A Comprehensive Trade and Development Policy for the Countries of Africa

A REPORT SUBMITTED BY THE PRESIDENT OF THE UNITED STATES TO CONGRESS

The Third of Five Annual Reports
December 1997

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A COMPREHENSIVE TRADE AND DEVELOPMENT POLICY FOR THE COUNTRIES OF AFRICA

I. The Administration's Program for Promoting Economic Growth and Opportunity in Sub-Saharan Africa[1]

On June 17, 1997, President Clinton announced the *Partnership for Economic Growth and Opportunity in Africa*. The basic premise of the *Partnership* is that building strong trade relationships with Africa's rapidly growing and reforming economies is key to generating growth and opportunity on the continent. As detailed in last year's report, many countries in Sub-Saharan Africa have already undertaken major steps towards reform that have led to increased, though still relatively fragile, growth. The Administration's program recognizes the achievements of the countries pursuing political and economic reform and seeks to help African countries strengthen and accelerate this growth. The program offers special support to those countries committed to pursuing further accelerated reforms. *Partnership* countries, for their part, must be committed to creating an appropriate policy environment. Demonstration of this commitment through sustained actions, is their essential contribution to the *Partnership*.

The President strongly supports the bipartisan Congressional initiative to pass "The African Growth and Opportunity Act." The Administration will work actively with Congress through the legislative process to enact legislation this year. The legislation both complements the Administration's initiative and is necessary for the implementation of key elements of the initiative. The Administration is moving forward expeditiously to implement those provisions of the *Partnership* which do not require legislative authorization and will continue to work with the Congress to pass legislation that will help build a new trade relationship between the United States and African countries.

In developing its program, the Administration was guided by the following principles:

- A sound policy framework in African countries that opens economies to private sector trade and investment offers the greatest potential for growth and poverty alleviation.

- Investment in people, emphasizing education and health, is necessary to raise productivity.

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[1] The 48 countries of Sub-Saharan Africa are: Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo, Côte d'Ivoire, Democratic Republic of the Congo (formerly Zaire), Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gabon, The Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, São Tomè and Principe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, Sudan, Swaziland, Tanzania, Togo, Uganda, Zambia, and Zimbabwe.

- Consistent, transparent "rules of the economic game," fairly applied, are essential for the private sector to flourish.

- Development assistance remains important and should be maintained, but it cannot itself be the engine of growth. Assistance works best in an environment of good policies and good leadership. Foreign assistance can make a critical difference for those countries doing the most to promote their own growth by opening their economies, investing in people, and improving economic policy management and governance.

- Sustained, rapid growth for countries in Sub-Saharan Africa is achievable. Success can breed success and provide a powerful example for all the countries of Africa to emulate.

Based on the experience of countries that have instituted reforms, the most dramatic progress occurs when countries have taken steps in three areas: trade and investment liberalization; investing in human resources; and improving policy management and governance. To encourage greater trade and investment, it is critical that countries liberalize their trade and investment regimes while maintaining a stable macro-economic environment. This requires that countries make substantial progress on a number of interrelated fronts; eliminating non-tariff barriers; reducing tariff levels; binding their tariffs in the WTO; assuming meaningful binding obligations in other areas of trade and investment policy such as services and intellectual property protection; privatizing key sectors of the economy; ensuring national treatment for foreign investment; introducing currency convertibility; and complying with programs and obligations of the International Monetary Fund and other international financial institutions. Those few countries in Sub-Saharan Africa that are not already members of the WTO should be actively pursuing membership and prepared to take on meaningful obligations.

In last year's report, the Administration noted that local trade barriers had an adverse effect on economic development and limited the competitiveness of many African countries. While all Sub-Saharan Africa WTO-member countries bound agricultural tariff rates in the Uruguay Round, most of these bound rates are quite high and well in excess of those currently applied. In the area of industrial products, most countries in Sub-Saharan Africa have only limited bindings at levels well above their applied rates. In addition, most African countries have only limited scheduled commitments under the WTO General Agreement on Trade in Services (GATS). Tariff bindings at reasonable levels and GATS commitments are important because they offer Africa's trading partners and foreign investors assurances that trade regime reforms will remain in place.

It is no less important, if growth is to be sustained, for governments to strengthen their support for education and health. The return on investment in human resources can be increased by focusing more on outcomes, such as increasing the literacy rate, rather than on inputs, such as the amount of spending.

In the area of improved policy management and governance, the Administration attaches importance to policies aimed at streamlining and reducing the scope of government activities, increasing professionalism, transparency and accountability of the public sector, and developing a judicial system in which published rules are impartially applied and for which appeal procedures are in place.

The President's Partnership *for Economic Growth and Opportunity in Africa* has five major components:

- Enhanced trade benefits to increase U.S.-African trade and investment flows and enhancement of existing U.S. programs related to investment and trade promotion, development aid, and commodity assistance;

- Technical assistance;

- Enhanced dialogue with African countries by holding annual economic meetings at the cabinet/ministerial level with all reforming African nations;

- Financing and debt relief; and

- Continued U.S. leadership in multilateral fora to promote the development and implementation of new initiatives that support private sector development, trade development, and institutional capacity building in African countries.

Country Participation

The *Partnership* is structured so that those countries that adopt growth-oriented economic and financial reform policies and open their markets to trade and investment will benefit the most in terms of access to U.S. markets and from assistance resources targeted to economic growth. Because not all countries are ready or able to take the steps necessary to spur high levels of economic growth, partnership countries may participate at one of three different levels.

Level I Participation: To support the efforts of Sub-Saharan African countries to achieve economic growth, a range of opportunities and assistance will be available, including:

- *Enhanced market access*: African nations participating in the existing Generalized System of Preferences (GSP) program will continue to receive preferential market access under that program. The GSP program provides less-developed countries duty-free access for products in about 4,600 tariff lines and provides least-developed countries enhanced access on products in an additional 1,783 tariff lines.

- *Investment support*. The Overseas Private Investment Corporation (OPIC) will issue guarantees for a proposed $150 million equity investment fund for the region, sponsored by the private sector. OPIC will also work to provide partial guarantees for special infrastructure investment funds with aggregate capital up to $500 million. These funds will focus on economic infrastructure projects in such sectors as telecommunications, power, transportation, and financial services.

- *Support for regional integration.* Up to $25 million annually will be provided under the U.S. Agency for International Development's (USAID) Initiative for Southern Africa for private sector and trade-related activities in areas of regional concern, including investment policy harmonization, regional business ties, financial sector development, privatization, and facilitating cooperation between the private sector and regional institutions.

- *Support for American-African Business Relations*. USAID will allocate up to $1 million annually to help catalyze relationships between U.S. and African firms through a variety of business associations and networks.

- *Designation of an Assistant USTR for Africa, and a senior advisor on Africa to the U.S. Export-Import Bank.*

In addition to these measures, the Administration will continue to work with the International Monetary Fund, the World Bank Group, and the African Development Bank Group on the development and implementation of initiatives to support private sector investment, trade development and capacity building.

Level II Participation: Additional support will be offered to those GSP-eligible countries that are pursuing aggressive growth-oriented reform programs in such areas as trade and investment liberalization, investment in human resources, and improved policy management and governance. At the discretion of the President, these countries would be eligible to take advantage of the following additional opportunities:

- *Further enhanced market access.* The GSP program will be expanded by inclusion of some product groups that are statutorily excluded or products that have traditionally been excluded due to import sensitivity.

- *Debt reduction*. To help ensure that growth-oriented countries now burdened by excessive debt are in a position to invest in human resources, the Administration will support an approach that leads to the extinction of concessional bilateral debt for the poorest countries implementing strong reform programs. In addition, the Administration will continue to urge the World Bank and International Monetary Fund boards to provide deep relief under the Heavily Indebted Poor Countries (HIPC) debt initiative.

- *U.S.-Africa Economic Cooperation Forum*. A cabinet/minister-level forum will be convened annually in order to enhance the dialogue between Africa's strongest reformers and the United States.

- *Bilateral technical assistance to promote reforms*. USAID will provide up to $5 million annually to expand short-term technical assistance to African governments to help liberalize trade and promote exports and to improve the investment environment through regulatory, financial, and fiscal reforms. The U.S. Department of Agriculture will provide technical assistance to promote agribusiness linkages.

- *Support for agricultural market liberalization*. USAID will allocate up to $15 million annually under the multi-year Africa Food Security Initiative to support agricultural market liberalization, export development, and agribusiness investments in processing and transport of agricultural commodities.

- *Trade promotion*. The Trade Development Agency will increase the number of reverse trade missions focusing on growth-oriented countries.

- *Reprogramming commodity assistance*. To support countries experiencing budget shortfalls in the course of their growth-oriented reform programs, and to encourage more effective spending on human resource development and agricultural policy reform, the Administration will take steps to focus PL-480 Title I assistance more on growth-oriented countries in Sub-Saharan Africa as allowed by funding availability, and will explore possibilities to increase funding for Title III assistance from within PL-480.

- *Support for economic policy reform*. In FY98, USAID will provide increased support for growth-oriented programs with both technical assistance and program support funds.

- *Targeted multilateral assistance*. The Administration will actively support multilateral financial assistance targeted to growth-oriented African countries, in particular financing to support accelerated trade liberalization and private sector investment in Africa.

Level III Participation: In the future, as appropriate, the United States will be open to pursuing free trade agreements with strong-performing, growth-oriented Sub-Saharan African countries.

Although the Administration can on its own authority implement most aspects of the *Partnership* within FY98 and prior appropriations, Congressional action is required to expand the GSP program for Level II participants and to facilitate through fast track procedures the negotiation of the free trade agreements envisaged under Level III.

The following sections of the report describe Administration activities during the year that support African economic growth either through implementation of the *Partnership for Economic*

Growth and Opportunity in Africa, or through other programs or activities that complement the *Partnership*. These activities are grouped by the major components that broadly define the program's objectives, namely: trade and investment; technical assistance; financing and debt relief; enhanced dialogue with African countries; and multilateral activities.

II. Support for African Economic Growth

Trade and Investment

Strengthening U.S. trade relations with Africa is a key element of the *Partnership*. The development record in Sub-Saharan Africa, as elsewhere in the world, shows that as countries implement democratic and market-based reforms, they become fuller commercial partners with the United States, as well as more active participants in global economic progress.

In 1996, the United States was third among Sub-Saharan Africa's industrial country suppliers behind France and the United Kingdom, with about 7 percent of the market. U.S. exports to the region were $6 billion in 1996, a 14-percent increase from the previous year.[2] The largest U.S. export sectors to the region are transportation equipment, agricultural products, machinery, electronic products, and chemicals. U.S. imports from Sub-Saharan Africa in 1996 increased to $15.2 billion, or up almost 17 percent from the previous year. As in prior years, energy-related products and minerals and metals were the largest sectors for U.S. imports from the region.

Despite these rising trade figures, Sub-Saharan Africa remains on the fringes of the global economy. Africa -- a continent of enormous potential in terms of human and natural resources -- accounted in 1995 for only 1.4 percent of global exports and imports and for only 1.1 percent of global GNP. While it is up to African leaders and the African people to determine whether they will realize their vast potential, the United States can play a pivotal role in the region's transition to commercial vitality and growth.

- *Enhanced market access*

Level I: The Generalized System of Preferences (GSP) program is designed to encourage export growth in the developing countries by granting them preferential duty-free access to nearly half of the articles on the U.S. tariff schedule and is available to all Sub-Saharan African countries that meet the program's eligibility requirements. In 1997, the Administration implemented changes in the GSP program that are intended to be especially beneficial to the 37 countries that are designated least developed beneficiary developing countries (LDBDCs), 29 of

[2] U.S. Department of Commerce, "U.S.-African Trade Profile," March 1996. For a detailed analysis of U.S. trade and investment flows with Sub-Saharan Africa, see also, U.S. International Trade Commission, *U.S.-Africa Trade Flows and Effects of Uruguay Round Agreements and U.S. Trade and Development Policy*, Third Annual Report, Publication 3067, October 1997.

which are Sub-Saharan countries. These changes resulted from legislation approved by Congress in 1996 which authorized the Administration to include in the GSP program for LDBDCs, products that previously had been considered too import sensitive to be eligible for duty-free treatment. Nearly one-fifth of the articles on the U.S. tariff schedule were reviewed to ensure that U.S. industry and its workers would not be injured by granting the items GSP status. The President determined that 1,783 of these articles could be imported duty-free under GSP from the LDBDCs without injury to U.S. interests, and in mid-1997, he granted LDBDCs preferential access for these products.

The GSP program is currently authorized until June 30, 1998. The program was re-authorized for this period after the prior authorization expired on May 31, 1997. The Administration will review the extension of GSP as part of the FY99 budget process.

The Administration is seeking to increase African utilization of the GSP program. Although Sub-Saharan imports under GSP were valued at $586 million in 1996, they accounted for only 3.5 percent of the $16.9 billion of global U.S. GSP imports.

Level II: The Administration is very pleased that the proposed "Africa Growth and Opportunity Act" would provide authority for the President, after receiving advice from the U.S. International Trade Commission, to include in the GSP program for reforming countries a number of products that are presently excluded by statute or are only eligible for least-developed beneficiary countries. For example, 14 Sub-Saharan countries presently do not benefit from the preferential access reserved for LDBDCs because they are no longer considered least-developed countries. Enhanced market access for Level II countries is the one major provision of the *Partnership* for which legislative authorization is needed before it can be implemented. The Administration will continue to work with the Congress on provisions that would grant the needed authority subject to the availability of pay-as-you-go offsets. If the authority is granted, the Administration would conduct a review, hold hearings, and request the advice of the U.S. International Trade Commission on the probable economic impact of adding the additional products to the GSP when imported from countries participating at Level II.

Level III: In announcing the *Partnership*, the President committed the United States to work closely with reform-minded African nations to promote the goals of lowering tariffs and eliminating non-tariff trade barriers. The Administration is prepared to explore the possibility of free trade agreements (FTAs) with countries that have successfully implemented reforms to further integrate them into the international trading system, when the United States and they agree that it is mutually advantageous to do so. In expressing the willingness to enter into FTAs with Sub-Saharan African countries, the Administration hopes to encourage investment, increase trade, and bolster the ability of African nations to continue market-opening reforms.

These agreements would be of significant commercial benefit to U.S. exporters. For example, should the current negotiations between South Africa and the European Union result in a preferential trade arrangement providing European manufacturers duty-free access to the South

African market, U.S. exporters would face a 5 to 35 percent tariff wall not inhibiting their European competitors.

- *World Trade Organization (WTO) activities*

Informal Consultations: Beginning at the WTO's first Ministerial meeting in Singapore in December 1996, the Administration opened a dialogue with representatives of Sub-Saharan African WTO members, sharing ideas for the *Partnership* initiative and related U.S. legislation. That first session was attended by representatives of 35 nations, mostly at the Ministerial level. The dialogue continued as the *Partnership* initiative was developed and legislation was prepared, through meetings between Administration representatives and Sub-Saharan delegates to the WTO and during Sub-Saharan Ministers visits to Washington, D.C.

WTO Technical Cooperation: A number of activities have taken place within the WTO that could assist African efforts to reform and liberalize their trade and investment regimes through adoption and implementation of WTO rules and disciplines. At Marrakech, and later at Singapore, WTO Ministers reiterated their commitment to better integrate the least-developed countries (LLDCs) into the multilateral trading system and to help them take advantage of the trading opportunities created by the WTO agreements. To meet this commitment, the WTO offers a range of technical assistance programs for developing and least-developed countries that are often implemented with bilateral and multilateral donors.

In 1997, for example, 33 of 148 planned WTO technical cooperation activities benefited countries in Sub-Saharan Africa, and involved technical assistance such as updating tariff schedules and drafting and implementing schedules, as well as studies of the impacts of WTO agreements.[3] The WTO has also provided technical assistance to developing countries to comply with trading partners' standards through regional seminars, while the Food and Agriculture Organization (FAO) has provided numerous programs focusing on meeting multilateral trade requirements, in particular regarding food safety and standards.

The Integrated Technical Assistance Programme for Selected Least-Developed and Other African Countries was launched in early 1996 at the WTO in collaboration with UNCTAD and the International Trade Centre (ITC). The purpose of this program is to assist the covered countries to expand and diversify their trade and to improve their integration into the multilateral trading system. Benin, Burkina Faso, Côte d'Ivoire, Ghana, Kenya, Tanzania, and Uganda participate in this program.

The First Triennial Review of the Operation and Implementation of the WTO Agreement on Technical Barriers to Trade (TBT) in November 1997 noted the special developmental, financial, and trade needs of developing country Members. In the Review, the TBT Committee included in its future work plan consideration of such activities as: (1) the use of measures to

[3] WTO, *Three Year Programme for Technical Cooperation 1997-1999*, WT/COMTD/W/25, May 12, 1997.

engender capacity building in developing country Members, including measures relevant to the transfer of technology for the purpose of preparation and adoption of technical regulations; (2) preparation of a study by the Secretariat to establish the state of knowledge concerning technical barriers to market access of developing country suppliers, especially small- and medium-sized enterprises; and (3) inviting representatives of international standardizing bodies to assess how the special problems of developing countries are handled.

WTO High-Level Meeting: At the December 1996 WTO Ministerial in Singapore, Ministers agreed that the WTO would organize a meeting in 1997 with UNCTAD, the International Trade Center (ITC), aid agencies, multilateral financial institutions, and LLDCs to fashion an integrated program to help these countries enhance their trading opportunities. The High-Level Meeting on Integrated Initiatives for Least-Developed Countries' Trade Development took place on October 27-28, 1997. The meeting focussed on coordinating the technical assistance activities of intergovernmental organizations, resulting in an integrated technical assistance plan for each country. WTO Members also took the opportunity to announce autonomous enhancements in market access for the LLDCs.

Two thematic roundtable discussions were conducted at the High-Level Meeting on "Building the Capacity to Trade in Least-Developed Countries" and "Encouraging Investment in Least-Developed Countries." Additionally, country-specific roundtable discussions were conducted for 12 countries, including Madagascar, Tanzania, Djibouti, Zambia, Mali, Chad, Uganda, and Guinea.[4] The roundtable discussions covered each country's need for trade-related technical assistance, responses by the six intergovernmental organizations offering technical assistance to meet these needs from their own resources, and responses from 10 to 20 invited bilateral and multilateral donors describing aspects of their assistance activities that might support, or be integrated with, the new proposed technical assistance program.

The United States, as an active provider of assistance to LLDCs, participated in roundtable discussions for seven countries, including four in Sub-Saharan Africa (Uganda, Zambia, Tanzania, and Madagascar).

Trade Policy Review Mechanism (TPRM): Since 1995, six countries in Sub-Saharan Africa--Cameroon, Côte d'Ivoire, Uganda, Mauritius, Zambia, and Benin--had their trade policies reviewed through the TPRM. A review of the Southern African Customs Union (South Africa, Botswana, Lesotho, Namibia, Swaziland) will take place in early 1998. Ghana, Nigeria, Burkina Faso, Mali, Togo, and Guinea will also be reviewed in 1998. The TPRM provides a peer review process whereby countries' policies are reviewed in relation to the obligations and objectives of the WTO. The United States actively participates in the TPRM process and intends to stress the important contribution to expanded trade between the United States and Africa that can be made if African countries fully adhere to their WTO obligations and are prepared to take on additional

[4] The six intergovernmental organizations have committed to conduct reviews for 18 more countries that have requested to participate in this technical assistance program by March 1998.

obligations as they arise within the WTO framework.

African Commitments in WTO Basic Telecommunications Services Agreement: On February 15, 1997, the United States and 68 other members of the WTO successfully concluded negotiations on basic telecommunications services under the General Agreement on Trade in Services (GATS telecom agreement). Among the 69 WTO Members who made varying market access, national treatment and regulatory commitments under the agreement were Côte d'Ivoire, Ghana, Mauritius, Senegal, and South Africa. Each of these countries made commitments to open up certain basic telecom sectors to competition in the near term, and to open other sectors later, while implementing regulatory reforms necessary to ensure effective market access for foreign-affiliated suppliers.

Today, telecommunications is a $750 billion global industry; under the agreement, telecommunications services trade is expected to double or even triple over the next ten years. The WTO basic telecom agreement will spur economic growth in Africa and elsewhere by facilitating greater investment and competition in domestic telecommunications services markets and by cutting the average cost of international phone calls. The combined effects of the agreement -- greater domestic network development and lower telecommunications costs for Africans -- will benefit these nations not only in the communications and information technology industries, but across the economy in areas where communication services are a major component in the development of competitive products and services and in the delivery of social services.

The Administration will also be looking to Sub-Saharan countries to make commitments in the ongoing WTO financial services negotiations.

Trade-Related Intellectual Property Protection (TRIPs): The Administration believes that improved protection for intellectual property is a key element in improving the investment climates in the nations of Africa. We have conducted training for more than a dozen of those nations, and encourage their participation in the TRIPs Council. As TRIPs obligations come into force across the continent, we will work with governments to draft modern laws and improve their enforcement systems.

- *Export-Import Bank programs and outreach*

The Export-Import Bank of the United States (Ex-Im Bank) is open to consider business in 18 Sub-Saharan African countries. Ex-Im Bank supported $217 million in exports to Sub-Saharan Africa in FY97, a 50 percent increase over FY96. During the past year, Ex-Im Bank has implemented a new strategy for marketing its programs in Sub-Saharan Africa. The first stage of this plan, which is to meet with the commercial attaches from each African embassy to explain Ex-Im Bank programs and to develop potential transactions in these countries, is now being completed. As a result of these meetings, Ex-Im Bank has developed over $100 million in potential new business in these markets.

Ex-Im Bank is also working with the Commerce and State Departments to facilitate local access to Ex-Im Bank programs in Africa. To further expand its outreach, Ex-Im Bank is working in a partnership with relevant trade and industry groups and co-sponsoring business fora. Ex-Im Bank expects that its marketing program will result in a significant increase in its activity in the region.

- *Trade promotion*

U.S. commercial interests have only a seven percent market share in Sub-Saharan Africa, the lowest U.S. market penetration for any region in the world. U.S. exports are concentrated in only a few industrial sectors. Many reasons for this imbalance exist, including a lack of African familiarity with U.S. technology, equipment and service suppliers, and broad U.S. private sector unfamiliarity with African markets and their potential for exporters.

In an effort to help overcome some of the obstacles to U.S. firms doing business with and investing in projects with strong African sponsors, the U.S. Trade and Development Agency (TDA) provides support for project development in the form of feasibility studies and orientation visits (reverse trade missions). In the past fiscal year, TDA funded: 13 feasibility studies in seven countries; the African Virtual University with the World Bank; nine orientation visits encompassing buyers from over 22 countries; and eight technical assistance projects in four countries.

The Department of Commerce is revitalizing the Africa Working Group of the Trade Promotion Coordination Committee (TPCC) to improve coordination of the work of the 19 U.S. agencies directly involved in commercial promotion in Africa. The Commerce Advocacy Center will continue to coordinate closely with other TPCC agencies and U.S. diplomatic posts in the region to support U.S. business. Despite formidable competition, U.S. firms have enjoyed the coordinated and effective support of the Advocacy Center, U.S. embassies in Africa, and Washington-based agencies to win contracts worth nearly $4 billion in Africa since 1995. The Advocacy Center is tracking projects throughout Africa worth a total of nearly $6.8 billion, with an estimated U.S. export value of $4.6 billion.

Commerce has also reconstituted its Africa Team of domestic and international trade specialists from the Export Assistance Center (EAC) network and overseas posts, to broaden its outreach, trade promotion, and business support for U.S. investors in Africa. Team members will complement the agency’s work in Washington, at the EACs and overseas aimed at raising the awareness of U.S. firms about Africa’s trade and investment opportunities, cultivating U.S. firms in the African marketplace, and planning trade promotion events.

Commerce will also continue to coordinate the work of the Trade and Investment Committee (TIC) of the U.S.-South Africa Binational Commission (BNC). The BNC serves an invaluable role as a government-to-government forum for identification and resolution of problems in the growing bilateral relationship between the United States and South Africa. Under the Agriculture Committee of the BNC, the Market Access Working Group will place increased attention on agriculture marketing, trade development, and business development activities between the United States and South Africa. These efforts will support U.S. Department of Agriculture's (USDA) overall expanded outreach program in the Sub-Saharan Africa region.

USDA will expand its agricultural marketing and agribusiness development focus in Sub-Saharan Africa to include more countries beginning in FY98. Agribusiness trade and investment missions to countries in the region are being assessed for FY98 and FY99 with the objective of facilitating increased trade and investment by U.S. agro-industry in the Sub-Saharan Africa region. To support these missions, USDA is assessing a series of domestic and international workshops on agribusiness opportunities in Sub-Saharan Africa.

- *Agribusiness development*

To promote agribusiness linkages, the U.S. Department of Agriculture (USDA) is studying the feasibility of placing an Agricultural Trade Officer (ATO) for three years in a Sub-Saharan country who will support agribusiness development opportunities for U.S. industry in the region. A feasibility study is currently being conducted and a determination will be made in early 1998.

The Commodity Credit Corporation (CCC) of the USDA administers export credit guarantee programs for commercial financing of U.S. agricultural exports. The programs encourage exports to buyers in countries where credit is necessary to maintain or increase U.S. sales, but where financing may not be available without CCC guarantees. Two programs underwrite credit extended by the private sector banking sector in the United States (or, less commonly, by the U.S. exporter) to approved foreign banks using dollar-denominated, irrevocable letters of credit to pay for food and agricultural products sold to foreign buyers. The Export Credit Guarantee Program (GSM-102) covers credit terms up to three years. The Intermediate Export Credit Guarantee Program (GSM-103) covers longer credit terms up to ten years.

West Africa Region GSM-102. In fiscal year 1994, USDA established a $50 million pilot regional GSM-102 for nineteen countries in the West Africa region. The program's success has been limited because local banks require 100 percent collateral from importers.

Southern Africa Region GSM-102 and South Africa GSM-103. In fiscal year 1995, USDA established a $50 million GSM-102 program for nineteen countries in the Southern Africa Region. Because competitive financing has become available to larger South African importers, program use has declined from $30 million to $200,000. USDA has started to target small and medium-sized importers and their banks. The GSM-103 program for South Africa was established in fiscal year 1996 at the request of U.S. grain traders, but there have been no registrations under the program due to lack of interest by local banks.

East Africa Region GSM-102. A $40 million East Africa regional program was carved out of the Southern Africa Region program for FY 1998 and includes Kenya, Tanzania, and Uganda. Program use has been enthusiastic in supporting sales of corn, wheat, and meat in Uganda.

Supplier Credit Guarantee Program. The first ever Supplier Credit Guarantee Program (SCGP) is being considered for South Africa for FY98. This program is a new sub-part of the export guarantee program. USDA experts traveled to South Africa in October 1997 to discuss the details of such a program for imports of U.S. wheat. Under this program, USDA through the Commodity Credit Corporation (CCC), guarantees a portion of payments due from importers under short-term financing (up to 180 days) that exporters have extended directly to the importers for the purchase of U.S. agricultural commodities and products. These direct credits must be secured by promissory notes signed by the importers. This program does not operate through local banks.

Facilities Credit Guarantee Program. USDA has recently established its first Facility Credit Guarantee Program (FCGP). This program is a new sub-part of the export guarantee program. The criteria for targeting countries or regions in Sub-Saharan Africa for the FCGP where U.S. agricultural exports will be the primary beneficiary are currently being developed. Under the FCGP, USDA's Commodity Credit Corporation guarantees financing of manufactured goods and services exported from the United States to improve or establish agriculture-related facilities in emerging markets where U.S. agricultural exports will be the primary beneficiary. By supporting such facilities, the FCGP is designed to enhance sales of U.S. agricultural commodities and products to emerging markets where the demand for such commodities and products may be constricted due to inadequate storage, processing, or handling capabilities for such products.

- *American-African Business Partnership*

Together with the Corporate Council on Africa, Commerce is working to arrange a tour of the United States by several U.S. Ambassadors in Africa next spring, along with the regional Senior Commercial Officers. The tour will coincide with the annual Commerce-State Conference on U.S. Trade and Investment in Africa, scheduled for New Orleans on April 16-17. Commerce Secretary Daley has announced his intention to lead a Commercial Development Mission to Africa next spring.

In September 1997, USAID sponsored a national economic forum in Accra, Ghana following an extraordinary meeting USAID sponsored in North Carolina between Ghanaian government officials and entrepreneurs and U.S. counterparts. Over 300 senior level public and private sector representatives, including for the first time key opposition leaders, were present to discuss the future direction of Ghana's economy and prospects for growth. USAID is also supporting Internet access to business associations such as the West Africa Enterprise Network, the Ghana Association of Women Entrepreneurs, and the Federation of Associations of Ghanaian Exporters to increase information about trade and investment opportunities within the region and in the United States.

- *Investment support*

The Overseas Private Investment Corporation (OPIC) is one of the U.S. government's primary tools for expanding investment in Africa. OPIC is currently providing nearly $1 billion in insurance and financing to over 60 projects in Sub-Saharan Africa. OPIC expects to begin making new investments in Southern Africa through its support of the New Africa Opportunity Fund, a $120 million fund which is capitalized with private equity and OPIC-guaranteed debt. This fund will operate in Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Zambia, and Zimbabwe.

The *Partnership* initiative, as well as legislation proposed in Congress, calls for OPIC to develop new private sector equity funds especially for Africa, totaling up to $650 million. These funds include: (1) a new $150 million private equity investment fund for commercial and natural resources projects in Sub-Saharan Africa that was announced on December 4, 1997; and (2) the development of one or more additional private equity funds with a total capitalization of up to $500 million to invest in infrastructure projects in the telecommunications, power, transportation, and financial services sectors.[5] These funds will build on OPIC's leading role to increase U.S. private investment in Sub-Saharan Africa.

- *Transportation initiative*

Department of Transportation (DOT) Secretary Rodney Slater launched the Transportation Initiative with Africa as an important complement to the Administration's *Partnership for Economic Growth and Opportunity*. On October 8, Secretary Slater convened an Africa Trade and Investment Roundtable, which brought together over 200 U.S. business and political leaders to meet with the African diplomatic corps and experts on Africa to discuss the initiative and identify elements of an interactive partnership.

Among DOT's ongoing assistance programs, the Federal Highway Administration maintains an active technology sharing facility in Pretoria, South Africa, and has near-term plans to open a second such center in Dar Es Salaam, Tanzania. Because the development of reliable transportation linkages are so vitally necessary to modern developed societies, these assistance efforts will have a stimulating effect on a number of the region's economic sectors.

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[5] All OPIC projects must satisfy a number of statutory requirements before OPIC will consider them for support. These requirements include environmental safeguards, and internationally recognized worker and human rights.

Another key component of the Transportation initiative is the African Aviation Initiative. Also in early October, a delegation of civil aviation and aviation safety/security experts teamed with other public officials on a mission to Africa to gather information concerning the readiness of African nations for competitive and/or additional scheduled air services and share information about safety and security issues and the Administration's perspective on open markets as it pertains to aviation. The delegation convened regional meetings in Zimbabwe, Ethiopia and Côte d'Ivoire. Other DOT-supported programs include efforts to improve road safety, improve marine capabilities, and help reduce the spread of HIV/AIDS through information programs for seafarers.

As a next step in DOT's initiative, Secretary Slater plans to lead a trade and development mission to the continent in early 1998. The Secretary's mission will have three primary objectives: (1) expanding trade and investment opportunities; (2) supporting African economic integration; and (3) fostering development in Africa.

Technical assistance

As part of the *Partnership*, USAID is directing special attention to helping African countries design and implement policy reforms that will help make them more attractive for international trade and investment. These programs include technical assistance to help African governments liberalize trade and improve their investment climate; a program to help catalyze relationships between U.S. and African firms through a variety of business associations; and support for private sector and trade-related activities under the Initiative for Southern Africa (ISA). In helping to strengthen business associations and networks both within Africa and between the African and U.S. private sectors, USAID will work to increase awareness and understanding of standards, quality specifications, and other rules in the United States and in Africa that exporters must have in order to engage in trade activities. Funding for these technical assistance programs will start in FY98.

While increased trade and investment flows to Sub-Saharan Africa foster economic development, continued foreign assistance for development purposes continues to be essential to prepare Africa to fully integrate into the global economy. USAID programs and to relieve poverty are fully consistent with the objectives of the *Partnership*. In the past year, steps were taken steps to re-focus many of the aid programs so that they complement the forward-looking political and economic reforms taking place in Sub-Saharan Africa, and this refocusing effort will continue during FY98.

- *Regional Economic Integration*

The seeds of regional integration are already taking root in Sub-Saharan Africa. Organizations such as the Southern African Development Community (SADC), the West African Economic and Monetary Union (WAEMU), and the Common Market for Eastern and Southern

Africa (COMESA) are already working toward economic coordination of their economies and reducing tariffs on intra-regional trade. As domestic demand and market size tend to be small and incomes low in many parts of Sub-Saharan Africa, economic integration has the potential benefit of helping create larger regional and sub-regional markets to support industrial development and enable businesses to achieve economies of scale--i.e., higher output and more efficient and more globally competitive production. The progress that some African countries have made in furthering regional market integration serves as an indicator of their readiness to trade more openly not only with other African nations, but also with partners like the United States.[6] The Administration intends to continue to encourage African nations to pursue regional economic integration efforts and to take into account the willingness of individual African countries to contribute to such efforts.

The Department of Commerce will seek to further its activities in support of its Memorandum of Understanding (MOU) with the Southern African Development Community (SADC) for commercial promotion, and to cooperate with USAID on regional economic integration. This may involve further seminars with SADC to deal with specific issues on increasing trade between member countries as a follow-up to the SADC Trade Protocol Forum held in Washington in April 1997. Additional seminars could be organized when SADC countries ratify their trade protocol and identify the issues of priority importance to them.

USAID's Regional Center for Southern Africa in August 1997 adopted a new regional development strategy for 1997-2003, with a focus on development of a regional market. The new strategy focuses on lowering trade and investment barriers within the southern African region, which will lead to increased participation of the region in global markets. A number of USAID activities, implemented by its Regional center, aim to assist regional trade and investment efforts. The Southern Africa Enterprise Development Fund (SAEDF) is designed to encourage the creation and expansion of indigenous small and medium-sized enterprises in the southern Africa region. As of September 1997, SAEDF had approved investments totaling $12.5 million. These investments were in firms and financial institutions located in Angola, Botswana, Namibia, South Africa, Tanzania, Zambia, and Zimbabwe. During FY98, SAEDF projects that an additional $30 million in investments will be approved.

- *Labor*

As part of its labor market technical assistance program to support the administration's Comprehensive Africa Trade and Development Policy, the Department of Labor has provided advice and technical assistance on labor law reform and labor market mobility information to South Africa. These activities have been part of a more comprehensive program of building industrial relations systems based on non-adversarial principles and methodologies. Technical

[6] For detailed information on the progress of regional integration in Sub-Saharan Africa, see the U.S. International Trade Commission's report, *U.S.-Africa Trade Flows and Effects of the Uruguay Round Agreements and U.S. Trade and Development Policy,* Publication 3067, October 1997.

assistance to other interested African countries may be provided depending upon availability of funding and foreign country requests.

- *Intellectual Property Rights*

The U.S. Information Agency (USIA) will follow-up its successful 1997 Cotonu and Johannesburg regional intellectual property rights (IPR) workshops with media and exchanges activity to ensure that the momentum building on the continent for enacting IPR legislation as a component of effective national governance is maintained. USIA will investigate the feasibility of conducting an East and Horn of Africa regional IPR workshop.

- *Financial planning assistance*

Since December 1996, the Treasury Department has provided technical assistance to the government of South Africa. A budget policy and management advisor has worked with the South African Department of Finance on a variety of activities aimed at stabilizing South Africa's intergovernmental fiscal structure. Treasury has begun discussions with the Southern Africa Development Community (SADC) to consider delivering similar services to other countries in the region.

- *Agricultural Expertise*

Since 1984, the USDA Cochran Fellowship Program has helped train agriculturists from selected middle income countries and emerging democracies. Training opportunities are for senior and mid-level specialists and administrators concerned with agricultural trade, agribusiness development, management, policy and marketing from the public and private sectors. Training programs ranging in length from two weeks to three months are arranged in conjunction with universities, federal agencies, commodity/marketing groups, and associations, and agribusiness. Since its inception, the program has provided training in the United States for 233 participants from Sub-Saharan Africa.

The Cochran Fellowship Program currently has three programs in Sub-Saharan Africa including South Africa, Namibia, and Kenya. With additional carryover funds for FY98, USDA will expand the program to include the countries of Uganda, Tanzania, and Senegal.

- *Africa Food Security Initiative*

The Africa Food Security Initiative (AFSI) is a ten-year initiative to reverse the downward trend in food security, nutrition, and agriculture in Africa. Under the program, USAID will provide support to bilateral African food security programs, agricultural market liberalization, export development, and agribusiness development. AFSI's goals are to reduce child malnutrition and increase rural incomes through assistance in three areas: 1) increasing agricultural productivity, 2) increasing market efficiency, and 3) expanding trade and investment in agriculture. In the first year of implementation (FY98) the initiative will provide resources to five countries: Uganda, Mali, Malawi, Mozambique, and Ethiopia. It will also support International Agriculture Resource Centers (IARC) and U.S. university technology development and policy reform efforts.

- *Reprogramming U.S. commodity assistance programs*

The U.S. Department of Agriculture (USDA) is exploring means to increase Title I programming in Sub-Saharan Africa. Under the Food for Progress Program, USDA expects to expand this grant programming in Sub-Saharan Africa in FY98 and FY99.

Title I. Angola received $29 million in Title I assistance from 1994 to 1996. The program has supported both market development and humanitarian objectives. Wheat, wheat flour, and vegetable oil have been imported to support development of the milling industry and relocation of displaced people. Congo received $29 million in signed agreements in Title I assistance between 1990 and 1996. The program has provided rice and vegetable oil mostly supporting humanitarian objectives. Since 1989, Côte d'Ivoire has received $85 million in Title I rice. The program has supported market development objectives of reducing rice tariffs.

Food for Progress. In FY98, USDA will donate approximately 838 metric tons (MT) of beans, rice, and vegetable oil to Equatorial Guinea to feed leprosy victims and to support a small farmer credit program and a farmer training project.

In South Africa, for FY98, USDA is considering a Food for Progress Program for generating local currencies and related resources that could be used for activities by private voluntary organizations and non-governmental organizations. The local currencies will be used for micro-enterprise development and rural loan funds. This effort is being initiated under the U.S.-South Africa Binational Commission.

In West Africa, in FY97, USDA donated approximately 15,000 MT of wheat to Benin. The wheat will be monetized to support small holder farmers, women in agriculture and local non-governmental organizations in Benin, Cote d'Ivoire, Mali and Senegal in FY98.

- *Strengthening democratic governance*

In many African countries, the legal process often involves long delays and the court system often fails as a mechanism for dispute resolution or reliable contract enforcement. USAID democracy and governance programs in Africa work to strengthen judicial systems and increase contract enforceability so that businesses face a less risky environment. USAID's programs cover four areas: electoral processes, rule of law, civil society, and governance. Of these activities, governance and rule of law hold the greatest promise for facilitating increased trade and investment.

A decade of slow growth and inefficient legal systems has led to the institutionalization of "rent seeking" and corruption practices as a way of doing business in Africa. It is critical to have the increased understanding of the dynamics of corruption and the adverse effects of these practices on trade and investment opportunities for developing countries. USAID therefore supports institutions such as Transparency International and the International Development Law Institute whose work brings to the attention of the developing world the negative impacts of corruption on development and ways to mitigate it.

USIA proposes developing a series of two-week, university-level, total immersion Economic Growth and Opportunity workshops targeted at selected emerging economy countries. The workshops would be conducted by a team of visiting American academic and government specialists and would offer intensive professional macro-economic and development project-specific instruction to assist senior African political and technocrat leaders in consolidating their national development programs.

Financing and Debt Relief

The Administration has looked carefully at the need for well-targeted, appropriate financial assistance and debt relief. The need for financing--both budget and balance-of-payments support--and debt relief can be acute for countries pursuing aggressive trade liberalization and trying to maintain, or even increase, useful investments in health, education and infrastructure development. The budgets of many Sub-Saharan African countries are both heavily burdened by debt service and highly dependent on revenues from trade taxes. Typically 25 percent (and in some cases as much as 40 to 50 percent) of total budget revenues come from trade taxes. Aggressively liberalizing countries should have enough breathing space to carry through with a comprehensive program of trade liberalization and tax reforms. In cases where a government is willing to take bold steps to open its economy as part of an accelerated growth program, it should not have to choose between stability and growth.

- *Debt relief*

Level II: Regarding bilateral debt, the Administration will pursue the extinction of concessional bilateral debt for the poorest countries that are undertaking bold reforms. Regarding multilateral debt, the Administration continues to urge the World Bank and the International Monetary Fund (IMF) to provide maximum relief under the Heavily Indebted Poor Countries (HIPC) debt initiative for HIPC-eligible countries. Uganda is on track to become the first beneficiary of HIPC. The projected $700 million in debt relief for Uganda should free up resources for investment in other areas, such as education and health care. Burkina Faso has been determined to be eligible to participate in the HIPC program, and decisions are expected soon on Mozambique and Côte d'Ivoire.

- *Enhanced financial support through the international financial institutions (IFIs)*

The Managing Director of the IMF and the President of the World Bank have confirmed that their institutions are collaborating on a "reinforced strategy" to spur growth in Sub-Saharan Africa. The strategy emphasizes support for trade liberalization, investment, good governance, increasing the role of the private sector, and investment in human resources. Their specific contributions would include, for example:

1) Enhanced financing under the Enhanced Structural Adjustment Facility (ESAF) and IDA policy-based lending programs to support countries initiating bold structural reforms, such as trade sector liberalization, resulting in greater financing requirements;

2) Financing for improvements to infrastructure related to trade and business development, such as improvements to ports, railways, roads, and storage facilities;

3) Enhanced support of primary school education (especially for girls) and health; and

4) Intensive training to develop African capacity in the areas of macroeconomic policy and management, and statistics.

The main vehicle for reinforced IMF financial support (other than HIPC) will continue to be the ESAF. It is noteworthy that the IMF is prepared to provide expanded access to the ESAF in cases where a country undertaking bold structural reforms faces larger financing requirements. The objective is to encourage countries to accelerate the pace of trade liberalization, privatization, and other structural reforms rather than postpone them because of concerns about revenue shortfalls. In addition, the IMF will be giving higher priority to governance issues, recognizing the importance of good governance for macroeconomic stability and sustainable growth. The Fund's efforts will focus mainly on improving the management of public resources, in particular through greater transparency and accountability.

The World Bank, for its part, expects that new lending to the region will increase from SDR 1.2 billion (FY97) to SDR 2 billion (FY98), an increase of 66 percent. The most important funding vehicle will be the Bank's concessional loan window - the International Development Agency (IDA) – but, the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA) are also substantially expanding their activities. The IFC reports that one of every four new projects is in Africa, the highest proportion of any region. IFC is becoming more active in forging public-private partnerships to support infrastructure development. In Senegal, for example, the IFC will invest $20 million in a private power plant that is expected to be a model for private power development in Africa.

The World Bank is reinforcing its support for education and health, recognizing the importance of these areas for sustained growth and poverty reduction. In education, the Bank is focusing on assisting countries to achieve universal primary education as soon as possible. The Bank is also expanding its education efforts in some areas where it has been less involved in the past, notably adult education and literacy (especially for women). In health, the Bank is focusing on decentralized provision of basic health services. In addition to reinforcing its efforts in some traditional ways, such as development of potable water supply, the Bank is increasing its efforts in some relatively new areas such as AIDS.

The President of the African Development Bank (AfDB) Group, Mr. Omar Kabbaj, has indicated that this institution will also be taking steps to reinforce support for Sub-Saharan Africa. The Administration believes that, under President Kabbaj's leadership, the AfDB Group is making good progress on its own institutional reforms that will allow it to make an important contribution in areas such as micro-enterprise development, primary health and education, and infrastructure to support regional integration.

Enhanced Dialogue with African Countries

Dialogue is an essential component of the new relationship we seek with Africa -- a partnership based on mutual respect and mutual benefit. That new relationship is embodied in the *Partnership for Economic Growth and Opportunity in Africa*.

The on-going dialogue the United States has long maintained with African nations intensified with the advent of the *Partnership*. The African diplomatic corps' response to the *Partnership* has been overwhelmingly positive. American embassies on the continent have also briefed senior officials in their capitals. In September, the State Department briefed the African diplomatic corps on the status of fast-track legislation and the proposed Africa Growth and Opportunity Act. That same month, Secretary Albright initiated a special ministerial session of the UN Security Council on Africa. During the African Development Bank Annual Meeting in May, Treasury Deputy Secretary Lawrence Summers and Governor Charles Banny of the Central Bank of West African States, co-chaired a discussion with ten African countries in Abidjan. At the time of the IMF/World Bank Annual Meetings in Hong Kong in September, Treasury Secretary Robert Rubin chaired a discussion with representatives of nine African countries. All of these meetings have proved useful for building a continuing relationship and dialogue with African reformers, as well as for allowing Africans themselves to exchange ideas and compare notes on best practices in such areas as finance, taxation, and trade liberalization.

In October, senior State and USAID officials led a delegation to Maputo for informal, high-level discussions organized by the Global Coalition for Africa on corruption and democracy. In December, travel by Secretary Albright and the presidential mission led by Congressman Rangel will offer new opportunities to advance the dialogue at a high-level. Further cabinet-level trips with a strong economic emphasis are anticipated in the first half of the new year, including those by Transportation Secretary Slater and Commerce Secretary Daley. Dialogue at the cabinet-level will become institutionalized in 1998 with the first annual Economic Cooperation Forum.

In proposing the *Partnership*, the Administration aims to support the positive developments taking place in much of Africa. The nature of that support and the tenor of our dialogue will of course vary in accordance with the degree of interest shown by each African nation. Over the coming months, U.S. officials will meet separately with every eligible government to discuss actions these governments could take to elevate the level of our partnership. Conversation, like partnership, goes two ways, and we know our partners will continue to convey their views on how the relationship should develop.

- *U.S.-Africa Economic Cooperation Forum*

When the President announced the *Partnership*, he committed to convene an annual U.S.-Africa Economic Cooperation Forum at the ministerial level to which growth-oriented African nations would be invited to discuss economic reform issues and seek new avenues for increasing trade and investment between the U.S. and Africa. The Forum is intended to achieve key U.S. objectives:

a. Demonstrate high-level U.S. interest in Africa to Africans, donors, and Americans interested in Africa, especially the American business community;

b. Lend visibility to the *Partnership* and meet commitments made in its announcement to pursue a process of high-level consultations with Africans supportive of goals described in the *Partnership* and the proposed African Growth and Opportunity Act;

c. Encourage economic reform in African countries that will produce sustainable economic growth, political stability, poverty alleviation, and increased opportunities for U.S. business.

The Administration is analyzing how best to organize the Forum and the roles in it for all U.S. agencies with a major stake in the *Partnership*. The Forum will serve as the major venue for identifying and removing obstacles to further commercial expansion.

- *Designation of Assistant United States Trade Representative for Africa*

The United States has begun a more intense dialogue with African leaders on trade policy matters to better integrate African countries into the international trading system. To ensure higher-level attention to, and better coordination of our trade policies toward Africa with our overall trade policy goals, Deputy U.S. Trade Representative Jeffrey Lang has assumed responsibility for senior level direction of U.S.-Africa trade relations. Ambassador Lang used the December 1996 WTO Ministerial meeting in Singapore to convene a meeting of all African trade ministers present at the Ministerial and has followed up on that meeting with a series of consultations in Geneva and Washington with African officials to discuss ways of increasing mutually beneficial trade between Sub-Saharan Africa and the United States.

The Administration understands that to increase trade and investment with Sub-Saharan Africa, it must devote additional resources to managing our trade relations with Africa. In April 1997, U.S. Trade Representative Charlene Barshefsky announced her intention to designate an Assistant U.S. Trade Representative (AUSTR) for Africa. The AUSTR will direct and coordinate interagency activities on U.S.-Africa trade policy and investment matters and serve as a senior Administration contact for those engaged in U.S.-African trade and as chief negotiator on African trade issues. USTR is now in the process of filling that position.

- *Media and Exchanges Support*

USIA has a primary support role in disseminating information about the policies and programs of State, USAID and Commerce through its media, international visitor and specialist speaker programs. To ensure that African business and government leaders are routinely aware of the United States' major trade and development policies and programs that are pertinent to them, USIA will produce and distribute through its electronic print and broadcast media ("Washington File," Voice Of America, Worldnet satellite television, "Electronic Journal") a quarterly series of policy speeches, articles and discussions featuring leading government specialists and policy makers. USIA is also supporting the Corporate Council on Africa's innovative "U.S. Internships for African Entrepreneurs" project with a private sector grant funding the initiative in eighteen African countries. USIA offices in Africa will give special emphasis to using their International Visitor, Fulbright Scholarships, Humphrey Fellowships, Private Sector internship and speaker/consultant resources in support of the administration's Africa trade programs.

In addition, USIA will instruct its posts in Africa to give special emphasis to assisting African government and business entities with obtaining Internet connectivity, and helping them realize, through training and example, the economic growth benefits available through the Internet's many trade and development resources.

Given the continuing interest African national television stations have in broadcasting USIA's "Worldnet" satellite television programs during their respective "prime time" hours, USIA will place special priority on ensuring that maximum use of "Worldnet" is made in support of the *Partnership*.

Multilateral Activities

The impact of the Administration's program will be magnified if other countries and multilateral institutions can be convinced to take actions that complement those of the United States. Towards this end, the Administration put forward an Africa agenda at the Denver Summit consisting of several tracks, including conflict management, development assistance, and finance.

The United States continues to lead in helping African countries to prevent, mitigate, resolve, and recover from conflicts. Assistance is provided bilaterally and through regional institutions and multilateral organizations such as the United Nations and World Bank. Such assistance takes many forms, including preventive diplomacy, peacekeeping operations, capacity strengthening of African organizations to resolve conflicts, support for human rights, demobilization and retraining, and arms control. Additional U.S. assistance includes disaster relief, elections support, mitigating the destabilizing effects of refugee movements, support for victims of war, as well as longer-term development efforts aimed at addressing poverty -- a condition often leading to conflict. There are also many ongoing no-cost or low-cost U.S. diplomatic initiatives that are being carried out in Sub-Saharan Africa. In many instances, these involve working with host government officials, opposition leaders, human rights groups, international organizations, and other entities.

USAID's Administrator has met twice with G-7 development ministers since the Denver Summit, and they have developed an action plan for implementing the development components of the summit. Topics pertaining to African development include issues related to governance, food security, communications, trade and investment, and capacity building.

With respect to finance, the leaders in Denver urged the IFIs to strengthen their support for reform in Sub-Saharan African countries. The World Bank Group, the IMF, and the AfDB Group have responded to this appeal (see section above on "Enhanced support through the international financial institutions"). Following the Denver Summit, G-7 finance officials formed an Africa working group to look into a number of financial and development issues on which G-7 countries might take action in concert.