THE PRESIDENT'S ADVISORY COUNCIL ON DOING BUSINESS IN AFRICA

Recommendations Report
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The President's Advisory Council on Doing Business in Africa advises the President, through the Secretary of Commerce, on ways to strengthen 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.

This report, other PAC-DBIA recommendations, and additional information can be accessed at www.trade.gov/pac-dbia/

Letter to the President

Dear Mr. President,

The members of the President's Advisory Council on Doing Business in Africa (PAC-DBIA) are proud to support the heightened level of U.S. Government engagement with African nations that you kicked off at the December 2022 U.S.-Africa Leaders Summit. We commend your administration for convening the Summit, especially the U.S.-Africa Business Forum (USABF) hosted by Secretary Raimondo, which spotlighted the potential for commercial partnerships between the United States and Africa. This was a longstanding recommendation of the PAC-DBIA, and it is an honor to see recommendations from the Council put into action.

We are encouraged by the sustained activity of your administration since the Summit to continue catalyzing gains in trade, investment, and job creation for Americans and Africans alike. To support and enhance your efforts, we are pleased to submit this report of recommendations that focus on the key economic sectors highlighted at USABF and represented on the PAC-DBIA. These recommendations identify actions your administration can take that will create the conditions for greater U.S. private sector leadership in Africa, a priority well-articulated in the U.S. Strategy Toward Sub-Saharan Africa. It is our belief that these actions will help to generate and advance commercial deals in Africa that deliver on the spirit and commitments made at USABF and deepen U.S.-Africa partnerships through two-way trade and investment.

Additionally, the Council has three overarching cross-sector recommendations:

1. **Utilize PAC-DBIA members more frequently as representatives of U.S. private sector commitment to business in Africa, especially around trips and trade agreement engagements.** We appreciate the existing touchpoints by U.S. Government officials around visits to Africa and recommend further employing companies represented on the PAC-DBIA to join delegations and/or provide pre- and post-travel recommendations on how best to showcase and advance U.S. investment and engagement in Africa. More robust participation by PAC-DBIA members can also support effective implementation of the memorandum of understanding with the African Continental Free Trade Area Secretariat.

2. **Develop a "concierge" resource within Prosper Africa** (or an appropriate agency) **for accessing U.S. Government financial support and tools.** Financing is the primary constraint to growing trade and investment in Africa, and while the U.S. Government has many programs and initiatives to help address the financing gap, navigating them can be cumbersome. A one-stop shop to assist businesses would be a crucial resource, particularly for small and medium-sized firms – many of which are diaspora-led – that are key job creators in the United States and across Africa. We commend your request of Congress to increase funding for Prosper Africa and hire more staff at the Departments of State and Commerce. Additional funding for these critical resources would contribute to an effective concierge mechanism that improves support to U.S. businesses and advances U.S. foreign policy interests.

3. **Enhance private sector collaboration on the Partnership for Global Infrastructure and Investment to develop a specific deal pipeline for Africa, including priority projects of African partners.** Prioritize transport, rural, and energy infrastructure that align with both PGII and African countries' strategic economic plans to help achieve the ambitious goal you set for mobilizing financing.

As your administration considers implementing our recommendations, we stand ready to advise on specific strategies and to ensure private sector innovation and resources contribute meaningfully. As PAC-DBIA members, we are champions for the commercial opportunity across Africa we have come to understand, and we look forward to continuing to work with you and your administration to bring more U.S. firms into the fold.

Sincerely,

Rahama Wright	Peter Sullivan	Takreem El Tohamy
Co-Chair	Co-Chair	Vice Chair

PAC-DBIA SUBCOMMITTEE RECOMMENDATIONS

FINANCING AND INFRASTRUCTURE

RECOMMENDATION #1: Update terms, conditions, policies, and procedures of U.S. Government (USG) finance tools to be comparable to those of European and other ally countries to enable U.S. companies to be more competitive. Establish innovative new blended finance mechanisms that will buy down the cost of capital to encourage and mobilize the full force of the U.S. financial markets to invest in Africa.

a) **U.S. Export-Import Bank (EXIM)** – Update requirements, terms, and conditions to meet those of our European allies to help U.S. companies better utilize EXIM and meet the goals of PGII.

i. Calculating coverage based on Export Credit Value (ECV): Update method to count third-country content in ECV, in line with other Organisation for Economic Co-Operation and Development (OECD) Export Credit Agencies (ECAs).

- Projects in Africa, particularly in infrastructure, often require turnkey solutions to include with a fully wrapped funding solution. When calculating Export Credit Value, other OECD ECAs include products procured from "third countries" (countries other than the home country of the ECA and the country where the project is being implemented) in the ECV, whereas EXIM considers that ineligible content when calculating ECV. African countries are eager to work with U.S. companies but until project developers, sponsors, and construction companies can offer a turnkey solution with fully wrapped funding when using EXIM, they will turn to the offerings of other ECAs, resulting in missed opportunities for U.S. exports and job creation through deals in Africa. Many U.S. companies, including companies represented on the PAC-DBIA, would be eager to share concrete examples of these losses to illustrate this point.

ii. Loan tenor: Make maximum loan tenor more accessible for projects in Africa.

- Most ECAs from OECD countries follow the maximum repayment terms outlined in the Arrangement on Officially Supported Export Credit ("OECD Consensus"), which for African countries results in tenors for infrastructure projects of **10 years plus construction/implementation of the project**. Longer tenors apply to specific project types and assets. While EXIM can offer the maximum tenor, that usually requires special exemptions and board approval. The initial EXIM offer is typically 7 years plus construction/implementation. Other ECAs generally make the decision on whether to offer maximum tenor from the start. This lack of clarity on the maximum tenor and whether it will be used causes African governments, project developers, sponsors, and construction companies to turn to other ECAs resulting in U.S. companies missing out on export opportunities.

iii. Disbursement method: Allow direct disbursement on long-term coverage and for local costs covered by EXIM.

iv. Determining U.S. content: Benchmark ally country ECAs (e.g. United Kingdom, Sweden, Denmark)

- Many U.S. companies have global supply chains, offices, and facilities. The determination of U.S. content of a company's product should not be limited to the location where components going into the final product come from or are produced but should also factor in national interest and the revenue or profit of the company.

v. <u>Shipping and U.S. flag vessel transportation requirement: Collaborate early to facilitate efficiencies.</u>

- Enhanced collaboration with U.S. flag vessel operators with the support from the Maritime Administration (MARAD) in the beginning of project proposal development for guarantees that exceed $20 million or 7-year terms and thus are required to be carried on U.S.-flag vessels can help ensure maritime transportation is competitive, responsive and facilitates the project requirements such as priority cargo loading at U.S. ports and container allocation. In the event U.S. flag vessels are not available to facilitate part or all of the project's maritime transportation requirements, continued collaboration with MARAD will assist prompt waiver review as necessary.

vi. <u>Currency of transaction: Support transactions in currencies other than USD or other major currencies (UK Export Finance and Bpifrance are exploring this), including currencies commonly used on the African continent.</u>

b) **<u>U.S. International Development Finance Corporation (DFC)</u>** – The DFC should be allowed latitude to take more risk, flexibility to lend to state-owned entities, and the ability to provide more comprehensive guarantees to promote more private investment. In most emerging markets, including those in Africa, the largest creditworthy customer is the government. Currently, in many African countries, to execute a project at scale typically requires the government to be a counterparty. Unlike development finance institutions in ally countries, the DFC does not provide financing to governments, nor typically to state-owned entities, which may constrain U.S. companies seeking to increase investment in Africa. State-owned enterprises generate revenue that could be used to repay debt obligations and should be eligible for DFC lending.

c) **<u>Blended Finance</u>** – More flexibility is needed in the application of the American Catalyst Facility for Development (ACFD), and new blended finance tools should be developed to catalyze the U.S. financial markets to invest in Africa.

i. The U.S. financial markets are the strongest in the world and, if fully mobilized, the United States's strongest asset will be in play on the Continent and confer a major competitive advantage to U.S. companies doing business there. The goal should be to establish U.S.–Africa focused investment funds. USG contribution would act as the catalytic capital to mobilize the U.S. private capital markets to invest in the fund. One potential model is the BlackRock Climate Finance Partnership, in which funding from the Governments of France, Germany, and Japan acted as catalytic capital. This vehicle could be focused on vital sectors such as clean energy, sustainable infrastructure, and secure digital infrastructure.

ii. Expand the list of eligible countries for the American Catalyst Facility for Development (ACFD). For example, include existing Millennium Challenge Corporation compact countries and those meeting eligibility requirements.

FINANCING AND INFRASTRUCTURE

BACKGROUND: Many African countries are eager to strengthen their partnerships with the United States, reflecting the excitement and good will generated by the U.S.–Africa Leaders Summit, the U.S.–Africa Business Forum, and recent high-level USG trips to the Continent. The focus on quality, business integrity and values, and true partnership that comes with working with American companies is seen as a real competitive advantage by partners in Africa. The United States also has the world's strongest financial markets. Mobilizing the full power of U.S. capital markets in Africa will enhance U.S. companies' competitiveness to lead the way in setting standards that will shape the development of industries essential to future economic growth, such as clean energy, sustainable infrastructure, and secure digital infrastructure that drives connectivity.

This can only be achieved if the U.S. Government aligns its current financial tools with those of ally countries and of our competitors and takes innovative actions to mobilize the full force of the U.S. financial markets to be brought to bear. For example, the Partnership for Global Infrastructure and Investment (PGII) is a laudable collaborative statement by the G7 countries of their shared goal of helping to meet critical infrastructure needs in Africa and other developing regions. However, the current financial tools do not provide the necessary means for U.S. companies to take the lead in this effort that is envisioned and may otherwise be possible if they were updated to fit today's competitive landscape. And if they are not updated, we fear the current momentum that has been and continues to be generated will diminish and American companies will continue losing out on opportunities to competitors that have financial tools at their disposal that are more attractive to African partners.

RECOMMENDATION #2: Optimize existing USG resources to achieve the goals of the Partnership for Global Infrastructure and Investment (PGII):

a) **The U.S. Trade and Development Agency's project preparation resources and scope should be increased with respect to U.S.-led projects in Africa to support more infrastructure projects developed to the standards of bankability that will attract private U.S. capital and built to the standards of quality that American companies can competitively provide.**

b) **Expand the Commerce Department's Foreign Commercial Service (FCS) presence in Africa to support American companies more effectively, with a focus on attracting and supporting companies executing projects that will deliver PGII results. This would include opening new FCS offices in growing markets where U.S. companies are demonstrating interest and need support, as well as bolstering existing teams in critical markets.**

c) **Enhance the State Department PGII team's efforts to communicate USG processes and resources related to the initiative and available to the private sector.**

BACKGROUND: The aim of the G7's PGII is to close the infrastructure gap in developing countries (including in Africa, where needs are estimated at over $100 billion annually), while strengthening the global economy and supply chains.

PGII has the potential to demonstrate the superior infrastructure development and financing models executed by American firms and sought by African partners. To catalyze capital and the supply of U.S. goods and services from private U.S. firms for these infrastructure investments, U.S. companies will require:

a) assistance with understanding and accessing the various USG financing tools, institutions, and programs/initiatives (including EXIM, DFC, Power Africa, Prosper Africa, and Commercial Services);

b) access to enhanced communication on African deal pipelines;

c) ways to leverage touchpoints with G7 partners and their development finance institutions (DFIs) to further amplify impact.

In addition, PGII implementation should be well informed by and coordinated with other sector-specific agreements such as the Mineral Security Partnership (i.e., to target strategic infrastructure that unlock critical minerals. EXIM announced it will expedite review of critical minerals projects under its Transformational Exports Program, which is funded for up to $27 billion through 2026.

Creating Bankable Projects and catalyzing U.S. private sector

PGII would benefit from U.S.-led projects developed to high standards of bankability. While several project preparation facilities have been established to address the lack of bankable infrastructure projects being developed by the private sector due to the high risks and upfront costs, those available to private sector investors are limited in scope (task-based) and amounts. Most project preparation facilities are channeled through multilateral institutions (e.g., World Bank, African Development Bank) to assist host countries in preparing projects, not to support private sector-initiated project investments.

To further catalyze the U.S. private sector as a source of debt and equity capital and supplier of goods and services to PGII projects in key African markets, the USG's premier project preparation resource, USTDA, should be given more resources and a wider mandate for supporting U.S. private companies and investors developing infrastructure projects in Africa as part of PGII. **The scope of USTDA resources should be broadened to be applicable for covering costs over the entire project development cycle from inception to financial close, and the amounts available should be increased, with higher grant amounts based on projects meeting certain threshold criteria in addition to U.S. exports** (e.g., U.S. investment amount, strategic alignment with host country, focus on identified priority sectors).

An increase in the selection of bankable infrastructure project opportunities in Africa would also benefit from direct collaboration between relevant USG agencies (e.g., Commerce, State, USTDA) and African ministries to share best practices, build capacity for bankable project development, curate opportunities well-suited for U.S. solutions, and promoting those opportunities to the American business community.

RECOMMENDATION #3: The Office of the U.S. Trade Representative, Department of State, and Department of the Treasury, as appropriate, should negotiate more Bilateral Investment Treaties (BITs) and Double Taxation Treaties (DTTs) with African countries.

BACKGROUND: The U.S. Trade Representative and U.S. Department of State should expand the BIT program to strategic African countries that are leaning into partnership with the United States and to encourage the adoption of market-oriented domestic policies that treat private investment in an open, transparent, and non-discriminatory way and promote U.S. exports.

As BITs and DTTs should go hand in hand to maximize impact and benefits, a medium-term program (4-5 years) should be implemented by the Department of Treasury with a view to increasing the number of DTTs with key African countries that are also parties to BITs.

As matter of comparison, as of December 31, 2022, China had signed 34 BITs with African countries, of which 20 are in force. In contrast, the United States has signed nine BITs with African countries, all of which are in force, and has four DTTs with African countries (Egypt, Morocco, South Africa, Tunisia).

BITs and DTTs reduce political risk and create a more conducive enabling environment for attracting private-sector investment. In the absence of BITs and DTTs, U.S. investors sometimes decide to channel investments through third countries (e.g., UK, Netherlands, Mauritius) who have existing BITs and DTTs with a host African country.

ENERGY AND ENVIRONMENT

RECOMMENDATION #1: To reduce barriers to the flow of U.S. private capital, goods, and services to advance deployment of renewable energy, energy efficiency, and circular economy projects in Africa, the PAC-DBIA recommends the Prosper Africa Secretariat, in partnership with Power Africa, the Millennium Challenge Corporation, the U.S. International Development Finance Corporation, Export-Import Bank, and others as relevant, create a public-private sector working group that would develop solutions and programs to:

a) **Increase flow of right-sized deals for African markets:** for example, establishing of a dedicated funding window within DFC to support Africa-focused funds led by U.S. emerging fund managers investing in deals of less than $10 million.

b) **Reduce cost of financing borne by energy companies and projects and risks borne by private investors:** for example, by developing USG-backed loan guarantees, convertible notes, or currency hedging facilities for less liquid currencies to reduce risk borne by U.S. private investment in African markets and reduce costs borne by energy projects. Another example is promoting policies in DFIs where USG is a shareholder that crowd in the private sector.

c) **Increase interest among U.S. companies in investing in deals in Africa through policy innovations:** for example, by extending the benefits of the Inflation Reduction Act – production tax credits and investment tax credits – to U.S. taxpayers investing in qualified energy facilities in Africa, or by USG purchasing carbon credits generated by African renewable energy projects with adequate U.S. goods and services content through the Energy Transition Accelerator.

BACKGROUND: There are substantial opportunities to support African countries in advancing a more sustainable infrastructure and development program including through deployment of renewable energies, waste management practices, and more resource efficient manufacturing technologies. However, there are substantial challenges to investment in Africa – including the current regulatory regimes, standards practices, procurement models, and especially the finance gap to make investments commercially viable for private sector investors.

With respect to the gap to make investments commercially viable, private sector energy projects in Africa remain highly dependent on funding from multilateral and regional development financial institutions (DFIs) and dedicated funds themselves funded by DFIs. While DFC has been an active participant in this sector by providing debt, only a handful of private U.S. firms have been actively investing equity in the African clean energy sector, and exports of U.S. manufactured goods and services in the sector remain low compared to other countries. Opportunities that could unlock capital and investment in U.S. energy companies and projects in Africa require de-risking investments, reducing the cost of capital, and enabling investments in a wider range of company and deal sizes.

While funding from institutions like DFC and the U.S. Agency for International Development (USAID) already provide some support to large, credible counterparties such as multinationals, funding for small businesses and entrepreneurs within the sector remains insufficient. Enhanced support for a wider range of company and deal sizes can come in the form of alternative financing programs like loan guarantees and convertible notes, through the establishment of incubator hubs that foster innovation and investment in renewable energy solutions across Africa, or through the establishment of a dedicated funding window to support Africa-focused funds led by U.S. emerging fund managers investing in smaller (less than $10 million), early-stage opportunities in African energy and climate sectors, and providing technical assistance for capacity building.

To maximize U.S. private sector participation in the clean energy sector in Africa on a level playing field, minimize crowding-out of private sector investors, and generate trade and investment opportunities that promote sustainable economic growth in Africa and the United States, a path towards reducing dependence on public-sector funding for projects needs to be implemented. We believe this path should include steps by the USG, in its capacity as shareholder of multilateral and regional DFIs active in Africa, to promote the adoption of policies that result in DFIs prioritizing projects for which the controlling shareholders remain private entities (i.e., not under the control or material influence of a public-sector funded entity or government), and that crowd in more private debt to co-fund projects alongside DFIs.

To stimulate more equity investments by U.S. firms in the Africa renewable energy sector and stimulate more exports of U.S.-manufactured clean energy goods and services, the USG should also consider extending benefits of the Inflation Reduction Act, e.g., production tax credits and investment tax credits to qualified U.S.-led projects in Africa.

According to a January 2023 press release, the Energy Transition Accelerator (ETA), a joint initiative of the State Department, Rockefeller Foundation, and Bezos Earth Fund, "will support country-driven energy transition strategies through a high-integrity voluntary carbon market framework that will generate carbon credits representing verified greenhouse gas emissions reductions and make them available to qualified private sector and sovereign government buyers."[1] To encourage more private U.S. financial institutions to finance renewable infrastructure in Africa, the USG should consider developing a program to be a buyer of carbon credits generated by African renewable energy projects (meeting a minimum level of U.S. goods and services content) within the ETA framework.

RECOMMENDATION #2: With the 10-year anniversary of Power Africa, recognizing the vital role that Power Africa has played in electrification of countries across Africa, we recommend that a substantive review of the Power Africa program model be conducted with the goal of identifying successes and lessons learned and defining a roadmap for maximizing U.S. private sector participation in the energy sector in Africa for the next 10 years.

BACKGROUND: Power Africa has made a tangible difference in supporting direct U.S. engagement and investment in energy infrastructure across African countries. Successful projects supported by Power Africa can serve as concrete models for further progress, provided both companies and USG agencies can benefit from an analysis of lessons learned. An assessment to identify the successes achieved and challenges encountered over the first 10 years of Power Africa can support the development of an updated model of engagement among the USG, U.S. private companies, and African partners. With a survey of Power Africa's past informing a roadmap for its future, the initiative will be better equipped to support the national agendas and action plans of African countries while also fulfilling USG commitments made at sessions of the UN Climate Change Conference of Parties.

[1] https://www.rockefellerfoundation.org/news/u-s-state-department-bezos-earth-fund-and-rockefeller-foundation-announce-next-steps-on-energy-transition-accelerator

The substantive 10-year review of Power Africa should incorporate key learnings from private sector partners and include the following areas of focus:

- Illustrative case studies of business models in the energy, climate, and circular economy spaces, including on model investment requirements (e.g., funding/finance and policy environment issues) and experiences achieving scale and regional commercialization of ventures, including how policy barriers, tariffs, technical standards, etc., have been). Collaborate on setting clear deliverables for the Power Africa agenda for the next 10 years;

- Developing effective strategies for Power Africa to engage African governments in their development of "all-in" energy policies, to include:
    - Identifying available and developing technologies in which U.S. companies have a competitive advantage (e.g., battery storage; solar, including concentrated solar power; wind; green hydrogen; natural gas; carbon capture, utilization, and sequestration/storage; and others).
    - Identifying opportunities to use the exemption process for USG support to energy projects in Africa that use traditional sources of fuel to meet Power Africa goals.
    - Strategic focus on support to and promotion of opportunities in African governments with stable policy environments for future investment.
    - Identifying barriers to late-stage investment liquidity in African markets in order to encourage U.S. private investors to pursue opportunities in early-stage energy projects.

- Benchmarking USG financing agency capabilities for Africa with those of other OECD countries.

- Exploring ways to leverage the Power Africa framework for and experience in advancing electrification to drive similar successes in climate-related and circular economy sectors.

RECOMMENDATION #3: Many African countries are working to address broad environmental challenges including pollution and resource management (e.g., access to water). We recommend that the Commerce Department and Environmental Protection Agency (EPA), along with Prosper Africa and USTDA, partner with industry to:

a) Identify a critical list of U.S. technologies that, if commercially deployed, could make a tangible difference addressing critical waste-management and clean-water issues.

b) Identify and minimize/remove challenges that impede deployment of these U.S. technologies (e.g., standards, regulatory issues, customs restrictions, etc.).

c) Partner with African countries that have national development plans for specific clean technology sectors.

d) Model pilot projects with the private sector that demonstrate the economic value proposition and validate policy actions promoted in engagements under 2b.

ENERGY AND ENVIRONMENT

BACKGROUND: The EPA defines a circular economy as one which reduces material use, redesigns materials, products, and services to be less resource intensive, and recaptures “waste” as a resource to manufacture new materials and products.

U.S. industry has leading technology in an array of clean tech areas that promote circularity. For example, waste management, including recycling, is a critical issue in many African countries that presents viable business opportunities that leverage U.S. expertise and exports and support local job creation. However, to be sustainable, investments in recycling require an enabling policy framework that supports the use of recycled materials in innovative products and builds demand for waste materials to be used as feedstock. Fortunately, several countries in Africa, including Kenya, Ghana, Nigeria, and South Africa, have strong national action plans on plastic. Bilateral engagements with these countries and others should include a focus on enabling policy issues like standards development sound science- and risk-based regulatory procedures, and Extended Producer Responsibility schemes.

U.S. companies would welcome partnering with relevant USG agencies (e.g., EPA, USTDA, Commerce) to demonstrate the benefits of U.S. technologies in concrete pilot projects in African countries to catalyze policy frameworks and align local standards with those of U.S. technologies. The actual demonstration effect of these pilot projects, with a defined template, would hopefully pace the way for further and larger scale deployments of clean and circular economy-related U.S. technologies in Africa.

RECOMMENDATION #1: With regards to the Digital Transformation with Africa (DTA) initiative that President Biden announced at the December 2022 U.S.-Africa Business Forum,[2] we recommend the initiative's lead agencies (U.S. Department of Commerce, U.S. Department of State, USTDA, and USAID), in coordination with the NSC African Affairs Directorate and other relevant government agencies:

a) **Ensure increasing annual budget requests for DTA that are commensurate with its status as a Presidential initiative and adequate to meaningfully achieve results across its three pillars.**

b) **Define key metrics to measure progress and success, especially targeting some indicators that would demonstrate cross-pillar achievements (e.g., cost of data).**

c) **Apportion a dedicated amount of the $500 million International Technology Security and Innovation Fund, and of the $1.5 billion Public Wireless Supply Chain Innovation Fund of the CHIPs and Science Act, towards O-RAN and 5G promotion in Africa.**

d) **Conduct regular, coordinated dialogue with the private sector to ensure the initiative is getting an ongoing injection of those perspectives with minimum duplication of effort.**

e) **Identify opportunities with the private sector for workshops, capacity building/training, and technical assistance to negotiators, regulators, and policymakers on priority building blocks for digital trade, with a focus on data flows, cybersecurity, and emerging technology.**

BACKGROUND: The new Digital Transformation with Africa (DTA) initiative will focus investment and attention from nine agencies to expand digital access and literacy and strengthen the enabling environments across the continent, all of which are goals that align with the PAC-DBIA's objectives and previous recommendations. Targeting U.S. attention and investment toward digital infrastructure and transformation is sensible and practical. As the ITU has reported, greater mobile-broadband access and usage yields greater incomes and national gross domestic products[3]. But to achieve these goals, more resources are needed as well as better prioritization of actions that work to encourage and accelerate the flow of funding from U.S. financial intermediaries such as venture capital and private equity. The U.S. Government should consider channeling funding for DTA to USG financing agencies to enable them to offer competitive financing terms for digital projects that align with DTA and Administration priorities.

As governments prioritize digital connectivity, African nations would benefit greatly from the option to partner with open, reliable, and secure suppliers for their 5G rollouts. Such 5G providers that adhere to the Open Radio Access Network (O-RAN) standard could lower costs and bolster supplier diversity.[4] Accordingly, a portion of the multilateral security fund, and possibly even a portion of the larger wireless innovation fund should be directed toward Africa, targeting both greenfield and brownfield deployments with an initial focus on the large-scale pre-integration projects as well as end-

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[2] https://www.whitehouse.gov/briefing-room/statements-releases/2022/12/14/fact-sheet-new-initiative-on-digital-transformation-with-africa-dta/
[3] https://www.itu.int/dms_pub/itu-d/opb/pref/D-PREF-EF.COV_ECO_IMPACT_B-2021-PDF-E.pdf
[4] https://www.openranpolicy.org/resources/

to-end builds of multiple O-RAN solutions that offer key functionality relevant to areas of the 5G marketplace that are particularly dependent on classic RAN solutions from incumbent providers.

In addition to greater resources, DTA could benefit from establishing some key metrics to galvanize attention on cross-pillar indicators of success (e.g., lowering the cost of data by increasing competition,[5] such as the 5G provisioning through the O-RAN approach above) as well as through good policy (e.g., avoiding data localization requirements that raise costs and favoring pro-competition policies). Other good indicators and worthwhile areas for measuring success would be around digitization and labeling of Africa's unique data and establishing secure and unique digital identity for individuals. Measuring the digitization of data broadly is challenging, but doable when focused on specifics that matter (e.g., legal identity verification or digital identification for undocumented populations[6] and terabits of labeled units of data). These metrics should, where possible, move away from availability and instead focus on usage.[7]

We urge the Administration to identify a lead agency for coordination with the private sector, including companies represented on the PAC-DBIA, to identify priority countries and projects, define metrics of success, and facilitate public-private partnerships toward implementation. Further, a clearly identified point of entry for the U.S. private sector engagement in DTA could help ensure that private sector resources, technical expertise, investment, and activities are strategically deployed to meet the Administration's objectives and meaningfully support digital transformation for African governments, economies, and people.

RECOMMENDATION #2: The Office of the U.S. Trade Representative (USTR) is well-positioned to support African governments to achieve a policy and regulatory framework that will promote, facilitate, and protect infrastructure deployment, promote inclusivity, incentivize innovation, attract investment, and expand intra-African and U.S.–Africa trade and investment across the digital economy. In support of these objectives, the PAC-DBIA recommends:

a) **USTR should work with the African Continental Free Trade Area (AfCFTA) Secretariat to support prioritizing the completion of high-standard AfCFTA protocols for digital trade.**

b) **USTR should accelerate dialogue with Kenya under the U.S.-Kenya Strategic Trade and Investment Partnership (STIP) on (information and communications technology) ICT services and digital trade to establish a new, high standard model for digital trade between the United States and African countries.**

c) **U.S. Embassies in Africa should create regular forums for U.S. and African stakeholders to jointly provide perspectives on the merits of digital trade for inclusivity, focused on small-business- and women-connectivity, economic growth, innovation, and investment promotion.**

[5] https://www.atlanticcouncil.org/wp-content/uploads/2023/03/Critical_Connectivity_Report_Aubrey_Hruby.pdf
[6] https://id4d.worldbank.org
[7] https://www.brookings.edu/wp-content/uploads/2022/02/Good-Digital-Infrastructure.pdf

BACKGROUND: The digital economy is poised to contribute more than $300 billion to Africa's GDP by 2025.[8] The U.S. Government has recently instituted promising new mechanisms for laying strong policy foundations for achieving secure, resilient, and inclusive digital economies in Africa. For example, the new Digital Transformation with Africa (DTA) initiative appropriately prioritizes the "Digital Enabling Environment" as one of the three pillars of the initiative. Additionally, in July 2022, the United States and Kenya launched the U.S.-Kenya Strategic Trade & Investment Partnership (STIP), which will facilitate bilateral dialogue on digital trade. And at the pan-African level, in December 2022, USTR signed a Memorandum of Understanding with the AfCFTA Secretariat[9] to establish cooperation in a range of areas meant to advance AfCFTA implementation, among which are facilitating responsible digital trade, promoting of the AfCFTA's digital trade protocol, and finding more opportunities for partnership between African and U.S. companies in digital trade.

In May 2021, the African Union Council of Ministers established its Committee on Digital Trade to coordinate and facilitate the negotiations of the protocol on digital trade under the AfCFTA. The Committee consists of all State parties to the Agreement. Therefore, we can appreciate the time it has taken for the Committee develop the "zero draft protocol". Unfortunately, the AfCFTA Secretariat has not set a timeline for when the digital trade protocol will come into effect. Currently, AfCFTA negotiations are in two phases: Phase 1: Trade in Goods; Trade in Services; Dispute Settlement Mechanism; and Customs & Trade Facilitation, and Phase 2: Intellectual Property Rights; Investment; Competition Policy; Digital Trade; and Women & Youth in Trade.

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[8] https://www.orange.com/sites/orangecom/files/2020-08/Brochure%20OMEA_OrangeCommittedToAfrica_ANG.pdf

[9] https://ustr.gov/trade-agreements/other-initiatives/memoranda-understanding-mou/memorandum-understanding-cooperation-trade-and-investment-between-african-continental-free-trade

AGRIBUSINESS AND FOOD-WATER SECURITY

RECOMMENDATION #1: Focus infrastructure investments on supporting food and water security in Africa.

Interagency resources focused on achieving President Biden's target of mobilizing "$200 billion for PGII over the next five years through grants, federal financing, and leveraging private sector investments"[10] should allocate a ring-fenced amount of funding for U.S.-led infrastructure projects that support rural agriculture and/or improve food and water security in Africa. Among the approaches to implementing this recommendation, the Department of Commerce should provide a platform for U.S. companies to learn about project opportunities from DFIs – namely the African Development Bank (AfDB) and World Bank/International Finance Corporation – in which the United States is a significant shareholder and to work with these DFIs in the early stages of project development, as ag- and food-related opportunities for investment are often overlooked. Additionally, Commerce's *Express Leads* tool should include AfDB-funded agribusiness opportunities for enhanced visibility by U.S. companies, which the Prosper Africa Secretariat should also promote.

BACKGROUND: Farms are inherently local, so infrastructure to suit their unique needs and connect them to markets is critical to bolstering food security and the growth of Africa's agriculture sector. This is especially the case as the AfCFTA ramps up. The full potential for intra-African agri-food value chains will not be realized if proper institutional and physical connectivity is not in place. Trade and food security are inextricably linked, and infrastructure plays a major role in bringing crops to their destination with minimal food waste.

Although food security was a featured topic of the U.S.–Africa Leaders Summit in December 2022, an emphasis on the rural infrastructure specifically needed to bolster agribusiness is still lacking. Ag-related infrastructure includes rural roads, power, cold-chain warehousing and storage, and port infrastructure catering to perishable goods. A focus on these unique areas of hard infrastructure, along with soft-side investments in people through training and capacity-building, would foster a value-chain approach that supports the entire lifecycle – from seeds and agricultural chemical inputs to farming and logistics infrastructure, to packaging that supports food conservation and enhances food security by ensuring more product reaches markets. The AfDB is a major development finance tool supported by the United States. The Bank's agriculture division could be better leveraged as a resource for private sector engagement, especially if transaction sizes (currently averaging $10 million) can be accessible to SMEs and multinational corporations alike.

Infrastructure for water security has unique considerations, in that there are distinct rural and urban applications; rural being especially in crop irrigation, water pumping and distribution, and water storage infrastructure which is critical to enhancing food security and reducing food waste. On the urban side, the PAC-DBIA encourages opportunities for USG and private sector funding to support African utilities in the maintenance and repair of urban water supply systems. U.S. Department of Agriculture staff has suggested a worthwhile model is close partnerships between municipalities and rural/peri-urban communities whereby municipalities may help invest in water efficiency and quality (i.e., ecoservices) among their constituent farmers and foresters (i.e., water sources) so rural communities might better sustain good water management practices and the municipalities might benefit from increased water availability and quality. As investment in water is typically a government function, agencies such as EXIM and USAID's Water, Sanitation, and Hygiene (WASH) grants could focus on financing projects leveraging U.S. solutions.

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[10] https://www.whitehouse.gov/briefing-room/statements-releases/2022/06/26/fact-sheet-president-biden-and-g7-leaders-formally-launch-the-partnership-for-global-infrastructure-and-investment/

RECOMMENDATION #2: Promote U.S. tools for climate-smart agriculture to support food security and sustainability efforts.

As part of the President's Emergency Plan for Adaptation and Resilience (PREPARE), the Council recommends that the U.S. Department of Agriculture (USDA), under the Agriculture Innovation Mission for Climate initiative (AIM4C), and USAID's Bureau for Resilience and Food Security, under the Feed the Future initiative, host a series of public-private "field days" at different locations in Africa. These field days would incorporate policy roundtables with relevant U.S. and African officials with hands-on trainings and demonstrations with farmers. The roundtables should promote tools and resources that can encourage innovative solutions for climate-smart agriculture and investment projects, including: precision farming technologies and regenerative agriculture methodologies that promote sustainability, agri-processing and value chain development, water and inputs resource management, irrigation tools, post-harvest storage, sustainable packaging technologies, and conservation methods to mitigate food waste. These roundtables should include the private sector to showcase U.S. solutions for African producers and markets and present possible opportunities for partnerships, as well as to identify obstacles to technology and mechanization adoption. In addition to USAID and USDA, the roundtables should include multi-agency representation from pertinent government offices such as Prosper Africa and the Department of Commerce.

The demonstration element should include participation by U.S. agro-industrial companies with available solutions and expertise to physically demonstrate climate-smart ag techniques. We recommend having a dedicated plot in each of the five African subregions, with rotating "field days" depending on planting and harvest seasons.

BACKGROUND: Climate and food security are linked – as temperatures rise globally, protecting arable land and using resources efficiently is paramount. In addition, while being the smallest contributor to CO2 emissions, the African continent and the agricultural sector, especially, are on the front lines of the adverse impacts of climate change. According to UN Climate Change, under the worst-case climate change scenario, a reduction in mean yield of 13% is projected in West and Central Africa, 11% in North Africa, and 8% in East and Southern Africa.[11]

We recommend focusing on where the need is greatest, in the areas subject to the worst effects of climate change (which may shift over time as farmers employ more resilient solutions). Investments in agriculture must be "climate smart", offering technologies and other effective solutions that help farmers optimize input usage (including fuel and fertilizer), gain access to drought-resistant seeds, mechanize farm operations, promote efficient irrigation techniques, and reduce post-harvest crop loss. USDA already has a program focus in this area with AIM for Climate, and USAID's Feed the Future initiative aims to ensure the sustainability and longevity of solutions to support food security in Africa.

However, some of the climate-smart technologies and solutions face obstacles in introduction to farming communities due to difficulties in access to finance and scalability. USDA can prove a useful partner in showcasing to African governments, as well as commercial and smallholder producers/cooperatives, the benefits of U.S. solutions for climate-smart agriculture, and what mechanisms – such as credit guarantees – would help to overcome some of the barriers to uptake.

[11] https://unfccc.int/news/climate-change-is-an-increasing-threat-to-africa

RECOMMENDATION #1: The Departments of Commerce and State should establish a healthcare regulatory dialogue with the African Union (AU), coupled with capacity building programs to:

a) Support continental regulatory harmonization and the use of reliance methodology[12]. As part of the dialogue, the USG and industry should work with the AfCFTA Secretariat and other relevant stakeholders to develop solutions for the elimination of market access barriers and ensure the Africa Medicines Agency implements regulatory best practices and reliance.

b) Leverage capacity building programs, including through funding for the Commercial Law Development Program and USTDA, to support the creation of a coherent single African market for health products. This can be accomplished by:

    i. Developing a capacity-building program to work with the Regional Economic Communities (RECs) (e.g., the Southern African Development Community (SADC) and the East African Community (EAC), Economic Community of West African States (ECOWAS) and regional organizations to support common regulatory standards across the continent and adoption of International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH) standards and the Common Technical Document (CTD).

    ii. Partnering with the RECs to identify technical barriers to trade that prevent regional harmonization and the use of single dossier for registration of medicines and medical devices in Africa. This would help to strengthen best practices, train personnel, and eliminate the non-value-added national document requirements that reduce the effectiveness of regional efforts and create duplication of efforts and resources.

BACKGROUND: In Africa, it is often said there is a common market of 1.2 billion people, and that market size should be more than enough to justify local manufacturing in a given country. However, a coherent single African market for health-related products and services does not exist. Companies are required to secure individual market authorizations and export permits and meet local standards that preclude economies of scale. Eliminating these individualized standards, including through work with the African Medicines Agency (AMA) is critical for removing regulatory barriers that prevent patient access to medicines and medical devices and disincentivize local investment. The AMA holds huge promise to transform the regulatory ecosystem in Africa, support a more conducive environment for industry and innovation, and help address the inequity in access to life-saving treatments that can be found across the Continent.

[12] Reliance mechanism hereby the National Regulatory Authorities in one country may consider and give significant weight to evaluations performed by another authority or trusted institution in reaching its own decision without relinquishing national autonomy.

RECOMMENDATION #2: Expand the scope of USG programming and funding for global health initiatives to be inclusive of non-communicable diseases.

BACKGROUND: An integrated healthcare financing model, inclusive of both communicable and non-communicable diseases, is needed to effectively address the evolving health needs and government priorities across Africa. Current constraints on the scope of USG financial support for health initiatives limit the ability of American companies to help partner governments meet their full range of needs and achieve health security. Greater flexibility is needed to more fully unlock the potential and competitiveness of U.S. companies to drive innovation and expansion of healthcare provision across the Continent.

A whole-of-government approach is needed so that efforts to strengthen healthcare systems are aligned with the realities of today's healthcare challenges. Innovative cross-sector initiatives like the Power Africa's Health Electrification Technology Alliance are on the cutting edge of addressing systematic healthcare problems to create a stronger, more resilient system. The USG should prioritize programs like this as models of holistically addressing the needs of the healthcare system.

Well-established initiatives like the President's Emergency Plan for AIDS Relief (PEPFAR) are credited with saving tens of millions of lives since inception. PEPFAR should be funded at or above existing funding levels in the updated reauthorization expected later this year. To leverage the strength of the PEPFAR network, the PAC-DBIA endorses the program's five-year strategy published in December 2022, which advances a holistic patient-centered approach best suited to address today's healthcare needs.[13] To achieve this vision, private sector companies, including those represented on the PAC-DBIA, can be called upon as both technical partners and thought leaders in support of implementation. The more patient-centered approach envisioned by PEPFAR can revolutionize the global healthcare landscape to address comorbidities, including non-communicable diseases, that affect patients around the world as they successfully manage HIV/AIDS.

Encouraging interagency collaboration on healthcare financing, in partnership with the private sector, can allow for transformative healthcare projects in African countries. For example, DFC's Global Health and Prosperity Initiative invests in health services and delivery, health commodity manufacturing and supply chain, and health technology as well as nutrition, clean water, and sanitation. With these investments, DFC aims to strengthen pandemic preparedness and health system resilience. DFC's financing tools include debt and equity financing, investment funds, political risk insurance and technical assistance. Private companies, including those represented on the PAC-DBIA, can assist the DFC with identifying companies or projects in need of financing, to understand gaps, and to structure appropriate financing tools to address those gaps.

[13] https://www.state.gov/pepfar-five-year-strategy-2022/