PIGA NEWSLETTER

PARTNERSHIP FOR INVESTMENT AND GROWTH IN AFRICA

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PIGA MAKES PROGRESS

The Partnership for Investment and Growth in Africa (PIGA) initiative is promoting trade and investment growth between China and Africa.

Most recently, entrepreneurs in Ethiopia, Kenya, Mozambique and Zambia have identified priorities for technical assistance, met investors through business-to-business meetings and have received investment profiles that were also shared with Chinese investors.

PIGA aims to increase exports and incomes in Africa through increased sustainable investment and greater integration of small and medium-sized enterprises (SMEs) into value chains in the manufacturing and agro-processing sectors.

This is a partnership of the Government of the United Kingdom of Great Britain and Northern Ireland’s Department for International Development (DFID), the China-Africa Development Fund (CADFund), China Council for the Promotion of International Trade (CCPIT) and the International Trade Centre (ITC).

PIGA was launched on 22 October 2015 in London, on the sidelines of Chinese President Xi Jinping’s state visit to the United Kingdom.
EXPLORING BUSINESS PARTNERSHIPS BETWEEN CHINESE AND AFRICAN COMPANIES

Companies from Ethiopia, Kenya, Mozambique and Zambia discussed investment partnerships with Chinese investors during a business partnership event in December 2016 in Guangzhou, China.

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IDENTIFYING TECHNICAL ASSISTANCE NEEDS AND PRIORITIES TO ATTRACT FOREIGN INVESTMENT

ITC experts worked with more than 40 stakeholders in Ethiopia, Kenya, Mozambique and Zambia to identify common challenges and country-specific needs for technical assistance to attract sustainable foreign investment in these countries.

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VALIDATING THE PROJECT FRAMEWORK FOR THE PIGA MAIN PHASE

Key Stakeholders validated the design of the PIGA project main phase in a workshop on 19-20 September 2016 in Lusaka, Zambia.

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SHARING BEST PRACTICES OF CHINESE INVESTMENTS IN AFRICA

Participants of the validation workshop in Lusaka visited the Jihai Agriculture Production and Processing Plant in the Zambia-China Economic and Trade Cooperation Zone on 20 September 2016 to learn about a Chinese company investing in Africa.

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COVERING THE PIGA BUSINESS PARTNERSHIP EVENT IN THE MEDIA

The PIGA Business Partnership Event was widely covered by the media. The event gathered over 300 participants, including African and Chinese businesspeople, representatives of ITC, DFID, CADFund, CCPIT, as well as representatives of CCPIT Sub-Councils from different parts of China.

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SHARING INVESTMENT PROFILES OF ETHIOPIA, KENYA, MOZAMBIQUE AND ZAMBIA

Investment profiles providing key information on the investment climates of the four PIGA countries were developed and distributed to Chinese investors and African companies during the PIGA Business Partnership Event in December.

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WHAT’S NEXT?

ITC missions in the PIGA countries are planned for February and March 2017 to discuss the detailed work plan and its implementation. Analysis of the achievements and lessons learned during the PIGA scoping and design phase will be conducted before the end of March. The business leads initiated under PIGA will be monitored and advisory support will be provided to African institutions and companies.

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IDENTIFYING TECHNICAL ASSISTANCE NEEDS AND PRIORITIES TO ATTRACT FOREIGN INVESTMENT

An ITC team responsible for PIGA conducted needs assessment missions to Ethiopia, Kenya, Mozambique and Zambia in July 2016 to define the focus and approach for the main phase of PIGA, which aims to start in 2017. The objectives of the missions were to validate, prioritise and further refine, jointly with stakeholders, the needs in each country, following the discussions held during the PIGA Investment Forum in Beijing.

During the needs assessment mission, the ITC team met with more than 42 stakeholders including African companies, ministries, trade and investment support institutions (TISIs), private sector associations, Chinese investors, as well as CADFund and DFID representatives, in the four countries. All stakeholders met supported the project goal, which aims to increase jobs and achieve inclusive and sustainable growth through promoting sustainable investment and expanding international trade. The two PIGA focus sectors i.e., agro-processing and light manufacturing were also endorsed.

Through the consultations with key stakeholders, common challenges as well as country-specific technical assistance needs were identified. Challenges among the four countries include: lack of access to relevant information on Chinese investment and investors; limited capacity and skills to respond to investors’ enquiries and provide advisory services to help conclude investment deals; investment policy facilitation; and narrow linkages of foreign investment on local economies.

At the same time, some country-specific technical assistance needs such as institutional capacity building, were identified. PIGA will also address, as much as possible, the specific needs in each country, in the project main phase.

The PIGA main phase aims to increase sustainable Chinese investment and promote exports for job creation in the agro-processing and light manufacturing sectors in Ethiopia, Kenya, Mozambique and Zambia.
VALIDATING THE PROJECT FRAMEWORK FOR THE PIGA MAIN PHASE

A validation workshop took place on 19-20 September 2016 in Lusaka, Zambia, to discuss and validate the design of PIGA project main phase, which is planned to start in 2017. The main goal of the workshop was to present an opportunity for key stakeholders from four African countries, China and the UK to agree on the objectives, expected impact and outcome as well as the main activities proposed for the PIGA project main phase.

48 participants from Ethiopia, Kenya, Mozambique, Zambia, China and the United Kingdom (UK) joined the workshop, including senior officials from the Ministry of Commerce, Trade and Industry of Zambia, the Zambia Development Agency (ZDA), export promotion organizations in Ethiopia, Kenya, Mozambique and Zambia, Chinese Embassy in Zambia, CADFund Representative Office in Zambia, DFID China and ITC.

Prior to the validation workshop, the ITC team prepared a draft project logical framework, which sets out the outcome, outputs and main activities for the PIGA project main phase. This draft was based on more than 110 consultations by ITC with the stakeholders since November 2015 to identify the technical assistance needs of African and Chinese companies, as well as the needs of investment and export support institutions in Africa.

The validation workshop was opened by Ms. Mando Mumbi Pasi, Acting Permanent Secretary, Ministry of Commerce, Trade and Industry, Zambia. Ms. Pasi informed the participants of initiatives implemented by Zambian government to increase exports, including the establishment of Multi Facility Economic Zones, supporting value chain development through the Citizens Economic Empowerment Commission (CEEC) as well as various projects throughout the country which aim at scaling up and adding value in the agro-processing sector (i.e. processing of fish, rice, dairy, cotton, honey and forestry products).

Ms. Dorothy Tembo, Deputy Executive Director, International Trade Centre (ITC), emphasized the important role of foreign direct investment (FDI) to reduce poverty and achieve sustainable development and highlighted that this validation workshop represents a key milestone in PIGA design and scoping phase, which allows key stakeholders to jointly discuss and validate the proposed project logical framework for PIGA main phase and to foster the commitment of each stakeholder.

Mr. Chai Zhijing, Economic and Commercial Counsellor of the Economic and Commercial Counsellor’s Office of the Chinese Embassy in Zambia highlighted the close economic relationship between China and Zambia and welcomed PIGA as the initiative which could promote non-traditional exports from Zambia. Mr. Chai shared success stories of Chinese investment in Zambia, such as production of mushroom, honey and timber products, and explained the large potential of further economic cooperation with China.

Mr. Shan Mitra, Senior Economic Advisor, DFID China, stated that PIGA was “the right initiative at the right time”, which supports manufacturing and agro-processing sectors in Africa for local jobs creation. Mr. Mitra reiterated the need for structural transformation, diversification, and growth in productivity and job creation in Africa, and highlighted the significant opportunities posed by Chinese investors.

Following the opening remarks, ITC experts presented the overview of PIGA as well as the draft project logical framework. Participants actively took the floor to give their comments on the proposed activities, targets and indicators of the project. All points raised during the validation workshop were carefully noted and reflected in the finalization of the logical framework.

At the end of the validation workshop, the project logical framework was validated and approved by the participants, subject to the incorporation of some adjustments in the narrative and the indicators based on the discussions.
(From the left) Ms Mando Mumbi Pasi, Acting Permanent Secretary, Ministry of Commerce, Trade and Industry; Mr. Chai Zhijing, Economic and Commercial Counsellor of the Chinese Embassy in Zambia, Ms Dorothy Tembo, Deputy Executive Director, ITC; Mr. Shan Mitra, Senior Economic Advisor, DFID China.

Representatives of investment and export promotion organizations from Ethiopia, Kenya, Mozambique and Zambia.

PIGA logical framework was validated by key stakeholders at the workshop.

Representatives from the UK, China and ITC.
Participants attending the validation workshop in Lusaka visited the Jihai Agriculture Production and Processing Plant (Chinese company) at the Zambia China Economic and Trade Cooperation Zone, on 20 September 2016 to learn from its experience investing in Africa.

Mr. Yao Yunwu, Chairman of Jihai Agriculture Investment and Development Group, welcomed the delegation and introduced the company’s activities in Zambia. Jihai group was established in 2011 and specializes in the agricultural investment in overseas. In 2013, Jihai Agricultural Investment and Development Group established the mushroom production plant and agricultural demonstration park in the Zambia-China Economic and Trade Cooperation Zone in Lusaka. The mushroom factory of Jihai employs 200 Zambian workers for production, processing and packaging of mushrooms. It also includes a training centre for local farmers to learn how to grow mushrooms. Jihai mushrooms are sold both in the domestic and regional markets and the company has set a good example for developing non-traditional agriculture in Africa with foreign investment.

After the visit of the mushroom plant, the delegation visited the agricultural trade centre developed by Jihai Group in Lusaka, which serves as a market for their agricultural products. The facility also allows local farmers to sell their products.
More than 200 Chinese and African companies met in Guangzhou, China, on 14 December to explore business and investment partnerships in the agro-processing and light manufacturing sectors.

The level of China's investment in Africa is increasing fast. However, China's total investment in African countries remains lower than that of many developed countries. Investments are also largely focused on large projects in a few sectors, including mining, oil and infrastructure.

The Business Partnership Event brought together African and Chinese companies looking for joint ventures and foreign investors to scale-up their businesses. Chinese companies explored opportunities in Africa during bilateral meetings, largely untapped by Chinese investment, which can help spur local economic development and job creation.

Chinese and African companies initiated investment deals during more than 300 one-to-one business meetings. A Chinese company will provide wood processing equipment to a Kenyan enterprise, while exploring possibilities to import processed wood products from the same company. Discussions have been held to set-up an agricultural university in Africa with Chinese funding.

African companies have already arranged immediate follow-up company visits to continue discussions on technology transfer, research and development, supply of manufacturing equipment. Some will extend their stay in China to visit Chinese companies and potential investors met during the event. Chinese companies also confirmed they already plan to visit companies in Africa to further study investment opportunities identified during the B2B event organized by ITC.

PIGA aims to help materialize the business deals initiated through capacity building of African institutions and companies, investment promotion, support to investors, public-private investment platforms.

The event was opened by Ms. Zhu Lingyan, Deputy Director General, Department of Trade and Investment Promotion, China Council for the Promotion of International Trade (CCPIT), Mr. Wang Yong, Vice President, China-Africa Development Fund (CADFund), Ms. Karen Maddocks, Deputy Consul-General, British Consulate-General in Guangzhou and Mr. Ashish Shah, Director Division of Country Programmes, International Trade Centre (ITC).

African companies also benefited from a dedicated training seminar to effectively interact with Chinese investors, delivered by experts from CCPIT, the China Britain Business Council and ITC. China’s Huajian Company and Jihai Company, as well as Basan Electronic Manufacturing and Maintenance, an Ethiopian firm, shared their practical experience investing in Africa or receiving investment from China.

A visit to Shenzhen Special Economic Zone (SEZ) allowed African participants to learn how Chinese companies operate, export and establish business partnerships in foreign markets. This showcased a major success story in establishing special economic zones and export processing zones attracting foreign direct investment, creating business growth and increasing jobs.
非洲投资与增长的合作伙伴

PIGA - Partnership for Investment and Growth in Africa

伙伴对接活动

BUSINESS PARTNERSHIP EVENT
COVERING THE PIGA BUSINESS PARTNERSHIP EVENT IN THE MEDIA

The “PIGA Business Partnership Event” attracted a lot of attention in the media. Mr. Ashish Shah, Director Division of Country Programmes of the International Trade Centre (ITC), Mr. Shantanu Mitra, Senior Economic Adviser, UK Department for International Development (DFID) Beijing, Ms. Zhu Lingyan, Deputy Director General, Department of Trade and Investment Promotion, China Council for the Promotion of International Trade (CCPIT) and Mr. Wang Yong, Vice President, China-Africa Development Fund (CADFund), were interviewed by several Chinese journalists.

Links to some of the press articles are listed below:

- 中非发展基金对非投资已达 40 亿美元
  http://news.xinhuanet.com/fortune/2016-12/14/c_1120116957.htm
  http://news.01ny.cn/2017/guojixinwen_0113/703272.html
  http://news.tom.com/2016-12-14/OKVF/39428766.html
  http://news.china.com.cn/live/2016-12-14/content_37493912.htm
  http://intl.ce.cn/gqss/201612/14/20161214_18701894.shtml
  http://news.tom.com/2016-12-14/013948894.shtml
  http://dzwww.com/xinwen/guojixinwen/201612/20161214_15278258.htm
  http://news.dayoo.com/world/201612/14/139998_50595465.htm
  http://mt.sohu.com/20161214/n475859531.shtml
  http://world.haiwainet.cn/n/2016/1214/c232591-30568317.html

- 非洲四国企业代表访广东 学习中国外贸经验
  http://www.chinanews.com/m/cj/2016/12-14/8093966.shtml
  http://www.cankaoxiaoxi.com/finance/20161214/151924.shtml
  http://news.163.com/16/1214/16/C88QD5QC002580S6.html#from=keyscan
  http://www.myzaker.com/article/5851c4231bc8e03d33000008/
  http://finance.haiwainet.cn/n/2016/1214/c352345-30568324.html

- 非洲四国企业代表访广东 学习中国外贸经验
  http://www.cankaoxiaoxi.com/finance/20161214/151924.shtml
  http://news.163.com/16/1214/16/C88QD5QC002580S6.html#from=keyscan
  http://www.myzaker.com/article/5851c4231bc8e03d33000008/
  http://finance.haiwainet.cn/n/2016/1214/c352345-30568324.html

- PIGA 项目范围明年有望扩大 中非发展基金已对非投资 40 亿美元
  http://news.21so.com/2016/21cbhnews_1215/322131.html
  http://www.myzaker.com/article/5851c4231bc8e03d33000008/
  http://money.163.com/16/1215/05/C8A8KKJK002580S6.html#from=keyscan

- 200 Chinese and African companies identified investment and business
  http://www.portugalglobal.pt/PT/PortugalNews/Paginas/NewDetail.aspx?newId=%7BCAC88F14-939D-4CAC-A0B0-49336D9F0411%7D

- Africa: 200 Chinese and African Companies Identified Investment and Business
  http://allafrica.com/stories/201612191024.html

- 中国与非洲四国企业经验交流会在深圳举行
  http://news.cn/cn/native/city/20161215/20161215_523345313.shtml
  http://dzwww.com/xinwen/guoneixinwen/201612/20161215_15284274.htm
  http://mt.sohu.com/20161215/n475972388.shtml
  http://china.huanqiu.com/hot/2016-12/9816486.html
ITC, in collaboration with investment promotion institutions in Ethiopia, Kenya, Mozambique and Zambia, developed investment profiles of the four African countries. The investment profiles include the overview of investment climates, rules and regulations as well as incentives for foreign investors. They were shared with Chinese investors and African companies during the “PIGA Business Partnership Event” held last December.
WHAT’S NEXT

Mission to PIGA countries

An ITC mission will visit the PIGA countries in February and March 2017 to discuss the detailed work plan and its implementation with key stakeholders. The roles and responsibilities of partners for PIGA in each country for implementing the work plan will be defined during the mission. The PIGA main phase aims to increase sustainable Chinese investment and promote exports for job creation in the agro-processing and light manufacturing sectors in Ethiopia, Kenya, Mozambique and Zambia.

Monitoring and Analysis of achievements

Stakeholders’ views and results from the project scoping and design phase will be collected. Based on the information compiled, an analysis of the lessons learned, the good practices and the achievements will be carried out. The analysis will provide recommendations on an effective implementation of PIGA main phase for promoting Chinese investments to the four African countries.

Review of business leads and partnerships

The PIGA scoping and design phase activities and events enabled Chinese and African companies to initiate business partnerships. The business leads generated, especially through the Business Partnership Event – B2B held in December 2016, will be monitored. Advisory support will be provided to the African investment promotion institutions and African companies to follow-up on the business contacts they established with Chinese companies and to maximize opportunities to concretize investment deals during the project main phase.