THE PRESIDENT'S ADVISORY COUNCIL ON DOING BUSINESS IN AFRICA

Recommendation Report
October 14, 2015

The President's Advisory Council on Doing Business in Africa (PAC-DBIA) is a national advisory committee established to advise the President through the Secretary of Commerce on matters related to strengthening 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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Dear Mr. President,

The President's Advisory Council on Doing Business in Africa is pleased to present our second set of recommendations on how to strengthen commercial engagement between the United States and Africa. These recommendations deepen and extend our report to you from April 2015, focusing on plans to implement those recommendations and presenting concrete ways in which your Administration can further support efforts to facilitate business and trade between the United States and Africa.

Since our last report to you, we have been encouraged by many developments. First, the renewal of the African Growth and Opportunity Act (AGOA) in June provides a critical foundation for continued growth of U.S.-Africa trade. As we noted in our April report, the uncertainty around AGOA's future had been an impediment to building deeper U.S.-Africa business ties, and we commend you and your colleagues in Congress for prioritizing the removal of this roadblock.

Second, your July trip to East Africa demonstrated the energy and excitement among American and African business leaders for deeper ties—and illustrated the importance and impact of high-level American engagement on the continent. While in Africa, you highlighted many critical investments your Administration is making. In particular, we were heartened to see that the Overseas Private Investment Corporation (OPIC) has added another $1 billion of investment and the Millennium Challenge Corporation (MCC) is well on its way to fulfilling its $2 billion Africa-focused funding commitment. Furthermore, you highlighted that the Department of Commerce has doubled its presence on the continent and facilitated over $7 billion in investment deals. Moreover, we are pleased to see your continuing personal commitment to these issues by pledging to attend the U.S.-Africa Business Forum in 2016.

Additionally, several Council members participated in the kickoff of an "investor roadshow" with African heads of state and U.S. investors to catalyze interest in African investment opportunities and to make African leaders aware of the local regulatory conditions that international funds desire. The first event was in New York, and will be followed by similar events in Africa.

Alongside these successes, however, challenges remain that require attention and vigilance if we are to succeed in the aspirations that you laid out in establishing this Council. Africa remains a highly competitive market, and there is a particular need for access to financing. The recent lapse in authority for the Export-Import Bank of the United States (Ex-Im Bank) has removed – we hope temporarily – a critical source of financing for Africa, simultaneously placing American companies at a competitive disadvantage and weakening U.S.-Africa bilateral relations. We are hopeful that Congress and the Administration can find a sustainable solution that continues to promote U.S. business abroad. Next, as volatility returns to global markets, we have seen capital flight from emerging markets (up to $1 trillion in the past year), and fears about sustained economic headwinds hampering growth in developing countries. In the face of such worries, we must continue to focus on the long-term fundamentals that make Africa an attractive partner for

the United States and its businesses. It took many top American businesses nearly a decade to turn a profit in China, and investments in Africa will also take time to bear fruit. We must not be blown off course by short-term market turbulence.

Finally, we want to highlight the role women play in African economic development. If implemented, all the recommendations contained herein could transform the trajectory of African development, but they are equally important to improving the standing of women in many African societies. We commend the Administration for recognizing the challenges female entrepreneurs face and dedicating programs and resources to women, but more needs to be done.

Since our last meeting, the Council's members have been deeply engaged with key stakeholders in the United States and Africa to ensure we are seeking broad input, analyzing current resources and capabilities, and understanding the opportunities and challenges ahead. We have held workshops and roundtables on both continents, and worked tirelessly with each other and members of your Administration to put forth a plan that is both bold in its aspirations and practical in its implementation.

As a result of these efforts, the Council offers the following recommendations:

1. **Energy Infrastructure**: Building on and strengthening Power Africa, four areas: 1) aggregate demand from potential off-takers to help ensure reliable demand and greater certainty; 2) strengthen investment guarantees for utilities to improve their ability to invest in generation for the grid as a whole; 3) encourage investment in early-stage energy ventures, particularly in early stages of renewable or conventional power projects; and 4) invest in critical transmission and distribution infrastructure where local government or utilities may be unable to invest.

2. **U.S.-Africa Infrastructure Center**: Building upon the Council's previous recommendation to create a U.S.-Africa Infrastructure Center, establish an initial presence in West Africa, prioritize key sectors, deploy policy experts to streamline opportunities, and co-locate with willing U.S. embassies in the region.

3. **Health System Strengthening**: Furthering a previous recommendation to add more flexibility to U.S. funding to strengthen health systems, issue an Administration Statement of Policy for pending legislation to establish resilient healthcare systems. Create an interagency taskforce to coordinate U.S. Government efforts to strengthen health systems in Africa, which will conduct thorough health assessments on five priority countries in Africa. Collaborate with local government and American private sector to provide solutions to gaps identified in assessments.

4. **Capital Market Capacity Building**: Increase human capacity in capital markets in developing countries by creating and enhancing the expertise of investors, capital market participants, and financial journalists through training and apprenticeship opportunities.

5. **Regional Cooperation**: Develop a focused policy strategy and work plan with regard to the Economic Community of West African States, with a central focus on enhancing regional integration in West Africa through supply chain and trade facilitation reforms. Build the effort around an organized commercial dialogue between public and private sector stakeholders.

6. **Access to Finance for Value Chains**: Optimize and enhance USAID's Development Credit Authority program by improving efficiency (speed) and raising awareness in order to improve access to credit for underserved borrowers in underdeveloped markets.

7. **Training for Agriculture Workers**: Prioritize local training and leverage private sector efforts in order to maximize effectiveness and improve sustainable growth across supply chains.

8. **Inclusive Business Culture**: In order to empower entrepreneurs from traditionally marginalized populations, such as youth and women, pursue targeted activities to support human capacity development, collect and analyze better data on entrepreneurship in Africa, promote legal rights for entrepreneurs, strengthen banking systems and credit institutions, and strengthen judicial systems.

In the coming months, the Council has an aggressive agenda to continue our efforts in supporting your Administration's work on this important topic. In addition to our investor roadshow events, Council members will travel to Africa with Secretary Pritzker in early 2016 on a fact-finding mission to ensure our perspectives and recommendations remain relevant to an evolving business landscape on the ground. In addition, we will continue to work with the Interagency Committee on Doing Business in Africa by supporting their work of implementation through the appropriate U.S. Government channels, as well as using our established business networks to inform and strengthen U.S. government policy.

Once again, we thank you for establishing this Council and for your leadership to strengthen U.S.-Africa commercial engagement.

Sincerely,

Dominic Barton
Chair

Karen Daniel
Vice Chair

Development of critical infrastructure projects that increase access to energy, water, transportation, healthcare and communications is critical to expanding U.S.-Africa ties, raising the quality of life in Africa, and improving governance on the continent. A vital common denominator in each of these areas is energy infrastructure, given its role as a fundamental enabler for a diverse range of industries and activities.

In addition to enhancing the efforts of Power Africa to address energy infrastructure challenges, the Council offers refinements to two prior recommendations: launching a U.S.-Africa Infrastructure Center and strengthening healthcare systems. The Council recognizes that implementing a robust Infrastructure Center to serve U.S. business needs on the continent will take considerable time. Given limited resources, and in an effort to make progress quickly, we recommend an initial narrowing of the focus of the Center to specific sectors and business needs in a specific region in order to begin implementation.

1. **Energy Infrastructure**

Enhance the existing Power Africa initiative with focused efforts to 1) aggregate demand from potential off-takers to help ensure reliable demand and greater certainty; 2) strengthen investment guarantees for utilities to improve their ability to invest in generation for the grid as a whole; 3) encourage investment in early-stage energy ventures, both in novel technology startups and early stages of renewable or conventional power projects; and 4) invest in critical transmission and distribution infrastructure where local government or utilities may be unable to invest.

2. **U.S. – Africa Infrastructure Center**

Building upon the Council's previous recommendation to create a forward-deployed U.S.-Africa Infrastructure Center, we recommend establishing an initial presence in West Africa and prioritizing key sectors, including energy, healthcare, agriculture, transportation, water, and information and communications technology.

3. **Health System Strengthening**

Issue a statement of support for health system strengthening legislation and pledge to work with Congress and relevant agencies to enact policies that improve efficiencies and streamline efforts to strengthen global health systems.

- Conduct health system assessments in five African countries, prioritized by highest level of USAID funding received in FY 2015 to identify gaps in health systems and technology, workforce, and infrastructure needs.

- Create an interagency task force to assess regional disparities in health systems and coordinate U.S. Government and Ministry of Health resources and efforts to provide comprehensive solutions.

- Engage the private sector to develop an implementation plan, including innovative financing models, and collaborate with Ministries of Health on technology procurement, infrastructure development and workforce training.

4. Capital Markets Capacity Building Programs

As an extension of the capital markets technical assistance and capacity building programs for regulators set forth in the Council's April 2015 report, we believe it is imperative to increase human capacity in capital markets in developing countries by creating and enhancing the expertise of investors and capital market participants. Having more skilled market participants will increase investment and access to capital on the continent. The specific recommendations below tie directly to the aim of bringing enhanced access to capital for governments issuing bonds, which hinges upon more open governments with access to data.

Furthermore, financial market professionals could benefit from well-trained local financial journalists. One of the biggest issues facing African capital markets is negative perceptions that have plagued the continent. Africa needs to be allowed to tell its own stories and set its own news agenda. Local journalists understand local complexities; news coverage cannot be done solely by foreign journalists.

Accordingly, the Council recommends the following:

- Develop capital markets institutes and other capacity building programs that are focused on increasing the number and expertise of capital market participants in Africa. Such programs should include internships that provide valuable capital markets work experience.

- Host a capital markets roundtable hosted by the U.S. Government, private sector company, or public-private partnership (or a combination thereof) to discuss the capital markets landscape in different African nations, opportunities for growth, and overcoming challenges.

- Develop U.S. Government internships and other work-based learning opportunities focused on public policy and regulation, government data analysis and interpretation, and capital markets for African market participants and financial journalists.

- Plan International Visitor Leadership Program visits for capital market professionals, including investors, banks, securities firms, regulators, and financial journalists from Africa.

- Provide U.S. Government funding for the Securities and Exchange Commission (SEC) technical assistance and capacity building programs focused on capital markets.

- Explore the possibility of having SEC employees serve as residential advisors located in various African central banks and securities regulators to provide expertise for 1 to 2 year appointments.

Africa's dynamic economies have led to significant new opportunities for the continent. Continuing to expand wealth, competitiveness, and purchasing power, while further reducing poverty, will depend on deeper regional economic integration and greater participation by African entrepreneurs and farmers in the global economy. This Council recommends action in three key areas to improve the efficiency and resiliency of supply chains across the African continent: (1) regional integration, (2) access to capital, and (3) training.

5. Regional Integration

This Council recommends that the U.S. Government develop a focused policy strategy and work plan with regard to the Economic Community of West African States (ECOWAS). This strategy should concretize public-private sector collaboration, aid in fostering communication between U.S. and ECOWAS private sector stakeholders, and dedicate trade capacity building resources focused on implementing international best practices. It should endeavor to address a series of critical issues impacting regional integration and incorporate characteristics of model supply chains including:

- Transportation Infrastructure and Connectivity
- Customs Modernization and Harmonization Across the Region through Ratification Implementation of the WTO Trade Facilitation Agreement
- Encouragement of Common Facility Safety Codes and Best Practices
- Supply Chain Risk Management and Security Best Practices
- Gender Inclusion and Capacity Building for Small Businesses
- Legal Reform and Cooperation

6. Access to Finance for Value Chains

Access to finance across a supply chain is a critical factor for any individual supply chain actor's success. USAID's credit guarantee program, the Development Credit Authority (DCA), creates partnerships with local and international financial institutions to support USAID's development objectives. By sharing the risk on loans with its financial partners, DCA facilitates financing for underserved borrowers in underdeveloped markets. Improving access to credit for African firms connected to the supply chains of American businesses can result in increased productivity and efficiency not only for the firms receiving loans but also across the entire supply chain, benefitting all firms' operations and bottom lines.

A guarantee could be structured in a variety of ways depending on the financing needs of interested companies and to support a variety of financing needs faced by a company operating in Africa, from working capital for its supply chain partners to financing for customers to purchase its products. DCA is a flexible tool that can be structured in line with the needs of its partners when development and commercial interests align.

This Council recommends two actions to broaden the impact of DCA:

First, raise awareness of the DCA tool and how the private sector can utilize it. We recommend that USAID hold a training session for companies that are interested in learning more about how they can benefit from existing DCA guarantees. With this increased understanding, we recommend that USAID explore establishing specific DCA guarantee facilities that are tailored to the needs of individual U.S. or African companies.

Under this approach, it is expected that any company interested in partnering with DCA to the direct benefit of that company or its supply chain pay the costs (referred to as "subsidy") associated with establishing the guarantee, as it would directly benefit their bottom line(s). In Africa, a company can expect to leverage between $8 and $40 for each dollar contributed, depending on the geographic scope and other risks associated with the guarantee. This is an upfront, sunk cost that needs to be covered by the company prior to the guarantee being activated.

Second, optimize the DCA implementation process. On average, it takes approximately eight months to develop and implement a DCA credit guarantee, a timeline driven almost entirely by the responsiveness of bank and other private sector partners. In order to expedite the standard timeline, participating companies should determine in advance which bank partners are best placed to serve their needs and actively work with the financial institution to streamline the development and implementation of the guarantee. We recommend that, with dedicated engagement by the companies paying the DCA subsidy, DCA should aspire to reduce the average implementation timeline from eight months to four months or less.

7. Training for Agriculture Workers

One of the most significant bottlenecks to sustainable supply chain growth across Africa is a lack of local capacity. African governments regularly emphasize the importance of training programs and capacity building.

Both the U.S. Government and the private sector have made an impressive commitment to training and capacity building. For example, last year alone, nearly 7 million farmers applied improved technologies or management practices thanks to training provided by the Feed the Future program. At the same time, private sector companies across the value chain have worked to train local farmers, traders, processors, and managers.

Expanded training opportunities and access to credit will be particularly beneficial to women-owned businesses participating in supply chains, enabling them to more actively participate in providing their products and services. Their presence in regional and international supply chains in agriculture and manufacturing will strongly benefit from knowledge of sources of capital and credit, linkages to information on best practices in their areas of operation, and connection to communities of practice.

As the U.S. Government continues to reach vulnerable populations stretching beyond the current footprint of private sector investment, programs should complement and extend private sector efforts, providing additional leverage for scarce funding and improving the overall sustainability of both public and private programs.

To realize these objectives, the Council recommends the following:

- U.S. Government assistance programs continue to prioritize local training to ensure the sustainability of development assistance - with a holistic approach that aims to build capacity across value chains from input distribution, to farming and food production, to processing and trade.

- Whenever possible, these programs first look to leverage U.S. private sector presence along the value chain - directly supporting the sustainability and expansion of existing programs before contracting with independent entities. If U.S. Government-funded training is operating independently from private sector investors, a goal should be to connect beneficiaries to private sector investments in value chains to ensure long-term sustainability of support.

8. Develop an Inclusive Business Culture

There are 200 million young people in Africa. By 2045, that number is expected to double. Young entrepreneurs can provide innovative homegrown solutions to local and national economic and social issues, while providing jobs to this rapidly growing segment of the population. As the World Bank states, "The majority of people in African countries—nearly 80 percent—work in the informal sector. As a result, many of the 11 million youth entering Africa's labor market every year will be tasked with creating their own jobs." There is an urgent need to develop entrepreneurial skills among youth in Africa.

Special attention needs to be paid to women entrepreneurs. In a region where 63 percent of women who work in the non-agricultural labor force are self-employed, and women-owned businesses tend to be informal, home-based and concentrated in the areas of small-scale entrepreneurship and traditional sectors. Women are systematically disempowered by social and economic barriers including lack of access to formal training and banking institutions, lack of job experience in the formal sectors, and social obligations in the household.

In order to foster an inclusive business culture, the council recommends:

- Targeted activities to support human capacity development
- The collection and analysis of data on entrepreneurship in Africa
- The promotion of legal rights for entrepreneurs
- Efforts to strengthen banking systems, credit institutions, and judicial systems ensuring they meet the needs of entrepreneurs.

President Obama issued Executive Order No. 13675 on August 5, 2014, directing the Secretary of Commerce to establish the President's Advisory Council on Doing Business in Africa. The Advisory Council is charged with providing information, analysis, and recommendations to the President, through the Secretary of Commerce, that address the following:

- Creating jobs in the United States and Africa through trade and investment;
- Developing strategies by which the U.S. private sector can identify and take advantage of trade and investment opportunities in Africa;
- Building lasting commercial partnerships between the U.S. and African private sectors;
- Facilitating U.S. business participation in Africa's infrastructure development;
- Contributing to the growth and improvement of Africa's agricultural sector by encouraging partnerships between U.S. and African companies to bring innovative agricultural technologies to Africa;
- Making available to the U.S. private sector an accurate understanding of the opportunities presented for increasing trade with and investment in Africa;
- Developing and strengthening partnerships and other mechanisms to increase U.S. public and private sector financing of trade with and investment in Africa;
- Analyzing the effect of policies in the United States and Africa on U.S. trade and investment interests in Africa;
- Identifying other means to expand commercial ties between the United States and Africa; and
- Building the capacity of Africa's young entrepreneurs to develop trade and investment ties with U.S. partners.

U.S. Secretary of Commerce Penny Pritzker established the President's Advisory Council on Doing Business in Africa in accordance with the provisions of the Federal Advisory Committee Act (FACA), as amended, 5 U.S.C. App. She appointed fifteen members to the Advisory Council on November 5, 2014.

The members of the Advisory Council are organized into four subcommittees: Investment and Access to Capital; Trade and Supply Chain Development; Infrastructure; and Marketing and Outreach. Recommendations are developed at the subcommittee level and then deliberated and adopted by all members as consensus advice.

Members of the President's Advisory Committee on Doing Business in Africa

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Karen Daniel
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The Council has provided detailed background information and research to support their recommendations in the attached annexes.

Annex I: Energy Infrastructure
Annex II: U.S. – Africa Infrastructure Center
Annex III: Strengthening Healthcare Systems
Annex IV: Financial Journalism and Capital Markets Training Programs
Annex V: Regional Integration
Annex VI: Development Credit Authority
Annex VII: Examples of Private Sector Training Programs
Annex VIII: Develop an Inclusive Business Culture

Energy infrastructure is a fundamental enabler for a diverse range of industries and activities that are critical to expanding U.S.-Africa ties, raising the quality of life in Africa, and improving governance on the continent. The Council is cognizant of the forward-thinking and comprehensive efforts of Power Africa to address energy infrastructure challenges, and recommends strengthening Power Africa on multiple levels. At the same time, the Council recognizes that certain elements of the Power Africa plan lend themselves more naturally to the support and expertise of the PAC-DBIA.

Accordingly, the Council has drawn on our own experience and the expertise of global thought leaders to identify several promising solutions that reinforce or complement those of Power Africa and existing U.S. Government efforts.

Aggregate Energy Off-Takers for Generation Investment
Other than fuel availability, two major roadblocks to new power generation in Africa are: a) reliable offtake agreements, and b) adequate financing to enable utilities to enter into offtake agreements. The Council believes it is worthwhile to address each in turn.

A. Reliable Offtake Agreements

From the perspective of a regional energy project developer (or utility), there are often too few companies with balance sheets strong enough to be credible counterparties. The traditional mechanisms for overcoming this challenge involve obtaining government guarantees or trying to secure the national utility as an off-taker.

From the perspective of U.S. businesses eagerly seeking to invest in Africa, the obstacle is often the opposite: local power is not sufficiently reliable, and so they are less likely to invest (e.g., in local cold chain for a U.S. supermarket).

Aggregating energy off-takers' demand could simultaneously address both problems. In countries with the right regulatory regimes in place, there are numerous examples where large consortiums of industrial companies join together to guarantee off-take for a new investment. Even where no individual company has enough demand to justify power generation investments, a sufficiently large consortium of industrial players could provide baseline demand to make the required investments bankable, involving regulators as appropriate.

Aggregating demand from off-takers requires significant coordination, however. To better facilitate this process, the Council proposes a solution that includes:

- A simple "playbook" for U.S. companies – both large and small – planning expansion into Africa, with the goal of helping them estimate typical power load, reliability and expansion needs for their operations, and those of their suppliers and customers. This playbook could include load and reliability requirements for a wide range of industries in order to demystify their energy needs.

- A lean, central capability to aggregate information regarding potential major off-takers (e.g., intended geographic location, energy and reliability needs, likelihood of project completion, and approximate timeframe) to provide a holistic view – by country or region within it – of potential off-takers. The effort should focus on the largest off-takers that will "move the needle" beyond a particular level of annual demand.

- Standing discussion between potential energy off-takers (e.g., U.S. companies looking to expand or invest in a particular country or sub-region), energy project developers (e.g., national utility, IPP developer, or other) and energy regulatory (where appropriate) in order to facilitate dialogue between demand, supply (and government) in a single process.

- A forum for discussion on best practices and leading thinking on energy efficiency, recognizing that improved energy efficiency can lower the electricity consumption requirements of off-takers. This forum would allow companies who are leaders in energy efficiency to share their practices with companies who continue to build their own capabilities.

- A linkage with the early-stage project development financing (see below) to match potential projects with potential customers at an early stage.

While there is meaningful effort required to facilitate demand aggregation in this way, it is an effective potential solution to encourage energy infrastructure development and ensure that any development is well-suited to U.S. and local companies. This effort could be initially tested in a particular sub-region (West Africa, East Africa or Southern Africa), in order to reduce the initial resources required.

B. Strengthening Investment Guarantees

Many entities responsible for power generation in Sub-Saharan Africa do not have the financial capacity (e.g., balance sheet for privatized entities; sovereign credit rating for state-owned utilities) to adequately secure financing for the offtake of major capacity increases on the grid. Particularly where the off-takers for a project are not a small set of industrial customers, but a large number of less creditworthy counterparties, financing can prove a major challenge. Credit enhancement mechanisms, such as partial risk guarantees (PRGs) from international financial institutions, can play a key role in accelerating financial close of projects. Combined with efforts to restructure utilities, improve tariff frameworks and increase cash collections, reduce transmission losses, and other measures, PRGs can significantly improve the ability of Africa utilities to launch project. Depending on the fuel source, PRGs can play a role in de-risking both the fuel supply as well as the offtake of the power.

To better facilitate investment in the grid, the Council proposes a solution that includes:

- Strengthening relevant PRGs offered by international financial institutions such as the World Bank, International Finance Corporation, and African Development Bank, to facilitate investment in power generation in Africa. This strengthening could take specific forms depending on the nature of the guarantees currently in place.

- Promote greater early-stage development investment by U.S. Government agencies and international financial institutions to provide greater security for investors that are developing projects (see section immediately below).

Early-Stage Project Financing

Common wisdom holds that Africa's energy infrastructure lags because there is insufficient capital. In reality, the challenge is not a lack of capital but a dearth of bankable projects that meet the criteria of the global investment community. An early analysis by McKinsey suggests that there is easily more than $15 billion of additional capital (per year, and beyond what is currently invested) waiting to invest in power sector infrastructure in Africa; the same analysis suggests that the available debt levels are at least as large. The money is available – there are just not enough projects in which to invest it.

Major infrastructure funds – often by mandate – focus on late stage project development, rather than early stage project development. Consequently, late-stage projects are often dramatically over-subscribed, while early-stage projects struggle to raise the capital needed to advance development, and get to the stage of bankability.

To move more projects from early stages to later (bankable) stages, the Council proposes funding for investment in a sizable number (50 or more) of early stage developments, through existing U.S. Government or other investment vehicles where possible. While anticipating that this recommendation will help address the financing gap referenced above, the Council acknowledges that there is additional work required to resolve the relevant technical considerations (including avoiding duplication of efforts with other institutions). Proposed next steps are detailed below.

With regard to the funding vehicle, they should include:

- Mandate and increased capability to invest in a large number (e.g., 50-100 or more) early-stage projects across a 5-7 year period. These projects could include both classic ideas of energy "ventures" (e.g., innovative, early-stage, off-grid technologies) as well as pre-feasibility, feasibility studies or development-stage support for more traditional power generation projects. The exact nature of this financial support need not be limited narrowly to a single type of financing, but should address financing gaps where they arise in the early phase of the project lifecycle. For instance, the financing could address working capital issues arising during the project development phase because of exogenous delays. Contingent on legal feasibility and project stage, this financing could ideally be directed through existing USTDA and/or OPIC programs to avoid creation of a separate institutional framework.

- Depending on the available funding and legal/technical feasibility (as described below), the entity could retain a capability for receiving and investing funding from outside sources, of private capital (e.g., university endowments seeking to invest in early-stage energy projects). This could allow the entity to draw on both USG funds and private capital.

- An internal project factory equipped with the financial, technical, legal and regulatory capabilities to support projects. The project factory's purpose should be to provide the non-financing support that early-stage projects require. This support should ideally include access and training (where helpful) on the PPA Handbook published by Power Africa, to help accelerate project progress

- A "feed in" to the U.S.-Africa Infrastructure Center. After receiving financing and support from the internal project factory, the early-stage project details could be promoted or disseminated through the Infrastructure Center. This would allow the center to serve as a clearing house for pre-screened projects.

Early stage investment in just 5-10 projects is too risky given the likelihood that any given project ultimately succeeds. For this effort to be effective, it requires the support of an organizational with sufficient scale, a longer-term perspective and sufficient financing to be able to invest.

To ensure that the entity does not duplicate the efforts of numerous other investment-focused institutions working in Africa, we would propose that this effort include three design elements as part of a careful technical evaluation:

- First, evaluation of capital-related breakdowns across the project lifecycle of African energy infrastructure projects. The intent of this focused effort is to identify the specific areas where capital constrains the depth of the project pipeline (e.g., pre-feasibility, feasibility, project development, or later).

- Second, a thorough mapping of existing investment institutions with similar objectives (e.g., social impact funds, energy-focused funds of multi-lateral development banks, national banks, USG entities such as USTDA, OPIC, etc.). The objective of this element is both to ensure that there is minimal duplication of efforts, and to help leverage existing USG funding vehicles such as USTDA's Power Africa-supported effort. This mapping should be brief and focused.

- Third, the Council proposes exploring whether the funding entity itself could be formed as a public-private partnership with the right mix of capabilities to evaluate and fund investments. This mix could include both investment-focused branches within the U.S. Government with relevant energy experience (e.g., Department of Energy, USTDA, OPIC) as well as volunteer investment committee members from leading energy investors.

Financing for Transmission and Distribution

The above two recommendations are predominantly focused on power generation and the means to best support it. However, the power grids as a whole in many African countries are also significantly constrained by transmission or distribution infrastructure, limiting the reliability (and availability) of power in many areas of the country. Power generation actually creates the electricity, while transmission and distribution transport it to off-takers. In light of this, the Council proposes strengthening some of the recommendations in Power Africa with respect to transmission and distribution. In particular, it supports:

- To ensure that transmission infrastructure is given appropriate weight in addressing country- and region-level energy infrastructure issues, building a clear perspective on the most severe transmission problems that are likely to affect foreign investment in Africa or trade with the United States. This effort could potentially be led by USAID, OPIC, or another party to Power Africa with sufficient technical expertise. To the extent that transmission infrastructure supports regional power pools, this effort should ensure that national wheeling/transmission tariffs are set appropriately.

- Establishing a body of funding with the mandate to support investments in transmission and distribution in Africa. Potentially, this could involve an informal earmarking of a small portion of Power Africa's $7 billion commitment for transmission. Alternatively, if Power Africa's $7 billion commitment is not the ideal forum for the funding pool (potentially due to a focus on a narrower set of countries than the Council), this funding could be organized in a separate vehicle. The objective of this funding would not be to pay for transmission or distribution projects outright, but to provide lower-cost financing or guarantees to ensure their bankability.

The PAC-DBIA fully supports the Administration's efforts to increase U.S. investment in Sub-Saharan Africa and create more jobs in the United States. In addition to its recommendations on infrastructure as a whole, the Council acknowledges the particular importance of energy infrastructure in U.S.-Africa trade relations, and hopes to amplify the vital role of Power Africa in addressing that infrastructure in many ways. To reinforce and supplement the efforts of Power Africa, the Council has identified several key opportunities. First, because of the importance of off-takers to the success of power generation projects, aggregating demand from industrial off-takers is critically important. Furthermore, to ensure that there is a greater pipeline of investable power projects, early-stage development financing will play an important role. Last, transmission and distribution problems must be specifically prioritized and addressed with dedicated funding, in order to ensure that energy infrastructure as a whole – not just power generation – receives the right level of support. Combined, these recommendations will further African countries' interests in expanding manufacturing and services, creating jobs, as well as creating more opportunities for U.S. companies to do business in Africa.

The PAC-DBIA recognizes that implementing a robust infrastructure center to serve all of U.S. business needs on the African continent will take considerable time. Given limited resources, and in an effort to make progress quickly, we recommend narrowing the focus of the center to specific sectors and a specific region in order to begin implementation.

Begin in West Africa
The West Africa region has a population of 300 million, more than half of which resides in Nigeria. This market approaches that of the United States and is over half the size of the European Union. Many African analysts note, however, that ECOWAS has lagged behind other African regional blocs such as the Common Market for Eastern and Southern Africa (COMESA), the East Africa Community (EAC) and the Southern Africa Development Community (SADC) when it comes to regulatory and market integration. Given the tremendous potential for energy and power cooperation, agricultural trade, manufacturing growth, and a rising consumer class the Council believes that renewed focus in West Africa should be the top priority.

Prioritize Key Sectors
While there are vast infrastructure needs, the Council views key sectors as building blocks for other economic activity. U.S. companies bring superior technology to solve some of the most challenging problems of our time. We think this technology would bring the most benefits by partnering in the region on: 1) strengthening healthcare systems, 2) increasing agricultural productivity, 3) linking population centers and markets with transportation improvements, 4) increasing access to clean water, 5) encouraging smart investment in information communications technology (ICT), and 6) focusing the efforts of Power Africa.

Leverage Private Sector Partners
In partnership with a business organization such as the U.S. Chamber of Commerce or the Corporate Council on Africa, we recommend surveying the U.S. business community on a biannual basis on their sectors and clients of interest.

Promote U.S. Business Solutions during High-Level Engagements
Include standard messaging on the value and quality of U.S. business solutions for use during all high-level government-to-government engagements. Promote a comprehensive U.S. brand that communicates U.S. business values.

Deploy Policy Experts to Streamline Opportunities
The Council recommends that the center focus on specific policy roadblocks often encountered by U.S. business. Standards, procurement, and project financing are recurring spoilers for large infrastructure projects. By deploying experts on these specific issues, who can build credibility with partner governments and work on both short- and long-term policies to improve the enabling environment, we see potential for quick wins and long-term partnerships that will improve U.S.-Africa trade and investment.

Co-locate with U.S. Embassies in the Region

The Council recognizes that building space, physical security of U.S. personnel, and deployment of multi-agency teams presents logistical and funding challenges. In order to execute quickly and recognizing chief of mission authority for staffing, we recommend that the first Infrastructure Center be located in the region by adding staff to an existing embassy and/or co-located Commercial Section, or providing virtual access, with these resources fully focused on regional infrastructure opportunities. As an example, the Asia-Pacific Clean Energy Program co-locates EXIM and OPIC representatives in the regional U.S. Embassy in Bangkok to facilitate clean energy infrastructure projects. We would further encourage that the members of the Infrastructure Center function with some autonomy linked to specific metrics around infrastructure investment to ensure a cohesive, whole-of-government approach and to avoid the scenario of stove-piped agencies located in the same physical space.

Currently, U.S. supported global health programs are constrained by funding tied to disease-specific mandates, isolated financing mechanisms, and lack of interagency coordination. These obstacles result in a global health support system that is unable to address the shifting disease burden in Africa and effectively respond to increasing gaps in health system infrastructure. A byproduct of this lack of coordination is the inability for U.S. firms to effectively engage and align with U.S. agencies to provide the necessary technology, infrastructure, and more efficiently conduct business to address the growing health care disparity in Africa. Increased private sector engagement with government entities is essential to building public health capacity and supporting health system infrastructure to effectively prevent, detect, and treat the disease burden in Africa. To address this issue, the Council recommends the following actions.

Two legislative proposals offer solutions to these issues and improve interagency coordination. In the House, legislation is currently being drafted in the Foreign Affairs Committee to facilitate assistance to countries in Africa for establishing resilient healthcare systems. In the Senate, similar efforts are underway to introduce legislation which would call for a global strategy to strengthen health systems in consultation with the private sector. The Council recommends that the Administration issue a statement of support for these bills and pledge to work with Congress and the relevant agencies to enact policies that improve efficiencies and streamline efforts to strengthen global health systems.

Given that the focus of this recommendation is to improve U.S. Government efforts to strengthen health systems in Africa, the Council recommends the Administration appoint an individual (or interagency task force) to coordinate the different agencies' (including, but not limited to, USAID, Department of Commerce, Department of Health and Human Services, Centers for Disease Control and Prevention) efforts to oversee implementation and to identify gaps in health care based on the needs on the Continent. Following completion of country health care assessments, the Council recommends the task force coordinate with various agencies, host governments, export credit agencies, and private sector representatives to identify and implement U.S. Government and private sector solutions to strengthen regional health systems.

Independent Country Health Assessments

The Council recommends the task force conduct health system assessments in five countries in Africa, prioritized by baseline analysis of country needs and U.S. global health assistance funding levels. These assessments are necessary to prioritize programs to strengthen health systems within countries receiving significant U.S. assistance, identify existing global health programming, and map out U.S. resources that can be reallocated to better address regional health care disparities. Key areas of engagement will include provision of health care technology, infrastructure development, and regional workforce training programs. The Council recommends the task force undertake the follow actions through country health assessments:

- Deploy subject matter experts to identify country mortality rates from non-communicable and communicable diseases and assess gaps in health systems.
- Review infrastructure, technology, and workforce needs based on regional population health.

- Partner with host government agencies (ministry of health, ministry of finance, and other relevant ministries) to identify and prioritize potential projects.

- Identify current and future U.S. Government and international organization health system strengthening projects underway to locate potential areas of collaboration, to pool resources and to avoid duplication.

- Develop implementation plans to reallocate country-specific global health appropriations to address health system gaps and meet local needs.

Task Force Representation
The Council recommends the task force include USAID Bureau for Global Health, Centers for Disease Control and Prevention Office of Global Health Security, USAID Development Credit Authority, U.S. Department of Commerce, U.S. Trade and Development Agency, host government representatives, Export-Import Bank of the United States, Overseas Private Investment Corporation, and representatives from the private sector.

Private Sector Engagement
Once assessments are completed, gaps in health systems are identified, and funding levels and projects are examined, the Council recommends the task force coordinate U.S. Government efforts and consult with the private sector in order to provide solutions**.** The Council recommends development and implementation framework which identify specific, coordinated actions tied to measurable outcomes in health systems. The Council envisions a mechanism for private sector engagement similar to USAID's Global Development Alliance (GDA), which allows for private sector engagement throughout the entire calendar year (not tied to grant application dates) and provides technical assistance for developing public private partnerships. Continual dialogue and interaction between the U.S. Government, host government, and private sector representatives is critically important to providing comprehensive solutions to strengthen health systems.

Following the health assessments, the Council recommends the task force engage U.S. firms with expertise in providing technology, infrastructure and health care workforce solutions to address the specific health system gaps identified. The task force should collaborate with private sector, host government representatives, and export credit agencies to assess procurement options and identify financing options and opportunities for U.S. Government funding.

Securities and Exchange Commission Technical Assistance Program

Funding

In the Council's April 2015 Report, we recommended strengthening and enhancing the U.S. Securities and Exchange Commission's (SEC) engagement in Africa via the provision of technical assistance. The demand is present: the SEC is frequently asked to provide technical assistance to various African countries and exchanges, but simply does not have the funding. As part of this recommendation, we recommended reinstituting a USAID-SEC interagency agreement to provide direct funding for this program because the SEC does not have a direct line of funding for this program. In addition to continuing to explore a USAID-SEC interagency agreement, we would also recommend seeking ways for other U.S. Government departments to provide funding to the SEC. For example, this could be through the Department of Commerce, Department of State, or Department of the Treasury. Specifically, the Treasury Department's Office of Technical Assistance could assist the SEC with funding for capital markets programs in Africa. Alternatively, we suggest exploring ways for USAID or one of these Departments to provide additional funds to the Financial Services Volunteer Corps (FSVC) or similar entity for capital markets capacity building. The FSVC can coordinate with the SEC to provide such training.

Residential Advisors

In addition, similar to the Department of the Treasury's residential advisor program, the Council recommends exploring the possibility of having an SEC residential advisor program focused on capital markets. These residential advisors would be employed by the SEC and do 1 to 2 year appointments at central banks and securities regulators in African countries. They would provide expertise on an entire portfolio of capital markets items: legislative and regulatory experience, training, experience with bond market initiatives, etc.

Capacity Building of Market Participants

Training Programs

Furthermore, to enhance our previous recommendation, in addition to government regulator capital markets capacity building, more can be done with capital markets training on the *market participant* and *investor* side. There is a critical need to rapidly increase human capacity in capital markets in developing countries. Existing programs have been criticized for being too broad, too academic, and not incorporating the specifics of a developing country context. An example of a capital markets-focused training program is the International Finance Corporation (IFC), the Milken Institute (MI), and George Washington University (GW) Capital Markets Program year-long capital markets training program, which combines summer internships with a certificate and Master's Degree in capital markets. Note that African governments can also have participants in such programs (for example, participants from the central banks or capital markets authorities).

Internships
The U.S. Government and private sector can play a role in providing the internships required for successful completion of programs like this. Internships in governmental agencies and departments, such as the Department of the Treasury, Department of Commerce, Securities and Exchange Commission, Commodity Futures Trading Commission, Federal Reserve Board, and United States Agency for International Development, would provide excellent training opportunities.

Other U.S. Government Assistance
The U.S. Government can also help create awareness of these kinds of capital markets programs within the various government agencies by having designated capital markets training program coordinators. In addition, U.S. Government employees and private sector capital markets experts can serve as guest speakers for the program lecture series. Finally, the U.S. Government may invite the participants of such programs to attend various U.S. Government –sponsored events topical to the curriculum of the capital markets programs (e.g., host a reception for the program participants at the next U.S.-Africa Leadership Summit).

Capital Markets Roundtable
Finally, the Council recommends a capital markets roundtable hosted by the U.S. Government (such as the Department of Commerce, Department of the Treasury, Securities and Exchange Commission), private sector company or public-private partnership (or a combination thereof) to discuss the capital markets landscape in different African nations, opportunities for growth, and overcoming challenges. The roundtable should include actual capital markets participants, including asset managers and brokers, and African listed and private companies. One of the topics that should be discussed is ways to expand capital markets in Africa so that they can absorb global capital. In addition, another topic to cover should be the role of technology, and how it can help take large strides towards capital market development. The roundtable could serve as a valuable sounding board for increasing investment and access to capital on the continent.

Financial Journalism Training Programs
For media professionals, interactive and hands-on programs that aim to enhance skills and knowledge to better serve the public interest are a critical part of continental development and progress. These programs could be aimed at mid-career journalists, journalists with an interest in moving into financial journalism, financial professionals with an interest in financial journalism, government professionals responsible for public policy, communications and banking/financial portfolios, and civil society and NGO professionals with a stake in communication of economic and financial data to the public.

One such example of this is Bloomberg's Media Initiative Africa, whereby Bloomberg has collaborated with a consortium of pre-eminent journalism schools and top business schools across three key African markets to deliver a highly innovative, integrated and practical world-class executive training program that is firmly rooted in African market realities. Bloomberg has partnered with participating universities in South Africa, Nigeria and Kenya, and provides

several study blocks. The program focuses on the following areas for enhanced financial journalism on the continent:

- The Media Landscape: media management and ownership; media strategy; financial media in the digital age; and how these impact the financial journalism practice.
- Finance and Accounting: annual financial statements and reporting; corporate governance; corporate analysis; and valuations.
- Public Policy and Regulation: roles of the market, government and private non-profit actors in the policy process; the policymaking process; and media and politics of the policy process.
- Financial Journalism: defining financial journalism; an approach to financial journalism; economics journalism; labor and trade unions; globalization and trade; and economics and human development.
- Economics: the macroeconomic system; macroeconomic structures; and macroeconomic policy.
- Capital Markets: overview of capital markets; equity markets, money markets, debt markets; currencies; and managing risk.
- Data Analysis and Interpretation: data sourcing; basic statistical concepts; data literacy; and data presentation.

Financial Journalism Apprenticeships

In addition, the Council believes that it would be beneficial for both the public and private sectors to offer apprenticeships or internships in the above areas to complement these types of training programs. For example, valuable expertise to bolster such programs could be earned via an apprenticeship in the communications or press office of a U.S. Government regulator, or an apprenticeship in a Federal Reserve data analysis group or Securities and Exchange Commission capital markets group. In addition, financial and media companies could provide similar apprenticeship programs to help individuals gain valuable expertise for financial journalism in Africa.

The Council recommends that the U.S. Government develop a renewed, focused policy strategy and work plan with regard to the Economic Community of West African States. The central aim should be to enhance public-private sector dialogue on regional integration through supply chain and trade facilitation reforms across the region. The U.S. policy would work toward achieving a cooperation agreement with ECOWAS as has been accomplished with other regions.

Africa's dynamic economic environment has led to significant new opportunities for the continent. This impressive growth has increased wealth, led to an increased urban population, and produced a rising middle class. As the McKinsey Global Institute has noted, "In 2013, 49 percent of the continent's 220 million households had discretionary income. By 2015, that figure is expected to be 64 percent of 303 million households – an additional 86 million consuming households." Continuing to expand the wealth, competitiveness, and purchasing power on the continent, while further reducing poverty, will depend on deeper regional economic integration and greater participation by African entrepreneurs and farmers in the global economy.

Accomplishing these growth goals will require the expansion of strong and efficient supply chains uniquely tailored to Africa's competitive and comparative advantages. The vast size and scale of the continent have led to regional distribution chains designed to better serve customers within African countries, while allowing for scale so African businesses and farmers can export to their neighbors and trading partners around the world. However, divergent business conditions, logistics costs, cargo hold times, transportation networks and inefficient border management can make operating an efficient supply chain prohibitively expensive, negatively impacting efforts to enhance regional integration.

To lay an enduring foundation for regional integration, with its accompanying increase in cross-border trade and expanded economic activity, initiatives such as one-stop help centers in addressing customs, security and other trade-related issues should be implemented. Such efforts are particularly beneficial to women (the majority of traders) and young entrepreneurs, serving both as wholesalers and retailers, in production and trading of food, consumables and light manufactured commodities, and give rise to significant multiplier effects through employment of family and members of the traders' social networks.

African governments have sought to address these challenges through deeper economic alignment. In a recent success, the U.S. Government also recognized the benefit of regional economic integration by signing U.S.-East African Community Cooperation Agreement, a key component of which included improved supply chain performance across the EAC. This council believes that developing a similar model with ECOWAS member states will yield supply chain benefits tailored to the region. U.S. policy should establish a concrete channel tied to the existing ECOWAS Trade and Investment Framework Agreement (TIFA) for private sector input.

Several factors contributed to the success of the U.S.-EAC agreement including strong government engagement, active participation by the private sector in both the U.S. and Africa, and a deep focus on specific technical issues.

A renewed policy strategy should concretize public-private sector collaboration, aid in fostering communication between U.S. and ECOWAS private sector stakeholders, and dedicate trade capacity building resources focused on implementation international best practices that empower African businesses to better trade with each other and compete within global supply chains. The strategy should endeavor to address a series of critical issues impacting regional integration and incorporate characteristics of model supply chains including:

- Transportation Infrastructure and Connectivity
- Customs Modernization and Harmonization Across the Region through Ratification Implementation of the WTO Trade Facilitation Agreement
- Encouragement of Common Facility Safety Codes and Best Practices
- Supply Chain Risk Management and Security Best Practices
- Gender Inclusion and Capacity Building for Small Businesses
- Legal Reform and Cooperation

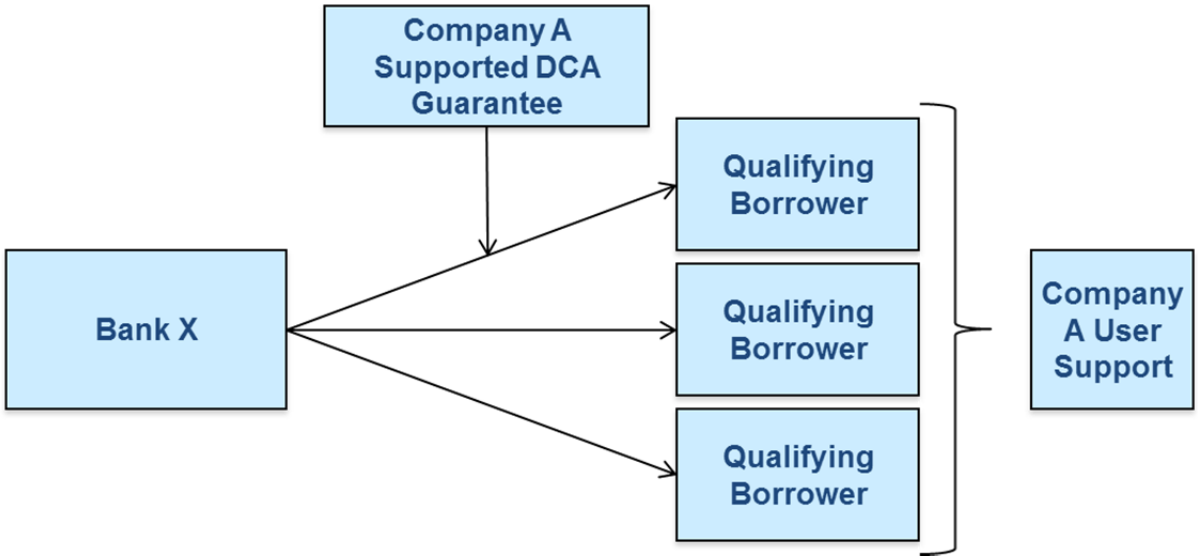
Illustrative DCA Credit Guarantee Structures

The key decision points that inform the structure of a DCA Credit Guarantee include, among other factors, the following:

- Financing gap(s) and development objectives that can be met by the guarantee facility
- Size of guarantee facility and guarantee amount
- Partner financial institution(s) (the lender(s) who is receiving coverage under the guarantee)
- Cost of the guarantee and source of funding
- Country selection
- Target borrower(s)
- Target sector(s)
- Tenor of the guarantee facility

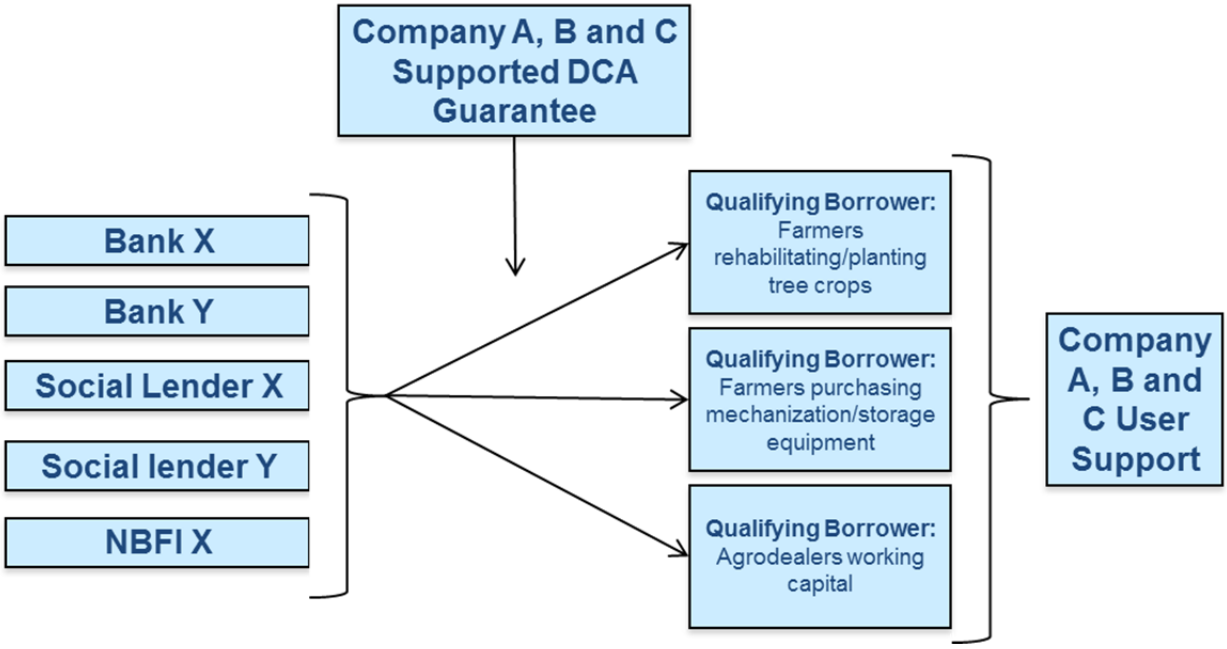
Illustrative DCA Example 1

Project description: A $10 million, 7-year, 50 percent pari passu loan portfolio guarantee to help healthcare providers in Tanzania secure long-term financing from Bank X to purchase Company A's healthcare equipment and improve health services for the local population. Potential borrowers will include private and public non-sovereign health service providers. Company A pays the full subsidy cost for the transaction. Under the program, Bank X lends to Company A's customers with the support of a DCA guarantee. Company A also provides its standard end-user support to ensure proper installation, on-site training and maintenance of the equipment.



Illustrative DCA Example 2

Project description: A $50 million, 10-year, 50 percent pari passu loan portfolio guarantee to help 1. Farmers secure long-term financing to rehabilitate and plant new tree crops; 2. Agrodealers to secure working capital loans to maintain optimal supply of stock; and 3. Farmers to purchase equipment related to mechanization or storage – all in support of agriculture development. Eligible borrowers can operate in Benin, Cote d'Ivoire, Ghana, Kenya, Malawi, Rwanda, Senegal, Tanzania, Uganda, and Zambia. Partner financial institutions include Banks X and Y; Social lenders X and Y; and NBFI X. These financial partners will each start off with $3 million in guarantee coverage. After lending the initial $3 million, a financial partner can access additional guarantee coverage on a first come, first served basis until the $50 million ceiling is hit. Companies A, B, and C pay the full subsidy cost for the transaction. These companies contribute to strong utilization of the guarantee facility by connecting the farmers and agrodealers in their supply chains to the financial partners and vice versa.



Major food and agriculture companies have found that engaging African farmers, traders, processors, and managers is fundamental to maintaining a sustainable business model in the region. Many U.S. firms have made significant investments in training programs and other capacity building programs in the food and agriculture sector.

Examples of Private Sector Capacity Building Activities in Africa

	Overall commitment	Training programs
AGCO	• AGCO has **invested $15m** and has hired 50 locals with over 150 dependents living on the farm • AGCO aims **to empower local communities to develop a sustainable food production system and to increase farm productivity** by implementing modern farming techniques	• Establishing **demonstration farms and training centers across Africa** with global and local partners for farmers, students etc. • Providing **infrastructure and technical** help via higher education systems
HERSHEY'S	• In 2012 Hershey's launched **"Hershey Learn to Grow program"** in Ghana • The program has moved to Nigeria post establishment in Ghana and Cote D'Ivoire • Learn to Grow is **funded in distinct phases** designed to **build understanding, improve practices** and double cocoa yields	• The program focuses to provide **cocoa farmers** with **business skills** and good **agricultural practices** • The program offers **effective cocoa farming techniques** via access to many of Hershey's resources like **fertilizers, satellite farm mapping and model demonstration farms**

Shea Yeleen™	• Shea Yeleen **financially empowers women shea producers** in West Africa through the creation of sustainable value added shea butter products • The program has **increased income 5 times the daily wage** for women cooperative members in Northern Ghana	• Building **production centers outfitted with electricity and water to increase production** of value added products • Providing **capital, production tools, and market access** for small scale producers • Over **1,000 women have been trained** on improved production methods and business skills
Walmart	• Walmart launched its Sustainable Agriculture initiative in 2010, which seeks to provide **training to 1 million small farmers of which 500k will be women**. A large percentage of these projects are in Africa • Massmart's Supplier Development Fund launched in 2011 with an **investment of R242m** towards developing and training Massmart's South African based small suppliers	• Walmart has partnered with funders like USAID and the Gates Foundation. By leveraging funding, Walmart is able to invest in supply chains dominated by small producers, particularly women • Walmart has invested over **$9M towards training small farmers, primarily women**, in sustainable agriculture practices and improving markets access in Africa. This funding is benefitting more the 200k women
COMPANY A	• **"Cocoa Life"** – Company A's largest, most comprehensive cocoa sustainability effort was initiated in **2012** • The program will incorporate an investment of $**100m to** benefit **75,000** farmers in **Cote d'Ivoire**	• Cocoa Life will help farmers improve their crop yields through **training at nurseries in Ghana** • The program will also **educate and promote protection of cocoa landscapes** to maintain eco-systems and conserve it for future

COMPANY B	• Company B announced **$50m** investment in the 2012 G8 summit for sub-Saharan Africa region over a period of **next 10 years** • Focus on Tanzania to help improve maize and vegetable value-chains in the region	• Support the Tanzania Agro-dealer Strengthening Program **(TASP).** Aim **to train 600 agro-dealers and workers** • Provide **finance, tools, training and market** their produce
COMPANY C	• Collaboration with **Government of Ethiopia** and **(USAID)** to **improve farmer productivity** and **food security** in Ethiopia • Will provide hybrid maize seed, better seed distribution and building post-harvest storage expected to reach **32,000 Ethiopian farmers**	• Advanced Maize Seed Adoption Program **(AMSAP)** will involve investment of **~ $3m** in the **next 3 years** • Program **will train smallholders** and demonstrate ways to improve yields
COMPANY D	• Company D aims to use only sustainably grown cocoa by 2020 and has launched **Sustainable Cocoa Initiative (SCI)** • SCI falls under the umbrella of **V4C – Vision For Change** program of Company D • The initiative is to **run through 2020** Ivory Coast's Soubré region	• The company will set up demonstration plots to showcase best practice and training at **Cocoa Development Centers (CDC)** • Aim of increasing crop productivity from **400 kg per hectare to 1.5 metric tons by 2020** • Company D will build **75 CDCs** to reach **150,000 farmers by 2020**
COMPANY E	• Company E has established >2,500 farmer field schools since 2008 **and trained more than 115,000 cocoa farmers to improve farming practices since 2012**, primarily in Côte d'Ivoire and Ghana	• **Training leaders of farmer organizations** in project management and project development • **Certification programs** through Rainforest Alliance, UTZ and Fairtrade

COMPANY F	• **SERAP (Socially and Environmentally Responsible Agricultural Practices)** was launched by Company F in 2005 • It reached more than **60,000 cocoa farming families** in West Africa and Indonesia	• **Technical Training Program** educates cocoa growers about labor practices, farm safety, HIV/AIDS prevention, operational transparency, best practices, bean quality and environmental stewardship
COMPANY G	• A key partner of the **African Cashew Initiative (ACI)** • **ACI** is a three phase initiative over the period of 10 years • Project provides $**50m** financially along with **technical help**	• In the **period 2009 to 2012** more than **250,000 individual farmers** have been trained • The second phase of initiative is to **consolidate the phase 1 structure**, building linkage between farmer and processor and sustainability of process

The commitment by the U.S. Government to end extreme poverty by 2030, described in the U.S. Agency for International Development's (USAID) September 2015 *Vision for Ending Extreme Poverty*, provides a powerful impetus for focus on the role of entrepreneurs. Small businesses can be important agents for job creation, skill development and economic growth in Africa. Expanding the number and diversity of African entrepreneurs can create economic multiplier effects at the local, regional, and national levels. It is essential to expand the pool of African entrepreneurs to include populations which are traditionally marginalized and help ensure that these newcomers' businesses are successful. We believe this will require: investment in human capital through education and training; open, transparent and accessible markets; modern infrastructure; a national climate of personal security and the rule of law; and at a minimal social safety net. These reforms will not only create opportunities for marginalized segments of the population, but they will also help usher Africa's vibrant entrepreneurs into the formal business sector, creating a predictable, safe, and transparent business environment to benefit all. In the paragraphs below, we note a number of initiatives the U.S. Government can undertake to support of the growth and vitality of entrepreneurship in Africa – while encouraging greater inclusiveness in the continent's entrepreneurial ranks.

Support Human Capacity Development

It is critical to educate populations traditionally excluded from formal mechanisms for access to capital (banks and credit unions, venture capital funds, institutional investors, even "crowdsourcing") about the resources available to them. It's also essential to find ways to utilize—and build on—traditional modes of capital accumulation (such as village lending circles). This can enable women, young entrepreneurs and others to transform these local funding sources into financing for development of their small/medium-sized business enterprises. Microfinance has captured broad public attention as a means of generating a modest capital building block for rural women. However, this is but one of many strategies that must be pursued. We also recommend supporting basic business education to help entrepreneurs frame a simple business plan, manage their finances and understand the basics of capital, cash flows, profit margins and the like.

We believe there are several existing channels that the U.S. Government can use to catalyze and nurture this process:

- First, U.S. ambassadors in Africa could nominate individuals or a group through the State Department's International Visitors Program. This would allow African entrepreneurs or government leaders to participate in study tours to the United States and visit organizations actively engaged with traditionally excluded populations in supporting sustainable economic ventures. Such a group could include leaders of women farmers associations, clergy supporting local economic initiatives, representatives of socially-engaged banking institutions, and business school faculty currently researching innovative approaches to capital formation (who could advise grassroots entrepreneurs on optimal strategies in pursuing their business efforts).

- Second, the Senior Fulbright Scholars Program, managed for the U.S. Department of State by the Institute for International Education through the Council for International Exchange of Scholars, could create special teaching and research opportunities for junior and senior scholars from Africa and the U.S. This effort could explore translation of traditional African capital accumulation modalities into contemporary vehicles for accessing capital. These scholars could identify and analyze factors contributing to successful entrepreneurial initiatives and the supports needed to reach positive and sustainable outcomes. The U.S. Government's African Development Foundation could also contribute to this educational effort through analysis of its grant portfolio, identifying conditions helpful or detrimental to the development and growth of entrepreneurial initiatives.

- Third, business programs at Historically Black Colleges and Universities (HBCUs) could encourage individual faculty members to apply as Fulbright Scholar researchers or visiting faculty at universities in Africa, with a special focus on entrepreneurship issues. The HBCUs might also wish to organize exchange programs with African colleges and universities. Their business schools could partner with African institutions. This would include furthering the professional development of African business educators, supporting curriculum development, teaching an array of undergraduate and graduate courses, and researching diverse aspects of the African business climate. HBCUs can engage African diaspora in the U.S. business community as faculty in courses taught in the U.S. or via their African business school partners. Social innovation hubs and incubators at top tier universities can provide information and tools to encourage U.S. students to invest in or build businesses with a strategic interest in Africa. Women from the African diaspora can also serve as mentors and advisors to their counterparts through the African Women's Entrepreneurship Program (AWEP) managed by the U.S. Department of State.

- Fourth, education and training related to the agricultural sector—with particular focus on inclusion of traditionally bypassed and excluded communities—could come via USAID's *Feed the Future Program* and the AWEP Women's Business Centers in Kenya, Zambia, and Mali. The U.S. Department of Agriculture's Foreign Agricultural Service (FAS) agricultural attachés and locally hired agricultural experts, in cooperation with USAID country missions, could boost training of local entrepreneurs in business planning, agribusiness management, food processing and preservation, employee education, identification of new markets, negotiating the world of exporting/importing. These groups could develop training modules on the use of digital technology to access market information, learn about government regulations on food exports, taxation, border control, and identify potential partners and service providers in their own country and in neighboring African countries. Africa-based FAS attachés could also work with U.S. 4H clubs and Future Farmers of America to develop links and potential exchanges with young African farmers.

Expand Data on African Entrepreneurs

The U.S. Department of Commerce, through the International Trade Administration's U.S. Commercial Service, and other Department of Commerce resources, could serve as the lead U.S.

Government agency in collecting and aggregating existing data on the state of African small business creation, ownership, and sustainability. The U.S. Census Bureau could assist African governments in developing surveys to obtain data on this subject, disaggregated by gender and possibly age of respondents. U.S. universities with highly regarded programs in African Studies, global development and international business, may also be excellent sources of data on diverse aspects of African entrepreneurial life. A point person, or small team, at the Department of Commerce should be tasked to compile and analyze data on small and medium size business creation in Africa from such agencies at the World Bank, International Monetary Fund, International Finance Corporation, Millennium Challenge Corporation, African Development Bank, the United Nations Economic Commission for Africa and other organizations. This team would also maintain contact with the statistical offices in African countries (perhaps specializing by region) to both learn what relevant statistics are being collected and potentially serve as mentors and sources of technical assistance ion collection of business related data.

In addition to U.S. Commercial Service officers attached to U.S. embassies, State Department economics officers based at U.S. missions, as well as other embassy officers whose portfolios touch on business, labor, education and trade, should share their information on developments related to entrepreneurship with each other. The Department of Commerce should consider a multi-day orientation session on Doing Business in Africa for newly appointed Commercial Service officers and include material on this subject as part of Foreign Service Institute (FSI) training for new diplomats posted to Africa. FSI might also offer stand-alone courses on entrepreneurship around the world, highlighting the specific challenges in different world regions. Such a course could focus on diverse geographic regions of focus each semester – and make its materials available electronically so that Commercial Service, Foreign Agricultural Service, USAID and other U.S. embassy employees overseas could access the information communicated. Embassy staff could also explore translating some of this material, as well as other business planning resources into French (such material may already be available in country in French) and into major African local languages.

Promote Legal Rights for Entrepreneurs

Foundational to the success of entrepreneurs from marginal and largely excluded communities is a legally recognized identity – documented through a national ID or other legally recognized document. A birth certificate is generally required for an individual to acquire an identity card – essential in interacting with government institutions, banks and financial institutions, conducting official transactions and accessing certain public services. For many entrepreneurs from poor and rural families, acquiring a birth certificate is difficult or impossible.

The U.S. Government should work with African governments to develop innovative ways to help government entities develop robust vital statistics recording systems. The U.S. Census Bureau has a long history in working with developing countries to train census bureaus and demographic offices in preparing for and conducting a decennial census. The U.S. Census Bureau, through its international programs, also works with national census bureaus in training local registrars of vital statistics in employing the latest approaches to collecting such data. Such efforts should be coordinated with initiatives undertaken by other governments, including former African colonial powers and the European Union.

Proof of identity is vital as well for claiming inheritance rights and access to property. Women, in particular, have faced discriminatory legislation in Africa, as elsewhere, in gaining ownership of property and other assets through inheritance or gifts, and as a result of divorce or widowhood. Access to secure property rights – for women agriculturalists, access to land is especially critical – is fundamental to their ability to securely provide for their own family needs and expand into trade in farm products, food processing and related activities. In a number of African countries, women face discriminatory policies with regard to taxation, such as inability to claim the status of head of household, should they be in this role, with its attendant tax deductions. There have also been cases of women entrepreneurs being subject to sexual harassment and other forms of intimidation by tax inspectors and other tax officials.

USAID can, through its country missions, encourage African government authorities to secure property rights for women, enabling them to access financial assets vital to their entrepreneurial success. USAID missions should encourage national authorities to guarantee the rights of women to sign contracts, secure business licenses, hire employees and enter into other transactions. USAID and other embassy staff should engage national tax authorities, perhaps using technical assistance provided by the U.S. Internal Revenue Service, in standardizing and simplifying the tax payment systems. USAID should also work in collaboration with the American Chambers of Commerce and similar business organizations to encourage their role as champions of legal rights for entrepreneurs, with specific attention to the needs of women and youth. Additionally, the condition precedents set forth by the Millennium Challenge Corporation provide examples of laws that African governments have changed to address gender disparities within their judicial system.

Strengthen Banking Systems and Credit Institutions

Aspiring entrepreneurs from communities and groups historically outside national mainstreams of commerce and industry face enormous challenges in acquiring business capital. Women have traditionally met capital needs for starting and sustaining small businesses through village lending circles or, more recently, micro-finance programs. These efforts do provide very modest start-up funds, but they are inadequate to support entrepreneurs seeking to scale up their businesses or expand into wider markets. For larger financing needs, entrepreneurs require access to credit, insurance, and other services through formal financial institutions. African banking systems can provide critically needed support to entrepreneurs by initiating innovative approaches to assessing entrepreneurs' credit-worthiness.

Information on entrepreneurs' timely payments of rent, utilities, bills due to retailers and service providers, as well as repayments of micro-credit loans can be used as good sources of credit histories. Public credit registries and private credit bureaus across Africa provide a vital service by compiling credit histories of small borrowers. For example, microfinance loans are often not recorded by credit registries and bureaus, because they fall below a defined loan threshold. Information regarding entrepreneurs' good repayment histories will go far in enabling new and more established entrepreneurs in taking their businesses to the next level.

Nigeria's Bank of Industry, working with the country's Federal Ministry of Women Affairs and Social Development in establishing a *Business Development Fund for Women*, which provides women entrepreneurs with low-interest loans, technical support and capacity-building training in

expanding their businesses, provides a fine example of innovative thinking at the national levels. Nigeria's Central Bank, in a related initiative, established a Micro, Small and Medium Enterprises Development Fund providing microcredit loans to entrepreneurs.

The U.S. Treasury Department, through its Office of International Affairs and potentially the Consumer Financial Protection Bureau, could provide technical assistance to African central banks, banking associations and credit registries, and credit bureaus in developing methods to record the credit histories of small borrowers and emerging entrepreneurs.

Strengthen Judicial Systems

By the very nature of their entrepreneurial efforts, individuals or small groups will find themselves involved in disputes with creditors, wholesalers, customs brokers, freight forwarders, shipping companies and other business owners. Entrepreneurs must have a way to achieve swift and affordable resolution of these conflicts. Many of these disputes involve modest sums of money. Governments in some developing countries have introduced small claims court to deal with such conflicts. These courts have jurisdiction over civil cases up to a defined monetary ceiling and function under simplified procedures and lower costs than in other judicial settings. According to the World Bank, only 46 percent of Sub-Saharan African countries have such courts. Support by the U.S. Government toward developing such judicial mechanisms would strengthen small business development and sustainability for entrepreneurs.

The U.S. Department of Justice, working with small claims court administrators in diverse localities throughout the United States, could design a study tour program. This would allow senior staff of African ministries of justice to come to the United States to meet with judges, administrators and regulators of small claims courts. The program could involve organizing education and training sessions in several regions in Africa, bringing U.S. judges and court administrators to work with African judicial officials to discuss the development, operation and track record of small claims courts. The American Bar Association could also be helpful in this effort.