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AFRICAN GLOBAL COMPETITIVENESS INITIATIVE

COMPENDIUM OF TRADE-RELATED SUCCESS STORIES

JULY 2009

Photo above: USAID's Global Competitiveness Hubs in East/Central, Southern, and West Africa won "Best of Show" for their SOURCE AFRICA Pavilion at the February 2008 Sourcing at MAGIC Show, USA.
Photo: USAID, Southern Africa Global Competitiveness Hub

Cover photo: Women sort coffee beans at a USAID-assisted processing facility in Ethiopia. USAID is working with local farmers to increase specialty coffee production and sales.
Photo: USAID Ethiopia/Fintrac, Christof Krackhardt

ABOUT THIS PUBLICATION

The Africa Global Competitiveness Initiative is an important part of USAID's contribution to sub-Saharan Africa's economic development. Supporting the African Growth and Opportunity Act—the landmark trade legislation that grants duty-free access to the U.S. market for more than 6,000 products from 40 qualifying African countries—AGCI provides a range of technical assistance services that help African countries improve their trade competitiveness, thereby increasing their ability to take advantage of the opportunities offered by free and open trade.

This compendium includes success stories and case studies produced by implementers of USAID's Presidential Initiative and complements the compendium published by AGCI in July 2008. It highlights specific examples of successes that AGCI has achieved, from reducing red tape and costs associated with trade, to facilitating access to finance and attaining new visibility in the global marketplace. Many of these success stories have been generated by the four African Global Competitiveness Hubs—located in Accra, Dakar, Nairobi, and Gaborone and managed by USAID's regional missions in West, East, and Southern Africa.

This compendium of success stories and case studies was compiled by SEGURA IP3 Partners, LLC for review by the United States Agency for International Development

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INTEGRATING REGIONAL TRADE NETWORKS

CREATING EXPORT DEALS AND STRENGTHENING REGIONAL TRADE

The Presitex garment company in Maseru, Lesotho was growing and looking for ways to keep expanding its operations. It was especially interested in taking advantage of a U.S. trade law known as the Africa Growth and Opportunity Act (AGOA) that makes it easier for African countries to export clothing to the United States. At the same time, clothing manufacturers in South Africa were looking for regional suppliers of textiles and other clothing inputs, like yarn. Their current suppliers were based in Asia and, starting in September 2007, U.S. trade laws would make it more expensive for clothing produced with Asian inputs to reach U.S. markets. The natural solution was to link up African textile and input makers with garment producers. Presitex turned to the Southern Africa USAID Global Competitiveness Hub for help.

USAID's Hubs act as a central point where regional businesses can gain access to U.S. markets through business linkages, capacity building services, and problem-solving trade facilitation. The Hub put Presitex in touch with a knitting mill in South Africa. USAID helped the two groups come to an agreement: they made a deal valued at $100,000 per month. This was good news for everyone—the companies, their workers, and regional trade advocates in Southern Africa. Both firms regard the deal as an important first step toward developing a competitive regional supply chain. Lesotho's apparel industry has been especially successful—at one time, it supported 50,000 jobs.

With the upcoming change in U.S. textile import rules, there is an urgent need to develop regional sourcing arrangements like this one if African firms are to continue to benefit from trade preferences.

USAID's Hub is now promoting a number of similar opportunities for regional sourcing for other regional textile and apparel manufacturers as part of its strategy for Southern Africa's long-term trade competitiveness in apparel.

Regional integration is considered critical for the survival of Lesotho's apparel industry—both to maintain job opportunities in Lesotho and as a platform for future economic growth.

Workers at the Presitex garment factory in Maseru, Lesotho.
Photo: USAID/Lisa Yarmoshuk

SOURCE: Southern Africa Regional Mission, http://www.usaid.gov/stories/afr_regional/ss_afr_hub.html

MODERNIZING TRADE FOR FARMERS

AGRICULTURAL COMMODITY EXCHANGE ENSURES FARMERS RECEIVE BEST PRICE FOR THEIR CROPS

In Malawi, small farmers in remote rural areas have a difficult time accessing markets for their crops, and lack of information about prices puts them in a weak bargaining position with traders.

Low prices or an inability to sell their crops discourages farmers from future food production and exacerbates the severe poverty in rural areas where agriculture is often the sole source of income.

USAID helped establish the Malawi-based Agricultural Commodity Exchange for Africa (ACE) to address this situation. The exchange also improves marketing of agri-cultural commodities by ensuring the maintenance of standards.

ACE assists Malawi's farming community as a whole and the small-scale farming sector in particular. It provides farmers with reliable market information, both pre- and post-harvest, which improves competition and communications and ensures higher prices for higher quality. It has also helped improve access to local, regional, and international markets for farmers, offering full transparency, enforceable contracts, an arbitration facility, and more efficient and cost-effective markets.

One small but important example of how ACE improves farmers' lives occurred when a farmer's association was offered 45 Malawian kwacha (about 30 cents) a kilogram for approximately 12 tons of soya beans. The association was not satisfied with the bid, so ACE agreed to trade the soya beans on the association's behalf and offered them for sale on its trading platform, through the Internet, at 57 kwacha (41 cents) per kilogram. The sale was agreed upon the same day, after which it was revealed the buyer was the same one who had previously offered the farming group only 45 kwacha.

As ACE continues to help farmers, their livelihoods will improve and trade will become fairer.

To date, more than 7,500 tons of groundnuts, whole cottonseed, hominy chop, cottonseed meal, maize bran, sugar beans, soya beans, and jatropha seed—with a value of almost $3.5 million—have been traded through ACE to support smallholder farmers.

The Agricultural Commodity Exchange for Africa based in Lilongwe, Malawi, gives small-scale farmers leverage in negotiating for their crops.
Photos: ACE (left) and USAID (right)

SOURCE: Malawi Mission
http://www.usaid.gov/stories/malawi/ss_mwi_commodity.html

ESADA MEMBER LAUNCHES PREMIER LINE OF YOGURT

ELDOVILLE FARM BANKS ON HEALTH AND SAFETY

Mrs. Lucy Karuga displays one of her company's popular products. Eldoville dairy products are consistent winners at the Eastern and Southern Africa Dairy Association's (EASDA) annual cheese festivals and exhibitions. *Photo*: RATES Project

In June 2008, Mrs. Lucy Karuga, managing director of Eldoville Farm located in Karen (Nairobi), announced the launch her new product line: Premier Choice yogurt. This premium line of yogurt is just the latest in Eldoville's growing portfolio of dairy, vegetable, and fruit products for sale to institutions, the hospitality industry, and retail outlets.

Eldoville Farm is a woman-owned company that has concentrated on building a niche market for ready-to-cook-and-eat dairy and horticultural products in Kenya. It now has supply contracts with most major hotels in Kenya and is a key supplier of prepared side dishes for the National Airport Services, which supplies business and economy class food products to all the major airlines servicing Kenya. Its dairy products are also sold in Uganda and Rwanda.

Having gone from marketing the cream from a single cow 20 years ago, Mrs. Karuga now employs 80 full-time workers and generates sales in the range of 7 million Kenyan shillings a month ($110,000).

Eldoville came to the Government of Kenya's attention as a model integrated farming and processing operation, one that conforms to the highest quality control standards, including HAACP food safety certification.

Though Mrs. Karuga is very ambitious, she expanded her business only as rapidly as her ability to maintain control of production standards, never taking shortcuts. That approach has helped Eldoville's dairy products consistently take home a number of top awards from the Eastern and Southern Africa Dairy Association's (ESADA) annual cheese festivals and exhibitions that are held with USAID's RATES (Regional Agricultural Trade Expansion Support Program) support.

Her model of a fully integrated value chain is one she is increasingly called on to share, not just with fellow Kenyans, but also with all of Africa. ESADA provides specialized training opportunities for small and large dairy operations throughout the COMESA region. For more information on ESADA, contact www.dairyafrica.com.

"It's hard work," says Karuga, "You can't overestimate it." But, in adding value to all of the Farm's products, she knows she embodies this truth of economic growth in her region: "You don't have to be big to think big."

"I'm willing to work with technical advisors and donors to promote this idea of being small but having a big impact," she says. "I can help a lot of women that way."

SOURCE: East Africa Regional Mission, http://eastafrica.usaid.gov/en/Article.1170.aspx

AN ENTREPRENEUR'S VISION, NOW A REALITY, CREATES JOBS AND INVESTMENT

STAYING A STEP AHEAD OF HIS COMPETITION MEANT FRANÇOIS GUEMTO HAD TO LOOK FURTHER AFIELD. "ENTREPRENEURIAL INTELLIGENCE" AND TIMELY TECHNICAL ASSISTANCE HAVE LED TO SUCCESS

François Guemto has turned his entrepreneurial vision into a reality, combining his perseverance and engineering background with the Hub's technical expertise. The Hub's Vanessa Adams (middle) and Joop de Voest (right) visited his factory. *Photo: WATH*

By November 2008, Buetec Broderie of Cameroon was inaugurating a new knitting, dyeing, and sewing factory, adding 100 new employees, and developing a marketing plan for its products: custom embroidered high-quality knit garments.

With an investment exceeding $1 million over the past year—$3 million over the last few years altogether—the dynamic entrepreneur behind Buetec has succeeded with help from USAID's West Africa Hub.

François Guemto's entrepreneurial intelligence and ambition explain Buetec Broderie's success, said Joop de Voest, the Hub's apparel sector expert.

"After his initial success 10 years ago, competition increased," de Voest said. "He knew he had to stay a step ahead. His background as an engineer shows: He doesn't take risks that he has not calculated. He does his homework."

The company's success reflects teamwork and a never-ending, passionate quest to learn more about their industry. He and his wife, Bettina, run the company. "I know that I may not know the answer but I know where I can find an answer," Guemto said. He turns to the Hub's technical experts, including de Voest, for answers. In February, at de Voest's insistence, the Guemtos traveled to South Africa to visit a company doing exactly what they wanted to do, de Voest said.

In June, Abou Fall, the Hub's African Growth and Opportunities Act (AGOA) services coordinator, traveled to Cameroon to help the company understand the tariff-free advantages provided under the AGOA. Fall also assisted the company in dealing with tax issues. All of the effort is now paying off. Buetec Broderie is poised for even more success as strategic partners seek to collaborate with the company.

Over $1 million in investment has led Buetec Broderie to expand production—creating more than 100 new jobs, most of them filled by women.

SOURCE: West Africa Regional Mission
http://www.usaid.gov/westafrica/trade/specialfocus.htm

WITH CREDIT COMES THE OPPORTUNITY TO COMPETE

USAID and EcoBank Training prepares West African firms to access the financing they need for expansion

CHALLENGE

The average American typically has little problem accessing credit, but it is more challenging for West Africans. Businesses are particularly constrained in financing investments in new machinery, raw materials, and labor as they attempt to export competitively to international markets. Even with a commitment from major international buyers, exporters still face problems in accessing finance from banks at reasonable rates and in a timely manner. Lenders have little basis to rate the credit-worthiness of potential borrowers in unfamiliar export sectors, while the information the banks do receive might consist of inadequate financial records.

Access to credit has allowed the Ghanaian firm Kraft Export Consult to increase exports and the number of suppliers they employ by about 25 percent.

Source: West Africa Mission, http://www.usaid.gov/stories/ghana/cs_waf_credit.html

Small-scale artisans who are part of the Ghanaian firm Kraft Export Consult stand to benefit as the firm accesses credit to increase exports.
Photo: USAID WATH

INITIATIVE

USAID and EcoBank partnered to train exporters to develop adequate business plans and financial statements, while helping bankers to explore innovative lending instruments in non-traditional export sectors. International experts in accounting, finance, and business administration led workshops for exporters and bankers alike, while software company Intuit donated copies of accounting and finance software to participants.

Project toolkits included financial planning templates for making cash flow projections and preparing financial statements in accordance with International Financial Reporting Standards. The toolkits ensured that the supporting documents from regional exporters are in formats acceptable to Ecobank and will thus reduce substantially the processing time for loans. With a higher chance of loan approval in a reduced amount of time, exporters put themselves in a competitive position to develop business and receive orders.

RESULTS

The first loan from EcoBank was disbursed to Kraft Export Consult (a Ghanaian company that acts as an agent for Pier One and the Smithsonian Museum Shop) to produce and export handicrafts to the United States and Europe.

The access to pre-shipment finance will enable the company to increase exports and the number of suppliers they employ by about 25 percent. The export activities of Kraft Export Consult will also significantly increase the income levels of the small-scale producers and artisans they represent

"AFRICAN SET" APPEARS IN U.S. SUPERMARKETS

USAID WORKS WITH U.S. BUYER TO IDENTIFY SUPPLIERS IN THE REGION

The Africa Set includes a wide range of products from companies throughout Africa, which is now sold at major U.S. food retail stores and chains.
Photo: Talier Trading Group

Talier Trading Group's African Set mainstreams African specialty food brands in U.S. supermarkets.

Since July 2007, millions of American consumers in more than 2,000 stores have been able to select from a wide range of specialty food products from Southern Africa and other corners of the African continent. The "African Set" includes 280 products from 24 companies, screened and chosen by the New Jersey-based Talier Trading Group, an international specialty food marketing company. The Set is marketed to major U.S. distributors and grocery stores.

The African Set provides retail buyers an easy way to respond to the U.S. consumer demand for African foods. Launched in 2007, the unique product grouping mainstreams Africa's specialty food industry in the U.S. market. By the end of 2008, Talier expects the stores to have reaped an estimated $2.7 million in export revenues for African food companies.

So far, $1.2 million in orders have been placed among Southern African companies, which represents approximately 40 percent of the products (and thus expected revenues) including Southern African brands like Ceres, Nando's, Elephant Pepper, So!Go!, Rooibos Jam, Mrs. Balls, So South African, and Verlaque Fine Foods. The list is expected to grow as the Set gains momentum.

The Southern African Hub worked extensively with Talier Trading Group in a mutually beneficial relationship. The Southern Hub—along with other African Hubs in East and West Africa—introduced Talier to export-ready products, while the Talier Group provides the Hub guidance on the marketability of a given product in the U.S. market. Talier also provides critical information on product pricing, packaging, and labeling. This relationship enables the Hubs to provide quick responses to requests for information from food companies reflecting current market conditions.

Talier Trading Group has more than a mere business relationship with Southern African clients. When engaging a potential candidate for its African Set, it provides advice on pricing, USDA-compliant labeling, and meeting supermarket and distributor packaging needs. Talier also provides advice on methods to enhance marketability (such as improving labeling design and producing kosher/halaal products). This guidance is provided free of charge by a company with an interest in making sure that its African Set sells—and it is critical to keeping Southern African specialty food companies competitive in the U.S. market.

SOURCE: Southern Africa Mission
http://www.usaid.gov/southernafrica/research%20and%20information/success%20stories/africanset.pdf

ONE-STOP BORDER POSTS FACILITATE TRANSPORT

STUDY ON ONE-STOP BORDER POSTS CONTRIBUTES TO STRATEGY OF REDUCING TRANSIT TIMES AND COSTS IN SOUTHERN AFRICA

Transport costs are not only a factor of distance and infrastructure. A recent study by the World Bank showed that only 25 percent of transportation delays are due to infrastructure, whereas 75 percent are due to lack of facilitation, such as the streamlining of border post procedures.

The need for improved transport facilitation in Southern Africa is receiving increased recognition as part of the overall effort to reduce cost and delays and improve the predictability and reliability of transport. One-Stop Border Posts (OSBPs) are one means of achieving this objective.

OSBPs allow people, vehicles, and goods to exit one country and enter another through a single facility jointly manned by the adjoining countries. The main advantage of OSBP is that it facilitates a quicker border clearance process and limits duplication of border agency interventions, resulting in a win-win situation. The Southern African Development Community (SADC) and Common Market for Eastern and Southern Africa (COMESA) Trade Protocols call for implementation of the OSBP concept, while the Southern African Customs Union (SACU) Agreement has similar provisions.

One-Stop Border Posts are a means of reducing cost and delays and improving the predictability and reliability of transport.
Photo: USAID SAGCH

A Feasibility Study on the establishment of OSBPs at the Botswana/Namibian Border post was carried out with Southern Africa Hub technical assistance in 2008. The Study established the legal framework for authorizing extraterritorial border control operations within a common control zone at the border. Following meetings with both the private and public sectors in Botswana and Namibia, the Hub successfully obtained buy-in and commitment to the OSBP between Botswana and Namibia.

The Hub has also since been requested to carry out another study at the South Africa/Botswana border (Skilpadshek/Pioneer Gate). In addition, several other regional OSBP initiatives are planned.

With support provided by the United States Agency for International Development, OSBP and other trade facilitation measures are an important aspect of trade facilitation initiatives being undertaken jointly by the Southern African Development Community (SADC), Common Market for Eastern and Southern Africa (COMESA), and the Southern African Union (SACU).

SOURCE: Southern Africa Regional Mission Report, December 2008
http://www.satradehub.org/index.php?id=2703

DOING BUSINESS

Senegal Slashes Days Required to Start a Business from 58 to 2

Each day an average of 10 aspiring entrepreneurs use the services of Senegal's New Enterprise Support Office.
Photo: Richard Nyberg, USAID

Senegal has reduced the number of days to start a business from 58 to two, potentially catapulting it from slot 150 to a tie for first place in the world on this World Bank *Doing Business* indicator. This drastic leap was made possible in part by coordinated efforts between USAID and the World Bank, strong presidential interest, and targeted technical assistance by USAID/Senegal's Economic Growth Program to key Senegalese institutions to prepare a road map on how to simplify the registration process.

Every year since 2003, *Doing Business* has ranked and published statistics that show the ease of conducting business in 178 countries. The 2008 report, which was released in October and measured data through June 1, 2007, ranked Senegal at 159th under the "Starting a Business" indicator because 58 days were required to register a business. Australia was at the top of the list, requiring just two days to start a business, while Guinea-Bissau came in last, requiring 233 days. Senegal is now conceivably the top performer in Africa on this indicator.

Following recommendations from a USAID-funded consultant working closely with the government, other notable improvements have been made. The number of procedures to start a business has been reduced from 10 to seven, while overall costs have been cut by 20 percent.

"USAID is proud to have been part of the process. It marks a great step forward in making Senegal more competitive," says Peter Trenchard, Director of USAID/Senegal's Economic Growth Office. "This clearly shows that political will and follow-up action can bring about important reform at minimal cost."

Under this new system, 437 companies have been registered since June 2007 by the national agency for investment promotion (APIX). Of this number, 126 companies represent foreign investment.

Streamlining the process to start a business, APIX created a New Enterprise Support Office that houses representatives of four agencies responsible for specific administrative procedures. Each representative has approval authority, and all approvals are obtained in one day. Another time-saving change was to allow new businesses to post announcements of their registration on a Ministry of Economy and Finance Web site instead of advertising in the local press.

Momentous as this change has been, many other reforms are required for Senegal to position itself as a country with competitive international business standards. These reforms include improvements to labor and judicial policies as well as implementation of the new procurement code. Fallou Dieye of APIX sees reduction of business start-up costs as the next priority in creating a "world class investment climate" in Senegal.

USAID/Senegal, as part of the African Growth and Competitiveness Initiative (AGCI), plans to support Senegal in implementing its Accelerated Growth Strategy over the next three years to improve the business environment and increase the West African country's competitiveness.

"We hope that success on this initial indicator will encourage the government to bring about greater reform that will make it easier and more attractive to do business in Senegal," says Trenchard.

Source: Senegal Mission
http://senegal.usaid.gov/pubs/stories/2007/07_EG_doing_business_days.html

REDUCING TRANSPORT COSTS IN SOUTHERN AFRICA

USAID's Southern Africa Global Competitiveness Hub helps lower Transport Costs and improve Trade Facilitation

To help lower transport costs, the Hub is carrying out a review of Port and Port Terminal Concessions
Photo: SAGCH

In an effort to reduce high transit and transport costs in Southern Africa, USAID and SADC are working together to modernize and improve the quality of the transport infrastructure.

Several recent studies point to the costs of transporting goods as a major impediment to increased trade. In Southern Africa, the costs associated with transport are estimated to constitute on average 14–15 percent of landed costs—nearly twice as high as the 6–8 percent global standard. The problems are particularly acute for landlocked countries where transport-related costs can contribute up to 50 percent of the price of goods.

The United States Government (USG) and Southern Africa Development Community (SADC) share the belief that increased trade and deeper regional integration are essential to poverty reduction and the attainment of other socio-economic goals. USG-SADC cooperation in the transport sector is guided by the strategic framework established by SADC's Regional Indicative Strategic Development Plan, which sets out SADC's plans for deepening regional integration, enhancing trade, and improving socioeconomic conditions in the region.

Through the Southern Africa Global Competitiveness Hub (SAGCH), USAID has been working since 2001 on programs to reduce high transit and transport costs in order to improve trade facilitation and enhance the competitiveness of SADC transport corridors, including the Dar es Salaam Corridor, Trans Kalahari Corridor (TKC), Maputo Corridor, and North-South Corridor.

In addition to the ongoing corridor work, the Hub is undertaking several other projects under the USAID-SADC Memorandum of Understanding on Transport signed on May 22, 2008, including:

- An assessment of Potential Impact of Implementation of the Yamoussoukro Decision (YD) on Open Skies in the SADC Region. The YD is aimed at liberalizing and integrating the African air transport market.
- To identify best practices and important lessons, the Hub will carry out a review of Port and Port Terminal Concessions in the SADC Region.
- The Hub will also assess the region's experience in Railways Concessioning to identify lessons learned and best practices in order to improve future decision-making and practice.

These efforts are playing a significant role in the improvement and modernization of the transport sector in Southern Africa.

Source: Southern Africa Regional Mission Report, December 2008
http://www.satradehub.org/index.php?id=2707

CLEARING THE CORRIDORS OF COMMERCE

MOBILIZING TRUCKERS TO REDUCE HARASSMENT AND DELAYS

A road transport team registers truckers and information on bribes and delays they have experienced while transporting goods through West Africa. *Photo*: WATH

CHALLENGE

On an average day at the border between Togo and Ghana, truck after truck line the side of the road with containers full of commercial goods. Once freed from often-burdensome border procedures, eastbound truckers will face more delays at the border with Benin less than 50 miles later. In addition, truckers will face even more stops in between borders.

Each stop can add hours to the journey and cost the truckers, as they often have to pay a bribe to pass. These delays and inefficiencies contribute to making West African road transport among the most expensive and least efficient in the world, adding significant costs to goods exported from the region.

INITIATIVE

USAID is supporting the Economic Community of West African States and the West African Economic and Monetary Union with their program to increase the efficiency of regional road corridors. USAID's West Africa Hub aims to inform truckers and their associations on new laws that cover safety standards for trucks, cargo, and drivers and on legal stops where trucks should be inspected. The transport team also recruits truckers' assistance in setting up an information system that records data on bribes and delays. Their participation will generate regular reports on average time and money spent at specific points along the roads, which will be offered to journalists in the region in order to galvanize public support against these costly practices.

RESULTS

The program has successfully engaged truckers in collecting data on bribes and delays along three primary trade corridors in West Africa. Meetings with drivers allow the Hub to give the drivers feedback on the data they have collected. The reports that the data generate have raised awareness of the problem of road transport corruption across the region. The extent of the problem is compellingly illustrated in a map of all of the checkpoints along the roads, which West African heads of state see at high-level regional meetings.

Transport specialist Kossi ahoui, who does outreach to truckers in West Africa for a transport improvement initiative, said, "Truckers will be standing around waiting, and we say, 'You have problems on the roads, and you have been complaining. Please come sit down and listen.'"

SOURCE: West Africa Mission
http://www.usaid.gov/stories/westafrica/cs_waf_truckers.html

HOT SELLER HELPS AFRICAN FARMERS AND ELEPHANTS

USAID's Southern Africa Global Competitiveness Hub Helps Regional Food Companies Find U.S. Materials for their Products

Elephant Pepper's Baobab Gold Chili sauce is a hot seller in the U.S. market. Its peppers help repel elephants, keeping them away from farmer's fields.
Photo: Elephant Pepper

With a comprehensive package of Hub market support, including trade shows and buyer linkages, Elephant Pepper is selling its products to major U.S. retailers—helping elephants and Southern African farmers.

Source: Southern Africa Mission
http://www.usaid.gov/southernafrica/research%20and%20information/success%20stories/elephantpepper.pdf

Americans can now get a healthy dose of African heat while feeling good about what they are eating. Elephant Pepper, a chili product manufacturer in Southern Africa, packs support for wildlife conservation and rural economic development into great-tasting products that are now available to the U.S. consumer. In the first half of 2008, the company shipped orders of more than 140,000 units of its Zambezi Red and Baobab Gold chili sauces and spice grinders to the United States under the African Growth and Opportunity Act (AGOA).

Orders are expected to grow as marketing efforts, including participation in the 2008 Summer Fancy Food Show and a major Food Emporium promotion focusing on Africa, raise consumer and retailer interest.

Elephant Pepper products were inspired by the conservation work of the Elephant Pepper Development Trust (EPDT), which works with rural farmers to grow chilies for elephant deterrent schemes. EPDT promotes techniques such as chili-laced fences with cowbells or chili dung briquettes to keep elephants from raiding subsistence crops. Why chilies? While people may enjoy sprinkling food with chili, elephants are repelled by capsaicin, the substance in chilies that makes them hot. The Trust helps mitigate the human-wildlife conflict that threatens both elephants and the food security of communities.

Elephant Pepper uses the same chilies hated by elephants for its sauces, so farmers growing chilies as a deterrent can earn extra income as well. Over 300 rural farmers in the region benefit from the sales of Elephant Pepper products. Putting its ethical business philosophy into action, Elephant Pepper pays farmers above-market prices for chilies plus living wages for farm workers. Every bottle not only tastes good, but is good for African economic development as well.

A portion of sales are donated to EPDT and the World Conservation Society's (WCS) "Saving Elephants" program. WCS calls Elephant Pepper's work "an elegant and pragmatic solution that directly benefits both wildlife and the local people" and agreed to have its logo appear on the company's products.

USAID's Southern African Hub has assisted Elephant Pepper with U.S. marketing efforts since 2007, including support to take part in Fancy Food Shows, the leading specialty foods trade show in the United States. The Hub also assisted in the coordination of the Food Emporium's "Taste of Africa" promotion in September 2008, which will promote the sale of Elephant Pepper's products in the New York region.

COMESA LAUNCHES TRADE INFORMATION DESK AT KASUMBALESA BORDER

Improving Business for Small-Scale Traders

COMESA Assistant Secretary General Ambassador Nagla El-Hussainy signing the Memorandum of Understanding with officials from the DRC Government at Kasumbalesa. *Photo:* COMESA

The Common Market for Eastern and Southern Africa (COMESA) in collaboration with USAID/East Africa and the U.K. Department For International Development (DFID) have launched the first-ever Trade Information Desk at the Kasumbalesa Border Post in the Democratic Republic of Congo (DRC). The launch took place on January 27, 2009. DRC shares the Kasumbalesa border with Zambia.

The Trade Information Desk will assist cross-border traders in the region with information on the COMESA Simplified Trade Regime (STR), the promotion of intra-COMESA trade, and peace in the region through economic integration.

The Trade Information Desk will provide information on the COMESA Certificate of Origin, the Simplified Customs Document, Sanitary and Phyto-sanitary standards, and Non-Tariff Barriers. The desk will supply information on transport and transport fares, accommodation around the border areas, maps of main cities around the border in DRC and Zambia, exchange rates and trading centers in the border area.

This launch is in line with COMESA's Peace and Security Program that supports countries emerging from conflicts in post-conflict reconstruction and development. As part of this program, the COMESA Trading for Peace Project, in partnership with USAID and DFID, has organized activities involving government representatives and cross-border traders within DRC since January 2008.

Small-scale traders will learn about the features and operational modalities of the COMESA Simplified Trade Regime intended to allow small-scale traders to enjoy duty free and quota free entry of their goods across the borders in COMESA, therefore reducing costs incurred by traders.

COMESA Assistant Secretary General Ambassador Nagla El Hussainy commented, "It is expected that all common borders in COMESA will make the necessary steps towards operationalizing the COMESA Simplified Trade Regime and thus improve business for small-scale traders and hence improve the standard of living of the people. The Traders will get a better understanding of the steps, documents, and procedures that are required to facilitate import and export of goods at the Kasumbalesa border post."

Source: East Africa Regional Mission, http://eastafrica.usaid.gov/en/Article.1193.aspx

DESIGNER CARVES OUT MARKET NICHE

ENTREPRENEUR CONNECTS LOCAL WORKS WITH WORLD THROUGH HER VENTURES

Designer Clarisse Djionne (right) discusses with Cost Plus/World Market's Gail Fuller how to promote home goods from Senegal, Mali, and Guinea-Bissau.
Photo: Vanessa Adams, WATH

Clarisse Djionne caters to a high-end market, whether redecorating homes (the King of Morocco is among her clients) or selling her original furniture to shops in her native Senegal and boutiques worldwide.

Her business gained new exposure with the opening of Ebèn Designs/ Africa Outpost, a 400-square meter showroom in the Wynwood Art District of Miami, co-founded by Clarisse and a new business partner. "I could not have found better for the clientele I want," said Clarisse of her partner, who contacted her in early 2006 after spotting her furniture in a Caribbean boutique.

For the Miami store, Clarisse shipped the equivalent of almost two 20-foot containers of her furniture and original art from Senegalese painters to Miami. Even before opening, the showroom has already made its first sale, sending $12,000 worth of merchandise to a customer in Geneva, a contact of Clarisse's partner. They plan to open showrooms in New York and Los Angeles.

Clarisse still produces furniture for the local market through Eberis Studios, which she founded in 1986, later adding African Outpost as its export arm. In 2004, as the local furniture market began slowing down, Clarisse visited USAID's offices in Senegal for assistance in connecting to overseas markets. The staff put her in touch with USAID's West Africa Hub in Accra, which provides training to export-ready businesses across the region.

The Hub provided technical assistance, sponsored booth space, and facilitated deals for Clarisse at the Sources New York trade show and Sources Los Angeles show. There, she made her initial U.S. contacts and got a first-hand look at the U.S. market, giving her the know-how to target appropriate clients. The Hub also matched her with Cost Plus/World Market, a large U.S. home décor retailer, as the regional agent promoting items from Guinea- Bissau, Mali, and Senegal.

"I want to stay with an exclusive product and clientele. That is how I make money," said Clarisse Djionne, who made business connections in the United States through USAID.

Source: West Africa Mission, http://www.usaid.gov/stories/westafrica/fp_waf_clarisse.html

OPENING THE DOOR FOR BUSINESS IN ZAMBIA

ENTREPRENEURSHIP GETS BOOST AFTER REGISTRATION PROCESS IS STREAMLINED

After three years of working, Prosper Chanda decided it was time to start his own sign company, but was not sure how to register his business. The registration process could be long, expensive, and frustrating; many entrepreneurs faced similar challenges.

Although all businesses are legally required to register in Zambia, many avoided registering because the process was too costly and lengthy. The World Bank estimated that registering a new business took up to 35 days in Zambia, with 10 of those days due to the registration process at the Patents and Companies Registration Office.

After the registration office opened a new, fully automated customer service center in the capital city, Lusaka, with USAID support, the situation has improved. Zambian business owners can now register a new business or file annual registration updates in less than three days.

The transparent and automated process reduces opportunities for corruption. Transaction fees are clearly displayed, thus removing the dependence on middlemen who demanded huge sums of money from customers to expedite the process. Since the center opened, the number of registrations has increased by more than 50 percent in one year. USAID has helped open satellite offices in Ndola, and two additional locations will open outside Lusaka.

At the new customer service center, Prosper was able to register his new company, Katetebo Enterprises, in one day. He received clear and simple guidance on how to keep his registration current through annual updates.

"I fully expected the registration process to take me many days. I am surprised at how simple the registration has been and how soon I can start operating my new business," said entrepreneur Prosper Chanda, of Katetebo Enterprises.

Now as a registered business owner, he has access to financial loans and business development services. By streamlining the business process in Zambia, USAID is helping to boost economic activity and transparency.

An officer with the Patents and Companies Registration Office in Zambia helps a customer register his business at the newly automated customer service center.
Photo: MCA/CNFA Zambia/Moges Gebremedhin

SOURCE: Zambia Mission, http://www.usaid.gov/stories/zambia/ss_zmb_registration.html

BURUNDIAN FARMERS RECEIVE FIRST-EVER "QUALITY PREMIUM" FOR SPECIALTY COFFEE

DIRECT RESULT OF 2008 CHANGES MADE TO COFFEE MARKETING LEGISLATION SUPPORTED BY USAID

In 2008, farmers brought 808,464 kilograms of coffee cherries to Bwayi coffee washing station.
Photo: USAID/Burundi

The first-ever quality premium for specialty coffee was paid to Burundian coffee farmers at Bwayi Washing Station in Kayanza Province in February. These payments were a direct result of 2008 changes made to coffee marketing legislation supported by USAID, the World Bank, and the International Monetary Fund (IMF).

SOURCE: East Africa Regional Mission, http://eastafrica.usaid.gov/en/Article.1202.asp

The legislation allows for direct sales contracts between Burundian producers and international coffee buyers, roasters, or importers and permits the payment of a quality premium to those responsible for producing specialty coffee (including producers, washing station management teams and dry millers).

The initial focus of USAID Burundi's Agribusiness Project (BAP), initiated in October 2007 has been on the coffee value chain and support for privatization of the coffee sector, including refinement of Burundian specialty coffee. Four coffee washing stations—Bwayi, Ngogomo, Teka, and Murambi—were initially selected to pilot high-quality coffee production and farmer-buyer direct business relations (eight more stations have since been added).

In 2008, the 808,464 kilograms of coffee cherries that farmers brought to Bwayi coffee washing station were subsequently transformed into 120 metric tons of green coffee.

Following a 2008 BAP-organized coffee buyers' visit to Burundi, two specialty coffee sales contracts with provision for quality premium payments were signed with two of the four pilot coffee washing stations. Both contracts specified the unit price and the extra amount provided for quality premium pay. The contracts also specified the percentage of the total quality premium pay that would be given to each of the entities playing a role in the coffee production. Farmers from the Bwayi coffee washing station ended up selling fully 53 metric tons (of the original 120 tons) through direct sales contracts.

An event was held to mark the historic premium payment transaction. Turnout was impressive and included farmers, the president of the Coffee Farmers Federation, and management officials from coffee washing stations in the area. The farmers appreciated the honor associated with a premium payment, and the local Radio station, Isanganiro, recognized the hard work invested to produce fine coffee in its French and local language broadcasts.

Farmers left with added motivation and a firm commitment to redouble efforts to improve the productivity of their plantations and the quality of their coffee, and anticipate attracting more buyers in 2009 and increasing the volume of coffee sold through direct sales.

As a result, $17,605 in premium payment was provided to the 3,272 participating Burundian farmers. Farmers divided the premium among all of the farmers who sold their cherries at Bwayi coffee station, based on each farmer's coffee volume.

B2B EVENT PROMISES MILLIONS IN DEALS

USAID HELPS LINK BUYERS, APPAREL MANUFACTURERS, AND TEXTILE SUPPLIERS

(Above) A Zambian manufacturer of woven apparel shakes hands with a regional buyer of finished garments. The B2B Event involved more than 400 pre-arranged 30-minute business meetings.
Photos: SAGCH

The Hub's annual African Textile and Apparel Business-to-Business Event enables U.S. and European buyers to meet with garment manufacturers, while allowing African textile and apparel companies to develop linkages resulting in new deals and regional integration.

Regional integration and development of Africa's textile and apparel sector is inhibited by a lack of market awareness of African production capabilities on the continent. To help overcome this obstacle, the Southern Africa Global Competitiveness Hub in collaboration with other Hubs in East and West Africa held the 4th Annual Africa Textile and Apparel Business to Business Event in Pretoria, South Africa in May 2008. The conference brought together 80 representatives from more than 60 companies in Africa, the United States, and the European Union.

The B2B Event involved more than 400 pre-arranged 30-minute "speed dating" sessions between U.S. and European buyers, South African retailers, regional manufacturers, and regional fabric and trim suppliers.

The meetings were arranged by buyer needs and supplier capabilities, providing an efficient way for buyers, manufacturers, and suppliers to have focused business discussions. Successful matchmaking happened on several levels. South African retailers and brands found African alternatives to their Asian garment suppliers.

Southern African garment manufacturers found new buyers and were able to identify regional suppliers of the fabrics required for production, reducing lead times. United States and European buyers made business linkages with many new African manufacturers.

Participating companies estimated that deals and contacts at the event might have yielded between $10 and $23 million in new business over the following year. Even though significant deals with the United States and Europe are expected, most of this new business will involve regional trade between South African retailers, regional garment manufacturers, and fabric suppliers. Increased sourcing within Africa is a vital part of the Southern Africa Hub's apparel export strategy, because it leads to greater capacity and economies of scale, a tighter supply chain, and shorter lead times, which are all critical to achieving a greater share in global markets.

The B2B Event is an essential component of the Southern Africa Hub's comprehensive market linkage program for the textile and apparel sector. The program also includes support for an Africa Pavilion at the MAGIC Apparel and Fashion Show in Las Vegas and a Sourcing Information Resource for buyers and garment manufacturers looking for supplier linkages.

SOURCE: Southern Africa Regional Mission Report, December 2008
http://www.satradehub.org/index.php?id=2709

COFFEE GROWERS LINK TO NEW MARKETS

Ethiopian Farmers Export Higher Quality Specialty Beans and Fetch Better Prices

Women sort coffee beans at a USAID-assisted processing facility in Ethiopia. USAID is working with local farmers to increase specialty coffee production and sales. *Photo*: USAID/Fintrac, Christof Krackhardt

Growing up on a coffee plantation, Asnakech Thomas is proud that her family comes from a coffee-rich region in Ethiopia's Southern Nations, Nationalities, and People's Region. She is also proud that her coffee was ranked highest in a pre-selection process for Ethiopia's first-ever private coffee auction in February 2007. This enabled her to sell the coffee for $2 per pound, a 50 percent increase from before the auction.

Asnakech is participating in a USAID program focused on improving specialty coffee production and quality in Ethiopia. The program helped Asnakech install and operate an eco-friendly coffee processing machine. The project also provided her with expertise on how to create specialty coffee throughout the production process—from tree care to picking and drying techniques. At the same time, USAID worked with the coffee chains to organize a coffee auction. The auction connected Ethiopian farmers with buyers from more than 40 countries. Some of these specialty coffees sold for as much as $5 per pound, 280 percent more than typical prices.

Source: Ethiopia Mission
http://www.usaid.gov/stories/ethiopia/ss_eth_coffee.html

As Asnakech finished processing coffee for the season, samples of coffee from her and 20 other growers with the program were shipped around the world for buyers to taste and grade. The auction gave producers like Asnakech an opportunity to reach new markets and showcase their specialty coffees. The samples sold at the auction were small and select, and enabled buyers and producers to connect and make long-term trade commitments. After USAID assistance from seed to sales, Asnakech's samples were bought by an exporter and she made connections with other buyers for future sales.

Asnakech knows she stands out in the coffee industry as a woman, but being the only woman coffee producer and exporter makes her want to work harder. She explained that at first the farmers who brought their coffee berries (the fruit that contains the coffee beans) to her mill could not believe a woman was in charge. "Now they are used to it. It's good—almost 80 percent of the people who pick my coffee are women. I want to encourage them," she said.

As for her coffee placing highest, Asnakech says that it was good, but not good enough. "I received a score of 95. Next time, I want 100."

"Before, I only knew coffee in the cup. Now I know exactly how many hands the coffee has to go through to get there," said Asnakech Thomas, an Ethiopian coffee farmer.

GOODS CLEAR CUSTOMS FASTER

The Southern Africa Hub Works with Mozambican Customs to Speed up Processing of Goods and Reduce Costs

Photo: Southern Africa Hub, USAID

The Trade Hub's technical assistance programs have reduced the time for processing goods at Mozambique's international borders and ports from as many as 30 days to an average of 2-5 days and have been instrumental in reducing the transportation costs of goods into and from Mozambique. While the Hub continues to assist Customs in becoming more efficient, Mozambique has already seen the fruits of increased competitiveness.

Source: Southern Africa Mission
http://www.usaid.gov/southernafrica/research%20and%20information/success%20stories/customs.pdf

Mozambican Customs had been experiencing serious delays in processing goods—in some cases taking up to 30 days to clear and release a consignment. This provided fertile ground for the diversion of goods and corrupt practices; resulting in a considerable loss to fiscal revenue, higher costs of shipping and production, and uncompetitive prices for goods in both the domestic and international markets. Customs and the private sector disagreed as to the causes and extent of the problem, which led to mounting tension.

The Mozambique Customs Administration ("Alfandegas de Moçambique") was eager to improve its image and overhaul its bureaucracy. It turned to the Southern Africa Global Competitiveness Hub for technical assistance with the aim of speeding up the clearance of merchandise through Customs entry and exit points and resolving the tension with the private sector. The Hub facilitated a meeting between Customs and the private sector that brought together, for the first time, all of the stakeholders—including freight forwarders, transporters, and business associations, to discuss the issues, identify the problems, and find solutions.

It was determined that delays were mainly due to cumbersome customs procedures and unnecessary administrative interventions, an obsolete computer system, and a lack of common regional procedures and documentation. The Hub suggested several measures that would lead to significant immediate improvement, including the decentralization of some functions to regional offices, better communications within Customs itself, and the alignment of procedures with the World Customs Organization (WCO) Kyoto Convention.

A working group consisting of Customs and representatives of the private sector was also constituted to oversee a Time Release Study to be implemented to assess the time elapsed at each stop in the cargo release process. The objective is to identify problem areas, remove bottlenecks, and improve the procedures. As a result of the immediate improvements made by Mozambican Customs, the time for processing goods has been reduced from 30 days in extreme cases to approximately two to five days.

Photo above: Malawi: Food and Beverage Industry Enters the Global Market.
Nali Ltd., Mulli Brothers, and Satemwa Tea & Coffee Estate set up shop at an international trade show.
Photo: USAID/Malawi, Shkumbin Rama, IREX

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