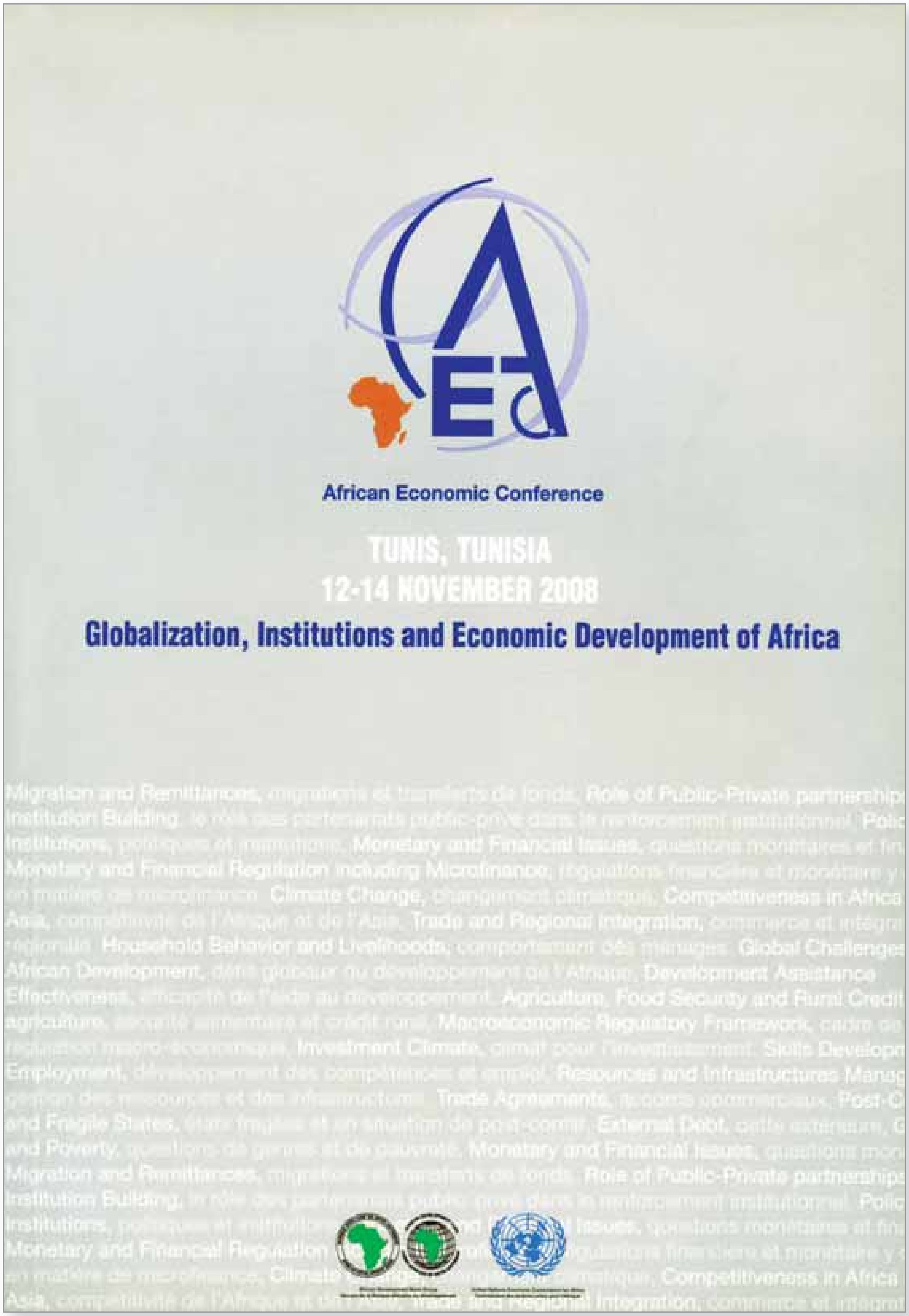
PART II

Promoting trade and investment


African Economic Conference
TUNIS, TUNISIA
12-14 NOVEMBER 2008
Globalization, Institutions and Economic Development of Africa

Abstracts

Session I.2.3: Trade and Financial Integration

1. How Integrated are Africa's Stock Markets with the Rest of the World?

Paul Alagidede, University of Stirling, UK

This paper addresses integration of African stock markets into the global financial system and the implications for investment decisions and risk sharing. First, we show that African countries are not well integrated with each other. Thus, numerous attempts at regionalism are yet to yield the necessary results. Secondly, we find few cases of long-run relationship between African markets and the rest of the world. Using impulse responses we find that while African markets are not completely isolated from the global financial system, shocks are mainly driven from within.

2. Trade and Investment between Japan and Africa in the Context of Follow-up to the Fourth Tokyo International Conference on African Development (TICAD IV)

Nicholas Gouede, UNDP

On the occasion of the Fourth Tokyo International Conference on African Development (TICAD IV) held from 28 to 30 May, 2008, in Yokohama, Japan, the TICAD Initiative pledged to continue its support to boost trade and investment flows with Africa. The Yokohama Declaration, Plan of Action and its Follow-up Mechanism are presented in this paper as the basis for strengthening economic cooperation between Japan and Africa in a wide range of issues, including trade and investment, with the potential to make a tangible contribution to the continent's ongoing socio-economic growth and development and make remarkable progress towards the achievement of the Millennium Development Goals (MDGs). This paper outlines the outcome of TICAD IV, especially as it pertains to trade and investment, analyses the benefits of a sound business climate, and provides an overview and strategic orientation of trade and investment instruments in the framework of the TICAD process and under the stewardship of the Japanese Government to further boost this ever growing sector between Japan and Africa.

TRADE AND INVESTMENT BETWEEN JAPAN AND AFRICA IN THE CONTEXT OF FOLLOW-UP TO THE FOURTH TOKYO INTERNATIONAL CONFERENCE ON AFRICAN DEVELOPMENT (TICAD IV)

A PAPER TO BE PRESENTED AT THE
2008 AFRICAN ECONOMIC CONFERENCE (AEC)
ORGANIZED BY
THE AFRICAN DEVELOPMENT BANK (AfDB)

AfDB HEADQUARTERS
12 to 14 November, 2008
TUNIS, TUNISIA

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New York

ABSTRACT

TRADE AND INVESTMENT BETWEEN JAPAN AND AFRICA IN THE CONTEXT OF FOLLOW-UP TO THE FOURTH TOKYO INTERNATIONAL CONFERENCE ON AFRICAN DEVELOPMENT (TICAD IV)

On the occasion of the Fourth Tokyo International Conference on African Development (TICAD IV) held from 28 to 30 May, 2008, in Yokohama, Japan, the TICAD Initiative pledged to continue its support to boost trade and investment flows with Africa. The Yokohama Declaration, Plan of Action and its Follow-up Mechanism are presented in this paper as the basis for strengthening economic cooperation between Japan and Africa in a wide range of issues, including trade and investment, with the potential to make a tangible contribution to the continent's ongoing socio-economic growth and development and make remarkable progress towards the achievement of the Millennium Development Goals (MDGs).

This paper outlines the outcome of TICAD IV, especially as it pertains to trade and investment, analyses the benefits of a sound business climate, and provides an overview and strategic orientation of trade and investment instruments in the framework of the TICAD process and under the stewardship of the Japanese Government to further boost this ever growing sector between Japan and Africa.

I. INTRODUCTION

Africa has sustained steady improvements in democratic governance, socio-economic growth and development over the past few years. The continent's growth performance, which improved significantly from just fewer than 3 per cent in 1999 to 5.2 per cent in 2006, to a projected 6 to 7 per cent in 2008, has been quite impressive. Despite these good performances, the record of regional economic integration has been limited on the continent. Furthermore, Africa is only a modest player in international trade, 2.9 per cent in 2007, after touching a low of 2 per cent in the beginning of the 2000.

Speaking at the launch of The Africa Competitiveness Report 2007[1], Donald Kaberuka, President of the African Development Bank (AfDB) said "the key to the future of African economies is trade and investment and, therefore, the business climate. Our aims at the African Development Bank are to act as a catalyst, to enhance the investment climate and to respond to demand in support of the Bank's development goals. This is achieved by rallying investors to look at opportunities in African countries differently."

On the occasion of the Fourth Tokyo International Conference on African Development (TICAD IV) held from 28 to 30 May, 2008, in Yokohama, Japan, the Government of Japan, one of Africa's most significant development partners, announced plans to enhance its development support and trade partnership with Africa. In arguing for its unflinching support to boost trade and investment flows with Africa, a package of initiatives for African development was announced, including doubling Japan's Official development assistance (ODA) to the continent to US$ 1.8 billion by 2012 and to provide up to $4 billion in new yen loans over the next five years to improve African infrastructure, especially roads.

Japan will also set up a $2.5 billion fund to help Japanese firms invest more in Africa and achieve the target of doubling Japanese private-sector direct investment to the continent to US$3.4 billion by 2012.

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1 The Africa Competitiveness Report 2007, *New Report from World Economic Forum Africa, World Bank and African Development Bank takes stock of African competitiveness*. Cape Town, South Africa.

The conference adopted the "Yokohama Declaration"[2], outlining principles for advancing African development among TICAD stakeholders, as well as the "Yokohama Action Plan" and the "Yokohama Follow-up Mechanism", laying out a road map for action-oriented initiatives with measurable targets. With the theme of '*Towards a vibrant Africa: continent of hope and opportunity*', TICAD IV addressed the following priority areas: 1) boosting economic growth; 2) ensuring Human Security, including the achievement of the Millennium Development Goals (MDGs), consolidation of peace and democratization; and 3) addressing environmental issues and climate change.

The Yokohama Declaration, Plan of Action and its Follow-up Mechanism are presented in this paper as the basis for continuing to strengthen effective partnerships between Japan and Africa in pursuit of the achievement of the MDGs in Africa[3], especially Goal 8, which is in reference to "Developing a global partnership for development".

Having been closely associated with the TICAD Process for the past five years, I am delighted, indeed, to address this important topic of "Trade and Investment between Japan and Africa in the context of Follow-up to TICAD IV", which was discussed as one of the priority areas in "Boosting Economic Growth."

This paper outlines the outcome of TICAD IV, especially as it pertains to trade and investment, analyses the benefits of a sound business climate, and provides an overview and strategic orientation of trade and investment instruments in the framework of the TICAD process and under the stewardship of the Japanese Government to further boost this ever growing sector between Japan and Africa.

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[2] TICAD IV Outcome, Yokohama Declaration. 2008. *Towards a Vibrant Africa.* Yokohama, Japan.

[3] Achieving the Millennium Development Goals in Africa. Recommendations of the MDG Africa Steering Group. June 2008. Published by the United Nations Department of Public Information. 08-34318-DPI/2508-7M. New York, USA.

II. TICAD IV FRAMEWORK FOR COOPERATION IN BOOSTING ECONOMIC GROWTH

Africa's trade with Asia has grown dramatically since 1990[4]. From a very low base, trade between the two regions has increased to a level nearly even with Africa's traditional trading partners, namely the United States and Europe. Exports from Africa to Asia tripled in the last few years, making Asia, Africa's third largest trading partner after the European Union and the United States.

Although limited by country and product, trade has surged for a few big countries in Africa, including oil-rich nations like Nigeria, Angola, Sudan and metal-rich countries like South Africa and Botswana. Most of the continent's trade growth has been in oil, natural gas and metals. China's keen interest in natural resources from Africa has brought momentum to some African economies. China's total trade with Africa came to $73.5 billion in 2007, far exceeding Japan's $26.6 billion.

A variety of reports[5] indicate that Japanese investment into Africa reached US$203 million in 2004 alone and between 2002 and 2004, Japanese foreign direct investment (FDI) in sub-Saharan Africa amounted to $415 million, roughly 0.4% of Japan's total FDI during the period. And although Japan's trade with Africa in 2007 rose to US$ 26.6 billion, it still only accounted for about 2 percent of the country's global trade.

Japan's Africa conference in May (TICAD IV) was the latest in a series of high-profile events illustrating growing Africa-Asia ties. In a keynote address, Tanzania's President Jakaya Mrisho Kikwete, while welcoming the announcement to double Japan's ODA in the next five years, he said there was a need for increased trade between Africa and Japan, more Japanese investment, and "more involvement and active presence and participation of the Japanese private sector on the continent". More importantly, African leaders stressed the need to take into account all countries on the African continent, and not focus the measures on South Africa and Egypt, which absorb 85% of Japanese investment on the continent.

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[4] Broadman, Harry (2007), *Africa's Silk Road: China and India's New Economic Frontier*, The World Bank Group. Washington, DC, USA.

[5] Africa Investor (Jan.-Feb. 2007), Tokyo means business for Africa's small business, London, UK.

Addressing the sixty-third session of the General Assembly of the United Nations, H.E. Taro Aso, Prime Minister of Japan stated[6] that "TICAD IV called for support to accelerate economic growth. To pursue the Millennium Development Goals in a sustainable manner, and to foster health, water and sanitation, and education in Africa on the basis of human security, the concept which Japan has carefully nurtured -- three thousand people renewed their determination to achieve these goals."

At TICAD IV, it was noted[7] that African Governments, recognizing the importance of trade and investment to sustainable economic growth and poverty reduction, are making efforts to promote trade and attract foreign investment, drawing on the experiences of the Asian economies. The African Union (AU), the New Partnership for Africa's Development (NEPAD) and Regional Economic Commissions (RECs) are also formulating common regional trade policies including improvements in the legal and regulatory framework and regional infrastructure, in order to promote intra-African trade and facilitate Africa's integration into the world economy.

The TICAD process aims to achieve a significant increase of trade and investment to African countries in collaboration with the private sector. Actions to be taken in the next five years involve: promoting and expanding trade; encouraging foreign investment; providing assistance to the private sector development; and promoting tourism. Promoting and expanding trade would foster providing duty-free and quota-free market access for essentially all products originating from all African least developing countries; scaling up "Aid for Trade" to increase the global competitiveness of African countries by accelerating assistance including Japan's "Development Initiative for Trade" and supporting the early, fair and balanced conclusion of the WTO Doha development Agenda negotiations; assisting product development and export promotion in Africa, by further promoting the "One Village, One Product" (OVOP) initiative; enhancing infrastructure management capacity; and providing assistance to build capacity in trade policy making and coordination mechanism.

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[6] MOFA Web site. Address by H.E. Mr. Taro Aso, Prime Minister of Japan, at the Sixty-Third Session of the United Nations General Assembly http://www.mofa.go.jp/policy/un/assembly2008/pm0925.html

[7] TICAD IV Outcome, Yokohama Action Plan. 2008. *Towards a Vibrant Africa.* Yokohama, Japan.

Encouraging foreign investment would require providing assistance to improve the investment climate in terms of the legal and regulatory frameworks in African countries; supporting the establishment of an information and consultation platform on the business climate for private companies intending to enter into African markets; utilizing more effectively official funding sources such as investment credit, trade and investment insurance to enhance private-public partnerships (PPPs) and leverage private capital flows to Africa; providing assistance for capacity building to improve economic and corporate governance.

Providing assistance to the private sector's development would involve supporting African countries to plan and implement industrial development strategies and policies, drawing on Asian experiences as appropriate; providing technical support to improve productivity, competitiveness and business expertise in promising industries, taking into account the effectiveness of information and communication technology (ICT); expanding assistance to support the development of small and medium enterprises and local industries; collaborating with international financial institutions and regional development banks to strengthen the financial sector, including the development of local bond markets and local currency financing mechanisms; and providing technical and financial assistance to promote self-reliant utilization of energy and mineral resources.

And finally, promoting tourism would require encouraging and assisting African countries' efforts to address security, hospitality management, infrastructure and environmental constraints to tourism development including tourism training programmes; supporting tourism operators to increase familiarization with African destinations and improving knowledge of the continent and what it has to offer; and seizing the opportunity provided by the 2010 World Cup Soccer Tournament in South Africa to support long-term tourism promotion through such events as travel fairs.

III. PROMOTION OF TRADE AND INVESTMENT: A MAJOR FOLLOW-UP TO TICAD IV

Creating an enabling environment for doing business in Africa gives local entrepreneurs better access to credit to grow their businesses and create jobs. This ease of doing business has the potential to attract Japanese investors.

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According to the World Bank[8], twenty-four countries made it easier to register property this past year. Sub-Saharan Africa has had a record year for regulatory reforms that make it easier to do business, with about 28 countries completing a series of reforms. Botswana, Burkina Faso, and Senegal are among the world's 10 reformers. Senegal, which is the continent's leading reformer, reduced business startup time from 58 days to eight, when it streamlined business registration and merged seven startup procedures into one! This resulted in an 80 per cent increase in new business registrations in the first 10 months after then reform. In other countries such as Botswana and Namibia, entrepreneurs now benefit from computerized registration systems.

Dispatching joint public-private sector missions for trade and investment to Africa was a major component of Japan's initiatives at TICAD IV. Announced by the former Prime Minister at the conference in May, it illustrates the keen interest of the Government of Japan to follow-up on the goal of boosting economic growth in Africa, which was shared by the participants in TICAD IV.

In this context, joint missions for promoting trade and investment headed by officials of the Japanese government and representatives from various corporations and banks in September 2008 visited southern Africa[9] (Botswana, South Africa, Mozambique and Madagascar), East Africa (Kenya, Tanzania, Uganda and Ethiopia), and West Africa (Nigeria, Ghana, Senegal, Cote d'Ivoire, and Cameroon).

Participants included such high-ranking officials as the State Secretary for Economy, Trade and Industry, Members of the House of Representatives, the Ministry of Economy, Trade and Industry, the Ministry of Foreign Affairs and representatives from five government-related organizations, namely the Japan International Cooperation Agency (JICA), Japan Bank for International Cooperation (JBIC), Japan External Trade Organization (JETRO), Japan Oil, Gas and Metals National Corporation (JOGMEC), and the Nippon Export and Investment Insurance (NEXI), along with representatives of private companies representing commerce, manufacturing, heavy industry, and finance.

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[8] *Doing Business (2009),* joint publication by the International Finance Corporation-World Bank, Washington, DC, USA

[9] Japan Ministry of Foreign Affairs Web site: http://www.mofa.go.jp/region/africa/ticad/. Tokyo, Japan.

Representatives of Japanese enterprises exchanged opinions with high-level government officials in each country and engaged in networking for the expansion of bilateral trade and investment. As a result, leaders in countries visited seized the opportunity to enhance their understanding of business expansion with Japanese companies. The joint missions also visited project sites which could be considered successful cases of cooperation between Japanese and local enterprises.

Such project site visits included the Remote Sensing Center in Botswana, which opened in July in cooperation with JOGMEC. Other site visits included the Mozal Aluminum Smelter in Mozambique, and in South Africa, a chrome ore site and a refinery of Hernic Ferrochrome, which represents the world's fourth biggest ferrochrome manufacturer and distributer.

Joint trade missions also visited the East African region[10] (Kenya, Uganda, Ethiopia, and Tanzania). The members of the mission were particularly impressed with the political and economic stability in the region and the close relationship some of them have with Japan especially through economic cooperation. They also shared the view that the natural resource potential in the region is expected to create business opportunities in the future. In Kenya, meetings were held with representatives from the country's private-sector companies, namely the Kenya Private Sector Alliance (KEPSA), the Kenya Association of Manufacturers (KAM), and the Kenyan Chamber of Commerce and Industry. Site visits included one of the largest food processing companies in Kenya (Kenya Nut Company Ltd.), a farm (Cyan Roses) producing cut flowers, one of the major exports of Kenya, and Sammy Africa, a local company engaged in wide-ranging business including manufacturing tires and selling tea, and a school feeding programme.

Site visits in Uganda included the renowned Phoenix facility, an organic cotton shirt manufacturing factory run by a Japanese entrepreneur for more than 40 years, and also Roofings, a local company which has been successful in manufacturing ferrous material for construction by using raw materials imported from Japan as well as a visit to

[10] Japan Ministry of Foreign Affairs Web site:
http://www.mofa.go.jp/announce/announce/2008/9/1183717_1050.html

Uganda's first-ever large-scale industrial complex. And in Ethiopia, cut flower plantation sites, the Ethiopia Commodity Exchange (ECX) and the North-West Trunk Road that was rehabilitated with Japan's ODA. Site visits in Tanzania included a Project for widening the Kilwa Road, which is under construction with Japan's grant assistance.

The outcome of these joint missions will be fed back into the development and organization of the fifth Africa-Asia Business Forum (AABFV) scheduled for the first half of 2009. The theme will foster the development of Tourism.

IV. FINANCIAL INSTRUMENTS FOR THE PROMOTION OF TRADE AND INVESTMENT BETWEEN JAPAN AND AFRICA

The TICAD Initiative has for the past fifteen years spurred a wave of innovative activities in poverty reduction through economic growth. And TICAD foresees an unprecedented opportunity for significant collaboration in trade and investment between Africa and Asia.

Following TICAD II in 1998, a face-to-face business negotiation process between eligible Asian and African firms was organized under the TICAD Initiative through three Africa-Asia Business Fora. Two major meetings were held between TICAD II and TICAD III - one in Kuala Lumpur, Malaysia, in October 1999, drawing together 110 African and Asian business people, and the other one in July 2001 in Durban, South Africa, where over 140 participants represented over 120 African and 60 Asian companies. AABF III was held in 2004 in Dakar, Senegal. And AABF IV was held in 2007 in Dar-es Salaam, Tanzania.

Initiated by the Government of Japan under the TICAD Initiative, all AABF fora aimed at creating more favorable conditions for identifying partners in future joint ventures, and at attracting greater flows of foreign direct investment and trade between Asia and Africa. Altogether, AABF I, II, III and IV have led to business prospects worth over US$ 300 million.

The Fifth Africa-Asia Business Forum (AABF V) will explore ways and means to enhance the role of the private sector in the economic and social development of the participating countries through increased trade and investment flows between Asia and

Africa, focusing on tourism development-related businesses. Expected outcomes include the establishment of business linkage opportunities; building capacity of SMEs and financial institutions, enhancing conducive business environment by facilitating intra-Africa trade and access to finance, and to disseminate best practices among tourism development-related businesses in Africa.

As in previous fora, the United Nations Industrial Development Organization (UNIDO) will provide technical assistance through the TICAD Exchange Network[11], a Web-based network that aims at improving a comprehensive information base on trade and investment to guide the identification of new business opportunities, and providing an on-line facility for information exchange among users, including macro and micro economic indicators, data on industrial production, trade and investment policies, laws and regulations of African countries.

The importance of finance is perhaps the most critical aspect of follow-up to the AABF series. Each AABF event has resulted in a substantial number of MOUs signed. However, the momentum generated by this and the hopes of following-up on successful deals made, usually runs out of steam soon after. This is primarily due to the inability of African companies to secure financing to carry out many of the deals made.

To tackle this critical issue, a follow-up workshop to AABF IV which dealt with investment project formulation and SME financing was organized in April 2008 in Abuja, Nigeria[12]. The purpose of the workshop was to enhance the professional skills of SMEs participants in preparation of business plans and appraisal of investment projects as well as to enhance the ability of representatives from the banking sector to carry out risk and financial assessments of the SMEs' proposals. Participants of the workshop were SME entrepreneurs who are Alumni of the AABF as well as representatives of such banks as the Bank of Industry, Nigeria, ECOBANK Group, Access, Oceanic and Zenith Banks. Many SMEs entrepreneurs have participated in more than one of the AABF series and have established solid business partnerships with Asian entrepreneurs and entrepreneurs operating in Africa.

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[11] The TICAD Exchange Network is developed and managed by the TICAD UNDP/Africa Bureau with technical support by UNIDO and fully sponsored by the Government of Japan.

[12] http://www.ticadexchange.org/home.asp?menu=&ID=428&lan=en

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Participants to the investment project formulation and appraisal were trained in UNIDO's software tools in investment project formulation (CPP- Company Project Profile) and investment project preparation and appraisal (Computer Model for Feasibility Analysis and Reporting, COMFAR III) which is tested and used by more than 6,000 users around the world.

V. CONCLUSION

While it was conceived during the height of the Japanese boom, the TICAD Initiative tries by and large to live up to its initial promise of supporting Africa's socio-economic growth and development. TICAD IV presented new opportunities to rekindle Japan's relationship with African countries. The Japanese business community and financial sector are beginning to show real interest in Africa. Behind this is remarkable progress in democratic governance, and most importantly, the sustained growth being experienced by many African economies, the high price of commodities as well as China's and other emerging nations' growing presence on the continent which is attracting considerable media attention.

In this context, Japan should continue to help African countries tackle may factors that prevent industrial development such as concerns about public order and insufficient infrastructure on the continent: the current education system in Africa generally does not encourage entrepreneurship as a career; inefficient legal and regulatory frameworks create unnecessary administrative bottlenecks and high costs; sadly, a paradigm of entrepreneurship as the expectation is that big business, government and others should create jobs.

Trade and investment between Japan and Africa hold great promise for Africa's socio-economic growth and development. As the world's second largest national economy, Japan needs to vigorously re-position itself with regard to financing for the development of African SMEs. The US$1 billion extended to the AfDB under the aegis of the Enhanced Private Sector Assistance (EPSA) initiative for Africa, which supports the AfDB's private sector development strategy, needs to be tapped into in order to boost the momentum for African growth and SMEs development.

UNDP had initiated negotiations with the Ministry of Foreign Affairs, Japan's

Multilateral Cooperation Bureau, JBIC as well as AfDB itself to come up with a viable and flexible financing mechanism in light of AfDB's management of these funds. It is hoped that Japan will vigorously work with the AfDB for the quick disbursement of these funds on behalf of African SMEs and a successful outcome of the EPSA initiative. The AABF series, as an important mechanism of the TICAD Initiative, has generated much interest since its inception. With better access to financial services on the part of micro-enterprises and SMEs, this laudable initiative has the potential to make an important contribution to enhancing intra-Africa trade, including agri-enterprises for stimulating rural economies and fortifying a nascent private sector on the continent.

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The TICAD Exchange Network is developed and managed by the TICAD UNDP/Africa Bureau with technical support by UNIDO and fully sponsored by the Government of Japan

http://www.ticadexchange.org/home.asp?menu=&ID=428&lan=en

PRESS RELEASE

United Nations Development Programme
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Forum On African Stock Markets Draws Wall Street Investors, UN's Annan

New York, 14 April 2003—Hundreds of international investors, analysts and capital markets experts today began a landmark two-day forum on African stock exchanges, focusing on new investment opportunities in the continent's fast-developing capital markets.

United Nations Secretary-General Kofi Annan is to deliver the keynote address tomorrow when the two-day forum moves from UN headquarters to New York's Wall Street district.

Dick Grasso, Chairman and CEO of the New York Stock Exchange (NYSE), will be at the forum along with Nigerian Stock Exchange CEO Ndi Okereke-Onyiuke, who also chairs the African Stock Exchanges Association (ASEA). The more than 500 participants at the forum range from Wall Street analysts and business journalists to institutional investors, finance ministers and high-level representatives from African stock exchanges.

"African stock markets are likely to grow in the future, especially as more countries create equity markets," said Zéphirin Diabré, Associate Administrator of the United Nations Development Programme (UNDP) and the second highest-ranking official in the institution.

Several billion dollars in transactions have been channeled through Africa's stock exchanges over the past two years. Tanzania, one of the newest exchanges, nearly doubled its market capitalization from US$398 million in 2001 to $695 million in 2002. Uganda's exchange rose from a market capitalization of $34 million to $52 million during the same period.

The African Capital Markets Development Forum, organized jointly by UNDP and the ASEA in collaboration with the NYSE, brings attention to steps that have been taken to make Africa's exchanges more efficient, accessible, trustworthy and attractive to foreign investors. The second day of the forum is to be held at JP Morgan Chase & Co in downtown Manhattan.

Leading experts on capital markets will review the incentives for investment in Africa as well as the progress to date of economic reforms. There will also be presentations on some of the best-performing African companies that are publicly listed.

The forum is the first in a series of UNDP-sponsored initiatives aimed at facilitating foreign investment in developing countries. UNDP also runs a programme to help developing countries obtain credit ratings from leading credit-rating agencies.

A new UNDP handbook on African stock markets will be distributed at the forum. With cross-country data, country profiles and detailed market information, the handbook provides a comprehensive overview of Africa's stock exchanges and offers information on new investment opportunities now accessible through the continent's emerging financial markets.

*** *** ***

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UNDP is the UN's global development network, advocating for change and connecting countries to knowledge, experience and resources to help people build a better life. We are on the ground in 166 countries, working with them on their own solutions to global and national development challenges. As they develop local capacity, they draw on the people of UNDP and our wide range of partners.

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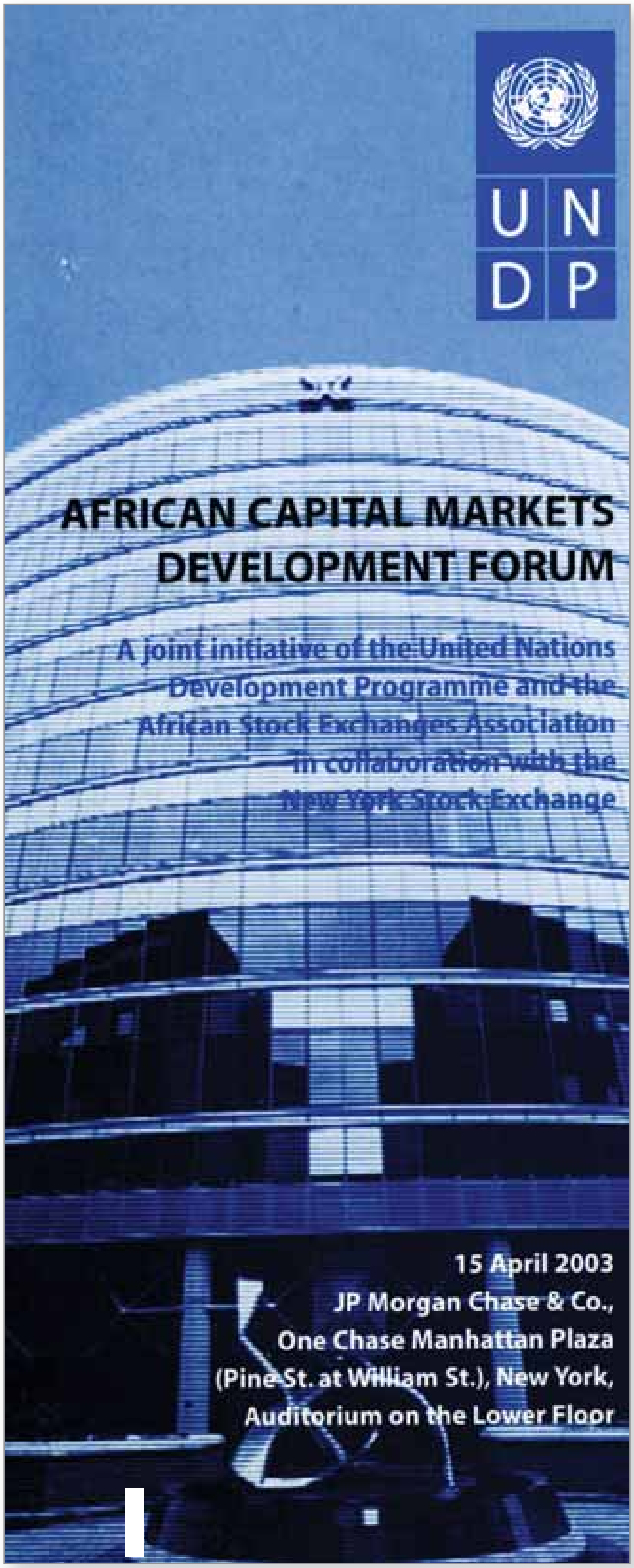


African Capital Markets Development Forum

Highlighting investment opportunities in Africa's expanding economies through African stock exchanges

The African Capital Markets Development Forum, a joint initiative of UNDP and the ASEA, in collaboration with the NYSE, features a keynote speech by the UN Secretary-General, plus presentations by African and international experts on the African stock markets and a review of the best-performing listed African companies.

It provides a unique opportunity for Wall Street analysts, money managers and business journalists to learn about the new investment opportunities in African capital markets.

15 April 2003

Registration
8:15-8:45 a.m.
(with continental breakfast)

Forum
8:45-12:30 p.m.

Keynote Address
H.E. Mr. Kofi Annan
Secretary-General of the United Nations

Chaired by
Claude Bébéar
Chairman and Founder, AXA (Paris, France)

Welcoming remarks

Mark Malloch Brown
Administrator
United Nations Development Programme

Dr. Ndi Okereke-Onyiuke
Chairman
African Stock Exchanges Association
& CEO of Nigerian Stock Exchange
Lagos, Nigeria

Robert G. Britz
President
New York Stock Exchange
New York, NY

Speakers and Topics (in aphabetical order)

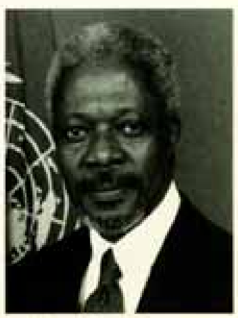
Charles Konan Banny
Governor of the Central Bank
of West African States (BCEAO)
Dakar, Senegal

The progress of economic reforms in Western Africa and its incentives for investment

Nicholas Biekpe *Head* *African Center for Investment Analysis* *Stellenbosch, South Africa*	Presentation on high performing listed African companies
James A. Harmon *Chairman and CEO* *Harmon & Co.* *New York, NY*	Investing in African Capital Markets
Walter H. Kansteiner *US Assistant Secretary of State for African Affairs* *Washington, DC*	US policies to promote African capital markets
Cyrille Nkontchou *Managing Director* *LiquidAfrica, London, UK*	Overview of the African Stock Exchange Industry
Yaw Osafo-Maafo *Minister of Finance* *Accra, Ghana*	Is Africa ready for portfolio investment?
Alan Patricof *Chairman* *Apax Partners*	(To be announced)
Timothy Thahane *Minister of Finance* *Maseru, Lesotho*	The progress of economic reforms in Southern Africa and its incentives for investment

Q & A with Investors and Journalists moderated by Claude Bébéar and Zéphirin Diabré, Associate Administrator of UNDP

Biographies of Speakers, Chairs and Presenters



H.E. Kofi Annan, Secretary-General, United Nations. Mr. Annan is the first Secretary-General from sub-Saharan Africa. He is a strong supporter of the New Partnership for Africa's Development and the African Union. In 2001, he issued a five-point "Call to Action" to address the HIV/AIDS epidemic—which he described as his "personal priority"—and proposed the establishment of a Global AIDS and Health Fund to help developing countries confront the crisis. The Secretary-General and the United Nations received the Nobel Peace Prize in December 2001. In conferring the Prize, the Nobel Committee said Mr. Annan "had been pre-eminent in bringing new life to the Organization".

Charles Konan Banny, Governor of the Central Bank of West African States (BCEAO). Mr. Banny started his career as a central banker at the Headquarters of BCEAO where he successively assumed the functions of Director of Administrative and Social Affairs, Central Director of Securities, Investment, Borrowing and Lending as well as Central Director of Research in 1983. He was confirmed as Governor of BCEAO through a decision of the Council of Ministers of the West African Monetary Union.

Claude Bébéar, Chairman and Founder, AXA. Mr. Bébéar founded the AXA Group and became its Chairman and CEO in 1984. Throughout the 1990s, he led AXA in its international expansion in the US and in Australia. Today, AXA is one of the top insurance companies in the world.

Nicholas Biekpe, Head, Africa Center for Investment Analysis. Professor Biekpe manages a leading research institution that provides education and training in African capital markets, and the collection and dissemination of financial and market data for both investment and research purposes. He is the Executive Editor of the African Finance Journal (1999-Present) and Vice President of the African Finance Association (1999-Present).

Robert G. Britz, President, New York Stock Exchange. Mr. Britz has been president of the New York Stock Exchange since January 2002. His areas of focus include market operations, the NYSE's data-processing and software-development initiatives, as well as the Exchange's information and international businesses.

Mark Malloch Brown, Administrator, United Nations Development Programme. Mr. Malloch Brown is also the Chair of the UN Development Group. He has overseen a comprehensive reform that has been widely recognized as making UNDP more focused, efficient and effective across the 166 countries where it works. Mr. Malloch Brown is also leading the UN system in developing a strategy to help support the achievement of the Millennium Development Goals.

Zéphirin Diabré, Associate Administrator of UNDP. Prior to joining the UN system, Mr. Diabré was an Economic Adviser to the President of Burkina Faso. He also held high-ranking positions, including Minister of the Economy, Finance and Planning; Minister of Trade, Industry and Mines; Founder and President of the Burkina Faso Management Association; Founder and Secretary-General of the Burkina Faso and France Business Association.

James A. Harmon, Chairman, Harmon & Co.
He is the Chairman and Chief Executive Officer of Harmon & Co., an international investment bank founded in 2001 to provide strategic advice to major corporations and governments. Mr. Harmon served as the Chairman, President and CEO of the Export-Import Bank of the United States (Export-Import Bank) and was nominated to a four-year term by President Clinton. During his tenure at Export-Import Bank, Mr. Harmon successfully guided the Bank through financial crises that hit the economies from Asia to South America to the Russian Federation.

Walter H. Kansteiner, US Assistant Secretary of State for African Affairs. Prior to assuming his duties at the Department of State, Mr. Kansteiner was a founding principal of the Scowcroft Group. He has more than 20 years experience with African and emerging market business issues. He has advised corporations on a wide range of mergers, acquisitions, and privatizations throughout Africa, Telkom South Africa, the largest privatization in Africa to date.

William J. McDonough, President, Federal Reserve Bank of NY. Mr. McDonough was appointed the eighth President and Chief Executive Officer of the Federal Reserve Bank of New York in 1993. In this capacity, he serves as the vice chairman and a permanent member of the Federal Open Market Committee, the group responsible for formulating the nation's monetary policy. Prior to his career with First Chicago, he worked for the US State Department and the US Navy.

Cyrille Nkontchou, Founder & Managing Director of LiquidAfrica. LiquidAfrica is a pan-African online business information service and trading platform that enables institutions and private investors to access information and trade into all African stock exchanges. Mr. Nkontchou is a former head of Sub Sahara equity research at Merrill Lynch & Co. in London. He was ranked in Financial Mail 1999 Analyst Survey and Greenwich 1999 Emerging Markets Survey. Before joining Merrill Lynch, he was a manager of Accenture in Paris, and specialized in financial markets information systems and management.

Ndi Okereke-Onyiuke, Chairman, African Stock Exchanges Association. Dr. Okereke-Onyiuke is the Director-General and Chief Executive Officer of the Nigerian Stock Exchange. As the head of the Exchange's Quotations Department, she was the Chairman for the Technical Committee on Privatization and Commercialization, which is now the Bureau for Public Enterprises. Her efforts as the Project Director of the Central Securities Clearing System (CSCS) Limited was crowned with success in automated delivery.

Yaw Osafo-Maafo, Minister of Finance, Ghana. Mr. Osafo-Maafo was appointed as the Management Director of the National Investment Bank in 1990. Appointed primarily to undertake the restructuring of the bank as part of the Financial Restructuring Programme of the Government of Ghana, he succeeded in turning the bank around to declare profits within two years. His contribution to the banking industry was recognized in the West African sub-region and was honoured as an outstanding contributor to Banking in the sub-region by the West African Bankers Association in 1989.

Alan Patricof, Chairman, Apax Partners. Mr. Patricof is co-Founder and Chairman of Apax Partners, one of the world's leading venture capital firms, with operations in eight countries and over US$11 billion under management. During the past 30 years, Mr. Patricof has participated in the financing and development of a large number of both public and private companies.

Timothy Thahane, Minister of Finance, Lesotho. Mr. Thahane worked for several years as Vice President and Secretary of the Board of Governors and the Board of Executive Directors of the World Bank (IBRD). His distinguished career in the IBRD started in 1974 when he was appointed as Alternate Executive Director for Africa Group I, and subsequently served as Executive Director, Deputy Chairman and Chairman of the IBRD Group's Joint Audit Committee, Vice President and Secretary of the IBRD and its Affiliates, and Vice President for United Nations Affairs.

Mobilizing private capital for development: A New Dawn for Africa

For decades, Africa has been a bystander as international capital markets broadened their reach and depth in emerging economies around the world. Now, under the New Partnership for Africa's Development (NEPAD), an initiative by African leaders to promote socioeconomic growth and end poverty, countries of the region are pursuing active involvement in the global economy—in part by mobilizing private capital through new and revitalized stock exchanges. These local equity markets are an integral part of a profound regional transformation that has resulted in most Africans living in open economies under democratically elected governments for the first time.

Objective

At the 2001 NEPAD meeting in Dakar on the role of the private sector, a series of United Nations Development Programme initiatives aimed at boosting foreign investment in Africa were announced by UNDP Associate Administrator Zéphirin Diabré, including support for the African stock exchanges. The African Capital Markets Development Forum has two main objectives:

- to promote investment in Africa through the stock exchanges; and
- to enhance the capacities of the African Stock Exchanges through sharing of experience and best practices.

Why invest in Africa?

Africa is the world's second largest continent after Asia, with an estimated total population of over 700 million people. In many ways, Africa is the final frontier for international capital markets. Only now, as African stock exchanges have displayed ever-greater openness to foreign investors, is the power of international finance spreading throughout the continent.

It is interesting to note that over half of these markets have posted spectacular returns at levels competitive with other emerging markets (e.g. Côte d'Ivoire, Egypt, Ghana, Mauritius, Namibia, Nigeria, Swaziland and Zimbabwe). These markets do offer real opportunities for companies to raise capital. Over the past two years, there have been transactions totaling $3.5 billion

Performance

		C2002 Index Return		Cumulative Annual Return (US Currency)[1]		
Market	Index	Local Currency	US Currency	2-year	3-year	5-year
sub-Saharan Africa (excl. South Africa)	(indices weighted average by market cap)		8.8%	19.3%	22.8%	36.8%
Johannesburg	JSE overall	-7.4%	27.9%	5.7%	-13.0%	-0.4%
UK	FTSE-100	-22.5%	-14.2%	-28.3%	-38.9%	-15.5%
US	S&P 500	-22.4%	-22.4%	-31.6%	-37.7%	-3.9%
Emerging Markets	MSCI EM EMEA	-12.4%	-7.5%			

(1) Annual index return includes dividends. 2 years = Jan. 2001 to Dec. 2002; 3 years = Jan. 2000 to Dec. 2002; 5 years = Jan. 1998 to Dec. 2002

Source: LiquidAfrica

of which about $1 billion involved raising capital (excluding South Africa). Overall, the total return from sub-Saharan African stock exchanges was 8.8% in 2002. The return from the Johannesburg Stock Exchange, which makes up over 75% of the total market capitalization, was 27.8% in the same year.

There are prospects for the development of regional markets anchored by three or four currency zones: the CFA zone for West Africa, the Rand zone in southern Africa, the Shilling zone in eastern Africa, and the Maghreb zone in northern Africa. The total return for the Abidjan-based Francophone West Africa market was 17.6% in 2002, and 27% for the past three years, before the current political crisis in Côte d'Ivoire.

Tanzania, one of the newest exchanges, nearly doubled its market capitalization from $398 million in 2001 to $695 in 2002. Uganda went from $34 million to $52 million during the same period. And there have been several successful Initial Public Offerings (IPOs): Africabank of Nigeria, with a current market capitalization of about $125 million, the East Africa Brewer of Kenya, with $130 million, and Orascom Telecom of Egypt, at $160 million.

There has been a surge of interest on Wall Street in the past few years, as evidenced by the establishment of a dozen Africa funds, including sub-Saharan markets outside South Africa. Several African stock markets appear poised for sustained real growth. The Egyptian market has the highest number of companies listed, with 3,000, while the South African market is the largest in market capitalization, at more than $180 billion.

- A critical requirement for the growth of local capital markets is consistent and transparent governance. Despite many conflicts, the continent has quietly undergone a democratic revolution. Since 1990, 42 of the 48 countries in sub-Saharan Africa have held multi-party elections. In the past few years alone, the long-governing parties of four nations—Ghana, Mali, Mauritius and Senegal—have peacefully handed over power to opposition rivals.
- A new generation of African leaders—President Wade of Senegal, President Mbeki of South Africa, President Obasanjo of Nigeria and President Bouteflika of Algeria, among others—is committed to good governance, greater transparency, and emphasis on investment and trade as well as aid and respect for human rights. Through NEPAD, they have set up a new peer review mechanism to ensure regional compliance with democratic principles.
- A number of African countries have introduced new laws on operation and promotion of local fund management industries as part of wider financial sector reforms. Consequently, new outfits have been set up in fund management, private equity and corporate advisory—all key requirements to increased institutional development of capital markets.

African stock markets are likely to grow in the future, especially as more countries create equity markets. Mobilizing private capital for socioeconomic growth and development will require much greater attention to the role of Africa's own financial markets.

The United Nations Development Programme, the UN's global development network, has sponsored the African Capital Markets Development Forum so that the business community and African decision-makers can work together to create opportunities for the continent's economic growth and human development. ■

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UNDP is the UN's global development network, advocating for change and connecting countries to knowledge, experience and resources to help people build a better life. We are on the ground in 166 countries, working with them on their own solutions to global and national development challenges. As they develop local capacity, they draw on the people of UNDP and our wide range of partners.

NYSE
New York Stock Exchange

ASEA
African Stock Exchanges Association

UN
DP

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NEWSBRIEFS

UNDP Forum on African Capital Markets Development

UNITED NATIONS, Apr 13 (IPS) -- The UN Development Programme in an attempt to explore and publicise investment opportunities offered by Africa's stock exchanges, is co-sponsoring the first African Capital Markets Development Forum on April 15 in downtown Manhattan. A joint initiative by UNDP and the African Stock Exchanges Association -- in collaboration with the New York Stock Exchange -- the Forum provides a unique opportunity for Wall Street analysts, money managers and business journalists to learn about the new investment opportunities in African capital markets.

According to UNDP, Africa has been a bystander for decades as international capital markets broadened their reach and depth in emerging economies around the world. Now, under the New Partnership for Africa's Development (NEPAD), Africa is pursuing active involvement in the global economy in part by mobilising private capital through new and revitalised stock exchanges. These local equities markets are an integral part of a profound regional transformation that has most Africans living in open economies under democratically elected governments for the first time. With offices in virtually every African country, UNDP says it is in a unique position to promote better understanding of Africa's capital markets.

The keynote speech will be delivered by UN Secretary General Kofi Annan. Other speakers listed on the agenda include Mark Malloch Brown, UNDP Administrator; Robert Britz, President, New York Stock Exchange; Claude Bébéar, Chairman and Founder, AXA; Alan Patricof, Vice-Chairman Apax Partners; Charles Konan Banny, Governor, Central Bank of West African States; Yaw Osafo-Maafo, Minister of Finance, Ghana; Timothy Thahane, Minister of Finance, Lesotho; Walter N. Kansteiner, US Assistant Secretary of State for Africa Affairs; and Ndi Okereke-Onyiuke, Chairman of the Africa Stock Exchanges Association. The Forum will take place on Tuesday, April 15, beginning at 8:45 am at the auditorium of the Chase Manhattan Bank at JP Morgan Chase & Co. at One Chase Manhattan Plaza (between Pine, Liberty, Nassau and William Streets).

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United Nations Development Programme

Newsfront

Wall Street forum highlights opportunities African stock exchanges offer

Tuesday, 15 April 2003: Wall Street money managers and analysts joined leaders of African stock exchanges at a forum at the United Nations in New York yesterday to discuss investment opportunities that can build African development and ways to strengthen African stock exchanges.

The forum winds up today at JP Morgan Chase & Co. offices in the Wall Street district. UNDP and the African Stock Exchanges Association organized the event in collaboration with the New York Stock Exchange.

UNDP Administrator Mark Malloch Brown told participants that they are the future of the continent's development. "UNDP is coming down from its ivory tower to focus on the public sector, since the great bulk of capital for development in Africa will come from the private sector, with governments providing the legal and financial framework," he said.

The continent's huge development challenges, including Millennium Development Goals such as halving poverty and hunger by 2015, cannot be achieved without economic growth fuelled by the private sector, he said, with stock markets playing a key role.

Alain Morvan, Senior Vice President for International Relations at the New York Stock Exchange, said that African capital markets have taken root and are blossoming. "Like stock exchanges worldwide, they need to assure investors that they are well regulated and managed, and the forum enables participants to exchange ideas to help achieve that," he said.

Ndi Okereke-Onyiuke, Chairman of the African Stock Exchange Association and Director-General of the Nigerian Stock Exchange, said that the forum's support for building the capacity of African stock markets will yield positive results. "Rather than the usual meetings with government officials, the forum offers investors the opportunity to meet with stock market operators who are expanding private sector opportunities," she said.

The Chairman of the forum, Zéphirin Diabré, UNDP Associate Administrator , noted that the forum's first day focused on key issues relating to strengthening African capital markets, and the second day will show investors on Wall Street the great potential that African stock markets hold.

Though Africa has long been a bystander on international capital markets, under the New Partnership for Africa's Development (NEPAD), the continent is now pursuing active involvement in the global economy through the private sector There is a surge of interest on Wall Street, including the establishment of a dozen Africa funds in recent years.

Local equities markets are part of a profound regional transformation that, despite conflicts, has enabled most Africans to live in open economies under democratically elected governments for the first time.

Panels yesterday covered the regulatory framework and governance of stock exchanges and how to improve liquidity and the efficient flow of information. Other topics included mechanisms for regional and global integration and trends in stock exchanges worldwide and lessons for Africa.

Stock exchanges in sub-Saharan Africa, excluding South Africa, registered an overall return of nearly nine per cent last year, and the return on the Johannesburg Stock Exchange in South Africa was almost 28 per cent. There are now stock exchanges in Botswana, Côte d'Ivoire, Egypt, Ghana, Kenya, Malawi, Mauritius, Morocco, Mozambique, Namibia, Nigeria, South Africa, Swaziland, Tanzania, Tunisia, Uganda, Zambia and Zimbabwe.

United Nations Development Programme

Newsfront

African stock exchanges attractive for investors, experts tell Wall Street

By Nicholas N. Gouede

Wednesday, 16 April 2003: The future of Africa's stock markets is the future of the poor in Africa, UNDP Administrator Mark Malloch Brown told investment managers, financial experts and heads of African stock exchanges in New York's Wall Street district yesterday. "The jobs, the businesses, the prosperity and the future of the region lies in its stock markets," he emphasized.

The returns in Africa are starting to be very impressive, said Mr. Malloch Brown, and this is linked to the future of the poor, since economic development is essential for mobilizing resources to achieve the Millennium Development Goals.

Mr. Malloch Brown spoke at the African Capital Markets Forum at JP Morgan Chase & Co., organized by UNDP in partnership with the African Stock Exchanges Association and the New York Stock Exchange. UNDP Associate Administrator Zéphirin Diabré chaired the event. It introduced the African Stock Markets Handbook, which provides investors with comprehensive data and market information on all 18 African stock exchanges.

Ndi Okereke-Onyiuke, Chairperson of the African Stock Exchanges Association and Director-General of the Nigerian Stock Exchange, said: "Poverty reduction comes through wealth creation, and African stock exchanges help create wealth and the long-term capital needed for development."

Noting that equity investors traditionally look for high growth opportunities, Bryant W. Seaman III, New York Stock Exchange Group Executive Vice President, International, said: "Africa offers an unparalleled opportunity in that regard."

"You come together because you believe in Africa -- its people and its potential," said UN Secretary-General Kofi Annan in a statement delivered by Deputy UN Secretary-General Louise Fréchette (since he was on a mission related to the Iraq crisis). "There can be no credible vision of a humane and peaceful world order for the 21st century that does not include a positive future for Africa," he said.

Most African countries are at peace, led by democratically elected leaders, noted Ms. Fréchette in her own statement. Under the New Partnership for Africa's Development (NEPAD) launched by African leaders, many of the private sector's priorities, such as effective regulatory systems and safeguards against corruption, have become Africa's priorities as well.

Claude Bébéar, Chairman and Founder of the AXA Group (Groupe AXA), the French insurance and financial management multinational, chaired panels on investment opportunities in Africa and investing in African capital markets. "Despite some of the weaknesses inherent in emerging markets, the potential of African stock markets is now greatly under-utilized," he said.

The high-level panelists discussed African reforms to encourage investment and proposed solutions to key challenges, such as mobilizing capital for small and medium-sized companies. "It takes money to make money, and we are seeking ways to increase capital availability," said Walter H. Kansteiner, US Assistant Secretary of State for African Affairs.

Other panelists included Ghana's Finance Minister Yaw Osafo-Maafo; Charles Konan Banny, Governor of the Central Bank of West Africa States; and T T Thahane, Lesotho's Finance Minister; Alan Patricof, Chairman of Apax Partners; James Harmon, Chairman of Harmon & Co., and Dr. Nicholas Biekpe, head of the African Center for Investment Analysis.

Cyrille Nkontchou, Managing Director of Liquid Africa, an online African investor services provider, presented highlights from the African Stock Markets Handbook, prepared by his company in partnership with UNDP.

TOKYO INTERNATIONAL CONFERENCE ON AFRICAN DEVELOPMENT

FOURTH AFRICA-ASIA BUSINESS FORUM (AABF IV)

Forging Business Linkages Between Africa and Asia

Overview

The Africa-Asia Business Forum (AABF), a series of intense face-to-face negotiations between selected African and Asian firms, aims at identifying business partners to enter into various types of deals such as joint ventures, franchising, licensing and technology transfer. Its ultimate objective is to attract investment into Africa and to increase trade between Africa and Asia. The concept of AABF was formulated as a direct outcome of the Second Tokyo International Conference on African Development (TICAD II), which recognized the significance of increased trade and investment between sub-Saharan Africa and Asia and the mutually beneficial learning process of the two regions.

According to statistical data by the World Bank, a TICAD co-organizer, African exports to Asia, while still small, grew significantly during the past 13 years. Of Africa's total export earnings estimated at about US$134 billion per year (2001–2003 average), 15 percent come from sales to Asia. The rate of increase in export values to Asia — about 10 percent per year — has been higher than the comparable rates for the European Union or the United States.

Over the same period, Asia's developing economies have significantly increased their imports from African countries. In fact, Asia's imports from Africa outpaced its imports from other regions except from Asia. Economies such as India, China, and Taiwan (China) have considerably increased the overall volume of their African imports.

The TICAD Initiative presents important opportunities to attain the Millennium Development Goals (MDGs). Achieving the MDGs hinges on a global partnership by which the industrialized nations of the world have pledged to assist developing countries that undertake sound economic and political reforms in a wide range of areas, including trade and technology. Given the prospects for achieving the MDGs in Africa, it is widely argued that strategic alliances would benefit African and Asian businesses as African leaders and development partners explore ways and means to achieve the MDGs.

Two AABF meetings were held between TICAD II and TICAD III - AABF I in 1999 in Kuala Lumpur, Malaysia, drawing 230 African and Asian businesspeople, and AABF II in 2001 in Durban, South Africa, drawing about equal number of African and Asian businesspeople. AABF III, which was held in 2004 in Dakar, Senegal, drew about 121 participants from 14 African countries and 26 participants from six Asian countries.

About AABF IV

Under the aegis of the Government of Japan and TICAD co-organizers, namely the Global Coalition for Africa, the United Nations Office of the Special Adviser on Africa (UN-OSAA), the United Nations Development Programme (UNDP), and the World Bank, and with the technical support of the United Nations Industrial Development Organization (UNIDO), AABF IV seeks to apply lessons learned in the previous fora.

The purpose of AABF IV, which is a major follow-up event to the Asia-Africa Trade and Investment Conference (AATIC) organized in the fall of 2004 in Tokyo under the TICAD Initiative, is to promote business partnerships between selected African and Asian firms, leading to more trade, investment, and technology transfer between the regions.

Venue and Date

AABF IV takes place at Kilimanjaro Hotel Kempinski, Dar es Salaam, United Republic of Tanzania, from 12 to 14 February 2007. The Forum is held back-to-back with the Small and Medium-sized Enterprise (SME)
Financing Symposium scheduled from from 14 to 16 February 2007.

Innovations

AABF IV also offers an opportunity for enhanced intra-African, including the African Diaspora and intra-Asian business partnerships. One of the innovative features is to provide opportunities for expert services on lending schemes by organizing the forum back-to-back with Technonet Africa's SME Financing Symposium, which is organized by the South-South Cooperation Unit of UNDP. The main function of Technonet Africa is to share the Asian experience in SME development in partnership with Technonet Asia.

Another innovative feature is the introduction to enhanced cooperation in the Japan External Trade Organization (JETRO) and Japan International Cooperation Agency's (JICA) "One-Village One-Product" movement, a strategic movement which aims to promote rural development by focusing on the unique resources and signature products of each locality. The "One-Village One-Product" movement started in the villages of Oita prefecture in Japan and replicated afterward in villages in China, Indonesia, Mongolia and Thailand, with pilot activities underway in Ghana, Malawi and Tunisia.

Preparatory process

The AABF IV process essentially replicates steps and activities featured in the previous fora – thus taking into account lessons learned. AABF IV involves a comprehensive preparatory process that is critical to its success. Companies that fulfill the selection criteria were invited in the three-day event. Interested companies were requested to apply through AABF IV focal points in their respective countries. Some potential participants have been the beneficiaries of capacity building workshops offered by the Afrasia Business Council established under the auspices of the TICAD Initiative as well as through the member institutions of Technonet Africa. A rigid screening of companies, development of eligible company/ project profiles, and the review of potential partners was carried out throughout the preparatory phase.

Targeted sectors

The following sectors were given priority while other sectors were given consideration based on the growth potential on a case-by-case basis:
Agriculture/food processing, textiles, pharmaceutical/health products, furniture, machineries, construction, transportation, tourism, environment, energy and mining.

Consideration was given to emerging issues such as corporate social responsibility, protection of intellectual property, and sustainable development including carbon credit trading. Members of the African Diaspora involved in doing business on the continent and women entrepreneurs were encouraged to participate in the Forum.

Countries targeted

The participating companies were selected from the following countries:

Africa
All countries.
Asia
Brunei, China, India, Indonesia, Japan, Malaysia, Pakistan, Philippines, Singapore, South Korea, Sri Lanka, Thailand and Vietnam.

The Forum

The forum features one-on-one business negotiations. Each selected firm has one-on-one sessions in a structured and managed working environment. A group of experts with experience in the forum's management as well as experts from the SME Financing Symposium are available to enable efficient business negotiations. In recognition that language could be a barrier, an interpretation service is used to facilitate the negotiations process between English and French-speaking participants. Exhibition booths are made available to interested participants at a cost to display their products and informational material.

Support from TICAD Co-organizers

Selected participants are provided with four-day lodging and meals covering their participation in the Forum. Airport pick-up and drop-off is arranged by the co-organizers. Consultations were held with the host government to explore ways to bring samples of merchandise for exhibition purposes or for business negotiations to be given assistance for easy customs clearance. Participants were requested to make their own travel arrangements to/from Dar es Salaam.

Follow-up to AABF IV

A follow-up mechanism for the deals made will be instituted in order to monitor and facilitate the implementation of business partnership agreements. Successful deals made at the Forum with supporting documents may have an opportunity to be considered for SME lending scheme as per the outcome of the SME Financing Symposium. AABF alumni associations will be set up in participating countries to work with AABF focal points on all phases of post-forum follow-up activities.

For more information on TICAD and AABF IV, see the following Web sites:
http://www.ticad.net
http://www.ticadexchange.org

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Features

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Follow-up to the Fourth Tokyo International Conference on African Development

Saturday, 01 May 2010

Keeping the promises made at the Fourth Tokyo International Conference on African Development (TICAD IV)

Sub-Saharan Africa has made substantial progress towards achieving the Millennium Development Goals (MDGs). However, major advances registered in the past few years in such development sectors as health and education have begun to slow or even reverse as a result of the global economic and financial crises, which culminated into reduction in aid flows from donor nations. Many analytical reports indicate that without additional efforts from donor countries to keep their commitments and stronger political will from the African leaders, some of the MDGs are likely to be missed in many countries. To address these challenges and fast track progress towards the implementation of the Yokohama Action Plan, African Ministers, TICAD co-organizers, namely the Government of Japan, the UN Office of the Special Adviser on Africa (UN-OSAA), UNDP, and the World Bank, are gathering from May 2 to 3 in Arusha, Tanzania, for the second TICAD Follow-up Ministerial Meeting.

Background

The second TICAD Follow-Up Ministerial Meeting is a follow-up to TICAD IV, one of the largest international conferences on African development held in May 2008. Organized under the theme "Towards a vibrant Africa: A continent of hope and opportunity", it issued the "Yokohama Declaration", outlining principles for advancing African development among TICAD stakeholders, as well as the "Yokohama Action Plan" and the "TICAD IV Follow-up Mechanism", laying out a road map for action-oriented initiatives centred around four main pillars, namely accelerating growth, achieving the MDGs, consolidating peace, and addressing environmental and climate change issues. TICAD IV was attended by representatives from 51 African countries, including 41 of heads of State and government, and more than 3,000 participants.

Support from the Government of Japan

It is worth noting that despite the global financial and economic crises and the change of the government, the host Government of Japan has kept the level of pledges made at Yokohama to double its official development assistance (ODA) to Africa in four years by already approaching the target amount of US $1.8 billion in 2008 through disbursement of US $1.75 billion excluding debt relief. The Government of Japan continues its efforts to secure a sufficient ODA to Africa.

Support in the area of trade, investment and tourism

Efforts made by Japan through Public-Private Partnerships (PPP) are yielding important joint ventures. In order to achieve tangible results toward the goal of doubling Japan's direct investment to Africa by 2012, various initiatives were undertaken in 2009. For

http://www.africainvestor.com/article.asp?id=6815

example, the Government of Japan has stepped up its efforts on "Public-Private Partnerships for Boosting Economic Growth" by proactively disseminating investment related information on Africa, and strengthening measures to support Japanese corporations business with Africa. In this context, at least 15 investment missions have been fi elded to Africa between January 2009 and March 2010.

Base/Bottom of the Pyramid (BoP)
In 2009, the Government of Japan initiated public support for the promotion of BoP, a sustainable business model targeting the poorer segments of the society which will contribute to the social and development agenda. Development of support mechanisms for BoP by the Japan International Cooperation Agency (JICA) and the Japan External Trade Organization (JETRO) is under way. It is also recognized that in order to sustain BoP business, a value chain approach to incorporate those at the base as market, consumers and producers etc. is essential. In this context, the "One Village, One Product" (OVOP) approach is being pursued by JICA and JETRO, and the "One Village Industrial Cluster" (OVIC) approach by UNIDO.

Efforts by UNDP and other TICAD co-organizers
Organized by UNDP under the theme of "Forging Business Linkages for Sustainable Tourism Development in Africa", and funded by the Government of Japan, the fifth Africa-Asia Business Forum (AABF V), held in June 2009 in Kampala, Uganda, yielded 28 MoUs and partnership arrangements for a total value of $245.43 million, breaking the value recorded in a single AABF in the past. The Forum attracted over 349 participants from 35 countries in Africa and Asia, representing business, government, international organizations, civil society and the media. UNDP launched the report on Growing Inclusive Markets (GIM) and presented the Growing Sustainable Business (GSB) initiative. The South-South Global Assets and Technology Exchange (SS-GATE) System was introduced as a platform that facilitates market-driven and transparent exchange of technology, assets, services and financial resources among private and public sectors, and civil society organizations.

African counties are striving to improve their business climate. According to the World Bank's 2010 "Doing Business" report, 18 African countries have improved their rankings compared to the 2009 report.

Promotion of tourism
A study on tourism "Overview of Tourism to Africa: with reference to the Asian and Japanese outbound markets" published by UNDP in cooperation with UNWTO in the framework of follow-up to AABF V underscores the benefit of pro-poor tourism on the continent. It was launched in September 2009 in Tokyo during the annual World Travel Fair organized by Japan Association of Travel Agents. The report was disseminated extensively at the Pan-African Tourism Investment Summit held from February 15 to 17, 2010, in Harare, Zimbabwe. Policy recommendations at AABF V were: (i) the importance of holistic public-private partnerships, (ii) the need for targeted marketing strategy based on trends and profile analysis, (iii) tourism development should be environmentally sustainable and pro-poor, (iv) Africa's image should be improved through strategic public relations campaigns, and (v) effective utilization of the various support measures offered by the TICAD Partners.

The way forward
TICAD co-organizers are keen to keep the promises made at the historic TICAD IV including the areas of trade, investment and tourism. Identifying effective roles that private-public partnerships can play, including exploring new frontiers in BoP and Corporate Social Responsibility (CSR), is essential to move the TICAD IV agenda forward.

For further information, please contact:
Nicholas N. Gouede (communications contact for TICAD co-organizers), TICAD/UNDP Africa Bureau, New York.
Email: nicholas.gouede@undp.org, Telephone: +1 (212) 906-5954.

You may also access TICAD Annual Progress Report at
http://www.mofa.go.jp/region/africa/ticad/ticadfollow-up/report/index.html

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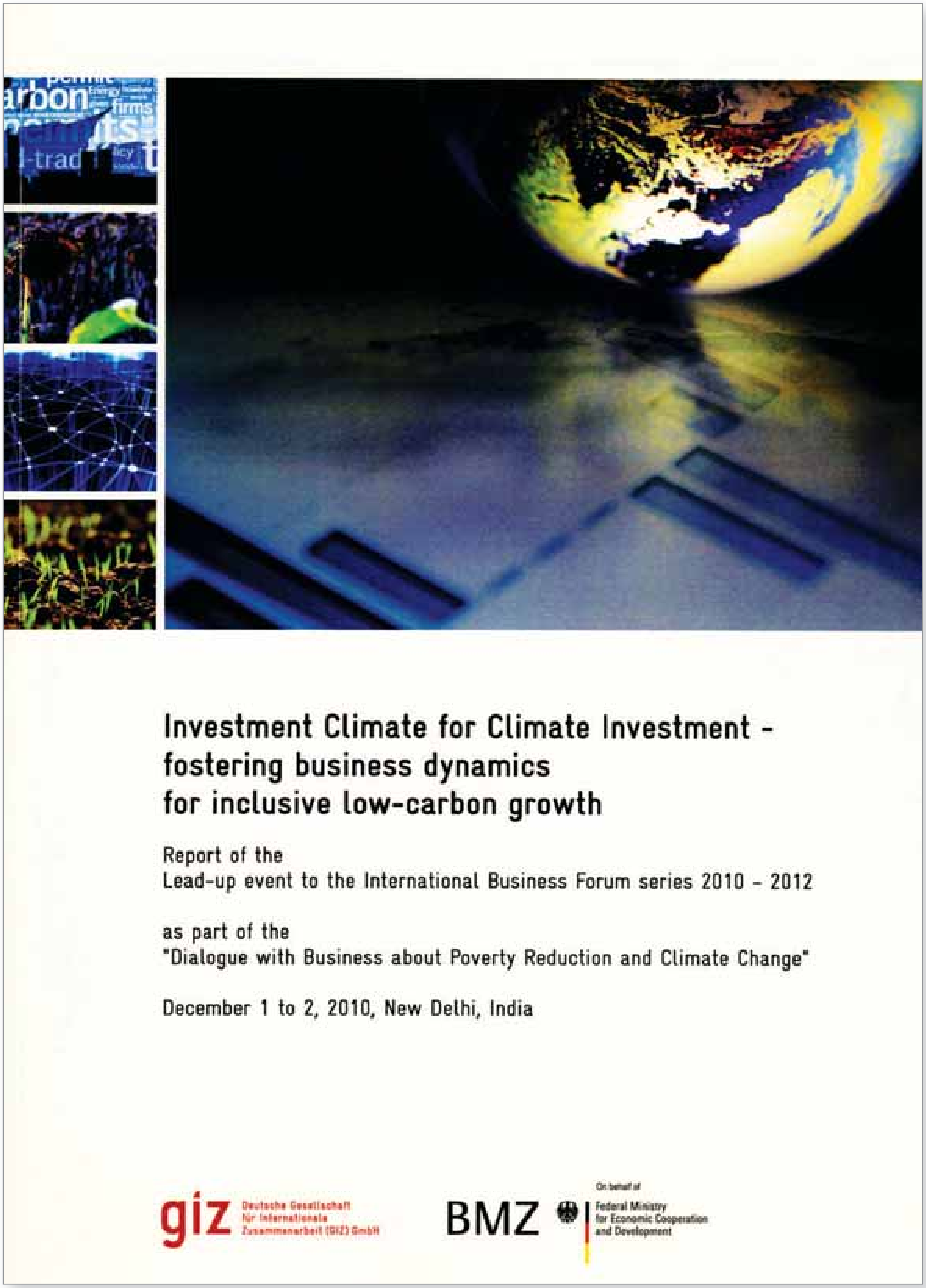

Investment Climate for Climate Investment - fostering business dynamics for inclusive low-carbon growth

Report of the
Lead-up event to the International Business Forum series 2010 - 2012

as part of the
"Dialogue with Business about Poverty Reduction and Climate Change"

December 1 to 2, 2010, New Delhi, India

giz Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

BMZ On behalf of Federal Ministry for Economic Cooperation and Development

Lead-Up Event

The Working Group Session

Moderator: Michael Mowlam, Director, Inspiris

Prof. A. Damodaran

"Predictability of the policy and legal frameworks is the key issue for private finances to flow."

Prof Damodaran of the Indian Institute of Management in Bangalore is an academic expert in the field of environmental economics and finance as well as international property rights.

For Mr. Damodaran the most important governance issues for making private capital flow for climate investments the following:

- Predictability is the key condition for private capital to flow into climate investments. Governments must give a sound yes or no on their climate commitments internationally and must develop clear and coherent policies at the national levels.
- The climate change agenda must be federalized. It is necessary to develop regional and local solutions to climate change.

Key issues to be tackled in the policy framework for countries like India:

- How to incorporate small enterprises in the informal economy into climate change mitigation and adaptation.
- How to facilitate co-innovation to develop climate friendly technologies adapted to local needs and demands.

Nicholas Gouede

"During this Forum we have heard a lot about North-South development models. But I do not think I have heard that much about South-South cooperation. And I believe that particularly trade and investment have a great role to play here."

Nicholas Gouede is Programme Specialist of TICAD, the Tokyo International Conference on African Development, in the TICAD/UNDP Regional Bureau for Africa. TICAD is a global framework to facilitate the implementation of initiatives for promoting African development under the dual principle of African "ownership" and international "partnership".

Mr. Gouede considers the following points as key governance issues to facilitate climate investments:

- South-South cooperation in the field of climate change is a promising avenue for investments and technology transfer not yet fully exploited.
- Transparency and accountability in the governance as well as peer learning are crucial for improving the framework conditions for climate investments. Mechanisms at the regional level such as the African Peer Review Mechanism should play a greater role in the governance architecture.
- The access to finance for SMEs.

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Discussion

Participants pointed out that not all corporations are suited for developing BoP business models. If a company looks at its core business through a short term lens then sustainability is not interesting. However, there are already some initiatives which can promote this sort of long-term approach, for example the Global Reporting Initiative. Also on the policy level, a tectonic shift is happening; for example, OECD is experimenting with alternatives to the traditional measure of growth, the GDP.

Key ideas on how to accelerate the spread and impact of BoP models:

- Multi-stakeholder partnerships
- Skills development and empowering the BoP through community organization and integration into business models
- The importance of assessments and measurements regarding social and environmental benefits as well as ensuring that whatever is done does make business sense

Road map for integrating the topic into the following IBF series:

- Have a robust discussion that goes deeply into the issue, focusing on existing problems particularly with regard to climate change adaptation and mitigation business models and jointly working on solutions
- More direct visual experience of BoP models through attendees working in BoP business models, a market place etc. Address the topic of creating a sustainable supply chain by a BoP approach
- Go beyond just discussions and facilitate partnerships between people attending as well as encourage the formation of collaborations to pursue new ideas

PRESS RELEASE

United Nations
Development Programme

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UNDP initiatives seek to attract investment to boost new African development plan

Dakar, 16 April, 2002---Addressing more than 900 participants during the Conference on the Partnership with the Private Sector for Africa's Development in Dakar yesterday, Zephirin Diabre, Associate Administrator of the United Nations Development Programme (UNDP), announced three programmes to be launched this year to help increase foreign investment in Africa.

"The investment potential in Africa is huge," said Mr. Diabre, the only United Nations official on the opening ceremony programme of the meeting, organized under the New Partnership for Africa's Development (NEPAD). "But investors are confronted in most countries with many obstacles and constraints. Supporting countries define and implement policies that can create an enabling environment for investment will be a top priority for UNDP in the context of its support for NEPAD."

In the first initiative, Mr. Diabre said, UNDP is helping developing countries obtain a credit rating from well-known agencies such as Standard and Poor's, Fitch or Moody's -- a critical step in convincing private investors to move into a particular country. A UNDP-established trust fund is assisting countries that have achieved strong macroeconomic performance obtain these ratings.

"Stock markets are critical in mobilizing national and international savings," he said, explaining that in the second programme, UNDP is fostering emerging African stock exchanges. In November in New York, in partnership with the New York Stock Exchange, UNDP plans to organize a forum to promote investment in Africa through Stock Exchanges. This event will showcase African stock markets to institutional investors from the New York Stock Exchange and allow them to highlight their solid financial and legal structures.

The third initiative builds on UNDP's on-going series of roundtables in Africa and seeks to organize in selected countries in the region investment dialogues like the Dakar conference, which brought to Senegal a number of high profile business leaders.

Among them was Stephen Hayes, President of the US-Based Corporate Council on Africa (CCA), an organization which represents 185 companies currently doing business in Africa. Mr. Hayes detailed several initiatives that CCA is undertaking to provide backing to NEPAD and to ensure that more Americans invest in Africa. These include designing a new plan to contribute to efforts to mobilize private sector support for development in Africa and working with the regional economic organizations to establish business training centres across the continent to promote growth in the small business sector.

Explaining that the success of NEPAD is directly linked to the self interest of US businesses, "Your success is our success," he said.

The opening day of the conference featured the participation of 22 heads of state, prime ministers, vice presidents and ministers, as well as representatives of the private sector, development agencies and non-governmental organizations from 40 countries. The meeting will conclude today with a ceremony to lay the cornerstone for the African Renaissance Memorial.

*** *** ***

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United Nations Developmenty Programme (New York) 17 APRIL 2002

Africa: UNDP Promotes 'Huge' African Investment Potential

New York — UNDP is launching three new programmes to encourage foreign businesses to invest in Africa, Zéphirin Diabré, Associate Administrator, told more than 900 participants at a conference on partnership with the private sector in Dakar, Senegal this week.

"The investment potential in Africa is huge," said Mr. Diabré, "but investors are confronted in most countries with many obstacles and constraints." Helping countries define and implement policies to create "an enabling environment" for investment will be a "top priority" for UNDP in supporting the New Partnership for Africa's Development (NEPAD), he said.

NEPAD, an initiative by African leaders to promote growth and development to end poverty and widen Africa's role in the global economy, organized the event, which concludes today. More than 20 African leaders are participating, along with representatives from the private sector, development agencies and civil society from 40 countries.

The first UNDP initiative will help countries with positive economic indicators obtain a credit rating from such agencies as Standard and Poor's, Fitch or Moody's. These ratings are a critical yardstick used by private investors in making decisions on where to do business. A trust fund established by UNDP will provide financial and technical assistance to help countries negotiate with credit rating agencies and monitor their performance indicators.

In the second programme, UNDP is joining with the New York Stock Exchange in organizing a forum in New York in November to promote investment in Africa through African stock exchanges.

"Stock markets are critical in mobilizing national and international savings," said Mr. Diabré. The event will enable institutional investors to learn about the "solid and trustworthy financial and legal architecture" of African stock exchanges and the investment opportunities they offer, he said.

The third initiative will be investment dialogues in selected countries to enable business leaders to discuss concrete investment proposals.

The private sector also announced new initiatives at the conference.

Stephen Hayes, President of the US-based Corporate Council on Africa, which represents 185 companies doing business in Africa, spotlighted his organization's support for NEPAD, saying, "Your success is our success." The council is mobilizing private sector support for African development, he said, and helping set up business training centres in Africa to encourage expansion of the small business sector.

For further information, please contact Cassandra Waldon or Nicholas Gouede, UNDP Communications Office.

Public investment and South Africa Newsletter

(Number 5)
View PDF
by American Committee on Africa
with Dumisani Kumalo, Nicholas Gouede

New York, New York
May 1984

8 pages

Organization: American Comm on Africa
Browse other objects related to organization

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Language: English

In a cover letter Dumisani Kumalo says the campaign to end investment of public funds in banks and corporation dealing with South Africa was met by a very determined opposition this past year; U.S. companies that are supporting apartheid, are trying to take advantage of this being an election year by traveling around the country testifying and lobbying against divestment, most of the time accompanied by South African government officials. Kumalo says the campaign won an exciting victory when Washington DC unanimously passed a bill requiring the divestment of pension funds. The newsletter includes a state by state report on the campaign to get states and c to divest public funds from companies doing business in South Africa and Namibia including in: Alabama, Arizona California (including Santa Cruz), Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Maryland, Michigan, Minnesota Nebraska, New Jersey, New York (including New York City), Ohio (including Cleveland), Pennsylvania, Rhode Isla Wisconsin, and Washington, DC.

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American Committee On Africa

198 Broadway, New York, N.Y. 10038 / (212) 962-1210 / Cable AMCOMMAF

May 1984

Dear Friend,

The campaign to end investment of public funds in banks and corporations dealing with South Africa was met by a very determined opposition this past year. First of all, the US companies that are supporting apartheid, are trying to take advantage of this being an election year by travelling around the country testifying and lobbying against divestment, most of the time accompanied by South African government officials. In fact, in some states, including Maryland, Nebraska and Nevada, state legislators were invited to visit South Africa at the apartheid regime's expense with the understanding that they would come back and join the fight against divestment. But, despite all such efforts, 19 states, the District of Columbia, a major county and some cities debated legislation, with several approving it.

The campaign won an exciting victory when Washington DC unanimously passed a bill requiring the divestment of pension funds and thereby, for the first time, forcing the US Congress to take a vote on divestment legislation. Because of its special status and lack of home rule, Washington's bill was referred to Congress. And, judging by the influence that the South African regime had with some conservative members of Congress, we expected trouble ahead. We were right. Congressman Phillip Crane, a long-time supporter of apartheid, tried to block the DC divestment bill by introducing a resolution containing the usual propaganda arguments used by the apartheid regime in its fight against divestment. City Councilmember John Ray, who had introduced the DC bill, made sure that when Congress held hearings, the people who supported divestment came to testify. The House District Committee also heard several witnesses, including "financial experts" who claimed that "million dollar losses" would be incurred if the divestment bill was passed. On February 14, in a bipartisan 10-2 vote, the House District of Columbia Committee voted to defeat Crane's resolution, thereby supporting the divestment bill. Months of hard work by local activists who had formed a broad coalition called DC Divest had paid off with a significant victory.

In Nebraska, the apartheid regime spent a reported $10,000 to fly five key legislators to South Africa. This was after Senator Ernest Chambers had introduced a divestment bill on state pension funds and the Nebraska Retirement System Committee had voted 4-2 in favor of it. Despite every other effort by the apartheid regime and the corporations, the Nebraska legislature finally passed a divestment bill, but with an amendment that pension funds be removed from companies that did not comply with the "Sullivan Principles." Like everyone else, supporting divestment, Senator Chambers was opposed to the "Principles" being used as a criteria for divestment, but this was all he could get for now. He is determined to continue the fight until all Nebraska funds stop subsidizing apartheid. Incidentally, it was a divestment resolution introduced by Senator Chambers in 1980 that launched divestment efforts around the country.

Executive Director: Jennifer Davis / **Associate Director:** Paul Irish / **Research:** Gail Hovey / **Projects:** Dumisani Kumalo / **Literature:** Richard Knight

The Nevada legislature did not meet this year, but that did not stop the apartheid regime from spending thousands of dollars to pay for two key state senators to visit South Africa. Meanwhile, Senator Joe Neal, who had a divestment bill pending in the legislature, was personally visited by a member of the South African Consulate office from Beverly Hills who told him how things had allegedly "changed" in South Africa.

Important votes are pending in Illinois, New York, and Michigan this spring. In Illinois, a divestment bill supported by the Speaker of the Assembly and a broad coalition of churches, unions and community organizations, is awaiting a vote after the US companies and the South African government representative launched an intensive campaign against it.

For the first time in New York, trade unions, churches and a wide spectrum of community organizations have rallied behind a bill introduced by Assemblyman Herman D. Farrell Jr.

With the South Africans and the corporations spending millions to combat our campaign we are in for a tough fight from here on in. But the experience in DC shows that with organization, determination, and persistence, we can win.

Sincerely,

Dumisani Kumalo
Projects Director

PUBLIC INVESTMENT AND SOUTH AFRICA

NEWSLETTER

Number 5 May 1984

ALABAMA

State Action: On February 7, 1984, Representative James Buskey reintroduced a bill modeled on the successful Massachusetts legislation requiring divestment of state pension funds from banks and corporations investing in South Africa. There have been hearings in the House Ways and Means Committee, but a vote has not yet been taken.

ARIZONA

State Action: Representative Art Hamilton and Senator Tony West introduced legislation which has been attached to HB 2020 which prohibits the investment of public funds in enterprises headquartered in or who have the majority of their interests based in South Africa. This includes a prohibition on the purchase of precious metals from South Africa. The bill is awaiting action by the Senate.

CALIFORNIA

State Action: Assemblywoman Maxine Waters reintroduced Assembly bill 808 which stipulates that after January 1, 1989, no state funds shall remain invested in any corporation or any bank doing business in South Africa.

A public hearing in the Assembly Finance and Insurance Committee was held on January 10, 1984. The bill was defeated by a vote of 5 to 8. Assemblywoman Waters will introduce the bill again next year.

City Action: Santa Cruz: On November 8, 1983, Mayor John Laird of the City of Santa Cruz signed an ordinance which prohibits the investment of public funds in banks doing business in or with South Africa. The divested funds will be reinvested to create jobs, housing, and other services for local residents.

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198 Broadway, New York, NY 10038

May 1984, Newsletter Number 5, p.2

FLORIDA

State Action: Speaker Pro Tem Steve Pajcic introduced a bill in December 1983 calling for state funds, including pensions, to be divested over a three-year period from banks and corporations operating in South Africa. The bill passed the Retirement Personnel Collective Bargaining Committee and is awaiting action by the House Appropriations Committee.

GEORGIA

State Action: Representatives Tyrone Brooks, Betty J. Clark and J.C. Daugherty introduced House bill 1202 on January 18, 1984. The bill prohibits public retirement systems funds from being invested in banks operating in or dealing with South Africa.

Senators Julian Bond, Horace E. Tate and David Scott introduced Senate bill 543 on February 9, 1984. The bill states that no state funds shall be invested or deposited in any financial institution which has outstanding loans to South Africa. Both bills are awaiting action.

ILLINOIS

State Action: On April 4, 1984, more than 200 representatives of trade unions, churches and community organizations visited Springfield to lobby on behalf of a divestment bill introduced by Representative Carol Moseley Braun and co-sponsored by the House Speaker, Representative Michael Madigan. Bill 569 prohibits the investment of state funds in banks making loans to South Africa. The bill has passed out of committee and is now before the House for final passage, but voting has been postponed. South African government officials and U.S. corporations have lobbied strongly against the bill.

INDIANA

State Action: Representative William Crawford reintroduced a bill to remove corporations investing in South Africa or Namibia from the list of approved investments for state and local funds. The bill was not heard this year. Representative Crawford is organizing a stronger coalition for the 1985 legislative session with church, union and civil rights organizations.

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IOWA

State Action: On April 20th, the Iowa legislature passed an Appropriations Bill with an amendment requiring that the Iowa Public Employee Retirement System Investment Board make no future investment of state pension funds in banks and companies dealing with South Africa. The amendment further requires the Investment Board to vote their stock at shareholders meetings against investing in apartheid. The amendment was introduced by Senator Charles Bruner, Chairman of the State Investment Board. The bill is awaiting the governor's signature. This success follows initiatives taken by Senator Thomas Mann and Representative Michael Connolly which were narrowly defeated in Committee.

KANSAS

State Action: Representative Norman Justice reintroduced House bill 2880 on February 22, 1984. There have been hearings in the House Committee on Pensions, Investments and Benefits but there was no action taken.

MARYLAND

State Action: Senator Clarence M. Mitchell III, president of the National Black Caucus of State Legislators introduced a divestment bill on March 14. As amended, the bill would prohibit future investments in South Africa and it was passed in the Senate. At the same time, Delegates Howard P. Rawlings and Wendell Phillips had introduced a similar bill in the Assembly. On April 9, the last day of the session, the Assembly voted the bill down. It is expected to be reintroduced next year.

MICHIGAN

State Action: House bill 4516, sponsored by Representatives Perry Bullard and Virgil C. Smith, Jr. and modeled on the comprehensive Massachusetts legislation, is held up in the Retirement Fund Committee. Representative Smith is working out an agreement with the treasurer which will get the bill out of committee and bring it before the legislature.

MINNESOTA

State Action: Senator Allan Spear and Representative Randy Staten reintroduced divestment legislation in both the Senate and the House. The bills prohibit future investments of funds by the State Board of Investment

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in corporations and banks that do business in South Africa and Namibia. There were hearings in the House and Senate on March 12, 1984. Corporations bussed in retirees to protest the bill. A vote was postponed until later in the session.

NEBRASKA

State Action: On April 9, the Nebraska legislature passed a divestment bill by a vote of 29-19 that will take effect as of January 1, 1987. The bill calls for the divestment of pension funds from corporations that do not meet the "highest rating of the Sullivan Principles." In 1980, Nebraska passed a divestment resolution introduced by Senator Ernest Chambers. Since then, Senator Chambers has been working to make the resolution binding.

NEW JERSEY

State Action: Assemblyman Willie B. Brown introduced Assembly bill 1309 on February 23, 1984. The bill requires divestment of state pension funds from companies doing business in South Africa. The bill is pending in the Assembly State Government Committee, and is co-sponsored by the House Speaker Alan J. Karcher.

In other action, Senator Wynona M. Lipman reintroduced Senate Joint Resolution #16 on January 23, 1984. The resolution calls upon the government of South Africa to rescind its apartheid policy. The Resolution is pending in the Senate State Government Committee.

NEW YORK

State Action: On January 13 and 17, the Assembly Banking Committee held hearings in New York City and Albany on divestment bills introduced by Assemblyman Herman D. Farrell, Jr., who is chairman of the committee. The bills call for an end to the investment of public funds in banks and corporations dealing with South Africa and are still pending before the New York Assembly. Since the hearings, meetings attended by representatives of trade unions, churches and community organizations were held in Syracuse and New York City to formulate strategies to support these bills. The New York State Council of Churches has voted to support divestment legislation and to work for its passage. The legislature is expected to start considering these bills after the Easter recess.

City Action: New York City: Council Member Ruth Messinger has introduced a

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bill in the City Council which would prohibit the city from accepting bids from companies having operations in South Africa and prevent the city from purchasing any South African product. The bill known as "Intro. 619" is co-sponsored by City Council President Carol Bellamy and 10 other Council members. Hearings will be held.

In a separate action, several trustees of the New York City pension system are discussing a strategy for divesting the pension fund system from corporations and banks operating in South Africa. The fund has over $8 billion in assets.

OHIO

State Action: Senator William Bowen, chairman of the Senate Finance Committee introduced divestment legislation. The bill passed out of committee and is awaiting a hearing on the Senate floor.

City Action: Cleveland: On March 12, the county of Cuyahoga which includes the city of Cleveland passed a unanimous binding resolution sponsored by Commissioner Timothy Hagan calling on the County Investment Advisory Board not to invest its taxpayers funds in banks dealing with the Government of South Africa.

PENNSYLVANIA

State Action: Senator Freeman Hankins and Speaker of the House, Leroy Irvis have introduced bills in their respective houses to divest pension funds from banks and corporations dealing with South Africa. Both bills are still pending.

RHODE ISLAND

State Action: Senator David Carlin introduced new divestment legislation which was referred to the Senate Corporation Committee on February 29, 1984. On March 23, 1984, the Senate voted to transfer the bill to the Senate Finance Committee. No action has yet been taken.

WISCONSIN

State Action: Bill 834 introduced by Assemblywoman Marcia Coggs, prohibits public funds from being invested by the State Investment Board in corporations doing business in or with South Africa. It was heard on February 21, 1984 by the Committee on Government Operations. The bill is still pending.

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WASHINGTON, D.C.

For the first time, the U.S. Congress had the opportunity to debate divestment legislation when a divestment bill passed unanimously by the D.C. City Council, came before the House District Committee for approval. As expected, Congressman Phillip Crane, a long-time supporter of South Africa, introduced a resolution to block the D.C. bill. Hearings were held on Crane's resolution and witnesses, including a financial "expert" who claimed that D.C. would "lose millions" by divesting, were called to testify. However, the House District Committee voted on February 14 by an overwhelming and bipartisan margin of 10-2 for the D.C. pension funds to be divested.

Prepared by: Nicholas Gouede

# # # #

New Publications Available:

____ The South Africa Fact Sheet summarizes in four pages of facts and graphs the inequalities of life under the racist apartheid system and key facts about US economic involvement. $.30 each, $.15 over twenty.

____ Southern Africa Film Guide is a compendium of recent films available with brief narratives and listings of distributors and prices. $1.00

____ Economic Disengagement and South Africa: The Effectiveness and Feasibility of Implementing Sanctions and Divestment is a thorough review of the arguments in a 34 page article for a prestigious law journal published by Georgetown University, "Law and Policy in International Business." Written by ACOA Executive Director Jennifer Davis, Research Director Gail Hovey and consultant James Cason. $2.00

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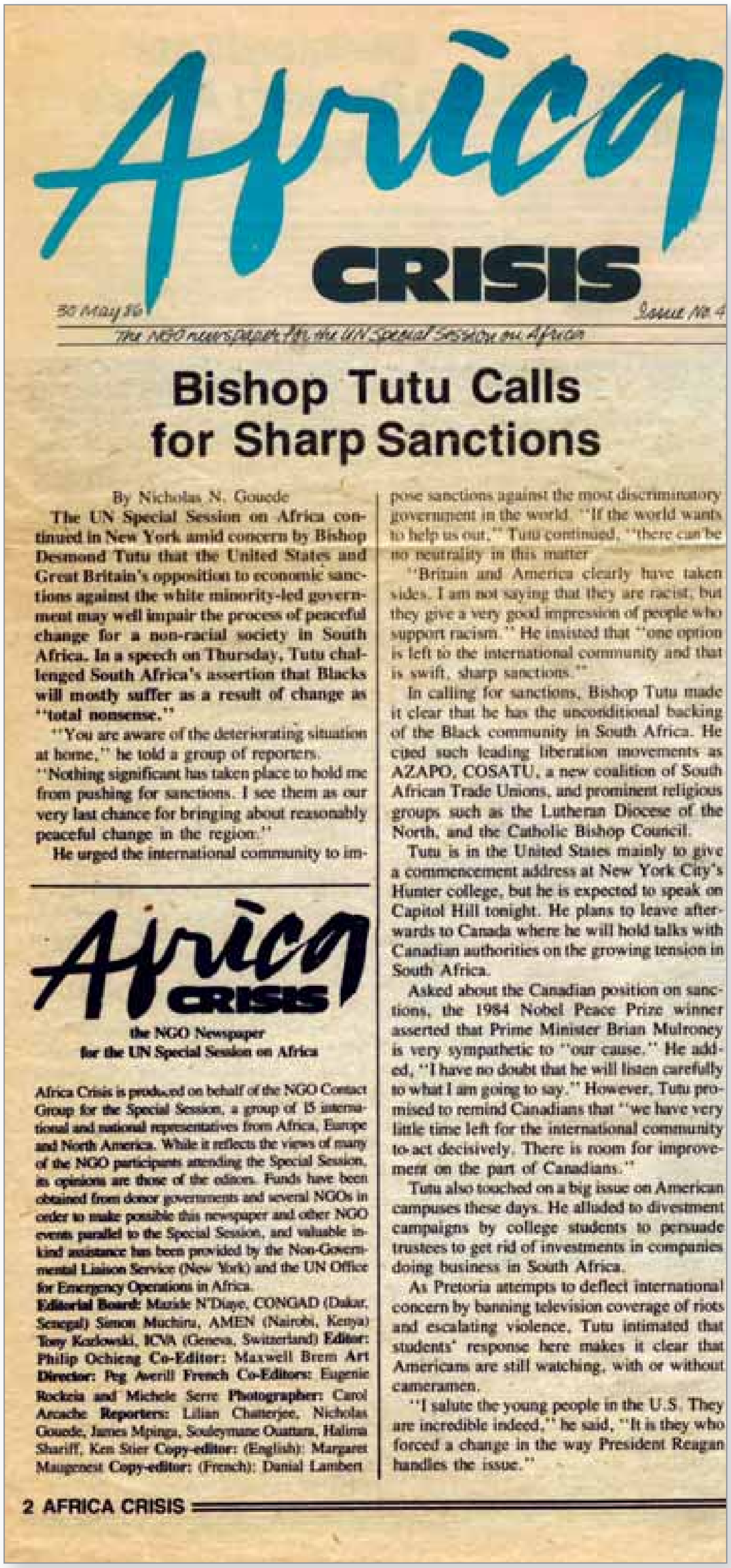

Africa CRISIS

30 May 86 Issue No 4

The NGO newspaper for the UN Special Session on Africa

Bishop Tutu Calls for Sharp Sanctions

By Nicholas N. Gouede

The UN Special Session on Africa continued in New York amid concern by Bishop Desmond Tutu that the United States and Great Britain's opposition to economic sanctions against the white minority-led government may well impair the process of peaceful change for a non-racial society in South Africa. In a speech on Thursday, Tutu challenged South Africa's assertion that Blacks will mostly suffer as a result of change as "total nonsense."

"You are aware of the deteriorating situation at home," he told a group of reporters. "Nothing significant has taken place to hold me from pushing for sanctions. I see them as our very last chance for bringing about reasonably peaceful change in the region."

He urged the international community to impose sanctions against the most discriminatory government in the world. "If the world wants to help us out," Tutu continued, "there can be no neutrality in this matter.

"Britain and America clearly have taken sides. I am not saying that they are racist, but they give a very good impression of people who support racism." He insisted that "one option is left to the international community and that is swift, sharp sanctions."

In calling for sanctions, Bishop Tutu made it clear that he has the unconditional backing of the Black community in South Africa. He cited such leading liberation movements as AZAPO, COSATU, a new coalition of South African Trade Unions, and prominent religious groups such as the Lutheran Diocese of the North, and the Catholic Bishop Council.

Tutu is in the United States mainly to give a commencement address at New York City's Hunter college, but he is expected to speak on Capitol Hill tonight. He plans to leave afterwards to Canada where he will hold talks with Canadian authorities on the growing tension in South Africa.

Asked about the Canadian position on sanctions, the 1984 Nobel Peace Prize winner asserted that Prime Minister Brian Mulroney is very sympathetic to "our cause." He added, "I have no doubt that he will listen carefully to what I am going to say." However, Tutu promised to remind Canadians that "we have very little time left for the international community to act decisively. There is room for improvement on the part of Canadians."

Tutu also touched on a big issue on American campuses these days. He alluded to divestment campaigns by college students to persuade trustees to get rid of investments in companies doing business in South Africa.

As Pretoria attempts to deflect international concern by banning television coverage of riots and escalating violence, Tutu intimated that students' response here makes it clear that Americans are still watching, with or without cameramen.

"I salute the young people in the U.S. They are incredible indeed," he said, "It is they who forced a change in the way President Reagan handles the issue."

Africa CRISIS

the NGO Newspaper
for the UN Special Session on Africa

Africa Crisis is produced on behalf of the NGO Contact Group for the Special Session, a group of 15 international and national representatives from Africa, Europe and North America. While it reflects the views of many of the NGO participants attending the Special Session, its opinions are those of the editors. Funds have been obtained from donor governments and several NGOs in order to make possible this newspaper and other NGO events parallel to the Special Session, and valuable in-kind assistance has been provided by the Non-Governmental Liaison Service (New York) and the UN Office for Emergency Operations in Africa.

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2 AFRICA CRISIS

Benin assigned a first ever sovereign credit rating under UNDP Initiative for Africa

New York, 30 December 2003----As part of a new initiative launched by the United Nations Development Programme (UNDP) to extend sovereign credit ratings to sub-Saharan African countries, Benin has been assigned by UNDP's partner Standard & Poor's a 'B+' long-term and 'B' short-term sovereign credit ratings. The outlook looks stable.

"Through this project, UNDP intends to support countries in their efforts to mobilize resources from private capital markets, which are required to secure accelerated rates of economic growth and reduce poverty," said UNDP Associate Administrator Zéphirin Diabré, adding "We hope that better access to financing would help Benin and other developing countries to tackle a broad range of poverty alleviation issues and provide an incentive to achieve the Millennium Development Goals."

Per capita Gross Domestic Product (GDP) is estimated at a low US$539 in 2003.Moreover, Benin is highly reliant on the export of a single commodity, cotton, and the export trade with oil-rich Nigeria, Africa's most populous nation. Weak human development indicators, infrastructure deficiencies, slow reforms, and the lack of a defined industrial strategy, constrain economic development prospects.

Government deficits averaging a low 0.5 percent of GDP over 1999-2003 are projected to remain below 2 percent of GDP over the medium term. In addition, Benin reached the Heavily Indebted Poor Countries (HIPC) completion point in April 2003, paving the way for a reduced external debt burden. After HIPC debt reductions, the government debt burden is estimated at 38.4 percent of GDP in 2003. Government interest payments are also low, at 4.1 percent of revenues in 2003, as most external debt is owed to official creditors and on concessional terms.

"The ratings on Benin are supported by a prudent fiscal stance and debt reduction under the HIPC debt initiative, as well as the country's membership of the West African Economic and Monetary Union (WAEMU)," said Standard & Poor's credit analyst Mame-Fatou Diagne.

Benin is the third country to receive a rating under the UNDP initiative. In September, Ghana became the first country to be assigned a B+ long-term foreign currency sovereign credit rating under the initiative. Cameroon was the second country toreceive a 'B' long-term and 'B' short-term sovereign credit ratings in November. More sub-Saharan African countries are expected to receive ratings in 2004.

For more information, please contact in UNDP New York:

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UNDP is the UN's global development network, advocating for change and connecting countries to knowledge, experience and resources to help people build a better life. We are on the ground in 166 countries, working with them on their own solutions to global and national development challenges. As they develop local capacity, they draw on the people of UNDP and our wide range of partners.

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United Nations Development Programme

News Bulletins

Credit Rating Critical for Africa's Development, Senior UN Official Tells New York Business Forum

New York, 26 February 2004 –Zéphirin Diabré, Associate Administrator of the United Nations Development Programme (UNDP), called today for greater inclusion of African nations in international financial markets through the continued expansion of sovereign risk ratings in the continent.

Several African countries received over the past year a credit rating under UNDP's credit rating initiative with Standard and Poor's. In September, Ghana became the first country to benefit from this initiative and was assigned a 'B+' long-term foreign currency sovereign credit rating. In November, Cameroon received a 'B' long-term and 'B' short-term sovereign credit ratings and, in December, Benin was assigned a 'B+' long-term and 'B' long-term sovereign credit ratings. More sub-Saharan African countries, including Burkina Faso, Kenya, Madagascar, Mali and Mozambique, are expected to receive ratings in 2004.

"The investment potential in Africa is huge," said Diabré, addressing a conference on capital flows to Africa, which is organized by the Corporate Council on Africa (CCA), an organization that represents more than 200 companies dedicated to strengthening the commercial relationship between the U.S. and Africa. He noted that supporting countries define and implement policies that can create an enabling environment for investment is a top priority for UNDP in the context of its support for the New Partnership for Africa's Development (NEPAD).

"Through our credit rating initiative, we intend to support countries in their efforts to mobilize resources from private capital markets," he said. "We hope that better access to financing would help African countries to tackle a broad range of poverty alleviation issues and provide an incentive to achieve the Millennium Development Goals."

The objective of the conference is to demonstrate that African markets can be profitable. It will highlight key viable financing opportunities in Africa and provide a platform for financiers to meet sponsors of projects in Africa. Attending the conference are representatives from the major U.S. financial institutions, U.S. business, representatives from the U.S. Government, and African financial institutions and companies.

According to CCA, the conference programme is designed to explore best practices for investing in Africa and analyze current trends in accessing liquidity through African capital markets. Participants will review effective mechanisms for public and private debt flows to Africa, examine case studies of high yield investments in Africa; learn how sovereign credit ratings are assigned to African nations, and gain a greater understanding regarding risk mitigation programmes offered by the U.S. Government and multilateral institutions. The agenda includes discussions on country credit ratings, success stories on mobilizing capital by U.S. fund managers and risk managers, risk mitigation and coverage of a select group of Africa-based projects in various stages of raising debt and equity.

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For further information on UNDP's African capital markets initiative, please visit: http://www.undp.org/africancapitalmarketsforum/