

GAO Highlights

Highlights of [GAO-15-218](#), a report to congressional requesters

Why GAO Did This Study

Signed in 2000, AGOA directs the President to provide TCB assistance to sub-Saharan African governments and firms to promote exports and develop infrastructure, among other things. AGOA provides duty-free access on qualifying U.S. imports from eligible sub-Saharan African countries, a total of 41 countries as of December 1, 2014. From 2001 through 2013, U.S. agencies funded about \$5 billion in TCB assistance to AGOA countries. GAO was asked to review various issues related to the ability of AGOA countries to utilize AGOA prior to its expiration on September 30, 2015.

In this report, GAO examines (1) U.S. government TCB assistance in support of AGOA, and (2) the extent to which USAID has made efforts to develop strategic approaches to AGOA utilization. GAO focused on MCC and USAID because these two agencies accounted for nearly 90 percent of funding for TCB activities in AGOA countries from 2001 through 2013. GAO analyzed data on U.S. TCB assistance to AGOA countries in this period, reviewed agencies' funding and program documents, conducted interviews with officials who implement U.S. TCB assistance, and met with U.S. and foreign government officials and private sector representatives in Ethiopia and Ghana.

What GAO Recommends

GAO recommends that the Administrator of USAID work with more host governments to develop strategic approaches to promoting exports under AGOA. USAID agreed with the recommendation.

View [GAO-15-218](#). For more information, contact Kimberly Gianopoulos at (202) 512-8612 or GianopoulosK@gao.gov.

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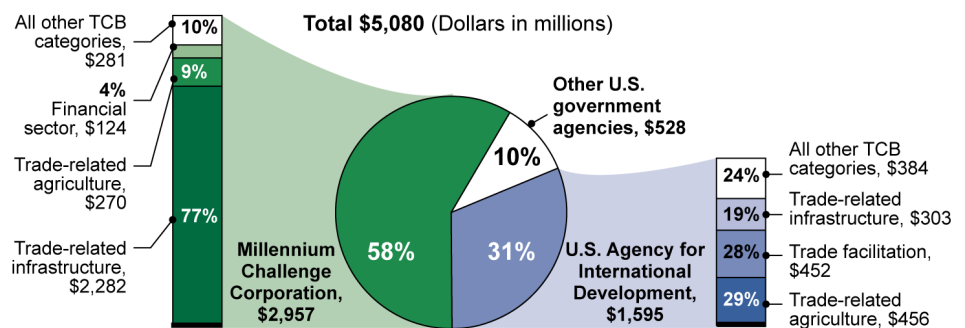
AFRICAN GROWTH AND OPPORTUNITY ACT

USAID Could Enhance Utilization by Working with More Countries to Develop Export Strategies

What GAO Found

Among U.S. agencies, the Millennium Challenge Corporation (MCC) and the U.S. Agency for International Development (USAID) have funded the majority of trade capacity building (TCB) assistance in support of the African Growth and Opportunity Act (AGOA) (see figure). MCC obligated nearly \$3 billion in funding for TCB activities in 15 of the 41 countries eligible for AGOA (AGOA countries), with the majority of funds provided for trade-related infrastructure projects. For example, MCC obligated \$176 million for a roads project in Mozambique that aimed to improve the transportation network, including access to markets and reduction of transport costs. USAID obligated approximately \$1.6 billion in funding for TCB activities in 39 of the 41 AGOA countries, with the majority of funds provided for trade-related agriculture and infrastructure, and trade facilitation. For example, USAID funded activities to help exporters in East Africa build business linkages with U.S. markets through trade shows.

U.S. Trade Capacity Building (TCB) Funding Obligated for African Growth and Opportunity Act Countries by Category, 2001-2013



Source: GAO analysis of USAID data. | GAO-15-218

Note: Funding amounts or percentages may not sum to totals because of rounding.

USAID has worked with some host governments to develop strategic approaches to AGOA utilization; however, most host governments have not established such approaches. USAID-funded regional trade hubs in sub-Saharan Africa have supported AGOA utilization by, among other things, collaborating with some host governments to develop AGOA-specific or broader national export strategies. Trade hub evaluations and statements from host government officials show that identifying strategic needs and priorities through strategic approaches can bolster AGOA utilization and help assess challenges to expanding exports. In strategy documents, host governments may identify high-priority trade and investment sectors, constraints related to AGOA utilization, and specific steps to increase exports under AGOA. Lack of a strategic approach has been identified as a significant reason for gaps in AGOA utilization. As of December 2014, 14 of the 41 AGOA countries had strategies reflecting AGOA priorities. According to USAID officials, host governments must initiate the process of developing a strategy, and a lack of political will may pose challenges to such efforts.