisions exist for developing countries.

- The status of negotiations in the services area, including the history of trade liberalization in the services sector, the uncertain situation of making progress in the current Doha round of negotiations and how services issues have been handled in regional and bilateral contexts.
- Created a network of regional trade experts, in collaboration with COMESA and the World Bank through the Integrated Framework. The network will facilitate the interaction and collaboration of senior trade policy officials and entrepreneurs interested in regional and global trade issues, led by the ECA Hub's COMESA Trade Facilitation Specialist.
- Expanding and strengthening the COMESA FTA framework and facilitate achievement of COMESA Customs Union in December 2008.
- Created new COMESA Working Group on the Elimination of Non-tariff Barriers in Intra-COMESA Trade, recognized as one of the critical blockages to expanding trade.

#### *Customs Modernization*

- Development of "Best in Class" Malaba One-Stop Border Post (See textbox below), which can be replicated throughout the region.
- The ECA Hub support in developing the Northern Corridor has received high praise from numerous regional bodies and organizations, such as DFID, the World Bank and the RECs.
- Working with COMESA and EAC, ECA has promoted simplified and harmonized ECA customs systems and procedures through training, prioritizing the regional customs reform agenda and targeting region's customs capabilities.
- Encourage regional Customs Authorities to comply with International Conventions, such as the Kyoto Convention, WTO customs related agreements (Valuation, Rules of Origin), and also providing guidance as required.
- Created an IT Corridor from Malaba to Kigali.
- Create a program that will allow interface of the Simba and Asycuda++ systems to allow direct data exchange to facilitate and increase efficiency in cargo clearance from Mombasa to Kigali.
- Facilitate the development of public-private partnerships to support customs reform
- Improve private sector understanding of customs procedures and policies.
- Implement the COMESA Customs Regional Bond Guarantee Scheme.
- Training on the Rules of Origin.

### **Success Story - The Malaba One-Stop Border Post (2003-2005)**

#### **Implemented by IESC Geekcorps through the East and Central Africa Global Competitiveness Hub (ECA Hub)**

The "One Stop Joint Border Control" Project was an East and Central Africa Global Competitiveness Hub initiative at the Malaba Border post to harmonize customs, immigration and cargo tracking communications. The aim was for the Malaba Border Post, between Kenya and Uganda to serve as a model for other Northern Corridor border crossings as it is a central link in the East & Central Africa Northern Corridor.

Synchronized collaboration and cooperation at the border post required communication among the participating agencies of both governments i.e. customs, immigration, and cargo tracking. At the time, each agency had some form of information technology, at varying levels of sophistication and implementation. However, there was no common automated interface among the systems, and no way to share information even within departments of a single government.

The ECA Hub worked with an IESC/Geekcorps team to create a common interface between systems to share and store information to meet international standards as per World Customs Organization rules in the Revised Kyoto Convention. A team of four Geeks did field research on existing systems, and designed a platform that achieved the project objectives. They visited relevant agencies in Mombasa, Nairobi, Malaba Border Post and Kampala.

A workshop held at the ECA HUB Offices in Nairobi brought together representatives of Kenya Ports Authority, Revenue Authorities of Kenya & Uganda, TTCA, USAID, the Hub and the World Bank, to discuss the ICT Component of the One Stop Border Control Project. These key players met to share information about systems in place and to plan follow-up site visits to observe physical layout and information passing between border posts, as well as to survey ICT & Telecom networking.

As part of this project IESC/Geekcorps designed and implemented a solution for an "IT corridor" spanning the trade route of the Northern Corridor from Mombasa, Kenya to Kampala, Uganda. This effectively established electronic information exchange across the border of Kenya and Uganda and greatly reduced the delays in cargo clearance. In addition to this, IESC/Geekcorps designed a Community Based System that granted varying levels of access to transit information to the different branches of government.

IESC/Geekcorps was able to enable the synchronization of the border posts at Malaba through the following achievements:

1. Designed a software interface that enabled customs, immigration and other Government Agencies to transmit information automatically between each other and each country.
2. Designed a database interface and communications platform that allowed limited public access to the central database and secure data transmittal to participating public and private stakeholders.
3. Conducted a telecommunications survey of all border posts in Kenya to determine the equipment and connectivity needs of each one.

*Source: ECA*

*Transport Logistics and Trade Efficiency along the Northern Corridor*

- Working with TTCA and the related COMESA Working Groups, ECA has improved the regional transport systems, policies, and plans for harmonization transport logistics and increasing trade efficiency, such as implementing COMESA/TTCA agreements.
- Develop Strategy to Convert Northern Corridor into an Economic Corridor, working with the TTCA and COMESA to develop a strategy and implementation plan for the transformation of the Northern Corridor into an Economic Development Corridor (EDC). The ECA Hub will assist TTCA and COMESA in developing a model Build Operate Transfer (BOT) policy and will facilitate the organization of a stakeholders' conference to build consensus and buy-in among key players.
- Build national and regional government capacity for transport policy implementation
- Establish and strengthen transport-sector associations, Public-Private Partnerships and investment alliances, while improving private sector understanding of transport policies, systems and best practices.
- Institutional Strengthening: Transit Transport Coordination Authority (TTCA) and Private Sector Associations.
- Implementation of TTCA/COMESA Facilitation Instruments.

**Results**

- Creation of the Malaba One-Stop Border post between Kenya and Uganda, which signifies progress towards a common interface between systems to meet international standards as per WCO rules.
- Impact at Malaba – reduction in (container transit times) transaction costs, saving about \$1000/container. Project leveraged \$45 million from the World Bank and \$5 million from the African Development; replicable project across the continent.
- COMESA Customs Regional Bond Guarantee Scheme (CRBGS) – One single customs guarantee for goods transiting COMESA countries under the Regional Bond Guarantee. This frees estimated potential investment funds of \$200-\$300 million held in customs bonds.
- The complementary CRBGS project promotes the effective use of IT by revenue authorities to reduce bond acquittal process time, which is currently a paper-based process, from months to weeks.
- Quick response time to urgent initiatives such as: WTO Information Technology Agreement (ITA) study; technical contributions to the RATES (Regional Agricultural Trade Expansion Support) program on textiles and apparel; development of an industrial investment policy in Rwanda; and Trade in Services in the WTO and COMESA.

**4.3.4 ECA Hub TCB, Policy Formulation, Transport and Customs SWOT Analysis**  
**Strengths:**

- Under the Scott Allen, ECA Hub Chief of Party, the ECA Hub has designed a careful prioritization of work programs involving key experts, particularly Michael Wyzan,



Graham Johnson and Silas Kanamugire, which targets high-impact / high-return activities, such as the Malaba one-stop border, customs guarantee bond scheme or the trade in services integrated framework. These activities have a more effective impact on regional prosperity than the smaller transactional-focused efforts such as crafts or light industry.

- ECA Hub's close collaboration with USAID REDSO/ECA and related regional donor programs (DFID, World Bank) provided for targeted technical interventions in TCB, Transport and Customs without undue overlap or duplication.
- The public communications component successfully promoted the correct messages regarding the reason and rationale for tackling the large transport, customs and trade policy issues. Without this communications piece, the Hub would not have been nearly as effective.
- Regionally renowned local and regional experts on Trade, Transport, and Customs, which increases the receptivity of member states due to long-time and close personal working relationships these consultants bring to the job.

**Weaknesses:**

- Legacy programs and commitments to institutions such as TTCA which needs strengthening, limit the effectiveness of rapid program development.
- COMESA member states remain uncommitted to foregoing sovereign issues to make the REC effective. As such, transport or customs data issues, which require extensive collaboration by government officials will often fail due to sabotage or unwillingness to cooperate with larger programs.
- Local law enforcement continues to interfere on key logistical routes by placing illegal road checks to obtain bribes or assess fees for illegal shipments.
- Private associations have unstable membership fee structures and rely heavily on donor support.
- Unclear direction from USAID/Washington on exact geographic coverage leads to uncertainty when responding to client requests and delivering appropriate technical solutions.

**Opportunities:**

- ECA Hub can continue to address the severe constraints on human capacity problems in national governments such as trade negotiation techniques and policy development through marketing training programs, and focus on skill development at the national level.
- The EAC and COMESA partnerships are the strongest ever, which allows for more innovative and progressive policy work, whereas SAGCH suffers as SADC limps along.
- Following the SAGCH example, the ECA hub should partner with the WCO to roll-out a series of Time-Release Studies (TRS) to provide objective third-party analysis of customs reform impact. TRS provides effective diagnostic tools for identifying inefficiencies in the customs clearance process and determining necessary infrastructure, policy and process improvements as it assesses the time elapsed at each stop in the cargo release process.

**Threats:**

- The USAID/REDSO/ECA Bilateral program must be engaged to assure the long-term stability of program development and follow-up necessary for program success.
- Numerous donors are rapidly increasing programs funds for Southern Africa, which may greatly impact ECA Hub technical programs requiring substantial cost-share by local governments for implementation.

**Program Observations and Recommendations**

- ECA Hub may adopt similar programs such as SAGCH or WATH/A to create Ministerial level working groups that bring together the region's trade-related agencies, which also support trade integration by sharing best practices, establishing common frameworks for collaboration, and designing marketing strategies to improve investment and trade at a regional level.
- Program interventions must focus resources on trade facilitation and trade capacity related agencies within RECs and the member state governments to boost trade and capacity coverage within regional organizations.

## 5.0 EVALUATION RESULTS AND LESSONS LEARNED

We presented results by component in Section 4.0. Below is a quick summary of those results. For Export Business Development and AGOA Support Services:

- WATH/A facilitated nearly \$500,000 in exports and assisted with \$5,400,000 in pending deals.
- WATH/A-sponsored companies added 142 new jobs and made \$866,772 in investments.
- WATH/A sponsored and provided on-site technical assistance for 31 companies exhibiting in three US-based trade shows generating more than 600 contacts.
- WATH/A trained 468 rural and urban Nigerians in improving shea-nut quality for export; trained a total of 885 people, of which 328 were women.
- WATH/A created 1531 buyer-seller links versus a target of 50 for FY 2005, boosted exports to \$1.46 million from a 2005 target of \$0.7 million, facilitated investments of \$1.3 million for FY 2005, and had \$255,000 in intra-regional trade for FY 2005 against a target of \$300,000.
- WATH/A set up two more ARCs for Fiscal Year 2005 to meet its target and distributed 1034 AGOA Export Toolkits (CD-ROMs).

On TFCB, WATH/A provided about 19 person-months of short-term TA on capacity building in transport, SPS, and WTO issues. The Hub also had the following results.

- Inter-regional integration, which paired Ghana and South Africa, resulted in the shipment of pineapples and mangoes, respectively, to a South African fresh cut fruit processor for export to EU markets.
- Intra-regional integration increases with more harmonization across member states for SPS, regional transport and regional trade agreements.

On crosscutting issues of Communications and Outreach, the Hub trained 165 people against a target of 100 for FY 2005. The size of the hub's contact list grew to 3086 in FY 2005 versus a target of 2000.

In Export Business Development and AGOA Support Services, SAGCH intervened to effect a policy change to help the Botswana Cattle Producers Association to realize an increase in the price of its cattle by an average of 40%; progress along the way of achieving export-parity pricing. The Botswana Meat Commission had been reluctant to consider the pricing issue. The Hub also had the following results:

- Established Textile and Apparel clusters in Lesotho and Swaziland to benefit from economies of scale, and more skilled workers;
- Facilitated intra-regional integration between South Africa and Lesotho Apparel value chains creates \$100,000 per month in new exports for Lesotho; and
- Inter-regional integration which paired South Africa with Ghana and Senegal resulted in the shipment of pineapples and mangoes respectively to a South African fresh cut fruit processor for export to EU markets.

- Prepared more than 10 companies from several member states for the 2006 International Fancy Food and Confection Show to be held in Chicago.

On TFCB, SAGCH worked with partner member states and border authorities to secure the adoption of a single, unified administrative transport document (SAD 500) to reduce documentation from an estimated 30+ separate documents to a single version across the region. The Hub also provided technical assistance and research analysis including:

- Investor roadmaps;
- Market and Export Diversification and assessment of Trade in Services;
- Customs modernization and transport corridors; and
- Inter-regional integration which paired Ghana and South Africa resulted in the shipment of pineapples and mangos respectively to a South African fresh cut fruit processor for export to EU markets

On crosscutting issues, SAGCH has been able to integrate HIV/AIDS into all its components. It also has a very active Communications and Outreach program.

The ECA had strong results in Export Business Development. In addition to developing National AGOA Export Strategies for Congo-Brazzaville, Ethiopia, Rwanda, Seychelles and Tanzania, identifying key AGOA-ready sectors along with their constraints and opportunities for competitiveness, it had the following results.

- The return on investment (ROI) on TA and trade show support is quite good. Each dollar spent by ECA in direct technical assistance and trade show support resulted in growing AGOA-related exports to the US. Figures from 2005 show that each \$1 spent on interventions led to \$183 in exports, up from \$30.43 in 2004.
- ECA's exports to the US under AGOA were up 33% from the previous year (2004).
- Since ECA's inception, 83 export-ready Eastern African firms have participated in handicrafts and home accessories, textiles and apparel, and processed fancy foods trade shows in the US resulting in \$14 million worth of transactions.
- 47% of export ready firms receiving ECA intervention are women-owned/managed businesses.

Regarding TFCB, the ECA developed quick response times to urgent initiatives such as: WTO Information Technology Agreement (ITA) study; technical contributions to the RATES program on textiles and apparel; development of an industrial investment policy in Rwanda; and Trade in Services in the WTO and COMESA. In addition, it had the following results:

- Creation of the Malaba One-Stop Border post between Kenya and Uganda, which signifies progress towards a common interface between systems to meet international standards per WCO rules.
- Impact at Malaba – reduction in (container transit times) transaction costs, saving about \$1000/container; Project leveraged \$45 million from the World Bank and \$5 million from the African Development; replicable project across the continent.

- COMESA Customs Regional Bond Guarantee Scheme (CRBGS) – One single customs guarantee for goods transiting COMESA countries under the Regional Bond Guarantee. This frees potential investment funds of \$200-\$300 million held in customs bonds.
- The complementary CRBGS project promotes the effective use of IT by revenue authorities to reduce bond acquittal process time, which is currently a paper-based process, from months to weeks;

The ECA's crosscutting issues include gender, HIV/AIDS and bribery and corruption.

## ***5.1 Discussion of Results***

The Trade Hubs met the requirements stipulated in their respective performance-based contracts and the objectives of the TRADE Initiative through their varied programs. The Hubs also did run different programs under AGOA Support Services and Export Business Development to promote AGOA exports, build capacity of some Small and Medium Enterprises (SMEs), develop market linkages and competitiveness through trade shows at the regional and international levels, and provide technical assistance in numerous ways. Hence their activities advanced the policy objectives of the AGOA legislation.

The Malaba One-Stop Border Post project, where the ECA was able to leverage \$45 million from the World Bank and \$5 million from the African Development Bank, is a project that is replicable across the continent. Its regional impact and the related cost savings in trade facilitation is a model that the other Hubs can follow. The keys to the project's success were:

- Strong partnership with COMESA and TTCA.
- Knowledgeable ECA personnel who brought credibility to the project.
- Cooperation from the countries affected.
- Strong support from REDSO.

It is interesting to note that the Malaba project was not even in the ECA's original work plan. The Hub's ability to leverage resources to bring the project to fruition is testament to ECA's ability to work with a variety of groups and agencies. It also shows the importance of building budget flexibility in programs to pursue opportunistic projects. The Global evaluation team was lucky to be in Kenya when the official opening of the project occurred. There was very wide press coverage which gave USAID great exposure.

Also, even given AGCI's \$200 million, the ability of the Hubs to leverage resources from other programs, projects, donors, and the private sector, etc. is key to successful implementation of AGCI. In infrastructure development where projects require much larger sums than AGCI alone can provide, leveraging is essential.

Having support from national governments enhances the probability of success for trade programs. Thus Public-Private partnerships can be instrumental in successful trade programs. The President's Special Initiative (PSI) in Ghana is a good example. Under PSI, the government provided different resources from enterprise processing zones to training employees for the

textiles industry. It also helped to cluster development in the apparel and textiles sector so that several firms could pool their resources to bid on large orders.

The lack of a common set of indicators compelled the Hubs to develop their respective performance monitoring plans using a lot of scarce resources. It also made it quite difficult to compare programs across the Hubs. A common set of indicators, with adjustments for regional differences and different contracts, would have saved the Hubs valuable resources. The current PMPs that the Hubs have reflect the different performance-based contracts and terms of reference.

The initial focus on AGOA-only exports had the Hubs scrambling in some cases to find eligible products with a large enough scale to get the export numbers necessary to fulfill short-term objectives. The policymakers could have provided better guidance that detailed to which markets the Hubs could export. It is thus essential for all stakeholders to have a meeting of the minds to set clear policies for the Hubs. Interagency cooperation and coordination are imperative.

Supply-side problems limit the effective use of AGOA. Lack of supply capacity is a barrier to trade which limits market access, even if that access is freely granted. Several SMEs simply cannot fulfill orders due to a variety of supply-side constraints. In the March 2006 Aid For Trade Report for the Commonwealth Secretariat by Joseph Stiglitz and Andrew Charlton, they argued that poor countries should see Aid for trade as an essential component of market access. They stated that the message from least developed countries (LDCs) in the Doha negotiations should be: “aid for trade must be part of the market access agenda. It is meaningless to give us tariff-free entry if we are unable to use it. In the context of supply constraints, giving access to your markets must mean giving us both free entry and aid to ensure we can use it.” The paper went on to say that in the past, the hope that new market access by itself would spur investment in new supply capacity in the LDCs has not happened to any meaningful degree given the lessons learned from AGOA and the EU’s EBA (Everything But Arms). AGCI is looking beyond market access to address some of the supply-side constraints.

## ***5.2 Lessons Learned***

Some of the key lessons learned follow:

- Renowned regional experts, with extensive contacts and negotiating experience are critical to bringing credibility to the regional programs. (e.g., SAGCH, ECA).
- Sector and other Experts co-located at the offices of Regional Organizations/Partners— e.g., Dr. Michael Wyzan (ECA) at COMESA, are critical for developing better dialogue across various sectors and aid in building capacity of such partners.
- Public-Private partnerships can be instrumental in successful trade programs. The President’s Special Initiative (PSI) in Ghana is a good example – Helped cluster development in the apparel and textiles sector.
- Access to affordable financial services can boost trade – purchase order financing, asset-backed deals such as factoring, forfeiting (the purchasing of an exporter's receivables (the amount importers owe the exporter) at a discount by paying cash. The forfaiter, the

purchaser of the receivables, becomes the entity to whom the importer is obliged to pay its debt), can help facilitate deals (e.g., handicraft company in Ghana with a stack of Purchase Orders looking for funding).

- Build in budget flexibility to handle *ad hoc* requests and take advantage of opportunistic projects – The Malaba One-Stop Border Post was not even in the original work plan.
- Plan transition from TRADE Initiative to AGCI deliberately to keep momentum going and avoid duplication and any project discontinuities.
- Given budget and other resource constraints, it is imperative to leverage resources from different sources. Leveraging resources from other partners/donors is critical for large projects in infrastructure/other areas – e.g., TTCA corridor – the Malaba One-Stop Border Post, where the ECA leveraged over \$45 million from the World Bank and \$5 million from the African Development Bank.
- AGOA program is most effective when stakeholders such as the Embassies, Regional - and Bilateral Missions, and other USG agencies plan and coordinate carefully. In Ethiopia, the bilateral Mission used the National AGOA Strategy that the ECA developed to launch an AGOA+ (AGOA Plus) program to provide information around the clock and build local capacity. The program went on to leverage private sector funds for AGOA and Trade related projects. The project now has local ownership.
- Independent Third Party analysis of issues can lead to effective negotiations – The Botswana Cattle Producers' Association (BCPA) and its negotiations with the Botswana Meat Commission (BMC) progressed when SAGCH facilitated an economic study by an independent consultant. The study helped the BCPA to get a 40% increase in prices from the BMC, nudging the BMC prices closer to export-parity pricing.

## 6.0 RECOMMENDATIONS

### 6.1 *Recommendations for Program Improvements and Future Programs*

#### **Program Design**

- All stakeholders should agree to a coherent plan that demonstrates inputs, outputs, performance metrics, and a PMP for all participants, including realistic targets and program deliverables. For programs that require longer periods to show any results, the stakeholders can set milestones to show progress towards those results.
- Outline Interagency Involvement – Develop responsibilities and budgets - who, what, how, funding levels, and overall management control. Mandate engagement at core technical levels with all implementing agencies at regular intervals.
- Integrate field knowledge and program implementers in the program design process.
- Balance short-term (quick successes) and long-term (developmental) goals.
- Due to limited resources, it makes sense then for USAID to develop an overall regional/bilateral strategy for each geographical region. Explore where Hubs and Bilateral Missions can be most effective on and complementary to each other's projects, e.g., each entity focusing on different areas of the competitive value chain. The relationships between the Hubs and bilateral missions have been mostly *ad hoc*.
- USAID should provide clear directions to the Hubs about program operations. This will clear the confusion that at least one Hub had about program operations on exports.
- Hubs should limit any value-chain interventions to top levels, leaving Bilateral Missions and Regional Programs to focus on interventions from small growers up to the point of export readiness. Once value-chain productivity and quality have improved such that commodities are ready to explore new markets, the Hubs can then intervene to make the market linkages at the exporter level. (e.g., TIPCEE (bilateral project) in Ghana can work on the production chain of the Cashew GDA Alliance with WATH/A taking export-ready companies to markets).
- Program funds to strengthen institutional capacities of regional organizations, COMESA, SADC, SACU, and ECOWAS; build their knowledge (for development) management systems. Also, program interventions to focus resources on trade facilitation and trade capacity related agencies within state governments to boost trade and capacity coverage within regional organizations.
- Limit crosscutting activities, granted resource constraints, such activities should be limited and focused in nature.
- Let COP have administrative and programmatic oversight, and no responsibility for any component area as a lead.
- For sustainability, design programs to build local capacity and have local ownership; may require pairing expatriates with locals over a period of time.
- Integrate public/public partnerships. Pool resources for like-minded projects where DFID, World Bank, or other donors provide the financing and USAID provides the headcount/technical assistance.



### **Communications/Outreach Strategy**

- Inter-Agency Communications – While we recommend that USAID develops and chairs a high-level Policy Group to include COPs, the State Department., NSC, Treasury, USTR, USDA, Commerce, USTDA, EXIM, OPIC, etc., the Trade Initiative (TI) already called for such a group. USAID has already prepared a terms of reference for this group which the Office of General Counsel has cleared. The group was never implemented because the TI was ending. AGCI will address this implementation.
- Communications among/across Hubs – Institutionalize and formalize Hub Meetings – Mandate quarterly meetings of COPs, component leaders, Key IT/knowledge management staff; Develop and discuss better web strategies; Develop a platform to share and manage knowledge.
- External Communications and Outreach - Hire specialized (preferably DC-based) firm to communicate results and key policy issues targeted at key staffers on Trade/Appropriation Committees in Congress, the general public, key institutions and organizations, and other major stakeholders.
- Provide template for talking points – to show key achievements quickly (the elevator speech).

### **6.2 *Transitioning from TRADE Initiative to AGCI***

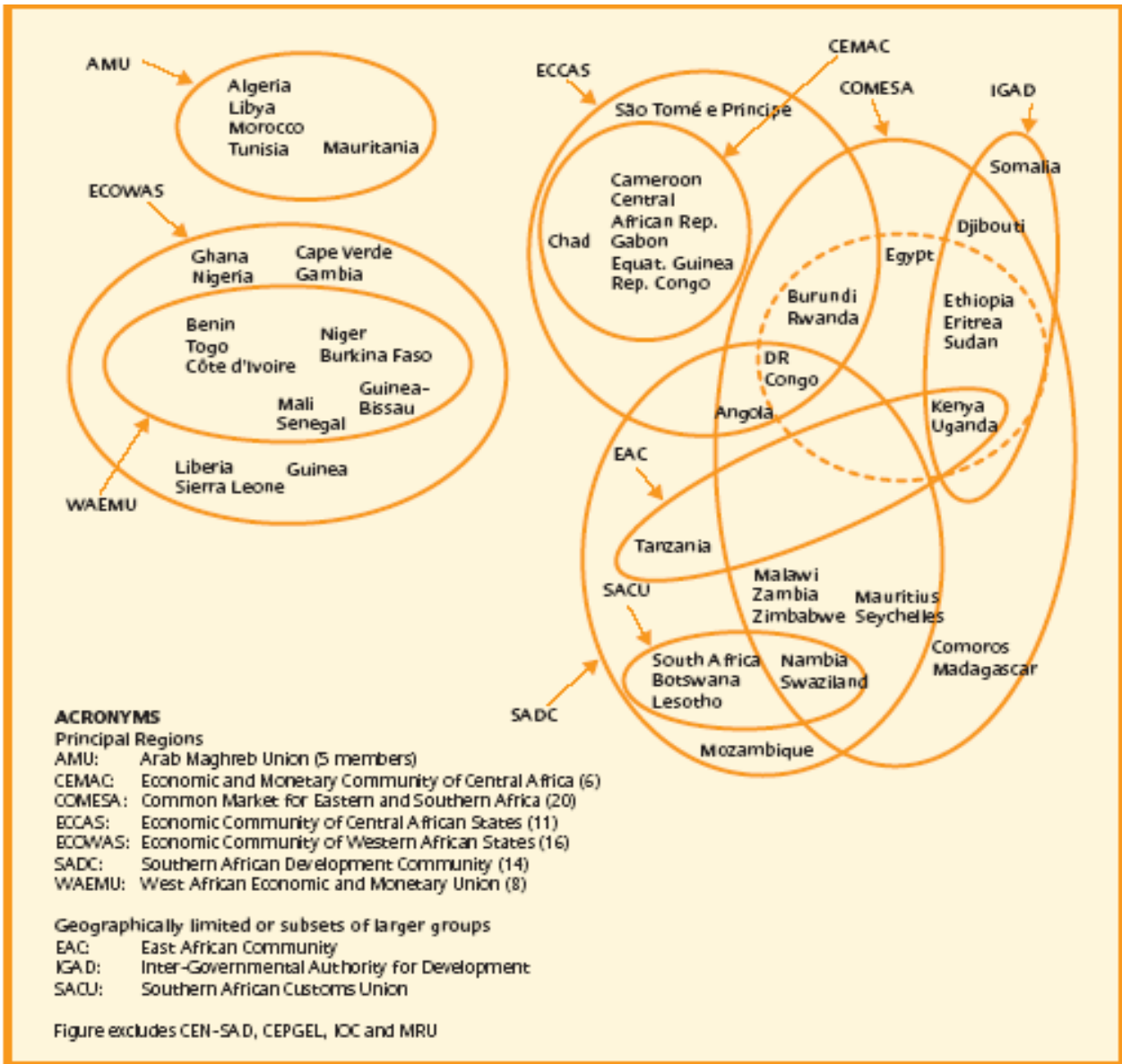
- Plan transition deliberately to ensure the sharing of knowledge limits friction as much as possible. It may be prudent for the new and old contractors to overlap activities to facilitate a smoother transition. Incorporate the lessons learned from the TRADE Initiative.
- Decide budgets and other funding issues early in the process to prevent losing key regional and other experts or to find time for their replacement. For personnel planning, this brings some predictability.
- Adjust the TRADE programs to reflect the missing pillars that AGCI has. It will be a waste of resources to abandon the progress that the TRADE programs had made. Were that to happen, some of the projects such as those in transport corridors and customs which require long periods to see meaningful results will lose momentum.
- If changing contractors, manage established relationships by former contractors to keep valuable links and relationships going.

### **6.3 *Some Things to Ponder***

- Will there be one contractor for all hubs? That may solve scale and coordination issues but under what vehicle? An IQC? Will that lead to loss of any competitiveness factors, innovation? What happens to the continuity/relationships current hubs have established? Will the contractor community raise concerns about fairness?
- Trade Hubs - Source of all things trade in Africa as policy? Resources to handle “surge” capacity?

- Are bilateral missions better for enterprise business development? Should hubs focus on only truly regional issues – policy harmonization, transport corridors, intra-regional trade, etc. and leave firm-level assistance and enterprise business development to the missions?
- Should AGOA legislation address supply-side challenges?
- The myriad African regional and sub-regional economic communities continue to pose challenges for effective trade development. Please see Figure 6.1 below.

**Figure 6.1 - African Regional and Sub-Regional Economic Communities**



Source: Adapted from the World Bank and Courtesy of the Corporate Council on Africa

## **7.0 APPENDICES**

Appendix A – Copy of Statement Of Work

Appendix B – Methodology and Data Collection, Surveys

Appendix C – List of Interviewees

Appendix D – Organizational Charts of Hubs

Appendix E – Hub Documents and other Reports