

# U.S. Trade Capacity Building in Southern Africa



JANUARY 2003



*“The United States will work in partnership with African nations to help them build the institutions and expertise they need to benefit from trade.”*

President George W. Bush

OCTOBER 29, 2001



## **U.S. TRADE CAPACITY BUILDING INITIATIVES IN SOUTHERN AFRICA**



The United States Government is actively engaged in providing trade capacity building technical assistance designed to help the member countries of the Southern African Customs Union (SACU) take full advantage of their benefits under the African Growth and Opportunity Act (AGOA) and participate effectively in the ongoing work of the World Trade Organization (WTO). The member countries of SACU had access to more than \$34 million in U.S. trade capacity building assistance for sub-Saharan Africa in fiscal year 2002. More than \$5.5 million was through specific bilateral trade-related technical assistance initiatives, and SACU countries also benefitted from \$28.2 million through programs for the Southern African Development Community (SADC). The United States is the largest donor of trade-related technical assistance worldwide, accounting for over 37 percent of \$1.5 billion in global funding in 2001.

Trade capacity building will be a fundamental feature of bilateral cooperation in support of the planned free trade agreement between the SACU countries (Botswana, Lesotho, Namibia, South Africa, and Swaziland) and the United States. These negotiations will serve as a focal point for growing U.S. assistance to the region—building on the longstanding U.S. commitment to the region and mobilizing and directing resources to help the SACU countries prepare for, and participate in, negotiations, implement commitments, and take advantage of new trade opportunities.



## HIGHLIGHTS OF THE SOUTHERN AFRICAN GLOBAL COMPETITIVENESS HUB

The Southern African Global Competitiveness Hub was established by the U.S. Agency for International Development (USAID) in June 2002 in Gaborone, Botswana. The Hub promotes regional and global competitiveness through trade capacity building, export business development under the African Growth and Opportunity Act (AGOA), customs and trade facilitation, transport corridor efficiency, sanitary and phytosanitary (food safety, animal health, and plant health) standards for agricultural trade, and information exchange and outreach. Hub efforts are directed at the 11 AGOA-eligible countries in the Southern African Development Community (SADC), which include all five countries of the Southern African Customs Union (SACU).

### **Initial Assessment of Institutional Capacity for Exports:**

In many countries trade and investment promotion functions are being centralized under one agency umbrella; and governments are in the process of engaging private sector input (through business service organizations or BSOs) in the establishment of a “one-stop shop” clearinghouse



of information for potential investors. Discussions between the Hub AGOA Implementation Advisor and key Ministry officials responsible for export and trade promotion strengthen the capacity of Ministries work with trade and investment promotion agencies through dissemination of information to potential investors and joint venture partners.

**Public/private Sector Partnerships for Export Growth Strategies:** Mozambique and Tanzania recently developed a strong institutional framework supporting partnership dialogue on critical issues and impediments to trade development (e.g., customs valuation procedures, bureaucratic processing procedures, transport corridor inefficiencies, and lack of knowledge pertaining to export markets). Other countries expressed interest in formalizing working relationships with private and public sector groups to address constraints in trade development and support negotiation of complex free trade agreements. The Hub has been asked to facilitate working group sessions on development of national AGOA implementation strategies and/or regional strategies that “sell” products from the region to international markets.

**AGOA Exporter’s Association (AEA):** Following the Hub stakeholders meeting in Botswana, options are now being considered on how to apply the “virtual association” concept to the AEA. The Hub consulted



with key government and private sector representatives to refine the AEA website's function and service provision. Interest in the website from both business and government has been both encouraging and supportive. Pending regional approvals, the AEA should feature prominently in the AGOA/Business Linkages section of the Hub work plan.

**Trade Policy Analysis Symposium:** The Hub supported the Southern African Trade Research Network's (SATRN) first annual trade symposium, "Integrating the SADC Countries into the Global Trading System," in November 2002. Bringing together trade policy experts and researchers from the World Bank, World Trade Organization, United Nations Conference on Trade and Development (UNCTAD), United Nations Development Programme (UNDP), and regional universities and think tanks, the symposium addressed global trading rules from the Uruguay Round, how to bring development issues into the global trading system, Southern Africa's experience in implementing WTO agreements, and participation in the Doha Round. Senior trade officials, WTO ambassadors, and leading trade policy analysts from all five SACU countries participated.

## HIGHLIGHTS OF PROGRAMS FOR POLICY AND INSTITUTION BUILDING

**Africa Law Institute:** In conjunction with the African Development Bank, the Commercial Law Development Program (CLDP) of the U.S. Department of Commerce is working to facilitate the establishment of an Africa Law Institute (ALI), which would be an independent, continent-wide nongovernmental think tank and resource center that would work in close collaboration with those existing institutions and regional economic organizations dedicated to pursuing law reform and economic integration in Africa. Among other things, ALI would examine legal issues of relevance to the African continent—especially commercial law matters—and undertake activities that would foster greater systemic legal reliability, including the integration of commercial laws from different legal traditions of Africa into model laws, restatements, treatises, and other documents for consideration by the region's governments and international organizations.

*USTR Robert B. Zoellick visits an apparel factory in Johannesburg, South Africa. February 2002.*



## U.S. TRADE CAPACITY BUILDING IN SOUTHERN AFRICA



## HIGHLIGHTS OF PROGRAMS FOR TRADE ENHANCEMENT

**The African Growth and Opportunity Act (AGOA):** Full implementation of AGOA is hindered by the relative scarcity of a cadre of African private and public sector officials expert in the law, and the absence of country-specific strategies to address impediments to maximizing AGOA's benefits. While they recognize that market access alone is not sufficient to increase trade and achieve economic growth, African countries have requested hands-on assistance to fully realize AGOA's benefits.

The Africa Trade and Investment Policy Program (ATRIP), funded by USAID and implemented by the Office of the United States Trade Representative and the Commercial Law Development Program (CLDP) of the U.S. Department of Commerce, sponsored a series of workshops in Africa encouraging eligible countries to establish the necessary building-blocks to develop comprehensive strategies for maximizing benefits under AGOA. Delegates from all five SACU countries attended the AGOA workshop held in Kampala, Uganda, in March 2002. The conferences provided an excellent opportunity for delegates from various countries to meet and establish potential business relationships. For example, representatives of trade associations in South Africa—a major apparel manufacturer and a non-LDC (least developed country)—were able to start initial talks with cotton yarn producers in Uganda. This is significant because a key requirement of AGOA is that non-LDC AGOA beneficiaries like South Africa must use U.S. or African yarn/fabric to qualify for duty-free status.

**Increased Access to AGOA Benefits:** The USAID Regional Center for Southern Africa (RCSA) increased access to AGOA benefits by providing specialized technical assistance to customs and trade officials, the Southern African Development Community (SADC) Secretariat, private sector associations, and exporters in the region. AGOA experts conducted regional training workshops for customs officials and private sector

### SUCCESS STORY: Trade Program Empowers Women Entrepreneurs

Sally Marengo is an award-winning entrepreneur and recipient of the prestigious Minister's Award for outstanding entrepreneurial achievement for small business. Sally attributes much of her business success to support provided by USAID.

Sally started the KPL Aluminum & Die-Casting factory in a township outside of Johannesburg in the early 1990s. Beginning as a distributor of imported bathroom accessories, Sally expanded her operations to include local assembly and manufacture, and turned to other items, such as hinges for refrigerators, spindles for the automotive industry, and cupboard handles. However, the company's growth remained limited.

Then, in 1998, Sally heard about a USAID-supported activity (SAIBL—South African International Business Linkages) that promotes small business growth by facilitating linkages to larger firms and regional and global markets. SAIBL assisted Sally's company to expand markets and provided technical assistance to ensure that KPL products meet market standards. Sales volume increased dramatically and the number of employees rose from 4 to 33. In 1999, KPL negotiated successfully with an international motor component manufacturer. When the manufacturer insisted on training towards ISO 9002 certification, Sally turned to SAIBL to help secure training on a cost-shared basis. As a result, KPL signed an initial \$1 million contract, which was later renewed for 5 years and about \$2.7 million.

Last year, SAIBL sponsored Sally's participation in an automotive trade fair in Las Vegas where she met procurement officials from Ford Motor Company. As a result, negotiations are underway for KPL to supply Ford with selected components. SAIBL continues to assist Sally and KPL in each stage of growth—upgrading administrative systems and introducing a new internal control system and advanced costing models.



groups, increasing their awareness of concrete opportunities under AGOA. Moreover, USAID facilitated the attendance of customs officials at major international meetings and workshops sponsored by the U.S. Trade Representative and U.S. Customs, thus enhancing their understanding of AGOA provisions.

USAID-funded experts assisted U.S. Embassies in Botswana, Malawi, and Namibia to advise government officials and national AGOA working groups on visa certification requirements, facilitating the approval of their apparel visa systems. Moreover, AGOA experts linked

exporters in Botswana, Lesotho, Namibia, and Swaziland with sector associations and relevant government agencies in the United States, helping them identify specific markets for their products. Recognizing the synergies between AGOA and the SADC Free Trade Area, the SADC Secretariat requested the RCSA to develop a comprehensive AGOA activity to promote global competitiveness.



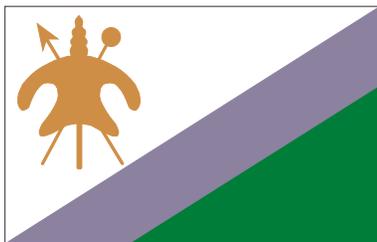
*USTR Robert B. Zoellick visits an agriculture research facility in South Africa. February 2002.*

**Harmonization and Commercialization of Global Seed Regulatory Systems:** Since 1998, the U.S. Department of Agriculture (USDA) has cooperated with the American Seed Trade Association to build trade capacities in Africa’s seed sector. A major focus of the program was the establishment of the African Seed Trade Association, an organization of public and private seed stakeholders that promotes policy reforms, technology transfers, and business linkages to enhance seed quality and the profitability of seed trade in Africa. This program addresses intellectual property issues, market information, business management skills, and sanitary and phytosanitary (food safety, animal health, and plant health) regulations. USDA’s Emerging Markets Program sponsors the activity, and funding has been provided over two successive fiscal years for market research in Southern Africa.



**Swaziland**

**Sustainable Sources of Food and Food Safety:** In order to develop a reliable and sustainable food source and promote food safety, the U.S. Overseas Private Investment Corporation (OPIC) supports Seaboard



**Lesotho**

Overseas Ltd.’s investment in a project to modernize the Lesotho Flour Mill in order to produce wheat flour, milled maize, animal feed, packaged sugar, and packaged beans, as well as to provide limited rail services in Lesotho. The project will upgrade the existing state facility and bring production up to capacity. The products will be sold primarily in Lesotho with a small amount of goods exported for sale in South Africa.



**U.S. TRADE CAPACITY BUILDING IN SOUTHERN AFRICA**

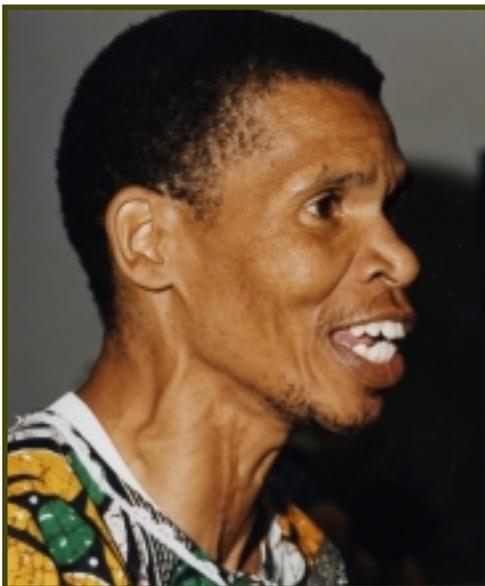
## HIGHLIGHTS OF TRAINING PROGRAMS

---

**Biotechnology Outreach:** The goal of biotechnology outreach is to engage African scientists and their institutions in order to provide science-based information to the general public on technical matters that impact trade, agricultural production, and food safety. The first of two USDA-sponsored regional workshops was held in South Africa by Africa Bio. The workshops train scientists on how to provide coherent, understandable information on biotechnology issues (particularly transgenic crops) that are being raised in the media, engage the media, and develop a media strategy to increase public awareness of the benefits of biotechnology.

**Personnel Development:** In fiscal year 2001, USAID training programs continued to address the shortage of trained economists from among the historically disadvantaged population. Nine South Africans returned home with advanced economics degrees from U.S. universities and attained high level government positions in agencies such as the National Treasury, Micro-Finance Regulatory Commission, Department of Trade and Industry, the electricity regulator and Parliament (as an advisor). USAID funded the establishment of six new Master's level training programs at South African universities in regulatory, health, environmental, labor and trade economics, and provided scholarships for 30 South Africans. The economic capacity building program also trained over 200 Parliamentarians in how to analyze the national budget and the basics of national macro-economic policy. As a result of the training, the National Treasury has begun to solicit greater involvement by the Parliamentary Finance Committees in budget development and review.

**Skill Enhancement and Association Building:** Under the African Bankers Training program sponsored by the International Foundation for Education and Self-Help (IFESH), twelve mid-level management Namibian bankers received short-term training in the United States to strengthen their financial and managerial skills and become more familiar with the U.S. banking system, which has a long history of lending to small- and medium-sized enterprises (SMEs). The 12 Namibians trained to date have established an Alumni Association, which has the twin goals of promoting SME development and increasing the number of women professionals in the banking sector.



**The Cochran Fellowship Program:** The Cochran Fellowship Program provides short-term technical training in the United States for mid- to senior-level public and private professionals from eligible countries. The Cochran Program is currently active in 13 countries in sub-Saharan Africa and operates in four countries that are SACU members: South Africa, Botswana, Lesotho, and Namibia. It has recently begun in Lesotho and will accept its first training participants in 2003. Applications are accepted by the U.S. Department of Agriculture's Foreign Agriculture Service office in Pretoria, South Africa. Since its inception in 1984 the program has provided training in the United States for over 9,400 participants from over 80 countries.



Training programs can be designed for a wide range of trade capacity building activities, such as market analysis, harmonization of trade regulations, food safety policy development, agricultural finance, and sanitary and phytosanitary (food safety, animal health, and plant health) inspection procedures. In fiscal year 2002, the Cochran Program provided training to 37 participants from South Africa, 5 from Botswana, and 9 from Namibia.

## HIGHLIGHTS OF SANITARY AND PHYTOSANITARY PROGRAMS

### WTO Agreement on SPS Measures Seminar Series:

Through a series of Africa-based regional workshops, the U.S. Department of Agriculture (USDA) provided technical assistance on trade policy implications of the international standards-setting bodies and WTO-consistent approaches to the implementation of sanitary and phytosanitary, or SPS, (food safety, animal health, and plant health) regulations affecting trade. These workshops enable African officials to make better-informed decisions and strengthen areas of shared interest with the United States. In Southern Africa the workshops are organized around the Southern African Development Community (SADC), and involve policy officials, technical specialists, and private sector representatives from 33 African countries. The workshops for African trade policy officials focused on broad WTO/SPS needs, while technical staff focused on SPS risk assessments for plant and animal products. The third series involved public/private sector forums to develop recommendations regarding how the public and private sectors can work together to meet these obligations and enhance trade capacity.



**SPS Work for the Southern Africa Global Competitiveness Hub:** A USDA staff member from the Animal and Plant Health Inspection Service (APHIS) will be assigned to the Southern Africa Global Competitiveness Hub in Gaborone, Botswana in 2003 in partnership with USAID's Regional Center for Southern Africa. The advisor will work closely with countries in the region to conduct pest risk assessments (PRAs) for agricultural plant products potentially destined for markets in the United States. African exporters face many challenges as they attempt to access the U.S. market for their agricultural products. These challenges include the following:

- Market assessments for potential African agricultural products;
- Institutional capacity to conduct science-based PRAs required for all unprocessed agricultural products destined for the United States; and
- Development of technical knowledge and staff expertise in government regulatory agencies to improve their pest and disease management systems for export commodities.



To help Southern African countries to overcome these hurdles, USDA will provide technical assistance and support to facilitate more agricultural products' moving into the United States under AGOA. The goal is to help more African countries increase their capacity to meet SPS regulations.

**SPS/Food Safety Annex to SADC Trade Protocol:** USAID's Regional Center for Southern Africa helped develop a Sanitary and Phytosanitary/Food Safety (SPS/FS) Annex to the SADC (Southern Africa Development Community) Trade Protocol. As a result, SADC member states are moving towards harmonization of food safety laws and establishment of a single, regional food safety authority, while meeting international standards. This will enable them to meet the SPS/FS requirements of the United States and take greater advantage of opportunities under the African Growth and Opportunity Act (AGOA). This initiative also included assistance to several export industries in the region to assist them in meeting import requirements under AGOA (e.g., table grape producers in Namibia).

## HIGHLIGHTS OF ENVIRONMENTAL PROGRAMS

**Internet Access for Chemicals Management:** In order to promote information exchange and networking on the sound management of pesticides and other chemicals in Africa, the U.S. Environmental Protection Agency (EPA), together with the United Nations Environment Program (UNEP) and USAID, launched a project for Internet access for chemicals management. The project provides computers, Internet access, and training to chemicals management decision-makers and other stakeholders in the region. The pilot phase has been completed, and EPA and UNEP have begun to expand the project to other countries in the Southern African Development Community (SADC) and Economic Community of West African States (ECOWAS). In addition, EPA funded development of a website for project participants, and co-sponsored an Intergovernmental Forum on Chemical Safety (IFCS) workshop with the World Health Organization in Senegal.



*USAID Administrator Andrew S. Natsios meets with school children in sub-Saharan Africa*

**Phaseout of Lead in Gasoline:** Progress has been made in every region of the world but sub-Saharan Africa lags behind other regions in achieving the phaseout of lead in gasoline. EPA works with other organizations to bring together stakeholders, including government, industry (including the International Petroleum



Industry Environmental Conservation Association), non-governmental organizations (including World Bank and UNEP), and private citizens to raise awareness about the health effects of lead in gasoline and the costs of inaction, and to assist in the development of national action plans to accomplish this goal. EPA worked with the World Bank's Clean Air Initiative for sub-Saharan Africa on a major African regional conference held June 26-28, 2001 in Dakar, Senegal, which resulted in the Declaration of Dakar.



**South Africa**

EPA also offers a technical assistance and public outreach program in South Africa to encourage a shift to unleaded fuel and cleaner production. Working with the Civil Engineering Research Foundation, EPA began implementation of a multi-year effort to provide technical, financial, and policy advice to the refinery sector in South Africa, and possibly other countries.

**Africa Climate Technology Transfer:** EPA launched iACTT (Information for Africa Climate Technology Transfer) to help African countries reduce growth in greenhouse gas emissions while meeting critical development needs; address vulnerabilities from climate change; and attract private sector investment to climate mitigation projects. Implementation began with a four-country pilot program (South Africa, Uganda, Ghana, and Senegal), working with ENDA-TM (Environnement et Developpement Tiers Monde).

**Environmental Management:** Under the U.S.–South Africa Binational Commission's Environmental Management and Pollution Working Group, EPA conducts capacity building, training-of-trainers, and pilot demonstration programs on environmental management. All activities emphasize the importance of transparency, public information and participation, environmental justice and education, as well as local institution building and decision making. Projects focus on community-based solid waste management planning, sustainable development planning, hazardous waste management, environmental impact analysis, and environmental compliance and enforcement.

**Sustainable Local Management of Natural Resources:** Through a cooperative agreement with the World Wildlife Fund, USAID supported a community-based natural resource management (CBNRM) program to help communities register as conservancies, organize and effectively run conservancy management committees, establish and implement resource management plans, and enter into joint ventures with private sector investors and tour operators. Consequently, USAID also strengthened local NGOs, a critical piece of the community-based movement, and the Ministry of Environment and Tourism, which has oversight responsibility for conservancies.



**Namibia**



The enactment in 1996 of an amendment to the Namibian Nature Conservancies Act of 1975 shifted the rights and responsibilities of managing communal wildlife from the government to communities. This USAID-supported policy provides Namibia with one of the most progressive policy environments in Southern Africa. Highlights include:

- Conservancies have moved rapidly to formalization, with 15 now gazetted, and 34 more communities currently organizing.
- Nine partnerships with the private sector were operated, including campsites, lodges, and hunting concessions. Small entrepreneurs (tire repair, craft sales, beverage stops) also developed in and around these major partnerships.
- Joint ventures between investors and the community have proven satisfactory and provided benefits on both sides of the equation. For example, income and benefits that accrued to conservancies amounted to \$785,153 in fiscal year 2001. Diversity of income sources (e.g., community enterprises, joint venture tourism, thatching grass, live donations, craft sales) is a major strength of USAID's program.
- Cash income to conservancies' members rose to \$159,260 in fiscal year 2001. Overall revenues to conservancies are starting to allow conservancies to cover their own operating costs. Two conservancies funded community development projects.

## HIGHLIGHTS OF TRANSPORTATION-RELATED PROGRAMS

**Enhancing Transportation Management and Harmonizing Standards:** USAID and the Foreign Agriculture Service of USDA are funding a series of interventions in transportation management and harmonization of standards with four Southern Africa countries: Botswana, Mozambique, Namibia, and South Africa. The in-country assessment and U.S. study tours were completed in fiscal year 2002, and a series of in-country workshops will take place in 2003. These activities will culminate in recommended policy



## U.S. TRADE CAPACITY BUILDING IN SOUTHERN AFRICA

changes to promote openness in trade and investment in the agricultural sector, which will then be presented to their respective country policy makers. Collaboration has already been initiated between the Southern Africa project and a similar effort in East Africa. Southern African and East African transportation participants are discussing ways to further development of two major transportation corridors that link the two regions.

**Transportation Infrastructure to Get Goods to Market:** The U.S. Overseas Private Investment Corporation (OPIC)-supported ZM Africa Investment Fund invested \$3 million in FP du Toit Transport Ltd., a private transportation services company in Namibia. FP du Toit Transport Ltd. contracts its trucks with drivers to various enterprises that need to transport their goods, thus expanding their potential market base.



*U.S. Trade and Development Agency (USTDA) Director Thelma J. Askey and the Minister of Economic Development and Tourism of KwaZulu Natal Province in South Africa, Minister Mike Mabuyaku hulu, at a grant signing ceremony for the KwaZulu Natal-Gauteng Integrated Freight Rail Link at USTDA headquarters in July 2002.*

**Durban Integrated Rail Freight Link Feasibility Study:** The Natal Main Rail Trunk Line, which connects Durban, South Africa with Gauteng and points farther up-continent, is running at only 30-50 percent of capacity. The U.S. Trade and Development Agency (USTDA) provided \$500,000 to fund a feasibility study to examine the establishment of integrated rail freight operations to improve efficiencies for goods moving through the Durban Container Port. The study will analyze potential investment in new infrastructure and the streamlining of procedures in order to maximize capacity.

**African Air Cargo Transportation Initiative:** USTDA, the U.S. Department of Transportation and the Export-Import Bank of the United States hosted a public-private roundtable symposium November 19-20, 2002 in Washington, D.C. to discuss specific projects and actions that will facilitate trade flows between nine potential African air cargo hubs and the United States, particularly those taking advantage of the African Growth and Opportunity Act (AGOA). In particular, these projects will enable the export of perishable commodities from Africa.

**Global Technology Exchange and Outreach:** Transportation professionals worldwide need improved access to knowledge to re-engineer processes and incorporate new products that will improve transportation systems, enhance economic development and self-reliance, and promote trade. The Federal Highway Administration (FHWA) of the U.S. Department of Transportation provides seed funding to establish technology exchange centers in the SADC region, offers technical assistance, facilitates capacity building study tours and technical site visits to U.S. public/private sector transportation entities, and encourages public/private sector relationships. FHWA's efforts in Southern Africa totaled \$145,000 in 2002.

## HIGHLIGHTS OF PROGRAMS FOR THE SERVICES SECTOR

**Economic Growth and Job Creation Through Tourism:** Tourism is vital to economic growth in many African countries. The U.S. Overseas Private Investment Corporation (OPIC) provided support to gametrackers in northern Botswana to refurbish and upgrade six separate game camps and lodges in the Okavango Delta, Chobe National Park, and Moremi Wildlife Reserve. Not only does this project promote local services, including accommodations and photographic safaris to tourists in Botswana, but it also creates local jobs in the tourism and services industries.



## HIGHLIGHTS OF BUSINESS FACILITATION PROGRAMS

**Increased Market Driven Employment Opportunities:** In fiscal year 2001, the number of market-driven employment opportunities created for historically disadvantaged people through small business growth and the value of business transactions completed by small-, medium- and micro-sized enterprises exceeded planned targets by significant amounts. USAID focuses on job creation through small business growth. The outstanding results achieved confirm the validity of the revised market-oriented strategy. The focus on creating business linkages that help small producers meet international standards enabled USAID to take advantage of opportunities in South Africa by linking small businesses to world markets. USAID's efforts to link small- and medium-sized businesses with new markets has resulted in increased business transactions, attracted new capital and credit, and created permanent jobs.

- In the past two years, historically disadvantaged firms have tendered over \$237 million dollars in business transactions with larger firms, exceeding the program's five-year target of \$200 million. Approximately \$180 million was tendered in 2001, including \$69 million in sales contracts, \$61 million in equity investments, and \$49 million in joint ventures. Some \$42 million, or 23 percent of these business transactions, involved women entrepreneurs and women-owned businesses.

- Over 24,000 permanent new jobs were created through small business growth. More than 20,000 are attributed to 2001 activities.
- USAID assisted micro-enterprise activities by supporting the development of 29 primarily women-owned, rural village banks and leveraging an additional \$5 million in services and capital from one of South Africa's major banks, thus guaranteeing greater sustainability. Over 6,200 micro-enterprises and micro-finance institutions received training to increase their financial viability.

**Private Sector Enhancement:** USAID/Namibia's private sector development program focuses on strengthening the capabilities of small- and medium-sized entrepreneurs and, to a much lesser extent, sensitizing the financial sector to the growth potential of small- and medium-sized enterprises (SMEs). Specific areas of support under the SME development program include managerial, marketing, and other business-related training; strengthening of linkages between SMEs and larger business; and expanding Namibia's international competitiveness.

**Trade and Business Development:** A \$6-million joint venture agreement was signed between a U.S. firm and a Namibian cotton ginning company. The agreement marks the establishment of Namibia's first cotton ginning operation and creates value-added products. The joint venture will directly employ approximately 50 people and generate increased employment for communal farmers. The deal requires 30 percent shareholding by Namibian farmers and at least \$500,000 spent on training and technical assistance for more than 1,000 participating communal farmers.

In addition to the cotton ginning success, USAID assistance has led to U.S. and Namibian firms signing a Memorandum of Understanding for the manufacture of fire logs in Namibia and a licensing agreement that will establish an information technology Training and Business Management Training Center in Windhoek.



**Strengthening of Business Service Organizations**

**(BSOs):** Namibia’s two leading BSOs were supported by USAID, namely the Namibian Chamber of Commerce and Industry (NCCI), and the Institute of Management and Leadership Training (IMLT). As a result of this support, business management skills training programs were implemented for over 300 entrepreneurs throughout the country and focused on business growth and expansion. Rural-based members of the NCCI have better access to information through the interactive NCCI website, which was developed with assistance from USAID. As a result of improved service delivery to its members, the NCCI increased its membership by 50 members. Through the provision of similar support, the IMLT re-opened an office in the northern part of the country where 60 percent of the country’s population lives. In addition to providing greater training opportunities to entrepreneurs, the re-opened office boosted IMLT’s ability to provide on-going technical assistance after training events.



**Business Expansion and Job Creation:** With support of the International Executive Services Corps (IESC), 18 consultancies targeted at specific Namibian SMEs assisted small businesses in manufacturing, tourism, and agriculture. USAID also provided technical assistance to businesses and conservancy members and productivity improvements are beginning to show. For instance, an IESC business mentoring volunteer introduced new merchandising techniques that helped a local weaver and her nine employees improve production methods. IMLT, with the help of IESC, facilitated the development of a pilot wastewater treatment and reuse system for agricultural purposes in a rural town, Gobabis. Developed with the municipality, the project achieved its two objectives of creating employment opportunities for the community and waste recycling. Should the project take off and start to provide fodder to the dairy, meat, feed and farming industries, it will result in an estimated 500-1,000 spin-off jobs. This type of success also increases the visibility and viability of BSOs as effective service providers.

**Technical Assistance on the Cold Chain in South Africa:** In Fiscal Year 2001, under funding from USDA’s Emerging Markets Program, USDA collaborated with South Africa to identify weaknesses in the distribution, storage, and handling (the “cold chain”) of imported perishable food; make recommendations for technical assistance and training to rectify problems; and deliver technical assistance in-country through seminars, association building efforts, and assistance to individual companies by U.S. experts.



**Public-Private Partnerships:** USAID helped the National Treasury of South Africa to establish the Public-Private Partnership Unit in early fiscal year 2001. The Unit has already completed deals to form five partnerships including a nearly \$400-million partnership to equip, operate, maintain, and expand the second largest hospital in South Africa. Deals for twenty other partnerships are nearing completion. USAID also assisted with the sale to the private sector of three large state-owned forests and the development of a management contract for a chain of government-owned spas that can be sold to the private sector after five years. Also, in fiscal year 2001, USAID helped to prepare the way for an Initial Public Offering (IPO) to find a strategic equity partner for the government's telecommunications company, and find a second network operator in 2002.

## HIGHLIGHTS OF U.S. CONTRIBUTIONS TO WORLD TRADE ORGANIZATION AND INTEGRATED FRAMEWORK EFFORTS

**Global Trust Fund:** Following through on commitments made at the Doha Ministerial Conference, the United States committed \$1 million in 2002 to the WTO's Global Trust Fund.

**WTO/OECD Database:** This updated survey of U.S. Government activities will form a significant contribution to the WTO Country Database, which is intended to identify assistance provided by the multilateral agencies and national governments. This will be a critical tool for documenting assistance and assessing responsiveness to developing country needs. According to a draft report, the United States accounted for 57 percent of the bilateral trade capacity building assistance reported to the WTO/OECD. When bilateral and multilateral trade capacity building support are considered together, the U.S. share accounted for 37 percent of the total funds. The United States contributed to the funding of the database.

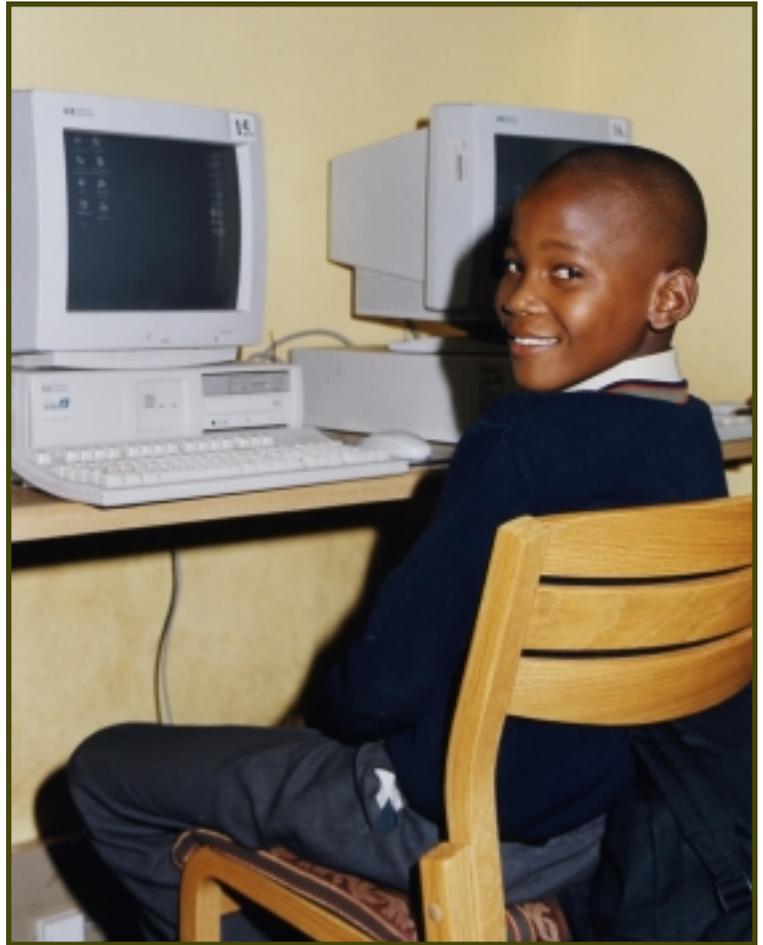


*USTR Robert B. Zoellick meets with SADC trade ministers in South Africa. February 2002*

**U.S. Africa-specific Contributions for WTO Training:** The WTO is now implementing two grants totaling \$1.02 million under the Africa Trade and Investment Policy Program (ATRIP). The grants fund dispute settlement courses, computer-based training modules on WTO agreements, training courses on the WTO for African trade officials (including SACU members), and two regional WTO workshops on agriculture and services. One of the WTO workshops will be held in Johannesburg on February 3-7, 2003. Participants from all five SACU countries are invited.



**The Integrated Framework:** The Integrated Framework (IF) is the mechanism for coordinating the technical assistance work of six multilateral agencies in mainstreaming trade into the development strategies of the Least-Developed Countries (LDCs). USAID contributions over the past two years provided additional funding for Diagnostic Trade Integration Studies (DTIS). To help promote timely responses to priorities identified in the IF/DTIS process, USAID set aside \$3 million in fiscal year 2002 to support follow-up projects managed by USAID missions. A number of USAID missions are also programming funds from their own budgets for this purpose. Three pilot DTISs have been completed to date. Lesotho is among 11 additional countries for which DTISs are scheduled.



**The United States provides trade capacity building assistance to help other countries more fully participate in the global trading system. Trade capacity building programs help develop the organizational structures that allow countries to engage in a rules-based trading system. This type of support is a key part of the U.S. government's commitment toward an open trading system that creates opportunities for all countries. The types of assistance include the following:**

<b>WTO Awareness and Accession</b>	To provide a basic understanding of the WTO Agreements, helping accession candidates to identify changes to laws, regulations, policies, and procedures necessary to complete negotiations on the terms of WTO membership.
<b>WTO Agreements</b>	To support countries' efforts towards compliance and implementation, including institution building so that developing and transition countries may reap the benefits of membership.
<b>Trade Facilitation</b>	To lower the costs of engaging in international trade, assistance to business support agencies and market development services, private business organizations, information services, and technology transfer.
<b>Human Resources and Labor Standards</b>	To help workers participate in the gains from trade and protect their rights in trade-related sectors, support for workforce skills development, worker rights and labor standards, elimination of child labor exploitation, and gender bias.
<b>Financial Sector Development</b>	To help make financial systems responsive to the needs of trade, reforms in banking and securities markets, and implementation of laws and regulations that protect and promote trade-related investment.
<b>Trade-Related Infrastructure Development</b>	To build the physical capacity to conduct international commerce, support for trade-related telecommunications, marine ports, airports, and related facilities.
<b>Environment</b>	To assure that trade is environmentally neutral or positive, to make efforts to improve environmental regulations and standards, to build capacity to conduct national reviews, and to promote sustainable development, including through the transfer of environmental technology.
<b>Competition Policy</b>	To assure that participation in international trade is conducted on an equal footing and benefits consumers, support for developing and strengthening antitrust laws and eliminating local monopolies.
<b>Agriculture Development</b>	To extend the benefits of trade to rural sectors, support for trade-related aspects of agriculture technology development and agribusiness.
<b>Services</b>	To help developing and transition countries engage in international services trade, and support for the services sectors in those countries.
<b>Governance and Interagency Coordination</b>	To make government trade programs more accountable, trade policies and regulations more transparent, and to improve planning and communications among government agencies working in trade policy formulation and implementation.



*For further information, please contact:*

Ms. Mary Estelle Ryckman  
Deputy Assistant U.S. Trade Representative  
for Trade Capacity Building  
Office of the U.S. Trade Representative  
Executive Office of the President  
600 17th Street, NW  
Washington, DC 20508  
Tel: (202) 395-2839  
Fax: (202) 395-9517  
mryckman@ustr.gov

Mr. Henry Steingass  
Regional Director  
U.S. Trade and Development Agency  
1621 N. Kent Street, #200  
Arlington, VA 22209  
Tel: (703) 875-4357  
Fax: (703) 875-4009  
hsteingass@tda.gov

Mr. Juan J. Buttari  
Chief Economist  
Bureau for Africa, Office of Sustainable Development  
U.S. Agency for International Development  
1300 Pennsylvania Ave., NW  
Washington, DC 20523  
Tel: (202) 712-1415  
Fax: (202) 216-3373  
JButtari@usaid.gov

Mr. John M. Karhnak  
Senior Policy Analyst  
Office of International Activities  
U.S. Environmental Protection Agency  
1200 Pennsylvania Ave., NW  
Washington, DC 20460  
Tel: (202) 564-1138  
Fax: (202) 565-2918  
karhnak.john@epa.gov





*"Together, we can chart a new course for America's partnership with Africa and bring life and hope and freedom to a continent that is meeting the challenges of a new century with courage and confidence."*

President George W. Bush  
JUNE 20, 2002

