

The AFRICA JOURNAL

THE CORPORATE COUNCIL ON

AFRICA

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Although U.S. investment in Africa continues to decline, we may be reaching the turning point. Decline has slowed, and there is evidence that investment is picking up. AGOA-related trade continues to increase, and the U.S. market may soon become more open to African agricultural imports. While most African countries have not yet seen significant benefits from textile and apparel exports to the U.S., Africa's agricultural sector would benefit greatly from increased access to U.S. markets.

Africa's global economic alliances are shifting. Several countries, including China, India, Israel and South Africa are making major investments throughout Africa. Traditional European investors are beginning to lose market share as African nations look for new partners. There is great opportunity for U.S. investors, especially in those nations that are showing new resiliency and transparency in their economies and an openness to new ideas and change. Kenya, under the leadership of President Kibaki, is one such country most worthy of new partnerships with American business. The President of Kenya is the first African president feted to a State Dinner at the White House under the Bush administration. Great are our hopes for the future of that country and its relationship with the United States.

CCA will also be trying new ideas this coming year, particularly examining the possibilities of partnerships with those countries that are successfully investing in Africa.

We plan to have a series of meetings with Chinese government and business leaders to examine their trade policies in Africa. We have been preparing for new partnerships with South African businesses investing in other parts of Africa. Soon CCA will have persons on the ground in Africa for years at a time to build relationships between U.S. companies and their African counterparts. This will make more partnerships possible by saving U.S. businesses, especially small businesses, time and money in seeking partners and investment opportunities.

You will be reading more about these new ideas over the next several months in the Africa Journal. ☉

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October 2003

October 7, 2003

Lunch Honoring President Kibaki of Kenya
Washington, D.C., USA

October 16, 2003

U.S. - West Africa Textile & Apparel Trade Seminar
Accra, Ghana

October 21-23, 2003

CTIA Wireless I.T. & Entertainment 2003
Sands Expo and Convention Center, Venetian Hotel
Las Vegas, Nevada, USA

October 26-29, 2003

National Minority Supplier Development Council 2003 Business Opportunity Fair
McCormick Place Lakeside Center
Chicago, Illinois, USA

October 28-30, 2003

Louisiana Gulf Coast Oil Exposition (LAGCOE) 2003
Lafayette Cajundome, Lafayette, Louisiana, USA

November 2003

November 13

Conservation is Good Business Conference
Ronald Reagan International Center
Washington, D.C., USA

November 19-21

Africa Oil & Gas Conference
Wyndham Greenspoint, Houston, TX, USA

For a full list of upcoming events, please visit www.africacncl.org



< By Abdoulaye W. Dukule >

LIBYA: KADDAFI SEEKS INVESTMENT AS GOVERNMENT PAYS LOCKERBIE SETTLEMENT

After many years of resistance, the government of Libya has authorized a compensation package for the bombing of Pan Am Flight 270. Libya agreed to pay \$2.7 billion to the families of the 270 victims. The North African country will pay \$35 million in additional money to France and other African countries for the downing of the UTA jetliner. In exchange for their cooperation, the United Nations lifted sanctions against Libya. Concerned about Libya's role in perpetuating conflicts in Africa, the U.S. announced that it will not lift bilateral sanctions.

LIBERIA: TAYLOR GOES INTO EXILE

Former President Charles Taylor was indicted by the UN backed War Crimes Tribunal of Sierra Leone and forced into exile in Nigeria. Taylor's departure is a big step towards ending Liberia's 14-year civil war. West African peacekeeping troops were sent to the war-ravaged country. The United States also sent a

small force to support the West African troops. Monrovia businessman, Gyude Bryant, was selected at peace talks brokered by ECOWAS (Economic Community of West African States) to head an interim administration until elections in 2005.

COTE D'IVOIRE: WAR AND PEACE

Instability resurfaced in late August when French authorities arrested Ivorian Sergeant Ibrahim Coulibaly in Paris. He was accused of trying to recruit supporters in France to overthrow the Ivorian government of President Laurent Gbagbo. Coulibaly spearheaded the coup that brought to power the late General Robert Guei in 1999. After he and Guei ceased their working relationship, Coulibaly lived in exile in Burkina Faso. There he is said to have directed operations of the September 2002 rebellion. As a condition for reopening the borders with Burkina Faso, Ivorian authorities insisted that all suspected Ivorian refugees living in Burkina—including

Ibrahim Coulibaly—be expelled. In his defense, lawyers for Coulibaly in France said he was now returning to Cote d'Ivoire to rejoin the army. Sergeant Coulibaly was allowed to return home because of a general amnesty for all military personnel who took part in the 2002 mutiny.

RWANDA: KAGAME ELECTED PRESIDENT

With 95 percent of ballots cast in his favor, Mr. Paul Kagame won the first election in Rwanda since the 1994 genocide. European Union observers found irregularities both before and during the elections but conceded that Kagame had a sufficient lead over other contestants, including former Prime Minister and Independent Faustin Twagiramungu. During the campaign, police did not allow opposition to hold rallies.®



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Most American Mercedes-Benz owners do not realize that the seats in their cars are produced in South Africa. From the leather in the seat covers to the seat's metallic rims, all of the materials and labor employed for Mercedes luxury seats come directly from the southern tip of Africa.

The seats are only the beginning. The automotive industry in South Africa is one of the country's hidden treasures. Today, South Africa exports all of the Mercedes C-class right-side driver vehicles, making the country DaimlerChrysler's second largest export base. DaimlerChrysler's investment alone is one of the largest in South Africa. In fact, 6.4% of South Africa's Gross Domestic Product comes from the auto industry. The industry represents the largest manufacturing sector in the country's economy, accounting for almost 30% of its manufacturing output.

Automotive companies opened operations in South Africa over half a century ago. The success of the plants has far exceeded expectations, and investment has increased significantly. Today, South Africa ranks 18th internationally in vehicle production¹, and car sales from South Africa have shown substantial growth in recent years.

Adding to the auto industry's success in South Africa, the enactment of the U.S. African Growth and Opportunity Act (AGOA) in 2000 has led to enormous increases in the auto industry's exports to the United States. Over the last five years BMW South Africa has quadrupled its business, with exports to the U.S. under AGOA producing half of that growth. The expansion has resulted in the hiring of 900 new employees in the economically depressed Eastern Cape region. In the

first year of the program, auto exports to the U.S. nearly quadrupled, to \$359 million. In 2002, this figure rose again, to \$572.9 million.

Recent Investments

As a testament to South Africa's current favorable economic conditions, two major investments were announced in September 2003.

On September 15, 2003, General Motors (GM) announced that it will launch a new line-up of Chevrolet cars in South Africa. Delta Motor Corporation, the manufacturer awarded the rights to market Chevrolet for GM, stated that the investment in 22 dealerships will amount to more than R50 million. The 22 dealerships will grow to 30 by June 2004. Delta Motor Corporation Managing Director Willie van Wyk says that the company is looking to mark its "footprint" in South Africa.

GM's announcement closely followed one by Ford SA, in which the company declared that it will begin production of two new vehicles for export under a new R1 billion investment program. The first export will be a commercial vehicle, expected to be released in the third quarter of 2004; the second, a brand new model passenger vehicle, will be released in the first quarter of 2005.





GM and Ford join BMW, DaimlerChrysler, Volkswagen and Toyota as major exporters of vehicles from South Africa.

SME Suppliers and Black Economic Empowerment

The successes of the automotive industry have resulted in substantial employment growth in South Africa. From 1999 through 2002, the automotive components industry achieved an employment growth rate of nearly 4% per annum, and the number of permanent employees increased from 67,199 in 1999 to 74,043 in 2002.

South Africa's automotive industry successes have also impacted small and medium sized enterprise (SME) development in the local economy. Van Wyk of Delta Motor Corporation addressed benefits that will befall such companies. "The reintroduction of Chevrolet will bring a new dimension to the South African automotive market. We also expect a number of positive spin-offs, which will include employment, investment and growth opportunities," he said. "New automotive component export business will also be among the opportunities we hope to capitalize on as a result of this exciting new venture." As a result of the re-entry, almost 400 jobs will be created in the South African vehicle market.

Suppliers to automotive companies have fared well during the industry's surge. As large companies expand their production, smaller suppliers must keep pace.

TC Manufacturing (TCM)'s experience exemplifies the growing possibilities for South African small and medium sized suppliers. The founder of the company, Mthembeni Mkhize, grew up under the apartheid system, vowing to "make sure poverty will end with my generation and never

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again affect myself, my family, my community, my country and the global environment where I will get a chance to participate." In 1996, Mr. Mkhize opened TCM to produce interior and exterior vinyl products for the auto industry. Today, TCM employs 60 people and has contracts from Ford, DaimlerChrysler, Toyota, Mazda and Mitsubishi. Its products range from vinyl truck covers to interior gear shields. In 2002, TCM outgrew its factory and moved its operations to a larger accommodation.

The KPL Aluminum & Die-Casting Factory, started by Sally Marengo in a township outside of Johannesburg in the early 1990s, is another success story. Ms. Marengo began her operations distributing bathroom accessories to the black townships. Seeing little growth, she diversified and expanded her operations, beginning to manufacture products including aluminum spindles for the automotive industry. Taking advantage of marketing and technical assistance from the U.S. Agency for International Development (USAID) funded South Africa International Business Linkages (SAIBL) program, KPL dramatically increased its sales and expanded its workforce. In 1999, it won a large contract from an international motor component manufacturer to supply aluminum spindles for seat belts. KPL signed a contract for over \$1 million and recently renewed it for five years at a value of approximately \$2.7 million.

By contracting to local SMEs such as TC Manufacturing and KPL Aluminum, the large international auto companies are empowering historically disadvantaged companies, an action that falls in line with the South African government's new Black Economic Empowerment initiative.



Corporate Social Responsibility

Complementing the economic growth and jobs created by the international automotive companies in South Africa are flourishing Corporate Social Responsibility Programs. Daimler Chrysler, for example, operates under the philosophy that as its global networking increases, so must its worldwide social responsibility. The company has thus engaged in various initiatives to ensure job security for employees, contribute to the local economy and encourage cultural exchange and social development at production locations and company-owned sales and service outlets.

Daimler Chrysler's program, Economic Assistance for SADC Nations, was launched in 1996 to strengthen small and medium-sized businesses in Southern Africa by teaching companies how to be more competitive in the international marketplace. The program seeks out business contacts in Germany, informing investors about the potential benefits of investing in Southern Africa. With a focus on improving the skills of emergent

companies' employees, the program also holds workshops in Southern Africa. Behind these initiatives is the belief that international competitiveness is essential for survival. The idea is that if business in the region is to survive, it must become internationally competitive.

Motoring Into the Future

South Africa's automotive industry has proven a great boon for the country, serving as one of the most impressive, while largely unknown, business success stories in recent years. It also offers optimism for the country's—and potentially the continent's—economic future.

So, next time you ride in a Mercedes, enjoy the leather seats and think about the business opportunities they generate in Africa. ☉

Sonya Penn is the Manager of the Communications and Public Relations Department at the Corporate Council on Africa.

¹ National Association of Automobile Manufacturers of South Africa Annual Report 2003.

Cold Water in Cancun

Despite songs of victory from some protestors and proof that the Group of 22 developing nations can indeed flex its muscles, the Cancun installment of the Doha “development” round of trade talks failed on economic grounds. Though not considered as broad a failure as the Seattle talks in 1999, there is no appreciable progress or agreement resulting from the September meetings.

Hopes for worldwide economic growth spurred by more free trade are diminished, and the clout of the World Trade Organization (WTO) is called into question. WTO officials have admitted that they will not be able to meet their self imposed 2005 deadline for a further dismantling of global trade barriers. Additionally, the African Union’s (AU) relationship with the multilateral organization wavers, after Vijay Makhan, the AU’s Commissioner for Trade, Industry and Economic Affairs stated that a pull out should be considered.

But there was a potentially positive outcome. Several non-governmental organizations (NGOs) and selected trade secretaries view the potency and newfound strength of the Group of 22, a block of developing countries including South Africa, Egypt and support from the AU, as a real gain. Tanzania’s delegate, Beatrice Matumbo explained: “I was afraid I would have to go back to my people and say we didn’t gain anything, but instead we stood up to the manipulation [by richer countries]. I am very happy.”

Meanwhile, the Americans and Europeans view the collapse in a different light. U.S. Trade Representative Robert Zoellick noted, “The harsh rhetoric of the ‘won’t do’ overwhelmed the concerted efforts of the ‘can do.’” Zoellick added that

trade negotiations would continue on a bilateral or regional basis as conditions at the WTO remain heated. If trade does indeed become based on individual partnerships, smaller countries will likely not find easy entry into talks with Japan, the EU, and the U.S., the most sought after trading partners.

The major targets of the Group of 22 were U.S. and EU Farm subsidies, which amount to over \$300 billion annually. At the Cancun meetings, cotton restrictions arose as the most salient target of the negotiators from the developing world.

François Traoré, the head of Burkina Faso’s National Cotton Producers Union, forced trade barriers and inequities around cotton to the forefront, establishing the commodity as a true test of the “development round.” At present roughly 25,000 U.S. farmers grow cotton, receiving roughly \$3 billion in subsidies, which enables them to undercut the prices of the ten million West African cotton producers. Prior to the Ministerial meetings, the governments of Benin, Burkina Faso, Chad and Mali co-sponsored a “Sectoral Initiative in Favor of Cotton.” They called for the elimination of domestic support and cotton export subsidies over the three-year period from January 1, 2004 to December 31, 2006. But as the Cancun meetings came to a close the initiative faded away.

Reactions to the failure of the meetings have been mixed. A statement released by a group of U.S. producer organizations, including the National Cotton Council, the National Association of Wheat Growers and the American Farm Bureau Federation, concurs with the stance of Administration Negotiators: “No agreement would be better than a bad agreement.”

The relatively few farmers from the global North are pleased (as are their European cows who receive over \$2 per day each in subsidies) while the African farmers continue to suffer from an unequal global trade structure. But the reality is that Africans are not the only losers. The Wall Street Journal opined that the big losers are actually “German manufacturers, French bankers, and American software designers.” These groups are left without duty free entrance to the emerging markets in the developing world.

While Seattle was the biggest WTO failure to date, where protestors halted the launch of a new round of trade talks, it may become evident over time that Cancun was the real turning point. The Cancun talks could usher in a new era in global trade relations, supplanting free trade dogma with justifiable protectionism.®

Joshua Katz is a research analyst for the Corporate Council on Africa

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CCA Announces Gates Foundation Grant to Combat AIDS in Africa

In August, the Corporate Council on Africa (CCA) announced an \$875,000 grant awarded by the Bill & Melinda Gates Foundation to strengthen U.S. corporate involvement in the battle against HIV/AIDS in Africa. The grant will provide funding for a new CCA initiative to work with corporations, helping them to institutionalize the most effective HIV/AIDS business plans and policies.

While Africa is home to only 10% of the world's population, 70% of the adults and 80% of the children living with HIV/AIDS worldwide are in Africa. The private sector has recognized the pandemic's implications on the global economy and has become more aggressively involved in the fight.

Through the Gates Foundation grant, CCA will work with the private sector to maximize the efforts of businesses working in Africa.

CCA President Stephen Hayes spoke to the urgency of the project. "The U.S. corporations involved in Africa must play an integral role in our fight against HIV/AIDS. At an economic level, as the rate of infection increases, absenteeism in the workplace and lack of production also rise. CCA is pleased to work with its members to set a precedent for every U.S. business involved in Africa to implement effective business plans relating to HIV/AIDS. It is through such a combined effort that we can be effective in breaking the disease's destructive course."

Over the grant's three-year duration, the Corporate Council on Africa, whose members represent approximately 85% of U.S. private sector investment in Africa, will work with each of its members to establish effective HIV/AIDS policies in the workplace. On the continent, member companies will be involved in developing national HIV/AIDS plans and will work with African national commissions on HIV/AIDS. CCA will also work to increase corporate financial support to combat the disease. CCA will form a national advisory council of businesses to work with the organization as it develops its plans. ©

For additional information on CCA's HIV/AIDS programs, please contact Neel Lattimore at nlattimore@afriacncl.org.

WAIBL Looks At Textiles and Apparel

This fall, CCA's West Africa International Business Linkages (WAIBL) program will highlight the West African textile and apparel industry with programs in Accra, Ghana and New York in October and December 2003, respectively.

The African Growth and Opportunity Act (AGOA) offers a tremendous opportunity for the African textile industry through the duty-free access it grants to African exports. In recent years, as U.S. apparel production has declined, U.S. imports have surged. Though Asia and NAFTA countries represent the largest share of U.S. apparel imports, sub-Saharan Africa is capturing an increasing share. The U.S. textile and apparel industry has also slowly been restructuring and moving offshore. U.S. firms are looking towards sub-Saharan Africa for delocalization deals to capitalize on lower labor costs, lower indirect costs and AGOA benefits. Ghana offers an example of West Africa's potential in the industry. Here, ethnic (kente) clothing shows promise for a niche-market. Nearby, Nigeria holds a large installed capacity for polyester

staple and textile filament yarn¹. Several other West African nations, such as Mali and Cameroon, are major producers of cotton.

Moreover, many West African fashion designers have won international acclaim, including the late Chris Seydou who introduced Malian Bogolan, or "mud cloth", to the international fashion scene and founded the African Federation of Fashion Creators in 1993. Kouyaté Lamine Badian, a Malian designer based in Paris, produces a popular line of street-smart fashion, Xuly Bet, and inspired a character for Robert Altman's movie "Ready-to-Wear".

Growth in the textile and apparel industry has dramatically alleviated poverty in developing countries where labor is abundant. For these reasons, CCA's WAIBL program will be conducting a U.S.-West Africa Textile and Apparel Trade Seminar in Accra, Ghana on October 16, 2003 to highlight trade and investment opportunities in this sector. The program will bring together textile and

apparel manufacturers, exporters and importers from across West Africa and the U.S. Attendees will gain in-depth industry knowledge, discuss specific projects and learn about U.S. Customs textile regulations. CCA has invited U.S. textile and apparel manufacturers and importers to discuss their experiences in the region, sharing success stories and lessons learned. Other invited presenters include USAID's West African Trade Hub, the African Project Development Facility of the International Finance Corporation (IFC) and the Missouri Department of Economic and Development and U.S. Customs. ©

For additional information on the U.S.-West Africa Textile and Apparel Trade Seminar, please contact Trushna Patel at tpatel@afriacncl.org.

¹ Source: The Changing Pattern Of International Trade In Textiles And Clothing: Implications of the Introduction of the Agreement of Textiles and Clothing (ATC) on the African Textiles and Clothing Sector by Mr. Antero Hyvärinen Senior Market Development Officer, International Trade Centre, Geneva

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Why Africa for the U.S.?

West Africa stands on the brink of an unprecedented oil boom as global oil corporations pour billions of dollars into offshore and natural gas developments to reap the benefits of the world's last large unexplored energy frontier. The region offers what is potentially the next major economic growth point in the world, based on strategic energy supplies and other natural resources. West Africa's geographic location provides accessibility to world markets; the region offers relatively low labor and infrastructure costs and, most significantly, the prospect of relative strategic stability.

Spearheading the rush for African energy supplies is the United States. Already, West Africa supplies close to 15% of U.S. petroleum, roughly the same quantity it receives from Saudi Arabia. Nigeria, whose oil production is 2.25 million barrels/day, has now begun to develop its natural gas resources as well and is capable of more than doubling its gross domestic product from energy exports over the next five years, apart from any new reserve discoveries.

Angola, a country whose oil production has skyrocketed in recent years, plans to double production from 900,000 barrels/day to 1.8 million by 2007. Given their tremendous resources, Nigeria and Angola are the top two energy producing states in West Africa, but they represent only the initial thrust of the energy boom in the region.

Over the past decade, foreign oil companies have found at least 500 million barrels of high-grade crude oil in Equatorial Guinea's waters. Production there has jumped from 17,000 barrels/day in 1996 to more than 220,000 barrels/day currently, and may reach over 700,000 barrels/day by 2020.

The expansion in Equatorial Guinea is being repeated across the region.

The island archipelago of Sao Tome and Principe is another key area, sitting on between two and four billion barrels of crude oil. It will begin selling offshore concession areas to oil majors in an area known as the "Joint Development Zone," currently under development in conjunction with Nigeria.

Natural gas is another quickly growing commodity. In 2000, Africa provided 17.4% of the world's natural gas exports, including 9.1% of pipeline and 41% of LNG exports. Two thirds of the total exports came from Algeria. Both Angola and Nigeria are in position to spend billions on this sector. It is key to note that while acknowledged gas reserves are small compared to the rest of the world, undiscovered reserves are considered substantial.

In a recent interview with allAfrica.com an oil executive, referred to as a "Living Legend in Wildcatting," pointed out that "traditionally in the U.S. the discovery rate is 10%. In West Africa, the discovery ratio has been 50-60%. More than half the exploration wells result in a discovery."

With the passage of the African Growth and Opportunity Act (AGOA) in 2000, African companies now have a competitive advantage doing business with the U.S. From U.S. Department of Commerce data, AGOA trade between the U.S. and Africa last year was US\$9 billion, an increase of 10% from the year before. This figure includes AGOA-eligible



countries under both the pre-existing U.S. Generalized System of Preferences (GSP) and the expanded AGOA GSP, plus textile and apparel imported duty-free and quota-free under AGOA provisions. With provisions allowing for petroleum products exported to the U.S. from lesser-developed countries, Angola was the leading GSP beneficiary in the world for the second consecutive year, with US\$2.7 billion in benefits, an increase of 3.5% from 2001. This provision also allowed Equatorial Guinea to be number 13 for GSP benefits. South Africa was the world's eighth GSP beneficiary with US\$552.9 million in benefits, a 9.2% increase from 2001. Angola, South Africa and Equatorial Guinea accounted for 94% of total GSP use in Sub-Saharan Africa. Sub-Saharan Africa's total merchandise imports climbed 6% in 2001 to US\$87.7 billion and its total merchandise exports were US\$86.2 billion.

All this action makes the waters of West Africa one of the hottest places

for oil exploration in the world. On a global scale, the numbers may seem modest; total proven reserves in the Gulf of Guinea sit at 47 billion barrels, only one sixth of Saudi Arabia's 261 billion barrels of reserves. But Africa is just getting started. For several decades yet, Africa will enjoy the phenomenon known as "reserve creep" (reserve reassessment) during which the discovery of additional oil reserves will continually increase the current reserve figures. In 2001, 7 billion of an estimated 8 billion barrels

of oil discovered worldwide were located off the coast of Africa.

The U.S. business community has found that even outside the oil & gas sector Africa has opportunities for growth. Two-way trade between the U.S. and Africa is at US\$24 billion, making the U.S. Africa's largest single country market, purchasing 26% of the region's exports in 2001. In 2002, U.S. exports to sub-Saharan Africa were 46% greater than those to the former Soviet Union republics, and nearly twice those to Eastern Europe.

U.S. exports to South Africa alone were larger than our sales to Russia, whose population is more than 3.5 times as large.

Africa matters to the U.S. ●

Warwick Davies-Webb is the Research Director of Executive Research Associates (ERA). ERA is a South African-based socio-economic labor and political consultancy with an extensive local and international associate network. Established in 1992, ERA provides a comprehensive portfolio of confidential services essential to decision-makers operating in the volatile African environment.

SAIBL Client Exports Sorbet Under AGOA

A South African sorbet, produced by Dynamic Commodities Inc. from Port-Elizabeth in the Eastern Cape, is now available in one of the largest chains in the U.S. convenience retail industry.

Serving as a testimony to the Corporate Council on Africa (CCA)'s South African International Business Linkages Program (SAIBL), 7-Eleven is introducing "Island Way Sorbet" into their stores nationwide this month. The selection of frozen fruit shells filled with flavored sorbet is exported to the U.S. under the African Growth and Opportunity Act (AGOA). The act offers designated beneficiary countries in sub-Saharan Africa duty-free and quota-free access to the U.S. market for qualifying products.

SAIBL builds the capacity and international competitiveness of historically disadvantaged (primarily black, coloured or woman-owned), small and medium South African businesses. SAIBL has committed \$7,174 in financial assistance to Dynamic Commodities over the last four years.

"Dynamic Commodities is an excellent example of how historically

disadvantaged companies in South Africa have started taking advantage of AGOA," said Nischal Patel, CCA's SAIBL Program

Manager. "One of SAIBL's major goals for the upcoming fiscal year is to expose companies from all over Southern Africa to the U.S. market. CCA's vast network within the U.S. places SAIBL in a strategic position to establish such linkages."

Dynamic Commodities was founded in 1996 as a processor of frozen fruits. The company buys pineapples, apples, oranges, lemons and coconuts. Employees remove the fruit pulp from the shells by hand and fill each fruit shell with fruit sorbet made in its ice cream plant.

SAIBL assisted Dynamic Commodities with technology transfer on production for the company's 80% historically disadvantaged employees. Further assistance was given to fund U.S. market research focusing on incentives offered under AGOA.



SAIBL assistance for the 7-Eleven deal included help in producing a promotional video and financial resources to design packaging that meets the requirements of the U.S. market.

Adrian Vardy, CEO of Dynamic Commodities, ascribed their success in part to their U.S. distributor, Gulf Pacific Seafood/Table Bay International, a Florida based company owned by South African expatriate Ernest Marais. "It is critical to have a distributor in America. Although a distributor does add an extra layer of cost this can eliminate delays and facilitate far greater volumes and immediate communication with the markets - benefits which often justify the extra cost," Vardy said.

7-Eleven has expressed their satisfaction with the product sales to date. ●

For More Information on SAIBL please contact Nischal Patel at The Corporate Council on Africa at npatel@africacncl.org or 202 835 1115.

The Role of Culture in the Workplace in Africa: The Complexities of International Workforce Integration

The challenges of creating a dynamic workforce are affecting all economies, particularly those of Africa. As Africa strives to become more competitive in the global marketplace, its workforce must also adapt to an international environment. Multi-nationals with a growth strategy have awoken to the fact that Africa has vast untapped potential markets and can be more cost-effective as a production site due to benefits such as favorable exchange rates and a cheaper cost of labor.

As Africa becomes more open to foreign direct investment and more African companies open their doors to foreign consultants, issues of international culture and cooperation in the workplace must be addressed. Inter-cultural communication is key to building a competitive and productive workforce.

Culture plays into and impacts productivity and the way work is done. Culture also acts as a pre-cursor to whether transactions are mutually agreeable or not. In business, cultural terrain has to be navigated at both the strategic structural level as well as the interpersonal level.

Phambili Strategies & Solutions is one company spearheading efforts to enhance corporate productivity through human resource development and training to develop diverse, integrated teams focused on productivity. Phambili, headquartered in South Africa with an office in

Washington, DC, advocates the fundamental principles of cross-cultural competence as opposed to specific regional "how-tos". They look at two cultural competency issues; technical signifiers (TS), which are hard skills, and attitudinal signifiers (AS), which are soft skills. The TS are behavioral and overt in nature and include etiquette and verbal communication. The AS are psychological and nuanced in nature and deal with non-verbal communication. The Phambili model promotes the two extremes of cultural orientation and provides the bridge that is Diversity Management training. Diversity Management training asks whether TS or AS should take the lead and why.

It has long been agreed by psychologists and business people alike that how you view the world significantly informs your approach and levels of receptivity or engagement. This applies when it comes to negotiations and the intricate dance of business transactions.

An additional dimension of Phambili's business model is to incorporate insights derived from interviews with both African and North American business people involved in international business. These interviews include discussions of the African mindset and business style.

Cultural communication played a part in recent trade negotiations that took

place between the Southern African Customs Union (SACU) and the United States Trade Representative (USTR). The two entities consulted the South Africa chapter of the Organization of Women in International Trade (OWIT) concerning the current Free Trade Agreement (FTA). OWIT ensured that the participation of women in international trade is encouraged. The different status of women in U.S. and African societies influenced each side's approach to women's role in trade. The cultural implications of such negotiations include the impact of both what is said (i.e. content) as well as how it is said (i.e. tone).

Rapid technological changes and the increasing need to be competitive on a global scale have forced international companies to change the way they operate internally and externally. To meet the needs of internal organization, blending a workforce takes careful planning. In today's global marketplace, the ability to mobilize and synchronize a diverse workforce can make all the difference.®

Nicole Lowery is a systems engineer at the Corporate Council on Africa. She has a Masters in International Affairs from American University.

For additional information about Phambili Strategies & Solutions please contact their corporate headquarters via e-mail at phambiliss@netactive.co.za

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AFRICA COULD BE THE NEXT ATTRACTIVE MARKET FOR AMERICAN INVESTMENT, AND AN ONSHORE US FORM OF FOREIGN SHARES COULD BE JUST THE TICKET.

The last eighteen months saw one equity investment index soar ahead of all others; most of the constituents of that index are located on the African continent. During 2002, the Bank of New York South Africa, American Depository Receipts (ADR) Index rose by 94%. Several billions of dollars owned by U.S. investors moved into the shares of a handful of African stocks, all mining and natural resources companies, which include AngloGold, Gold Fields, Harmony Gold Mining, Durban Roodepoort Deep, Randgold, Sappi and Sasol.

Interestingly, the stocks themselves are not denominated in a foreign currency, nor do they settle in a foreign clearing system. The stocks in question are available in the U.S. markets in the form of ADRs, which are priced and traded in U.S. dollars and are issued in certificated form to American investors so they can be held just like any other U.S. security.

This form of investment has burgeoned in the last decade, as U.S. investors, both institutional and individual, realized that the scope of equity investing was changing and that to a large degree the way forward was into non-U.S. equities. In a decade characterised by significant cross border merger & acquisition activity, privatization and the development of emerging markets in dozens of countries, the ADR has become an important channel.

In Africa, there are already 90 companies that have an ADR. The majority of these come from well-developed equity markets that exist in South Africa, and latterly in Egypt. However, there are easily another 16 markets with interesting investment possibilities. In terms of market capitalisation, South Africa represents 75% of the total \$245 billion. However, the possibilities of the number of

Table of African ADR Programmes

South Africa	60
Egypt	20
Morocco	2
Ghana	2
Nigeria	2
Tunisia	2
Malawi	1
Zambia	1
Total	90

companies that could establish an ADR program are large across all countries. Even more importantly, the value of the ADR mechanism is arguably greater in the least developed countries where investors may be wary of having to become familiar with local investment

and trading regulations, settlement procedures and currencies.

As the international equity markets have stumbled over the past three years and new ADR listings have become less frequent, there have been six new ADR listings from South Africa, culminating in the privatisation of Telkom SA with its NYSE listing earlier this year. As the equity markets recover some momentum over the coming year, we can hope investors may expand their horizons to give further serious attention to the African continent. ☉

Alex Hickson is Vice President of Issuer Services at The Bank of New York in London

Source: www.adrbny.com, The Bank of New York, www.undp.org, United Nations Development Programme

How Americans Buy Foreign Shares

When a U.S. investor places an order for a non-U.S. equity with his or her broker, the investor will most likely receive a dollar-denominated receipt that can be on-sold in the U.S. trading and clearing system. This receipt is called an American Depository Receipt (ADR). The universe of ADRs today comprises over 2,100 different equity issues from more than 70 different countries around the world. Although the ADR is legally a U.S. security, the ADR holder has the right to exchange it for the underlying non-U.S. share that is held in the foreign market on his behalf by the depositary bank that has issued the ADR. The investor is entitled to the dividend and voting rights associated with the underlying share. Today over \$600 billion of non-U.S. equities are traded in the U.S. markets in the form of ADRs, in addition to the many billions of non-U.S. equities traded by U.S. international funds directly in the foreign markets such as London, Frankfurt and Tokyo. However, the distinction between onshore and offshore trading is important, because the offshore trading takes place in the form of a multitude of different securities markets, currencies, clearing and custody systems. The onshore trading in the U.S. of overseas equities takes place through a unified, Americanized model using ADRs. In order to be admitted to the New York Stock Exchange or the NASDAQ trading system, an overseas company must establish an ADR program satisfying the clearing and settlement requirements of the U.S. marketplace. Part of ADR value lies in the endorsement that often comes from the company having completed some degree of registration with the Securities and Exchange Commission in Washington.

Marathon and Partners Announce Malaria Control Program for Bioko Island, Equatorial Guinea

Marathon Oil Corporation and Noble Energy, Inc., through their subsidiaries Marathon E.G. Production Limited and Samedan of North America, Inc., respectively, have partnered with Atlantic Methanol Production Company LLC (AMPCO) and the Government of Equatorial Guinea to launch a \$6.8 million malaria control program on the Bioko Island.

The program follows a comprehensive malaria survey conducted by a team of world-renowned experts during the summer of 2002 on Bioko Island. The study confirmed that malaria is a significant challenge to the health of the residents of the island and the greatest contributor to morbidity and mortality cases for children under the age of five. The goal of the program is to significantly reduce or eliminate malaria transmission over a period of five years. The beneficiary population is estimated at 250,000, of which approximately 30 percent are under the age of five.

Marathon and its partners committed \$6.8 million in funding to support the five-year program. Medical Care Development International (MCDI) joined the effort to manage and implement the program. The Government of Equatorial Guinea has agreed to commit resources, including funding and personnel, to ensure implementation. MCDI will interface with the Ministry of Health and Social Welfare and other active organizations under the umbrella of its National Malaria Control Program to coordinate efforts, facilitate technology transfer and build technical and management capacity to ensure sustainability of the program beyond the current five-year commitment.

The malaria control program will



adopt a strategic plan developed around three goals consistent with the World Health Organization Roll Back Malaria Program:

- Reduce the transmission of the malaria parasite through mosquito control programs and improved preventive measures at the household and the community level;
- Improve the health care delivery systems for malaria cases by establishing malaria treatment centers that will use standardized protocols, diagnosis and referrals; and
- Enhance surveillance systems and operational research to strengthen Equatorial

Guinea's capacity to conduct surveys and implement an effective reporting and monitoring system.

The methods for achieving success in each of these program elements are tailored to the existing natural advantages of Bioko and utilize strategies that have resulted in the elimination of malaria from other island countries. The initiative is seen as pilot program that could be duplicated successfully in Rio Muni, the continental portion of Equatorial Guinea. ●

Adel Chaouch is a Sustainable Growth Manager for Marathon EG Production Limited in Equatorial Guinea. For additional information on the Malaria Control Program please visit www.marathon.com

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Public/Private Partnership in Botswana: A Model for Fighting HIV/AIDS

The public and private sectors have a great responsibility to cooperate in their efforts to fight HIV/AIDS in developing countries. Pharmaceutical companies are in a unique position, as they possess the technology and resources to develop new treatments and have the ability to provide drugs at low or no cost.

Merck & Co., Inc. takes its responsibility in this matter very seriously, demonstrating its commitment by marshalling its expertise in the research and development of medicines and vaccines and by championing public/private partnerships to help improve access to care. Merck offers its HIV/AIDS medicines at discounts to 120 countries, and its search for an HIV/AIDS vaccine is the longest, most intensive research project the company has ever undertaken.

In 2000, Merck initiated a comprehensive public-private partnership with the Government of Botswana and the Bill and Melinda Gates Foundation to address the HIV/AIDS pandemic in Botswana. Known as the African Comprehensive HIV/AIDS Partnerships (ACHAP), its goal is to advance HIV/AIDS prevention, support, care and treatment in Botswana.

In Botswana, close to 40% of the adult population is infected, giving the country one of the highest HIV/AIDS rates in the world. However, the country has become a leader in developing prevention programs and providing counseling, support and treatment. Outstanding political leadership, transparency and a stable democracy have allowed the government to develop an aggressive and comprehensive national program. This environment has also enabled the development of ACHAP as a unique public/private partnership to strengthen the reach and effectiveness of the

government's work.

ACHAP advocates a multi-faceted approach in the battle against HIV/AIDS, with programs and services ranging from capacity building in human resources and infrastructure to the provision of technical advice and support.

The Gates Foundation and the Merck Company Foundation each dedicated \$50 million to the initiative. Merck also donates its antiretroviral medicines to the Government's Masa (meaning "new dawn" in Setswana) Antiretroviral Therapy Program, designed to provide antiretroviral (ARV) drugs to adults and children at no cost. Currently, close to 11,600 people are enrolled in the government's treatment program, and of those, more than 7,600 are actually receiving ARV therapy, making it the largest government-sponsored ARV program on the continent.

The success of the ACHAP program is a result of several factors, including private sector involvement. Dr. Donald de Korte, ACHAP Project Leader and former Merck executive in Africa, brings a private sector approach that compliments the Botswana government's traditional public health methodology.

An example of the public/private nature of ACHAP is the use of analytical business tools and marketing principles, such as market segmentation, to target high-risk populations and to increase the effectiveness of disease education and HIV prevention messages. Dr. de Korte believes, "The private management principles and systems that ACHAP brings, which are not commonly used in public sector programs, in addition to government-led strategies and input from political leaders, have helped us to make ACHAP a success by generating



A candlelight vigil in Botswana for AIDS victims

innovative approaches to HIV/AIDS at a national level."

Indeed, Botswana's war against AIDS was recently lauded by U.S. Senator Bill Frist, who said ACHAP should serve as a model for other countries fighting the disease.

Merck hopes that the principles underlying the ACHAP model can be adapted to other countries. As Dr. de Korte emphasizes, "The project's institutional and management accountability and guarantee of minimum overhead allow for optimal leverage of existing national resources and systems."

In addition to its continued commitment to ACHAP, Merck works with other businesses, governments and international organizations in Africa to provide technical assistance in the development and expansion of prevention and treatment programs while offering its ARVs at no-profit prices to many government and non-government medical providers. A number of partnerships have been established with small, medium and large enterprises in sub-Saharan Africa, and Merck is keen to leverage its experience in Botswana to support these initiatives. ●

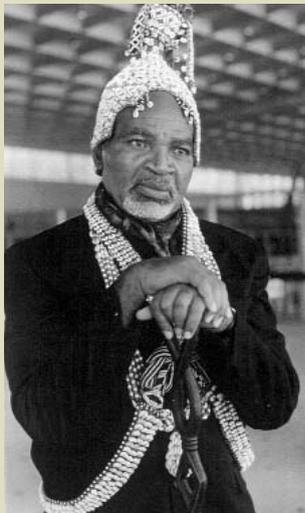
Caroline Hope works with the Corporate Council on Africa's HIV/AIDS initiative programs.

For additional information, please contact Linda Distlerath, Vice President of Global Health Policy, Merck & Co., Inc. and ACHAP President at + 908-423-4165 or visit the ACHAP website at www.achap.org.

Films at the National Museum of African Art

Courtesy Third World Newsreel

Meditations on Africa and the African Diaspora



Courtesy California Newsreel

Pièces d'Identités (Identity Card)
Thursday, December 11, 7 p.m.
Ripley Center Lecture Hall

Pièces d'Identités, winner of the Silver Stallion Award at the 1999 FESPACO film festival, has won international acclaim for its sensitive portrayal of Africans living abroad who must resolve complex problems about their own senses of identity (Congo/Belgium, 1998, 93 minutes, French with English subtitles.)

Come explore the complexities of modern African history and the 20th-century diaspora of the African peoples. Their stories of migration are ones of multiple moves, homecomings and fluctuating affinities to place, space and identity. Each film is followed by a moderated discussion. For more details about the museum's film series, visit our website africa.si.edu.



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Anjelo Mida, Inc.

Anjelo Mida, Inc. is a minority-owned business specializing in the wholesale and distribution of pharmaceuticals and medical supplies. As a distributor, the company is proud of its ability to provide fast and reliable medical products and services globally. Product distribution includes vaccines, injectables, chemotherapeutic agents, antibiotics, nutraceuticals and a variety of disposable medical products. Anjelo Mida, Inc. provides pharmaceuticals to combat HIV/AIDS and AIDS-related illnesses such as tuberculosis and other infections.

Anjelo Mida, Inc. has provided life-extending medications to patients in Latin America and West Africa. It has consulted with pharmaceutical manufacturers and distributors in Africa regarding the development of collaborative partnerships. The company also offers personalized pharmacy options for expatriates and their families and is able to ship patient-specific products directly to the customer or prescriber in any part of the world. Collectively, the executive team boasts over 75 years of experience and training in the fields of pharmaceuticals and disease-state management. Additionally, the company has the expertise to integrate traditional forms of training with state-of-the-art technology such as video-conferencing and web-based learning and has the capability to design, develop and assist in the implementation of educational and training materials for healthcare professionals.

Anjelo Mida, Inc. is poised to provide technical assistance to eligible nations in the Global AIDS program as well as assist in developing programs such as: voluntary counseling and testing for HIV/AIDS, prevention of mother-to-child transmission of HIV, blood safety education and training and

development of essential drug lists for hospitals and primary care facilities.

For additional information, please contact Anjelo Mida, Inc. at: 9 Azar Court, Suite A, Baltimore, Maryland, by phone: (410) 737-8449 or fax - (410) 737-8450.

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Headquartered in Stevens Point, Wisconsin, **Noel Group** is a diversified, global organization that provides integrated travel insurance, travel medical assistance and travel and concierge services for corporate clients and individuals throughout the world. Noel Group's flagship is Travel Guard® International, North America's largest provider of travel insurance and assistance.

Noel Group is a value-based company that is committed to giving back to the global communities it serves. In 1993, company founders John and Patty Noel established Make A Mark, a non-profit humanitarian foundation that partners with NGOs in developing countries on projects that benefit children and the disadvantaged. Make A Mark's most recent project is the Nyumbani Village in Kenya, a self-sustained community for homeless children and elders whose lives have been decimated by the AIDS pandemic. By combining a family setting with medical care, education and vocational training, Nyumbani Village will help its residents lead productive, safe and comfortable lives.

Partners for the Nyumbani Village include the Art Center College, UNICEF and United Nations Office of Project Services. The village will serve as a pilot project to establish parameters and benchmarks that can be used for creating other such self-sustaining, multigenerational villages throughout Kenya, Africa, and other parts of the world.

For additional information, please visit <http://www.noelgroup.com>

Pegasus Energy Limited

Pegasus Energy Limited, an African based company, trades petroleum products throughout the Southern and East African regions, including South Africa, Zimbabwe, Zambia, Mozambique, Malawi, Kenya, Uganda and the Democratic Republic of Congo.

South Africa

Pegasus Energy's representative office in Cape Town handles administrative work and contract implementation on its behalf. It's also the base from which Pegasus Energy operates as the primary funding partner of Mesa Energy (Pty) Ltd., a Black Empowerment fuel company. Mesa's other shareholders are prominent, historically disadvantaged South African businessmen and women who are actively involved in the country's fuel industry.

Mesa Energy's primary business focus is infrastructure and retail/commercial fuel development as well as trading opportunities, particularly where South Africa's interests in the energy and gas sectors are concerned.

Zambia

In Zambia, Pegasus Energy is also developing a retail service station network, Vuma Petroleum. This innovative brand is setting new standards in terms of convenience, design, efficient service and overall customer satisfaction.

Vuma is also currently developing retail opportunities in Zambia's neighboring countries. The Group has plans for its retail service station division to own, franchise and operate over 100 Vuma branded service stations throughout Southern and East Africa within the next four years.

For additional information, please visit www.pegasusenergy.net.



Congressional Agenda Fall 2003

After an eventful summer on the front of U.S.-Africa relations, the United States Congress will continue to address key policy issues concerning the continent this fall. Items on the fall agenda include a hearing on Liberia reviewing the Administration's policy towards the country, possible introduction of the African Growth and Opportunity Act III, and authorization of Appropriations for the Congo Basin Forest Partnership Act of 2003.

LIBERIA

The White House stated position on the U.S. relationship with Liberia may be characterized as "cautiously responsive." The Bush Administration stressed a commitment to limiting the U.S. role in peacekeeping efforts while supporting the United Nations arrangements for a political transition, professed in the United Nations Security Council Resolution 1497. United States military personnel were deployed to the coast of Liberia in mid-August after the resignation of now former President Charles Taylor took place on August 11, 2003. The U.S. Armed Forces were in place for a period under two weeks to assist the Economic Community of West African States Mission in Liberia (ECOMIL). ECOMIL forces are now in charge of implementing U.N. stabilization operations. Congressional hearings and discussion on the status of the Bush administration's policy toward the country will take place this fall as the United States continues to grapple with its peacekeeping responsibility toward the historically linked country.

AGOA III

It is expected that Congress will introduce a third version of the Africa Growth and Opportunity Act (AGOA III), to extend AGOA beyond its current expiration date of 2008. In addition, the extension will address the issue of third country fabric. This refers to the AGOA

preference that allows least developed countries (LDCs) to use non-AGOA beneficiary countries' components in apparel production. This special rule already applies in 33 countries and is slated to end in September 30, 2004. Additionally, AGOA III may provide for increased funding for trade capacity building programs.

AGOA has created a notable increase in exports among African countries. According to an article in Business News Johannesburg published on August 8, 2003, total AGOA exports to the US from qualifying African countries were almost 80% higher in the first five months of this year than in the corresponding time period last year. In the first five months of 2002, the value of exports was \$3.2bn, and the first five months of 2003 saw exports increase to \$5.7bn.

ENVIRONMENTAL INITIATIVE IN THE CONGO BASIN

H.R. 2264 addresses the continuing environmental degradation occurring in the Congo Basin tropical forests. The bill was introduced in the House of Representatives on May 22, 2003 by Rep. Shaw (R-FL), Rep. Royce (R-CA), and Rep. Houghton (R-NY). The bill requests appropriations for the Congo Basin Forest Partnership program (CBFP) of \$18,600,000 for the fiscal years 2004 and 2005. Of this money, \$16,000,000 is earmarked for the Central Africa Regional Program (CARPE) of the United States Agency for International Development (USAID). According to the text of the

bill, "The United States has an interest in seeing political stability and economic development advance in the Congo Basin countries. This interest will be adversely impacted if current deforestation and wildlife depletion rates are not reversed." The tropical forests in jeopardy are located in nine Central Africa countries. These are Cameroon, the Central African Republic, the Democratic Republic of the Congo, Equatorial Guinea, Gabon, the Republic of Congo, Rwanda, Burundi and Sao Tome & Principe.

The purpose of the bill is to protect the economic and environmental resources produced within the forest, which constitute the most diverse grouping of flora and fauna in Africa. Funds will be used to address specific issues such as support of a national park and protected area network that includes 27 designated sites and forestry concessions that cover 25,000,000 acres.

Secretary of State Colin Powell first introduced the CBFP in September 2002 in South Africa. The partnership promotes sustainable use of the region's forests and is supported by African leaders such as President Omar Bongo of Gabon. Under his direction, Gabon went from a country with zero land dedicated to national parks to the establishment of over 10% of land mass designated for 13 national parks. ®

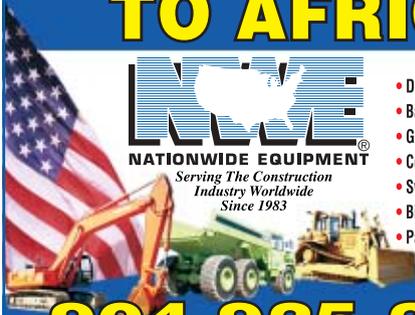
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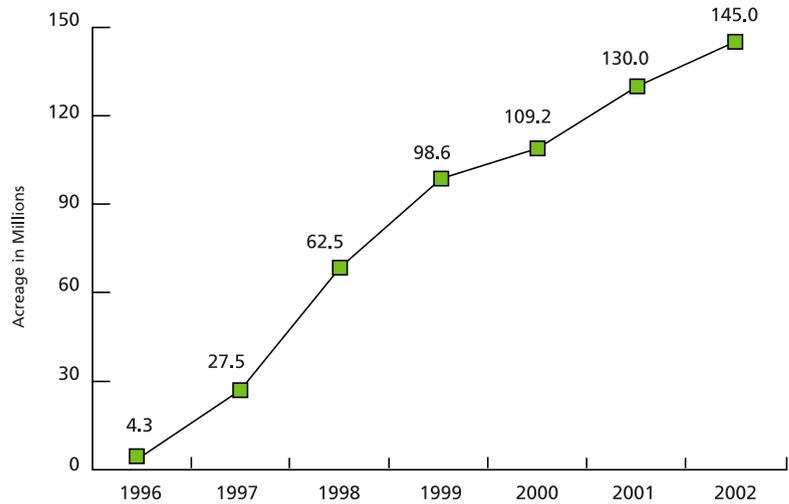
Africa needs to make the best possible use of its great agricultural potential to end hunger on the continent and to improve the lives of its people. Hunger and famine drain the potential of Africa's children and exhaust the energies of its people. Africa today has one-third of all the world's undernourished people. That could grow to two-thirds as soon as 2010 unless something is done to dramatically increase food production. Modern, efficient and sustainable approaches are needed to achieve these gains with Africa's fragile lands and scarce water resources. Africa's farmers, large and small, and its rural communities must benefit from and take part in these changes.

Seventy percent of the people of Africa make their living farming. Unfortunately, the green revolution that averted disaster in much of Asia in the 1960's did not make its way to Africa. African farmers were not able to access the fertilizers, irrigation and high-yield varieties that fueled agricultural productivity in Pakistan and India. As a result, food production in Africa has not kept pace with the growing population, leaving more people hungry and vulnerable to disease than ever before.

Improving agricultural productivity is vital to Africa's economic development. Even modest improvements in agricultural productivity over many years can have enormous consequences. For example, an annual increase of just 3 to 4 percent in crop and livestock yields would, by some estimates, almost triple per capita incomes in Africa while reducing the number of malnourished children by 40 percent. These are attainable goals.

Science and technology can help address the problems of hunger and low agricultural productivity.

INCREASE IN GLOBAL AREA OF BIOTECHNOLOGY CROPS – 1996 TO 2002



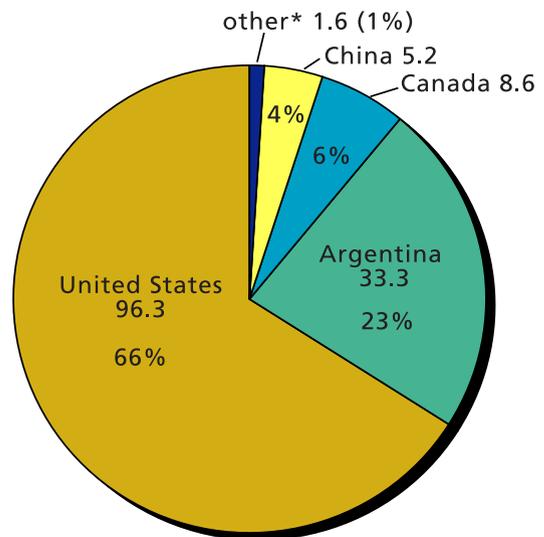
Source: ISAAA Global Review of Transgenic Crops 2001.

Agricultural biotechnology, in particular, can greatly enhance productivity and do so in an environmentally sustainable way, producing new crop varieties that are more nutritious, higher yielding, and resistant to disease, spoilage and weather extremes. Of course, agricultural biotechnology alone will not feed Africa's hungry or eliminate rural poverty. It is one of many agricultural technologies, such as drip irrigation and hybrid seed, that will play an important role in helping Africa feed its people.

Many countries around the world are already reaping the benefits of biotechnology, including developing countries such as South Africa, China, the Philippines and India. In fact, in 2002, according

PERCENT OF GLOBAL LAND AREA PLANTED IN BIOTECHNOLOGY VARIETIES BY COUNTRY

(2002 total global land area: 145.0 million acres)



Acreage in Millions

* The planting of genetically modified crops in the following countries totalled one percent of global GM crop production: South Africa, Australia, Mexico, Romania, Bulgaria, Spain, Germany, France, Uruguay, Indonesia, India, Columbia, and Honduras.

Source: International Service for Acquisition of Agri-biotech Applications (ISAAA) Global Review of Transgenic Crops 2002.

to the International Service for the Acquisition of Agri-biotech Applications, three out of every four farmers benefiting from biotechnology-derived crops were in

the developing world. In South Africa and in China, for example, small farmers grow biotechnology-derived, insect-resistant cotton. This kind of cotton requires fewer applications of pesticides, which saves time, reduces costs, and significantly reduces exposure to dangerous chemicals. As a result, farmers are healthier and have higher incomes. Small farmers are choosing to plant cotton, and often encouraging others to do the same because of these direct benefits.

What are the obstacles to the adoption of biotechnology in Africa? The first is the lack of information regarding the risks and the benefits of the technology. Recognizing this knowledge-gap, the 2002 UN Declaration of the World Food Summit, Five Years Later, called for greater information sharing in the area of biotechnology. The G8 have also committed to assist and support the

safe use of biotechnology for development. The United States is working with partners across Africa, and around the world, to provide reliable, science-based information on biotechnology to any government that requests information. Second, countries in Africa fear that if they adopt genetically enhanced crops they might lose access to critical export markets, particularly in Europe. We are working cooperatively to promote a science-based approach to trade, including in biotechnology, by the EU and others. Development of biotechnology-derived crops on non-export commodities, such as cowpeas and cassava, at the same time can bring forth development benefits of the technology, even as we work to ensure their broader benefits can be shared through trade. The United States is working with countries like Kenya, Uganda, and Egypt to develop

such staple crops, including insect-resistant cowpeas and disease-resistant bananas, cassava and sweet potatoes.

The first green revolution passed Africa by, but there is no reason why the doubly green revolution of agricultural biotechnology should be missed. The United States is committed to working with partners in developed and developing countries to bring these benefits to the people of Africa. Our work has only begun. But, by working together, developed and developing countries can achieve the United Nations' Millennium Development goal of reducing hunger by fifty percent by 2015. ●

Alan P. Larson is Undersecretary of state for Economic, Business, and Agricultural Affairs for the U.S. Department of State

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Why Invest in Burkina Faso?

Located in the heart of the West African Economic and Monetary Union (UEMOA) and site of its headquarters, Burkina Faso offers the private investor access to a market of 70 million consumers, a stable democratic political system, a reliable justice system, the right to standardized business and a varied economic potential.

Free enterprise is the major characteristic of the investment environment in Burkina Faso. The reforms undertaken by the government since 1991 have given the private sector a key role in economic development. These reforms range from privatization in competitive sectors to restructuring institutions that support the private sector, such as the Chamber of Commerce and the National Office of External Trade.

Actions to encourage private investment have been undertaken, including:

- Center for Single Bureaus, responsible for informing, facilitating and accelerating administrative formalities related to the establishment and development of businesses to attract foreign investors;
- Commission for state/private sector consultation;
- Adoption of attractive investment and mining codes (fiscal advantages offered to start-ups and exploitation; free transfer of capital and profits);
- Lack of discrimination between

national and foreign investors in Burkina Faso's legislation – the laws are in accordance with international measures and Burkina Faso is a member of the International Center for the Settlement of Investment Disputes;

- Adoption of an industrial development strategy defining sectors in which Burkina Faso has comparative advantages; and
- Implementation of fiscal and banking sector reforms and a flexible regulation of labor.

The country's economic potential is rich and varied. Burkina Faso has numerous mineral resources, including gold, manganese and zinc, which are under-exploited due to insufficient capital.

Agricultural potential is also immense. Currently, only a third of cultivatable land is in use. Burkina Faso's main cash crop is cotton and there are significant possibilities available to the European markets for off-season crops (green beans, strawberries, red onions). Other potential investment opportunities are found in the livestock breeding sub-sector (products include: leather and hides, meat processing and industrial milk processing).

Burkina Faso is the number one producer of shea butter, a highly valued commodity in the cosmetic industry; it is also now accepted in the



chocolate industry. The sector, still small-scale and traditional, offers significant investment possibilities.

Investors are also interested in handicrafts from Burkina Faso. Types of handicrafts produced include both utilitarian (clothing, basketry, pottery) and artistic goods. Burkina Faso is world-renowned for its International Arts and Crafts Trade Show of Ouagadougou (SIAO) and the Pan-African Film Festival of Ouagadougou.

Information on Investment Opportunities

For additional information, investors should visit the following websites:

- Chamber of Commerce, Industry and Handcrafts of Burkina Faso: www.cicia.bf
- Embassy of Burkina Faso, Washington, DC: www.burkinaembassy-usa.org
- International Arts and Crafts Trade Show of Ouagadougou: www.siao.bf
- Pan-African Film Festival of Ouagadougou: www.fespaco.bf ●

Burkina Faso's main cash crop is cotton and there are significant possibilities available to the European markets for off-season crops (green beans, strawberries, red onions).



Africa

Oil & Gas Forum

Houston, Texas, November 19-21, 2003

- **Africa is vital to businesses in the U.S. petroleum industry**
- **Production, new discoveries and exploration are growing at a fast pace**
- **Africa supplies almost 15% of U.S. energy needs**
- **Imports are expected to rise to nearly 25% by 2005**

The "Africa Oil & Gas Forum" will focus on oil & gas opportunities affecting both U.S. and African petroleum investors as well as the region's political climate. The program targets a senior level audience of African energy ministries, national petroleum company representatives, U.S. petroleum officials and U.S. government personnel administering African policy.

For more information visit our website at www.africacncl.org or contact The Corporate Council on Africa at cca@afriacncl.org.

Sessions offered:

- **Overview of African energy infrastructure and economic development**
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A Co-Operative Approach to Agriculture

For the past 40 years, ACDI/VOCA has been working to empower smallholder farmers and entrepreneurs in over 130 countries—including virtually every African nation—to prosper in the global economy. Created through the consolidation of Agricultural Cooperative Development International and Volunteers in Overseas Cooperative Assistance, ACDI/VOCA is a non-profit international development organization that provides technical assistance, training, and support in agriculture and enterprise creation worldwide. Its members include many prominent U.S. agribusinesses and farm credit banks.

ACDI/VOCA uses a private-sector approach that builds on the existing skills and resources of individuals and rural communities. Through the creation of organized cooperatives, ACDI/VOCA helps to increase marketing power, build economies of scale and facilitate business contracting. Staff, consultants and volunteers build local capacity through training in functional business literacy, accounting and bookkeeping skills, and practical marketing. They also help develop market information systems that enable producers to tailor their production to market demand and to act rationally to maximize profits.

Success in Malawi

ACDI/VOCA began its work in Malawi in 1994 with the USAID-funded Smallholder Agribusiness Development Project, which facilitated the creation of smallholder committees through which farmers could deal collectively with the economic constraints they faced. These committees evolved into agribusiness associations, which joined together in 1997 to create the National Smallholder Farmers' Association of Malawi (NASFAM). In 2002, NASFAM associations sold over \$14 million of

high value cash crops.

ACDI/VOCA continues to help strengthen NASFAM, which today represents approximately 100,000 farm families throughout the country. Thanks to the collective power gained through its large associations, NASFAM's members have been able to negotiate improved terms of trade and to reduce costs through bulk purchases. Annual bulk purchases of over 5,400 tons of fertilizer, with a value of \$1.7 million, have provided farmers with lower prices and free delivery. Members have also benefited from transport contracts, which have shortened delivery times by more than 60 percent, eliminated tips and bribes, and halved the transport costs incurred by farmers. Additionally, advocacy strategies have resulted in more favorable tax policies for smallholder farmers and even a partial refund of the nationally imposed sales levy to the association.

Founded on principles of collective action and self-reliance, NASFAM provides support services to its members, including agricultural radio broadcasts, literacy programs, infrastructure construction projects, HIV/AIDS awareness initiatives, and forums for the discussion of gender-related issues. NASFAM empowers its members to address their own concerns through the formation of cohesive village-based clubs and financially independent business associations.

ACDI/VOCA's support to NASFAM recently took on a new dimension as it helped to guide a strategic planning process that mapped out the vision for



"We now have a wide choice of where to purchase farm inputs because, as an association, we have bargaining power... Ever since I joined the association, I have made more profits... so much that I have built an iron-sheet-roofed house."

— Mrs. Muyaya, NASFAM farmer

the Association's future. NASFAM has restructured itself into a holding company with two subsidiaries: a for-profit Commodity and Marketing Exchange, which provides private-sector business and marketing services and a donor-subsidized Center for Development Support, which provides information services, training, advocacy and outreach. By separating these two roles, NASFAM is ensuring that it can operate both as a transparent business entity serving its member-owners and as an instrument for community development.

NASFAM exemplifies ACIDI/VOCA's commitment to empowering rural communities to increase their incomes and plan for their economic futures. By providing business solutions to business problems, ACIDI/VOCA is helping to create a new economic class in Africa: self-reliant small and medium entrepreneurs who can become the building blocks of rural and peri-urban development. ●

Elisabeth Farmer is a project assistant in the Africa & Middle East division at ACIDI/VOCA. For additional information please contact the organization at www.acdivoca.org

Timbuktu Micro-Finance Initiative

Africare, a leader among private, charitable U.S. organizations assisting Africa, has been working in Mali since January 1974. During the past thirty years, development programs have been implemented in the agricultural, health, water and relief sectors.

Since the late 1980s, two important objectives of the Malian government have been to support the development of the small-scale entrepreneur, thereby increasing the size of the private sector; and to increase the level of public resources available in the three northern regions of the country, particularly Timbuktu. Africare's programs in the Timbuktu region have reinforced these two objectives.

Since 1997, Africare has managed the provision of credit to small-scale entrepreneurs in the Circle of Timbuktu. Originally begun to assist the population returning to this area following the negotiation of a peace settlement between the Malian government and the Tuareg rebels, this program has increased in scope and depth to become the most popular and effective development activity in this region.

Funding for this program has been provided by UNHCR, USAID and Africare. At the end of 2002, Africare managed the provision of small-scale loans to 3,200 entrepreneurs (52% of them women). The majority of these short-term loans were for less than \$100. (Per capita income in Mali is estimated at \$250/year, and even is less in the northern part of the country.) During the past two years, Africare has been working with local

government and civil society to create a national micro-finance institution that offers flexible, market-responsive and profitable financial services to the economically active population of Timbuktu Circle. There are currently 5,000 clients based in 43 villages and neighborhoods of Timbuktu city, and the value of the credit fund is approximately \$500,000. Average reimbursement rates are 92%, and the average client has received three loans to date.

Since the inception of this program, Africare has worked with traditional authorities at the village level to review the credit needs. Africare's program, the Timbuktu Micro-Finance Initiative (TMFI), is recognized as the most effective micro-finance program in the area, and demand for participation far outstrips the amount of available credit.

Africare also works with regional authorities and the commercial banking sector to increase credit availability.

As part of its outreach program, Africare's credit agents work with potential clients to review simplified business plans and explain concepts such as "profit," "margins" and "interest." The repayment rate for this program from the rural villages is 100%, and is slightly less within the city of Timbuktu. Functional literacy training has also been provided for the clients.

Africare's approach, starting at the initial design stage, is participatory, involving the target beneficiaries of the program. Research is completed in prospective communities to determine acceptance of the key principles of the

program and to evaluate whether a minimal potential exists for new clients to implement profitable activities. The inclusion of traditional authorities in the review and approval of credit applications has ensured strong support and high reimbursement rates.

Africare has mentored the creation of a Malian association that is the legal basis for the new micro-finance institution that will gradually assume responsibility for the program during the next three years. Strong participation of local government and representatives of civil society have accelerated this process, and the agreement with the Malian government to create the new institution should be ready for signature prior to the end of 2003.

The TMFI exemplifies Africare's operational philosophy both in Mali and throughout the African continent, as it provides small-scale entrepreneurs with the capital they need to expand their operations and improve the standards of living both within their own households and their communities. The outreach methodology that has incorporated regular participation throughout local society has created ownership of this program well beyond Africare's involvement. It is for these reasons that this program offers high hopes for sustainability and overall success, once Africare's support for the program is completed.©

For additional information on Africare or the Timbuktu Micro-Finance Initiative, please visit their website at www.africare.org

Since 1997, Africare has managed the provision of credit to small-scale entrepreneurs in the Circle of Timbuktu.

Oil & Gas in Africa: A Lesson in Conflict Management

U.S. President George W. Bush's summer trip to Africa was the third by a sitting American president in the last 5 years—an unprecedented amount of travel to a continent often viewed outside the center of world economic and geopolitical issues. Humanitarian interests were an important focus of the trip—and rightly so given the threat that AIDS poses to the political and economic stability of many African countries. But in addition to humanitarian issues, Bush's trip highlights the changing view of the continent in terms of global economic and security interests. This change is based in part on two factors: one positive, the other negative.

The positive aspect is due to growing economic interests—and energy interests in particular. When discussing energy in sub-Saharan Africa, much of the focus is inevitably on West African oil because of

the current expansion of oil production capacity that is underway. West Africa currently supplies about 14 percent of US crude oil imports, and more is on the way. Indeed, West African production will likely exceed output from the North Sea by about 2006.

In our new Cambridge Energy Research Associates (CERA) study, "Potential versus Reality: West African Oil and Gas to 2020," we project that West African oil production capacity will increase from 4.9 million barrels per day (mbd) in 2003 to 8.2 mbd just between now and 2010. This means that one out of every five barrels of growth in global oil production capacity to 2010 could come from West Africa. To be sure, there are potential risks to production growth linked to political instability, civil strife and production restraint.

West Africa's oil potential is manifest by large deepwater discoveries in recent years offshore Angola, Nigeria, and Equatorial Guinea. Most (though not all) oilfield developments are offshore. The pioneering and recently completed Chad-Cameroon pipeline will allow a billion barrels of hitherto untapped oil reserves in southern Chad to be exported to the global market.

Given the expansion of the petroleum sector, a key question facing West Africa—and indeed the countries that depend on its energy exports—is

how the expected strong growth in oil revenue will be managed. Will it be a source of prosperity and broad-based economic growth or will it fuel further instability? How this issue unfolds will have an important influence on the global oil industry—especially for companies investing billions of dollars in the region.

The second aspect of rising global interest in Africa is a negative factor: failed states. Although the five countries that President Bush visited—Senegal, South Africa, Botswana, Uganda, and Nigeria—have, to varying degrees, achieved progress toward political stability, Africa is also home to a number of "failed" states such as Somalia, Liberia and the Democratic Republic of the Congo. Indeed, the current turmoil in Liberia has become the latest symbol of the problem for the world community. Many countries, while not in the "failed" category, suffer from weak state institutions and grave political and economic concerns. The events of September 11, 2001 made clear the danger of failed or weak states, but for many Africans the danger was already an unfortunate reality: hundreds were killed in the bombing of U.S. embassies in Kenya and Tanzania in 1998.

Africa's importance to the world energy market, combined with concern about global security, will continue to increase the continent's geopolitical significance. The challenges are clear, but so are the opportunities. ©

*Daniel Yergin is Chairman and James Burkhard is Director of Cambridge Energy Research Associates (CERA). Burkhard is chief author and Yergin a contributor to the new CERA multiclient study, "Potential versus Reality: West African Oil and Gas to 2020." Yergin is author of *The Prize: the Epic Quest for Oil, Money, and Power*, for which he received a Pulitzer Prize, and *Commanding Heights: the Battle for the World Economy*.*



FESPAM 2003: Celebrating African Music

The 4th edition of the Pan African Music Festival (FESPAM) took place from August 2nd to August 8th in Brazzaville, capital of the the Republic of Congo. A weeklong celebration of African traditional and modern music, FESPAM 2003 brought together some of the best African artists along the Congo River.

The Pan African Music Festival is an international cultural event, first initiated by the Organization of African Unity in 1976. Twenty years later, the Festival was launched and organized by the government of the Republic of Congo in partnership with the United Nations Educational, Scientific and Cultural Organization (UNESCO), the International Center of the Bantu Civilization (CICIBA), the International Music Counsel (CIM) and the African Museum Counsel (AFRICOM). The goals of the festival are promote artists from Africa and the Diaspora and create an opportunity for well-known African artists, as well as emerging artists, to meet one another and display their talents.

Despite its cultural aspect, the Pan African Music Festival is first and foremost a scientific institution during which African music is analyzed and explored. This year's theme was "Itinerary and convergence of African traditional and modern music." Under this theme, a symposium was held for a week in Kinshasa, the capitol of the Democratic Republic of the Congo (DRC). Some events included the exhibition of African traditional musical instruments as well as performances of traditional groups.

Simultaneously in Brazzaville, home of FESPAM, a series of concerts took place in several locations. From the younger generation of musicians such



Musicians at the Pan African Music Festival in August 2003

as Magic System of Cote d'Ivoire, to the veterans such as Koffi Olomidé of the DRC, many musicians were present in the Republic of Congo to participate in this bi-annual celebration. The Congolese population had the opportunity to see some well-known African artists, whom they may not have seen perform live before. African music legend Manu Dibango and the sensational Brenda Fassie were some of those present for the occasion. Both performed at the opening ceremony on Saturday August 2nd, setting the tone for what would be a week of festivities demonstrating the musical expertise that Africa proudly claims.

The President of the Republic of Congo, Denis Sassou N'guesso, launched the festival opening ceremony, held at the Massamba Débat stadium. For the occasion, a stage was set up with state of the art lighting effects and equipment. The South Africa-based team of the KORA All Africa Music Awards was responsible for the production and

technical aspects of FESPAM 2003.

With names like Meikway, Youssou Ndour, Bonga, Werra Son, Oumou Sangaré, Tshala Muana, and many more, this year's Pan African Music Festival was a success. Gospel music was well represented with groups such as Makoma of the DRC and singers like Rebecca Malope from South Africa. In the spirit of gospel, the African-American group Fabulous

Four performed a concert in front of a delighted public. Also representing the African Diaspora were Jacky Rapon from Martinique, Yemaya La Banda from Colombia and others. At the closing ceremony, R&B sensation Kelly Price did an incredible show, pleasing the public as well as President Sassou N'guesso. Upon his special request, she sang two performances of her hit song "As We Lay."

The Pan African Music Festival was an overall success this year. The 4th edition of the festival brought together some of the best that Africa's music has to offer. A true acknowledgement of one of Africa's irrefutable wealth: its culture. ●

Linord Moudou is the Executive Producer & Host of Spotlight on Africa, a weekly radio program based in the Washington DC metropolitan area. The show aims to promote the continent of Africa, and the people who are working to improve Africa in the 21st Century. For further information, contact: spotlightonafrika@yahoo.com or 301-792-5336.

Koiija Starbeds-The African Wildlife Foundation's Successful and Innovative Community & Private Sector Partnership

Although parks and conservation areas often anchor the African Wildlife Foundation (AWF) Heartlands, a much greater percentage of the land in these large landscapes is used for cattle grazing and agriculture by local villagers. Where cattle and wildlife compete for food and water, AWF is engaging conservation enterprise specialists to work with communities to establish conservation friendly enterprises.

One such project is in Kenya's Samburu Heartland. AWF helped a private ranch and neighboring community, Koiija Group Ranch (population 1,500), establish an ecotourism lodge called the Koiija Starbeds® camp. The name is derived from the unique concept of the lodge whose beds are wheeled out onto verandas in the evening so that guests may gaze at the stars before falling asleep. In partnership with Loisaba Wilderness, who provided the labor, skills and construction equipment, Koiija has set aside a 500-hectare conservation area surrounding its newly constructed eight-bed eco-tourism facility. This land has been set aside as a reserve for wildlife and is restricted for livestock grazing. With regular occupancy, expected annual earnings are estimated at US\$20,000. Serena Hotels, with whom AWF has partnered successfully in the past, also took an active role in facilitating this opportunity. The success of Starbeds has proven beneficial to both the community and wildlife.

There are many important aspects of the Koiija Starbeds® project. The Starbeds camp has created a new means of earning for this community and provided crucial funds for healthcare and education. At the same time, the project values and sustains the traditions and ways of life of the local communities. Another important aspect of this project is wildlife and landscape conservation. Tourism in Kenya depends

upon wildlife in a pristine environment. The Starbed camp is a proactive step towards conservation and conservation enterprise.

Challenges lie ahead for the Koiija community regarding marketing. These will, in time, be overcome due to

this business venture's attributes of being low-impact, community empowered and conservation friendly. The project employs ten community members, which is one of the most significant benefits to the community. In the meantime, based on community reports, this project has enhanced community unity during the planning and construction stages of Koiija Starbeds® and continues to improve community dynamics as members work together to promote their new economic venture. Income generated to date has been allocated to priority areas decided upon by the community's governing committee. Crucial community priorities chosen by the committee that will or have already benefited from the lodge to date are water, school fees, a vehicle for emergencies and a dispensary.

This is one example of the key role of private sector investment in ensuring that the wildlife and wild lands of Africa are preserved forever. Companies investing in Africa recognize that long-term sustainable development incorporating responsible social and environmental performance is vital for their profitability. The large landscapes of Africa, with some of the most magnificent wildlife on earth, are under



The Koiija Starbeds Ecotourism® lodge provides valuable community benefits to members of the Samburu heartland

critical stress as the continent struggles to balance investment and economic development needs with maintaining a healthy environment. The role of the private sector in ensuring the viability of Africa's last great species and landscapes and the linkages between investment and sustainable development is critical.

To highlight the importance of the private sector's role, AWF and CCA will join on November 13, 2003 in Washington DC, to bring together the leading thinkers in conservation, business, development agencies and government to showcase technical and managerial best business practices that contribute to conservation efforts and create economic value for companies, countries and communities. The symposium will focus on the industries and sectors that have the greatest impact on Africa's sustainable environmental and economic development. These sectors include agriculture, healthcare, energy and mining, travel and tourism, as well as manufacturing. ©

Lynn Foden is a Senior Program Development Officer for the African Wildlife Foundation. For more information about the November 13th event entitled Conservation is Good Business, please visit www.awf.org/conservationbusiness/

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