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FROM THE AMERICAN PEOPLE



Invest in WEST AFRICA



Sector Guide

www.financetrade.org

Growing enterprise, growing profit

Dear Partners and Investors,

In 2006, Jakob Shinka came to a Trade Hub workshop without one day's experience as a shea butter producer. Three years later, his company is exporting tons of quality shea butter, the wonder specialty fat unique to West Africa. Shinka's story is hardly unique. There are hundreds of entrepreneurs whose companies have notched similar successes. And that explains why I remain bullish about investing in West Africa. African economies are growing at rates surpassing the developed world, and the continent has become the emerging market for international investors. In 2006, foreign investment in Africa was \$48 billion, surpassing foreign aid sent to the continent.

A snapshot of Africa today:

- Between 2004 and 2008, economies on the continent averaged a growth rate of more than 6%.
- Africa may be one of the few regions that continues to grow despite the 2008-2009 global economic downturn.
- Africa has an untapped market of more than 750 million consumers.
- Sub-Saharan Africa is enjoying its highest economic growth rates in decades.
- Strengthened macroeconomic policies and years of reforms are bearing fruit.
- Mobile communication subscriber rates continue to grow rapidly, with 27% of West Africans with access to mobile phones. By 2015, that number is expected to reach 60%.

- Improvements in African investment environments and a series of African business successes have fueled an unprecedented boom in African private equity funds.
- New measures promoting foreign direct investment have been introduced by 40 of the 53 nations of Africa.

There are some specific exciting opportunities for investing in West Africa in six nontraditional export sectors: cashew, shea, apparel, home décor and fashion accessories, specialty foods and fish and seafood, as well as the transport sector. Each value chain is presented here. Our experts are available to provide additional information and to serve as honest brokers in facilitating increased trade and investment.

USAID's West Africa Trade Hub connects companies in West Africa to international markets, helping business partnerships flourish to benefit many – from farmers and their families in small villages to consumers in countries around the world. Bringing investment to West Africa is a key to economic growth and development, and is why the Trade Hub continues to work tirelessly to promote unique opportunities in these untapped markets.

Enjoy our Invest in West Africa guide and let's get down to business!



Vanessa Adams

Director, USAID's West Africa Trade Hub

Fish & Seafood

West Africa's waters produce some of the world's most popular fish and seafood. Vibrant and thriving artisanal and industrial fishing industries are serving markets in Europe, Asia and the United States. Sustainable fishing practices are ensuring the fish and seafood in West Africa is available for future generations.

Existing Markets

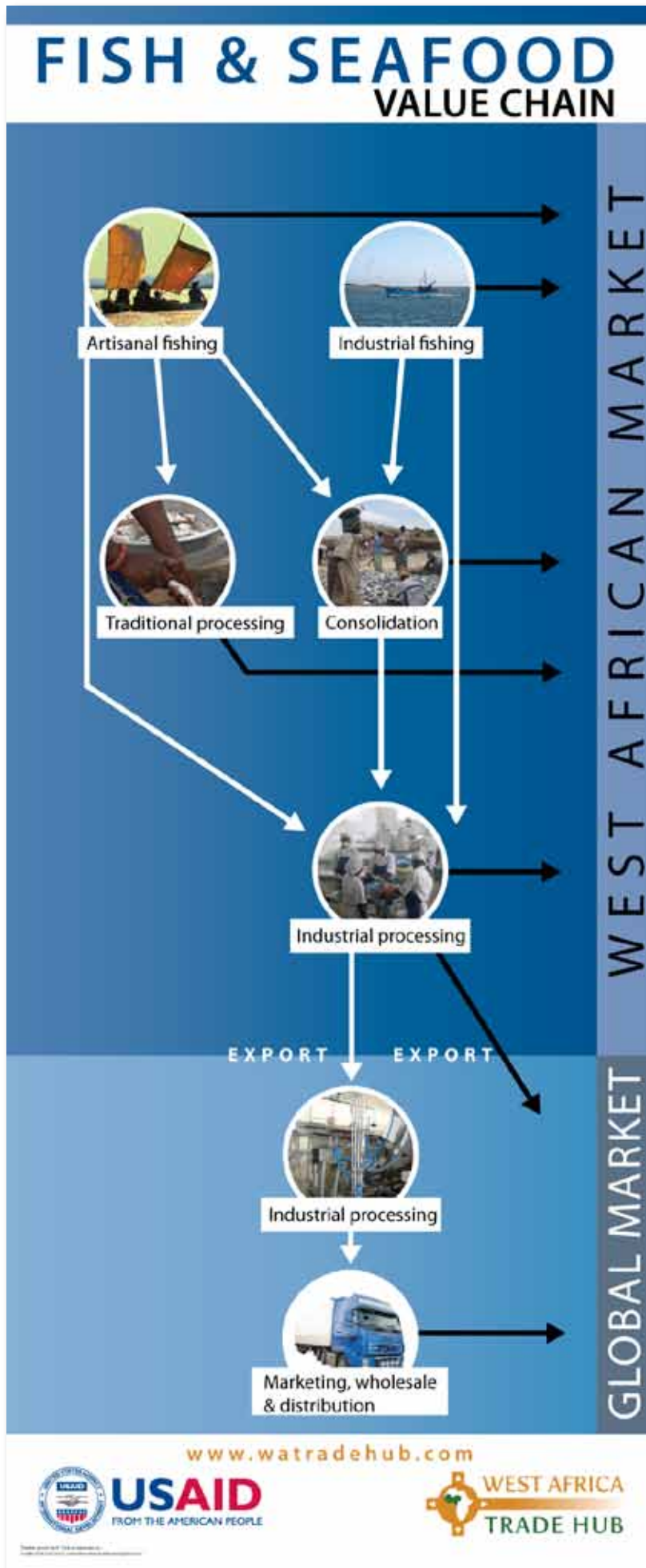
West Africa fish and seafood includes many of the world's most popular species – including red snapper, octopus and prawns. Fish and seafood exports from West Africa have grown annually by 130% in recent years. Traditionally, the industry has supplied the European and Asian markets. Now, the American market is getting to know West Africa's fish and seafood industry. There is significant demand within the region for fish and seafood as well. Infrastructure problems remain the single greatest challenge to the sector.

Potential Markets

Significant demand in the United States promises important growth in West Africa's fish and seafood production. Rising consumer interest in ethically and sustainably sourced fish and seafood also shows great promise for the West African fish industry. Improved surveillance and enforcement of fishing laws should curtail illegal fishing in the region, creating greater opportunity for legitimate fishing companies.

The Trade Hub manages the West Africa Sustainable Seafood Development Alliance, bringing together private companies, civil society and public sector stakeholders to ensure the fish stock remains a valuable resource for generations to come. www.wassda.org.







Specialty Foods

West African cuisine remains largely unknown outside of West Africa and West African emigrant communities in the United States and Europe. From the spicy-sweet delight of *kelewele* in Ghana to a fish and seafood *theboudienne* in Senegal, the region offers a wide variety of rich tastes. Fresh pineapple, mango and papaya is dried to sweet perfection, squeezed for juice and sliced and packed for fresh export. West Africa offers new and exciting tastes to the world's gourmands.

Existing Markets

Export of specialty foods from West Africa was valued at about \$X million dollars in 2008, mainly going to Europe and the United States. The specialty foods market is valued at \$74 billion annually in the United States alone. Interest in West African cuisine is growing as consumers seek out new and interesting tastes and food experiences. Consumer demand appears likely to increase as more and more restaurants offer West African dishes and supermarkets expand their selections of West African products.

Potential Markets

West African cuisine remains largely a mystery to consumers in world markets. The potential for growth, consequently, is enormous. Consumers have shown great interest in novel tastes and food experiences and West Africa offers both in abundance. The specialty foods industry is largely composed of niches of exotic and unique tastes and food experiences. Because it is so unknown, West African cuisine's potential for growth is truly enormous.

The Trade Hub's Taste of Africa brand offers the latest and tastiest examples of West African cuisine. Visit www.tasteafricanow.com to learn more.



Cashew

Africa produces more than 40% of the world's raw cashew. The nut comes from hundreds of thousands of cashew trees managed on small farms in rural communities across the region. Cashews remain the most popular snack nut in the world.

Existing Markets

Momentum and enthusiasm for cashew processing in Africa is growing due to current industry economics, the potential development impact and the international market outlook for cashews. The market for cashew has been growing at a rate of about 5% over the past 15 years. Although prices do fluctuate, they tend to be relatively stable in the

long-term, since the cashew nut is an up-market snack food. Demand for cashew is likely to increase in view of its health benefits, convenience, and taste, which are all top consumer themes in the U.S. Further, rising purchasing power in emerging economies

and the traditional use of cashew as an ingredient in many foods bodes well for demand.

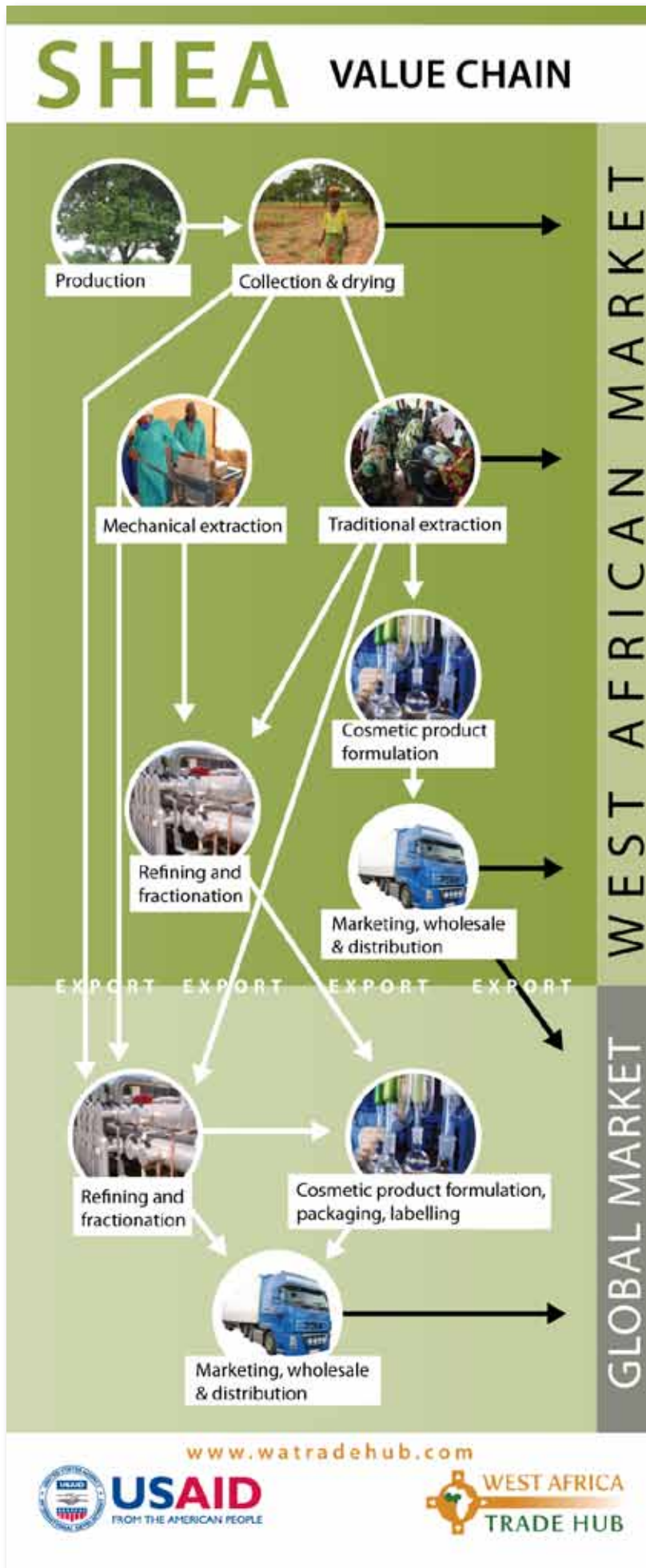
Potential Markets

Growing constraints in India and Vietnam combined with Africa's much lower labor costs and geographic proximity to the U.S. and European markets present a significant opportunity for Africa to increase its processing capacity and process more of its crop. It is estimated that if Africa's crop was processed domestically, it would generate more than US\$150 million in added value and more than 250,000 new jobs, particularly benefiting women in rural areas.

In 2005, the Trade Hub co-founded the African Cashew Alliance www.africancashewalliance.org, which today has over 54 members spanning the globe. The ACA is a grand partnership of public and private sector and civil society stakeholders and it was instrumental in developing the \$45 million African Cashew Initiative, with \$25 million in support from the Bill & Melinda Gates Foundation.







Shea

Shea is an indigenous tree that grows wild exclusively in Africa, covering a vast area from the savannah belt of West Africa through to East Africa. Benin, Burkina Faso, Cote d'Ivoire, Ghana, Guinea, Mali, Nigeria and Togo, account for up to 97% of total shea collection for export. Shea butter is an all-natural specialty fat with special qualities that make it ideal for a variety of uses, from the making of foods to cosmetics.

Existing Markets

Total sheanut exports from West Africa during the 2007-2008 season totaled US\$120 million (300,000 tons at average FOB of 400USD/t). Of an estimated total production of 960,000 metric tons (t) of raw nuts in the 8 shea producing countries in West Africa, 560,000 t are harvested for consumption

or exportation. It is estimated that 258,000 t are consumed or traded regionally leaving 53% (302,000 t) for export, either as shea nuts (216,000 t) or as butter (86,000 t).



Potential Markets

The market for shea could grow to at least US\$300-350 million if the current volumes of shea nut and butter exports were fully processed in West Africa through extraction, refining and fractionation. Furthermore, the harvest of shea nuts could grow. Based on current production estimates, there are 400,000 t of uncollected nuts in the region. This estimate may be overstated because the nuts may be inaccessible, overstated, not sold, consumed locally, transported across borders. Nevertheless, the total volume of shea production for export could grow considerably. The market for shea will continue to grow due to increased consumer demand for natural cosmetics. Consumers increasingly want cosmetics products that are natural as opposed to those formulated with petroleum-based ingredients. Certifying shea nuts or shea butter as "fair trade" and/or "organic" also could increase its market value.

In 2009, the Trade Hub introduced the global shea brand www.globalshea.org, which serves as an industry platform while it promotes shea nuts and butter to world markets.

Home Décor & Fashion Accessories

Tens of thousands of artisans across West Africa produce some of the world's most striking home décor and fashion accessories. West African masks, musical instruments and ethnic jewelry are staples of the industry but it is also burgeoning with other creative inspiration. High-end contemporary furniture and colorful and fashionable home textiles are winning consumers' interest around the world.

Existing Markets

West Africa's handcrafts is a wide and varied industry, that includes wood carvings, jewelry, hand-woven home textiles, handmade apparel, musical instruments, contemporary furniture and ceramic pottery in its many product categories. TJX Companies (TJ Maxx, Marshalls), Cost Plus World Markets and Hallmark are among the major companies that are players.

Potential Markets

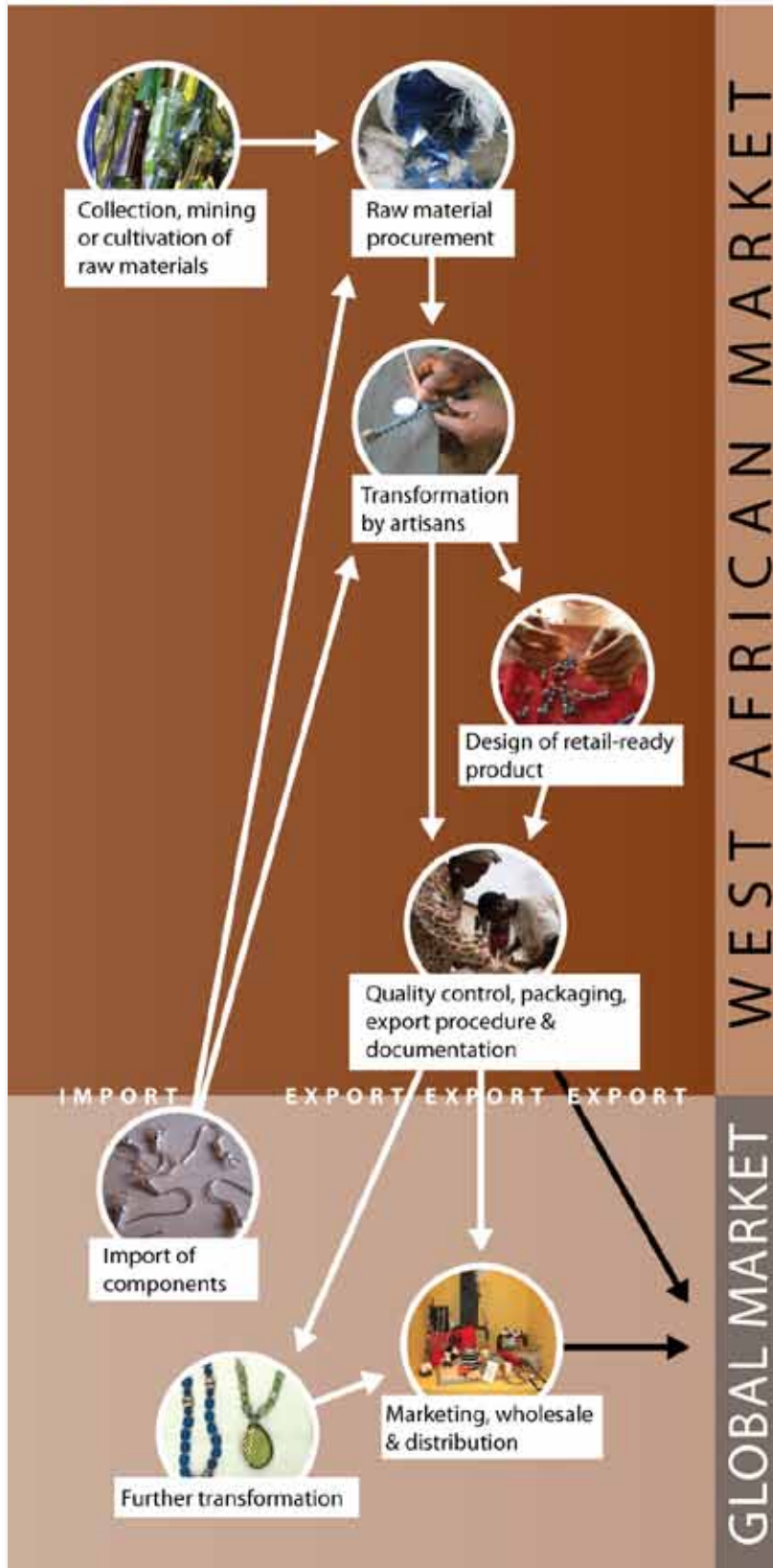
In the international market, these products fall into a number of different retail industries, including gifts (a \$13 billion industry in the U.S. alone), furniture (\$45 billion in the U.S., \$169 billion in the EU), home furnishings/textiles (\$23 billion in the U.S.), costume jewelry (\$25 billion in the U.S.) and

interior design (\$7 billion in the U.S.). West Africa has less than 1% share in these markets currently – and enormous potential for growth. International buyers have expressed strong interest in handmade West African products, but production capacity remains a primary limiting factor. Imitation products from Asian companies have cut into the West African market, requiring artisans to become more innovative in product design. Consumer demand for authentic and ethically sourced handcrafts augurs well for West African producers, particularly as infrastructure in West Africa gradually improves to make production more efficient.

AfricaNow! (www.africa-now.org), a brand touting creative handcrafts across Africa, came from a partnership involving the U.S. African Development Foundation, Pangea World Market & Café and the Trade Hub in 2009.



HOME DECOR & FASHION ACCESSORIES VALUE CHAIN



www.watradehub.com



APPAREL VALUE CHAIN



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WEST AFRICA
TRADE HUB

Apparel

Well-equipped apparel manufacturers in West Africa produce garments for international and regional markets. Factories produce high-quality cotton garments, from T-shirts to uniforms, in quantity and to spec.

Existing Markets

Although markets have seen demand decline due to international financial turmoil, US buyers are looking for alternative markets to China. West Africa is well poised to fill part of this gap. Recent enquiries, buyer visits and sample export orders attest to this. 2008 exports of over US\$ 1 million are only the beginning. The US retail clothing industry alone includes 100,000 stores with combined annual revenue of more than \$150 billion.

Potential Markets

Well-equipped factories, combined with low labor costs and better raw material sourcing options should see market penetration increase significantly. Geographically, West Africa has transport/shipping advantages over its Chinese counterparts, at a time where lead times/time to market is becoming increasingly important. The AGOA trade agreement with the USA is a significant benefit. The African Growth and

Opportunity Act and the pending EPA trade agreement with the EU provide West African apparel manufacturers with zero rated import duties to the important export markets (compared to 17% to 33% duties for its Chinese competitors). There are signs that the international financial turmoil is stabilizing and the world economy is readying itself for recovery. This should stimulate renewed demand from West African apparel producers.

In 2008, the Trade Hub helped apparel manufacturers in Ghana establish the Ghanain Apparel Manufacturers Association to promote the industry.



Transport

The West African transport sector is crucial to all of our business sectors for increased trade. Transporters—truckers, freight forwarders, shipping companies, air cargo companies, and others—around the region are modernizing as the region's economic development continues, and the business opportunities grow. The number of companies with fleets of greater than 50 trucks is increasing. Infrastructure improvements, and increasing enforcement of axle load restrictions in a few countries, have encouraged new truck purchases and discouraged the use of old trucks that are inefficient and more expensive to operate overall.



Existing Markets

The market for transport services in West Africa is strong. The vast majority of regional and international trade is facilitated by overland transport in conjunction with

other services, but many of the trucks are old and transport systems inefficient. As business expands, the demand for trucking services has increased, and as trade increases, more professional trucking will be in greater demand. Current profit margins for trucking companies may be as high as 80 percent, according to the World Bank. Further implementation of regional axle-load restrictions will force modifications to, or replacement of, trucks reinforced to carry illegal heavy loads. The cost of trucking will temporarily increase as a result but, in the longer run, costs will decrease as more companies update their fleets, as governments invest in better infrastructure, as logistics improves, and as government regulations and their enforcement becomes more efficient.

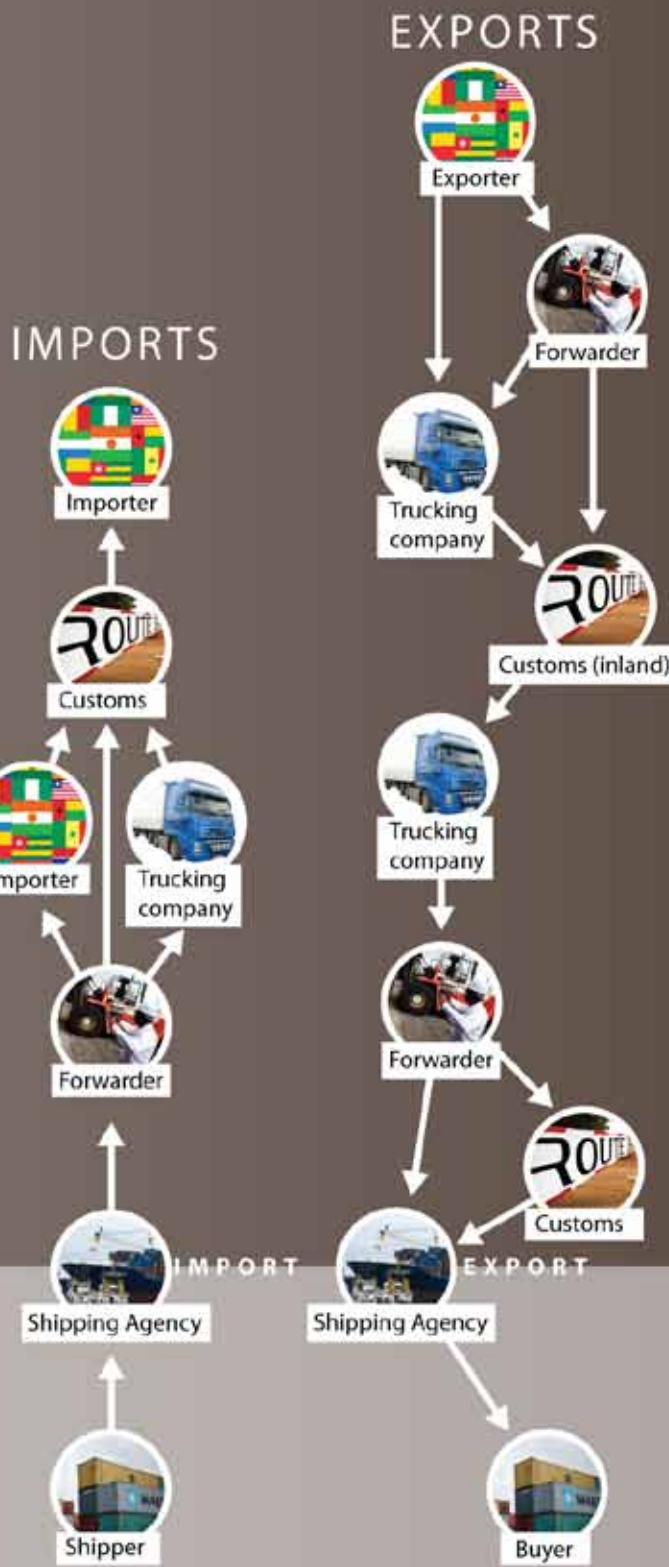
Potential Markets

Economic expansion promises significant returns for investment in transport services in West Africa. Transporters and truckers will see increased demand for efficient and reliable services as economic activity continues to grow across the region.



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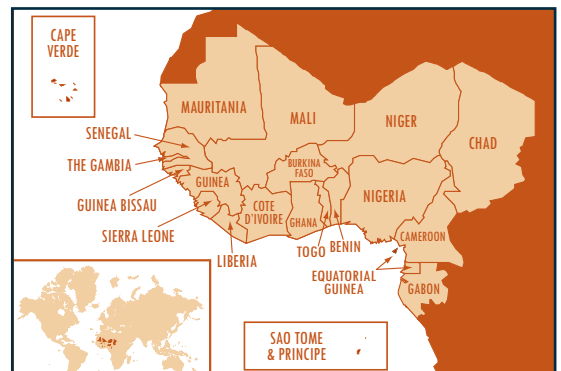
TRANSPORT VALUE CHAIN



USAID's West Africa Trade Hub works with thousands of companies in the region's 21 countries to help them compete in international markets. The Trade Hub provides direct technical assistance and expert consulting to over 350 companies, complemented by programs to address issues in telecommunications and transport infrastructure, financial services and business environment.

For more information, email to: info@watradehub.com

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