

African Union

■ SUSTAINED POLITICAL STABILITY AND SWEEPING ECONOMIC REFORMS ARE THE TWIN PRIORITIES OF THE NEWLY-FORMED AFRICAN UNION, A EUROPEAN UNION-STYLE ECONOMIC, SOCIAL AND POLITICAL BLOC THAT HAS REPLACED THE FORMER ORGANIZATION OF AFRICAN UNITY (OAU). THREE AFRICAN STATES—GHANA, THE IVORY COAST AND MALI—ARE SET TO PLAY A KEY ROLE IN THE UNION'S FUTURE

POINTING THE WAY TO prosperity

AFTER NEARLY four decades of serving as the symbol of a pan-African ideal, the Organization of African Unity is finally focusing on the bread and butter issues that it needs to address in order to gain an advantage in a global economy. After reaching its main goal of African liberation after decades of struggle and aid from the international community, the 53-nation OAU voted this summer to give the body political and economic teeth, transforming itself into the African Union, a stepping stone for greater continental unity and integration.

The Organization of African Unity devoted much of its 38-year history to the struggle against colonialism and apartheid in South Africa. Now, under the newly named African Union—which is to be ratified by two-thirds of OAU member states within a year—the organization will establish a series of organs similar to those of the European Union, including the Assembly, the Executive Council and the Pan-African Parliament. A series of financial institutions will also be established, including the African Central Bank, the African Monetary Fund and the African Investment Bank.

The success of the African Union will depend on the individual states' commitment to sustained political stability and to economic reforms that will allow them to meet the financial criteria. Three of those states, Ghana, the Ivory Coast and Mali have shown amazing resilience to



Clemente J. Parro

political bumps and have bounced back to the forefront to become case studies upon which other poor African nations can model themselves.

Ghana won praise from the international community during its successful democratic elections last year despite having suffered one of its worst economic downturns ever in 1999. This year's economic growth rate, however, is headed for

a healthy figure of some 4% and the main indicators have begun to show signs of a strong recovery. Authorities are now preparing the groundwork for sustained growth driven by a revitalized private sector under a stable political and economic environment.

At its last summit in Zambia this summer, the OAU chose former Ivory Coast foreign minister Amara Essy as secretary

general of the newly formed African Union. Mr. Essy's job will be to steer the new body through its transition into a European Union-style economic, social and political bloc. "I have been elected to build the structure of the African Union," Mr. Essy said following the vote. "The main task is clear, because the mandate of the new secretary general is to transform the OAU into the African Union."

Fluent in half a dozen languages, Mr. Essy served as the Ivory Coast foreign minister for 10 years and in 1990 he presided over the U.N.

Security Council. His years of involvement in Ivory Coast politics, where civilian rule was restored following the October 2000 elections, and that nation's ability to chalk up years of sustained economic growth, despite a brief slowdown last year on the heels of the Christmas Eve 1999 coup, will provide the African Union with much needed experience.

Mali, which the United States considers "an African gem" of democracy and economic reforms, is expected to be a key player in African in-

tegration. Its president, Alpha Oumar Konare, has been a leading proponent of securing further direct foreign investment, a major concern of the continent and of its plan for a successful African Union.

Special attention from African leaders will be given to Mali's ability to weather last year's economic problems stemming from a crisis in the cotton sector, which, along with the hike in oil prices, pushed real GDP growth to just 4.3%. Growth was expected to fall by 1% this year before rebounding back to 5% in 2002. ■

The African Union will establish a central bank and the African Monetary Fund

AFRICA TAKES ON pivotal ROLE IN U.S. FOREIGN POLICY

RELATIONS BETWEEN the United States and the African continent have always been a top policy priority for both parties. U.S. President George W. Bush and Secretary of State Gen. Colin Powell have pledged to continue their predecessors' achievements towards the resolution of regional conflicts, the promotion of democracy, spurring economic development and ridding the continent of the scourge of AIDS. The U.S. administration will also be looking to its African allies for further support for its war on international terrorism.

Before leaving on a four-nation African tour in May, Mr. Powell stressed that "Africa is important" to the United States and the world. "There is no part of the world that is not a priority for the United States of America. There is no part of the world where we don't believe we have an obligation to try to help people who are in need. And Africa is a place in need."

Months earlier during his confirmation hearing, Mr. Powell praised the former Clinton administration for signing the African Growth and Opportunity Act (AGOA) that aims to strengthen further U.S. relations with the continent.

The key AGOA legislation will boost trade and investment with reforming African nations, and will benefit Americans and Africans alike by rewarding countries that show a commitment to sound economic, social and political practices.

The cornerstone of AGOA is that it adds nearly 2,000 more products from 34 eligible African nations to be exempted from duty under the U.S. Generalized System

of Preferences, giving these countries better access to the U.S. market and other regions of the world.

And with democratic reform in Africa a top priority for the current U.S. administration, Washington support for the new African Union will likely increase as the organization works to curb the influence of dictators in its midst. ■



NABIL ZORROT (PHOTO)

A new horizon. The foundation of the African Union augurs well for the continent's citizens.

FACTS AND FIGURES

Ghana

- ▶ Population: 19.9 million.
- ▶ Capital: Accra.
- ▶ Location: Western Africa, bordering the Gulf of Guinea, between Côte d'Ivoire and Togo.
- ▶ Total area: 92,100 square miles. Slightly smaller than Oregon.
- ▶ GDP: \$37.4 billion, with a GDP growth rate of 3% (2000 est.).
- ▶ GDP composition by sector: agriculture - 36%, industry - 25%, services - 39% (2000 est.).

Ivory Coast

- ▶ Population: 16.4 million.
- ▶ Capital: Yamoussoukro.
- Administrative center: Abidjan.
- ▶ Location: Western Africa, bordering the North Atlantic Ocean, between Ghana and Liberia.
- ▶ Total area: 124,502 square miles. Slightly larger than New Mexico.
- ▶ GDP: \$26.2 billion, with a GDP growth rate of -0.3% (2000 est.).
- ▶ GDP composition by sector: agriculture - 32%, industry - 18%, services - 50% (1998 est.).

Mali

- ▶ Population: 11 million.
- ▶ Capital: Bamako.
- ▶ Location: Western Africa, southwest of Algeria.
- ▶ Total area: 478,766 square miles. Slightly less than twice the size of Texas.
- ▶ GDP: \$9.1 billion, with a GDP growth rate of 4.8% (2000 est.).
- ▶ GDP composition by sector: agriculture - 46%, industry - 21%, services - 33% (2000 est.).

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GHANA

OPEN FOR BUSINESS

GHANA IS CREATING AN INVESTOR-FRIENDLY CLIMATE IN ORDER TO ATTRACT THE FOREIGN INVESTMENT NEEDED TO OVERCOME ITS ECONOMIC SLOWDOWN

A YEAR after the elections that brought President John Kufuor to power, Ghana is gradually weathering the storm brought about by the fall in world prices of its two main export products, cocoa and gold, combined with high price of oil.

In 1999, foreign exchange reserves were consumed, inflation jumped from 15.7% to over 50%, the currency was halved in value, interest rates shot up, and the government was obliged to contract a huge amount of short-term debt to ride out the turbulence.

According to Kwabena Duffuor, governor of the Bank of Ghana, the indicators start moving back towards the parameters that a developing nation can live with. "Our main priority still is to reduce inflation substantially but this will not be easy unless we control government expenditure," says Dr. Duffuor. "We spend too much on imported food because the agriculture sector has not been modified to increase productivity. As this situation changes, we will be able to conserve foreign exchange currently going to pay for food imports and this will strengthen the value of the currency."

Already there are indications that the government is on the right track. Despite the painful and politically risky necessity of raising the price of electricity, water and petroleum products, inflation was trimmed from 50 to 40% and the rate of currency depreciation slowed considerably in the first quarter of the year. Dr. Duffuor is confident



KWABENA DUFFUOR
Governor of
the Bank of Ghana

the government will succeed. "The moment we manage to discipline ourselves, meaning manage our resources in the most efficient way, inflation will go down and the currency will pick up." The priority is now the diversification of the economy, driven by a revitalized private sector.

Also, the government aims to take primary agricultural exports and add value to them: sawing and processing timber, transforming cocoa into chocolate and—though this one is still a long way off—gold into hard-



Paving the way for privatization. Ghana's new administration has stressed that the country is open for business.

crafted jewelry. Foreign investment will be essential and President Kufuor has made it clear he intends to create an investment-friendly climate.

Even though Ghana is still struggling to deal with the problems of the past, the banking sector is in full boom as it gears up for the more prosperous times to come. Government banks are being snapped up as part of the ongoing privatization program, and non-performing institutions are being closed down—three were declared insolvent last year, with minimum disruption to the system—even as new ones open up.

The Ghana Commercial Bank is the best-known player in the sector, with the largest number of branches and the second-highest capitalization. The government has received several bids already for the 46% stake it wants to unload. Management has taken some important steps, says W.P. Bray,

the bank's managing director. "We decided to concentrate on our core business by outsourcing operations such as security and transport, and concentrating our full energies on banking. We're also more focused on corporate banking, because that's where the money is."

The GCB has 132 branch offices all throughout the country, 72 of which are fully computerized, and another 25 networked. "That gives us the ability to mobilize capital," says Mr. Bray. "Because our capital basis is high we are able to lend more than others can to individuals, without having to syndicate."

What does the future hold for Ghana's financial system? If all goes to plan, the next phase will see Accra becoming the linchpin of the West African Monetary Union. The first step toward the creation of a common currency zone similar to the CFA that circulates in Ghana's Francophone neighbors has already been taken with the establishment of the West African Monetary Institute, a body tasked with coordinating convergence criteria including inflation, budget deficit to GDP ratio, debt to revenue ratios, and foreign reserves.

Once it is up and running, the currency zone will set up a stabilization and cooperation fund to channel assets to members whose economies are knocked out of alignment by transient disturbances or distortions, such as Ghana experienced in 1999. ■

Investment is vital to add value to Ghana's primary agricultural exports

MAJOR privatization PROGRAM ATTRACTS INTERNATIONAL INTEREST

NOT VERY LONG ago, under Ghana's former government, privatization used to be a permanent bone of contention with the International Monetary Fund (IMF) and other multilateral lenders. They insisted that the process, which had got underway in 1988, should go faster and cover more ground, while those in power would have preferred to see all that equity stay in the country. At one point, the IMF backed down from a \$100 million project it had already agreed to finance on the grounds that the authorities were more interested in paying lip service to the idea than making good on its promises.

That was in the past. The new government has made it clear it not only can get along very well indeed without the state-owned enterprises (SOEs) that used to account for the bulk of Ghana's economy, it wants to make an all-out effort to mobilize the manage-



Counting the cedis. Public companies such as the Electricity Company of Ghana, the Ghana Water Company and Ghana Railways are up for privatization.

ment skills that the private sector has at its command, as well as its capital. President John Kufuor couldn't have made it clearer in his inauguration speech: "We are open for business and we plan to create incentives to make Ghana so attractive that investors will begin to look here."

Privatization is overseen by the Divestiture Implementation Committee (DIC) which includes representatives of the business sector as well as government officials. To date it has overseen the selling off (or in some cases, the writing off) of 255 state-owned companies. According to the DIC's

executive secretary, Benson Poku-Adjei, there are another 50 or so to go. "This year we have one of the country's biggest banks, the National Investment Bank, going on the block. Also, we have the State Insurance Company, it's the

Continued on the next page

Interplast

A LOCAL BUSINESS WITH EXPANSION IN THE PIPELINE

Although agriculture accounts for most of Ghana's economic activity and provides employment for 80% of its people, a considerable slice of GDP is contributed by the country's small but energetic industrial sector.

Interplast is a company whose success has vaulted over national boundaries to become Africa's leading producer of ducts, tubing and pipes made of polyvinyl chloride. "This is a primary product all over the continent," says the company's managing director, Dr. Haysam Fakhry "because you need it to get water in and out of homes."

When he took over the company in the early 1980s, he made a huge investment in the latest equipment and technology,



HAYSSAM FAKHRY
Managing Director of
Interplast

branched into larger sizes and a broader product range, all offering guaranteed long term stability and resistance and easy maintenance. Recently, Interplast has expanded further and set up a profiles

division that will soon be offering PVC products on the local market. "It's the same technology, it's extrusion, and that's what we know how to do."

And when the all-out approach paid off in the home market, Dr. Fakhry lost no time in deciding to go regional, a prospect with enough long-term potential to outweigh the expense of having to partially retool to manufacture to metric-gauged specifications, as well as the British system used in Ghana.

As a result, Dr. Fakhry notes, "We have been able to capture a huge chunk of the West African market. Price and quality are what people are looking for, of course, but our excellent service has a lot to do with it, too."

Success has brought not only profits, but also justifiable pride. "People come to Africa and they have the wrong idea, they think everything is not done properly, the quality is not right, and I want to show them they are all just wrong."

To drive the point home, he has set himself the goal of seeing that Interplast's full range of PVC and HDPE (High Density Polyethylene) products meet all the requirements for ISO certification. Beyond that he says he's "looking closely to see to what extent we are competitive and if so, I want to take my product to the United States. We have a duty-free accord with Washington, and we have a very good product, so it all comes down to price." ■

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A close-up of VRA's Takoradi thermal power station's 330MW combine cycle plant.

Continued from the previous page

biggest and the oldest insurance company in the country."

The DIC sees its primary role as ensuring fairness and transparency in the tender process. It is also willing to consider other ownership transfer formulas, such as sale of shares, joint venture deals and long term leasing arrangements. In all but exceptional cases, the new proprietors can expect to take over with a clean slate: the government will have assumed all pre-existing liabilities and employ-



BENSON POKU-ADJIEI
Executive Secretary of the Divestiture Implementation Committee (DIC)

ment contracts will terminate when the company changes hands. According to Mr. Adjiei,

this does not have too many social repercussions. "In most cases, these businesses have been operating in the red if they've been operating at all, so employees are likely owed their back salary. If the divestment is a success they will at least get paid, and some will be hired by the new owners."

With companies of the size and turnover of the Electricity Company of Ghana, the Ghana Water Company and Ghana Railways moving through the privatization pipeline, the divestment program continues to draw attention.

Apart from the numbers on the balance sheet, the government is making sure that foreign investors find the rules attractive. With a few exceptions that range from fisheries to barber shops, no activities are off-limits.

However, some sectors, such as mining and petroleum, are under a special regime. The 1994 Ghana Investment Promotion Center (GIPC) Act details a wide range of incentives and guarantees regarding taxation, repatriation of capital profits and dividends, and guarantees against expropriation.

PRIVATE CAPITAL regenerates GHANA'S ENERGY POTENTIAL

GHANA'S ENERGY consumption profile has been changing, and those who are tasked with seeing that the country is able to draw on all the power it needs to drive growth and development have their work cut out for them.

Following a brief slump, demand for electricity is once again increasing by 10% per year, and in the petroleum sector, the major overhaul of a system that secretly subsidized the price of gasoline and other fuels is causing severe strains but has succeeded in averting a crippling cash crisis. The Energy Minister, the Hon. Albert Kan-Dapaah, is confident the situation is now in hand.

"With petroleum derivatives, we found we had a major problem. For several years, the previous government had been ordering what amounted to under the table subsidies to the tune of \$900,000 a day," says the minister. He explains how banks had little choice but to "lend" refineries enough to make up the shortfall, knowing they had little chance of ever seeing their money again.

"At the rate it was going, it would soon have exceeded the total primary capital of the entire banking sector put together, so that was very frightening." That anomaly has now ended, but the price of gasoline had to go up by 64%, a major



ALBERT KAN-DAPAAH
Energy Minister of Ghana

blow to workers being asked to show wage restraint. Says Mr. Kan-Dapaah: "We have a formula in place that will automatically readjust the price of gasoline if there are major variations in the traded price of crude oil or in the exchange rate. And if oil prices fall, then gasoline and fuel prices will, too."

In the case of electricity, the government is so far managing to stay a nose ahead on the demand curve. Some electricity is purchased from the Ivory Coast, and a new thermal plant has come on line to supplement the hydropower facilities at Akosombo and Kpong on the Volta River that supply 64% of Ghana's total electricity requirements.

The thermal facility was already on the drawing board when a severe drought in 1998 led to persistent brownouts all across the country, even in Accra,



GILBERT O. DOYKI
CEO of the Volta River Authority

the capital, similar conditions can be expected every seven to ten years. Nobody knows the upshot better than Gilbert O. Doyki, CEO of the Volta River Authority, which generates all of Ghana's electricity. "We can't very well tell our industries, 'sorry, no rain this year, so no power for you.' That is why we were determined to have a thermal complement in our grid."

At present, the thermal plant at Takoradi is fueled by light Nigerian crude—the neighboring nation allocates 30,000 barrels per day of its production to Ghana—but some of this gets refined into gasoline. The plant, which has a capacity of 550 MW, was deliberately built in such a way so that only relatively minor readjustments would be necessary for it to be fueled by natural gas, which Nigeria also has in vast quantities and mostly flares away.

Changing Takoradi over to gas would slash the production price per kilowatt by roughly a third. Plans are to get the changeover completed by 2004, in time for the inauguration of the West African Gas Pipeline, an initiative that is meant to route Nigeria's super-abundant natural gas to five of its neighbors. "The Takoradi plant is going to be the anchor for this pipeline," says Mr. Doyki.

Meanwhile, Akosombo remains the system's backbone being by far the most cost-efficient as well as the biggest, pumping 6,400 GWh into a grid with an overall demand of 8,500 GWh. However, it is also the oldest, dating back to the mid-1960s. "In those days, technology was not the best and we didn't care too much about efficiency," says Mr. Doyki. But after a major retrofit on the first unit's turbines, output has gone from 130-140 to 170 MW, saving no small amount of foreign exchange that would otherwise have had to be used to buy oil for Takoradi.

"There is reform in the wind in the power sector," says Mr. Doyki. "That will include privatization of the distribution sector and see some of the departments of the VRA breaking away to do business and show profits on their own. These will probably start off as VRA subsidiaries, and eventually they may have private participation. The Takoradi plant is also supposed to be privatized, but nobody is talking about privatizing Akosombo or Kpong. These will be our energy backbone at least for another five to ten years."

Over at the Energy Ministry, Mr. Kan-Dapaah gives every assurance the government will do its part to ease the entry of private capital into the power industry. "What we have done and are trying to consolidate is an enabling environment. For a start, we have set up regulatory bodies like the State Energy Commission so the investor will know exactly what the on-the-ground legal, fiscal and environmental conditions are."



The Akosombo dam remains the backbone of the Volta River Authority's hydroelectric system, pumping some 6,400 GWh into the grid.

VOLTA RIVER AUTHORITY

IVORY COAST

A WEST AFRICAN GIANT



ONE OF THE MOST PROSPEROUS OF AFRICAN STATES WAS HIT BY AN ECONOMIC DOWNTURN IN 1999 AND 2000 WHICH IT IS NOW OVERCOMING THANKS TO RISING COCOA PRICES AND POLITICAL STABILITY



Diversification into areas such as petroleum is guaranteed to keep foreign investment flowing into the Ivorian economy.

THE IVORY COAST has long been a heavyweight among West African nations, wracking up steady real GDP growth of some 7% annually for most of the 1990s. However, a drop in the price of the country's main commodities coupled with the Christmas Eve 1999 coup led to a 2.4% decline in 2000, and inflation, which had fallen from 14.1% in 1995 to 0.8% in 1999, crept up to 2.5% last year.

Since then the country has returned to the democratic fold. The October 2000 elections returned civilian rule to the country and President Laurent Gbagbo has struggled tenaciously to rebuild the country's political structure and to continue 1990 reforms that have seen the nation sell off some 44 of the 61 entities the government has scheduled for privatization.

One of the top priorities of the government is to diversify its economy in order to reduce its dependency on agriculture. This means the nation will have to expand its indus-

trial base while further developing its infrastructure and private sector.

Natural gas reserves and excess electricity generating capacity, for example, could help the Ivory Coast become a major regional energy supplier. Recent offshore discoveries in the Gulf of Guinea, including gas finds in the Ivory Coast's territorial waters, make the country a leading area for hydrocarbon exploration in sub-Saharan Africa.

The government says it wants to go beyond simple self-sufficiency and generate enough electrical power for export, while further developing the Ivory Coast's oil and gas resources and its mines, which produce diamonds, nickel and other minerals.

Other objectives include the consolidation of the country's financial viability, the reduction of the debt and the reinforcement of economic integration within the region.

To help achieve these goals, this former French colony is encouraging foreign investment from a variety of sources.

At the same time, its own national investment bank, the Caisse Autonome d'Amortissement (CAA), administers funds for infrastructure projects including water and electricity supplies, promotes private enterprise and

backs a wide variety of social funds. These funds provide loans for programs ranging from the supply of drinking water to providing jobs for young people and women.

CAA bank officials say the objective is to finance investments that support the development of the country and to encourage people to save so that commercial banks can take up some of the slack in development projects.

Despite the growth prospects in the hydrocarbon industry, the country's agriculture sector continues

to be the mainstay of the national economy. The Ivory Coast is the world's largest exporter of cacao, controlling about 40% of the market share, and the fifth in coffee production. It is also the top producer of natural rubber among African nations.

Agriculture accounts for nearly a third of the Ivory Coast's gross domestic product and some 70% of the country's export earnings.

The current administration has been working to further encourage the cultivation of a greater variety of crops in various regions of the country. At the same time it remains committed to the liberalization of the sector and will keep in place relaxed price controls on its two main commodities.

On the macroeconomic front, the Ivory Coast proposes to restore real GDP growth to at least a rate of 6% to 7% annually, while keeping inflation below the 3% mark and foreign debt to about 2% of GDP.

The Ivory Coast is fast becoming a leading area for hydrocarbon exploration



Making Ghana Go Round

As part of the Ghanaian government's far-reaching Economic Recovery Program, a significant proportion of the country's state-owned companies are preparing for privatization. The Divestiture Implementation Committee (DIC) stands firmly behind this initiative and is ready to lend all prospective investors a helping hand in identifying the ideal investment opportunity. DIC can assist clients not only in setting up joint-venture projects, but also in streamlining application procedures and choosing tax incentives.

Thanks to DIC, Ghana is building a reputation as West Africa's number-one place for business.



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Lonaci

ALL BENEFIT FROM NATIONAL LOTTERY'S SUCCESS



Who wants to be a Millionaire? Lonaci's latest game has caught the nation's imagination.

APART FROM the Ivory Coast's national investment bank (Caisse Autonome d'Amortissement), another public institution that plays an important social role is the national lottery (Lonaci). While 55% of the 3 billion CFA francs in annual turnover goes to the winners, the rest, after

operating expenses, is devoted to projects such as building schools, health centers, maternity homes and recreational facilities. Lonaci also subsidizes programs providing medicines. Officials at Lonaci stress that the company's social contribution is one of the main reasons for its success. "The public knows that if they don't win when they play, they still gain from the social actions we undertake," they say. Hence the lottery's slogan "the prizes for the players, the benefits for the whole community." The state owns 80% of Lonaci

shares, 15% belongs to the National Social Security Fund and 5% is employee-owned. Lonaci is one of the most successful enterprises in the Ivory Coast and is rapidly expanding to the hundreds of kiosks it manages across the nation. Lonaci has grown rapidly over the past decade thanks to intensive publicity campaigns and the regular launching of new games, which mean new ways to win money. One of the most successful is Millionaire, based on the spin of a wheel of fortune and which is broadcast live on national television. The success of Millionaire sparked the launch shortly afterwards of a similar game with a familiar name, Super-

Millionaire, which offers more winnings and trips to exotic destinations throughout the African continent.

Another popular game is Pari Mutuel Urbain (PMU), which tests bettors' skills at picking the results of horse races. The Ivory Coast lottery is the only one in sub-Saharan Africa that has a PMU system using information technology. Elsewhere the process is all done by hand. Currently, the company is working to expand on its leadership in the technology field by offering its games on-line.



'The prizes for the players, the benefits for the whole community.' The social contribution of Lonaci is an integral part of the lottery's continuing popularity.

MALI

A MODEL DEMOCRACY

THE REPUBLIC OF MALI IS BETTING ON IMPROVED INFRASTRUCTURE, REGIONAL INTEGRATION AND LIBERAL ECONOMIC REFORMS TO ATTRACT THE INVESTMENT NEEDED TO STIMULATE GROWTH

MALI HAS in many ways become a model for the developing world. It has achieved political stability following a successful transition to democracy some 12 years ago. It is carrying out a sweeping liberalization of the economy, has a healthy growth rate and has won respect in international affairs.

The government, led by President Alpha Oumar Konare, is building up the momentum of economic growth by pushing hard for regional integration and attracting further foreign investment. Mali's economic reforms have won the praise of both the International Monetary Fund and the World Bank, which noted that "since mid-1992, the Malian authorities have implemented an ambitious adjustment program which has made considerable progress in reducing financial imbalances and liberalizing its economic growth."

Foreign investment is key to further growth, President Konare notes. As an example, he says that Mali, already a major producer of rice and



ALPHA OUMAR KONARE President of Mali

other cereals and one of the biggest livestock breeders in the region, "could be the granary of West Africa if we had investments to develop our lands."

As part of the economic reform program, the government has taken steps to simplify procedures for foreign investors and provide incentives such as tax credits. Assistance to foreign entrepreneurs is offered by the

National Institute of Social Security (INPS), which aims to build a true partnership with investors and is open to new opportunities.

African unity is a subject Mr. Konare passionately believes in and one that is obviously important for a landlocked country of some 11 million inhabitants. "I have great confidence in Africa," he stresses. "The future won't be built without

"Mali could be the granary of West Africa," according to President Konare

Africa, and Africa can contribute a lot. We want to be more united and more responsible. This Africa exists and will assert itself as a partner for other countries and continents."

Responding to the need for more and better housing is one of Mali's national priorities and here again the state is encouraging private investment. Three inter-related public or semi-public agencies are taking the lead in this field: the Office Malien de l'Habitat (OMH), the Banque de l'Habitat du Mali (BHM), and the Agence de Cessions Immobilières (ACI).

The president and general manager of the Banque de l'Habitat du Mali, Mamadou Baba Diawara, explains that he wishes "to encourage U.S. investors that the BHM can be a good partner for them." The BHM primarily promotes home ownership through retail credits, but as Mr. Diawara notes, "our bank is a universal one" and has also received requests for financing the construction of hotels, medical facilities "and anything related to civil engineering. We don't have all the resources to satisfy the demand, so with foreign investment there are great profits to be made."

The OMH's general manager, Moussa Baba Diarra, agrees that there are numerous investment opportunities in sectors such as mining, textiles and telecommunication, but his publicly funded agency is specifically designed to promote housing construction



and urban development. One area of special interest for the OMH is promoting commercialization of local construction material as a means of reducing costs.

In encouraging investment, the OMH acts as an intermediary with financial institutions and can guarantee or counter-guarantee credits.

The ACI, a semi-public corporation that works closely with BHM and OMH, is more directly involved in real estate development. It is carrying out a number of projects involving the building of entire communities: homes, schools, health centers and mosques. While the ACI's operations were previously centered on Bamako, it is also expanding to provincial capital cities.

The ACI's president and general manager, Mamadou Dembele, is convinced that "foreign investors could play an important role in the housing sector." He advises, however, that they take into account that the average income in Mali is low and try to make as much use as possible of local, less expensive building materials.

Energy sector

PRIVATIZATION PROGRAM REVITALIZES A CRUCIAL INDUSTRY



ISSOUFFON KEITA President and General Manager of Office du Niger



AMADOU TANDIA General Manager of Energie du Mali (EDM)

In a country as arid as Mali, nothing is more important than water. The main source of the country's water is the Niger River, which is being tapped for irrigation in order to make more lands available for agricultural development.

The Office du Niger, under the Ministry of Rural Development, administers a massive irrigation project—one of the largest in West Africa—whose full potential is still far from being realized. The office's main asset is the Markala Dam, which can raise the level of the Niger river by the 4 to 4.5 meters necessary to make it possible to irrigate highlands in the delta area.

At present, however, only 3% of water from the reservoir behind the dam is used during the dry season, and a mere 1% during the rainy season. The possibilities are enormous, as the president and general manager of the Office du Niger, Issouffon Keita, points out.

"The main problem is attracting

investors to the sector," he says. "The government has no means to carry out its investment policies and that's why the state is seeking partnerships with the private sector,

and with the local population." The priority at the moment is achieving food security by boosting production through an expansion of the area under cultivation.

The agriculture sector has been further hindered by a lack of available energy. All that is expected to change, however, with the partial privatization of the

state-owned water and electric power utility Energie du Mali (EDM). Its general manager,

er, Amadou Tandia, says the privatization, in which a 60% stake will be sold to a strategic partner, is needed to finance major expansion in the capacity and distribution networks of both power and water. The remaining 40% will be held by the state, the company's employees, and by private Malian and other West African investors.

Over the past decade, Mali has been working closely with international lending institutions, including the World Bank, which has been acting as a consultant for the privatization of EDM. Mr. Tandia sees good prospects for EDM and points out that "the rates are very attractive for private companies."

A 60% stake of Energie du Mali is due to be sold to the private sector



The Markala dam is the Office du Niger's premier irrigation project, fueling growth in Mali's rural areas.

TELECOMS OPERATOR LOOKS FOR high-tech EXPERTISE

MALI'S NATIONAL telecommunications company, Sotelma, is looking abroad for help in carrying out its ambitious plans for modernizing its infrastructure and expanding its networks.

Sotelma's president and general manager, Katta Dicko, makes it clear that the company needs a strategic partner with an international profile that is willing to commit itself to a long-term investment.

This partner, Mr. Dicko notes, will be able to repatriate the expected hefty profit in Mali's booming telecommunications sector.

Telecommunications is, without a doubt, one of the 21st century's greatest growth sectors, and Sotelma plans to participate fully in the development of the market in Mali. Currently, Sotelma is a public

entity, but a very substantial minority share will be offered to the appropriate partner to be selected soon with the help of a consultant, which has yet to be named by the Mali government, with international expertise in the telecommunications field.

This partner, in addition to investing in infrastructure, should also be able to provide the technological know-how for expanding the existing network with state-of-the-art technology and be especially adept at management, a quality that it will be called upon to share with local Malian managers.

In return, Mr. Dicko says Sotelma has a lot to offer its future partner. The company's balance sheet is in excellent shape; its networks



KATTA DICKO President and General Manager of Sotelma

—both land lines and satellite links—extend across the entire country.

Adding to that is the fact that Sotelma has a well-trained work force. Its technicians are kept up to date through regular training sessions both in Mali and abroad. It should also be noted, Mr. Dicko stresses, that in Mali, labor is much cheaper than in many other countries.

Moreover, Sotelma is the sole proprietor of a GSM cellular telephone license through its subsidiary Malitel. The ongoing search for a strategic partner is to some degree prompted by the recent deregulation of telecommunications in the country and the consequent prospect that competitors will invest in this ever-growing sector.

With the assistance of a sound strategic partner, Mr. Dicko explains, Sotelma will be in the perfect position in this new market to meet those competitors head on.

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Bringing the world closer together

Mali: a country aiming for peace and development alone.

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- A privatization program offering investment opportunities
- An ever-expanding, high-capacity network
- A technology-oriented company open to partnerships and new opportunities

Going with the flow of development

Founded in 1932, the Office du Niger is dedicated to maximizing the production of rice and other agricultural goods in the fertile Niger River region.

OFFICE DU NIGER
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ENERGY OF MALI
Powering development and lighting the way

- Energy of Mali is proud of the central role it plays in national development
- The Manantali power station, set to begin operating in August 2001, will produce up to 800 gigawattour per year
- New energy projects are creating many investment opportunities for industrial and economic development

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We open the doors to your future

BHM
A Roof For Everyone

At the Banque de l'Habitat du Mali (BHM), we take pride in the banking products and services we offer our clients. From term deposit accounts to housing credit and mortgage programs, BHM's services make banking in Mali efficient and hassle-free.

Office Malien de l'Habitat
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I.N.P.S. The National Institute of Social Insurance

The National Institute of Social Insurance (INPS) guarantees social welfare in Mali. We protect workers by providing:

- Family benefits
- Prevention of and compensation for accidents and illness in the workplace
- Disability pensions and surviving family member allowance
- Illness prevention

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