THE SOUTHERN AFRICA STRUCTURED TRADE SEMINAR:  
A PUBLIC-PRIVATE ALLIANCE DRIVING STRUCTURED TRADE ACROSS AFRICA

INTRODUCTION

An unprecedented collaboration between the United States Agency for International Development (USAID) and U.S.-based financial services company INTL FCStone is catalyzing structured trade in Sub-Saharan Africa. The Southern African Structured Trade Seminar held in Livingstone, Zambia, in June 2018 under the auspices of INTL FCStone and USAID’s Southern Africa Trade and Investment Hub, brought together more than 200 senior-level representatives from regional and international financial institutions, government, national regulatory bodies, agribusiness, traders and corporate entities to outline strategies and forge networks that will bolster regional commodities markets.

The Trade and Investment Hub and INTL FCStone organized the Seminar in close collaboration with a range of private and public sector sponsors, whose names are listed on the back. These critical partners underwrote most of the Seminar, demonstrating widespread stakeholder interest and demand for the event.

Daniel L. Foote, U.S. Ambassador to the Republic of Zambia: “This seminar is a wonderful example of the U.S. government partnering with leading private sector companies and supportive governments to help deliver demand-driven, sustainable programs linked directly to the market place. It is exactly the type of creative, business-oriented approach we like to support.”

INTL FCStone

USAID’s principal partner for the Seminar, INTL FCStone, is a Fortune 500 company with nearly 100 years of experience opening markets by providing clients around the world with customized financial services, including global foreign exchange and payment services, exchange and over-the-counter clearing and execution, physical trading in precious metals and grains, and market guidance to protect margins and manage risks.

INTL FCStone is deeply engaged in Africa through its Global Payments service, which makes payments for international banks, corporates, aid and development organisations, NGOs and philanthropic bodies. INTL FCStone’s Global Payments team works through local banks in over 175 countries, including 50 in Africa.

INTL FCStone’s customers include the producers, processors and end users of every major traded commodity; commercial counter-parties; governmental, non-governmental and charitable organizations; institutional investors; brokers; professional traders; commercial banks; and major investment banks.
STRUCTURED TRADE TO MANAGE RISK, ACCESS FINANCE, AND STIMULATE INVESTMENT

Structured trading platforms grow markets for African agricultural and mineral commodities by aggregating supply and demand in centralized platforms. These platforms promote price transparency and product standardization so that goods can be exchanged confidently and securely. Certified warehouses that supply receipts for specific quantities and qualities of commodities facilitate the trading of these receipts on a centralized exchange. Financial instruments such as warehouse receipts and grain futures contracts help producers, traders and investors to manage risk, facilitate commodity finance, and stimulate investment that is critical for the expansion of agribusiness and food security.

The Southern African Structured Trade Seminar aimed to deepen understanding and utilization of structured trading and financing platforms by providing participants opportunities to experience structured trade platforms on a simulated transactional basis, study best practices in structured trade finance, discuss ways to gain economic advantage, mitigate risks, and access commercially viable financing.

The interactive format of the Seminar enabled agribusiness, private sector traders, banks, market infrastructure operators including exchanges and warehousing providers, and potential investors to forge new networks and to strengthen existing ones. It also provided a platform for regional regulators to consider the development and implementation of regulatory frameworks that enhance market efficiency and stability.

Philip Smith, INTL FCStone’s Chief Executive Officer for Europe, Middle East, Africa and Asia: “From our perspective, this is an outstanding example of the potential to be realized through closer collaboration between the development sector and commercial business. We found alignment between the developmental role of USAID and its objectives in building modern trading infrastructure across the region, and our own need to promote an environment in which we can bring our risk management skills to bear. I see every country in the region as looking to build a structured trading environment.”
The Seminar demonstrates the importance of bringing stakeholder groups together from across the region to promote solutions that are more effective than any one group can achieve alone. It also exhibits the power of public-private partnerships, such as that of USAID and INTL FC Stone, to catalyze sustainable, enterprise-led development.

Raphael Karuaihe, Johannesburg Stock Exchange (JSE) Manager of Commodity Derivatives: “The Seminar is a first of its kind. It’s almost like a one-stop shop where we are all meeting together. You can see the farmers are hungry for information, the financiers want to dispose of cash available but simply there hasn’t been that opportunity for them to meet and engage and identify those kinds of needs.”

Left: Southern Province Minister, the Honorable Edify Hamukale (Republic of Zambia).

THE SOUTHERN AFRICA TRADE AND INVESTMENT HUB

USAID’s Southern Africa Trade and Investment Hub (the Hub) partners with private and public sector organizations, business and industry associations, international development agencies and financial institutions across Southern Africa to deepen regional economic integration, promote two-way trade with the U.S. under the African Growth and Opportunity Act (AGOA), and attract investment that drives commercial expansion within the region and to global markets.

The Hub’s dedicated Finance and Investment team works with regional and international financial institutions to identify and assess prospective investment opportunities and develop innovative solutions that enhance businesses’ access to finance while delivering returns on investments.

The Southern Africa Trade and Investment Hub is based in Pretoria, South Africa, and Gaborone, Botswana, with resident advisors in Malawi and Zambia. The program works with eight Southern Africa Development Community member states: Botswana, Lesotho, Malawi, Mozambique, Namibia, South Africa, Swaziland and Zambia. The Hub is assessing potential activities in Angola, the Democratic Republic of Congo, and Zimbabwe.

Mary Lewellen, Acting Director, USAID/Southern Africa Regional Economic Growth Office: “Seminars such as this one create sustainable platforms that enable agribusiness to maximize returns via a transparent commodities trading system. Establishing reliable structured trade mechanisms to manage risk, provide access to commodity finance, and stimulate investment is critical for the expansion of agribusiness and food security.”