

PROSPER AFRICA

TRADE. INVESTMENT. OPPORTUNITY.



R O A D M A P

January 2021

METHODS AND SCOPE

These findings were made possible through support provided by the Prosper Africa Executive Secretariat and the U.S. Agency for International Development, under the terms of Contract No. AID-OAA-C-17-00090. The opinions expressed herein are those of the authors and do not necessarily reflect the views of the U.S. Government.

From March-August 2020, the Roadmap team from McKinsey & Company and the CrossBoundary Group engaged in a collaborative research process, drawing from data-driven analysis, in-depth interviews, and interactive workshops with key U.S. Government and private sector stakeholders, think tanks, and other thought leaders to chart a course for strengthening the trade and investment partnership between the United States and Africa. The following recommendations are the outcome of this research process.

KEY TAKEAWAYS

The Opportunity

Africa plays an increasingly important role in the global economy with some of the fastest-growing economies in the world and a young, growing, and rapidly urbanizing population. The United States offers complementary economic opportunities, with a large and affluent consumer base, the world's deepest capital markets, and a commitment to job creation, transparency, and social responsibility. Increased economic engagement between the United States and Africa would create jobs, advance shared prosperity, and demonstrate the superior value proposition of transparent markets and private enterprise for driving economic growth.

The Challenge

Despite the strong economic opportunity, a core set of constraints limits U.S. trade and investment flows to Africa, as well as those from Africa to the United States. The market incentives of Africa's large population and potential consumer base can be muted by Africa's division into smaller and institutionally different national markets. Some African markets lack transparency, formality, and predictability, and suffer from insufficient access to modern, reliable, and low cost public goods such as roads, power, and ports. For a U.S. company looking to expand in Africa these factors can add to the startup costs of new operations and impact the risk/reward calculation that drives business decisions. African businesses also face challenges trading and investing in the United States, including the need to meet U.S. consumer expectations of product quality and supply U.S. buyers with commercial volumes on reliable timetables. Meeting these U.S. market demands requires access to investment and financing.

To address these constraints, multiple U.S. Government agencies have developed tools that provide U.S. and African businesses and investors with promotion support, financing, and expertise. However, U.S. and African companies have found it difficult to navigate these tools, which are not always fit-for-purpose and have not generally kept pace with those of other countries seeking to expand their economic influence with Africa.

The Road Ahead

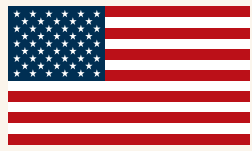
The U.S. Government's Prosper Africa initiative is well positioned to address these challenges by modernizing and synchronizing the U.S. Government's trade and investment toolkit. In Prosper Africa's first year (June 2019-May 2020), the U.S. Government supported more than 280 deals to close across more than 30 African countries. To build on this momentum, Prosper Africa must continue to focus on two pillars of activity.

Facilitate Transactions by aligning all 17 participating Prosper Africa agencies on country and sector priorities and synchronizing the end-to-end customer experience.

Shape Future Opportunities by encouraging incremental improvements to Africa's business enabling environment. To achieve this goal, it will be necessary to address the institutional, infrastructural, and value chain barriers hindering two-way trade and investment.

Across both of these pillars, Prosper Africa must continue to modernize and synchronize U.S. Government tools to reduce costs and mitigate risks, respond to private sector needs, and compete with those of other state actors in the region. Prosper Africa should expand the eligibility criteria for businesses and investors to access U.S. Government tools; improve the suitability and efficiency of U.S. Government tools to deliver greater results; and raise awareness of both market opportunities and the U.S. Government tools that can help businesses and investors advance those opportunities. To drive impact, Prosper Africa must also continue to generate private sector interest through a robust strategic communications and private sector outreach program.

By charting this course, Prosper Africa has the potential to substantially increase two-way trade and investment between the United States and Africa—accelerating economic growth, driving job creation, and fostering greater U.S. participation in Africa's future.



PROSPER AFRICA

TRADE. INVESTMENT. OPPORTUNITY.

ROADMAP

Facilitate Transactions

- Modernize U.S. Government tools to better suit U.S. and African business needs
- Generate a pipeline of deal opportunities
- Provide hands-on assistance
- Offer dedicated transaction support

Shape Future Opportunities

- Identify opportunities
- Align resources
- Overcome barriers
- Promote private sector interest



**Substantially increased trade and investment
between the United States and Africa**

TABLE OF CONTENTS

| | | | | |
|---|---------------------------------|---|--|-----------------------------|
| INTRODUCTION 7 | THE OPPORTUNITY 9 | Opportunities for U.S. Businesses and Investors in African Markets 9 | | |
| Institutional Barriers 15 | THE CHALLENGE 15 | Emerging Opportunities in Response to COVID-19 14 | Opportunities for African Businesses and Investors in U.S. Markets 12 | |
| Infrastructure and Value Chain Barriers 17 | Risk/Reward Imbalance 17 | High Transaction Costs 18 | Gaps in the U.S. Government Toolkit 19 | THE ROAD AHEAD 20 |
| APPENDIX: HISTORICAL AND FUTURE TRENDS 29 | CONCLUSION 28 | Recommendations for Shaping Future Opportunities 27 | Recommendations for Facilitating Transactions 20 | |
| U.S. Exports to Africa 29 | U.S. Investment in Africa 31 | African Exports to the United States 36 | African Investment in the United States 43 | |

INTRODUCTION

Businesses and investors in Africa and the United States are natural partners. Africa offers incredible growth, innovation, and opportunity; and the United States offers the largest capital markets in the world, a commitment to job creation and technology transfer, and adherence to the highest standards of quality, transparency, and social responsibility. Despite strong market opportunities, key challenges have hindered trade and investment between the United States and Africa, including institutional barriers, infrastructure and value chain barriers, a risk/reward imbalance, and high transaction costs.

This is where Prosper Africa comes in. Prosper Africa is a U.S. Government initiative to substantially increase two-way trade and investment between the United States and Africa. The initiative leverages the full suite of U.S. Government trade and investment services and resources to help U.S. and African businesses and investors find partners, advance opportunities, and close deals. By helping U.S. and African companies do business, Prosper Africa expands markets for goods and services on both continents—advancing shared prosperity and security, creating jobs, and leveraging the superior value proposition of transparent markets and private enterprise for driving economic growth.

In Prosper Africa's first year (June 2019-May 2020), the U.S. Government supported more than 280 deals to close across more than 30 African countries. The Prosper Africa Roadmap makes recommendations for how Prosper Africa can build on this momentum and deliver even stronger results in its second year and beyond. It unpacks the key opportunities and challenges for increasing two-way trade and investment between Africa and the United States, and offers a set of targeted recommendations for the road ahead.

To be successful, Prosper Africa must be designed and implemented in partnership with the businesses and investors it aims to support. This is why Prosper Africa partnered with McKinsey & Company and the CrossBoundary Group to develop the Prosper Africa Roadmap. Over the course of five months, the Roadmap team engaged in a collaborative research process, drawing from data-driven analysis, in-depth interviews, and interactive workshops with key U.S. Government and private sector stakeholders, think tanks, and other thought leaders to chart a course for strengthening the trade and investment partnership between the United States and Africa.

To ensure a wide range of perspectives, the Roadmap team held individual consultations and workshops with each of the 17 participating Prosper Africa agencies; interviewed more than 40 U.S. and African firms, ranging from impact-oriented family offices to large multinationals; and conducted workshops with key industry groups such as the President’s Advisory Council on Doing Business in Africa (PAC-DBIA). The team overlaid these findings against a review of more than 100 transactions between the United States and Africa between 2015 and 2020, including in-depth case studies of past U.S. Government and private sector engagements. They then conducted a forward-looking analysis by evaluating more than 500 “clusters”—promising sub-sectors or products in specific countries—with strong underlying fundamentals and growth potential.¹ The team prioritized these clusters based on size, attractiveness, and comparative advantage for U.S. businesses and investors.

The outcome of this research is a set of targeted recommendations that are not only rooted in historical trends and today’s opportunities, but that are also oriented toward the opportunities of tomorrow.

THE OPPORTUNITY

Africa is home to a young, growing, and urbanizing population with rising household incomes. These demographic trends—alongside increasing digital and mobile access, mass industrialization, and the narrowing of the infrastructure gap—promise to drive investment and unlock new trade opportunities for U.S. and African businesses across a range of high-potential sectors.

Opportunities for U.S. Businesses and Investors in African Markets

African household consumption is projected to increase to over \$2 trillion by 2025, with most of the growth coming from Egypt, Nigeria, and East Africa.² By 2034, the size of Africa's working-age population is expected to surpass both India's and China's.^{3,4}

The growing working-age population and rising incomes will significantly increase demand for food, healthcare, education, financial services, and more. Rapid digitalization is also a significant development that continues to spur the growth of technological hubs across the African continent. This will accelerate mobile money utilization. In fact, Sub-Saharan Africa already holds more than 180 million active mobile money accounts—just under 50 percent of the global total—and the prevalence of mobile money unlocks business opportunities in other sectors.⁵

The following graphics identify high-potential sectors that offer promising opportunities for U.S. businesses and investors.



The digitalization of Africa offers the biggest transformation and set of opportunities amongst all African trends."

—African private sector leader

Figure 1:
Opportunities for U.S. investment in Africa

Trends

Potential opportunities







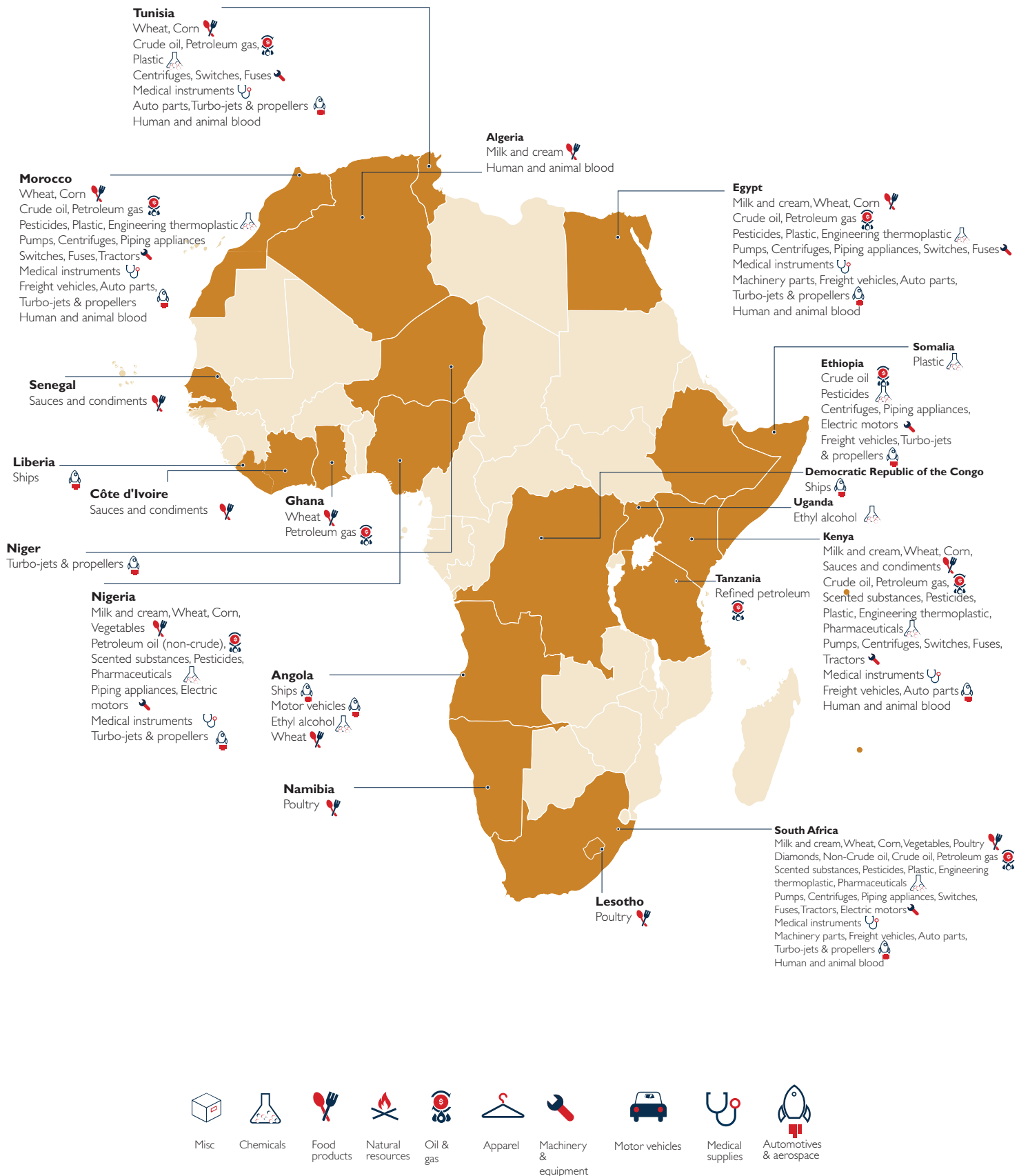
| | | |
|---|--|---|
| <p>Young & growing population</p> |  | <p>Ag processing, Edtech, Digital health, Digital streaming entertainment</p> |
| <p>Rapid urbanization</p> |  | <p>Energy infrastructure, Transportation infrastructure, Water and sanitation infrastructure, Ag processing, Telecom infrastructure</p> |
| <p>Rising incomes & household consumption</p> |  | <p>Food & beverage, Quick service restaurants, Services, Apparel retail, Digital streaming entertainment, Digital health, Edtech, Fintech, E-commerce marketplace</p> |
| <p>Increasing digital and mobile access</p> |  | <p>Telecom infrastructure, Data infrastructure, Fintech, Edtech, Digital health, Entertainment</p> |
| <p>Mass industrialization</p> |  | <p>Ag processing, Value-added manufacturing</p> |
| <p>Closing infrastructure gap</p> |  | <p>Energy infrastructure, Transportation infrastructure, Water and sanitation infrastructure</p> |

Figure 2:
Opportunities for U.S. exports to Africa

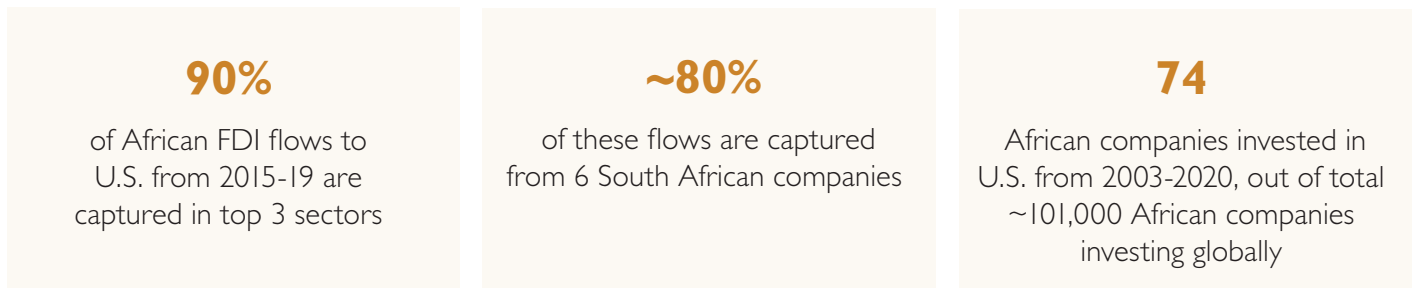


Source: MGI Economics Research, EPAT, UN Comtrade, U.S. Census Bureau, ITC Mac Map, World Bank's Ease of Doing Business Index

Opportunities for African Businesses and Investors in U.S. Markets

The U.S. economy provides ample opportunities to African businesses and investors, including a large, affluent, and growing consumer base; the world's deepest capital markets; high levels of research and development spending; an educated workforce; and a supportive business environment with strong rule of law and property rights protections. Despite decreased U.S. demand for African exports in some sectors, such as oil and gas, demand continues to grow in other sectors, such as apparel and machinery. For about 40 Sub-Saharan African countries, the U.S. Government's African Growth and Opportunity Act (AGOA) provides eligible countries with duty-free access to the U.S. market. This duty-free access applies to more than 1,800 products, including value-added agricultural and manufactured goods.

Figure 3:
Opportunities for African investment in the United States

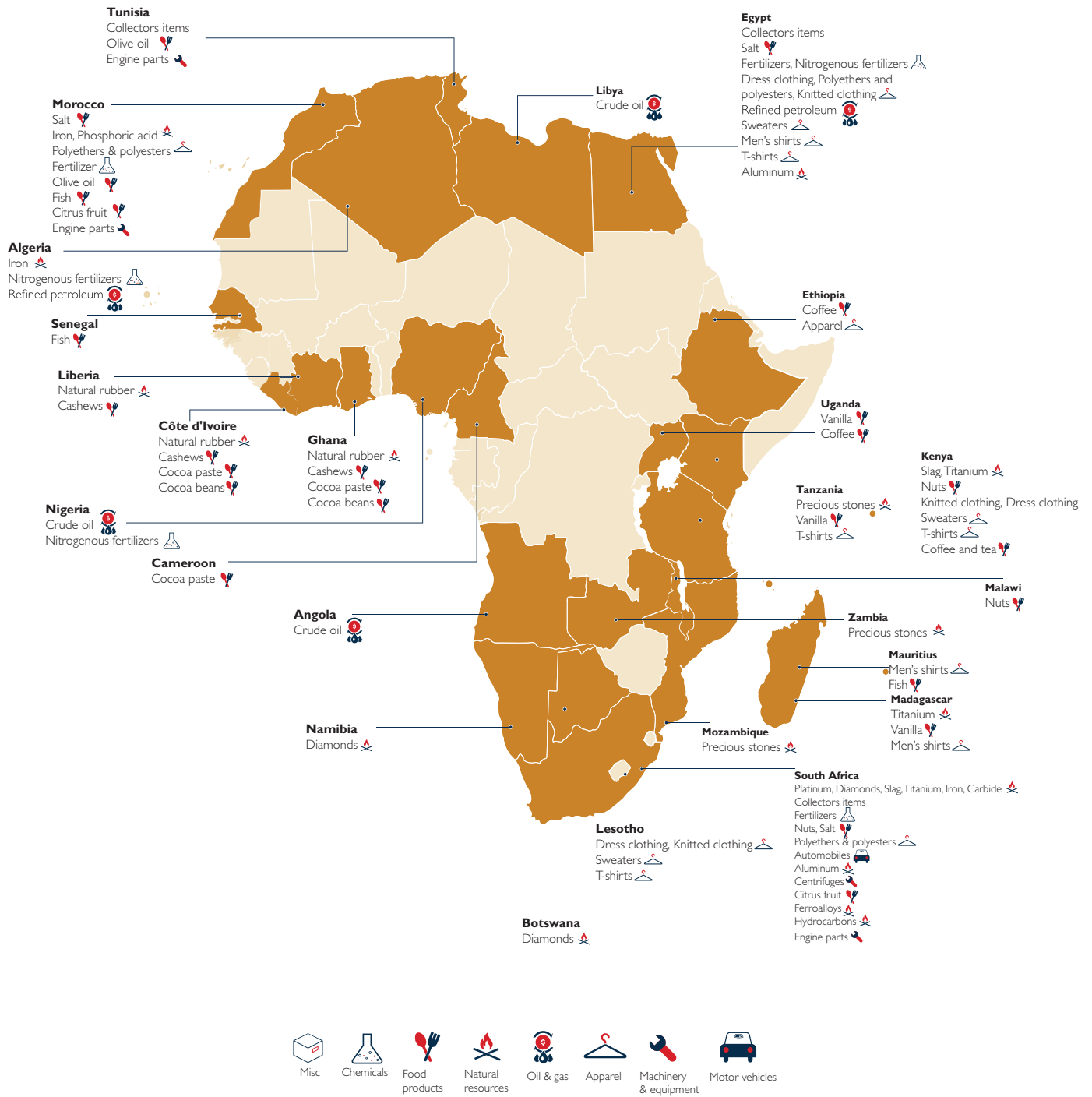


95% of African investment in U.S. from 2015-19 comes from South Africa

Source: MGI Economics Research, FDI Trend Atlas, FDI Markets, UNCTAD, Dealogic, IMF



Figure 4:
Opportunities for African exports to the United States



NOTE: Tourism was not counted as an export but is an opportunity in many countries | Source: MGI Economics Research, U.S. Census Bureau, ITC Trade Map, EPAT; FDI Trend Atlas

Emerging Opportunities in Response to COVID-19

While COVID-19 has brought serious economic challenges, new two-way trade and investment opportunities are also emerging in response to the pandemic, especially in key sectors where the U.S. private sector both has a competitive advantage and is well positioned to have a positive social impact across the African continent.



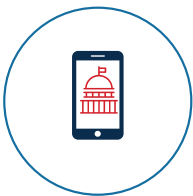
Healthcare: Healthcare systems across Africa are already a focus for international development partners and national governments. Official creditors had mobilized \$57 billion for Africa by April 2020 for health, poverty alleviation, and economic development, but an estimated \$44 billion more was needed by the end of the year, according to the World Bank Group and the International Monetary Fund.⁶



E-Commerce: Before the crisis, e-commerce was predicted to capture up to 10 percent of retail sales by 2025, a trend that COVID-19 could accelerate given lockdowns and social distancing measures.⁷



Manufacturing: The COVID-19 crisis has exposed the vulnerability of global supply chains and the need to develop critical manufacturing capabilities regionally. On the African continent, increasing regionally-sourced goods by 5 to 10 percent could add \$10–20 billion to the continent's manufacturing output.⁸ To meet internal demand for pharmaceuticals without depending on external suppliers, countries can accelerate the adoption of the Pharmaceutical Manufacturing Plan of Africa and the establishment of an African Medicine Agency, as set out by the African Union.⁹



Digital government services: Many governments across the continent are considering working with telecommunications and technology companies to share anonymized data on vulnerable populations' location, movement, and payments, given how prevalent mobile phones have become in parts of Africa. Countries with existing e-platforms have been better able to deliver services in a socially distanced way. For example, some countries are using mobile money to support vulnerable households and workers. As digital payments become more accessible, governments may look increasingly to innovations in e-government service provision.



Micro-finance: The effects of COVID-19 on employment have reinforced the challenge of Africa's large informal economy, which often makes it more difficult for companies to access government support for trade and investment opportunities and to contribute to public tax revenues. Only 15 percent of Africa's estimated 90 million micro, small, and medium enterprises are currently registered, presenting an opportunity to widen the reach of trade and investment promotion efforts.¹⁰

As COVID-19 brings rapid change, and as new opportunities emerge, Prosper Africa can continue to help businesses and investors build new partnerships and close deals. By increasing two-way trade and investment between the United States and Africa, Prosper Africa can drive shared economic growth and support more prosperous, self-reliant, and stable African countries.

THE CHALLENGE

Despite the wealth of opportunities for economic engagement with Africa, key constraints have limited the growth of U.S.-Africa trade and investment. These constraints fall into the following four categories: 1) institutional barriers, 2) infrastructure and value chain barriers, 3) risk/reward imbalance, and 4) high transaction costs. The Prosper Africa initiative is uniquely positioned to modernize and synchronize the U.S. Government's trade and investment toolkit to help U.S. and African businesses and investors unlock these constraints in order to maximize the opportunities.

These core constraints have contributed to the stagnation or decline of U.S. trade and investment in Africa over the last decade. In 2019, Africa accounted for 18 percent of the world's population but only represented 1.4 percent of U.S. trade globally.¹¹ While U.S.-Africa trade peaked in 2008, it had fallen by approximately 50 percent only nine years later.¹² Similarly, U.S. investment in the continent has leveled off after also reaching a peak in 2008 at just under \$15 billion.

As U.S. trade and investment in Africa has decreased or stagnated, China's, Russia's, and the European Union's (EU) have grown. Between 2010 and 2019, China's trade with the African continent experienced a five percent compound annual growth rate (CAGR) and the EU had a two percent CAGR.¹³

While U.S. investors continue to play a leading role in sectors such as information and communications technology, accommodations, and business and professional services, they have been overtaken by Chinese, Russian, and French investors in the manufacturing, utilities, and transportation sectors, in particular.

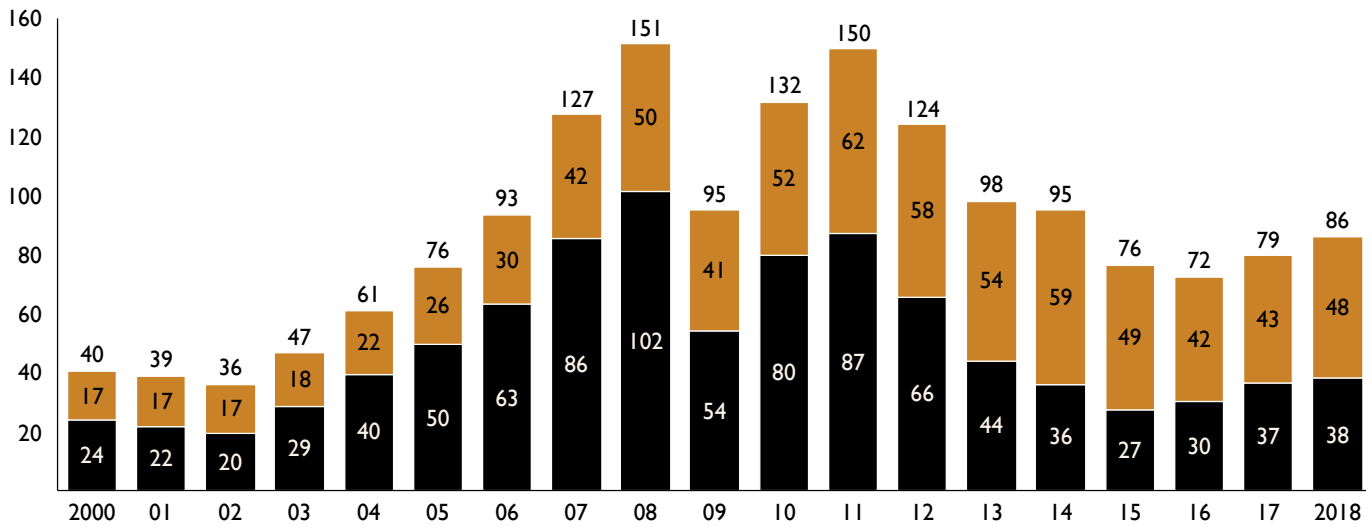
Institutional Barriers

Policy, governance, and macroeconomic issues (including a lack of robust and efficient financial markets) pose challenges in both the investment climate and the ease of doing business. Many African market institutions are nascent—they lack transparency, formality, and predictability. These barriers drive up costs that pioneering companies must bear, creating first-mover disadvantages; opaque public procurement processes may hinder competition; and when challenges arise, legal systems are often less capable of enforcement.¹⁴

Figure 5:
Two-way U.S.-Africa trade

Two-way U.S.-Africa trade (goods and services), 2000-2018 \$B

U.S. exports to Africa
African exports to the United States



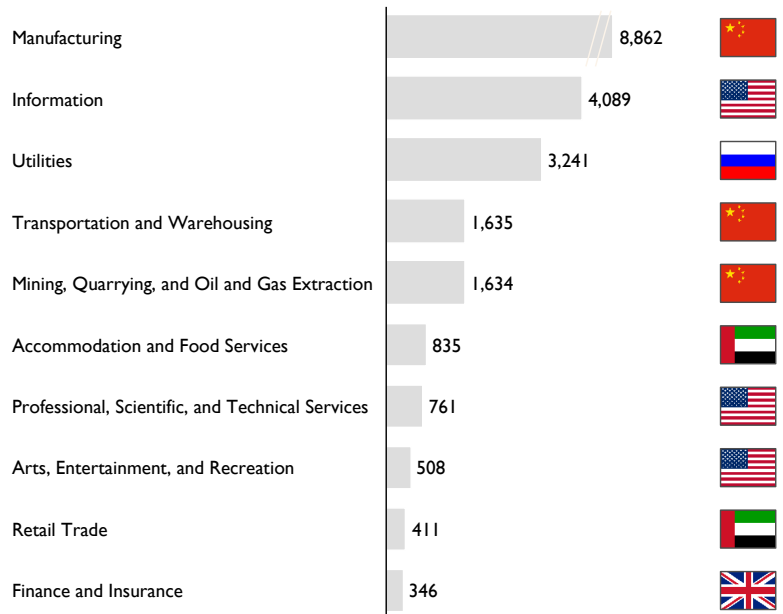
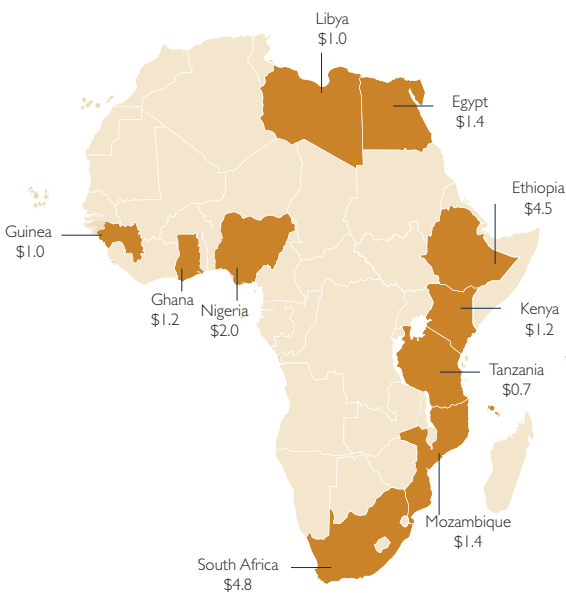
SOURCE: MGI Economics Research, FDI Trend Atlas, UNCTAD, IMF, Dealogic, FDI Markets; Country EPZ factor cost sheets, Werner International, Tariff sheets, Drewry transport costs, AGOA.info

Figure 6:
U.S. foreign direct investment in Africa by country and sector

U.S. FDI in Africa by destination country (Top 10), \$B (2015-19)

U.S. FDI in Africa by sector (Top 10), \$M (2015-19)

Top country in sector by FDI (2015-19)



Source: MGI Economics Research, FDI Trend Atlas, UNCTAD, IMF, Dealogic, FDI Markets

Corruption also remains a challenge, with the African continent ranking lowest among global regions in the Transparency International Corruption Perceptions Index (CPI).¹⁵ Capital and foreign exchange controls in many African countries pose a challenge for both U.S. and African investors, rendering them either unable to recover investment or to initiate transactions. Finally, for Africa-to-U.S. transactions, long visa application timelines into the United States, complicated tax codes, and stringent inspection standards place a significant cost burden on African and U.S. companies alike.

Infrastructure and Value Chain Barriers

Africa lacks widespread access to the infrastructure, human capital, and other public goods that are critical to trade and investment. The limited availability of modern, reliable, and low-cost public goods such as roads, power, and ports are consistently cited as impediments to investment and trade. In addition, some African markets are relatively small and fragmented, and without deeper regional integration they are not sufficiently deep to attract international attention and capital at scale. Firms operating in Africa may need to integrate vertically to fill in missing gaps in the value chain, including securing supplemental access to electricity, providing additional training and education for local workers, and creating local distribution channels.¹⁶ These investments can be costly, not only in upfront capital but also in risk exposure. A challenging operating environment and the difficulty of finding willing buyers (“exits”) from investments has also resulted in a longer holding period for investors, putting downward pressure on internal rates of return.¹⁷

Risk/Reward Imbalance

Doing business in Africa continues to be associated with a high level of real or perceived risk, driving up the cost of capital for exporters, customers, and investors. Africa’s smaller ticket sizes, longer deployment timelines, and varying returns relative to developed markets increase the challenges of attracting capital.

For African exporters, scaling up business operations to meet the demands of a U.S. buyer tends to require unprecedented reliance on working capital, as well as capital investments. Beyond lack of capital, there is often a mismatch between expectations of available capital and the opportunity.¹⁸ For example, large U.S. multinationals may have access to expansion capital but struggle to find opportunities that are large enough for investment.

To further compound the issue, U.S. firms face high levels of competition from established firms or entrants with institutional support from their home governments.

High Transaction Costs

Firm-level constraints center mainly on difficulties identifying, vetting, evaluating, and executing potential opportunities and partnerships. African firms also face challenges when selling to larger U.S. companies that employ different and more rigid quality standards, delivery schedules, and other contract terms. Overall, deals are difficult, and transaction costs can be disproportionately high compared to initial investment size. As a result, some businesses and investors opt to stay in markets that they already know well. Most commonly, U.S. businesses and investors seeking to engage with the African marketplace have information gaps, which are often caused by a lack of bandwidth to undertake diligence and analysis, a lack of relevant geographic presence, or a lack of local contextual or sector expertise.

In addition, the shallow intermediary market in Africa imposes challenges on any firm exploring a potential business partner or opportunity. There is also often a lack of trust between parties, stemming from information asymmetry challenges. Such issues increase the need for honest brokers, yet such organizations are often absent given that “deal flow” can be sometimes too few, too small, and too uncertain to support a robust private advisory ecosystem.



As for risk, I think there’s probably a 10- to 15-year gap between the actual risk and situation on the ground versus what people perceive. I don’t think many businesses here realize the growth and change that has taken place over the last decade. I would encourage people to really take advantage of these opportunities because Africa is going to be the place to do business for the next 10, 20, or even 30 years.”

—U.S. Investment Firm [ABD Group]

Gaps in the U.S. Government Toolkit

The U.S. Government offers a wide-range of tools that can mitigate risk and provide valuable information. These tools generally fall into three main categories of support: promotion, financing, and expertise. However these tools are not always fit-for-purpose, U.S. and African companies have found it difficult to navigate them, and many of these tools have not kept up with the methods deployed by other countries to expand economic engagement with Africa.

With 17 U.S. Government agencies engaged in Prosper Africa, this whole-of-government initiative provides a much needed intervention. By modernizing and synchronizing the U.S. Government toolkit, Prosper Africa can help companies unlock the above constraints. To do so, Prosper Africa must not only take steps to promote and increase awareness of U.S. Government tools, but it must also revise its offerings to ensure that these tools are meeting real business needs. The following section offers targeted recommendations for Prosper Africa to achieve these goals.

Figure 7:
Assistance typically sought from the U.S. Government

| Private sector constraint themes | | Primary assistance sought from USG | | |
|--|--|------------------------------------|-----------|-----------|
| | | Financing | Promotion | Expertise |
| Institutional | Opaque government procurement policies and/or insufficient regulatory standards | | ✓ | |
| | Macroeconomic stability and exchange rate volatility | ✓ | ✓ | |
| | Inhibitory taxes or subsidies; limited existing trade agreements | ✓ | ✓ | |
| Infrastructure and Value Chain | Property rights and contract enforcement concerns | | ✓ | |
| | Lack of soft infrastructure such as training for workforce | ✓ | | ✓ |
| | Limited local market size/purchasing power and expansion opportunities | ✓ | ✓ | |
| | Lack of physical infrastructure & associated high costs of energy, transport, ICT, etc. | ✓ | | |
| Lack of Capital for Risk/Return | High perceived risk relative to true benefit | ✓ | | ✓ |
| | Below market risk-adjusted returns in certain sub-sectors | ✓ | | ✓ |
| | Limited local financing vehicles/channels that can invest in small and flexible ticket sizes | ✓ | | |
| | Oversized initial capital requirements because vertical integration frequently needed | ✓ | | |
| Transaction Costs | Information asymmetry (lack of trust) and lack of reliable market intelligence | ✓ | | ✓ |
| | High diligence costs relative to deal or procurement size | | | ✓ |
| | High search and origination costs | ✓ | | ✓ |
| | Limited advisory/intermediary ecosystem | | | ✓ |

THE ROAD AHEAD

Based on the opportunities and constraints outlined above, Prosper Africa must continue to focus on two activity streams to expand economic engagement between the United States and Africa:

1. Facilitate Transactions
2. Shape Future Opportunities

Prosper Africa should initially focus on capital and technology flows from the United States to Africa, where there is significant near-term potential and the initiative has robust tools to address identified constraints. Increased U.S. investment in Africa will, in turn, lay a strong foundation for further accelerating reciprocal trade and investment from Africa to the United States.

Prosper Africa cannot address constraints across the business and transaction life cycle alone. As the U.S. Government works to facilitate transactions and shape future opportunities, it must continue to work closely with willing African governments to make local business environments more attractive by strengthening institutions, improving hard and soft infrastructure, and investing in human capital. Bilateral and multilateral agencies should undertake significant market- and sector-development efforts to enable mutually beneficial transactions; and development banks should provide financing and risk mitigation, as well as technical assistance when appropriate.

Recommendations for Facilitating Transactions

Prosper Africa should continue to work across the U.S. Government to modernize its trade and investment tools to better meet U.S. and African business needs. Prosper Africa should work to modernize each tool in line with private sector feedback and competitive best practices and synchronize the end-to-end client experience to bring the best of the U.S. Government to bear. By modernizing individual agency tools, Prosper Africa will help the U.S. Government become more responsive to private sector needs.

Figure 8:
Prosper Africa Embassy Deal Teams, a whole-of-government approach

Prosper Africa leverages more than 50 interagency teams across Africa

- Prosper Africa Embassy Deal Teams have launched at U.S. embassies across the African continent. These teams identify priority deals and flag where whole-of-government support is needed to close transactions.
- In Washington, the recently-launched interagency Prosper Africa Deal Team coordinates additional USG support for deals originating in the U.S. or deals referred by the field.
- These teams are also supported by the Prosper Africa Executive Secretariat Extended Team in Johannesburg.

54

Embassies

42

USAID Missions

14

Foreign Agricultural Service Offices

12

Foreign Commercial Service Offices

23

Millennium Challenge Corporation Compacts & Thresholds

17

U.S. Government Agencies

■ Modernize Tools

Awareness: Prosper Africa should continue to increase the private sector's awareness of the opportunities across Africa and the United States, as well as its understanding of the U.S. Government tools that are available to help advance those opportunities. Prosper Africa should continue to serve as a one-stop shop, advising businesses and investors on trade and investment opportunities, guiding them through the U.S. Government's toolkit, and implementing a robust outreach strategy to raise private sector awareness. The initiative could:

- Provide communications, training, and advisory support to the Prosper Africa Embassy Deal Teams across the continent as those teams help U.S. and African businesses navigate the full suite of U.S. Government tools.
- Package and present an up-to-date pipeline of vetted, high-potential opportunities to U.S. and African businesses and investors through the Prosper Africa website and other platforms.

Eligibility: Under Prosper Africa, the U.S. Government should expand the eligibility criteria for businesses and investors to access select U.S. Government tools, particularly those that focus on enhancing exports. The initiative could:

- Expand private sector access to U.S. Government tools to support U.S. and African trade and investment; and
- Increase flexibility in deal size, geographic scope (allowing more regional programs in addition to bilateral ones), and other selection criteria.

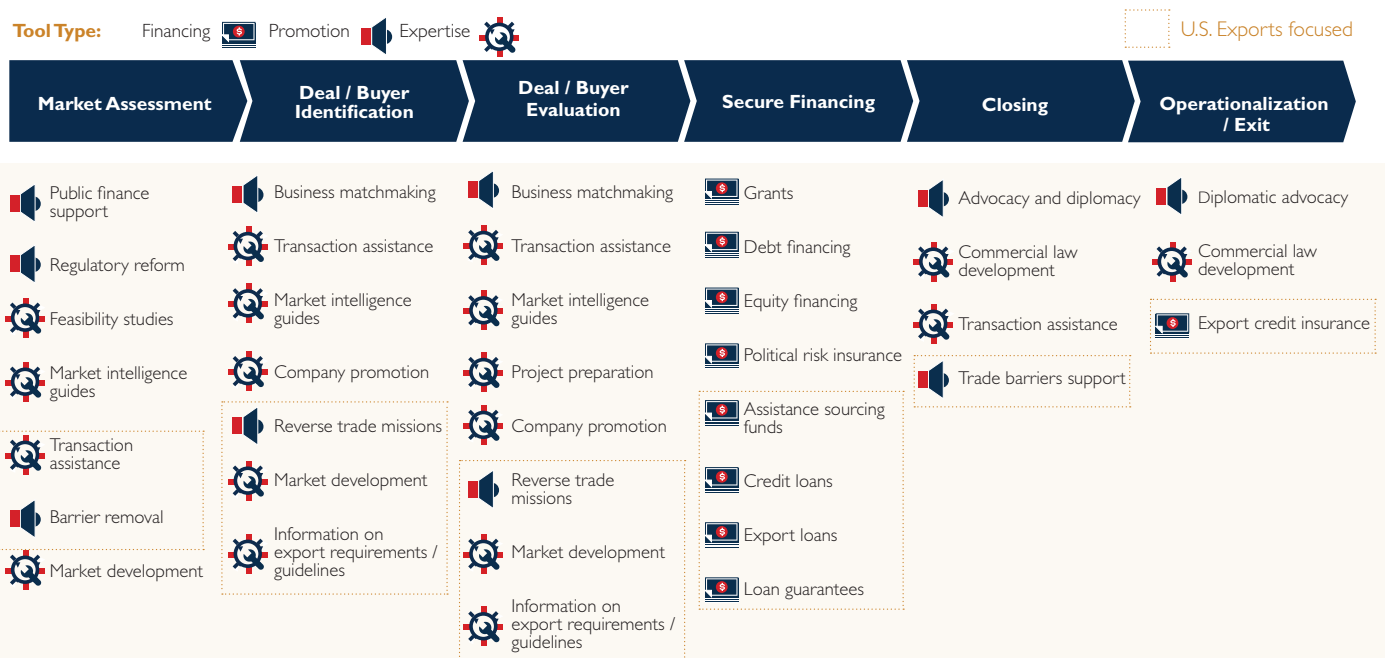
Suitability: Prosper Africa should ensure that U.S. Government tools are tailored to specific constraints facing U.S. and African firms. The initiative could:

- Ensure that financing tools are appropriately resourced with risk-mitigating capital sources; and
- Expand the local presence of U.S. Government agencies in certain African markets.

Efficiency: Prosper Africa should streamline the application process and timeline for accessing U.S. Government tools. The initiative could:

- Provide pre-application support to U.S. and African firms applying for U.S. Government financing support to ensure that they meet the relevant diligence requirements; and
- Ensure that U.S. Government agencies provide frequent and transparent status updates to applicants seeking support.

Figure 9:
U.S. Government tools along the deal journey



■ Synchronize Tools

In addition to modernizing U.S. Government tools, Prosper Africa should also continue to synchronize resources and information-sharing across the U.S. Government. This will provide a more seamless customer experience and better support for private sector firms. The focus of the synchronization efforts should include:

Pipeline generation: Prosper Africa Embassy Deal Teams should proactively identify deals by reaching out to networks of in-country stakeholders and sharing these potential transactions across the U.S. Government. A “no wrong door” policy should ensure that businesses and investors can initiate an opportunity with any Prosper Africa Embassy Deal Team and at any Prosper Africa agency.

Hands-on assistance: Each deal that receives Prosper Africa support should have a dedicated point of contact to help businesses navigate the appropriate tools and services throughout a deal's life cycle.

Dedicated transaction support: Prosper Africa Embassy Deal Teams should coordinate U.S. Government support to private sector players and work with third-party advisers to deliver transaction-specific services. Services could include due diligence support, feasibility studies, market analysis, deal structuring, and fundraising support.

Figure 10:
Deal journey for a U.S. firm investing in Africa

A U.S. firm is making its first investment in an agri-processing facility for which it will purchase and use U.S. equipment to set up operations.



Figure 11:
Deal journey for a U.S. firm exporting to Africa

A U.S. firm is interested in a USG-sourced trade opportunity to export machinery products



Figure 12:
Deal journey for an African fund seeking U.S. investment

An African-based private equity fund seeks to secure initial commitments from U.S. institutional investors for local infrastructure and development projects



Recommendations for Shaping Future Opportunities

Due to existing perceptions and on-the-ground realities, transactions currently in the pipeline are not enough to significantly increase economic engagement between the United States and Africa. Prosper Africa should focus on unlocking sector and market-binding constraints in key African markets, and then promoting U.S. private sector interest in these sectors and markets. Prosper Africa should take a four-step integrated approach.

1. Identify opportunities: Prosper Africa should build on data-driven analyses to identify the most promising and underleveraged sectors in each African country. The Roadmap team identified an initial list of countries and subsectors (see figure 18 on page 36). U.S. embassies can further operationalize this shortlist by engaging with national and local governments, industry associations, donor partners, and local civil society organizations to prioritize the areas where the U.S. Government can have the biggest impact.

2. Align resources: Once a shortlist of sectors has been developed and validated with in-country stakeholders, Prosper Africa should identify the short- and long-term constraints and align U.S. Government resources to overcome these constraints. The initiative should also align resources with other governments, development organizations, and private sector partners.

3. Overcome barriers: Prosper Africa should work across the U.S. Government and with international development agencies and private sector partners to address the short- and long-term barriers to trade and investment. For example, there are currently six U.S. Government agencies working in the Nigerian agriculture sector: The U.S. Agency for International Development focuses on agricultural policy and administrative management; the U.S. African Development Foundation focuses on agricultural cooperatives, fishery development, and food crop production; the U.S. Trade and Development Agency focuses on early stage project preparation for infrastructure projects in the agribusiness sector; and the U.S. Department of Agriculture, the U.S. Department of Defense, and the U.S. Department of State focus on research. Prosper Africa Embassy Deal Teams may convene local program leads across these agencies regularly to ensure that the most important constraints to two-way trade and investment are being addressed.

4. Promote private sector interest: Once short-term actions begin to gain traction in priority sectors, Prosper Africa should bring U.S. and African businesses and investors to the table through robust communications and outreach campaigns. Activities should raise awareness of the opportunities for U.S.–Africa business partnership, facilitate transactions by connecting firms with credible partners, and drive engagement with emerging sectors.

CONCLUSION

The U.S.-Africa business relationship has proven its strong potential. Prosper Africa can serve as a catalyst to accelerate this engagement, bringing together like-minded partners to overcome barriers to trade and investment and make the best use of the considerable support offered across the U.S. Government. This partnership between the United States and Africa is more important than ever in the wake of COVID-19 where mutual prosperity will be possible only through inclusive growth, multilateral cooperation, private sector engagement, and enhanced government capacity.



It can be hard as an entrepreneur in the thick of things to figure out where you can draw support from. It can be hard to figure out what is a distraction and what's going to be additive to your business. The more we can get business-focused initiatives like Prosper Africa to help cut through the noise, the better off everybody will be.”

— African Business [Tomato Jos]

APPENDIX: HISTORICAL AND FUTURE TRENDS

In order to substantially increase two-way trade and investment, Prosper Africa must support trade and investment flows from the United States to Africa, and from Africa to the United States. These activities encompass four vectors: U.S. exports to Africa; U.S. investment in Africa; African exports to the United States, and African investment in the United States. Based on an analysis of the trade and investment landscape, the section below summarizes headwinds and opportunities across each of these four categories.

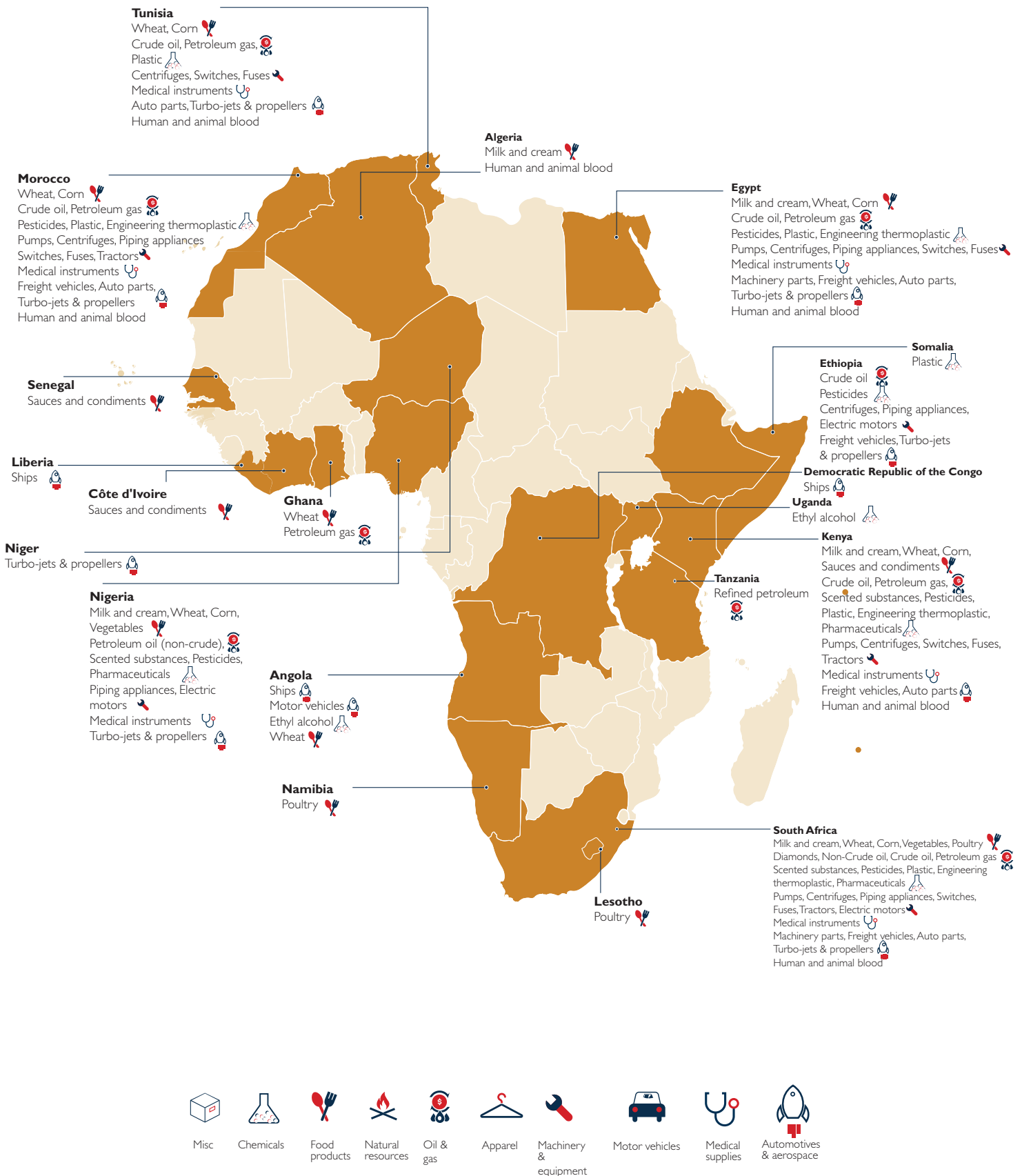
U.S. Exports to Africa

Historical trends: Historically, the United States has been one of the leading exporters to Africa, although it now lags well behind China and the EU. Currently, 70 percent of U.S. exports to Africa are concentrated in five of Africa's largest economies and 80 percent are concentrated in ten product groups (e.g., automotive, oil and gas, food and beverage, machinery and tools) that are aligned with U.S. competitive advantages.¹⁹

Future trends: Increased U.S. exports to Africa will provide African nations with a viable alternative that adheres to the highest standards of quality, transparency, and social responsibility.

Opportunities: Opportunities for U.S. exports to Africa appear in sectors such as automotive, aerospace and defense, digital services, food and beverage, medical devices and biopharmaceuticals, and oil and gas. These opportunities are spread across many countries in Africa but may be stronger in places with large and growing consumer bases, such as Nigeria, Egypt, and East Africa, as more than 50 percent of African consumption growth will be concentrated in these places through 2025.

Figure 13:
Opportunities for U.S. exports to Africa



Source: MGI Economics Research, EPAT, UN Comtrade, U.S. Census Bureau, ITC Mac Map, World Bank's Ease of Doing Business Index

U.S. Investment in Africa

Historical trends: U.S. investment in Africa remained relatively flat between 2005-2009 and 2015-2019 at an estimated \$18-19 billion due to fluctuating commodity prices and political instability.²⁰ The majority of U.S. investment is captured in Africa's largest economies (e.g., South Africa, Nigeria, and Egypt) and fastest-growing economies (e.g., Ghana, Mozambique, and Kenya). A small set of companies are driving the lion's share of U.S. investment on the continent with 70 percent of FDI coming from 20 top U.S. investors—mostly corporations.²¹

Future trends: The U.S. model of private sector investment offers an alternative to state-directed models that can saddle countries with poorly conceived projects and/or unsustainable debt. However, the United States is currently on pace to be dwarfed by China's rapidly increasing investments in Africa. U.S. investment in Africa is likely to remain concentrated in Africa's largest markets, as the most attractive markets cited by investors are within the top 20 largest economies. Investment in Africa will only increase significantly if U.S. investors deepen their familiarity with African markets, especially with small and medium enterprises operating on the African continent. By consolidating and leveraging the full suite of U.S. Government trade and investment tools through Prosper Africa, the United States can better compete with China, whose government agencies and public and private sectors are very much aligned.

Opportunities: Opportunities for U.S. investment in Africa are spread across several countries and a variety of sectors, including accommodations, telecommunications, business and professional services, and food and beverage. These sectors are either large or rapidly growing, and they align with areas of U.S. comparative advantage.

Figure 14:
Potential U.S. investment opportunities in Africa

| Sector | Sub-sector | Countries |
|---------------|--|---|
| Accommodation | | Cameroon, Egypt, Ethiopia, Ghana, Kenya, Mauritania, Morocco, Mozambique, Nigeria, Rwanda, Senegal, South Africa, Tanzania, Tunisia |
| Agriculture | Animal Production and Aquaculture | Nigeria |
| | Crop Production | Mozambique, Nigeria, Sierra Leone, South Africa, Tanzania, Uganda, Zambia |
| Finance | Insurance Carriers & Related Activities | Côte d'Ivoire, Morocco |
| | Credit Intermediation & Related Activities | Democratic Republic of the Congo, Ghana, Mauritania, Mozambique, Nigeria, South Africa |
| Healthcare | Hospitals | Egypt |
| Information | Broadcasting (except Internet) | Egypt, Kenya, Rwanda |
| | Data Processing, Hosting, and Related Services | Côte d'Ivoire, Egypt, Ghana, Kenya, Mauritius, Morocco, Nigeria, Rwanda, Senegal, South Africa, Tanzania, Uganda |
| | Publishing Industries (except Internet) | Côte d'Ivoire, Egypt, Ghana, Kenya, Mauritius, Morocco, Nigeria, Rwanda, Senegal, South Africa, Tanzania, Uganda |
| | Telecommunications | Cameroon, Côte d'Ivoire, Egypt, Ethiopia, Ghana, Kenya, Mauritius, Nigeria, Senegal, South Africa, Tunisia, Uganda |

| Sector | Sub-sector | Countries |
|--------------------------------|---|---|
| Manufacturing | Other | South Africa |
| | Beverage and Tobacco Product Manufacturing | Ethiopia, Kenya, South Africa |
| | Chemical Manufacturing | Algeria, Cameroon, Côte d'Ivoire, Egypt, Ethiopia, Ghana, Kenya, Nigeria, South Africa, Tanzania, Uganda |
| | Computer & Electronic Product Manufacturing | Kenya, Tanzania, Tunisia, |
| | Electrical Equipment, Appliance, & Component Manufacturing | Tunisia |
| | Food Manufacturing | Chad, Côte d'Ivoire, Egypt, Kenya, Morocco, Mozambique, Nigeria, South Africa, Uganda |
| | Machinery Manufacturing | Algeria, Cameroon, Côte d'Ivoire, Egypt, Ethiopia, Ghana, Kenya, Nigeria, South Africa, Tanzania, Uganda, |
| | Nonmetallic Mineral Product Manufacturing | Cameroon, Côte d'Ivoire, Gabon, Ghana, Morocco, Tanzania, Uganda |
| | Paper Manufacturing | Ghana |
| | Petroleum and Coal Products Manufacturing | Egypt, Ethiopia, Ghana, Guinea, Kenya, Morocco, Namibia, Nigeria, South Africa |
| | Plastics and Rubber Products Manufacturing | Egypt |
| | Primary Metal Manufacturing | Algeria, Congo, Côte d'Ivoire, Egypt, Ethiopia, Guinea, Kenya, Morocco, Senegal, South Africa |
| | Printing and Related Support Activities | Ghana, Kenya |
| | Textile Product Mills | Burkina Faso, Egypt, Ethiopia, Morocco |
| | Transportation Equipment Manufacturing | Algeria, Egypt, Ghana, Kenya, Morocco, Nigeria, South Africa, Tanzania |
| Wood Product Manufacturing | Gabon | |
| Mining | Mining (except Oil and Gas) | Algeria, Benin, Congo, Ethiopia, Guinea, Mali, Madagascar, Mozambique, Namibia, Zambia |
| | Oil and Gas Extraction | Algeria, Angola, Egypt, Ghana, Morocco, Nigeria, Tanzania |
| Other services | Amusement, Gambling, and Recreation Industries | Morocco |
| Professional activities | Administrative and Support Services | Egypt, Ethiopia, Ghana, Kenya, Morocco, Rwanda, South Africa |
| | Other (Real Estate) | Egypt |
| | Professional, Scientific, and Technical Services | Côte d'Ivoire, Egypt, Ethiopia, Ghana, Kenya, Mauritius, Morocco, Nigeria, Rwanda, Senegal, South Africa |
| | Rental and Leasing Services | South Africa |
| | Real Estate | Egypt, Kenya, Mauritius, Morocco, South Africa |
| | Waste Management and Remediation Services | Egypt, South Africa |
| Trade | Building Material and Garden Equipment and Supplies Dealers | South Africa |
| | Clothing and Clothing Accessories Stores | Côte d'Ivoire, Egypt, Ethiopia, Ghana, Kenya, Morocco, Rwanda, South Africa, Tanzania, Tunisia |
| | Electronics and Appliance Stores | Egypt, Kenya, South Africa |

| Sector | Sub-sector | Countries |
|------------------|--|--|
| | Food and Beverage Stores | Côte d'Ivoire, Egypt, Kenya, Namibia, Nigeria, Rwanda, South Africa, Tanzania, Zambia |
| | Gasoline Stations | Egypt, Ethiopia, Morocco, Mozambique |
| | General Merchandise Stores | Egypt, Kenya |
| | Merchant Wholesalers, Durable Goods | Kenya, South Africa |
| | Merchant Wholesalers, Nondurable Goods | Angola, Benin, Egypt, Kenya, Morocco, Mozambique |
| | Miscellaneous Store Retailers | Kenya |
| | Motor Vehicle and Parts Dealers | Kenya, Namibia, South Africa |
| | Nonstore Retailers | Egypt |
| Transport | Air Transportation | Benin, Cameroon, Côte d'Ivoire |
| | Freight/Distribution Services | Egypt |
| | Pipeline Transportation | Egypt, Ethiopia, Ghana, Kenya, Morocco, Nigeria, Rwanda, Senegal, South Africa, Uganda |
| | Warehousing and Storage | Algeria, Congo, Côte d'Ivoire, Egypt |
| | Water Transportation | Egypt |
| Utilities | Utilities | Egypt, Kenya, South Africa |



Figure 15:
Select high-priority U.S. investment opportunities and associated methodology

■ Approach

Created a new index for all sub-sectors with FDI > 0 in 2015-19 at the sub-sector level
 Scored each sub-sector according to the following elements:

Attractiveness

GDP (sector level)

GDP Growth (2015-2019 and 2019-2024) (sector level)

Total FDI (2015-2019) (sub-sector level)

Ease of Doing Business Competitiveness (country level)

U.S. Competitiveness (sub-sector level)







Took all sub-sectors which scored in the top 40th percentile of both attractiveness and competitiveness
 (High-High quadrant)

| Sector | Sub-sector | Countries |
|--------------------------------|--|--|
| Accommodation | | Cameroon, Côte d'Ivoire, Egypt, Ethiopia, Kenya, Nigeria, Rwanda, Senegal, South Africa, Tunisia |
| Agriculture | Crop Production | Nigeria, South Africa, Tanzania, Uganda |
| Finance | Insurance Carriers and Related Activities | Côte d'Ivoire, Kenya |
| | Credit Intermediation | Kenya |
| Healthcare | Hospitals | Egypt |
| Information | Broadcasting (except Internet) | Egypt, Kenya, Rwanda |
| | Data Processing, Hosting, and Related Services | Côte d'Ivoire, Egypt, Ghana, Kenya, Morocco, Nigeria, Rwanda, Senegal, Tanzania, Uganda |
| | Publishing Industries (except Internet) | Côte d'Ivoire, Egypt, Kenya, Mauritius, Nigeria, Rwanda, Tunisia |
| | Telecommunications | Cameroon, Côte d'Ivoire, Egypt, Ethiopia, Ghana, Kenya, Mauritius, Nigeria, Senegal, South Africa, Tunisia, Uganda |
| Manufacturing | Other (Metals) | South Africa |
| | Electrical Equipment, Appliance, and Component Manufacturing | Morocco |
| | Petroleum and Coal Products Manufacturing | Egypt, Ghana, Kenya, Morocco, Namibia, Nigeria |
| | Primary Metal Manufacturing | Egypt, Ethiopia, Ghana, Senegal |
| | Printing and Related Support Activities | Ghana, Kenya |
| | Textile Product Mills | Egypt, Morocco |
| Mining | Mining (except Oil and Gas) | Burkina Faso, Zambia |
| | Oil and Gas Extraction | Mozambique, Tanzania |
| Professional activities | Administrative and Support Services | Egypt, Ethiopia, Ghana, Kenya, Morocco, Rwanda |
| | Professional, Scientific, and Technical Services | Côte d'Ivoire, Egypt, Ethiopia, Ghana, Kenya, Morocco, Nigeria, Rwanda |
| | Real Estate | Egypt, Kenya, Morocco, South Africa |
| | Waste Management and Remediation Services | Egypt, South Africa |

| Sector | Sub-sector | Countries |
|-----------|---|---|
| Trade | Building Material and Garden Equipment and Supplies Dealers | South Africa |
| | Clothing and Clothing Accessories Stores | Côte d'Ivoire, Egypt, Ghana, Kenya, Morocco, Rwanda, Tanzania, Tunisia |
| | Electronics and Appliance Stores | Egypt, Kenya, South Africa |
| | Food and Beverage Stores | Côte d'Ivoire, Kenya, Nigeria, Rwanda, South Africa, Tanzania, Zambia |
| | Gasoline Stations | Egypt, Ethiopia, Morocco, Mozambique |
| | General Merchandise Stores | Egypt, Kenya |
| | Merchant Wholesalers, Durable Goods | Kenya, South Africa |
| | Merchant Wholesalers, Nondurable Goods | Benin, Egypt, Kenya, Morocco, Mozambique |
| | Miscellaneous Store Retailers | Kenya |
| | Motor Vehicle and Parts Dealers | Kenya, South Africa |
| | Nonstore Retailers | Egypt |
| Transport | Air Transportation | Benin, Cameroon, Egypt, Ghana, Morocco, Rwanda, Senegal, South Africa, Uganda |
| | Freight Transportation | Ethiopia |
| | Pipeline Transportation | Egypt, Nigeria |

Source: MGI Economics Research, FDI Trend Atlas, FDI Markets, Dealogic, UNCTAD, IMF, World Bank's Ease of Doing Business index

Figure 16:
Emerging U.S. investment opportunities in Africa

| | Trend | Evidence | Emerging opportunities |
|---------------|---|--|---|
| Demographic |  | Young & growing population By 2030, Africa's population will grow to ~1.7 billion and the continent will be home to one fifth of the world's population, significantly increasing demand for food, healthcare, and education. Young people under the age of 25 make up the majority of Africa's population today. The size of Africa's working-age population is expected to surpass both India's and China's by 2034. | Ag-processing, EdTech, Digital health, Digital streaming entertainment |
| |  | Rapid urbanization Africa is urbanizing faster than any other region in the world, with 80% of Africa's 2050 population growth occurring in cities. By 2025, there will be 100 cities with more than one million inhabitants compared to half as many as in Latin America. This is expected to drive demand for consumer goods, construction, transportation, and real estate. | Energy infrastructure, Transportation infrastructure, Water and sanitation infrastructure, Ag-processing, Telecom infrastructure |
| |  | Rising incomes & household consumption African household consumption is projected to increase to over \$2 trillion by 2025, with the majority of growth coming from Egypt, Nigeria, and East Africa. Food & beverage still constitutes a large share of total consumption, but healthcare, motor vehicles, financial services, and other major sectors are expected to rise. | F&B QSR services, Apparel retail, Digital streaming entertainment, Digital health, EdTech, FinTech, E-commerce marketplace |
| Macroeconomic |  | Increasing digital and mobile access There were over 456 million unique mobile subscribers in Sub-Saharan Africa in 2018, representing 44% of the region's population. In 2015, this figure was under 20%. Africa holds more than 120 million mobile money accounts, over 50% of the global total, with 5X growth relative to all other regions. | Telecom infrastructure, Data infrastructure, FinTech, EdTech, Digital health, Entertainment |
| |  | Mass industrialization Africa has the opportunity to increase manufacturing production to nearly \$1 trillion per year, roughly double from 2015, focused largely in advanced manufacturing (e.g., chemicals, automotive), and food and beverage processing. 75% of this growth will stem from meeting burgeoning local African demand, and could create ~5-15 million additional stable jobs. | Ag-processing [Many manufacturing opportunities are already captured in current opportunities rather than emerging opportunities] |
| |  | Closing infrastructure gap Annual investment in African infrastructure doubled to nearly \$80 billion from 2000-2015. However, demand for infrastructure is poised to rapidly accelerate from 2015-2025 to ~\$150 billion, driven largely by demand for infrastructure in energy, transportation, and water. | Energy infrastructure. Transportation infrastructure, Water and sanitation infrastructure |

Source: Gates Foundation, McKinsey & Company, World Economic Forum, IMF, Brookings Institution

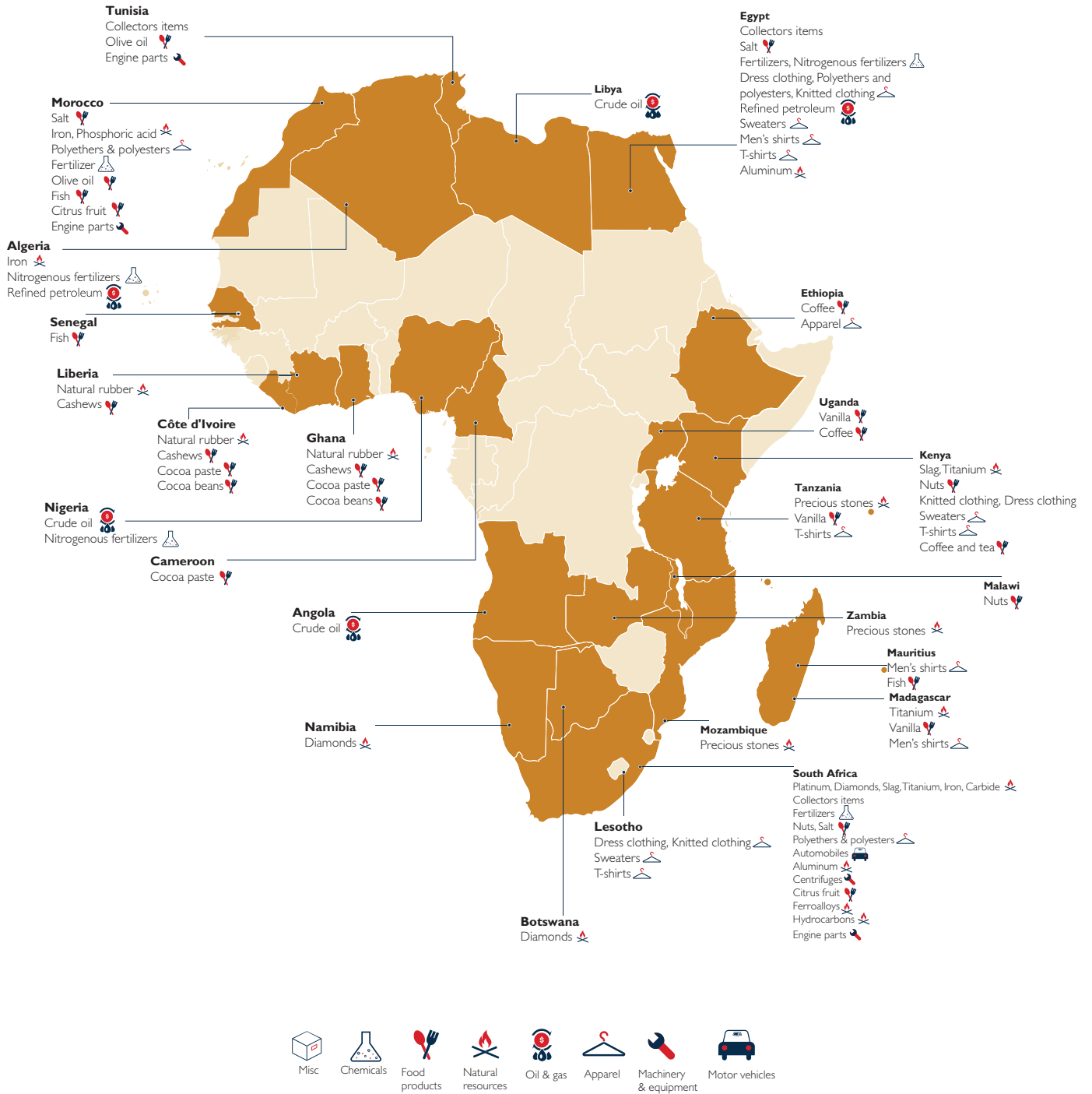
African Exports to the United States

Historical trends: Africa exports a sizable amount to the United States, which lags behind only China and India as a destination for African exports. U.S. imports from Africa are mostly comprised of crude oil and basic metals, and therefore mostly come from large African oil producers like Nigeria, Egypt, and South Africa. Due to increasing U.S. crude oil production, African exports (goods and services) to the United States have been rapidly declining at 10 percent per year since 2010.²² African exports also represent a small share of U.S. oil imports as the United States imports mostly from Canada, Saudi Arabia, and Latin America.

Future trends: African oil exports to the United States are unlikely to grow as U.S. oil production continues to localize. African consumption and demand for goods are rapidly increasing, likely steering African exporters towards intra-African trade. However, for African businesses looking to expand beyond the continent, the U.S. market offers a range of opportunities. With more than 325 million people and a GDP of more than \$20 trillion in 2019, the United States is the largest consumer market in the world.²³ For example, while small compared to other leading textile and apparel producers, Kenya's and Ethiopia's production capacity has grown significantly in recent years and is expected to continue growing as a share of the global textile and apparel market. Trends like these towards manufacturing offer African countries the opportunity to diversify exports beyond commodities.

Opportunities: African countries have many opportunities to increase exports to the United States. For example, the International Trade Centre estimates a \$67 million opportunity for coffee exports from Ethiopia, a \$68 million opportunity for airplane and helicopter parts from Morocco, and a nearly \$41 million opportunity for cocoa beans from Cameroon.²⁴ The largest categories include food and beverage, textiles and apparel, equipment and machinery, automotive, oil and gas, and chemicals.

Figure 17:
Opportunities for African exports to the United States



NOTE: Tourism was not counted as an export but is an opportunity in many countries | Source: MGI Economics Research, U.S. Census Bureau, ITC Trade Map, EPAT, FDI Trend Atlas

Figure 18:
Near-term subsector opportunities by country

| | U.S.-Africa Investment | U.S.-Africa Trade | Africa-U.S.Trade |
|---|---|---|--|
|  Algeria | Chemical Manufacturing Primary Metal Manufacturing Transportation Equipment Manufacturing Mining (except Oil and Gas) Oil & Gas Extraction, Warehousing & Storage | Milk and Cream Human and Animal Blood | Iron Nitrogenous Fertilizers Refined Petroleum |
|  Angola | Oil and Gas Extraction Merchant Wholesalers: Nondurable Goods | Ships Motor Vehicles Ethyl Alcohol Wheat | Crude oil |
|  Botswana | | | Diamonds |
|  Benin | | Poultry | |
|  Burkina Faso | Textile Product Mills Mining (Except Oil and Gas) | | |
|  Cameroon | Accommodation Telecommunications Air Transportation | | Cocoa Paste |
|  Chad | Food Manufacturing | | |
|  Democratic Republic of the Congo | Construction of Buildings Credit Intermediation and Related Activities Primary Metal Manufacturing Mining (except Oil and Gas) Warehousing and Storage | Ships | |
|  Côte d'Ivoire | Construction of Buildings Chemical Manufacturing Food Manufacturing Nonmetallic Mineral Product Manufacturing Primary Metal Manufacturing Air Transportation Warehousing and Storage Accommodation Insurance Carriers and Related Activities Data Processing, Hosting, and Related Services Publishing Industries (Except Internet) Telecommunications Professional, Scientific, and Technical Services Clothing and Clothing Accessories Stores Food and Beverage Stores | Sauces and Condiments | |
|  Egypt | Construction of Buildings Food Manufacturing Plastics and Rubber Products Manufacturing Transportation Equipment Manufacturing Oil and Gas Extractions Other: Real Estate Food and Beverage Stores Freight/Distribution Services Warehousing and Storage Water Transportation Utilities Accommodation Hospitals | Milk and Cream Wheat Corn Crude Oil Petroleum Gas Pesticides Plastics Engineering Thermoplastic Pumps Centrifuges Piping Appliances | Salt Fertilizers Nitrogen Fertilizers Dress Clothing: - Polyethers/Polyesters - Knitted Clothing Refined Petroleum Sweaters Men's Shirts T-shirts Aluminum |

U.S.-Africa Investment

U.S.-Africa Trade

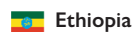
Africa-U.S. Trade



Egypt

Broadcasting (Except Internet)
Data Processing, Hosting, and Related Services
Publishing Industries (Except Internet)
Petroleum and Coal Products Manufacturing
Primary Metal Manufacturing
Textile Product Mills
Administrative and Support Services
Professional, Scientific, and Technical Services
Real Estate
Waste Management and Remediation Services
Clothing and Clothing Accessories Stores
Gasoline Stations
General Merchandise Stores
Merchant Wholesales
Nondurable Goods
Nonstore Retailers
Air Transportation
Pipeline Transportation

Switches
Fuses
Medical Instruments
Machinery Parts:
- Freight Vehicles
- Auto Parts
- Turbo-Jets and Propellers
Human and Animal Blood



Ethiopia

Chemical Manufacturing
Primary Metal Manufacturing
Transportation Equipment Manufacturing
Mining (Except Oil and Gas)
Oil and Gas Extraction
Warehousing and Storage

Crude Oil
Pesticides
Centrifuges
Piping Appliances
Electric Motors
Freight Vehicles
Turbo-Jets and Propellers

Coffee
Apparel



Gabon

Oil and Gas Extraction
Merchant Wholesalers
Nondurable Goods



Ghana

Credit Intermediation and Related Activities
Chemical Manufacturing
Nonmetallic Mineral Product Manufacturing
Paper Manufacturing
Transportation Equipment Manufacturing
Oil and Gas Extraction
Data Processing, Hosting, and Related Services
Telecommunications
Petroleum and Coal Products Manufacturing
Primary Metal Manufacturing
Printing and Related Support Activities
Administrative and Support Services
Professional, Scientific, and Technical Services
Clothing and Clothing Accessories Stores

Wheat
Petroleum Gas

Natural Rubber
Cashews
Cocoa Paste
Cocoa Beans



Guinea

Petroleum and Coal Products Manufacturing
Primary Metal Manufacturing
Mining (Except Oil and Gas)

U.S.-Africa Investment

U.S.-Africa Trade

Africa-U.S. Trade

| | | | |
|--|---|---|--|
|  Kenya | Chemical Manufacturing Computer and Electronic Product Manufacturing Food Manufacturing Transportation Equipment Manufacturing Utilities Accommodation Insurance Carriers and Related Activities Credit Intermediation Broadcasting (Except Internet) Data Processing, Hosting, and Related Services Publishing Industries (Except Internet) Telecommunications Petroleum and Coal Products Manufacturing Printing and Related Support Activities Administrative and Support Services Professional, Scientific, and Technical Services Real Estate Clothing and Clothing Accessories Stores Electronics and Appliance Stores Food and Beverage Stores General Merchandise Stores Merchant Wholesalers: Durable Goods Merchant Wholesalers: Nondurable Goods Miscellaneous Store Retailers Motor Vehicle and Parts Dealers General Merchandise Stores Merchant Wholesalers, Durable Goods Merchant Wholesalers, Nondurable Goods Miscellaneous Store Retailers Motor Vehicle and Parts Dealers | Milk and Cream Wheat Corn Sauces and Condiments Crude Oil Petroleum Gas Scented Substances Pesticides Plastic Engineering Thermoplastic Pharmaceuticals Pumps Centrifuges Switches Fuses Tractors Medical Instruments Freight Vehicles Auto Parts Human and Animal Blood | Slag Titanium Knitted Clothing Dress Clothing T-shirts Sweaters Nuts Coffee and Tea |
|  Lesotho | Mining (Except Oil and Gas) | Dress Clothing Knitted Clothing Sweaters T-shirts | |
|  Liberia | Ships | Natural Rubber Cashews | |
|  Madagascar | Mining (except Oil and Gas) | Titanium Vanilla Men's Shirts | |
|  Mali | Mining (Except Oil and Gas) | | |
|  Malawi | | Nuts | |
|  Mauritania | Credit Intermediation and Related Activities | | |
|  Mauritius | | Men's Shirts Fish | |

U.S.-Africa Investment

U.S.-Africa Trade

Africa-U.S. Trade

| | | | |
|---|--|---|---|
|  Morocco | <p>Accommodation Insurance Carriers and Related Activities Food Manufacturing Nonmetallic Mineral Product Manufacturing Primary Metal Manufacturing Transportation Equipment Manufacturing Oil and Gas Extraction Amusement - Gambling - Recreation Industries Data Processing, Hosting, and Related Services Electric Equipment, Appliance, and Component Manufacturing Petroleum and Coal Products Manufacturing Textile Product Mills Administrative and Support Services Professional, Scientific, and Technical Services Real Estate Clothing and Clothing Accessories Stores Gasoline Stations Merchant Wholesalers: Nondurable Goods Air Transportation</p> | <p>Wheat Corn Crude Oil Petroleum Gas Pesticides Plastic Engineering Thermoplastic Pumps Centrifuge Piping Appliances Switches Fuses Tractors Medical Instruments Freight Vehicles Auto Parts Turbo-Jets and Propellers Human and Animal Blood</p> | <p>Salt Iron Phosphoric Acid Polyethers/Polyesters Fertilizers Olive Oil Citrus Fruit Fish Engine Parts</p> |
|  Mozambique | <p>Accommodation Construction of Buildings Credit Intermediation and Related Activities Food Manufacturing Mining (Except Oil and Gas) Pipeline Transportation Utilities Gasoline Stations Merchant Wholesalers: Nondurable Goods</p> | | <p>Precious Stones</p> |
|  Namibia | <p>Petroleum and Coal Products Manufacturing</p> | <p>Wheat Petroleum Gas</p> | <p>Diamonds</p> |
|  Niger | | <p>Turbo-Jets and Propellers</p> | |
|  Nigeria | <p>Animal Production and Aquaculture Credit Intermediation and Related Activities Chemical Manufacturing Publishing Industries (Except Internet) Telecommunications Petroleum and Coal Products Manufacturing Professional, Scientific, and Technical Services Food and Beverage Stores Pipeline Transportation</p> | <p>Crude Oil Scented Substances Pesticides Pharmaceuticals Piping Appliances Electric Motors Medical Instruments Turbo-Jets and Propellers</p> | <p>Crude Oil Nitrogenous Fertilizers</p> |



Crop Production



Fish



Plastics



Data Processing, Hosting, and Related Services
 Publishing Industries (Except Internet)
 Beverage and Tobacco Product Manufacturing
 Chemical Manufacturing
 Food Manufacturing
 Machinery Manufacturing
 Petroleum and Coal Products Manufacturing
 Primary Metal Manufacturing
 Transportation Equipment Manufacturing
 Administrative and Support Services
 Professional, Scientific, and Technical Services
 Rental and Leasing Services
 Clothing and Clothing Accessories Stores
 Merchant Wholesalers: Nondurable Goods
 Pipeline Transportation
 Utilities
 Accommodation
 Crop Production
 Telecommunications
 Other: Metals
 Waste Management and Remediation Services
 Building Material and Garden Equipment and Supplies Dealers
 Electronics and Appliance Stores
 Food and Beverage Stores
 Merchant Wholesalers: Durable Goods
 Motor Vehicle and Parts Dealers
 Air Transportation

Milk and Cream
 Wheat
 Corn
 Vegetables
 Poultry
 Diamonds
 Non-Crude Oil
 Crude Oil
 Petroleum Gas
 Scented Substances
 Pesticides
 Plastic
 Engineering Thermoplastic
 Pharmaceuticals
 Pumps
 Centrifuges
 Piping Appliances
 Switches
 Fuses
 Tractors
 Electric Motors
 Medical Instruments
 Machinery Parts
 Freight Vehicles
 Auto Parts
 Turbo Jets and Propellers
 Human and Animal Blood

Platinum
 Diamonds
 Slag
 Titanium
 Iron
 Carbide Collectors Items
 Fertilizers
 Nuts
 Salt
 Polyethers/Polyesters
 Automobiles
 Aluminum
 Centrifuges
 Citrus Fruits
 Ferroalloys
 Hydrocarbons
 Engine Parts



Accommodation
 Chemical Manufacturing
 Computer and Electronic Product Manufacturing
 Nonmetallic Mineral Product Manufacturing
 Transportation Equipment Manufacturing
 Crop Production
 Data Processing, Hosting, and Related Services
 Oil and Gas Extraction
 Clothing and Clothing Accessories Stores
 Food and Beverage Stores

Refined Petroleum

Precious Stones
 Vanilla
 T-shirts



Poultry

| | | | |
|---|--|---|---|
|  Tunisia | Computer and Electronic Product Manufacturing Electrical Equipment, Appliance, and Component Manufacturing Machinery Manufacturing Transportation Equipment Manufacturing Accommodation Publishing Industries (Except Internet) Telecommunications Clothing and Clothing Accessories Stores | Wheat Corn Crude Oil Petroleum Gas Plastic Centrifuge Switches Fuses Medical Instruments Auto Parts Turbo-Jets and Propellers Human and Animal Blood | Collectors Items Olive Oil Engine Parts |
|  Uganda | Chemical Manufacturing Food Manufacturing Nonmetallic Mineral Product Manufacturing Crop Production Data Processing, Hosting, and Related Services Telecommunications Air Transportation | Ethyl Alcohol | |
|  Zambia | Crop Production Mining (Except Oil and Gas) Food and Beverage Store | Crop Production Mining (Except Oil and Gas) Food and Beverage Stores | Precious Stones |

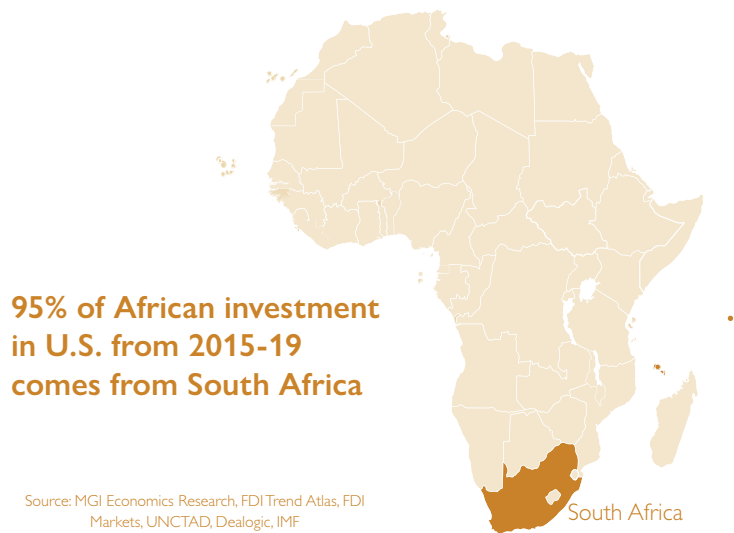
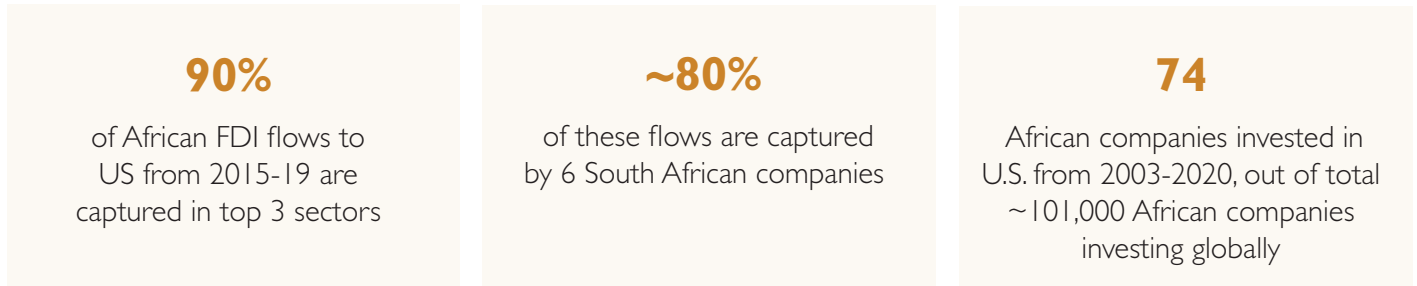
African Investment in the United States

Historical trends: Historically, the United States has been the largest target of African investment, receiving approximately 20 percent of all African FDI outflows. However, this FDI is very small in absolute terms, composing only approximately 2 percent of total U.S. FDI inflows.²⁵ Almost all of this investment (99 percent) comes from South Africa in the mining, wholesale trade, retail trade, and manufacturing sectors due to strong South African investors and a favorable business climate within the United States.

Future trends: Demand for investment is booming across the African continent. This will likely drive African investors towards intra-African investment rather than FDI outflows to the United States and Europe.

Opportunities: The opportunities for African investment into the United States are concentrated in a small number of companies and valued at less than \$1 billion per year.

Figure 29:
Opportunities for African investment in the United States



| Sector | Sub-sector | Top investors |
|-------------------|-----------------------------|--|
| Mining | Metals | SibanyeGOLD |
| Trade | Furniture & household goods | STEINHOFF <small>INTERNATIONAL HOLDINGS N.V.</small> |
| Manufacturing | Food & beverage | Tiger Brands |
| Energy | Steel | petmin <small>USA INCORPORATED</small> |
| | Pulp & paper | sappi |
| | Diamonds | DE BEERS <small>JEWELLERS</small> |
| | Petrochemicals | sasol |

Endnotes

¹ The analysis looked primarily at U.S. investment in Africa, U.S. exports to Africa, and African exports to the United States. African investment in the United States is currently concentrated in approximately six companies in South Africa and is not expected to grow significantly due to the strong intra-African demand for investment and the clear comparative advantage that African investors would have in meeting that demand. Note that the export assessment looked only at goods due to data availability, so there may be additional opportunities for African exports of services, such as tourism or professional services.

² Damian Hattingh et al. "Lions (Still) on the Move," McKinsey & Company, <https://www.mckinsey.com/industries/consumer-packaged-goods/our-insights/lions-still-on-the-move-growth-in-africas-consumer-sector>

³ Ibid.

⁴ "2018 Goalkeepers Report," Bill & Melinda Gates Foundation, <https://www.gatesfoundation.org/goalkeepers/report/2018-report/>

⁵ "State of the Industry Report on Mobile Money 2019," GSMA, <https://www.gsma.com/sotir/wp-content/uploads/2020/03/GSMA-State-of-the-Industry-Report-on-Mobile-Money-2019-Full-Report.pdf>

⁶ "World Bank Group and IMF Mobilize Partners in the Fight Against COVID-19 in Africa," World Bank Group, April 17, 2020, <https://www.worldbank.org/en/news/press-release/2020/04/17/world-bank-group-and-imf-mobilize-partners-in-the-fight-against-covid-19-in-africa>

⁷ James Manyika et al. "Lions Go Digital: The Internet's Transformative Potential in Africa," McKinsey & Company, <https://www.mckinsey.com/industries/technology-media-and-telecommunications/our-insights/lions-go-digital-the-internets-transformative-potential-in-africa>

⁸ "Reopening and Reimagining Africa," McKinsey & Company, May 29, 2020 <https://www.mckinsey.com/featured-insights/middle-east-and-africa/reopening-and-reimagining-africa>

⁹ "Impact of the Coronavirus (COVID 19) on the African Economy," African Union Commission, April 6, 2020, <https://au.int/fr/node/38326>

¹⁰ "Reopening and Reimagining Africa," McKinsey & Company

¹¹ "U.S. Import and Export Merchandise Trade Statistics," U.S. Census Bureau: Economic Indicators Division USA Trade Online, <https://usatrade.census.gov/data/Perspective60/Browse/browsetables.aspx?utosid=cb1e0b216c91c89b7b25cd04d53c6435&cache=qjll>

¹² Ibid.

¹³ "United Nations Conference on Trade and Development Statistics," UNCTAD, https://unctadstat.unctad.org/wds/ReportFolders/reportFolders.aspx?sCS_ChosenLang=en; "Balance of Payments Statistics dataset", IMF, <https://data.imf.org/?sk=7A51304B-6426-40C0-83DD-CA473CA1FD52>; "Africa-EU – international trade in goods statistics," Eurostat, April 2020, https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Africa-EU_-_international_trade_in_goods_statistics

¹⁴ "Paul Collier et al. "Pioneering Firms in Fragile and Conflict-Affected States," Blavatnik School of Government Working Paper Series, April 2019, <https://www.bsg.ox.ac.uk/research/publications/pioneering-firms-fragile-and-conflictaffected-states>

¹⁵ "Corruption Perceptions Index 2018," Transparency International, <https://www.transparency.org/en/cpi/2018#>

¹⁶ Jonathan Said et al. "Scaling Up Investment for Covid-19 Economic Recovery and Jobs in Africa," Tony Blair Institute for Global Change, July 6, 2020, <https://institute.global/advisory/scaling-investment-covid-19-economic-recovery-and-jobs-africa>

¹⁷ Vicky Meek, "Key Trends Reshaping African Private Equity," Private Equity International, August 27, 2019, <https://www.privateequity-international.com/key-trends-reshaping-african-private-equity/>

¹⁸ Daniel F. Runde et al. "Investment Facilitation Revisited," Center for Strategic and International Studies, September 18, 2019, <https://www.csis.org/analysis/investment-facilitation-revisited>

¹⁹ Africa's largest economies include South Africa, Nigeria, Egypt, Morocco, and Algeria. The ten product groups include machinery and equipment, refined petroleum, chemicals, motor vehicles and parts, aircrafts and parts, food products, crop and animal products, electrical equipment, pharmaceuticals, and metal products.

²⁰ "FDI Trend Atlas Dataset," data provided by FDI Markets, May 2020. Figures cited are based on the sum of 2015-2019 African FDI outflows to provide an estimate of the recent trend of African investment in the United States.

²¹ Ibid.

²² "U.S. Import and Export Merchandise Trade Statistics"

²³ Ibid.; "United Nations Conference on Trade and Development Statistics," UNCTAD, https://unctadstat.unctad.org/wds/ReportFolders/reportFolders.aspx?sCS_ChosenLang=en

²⁴ "Export Potential Map," International Trade Centre, <https://exportpotential.intracen.org/en/>

²⁵ "FDI Trend Atlas Dataset"

Connect with us at prosperafrica.dfc.gov



U.S. Department
of Transportation

