THE PRESIDENT'S ADVISORY COUNCIL ON DOING BUSINESS IN AFRICA

Findings from the Trip to Nigeria and Rwanda and Related Recommendations
June 29, 2016

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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Message from the Chair and Vice Chair

Dear Mr. President,

The President's Advisory Council on Doing Business in Africa is pleased to present a report on our January 2016 trip to Africa and our third set of recommendations on how to strengthen commercial engagement between the United States and Africa. These recommendations extend and refine our previous recommendations, based on our continued analysis of opportunities and challenges for U.S. businesses in Africa.

In particular, the recommendations reflect the invaluable input we received from our travels and conversations in Nigeria and Rwanda. While every member of the Council has experience doing business in Africa, the opportunity to travel together—meeting key leaders in government, business, finance, and civil society—was immensely valuable in understanding the U.S. Government's resources on the ground, testing the assumptions underlying our previous work, and unearthing new opportunities for the U.S. Government to play a transformational role in supporting new business and partnerships.

Over four days in Nigeria and Rwanda, we focused on key issues for African development and areas of interest from the American business community. In Nigeria, we spent time with top members of the new government and discussed the agenda for accelerating growth, security, and development in Nigeria. In particular, we focused on the ease-of-doing-business and held a lengthy roundtable discussion on infrastructure (which has been a priority of the Council), drawing on our collective experience executing and financing African infrastructure projects. In Rwanda, we focused on issues of regional integration and governance, drawing lessons from the Rwandan experience for other countries. Throughout the trip, we also focused on access to capital, skills training, and the importance of women's participation in the labor force and entrepreneurship.

On the basis of these conversations, and our continued consideration of African economic trends, this report contains recommendations in five areas:

1. *Accelerate Power Africa and Energy Infrastructure*: Pursue a detailed action plan to achieve 10,000 MW in Nigeria over the next five years, including financing solutions, achievable targets for public access to electricity, and a framework for prioritizing gas supply.

2. *Strengthen Vocational and Skills Training*: Deepen skills training components of important U.S. Government programs like the Young African Leaders Initiative; work with U.S. experts in the Departments of Education and Labor to inform technical and vocational curricula design for African institutions to align market needs and teaching; elevate and expand workforce training programs offered by the U.S. Trade and Development Agency.

3. *Deepen U.S. Commercial Dialogue and Engagement*: Start a commercial dialogue with Nigeria to elevate discussions and convene key government and private sector stakeholders; establish annual sector forums to accelerate investment in priority sectors like agriculture and infrastructure; use fora like the U.S.-Africa Business Forum and Presidential trips to highlight commercial opportunities in Africa.

4. *Improve Travel Routes and Transportation Infrastructure within Sub-Saharan Africa*: Address the lack of connectivity across the Continent by improving rail and air travel. This should include: financing for rail locomotive upgrades and rail infrastructure and rehabilitation; developing robust air route networks; improving aviation safety; training an upskilled workforce; and encouraging adoption and implementation of the Cape Town Convention on International Interests in Mobile Equipment.

5. *Negotiate Harmonized Tax Treaties*: Encourage the Department of the Treasury to pursue tax treaties with key African markets (including Nigeria and Ethiopia) to even the playing field for U.S. companies and encourage foreign direct investment.

Since we last reported to you, Africa continues to be on a dynamic journey of development and growth. At the time of our October report, turmoil in global markets threatened to lead to crises in emerging markets including massive capital flight. While these risks are still present (and Africa has indeed experienced some capital flight and slower growth), some of the worst volatility has momentarily abated and Africa continues to be one of the world's fastest growing regions. The slump in commodity prices has slowed, and hopefully, African economies will emerge from recent stresses with stronger, more diversified economies that are less dependent on extractive industries.

In addition, your Administration has made progress in key areas. In particular, Congressional passage (and your signature) of the Electrify Africa Act in February marks an important step in elevating and institutionalizing your commitment to Power Africa and energy infrastructure development. As we have highlighted in previous reports, we believe this is a critical foundation for economic growth in Africa.

Finally, we believe you and your Administration have an important opportunity at the upcoming U.S.-Africa Business Forum (USABF) in September 2016. This global forum should be used to push forward critical initiatives, from capital and skills to energy and infrastructure, and to ensure there are sustainable mechanisms to support progress beyond your tenure. In fact, this Council originated at the inaugural USABF in 2014, so it is fitting that the Forum be used to accelerate and extend our recommendations. In addition, we urge you to make this year's USABF more inclusive by broadening it to small and medium-sized businesses and other stakeholders and more focused on key sectors and concrete business opportunities. As a likely capstone for your Administration's involvement in Africa, we believe this could be a unique moment to announce or expand a legacy initiative that will symbolize the United States' enduring commitment to Africa.

Once again, we thank you for establishing this Council and for your leadership to strengthen U.S.-Africa commercial engagement. We believe you have set an important precedent for the U.S. Government and business community, which we hope future Presidents will embrace and advance.

Sincerely,

Dominic Barton Chair	Karen Daniel Vice Chair

In fulfilling its ongoing mission, the PAC-DBIA identified high-potential African countries where there is significant room to advance U.S. interests in solidifying existing business relations and cultivating new initiatives for U.S. companies. Members of the PAC-DBIA chose to travel to Nigeria and Rwanda and organized a fact-finding trip in January 2016 to engage in extensive dialogue with key public and private sector actors in both countries. The goal was to identify barriers and find paths to improve opportunities for doing business in Africa.

NIGERIA

In Nigeria, the delegation met with government and private sector leaders in both Lagos and Abuja, including Vice President Yemi Osinbajo. The delegation also met senior officials at the U.S. Embassy, including Ambassador John Entwistle, Consul General John Bray and Economic Counselor Alan Tousignant. The group interfaced with a broad cross-section of the Nigerian business community, including successful entrepreneur and Founder of the Tony Elumelu Foundation, Tony Elumelu and businessman Aliko Dangote, founder of the Dangote Group. Other sessions included a roundtable meeting with the American Business Council and a sector-focused luncheon with the Nigerian American Chamber of Commerce.

After many conversations about the Nigerian economy and the government's economic development plans, the delegation found evidence that despite being one of the fastest growing economies in the world and the largest economy in Africa, Nigeria poses significant challenges for U.S. companies seeking business opportunities. Key concerns include ineffective government policies to support business development, severe power and infrastructure shortfalls, and the need to diversify government revenues away from the oil industry. To alleviate concerns of the international community as well as the citizens of Nigeria, the leadership has implemented an aggressive anti-corruption campaign and has taken decisive action to address the significant security threat posed by Boko Haram.

Macroeconomic Opportunity for Business Expansion in Nigeria

- Nigeria's large population of 182 million and a population growth of 2.45 percent offers potential for a vibrant consumer economy.
- Nigeria is Africa's largest economy, valued at $490 billion in 2015. Real GDP grew 2.7 percent in 2015.
- Nigeria is positioned for economic growth with large land mass, arable land, accessible water, advancing education, and a growing middle class. Current economic headwinds are not expected to derail the country's long-term growth potential.
- Nigeria's literacy rate is 59 percent. Proposed educational improvements include higher-quality primary/secondary facilities, teaching technology and improved curricula to deliver a higher percentage of graduates with skills valuable to employers.

Government of Nigeria Perspectives and Priorities

The delegation heard directly from the Nigerian Government about its commitment to improving the business climate in Nigeria. The government plans to focus on improved transparency and developing better government solutions in critical areas such as power, transportation, agribusiness, oil and gas, and access to capital. The Government of Nigeria described commitments to:

- Good government practices in transparency, rule of law, market-driven systems, productive regulations and clear property rights for more advanced sectors.
- Improving basic infrastructure including energy/power, transportation, roads, mobile and other information communication technology.
- Investing in productive agriculture (70 percent of the labor force) via small farmers' extension/education; fertilizer to farms; seed security (IP protection for hybrids, water management; route to market); warehouse/conditioned storage/basic processing. Substitution of imported raw materials including rice, palm and sugar with locally produced goods is an important policy objective of the government.
- Emphasizing transparency, measurement and accountability in efforts to develop the power and transportation sectors.
- Training teachers and improving educational standards.
- Finding solutions to ongoing problems in power development and management, and solving bottlenecks (notably access to gas, a weak transmission network, and poor cash collections at the distribution companies), to improve the basic efficiency and effectiveness of the power sector.
- Leveraging public private partnerships (PPPs) to advance key programs across sectors, accelerate development, and foster a climate for future growth.
- Improving the country's rankings in the World Bank's ease of doing business index.

RWANDA

The delegation traveled to Kigali, Rwanda and met with President Paul Kagame and other key leaders in the public and private sector as part of a CEO roundtable discussion. The delegation also met with U.S. business leaders working in Rwanda, Rwanda's Development Board, and eight women business owners who shared personal experiences from their entrepreneurial journeys.

Rwanda has improving infrastructure, a transparent government system, and a business-friendly regulatory climate. President Kagame and Mr. François Kanimba, Minister of Trade and Industry, expressed continued commitment to developing the country's economy and to maintaining good trade relations with U.S. businesses, particularly for its largest export products like coffee, tea and a variety of mineral resources. The Rwandan government is committed to advancing the agricultural sector with consideration that over 90 percent of the population is engaged in farming, and to increasing the nation's energy program to deliver four times more electricity than is available today. This power is expected to enable development of better health services, education, food security and agricultural development. It is important to note that 70 percent of U.S. aid to Rwanda is health-related.

Understanding the critical role small businesses play in the growth of stable economies, Rwanda has emerged as a leader in creating an enabling environment for entrepreneurs with its ranking as the third easiest country in which to do business in Africa. The Rwanda Development Board highlighted their One Stop Centre, which has simplified the business registration process and is a shining example of a model that can be replicated in other countries. The One Stop Centre –

which offers one-day registration – houses all the agencies and services an entrepreneur needs to start a business. Rwanda adopted this model in 2006. The following year there was a 77 percent increase in newly registered businesses.

Solid Economy with Regional Reach

- While a relatively small, landlocked African country in land mass and population (12.6 million), Rwandan demographics are favorable for growth with greater than 50 percent of the population under the age of 20.
- In 2015, Rwanda's real GDP grew by almost seven percent, and the economy was valued at $8.3 billion.
- Rwanda is part of the East African Community and is aligning policies and budgets to be consistent with those of its regional partners. Rwanda sees itself as a key gateway to this regional economic community.

Government Focus on Improving Basic Services and Infrastructure

- Rwanda is focused on improving the output of the country's farmers—which includes roughly 90 percent of the country's population. The goal is to move farmers from producing at a subsistence level to generating agricultural exports. Advancing the agricultural sector is critical to economic growth and improved standards of living. Improvements in productivity have been made in some commodities, such as coffee, tea and sorghum.
- Challenges persist in health services and education. The issues are linked to agriculture and food security as 38 percent of cognitive deficiency is due to malnutrition.
- The government is implementing plans to deliver a four-fold increase in power generating capacity.
- The government is focused on improving education and infrastructure and attracting foreign direct investment as fundamental steps to advancing economic and social development.
- The government is prioritizing information and communications technologies.
- Challenges persist in smooth, efficient and expedited border crossings within the region which negatively impacts both trade and tourism. The government is working to encourage dialogue to improve the issue.

The East African Community (EAC): An Important Catalyst for Economic Development

- The business roundtable discussions highlighted the importance of the East African Community to unlocking potential efficiencies of scale in East Africa and the benefits to business and consumers.
- Basic transportation infrastructure is improving in Rwanda, but regional connectivity remains a barrier to fully realizing the East African Community's economic opportunity. Road and rail are underdeveloped and under-maintained across the region and neighboring countries, making it difficult to transport goods and to create a food processing value chain within the region.
- The business roundtable confirmed progress on harmonization of institutional frameworks within the EAC – labeling, new product approval, safety requirements, etc. have already been or continue to be aligned.

Opportunities for Women in Business

Rwanda has one of the world's highest levels of female participation in government and in the workforce. The delegation was interested in learning from the Rwandan experience and held a roundtable with eight local businesswomen. Although women entrepreneurs in Rwanda face unique challenges to starting and building small businesses, the country has emerged as a leader in Africa for putting into place a legal and policy framework to support greater economic gender equality. Policies like the progressive inheritance law (the Matrimonial Regimes, Liberties and Successions Law -Law No 22/99 of 1999) and land laws (and the Land Law of 2013 - Law No 43/2013 of 16/06/2013) give women equal rights to men to own and inherit property, including land, and to the joint ownership of property in legal marriage. These laws help women to access traditional banking services and wealth building.

From the discussion with eight women entrepreneurs the following key areas were identified as opportunities to catalyze growth for women-owned businesses:

- Opening access to international markets.
- Increasing educational opportunities to create a highly skilled work force.
- Providing subsidies for raw materials.
- Improving financing terms, specifically loans at lower interest rates.

Government of Rwanda Perspectives and Priorities

In meetings with the delegation, Rwandan government officials emphasized commitment to, progress toward, and opportunities for doing business in Rwanda.

- The President and Minister of Trade and Industry emphasized Rwanda's on-going commitment to developing its economy and to trade with the United States.
- A specific request was made by the government to make an exception to the U.S. mineral and mining exports ban given the transparency of these industries in Rwanda.
- The Rwanda Development Board highlighted the one-stop-shop approach to permitting and licensing for businesses. This model is a best practice and acts as a catalyst for investment and new business start-ups.
- The Government of Rwanda set up the first modern special economic zone in Kigali, which seeks to attract investment in all sectors, with a focus on agribusiness, information and communications technology (ICT), trade and logistics, and mining and construction.
- The Government of Rwanda has also established an Export Processing Zone, which provides tax incentives for businesses that manufacture in Rwanda for export.

The remainder of this report offers specific recommendations for deepening commercial ties between the United States and Nigeria and Rwanda, as well as with Sub-Saharan Africa as a whole.

Recommendation on Power Africa and Energy Infrastructure

As the Council noted in its second set of recommendations, energy infrastructure is a fundamental enabler of growth, security and quality of life. To improve energy infrastructure across the Continent, the Council made high level recommendations encouraging U.S. and Africa policymakers to focus on: (1) offtakers for generation investment; (2) early stage project financing; and (3) financing for transmission and distribution. These issues are particularly critical in Nigeria. Indeed, the Council consistently heard in our discussions in Nigeria that lack of power and lack of access to power are the primary constraints to growth.

Because of its enormous potential, Nigeria has been a critical market for Power Africa and a major focus of the coordinated efforts of the U.S. government and its bilateral, multilateral and private sector partners. Power Africa and its partners plan to double access to electricity in sub-Saharan Africa, as outlined in detail in the Power Africa Roadmap launched in January 2016.

To date, Power Africa has played a major supporting role in the privatization of Nigeria's power sector, helping to add 2,600 MW of additional capacity through private generation. Power Africa also worked with Nigeria's government and the private sector to realize the successful completion of Azura-Edo, a landmark 450 MW open cycle gas turbine power plant that represents Nigeria's first new Independent Power Producer in over a decade. The interagency initiative continues to work with partners in Nigeria to advance the development of the power sector, including through: (1) USTDA-funded feasibility studies in gas and solar power generation and smart grid technologies; (2) the World Bank's Nigeria Electricity and Natural Gas Improvement Project; (3) technical support to the Nigeria Bulk Electricity Trading Company provided through a partnership between USAID and the United Kingdom's Department for International Development; and (4) over $100 million in financing for new natural gas Independent Power Projects in Nigeria from OPIC and the Private Infrastructure Development Group.

Inspired by the energy of the people and the business community in Nigeria and moved to action by the promise of Nigeria and its fundamental importance to Africa and to U.S.-Africa relations, the Council recommends a detailed action plan to develop 10,000 MW in Nigeria over the next five years.

Some of the recommended activities are already underway due to the efforts of Power Africa. The Council urges the U.S. Government, in partnership with the Government of Nigeria, bilateral and multilateral partners, and the U.S. and Nigerian private sectors, to accelerate these efforts by developing specific execution plans and timetables and by coordinating actions across Nigeria's energy value chain to reach the 10,000 MW goal. The Council recommends the following:

1. Convene stakeholder meetings with leading business and finance groups in Nigeria and around the continent to develop solutions including model Independent Power Producer (IPP) frameworks for Nigeria projects that will attract investors immediately.

2. Identify and stimulate solutions for financing, capitalization, and other capacity-building needs for distribution companies (DISCOs)

    a. Work with World Bank, AfDB, and other international finance institutions to strengthen and execute partial risk guarantees and other innovative solutions to backstopping projects in Nigeria. This can include helping power off-takers become credible and bankable, and mitigating financing concerns related to currency.

    b. Perform a comprehensive gap analysis of DISCO needs and identify and execute solutions to address DISCO needs.

    c. Ensure a plan of action is developed to improve collections and efficiency of the three largest DISCOS, along with capital and financing for restructuring to make them sustainable and able to handle distribution of significantly higher power loads.

3. Secure high-level agreement with Government of Nigeria to target 2,000 MW to be brought on line each year for the next five years, identifying and prioritizing specific projects in the most advanced phases of development.

    a. Conduct an analysis to identify gaps and bottlenecks for each project, establish step-by-step action plans and timetables for bringing each project on line, and focus resources and actions on the projects most likely to generate additional power in the near term.

    b. Establish senior-level "sponsors" of each project from both the United States and Nigerian governments to ensure sufficient attention, resources and support are provided to priority projects and to guarantee accountability.

    c. Establish regular reporting and metrics on progress from both Nigerian government and Power Africa.

4. Set achievable targets for increasing public access to electricity each year for the next five years to guarantee reliable operations and decrease grid instability.

    a. Develop specific execution plans and timetables focusing on a mix of both grid and off-grid solutions, establishing an immediate resolution of the power transmission constraints, supporting the most advanced phases of development and/or areas with the most critical needs.

    b. Provide technical assistance to the Transmission Company of Nigeria to promote grid accessibility, reliability and resiliency.

    c. Enhance capacity of distribution companies to promote grid accessibility, reliability and resiliency.

d. Establish regular reporting and metrics on progress from both the Government of Nigeria and Power Africa.

5. Establish a comprehensive commercial framework that will ensure regulatory certainty, as well as economic and market driven fuel prices and revenue securitization. In particular:

   a. Review the current tariff schedule and determine whether this is sufficient to incentivize delivery of gas for power generation and transmission.

   b. Develop an adequate multi-year plan for gas development projects as well as regular payment for gas and power.

   c. Ensure the necessary infrastructure is in place for a guaranteed adequate gas supply, such as production and processing facilities and pipelines.

   d. Work with the Nigerian government to identify and implement security measures to reduce vandalism to the country's gas distribution infrastructure. Lack of gas availability is a major gating factor to power generation.

   e. Analyze the current extraction/exploration regulatory regime and identify opportunities to harmonize regulations to ensure greater certainty for investors.

In addition to the financing, infrastructure, and procurement challenges, a primary obstacle facing U.S. companies seeking to conduct business in Africa is the lack of human capacity and workforce shortages. There is a significant disconnect between university curricula and the practical needs of the private sector, resulting in a workforce skills gap that applies to both low and high-skilled labor in all industries. In many cases, new graduates are not properly equipped for the job market or they require significant in-house training by their employer to become effectively operational. Similarly, adults who need to acquire a skill or who contemplate a career change rarely have the time or money to devote to education. Enhanced vocational training could address this issue in a much shorter period of time.

There are effective models, both in the private sector and in government, which can be enhanced by leveraging existing U.S. development programs and assistance. Expansion of existing U.S. development assistance training programs would address the skills gap and provide necessary funding and technical assistance to support commercial engagement and workforce development on the Continent. The PAC-DBIA recommends the following actions to strengthen vocational training programs and promote knowledge transfer on the Continent:

Bolster Workforce Training Elements in Existing Programs and Leverage Cross-Agency Collaboration

1. Expand the skills training program within the Young African Leaders Initiative, both in U.S. based programs and in follow-on opportunities for Fellows in Africa.

2. Harness the convening power of the U.S. Government by instructing U.S. Embassies to host education and business leaders to provide advice on redesigning local curricula for vocational and technical training programs around market skills gaps.

3. Involve the U.S. Departments of Education and Labor in vocational and technical training program design—including leading a delegation of U.S. vocational school directors to Africa to strengthen linkages and knowledge sharing.

4. Create a Global Framework devoted to workforce development within the Global Development Alliance to leverage public and private resources. Focus on key industries (agriculture, transportation, health care, supply chain management, etc.); initiate strategic partnerships across government, the private sector, and educational and vocation institutions; and model the framework on global best practices, such as those found in India and South Africa.

Enhance Resources for the U.S. Trade and Development Agency

1. Trade-related training programs offered by the U.S. Trade and Development Agency (USTDA) provide much needed assistance for private sector-led workforce development initiatives and directly support U.S. exports. Prioritize efforts to increase resources for the

U.S. Trade and Development Agency (USTDA) and collaborate with Congress and interagency partners to increase annual budget allocations to support expanded Sub-Saharan Africa programmatic activity. Specifically, funding obligations within USTDA's trade-related training activities should be expanded beyond FY 2015's 5.5 percent to reflect the significant value of this program. Investment in USTDA supports job creation, increases U.S. exports, and promotes expanded commercial engagement on the Continent. USTDA generates $74 in exports for every $1 programmed and supported over 65,000 American jobs in fiscal year 2015. The Council strongly supports USTDA's FY 2017 appropriation request ($80.7 million) and encourages the Administration to work with Congress to provide necessary additional resources to support expanded programmatic commitments on the Continent. Further, interagency partners, such as the Department of State and U.S. Agency for International Development, should utilize existing authority to provide financial support for USTDA programs.

2. Enhance support for USTDA Project Implementation Assistance. In addition to technical assistance and grant programs, USTDA offers support services, including vocational and technical skills training, to assist with project implementation to ensure bankable projects reach completion. This program provides significant value to partner countries, financial institutions, and U.S. companies utilizing USTDA technical support and grant funding but is currently limited to renewable power projects due to budget constraints. The Council recommends allocating additional resources to scale up this initiative to support the full Africa portfolio.

3. Replicate the USTDA Global Procurement Initiative (GPI) to establish a USTDA-run Workforce Training Program. A key focus of the GPI is professionalization of the procurement workforce. The GPI conducts procurement training sessions in Africa (and globally) and in the U.S. for visiting delegations. GPI training programs target mid- to senior-level procurement officials and invite representatives from local training institutions to attend as observers. USTDA operates the program in partnership with the George Washington University, which serves as a model that can be replicated and applied to workforce development and training initiatives. Additional U.S.-based universities and technical training institutions could partner with USTDA, local governments, and the private sector to provide training, develop vocational and technical training curricula, and facilitate skills transfer. The partnerships developed with local institutions and vocational schools and U.S. institutions can also be leveraged to enhance USTDA training grants.

4. Incorporate training and workforce development into USTDA Reverse Trade Missions (RTMs). Training is a critical element of doing business in Africa, particularly in high-tech industries. RTMs, in addition to showcasing U.S. technology solutions, should highlight U.S. commitment to providing training and skills transfer to ensure proper education is received post-acquisition of technology. Educate RTM attendees on the value/availability of USTDA training grants to support workforce development.

Enhance Training for Workers in the Healthcare Sector

During the fact-finding trip to Nigeria and Rwanda, members of the PAC-DBIA heard repeatedly that the workforce skills gap is acutely felt in the healthcare sector. The Council has previously made recommendations related to training in the agriculture and financial sectors, and healthcare is a similarly high-priority sector. As healthcare delivery becomes increasingly reliant on technology to improve outcomes, it is critical that healthcare workers receive technical training to ensure access to safe and effective medical treatments. Yet in the healthcare sector in Africa in particular, skilled workers are in short supply, the timeline for training technicians, providers, and biomedical engineers is long, and specialized training is needed beyond basic primary care services. To address the ballooning skills gap that the Continent faces, the U.S. and African governments need to partner with private sector firms, academic institutions, and NGOs to accelerate the skills development process, including both skill creation and skill enhancement programs, to train new talent and to upskill the existing workforce, respectively. As the Council has previously recommended, leveraging private sector training initiatives should be considered to reduce the cost of creating a new programs.

For example, in India and in South Africa, the private sector is working with governments and local partners to provide vocational training programs for x-ray technicians and radiation therapy techniques. Meanwhile in Kenya, the Managed Equipment Services (MES) Project mandates medical equipment vendors to provide training to the users for the life of the project (6 years). These training initiatives support not only capacity building, but also improve the long-term sustainability of the projects. To improve training outcomes for healthcare workers in Sub-Saharan Africa, the Council recommends the following:

1. Align USAID Human Resources for Health 2030 (HRH 2030) with the recently enacted Sustainable Development Goals to include workforce development focused on health system strengthening.

2. Build on the Centers for Disease Prevention and Control's existing Field Epidemiology Training Program (FETP) to focus on disease treatment and share best practices in health management. The current FETP program focuses on disease surveillance and preparedness but does not address the acute health worker shortage affecting much of the Continent. We recommend the CDC leverage existing partnerships with USAID, WHO, and NGOs to add flexibility to FETP framework to build capacity in disease treatment and health systems strengthening.

Recommendation on Commercial Dialogue and Engagement

While the U.S. Government cannot unilaterally increase trade and investment with Africa, it has an existing but underutilized set of tools to encourage and promote deeper commercial ties. In particular, we believe the U.S. Government can use its convening and messaging abilities to support and educate U.S. businesses, establish high-level, focused engagement channels, and identify new opportunities for trade, investment, and partnership.

In particular, the upcoming 2016 U.S.-Africa Business Forum (USABF) should be a critical milestone to launch many of these efforts. We applaud the Administration for undertaking this event again, and encourage the program to be inclusive, transparent, and focused. We recommend more executives from small- and medium-sized businesses be invited to the USABF, and we encourage the Department of Commerce to again livestream the program, as was done in 2014.

To support the efforts to enhance commercial ties between the United States and Sub-Saharan Africa, we offer the following recommendations:

1. Accelerate U.S.-Sub-Saharan Africa commercial engagement.

   In the past year, we have seen the positive effects of deeper engagement with African businesses and leaders. For example, the President's trip in July 2015 catalyzed business interest, deals, and investment on a new scale. Similarly, the series of investor roadshows, which grew out of Commerce Department work, have exposed new capital providers to opportunities in Africa. We believe the U.S. Government should institutionalize more of these opportunities to deepen dialogue, build capacity, and strengthen relationships.

   a. Commercial Dialogues: Start a commercial dialogue with Nigeria. Commercial dialogues have proven to be effective tools for convening key stakeholders and elevating dialogue among important policymakers, business people, and investors. Given our experience in Nigeria, we believe a commercial dialogue could unlock large potential for new business opportunities. The new commercial dialogue should complement and not duplicate existing Trade and Investment Framework Agreement mechanisms. The U.S. Government should launch this dialogue at the 2016 USABF. In addition, given the success of the U.S.-EAC Commercial Dialogue, we believe the U.S. government should consider establishing a regional commercial dialogue with ECOWAS.

   b. Annual Sector Forums: Establish an annual forum in Washington, D.C. or New York to bring U.S. leaders from priority sectors together with African leaders and relevant ministers. This could potentially take place in the days before or after the UN General Assembly meetings. We believe a sectoral focus would allow for more productive conversations. In particular, we would recommend starting with agriculture and infrastructure (e.g. bring 15 major U.S. agriculture or processed food producers to meet with African agriculture ministers; or, bring 15 large U.S. long-term infrastructure investors or pension funds to meet with ministers responsible for infrastructure development). We also urge the U.S. Government to announce the first planned sector forum at the 2016 USABF.

c. Exchanges: Create a targeted government-to-government exchange between the U.S. and several African countries to embed U.S. experts in commercial ministries – likely from the U.S. Departments of Commerce, Labor, Justice, and Small Business Administration. These experts would focus on ease-of-doing business issues and leverage U.S. expertise on commercial regulation and oversight.

2. Enhance U.S. Government resources to help U.S. businesses pursue commercial opportunities in Africa.

   a. Work with Congress to provide promised funding for 20 U.S. Commercial Service employees in 10 sub-Saharan African countries (as provided in the Trade and Development Act of 2000) who can act as ambassadors for U.S. businesses in key markets. This should be coupled with the opening of additional U.S. Commercial Service offices throughout Sub-Saharan Africa.

   b. Conduct one more Presidential trip to sub-Saharan Africa before January 2017. President Obama's previous trips to Africa have been incredibly valuable – the President is our best advocate for a deeper relationship, and his presence on the Continent mobilizes resources, interest, and commitments better than any other mechanism. Though we understand competing priorities with limited time left in office, we urge the Administration to consider taking one more Presidential trip, in light of the tremendous positive impact it would have to cement progress.

Africa will reach a population of two billion by 2050. Growing urbanization and industrialization will pose significant transportation challenges. Furthermore, Africa is already the world's least connected continent – with less than 12 percent of trade being intraregional versus more than 60 percent for the European Union. Africa's projected growth trajectory needs a more balanced mix of transport options. One of the major engines for supporting economic growth – the transport sector – severely lags the rest of the world in terms of investment. Africa, with its ever-growing economy and population, will produce record level volumes of goods such as bulk minerals and commodities that are natural markets for railways. In addition, growing trade and travel will drive rising demand for air transport, to move people and goods. At the same time, there is greater awareness of environmental and safety issues and a recognition that the high external costs derived from the use of road transport must be reduced.

Challenges in Rail Infrastructure

The current condition and performance of most African railways is generally poor. However, the rail sector has an important role to play in the growth and sustainability of the African continent over the next few decades, particularly in relation to freight and urban passenger movement. In order for the sector to be successfully redeveloped, government and private-sector actors will need to find ways to attract sufficient funds, develop an appropriate regulatory framework, bring highly skilled and professional staff into the industry, and learn from past mistakes. The Council believes the U.S. Government can provide strategic guidance, introduce new approaches through pilot experiences and provide funding.

There is a large variety of railway business models worldwide, which have been founded on various historic, institutional or market backgrounds. They consider the separation or unification in various combinations of the construction of infrastructure, rolling stock, operations and ownership. The private sector may participate in any of these business segments by owning private railway lines or through involvement in private-public partnerships. In the case of the latter, the fair and detailed definition of rights, duties and responsibilities of each part will be essential for the success of the railway project. Business models have to be tailored to adapt to particular situations, political cultures and markets, and no single one can be recommended to fit all circumstances. While the trend is for private sector involvement, public sector owned and operated railways should not be dismissed out of hand. The few successful railways in Africa, South Africa in particular, have made dramatic changes to their structure and organization to achieve this and other railways could learn from what they have done.

With respect to rail, the fact-finding trip to Nigeria highlighted the severe challenges and gaps in the Nigerian rail sector and its devastating impact on economic growth, trade, agriculture, and quality of life. Nigeria, as a microcosm of the issues across the continent, suffers from core rail infrastructure challenges:

- Standardization of rail gauge is badly needed to assist with intra-African trade and investment.

- The African railway system is not interconnected – there are some major arterial rail links but there is very little incentive to develop branch lines.
- Rail capacity in Sub-Saharan Africa has declined due to infrastructure deterioration and endemic unreliability in operations. Maintenance of rail supply chain infrastructure is key to the financial sustainability of any project.
- Lack of expertise is one of the highest challenges. African operators desperately need training and skills development support.

Challenges in Aviation Infrastructure

Air travel is also essential to the prosperity of Africa as it opens up opportunities that did not exist before. Fostering the African aviation industry may be one of the driving forces of regional integration on the continent. African countries and regions that are better connected through a viable air transport industry could boost intra-African business, trade, tourism as well as cultural exchange. Developing the aviation industry may also present an opportunity to mitigate chronic transport problems faced by the sixteen landlocked African countries. The aviation sector faces these major challenges across the region:

- Safety is the most pressing challenge facing the aviation industry in Africa. In 2011, the average number of air traffic accidents was nine times higher than the global average. The frequency of accidents stems largely from inconsistency in the implementation and enforcement of internationally accepted safety standards and practices.
- Although substantial progress has been made during the past decade, Africa still lags behind other regions in terms of “soft” and “hard” infrastructure. It is therefore critical that African countries invest in the soft as well as hard infrastructure to support the industry.
- Despite the growing awareness of the role that the aviation industry could play in the development of the continent, the industry is still not the top priority of African governments, and there is a lack of regulation and government action.

The PAC-DBIA therefore recommends an initiative to bring the U.S. and African governments and private sectors together to accelerate the development of the African transportation sector to help bolster Africa’s economic future including the following:

1. Leverage and update prior transport sector studies and analysis, including on Nigerian rail sector, to develop an action plan to improve safety and efficiency of rail networks and to make rail investments more attractive to investors and beneficial to economic growth and citizen quality of life.

2. Provide U.S. Government assistance to partner governments to develop legal and policy frameworks for concession models and other public private partnership models.

3. Mobilize financing from international financial institutions, development financial institutions, and U.S. and third country export credit agencies to develop and implement comprehensive financing solutions to support up to $1 billion of financing for African rail locomotives upgrades and $4 billion for rail infrastructure and rehabilitation, placing a priority on Nigeria given the size and scale of the country’s needs and potential.

4. Develop a coordinated financing strategy for Africa aviation projects across U.S. government financing institutions (ExIm, OPIC, USTDA) that takes a holistic and comprehensive strategy to building regional aviation infrastructure.

5. Leverage public private partnerships through the USTDA Aviation Cooperation Program model to promote development of more robust regional and domestic aviation networks.

6. Directly engage local civil aviation authorities through the U.S. Federal Aviation Authority and focus on skills development through secondments, training programs, etc. Also, the local International Air Transport Association (IATA) office in Nairobi would be a good entry point and would provide an opportunity to link their IATA Operation Safety Audit certification drive with carriers across the continent.

7. Continue efforts to negotiate bilateral Open Skies agreements with countries in Sub-Saharan Africa in order to promote the development of a more efficient international aviation market.

8. Assess the current state of adoption and qualifying declarations of the Cape Town Convention on International Mobile Interests across Africa. The Cape Town Treaty is an international treaty for standardizing transactions involving aircraft equipment and railway rolling stock, among other moveable assets. Further, the Department of Transportation should develop a five-year work plan and timetable to ensure all African nations fully benefit from the Cape Town Treaty with a particular focus on building sufficient capacity and connectivity to promote strong regional and continental hubs.

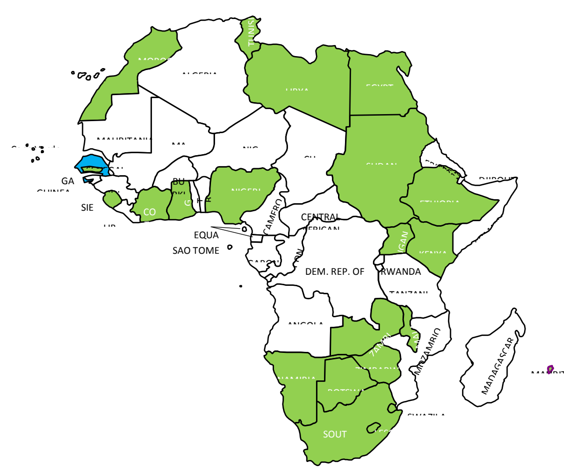
We recommend the Administration creates a strong network of U.S. tax treaties with African countries to promote foreign direct investment and trade, provide a stable and more certain investment environment, and allow efficient capital investments for business needs. This can be achieved by initiating tax treaty negotiations with a primary goal to advance FDI and increase prosperity for the continent. The treaty terms should balance the important values of U.S. treaty policy with the revenue needs of African countries. The initiative could begin with preparing a model U.S. treaty for emerging economies to form the basis of negotiations. The work should begin as soon as possible, as it can take up to ten years from initiation to finalize a bilateral tax treaty. The United States has many tax treaties under active negotiation but none have been reported as underway with an African nation.

Suggested priority countries are Nigeria and Ethiopia. These priority countries represent a top three economy today (Nigeria) and a key growth country over the next five years (Ethiopia). This selection would likely lead to a quick uptake in investment in Nigeria and ease future investment in Ethiopia, an attractive growth market.

Tax treaties with African countries could provide many benefits, such as:

- Increased FDI: There is evidence to suggest a correlation between a strong tax treaty network and larger levels of foreign direct investment. For example, the UK-Africa tax treaty network is extensive compared with the United States, which has only four active tax treaties. In 2012, the UK contributed $7.4 billion in FDI inflows to Africa while the United States contributed $1.9 billion. Africa as a whole provides a high return on FDI investments compared with other destinations, so building an African tax treaty network can help catalyze investment to the continent while also giving opportunity to U.S. business. The FDI benefit comes from levelling the playing field for African countries as an investment choice for U.S. multinationals compared with the choice of other countries with which the U.S. has tax treaties.

U.S. – Africa Tax Treaty Network
Source: PWC



UK – Africa Tax Treaty Network
Source: PWC

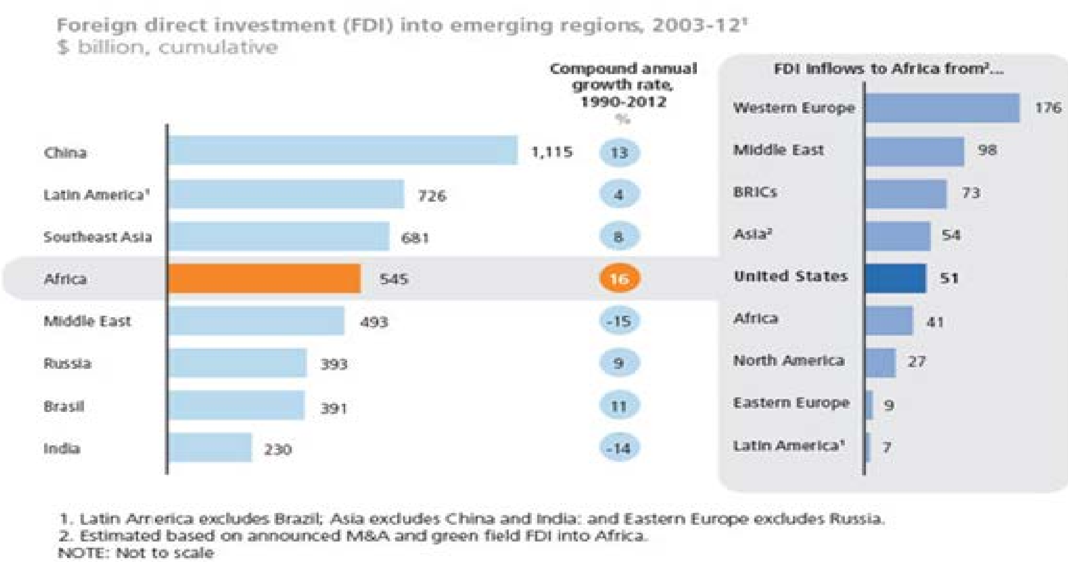
- Infrastructure Financing: A bilateral tax treaty could facilitate financing arrangements for infrastructure investments through certainty and assurance of appropriate taxation of investment/financing return.

- Exchange of Information: Another advantage of tax treaties to African countries and the United States relates to exchange of information provisions. With effective information exchange, African revenue authorities would be better able to assess whether their countries are receiving their fair share of tax base from inward investment. Of particular note are the recent OECD and EU developments in this area, in particular country-by-country reporting and tax haven disclosures, all of which would become more accessible to African treaty partners. From the U.S. perspective, a solid tax treaty network would assist in ongoing efforts to crack down on the use of tax havens.

- Investment environment and dispute resolution: Double tax treaties are particularly effective in preventing double taxation because they contain provisions for resolution of cross-border tax disputes. The existence of a dispute resolution mechanism provides a more certain investment environment for U.S. companies. Treaties also improve certainty in assessing the cost of doing business in Africa because a treaty constitutes a binding commitment to international standards about taxing rights. Both these aspects of a tax treaty network would help multinational companies pay the right amount of tax to the appropriate jurisdictions.

- Competitive positon of U.S. multinationals: A U.S.-Africa tax treaty network would help level the playing field for U.S. multinationals with competitors whose home countries have an extensive African tax treaty network (e.g., France, China, and UK).

- U.S. Commitment*:* By beginning work on increasing the reach of the treaty network with African countries, the United States would send a strong message of commitment to the continent.



Source: McKinsey & Co

Fact-Finding Trip Annexes

Annex 1: Traveling Delegation
Annex 2: Trip Schedule

Annex 1: Delegation

Members of the President's Advisory Council on Doing Business in Africa
Dominic Barton, Global Managing Director, McKinsey & Company (Chair)
Karen Daniel, Executive Director and Chief Financial Officer, Black & Veatch (Vice Chair)
Walé Adeosun, Founder and Chief Investment Officer, Kuramo Capital Management
Teresa Clarke, Chairman, CEO and Executive Editor, Africa.com
Melissa Cook, Founder and Managing Director, African Sunrise Partners
Jay Ireland, President and CEO, GE Africa
Edward Mathias, Managing Director, The Carlyle Group
Dow Wilson, President and CEO, Varian Medical Systems
Rahama Wright, Founder and CEO, Shea Yeleen Health and Beauty

Company Executives
Greg Clum, Senior Vice President, Black & Veatch
Philip de Leon, Director, Public Affairs and International Business Development, AGCO Corporation
Cheryle Jackson, Vice President, Government Affairs and Corporate Development, AAR Corporation
Acha Leke, Senior Partner, McKinsey & Company
Nuradin Osman, Director of Operations, AGCO Corporation
Kamal Pallan, Partner, Kuramo Capital Management
Corey Passarella, Associate, The Carlyle Group
Teneasha Pierson, Director of Partnerships, Shea Yeleen Health and Beauty
Del Renigar, Senior Counsel, Global Government Affairs and Policy – Middle East, Africa and India, GE
Pete Wallace, Director, Government Affairs, Varian Medical Systems
Michael Wege, Chief Administrative Officer, The Hershey Company

U.S. Department of Commerce
Penny Pritzker, Secretary
Marcus Jadotte, Assistant Secretary for Industry and Analysis
Holly Vineyard, Principal Deputy Assistant Secretary for Global Markets
Michael Lally, Deputy Assistant Secretary for Europe, the Middle East and Africa

Export-Import Bank of the United States
Wanda Felton, Vice Chair and First Vice President

U.S. Trade and Development Agency
Enoh Ebong, Deputy Director
Lisa Coppé, Country Manager, West Africa
Joshua Ekba, Business Development Specialist
David Riposo, Implementation Manager, U.S. - Africa Clean Energy Finance Initiative

Overseas Private Investment Corporation
Subha Nagarajan, Managing Director, Africa

National Security Council
Kyle Murphy, Director for African Affairs
Scott Duncan, Director for African Affairs

Annex 2: Trip Schedule

Sunday, January 24, - Lagos
- Welcome Dinner with Secretary Pritzker and Ambassador Entwistle

Monday, January 25 - Lagos
- Country Team Briefing with U.S. Consulate Lagos Staff
- Roundtable with American Business Council Board of Directors
- Luncheon with the Nigerian-American Chamber of Commerce
- Entrepreneurship Event with the Tony Elumelu Foundation
- Reception hosted by Consul General John Bray
- Dinner hosted by Aliko Dangote

Tuesday, January 26 - Abuja
- Infrastructure Roundtable with Vice President Osinbajo
- Ease of Doing Business Roundtable with Vice President Osinbajo

Wednesday, January 27 - Kigali
- Gisozi Genocide Memorial Visit
- Country Team Briefing with U.S. Embassy Kigali Staff
- CEO Roundtable with President Kagame
- Dinner with U.S. Business Community in Kigali

Thursday, January 28 - Kigali
- Meeting with Minister of Infrastructure and Culligan Executives
- Meeting with the Rwanda Development Board and Rwanda Revenue Authority
- Roundtable on Women in Business