

# GAO Highlights

Highlights of [GAO-15-300](#), a report to congressional requesters

## Why GAO Did This Study

Enacted in 2000 and set to expire in September 2015, AGOA is a trade preference program that seeks to promote economic development in 49 sub-Saharan African countries by allowing eligible countries to export qualifying goods to the United States without import duties. The act requires the U.S. government to conduct an annual eligibility review to assess each country's progress on economic, political, and development reform objectives in order to be eligible for AGOA benefits. AGOA also requires an annual forum to foster closer economic ties between the United States and sub-Saharan African countries.

GAO was asked to review various issues related to AGOA's economic development benefits. In this report, GAO examines (1) how the AGOA eligibility review process has considered economic, political, and development reform objectives described in the act and (2) how sub-Saharan African countries have fared in certain economic development outcomes since the enactment of AGOA.

GAO reviewed documents and interviewed officials from U.S. agencies to examine the relationship between the U.S. government's review process and AGOA reform criteria. GAO analyzed trends in economic development indicators for AGOA eligible and ineligible countries from 2001 to 2012, the latest year for which data were available for most countries.

## What GAO Recommends

GAO is not making any recommendations.

View [GAO-15-300](#). For more information, contact Thomas Melito at (202) 512-9601 or [melitot@gao.gov](mailto:melitot@gao.gov).

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# AFRICAN GROWTH AND OPPORTUNITY ACT

## Eligibility Process and Economic Development in Sub-Saharan Africa

## What GAO Found

The U.S. government uses the annual eligibility review process required by the African Growth and Opportunity Act (AGOA) to engage with sub-Saharan African countries on their progress toward economic, political, and development reform objectives reflected in AGOA's eligibility criteria. Managed by the Office of the United States Trade Representative, the review process brings together officials from U.S. agencies each year to discuss the progress each country is making with regard to AGOA's eligibility criteria and to reach consensus as to which countries should be deemed eligible to receive AGOA benefits. Over the lifetime of AGOA, 13 countries have lost AGOA eligibility, although 7 eventually had it restored (see figure). To encourage reforms, the U.S. government will engage with countries experiencing difficulty meeting eligibility criteria and may specify measures a country can take. For example, U.S. officials met with Swaziland officials over several years to discuss steps to improve labor rights. However, Swaziland did not make the necessary reforms and lost eligibility effective in January 2015.

**Thirteen Sub-Saharan African Countries That Lost Eligibility for Benefits under the African Growth and Opportunity Act and Their Current Eligibility Status**

Eligibility lost and not regained	Reason for losing eligibility	Eligibility lost and regained	Reason for losing eligibility
• Central African Republic	• Coup	• Côte d'Ivoire	• Political unrest and armed conflict
• Democratic Republic of Congo	• Human rights abuses	• Guinea	• Coup
• Eritrea	• Human rights abuses	• Guinea-Bissau	• Coup
• The Gambia	• Human rights abuses	• Madagascar	• Coup
• South Sudan	• Political violence and armed conflict	• Mali	• Coup
• Swaziland	• Labor rights	• Mauritania	• Coup
		• Niger	• Rule of law

Source: GAO analysis of information from the Office of the U.S. Trade Representative. | GAO-15-300

GAO analyzed data on economic development indicators for sub-Saharan African countries that were eligible and ineligible for AGOA in 2012; the results showed that eligible countries fared better than ineligible countries on some economic measures since the enactment of AGOA. The extent to which this outcome is attributable to AGOA, however, is difficult to isolate after additional factors are taken into consideration. Other factors, such as the small share of AGOA exports in the overall exports of many AGOA-eligible countries, the role of petroleum exports in recent income growth, the quality of government institutions, and differences in levels of foreign aid and investment, make it difficult to isolate AGOA's contribution to overall economic development. For example, AGOA exports are a small share of overall exports for the majority of AGOA-eligible countries. GAO found evidence that increasing energy prices may also have contributed to income growth within AGOA-eligible petroleum-exporting countries. GAO also found that AGOA-eligible countries on average had higher governance scores and received more foreign aid and investment compared with ineligible countries. These differences may have contributed to economic development in AGOA-eligible countries, but they may also have been facilitated by AGOA, a possibility that makes it difficult to isolate AGOA's impact on economic development.