



THE AFRICAN CAPACITY  
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# VALIDATION WORKSHOP

## POSITION PAPERS ON THE US-AFRICA RELATIONS

EXECUTIVE SUMMARIES

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Date: July 18-19, 2014  
Venue: United Nations Conference Center  
Addis Ababa, Ethiopia

## **Anglophone West Africa**

The United States and Africa's relations date back to the founding days of the former but U.S policy towards Africa has basically been an afterthought. From the periods of colonialism, the slave trade, the Cold War and now, United States dealings with Africa has been, as any other nation will do, opportunistic in nature where the former jealously protects its national interest. Indeed, since 1958 when African affairs was given prominence under President Eisenhower who authorized the creation of a Bureau of African Affairs in the Department of State; successive U.S administrations have often blamed each other for paying too little attention to the needs of the African continent. This attitude of the U.S has been exacerbated by the lack of a coherent policy by African states towards the United States. African countries deal with the United States individually and negotiate in an unequal terms when their national interest is at stake, creating the opportunity for a continuous unbalanced relationship. Even as the United States started to engage Africa constructively, the relationship was not perceived on a reciprocal terms at the first instance. In the words of Phillip Carter, then Acting Assistant Secretary to the Bureau of African Affairs, United States engagement with Africa was "too often [seen] with the idea of trying to do good for Africa, rather than to do good with Africa."

This type of relationship, real or perceived, has created a lot of challenges, suspicion and mistrust but in spite of these challenges, US-Africa relations have a promising future. This paper asserts that in order to prosper economically, African countries will have to cut their own external and internal trade barriers and undertake wide-ranging economic reforms that will enable Africa's private sector to grow. There is also an urgent need to open up Western markets for African exports. Whilst opening U.S. markets to African goods can help Africa, such a move is not sufficient to bring Africa out of poverty.

The paper outlines several opportunities for a mutually beneficial U.S – Africa relationship, amongst which are a technological surge that create an innovative and expansive market capable of fuelling economic growth, the youth bulge, the influence of West African diaspora, and the rise of Citizen Movements that can be harnessed to become a catalyst for change.

## **Francophone West Africa**

This study seeks to carry out a concise analysis of the situation, trends, challenges, opportunities and possibilities for cooperation between the USA and francophone West Africa. The methodology used mainly consisted of the review of literature. The information collected was processed according to four themes, namely peace and security; economy; socio-cultural areas (education); democratic governance and leadership.

Concerning peace and security, the USA has implemented many security programs in francophone West Africa, notably the Trans-Sahara Counterterrorism Initiative (TSCTI) or the Pan-Sahel Initiative (PSI), the Operation Enduring Freedom – Trans Sahara (OEF-TS), AFRICOM's counterterrorism lever.

French-speaking West African countries have benefited from other programs, notably the African Crisis Response Capacity Initiative (ACRI), the African Contingency Operations and Training Assistance (ACOTA) program and the Global Peace Operations Initiative (GPOI). According to the U.S. Government, some 250 000 African servicemen have been trained within the framework of peace support operations. Other initiatives to strengthen peace and security through counterterrorist activities were initiated, namely the Trans-Saharan Counterterrorism Initiative (TSCTI) in 2005 and the Trans-Saharan Counterterrorism Partnership (TSCTP) covering Burkina Faso, Mali, Niger and Senegal in 2009, Flintlock military training programs, etc.

Since 2001, the USA has sought to strengthen trade and investment based on liberalism under the African Growth and Opportunity Act (AGOA) and Bilateral Investment Treaties. Senegal is the only French-speaking West African country that signed a Bilateral Investment Treaty with USA in 1983 which came into force in 1990. AGOA's leading suppliers are Nigeria (USD 19.1 billion comprising mainly crude oil), Angola (USD 9.6 billion, mainly crude oil), South Africa (USD 8.6 billion, mainly vehicles and iron/steel pieces, fruits and nuts), Chad (USD 2.6 billion consisting mainly crude oil) and Gabon (USD 1.7 billion, mainly crude oil). The other major beneficiary countries of AGOA are the Republic of Congo, Lesotho, Kenya, Mauritius and Cameroon.

In 2012, trade surplus with the USA and Benin was USD 571 million, Burkina Faso USD 45 million, Guinea USD 52 million and Mali USD 31 million in 2010, Niger USD 44 million and Senegal USD 213 million in 2013. Foreign direct investment (shares) stood at USD 5 million in 2009. In 2013, trade surplus with Togo was amounted to USD 948 million. The U.S. trade deficit with Côte d'Ivoire totaled USD 834 million in 2013. U.S. foreign direct investment in Côte d'Ivoire (shares) was USD 118 million in 2012.

The USA contributed to educational development in Africa not only because it was vital to the continent's material progress, but also to train the intellectual elite based on the canons of the ideologies of the Western Bloc. However, due to acknowledged French influence in French-speaking West Africa, their interventions were relatively limited and did not concern higher education, except for Guinea, after the collapse of the Berlin Wall.

After designing pioneer policies for the African continent, the USA encouraged its private foundations to provide assistance for educational development in Africa. This is one of the specific features of U.S. support to the countries concerned. American foundations are playing an increasingly important role in education in French-speaking West Africa. Besides U.S. support to basic education, there is need for the countries of the region to open up their higher education systems to the USA and to request support to achieve genuine progress towards modernity.

U.S. official development assistance has always sought to promote the country's interests while contributing to the harmonious development of developing countries. The total amount of U.S. assistance to countries in the sub-region during the 1960-2012 period represented 1.39% of overall U.S. development assistance over the same period. Thus, despite the fairly large volume of U.S. assistance received by French-speaking West African countries, they have, in fact, not represented a major strategic area for the USA, hence the relative low level of assistance provided to them. During the same period, the assistance provided to countries of the sub-region by France, whose average GDP is six times less than that of the USA, was four times more than that of the USA.

In the present configuration of U.S. foreign policy, French-speaking West African countries which implement a vigorous anti-corruption policy, promote good governance, build strong institutions, and respect human rights will significantly benefit from U.S. support for their economic development.

Concerning cooperation on agriculture, the USA has implemented agricultural development programs through the Millennium Challenge Account (MCA) which is assistance amounting to USD 5 billion provided each year by the USA to a group of selected countries. In 2008, Burkina Faso received USD 480.9 million while Mali got USD 460.8 million. This financing was suspended in 2012 due to the political and institutional crisis faced by the country. To strengthen food security, Niger benefited from financing totaling CFAF 11 billion in 2013.

Côte d'Ivoire is one of the two main beneficiaries of the Fund for the Acceleration of Agricultural Development (FADA) supported by USAID to contribute to increasing agricultural productivity.

With regard to ICTs, USAID has, since 2001, sought to promote the development of the Internet in developing countries in general and sub-Saharan Africa, in particular, in order to ensure that it remains a priority with respect to other competing needs, particularly concerning the installation of the optical fiber cable through several projects, namely the Leland project initiative, the "Leland Extension" project, the Africa Link project, the African Libraries and ICT for Development projects.

In terms of prospects, trade and investment relations between the USA and French-speaking West African countries should be intensified and diversified. Programs should develop and modify the structure and composition of beneficiary countries' exports. AGOA should therefore be strengthened and extended to include other products, but also promote US trade and investment in other sectors such as security, finance, trade, agriculture, electric power, extractive industries, health care, infrastructure and tourism.

Overall, aid should help to *professionalize and modernize agriculture in a context of food security and autonomy whose accomplishment would serve as a lever for development and the enhancement of the population's resilience to climate change, crises and disasters*. This will necessitate the **improvement** of the harmonized system for managing and monitoring various partners' country projects and programs. These projects should be coordinated, harmonized and aimed at *strengthening and consolidating projects to improve agricultural productivity, diversification and the competitiveness of agricultural produce*, particularly the development of value chains.

Concerning **democratic governance**, the USA has provided support for institutional and behavioral governance as well as the reinforcement of mechanisms of representative and

participatory democracy. To this should be added support for conflict prevention and management or food security.

Regarding **leadership** development, the USA has contributed to improving youth civic and political engagement and participation in socio-economic development and promoting the emergence of women leaders while enhancing their participation in decision-making.

## **North Africa**

North Africa (Algeria, Egypt, Libya, Mauritania, Morocco, Sudan and Tunisia) stands at a defining moment in its history. The socio-political changes currently taking place in the context of the “Arab Spring” exposes the entire region to major geopolitical, security and economic challenges. These challenges can only be met through the implementation of profound structural reforms and promotion of sustained collaboration between the constituent States by capitalizing on available opportunities for cooperation with external partners, particularly the United States.

To address the growing security threat in the countries of the region fanned by the spread of weapons from the former Libyan Jamahiriya regime in the entire sub-region, the collapse of the Libyan Government, which now serves as a rear base for the most diverse forms of Islamic fundamentalism and the proliferation of organized crime networks in the Sahel with the complicity and protection of terrorists, the States of the sub-region have reason to worry. Not only is their stability threatened, but terrorist movements strive to literally seize power and implement their perverted vision of Islam.

The events of 11 September 2001 marked an important turning point in the relations between this North Africa and the United States. Thus, in addition to its traditional bilateral relations with some countries of the region, the USA henceforth plans to develop stronger security cooperation with all the countries of the region.

This cooperation focuses particularly on the sharing of information and know-how between these countries and the United States, the drilling and training of troops in the region, technical, logistical and financial support to build the operational capacities of the defense and security forces of the countries concerned, etc. It seeks to plug into a dynamic of mutual assistance and collaboration between States in the region and between the latter and the entire international community to eliminate and root out the scourge of terrorism.

For many North African countries, the immediate challenge is to restore or maintain macro-economic stability amid political uncertainty and social unrest. The medium-term priority is to diversify the economy, create jobs and achieve more inclusive growth.

The economies of North African countries are, in fact, essentially dependent on oil and natural resources, tourism and remittances from migrant workers.

The relatively robust average growth recorded in the region failed to bring about the economic and social development needed to pull millions of people out of poverty and reduce serious inequalities in most countries in the region. Instead, it continues to indicate high levels of unemployment, particularly among youths and women, while opportunities for absorbing new labor market entrants are limited. High youth unemployment rates remain a major issue in countries in the region.

In this context, the improvement of the educational system, which underpins the success of development policies in the region, is a major challenge.

Most of these countries have recorded a significant increase in net primary school enrolment ratio and have reached or even exceeded the minimum target which is a net enrolment ratio of 95% by 2015. They have devoted about 5% of their GDP and nearly 20% of their total national budgets to education.

However, despite these huge investments, North African students are not competitive at the global level. The educational system has not produced the skilled and trained human resources required by the labor market at the individual and collective levels due to low returns to education and reduced opportunity cost, which is reflected in weak human capital.

Given the serious social and political upheavals that occurred in North Africa, the issue of governance has resurfaced forcefully as a key factor of the region's future which cannot be ignored in the implementation of the internal public policies of these countries and the cooperation strategies to be adopted with the support of their external partners.

The challenges to be addressed at this level are daunting. It entails rebuilding the society on based on a new more inclusive and egalitarian social pact, opening up the political sphere to free and democratic competition and establishing stable institutions capable of regulating economic and social life.

Thus, there are major projects to be implemented to give a new impetus to development in North Africa by exploiting the region's huge potential and taking advantage of opportunities for cooperation with the United States.

The areas of cooperation that should be developed include:

❖ **Security**

- Encouraging the harmonization of policies and synergy between States to combat security threats in the countries of the region;
- Strengthening transnational terrorism and crime preventive, operational and response measures;
- Promoting the economic and social development of vulnerable groups and areas;
- Encouraging local governance and civil society participation;
- Promoting the culture of peace and tolerance.

❖ **The economy**

- Supporting the financial sector (budget support and loan guarantees, etc.);
- Promoting regional integration and access to global markets;
- Encouraging U.S. companies to do business with North Africa and invest in the region;
- Supporting infrastructure, trade facilitation and renewable energy financing;
- Supporting the digital economy.

❖ **Education**

- Encouraging bilateral and multilateral cooperation between academies and networks of North African and U.S. academies;
- Helping to establish regional centers of excellence for training and research in North Africa;
- Helping to establish technology platforms to encourage links between research and innovation;
- Promoting scientific and technological cooperation in strategic sectors such as applied biotechnology, renewable energy and nanotechnology;
- Providing the necessary support for the establishment of regional production systems (clusters, competitiveness poles and technology poles) as an engine of industrial and technological development;
- Helping to mobilize financing from donors and those in the U.S. and the North African diaspora to promote education in North Africa.

❖ **Governance**

- Supporting political and democratic change;
- Helping to strengthen the rule of law in all its forms;
- Helping to implement public administrative reform;
- Supporting economic and financial governance;
- Supporting local governance, the consolidation of the role of the media, civil society and the private sector.



## Central Africa

This report explores the relations between the United States and Africa and its potential impacts on:

- (i) peace and security;
- (ii) economic issues;
- (iii) socio-cultural issues;
- (iv) governance.

Particular emphasis is laid on the Central African sub-region which comprises a dozen States, although the distribution may slightly vary according to the approach adopted.

The United States' actions in Africa depend on institutional and non-institutional actors in a very young sub-region having one of the highest proportions of unskilled or semi-skilled workers who suffer cruelly from lack of capacity in the public and private sectors, not to mention the major challenge of massive youth unemployment. However, the sub-region can overcome all these difficulties by developing economic, political and social cooperation ties with the United States.

Although Central African States have made significant efforts in recent years to promote cooperation with the USA, particularly through cooperation: (i) in development assistance (through USAID); (ii) the military domain (through AFRICOM); (iii) the economic domain (through AGOA), only Rwanda falls within acceptable rules of governance in the sub-region and is shows significant progress with a governance indicator score of 3.5.

Since 2001, U.S. security policy is more active and seeks to achieve three priority objectives, namely counterterrorism, curbing fundamentalism through military assistance and strengthening trade and investment (notably in the oil industry in the Gulf of Guinea) such that all trade with Africa rises from 17% in 2008 to 25% in 2020).

The development of U.S. trade and assistance based on free trade hinges on the doctrine of “pivot States” with a regulatory capacity in different regions and providing answers to asymmetric risks such as intra-State conflicts, failed States and fundamentalism against which technological superiority is inadequate. This doctrine should be further developed for greater flexibility and more space given to the governance of democratic institutions.

The USA relies on democracy and the market under the African Growth and Opportunity Act (AGOA) to improve current limited trade between Africa and the United States. It relies on trade to complete their preventive defense by shaping the environment through the dissemination of standards, values and American standards.

AGOA in Central Africa particularly concerns the oil industry and to a lesser extent, textiles. No Central Africa State is officially eligible according to various criteria: they need to develop into market economy, comply with the law and free trade and implement policies to reduce poverty and protect human rights to enable the USA to strengthen military and diplomatic presence in the region.

The USA is Africa's leading bilateral trade partner. However, African exports to the USA represent only 2% of their total imports. So far, AGOA has had little impact on trade relations between the USA and Central Africa which remain focused on hydrocarbons.

## **Southern Africa**

In view of the upcoming U.S.-Africa Summit in August 5-6, 2014, the position paper conducts an assessment of the US –Africa relations with a specific focus on the Southern Africa Region. The paper aims to provide a concise analysis of the state, evolution, challenges, opportunities and possibilities for mutually beneficial U.S.-Southern Africa relations. More importantly, the position paper identifies key issues to guide policy in fostering sustainable growth enhancing strategic partnerships between the US and Southern Africa and highlights the requisite capacity development priorities that should be integral in the partnership models sought. In line with the scope of analysis as outlined by the African Capacity Building Foundation (ACBF), the recommendations are based on an evidence based assessment of key aspects relating to peace and security; economic (trade, investment, aid, remittances); socio-cultural and governance. The key economic challenges in the region are highlighted with emphasis for an inclusive partnership approach that turns the current challenges in the region into opportunities for strategic developmental partnerships.

The analysis demonstrates that the US has been a major contributor to the economic, social and human progress with development assistance on various fronts in Southern Africa through contributing among others, to education, health and infrastructure development. Countries in the region have significantly benefitted from the aid assistance in the maintenance of peace and security, addressing conflict in their economies and making progress on democracy, governance and accountability. However, although notable progress has been achieved with assistance from the US, sustainable development in the Southern African region given the still prevalent challenges on some sectors such as health, education, agriculture, power and energy, water and the manufacturing sectors requires partnerships between the two regions that would spearhead foreign direct investment flows into these sectors to stimulate direct involvement in the production process and value chain development to create competitive industries in the region.

A major finding in the Southern African region is that the role of the US on trade and investment, considered critical for creating sustainable industrial development and growth remains limited. Partnerships between the Southern Africa region and the U.S. should thus, aim to expand trade with investments into potential export sectors such as manufacturing, services, tourism, textile, agriculture to broaden the export and industrial sector. There is a potential for export expansion in Southern African countries which can also boost regional export performance among regional economic communities of SADC with the US as a potential market. Southern Africa should seek strategic partnerships with the US that will expand trade between the two regions, boost export diversity and enhance industrial development. A number of opportunities exist in Southern Africa in the agricultural, manufacturing, health, education and services sectors where the US can venture into export processing zones and diversify the export base beyond primary exports.

The eminent expiry of AGOA which has contributed to textile sector in the region and major avenue for trade between the US and African countries should be extended and broadened for the US market to offer more market opportunities to other sectors of the region. It is also the position in this paper that the Southern African region should seek a revision of AGOA to ensure more inclusiveness, accessibility and permanence, so that the benefits extend beyond a few countries and products.

Progress on the exploitation of trade benefits by Southern Africa still remains limited despite current support initiatives from the US and other development partners. This is clear from the limited export and trade profile among Southern Africa countries and other trading partners. Capacity constraints and technical expertise have been a major constraint to countries in the region to fully benefit from AGOA and other trade agreements. Trade capacity development

should thus be given prominence in US-Southern Africa partnerships and future trade initiatives and form a priority for consideration and continued support in the region. Trade capacity building and technical assistance designed to help the member countries of Southern African Countries in regional economic communities such as SADC, SACU is key to take full advantage of benefits not only under AGOA so that they can effectively participate in the global trading system and the World Trade Organization (WTO). Overlapping memberships in the region requires capacity building for regional countries. Capacity is requisite in, trade negotiations, implementing commitments and taking advantage of new trade opportunities. Linked closely is the need to increase and facilitate trade in the region. Expanding international exports and intra-regional trade is seen as a key component of increasing sustainable economic growth and reducing poverty in the region.

Trade expansion and investment initiatives which take advantage of current regional integration dimensions are quite critical to foster regional integration in the region. Therefore, more focus should be in partnerships that reinforce the current regional integration objectives of regional economic communities such as SADC in the Southern African region. A number of challenges in the region require a regional approach in policies for example the social, political, democracy and accountability to attain peace and security in the region. Trade and investment policies will be effective if they take a regional approach to broaden the growth and development process in the region especially in addressing the high poverty and unemployment rates among Southern Africa countries.

Further, although the US is a major investor worldwide, investment inflows from the US into the region remains low. Investment inflows in the Southern region from the US also remain limited compared to other investors such as Brazil, Russia, India, China, and South Africa (BRICS). Recommendation is therefore for investment partnerships particularly in major sectors to stimulate further industrial development. This is important for sectors which constrain Southern Africa's development process where major investments are required. The strategic partnerships between the US and Southern Africa should specifically be focused on infrastructure development, water, sustainable energy generation and power supply. Specific partnerships should also focus on information communication technology (ICT) development, its availability and access to enhance efficiency, productivity and competitiveness which also plays significant role in creating conducive business environments. ICT features among the major constraints to foreign direct inflows and production efficiency in the region.

Trade and investment are avenues that more mutually beneficial partnerships with the US can be modeled upon to attain sustainable growth in the region. Their expansion is central to addressing current challenges facing many African regions including Southern Africa particularly those of high unemployment, poverty rates and inequality. They also serve as a vehicle for transforming the competitiveness of Southern African countries particularly through gains from productivity. Strategically, trade and investment are pathways to the attainment regional integration objectives, sustainable development and attainment of long term goals such as those of the Millennium Development Goals (MDGs).

The overriding position for the Southern African region partnerships (at various levels, sectors and industries trade and investment, capacity development) emphasizes a shift from aid dependence as a mode of developmental intervention to more beneficial sustainable development partnerships as requisite. The existing economic, social and institutional challenges present opportunities for investment partnerships and strategic sector and industry development approaches that can enhance the growth process in the region while also benefitting the US economy with potential returns to investments. The other pertinent

partnerships should focus on capacity for institutions to support the growth process as well as on infrastructure development which is fundamental to support the investment, trade and business environment which is a limiting factor to private sector development and the competitiveness climate in the region.

Capacity to strengthen the local actors and institutions that are ultimately responsible for transforming the Southern Africa region is key. This calls for capacity building partnerships and support in the context of Southern Africa to create stable economic and political environment which is required for investment in the region. Partnerships and supportive initiatives should aim to strengthen state institutions and improving their capacity to provide security and development, based on principles of good governance and the rule of law to entrench lasting peace and improve living standards of citizens. This is an area that requires capacity building support for institutions in Southern Africa and this should be emphasized in partnerships for institutional capacity building for good governance, democracy and accountability.

Partnerships should be inclusive to address current economic, social and institutional capacity development gaps which constrain the development process in the Southern African region. An inclusive approach to successfully attain broad based growth and transformation in the region should integrate and embrace job creation, poverty reduction, human skills, rural development, institutional capacity development as imperatives. Consideration of existing challenges and turning them into opportunities for investment and other partnerships provides for an inclusive approach to unlocking the growth potential in Southern Africa which would be beneficial to the US as well. Partnerships for investment and industrial development should embrace employment creation elements to address the current challenges of high and persistent unemployment, poverty, inequality in the region. The development of the private sector, entrepreneurship and the SMME sector are key in job creation and should be given prominence among priority potential opportunities which can directly contribute to addressing poverty, inequality and rural development. Other capacity building support should be focused on capacity building of institutions to promoting business environment and competitiveness which offer the supportive environment for investment and trade strategies.

### **Eastern Africa and the Horn of Africa**

This study seeks to analyze the state, evolution, opportunities and challenges facing US-EAC and the Horn of Africa relations. More specifically the study seeks to analyze the role of the US in promoting good governance, peace and security, economic engagements and socio-cultural interaction in the EAC and Horn region.

**Peace and Security:** East Africa and Horn of Africa region faces a number of peace and security challenges including terrorism, maritime piracy, transnational criminal networks, armed conflict and organized crime. While the US had limited strategic interest in the region after the end of Cold War, the bombing of its embassies in Nairobi and Dar es Salaam in 1998, the September 11 2001 terrorist attacks in the US and the attacks on the Paradise Hotel in Mombasa in 2002 was a watershed in rethinking its strategic interests in East Africa and the Horn. The US has renewed its interests in the region by investing considerably in the war against terror, anti-piracy activities and supporting peace processes and democracy in conflict-ridden states in the region. Some of the institutional frameworks the US employs to achieve its foreign policy objectives in the region include Combined Joint Task Force-Horn of Africa, AFRICOM, Sudan Troika, and the Combined Task Force 151 among others. Though the US has enhanced its strategic interests in the region in the last one and a half decades, it is important that it engages Africa more effectively and develop comprehensive and inclusive policy framework that can integrate issues of mutual interests with African states including trade, investment, peace, security, democracy, governance and socio-economic interests.

**Democracy and Leadership:** The United States has come under scrutiny over its role in problems and challenges facing East and Horn of Africa region. Bad governance, poverty, the rising threat of international terrorism in East and Horn of Africa region should all be issues of mounting concern. Because of the strategic importance of this region to United States interests, there is need for the United states government to partner with governments in this region in advancing peace and security, programs to implement sound Policies and programs, strengthening institutions of governance, promotion of transparency and governance reforms, conflict prevention and resolution mechanisms and partnership in the war on terrorism. The United States cannot afford to ignore the East and Horn of Africa region since the world has become a global village. It should focus on the problems and challenges facing this region and lend assistance to help governments and citizens of this region solve their own problems. This will ensure that its interests in the region are well catered for. The prospects of strained relations between the United States and countries in the East and Horn of Africa region are unimaginable

**Trade:** Countries in the East Africa and the Horn enjoy trade preferences from the United States (US) through the African Growth and Opportunity Act (AGOA) started in 2000 and the generalized system of preferences. At present, Eritrea and Sudan are not among the beneficiaries. These East African and the Horn countries are not the main trading partners of the US in Africa. The US trades more with mineral rich countries such as South Africa, Nigeria and Angola. Even with the trade preferences, balance of trade is heavily tilted in favor of the US implying that preferences alone are not enough to grow and diversify exports. Most of trade assistance by the US to the regions goes towards trade facilitation (TF) while it is true that there are challenges related for example to red tapes and, inefficient customs operations, the greatest bottlenecks of the East and the Horn are supply-side inflexibilities. The main beneficiary of the AGOA is Kenya which exports almost exclusively textiles and apparels to the US and this advantage can be attributed to the third country fabric (TCF) provision. It is not clear at this point whether Trade Africa which will initially involve East African Community (EAC) countries will replace the AGOA. Constraints that hinder export of agricultural commodities to the US are high standard requirements and long distances.

**Investments:** The East Africa and Horn has for long enjoyed cordial ties with the U.S. However, in terms of investments, FDI inflow to the region has been minimal compared to competitor countries including France and the U.K. Africa as a whole hosts only 1.4 percent of total U.S. FDI with high concentration in extractive mining industry which commands 57.1 percent of total stock of U.S. FDI in Africa. Despite the historical economic ties, primary legal tools for protecting investors: Bilateral Investment Treaties (BITs) and Double Tax Treaties (DTTs) in the region have remained low for US, compared to competitor countries including China, UK, and France. Only Rwanda has signed BIT with the U.S. in East Africa and the Horn. BITs incentivize investments abroad by providing protection to investors, minimizing investors' exposure to uncertain business environment and political risks. Regional blocs, EAC and COMESA are key incentives for investments in the region, due to political commitment to improve investment climate, discovery of extractive resources, and wider markets. Instability in Somalia and South Sudan, coupled with high costs of doing business due to costly infrastructure, energy, influx of counterfeits are among the key challenges for attracting investments in the region. The East Africa and the Horn can enhance benefits in its relations with the U.S. by seeking enhanced bilateral investment treaties. It is also recommended that there is need to seek strategic partnerships that will enhance inflow of FDI in value addition industries that will promote employment, and increase share of manufactured goods in exports. Further, they should seek partnerships in investments in infrastructure, and enhanced regional political stability to lower costs of doing business in the region.

**Remittances:** Countries in East Africa and Horn migrate to a number of destination countries for a number of different reasons. The US forms an important destination country for the region. Migrant workers often remit their earnings to family members thus contributing to the social and economic capital for the family members whilst also earning the country foreign exchange. In some countries migrant remittances is more than Foreign Direct Investment (FDI) inflows. The mechanism for transmission of the remittance however is not always formal thus discouraging remittances and contributing to poor records of the same. There are some opportunities that can be harnessed by the partners with the aim of enhancing the contribution made and the effects. These includes improving the financial sector, introducing appropriate monetary, fiscal and foreign exchange policies in the migrant's county of origin and introducing policies that encourage the migration of skilled works, that promote effective contributions and remittances from migrant workers and that lower costs of transferring funds in the destination country.

**Foreign aid:** Foreign aid from the USA to East Africa and Horn countries has registered a significant growth from 2001 to date. However on average foreign aid from the USA is barely 5% of the GDP of East Africa and Horn countries. Further the aid has been highly variable, unpredictable and has mostly focused on provision of basic needs and services. To ensure effectiveness of aid in supporting growth and development, East Africa and Horn countries should seek for more aid on development projects while the USA should address the volatility and unpredictability of aid.

**Infrastructure:** The US has been actively engaged in infrastructure development within the EAC and Horn of Africa region. The main subsectors of focus include: energy; transport; water and sanitation; information and communication technology (ICT); and Urban Development. Through both government and non –government channels, the US has maintained support to the region in the form of financial aid- grants and loans- as well as technical assistance. According to data from the USAID, approximately USD 300 million was disbursed to the infrastructure sector between 2009 and 2013. Despite this assistance, the region continues to face challenges manifest in the underperformance of member countries in global ranking of infrastructure indicators. There is therefore need for the US to re-invent and enhance its relations with member states in

addressing the gaps and challenges in the infrastructure portfolio. Given the regions nascent development in infrastructure, there are numerous opportunities for enhanced relations translating to mutual benefit. Within the energy sector, opportunities exist for generation and supply of electricity from clean and renewable sources to serve the unconnected households which comprise 70 percent of the total population. The transport subsector presents the opportunity for development of multi-modal regional transport networks to enhance inter-regional connectivity and integration. Millions of people within the region lack access to adequate water and sanitation services across the urban and rural divide; this therefore presents an opportunity for enhanced US support. Deployment of broad band internet technology and creation of smart cities and urban areas in the region will also benefit from US support. The policy environment in the member countries is also shifting towards attracting private investment through public private partnership arrangements. The overriding theme for the renewed US relations in the region should focus on transforming the economies through infrastructure development tailored on mutually beneficial partnerships.

**Socio-cultural:** Countries across Eastern Africa and the Horn have received wide support from the USA in education, health, and other socio-cultural areas. US support is mainly through programs and projects implemented through its international aid agencies. USAID and the US Fund for UNICEF are prominent in funding the broad of socio-cultural sphere including education and health programs. Other notable agencies that provide support in the socio-cultural arena include: The United States African Development Foundation; the Department of Treasury; the Inter American Foundation; and the Peace Corps which provides direct volunteers in education and health. Global agencies supported by US funds in the area of health include the US Fund for UNICEF, Save The Children, The Global Fund to fight AIDS, Tuberculosis and Malaria, and Malaria No More. Despite these on-going initiatives, challenges ranging from access to quality of provision of services such as education and health remain. Related challenges include gender disparities, inadequate infrastructure and inadequate financing. These challenges offer opportunities for further cooperation between the USA and horn of Africa countries. Areas that offer opportunities to both USA and the Horn of Africa countries include: provision of physical infrastructure in education and health. In education, there is need to support the financing and provision of technical education and higher education to further enhance access and quality. The region also offers opportunities for expansion and enhancement of education exchange programs in disciplines such as ICT and minerals exploitation given the increasing role of these sectors in the Horn of Africa countries. Concerns by the US about human rights have affected the flow of aid to Countries such as Uganda especially regarding gay rights.