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EAST AFRICA



## AGOA in Action:

Stories from East Africa Trade Hub Partners and Beneficiaries

USAID East Africa Trade Hub

July 2014

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# About this Publication

*This compendium highlights the work of the USAID-funded East Africa Trade Hub. The East Africa Trade Hub builds sustainable capacity for competitive regional and international trade in East Africa.*

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## DISCLAIMER

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government

# ABOUT THE EAST AFRICA TRADE HUB

## Key Message:

*Building sustainable capacity for competitive regional and international trade in East Africa.*

## Funding Level:

\$70 million which includes a \$24 million Partnership Fund

## Duration:

February 11, 2009 – August 31, 2014

## Targets:

- 30% increase in both the value and volume of international and intra-regional trade
- 10% decrease in paperwork requirements for trading goods in the EAC region
- 15% reduction in the time and cost of transporting goods through selected border points along the Northern, Central and Dar corridors

## Impact Highlights:

- \$200 million plus in exports facilitated to the U.S. under AGOA, and 200+ firms assisted to gain market access / expand in the U.S.
- 2,100 agricultural-related firms supported
- 17 policies, standards or procedures developed and implemented to improve regional trade
- 16 joint border committees established contributing to a 50 percent reduction in transit time at the Malaba border (Kenya/Uganda)

## Where We Work:

Kenya, Rwanda, Tanzania, Uganda, Burundi, Ethiopia and Mauritius

## Key Partners:

Regional Economic Communities

Principally: East African Community (EAC) and the Common Market for Eastern and Southern Africa (COMESA)

## Regional Trade Associations

Such as: Eastern Africa Grain Council, African Cotton & Textile Industries Federation, African Fine Coffees Association and Federation of East African Freight Forwarders Associations

## Websites:

[www.eatradehub.org](http://www.eatradehub.org)

[www.eastafricancorridors.org](http://www.eastafricancorridors.org)

## EA Trade Hub Knowledge Center:

[www.eatradehub.org/resources/index.php](http://www.eatradehub.org/resources/index.php)

## OVERVIEW

The USAID East Africa Trade Hub works with regional public and private sector partners to develop systems and policies that improve competitive regional and international trade and food security in East Africa. The Trade Hub's partners include regional economic communities (RECs) such as the East African Community (EAC) and regional trade associations (RTAs) such as the Eastern Africa Grain Council (EAGC). With its partners, the Trade Hub implements information and communication technology solutions, trade facilitation tools, and regional strategies to improve the transparency and accessibility of markets and provide policy makers with the evidence they need to make informed decisions for the region. Regional integration is key to fostering development of regional markets and increasing the competitiveness of African products globally.

## ACTIVITY AREAS

### Streamlining Transit and Cross-Border Trade

The Trade Hub and its partners work to reduce and remove trade barriers along the major regional transport corridors in East Africa. Examples of Trade Hub initiatives include the creation of Joint Border Committees (JBCs) to facilitate multi-agency collaboration at domestic border posts and the Revenue Authorities Digital Data Exchange (RADDEx), a software platform for customs and transit data exchange, management and reporting. Both JBCs and RADDEx increase efficiency at the borders and improve the trade environment by encouraging communication between agencies and removing redundant procedures. The EA Trade Hub maintains a website portal of valuable information on East African transit and trade issues. [www.eastafricancorridors.org](http://www.eastafricancorridors.org)

### Improving Trade Policy

The Trade Hub works with the EAC to develop common regulatory policies that are consistent with global standards. The Trade Hub convenes policy workshops necessary for regional integration and provides advisory services in the form of policy papers, research, and strategy development. Examples of Trade Hub regional trade policy initiatives include harmonizing food standards, the licensing of clearing agents to encourage professionalism in freight forwarding, and a Simplified Certificate of Origin (SCO) that reduces duties for small traders. EAC shared standards build a platform for intra-regional trade by creating a common language for assessing quality and grade of foods. The licensing of clearing agents and SCO helps traders move their goods across borders.

<sup>1</sup> Previously known as the Competitiveness and Trade Expansion (COMPETE) program, the East Africa Trade Hub has rebranded itself in an effort to harmonize the USAID brand across the three regional trade hubs.

# THE EAST AFRICA TRADE HUB'S WORK IN AGOA

## Increasing Trade Under AGOA

Since 2000, the African Growth and Opportunity Act (AGOA) has provided incentives for African countries to become more globally competitive by making economic and commercial reforms. The main incentive is the opportunity to export goods, from a list of nearly 6,400 qualifying items, to the U.S. without paying import duties. This opportunity has the potential to significantly boost trade between Africa and the U.S. and to fuel innovation and job creation in Africa. To take advantage of the AGOA opportunity, African companies must improve their products and connect with U.S. buyers.

## East Africa Trade Hub's Strategic Approach

The East Africa Trade Hub provides technical assistance to African firms and governments to enhance their competitiveness in global markets and help African businesses take advantage of trade opportunities available under AGOA.

The Trade Hub is the one-stop shop in the region for business and national governments seeking to take advantage of AGOA, providing targeted assistance in two primary areas: firm-level assistance and AGOA national assistance. Firm-level assistance promotes direct business linkages between the United States and East African firms. It addresses business development constraints, provides targeted technical assistance and educates private sector groups and associations about AGOA opportunities. The Trade Hub also uses firm-level assistance to create valuable business networking opportunities through trade shows, trade missions, business-to-business events and conferences.

At the national level, the Trade Hub assists AGOA-eligible East African countries to develop action-oriented strategies to more systematically take advantage of AGOA opportunities and focus their efforts in areas of competitive advantage. For example, the Trade Hub encourages countries to integrate trade facilitation concerns into the national economic agenda and include private sector participation in national export diversification strategies.

## Successes to Date

The East Africa Trade Hub has directly assisted several countries in the region to look strategically at the U.S. market for the very first time. Trade Hub efforts have led to the establishment of public-private partnerships focused solely on AGOA and have contributed to advancing the agenda of Trade and Investment Framework Agreement (TIFA) talks with the U.S. The Trade Hub has also identified outstanding private sector hurdles/roadblocks that need government action. In its AGOA national strategies, the Trade Hub sets out a clear roadmap of specific activities that each country must undertake to increase export trade with the U.S. e.g., [Kenya AGOA National Strategy](#).

Since 2009, the East Africa Trade Hub has facilitated nearly \$200 million in exports to the U.S. through AGOA and has assisted over 200 firms to grow their export business and gain market access or expand in the U.S. \$148 million of these facilitated exports has been in textile and apparel. Following a Trade Hub buyer mission in 2010, U.S. uniform companies placed business in Ethiopia with three separate companies: Almeda Textiles, Novastar and MAA Garment. By the end of September 2012, business generated was more than \$3.5 million. Polo shirts for all CVS pharmacy staff have been made in Ethiopia since 2010.

[Gahaya Links](#), a home décor and fashion accessories company in Rwanda, has hired hundreds of workers. UAL, an apparel company in Kenya, has increased production runs to meet growing demand. In March 2013, UAL added over 2,500 new employees to staff a third company in Kenya's Export Processing Zone. Other companies have penetrated the U.S. market for the first time and captured lucrative niche markets: [Doreen Mashika Zanzibar](#) and [Sammy Handmade of Ethiopia](#) now have contracts with Eileen Fisher; FOMI of Ethiopia has a contract with Anthropologie. These brokered deals have resulted in first-time orders and represent strong potential for long-term relationships between East African exporters and high-profile U.S. brands.

The Trade Hub continues to work with industry experts across all of its core sectors to provide hands on technical assistance to promising companies in the region. The Trade Hub has worked intensively with new beneficiaries such as [Katchy Kollektion](#) of Kenya to improve quality and adapt its product selection to current U.S. and European styles/trends. The results have been immediately apparent. At the [Tendence](#) trade show in Frankfurt in September 2012, Katchy Kollektion secured multiple international orders.

**Key achievements over the past four years include:**

Nearly \$200 million of exports in textile/apparel, cut flowers, specialty foods, home décor, footwear and fashion accessories facilitated under AGOA as of July 2014:

- Textile/Apparel - \$148 million
- Cut Flowers - \$12.5 million
- Specialty Foods – \$4 million
- Home Décor & Fashion Accessories - \$18 million
- Footwear - \$13.5 million

**Current Areas of Focus**

As impressive as the above numbers are, it is also important to ensure that the businesses created have transformational impact and sustainability. To accomplish this, the Trade Hub has introduced new strategies and initiatives that seek to broaden and deepen the commercial relationship between East African and U.S. companies. Initiatives include:

- The **Origin Africa** awareness campaign - to change perceptions about doing business in Africa, put Africa on the map as a preferred sourcing destination and demonstrate to international buyers and industry leaders that creativity and innovation are an integral part of Africa’s future.
- The Friends of Africa Apparel Board of Advisors - a cross section of leaders in the U.S. apparel industry who are contributing knowledge and expertise to guide Africa through its growth as a global sourcing destination.
- Buyer missions - a series of customized/targeted introductory visits of motivated U.S. companies seeking to source from Africa.



**Key Partners:**

- USAID Bilateral Missions
- U.S. Trade Representative
- Regional Trade Associations e.g., African Cotton & Textile Industries Federation (ACTIF)
- National Export Promotion Bodies e.g., Enterprise Mauritius
- Other Donor-Funded Projects
  - West Africa Trade Hub (WATH)
  - Southern Africa Trade Hub (SATH)
- Private Sector Companies, a sampling:
  - Almeda Textiles
  - K-Net Flowers
  - MAA Garments
  - Uganda Crafts 2000 Ltd
  - Doreen Mashika
  - Wrap Up Africa
  - Labourdonnais
  - Premier Foods / Frigoken
  - Gahaya Links
  - Global Apparel
  - Indego Africa
  - Marvelous Flotea



# ETHIOPIAN DESIGNER READY TO FLY

Ethiopian designer Fikirte Addis “feels like she is ready to fly.” A one-time child psychologist with a passion for design, Fikirte took a risk in 2009 by launching her own brand. Since that time, she has won the Origin Africa Fiber to Fashion Designer Showcase in Mauritius, has received standing ovations in New York and has joined the ethical fashion scene in Paris. In the words of fashion-focused Zen Magazine, “Designer **Fikirte Addis** is taking the fashion world by storm, her 2013 collection *Timeless Girl, Modern World* is shining bright this summer.”

The USAID East Africa Trade Hub discovered

“Fikirte is one of those rare designers who possess both creative skills and business acumen.”

--Wambui Njogu

Fikirte in 2010, shortly after she launched her brand that offers a “cultural touch for the modern day woman.” Fikirte uses local fabrics and traditional Ethiopian weavers. She’s proud of Ethiopian culture and committed to strengthening the skill set of her weavers and providing them with consistent, well-paid work. Exporting to the U.S. through the African Growth and Opportunity Act (AGOA) provides the demand she needs to meet her commitment.

The Trade Hub helped Fikirte by connecting her with an experienced AGOA exporter and sponsoring her for fashion shows that included U.S. and international buyers. The Trade Hub introduced Fikirte to Wambui Njogu. Similar to Fikirte, Wambui is a skilled designer with her own fashion label that gives African cultural style an international twist. Wambui is also a savvy business woman who has already adapted her product for an international market– who better to mentor Fikirte?

Fikirte Addis accepts first prize in the Origin Africa Fiber to Fashion Designer Showcase in Mauritius, March 2011.



“Fikirte recognized the potential of the existing ‘old world’ weaving industry in Ethiopia and knew how to produce something sophisticated and special from the authentic traditional fabrics. Fikirte’s materials are timeless but the modernity of her garments means they can be appreciated outside of her traditional markets, as summarized by her aptly named current collection, ‘timeless women, modern world’,” said Wambui.

Fikirte credits Wambui with helping her to “create story lines and sketches” for her designs and to help her prepare for her first African-wide fashion show – the Trade Hub sponsored Origin Africa Fiber to Fashion Designer Showcase in Mauritius in March 2011. Fikirte’s first-place finish at the Mauritius event secured her entry to African Fashion Week in New York. New York led to Paris in 2012 and an alliance with Adiat Disu, a spokesperson for African fashion. Fikirte is now featured on Disu’s site [adiree.com](http://adiree.com).

Fikirte also has her own site: [yefikirdesign.com](http://yefikirdesign.com), her own Facebook book page with over 6,000 views of her most recent fashion shoot, and a platform for online shopping. She's moved from customized pieces to ready-to-wear fashion intended for the global export market. In 2013 she trained 135 weavers to cut hand-spun Ethiopian cotton for optimal comfort and to add embroidery for maximum fashion. Fikirte, who is tiny, also says she is getting more size conscious. Her pieces no longer only fit the Ethiopian models who walk the runways of New York Fashion Week.

Fikirte credits the Trade Hub for the opportunity, training and exposure. She also says that "this is just the beginning."



*Fikirte Addis in her Addis Ababa, Ethiopia retail shop – June 2013*