

Note: During an April 14, 2020, public meeting, the EXIM Sub-Saharan Africa Advisory Committee (SAAC) voted unanimously to approve the following recommendation letter, which was prepared on March 16, 2020, in its entirety. Although not addressed in the recommendations, the SAAC fully recognizes the severity of the issues surrounding the COVID-19 crisis and will address EXIM and Africa in the context of COVID-19 in the very near future.

To: Kimberly Reed, President & Chairman, Export-Import Bank of the United States
From: Sub-Saharan Africa Advisory Subcommittee on Transformational Exports
Date: March 16, 2020
Subject: How the Export-Import Bank of the United States (EXIM) could invest more in Information and Communications Technology (ICT); Healthcare; and Agriculture sectors in Africa to help support U.S. jobs and boost both the U.S. and sub-Saharan Africa economy.

Committee & Subcommittee Background

The Sub-Saharan Africa Advisory Committee (SAAC or committee) was established by Congress to provide guidance and advice regarding EXIM engagement in sub-Saharan Africa. EXIM is tasked through its policies, programs, and financial services to facilitate in the sale of U.S. manufactured goods and services throughout sub-Saharan Africa; additionally, EXIM has a congressional mandate to focus on projects in this region as well.

Committee members advise EXIM on the development and implementation of policies and programs designed to support the agency's engagement in sub-Saharan Africa with a view to boost American exports, while supporting U.S. jobs.

Now that EXIM is fully reopened and reauthorized with an expanded mandate of advancing U.S. leadership through its new transformational exports program, which includes critical areas, such as communications technology, biotechnology, and biomedical sciences, the SAAC convened a new subcommittee on February 11, 2020 to consider the following question: *How can EXIM invest more in ICT; Healthcare; and Agriculture sectors in Africa to help support U.S. businesses and jobs, and thereby boost the U.S. economy?*

We realize these three sectors are critical to African growth and are areas where the United States has a competitive advantage to many other advanced exporting nations, most notably China.

This new subcommittee is chaired by Douglas Goehring. This subcommittee also includes the following SAAC members: Eijke Okpa, Matthew Stewart, and John Works as well as SAAC Chair Dan Runde.

Background

Healthcare

Africa's economy and social make up are experiencing unprecedented growth. These changes include a burgeoning middle-class, more people moving into urban areas, and a shift from communicable to non-communicable diseases. With these changes, Africa needs to increase infrastructure to both improve hospital facilities' capacity for patient care and equipment, build out its transportation infrastructure to make hospitals and clinics more accessible to its growing population, and ensure these facilities and the types of treatment and prevention needed, keeps pace with the needs of its people.

Agriculture

Opportunities to invest in agriculture are particularly important as global food insecurity has risen for the past three consecutive years, with an estimated 20 percent¹ of the sub-Saharan African population undernourished. Particularly promising areas of opportunity within the agriculture sector, include: seed exports, crop protection guarantees, and expansion of digital tools for agriculture. There are a number of private corporations, such as Corteva Agriscience, that are effectively partnering with agencies like USAID. EXIM could build on existing public private partnerships (PPPs) as well as develop new partnerships to effectively support sub-Saharan Africa's agriculture sector.

Information and Communications Technology (ICT)

Expansion of ICT in Africa can boost the region's growing tech ecosystems, as well as address access gaps in rural areas. The examples of the Google Loon project² to increase connectivity and Microsoft's 4Afrika initiative³ demonstrate the increasing success of PPPs to address ICT gaps in the region. In the ICT sector, there are four main investment opportunities: accelerating cloud technology, building data centers, expanding satellite initiatives, and increasing connectivity.

Recommendations

With the recent long-term reauthorization of EXIM, the agency has the opportunity to strategically invest in the growth of sub-Saharan Africa. Sub-Saharan Africa is home to ten of the fastest growing cities in the world.⁴ By 2050, Africa's GDP is expected to reach \$29 trillion⁵

¹ Food and Agriculture Organization. 2018. "Regional Overview of Food Security and Nutrition: Africa." <http://www.fao.org/3/CA2710EN/ca2710en.pdf>.

² Google. "Loon." <https://loon.com/>.

³ Microsoft. "Success Stories". <https://www.microsoft.com/africa/4afrika/success-stories.aspx>.

⁴ Department of Economic and Social Affairs. 2018. "World Urbanization Prospects 2018." United Nations. <https://population.un.org/wup/>.

⁵ Signé, Landry, and Ameenah Gurib-Fakim. 2019, August 6. "Six of the world's 10 fastest growing economies are in Africa." <https://www.weforum.org/agenda/2019/08/afcfcta-proof-that-africa-heading-for-substantial-growth/>.

and the continent's workforce is expected to number 910 million⁶—more than the United States, India, China, and Europe combined. With a median age of 19.5 years,⁷ the future of Africa lies with its young people. Through investing in healthcare, agriculture, and ICT, EXIM can support sub-Saharan Africa by becoming a pivotal player in the global economy. As China continues to aggressively invest in Africa through its Belt and Road initiative, the United States can be a sound alternative to debt-trap diplomacy by offering free, fair, and reciprocal trade and investment.

This subcommittee is providing several concrete and actionable recommendations for EXIM to consider to increase interagency coordination in this area:

1. *Develop Co-Creation Groups: Bring together private sector stakeholders and EXIM leadership.*

The subcommittee recommends convening co-creation groups that invite large U.S.-based companies and non-governmental organizations that work in the agriculture, healthcare, and ICT sectors to EXIM in order to brainstorm with agency leaders. The goal of these meetings should be to create innovative solutions, solid partnerships, and impactful investment in Africa. Discussions could include development of new projects, evaluating current projects, and clarifying EXIM and other agency processes. This collaboration would allow for diverse perspectives from both the public and the private sectors to share expertise and develop ideas for best practices for Africa.

2. *Champion Interagency Communication and Collaboration.*

In November 2019, this subcommittee recommended⁸ supporting the vision of Prosper Africa by championing interagency communication. We applaud EXIM for playing a lead role in Undersecretary of State Keith Krach's D.C. Central Deal Team inaugural meeting in February 2020. We reiterate EXIM should continue to pursue new avenues to build additional interagency communication and collaboration with the United States International Development Finance Corporation (DFC), the United States Trade and Development Agency (USTDA), Commerce, Treasury, State, Energy, the Millennium Challenge Corporation (MCC), the U.S. Agency for International Development (USAID), National Security Council (NSC) and the National Economic Council (NEC) to discuss progress and strategize for the future. Additionally, these meetings should help streamline the process and clarify both internally and externally what role each agency plays. One tool SAAC recommends helping streamline the process is a more user-friendly EXIM website that has information on current

⁶ Organisation for Economic Co-operation and Development. 2017, May 22. "Unlock the potential of African entrepreneurs for accelerating Africa's industrial transformation, says the African Economic Outlook 2017." <https://www.oecd.org/newsroom/african-economic-outlook-2017-unlock-potential-african-entrepreneurs-for-accelerating-africas-industrial-transformation.htm>.

⁷ Yahya, Mohamed. 2017, August 4. "Africa's Defining Challenge." Project Syndicate. https://www.africa.undp.org/content/rba/en/home/blog/2017/8/7/africa_defining_challenge.html.

⁸ Sub-Saharan Africa Advisory Subcommittee. 2019, November 20. "How the Export-Import Bank of the United States and other United States Government agencies work more closely together to achieve the vision of President Trump's Prosper Africa initiative." Export-Import Bank of the United States. https://www.exim.gov/sites/default/files/reports/exim-saac-prosper-africa-exim-final_2.12.20.pdf.

and past deals, tools EXIM provides, and how EXIM collaborates with other U.S. agencies, especially highlighting deals in sub-Saharan Africa.

3. *Focus on Expanding Connectivity: Expanding connectivity in Africa enables the expansion of internet access across Africa, better delivery of health care services, and increased technology for agriculture.*

There are three main sectors of possible ICT growth in Africa: satellite, fiber-optic cables, and general connectivity. Cables are generally already well-established in Africa and satellites often are prohibitively expensive. Therefore, the subcommittee recommends a focus on expanding connectivity in Africa by investing in telecommunications equipment. In doing so, growth opportunities expand which allow greater use of technology (including hardware & software solutions) in both agriculture and healthcare.

4. *Focus on Infrastructure as a Key Element of Agriculture and Health Care: In order to improve delivery of services, EXIM should support infrastructure development projects.*

Investing in a hospital facility has a limited effect if the roads to the hospital are unusable or impassable. The same premise applies when investing in small holder farms--merely expanding crop production proves to be irrelevant if there are limited or restrictive means of getting the crops to market. Investing in critical infrastructure—such as roads, reliable electricity, bridges, ports, and airports—is therefore a crucial first step to improving sectoral investments.

Conclusion

This is not your grandparents' Africa: its richer, freer and with many more options. It has an expanding population, will achieve increased economic competitiveness, and is contributing to world changing innovations. EXIM is poised to play an integral role in this growth. Africa will require a broad expansion of digital and physical connectivity, an opportunity for EXIM. Through the facilitation of public-private collaboration and interagency cooperation, EXIM can help bring about exciting opportunities in Africa and create jobs in the US and in Africa.