



USAID
FROM THE AMERICAN PEOPLE

COMPETE
The Competitiveness and Trade Expansion Program

Key Message:

Enhancing economic growth and food security in East and Central Africa.

Funding Level:

\$70 million which includes a \$20 million Partnership Fund

Duration:

2009 – 2013

Targets:

- 30% increase in both the value and volume of international and intra-regional trade
- 20% increase in market share in intra-regional trade in target value chains
- 15% reduction in the time and cost of transporting goods through selected borders points along the Northern, Central and Dar corridors

Where We Work:

Burundi, Democratic Republic of Congo, Ethiopia, Kenya, Malawi, Mauritius, Rwanda, the Seychelles, Sudan, Tanzania, Uganda, and Zambia

Websites:

www.competeafrica.org

www.eastafricancorridors.org

<http://www.eastafricancorridors.org>



Trucks at the Uganda-Kenya border. Coordinating customs clearance processes by border agencies helps to reduce border congestion.

OVERVIEW

USAID East Africa, through its Competitiveness and Trade Expansion (USAID COMPETE) program takes an integrated approach to advance trade and economic growth and ensure food security in the region. The program builds the capacity of African firms to compete in the global marketplace and takes advantage of preferential trade opportunities under the African Growth and Opportunity Act (AGOA) and other international trade agreements. Central to the USAID COMPETE program is an African private sector-led reform agenda. USAID COMPETE works through regional trade associations and lead firms to build the private sector's capacity to advocate for an improved policy and trade environment. USAID COMPETE works with regional economic communities such as the Common Market for East and Southern Africa (COMESA) and the East African Community (EAC) to build public sector capacity to advance regional integration through harmonized policies, procedures and standards and technological improvements to support evidence based policy decision making. Regional integration is key to fostering development of regional markets and increasing the competitiveness of African products globally.

COMPONENTS

Reducing Barriers to Trade

The high cost of transport is a key barrier to trade in Africa, and transit inefficiencies along corridors hamper Eastern and Central African (ECA) countries from being effective players in regional trade and in the global marketplace. USAID COMPETE helped improve operations at the Port of Mombasa and Dar es Salaam, streamlined border management through the creation of Joint Border Committees at eight key border points along the Northern, Central and Dar transit corridors, and scaled up use of the Revenue Authorities Digital Data Exchange (RADDEx), a software program that allows customs officials to communicate virtually across borders to a central EAC-wide platform. USAID COMPETE continues to maintain a website portal of valuable information on East African transit and trade issues.

Trade policy and access to trade and investment finance are cross cutting issues that are embedded in all activities. USAID COMPETE works with partners to develop common regulatory policy standards that are consistent with global standards. In finance, USAID COMPETE works with the EAC to improve banking laws and payment systems, to reduce the cost and risk of lending in agriculture. USAID COMPETE-facilitated banker training programs and a pilot purchase-order-based lending program in partnership with regional commercial banks to expand access to financial services across borders.

Developing Supply/Value Chains

To increase regional competitiveness in target value chains, USAID COMPETE works with firms and regional trade associations such as the Eastern Africa Grain Council (EAGC), the African Fine Coffees Association (AFCA) and the African Cotton and Textile Industries Federation (ACTIF), to improve market access, increase quality standards, and advocate for an improved trading environment.

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USAID COMPETE supports regional efforts to promote grain aggregation and bulking models to increase smallholder access to structured trading systems and commercial markets.



Thanks to a Partnership Fund grant, coffee farmers in Tanzania are using smart phone technology to track their coffee sales and coffee quality from their farms to U.S. buyers.



East African fashion on offer at a US trade show - the ECA Trade Hub helps African companies get the technical expertise to export their products to the U.S.

Staple Foods. In partnership with the U.S. Feed the Future initiative to improve food security, USAID COMPETE works to reduce poverty by increasing small holder farmers' access to regional staple foods markets. Regional integration makes it easier to shift food from areas that have a surplus to those with shortages, increasing availability and reducing price volatility. USAID COMPETE promotes use of warehouse receipts and structured trading systems to provide smallholder farmers access to regional commercial markets. From improving access to market information, to using GIS mapping to plot the location of grain storage facilities, USAID supports the development of innovative technologies for sharing information such as the Regional Agricultural Trade Intelligence Network (www.RATIN.net) on the trade and availability of staple foods. Successful bulking, storing and agro-dealer models are being scaled up and rolled out throughout the East and Central Africa (ECA) region.

Cotton/Textiles/Apparel (CTA). USAID COMPETE has supported ACTIF and COMESA to develop a comprehensive regional competitiveness strategy to guide the region's support to the CTA sector. ACTIF has become an industry voice in regional and international trade deliberations and has guided COMESA and the EAC on Economic Partnership Agreement negotiations to include a single transformation provision for the textile and apparel exports. USAID COMPETE has supported over \$47 million dollars of CTA exports alone to the U.S.

Specialty Coffee. Selling high quality coffee puts more money in coffee farmers' pockets. Exports of specialty coffee have increased by 25% annually in the East African region since 2001 through the work of USAID COMPETE and USAID bilateral programs. East African producers exported over \$317 million of specialty coffee during the 2010 coffee season, up from only \$60 million in 2001. Working with the Coffee Quality Institute (CQI), USAID supports the "Q" grade coffee classification concept to add more value to medium grade premium coffees. USAID COMPETE supports AFCA through the Know Your Cup and Taste of Harvest competitions that increase awareness of the region's specialty coffees.

Increasing Trade between the U.S. and East and Central Africa

USAID COMPETE provides technical assistance to African firms and governments to enhance their competitiveness globally and assist them to capitalize on opportunities available under the African Growth and Opportunity Act (AGOA) and other international trade agreements. USAID COMPETE tailors its assistance in four sectors: textiles/apparel, cut flowers, commercial home décor/fashion accessories, and specialty foods. As of 30 June 2012, the Trade Hub has directly supported over \$91 million in exports to the U.S. under AGOA.

USAID COMPETE's Origin Africa buyer awareness campaign and initiative is dedicated to growing African trade and improving competitiveness. Comprised of U.S. and African producers, designers, small businesses, exporters, buyers and retailers, the initiative aims to develop, guide and promote African trade in the following sectors: textiles/apparel, cut flowers, specialty foods, home décor, and fashion accessories. Origin Africa's objective is to put Africa on the map as a preferred sourcing continent and to raise awareness about Africa as a place to do business for U.S. companies. Origin Africa will change perceptions about doing business in Africa, targeting a global audience of buyers, business leaders and designers.