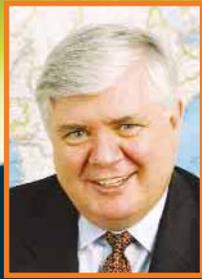


April
2009



President's Message

A political coup d'état, such as occurred in recent months in Guinea, Mauritania, Guinea-Bissau and Madagascar, is not simply an undemocratic change of government. First, it is worth remembering that only four of Africa's 53 countries are affected, so we should not interpret this as a trend back to authoritarian rule in Africa. Nevertheless, these coups represent more than just the theft of citizens' rights to have a voice in their own governance. They are, in reality, tantamount to economic tsunamis, the costs of which are enormous. Hundreds of very worthwhile development projects affecting millions of lives are now at stake. To get a better appreciation for the business costs of a coup, let us look at the likely impact of the Madagascar coup on international assistance alone.

As of April 2008, there were no fewer than 17 World Bank-supported projects underway in Madagascar. The committed value was over \$1 billion. The World Bank will surely reevaluate these projects in face of an unpredictable new leadership.

In 2008, the International Monetary Fund distributed \$37 million to Madagascar. It seems unlikely that the distribution will be maintained for 2009.

The net official development

The AFRICA e-JOURNAL



SPOTLIGHT

CCA Issues Policy Recommendations for Obama Administration

CCA has issued a series of bold recommendations to the Obama administration on future U.S. policy toward Africa. The recommendations were presented by CCA Chairman Jeffrey Sturchio during CCA's Annual Membership Meeting on March 4.

The recommendations are the result of a three month process that involved representatives of more than 100 CCA member companies. The report spans topics from security to tourism and finance to agribusiness. CCA President and CEO Stephen Hayes described the effort as unprecedented in CCA's 16-year history. Hayes stated, "The fact that our companies made this their priority over three months clearly indicates the importance of Africa to our economy."

Addressed in the report were cross-cutting issues that emphasize effective U.S. government policies and programs that support economic interests across key business sectors in Africa, including: agribusiness; electrical power; extractive

industries; finance; healthcare; infrastructure; security; trade; and tourism. The recommendations included the following: 1. To strengthen public-private sector partnerships; make technical assistance and capacity building a key component of all U.S. programs in Africa; 2. Expand the African Growth and Opportunity Act (AGOA) to include additional product coverage, and provide infrastructure support to AGOA beneficiaries to improve capacity to produce a broader array of AGOA-eligible products; 3. To increase capital flows into Africa, replicate trade finance programs such as the U.S. Export-Import Bank's Nigeria Medium Term Insurance and Guarantee Facility for other African countries; 4. In the energy sector, promote U.S. expertise to leapfrog technology of green energy such as increasing support for rural electrification projects; 5. Promote increased voluntary transparency for extractive industries.

CCA members, through the policy recommendations, have proactively weighed in on U.S.-Africa policy by identifying key issues and making recommendations on how to strengthen American private sector engagement with Africa. The report recommends actions for the U.S. government to support American private sector investment and for African governments to create friendly investment climates. To view the full report, click [HERE](#).

Continued on page 6.

The monthly newsletter of The Corporate Council on Africa

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Africa Policy Takes Center Stage at Annual Meeting

CCA's policy recommendations for the Obama administration (see headline article) were the centerpiece for the 2009 Annual Membership Meeting, which took place in Washington, D.C., on March 4. More than 130 CCA members and representatives of the U.S. government, African diplomatic corps and the NGO community turned out for the meeting. CCA Chairman Jeffrey Sturchio and President Stephen Hayes provided remarks about CCA's activities during 2008 and priorities for 2009. Sturchio explained that the recommendations underscore CCA's desire for a stronger relationship between the United States and the nations of Africa.

He added, "Africa is a growing and vibrant source of energy, export opportunities and international partnerships." Hayes noted that CCA organized more than 100 Africa-relevant events in 2008 and participated in another 300 events on behalf of members. According to Hayes, opportunities for American investment and trade with Africa

"Africa is a growing and vibrant source of energy, export opportunities and international partnerships."

could play a critical role in helping the U.S. economy recover from its current crisis. A panel of Africa experts – Callisto Madavo, visiting professor to the African Studies Program at Georgetown University; Bobby Pittman, National Security Council Africa advisor to President George W. Bush; and Jennifer Cooke, Africa Program director at the Center for Strategic and International Studies – responded to the policy recommendations and answered questions from CCA members. The panelists praised the comprehensive nature of the report and encouraged CCA to pursue the recommendations by meeting with the U.S. government and representatives of African governments. CCA also used the Annual Membership Meeting to debut the 2008 Africa Trade and Investment Report, available to members online at africancncl.org. The lunchtime gathering was preceded by a meeting of CCA's Board of Directors and Board Executive Committee.

SAVE THE DATE
 SEPTEMBER 29-OCTOBER 1, 2009
 2009 U.S.-AFRICA BUSINESS SUMMIT
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Developing Africa's Power Sector

by Peter Abe

According to the U.S. Department of Energy, demand for electricity in Africa is expected to grow by more than 50 percent over the next 20 years. Africa uses a variety of fuels to produce electricity, with coal, natural gas and renewables representing the more than 70 percent of the total. Today natural gas represents 22 percent of total generation of electricity, but by 2030 this number will expand to 50 percent. This growth is going to come from harnessing the large amount of natural gas that is currently being vented or flared by gas producing nations across the continent. Capturing and utilizing this resource has in the past been seen as unprofitable, but with a growing African middle class, this attitude is showing signs of changing.

A perception that Africans are not able or willing to pay market prices for electricity is clearly false. This is evidenced by the fact that many African businesses and individuals own diesel generators that produce electricity at as much as three times the cost of electricity purchased from a central power station. An obstacle to developing the

power sector in Africa is the continued use of government subsidies on inputs, such as fuel, and on the electricity that is produced. These subsidies push prices down artificially and make it difficult for investors to recoup their investments.

This growth offers an opportunity for different fuel sources to play a larger role in Africa's power sector. Biofuels and renewable sources of energy are integral to bringing Africa's power sector into the 21st century. By developing a robust biofuel sector, Africa can reduce its dependence on imported fuels, saving much needed foreign reserves for investment in other sectors, while at the same time strengthening the vital agribusiness sector upon which so many Africans rely. More than 90 percent of rural Africans live without access to a national electric grid. Distributed generation using renewable sources of energy such as wind, hydro, and solar is sure to play a larger and larger role in the total generation capacity of the continent.

Peter Abe is program manager for Agribusiness and Energy at CCA.

Security Expert Briefs CCA Members

by Vivienne Sequeira

At its March meeting, CCA's Security Working Group welcomed David Hamon of Analytic Services, Inc. (ANSER) for a briefing on his nonprofit company's report, "Africa Security Challenges: Now and Over the Horizon." Hamon focused on how to address security challenges and threats through various forms of engagement, including the Africa Command (AFRICOM).

Hamon is currently seconded to the Defense Department's Defense Threat Reduction Agency (DTRA), which supports AFRICOM through research efforts. He indicated that his team has focused on the command's long term goals and future impact.

DTRA's recent work examines the long-term security challenges that AFRICOM should consider. According to Hamon, past discussions about small arms and weapons of mass destruction in Africa have focused on South Africa's ability to manufacture

these weapons. He told CCA members that more recent discussions have addressed the potential of other African countries to harvest harmful biological agents that could

be used in WMDs, and to hide and transport other bioweapons and illegal pharmaceuticals. Given relative weaknesses in border and other security controls in Africa, these weapons represent a serious potential threat. Hamon invited CCA members to provide feedback to DTRA's report, which is available by clicking [HERE](#).

The Security Working Group ensures that CCA members have a voice in timely and important policy dialogues. The group meets monthly over breakfast to allow members to exchange information and ideas on the topic of security in Africa.

Vivienne Sequeira is director of the Infrastructure Program at CCA.

CCA's Security Working Group ensures that members have a voice in timely and important policy dialogues.



James Jamerson, Lockheed Martin vice president for int'l business development, meets Nigerian Foreign Minister Ojo Maduekwe.

Senior Officials from Mozambique and Nigeria Visit CCA

Nigeria's Foreign Minister Ojo Maduekwe was the featured speaker at CCA's Merck Monthly Breakfast Series on March 23. During the meeting with CCA members, Maduekwe stressed the importance of the U.S.-Nigeria relationship and observed that the U.S. should avoid protectionist policies in response to the global financial crisis. He outlined measures the Nigerian government will take to address the financial crisis, and touched on a number of issues in the West Africa region.

Mozambique's Minister of Industry and Trade Antonio Fernando met with CCA members on March 25 at the Office of the U.S. Trade Representative (USTR) to discuss trade relations with the U.S., and investment opportunities, especially in agribusiness, for American companies. Fernando was accompanied by business leaders who answered questions from CCA members about doing business in Mozambique. On March 31 and in partnership with the U.S. Chamber of Commerce and USTR, CCA hosted Nigeria's Minister of Commerce Achike Udenwa. The meeting focused on increasing trade and investment relations between the U.S. and Nigeria.

Africa Responds to Global Financial Crisis

by Mfundo Hlatshwayo

The global financial crisis that has crippled economic growth in advanced economies is affecting Africa's economies with greater severity than previously projected. While Africa's economies have not been as sharply impacted by the credit crisis as developed economies, they are nonetheless vulnerable in part due to their greater reliance on foreign direct investment, commodity exports, tourism and remittances. Recognizing the depth of this crisis, Africa has begun taking action by discussing strategies for responding to the financial crisis. There have been meetings by the African Union's Commission for Economic Affairs in October 2008 and as well a meeting by African finance ministers and central bank governors in Tunis in November 2008.

More specifically, individual African countries have developed their own plans of action to respond to the global financial crisis. The continent's largest economy, South Africa, has been the most impacted in the region by the global financial fallout due to its relatively greater integration to the global economy. For example, more than 36,500 jobs have been lost in the automotive and mining sector since July 2008. South African President Kgalema Motlanthe stated that the country would combat the effects of the global financial crisis through several measures. These include maintaining its massive public investment spending of \$70 billion on infrastructure and other projects over the next three years; boosting public sector job creation in areas such as health, social work, education and law enforcement; mitigating unnecessary closure of production lines or plant; and reinforcing social

spending by expanding old-age pensions.

The continent's second largest economy, Egypt, has also been affected by the global economic downturn. Egypt's tourism sector, which represents nearly seven percent of the country's gross domestic product (GDP), fell 30 percent in January 2009 compared to the same period in 2008. The Egyptian government plans to increase public spending to contain the fallout from the global financial crisis. Hotels will be exempt from paying contributions to the country's tourism promotion authority, and fees paid by charter flights will be significantly reduced. Moreover, the government plans on boosting its energy subsidies, slashing the price for natural gas from \$3 per British thermal unit to \$1.70 btu for certain industries.

Nigeria, the continent's third largest economy, has perhaps been the quickest to recognize the need to shore up its economy from the global financial crisis. Constituting 80 percent of the government's revenue, Nigeria's energy exports have seen a sharp decline. This decline is reflected in the depreciation of the naira, which has fallen by 20 percent since December 2008. To stabilize the naira, the Nigerian Central Bank is considering the creation of a joint public-private asset management company to buy up banks' bad debts. The country moved also recently to re-establish currency controls.

This article was recently featured in CCA's Africa Business Report, which is produced twice monthly and is available to members online by clicking [HERE](#).

Mfundo Hlatshwayo is research analyst at CCA.

OPIC Presents First Partnership Award to CCA

Dr. Lawrence Spinelli, acting president of the Overseas Private Investment Corporation (OPIC), presented CCA with the inaugural OPIC Partnership Award for its longstanding and mutual effort to facilitate U.S. private sector investment in Africa.

The OPIC Partnership Award recognizes organizations for cooperating with OPIC to encourage American investment in emerging markets, by disseminating information about OPIC products and services to their constituencies.

"OPIC is pleased to make The Corporate Council on Africa the inaugural recipient of its Partnership Award," Spinelli said upon presenting the award to CCA President Stephen Hayes at the CCA annual meeting. "Creating opportunity and hope in Africa through private sector partnerships is CCA's main objective and it is an important part of OPIC's mission. That's why our two organizations have worked so closely together for many years and that's why OPIC wanted to express its gratitude for all that CCA has done to fulfill this goal."

"What is most pleasing about bestowing this award upon CCA is that it is not the culmination of a relationship,



From left to right: CCA President and CEO Stephen Hayes, Acting President of OPIC Dr. Lawrence Spinelli, and CCA Chairman Dr. Jeffrey Sturchio.

but a reinforcement of it," Spinelli concluded. "OPIC looks forward with great anticipation to continuing its partnership to help increase U.S. private sector investment in Africa for many years to come."

CCA President Stephen Hayes said, "The Corporate Council on Africa is honored to receive the first OPIC Partnership Award. Business linkages generated by the partnership between CCA and OPIC have resulted in a significant number of investment opportunities for CCA members, which in turn have created economic growth throughout Africa. We look forward to continuing our close partnership with OPIC, to the benefit of entrepreneurs across Africa."

Lockheed Martin Connects with Africa

Lockheed Martin is a leading provider of global technology solutions. Principally engaged in the research, design, development, manufacture, integration and sustainment of advanced technology systems, products and services, the corporation employs 146,000 people worldwide.

Lockheed Martin consists of four main operating units: Aeronautics, Electronic Systems, Information Systems and Global Services, and Space Systems. The corporation has tremendous with operating experience within all 50 states of the United States and over 75 countries, including 16 African nations. Lockheed Martin tailors its solutions to the local environment, using the expertise of in country personnel to work effectively where ever we go.

Its operating unit, Readiness & Stability Operations, is one of the corporation's acknowledged experts in logistics, with extensive capabilities in disaster and emergency preparedness contingency response, mission operations support and readiness, peacekeeping assistance, supply chain management, and technology services. Additional

Lockheed Martin's presence in Africa

Lockheed Martin has had a business presence in Africa for more than five decades, employing 3,000 people in 16 countries on the continent.

There, we focus on three main categories of service: emergency relief and conflict resolution, reconstruction and development, and capacity enhancement. Within these categories, our capabilities span a varied range – from humanitarian assistance to logistics support to construction to air traffic control.

Our customers are host country governments, the U.S. Department of State and multinational bodies. Their missions hinge on promoting a stable and secure African environment, whether that's achieved via strengthening crisis response capacity, increasing healthcare education and access opportunities for the people, or building critical infrastructure.

Two specific examples of our work are:

Liberia: Lockheed Martin manages several critical programs in support of the State Department in Liberia. We provide U.S.-led teams of legal advisors to assist the Liberian Justice Ministry manage prosecutions,

Key outcomes that companies such as Lockheed Martin should expect in Africa

As African countries continue down the path of increasing stability and development, our perspective is that only with a sustained and committed presence can companies grow

Lockheed Martin to sponsor, and participate in, CCA's upcoming 7th Biennial U.S.-Africa Business Summit

It's our intention to strengthen our relationship and engagement with African nations – to build on past successes and strengthen cooperative working relationships among the public sector, private sector and civil society. The upcoming U.S.-Africa Business Summit



capability includes aviation management and support, communications platform integration, commercial IT solutions, medical operations, simulation and training, and energy generation programs.

RSO programs in Africa focus on such activities as civilian police training, advising on judicial reform programs, constructing barracks and base camps, training and equipping military forces, and providing operations and maintenance at military installations.

Lockheed Martin customers range from the United States Department of Defense and all of the military services, the Department of State, international organizations, civil government agencies both domestically and abroad, and multiple allied governments.

court administration, budgeting and provide support on a wide range of justice-related topics. We help train the Liberian National Police, aiding them in implementing the disarmament, demobilization and reintegration program, monitoring human rights violations, and providing critical training and capacity building. Finally we provide equipment, training and logistics for the officers of the Armed Forces of Liberia and have performed construction and refurbishment of the main military barracks in Monrovia.

Djibouti: Lockheed Martin is managing the full range of base operations support services for Camp Lemonier in Djibouti, the home of the Combined Joint Task Force Horn of Africa. We provide the U.S. Navy with support ranging from airfield operations, vehicle maintenance and fire and emergency services to such basics as food, fuel, and laundry services. Over a thousand American and foreign national employees ensure that the Task Force has the flexible logistics help it needs to carry out its missions in one of the more challenging parts of the world.

with the continent. There is certainly much work to be done and Lockheed Martin's technology solutions could certainly fit Africa's security, energy and infrastructure needs.

offers the opportunity to connect with key players in the region, to understand the needs, concerns and emerging issues of our customers, and to share the innovative solutions that are Lockheed Martin's hallmark.

Transitions

Asfaw Alemayehu, CCA's membership director, recently was named executive director of the American Chamber of Commerce in Addis Ababa, Ethiopia. He is succeeded at CCA by **Rashida Petersen**. Duke University's Global Health Initiative will soon benefit from the talents of **Caroline Hope Griffith**, who had served as CCA HIV/AIDS & Health Initiative senior program manager. She joins the Duke program as associate in research and will develop its private sector task force. **Marie Baptiste**, program manager for CCA's HIV/AIDS & Health Initiative, is the new administrative officer for the Africare Angola Country Office. On March 4, **Earl Young** of JR Boule & Company completed his two-year term on the CCA Board of Directors. On April 1, CCA Intern **Ken Simons** is promoted to program analyst for agribusiness and energy. **Andrea Todd**, formerly of Ogilvy Public Relations Worldwide and the Council on Foundations, joins CCA on April 7 as communications manager.

About Us

The Corporate Council on Africa (CCA), established in 1993, is at the forefront of strengthening and facilitating the commercial relationship between the United States and the African continent. CCA works closely with governments, multilateral groups and business to improve the African continent's trade and investment climate, and to raise the profile of Africa in the US business community.

For more information about The Africa e-Journal, please contact
Tim McCoy at
tmccoy@africancl.org.

CCA Staff Profile



Rashida Petersen joins CCA as the new membership and marketing director. She succeeds Asfaw Alemayehu, who becomes executive director of the American

Chamber of Commerce in Addis Ababa, Ethiopia. Ms. Petersen will be working on retaining and recruiting CCA members as well as formulating marketing strategy and implementation for events, and branding management. She formerly worked for over five years at the Department of Commerce, her assignments included serving as the East Africa desk officer within the Market Access and Compliance

President's Message *Continued from front page.*

assistance to Madagascar in 2007 was \$892 million, or 12 percent of the Malagasy gross national product. One assumes that much of the ODA will be stopped until the country's political future is much more stable and clear.

The Madagascar Action Plan, a five-year development plan designed by a cross section of Madagascar public and private officials, is now cancelled. It will take at least another year to devise new economic development plans, possibly longer. Thus, the coup squanders the time and energy of Malagasy citizens who developed a plan to improve the standards of living in their country.

In 2007, new investment in Madagascar totaled \$777.1 million, or nearly 11 percent of the gross domestic product. Investment doubled in 2007 over the previous year. In 2008, FDI inflows were estimated to have grown to \$1.35 billion. Following the coup, many businesses are understandably reassessing their investment plans.

In 2007, total exports from Madagascar to the U.S. were valued at \$324 million. Madagascar risks losing AGOA status, under which most other exports to the U.S. qualified. Fifty thousand jobs in the textile sector in Madagascar could be endangered. If elections are held within six months, the U.S. government could decide at the end of this year to continue AGOA benefits in 2010. Madagascar was the first nation in the

unit; the Commercial Service Strategic Planning Office and an assignment with the Trade Development Unit working to support public/private partnerships on the Market Development Cooperator Program, a grant program that supports through federal assistance to non-profit export multipliers such as states, trade associations, chambers of commerce, world trade centers and other business development groups. She also served as acting senior commercial officer with the African Development Bank in Tunis, Tunisia. Most recently, she served as senior business development advisor for CCA Member GoodWorks International.

Prior to her service at the Department of Commerce, Ms. Petersen worked in television production and at a minority-owned civil engineering firm.

Ms. Petersen holds an International Business degree from the University of Maryland.

world awarded a compact by the Millennium Challenge Corporation (MCC). About half of the funds allotted for Madagascar under the compact remain to be disbursed. MCC announced after the coup that it was placing the Madagascar program on hold. There will be no further disbursement as democracy is a requirement under the MCC compact. It is equally certain that no further compact will be signed with Madagascar.

There are much more stark figures to show the true cost of the coup to Madagascar. None, however, is perhaps more disheartening and self-defeating than the cancellation of a widely praised national plan to ensure that every child in Madagascar could go to school. A very regrettable example, it seems, of out with the old, in with the new.

Some projects might continue. The drama in Madagascar, after all, is still being played out. The African Union and the Southern African Development Community, both of which have suspended Madagascar, merit praise for their calls for a return to constitutional order in the country. Now, it is time for the international community to follow African leaders and to exercise its considerable influence so that legitimacy and stability return to Madagascar, and to underscore emphatically that coups are bad for business – and for people – wherever they occur.