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USAID Southern Africa Trade and Investment Hub

Boosting Opportunities for Trade and Investment



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HUB HAPPENINGS NEWSLETTER – JUNE 2018



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Facilitating Investment into the Zambian Fish Sectors



EXEO Capital announced the completion of a \$6.3 million investment into Capital Fisheries, a market-leading Zambian food distributor that specializes in the cold-chain distribution of animal proteins. The investment was made by EXEO Capital's Agri-Vie Fund II, a private equity fund focused on food and agribusiness investments in Sub-Saharan Africa.

The Hub's Investment Team conducted strategic and operational due diligence on behalf of the investor to ensure the company has adequate systems and processes in place to achieve its planned growth. The investment will be used to rapidly grow the company's nationwide footprint of 53 wholesale depots. "Zambia's population is forecast to grow at 2.8% per annum to 2030, with an urbanization rate of 4.8% per annum. We plan

to double our wholesale depots and the supporting cold-chain logistics over the next two years”, said Capital Fisheries’ Zambian founding shareholders, Damian Roberts and Gavin Thomas.

“We appreciated having the support of USAID’s Southern Africa Trade and Investment Hub during the finalization of this transaction”, remarked Ellora Ghosh. “Given the prevalence of poverty and food insecurity in Sub Saharan Africa, it is important that businesses are well supported by their ecosystems in order to become sustainable and thereby uplift the people of the geography. Therefore, such assistance as provided by the Hub around this transaction goes a long way.”



U.S. Supports Increased Trade with Zambia Through AGOA



With support from the Hub, the Government of the Republic of Zambia’s Minister of Commerce, Trade and Industry, Honorable Christopher Yaluma, officially launched a strategy to ensure Zambian businesses are better positioned to take advantage of the United States’ African Growth and Opportunity Act (AGOA).

“Through AGOA, we are committed to working with our Zambian government and private sector partners to strengthen regional economic integration, attract commercial investment, and promote two-way trade with the United States,” said U.S. Ambassador to Zambia Daniel L. Foote. “And we are committed to continuing our support to help ensure the brightest future possible for all Zambians.”

The Ministry of Commerce, Trade and Industry recognized the notable opportunity offered by AGOA to diversify Zambia’s industries and economy. Readying businesses to export to the United States also prepares companies to engage in increased regional trade in order to reap the lucrative benefits of exporting to South Africa and other neighboring countries.



Source Africa Show Promotes African Apparel Exports



The sixth annual Source Africa Textile and Apparel Trade Show opened at the Cape Town International Convention Centre, showcasing the continent’s creativity, fashion sense, and business opportunities. The event featured 140 exhibitions by textile, shoe and clothing producers, suppliers and service providers from across Africa. The purpose of the show is to promote African-made products to national and international buyers and manufacturers and encourage intra-regional trade between African countries.

The Hub through USAID supported the development and launch of Source Africa in 2013 under the previous

iteration of the Hub, and still continues to encourage buyers and producers to take advantage of business opportunities available through AGOA, a preference program offers duty-free access to the U.S. market for some 6,500 African product lines.

USAID/Southern Africa Mission Director John Groarke opened the event, saying “when I look around through this hall today, I see what Africa can be, and what private sector development can do for this continent. I hope that you have a great show over the next two days, and I hope that you learn more about the USAID Southern Africa Trade Hub. I hope that you learn more about the African Growth and Opportunity Act, and I hope to see more African and expatriate businesses get together because there is so much potential here in Southern Africa and throughout the continent,” Groarke said.



Fostering Cooperation with the World Customs Organization



The Hub hosted a visiting delegation from the World Customs Organization (WCO) at its Gaborone Office. The WCO took the opportunity to visit the Hub while conducting consultations with the Southern African Development Community (SADC) and other trade facilitation partners to share plans and strategies for development support in the SADC region.

WCO currently supports Southern Africa Customs Union (SACU) through the Connect Project that provides targeted and tailored capacity-building support in Customs Legislative Reform, trade partnerships, risk management and enforcement, and information technology (IT) connectivity. WCO has worked with other regional economic communities in Africa such as the East African Community (EAC) in Customs modernization.

WCO is currently exploring the possibility to expand the WCO-SACU Connect Project to SADC targeting seven to eight pilot countries on IT connectivity, time-release studies, and customs-cooperation. Discussions with SADC are in progress along with consultations with development partners in trade facilitation to identify areas of cooperation and collaboration.

The Hub provided an overview of its activities supporting the SADC region. WCO was interested in learning more about the Hub's Corridor Performance Monitoring System (CPMS) as an objective source of data for baseline studies.



Crop Diversification Solutions for Smallholder Farmers in Malawi



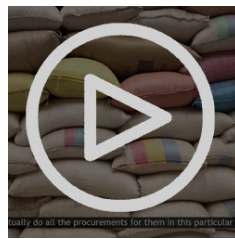
The Hub Finance and Investment team traveled to Malawi to begin work that will focus on crop diversification in Malawi. The work began with a one and half-day session convened by USAID Feed the Future AgDiv Activity (Malawi), together with the Foundation for a Smoke Free World (FSFW) and many of the leading agricultural companies in Malawi to look at creating alternative crop solutions for tobacco farmers.

As a newly formed independent non-profit organization with a US\$1.0 billion endowment, FSFW has the goal of ending smoking in this generation. The Foundation partners with agricultural, rural development and smallholder experts to identify solutions that will offset the potential economic losses affecting agricultural productivity, income, and livelihoods of resource-constrained smallholder farmers.

Malawi has been designated as the pilot country for these activities as the tobacco industry accounts for the lion's share of export earnings and remains the biggest employer of the labor force working as smallholder farmers. Unlike tobacco, legumes enhance soil fertility and do not cause deforestation.

The Hub presented and also proposed frameworks for addressing structured trade and smart financing options to support diversification activities for tobacco farmers into new value chains and livelihood options.

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