WHAT IS PIGA?

The Partnership for Investment and Growth in Africa (PIGA) is a new 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.

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.
CHINA AND UNITED KINGDOM PARTNER WITH ITC TO PROMOTE INVESTMENT-LED EXPORTS AND GROWTH IN AFRICA

The ‘Forum on Chinese investment for sustainable trade and economic growth in Africa’ held in Beijing, China, gathered 250 participants from China and Africa to discuss sustainable investment to drive exports, economic growth and job creation.

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PIGA IN THE MEDIA

The ‘Forum on Chinese investment for sustainable trade and economic growth in Africa’ was widely covered by the media.

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SHOWCASING EXPORT POTENTIALS OF ETHIOPIA, KENYA, MOZAMBIQUE AND ZAMBIA

The ITC export potential study analyses and presents opportunities to increase investment-led exports in the agro-processing and light manufacturing sectors in Ethiopia, Kenya, Mozambique and Zambia.

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IDENTIFYING SUBSECTORS WITH HIGH INVESTMENT OPPORTUNITIES

The ITC investment opportunity study analyses the investment climates in Ethiopia, Kenya, Mozambique and Zambia and identifies the agro-processing and manufacturing subsectors as those with the greatest investment potential.

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DISCUSSING THE NEEDS OF CHINESE INVESTORS AND AFRICAN COUNTERPARTS TO INCREASE INVESTMENT-LED EXPORTS IN AFRICA

African institutions and Chinese investors discussed how PIGA can achieve investment-led export development in a sustainable and inclusive way.

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ASSESSING SERVICES PROVIDED BY INSTITUTIONAL PARTNERS

ITC experts conducted missions to the four PIGA beneficiary countries to learn about existing services provided by trade and investment promotion institutions working to attract inward investment, especially from China.

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WHAT'S NEXT?

Coming up are PIGA needs assessment missions in July 2016, a validation workshop in September 2016 and a business partnership meeting in December 2016.

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For more information, contact us at: piga[AT]intracen.org
China and UK Partner with ITC to Promote Investment-led Exports and Growth in Africa


31 May 2016

(Beijing/Geneva) – Chinese companies are set to scale up their investments on the African continent and play a bigger part in helping Africa achieve higher and more sustained economic growth. This was the message from participants at the ‘Forum on Chinese Investment for Sustainable Trade and Economic Growth in Africa’, which explored opportunities for Chinese companies to invest in Africa’s productive sectors as a means to drive export development, economic growth and job creation.

Held in Beijing on 31 May, the Forum was organized in the framework of the Partnership for Investment and Growth in Africa (PIGA), a joint UK-China effort to increase exports and sustainable economic growth in African countries. The Forum brought together more than 200 representatives from business, government, and trade and investment support institutions from Ethiopia, Kenya, Mozambique, Zambia, as well as China and the United Kingdom.

The Forum comprised of a range of high-level speakers, including ITC Executive Director Arancha González, Ms. Xiong Jiuling, Chairwoman, Beijing Sub-council of the China Council for the Promotion of International Trade (CCPIT), Mr. Shi Jiyang, Chief Executive Officer, China-Africa Development Fund (CADFund), and Mr. David Kennedy, Director-General for Economic Development, the United Kingdom’s Department for International Development (DFID).

Pointing out that Africa offers untapped and growing opportunities for businesses and investors, Ms. González said: ‘African small and medium size enterprises (SMEs) are the growth levers to ensure local value addition and job creation. Increased Chinese investment support for African SMEs in the light manufacturing and agro-processing sectors will unlock opportunities to increase exports to regional and global markets. This is what we aim to achieve through PIGA.’

Mr. Yin Zonghua, Vice Chairman of CCPIT, said that China-Africa relations had reached a stage unmatched in history. ‘Mutual and political trust, trade, and economic cooperation between China
and Africa have achieved fruitful results and enjoy broader prospects,’ he said. ‘China is Africa’s largest trading partner and Africa has become one of the most important investment destinations for Chinese enterprises. Through practical exchanges, this Forum will create more business opportunities by building a platform for Chinese investments in Africa and deepening pragmatic cooperation between China and Africa’.

Mr. Jiyang referred to Africa as ‘a continent of hope’, pointing to its rapid economic growth and the unprecedented opportunities in industrialization. He said: ‘Over the past nine years, CADFund has successfully promoted a number of Chinese enterprises to invest in Africa. Under PIGA, CADFund will continue to play its role as a bridge for China-Africa cooperation, and contribute to work for industrialization and sustainable growth in Africa.’

Mr. Kennedy said: ‘I am delighted to be in Beijing and particularly to see the level of interest and energy generated by this event. It shows the great potential of this kind of triangular cooperation to make a real difference in terms of investment and jobs in Africa’.

‘The audience heard that there is an increasing potential for structural transformation in Africa, to shift from low to high-productivity activities. Manufacturing and agricultural investments anchored in export markets offer great opportunities to make this transition happen. China’s large and growing importance as a trading partner and investor in Africa can help grasp these opportunities,’ he said.

Through the PIGA project, DFID, CCPIT, CADFund and ITC work together to increase sustainable investment for greater integration of SMEs into global value chains in the manufacturing and agro-processing sectors. PIGA aims to maximise local development benefits, including the creation of more, better and inclusive jobs in Ethiopia, Kenya, Mozambique and Zambia.

During the Forum, Ms. González and Mr. Zonghua signed a Memorandum of Understanding (MoU) to strengthen collaboration and to promote trade and investment between China and other developing countries.

‘ITC has been working with CCPIT for many years to support the internationalization of Chinese companies,’ Ms. González said. ‘Today ITC and CCPIT will bring our partnership to the next level and step up support for Chinese companies investing in Africa and for Asian least developed countries to increase their exports China.’

Mr. Zonghua said that CCPIT had always attached great importance to the cooperation and exchange with ITC. ‘As the most important and largest institution for trade and investment promotion in China, CCPIT will work together with ITC under the framework of this MoU to strengthen trade capacities and the internationalization of SMEs, and expand trade and investment between China and other developing countries,’ he said.
PIGA IN THE MEDIA

The ‘Forum on Chinese investment for sustainable trade and economic growth in Africa’ attracted a lot of attention in the media. Ms. Arancha González, ITC Executive Director and Mr. David Kennedy, DFID Director-General for Economic Development, were interviewed by several Chinese journalists. Links to some of the press articles are listed below:

- “中国对非洲可持续发展投资论坛”在京举行，助推中非可持续投资合作

- 中国对非洲可持续发展投资论坛在京举行
  [http://intl.ce.cn/specials/zxgjzh/201606/02/t20160602_12443672.shtml](http://intl.ce.cn/specials/zxgjzh/201606/02/t20160602_12443672.shtml)
  [http://top.chinadaily.com.cn/2016-06/02/content_25589974.htm](http://top.chinadaily.com.cn/2016-06/02/content_25589974.htm)

- 中国对非洲可持续发展投资论坛在京举行 三方携手筑梦四国
  [http://www.ccpit.org/Contents/Channel_4113/2016/0603/654346/content_654346.htm](http://www.ccpit.org/Contents/Channel_4113/2016/0603/654346/content_654346.htm)

- 中非基金出席“中国对非洲可持续发展投资论坛”开幕式

- 英国国际发展部：期待与中国合作加强对非洲可持续发展投资
  [http://www.bj.xinhuanet.com/bjyw/2016-06/02/c_1118980807.htm](http://www.bj.xinhuanet.com/bjyw/2016-06/02/c_1118980807.htm)

- 【贸促动态】中国对非洲可持续发展投资论坛在京举行
  [http://blog.sina.cn/dpool/blog/s/blog_9bab90710102we58.html?v=4](http://blog.sina.cn/dpool/blog/s/blog_9bab90710102we58.html?v=4)

- 中非发展基金投资成效彰显

- 投资非洲应【入乡随俗】

- 埃塞华坚：从“中国制造”到“非洲制造”
ITC presented the study called “Export Potential Assessment of Ethiopia, Kenya, Mozambique and Zambia” during the ‘Forum on Chinese Investment for Sustainable Trade and Economic Growth in Africa’, on 31 May in Beijing, China. Ms. Julia Spies, ITC Market Analyst, explained that the four countries have untapped opportunities to diversify export products and markets thanks to favourable climatic conditions, resource abundance and preferential access to key markets in Europe and East Africa.

This study helps fill information gaps on market opportunities by assessing the potential for export growth and diversification of the four PIGA African beneficiary countries in different markets, notably China, the European Union (EU) and East Africa. Information on SME participation, job creation and foreign ownership shares is also reflected.

Data-based desk research and local stakeholder meetings are the two pillars of the analysis. In a first step, quantitative information about trade and market access available from ITC and other databases was used to identify a range of existing export products with growth potential and products for export diversification. Existing export strategies, development plans and projects implemented in Ethiopia, Kenya, Mozambique and Zambia were reviewed to back the analysis and potentially leverage synergies.

In a second step, qualitative information about the structure and performance of the selected sectors and their capacity to absorb Chinese investments was collected through meetings with relevant institutions in the four African countries. The findings served as a cross-check and validation of the quantitative results to come to a final classification of sectors with good export potential.

The following summary of key study findings were presented at the Forum:

**Ethiopia:**
- Large potential in agriculture with diversification opportunities up the value chain
- Investment to utilize demand potential in manufacturing
- Construction sector with strong SME involvement and high employment growth

**Kenya:**
- Food and beverage sector with significant export potential
- Manufacturing sector with opportunities for regional exports
- High SME prominence in food- and wood-processing and apparel, high employment growth in chemicals
- Construction sector with strong SME involvement and high employment growth

**Mozambique:**
- Fishery sector with opportunities for product diversification, (employment-intensive)
- Vegetable-based sector with opportunities for market diversification
- Abundant forests bring up the value chain opportunities in wood (-related) products
- Investment options up- and downstream the aluminium sector

**Zambia:**
- Attractive investment destination for regional exports
- Existing regional export potential in agro-based products
- Diversification opportunities in SME-dominated textile-, rubber- and copper-related industries (the latter with strong employment growth)
IDENTIFYING SUBSECTORS WITH HIGH INVESTMENT OPPORTUNITIES

ITC presented the study called “Investment Opportunity Study for Ethiopia, Kenya, Mozambique and Zambia” during the ‘Forum on Chinese Investment for Sustainable Trade and Economic Growth in Africa’, on 31 May in Beijing, China. The focus of the study was to assess investment opportunities and climates in the four countries, and to identify agro-processing and light manufacturing sub-sectors with greatest investment potentials.

Mr. David Mataen, Investment Expert who authored the report, explained that investment opportunities were identified by using the value drivers analysis, which examines factors with highest impact in terms of value creation.

As a result of the study, the following have been identified as sub-sectors with investment opportunities:

**Ethiopia:**
- Agro-processing: Edible oils, poultry (animal feeds), dairy, horticulture (flowers)
- Manufacturing: Leather (organic, for import substitution), textile, pharmaceuticals (import substitution), packaging materials, fertilizers, consumer electronics

**Kenya:**
- Agro-processing: sugar, dairy, poultry, fruit processing
- Manufacturing: Construction materials, pharmaceuticals, packaging, agricultural machinery, animal feed

**Mozambique:**
- Agro-processing: Cassava, rice (import substitution), poultry, sesame
- Manufacturing: Fertilizers, fruit processing, animal feeds

**Zambia:**
- Agro-processing: Cotton, oilseed and oils, fruit processing (currently up to 70% waste), dairy (huge deficit), poultry
- Manufacturing: Fertilizers, animal feeds, wood products, construction materials (cements)

This study together with the “Export Potential Assessment of Ethiopia, Kenya, Mozambique and Zambia” report were well received by the participants in the Forum as useful tools to understand the export and investment opportunities in the four countries and to inform investment decisions by Chinese companies.
DISCUSSING THE NEEDS OF CHINESE INVESTORS AND AFRICAN COUNTERPARTS TO INCREASE INVESTMENT-LED EXPORTS IN AFRICA

Two working sessions, with delegates from PIGA African beneficiary countries and Chinese investors respectively, were held on 1 June 2016, in the margins of the ‘Forum on Chinese Investment for Sustainable Trade and Economic Growth in Africa’.

The sessions aimed to discuss PIGA project’s strategy, main objectives and key targets to achieve investment-led export development, in a sustainable and inclusive way. 16 representatives from investment and export promotion institutions of Ethiopia, Kenya, Mozambique and Zambia as well as 12 business people from Chinese companies investing or interested in investing in the four African countries participated in the two sessions. Representatives from CCPIT, CADFund, DFID and ITC also participated in the workshops.

During the workshops, representatives of African institutions identified key constraints for attracting Chinese investment to Africa, such as lack of information and awareness on investment and trade opportunities in their countries and on Chinese potential investment, cultural and language barriers and the absence of strategies or processes for investment promotion and business development targeting specifically the Chinese market and Chinese investors.

Representatives from Chinese companies shared some of the challenges they have faced when investing or exploring investment opportunities in Africa, such as limited access to information on investment climate in some countries, sector-specific data to make informed investment decisions, difficulties to identify local companies for establishing joint ventures.

These needs will be fully considered when designing the main phase of PIGA, which aim to start in 2017.
ASSESSING SERVICES PROVIDED BY INSTITUTIONAL PARTNERS

As part of project design, ITC experts conducted an analysis of existing investment promotion services currently offered by Trade and Investment Support Institutions (TISIs) concerned in Ethiopia, Kenya, Mozambique and Zambia. The analysis was conducted using a customized assessment tool based on ITC’s benchmarking methodology. (For more information about ITC’s benchmarking methodology, please see http://www.intracen.org/itc/trade-support/assessment-and-benchmarking/).

During the months of May and June 2016, desk research and consultations were carried out with institutions in Ethiopia, Kenya, Mozambique and Zambia to learn about their operations and service portfolios to promote exports, support SMEs and attract in-ward investment, especially from China. The team met 19 institutions in the four countries to better understand their respective mandates to promote investment and exports, their services to support their members and exporters, attract FDI, manage information and engage with other institutions.

The information gathered will contribute to identify the areas of possible intervention to strengthen institutional capacities and improve the business environment for attracting sustainable foreign Chinese investment in PIGA beneficiary countries.
What's Next

PIGA Needs Assessment Missions in Ethiopia, Kenya, Mozambique and Zambia

July 2016

An ITC team responsible for PIGA will conduct 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 are 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. PIGA main phase aims to increase sustainable Chinese investment and promote exports for job creation, especially for women, in the agro-processing and light manufacturing sectors in Ethiopia, Kenya, Mozambique and Zambia.

Validation Workshop

September 2016

A validation workshop will take place in September 2016 in one of the four African countries to discuss and validate the design of PIGA project main phase. The validation workshop will be an opportunities 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.

Business Partnership Meeting in China

December 2016

A business partnership meeting will be organized in China in December 2016, to initiate business linkages between African companies and Chinese investors. The meeting will offer opportunities for African companies from Ethiopia, Kenya, Mozambique and Zambia to meet with Chinese investors who are interested in investing in their countries and sectors of activity. ITC will provide technical support to help those African companies prepare for the meeting.