

# THE PRESIDENT'S ADVISORY COUNCIL ON DOING BUSINESS IN AFRICA



*Fact-Finding Trip Report and  
Recommendations  
September 26, 2018*

## Members of the President's Advisory Council on Doing Business in Africa (PAC-DBIA)

**Jay Ireland** (Chair) – President and Chief Executive Officer, GE Africa

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The President's Advisory Council on Doing Business in Africa advises the President, through the Secretary of Commerce, on ways to strengthen commercial engagement between the United States and Africa. Members receive no compensation for their efforts on the Council. This report was prepared by the private-sector members of the Council. The views expressed in this report do not necessarily reflect those of the Administration or individual members of the Council.

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**This report and other PAC-DBIA recommendations are available on the Internet.**

**To access the PAC-DBIA's work, please visit [www.trade.gov/pac-dbia/](http://www.trade.gov/pac-dbia/) or call the PAC-DBIA Executive Secretariat at 202-482-2091 or 202-482-5205.**

## Letter from the Chair and Vice Chair

Dear Mr. President,

This report serves as the final deliverable of the 2016-2018 term of the President's Advisory Council on Doing Business in Africa (PAC-DBIA), under the oversight of U.S. Secretary of Commerce Wilbur L. Ross. In our two previous reports, the Council identified the top obstacles U.S. companies face in approaching, competing, and operating in African markets and subsequently provided recommendations to the U.S. Government to address those challenges. This report provides a review of the Council's fact-finding trip with Secretary Ross and Under Secretary Gilbert Kaplan to Ethiopia, Kenya, Côte d'Ivoire, and Ghana from June 24-July 5, 2018, along with additional recommendations for action by your Administration.

As you are aware, the primary goal of our fact-finding trip to was to underscore that your Administration and the American business community are committed to expanding trade and investment in Sub-Saharan Africa in support of American jobs and exports.

The Council offers recommendations to the U.S. government, in addition to those presented in its April 2018 report, based on the insights gained and progress made since our fact-finding trip to Africa. Although several of our recommendations are country-specific, the general themes of the recommendations apply continent-wide.

- **Financing:** Make the Export-Import Bank of the United States fully functional again. Blend development finance options with foreign assistance funds when their goals align.
- **Public Procurement:** Encourage more consistent and comprehensive consultation between the private sector and U.S. interagency team in executing a whole-of-government approach to public procurement bids overseas.
- **Trade Facilitation:** Promote the implementation of customs and border management reforms and, specifically, support Ethiopia's accession to the World Trade Organization.
- **Global Value Chains:** Partner with U.S. firms to support more impactful value-added production across the continent while discouraging prohibitive regulations such as local content requirements.
- **Technology and Digital Economy:** Expand the mandate of the Administration's strategy in Africa to prioritize U.S. technology exports as well as promote policies that foster the global digital economy.
- **Workforce Development:** Reinvigorate existing U.S. public and private sector workforce training programs in the region, using U.S. government facilities as training hubs.
- **MOU Implementation:** Assign responsibility to specific individuals and offices for implementing the Memoranda of Understanding signed during the trip in coordination with the private sector.

The following report provides more detail and background on these recommendations.


With Africa demographically destined to be a focal point for global commercial competition, the work of this Council—as reflected in this report—is focused on spurring greater U.S. commercial engagement with the continent. The PAC-DBIA, along with other vital forums such as the U.S.-Africa Leaders' Summit, are specifically designed to strengthen trade and investment between the U.S. and African markets. On behalf of the Council, we hope you will favorably receive our recommendations and direct your Administration to aggressively implement them.

We have been pleased to serve and, as a final recommendation, urge you to renew and extend the mandate of the Council to continue the momentum from this public-private engagement in support of American interests across the continent.

Sincerely,



Jay Ireland  
Chair



Laura Lane  
Vice Chair

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# FACT-FINDING TRIP REPORT COUNTRY SUMMARIES

Ethiopia  
Kenya  
Côte d'Ivoire  
Ghana

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# ETHIOPIA Trip Summary

## Overview and Highlights

Members of the PAC-DBIA undertook a fact-finding trip to Ethiopia from June 24 – 26, 2018. Led by U.S. Under Secretary of Commerce for International Trade Gil Kaplan, the delegation met with senior officials from the Government of Ethiopia, as well as Ethiopian business leaders, associations, and U.S. company executives based in Addis Ababa.

The visit followed the recent appointment of a new Prime Minister in Ethiopia, propitious timing for the delegation. Prime Minister Abiy Ahmed's early focus was on political and security issues, but by the time of our arrival, it was clear his attention had turned to pressing economic policy challenges. In each of our meetings, there was a sense of optimism and opportunity.

Highlights of the visit to Ethiopia included:

- The signing of two Memoranda of Understanding between the U.S. Government and the Government of Ethiopia: one to broadly support the development and implementation of strategic projects in Ethiopia, and the other to expand Power Africa's objectives in Ethiopia through the Power Africa 2.0 strategy. These MOUs are in line with PAC-DBIA recommendations from the April 2018 report, and the Council views both as important building blocks for facilitating greater investment in infrastructure projects and as tools for helping U.S. businesses compete in Ethiopia.
- Open discussions with key new cabinet members responsible for Finance, Economic Cooperation, Trade, Investment, Agriculture, Infrastructure and Utilities, Industry, and Public Enterprises.
- A luncheon, bilateral meeting, and tour of Ethiopian Airlines' training and logistics facilities, as well as a U.S. Trade and Development Agency (USTDA) grant signing to support an Airline Solutions Training Program for Ethiopian Airlines and its partners: ASKY Airlines (Togo), Malawian Airlines Limited (Malawi), and RwandAir Limited (Rwanda). The training program will be conducted by U.S. airline and logistics company Sabre Airlines and will support the procurement and implementation of airline information technology solutions, consulting services, and industry best practices.
- The public announcement of Ethiopia Electric Power's (EEP) adoption of the USTDA-funded procurement manual.
- Engagement with Ethiopian and U.S. business leaders at events hosted by AmCham Ethiopia and U.S. Ambassador Michael Raynor.

## Key Takeaways

- **Bilateral Relationship** – Trade and diplomatic ties with the United States have been important to the Ethiopian Government in the past, but show significant improvement and momentum with Prime Minister Abiy Ahmed's new government. There is a strong sense of goodwill toward the U.S. Government and the American people, with Ethiopia viewing the United States as a vital partner in helping achieve its objectives under the Ethiopia Growth and Transformation Plan II.

## ETHIOPIA Trip Summary

- **Promoting Market Liberalization** – Despite the positive reforms and improved sentiments towards the United States, there remains in Ethiopia a longstanding and high-level sensitivity with respect to foreign trade relationships. Despite the talk and apparent goals of opening the economy, there remain loud voices in the Government of Ethiopia that favor substantial controls over private-sector activities, which members of the PAC-DBIA discourage.
- **Millennium Development Goals** – Ethiopia has made significant progress towards the majority of its Millennium Development Goals and has set an ambitious goal of becoming a middle-income country by 2025. Achieving these goals will require policies that focus on inclusive, broad-based economic growth and good governing institutions based on the rule of law. The U.S. Government and private sector are well positioned to assist the Ethiopian Government in reaching its goals.
- **Supporting Rapid Growth** – Ethiopia’s rapid market growth, population boom, and economic potential present attractive investment opportunities for many countries, including China and the United States. Ethiopia has experienced an average annual GDP grow rate of over 10% over the last 12 years, the fastest in Sub-Saharan Africa and making it the fourth largest economy in the region in 2017. Although positive, this rate of growth, fueled largely by Chinese debt, has created macroeconomic challenges that present barriers for private-sector investment. Additionally, the Government is continually under severe pressure to provide resources and opportunities for its young and growing population (over 45% under the age of 15, and 70% under the age of 30). Basic infrastructure investments in power, water, and sanitation are not keeping pace with the physical demands of Ethiopians.
- **Improving Trade Balances** – The American brand is strong, and U.S. business investment is highly sought after in Ethiopia, where efforts to increase transparency, transition to best-value and life-cycle cost procurement, reduce corruption, and increase privatization in key sectors all improve competitiveness and opportunities for U.S. companies. However, foreign exchange (FOREX) issues, including currency reserves and controls, are a significant inhibitor to trade, investment, and growth. Foreign currency reserves currently cover fewer than two months of imports. The Government believes that low export volumes (less than 10% of GDP) and consumable agricultural imports are the acute cause of FOREX issues. Trade Minister Ato Melaku stated Ethiopia’s objective of acceding to the WTO within two years as a means of boosting exports and improving the trade balance, and Central Bank Governor Dr. Yinegar Dessie is promoting financial sector liberalization and foreign bank participation with the view that international institutions will bring new tools and efficiencies.
- **U.S. Investments for Security Enhancement** – Ethiopia has historically not looked to the private sector for investments in areas it considers vital to the wellbeing of the country. However, macroeconomic conditions have created motivation for doing so under the new Abiy Government. The present needs of Ethiopia offer U.S. businesses a unique opportunity to prove the benefits of public-private partnerships (PPPs) and of U.S. products and services to deliver much-needed economic support. A stable and prosperous Ethiopia can play a crucial role in fostering stability and economic vitality across the Horn of Africa and beyond, especially given Addis Ababa’s role as the administrative capital of the African Union. U.S. partnership with Ethiopia would not only support the Ethiopian people, it would support regional economic growth, peace, and security, thereby stabilizing the region for increased U.S. commercial engagement.

# KENYA Trip Summary

## Overview and Highlights

Members of the PAC-DBIA undertook a fact-finding trip to Kenya from June 27 – July 1, 2018. The visit included a series of meetings with the President of Kenya, numerous Cabinet Secretaries, and Kenyan business leaders. President Uhuru Kenyatta demonstrated a strong commitment to attracting U.S. business investment in Kenya, evidenced by his holding two meetings with members of the PAC-DBIA delegation, supporting the signing of a new U.S.-Kenya government-to-government MOU to increase trade and investment, announcing progress towards launching Kenya Airways' non-stop flight to New York, and issuing a forward-looking statement about the construction of a new expressway from Nairobi to Mombasa by U.S. company Bechtel Corporation.

Eight Cabinet Secretaries detailed opportunities for U.S. businesses and answered questions posed by the delegation in sessions and meetings held during the trip, including the Cabinet Secretaries for Treasury; Health; Industry, Trade, and Cooperatives; Transport, Infrastructure, Housing and Urban Development; Information and Communication Technology; Agriculture; Labor and East African Community Affairs; and Tourism and Wildlife.

Highlights from the visit to Kenya included:

- Signing a new U.S.-Kenya MOU to focus cooperation between the Governments to increase U.S. private sector participation in priority infrastructure development and other projects intended to achieve the goals of President Kenyatta's Big Four Agenda by U.S. Under Secretary Kaplan and Cabinet Secretary for the National Treasury and Planning Henry Rotich.
- A luncheon hosted by Kenya Airways upon the delegation's arrival to Kenya to celebrate the imminent launch of the new non-stop flight from Nairobi to New York.
- Participation in the American Chamber of Commerce Big Four Economic Summit, including an opening plenary with keynote address by President Kenyatta, breakout sessions focusing on Kenya's priority sectors and development goals, and a luncheon with five Kenyan Cabinet Secretaries.
- Deal signings and investment commitments totaling over \$100 million, including a USTDA grant for a feasibility study supporting the development of small-scale solar power generation with battery storage options at processing facilities of the Kenya Tea and Development Power Company, and a USTDA Cybersecurity Solutions reverse trade mission for Kenyan and Rwandan officials and delegates from financial institutions.
- Participation in a ribbon cutting ceremony for a new water treatment facility donated by Dow Chemical to the Little Sisters of St. Francis community, highlighting the social responsibility engagement U.S. companies regularly offer.
- A visit to the U.S. Embassy Memorial Site of the 1998 terrorist bombing, including a wreath laying ceremony to honor the lives lost and survivors of the attack.



## Key Takeaways

- **Ample Investment Opportunities** – Kenya’s annual economic growth of 5-6% and President Kenyatta’s Big Four Agenda provide the potential for increased U.S. business investment in Kenya, particularly in infrastructure, housing, healthcare, and agriculture. President Kenyatta vocally supports the Bechtel Nairobi-Mombasa Expressway project as it aligns with Kenyan government goals. Additionally, the initiative to build 500,000 affordable homes for Kenyans is an infrastructure project that many U.S. businesses with unique capabilities in the housing, design, and construction sectors could pursue. The commencement of a Kenya Airways direct daily flight to New York also shows the Kenyan Government’s commitment to establishing closer ties with the United States in business, trade, and tourism, offering U.S. businesses easier access to Kenya for travel and air cargo, which will also likely result in the procurement of additional Boeing 737 aircraft to add to the current fleet that includes six 787 Dreamliners. The establishment of the direct Kenya Airways flight also reflects enhancements in Kenya’s aviation security and safety, which should help attract more U.S. business investment.
- **Agribusiness Growth** – During the meeting between Under Secretary Kaplan and Kenya’s Cabinet Secretary for Agriculture, the two agreed to explore ways to support agricultural development cooperation to enhance food security in Kenya, a priority area of the Big Four Agenda. Ideas included establishing a U.S.-Kenya agribusiness technical team to develop and implement solutions that leverage greater U.S. business participation in the sector, which could include through Feed the Future programming.
- **Promoting U.S. Engagement in the Big Four Agenda** – The MOU signed by Under Secretary Kaplan and Kenya’s Treasury Cabinet Secretary provides a roadmap and framework for driving U.S. private sector participation and investment in all of the Big Four priority areas, including food security, housing, manufacturing, healthcare, infrastructure, energy, and the digital economy. Specifically, the MOU details a new, overarching level of collaboration between the two countries to ensure transparent and timely procurement in accordance with all applicable laws, support for commercial advocacy for U.S. businesses, technical assistance for U.S. businesses pursuing priority projects under the MOU, and consideration by the U.S. Government of prioritizing financing requests for those projects.
- **Other Avenues for Investment** – While significant market opportunities exist within the Big Four Agenda, there are a number of additional possibilities for expansion of economic cooperation between the United States and Kenya, including increasing access to financing, mitigating corruption, and leveraging technology to achieve the Kenyatta Administration’s goals. President Kenyatta, Under Secretary Kaplan, and U.S. Ambassador Robert Godec all discussed obstacles to business, and the MOU lays out a series of steps to support increased transparency in procurement, an issue raised by the PAC-DBIA in its April 2018 report. Additionally, USTDA’s announcement that it will sponsor a study tour for Kenyan procurement officials to the United States to promote the development of transparent and value-based procurement practices is a welcome initiative to that end.



# CÔTE D'IVOIRE Trip Summary

## Overview and Highlights

Members of the PAC-DBIA's undertook a fact-finding trip to Côte d'Ivoire (CDI) from July 1 – July 3, 2018. The delegation was warmly received by the Government of Côte d'Ivoire, including the President, the Prime Minister, and the Cabinet, as well as by an impressive cross-section of the local business community in Abidjan in a well-structured Business Forum hosted by the Corporate Council on Africa (CCA). Many Ivorian business leaders and entrepreneurs participated, including several technology startups that highlighted the growth and potential of this dynamic market. Under Secretary Kaplan and Chargé d'Affaires Katherine Brucker presided over a public ceremony at which three deals were signed: Visa's MOU with the Ministry of Finance to bring millions of Ivorians into the formal financial system; USTDA's grant support for the development of a hydropower project and a smart grid feasibility study and grant agreement with the Ivorian company Société des Energies Nouvelles for the Divo Cocoa Biomass project; and the U.S. African Development Foundation's (USADF) multi-year MOU with Bechtel to deliver community-level infrastructure projects to accelerate the creation of local enterprises in Africa. These commitments demonstrate the value of building stronger U.S.-Côte d'Ivoire ties.

Ivorian officials are enthusiastic about the new \$525 million Millennium Challenge Corporation (MCC) Compact and hope it will facilitate additional investment from U.S. firms. The Ivorian Government also provided substantial technical information to highlight current growth drivers, especially in the agricultural market, as well as its planned infrastructure investment program designed to promote Côte d'Ivoire's strategic position as the "Gateway to West Africa."

While in Abidjan, the delegation also visited the African Development Bank (AfDB) with U.S. Executive Director Steven Dowd and senior AfDB leaders to learn about the "High 5" priority areas: Light up and Power Africa; Feed Africa; Industrialize Africa; Integrate Africa; and Improve the Quality of Life for the People of Africa. A topic of discussion was practical approaches to facilitate better access for American companies to information about tenders and procurement opportunities and increase the participation of U.S. companies in AfDB projects. Additionally, USTDA signed an MOU with the AfDB under USTDA's Global Procurement Initiative (GPI) that will allow the GPI to collaborate with the AfDB in these areas of mutual interest: promoting best practices in procurement; capacity building for the entities performing procurement in order to achieve transparency and efficiency; providing guidance and technical assistance to procurement officials; and providing access to training that will help professionalize procurement staff and create a professional career development track.

## Key Takeaways

Ivorian leaders delivered a consistent message to the delegation during the visit: Côte d'Ivoire is open for business and eager for more U.S. investment. Côte d'Ivoire is the natural entry point for U.S. companies seeking to do business in West Africa. U.S. business engagement in Côte d'Ivoire could pay dividends as a capable partner, an engine for growth, a stabilizing force in the region, and an export market for American products and services.

## CÔTE D'IVOIRE Trip Summary

There are significant opportunities for American companies to engage in and support this development:

- **Global Value Chains** – Côte d'Ivoire has a significant talented workforce and the potential to expand industrial and technological production beyond the production and supply of raw materials (including high-value crops such as cashews). American companies can support this effort by improving elements of the value chain (e.g. food packaging) to align with and support policy to increase in-country value-add production based on existing expertise and grow new markets (e.g. cashew processing to high value-add agricultural crops).
- **Regional Leadership** – Côte d'Ivoire's regional leadership, including in the Economic and Monetary Community of West Africa (UEMOA), makes it the preferred point of entry for U.S. companies seeking to gain a foothold in the region, which is home to 120 million people. The U.S. Government and U.S. businesses should work with Côte d'Ivoire to promote additional areas of regional cooperation or convergence, focusing on financial services, growth manufacturing sectors such as chemicals, building and construction materials. Industry and government can work together to promote high regulatory and legal standards, sound science supporting national and regional policies, and risk-based regional approaches to a strong regulatory framework.
- **Infrastructure** – The Ivorian Government highlighted PPPs as the preferred model; however, PAC-DBIA members stressed that there is a wide range of infrastructure investment structures and models that could encourage greater investment in Côte d'Ivoire and Francophone West Africa. The key consideration for the Government of Côte d'Ivoire would be to ensure that full life-cycle costing and best money-for-value approaches are taken in construction projects in priority areas, including transportation, housing, energy, and logistics. In partnership with the AfDB, American companies can work with the Government of Côte d'Ivoire to identify the most appropriate approach to securing investment and financing and to implementing operations in the country and wider region.

# GHANA Trip Summary

## Overview and Highlights

Members of the PAC-DBIA traveled to Ghana on July 4–5, 2018, and enjoyed a joyous Fourth of July celebration at the U.S. Embassy in Accra that provided an opportunity for interaction and inspiration as U.S. Secretary of Commerce Wilbur Ross spoke about the strong historic relations between Ghana and the United States. The delegation advanced U.S. business objectives and gained valuable insights during their two-day stay in Ghana. They met government officials, signed MOUs, and participated in the extraordinary U.S.–Ghana Business Forum, hosted by the local American Chamber of Commerce. Attended by senior government officials, influential business leaders, trade and technology experts, and other stakeholders, the forum served to foster and deepen bilateral commercial engagements, to accelerate trade by addressing regulatory challenges, and to promote business partnership opportunities between U.S. and Ghanaian companies.

Secretary Ross met with President Nana Akufo-Addo to discuss the United States' commitment to economic growth in Africa and alignment with the President's vision of Ghana beyond aid. Secretary Ross also signed a MOU with the Ghanaian Finance Minister to provide a foundation for U.S. companies to invest in Ghana's energy, power, and transportation sectors. The MOU outlined many potential priority projects including port, rail, oil and gas, customs, agriculture, medical, and digitalization. It also provides a forum for addressing trade barriers that would limit U.S. companies' abilities to take advantage of these opportunities. Additionally, Secretary Ross and Vice President Mahamudu Bawumia discussed opportunities for U.S. businesses to assist in priority sectors and other initiatives for the Government of Ghana, including bauxite mining, infrastructure, and agriculture. Members of the PAC-DBIA and Secretary Ross met with Minister of Finance Ken Ofori-Atta, Minister of Trade and Industry Alan Kyerematen, and Minister of Energy Boakye Agyarko to discuss Ghana's government finances, procurement policies, customs modernization, mining, and energy initiatives.

PAC-DBIA members met with the Deputy Commissioner of Customs, his port officers, and the Technical Service Bureau to better understand their efforts to increase efficiencies and accelerate digitalization of cross-border transactions, including the use of Commercial Bank and Ecobank for ease of payment. USTDA executed a grant agreement with Ghana's Ministries of Energy and Finance to conduct a feasibility study to provide energy access through mini-grid development for up to 67 communities in Ghana's Afram Plains South district, bringing American private sector expertise from the renewable energy sector. IBM also executed an MOU with the Ministry of Lands and Natural Resources, witnessed by the Vice President of Ghana, Secretary Ross, and the U.S. Ambassador, to help the Government of Ghana explore and develop relevant blockchain capabilities and use cases for land registries.

## Key Takeaways

President Akufo-Addo welcomes U.S. investment and is working hard to achieve his vision of Ghana being the most business-friendly country in Africa. Ghana is a nation with much opportunity for U.S. companies; however, challenges remain. In each of the areas discussed below, PAC-DBIA members heard encouraging developments and reflected on steps still needed to achieve Ghana's goals for becoming more business-friendly.

- **Trade Facilitation** – PAC-DBIA members appreciated Ghana's increased information-sharing with ECOWAS countries as market size and trade facilitation within Regional Economic Communities

## GHANA Trip Summary

(RECs) was one of the key concerns cited in the Council's November report. Ghana is a leader in the region in terms of implementing the WTO Trade Facilitation Agreement, and is continuing to implement U.S. Agency for International Development (USAID) and Customs and Border Protection (CBP) recommendations to improve processes. Yet, U.S. companies continue to face hurdles due to unclear customs procedures and seek swift action to modernize transactions.

- **Technology and Digital Economy** – Vice President Bawumia spoke highly of his recent trip to Silicon Valley and lauded emerging technologies developed by U.S. companies, such as blockchain, which hold the promise of helping to drive economic transformation. PAC-DBIA members also heard how the Government is prioritizing its digitalization efforts, which build on initiatives such as the Open Data Initiative, the national identification system, and paperless government. Furthermore, the Government shared its telecommunications, data protection, and cybersecurity policy developments. However, more reform is needed to enable sustained growth of the digital economy, specifically regulatory conditions that allow U.S. companies to compete with domestic players.
- **Industrial Transformation** – The Ministry of Trade and Industry is implementing a Comprehensive Program of Industrial Transformation to make Ghana a manufacturing hub in Africa. This plan includes the One District One Factory program, targeting raw material production, agro processing, textiles, information and communications technology, pharmaceuticals and cosmetics, waste management, distribution, and tourism as industries eligible for technical assistance, financing from \$50,000 to \$5 million, standardization expertise, brand promotion, and market access support. Some policies associated with the program, especially related to local content, have had the unintended consequences of slowing investment. Additionally, high costs of borrowing, including interest rates offered by local banks, impede businesses from expanding.
- **Energy and Mining** – Ghana's significant progress in the energy sector makes it of great interest to U.S. companies seeking opportunities in power generation, transmission, and distribution, including the oil and gas sectors. In mining, energy, and cocoa sectors, Ghana desires to move up the value chain and is promoting value-added exports targeting the U.S. market under the African Growth and Opportunity Act (AGOA), the European market under the Environmental Protection Agency agreements, the African market under the Continental Free Trade Area (CFTA), the ECOWAS market, and other market destinations under existing bilateral trade agreements. Furthermore, the PAC-DBIA delegates learned that Ghana is looking more closely at local content compliance and considering creating a new local audit unit tasked with monitoring compliance with existing policies. PAC-DBIA members underscored that policy should recognize that the extractive industries are capital intensive and require long-term commitments. When it comes to mining policy, Ghana may wish to look to the U.S. as a policy model and disavow local content requirements.
- **Regulatory Reform** – The Government of Ghana has initiatives related to reform for the agriculture, manufacturing, and health sectors, paving the way for pharmaceutical manufacturing and value-added agro-processing. However, challenges include regulatory oversight in areas such as pharmaceutical manufacturing. Amethyst Technologies and the Schumpeter Center initiated a collaboration to develop roadmaps for health regulatory reform which will promote U.S. private-sector investment in health.

# Fact-Finding Trip Delegation

## PAC-DBIA

### *Members*

- **Jay Ireland**, President and Chief Executive Officer, GE Africa (*Chair*)
- **Laura Lane**, President of Global Affairs, UPS (*Vice Chair*)
- **Jason Andringa**, President and Chief Executive Officer, Vermeer Corporation
- **Kimberly Brown**, Chief Executive Officer, Amethyst Technologies
- **Takreem El-Tohamy**, General Manager of Middle East and Africa, IBM
- **Kevin Kacere**, President and Chief Executive Officer, Insta-Pro International
- **Barbara Keating**, President, Computer Frontiers
- **Andrew Patterson**, President for Africa, Bechtel Overseas Corporation
- **Fred Sisson**, Chief Executive Officer, Synnove Energy
- **Peter Sullivan**, Managing Director, Head of Public Sector Group for Africa, Citi
- **Andrew Torre**, Regional President, Central and Eastern Europe, Middle East, and Africa, Visa Inc.
- **Dow Wilson**, Chairman and Chief Executive Officer, Varian Medical Systems Inc.
- **Rahama Wright**, Founder and Chief Executive Officer, Shea Yeleen Health and Beauty

### *Member Representatives*

- **Michael Stransky**, Senior Manager, Foreign Affairs, GE
- **Philippe Dongier**, Managing Director, Government Affairs and Policy, GE Africa
- **Daniel Hailu**, Country Manager, Ethiopia, GE
- **Susan Zimmerman**, International Public Affairs Manager, UPS
- **Patrick Gilmartin**, Senior Associate, Black Rhino
- **Daryl Bouwkamp**, Senior Director, International Business Development and Government Affairs, Vermeer Corporation
- **Lisa Schroeter**, Global Director of Trade and Investment Policy, The Dow Chemical Company
- **Dave Govender**, Regional President, East Africa, The Dow Chemical Company
- **Mumbi Keega**, East Africa, The Dow Chemical Company

## U.S Government

- **Wilbur Ross**, U.S. Secretary of Commerce
- **Gilbert Kaplan**, Under Secretary for International Trade, U.S. Department of Commerce
- **Sarah Kemp**, Acting Deputy Under Secretary for International Trade, U.S. Department of Commerce
- **James Rockas**, Press Secretary and Deputy Director of Public Affairs, U.S. Department of Commerce
- **Skip Jones**, Deputy Assistant Secretary, Middle East and Africa, U.S. Department of Commerce
- **John Cooney**, Chief of Staff, Office of the Under Secretary for International Trade, U.S. Department of Commerce
- **Joseph Laroski**, Senior Advisor for Policy, Office of the Under Secretary for International Trade, U.S. Department of Commerce
- **Pamela Ward**, Regional Senior Commercial Officer, Sub-Saharan Africa, U.S. Department of Commerce
- **Steve Renna**, Director, Advocacy Center, U.S. Department of Commerce
- **Fred Stewart**, Director, Office of Africa, U.S. Department of Commerce
- **Macie Leach**, Special Advisor to the Secretary and Director of the Immediate Office
- **Giancarlo Cavallo**, Desk Officer and Designated Federal Officer for the PAC-DBIA, Office of Africa, U.S. Department of Commerce
- **Ashley Bubna**, Desk Officer and Designated Federal Officer for the PAC-DBIA, Office of Africa, U.S. Department of Commerce
- **J. Stephen Dowd**, U.S. Executive Director, African Development Bank, U.S. Department of the Treasury
- **Eric Meyer**, Deputy Assistant Secretary for Middle East and Africa, U.S. Department of the Treasury
- **C.D. Glin**, President, U.S. African Development Foundation
- **Jenny Morgan**, Special Assistant to the President, U.S. African Development Foundation
- **Jonathan Nash**, Chief Operating Officer, Millennium Challenge Corporation
- **Jennifer Lackey**, Managing Director, Congressional and External Affairs, Millennium Challenge Corporation
- **Alex Dixon**, Managing Director, Finance, Investment and Trade, Millennium Challenge Corporation
- **Molly Lynn Westrate**, International Communications Specialist, Millennium Challenge Corporation
- **Emmanuel Nwankwo**, U.S. Government Lead and Advisor to the Government of Ghana, Border Management and Integration, U.S. Customs and Border Protection, U.S. Department of Homeland Security



# Fact-Finding Trip Delegation

## PAC-DBIA

### *Member Representatives (cont.)*

- **Solomon Assefa**, Vice President, IBM Research, Africa and Emerging Market Solutions, IBM
- **Humphrey Lilech**, Government and Regulatory Affairs, IBM
- **Ben Lambert**, International Advocacy Manager, Caterpillar Resources Industries
- **Nick Leitze**, Senior Accounts Manager, Caterpillar Resources Industries
- **Joseph Dougherty**, Vice President, Progress Rail, a Caterpillar Company
- **Adama Toure**, Senior Advisory to the President, Computer Frontiers
- **Paul Sullivan**, Senior Vice President, International, Acrow Bridge
- **Allan Kamau**, Managing Director, East Africa, Weber Shandwick
- **Diane McMahon**, Vice President, International, Corporate and Government Affairs, Bechtel
- **Thomas Yongo**, Regional Business Development Manager, Bechtel
- **Jahaan Johnson**, Senior Vice President, Global Government Affairs, Citi
- **Funmi Ogunlesi**, Executive Director/Public Sector Group, Europe, Middle East and Africa, Citi
- **Khady Ndiaye**, West and Central Africa, Citi
- **Caitlin McDonnell**, Manager, Global Government Relations, Visa Inc.
- **Joanne Marques**, Vice President, Government Relations, Central and Eastern Europe, Middle East, and Africa (CEMEA), Visa Inc.
- **Sunny Walia**, Group Country Manager for East Africa, Visa Inc.
- **Charles Sinunu**, Director of International Sales, DSC Dredge, LLC
- **Eric Toumayan**, Managing Director of Government Relations, APR Energy
- **Mark Makanda**, Global Finance Director, APR Energy
- **Andrew Whitman**, Senior Vice President, Government Affairs, Varian Medical Systems, Inc.
- **Julia Sheehy-Chan**, Head, Government Affairs, Africa and International Programs, Varian Medical Systems, Inc.
- **Nabil Elias Romanos**, Vice President, Emerging Markets, Varian Medical Systems, Inc.

## U.S Government

- **Thomas Hardy**, Director for Congressional and Public Relations, U.S. Trade and Development Agency
- **Lida Fitts**, Regional Director for Sub-Saharan Africa, U.S. Trade and Development Agency
- **Todd Abrajano**, Senior Advisor to the Director, U.S. Trade and Development Agency
- **Andrew Herscowitz**, Coordinator for Power Africa, U.S. Agency for International Development
- **Greg Simpkins**, Senior Advisor, Africa Bureau, U.S. Agency for International Development
- **Rob Scott**, Acting Assistant Secretary, Bureau of African Affairs, U.S. Department of State
- **Kaye Lee**, Acting Deputy Assistant Secretary, Bureau of African Affairs, U.S. Department of State
- **Jonathan Howard**, Director for African Affairs, National Security Council Staff, Executive Office of the President
- **Eric Jones**, Senior Advisor, Overseas Private Investment Corporation
- **Amanda Burke**, Public Affairs Specialist, Overseas Private Investment Corporation
- **Emmanuel Nwankwo**, U.S. Government Lead and Advisor to the Government of Ghana, Border Management and Integration, U.S. Customs and Border Protection, U.S. Department of Homeland Security

### *In-Country Officials*

- **Michael Raynor**, U.S. Ambassador to Ethiopia
- **Chris Wilken**, Senior Commercial Officer, Ethiopia
- **Tricia Van Orden**, Deputy Director, Trade Promotion Coordinating Committee, U.S. Department of Commerce
- **Ryan Barnes**, Deputy Director, Office of Europe, U.S. Department of Commerce
- **Robert Godec**, U.S. Ambassador to Kenya
- **James Rigassio**, Commercial Counselor, Kenya
- **Tyler Hacking**, Commercial Attaché, Kenya
- **Katherine Brucker**, Chargé d'Affaires, U.S. Embassy to Côte d'Ivoire
- **Julie LeBlanc**, Commercial Officer, Côte d'Ivoire
- **Rhonda Sinkfield**, Digital Attaché, South Africa
- **David Mosby**, Political-Economic Chief, Côte d'Ivoire
- **Robert Jackson**, U.S. Ambassador to Ghana
- **Paul Sullivan**, Senior Commercial Officer
- **Jamie Loda**, Vice Consul, Ghana

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# RECOMMENDATIONS REPORT

Financing  
Public Procurement  
Trade Facilitation  
Global Value Chains  
Technology and Digital Economy  
Workforce Development  
MOU Implementation

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# FINANCING

Throughout the trip, the need to secure financing and to mitigate risk in support of trade and investment flows was a recurring theme. This challenge is largely attributed to difficulties addressing high-risk premiums, accessing liquidity, mobilizing capital, and competing on a level playing field. The Council offers both short- and long-term solutions that leverage the U.S. Government's competitive strengths to formulate a sustainable strategy that promotes U.S.-Africa commercial and investment flows and supports the U.S.'s role as the natural business partner for African states to realize their economic potential. The key competitive strengths to leverage:

- The U.S. dollar remains the pre-eminent trade reference and foreign reserve currency globally (comprising over 60% of total reserves). The dominant role of the U.S. dollar in commercial transactions provides a competitive advantage against both the euro (20%) and the yuan (5%) in the intermediation of African financial flows.
- The U.S. capital and credit markets represent the largest, most liquid, and most sophisticated in the world. Developing focused strategies and market-friendly instruments to mobilize these markets in support of mutual U.S. and African economic and commercial objectives would be sound strategies.
- Traditional U.S. foreign direct investment (FDI) not only entails the provision of capital, but also technical, managerial, and technological transfers to recipient countries. This added value differentiates the U.S. model from other FDI providers, particularly China.
- U.S. companies have the products, skills, and experience to become embedded in and earn significant returns from critical African value chains that will not only reach over a billion Africans but also support reverse trade flows under AGOA.

## **SHORT-TERM**

**Recommendation #1:** Prioritize making the Export-Import Bank of the United States (ExIm) fully functional.

**Background:** The Administration should continue to encourage the U.S. Senate to confirm the pending nominees to ExIm before the beginning of the 116<sup>th</sup> Congress. Absent that, the Administration should seek alternative ways to render ExIm fully functional. As the export credit agency of the United States, ExIm's governing statute makes its mission clear: to facilitate exports. This mandate aligns with a key goal of the President's National Security Strategy, namely to promote and increase exports, particularly with respect to Africa. ExIm helps level the playing field by providing financing when U.S. exporters are competing with foreign companies that enjoy the support of their national export credit agencies.

To execute its full suite of programs, the Bank requires a quorum of at least three Board members, which it has not had in over three years. Without a quorum, the Bank is generally unable to authorize transactions of more than \$10 million, or with a term longer than seven years. These limitations have been devastating to U.S. companies, including manufacturers seeking to export their goods to Africa. An empowered ExIm could be immediately impactful in Ethiopia, Kenya, and Ghana to operationalize the MOUs signed during the fact-finding trip. For example, commercial loans guaranteed by ExIm or the ExIm-insured receivables program for U.S. businesses can be one of the solutions to overcome Ethiopia's foreign exchange challenges. The Council also recommends that ExIm add the Ethiopian birr,

## FINANCING

Kenyan shilling, and Ghanaian cedi as approved currencies in line with the investment objectives memorialized in the new MOUs.

If, in the short term, reauthorizing ExIm does not occur, its tools could still be used in a shared risk model for target countries under the \$10 million limit. In Ethiopia and similar opening markets, more aggressive ExIm loan guarantees funded in part with higher fees from American firms for the additional risk would support a “risk pool” to absorb bad debts. In tandem, local banks and the Ethiopian Government also back the loans, ensuring access to foreign exchange. This type of structure would work well for loans to the private sector in industries such as agriculture, agro-processing, light manufacturing, or infrastructure to build domestic manufacturing sectors and establish critical value chains using American inputs to ultimately drive foreign exchange into the country.

**Recommendation #2:** Start deal teams that pair concessional and commercial financing for target development projects.

**Background:** The U.S. has myriad tools at its disposal that, if combined and directed to key projects, would start to mitigate competition from China and European countries on financing. To compete more effectively in this context, the U.S. Government should selectively blend aid funds with export finance when the two goals converge. This would be particularly relevant in cases where U.S. companies initiate projects that directly align with U.S. Government development objectives and with nations that are deemed strategic partners on the continent. Hence, financing becomes “concessional” and is highly attractive to African governments because it is not counted under International Monetary Fund (IMF) limits for non-concessional borrowing. Given the increasingly tight fiscal context of many African governments, availability of concessional funds is often a crucial differentiating factor for an African government in awarding project tenders.

Combining MCC grants, in compact countries and under its new regional authority, with Overseas Private Investment Corporation (OPIC) tools and private financing would greatly increase the scale of funded projects. This is an opportunity to use MCC’s funding as an initial tranche to crowd-in private capital. MCC grants could stimulate blended finance solutions including instruments such as credit enhancements and guarantees to reduce risk and increase the pool of investors for projects. Similarly, OPIC can be deployed to work with U.S. commercial banks to structure and implement U.S. dollar on-lending programs to both African central and commercial banks through various risk-sharing arrangements.

U.S. Government agencies such as OPIC, ExIm, or USAID could facilitate the creation of diaspora bonds to capitalize on the U.S.-based African diaspora to provide the last step in financing projects. Ghana has previously considered diaspora bonds and might be a willing test case for this mechanism. These bonds, which would be in hard currency, could be used for co-investing with U.S. corporates to offer security for the foreign currency reflows due to the U.S. investor.

**Recommendation #3:** Promote African sovereign access to U.S. dollar liquidity via official agencies’ support programs and instruments.

**Background:** African sovereigns are beginning to suffer from lower levels of U.S. dollar reserves as demand grows due to higher dollar-denominated debt servicing, low and non-diversified export bases

and large capital expenditure-related imports. Shortages of U.S. dollars hamper private sector business activity as public sector requirements take priority, hindering access to dollar liquidity. If the private sector cannot access dollars, it will turn to other reserve currencies such as the euro and yuan and their associated “home” counterparties to engage in cross-border trade business, pushing out American firms. For example, the recent \$2.5 billion bilateral currency swap between the Central Bank of Nigeria and the People’s Bank of China was to incentivize importers and traders to tender their invoices in renminbi. The U.S. Government should explore how official U.S. agencies can prudently engage with African Central Banks in swapping dollar liquidity for local currencies, baskets of reserve currencies, and/or transferable and liquid commodities. Official risk-sharing programs should also be made available to private sector capital providers that can provide the critical U.S. dollars to support the key strategic trade and investment flows. Further, enablers for increased dollar liquidity are working with development financial institutions to develop deeper and more liquid local capital markets to support effective hedging instruments for local currency and make available specialized hedging programs to U.S. exporters and investors in conjunction with the recipient countries.

**Recommendation #4:** Continue to push passage of the BUILD Act of 2018.

**Background:** The PAC-DBIA supports the Administration’s aim for quick passage and enactment of the *Better Utilization of Investments Leading to Development (BUILD) Act of 2018*. Transforming OPIC and components of USAID into the U.S. International Development Finance Corporation (IDFC) is consistent with the goals of driving business in all four of the countries on the fact-finding mission and across Africa. The BUILD Act’s increased flexibility on US connection requirements combined with more modernized tools and a higher maximum contingent liability for the IDFC will allow more financing options for American firms. For example, the bill explicitly allows for USG equity stakes in projects and widens the use of foreign currencies. The collective impact of the IDFC’s new authorities under the BUILD Act will make social, human capital and other investment projects critical to Africa’s long-term development more attractive to private investors.

Furthermore, the bill’s transfer of some of USAID’s financial tools such as the Development Credit Authority (DCA), to the IDFC could provide an opportunity to increase the size and/or flexibility in providing credit guarantees. Taking it a step further, the new IDFC could deploy these new tools with the African Development Bank and other development banks, leveraging partnerships with these institutions. A targeted collaboration on lowering the cost of financing risk would vastly improve American firms’ ability to compete with foreign firms on the continent.

## LONG-TERM

**Recommendation #5:** Consider a U.S. Government risk transfer mechanism that allows for the sale of aggregated risk exposure from U.S. agencies to private investors.

**Background:** The reality of finite resources available to the U.S. Government to support U.S. trade and investment flows to and from Africa is self-evident. Combined with the heightened risk profile of doing business in Africa, it is imperative that the U.S. Government engage in the active and dynamic management of its risk exposure to the continent. Presuming this could be allowed in the current regulatory environment, selling risk exposure to private investors would vastly expand the official risk capacity of the U.S. Government to support more and larger American projects and improve U.S. competitiveness in African markets. There exists strong precedents of risk transfers structures and solutions in the market that have been deployed by commercial banks, insurance companies, and, lately, multilateral development institutions. There is also proven appetite by investors for African risk as evident by the successful and active Eurobond issuances by African sovereigns over the past ten years. Tapping the largest and most liquid capital market in the world through sophisticated and tested financial structures will allow the U.S. Government to take advantage of one of its national strengths to be highly competitive and constructive in the economic growth and development of Africa. It also frees up funding for African governments to meet other immediate budgetary needs, manage their future spending, and maintain sustainable debt levels.

**Recommendation #6:** Hold regular consultations at the headquarters level between U.S. Government technical assistance providers and the private sector on capacity-building in Africa.

**Background:** On the continent, the U.S. Department of the Treasury, USAID, and a number of other U.S. Government agencies provide training to African governments, including on public finance management, capital market development, and financial sector oversight. The MOUs with Ethiopia, Kenya, and Ghana provide positive momentum for the U.S. Government to incorporate private sector expertise into these programs. The U.S. Government should look for opportunities for American companies to share market insights and tools, particularly using technology solutions for implementing proposed reforms. Areas to target for collaboration based on the fact-finding mission include a long-term solution to Ethiopia's foreign exchange constraints, assisting Kenya with optimizing its debt profile, and fostering development of Ghana's local capital markets.

**Recommendation #7:** Leverage the resources, relationships, and expertise of the African Development Bank (AfDB).

**Background:** The U.S. Department of the Treasury's Office of Multilateral Development Banks, in conjunction with the U.S. Department of Commerce's Foreign Commercial Service (FCS), should work with private-sector trade and business organizations to raise the profile of the AfDB within the U.S. business community. Considering the United States is the second-largest shareholder in the AfDB overall and the largest non-African shareholder, the AfDB should be a natural partner for U.S. firms financing projects on the continent. American firms should be aware of the available loans, hedging instruments, guarantees, and other financial instruments. Given the overlapping priorities of AfDB and OPIC, USAID, and other U.S. Government agencies, there should be natural opportunities to both identify American firms to participate in more AfDB projects and collaborate on their financing. This can be achieved by Government outreach to make the business community aware of AfDB resources.

# PUBLIC PROCUREMENT

**Recommendation #1:** Make private sector public procurement expertise available to the U.S. Government.

**Background:** The trip offered the PAC-DBIA not only significant engagement with the governments of the four visited countries, but also sustained interaction with U.S. Government officials and agencies involved in managing the U.S.-Africa relationship and supporting U.S. private sector participation in project opportunities on the continent. Through this interaction, it became clear that deeper dialogue and information-sharing between the U.S. private sector and relevant U.S. agencies vis-à-vis the realities of public procurement in Africa would result in more productive project outcomes for both U.S. firms and their African counterparts (government or private sector).

As the U.S. Government further develops its whole-of-government approach to more effectively support and encourage U.S. firms pursuing public procurement opportunities in Africa, we recommend more consistent, thoughtful consultation with the private sector on the core elements of the competitive tender process, as well as the various stages of the project development cycle resulting from direct and unsolicited proposals—ranging from the preliminary gathering of market intelligence and territory visits, to local partner selection, Letter of Intent/MOU commitments, proposal development, contract execution, and financial close and project implementation, among a host of other issues addressing stakeholder alignment and political, commercial, and cultural challenges.

The recommended consultation should include direct, unvarnished private sector guidance and training of Foreign Commercial Service and Political/Economic officers in preparation for their postings in Africa. There should be an agreed base curriculum that includes universal headline topics covering project development fundamentals, in addition to market-specific guidance. Region-specific trade and business associations (such as the Business Council of International Understanding, the Corporate Council on Africa, the Initiative for Global Development, and the U.S. Chamber of Commerce) could assist in identifying market- and sector-appropriate firms and individuals for this training and facilitate the forums. Such training should be extended to interagency officials working on the same markets or regions, with the curriculum adjusted in accordance with a particular agency's portfolio and objectives. Information exchanged should be focused on how projects are developed, structured, implemented, and hosted in a confidential environment eliciting productive levels of candor.

**Recommendation #2:** Support direct or unsolicited proposals in addition to competitive tenders for American companies.

**Background:** In many African countries, public procurement often involves large projects requiring structured financing and a diverse array of stakeholders and project inputs. The size and complexity of these projects and the lengthy time horizons required for their development and implementation often render them inappropriate for standard tender-based procurement processes. In these cases, the experience of the PAC-DBIA membership suggests that direct and unsolicited proposals may provide the best vehicle for achieving optimal project outcomes.

We recommend that the U.S. Government offer a particular focus in its public procurement guidance, training, and diplomacy for direct and unsolicited proposals, whereby U.S. firms are able to directly offer African governments proposals for projects that address key local government objectives. This kind of advocacy should extend beyond initial engagement and project development to include bilateral monitoring and support throughout the implementation phase of projects. It should also be informed by



trends in procurement activity seen across the continent, including an emerging emphasis on public-private partnerships and foreign exchange and debt challenges.

**Recommendation #3:** Continue U.S. Government programming and advocacy focus on transparency and rule-of-law in support of best-value procurement.

**Background:** Opacity in public procurement processes undermines the ability of African governments to realize “best value” in project outcomes. Increased transparency and adherence to the rule of law would dramatically enhance U.S. private sector participation in public procurement processes executed across the continent, potentially encouraging a second wave of U.S. firms actively examining opportunities in Africa.

The U.S. Trade and Development Agency (USTDA) has implemented many programs, particularly through its Global Procurement Initiative (GPI), that foster greater transparency and predictability in procurement procedures and administration, in addition to providing the training required to effectively implement the same. These principles require an interagency commitment extending beyond USTDA’s scope, including diplomatic advocacy exercised consistently at the Ambassadorial level in each country. Without progress on these issues, heightened risk perceptions among U.S. firms will persist, discouraging broader U.S. participation in project opportunities in Africa.

**Recommendation #4:** Direct the U.S. Department of Commerce to build a user-friendly, modern platform that offers automated and continuous data on procurement opportunities, starting with supporting and leveraging the Department of State’s Business Information Database System (BIDS).

**Background:** The PAC-DBIA heard multiple times on this trip that one of the main reasons U.S. firms are not winning projects in Africa is because they are not competing. Encouraging small and medium-sized enterprises to look to Africa for new opportunities is key to building a customer base that embraces the reliability, quality, and value proposition of U.S. products and services.

Of course, there are perceived constraints related to risk, infrastructure, trade facilitation, and other issues documented in this report and previous reports of the PAC-DBIA. One way to encourage more interest in commercial opportunities in Africa is to better disseminate information detailing those opportunities and insights to help mitigate such risks.

We recommend that the U.S. Department of Commerce partner with the U.S. Department of State and other agencies to better coordinate efforts across government on collecting and sharing public sector opportunities, along with insights from Foreign Commercial Service personnel and others in a manner that helps businesses of all sizes. This could be done in three, ideally overlapping, phases:

1. Accelerate the U.S. Department of State’s efforts to develop BIDS and ensure robust inclusion of procurement opportunities from the multilateral development banks, including the AfDB.
2. Automate and expand information collection and sharing. Include, for example: valuable pre-tender intelligence from Foreign Commercial Service and Economic officers stationed at embassies and consulates around the world, Export.gov data, opportunities through international finance institutions, and information on financing and mitigating risks (e.g. through political insurance and USAID’s Development Credit Authority). If automated, it would not require adding to the workload

of officers. Rather, it could be a tool that would make their role smarter and more efficient, bridging the gap between opportunities and U.S. businesses' interests.

3. To better engage small businesses, USAID should initiate a collaboration with OPIC, SBA, Commerce, and USTDA to host a series of small business fora on investment and export opportunities in Africa. These fora could also help create use-cases for the tool and identify key information services and how best to automate their delivery to serve the needs of small and medium-sized businesses. Target initial audiences could be those that are currently working in Africa as prime and subcontractors to USAID as most of these businesses primarily pursue U.S. Government contracts but are poised to export and even invest.

With the steps above (better coordination, engagement, and tooling), the Council envisions a user-friendly tool—web- and mobile-accessible, conversational, and a self-service experience—that could help businesses of all sizes to get immediate information about opportunities and suggested next step actions.

Lastly, promotion of this tool could be aided by Commercial Service trade specialists in U.S. Export Assistance Centers across the United States. Once deployed, analytics on its usability can provide insights and data instantly back to Commerce to improve their understanding of the constantly changing needs of businesses as they explore, enter, and win procurement opportunities across Africa.



# TRADE FACILITATION

Throughout the fact-finding mission, the delegation held numerous discussions with government officials around increased market access and improving trade facilitation at the country, regional, and continent-wide level. Members of the PAC-DBIA observed that numerous benefits would accrue from governments' collaboration with industry to appropriately invest in customs modernization and inter-country integration, including:

- The more efficient and effective movement of goods;
- Attractive manufacturing value chains where domestic producers have access to necessary and real-term supply inputs; and
- Increased economic competitiveness for countries and broader economic growth for the continent at large.

Trade facilitation not only enables the movement of goods but also enables efficient manufacturing value chains so domestic producers have access to necessary and real-time supply inputs. Investing in trade facilitation means that the broader economy can flourish, and private industry—both domestic and multi-national—needs an early seat at the table to share experiences and help drive these changes.

**Recommendation #1:** Have the U.S. Foreign Commercial Service, U.S. Trade and Development Agency (USTDA), and the U.S. Trade Representative (USTR) better connect American firms to African government officials with principal responsibility for trade and customs to provide implementation expertise for effective and efficient customs transactions based on global best practices.

**Background:** In addition to our earlier recommendation for USTDA to organize reverse trade missions to showcase logistics providers' port-of-entry facilities and demonstrate modern documentation technologies—building off the collaborative work between U.S. Customs and Border Protection in the Security Governance Initiative (SGI) and other such programs—the Council now encourages USTDA to offer training grants in this area to help expand the customs modernization effort to strengthen regional connectivity.

The delegation saw how, working with the U.S. Government on capacity-building programs, several African countries are making great progress in advancing tools to expedite port-of-entry mechanisms to promote trade, such as single window clearance programs. USTDA training can support the development of these tools. Beyond the immediate investment in customs tools at the port-of-entry, USTDA can also work with U.S. industry and African governments to support integrated infrastructure plans that would leverage port improvements tied to transportation infrastructure, thereby facilitating entry and movement of goods to their final destination.

USTR could support this effort by advancing language that promotes border modernization technology into any joint statement, declaration, or communique issued on the occasion of any trade discussion. (E.g., “USTR and its counterparts agree to work with the private sector to use best-practice border processes, and technology as appropriate, to modernize and secure trade facilitation across the region, including blockchain and IoT.”) Further, industry encourages USTR to intensify engagement on this matter with regional economic communities (RECs)—especially the Common Market for Eastern and Southern Africa (COMESA), the Economic Community of West African States (ECOWAS), and the Southern African Development Community (SADC)—via Trade and Investment Framework Agreements (TIFAs), MOUs, or other partnership mechanisms.

Furthermore, the U.S. Commercial Service should encourage African government leaders to engage U.S. companies and integrate their feedback earlier in the process of customs modernization to help ensure private sector's perspectives and concerns are taken into account, to the extent possible. Governments should view customs transactions not solely as a source of revenue generation for the government budget, but as critical enablers of economic growth so that meaningful transparent consultations can occur and better processes and regulatory systems can be built and sustained.

**Recommendation #2:** Ensure that USTR incorporates U.S. private sector input—either directly or channeled through the U.S. Mission to the African Union (AU), the U.S. Foreign Commercial Service, and embassy and consulate economic sections—regarding the implementation of the African Continental Free Trade Area (CFTA).

**Background:** The U.S. Government and the private sector can work together to ensure that American interests are incorporated into the African CFTA framework. This early-stage engagement will facilitate the growing commercial relationship between the U.S. and African markets and establish the foundation for potential U.S.-AU trade discussions as the AGOA approaches expiry.

The CFTA, which was signed by 44 African countries in May 2018, will be one of the world's largest free trade areas once fully entered into force and implemented. We are at a critical point as Member countries develop the CFTA framework's provisions on non-tariff barriers and services trade. U.S. businesses depend on the inter-country integration for their supply chains that this agreement, if effectively implemented, will promote. Realizing these benefits will only be possible, though, if border management and customs processes reflect 21st-century realities of cross-border commerce, including supply chain management, and account for the use of modern technologies such as blockchain.

**Recommendation #3:** Once Ethiopia reengages in the World Trade Organization (WTO) accession process and identifies its technical assistance needs, pertinent U.S. Government agencies should provide support by offering such targeted technical assistance in order to ensure Ethiopia implements the commitments required under WTO rules.

**Background:** Ethiopia began taking steps towards WTO accession in 2003 but disengaged from the process in 2012. Recently, in Addis Ababa, Ministers stated their intent to accede to the WTO within two to three years. Undertaking the pro-trade domestic reforms required to implement WTO rules and liberalizing tariffs and trade in services will support Ethiopia's integration into world markets and send a powerful signal to overseas investors that Ethiopia is open for business. Once Ethiopia reengages and begins substantive work within the accession process in Geneva, the Government is likely to run up against significant capacity constraints. The United States has a long history of providing technical support to applicants that are committed to advancing their accession through trade liberalizing reforms, and U.S. Government agencies should consider appropriate requests by Ethiopia for targeted technical assistance.

## GLOBAL VALUE CHAINS

Economic diversification is a priority for many African countries and, during the trip, several statements from the private and public sector centered on the development of value-added products for the growth of global value chains (GVCs). More telling of this priority was Ghana's unveiling of its new "One Village One Factory" initiative. Enabling the growth of GVCs means countries can access necessary inputs for more domestic production – encouraging more domestic economic investment, creating better jobs, and growing new markets. This, in turn, will increase the domestic tax base and generate long-term sustainable development. However, much of Africa's participation in GVCs has been limited to upstream production through the supply of inputs to companies in downstream foreign markets. Additionally, Africa has a low share of global trade, accounting for roughly 2%.

Examples of barriers to robust participation by African markets in the GVCs include:

- The need for heavy investments in skills-building to reduce the comparatively large skills gap in a growing workforce.
- Artificial local content limits, which can reduce the competitiveness of domestic industries.
- Inter- and intra-Africa trade is limited by obsolete and inefficient trade barriers and cumbersome systems and procedures that increase costs and delays in the transit of goods. (See section on Trade Facilitation.)

**Recommendation #1:** The U.S. Department of Commerce, working with private industry and U.S. embassies and consulates in a priority group of African countries, should engage in bilateral discussions to establish specific mechanisms that will advance a GVC approach to trade facilitation and regulatory cooperation.

**Background:** This effort will facilitate ongoing consultation and information exchange between locally-operating U.S. firms, interagency officials, and African governments to advance national strategies. American companies can support this effort by improving elements of their value chains (e.g., food packaging) that support policy growth and trade facilitation commitments that increase value-add production in-country.

In this effort, the U.S. Department of Commerce should align with key regulatory agencies to coordinate regulatory cooperation work, including efforts by U.S. Customs and Border Protection, the Environmental Protection Agency, the Food and Drug Administration, and others, and establish sector dialogues with meaningful industry input. Commerce should drive a strategic approach for key sectors, in line with the U.S. export promotion strategy, and for capacity-building efforts to promote sound science, risk-based approaches to regulation to facilitate access for materials, U.S. exports, and domestic manufacturing growth. Efforts should focus on growing manufacturing sectors such as chemicals, building and construction materials, and agriculture. Industry and government can work together to promote high regulatory and legal standards, sound science supporting national and regional policies, and risk-based regional approaches to a strong regulatory agenda.

**Recommendation #2:** The U.S. Department of Commerce, aligned with USTR and other U.S. agencies, should prioritize and leverage the above efforts to highlight the economic disadvantage of local content restrictions and underscore the virtues of global value chain approaches.

## GLOBAL VALUE CHAINS

**Background:** Commerce, in collaboration with U.S. industry, can consult with pertinent agencies and offices from African governments to demonstrate the disadvantages of local content restrictions that reduce capacity and access to necessary raw materials, and subsequently provide alternative approaches

that addresses the shortcomings of certain local content laws--particularly where these efforts are meant to drive investment rather than promote access to materials for existing local enterprises to develop and innovate. Commerce and the embassy economic officers should specifically highlight investments American firms are making to broaden local engagement, including employment, supply chain sourcing and more. The U.S. Government can demonstrate the advantages the U.S. offers as an economic partner that fosters growth in the local economy.

# TECHNOLOGY and DIGITAL ECONOMY

The fact-finding trip highlighted that governments across Africa are embracing technology as a means of driving economic growth and creating inclusive, digital societies. Each of the four countries visited by the members of the PAC-DBIA have national strategies in place to accelerate progress on these goals, and there is broad-recognition that technology underpins all aspects of their economies in the 21<sup>st</sup> century. For example, the Kenyatta Administration has indicated that technology is critical to achieving Kenya's Big Four economic agenda. The concept of leveraging technology across all sectors makes sense, especially in Africa where the leapfrog effect is well documented in nearly every aspect of the economy, including financial services, agriculture, manufacturing, education, healthcare, supply chain management, and retail. According to a report by the McKinsey Global Institute, internet-enabled businesses stand to contribute \$300 billion on an annual basis to the African economy by the year 2025.

To capture the promise that technology holds for the continent, it is important that African governments get the policy right: that is, implementing a light-touch regulatory framework that enables competition and innovation. The PAC-DBIA sees an opportunity for the U.S. Government to work proactively with African partners to develop policies conducive to the growth of the digital economy, and meanwhile promote global best practices and position U.S. companies as the partner of choice for projects. Enhanced engagement from the U.S. Government will complement existing private sector efforts to bring the most innovative products and services to market across Africa.

**Recommendation #1:** Broaden the mandate of existing government-to-government engagements to better serve the technology industry, including on cloud computing, electronic payment services, and cybersecurity. Prioritize technology and digital trade topics in dialogues, trade agreements, and other government-to-government mechanisms.

**Background:** The U.S. Department of Commerce, USTR, and the U.S. Department of State should utilize existing dialogues in the region and explore opportunities for new dialogues to focus on digital trade issues. We recommend promoting the following principles:

1. **Foster appropriate regulatory policies that support the growth** of the digital economy while also providing the proper amount of oversight. Principles-based regulations ensure the flexibility that enables new technologies and innovation.
2. **Commit to cross-border data flows** by enabling the movement of data across borders and removing and preventing requirements that force companies to manage, store, or otherwise process data locally.
3. **Embrace international competition** by removing discriminatory practices that link market access or commercial benefits to investment in or use of local infrastructure, domestic or state-owned entities, and technology transfer.
4. **Enable market-based economics and avoid unnecessary regulations**, such as price controls, that stifle competition and innovation.
5. **Get data protection right** by supporting an approach that recognizes differences among industries in their use of data, allows for the legitimate business uses of personal data, empowers consumers to make informed choices, and enables cross-border data flows.

## TECHNOLOGY and DIGITAL ECONOMY

6. **Prioritize internet access, consumer choice, and good governance** by fostering a marketplace that promotes legitimate commerce and uses of the Internet to help spur transformative innovations for economies of all sizes.
7. **Protect intellectual property** by ensuring patents, copyrights, trademarks, and trade secrets can continue to play central roles in driving growth, investment, and competition.
8. **Abide by market-driven international standards** by avoiding untested, complicated rules that create technical barriers to free and fair trade.
9. **View cybersecurity as a partnership** by creating opportunities for collaboration between the government and private sector and by focusing on protection rather than mandatory incident reporting.
10. **Modernize customs for the digital era** by supporting supply chains with new approaches to customs, such as raising *de minimis* levels and streamlining the customs process.
11. **Seek cooperation and accountability among governments** by making high-standard, high-accountability digital trade commitments with partners in the region.
12. **Support the inclusive growth of e-commerce** by seeking adoption of full market access and national treatment commitments for related services across the e-commerce ecosystem.

**Recommendation #2:** Staff embassies and consulates with personnel dedicated to technology and digital economy issues and partner with the Foreign Service Institute and industry organizations to ensure officers have a nuanced understanding of priorities for U.S. technology providers.

**Background:** The U.S. Department of State's digital economy officers and the U.S. Department of Commerce's digital trade attachés have proven to be valuable resources around the globe through which U.S. stakeholders can identify, respond to, and avert policies that would otherwise have been harmful to the competitiveness of U.S. companies. Yet the pace at which harmful digital policies are emerging has not slowed. If anything, it is speeding up. In order to address these challenges and ensure a fair playing field for American companies internationally, the PAC-DBIA strongly encourages both departments to expand the number of officers working on these issues in the region and to ensure that their officers are adequately resourced to fulfill their role.



## WORKFORCE DEVELOPMENT

The lack of skilled human capital and the absence of vocational training programs continue to affect the ease of doing business for American companies in Africa. A significant number of U.S. exports to Africa, such as IT, medical devices, and construction equipment require highly trained users to operate. Lack of such users restricts the market and, therefore, the volume of potential exports from the United States. In addition, U.S. companies may require a skilled, local workforce to provide services associated with exports, such as the installation of infrastructure and continued after-sales support (e.g. service of capital equipment). Therefore, workforce development is essential to both demonstrating the U.S. commitment to development in Africa, as well as expanding the market to advance U.S. business on the continent.

Although developing a regional U.S.-Africa Skills Development Pilot Program was previously a PAC-DBIA recommendation for Kenya exclusively, after the fact-finding mission, the lack of a skilled workforce proved to be a universal concern throughout the region. U.S. agencies and international organizations provide ongoing initiatives and programs promote workforce development throughout the region while advancing the export capabilities of American businesses. USTDA is a key partner in promoting and developing U.S. exports, and leverages financing programs and technical expertise to bolster market access and expand training programs that lead to new export opportunities for U.S. companies. This support was exemplified by a grant signed during the fact-finding trip with Uganda's Ministry of Health supporting a radiotherapy education program for cancer treatment professionals at the Uganda Cancer Institute that will facilitate U.S. exports of advanced medical equipment.

U.S. Government support is complemented by significant investment in training programs by the private sector. Coordinating the goals and initiatives of both the private and public sector may facilitate training optimization, reduce needless duplication, and promote the image of united U.S. investment in Africa.

**Recommendation:** Leverage U.S. Government facilities throughout the region to serve as training hubs for existing U.S. public and private sector workforce training programs. These locations will provide credibility to U.S. companies doing business in Africa, enhance U.S. brand and regional reputation, and further link U.S. industry and U.S. agencies as coordinated regional leaders in workforce development.

**Background:** Throughout the fact-finding trip, government leaders of Ethiopia, Kenya, Côte d'Ivoire, and Ghana voiced the need for more U.S.-run skills development initiatives in their country. Such initiatives are perceived as vital for the development of local economies, and are a key differentiator between the United States and other countries looking to do business in Africa. To further this positive perception of the United States and advance U.S. business interests in Africa, the U.S. Government should centralize ongoing training initiatives conducted by both the government and the U.S. private sector by using U.S. embassies, consulates, and agency locations across Africa as training hubs.

To this end, the U.S. Government should first catalog all ongoing public and private sector training programs throughout the region. The U.S. Government should then work to promote existing U.S. private sector programs by showcasing industry programs and further developing links between ongoing U.S. Government activity with U.S. industry. Alliances between local programs like the Young African Leadership Institute, those offered by the U.S. African Development Foundation, and U.S. private sector programs will also be vital to the future development of a skilled workforce. U.S. Government training hubs will enable stakeholders to learn best practices, build complementary initiatives, and reduce any duplication in efforts between the public and private sectors. Expanding the role of U.S. embassies' "American Corners" to directly support technical training programs will further raise the profile of the United States as a strong partner willing to invest in growth of the region.



## MOU IMPLEMENTATION

One of the outcomes of the fact-finding trip was to demonstrate that the U.S. Government and U.S. companies are committed to expanding trade and investment in Sub-Saharan Africa, and doing so in a coordinated manner. The key manifestation of this commitment was the signing of Memoranda of Understanding between the U.S. Government and three of the governments of the countries visited (Ethiopia, Kenya, and Ghana). The Council applauds the U.S. Government for actively pursuing and signing MOUs while on the fact-finding mission in June and July.

The expectation of these agreements is that the respective African governments will identify their priority projects and investment opportunities, and the U.S. Government will make those known to the U.S. business community, and the governments will meet regularly to ensure progress towards implementation of the MOUs.

Each MOU stipulates that the U.S. Government will disseminate information to the private sector about “the availability of potential financing” for these priority projects in order to facilitate potential U.S. private sector participation, an issue that is discussed at length elsewhere in this report.

The completion of these MOUs is an encouraging first step to invigorate U.S. commercial engagement in Africa, but their success will depend on implementation. Aggressive and successful implementation will require the sustained attention of U.S. Government personnel dedicated to the task. This is an issue that the PAC-DBIA should monitor closely.

**Recommendation #1:** The U.S. Department of Commerce should work with industry associations as liaisons between the U.S. Government and U.S. businesses to support implementation of the MOUs.

**Background:** Once executive directors of the various associations are briefed on MOUs, these industry association leaders can disseminate the information to members, further raising awareness of opportunities for U.S. industry in Africa and the potential to pursue those opportunities in concert with the MOUs. The entire premise of these MOUs is based on the presumption that they will be promulgated to the U.S. business community. It is crucial for U.S. industry to be made aware of these MOUs and play an active role throughout implementation.

**Recommendation #2:** Prior to the bilateral discussions intended to occur between the governments to check on progress in implementing the MOU, the U.S. Department of Commerce should organize sessions with the U.S. private sector to gather input from the business community and jointly identify areas that need more focused engagement.

**Background:** Competitive monitoring should be part of the sessions to understand why American firms are losing deals to help inform future contract bids. One potential model for this outreach could be the meetings USTR has on occasion with private industry prior to trade discussions.

**Recommendation #3:** The U.S. Department of Commerce and USTR should work together with the U.S. businesses community to identify other countries with whom to negotiate and sign MOUs.

**Background:** The Council believes the completion of the MOUs to be a foundational success of the trip. They have already shown great promise, and with their potential, the Council believes they should serve as a model going forward. The Council is particularly pleased with the elements of the MOUs attempting to address non-tariff trade barriers, and hopes that this can be replicated elsewhere.

## Acronyms

AfDB	African Development Bank
AGOA	African Growth and Opportunity Act
AU	African Union
BCIU	Business Council for International Understanding
CCA	Corporate Council on Africa
CFTA	Continental Free Trade Area
COMESA	Common Market for Eastern and Southern Africa
DCA	Development Credit Authority
ECOWAS	Economic Community of West African States
ExIm	Export-Import Bank of the United States
FCS	Foreign Commercial Service
IGD	Initiative for Global Development
MCC	Millennium Challenge Corporation
MOU	Memorandum of Understanding
OPIC	Overseas Private Investment Corporation
PAC-DBIA	President's Advisory Council on Doing Business in Africa
PPPs	Public-private partnerships
REC	Regional Economic Community
SADC	Southern African Development Community
TIFA	Trade and Investment Framework Agreements
USADF	U.S. African Development Foundation
USAID	U.S. Agency for International Development
USG	U.S. Government
USTDA	U.S. Trade and Development Agency
USTR	U.S. Trade Representative
WTO	World Trade Organization

## Table of Recommendations

Topic	Recommendation
FINANCING	1. Prioritize making the Export-Import Bank of the United States (ExIm) fully functional.
	2. Start deal teams that pair concessional and commercial financing for target development projects.
	3. Promote African sovereign access to USD liquidity via official agencies support programs and instruments.
	4. Continue to push passage of the BUILD Act of 2018.
	5. Consider a risk transfer mechanism at the U.S. Government level that allows for the sale of aggregated risk exposure from U.S. agencies to private investors.
	6. Hold regular consultations at the headquarters level between U.S. Government technical assistance providers and private sector on capacity building in Africa.
	7. Leverage the resources, relationships, and expertise of the African Development Bank (AfDB).
PUBLIC PROCUREMENT	1. Make Private Sector Public Procurement Expertise Available to the U.S. Government.
	2. Support direct/unsolicited proposals in addition to competitive tenders for American companies.
	3. Continue USG programming and advocacy focus on transparency and rule-of-law in support of best-value procurement.
	4. Build a user-friendly, modern platform that offers automated and continuous data on procurement opportunities, starting with supporting and leveraging the Department of State's Clearinghouse.
TRADE FACILITATION	1. Have the U.S. Foreign Commercial Service, U.S. Trade and Development Agency, and the U.S. Trade Representative (USTR) better connect American firms to African government officials with principal responsibility for trade and customs to provide implementation expertise for effective and efficient customs transactions based on global best practices.
	2. Ensure that USTR incorporates U.S. private sector input—either directly or channeled through the U.S. Mission to the African Union (AU), the U.S. Foreign Commercial Service, and embassy and consulate economic sections—regarding the implementation of the African Continental Free Trade Area (CFTA).
	3. Once Ethiopia reengages in the World Trade Organization (WTO) accession process and identifies its technical assistance needs, pertinent U.S. Government agencies should provide support by offering such targeted technical assistance in order to ensure Ethiopia implements the commitments required under WTO rules.

## Table of Recommendations

GLOBAL VALUE CHAINS	1. The U.S. Department of Commerce, working with private industry and U.S. embassies and consulates in a priority group of African countries, should engage in bilateral discussions to establish specific mechanisms that will advance a Global Value Chain approach to trade facilitation and regulatory cooperation.
	2. The U.S. Department of Commerce, aligned with USTR and other U.S. agencies, should prioritize and leverage the above efforts to highlight the economic disadvantage of local content restrictions and underscore the virtues of global value chain approaches.
TECHNOLOGY & DIGITAL ECONOMY	1. Broaden the mandate of existing government-to-government engagements to better serve the technology industry, including on cloud computing, electronic payment services, and cybersecurity. Prioritize technology and digital trade topics in dialogues, trade agreements, and other government-to-government mechanisms.
	2. Staff embassies and consulates with personnel dedicated to technology and digital economy issues and partner with the Foreign Service Institute and industry organizations to ensure officers have a nuanced understanding of priorities for U.S. technology providers.
WORKFORCE DEVELOPMENT	1. Leverage U.S. Government facilities throughout the region to serve as training hubs for existing U.S. public and private sector workforce training programs. These locations will provide credibility to U.S. companies doing business in Africa, enhance U.S. brand and regional reputation, and further link U.S. industry and U.S. agencies as coordinated regional leaders in workforce development.
MOU IMPLEMENTATION	1. The U.S. Department of Commerce should work with industry associations as liaisons between the U.S. Government and U.S. businesses to support implementation of the MOUs.
	2. Prior to the bilateral discussions intended to occur between the governments to check on progress in implementing the MOU, the U.S. Department of Commerce should organize sessions with the U.S. private sector to gather input from the business community and jointly identify areas that need more focused engagement.
	3. The U.S. Department of Commerce and USTR should work together with the U.S. businesses community to identify other countries with whom to negotiate and sign MOUs.