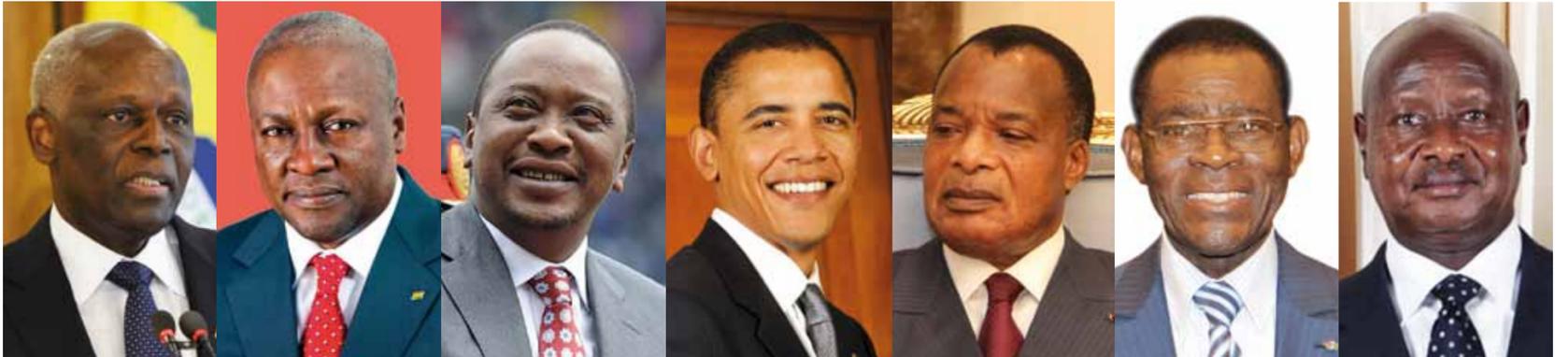


# Our World

Monday, August 4, 2014

# The African



#Angola

#Ghana

#Kenya

#UnitedStates

#RepublicOfCongo

#EquatorialGuinea

#Uganda

# BEAT

## U.S.-Africa Leaders Summit 2014 Washington, DC

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President Barack Obama is accomplished at pulling off "firsts", starting with his becoming the first African-American elected to the highest office in the land and followed by many others.

With this record and his ethnic background, it comes as no surprise that Obama will host the first U.S. summit of African leaders ever held, a historic event which is aimed at boosting the United States' economic and political relations with a continent which at last is coming into its own.

Most of Africa's 54 heads of state will attend the two-day meeting, which starts tomorrow, with many other events to be held on the summit's sidelines, including the U.S.-Africa Business Forum.

"President Obama looks forward to welcoming leaders from across the African continent to the nation's capital to further strengthen ties with one of the world's most dynamic and fastest-growing regions," the White House said when announcing the meeting.

"The summit will build on the progress made since the President's trip to Africa last summer, advance the administration's focus on trade and investment in Africa, and highlight America's commitment to Africa's security, its democratic development, and its people."

And it's about time. Much of the rest of the world has held summits with African leaders over the past several years and the first was China which is no surprise.

Chinese foreign direct investment in Africa rose from \$500 million in 2003 to nearly \$15 billion in 2012 while bilateral trade skyrocketed from \$60 billion in 2006 to \$210 billion last year.

The Asian giant is Africa's largest foreign trade partner, having surpassed the United States five years ago, and Chinese aid to the continent totaled \$75 billion over the past decade with billions more being pledged every year, easily dwarfing the efforts of other donor nations.

Other countries and regions have taken note of Africa's growing importance due

Africa is now more than ever a hotspot for investment as its economies steadily mature and governments increasingly focus on raising levels of social development.

United World's three-day series of reports features six African countries and coincides with the United States-Africa Leaders Summit that kicks off today in Washington D.C.

This is the first of the three reports that will highlight the countries' progress, plans and opportunities

to its rapidly growing economy, burgeoning population and expanding middle class, vast infrastructure needs, and its wealth in such coveted commodities as petroleum, precious metals, raw materials and other natural resources.

Japan, India and Europe have all followed China's lead in staging similar summits which were also accompanied by promises of more investment, more trade and more aid.

The United States may be coming late to the party, but it

**"AFRICA'S FAST-GROWING ECONOMIES NEED TO SPEND \$93 BILLION A YEAR JUST TO BRING INFRASTRUCTURE UP TO SPEED"**

CHRISTINE LAGARDE,  
Managing Director of the IMF

appears there are enough investment inducements to go around.

According to the United Nations, African needs mammoth investments in such strategic sectors as infrastructure, agribusiness and manufacturing, all areas in which U.S. companies excel.

In a clear message to potential foreign investors about just one of these sectors, International Monetary Fund Managing Director Christine Lagarde said, "Africa's fast-growing economies need to

spend \$93 billion a year just to bring infrastructure up to speed."

The United Nations Conference on Trade and Development in its most recent report on the continent urged governments to work with partners in the private sector to enhance "the role of investment in the growth process... particularly given the very low investment rates observed in Africa relative to investment requirements."

President Obama certainly understands what is at stake in this modern-day "Scramble for Africa" both for the United States and for the continent where his father was born.

"In our global economy, our fortunes are linked like never before. So more growth and opportunity in Africa can mean more growth and opportunity in the United States," he said on his visit last year to Africa.

Just over a year ago, the Obama administration proved its commitment to the continent when it announced the Power Africa initiative designed to enhance access to electrical power in sub-Saharan Africa which will lure investment and therefore economic growth.

Both the public and private sectors will work together to solve Africa's electrical power shortage by tapping wind, hydropower, natural gas, geothermal and, of course, solar resources to provide 10,000MW of clean energy.

Washington has already pledged \$7 billion in financial support and loan guarantees as seed money for the principal phase of Power Africa with more to come.

Commenting on the upcoming summit, U.S. Secretary of Commerce Penny Pritzker highlighted the "great potential for U.S. firms to sell their goods and services, and leverage their expertise to help African countries meet their development goals."

"At the Department of Commerce, we're working with American companies to ensure they have the tools they need to do business in Africa," she added.

But Washington's interest in Africa is not just economic.

**"IN OUR GLOBAL ECONOMY, OUR FORTUNES ARE LINKED LIKE NEVER BEFORE. SO MORE GROWTH AND OPPORTUNITY IN AFRICA CAN MEAN MORE GROWTH AND OPPORTUNITY IN THE UNITED STATES"**

U.S. President BARACK OBAMA

U.S. leaders are deeply concerned about worrying developments in a number of countries there where Islamic extremists are active.

This led to the creation in 2008 of the U.S.-Africa Command which oversees American military cooperation, training and operations on the continent and has been active not only in helping host nations track down terrorists, but also in aid programs such as village clinics and clean water campaigns.

This is just one of a number of challenges facing African nations, which endure a litany of problems common in many developing nations, such as: poverty, political instability, corruption, dictatorship, conflicts, trade imbalances, and a lack of educational opportunities.

However, half a dozen African nations are working hard to overcome these faults and are prime examples of what countries can do to help themselves and what Africans can achieve.

Ghana, Kenya, Uganda, Angola, Congo and Equatorial Guinea have all made giant strides in the decades since independence to build strengthening economies, reduce ethnic divisions, establish a degree of political pluralism, impose measures to boost transparency, foster ambitious education and health programs, attract foreign investment and so much more.

Ghana is a case in point of what can be achieved.

The first African nation to declare independence from its colonial rulers in 1957, it is now a constitutional democracy with one of the continent's fastest-growing economies. It has significant oil and gas reserves, diamonds and gold and is one of the largest global producers of cocoa.

Another former British colony, Kenya, is a power in its own right in East Africa, famed for its colorful tribal peoples, stunning savannahs and landscapes and great game parks. But it is not all about tourism. The country's political and social stability mark it as an exemplary nation where increasing trade

ties with the rest of the world, especially in agricultural products, ensure its future success.

Kenya's neighbor, Uganda, was once a byword for bloody repression under dictator Idi Amin.

Since his downfall, a series of bush wars have wracked the country but President Yoweri Museveni's government has made great progress in reducing poverty, opening Uganda to foreign investment, tackling inflation and boosting incentives for exports and manufacturing.

On the other side of the continent, there are more success stories, led by Angola where its petroleum wealth has set off an economic boom that is the envy of other nations around the world.

Flushed with this revenue, the government is wisely working to diversify the economy while at the same time plowing billions into a wide range of programs aimed at improving the lives of all Angolans.

Neighboring Congo is regarded by international economists as the richest country in the world in natural resources with raw materials estimated to be worth an eye-popping \$24 trillion.

It has 70% of the world's coltan, 80% of its cobalt and diamonds and 10% of global copper reserves. Political stability is still a challenge but regional and international efforts are slowly succeeding in ending conflicts in the Congo.

Like Angola, Equatorial Guinea is oil rich and is using its earnings to supercharge the economy, provide schools, hospitals and infrastructure for the people and help foster a more participatory government.

The former Spanish colony is a major investment destination for U.S. companies eager to assist the country in reaching its goals.

The leaders of these and dozens of other African countries will join President Obama in their historic summit meeting and hopefully all will come away with renewed commitment to investment, development, democracy and a better life for Africa's one billion people.

# New era for business in Africa expands opportunities

Foreign investment in African economies is set to reach \$80 billion in 2014 and U.S. companies are leading the way in many sectors and countries

Ever since the 15<sup>th</sup> century when daring Portuguese explorers searching for a sea route to the fabled riches of the East began seriously probing the coasts of Africa, the continent and its potential have intrigued Westerners.

Its lush hinterlands, stunning landscapes, odd wildlife and amazing peoples fired the imaginations of Europeans who were quick to exploit Africa's wealth in resources, including, in one of the darkest episodes in human history, its inhabitants.

In the 19<sup>th</sup> century, European powers emboldened with the idea of overseas empires competed with one another to grab all the bits of the continent they could, setting off what became known as "The Scramble for Africa" as they rushed in to plant their flags and establish colonies for their own benefit.

One hundred years later, Africans threw off the yoke of colonialism to become independent but the legacy of foreign exploitation, poverty, internal and external conflicts and a host of other ills kept the continent from fulfilling its true destiny.

Today, as strengthening democracies and globalized economies provide both stability and potential prosper-



SIX OF THE WORLD'S 10 FASTEST-GROWING ECONOMIES ARE IN SUB-SAHARAN AFRICA, WHICH BOASTS A MIDDLE CLASS TOTALING 350 MILLION PEOPLE

ity in most of Africa, foreigners are returning. But this time at the invitation of and in cooperation with their local hosts.

Foreign investment in African economies is set to reach \$80 billion in 2014 and leading the way in many sectors and countries are U.S. companies. And it is a two-way street with annual U.S. exports to Africa valued at over \$21

billion, supporting more than 100,000 American jobs.

These companies are wise to engage with Africa and more American firms need to do the same as the continent is on the brink of an unprecedented economic explosion.

According to the International Monetary Fund, six of the world's 10 fastest-growing economies are in sub-Saharan Africa which boasts a middle class totaling 350 million people, larger than the population of the United States.

And in just six years' time, Africa's hundreds of millions of consumers of financial services, telecommunications, tourism and retail goods will contribute more than five times as much revenue to the continent's economic growth as the natural resources industry.

"For many Americans, Africa was for too long a faraway place on a map, a destination for philanthropy, an occasional and harrowing image on the TV screen of starvation and war," U.S. Secretary of State John Kerry told African leaders on a recent visit to the continent.

"The fact is that today Africa is increasingly a destination for American

investment and tourism, that African institutions are increasingly leading efforts to solve African problems.

"We want more American companies to be here, to invest here – both to unleash the power of the private sector in Africa and to create jobs in America."

Mindful of the importance of Africa to American business, successive U.S. administrations have attempted to do just that.

Next year marks the 15<sup>th</sup> anniversary of the African Growth and Opportunity Act (AGOA) signed by President Bill Clinton. AGOA was designed to stimulate U.S. investment and trade with sub-Saharan Africa, foster economic growth and ease the countries into the global economy.

One of AGOA's key tools provides trade preferences that, along with other measures, allow almost all marketable goods produced in the 40 AGOA-eligible countries to enter the United States duty free.

It appears to be working. In 2011, goods imported from the region under the act totaled \$70 billion, up almost 60% from the year before and more than five times the amount since the act took effect.

AGOA has rightly been called "the cornerstone of the U.S.–African trade relationship" but some argue that more needs to be done to benefit both sides.

The act could be overhauled to offer as much support to U.S. investment in Africa as it does in facilitating African exports to the United States and expand those product lines covered by the act.

At the same time, the U.S. government needs to have more trade and investment experts on the ground in African capitals to work with those American enterprises seeking to invest and trade.

Currently, the U.S. Commerce Department has only a handful of officers in Africa while China has fielded some 155 commercial attachés around the continent, or more than three per country in the sub-Saharan region.

In his comments to the African leaders, Kerry said, "The continent's course is ultimately up to you. It's up to Africans. But we firmly believe that the United States is Africa's natural partner."

"One thing we know for sure, the United States could be a vital catalyst in this continent's transformation and President Obama is committed to that transformation."

# Open markets set to finance the Africa of tomorrow

Established by President Franklin D. Roosevelt 80 years ago this year, the U.S. Export-Import Bank authorized \$604 million to support U.S. exports to the sub-Saharan region in 2013

In this era of globalization with interlocked economies around the world dependent on the free flow of goods, services and capital, Africa is certainly no exception and is how home to a strong and growing financial services sector.

Private equity, long-term lending, and healthy capital markets are vital to the continent's current and increasing prosperity which is due in part to improving governance and growing confidence in Africa on the part of international finance entities, both public and private.

As almost everywhere else in the world, American financial organizations are active in Africa and U.S. government agencies are keen to help finance private sector projects to the benefit of American companies and their African partners.

Celebrating its 80<sup>th</sup> anniversary this year is the U.S. Export-Import Bank (Ex-Im Bank) which was established by President Franklin D. Roosevelt at the height of the Depression to "aid in financing and to facilitate exports and imports and the exchange of goods" between the United States and the world.

While initially created to fulfill that role, Ex-Im Bank over the de-



LAST YEAR 98% OF THE EX-IM BANK'S TRANSACTIONS INVOLVED COOPERATION WITH COMMERCIAL LENDERS

cadres has become more of an export credit facility without competing with the private finance sector.

Through its loan, guarantee and insurance programs, it fills export financing gaps when private lenders are unable or unwilling to do so. However, Ex-Im Bank does partner with the private sector and last year 98% of the bank's transactions involved cooperation with commercial lenders.

And each year, its support for American exporters grows by leaps and bounds, with last year marking two important records.

In fiscal year 2013, the bank authorized a total of \$27.3 billion to support \$37.4 billion of U.S. exports worldwide with an all-time high of 3,842 authorizations. Almost 90% of these were for small businesses and 20% were for businesses owned by minorities or women.

At the same time, last fiscal year's authorizations supported 205,000 American jobs.

Sub-Saharan Africa has long been a priority for Ex-Im Bank. In 2013 alone, it authorized \$604 million to support U.S. exports to the region with a record high of 188 transactions.

Over the past several years, Ex-Im Bank has signed off on more than \$4 billion for this region, reflecting confidence in its economic potential by both the U.S. government and the private sector.

Another U.S. government agency working hand-in-hand with private lenders is the Overseas Private Investment Corporation (OPIC) that mobilizes private capital for solving critical development challenges.

This public-private partnership as-

sists U.S. companies to establish themselves in emerging economies, boosting revenue, employment and growth opportunities in the United States as well as in the target market.

During its 43-year history, OPIC has supported over \$200 billion in investments in more than 4,000 projects, generated an estimated \$76 million in exports from the United States and helped create close to 280,000 American jobs.

Sub-Saharan African nations are among the 150 countries around the world where OPIC has been active and a number of recent projects in the region illustrate the scope of the corporation's activities, and how they improve African lives.

Late last year OPIC and the U.S.-based Bridge International Academies announced they would work together to build and operate 237 low-cost schools in Kenya that would eventually educate 300,000 children by 2022.

OPIC pitched in with a 10-year, \$10-million loan for the project, which is aimed at providing high quality education in rural and poor urban areas of the East African nation using innovative technology for administration and classroom learning.

In Rwanda, a small Arkansas com-

pany is helping to modernize the coffee sector through an ambitious project that will increase production, upgrade technology, transform waste to biofuel, boost wages and open the industry to global markets.

And all made possible thanks to a \$19.4 million in political risk insurance from OPIC to the Rwanda Trading Company, a subsidiary of Westrock Coffee Holdings of North Little Rock.

Improving sub-Saharan agriculture is also the aim of OPIC and partner, the Multilateral Investment Guarantee Agency, which recently announced a \$350 million political risk facility.

The funds will support agribusiness investments throughout the region, contributing to improved food security and self-sustainability for agricultural production.

Dubbed The Silverland Fund, the project is to help half-a-million small farmers over the next decade to raise total annual food production to over 1 million tons.

These projects and others like them, combining public and private financing schemes, will lend a helping hand to the countries of sub-Saharan Africa as they shake off the limitations of the past to proudly embrace a prosperous future.

# Major developments in infrastructure to power continental growth

Obama's Power Africa initiative will help the sub-Saharan region to secure the \$300 billion required for investment in electricity generation through 2030

Development requires reliable and affordable power and without that machines cannot run, computers do not work, factories cannot operate and, perhaps more importantly, an African child cannot study if there is no electric light in his or her village after the early descent of the tropical night.

Lack of investment in Africa's most critical infrastructure such as power generation continues to threaten the continent's potentially dynamic growth – and the statistics are disturbing.

Only 5% of Africa's total hydropower is exploited while more than two-thirds of the population of the sub-Saharan nations lack electricity. Over 85% of those residing in rural areas have no access at all to this most basic need.

But addressing this need will demand significant financing, vast technical expertise and a real commitment by all stakeholders to make the extensive reforms required to lure private sector investment.

According to the International Energy Agency, the region must attract more than \$300 billion in investment to enjoy universal electricity access by 2030 and key to meeting this goal is the U.S. initiative, Power Africa.



POWER AFRICA IS DESIGNED TO TACKLE OBSTACLES TO INVESTMENT SO AS TO ACCELERATE PROGRESS BY TAKING A TRANSACTION-FOCUSED APPROACH

Announced by U.S. President Barack Obama last year, the plan envisions doubling access to power in sub-Saharan Africa, partnering U.S. government agencies with the private sector, with Washington stumping up \$7 billion in financial assistance.

Power Africa is designed to tackle obstacles to investment so as to accelerate progress by taking a transaction-focused approach that offers incentives

to participating governments, private sector players and donors.

Environmental concerns will, of course, be paramount to the scheme and Africa is ideal for sustainable energy generation due to its geothermal, hydro, solar and wind resources (these clean energy resources are coupled with the continent's extensive oil and natural gas deposits.)

Power Africa, the White House said, "will help countries develop newly discovered resources responsibly, build out power generation and transmission, and expand the reach of mini-grid and off-grid solutions."

An initial phase calls for adding more than 10,000MW of cleaner, more sustainable and efficient electrical energy capacity, increasing access by at least 20 million new households and businesses.

It is also to enhance energy resource management capabilities, allowing those countries taking part to meet their most important power needs and achieve greater energy security.

In this phase, African partner countries, which are to include Kenya, Uganda, Ghana, Liberia, Nigeria, Tanzania, Ethiopia and Mozambique, have already been carrying out the reforms

to give their energy sectors the tools for investment and growth.

A host of U.S. government departments are involved, including the U.S. Agency for International Development, the U.S. Export-Import Bank, the Overseas Private Investment Corporation, the Millennium Challenge Corporation (MCC) and the U.S. Trade and Development Agency.

On the private sector side, major international energy companies, both U.S. and foreign, have already committed to the initial \$9 billion in financing to support the development of more than 8,000MW of new electrical power generation.

General Electric, for example, is to assist in bringing online 5,000MW of low-cost energy to Tanzania and Ghana, while Heirs Holdings has pledged \$2.5 billion of energy investment and financing to produce 2,000MW over the next five years.

Symbion Power is committed to investing \$1.8 billion for 1,500MW in new energy schemes, Aldwych International will support 400MW of wind power in Kenya and Tanzania with an associated investment of \$1.1 billion, while Harith General Partners has pledged \$70 million for wind energy

in Kenya and \$500 million for other countries.

U.S. officials involved in Power Africa are particularly interested in what they term "beyond the grid" solutions for those rural areas in Africa which have no direct access to electricity and U.S. Secretary of Energy Dr. Ernest Moniz addressed this issue in comments at this year's U.S.–Africa Ministerial meeting held in Ethiopia.

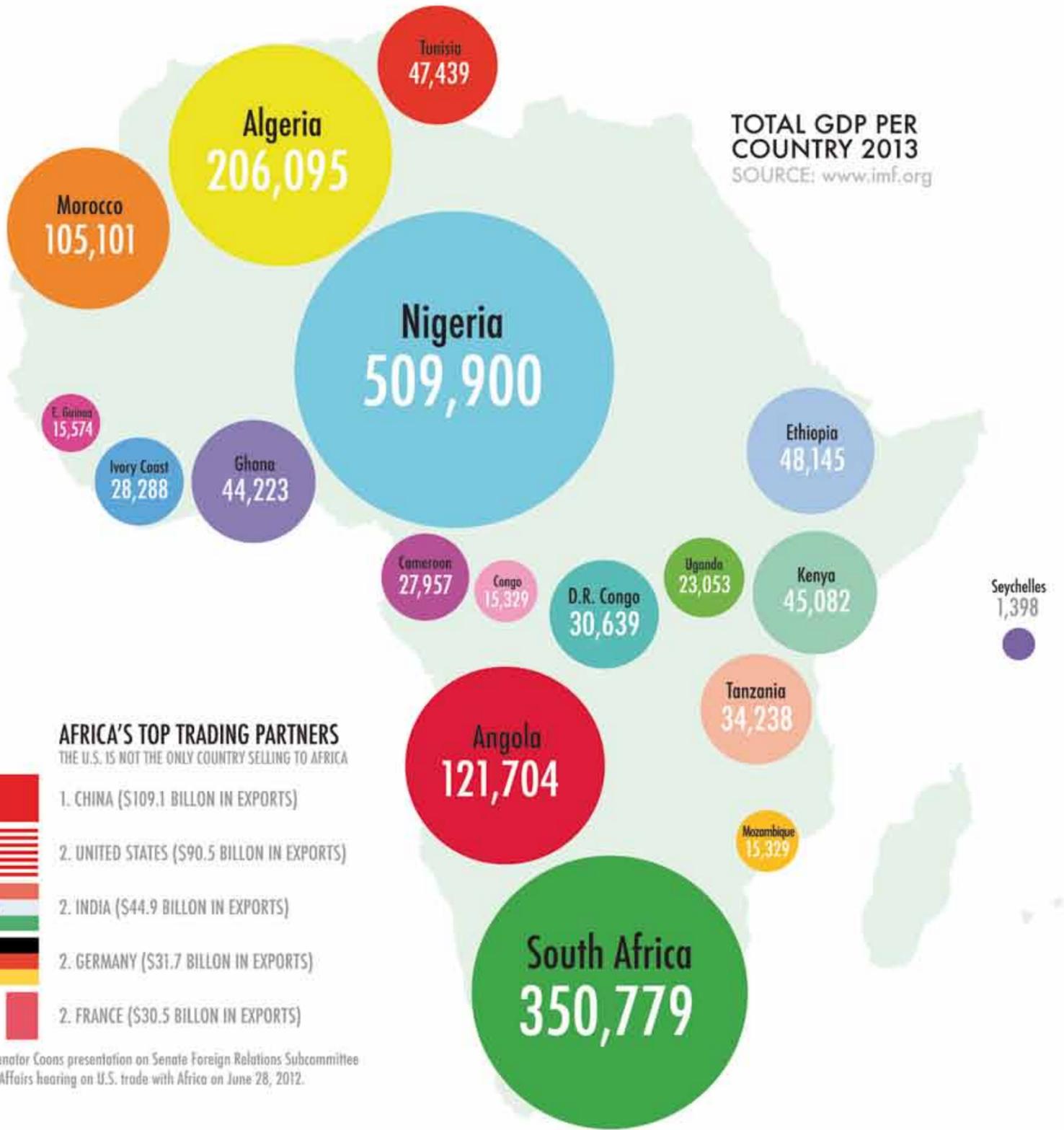
"Africa today has many, many people without services of electricity and mini-grids and distributed resources, including renewables, looks to be a very important solution."

"I think we will be working hard in terms of finding the business models that can also attract private capital in this area working with the African governments," he said.

Power Africa faces a series of challenges, known and unknown, in meeting its lofty goals to provide electrical energy from different resources to tens of millions of people in very different environments.

But if Africa is to progress and one day achieve the development goals that will lift its people out of poverty and allow it to take its rightful place in the world, these challenges must be met.

# Africa in numbers



## AFRICA'S TOP TRADING PARTNERS

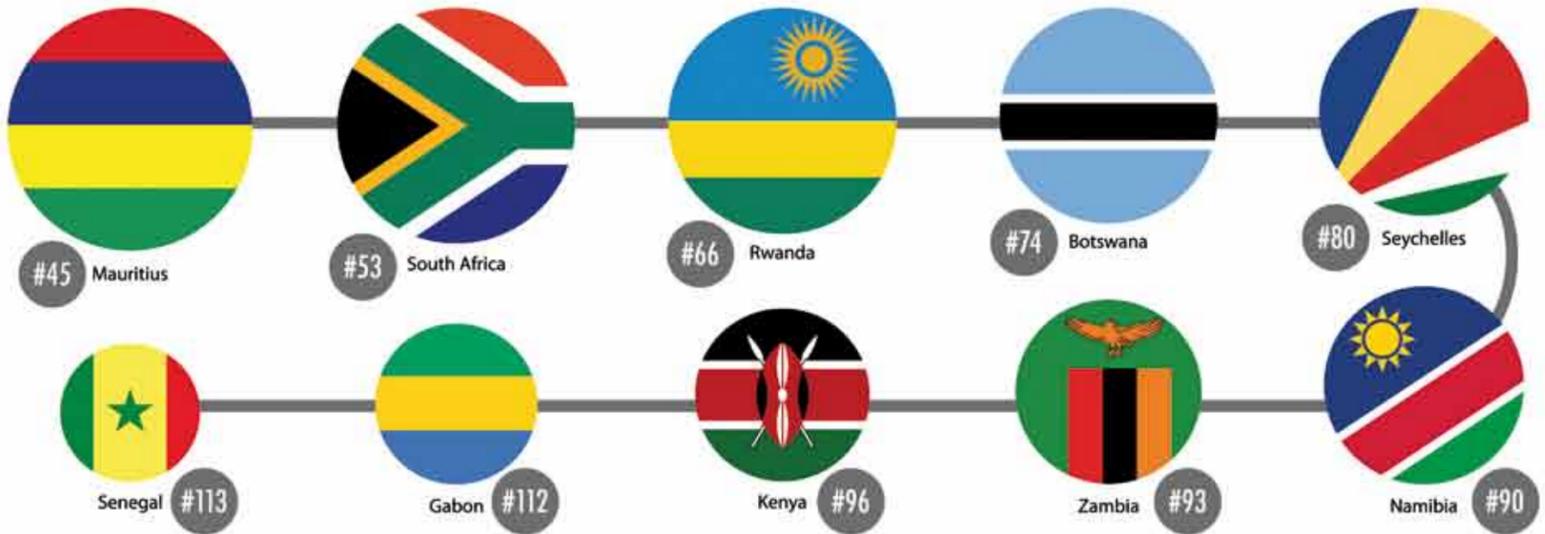
THE U.S. IS NOT THE ONLY COUNTRY SELLING TO AFRICA



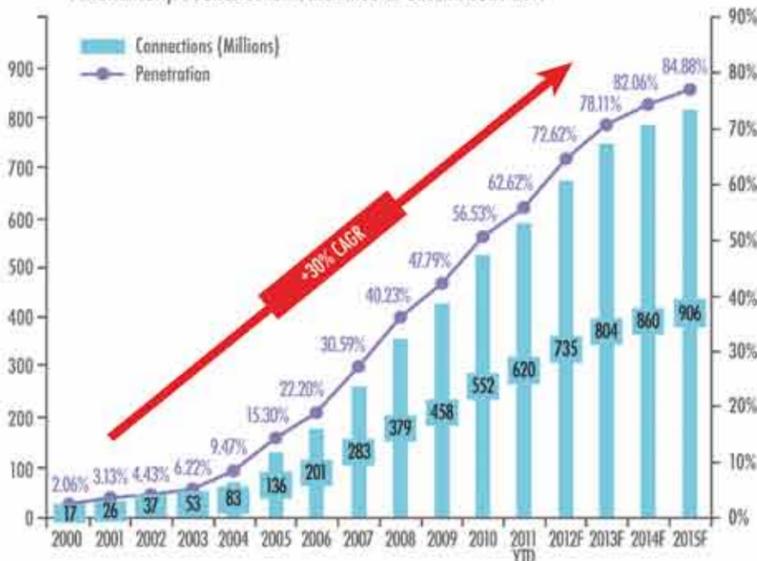
1. CHINA (\$109.1 BILLION IN EXPORTS)
2. UNITED STATES (\$90.5 BILLION IN EXPORTS)
2. INDIA (\$44.9 BILLION IN EXPORTS)
2. GERMANY (\$31.7 BILLION IN EXPORTS)
2. FRANCE (\$30.5 BILLION IN EXPORTS)

SOURCE: Senator Coons presentation on Senate Foreign Relations Subcommittee on African Affairs hearing on U.S. trade with Africa on June 28, 2012.

## THE GLOBAL COMPETITIVENESS REPORT RANKING 2013-2014 - TOP 10 IN SUB-SAHARAN AFRICA



TOTAL AFRICAN MOBILE CONNECTIONS AND PENETRATION RATE (MILLION, PERCENTAGE PENETRATION). SOURCE GSMA AFRICA MOBILE OBSERVATORY 2011

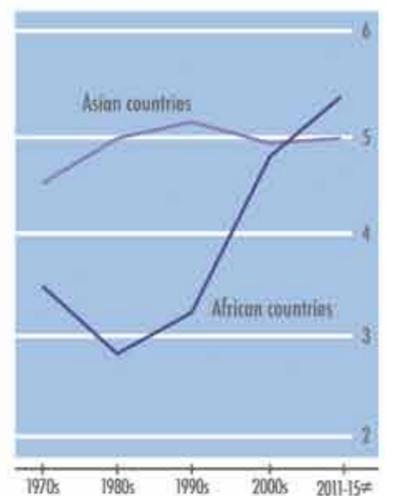


WORLD'S TEN FASTEST-GROWING ECONOMIES\* Annual average GDP growth, %

2001-2010 †	2011-2015 ‡
ANGOLA 11.1%	CHINA 9.5%
CHINA 10.5%	INDIA 8.2%
MYANMAR 10.3%	ETHIOPIA 8.1%
NIGERIA 8.9%	MOZAMBIQUE 7.7%
ETHIOPIA 8.4%	TANZANIA 7.3%
KAZAKHSTAN 8.2%	VIETNAM 7.2%
CHAD 7.9%	CONGO 7.0%
MOZAMBIQUE 7.9%	GHANA 7.0%
CAMBODIA 7.7%	ZAMBIA 6.9%
RWANDA 7.6%	NIGERIA 6.8%

Sources: The Economist; IMF

GDP GROWTH, UNWEIGHTED ANNUAL AVERAGE, %



\*Excluding countries with less than 10m population and Iraq and Afghanistan † 2010 Estimate ‡ Forecast