

# The **AFRICA** JOURNAL

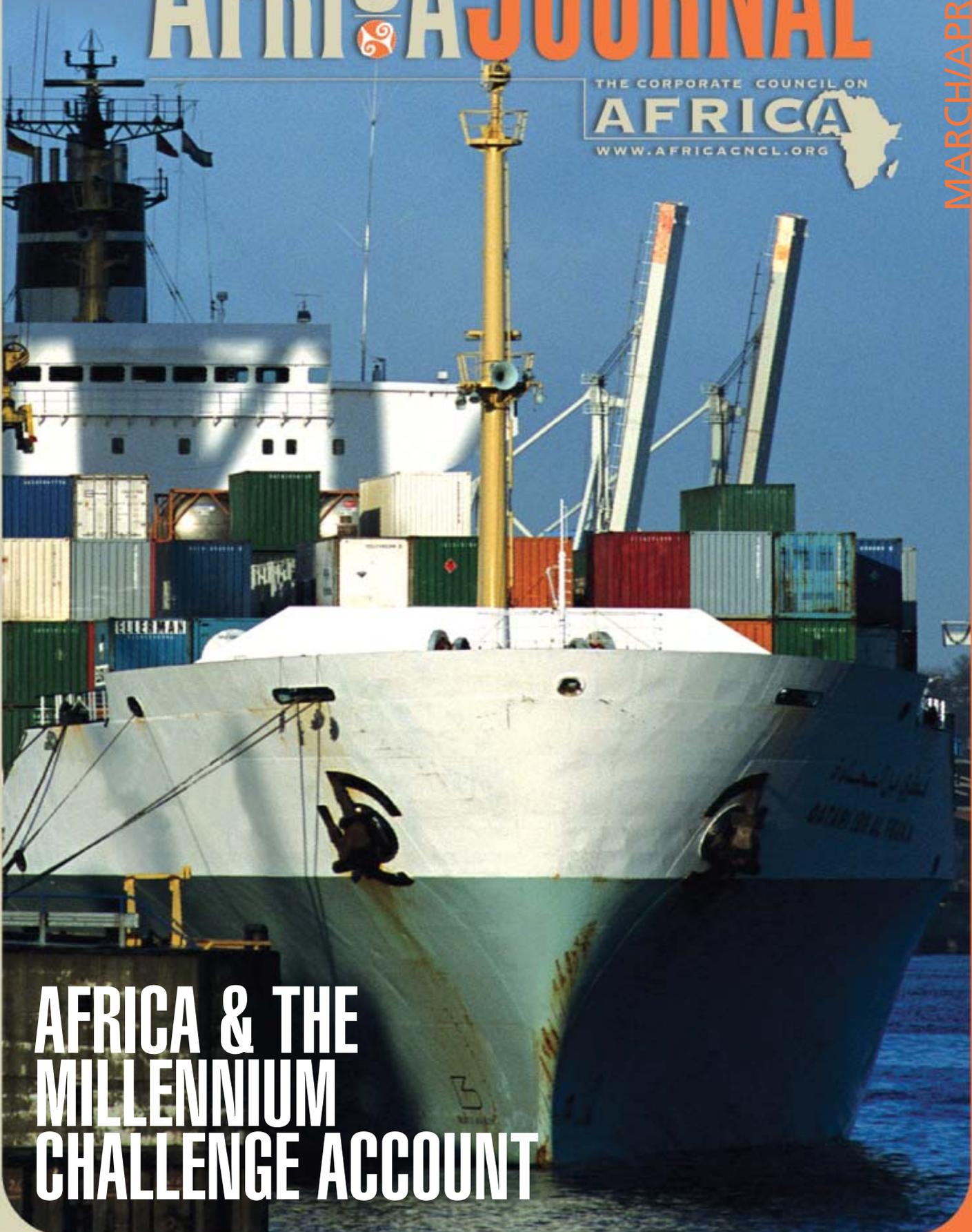
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**AFRICA**

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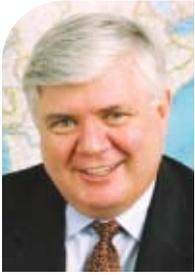


MARCH/APRIL 05



**AFRICA & THE  
MILLENNIUM  
CHALLENGE ACCOUNT**





This issue emphasizes one of the most innovative new approaches to international economic and political development, the Millennium Challenge Act (MCA). The Millennium Challenge Corporation (MCC) has been formed as the enabling body of the MCA, a far-reaching act passed by Congress and signed by the President of the United States to enhance economic and political

development in nations around the world. The Act is specifically aimed at supporting those countries that are advancing most rapidly to democracy and economic freedom. This approach is unique and deserves the support of the Corporate Council on Africa.

For that reason, we consider ourselves an active partner with MCC, for those countries that meet MCC criteria are also among the best of the developing nations in which to invest. MCC endorsement can provide guidance for companies investing in Africa for the first time and it can stimulate financing for those companies already invested in Africa who seek new opportunities.

The Act is also unique in that it invites qualified nations to develop their own proposals for direct funding. This new approach still requires close cooperation between USAID and MCC, but also asks the country itself to play a more direct role as a managing partner.

We believe MCC can work and are prepared to do all that we can to see that it does. ☺

Stephen Hayes, *President*  
The Corporate Council on Africa

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general who took power in a putsch in March 2003, is seen as the leading candidate. His main challenger is André Kolingba, a former military ruler who had been exiled in France. 709 candidates also ran for 105 Parliamentary seats.

sign the Compact in April. MCC CEO Paul Applegarth gave credit to the people and government of Madagascar, stating, "It is their commitment and hard work that led Madagascar to become the first country to finalize a Compact with MCC.... This program will allow the rural poor in Madagascar the opportunity to secure property rights, obtain access to credit, and better understand market opportunities."

**BURUNDI**

After 11 years of civil war Burundi is moving into a new era of democracy. The Burundi government drew up a ballot on which voters were asked to approve a new power sharing constitution. This was the first referendum offered to voters since the 1993 civil war.

According to the constitution, Parliament will elect the president from the winning political party; one of his deputies will be from a different ethnic group and political party.

Almost all government institutions must have 60% Hutu and 40% Tutsi representation; 30% must be female. The army and police force must each have a 50-50 ratio.

The referendum passed and voters are now looking forward to Burundi's first presidential election since 1993, which will take place in April, following March's local and legislative elections.

**CENTRAL AFRICA REPUBLIC**

Presidential and parliamentary elections were held in the Central Africa Republic in early March, ending two years of military rule. Voters turned out in large numbers. Out of 11 candidates, President François Bozize, a former army

**EGYPT**

Egyptian President Hosni Mubarak has asked Egypt's Parliament to amend the Constitution to allow for direct, secret balloting, multiparty presidential elections. Such a reform would offer the people a choice of candidates in the presidential elections, marking a striking change to Egypt's 50-year history of one-party governments.

President Mubarak, who assumed office after President Anwar el-Sadat's assassination, has never faced an opponent. During his tenure there have been four referendums that asked Egyptians to vote either yes or no on his continued rule.

**MADAGASCAR**

On March 15th, the Millennium Challenge Corporation (MCC) Board of Directors approved MCC's first Millennium Challenge Compact. The nearly \$110 million, four-year Compact with Madagascar aims to reduce poverty through economic growth and focuses on projects in three areas: property rights, financial sector, and agricultural business investment. MCC and the Government of Madagascar expect to

**TOGO**

Africa's longest serving president Gnassingbe Eyadema, of Togo, died in February. Immediately after the President's death, his son, Faure Gnassingbe seized power with military backing, in defiance of constitutional orders which mandated the Parliamentary speaker as the President's successor. However, after domestic and international pressure, Gnassingbe stepped down.

The country is now preparing for elections which will install the next president of Togo. Gnassingbe will run as candidate for his father's party, Rally of the Togolese People (RPT). The six-party opposition coalition has yet to unveil its candidate. Elections are scheduled for April 24th.

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# MEETING AFRICA'S DEV

< By Frances McNaught >

**In the months leading up to the meeting of the G-8 leading economies in Gleneagles, Scotland, where summit chair Tony Blair will make African development the key issue, there has been a renewed emphasis on the new partnership for development first outlined in the 2002 Monterrey consensus. In Monterrey, all countries agreed in principle to work towards eradicating extreme poverty, achieving sustained economic growth and development, and removing trade barriers to exports critical to achieving growth in the world's poorest countries.**

Developing countries committed themselves to taking a greater responsibility for their own path to development—through the adoption of sound policies, good governance at all levels, and the rule of law. President Bush promised to lead this new partnership by example through the establishment of the Millennium Challenge Account to “provide greater resources to countries taking responsibility for their own development.”

Delivering on the promise of Monterrey, in January 2004 Congress authorized the creation of Millennium Challenge Corporation—an independent government corporation with one mission: to reduce poverty through sustained economic growth in the world's poorest countries. Millennium Challenge Corporation was designed to help countries meet their medium- and long-term development needs. MCC's focus—poverty reduction through growth—is the first Millennium Development Goal, and meeting this goal is the critical first step to achieving the other seven Millennium Development Goals.

Millennium Challenge Corporation has its foundations in the lessons of the last five decades of development: aid is most effective when it reinforces sound political,



economic, and social policies; country ownership is integral to a successful development program; and programs work best when countries are accountable for their performance and results. The program was consciously designed to be more flexible than traditional government assistance: there are no limitations on the types of programs that MCA can fund, as long as they are directly linked to poverty reduction and economic growth.

## THREE STEP PROCESS

MCC establishes partnerships with countries in a three-step process. First, countries compete to participate. The poorest countries in the world are evaluated according to their performance on 16 policy rankings collected by institutions independent of the U.S. Government. These rankings encompass the rule of law and human rights, control of corruption, investments in health and education and economic freedom. Qualifying countries are then invited to

# ELOPMENT CHALLENGE



*A farm in Madagascar visited by a delegation from MCC*

submit a proposal for assistance, with the requirement that they consult broadly with their citizens to develop proposals that identify a country's barriers to growth, prioritize programs that will reduce poverty and create economic growth, and include an implementation plan for development that includes defined results rather than just inputs. MCC experts then conduct in-depth due diligence to assess a country proposal. Finally, if these proposals are approved for funding-approval is NOT automatic-a country-to-country Compact is signed to ensure strict accountability. (A Compact is a three-to-five year agreement that binds the signing parties to specific principles, confirms a clear understanding of the expectations of each, and sets measurable outcomes to be achieved within a proscribed period of time.)

Funding alone will not break the cycle of poverty and dependency. The history of foreign assistance demonstrates that economic growth can take root only in countries that

adopt and maintain good policies. It is not possible, however, merely to transfer good governance, a free and open exchange of ideas, and a just legal system from one country to another-this environment needs to be built from within a country. Eligibility for the Millennium Challenge Account is a reward, and an honor, for countries that have created the kind of policy environment that will bring the best growth return for this investment of US taxpayer dollars. The Millennium Challenge Account is also an incentive for all countries to take the difficult steps to cultivate these policies on their own.

Decades of development experience also demonstrate that programs are most successful when countries take ownership of their development path. MCC partners with eligible countries in the development of proposals for assistance, but the country retains the responsibility to identify major obstacles to economic growth and suggest strategies to address these obstacles.

Development practice demonstrates that programs need to be results oriented. MCC requires that countries submit a detailed plan and schedule of

specific goals that becomes a key component of a country's proposal for assistance. The ultimate success of an MCA program will be measured by how close the partner countries have come to meeting their stated objectives. Countries will not only need to maintain their performance on the policy indicators used in the MCA selection process but also they must meet the objectives and attain the results outlined in the monitoring and evaluation plan.

## MOVING QUICKLY, YET CAREFULLY

MCC is moving quickly, yet carefully, towards signing its first Compacts with partner countries. Just over one year ago MCC began reviewing the first pool of potential country participants, and examining published, independent indicators about their policies and governmental practices. In May of 2004, the MCC Board of Directors named the first sixteen countries eligible to apply for assistance-eight in Africa and eight others in the Americas, Asia, and the Pacific. MCC teams

## MEETING AFRICA'S DEVELOPMENT CHALLENGE CONTINUED FROM PAGE 7.

then visited every country and asked each to assess their barriers to growth, identify their priorities, and put forward a proposal for funding. MCC received the first country proposal in August 2004, and currently almost all of the eligible countries have submitted proposals. MCC repeated the selection process in November 2004 for fiscal year 2005 countries. Among the four countries with which MCC is negotiating currently, Madagascar appears to be the first Compact that will be completed.

While visiting these eligible countries, MCC teams have learned directly how dramatic this process of drawing up and refining proposals can be. At the highest levels, governments are consulting with non-governmental organizations (NGOs) and private sector representatives to ensure a broad base of participation and support for their proposals; for several nations, such broad inclusive consultations are without precedent. One government official stated that the intangibles his country has gained-learning how to incorporate diverse viewpoints, prioritizing a long list of development needs, and focusing on results rather than on the amount or type of funding it might receive-are worth as much to his country as any potential financial assistance.

### MCC IN AFRICA

Nine of a total of seventeen countries eligible for Millennium Challenge Account assistance are African: Benin, Cape Verde, Ghana, Lesotho, Madagascar, Mali, Morocco, Mozambique, and Senegal. When MCC was founded, there were a lot of questions as to whether the countries of sub-Saharan Africa-where the proportion of people living in extreme poverty is the highest-could successfully compete. That half of MCC's eligible countries are sub-Saharan African is significant - progress made by many of these countries is frequently overlooked. The people and governments of the countries selected by our Board have taken difficult, but essential, steps toward building a policy environment that over time will bring the most benefits to their citizens,

### COUNTRIES ELIGIBLE TO APPLY FOR ASSISTANCE FROM THE MCA:

Armenia • Benin • Bolivia • Cape Verde • Georgia • Ghana • Honduras  
Lesotho • Madagascar • Mali • Mongolia • Morocco • Mozambique  
Nicaragua • Senegal • Sri Lanka • Vanuatu

### COUNTRIES INVITED TO APPLY FOR THRESHOLD PROGRAM ASSISTANCE

Albania • Burkina Faso • East Timor • Guyana • Kenya • Malawi • Paraguay  
Philippines • São Tomé • Tanzania • Uganda • Yemen • Zambia



MCC CEO Paul Applegarth, part of an MCC delegation to rural Madagascar, observes a machine used as part of an extraction process for essential oils

despite the dearth of wealth and resources. Countries like Ghana and Senegal, where Presidents Kufour and Wade are taking active steps to combat corruption and are encouraging others in the New Partnership for Africa's Development (NEPAD) to do the same through the peer review process, deserve credit for their efforts and should be held up as an example for other countries to follow. Of course, MCC requires eligible countries to include policy improvements in all proposals for assistance.

There are also candidate countries that currently do not qualify to be an MCA eligible country, but are very close to meeting the requirements and have demonstrated a commitment to reform. There is a relatively small pool of funds that will go to these countries, noted as "threshold countries." We are working in partnership with USAID to assist each threshold country with programs focused on specific policy areas in which the country is weak. Like the MCA program, if these countries want to undertake the challenge, we will support their efforts. There are currently 13 threshold eligible countries; 7 of them are in Africa: Burkina Faso, Kenya, Malawi, Sao Tome and Principe, Tanzania, Uganda, and Zambia. Again, over half of these countries are African.

The MCA is dedicated to bringing the highest principles of the United States into our ongoing relationship with the world. Americans are generous: in turn, we insist that our money be well-spent. We firmly believe that any government should allow its citizens to be able to pursue economic opportunities and enjoy the freedoms of a democracy. Through the MCA, in a way that ensures strict accountability, the United States is supporting countries that are striving to provide these freedoms and opportunities for their own people. ●

*Frances McNaught is Vice President of Domestic Relations for Millennium Challenge Corporation.*

*More information about Millennium Challenge can be obtained on our website, [www.mcc.gov](http://www.mcc.gov), or by contacting Kristen Hering, Outreach Officer, at [heringrk@mcc.gov](mailto:heringrk@mcc.gov).*

## Packing Africa's Bags for the G8 The Blair Commission for Africa Report < By Barrett Hightower >

The Blair Commission for Africa Report was released March 11th. Prime Minister Tony Blair assembled the commission in 2004 to advise him on Africa, one of his avowed priorities, as he prepares to chair the G8 in 2005.

The substance of the report derives from extensive interviews with invested parties across Africa, the UK, and the United States. In their final findings, the commissioners could call for higher levels of overseas development assistance, fairer trade, and debt relief, in addition to more aggressive action on corruption in Africa.

The commission resisted the temptation to raise countless issues and speak in cure-all rhetoric, and the report is expected to outline just a few, high priority next steps for Africa. Significantly, the commission solicited significant private sector input. The Corporate Council on Africa served as the point of entry for U.S.-based consultations. In January 2005, commissioners Steve Godfrey and Koosum Kaylan visited Washington, D.C. to receive input from over 25 CCA member companies across a range of sectors.

At the end of February, in its last, pre-release meeting with key private sector stakeholders, the commission admitted that it had expected more consensus among companies. Nonetheless, common priorities identified by the private sector are to: 1) increase growth; 2) spur entrepreneurship; 3) create freer markets; 4) improve infrastructure; 5) reduce the risks and high costs associated with doing business in Africa; 6) increase official aid targets; and 7) advocate debt relief.

The Blair Commission Report is concerned with what businesses can do to help initiate and implement appropriate responses in each of these priority areas.

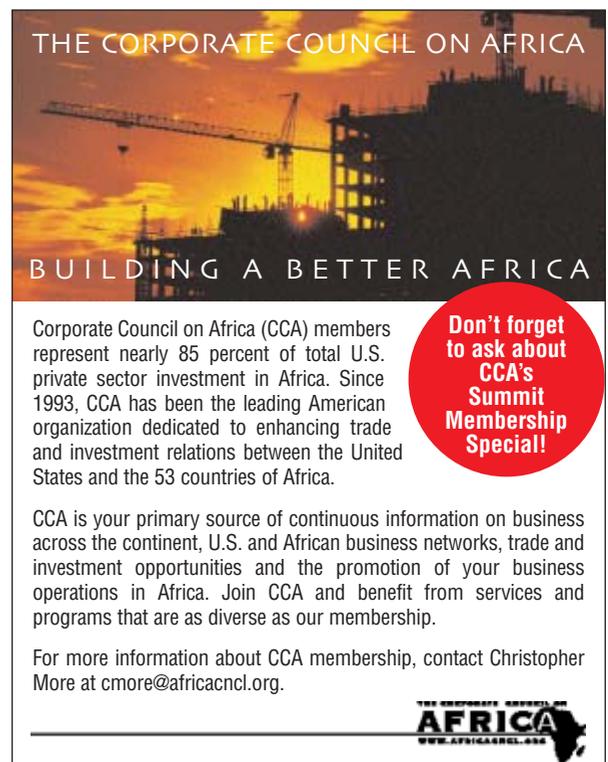
The consultative process aims to answer, what can the international community do to support Africa in its efforts to build the continent? With this mandate in mind, the report so far supports working towards: 1) creating jobs, supporting agriculture, trade liberalization, and improving investment climates, infrastructure, governance, and opportunities and support for small business; 2) demonstrating G8 and European Union support for the African Union and NEPAD by implementing existing commitments on trade reform, meeting UN official development aid targets, and accelerating debt relief; 3) improving public-private dialogue; and 4) combating negative perceptions of Africa.

Specific proposals in the report span supporting efforts to improve governance, including tackling corruption, improving transparency and strengthening capacity; supporting strengthening education and health systems; and addressing constraints to economic growth and participation (infrastructure, investment climate, availability of risk insurance in post-conflict countries, constraints on agriculture, enterprise development and employment). The report also prioritizes conflict prevention, recognizing political instability as a major challenge to commercial development. The report chastens the international community for perpetuating inconsistencies in the international trading system that prevent African access to certain

markets. Finally, the Commission challenges donors to double official aid over a three to five-year period.

Kudos go to Mr. Blair for mustering the political will behind this report, and to the Commission, for attracting some international spotlight. However, the real test will be in how the report is received. Clearly all of the above should be priorities for Africa. Whether the G8 can and will rally behind the initiative is another issue entirely. The best hope for Africa lies in its ability to market itself as an innovator, a strong trading partner, and an improving and viable destination for business and investment. The Catch 22 does not abate: in order to earn business confidence, Africa must surmount great hurdles to lower the cost and risk of investment. To do this, the business of development must make headway. ●

*Barrett Hightower is a research analyst for the Corporate Council on Africa*



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Corporate Council on Africa (CCA) members represent nearly 85 percent of total U.S. private sector investment in Africa. Since 1993, CCA has been the leading American organization dedicated to enhancing trade and investment relations between the United States and the 53 countries of Africa.

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For more information about CCA membership, contact Christopher More at [cmore@afriacacncl.org](mailto:cmore@afriacacncl.org).

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## Baltimore Roles Out the Red Carpet for African Delegation

< By Maya Chertock >

On February 17, 2005, The Corporate Council on Africa hosted the African Diplomatic Corps and 2005 Summit steering committee members on a trip to Baltimore, the location of the 2005 U.S.-Africa Business Summit. The day began on a reserved car on the MARC train that the Maryland Department of Transportation had arranged for the participants. This was only the first of many special arrangements made by the State of Maryland and City of Baltimore to ensure a memorable experience in Baltimore in February as well as June.

Upon arrival at Camden Yards station, the group was met by a cacophony of horns, drums and enthusiastic applause. A regal and unexpected welcome by Baltimore officials and the Frederick Douglas High School Marching Band was led by Mr. David Burton and accompanied by the Douglas Duck Mascot. The music and dancing by the cheerleading squad set the upbeat tone for the day.

Every African dignitary was handed a "Believe" t-shirt, representing Baltimore's call to action campaign ([www.baltimorecity.gov/believe/](http://www.baltimorecity.gov/believe/)). Mr. Barry Brown, Director of International Operations for the Maryland Department of Business and Economic Development, gave welcoming remarks before CCA staff and their guests boarded the buses, escorted by the Baltimore Police Force.

Marriott Waterfront staff went beyond the call of duty, offering the warmest of welcomes and small group tours of the hotel, which will be the venue for the June 2005 Summit. The end of the tour landed the participants on the 31st floor in the concierge lounge for a *Champagne Reception* coupled with magnificent views of the

Baltimore Harbor and a welcoming speech by the hotel's General Manager, Richard Morse.

Leaving the hotel, the embassy representatives were brought on a guided tour of Baltimore, compliments of Mr. Barry Brown. He informed the tourists about the recent changes around town as well as changes yet to come.

The tour of the city ended at the "Top of the World," on the 27th floor of the World Trade Center of Baltimore. This location, known as the "Top of the World Observational Level and Museum," boasts the most impressive view of the city. Here, CCA held the day's luncheon event during which Maryland State officials and CCA President Stephen Hayes spoke to the business possibilities between Maryland and Baltimore companies and African countries who will participate at the Summit. The Secretary of the Maryland Department of Business and Economic Development, Aris Melissartos delivered the Keynote address. His remarks made it evident that the State of Maryland is eager to develop commercial partnerships with African businesses. Secretary Melissartos highlighted African business readiness and pointed to business relationships cultivated during Lt. Governor Michael Steel's 2004 trade mission to Ghana and South Africa. Other Maryland State officials also expressed their enthusiasm for CCA's upcoming Summit and the partnership opportunities that it presents.



*Members of the African Diplomatic Corps visit Baltimore's Marriott Waterfront Hotel, Site of CCA's 2005 U.S.-Africa Business Summit*



*Baltimore Inner Harbour at night*

The day's events served as an exciting kick-off for the upcoming CCA Summit. The train rides and small group settings provided a unique and intimate setting to strengthen and expand CCA's relationships with its African partners. Overwhelmingly positive support offered by the State, City and Marriott Hotel heightened anticipation that CCA's 2005 Business Summit will be a great success! ●

*Maya Chertock is working with CCA on the upcoming U.S.-Africa Business Summit.*

*CCA's fifth U.S.-Africa Business Summit will be held June 21-24, 2005 at the Baltimore Waterfront Hotel in Baltimore, MD. Additional information and event updates can be found at [www.africacncl.org](http://www.africacncl.org).*

## African Investment Corporation

As an international economic consulting company, the African Investment Corporation (AiC) is poised to become the "development hub" for businesses, professionals and industries. Our goal is to promote strategic investments in Africa with a focus on partnerships, NOT AID.

Fostering small business development and public-private sector partnerships is fundamental for economic growth and sustenance in Africa. The AiC stimulates this growth by developing the African Business Executive. We believe "the development of a nation comes from the development of its people". By partnering with Georgetown's Center for Professional Development (CPD), we are able to create executive business training programs.

The AiC has developed an Investment Forum focused on Projects & Financing. This is a 2 part program; In Part 1 of the program, participants will be taken through 3 courses delivered by Georgetown's CPD, Global Business Strategy, International Finance, and International Trade & Policy. Part 1 will set the tone for the workshops in part 2. "It is important for the participants to get a global picture and a working knowledge of international finance prior to participating in workshops". Part 2 consists of workshops delivered by Ex-IM Bank and the IPIA (International Private Infrastructure Association). The AiC is currently working with Cameroon and Guinea on this forum.

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*For more information please visit [www.africaninvestcorp.com](http://www.africaninvestcorp.com) or contact Daniel Anagho, President (AiC), at 301-942-9722, or [danagho@africaninvestcorp.com](mailto:danagho@africaninvestcorp.com)*

## Development Finance International, Inc.

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DFI works with Global 1000 firms to design and pursue market strategies by identifying projects and partnership opportunities with organizations such as the World Bank, United Nations, bilateral aid agencies, Export Credit Agencies, US and international Trade Agencies, and NGOs. Leveraging our expertise in procurement and project design, key relationships, and innovative financing strategies, DFI has helped clients pursue over \$100 billion in new projects worldwide.

Founded in 1992, DFI is based in Washington, DC, with an Asia regional office in Manila, and a partner office in Brussels handling EU policy and project funding matters. DFI offers unique "end-to-end" solutions, helping our clients find and win opportunities through multilaterally and bilaterally funded projects, coordinating structured trade financing with export credit agencies and private markets, and providing high-level training programs both at the corporate and field levels.

DFI also works with governments interested in streamlining donor relationships. From MCA to AGOA to transparency issues, DFI can help identify underutilized financial resources and manage image and key relationships with donors.

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*For additional information, contact Andrew A. Mack, Director, Africa and Middle East, Development Finance International, Inc., at [amack@dfintl.com](mailto:amack@dfintl.com) or 301-986-1226.*

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Shearman & Sterling is a global law firm with more than 1,000 attorneys in 19 offices around the world. Founded in 1873, Shearman is one of the few genuinely integrated global firms that provides seamless legal expertise across jurisdictions, industries and practice areas. The firm's lawyers practice US, English, French, German and EU law.

Shearman & Sterling's African practice is heavily focused on project development and finance in the oil and gas, mining and energy sectors. The firm's project lawyers have significant experience in political risk insurance and other novel split-risk arrangements, as well as with export credit agencies and multilateral lending institutions. Shearman has been active in Africa for over forty years - starting in 1962 with the representation of the newly-independent Sonatrach, the Algerian state-owned oil and gas company, in negotiations with multinational oil companies. The firm continues to advise on some of the continent's most significant infrastructure and development projects.

The firm's global network of attorneys also advise African clients on matters related to corporate governance, capital markets, mergers and acquisitions, bank financing, bankruptcy and reorganization, structured finance, international trade, intellectual property, litigation and international arbitration.

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## Madagascar and the Millennium Challenge Account

< By Nirina Emma Ralijohn >

Most likely, during the month of April 2005, a Compact will be signed between the governments of the United States, acting through Millennium Challenge Corporation (MCC), and Madagascar. This Millennium Challenge Program will allow Madagascar to make huge gains in its development and economic growth. The measures to be undertaken under this program, worth nearly USD 110 million, focus on increasing land security, reforming the financial sector, and creating opportunities for strengthening the rural world and creating jobs in related industries. This will fit into the Millennium Challenge Account's (MCA) new approach of reducing poverty through growth, especially for Madagascar's rural poor.

Whereas only two years ago Madagascar was an island largely unknown to the world, the country is quickly becoming a world player. Its accomplishments are cited to other countries as concrete examples of positive reform.

Indeed, after thirty years of under-investment and growing poverty, Madagascar is undergoing historic changes. The country's desire for true partnership and cooperation with the international and donor communities has led to a dramatic increase in its development activities. Throughout Madagascar, real progress can be seen: new roads are being built and old ones repaired; everywhere, there are new schools, water and irrigation systems emerging. The IMF and the World Bank recently agreed that Madagascar had reached "Completion Point" under the Highly Indebted Poor Countries (HIPC) initiative, effectively canceling USD 2 billions of Madagascar's debts—giving fresh momentum to Madagascar's ambitious poverty reduction strategy.

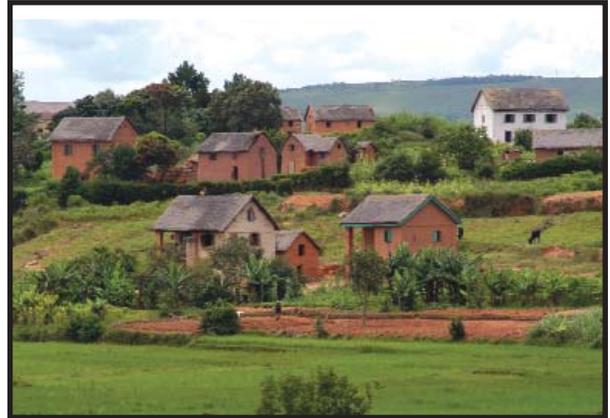
Madagascar has also been chosen as

the first pilot country within the United Nations Public-Private Alliance for Rural Development, demonstrating the faith multilateral and bilateral donors have in its efforts to ensure good governance and a brighter future to its long-suffering people.

The Heritage Foundation's Index of Economic Freedom recognized Madagascar as the most improved country in the world in 2005 for economic policy and free markets. Good governance is on the way as Madagascar is working hard to control corruption. In 2004, Transparency International (TI) cited the country for achieving one of the most significant improvements on TI's global anti-corruption index. Judiciary reform is also on its way and policies are stable.

Madagascar averaged nearly 8% GDP growth per annum over the past two years. The country is opening and taxes and customs have been reduced. Foreign investors are allowed to become owners of land property and bureaucratic procedures are being facilitated. Overall, the investment climate has greatly improved.

The base for Madagascar's development is sound and now the country must capitalize on its enormous potential. Thus, a clear road map on how to proceed is needed. Marc Ravalomanana, President of the Republic of Madagascar, has a clear vision. This vision is "Madagascar, Naturally"—development by building on Madagascar's natural wealth: its rural areas, natural products, minerals, gemstones and bio-diversity. The President is dedicated to preserving



*A typical landscape of highland plateau: Mahitsy, Antananarivo*

Madagascar's natural resources while simultaneously building on them to create new enterprises and jobs for the Malagasy people.

The concept that Madagascar proposed to the MCC in October 2004 is based on these principles, focusing on increasing rural incomes. 80% of Madagascar's poor live in rural areas and the Poverty Reduction Strategy Paper (PRSP) shows that the majority of these people did not benefit from the macroeconomic growth achieved during the 1997-2001 period when welfare gains failed to spread to rural areas. The IMF/IDA conclude that the poverty reduction strategy is "correctly built around raising agricultural productivity and attracting agro-business investments to high potential zones."

In developing the concepts for the MCC proposal, the government engaged in a consultative process, reaching out to the business community (banks, business associations, chambers of commerce, farmers associations, microfinance institutions, industrial enterprises), NGOs, civil society and donors through workshops and subsequent sessions, during which participants offered insight into obstacles to economic growth and poverty reduction in Madagascar.

A major focus of the proposal is on raising agricultural productivity and increasing agro-investment in five

targeted high potential zones. The three primary components of the proposal—which focus on what are widely accepted as deep-rooted factors affecting economic growth and poverty reduction on a national level—enjoy broad support and enthusiasm from the business community, local and international NGOs, civil society, and other donors. The program attempts to improve the environment for private sector investment through instituting legal and policy reform, developing financial infrastructure, increasing land security and providing knowledge of market opportunities and requirements in rural areas.

Madagascar is well aware that all these activities can not be undertaken throughout the country at the same

time, so five zones will be chosen with emphasis on development potential. Synergy will be high and money will not be wasted.

Eligible for the MCA for fiscal years 2004 and 2005, Madagascar hopes that with further progress in good governance, it will also be eligible for the following years. This would give the country the opportunity to continue creating conditions to enhance value chain of the pilot regions and spread development throughout Madagascar.

The MCA program will certainly add great momentum to Madagascar's development, while not neglecting the impacts to the country's development made by other donors. The government of Madagascar is working

hard to combine the efforts of international and donor communities with the MCA program. The hope is that through this collaboration, after many years of failure, economic growth in Madagascar's rural areas will become a reality.

Madagascar may become a model for other African countries, demonstrating that through intelligent and well structured use of a country's potential, fast and sustainable development is possible. ☉

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*Dr. Emma Ralijohn is the MCA Madagascar Coordinator. She can be contacted for additional information at [madagascarmca@yahoo.com](mailto:madagascarmca@yahoo.com).*

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## Unlocking Mozambique's Commercial Potential

### Opportunities and Challenges

A lush, well-watered country, Mozambique's significant potential remains largely untapped. The economy grew an average of 8% per year during 1994-2004 - the best record of any sub-Saharan African country over this period. The country has benefited from IMF-led macroeconomic reforms and large foreign investment projects. At the same time, the government has taken advantage of more than a decade of peace to encourage a pro-business atmosphere and re-establish natural ties to a strong South African economy.

Stretching along Africa's southeastern flank and covering an area twice the size of California, this country has important commercial opportunities. Agriculture and agribusiness, tourism, forestry and wood products, fishing and aquaculture, natural gas, minerals, and light manufacturing are sectors open to foreign investors.

With a 1650-mile coastline and three major ports, Mozambique serves as an important gateway to world markets for four landlocked countries— Malawi, Zambia, Zimbabwe and Swaziland. Road and rail routes connect the capital and port of Maputo, about 80 miles from the South African border, with the interior of South Africa, Zimbabwe, and the entire Southern African transportation network. South Africa is Mozambique's principal trading partner and foreign investor, investing nearly \$60 million in Mozambique in 2004.

Despite the sustained high growth rate, Mozambique still ranks among the world's poorest countries. Over half of its population lives in extreme poverty. Per capita GNP in 2004 was a mere USD 290. Drought and floods regularly buffet parts of the countryside, setting back long-term development efforts. Unemployment remains high, with less than 10% of the workers employed by

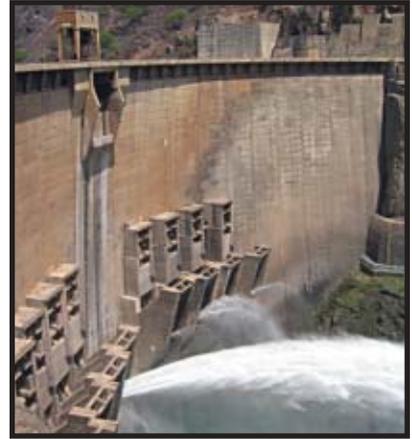
the formal sector. 50% of Mozambicans cannot read or write and every one in seven between the ages of 15 and 49 is carrying the AIDS virus. Road and electricity infrastructure remain weak. The newly inaugurated democratic government of President Armando Guebuza, while pro-business, suffers from a shortage of well-trained civil servants and a cumbersome, often ineffective legal system.

### U.S. Trade and Investment

In 2004 (January - November) the U.S. imported USD \$10 million worth of goods from this southern African nation—sugar, seafood, garments and cashews—and exported USD \$49 million to Mozambique in wheat, corn, second-hand clothing, tractors, milk products, footwear, and aluminum. U.S. investment during 2004 amounted to slightly less than USD \$1 million.

Signs point to a substantial increase in U.S. interest, however. In March 2005 a Bilateral Investment Treaty between Mozambique and the U.S. enters into force. This treaty will give U.S. investors significant privileges, including the highest standard of international protection for their investments and the ability to take investment disputes to international arbitration. Mozambique continues to be eligible to export to the U.S. under the Africa Growth and Opportunity Act (AGOA) through 2015. Mozambique is also a focus country of the President's Emergency Plan for AIDS Relief.

Mozambique has qualified to seek assistance from a new and unique U.S. government agency, the Millennium Challenge Corporation (MCC), which conditions development grants with benchmark reforms and private sector involvement. Negotiations are underway to draw up a compact. Four priority areas have been identified for possible MCC funding: policy reform to



"Cahora Bassa Dam" - The Cahora Bassa Dam supplies Mozambique, South Africa, and Zimbabwe with hydroelectric power

improve the trade and business environment; business development to increase the competitiveness of firms; infrastructure improvements to attract investment, particularly in the area of tourism; and education, health, and sanitation initiatives to improve social conditions in northern Mozambique (much of the focus of the MCC paper relates to the under-developed northern region of the country). The government believes the MCC program has the potential to create 5,000 direct jobs, add 1.7% to GDP growth, and help reduce overall poverty in Mozambique from 54% to 45% after 10 years.

More immediately, an American-led consortium, SDCN (Sociedade de Desenvolvimento do Corredor de Nacala), in early 2005 via a 15-year concession, assumed management and operation of the Port of Nacala and the associated railway network extending into Malawi. The Overseas Private Investment Corporation has provided the consortium a \$29 million loan to modernize the port and the railway to handle a larger volume of traffic. This privatization and infrastructure improvements will greatly benefit the movement of goods in the region, including Malawian imports and exports.

## Opportunities Abound

Mozambique offers substantial investment and commercial opportunities in energy generation (hydropower, coal, and gas), transportation (road construction, rail and port services, airport construction, and air transport), resource extraction (natural gas, minerals, timber, and fishing), aquaculture, agriculture/horticulture (cereals, cashews, cotton, sugar, vegetables, flowers, tobacco, and citrus; light industry), and tourism.

Mozambique has won several large-scale investment projects ("mega-projects") in recent years, which have become important contributors to Mozambique's rapid economic growth. Two are the Mozambique Aluminum Smelter (Mozal) and the SASOL natural gas pipeline from Inhambane province to Secunda, South Africa. Other mega-projects just starting up include a massive coal concession in Tete province for the Companhia do Vale do Rio Doce (Brazil); a rail link restoration to be performed by RITES & IRCON (India); an open-pit heavy sands project in Gaza province with Western Mining (Australia); and the Moma Heavy Sands project in Nampula province by Kenmare Resources (Ireland).

Mozambique has lucrative potential in the area of agricultural goods and products. Almost half of Mozambique's land area, or about 36 million hectares, is suitable for agricultural production. A wide range of fertile soils and climatic conditions permit cultivation of a variety of crops, from cotton to fruits to spices. At present, however, only about 15% of productive land is under cultivation.

Yet the sea itself may be Mozambique's greatest resource. The country already exports prawns and lobster. Tourism is in early development stages. The long coastline along the warm Indian Ocean, abundant marine life, coral reefs, wetlands, game conservation areas, rich biodiversity, and a fascinating culture,



"Maputo Fishing Port"—Seafood, mainly lobster and prawns, is one of Mozambique's main exports

offer Mozambique the elements of a major tourism destination.

## Business Climate Insight

Starting and operating a business is not easy. The headaches most frequently cited by the Mozambican business community include:

- Customs clearance delays;
- Inflexible labor laws and regulations;
- Registering and licensing hassles;
- Limited access to commercial real estate;
- Uneven application of existing legislation; and
- Corruption.

The small private sector in Mozambique is pushing the government to lower trade and investment barriers. International organizations and foreign donors (U.S. and European) are working extensively with the government to modernize the commercial code, labor law and the tax system.

## A New Government Enters

Mozambican presidential and legislative elections took place on December 1-2, 2004. Armando Guebuza, the candidate of the ruling party, FRELIMO, won with 64% of the popular vote. On February 2, 2005 President Chissano, who had served for 18 years, stepped down and Guebuza took office. This marked the first democratic change of president in the country's history. In his inaugural address, President Guebuza paid particular attention to the need to promote small and medium-sized enterprises and making the government

run more efficiently. A businessman himself, President Guebuza has a good understanding of economic concerns and close ties to the private sector.

## Next Steps?

Urging from the private sector and the government's willingness to continue reforms will increase Mozambique's competitiveness in the region. The country's economic success depends on healthy, open regional trade. But the government and its citizens also understand the extent to which Mozambicans can benefit from greater U.S. trade and investment. Consequently, they are ready to welcome U.S. business with open arms. ☺

*For information on investment in Mozambique, please contact:*

### **Investment Promotion Center (CPI)**

Mahomed Rafique Jusob, Director  
Rua da Imprensa, 332 (Ground Floor)  
Tel.: (258) (1) 31-33-10, 31-33-75  
Fax: (258) (1) 31-33-25  
Internet: [www.cpi.co.mz](http://www.cpi.co.mz)

### **Mozambique-U.S. Chamber of Commerce**

Benjamim Alfredo, President  
Rua Mateus S. Muthemba, 542  
Tel.: (258) (1) 49-29-04  
Fax: (258) (1) 49-27-39

*For information business climate issues in Mozambique, please contact:*

### **CTA (Confederation of Mozambican Business Associations)**

Sérgio Chitara, Executive Director  
Av. 10 de Novembro,  
Recinto de FACIM  
Tel.: (258)(1) 31-17-34/5  
Fax: (258)(1) 31-17-32  
Internet: <http://www.cta.org.mz/>

### **Economic/Commercial Section - U.S. Embassy, Maputo, Mozambique**

Elizabeth Filipe,  
Economic/Commercial Assistant  
Av. Kenneth Kaunda, 193  
Tel: (258)(1) 492-797  
Fax: (258)(1) 490-114  
Email: [filipeec@state.gov](mailto:filipeec@state.gov)

## Sao Tome and Principe: Threshold Country < By Joseph Bell and Teresa Faria >

Sao Tome and Principe, one of seven threshold countries designated by the Millennium Challenge Corporation, is leading the way to greater transparency in the natural resource industry. Through its recently enacted petroleum revenue management law and the Abuja Joint Declaration signed by President Fradique de Menezes jointly with President Olusegun Obasanjo of Nigeria, Sao Tome and Principe has established new standards for openness and transparency in the receipt and management of oil funds.

Sao Tome and Principe has no current oil production, but it shares with Nigeria a deep-water zone thought to have significant oil resources. ChevronTexaco and other block partners have just signed the first production sharing contract in the zone paying the two countries a signature bonus of \$123 million. In addition to the remaining blocks in the zone, Sao Tome and Principe has also the prospect of oil in waters it solely controls.

Oil elsewhere in the developing world has frequently been the source of great waste and often corruption, and in many places has resulted in weak and ineffective governmental institutions. Indeed, although there are exceptions, most developing countries with significant natural resources have developed slower than those not so well endowed. Keenly aware of these problems the President, government, and the National Assembly have worked together through a national oil committee to draft and adopt a law intended to help ward off the "curse" of oil and to try to ensure that the country's potential new oil wealth will be used for social and economic development to the benefit of all its citizenry.

The law establishes a national oil fund to be held by an international custodial bank. All oil payments, very broadly defined, must be made electronically directly into the account. Withdrawals from the account are limited to a single annual transfer to the budget as approved by the National Assembly. The annual transfer to the budget must be signed by the President, the Prime Minister, and representatives of the Treasury and Central Bank. Expenditures are to be used for national development, poverty reduction, and the strengthening of good governance, and may be made only in accordance with a development plan and a national poverty reduction strategy. The country is not permitted to borrow against the account. The government may engage in borrowing funded by general revenue or revenues from particular development projects, but it cannot encumber future oil production or the funds in the national oil account.

A very important feature of the law is the establishment of limits on the amount of the annual transfer to the budget. The amounts not expended are accumulated in a sub-account, the permanent reserve. The spending limit is set so as to accumulate in the permanent reserve sufficient funds during the period of production to create a national "endowment" that will continue to support government spending indefinitely at roughly the same level even after the resource is exhausted.

The spending limits also accomplish an important fiscal task of limiting expenditures and increasing savings during periods of high oil prices and providing for the maintenance of spending during period of low oil prices. One of the major problems of



Joshua Chaffin

*A team of experts from the Earth Institute and Hogan & Hartson LLP, working pro bono, assisted São Tomé and Príncipe in its year-long effort to develop and enact a new international standard for transparency and control of oil revenues. "Nothing will be hidden, nothing will be wasted," said São Tomé and Príncipe President Fradique de Menezes. Above: The main street and cathedral in São Tomé.*

many oil-producing countries is the increase in spending that occurs when prices are high which then cannot be maintained when prices drop, resulting either in the country taking on debt which it may not be able to service or finding itself in an inefficient start-stop mode of development.

Investments by the national oil fund will be managed by professionals pursuant to policies established by the Management and Investment Committee composed of representatives of the government, the National Assembly and the President. The law provides for a very conservative investment policy. A further, and very important restriction prohibits any investment in Sao Tome and Principe or in entities controlled directly or indirectly by nationals of Sao Tome and Principe. This is intended to reduce political pressures on the fund's investment policy. It also makes clear that the fund itself is not a "development" fund but an endowment. Rather development funding is to be determined by the government and the National

Assembly as part of the annual budget process.

The activities of the fund are to be fully transparent. In this it joins the growing movement in Africa and elsewhere to make natural resource income public. This movement has been spearheaded by church and civil organizations and formalized and promoted by the UK government particularly in its Extractive Industries Transparency Initiative (EITI). The Saotomean law goes well beyond the minimum requirements of the EITI by mandating public access to information on all payments into the fund on an individual payment basis. Fund withdrawals and fund holdings as well as all related oil contracts, except for proprietary information, are also to be made public. Information will be available through a new public information office which will provide information locally in hard copy and will also post such information on a government web site. It is also envisioned that eventually direct web access to view the fund's activities and its holdings will be provided by the custodian institution without any intervention or intermediation of the government.

In addition to the provisions establishing and governing the fund, the law also addresses certain other important areas. In particular it requires competitive tenders for oil contracts. It also mandates anticorruption and transparency provisions in all oil related contracts, constructively applying such provisions if they are not explicitly set out in the contract. The anticorruption provision essentially mirrors the OECD anti-bribery convention.

The law sets out strict conflict-of-interest standards and enhanced penalties for both misdemeanors or criminal acts. In addition, the law requires disgorgement of any unlawful

benefit. Injured parties may appeal administrative decisions and such appeals, except in certain extraordinary cases, stay the effectiveness of any action. Any act in violation of the law is void except for the rights of bona fide third-parties.

To further protect the integrity of the fund and to ensure full disclosure, the law creates a new Petroleum Oversight Commission made up of representatives of government, members of the National Assembly including the opposition, and civil society. The Commission is not intended to supplant any existing institution, but by monitoring the government's compliance with the law the Commission is expected to strengthen the oil regime. To carry out its functions the Commission is given significant investigatory and administrative powers.

Another important feature of the law is the incorporation of the transparency principles adopted by President de Menezes and President Obasanjo of Nigeria in the Abuja Joint Declaration, issued in July 2004. The Abuja Joint Declaration, applicable to the zone shared by Sao Tome and Principe and Nigeria, requires all oil contracts and all oil payments on an individual company basis to be made public. The requirement to make payments public is imposed on both the administering authority and the private contracting party. It is expected that the first production sharing contract in the zone will reflect these requirements.

The law itself represents a very serious effort on the part of Sao Tome and Principe to put in place before the hoped for flood of revenues, provisions that are consistent with the good government and economic development goals of the Millennium Challenge Corporation. Indeed, the process of developing the law itself

was a good example of open democratic processes. The ad hoc national oil committee which developed the law was composed of representatives of all political elements: the President, the government, and the National Assembly including the opposition. Equally important there was a National Forum process which held 55 local meetings throughout the country to explain what oil might mean for the country and to seek input into how oil resources might be used. Thus the drafting process itself increased democratic participation in the country and enhanced public support for an open and transparent regime.

Even if commercial quantities of oil are discovered, Sao Tome and Principe will not receive significant revenues for five or more years. Yet existing needs must be met, and new problems caused by the prospect of oil are already developing. There are pressures on local prices; unwanted and potentially destabilizing immigration is increasing; all sorts of companies are seeking to negotiate non-competitive arrangements; the budget continues in serious deficit. The next few years are a critical period for Saotomean society as it stretches to strengthen its existing institutions and build new ones to manage its potential good fortune. Building on its threshold status, becoming eligible for the Millennium Challenge Account, and negotiating a Millennium Challenge Account pact is an important step in this development process. Time is of the essence. ©

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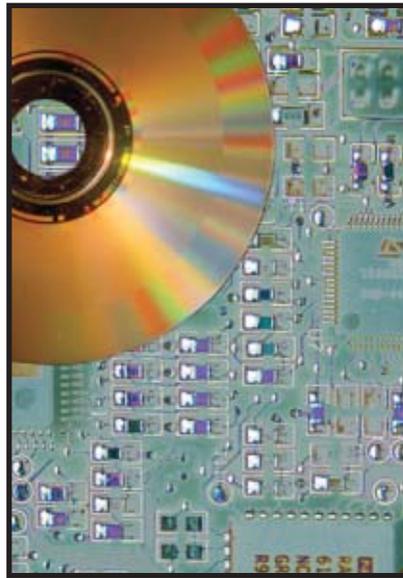
*Joseph Bell (jcbell@hhlaw.com) and Teresa Faria (tmfaria@hhlaw.com), Hogan & Hartson, LLP. Mr. Bell and Ms. Faria were part of the Columbia University Earth Institute team that provided advice pro bono to Sao Tome and Principe regarding the new oil law. The Earth Institute's work was supported by the Open Society Institute.*

## Innovative Applications for Healthcare Delivery in Africa

< By Victor Barnes >

### The Goals of the Initiative

The CCA HIV/AIDS Initiative is funded through the Bill and Melinda Gates Foundation to increase U.S. corporate investment in HIV/AIDS prevention, care and treatment for Africa. The Initiative assists CCA members in the formation of strategic partnerships to establish and support HIV/AIDS workforce interventions in Africa. CCA members are provided access to a roster of experienced HIV/AIDS program providers in Africa, potential funding sources and an internet-based information databank of the most comprehensive HIV/AIDS information available. The HIV/AIDS Initiative team assists members in brokering partnerships with these resources to leverage technical assistance and funding for the establishment and/or expansion of HIV/AIDS prevention, care and treatment programs for their Africa workforce. The broader goal of the Initiative is to better engage the private sector in a more comprehensive response to the pandemic in Africa and to enhance private sector contributions to national agendas on HIV/AIDS.



### Opportunities for the ICT Sector to Contribute to the Fight against HIV/AIDS

The Applied Technology Forum on Healthcare Delivery brings together CCA corporate members in the IT and Communications sectors, representatives of the pharmaceutical industry, and members of African governments to discuss the use of applied technologies in bridging gaps

between existing healthcare infrastructure in Africa and what is needed to effectively expand HIV/AIDS care and treatment for the continent. Participants will discuss how ICT

companies can broaden existing markets and or develop new markets for their products, while meeting healthcare infrastructure needs through virtual infrastructure and the use of applied technologies. The healthcare market in the US and Europe already uses many of these technologies to monitor and diagnose patients, and there are a number of important experiences currently taking place in Africa. The forum will focus on some of these innovations and discuss what is working, why and what future opportunities exist.

### Key Stakeholders

In partnership with Development Gateway, Broadreach Healthcare and Voxiva, CCA has invited key representatives from the public and private sectors to facilitate networking, formation of partnerships, and practical solutions to healthcare delivery. CCA foresees this forum as a first step in identifying new market opportunities and forging partnership to advance health and healthcare delivery in Africa. The forum takes place on March 9, 2005 at The Development Gateway Offices in Washington, D.C. For details of the meeting or to access meeting results please contact Victor Barnes, Director of The CCA HIV/AIDS Initiative or go to the CCA website for news of the forum and future opportunities to work CCA's HIV/AIDS Initiative. ●

*Victor Barnes is the Director of the Corporate Council on Africa's HIV/AIDS Initiative.*

*For addition information on CCA's HIV/AIDS Initiative and/or the Applied Technology Forum on Healthcare Delivery, contact Mr. Barnes at [vbarnes@afriacncl.org](mailto:vbarnes@afriacncl.org) or visit CCA's website at [www.afriacncl.org](http://www.afriacncl.org).*

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## ExxonMobil Steps Up The Fight Against Malaria < By Anna J. Schulze >

In April 2000, African Heads of State committed themselves to the "Abuja Declaration" and an intensive effort to halve the malaria mortality for Africa's people by 2010.

There are proven and effective interventions against malaria, yet every year there are at least 300 million acute cases globally, resulting in more than a million deaths. Nine out of 10 of these malaria deaths occur in sub-Saharan Africa, mostly in young children and pregnant women.

Malaria also presents major obstacles to social and economic development. Economists believe that malaria is responsible for a growth penalty of up to 1.3 percent per year in some African countries. From a community perspective, malaria perpetuates poverty and impedes economic development, and, since the mosquito does not respect fence-lines, workplace and community malaria control approaches go hand-in-hand.

From ExxonMobil's perspective, fighting this disease is an important humanitarian action that also makes good business sense.

ExxonMobil is one of the largest direct foreign investors in Africa. It has business operations in more than 20 African countries, and thousands of employees and contractors. The company is keenly aware of the devastating impact of malaria.

ExxonMobil's goal is to help endemic country governments and health service providers lessen the burden of malaria in Africa and to improve the quality of life for Africans at risk.

In doing so it is strengthening and enhancing the company's community relationships by contributing funds, resources and expertise in an area of significant community need.

The company's commitment to the fight against malaria is three pronged.

In the workplace, it introduced a strict

company-wide malaria control program in 2001. Since then malaria incidence among the ExxonMobil employee and contractor population has been among the lowest for comparative operations.

In the community and internationally, ExxonMobil established the "Africa Health Initiative", in 2000 to support and centrally fund activities to support the prevention, control and treatment of malaria in the broader community.

Since the program began, ExxonMobil has spent more \$10 million supporting health projects in Africa, primarily focussed on malaria. In early 2005, it awarded 24 grants worth more than \$5 million, for projects including on-the-ground community activities specific to nine African countries (where ExxonMobil has a presence) and, international programs promoting the research and development of new drugs and vaccines and advocacy for global commitment and support.

Given the fact that malaria is preventable, treatable and curable, ExxonMobil sees true potential for businesses like theirs to help make an impact against the disease.

"Africa is a significant and growing contributor to the world's energy economy, but diseases like malaria continue to wreak havoc on the health of African people and the strength of their economies. We believe that



*One of the simplest, safest and most cost-effective means of malaria prevention is the insecticide-treated bed net, which protects people at night from mosquito bites. ExxonMobil has distributed hundreds of thousands of nets to at-risk communities (specifically pregnant women and children under-five) since 2000. Shown here, net distribution at Soyo Hospital in Angola.*

improvements in public health serve as the basis for broader economic and social gains. Through actions like ours, and an increased global commitment and focus we have the opportunity to not only save lives but to create safer workplaces; encourage economic development; and improve living standards of the communities where we live and work."®

*Anna J. Schulze is Major Programs Adviser, ExxonMobil Global Community Relations.*

*For additional information please contact Michael Dooley, Program Manager, ExxonMobil Africa Health Initiative or visit [http://www.exxonmobil.com/corporate/Citizenship/Corp\\_citizenship\\_SH\\_healthmalaria.as](http://www.exxonmobil.com/corporate/Citizenship/Corp_citizenship_SH_healthmalaria.as)*

### Our 2005 Africa Health Initiative country programs include:

- **Angola:** Insecticide treated bed net distribution and social marketing, and community based malaria intervention and early treatment (particularly focused on refugees and internally displaced persons).
- **Cameroon:** Bed net distribution campaign to teach preventative actions and distribute discount vouchers for long-lasting insecticide treated bed nets to pregnant women.
- **Chad & Equatorial Guinea:** Bed net distribution in conjunction with national measles vaccination campaign. Every adult who accompanies a child under five years to the vaccination post will receive a free bed net.
- **Nigeria:** Supply of medical, surgical, diagnostic and therapeutic medical supplies and equipment to hospitals in need.

## Working on U.S.-Africa Trade Expansion and Advocacy

< By Becky Erkul >

The African Growth and Opportunity Act (AGOA) is an integral part of the U.S.-Africa trade and investment relationship. The legislation offers tangible incentives to African countries to continue making progress toward a market-based economy, the rule of law, free trade, economic policies that will reduce poverty, and protection of workers' rights. AGOA promotes free markets and economic development, fosters new trading opportunities and investment, and creates new jobs. In addition to improving Africa's access to the U.S. market (substantially all imports from sub-Saharan Africa are eligible to enter the United States duty-free), AGOA also creates opportunities for increased U.S. exports of inputs. In fact, U.S. exports to sub-Saharan Africa in 2004 totaled almost \$8.6 billion, up 25 percent from 2003.

The U.S. Department of Commerce's International Trade Administration (ITA)

### STOP! Initiative

On October 4, 2004, the Bush Administration launched the Strategy Targeting Organized Piracy (STOP!)—a comprehensive intellectual property rights (IPR) initiative that will elevate cooperation between the federal government, the private sector, and many of our trading partners in an aggressive, unified effort against piracy and IPR theft.

We've created an IPR hotline -1-866-999-HALT—that businesses can use to learn how to protect their IPR at home and overseas, or to file a complaint. We've also developed a website—[www.StopFakes.gov](http://www.StopFakes.gov)—a one-stop-shop for information to help companies register and protect their intellectual property assets.

provides many services designed to help U.S. companies doing business with Africa. Below is a brief overview of several offices working to help U.S. companies in Africa.

### Market Access and Compliance

ITA's Market Access and Compliance division (MAC) ([www.mac.doc.gov](http://www.mac.doc.gov)) helps companies overcome trade barriers that adversely affect their overseas operations. MAC's main goals are to obtain foreign market access for American firms and workers and ensure that other countries comply with trade agreements they sign with the United States.

MAC's Trade Compliance Center (TCC) is responsible for monitoring and enforcement of U.S. trade agreements. A list of U.S. trade agreements, including those with countries in sub-Saharan Africa, is available on the TCC's web site ([www.export.gov/tcc](http://www.export.gov/tcc)).

MAC's Office of Africa can assist you with problems you may be facing in sub-Saharan Africa, such as: tariffs and customs barriers; rules/certifications of origin; standards, testing, labeling or certification requirements; import licensing; lack of intellectual property rights protection; and government procurement contract barriers. It is MAC's objective to resolve problems quickly and voluntarily at the lowest possible level. The Office of Africa has had several recent successes resolving U.S. companies' long-standing problems in Africa, including a victory against counterfeit goods in Eastern Africa, resolution of a customs classification case for a small U.S. exporter to Southern Africa, and arranging a waiver from a new standard for a large U.S. company exporting to Eastern Africa.

The Office of Africa also administers [www.agoa.gov](http://www.agoa.gov), which serves as a resource for U.S. businesses and Africans to better understand AGOA, its

implementation procedures, and resources to facilitate business linkages.

### U.S. Commercial Service

The U.S. Commercial Service ([www.export.gov](http://www.export.gov)), another division within ITA, is charged with helping U.S. companies, particularly small and medium-sized enterprises (SMEs), make sales in international markets. There are 107 U.S. Export Assistance Centers throughout the United States, and more than 150 offices overseas, including 7 offices in sub-Saharan Africa (in Accra, Cape Town, Dakar, Durban, Johannesburg, Lagos, and Nairobi), as well as staff posted at the African Development Bank.

The U.S. Commercial Service's Advocacy Center ([www.export.gov/advocacy](http://www.export.gov/advocacy)) coordinates U.S. Government resources and authority to level the playing field on behalf of U.S. business interests abroad.

The Advocacy Center has helped hundreds of U.S. companies—small, medium, and large enterprises—in various industry sectors win government contracts across the globe, including sub-Saharan Africa. For example, the Advocacy Center helped a small Wisconsin firm named Aquarius. The company was experiencing problems with a tender for a World Bank sponsored project to chop and remove water hyacinth from Lake Victoria in Kenya. The Advocacy Center worked to help finalize the deal, which the company estimated is worth \$1.7 million, and responsible for nearly 25 jobs. ●

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*For more information on how the Advocacy Center may be able to help your company with international contract bids, please contact the Advocacy Center at 202-482-3896.*

## The MCA at Age 2: Ready for Business < By Darren Kew >

**President** Bush submitted his proposal for a Millennium Challenge Account (MCA) in February 2003 promising a new development approach that “breaks with the past by tying increased assistance to performance and creating new accountability for all nations.” After a slow start, MCA now appears poised to deliver on its promise to assist African nations that have made progress toward political and economic reforms by providing investments in critical and promising sectors. U.S. businesses can now seize the opportunities both to benefit from MCA initiatives and to assist in assuring that their impacts are substantial and enduring.

### Starting from Scratch

After a high-profile launch that raised high expectations, MCA has recently received some criticism in the media and among activist organizations. However, the lag time has largely been a function of Congress taking nearly a year to pass the President’s initiative. In addition, the mandate given to the MCA requires a detailed vetting process of possible recipient countries that is necessarily time-consuming. Moreover, Congress has been grudging in its appropriations for MCA, giving only half of the \$2.5 billion requested by the President for FY 2005 and raising doubts whether it will grant the \$5 billion that President Bush wanted for FY 2006.

Despite these delays, MCA has moved forward and has reached a critical stage. Central to the MCA methodology is the Compact that it negotiates with recipient countries. In exchange for MCA funds, a participating government commits in the Compact to an agenda for reform and public investment alongside benchmarks for the MCA to judge the government’s progress.

Initial concerns that MCA would overlap

unnecessarily with USAID may also fade, as a division of labor appears to be forming: MCA will focus on countries that have advanced well on political and economic reforms, in order to reward such hard work and to help ensure that they succeed, while USAID will redouble its efforts on Africa’s marginal cases, to assist with basic needs and to promote the reform process. This two-tiered system of aid has set up a constructively competitive dynamic, such that USAID assures that no nation is left without basic assistance, but MCA offers a “winners circle” for countries that have advanced political and economic liberalization and investment in their own peoples. Several governments have already instituted anti-corruption and other reform packages out of concern that they will not win access to MCA.

### Opening Doors

The current Compact negotiations with the eight selected African countries along with this broader competition to gain access to the MCA offer a number of opportunities for U.S. corporations. First, MCA can reduce the perceived risks of doing business in Africa. It will assist in the development of a more conducive business climate through anti-corruption initiatives, aid for community needs in education and health, and support for agriculture, infrastructure development, and environmental concerns. Privatization, trade, and development of the financial sector are also central priorities for the MCA, which will open direct opportunities for U.S. businesses. Companies can play critical roles in finding suitable prospects for MCA investments and can ensure greater sustainability of these investments by becoming involved.

Moreover, the MCA program is still evolving and open to new ideas and inventive proposals. MCA Compacts are being negotiated with African govern-

ments so as to be driven by African development priorities within the broad parameters of MCA goals, such that the exact role allotted to the private sector will be determined by these negotiations. MCA requires, however, that country proposals include a consultative process with local communities, civil society, and the private sector. American companies can propose ideas during these formal consultations, and can also forward proposals throughout the inter-governmental process. Businesses that can form innovative partnerships with civil society groups and local communities in Africa are likely to be particularly competitive.

In addition, MCA sees itself as cut from U.S. business culture—even giving its director the title of CEO—and has been actively recruiting talent from U.S. corporations to run the program. This means that MCA is seeking to approach the problems of African development more from a business perspective, looking to reward responsible entrepreneurship and to invest in productive activities that promote sustainable growth. American businesses that can find conscientious African partners and locate important investment opportunities can work with MCA to shape the process in its infancy and reap the benefits as it grows.

Now is the time for U.S. businesses to act on the opportunities provided by MCA. In doing so, they will be helping to sustain the process of African reform by deepening the impact of the comprehensive programs now being negotiated between the eight selected African governments and the United States. MCA has committed itself to an open and participatory process—responsible companies with innovative ideas should take the invitation to get involved. ●

*Darren Kew is Assistant Professor of Dispute Resolution at the University of Massachusetts, Boston. He has written on political reform in Africa, with special emphasis on the role of civil society groups and businesses.*

## Senegal in Seattle: Jacques Sarr's Afrikando Restaurant

< By Nnenna Uzochukwu >

**Senegal** is one of West Africa's culinary jewels. The Afrikando Restaurant, located in vibrant city Seattle, brings some of Senegal to American cultures and palates. With minimal tables, African prints and masks, seductive drums, world music and color-fused decoration, the restaurant sets an intimate soothing ambiance.

Afrikando is Seattle's only Senegalese restaurant, offering a fusion of Senegalese and French cuisine. At a reasonable price, customers enjoy the exquisite taste of Senegalese dishes, meals whose ingredients include fish, chicken, lamb, yams, black eyed peas, cassava and sauces that range from spicy tomato to sweet peanut bases. Dan Larson from *SeattleInsider.com* notes that "Afrikando is a great option for vegetarians too, with so many of the dishes and sauces acting just as well without meat."

The man behind the magic can be found walking around in the restaurant or in the kitchen, because this man is not only the owner, he is also the chef! Jacques Sarr, born in Koalack, Senegal, never imagined that he would someday be a chef because according to him, "back at home, men do not have to cook, they are all born kings." It was not until he left Senegal at the age of 29 to go to New York City that he realized attaining the "American Dream" would not be so easy.

While in Senegal, Sarr studied to be a dental technician, thinking that when he reached the United States he would be able to practice this profession. Instead, Sarr was shocked to find that in order to follow this path he would need to obtain a green

card. "So I went to stores to buy one," he recalled. He quickly learned that he could not simply purchase a green card but would have to pay at least \$25,000-\$30,000 to go back to school in the United States; he figured that instead of spending the money to return to school, he "could always take that money, go back to Senegal and purchase a house."

Sarr decided to take another route, working at juice stores, places of dining, trying some cooking, and other activities. "My mother had told me that I would have to learn how to cook just in case there was no one to cook for me". Thus, he began to cook not only for himself but also for others. He began to do a bit of catering from his house in New York City to make ends meet.

It was when he met his ex-wife that Sarr decided to move to Seattle in 1991. There he catered for any and everyone who had money, including clients like Microsoft. He recalled, "People asked: why don't you open a restaurant? I have no money I would tell them. They would say, if you open a restaurant, we will come, we would be your customers!" Following their suggestions, in 1997, he opened the Afrikando Restaurant on First Avenue in Belltown.

Since opening the restaurant, he has cooked for many important people, including the Ambassador of Senegal, and has received outstanding reviews. "We love Afrikando's hearty African home cooking. The bold and spicy flavors of hot climates merge with the influences of France in West Africa", said Karl Samson (*Frommer's Seattle* 2005). The care he takes in his work



certainly deserve such reviews; Sarr prepares each and every meal that served at the restaurant. "Food is art. If I cannot do my best, then I cannot do it at all. When you eat at a place you have to be comfortable." Offering excellent hospitality is the advice he gives to other established or aspiring African restaurants.

There is another piece of advice that Sarr both lives by and offers to others: "When in the Western world, one has to do what it takes to make money and to run a restaurant." Sarr may serve Senegalese food in the Afrikando Restaurant, but he makes it clear that his restaurant is not exclusively for Africans, "if African customers come, then they will come. You cannot only target African people. Target those with money who do not eat these types of food at home. If you only target African people, you will go out of business."

As far as the future of his business is concerned, Sarr is looking to open another restaurant. He has already explored the city streets of Washington, D.C. to see where Africans and Americans go for food. Afrikando Restaurant is relatively upscale and it appears that D.C. is so far lacking an upscale restaurant that represents his native Senegal. ●

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