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# Investment Opportunities in Southern Africa:

## Previewing AGOA and Zambia's Proposed MCC Compact

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CAREW: Good morning. Welcome, and thank you for joining us today. I'm Nasserie Carew, MCC's Managing Director for Public Affairs. Let me tell you a little bit about today's program.

First, our program will be opened by remarks from MCC's Vice President for Compact Operations, Patrick Fine. Patrick has recently returned from Malawi, where he signed a compact with President Mutharika. And immediately before that, he was in Georgia participating in that country's closeout event. This week, he will be also testifying on the Hill, so we're happy that Patrick can take time out of his busy schedule to join us today.

Following Patrick's brief remarks, Stephen Hayes, President and CEO of the Corporate Council on Africa, who is our co-host for this event, will speak about the AGOA 2011 Forum. Then we'll be joined by our colleagues in Zambia, U.S. Ambassador to Zambia Mark Storella and Zambian Ambassador to the U.S. Sheila Siwela. We will be bringing them in via video conferencing, so please bear with us as we try to finetune it. If you can't hear it, please let us know. We will try to make sure that everybody can participate.

I would also like to remind you that a transcript for this event will be posted on our website probably by end of day or early tomorrow. So if you are not able to hear some of the things that are happening or you want to be able to log on, let us know if you can't find the transcripts on our website.

A couple of housekeeping items: cell phones, if you have not turned them off or muted them, please do so now. Also, we have a couple of roving mics, we should have one on the other side. Please state your question in the

microphone and again, as I mentioned, we are transcribing this so state it in the microphone, state your organization and state your name.

Without further ado, we are -- I think about two minutes late -- without further ado, Patrick Fine?

FINE: Right here.

CAREW: OK.

FINE: I just want to make sure my phone wouldn't go off.

I have the unfortunate luck of every time I speak and my phone is turned on, it invariably rings just right as I'm starting my comments.

My name is Patrick Fine. I'm Vice President for Compact Operations here. Welcome everybody to MCC. Thank you very much for joining us this morning. Ambassador Storella, Ambassador Siwela, can you hear us and can you see us?

SIWELA: We hear you clearly, but we don't see you.

FINE: All right. So I hope that the video comes on, on your side. We can see you very clearly. Thank you very much for joining us. I love this kind of use of technology to bring people together across great distances. I'm sure that this is going to become more and more the norm in the kind of work that we do.

I'm really thrilled that MCC can participate and co-host this event with the Corporate Council on Africa. And I just want to do two things really and I have done the first. The first is to welcome everybody here and thank you for joining us. I know that this room is filled with people who care about Africa and who are interested in -- particularly, in the business opportunities in Africa.

And the second thing is I just want to say a word about MCC's interest in business opportunities in Africa. We very much believe that the real sustainable impact of foreign assistance and particularly, the assistance that MCC provides is to help to create the conditions to attract private investment into the countries that we partner with. That really is the end game. It's not more foreign assistance, but it's getting to a point where there are real attractive business opportunities in a business climate that supports private investment.

I think our model does a couple of things, that I want to mention briefly, that help in that way. And I want to encourage all of the business people here to look very closely at those countries where MCC is making investments, where we have programs, to look at the possibilities for doing business in those countries and for competing for MCC-financed contracts.

I think that the model that we use is something very important to make that competition more attractive for businesses such as yours, for American businesses. And what we do is -- it reduces the risk associated with competing for contracts in developing countries, and we reduce risk in a couple of ways.

One thing is we provide a very high level of oversight on the procurement process so that we are satisfied that those procurements are done on a level playing field, and they're done in a fair manner that squeezes out corruption from the process. So you can compete with a high level of confidence that the competitions are going to be fair and on the up-and-up.

The second thing we do is we provide a lot of professional development to our partners who are managing those procurements, so that you can also have a very high level of confidence that those procurements are professionally administered and that the outcome is one that is justifiable, that is -- that can hold up.

I know that I've worked in the private sector where we were competing for contracts being let for foreign governments, and there were three things that were real disincentives for us. One was there were many times when we were asked to facilitate or pay some kind of incentives to people who were managing those procurements and it was a thing that we simply didn't do -- we didn't work with that. And I'm sure that the business people here don't do that either. And sometimes just the fear that that might be part of the process kept us from competing.

The second thing was that oftentimes, even when there is a claim process, it was so opaque and so poorly managed -- or at least that was our perception was that it was poorly managed -- that the outcome became arbitrary. And it might not be a corrupt outcome, but we weren't satisfied that it was going to be a fair outcome just because of the level of capacity of people that were managing the procurement.

And the third thing was that if we won, would we get paid on time? And there were a number of times when we did win, and where payment was a real problem.

It is these three risks that the MCC-financed contracts reduce or end or we try to eliminate, and then I think we do a good job at doing that. There is no corruption on the procurements we finance.

There have been some cases where we have found a tainted corruption, and we've acted very vigorously with just our country partners to cancel the procurement and recomplete, and to take steps to punish the people who were involved.

So there is very high level of attention given to ensuring no corruption. These are professionally-managed procurements where you can have a high level of confidence that if you lost, you lost fair and square.

And the third thing is that you get paid on time.

So from my point of view, we want to see U.S. business in particular, compete on these contracts and we want to see U.S. businesses succeed in competing in Africa. We want to see more presence of U.S. enterprise in Africa. We think that that's good for Africa, we think it's good for the U.S.

From my point of view, the best way to do that is to win competitions on a fair and square basis. And we believe that MCC provides the context for doing that.

Now, of all the organizations that have promoted U.S. private investment in Africa, none is more effective or better known than the Corporate Council on Africa. And it is with a great pleasure that I introduce Stephen Hayes, the President and CEO of the Corporate Council on Africa. A person who is, I know, known to everybody here as one of the strongest advocates for Africa in the United States.

Stephen, please take the podium and thank you very much.

(APPLAUSE)

HAYES: Thank you, Patrick.

I have been honored to ask to address you in terms of the importance of AGOA as well as the MCC, and also talk a little bit about AGOA Forum. And so it's an honor to us, because I think that MCC is perhaps one of the most innovative foreign policy mechanisms since the Marshall Plan.

I believe that very firmly -- and I think it's one of the most creative plans, I think it is one of the areas that need more support from Congress and I think it really does make a difference.

The other reality is that AGOA and the MCC are the cornerstones of our policy to Africa. There are other more significant cornerstones in how we deal with Africa. I also think that Africa is, I believe this very strongly, that Africa is in our highest national interest. We need far greater investment in Africa, and if in the long-term, we are to maintain our relationships with some of the most strategic allies, the most loyal allies, over the next several decades, we need far greater investment in Africa.

AGOA is an underutilized mechanism. We all are aware that AGOA has not met all the expectations, but it has, and still remains, an enormous potential, and remains a mechanism for greater investment into Africa. I think it's extraordinary too if we are able to use it.

And, in a way, this, the fact that we have not utilized AGOA to the extent that it can be, is also underlines the importance of the MCC. There is a significant conventional relationship between MCC and AGOA. Infrastructure to make AGOA work, we need far greater infrastructure. It cannot work unless there is capacity training and infrastructure in Africa to the extent that it needs to work, the MCC is a tool for that.

So MCC and AGOA need to be coordinated and working far more closer together in that regard.

Now, as far as the purpose of today in Zambia particularly, Zambia, as you know, is the host to the AGOA Forum. I think this is the 10th or 11th AGOA Forum. It's the first time that it is being held in Lusaka. It's very important to the country of Zambia beyond any doubt. But also, it's important to Africa. It's important to our relationship with Africa. It needs to succeed.

To the extent that we can make our contribution, we are hosting the -- coordinating with the Zambian Association of Manufacturers -- the Private Sector Forum in Zambia. It will be -- now, it will be on June 8th, followed by two days of ministerial meetings, to which the public and private sector is invited and welcomed -- and that is very good news too.

The Private Sector Forum is going to be an intense look at agribusiness opportunities, regional integration, manufacturing and finance. We think those are all the areas where U.S. companies can make a difference and can compete with anyone, including the Chinese and others, and therefore, we're going to put a great deal of emphasis on that.

To supplement that, the Corporate Council also has a part of the Southern Africa Trade Hub, we have a staff on whose job it is to build partnerships. American companies, to succeed, are going to need partnerships. There's no mechanism to help bring partnerships together except for the trade hubs and now, the U.S.-Africa Business Center, which is a part of CCA.

So let us help and work with you in that regard as well.

So in that regard, I think again, I want to emphasize and I hope there's many of you, if possible, would be in Zambia. If not, then continue to work with CCA and MCC to make a difference. It is absolutely in our highest strategic interest that Africa succeeds. And it's been the highest interest that the U.S. is part of that success. Again, the only vehicles that we really have for the public and the private sector are AGOA and MCC.

So again, I want to say thanks to MCC for this opportunity and this partnership. It's not just a one-day partnership as Patrick alluded to, it's a long-term partnership and we are very grateful for that.

Now, it is my honor to introduce to you a man who has made a very strong difference, I think, in U.S.- Zambia relations; certainly, has been a good friend of CCA already, and will continue to be as we move through the Private Sector Forum: That's Ambassador Mark Storella.

Mark was sworn in as President Obama's personal representative and the Ambassador to the Republic of Zambia in August 2010. He presented his credentials to President Banda on September 21st, and he is serving simultaneously as the U.S. Representative to the Common Market for Eastern and Southern Africa, or COMESA, and Zambia.

He is a career member of the Senior Foreign Service and recently served as Senior Coordinator for Iraqi Refugees and Internally Displaced Persons at the U.S. Embassy. He has a long history in migration and refugee issues, and now is our man in Zambia.

Mark, the floor is yours.

(APPLAUSE)

STORELLA: Steve, thank you. Thanks for that kind introduction, and thank you to the TCP (ph) for everything you're doing in support the various efforts of American companies and really, the United States in Zambia. I also want to thank Vice President Patrick Fine, for that introduction and for helping host this terrific event.

I am a new ambassador here, but I can tell you I am very excited. I happen to arrive in this country in a year that I call the big year -- the big year for U.S.-Zambian relations. By chance, it happens that this year in January, we moved into a brand new \$120 million embassy and, in February, inaugurated it with President Banda as our guest of honor.

That really demonstrates to the Zambians our commitment to this country, and I think it has had a really positive impact on the way people think about the United States here.

Second, you know, we spend a lot of our resources -- \$300 million a year on HIV issues here, and this year, we have launched a new partnership framework with the Zambians, which is already producing some very positive results in Zambian ownership and governance issues, which I think really is increasing confidence for people in Zambia.

The big event that is coming in June from June 8th to 10th to which you've already referred is the AGOA Forum. It's really going to cast a spotlight on Zambia, and everything that goes on in Zambia as well as the U.S. relationship with this country.

I'll say a little bit more about that later and you'll be hearing more about it.

Later this year, probably in August or September, depending on when they're called, there will be elections. And Zambia as I'll mention later has a terrific record of democratic commitment and elections, which we hope will be carried forward and really further burnish Zambia's credentials internationally.

And as the year comes to an end, we're looking forward to a decision on Millennium Challenge Corporation Compact with Zambia, which really we hope will be a crowning achievement this year.

For those of you who don't know much about Zambia, let me just say that Zambia is sometimes referred to as the Switzerland of Africa. It's in the middle of Southern Africa and also has, like Switzerland, a great record of peace. Since independence in 1964, there have been no tribal wars or conflicts. This is not a post-conflict country and therefore doesn't bear those kinds of scars.

In 1991, the country moved to multiparty elections and it has held a series of elections ever since then, almost always in a very peaceful way, and there have been changes of power with different people taking presidency along the way.

This year, as I said, in 2011, there will be new elections. We expect the MMD ruling party, of course, to run President Banda as its candidate. The opposition parties will be running as well. But I'd like to say that this country has a terrific foundation of strong institutions like the Electoral Commission that has a terrific amount of experience of running elections. So we're really hoping that this will be an opportunity to strengthen Africa's democratic credentials, and not only Zambia's democratic credentials.

Let me say something about the macroeconomic environment that investors might face here in Zambia. There are a lot of great numbers, and one number I really like is 11 -- 11 consecutive years of economic growth have been experienced by Zambia.

In the last eight years or so, that growth has averaged about six percent. In 2010, it was 7.6 percent and projections are for 6.8 percent growth in 2011. So there's a robust onward march of growth here.

Inflation has been held down under double-digits, and this year is expected to be at eight percent. I think the governor of the Bank of Zambia has done a fantastic job with strong support from the government to keep the macroeconomic picture really in line. IMF was just here, gave very high marks to this country for its macroeconomic performance.

Standard & Poor's and Fitch just gave this country a B+ rating, which means that Zambia is going to have the opportunity to access international financial markets, and, really, it's in a position with the B+ rating that puts it on the tier with some of the best performers in this region.

There are a lot of banks here. 18 different banks -- including Citigroup -- are here, and they're all active. If you come visit, one of the things you'll see is there's a burgeoning middle class in the cities, and that middle class, I think, will support local consumption and support an increasing level of economic activity in cities.

I won't go into the mining sector and the agriculture sector, which are really big. Let me just say that in mining, there's been \$5 billion in investment in Zambia since the privatization of the copper mines. And there are big projects coming forward -- individual projects worth a billion dollars a throw.

Copper, as you know, is at a very high -- if not, record but close to a record -- price, and this is supporting a very strong revenue stream for Zambia. I won't talk about agriculture right now, but there is really an untapped opportunity in agricultural development here, where some investors are already engaged.

Having said all of this, the U.S. commercial relationship with Zambia doesn't really reach the level of our partnership in so many other spheres. Our bilateral trade is only \$90 million in the past year. That's rather anemic.

Nevertheless, Citibank is here, Cargill is here, Colgate-Palmolive is here, Federal Express is here, Pioneer/DuPont is here, General Cable -- so we see an increasing level of interest of American businesses. I would say the bottom line on this is that we can do better in our commercial ties, and I think that this meeting today is going to help certainly the AGOA Forum and MCC have a great opportunity how to have an impact.

Let me just say briefly, about the AGOA Forum: Again, the dates are June 8th and 10th, and you'll hear more about that. There will be a very strong private sector participation and CCA has played absolutely an instrumental role in both developing interest but also, I think, in many of the organizational aspects, to make sure we have a successful forum.

There's going to be a very high-level U.S. delegation. In the past, the AGOA had U.S. delegations led by the Secretary of State, frequently including the U.S. Trade representative, perhaps the Secretary of Agriculture. We're expecting a very high level delegation again this year.

One of the great things about the efforts that Zambia has put together is that there'll be an awful lot of opportunity for mixing for members of the private sector to meet with the delegations of the 37 AGOA-eligible countries that will be participating, as well as the U.S. delegation. And those will be terrific opportunities for networking generally with trade ministers and above, I think.

So let me just close there by saying that it's an exciting time right now, but I really hope that this year -- the big year -- in Zambia is going to have some sterling moments. And amongst those, I really expect it will be the AGOA Forum and the decision on Millennium Challenge Compact.

Thanks very much.

(APPLAUSE)

HAYES: Thank you, Ambassador.

Now, it is my pleasure to -- it is my pleasure now to introduce to you Ambassador Storella's counterpart, but also yet another very, very good friend to CCA.

Ambassador Sheila Siwela is the Permanent Representative to the United States for the Republic of Zambia. She has served as Ambassador to Zimbabwe and in Abuja, Nigeria as the Deputy Head of Mission to Nigeria.

She was appointed to a committee which spearheaded the Zambian privatization process in 1991 to '92, so we've been very fortunate to be able to work with her on our planning process. Afterwards, she worked with the Eastern and Southern African Management Institute as a senior consultant in human resources development and gender issues, and as Program Manager for UNDP/ILO Peak Performance Programme. In 2002, she founded the Motivational Centre for Africa's Transformation.

So we -- what we already know and what I'm telling you is that we are dealing with a very creative individual, one who is very supportive of U.S. interest and the friendship but also has been a great friend to CCA and MCC.

Ambassador Siwela?

(APPLAUSE)

SIWELA: Thank you so much.

Good morning delegates. It is a pity we can't see you but we can hear you through the claps that you are quite a big crowd. So it's such a pleasure that I have been invited to join hands with Mark Storella here to come and share with you some of the thoughts about the reason why you should do business in Zambia.

I think Mark has done a good job, I think I don't need to say anything after this! He has articulated the issues very well. But if you just let me give a little perspective about Zambia, it got its independence for 47 years in October -- the 24th of October this year. We have evolved from a socialist country into a multi-party democracy country.

Six years ago, we dreamed ourselves an ambitious program. We launched a vision, one we called the Vision 2030. Vision 2030 has articulated so many things. Among one critical thing is to see Zambia moving to the status of the middle class by or before 2030. But before I talk about that vision, let me just say -- that Zambia exists on 754,000 square kilometers of land, of which only 40 percent has been invested, 60 percent still is looking for investors like you to come and help us to improve.



The last census has reported Zambia to be up by 11.6 million. And there's another census underway. We think we'll move -- maybe to just over 12 million.

Zambia, as we have see it on the internet already, with abundant natural resources -- the minerals, the water. During the early '90s, the southern part of Africa where Zambia sits has experienced a severe drought for two years consecutively. But in spite of that drought, there are three rivers in Zambia which have never dried, Zambezi, Kafue and Chameshi, and Luapula -- so four rivers.

So some activities can be done with the river and the water -- you can do agriculture, you can do hydraulic, you can do tourism, you can use it even for transport and fishing. So that is about the water.

We have a large youth population. Zambia is a youth population. A lot of things can be done with youth because they are very bright and they are visionaries. They want to make things happen. So we are sitting down to have the youth who we can make use and train with skills for them to manage the economy.

Zambia also shares the Victoria Falls with Zimbabwe. It's a gift from God so we are very grateful to God for that gift, where we have made a name on it: David Livingstone, one of the explorers, has said that "I'm sure when angels pass through Victoria Falls, they would be smiling," so it's a beautiful thing to say. I hope that each one of you have a chance to come and visit the big falls. Although the best time to visit is now, so I wish you could come tomorrow.

(LAUGHTER)

I just want to talk about the -- now that -- back to the 2030 vision, the Vision 2030 -- it sets up a lot of ambitions and goals. One of them, as I said, is to get Zambia into the middle-class status. That cannot come overnight, and that cannot be done just by Zambia alone. Zambia needs serious partners and investors to help us to get into this Vision 2030. So you can help us realize our dream, and it is through the minerals, the resources, the bushes, the beautiful climate, the mines, the lands -- so you can help us make this a realization.

We can't do it ourselves, we have realized that that. Our job is to make a pronouncement, but without your coming to help us, we don't think we could reach that status. It is for that reason that I think will appeal to every investor, is I have lived in the United States.

I've been there for only nine months now and (inaudible) going there, if you state that a visit, very beautiful, so much (inaudible) worth saving is.

There is an adage that says Zambia is Africa's best-known secret. So please come and find out the secret behind Zambia. We are situated along -- we have eight neighbors, despite the fact that we have seven languages and 78 dialects, we have never had a conflict within ourselves. So we are sort of heterogeneous but sort of homogeneous, it is such a rare combination.

We have all the neighbors -- we never fought with any, instead we helped all of -- 90 percent of our neighbors get their independence, so that is a special position in our area here. We love our neighbors and we want to continue to work with our neighbors and with our close friends around all the eight countries and beyond.

Let me just share with you the reason that we think that an investor like you would come to Zambia and you like it and stay over here. One, as I said, and as Mark said, there is stable -- political-economic stability with a high-degree of investment activity in Zambia, then we have a positive (inaudible) economic environment investment security and guarantees. Zambia is governed by local legislation, which protect the investors, and also Zambia is a member of Multilateral Investment Guarantee Agency, MIGA, which guarantees against political risk, (inaudible) and the (inaudible) issue.

We have any rate of easy access to financing as Ambassador Storella said, with 18 operational banks -- commercial banks, Citibank being one of them, Barclays, Standard Bank, the international banks and then so many other banks that are of regional and also international levels.

The business environment, the government is very supportive by creating a one-stop Zambia Development Agency where an investor is guaranteed that if it would like to have business within Zambia, the executive process is everything is under one roof.

Also, the infrastructure at the local level is there, but not as much as (inaudible). I want you to come and look at the building -- roads they are building, and the rivers and the offices and structures. We have the three (inaudible), the 99-year leases, which are favorable to any investor that want to invest into the lands.

There is a lot of human resources availability, a lot of (inaudible). The literacy level in Zambia is over 80 percent, so there is a lot of (inaudible) local skills, so you don't have to bring in all your labor, you just bring the expats and the labor could be sourced locally.

The opportunity, I say, is abundant natural resources -- the wealth is abundant, you see it everywhere.

What is our biggest prize, I tell you, it is our hospitality. We are a smiling nation, we smile at visitors. We love visitors a lot. So you are very, very welcome.

Let me just spend the last few minutes to the event that also Ambassador Mark has just alluded to, the AGOA. The AGOA Forum, as we all know as Mark has just said is taking place in Lusaka, Zambia between seven, eight -- no, eight, nine, and 10 June.

And it is (inaudible) Zambia because if you -- we shall offer ourselves to any investor that is willing to come and partner with us. We are very, very excited. Every single newspaper every day has something about AGOA.

Ambassador Mark Storella is on TV, in the newspaper, every single day. He is now a very familiar face in Zambia. He is almost like a "Mr. AGOA." So we are very, very ready for AGOA.

Now, AGOA is an event which will take place for three days, but we should not dwell too much on the event -- we should dwell on the year after. Come June, what is next? What Zambia wants to see after June 10th is that people come and stay, people come and invest, when they come here, the people come and help us get to the 2030 vision. People bring in the investment, people bring in the money.

This statistics between the U.S. and Zambia are not very good. We are good in terms of the traditional exports like the minerals, especially copper. But when you look at non-traditional exports, Zambia is lamentably very, very low in terms of U.S. and Zambia trade. So we are hoping that after AGOA, we'll change that scenery. We'll maintain the copper exports that we just want to increase on the non-traditional like the honey, the labor, the apparels, which we think we can manage.

We might not have the volume that's required, but I think we could be part of the process or part of the people, or part of the group that would get into the U.S. market. I think we are ready. All we need is help with a company (inaudible) like capacity building or the SPS (ph) issues or putting the standards of the required markets in place for the U.S., like for honey, I'm told that the quality of Zambia honey is about 32 medicinal purposes in honey farms. And so the sooner you start ordering, the more healthy you will become in this space.

Zambia, right on the -- before I wind up, Zambia's exports this year was 1.4 million, which might look significant, but when you look at other exporters from my region, that did excess 70 million. So I just want to appeal to investors that -- I wish I could see your faces but I'm just seeing an empty glass in front of me -- but I wish I could

appeal to you say please come and help Zambia realize this 2030 Vision. We are ready for you and everything are (inaudible) already and every bit of that is willing to invest in Zambia.

Thank you so much. I wish you all a good deliberations for today.

(APPLAUSE)

HAYES: Thank you, Ambassador. I understand you have been recovering from the flu as well so it's obvious that you have taken the Zambia honey as part of -- as part of your treatment.

Zambia is God's gift for those of you like myself who haven't been there. It's an extraordinary country and we have been lucky to be on the Zambezi River and it's just an extraordinarily beautiful country with great opportunity.

HAYES: I think. But any case, in that regard, I want to introduce to you -- I ask the panel to come up now as I introduce the moderator for the panel, and so the panelists can take their seats. Your names are there if you have any question.

This panel will be moderated by Jimmiel Mandima, whose bio has started out much like mine, except that he ended up where he wanted to be.

Jimmiel has earned his Bachelor of Science Degree in Biological Science and his Master is in Applied Zoology, not too different from my undergraduate degrees. He previously worked for the University of Zimbabwe as a research fellow based in Zambezi Valley for nine years, and subsequently joined African Wildlife Foundation in 2002.

He has led the African Wildlife Foundation's Heartlands Program throughout the trans-boundary lower Zambezi landscape. He has served as a member of the International Commission on Ecosystem Management and he just recently moved to the Washington D.C. Headquarters of African Wildlife Foundation for program design policy. We are honored.

Jimmiel?

MANDIMA: Thank you, Stephen.

It gives me great pleasure on behalf of African Wildlife Foundation to be part of this dialogue. The session we are getting into now is talking about sustainable tourism in the Greater Kafue National Park, and with me are three panelists in front and one out-of-room participant.

I want at this juncture to introduce Robert Liebenthal. He is the national coordinator for the MCA account in Zambia. Robert has got extensive experience in Zambia from the late 1960s and has worked with the World Bank and is now the man on the ground to manage this account.

Robert?

LIEBENTHAL: Thank you for the introduction, and let me join others in welcoming you all here today. It's a real privilege to be here, and it's also a great opportunity to be able to present what we are doing in Zambia.

I will say a little about the Kafue National Park project but mainly, I'm just going to try and talk a little bit about the background of MMC and MCA in Zambia. And I'll try to be as quick as I can just through all that.

As you, I think, probably all know, MCC was established in 2004, its mission is reducing poverty through economic growth. In terms of its history in Zambia, it was first assisted with a threshold program to help Zambia become qualified for the -- for compact development. Zambia became eligible for compact development, or compact funding, in December 2008.

Zambia -- MCC rather has currently, I think, that figure as well. I think it should be 23 compacts that have been signed and it is the disbursements, I think, are over 8 billion. I shouldn't be doing this commercial for MCC, but they will correct me if I'm wrong.

And the key features of the compact program are indicated there, with trying to incentivize good governance, a number of the issues that the ambassadors -- both of them refer to. And we -- currently, I will talk a little bit more in detail about where we are in terms of the preparation process.

This is to give you a little bit of Zambia background but in view of what the two ambassadors have said, I think it's somewhat redundant. I am not going to repeat all that. Zambia is a small country in terms of population of only 13 million people -- actually that should be 13.0 somebody -- I think this is an old version of this slide presentation.

It is still a very poor country as you can see from the indicators. Life expectancy, only 45 years but that's slightly more than it was, it has been improving.

The big headline, as Ambassador Storella said, is that Zambia has been growing at a fairly rapid rate for the last 11 years. The average birth rate over the last 10 years has been 6.3 percent. Poverty still remains very high, and one of the things that we are trying to address in the program that's being prepared is issues or things which directly and indirectly bear on the reduction of poverty.

This is Zambia's scorecard, and I'm not going to go into any detail about this. But this is the method, or the basis, on which MCC qualifies countries. Seventeen indicators organized into three sections, ruling justly, investing in people, and economic freedom. And what those charts show if you look at the dots which represent different years and the lines, the vertical axes that represent scores is that on all of these indicators with one exception, Zambia does extremely well. And if you -- I probably shouldn't boast too much, but if you compare this with the relevant scores for other comparable countries, Zambia's scorecard looks very good.

The only one way we are slightly embarrassed is right in the middle of the -- where there is -- there are no data for primary education expenditures, this is something we are looking into. If that data were there, it would tell a very good story because expenditure on primary education, basic education, and improvement in the education system has also been quite dramatic.

MCC, again as you probably know, I think it was emphasized by Patrick Fine at the outset, is trying to address the constraints where poverty reduction, and therefore, what this slide shows is the main criteria that I believe MCC uses to select its project. There are a number of others, which I won't go into any detail. But the most important ones are there, they are to address the constraints regarding poverty reduction, which I'll come to in a minute.

The projects have to be implementable within five years because as you probably know, the clock starts running at a certain point. There is a date called entry into force where the funds become available and you have currently five years and five years only to disburse those funds, after which they revert to Uncle Sam, which may have virtues in the current environment but we won't go there. And there has to be an economic rate of return of more than 10 percent.

And then some other things that are important as well and certainly, which we took into account of which, I think, I would like to emphasize in this environment and that is we -- when we were proposing projects for MCC's consideration. We paid special attention to projects where there was a prospect of leveraging private sector and other financing.

So our strategy is and remains one of trying to get the private sector more involved in these projects so that they're not just old style conventional aide, but they also involve private sector not only as contractors, but also with partners. And I'll try and come back to that.

This slide is almost illegible but all we are trying to show here is the stages that MCC's project preparation goes through. We have completed the first two of those stages, that is to say, the preparatory and preliminary analysis and project definition, and we are now starting on the preparation for implementation preparation. I'll talk more about that in a minute.

Here's how the story has evolved so far. As I've said before, Zambia became eligible for MCA financing in December 2008. We established the team that I had in -- actually, we started doing that in July of 2009.

Now, I want to emphasize one thing and that is that the unit that I head, which has now about nine professionals working on different areas of compact development, is under the Ministry of Finance and National Planning and is financed exclusively -- exclusively by the Ministry of Finance and National Planning.

All of our expenses, capital current salaries, and everything else are financed by the government out of its budget, which I think is a very important indication of the commitment that the Zambian government has to getting this program going.

No MCC money is involved in that at all. MCC comes in another way and we will come to that.

The first thing we did was a constraints analysis. Now, the constraints analysis is an MCC requirement, but it turned out to be extremely useful for a number of reasons. It was essentially to derive that basis on which to select projects that would contribute to growth and poverty reduction in that circle that I showed you a little bit earlier.

But it actually also coincided with the preparation of Zambia's 6th National Development Plan. Ambassador Siwela referred to the Vision 2030. The latest document that you should look at as potential investors is the 6th National Development Plan. It prioritizes various investments there, and a lot of it flowed from that constraints analysis. And two main areas to emphasize, one is infrastructure and the other is skills development.

In addition, there are the sectors that were mentioned earlier, particularly agriculture and tourism, that should be the source of diversification of the Zambian economy and those get a lot of emphasis as well. But the constraints analysis, even though it was intended mainly to support the MCC program also ended up supporting a lot of what the government plan to do generally in cooperation with partners.

We consulted very widely up to, I think, 500 people involved in various meetings. We developed concept papers. Six of them, in fact, which was submitted by MCC, pass through the cabinet of the government so it had high level support and commitment. And here's where MCC started getting involved financially May of 2010 just less than a year ago, MCC allocated \$12.2 million for project preparation, a.k.a. 609(g) funding.

We are currently working all that out, there are pre-feasibility studies that have been undertaken to work on those projects. We have set up technical working groups for each of those projects, which includes stakeholders and, at different times, some private sector involvement. And we have started also establishing the

implementation arrangements that is underway at the moment so that we can get a flying start once the compact is approved.

Pre-feasibility studies have been completed for one of the projects and I will talk a little bit about that, and my MCC colleagues will also -- and we will complete the pre-feasibility studies for this project that we are about to discuss in a few weeks' time and then move on to the feasibility work. And the target for compact approval is this September.

So let me just say a quick word about the projects that we are talking about. There are two that have been prioritized by MCC. One is the Kafue National Park Project. And I'll just let you absorb that. It is -- because I think colleagues will talk a little bit more about that as we move along.

There are three main components to it -- one is improving access to the park. The park is, by the way, huge. It is -- I can't remember offhand what the dramatic comparable size is. It's a -- sorry, it's the size of Vermont, there you are. And it is the -- it's the Cinderella -- the sleeping giant in Zambia is the Zambian tourism industry in terms of opportunities.

One component would be to try and improve the access to the park in general and to some specific area parts of it, improve its management. It has been improving through a World Bank supported project over the last four, five years but there's still a way to go.

And very important, indeed, to improve the benefits to the communities that surround the park. That is one of the problems with the tourism industry in Zambia and many other countries is that the benefits flow to the limited, relatively small group of people. We are determined to find ways in which that can be spread more widely and we think that we will find some ways of doing it.

The other project is for water sanitation, sewerage and drainage in Lusaka. And all I think about, at this point, is there's a huge challenge, if any of you have been to Lusaka, particularly during the rainy season will know that large parts of the city, particularly, the peri-urban areas get literally drowned during that period. There are some real problems with disease, cholera and so forth that result from poor sewerage and so forth.

And the project will address all that, and we'll talk about that in more detail later.

Finally, where we are, at the moment, a couple of recent events, we had a forum for MCA in Zambia where we hosted seven other African countries, we got a lot out of that in terms of indications of how we could better implement our Compact. Those other milestones that are indicated that I mentioned that we will conclude the analysis for the GKMP project shortly.

I would just like to mention, it's not on the slide here, that the Ministry of Finance and National Planning made a ministerial statement about the status of the MCA -- MCC Compact to parliament on March 25th. That's also in the public domain. And again, it's an indication of the seriousness with which the government is approaching the preparation of the Compact that he wanted to make sure that they present to public domain that there is a good understanding of how this is all being prepared.

And then I think the last thing I'll mention is that -- and I think it's again extremely important for everyone in this room. MCC will not be able to finance all of what is identified as viable projects for these two projects that we're working on.

What we hope to do with MCC's support is to hold investment conferences for each of the two projects with a private sector representative and with other potential partners -- donors, in order to expand, use the leverage

provided by MCC's -- the time that they -- what's being done by MCC to prepare these projects in order to get more financing and to extend the range of what is done.

I'm sorry I have overrun my time, but thank you all for your attention, and I look forward to further discussions.

Thank you.

(APPLAUSE)

MANDIAMA: Thank you, Robert, for the quick synopsis on the background to the project. I think that you underscored the parameters of ensuring that the projects are implementable, that they contribute towards poverty reduction and economic growth, and that in fact the business we should have an economic return of more than 10 percent. And also, I think, the fact that the government of Zambia is bought into it and it owns the process, which is a very good indicator of a conducive environment for this kind of intervention.

Now, we are going to specifically zero in into the subsection on one of the projects on the Great Kafue National Park. And I already alluded to the fact that I got four contributors to that, and I want to call up on Dale Lewis who I hope should be online.

Dale Lewis is the Country Director for the Wildlife Conservation Society in Zambia, and he has got many years of experience in Zambia working with communities, with the tax authority, and I want to bring you on board now and to contribute to this discussion.

Dale, over to you.

LEWIS: Thank you very much, and it's a great pleasure to be with you this afternoon. I'd like to talk with you today about a new and different model for wildlife conservation that's been in the making for about nine years.

And this model is called COMACO, and it gets its name from the first two letters of the three words of Community Markets for Conservation.

And the results of our work basically demonstrate that small-scale farming communities can actually be good neighbors of national parks. If they grow the right crops and have the right skills and offer the right kind of markets with the right incentives. Now, that's the good news.

The bad news is that it often doesn't work that way, and this is why I think it's important that I have this opportunity to share our story with you because, I think, there is hope for a better approach to integrating communities that live around national parks with the future of these parks that offer so much potential for tourism development.

So what I'd like to do is, first, provide you the context, the background of how this model developed and then present to you the mode how it works, and then share with you very briefly the (inaudible) -- and then lastly, how the model could possibly roll out and be exported to other parts of the country, possibly including the Kafue National Park.

So if I could have the first slide, and I'm told that when I need to change the slides or advance to the next one, I'll have to ask you to do that. So if I could have the first slide. And I can't see the screen, so I -- maybe you could shift the camera. I don't -- there you go.

Well, let me start with a beautiful picture that illustrates the amazing wildness -- vast areas that remain relatively untamed and pristine that attracts so many tens of thousands of tourists every year to Zambia to experience

this wildness. And, of course, they come to Zambia, if I could have the next slide -- next slide -- they come to discover possibly for the first time to see -- witness such great animals as the elephant.

Next slide, possibly discover such a magical beast as shown here, the Greater Kudu.

Next slide. Or enjoy simply watching the delightful hippos basking in the sun like I'm sure you've probably like to be doing today yourself.

Well, it's the combination of these great wild areas and fantastic wild animals that contribute such value through tourism and contribute estimated total revenues of over 100 million U.S. dollars every year. But actually, this potential is much greater relative to other countries in the region. Zambia has a great growth potential.

And if I could have the next slide.

Obviously, to achieve this potential, there is going to be a greater need to (inaudible) development. And this why the MCA initiative is so exciting.

And I guess what I like to really focus on is that in thinking about which cost that -- that -- that's going to be important for making this investment really successful, there's one cost that's not perhaps always fully appreciated. Bob Liebenthal alluded to it.

If I can have the next slide?

And that's the cost of keeping the wildlife aspects safe. I mean, obviously, the assets are not safe. Ten years from now what is the point of many of the investments? And the reason I like to talk about this is that there really are great challenges of keeping these assets safe -- both wildlife and the habitat.

You might be interested in knowing that the total perimeter of the national parks in Zambia is just under 3,000 miles. Now, it's a huge perimeter to police. And to a large extent, that's one of the major tools that we have for keeping the national parks in Zambia safe. But we all know, as important as it is, it's not sufficient.

And we also know that human numbers around the parks are increasing. And many of these people are not able to feed and have enough income and so it's very tempting to access the resources in the parks.

And so, one of those important, I think, investment requirements in developing the park will be to invest in the small scale farmers that lives around the parks and particularly those farmers that are vulnerable to not being able to produce enough food and making enough income.

And so, this is really what our model -- we call COMACO, focuses on, and perhaps, if I could give you an example, the kind of problems that do occur that we're trying to address through this model -- if I can have the next slide.

These are two satellite pictures of the same area. It happens to be an area west of the North Luangwa Park in the northern tropics of the country. The one on the left was a photograph in the year 2001, the other in 2009. And the red and colored areas illustrate the vegetation intact, the whitish kind of light bluish white areas are settlements. And it's very clear that in just eight years an extensive amount of area was cleared. And what happened here was farmers that did not have the skills to understand how to manage their soils, didn't grow the right crops, didn't have the kind of support that they needed. They simply farmed a couple of years and moved on to clear new land.

And this is not an uncommon practice. And many practices in many parts of the rural landscape that surrounds Zambia's national parks.



If I can have the next slide.

And so we come to a really important point about what drives a lot of the destructive activities that people often or sometimes do engage.

In many instances it boils down to simply not having enough food and not being able to grow enough food because we're dealing with farmers who are largely subsistence. What they grow and what they can get put in their granary is what they have to support them pretty much until the next harvest. And if they do run out of food, maybe they can borrow it from their neighbors, but often coping strategies can turn to harmful activities.

Illustrated on the right, the obvious one, this is a very dreadful picture. It is upsetting to see this for some people but it is a reality -- illegal hunting of wildlife, turning to other crops for cash that may not be a food crop. It may not necessarily solve their food problems, but it gives them some quick money but also at the expense of depleting soil nutrients and increasing the rate of deforestation, and charcoal is another common way of subsidizing small scale farmer's income when they cannot make enough money from growing their own crops.

MANDIAMA: Dale, if you could wind up to the last points because we are running out of time...

(CROSSTALK)

LEWIS: All right, I easily lose track of time.

Let's go to the next slide.

Let me just go to the next slide very quickly due to -- to really talk about the model itself and it's basically a dynamic value chain that drives a thrust in which farmers are rewarded for adopting the right kind of farming practices that in two or three years, result in a surplus.

And for the first time many communities have that opportunity of a direct transaction with the partner, COMACO Limited. It was a model developed and pioneered by the Wildfire Conservation Society which helps the model become its own company.

And through its own efforts to develop what we call regional trading centers where the raw materials are processed into value-added products and shipped to sell centers using really savvy marketing approaches with the -- consumers able to buy a good quality product and at the same time provide the kind of value that can be returned and help sustain the livelihood needs and incentives of the farmers to keep practicing these fields.

And so, it is an iterative process that continues to improve and enhance the livelihood and adoption of the conservation practices. And since I don't have time for the other slides I'll simply summarize that as a result we're seeing rural incomes that we've worked with in the Luangwa valley which is where the model is currently operating. Here it shows, OK, our products -- maybe the next slide -- next slide. OK.

If I can just comment real briefly. This is basically a pact between the communities and the company that if the company provides the opportunity for -- OK, I'm in another slide now. I'll just try to wrap this up, the performance, in terms of sustainability it's -- it's a very thus far, successful company that's been able to nearly double its sales annually for the past three years and slowly closing the gap between constant net sales.

And we expect that in terms of meeting total cost, overhead professional salaries, extension, we believe that this model could be the Holy Grail for conservation being able to self finance a mechanism that brings conservation and the agriculture together where farmers really don't have a need to even think about doing anything destructive to the park.

And perhaps the last slide, I can briefly say -- if I can have the, last slide, please.

We give you a picture of where the COMACO model currently operates, almost surrounding one of the biggest national park areas, the North and South Luangwa, close to over 100 depots, six different -- different regional trading centers that provide the trade link with the small scale farmer to the higher-paying markets that are provided and organized and supported by two centralized sales centers.

And I think you can see that the scale that we've reached in just over eight years is not in raised reasonable condition that it could not also be applied to the Kafue National Park which is the other big green area on the other side of the country.

I think there are two ways that the model could be fairly effectively transported. One would be in -- currently is in a level of development, systems and methodologies fully developed that it could provide a wonderful learning platform for other partners who wish to work with COMACO Limited and help them perhaps take on some of the initial risks and on efforts to organize the farming communities in the ways that we have done.

And secondly, we have already a well-established marketing and trade system products that are well liked, a brand that's well recognized by the Zambian consumer and know what's behind the brand, what it does for the small farmers that's living around these national parks so other partners in compliance with the model could certainly take advantage of our brand and some of the services that could help quick start some of the activities associated with the MCA/MCC project around the Kafue National Park.

So I'll stop there, and thank you very much.

(APPLAUSE)

MANDIAMA: Thank you, Dale. And you will get a chance to contribute to the discussion at the end of the session. I want to call up on Alastair from WCS, who is the Assistant Director for the Africa Region, to also add a few remarks.

NELSON: Good morning everyone.

Just a few remarks about nature-based tourism across Zambia as a whole. So I'm going to be very brief -- I'll come up with a few quick points and then I will try and summarize it at the end.

Tourism is one of the great sectors identified in Zambia's new national development plan and I think that's in its first year of operation right now. That has to be nature-based tourism in Zambia, and it has huge potential.

At the moment, there are only two parks, national parks that make money, on (inaudible) national park. And yet the Zambia Wildlife Authority is managing nearly 30 percent of the surface area of the country.

So most of their national parks are making money, Mosi-oa-Tunya next to Victoria Falls, and South Luangwa National Park. And yet the Zambia Wildlife Authority is managing nearly 30 percent of the surface area of the country. So most of those national parks aren't making money.

Some of that land -- or the majority of that land is what's called game management areas which is where consumptive tourism hunting can take place as well. So divide those two areas up in national parks. Zambia -- sorry, and let me just say, ZAWA, the Zambian Wildlife Authority are responsible for tourism -- managing tourism in all those areas, both game management areas and the national parks.

Within the national parks, they typically give concessions for between 5 to 25 years. This kind of loose arrangement that was initially around the five years and now the operator is getting 25 year concessions.

Within the game management areas, again they manage the concessions, some of which is hunting and some of which is photographic tourism. It's in these areas that around 50 percent of their revenue and there is a way it is divided out, it goes back to communities. This is a system that is there and exists but it is not functioning very well at the moment. And one of the reasons it is not functioning very well is that ZAWA is cash strapped.

So they're managing 30 percent or nearly 30 percent of the surface area of Zambia but they're not getting the money to pay for that.

So I think this year, their income from central government will be around \$1.4 million. So the system exists but the money isn't there to distribute the funds they are running month by month.

So, we're very conscious obviously, the communities need to benefit from wildlife. And I think the way forward would be, we need to -- we need to look at going forward from here is we need to get the framework in place.

ZAWA will rewrite the Wildlife Act. It was -- the current Wildlife Act was written in 1998, a new act has been drafted and that would be drafted where it will be passed out later this year but with an election, it is very likely to run into next year.

So we need to work with ZAWA as partners -- development partners of Zambia to make sure that new wildlife legislation tackles certain issues and these skip security of tenure to operators inside and outside the national parks so they will invest in the tourism facilities.

We need to fix this problem with returning benefits to communities. It doesn't necessarily mean that we need to start from scratch, but one thing we definitely need to look at is how much money is coming to ZAWA so that they can reach their commitments and live more than month-by-month on a cash basis.

The other thing that we need to include is participative and especially explicit land use planning. I haven't touched on that at all, but when you are looking at national parks and communities and tourism and ecosystem services like water, we need to work out where everyone is and what -- actually what resources they have a right to use and what they don't and then how those benefits are shared.

And finally, within that, we need to use models like Dale alluded to very briefly there where we have agricultural conservation -- friendly and sustainable agriculture intensification systems that return benefits to people, improve their livelihood in a sustainable fashion.

I'm now not only talking about agricultural intensification, but diversification as well so that the people are resilient to climate change and resilient to environmental and social shocks as well. And we need to do that within those small areas of land or large areas of land that the communities will be living in and around protected areas.

Thank you.

(APPLAUSE)

MANDIAMA: Thank you, Alastair, and thank you for being time conscious.

So now I call upon Matthew Edwardsen, who is from the U.S. Forest Service coordinator for the Africa program.

EDWARDSEN: Thank you -- thank you very much. And I will try and be briefer than Alastair I guess.

So I'm done.

(LAUGHTER)

Now, just quickly -- the U.S. Forest Service is a domestic land management agency here in the United States, and we work in Zambia and across Africa basically bringing the natural resource management technical capacity which we have to manage our resources here domestically overseas. And what that means in case of Zambia is that it's all about partnerships. So we have a very strong partnership with WCS. We're also working with the Nature Conservancy, with ZAWA and with MCC.

So basically we take the skills which we have developed here over the past 100 years and do a lot of capacity building. I think what we've kind of heard running throughout all of the panelists and discussions today is this real need for capacity-building and that the, you know, the Zambian rubble. So basically, help develop that investment-friendly climate.

So what we're working on at a couple of different levels and I think here, I will just kind of focus on maybe, the government-to-government level is really training our Zambian government colleagues with U.S. government kind of staff members so you can kind of get that government to government feel and they can you know, kind of complain about the potential budget problems that they both might have within their respective governments. How, it does or doesn't function, and really kind of get an understanding that they do have a lot of the shared kind of constraints and the shared successes and basically develop a long term type of collaboration within that context.

So one area which we're working on and just kind of getting started is working on the issue of fire management, capacity building in Kafue. The park -- estimates I have heard, you know, does have a natural fire cycle, but given a lot of -- kind of the lack of management of that fire cycle, it has kind of gone a little bit out of control over the years.

And what we're looking to do is work with ZAWA, work with the MCC as the Compact moves forward to bring over technical experts who can help them put in place a system which will basically give investors more confidence to come in and make different types of tourism investment knowing that the government is there and they have a system in place which can basically help manage those assets.

And I think, you know, they get back to the point that Dale raised of, you know, basically they cost of keeping wildlife and, you know, habitat assets in place. So that's really something that we're looking to help the Zambians and our partners do.

Fire management is one thing. And then looking into the domain of sustainable financing is another, we have just had a team out in Zambia working on -- doing some hydrological assessments to better understand the watershed services which are provided by these protected areas.

We also have teams which are going to be working on developing, you know, some of the methodologies for forest carbon monitoring. And this is done in very close collaboration with the U.S. mission in Zambia so that we can better kind of align the procurement activities which MCC is focusing on with the technical capacity building which the forest service and other land management agencies which we have here domestically can bring.

So, that's just a quick overview of what we're doing in Zambia. We're doing that in many other countries in Africa. And I welcome many further discussions on that as we have time with the question and answer.

Thank you.

(APPLAUSE)

MANDIAMA: I want to thank all the presenters for sharing their experiences as related to this intervention in Zambia.

And just to quickly say, I think what has been underscored is the old issue of -- for sustainable tourism to work, it needs to engage the diversity of stakeholders on the ground and the local communities and to recognize that the wildlife asset needs to be safe so it requires strengthening the institutions, that is able to police and conduct law enforcements and it requires investment with the private sector, all is critical in this timing of this compact activity is excellent.

And I want to take advantage of your presence here and open up for a few questions. Unfortunately we are running out of time, but I just want to invite questions in batches of three, and then our panelist will react and maybe shed more light on the issues they presented already on.

Thank you.

LARUE: Thank you. Rick LaRue with the Solar Electric Light Fund. For the park, what are the plans for provision of electricity in the park?

CRITTENDEN: Elizabeth Crittenden, Africa Trade Office. Dale was about to make a statement about the concept or the relationship between the description I think, of the pact between communities and companies, and I wanted to see if he can finish that.

BROWN: Yes, the name is Michael Brown and I'm with Abt Associates, and prior to my work now in international development, I used to be in the agribusiness running operations in the U.S. And I find it interesting having cut my teeth in the South Pacific -- in Pacific Asia which has done a lot and involved with environment and agriculture, there is always that challenge.

And we hear a lot about capacity building. And does that encompass behavioral change? How do you look at -- wherever you're at, even in a private sector, you are constantly changing one's behavior to be more competitive. And there's a tremendous amount of private enterprise going into Africa, particularly South Africa.

Wal-Mart is there and you have other operations. They are going to move in even without development. And so, how will you address that in regards to your activities? And one of the most effective ways to upgrade agriculture is putting in good roads. I know MCC is doing this in other countries, is that on the table for Zambia?

MANDIAMA: Thank you for those questions.

And I would like to ask the panelists to react to some of the questions and also be part of the responses.

LIEBENTHAL: OK. Thanks, let me talk about the first and part of the third question. I can maybe leave the others for colleagues -- I think Dale is still there.

In terms of plans for electricity the -- at the moment, within the Kafue National Park there are some -- there is quite a bit of development -- tourism development that has already happened.

There is a panel, the proposal that was made to MCC included some electrification. Whether that will survive in the eventual -- what MCC eventually finances, we don't know. There are issues involved in supplying electricity within the national park because the lines would have to go underground which is obviously very expensive.

There are solar options as well that obviously -- will be looked into. So, there is a hope that there will be some electrification of some kind but we don't know yet what.

On the question from Michael Brown and I completely agree with you on the issues of behavior change and I think this is a real challenge in the game management areas. I think our hope is that in addition to the kind of

approach that Dale Lewis was outlining the COMACO circle, the COMACO model, he will also be able to look at ways in which the game management areas can benefit more directly from tourism through joint ventures and so forth.

And maybe that will make it a little bit easier because it will be perhaps easier for communities to see a direct link between the tourism resources and how it's being developed and their own livelihoods.

And yes, in terms of roads, if you go back to the concept paper that was originally submitted to MCC, road development particularly access roads and roads within the parks were very important proposal. They are, however very expensive. It's very difficult in countries like Zambia to generate an acceptable rate of return for road development. So that's a story which is unfolding.

I think our hope is that there will be road development there but which roads, to what extent and to what standards still needs to be done.

Thank you.

NELSON: Well, let's see if Dale is still there because I know that he obviously would like to answer Elizabeth's question. I think he can answer some of the behavioral change section on Michael's question as well.

Do we still have Dale?

(UNKNOWN): No, we lost the connection.

NELSON: We've lost connection. OK.

I'll do the best I can.

Elizabeth, the pact between communities and companies, and it's based on producer groups and it's based on extension services that are provided to these producer groups which is, about 20 farmers in each producer group. And the extension services are around conservation friendly agriculture and certain environmental protection behaviors.

In return for that -- and that's monitored, ideally, annually. In return for that, a premium price is paid for goods. And inputs are given and extension services are actually helped, have meant the people who were food insecure for three months of the year nine years ago and now net exporters of food.

So that in some way addresses your question as well, Michael, that is how behavior change is happening. People are -- it's a market-driven incentive scheme. People are being paid for compliance to certain systems, inputs and the conservation farming technique is increasing people's outputs and therefore more money is coming into the household and behavior is changing.

MANDIAMA: And really just real quick, we would like to say the African Wildlife Foundation has worked in Southern Africa with the various wildlife authorities and in the co-management areas in Zambia we have been able to form community development trust that now negotiate partnerships with the private sector for any investment that is linked to tourism development and what we have seen happen is the communities have the ownership somehow of the land through the chieftaincy and that becomes their contribution to the business.

And then the private sector brings the marketing and management expertise and also creates employment to the extent that we are gradually seeing areas where the value system is changing for them recognizing the

importance and benefit that can come from tourism and not necessarily just according to the private sector but this is a process that takes a while, engaging and getting them to participate.

I know there is desire to contribute and ask more questions, may I just request for one more question from a colleague and then we will close the session?

SEGERO: Good morning ladies and gentlemen. My name is Rosemarie Segero, I'm the president of Segero International Group who focus on concerting for African businesses and export-imports.

What I want to ask here MCC and the wildlife and AGOA, how do you involve women businesses especially when it comes to -- I'm a woman based business based here in Washington D.C., and I'm from Africa, I'm from Kenya but I'm here as a USA company. How do work with women on the company locally here and overseas or you just give the men the businesses and big companies and you forget about the women both here and in Africa?

Therefore I want more women like me -- I want business from MCC and those women in Africa businesses and local development involve women. And Mr. Hayes, what are you placing on AGOA now that AGOA is trying to end up -- since AGOA was enacted, we have not seen so much AGOA -- AGOA benefited the rich people in Africa, not simple men.

Now that you are going to Zambia, what is -- what -- how many African counties are benefited from AGOA and how are we going to be involved as local U.S. business people to be in AGOA Forum.

Can you tell us the criteria of being involved as private sector in the upcoming conference in Zambia?

Thank you.

MANDIAMA: I think the question you raised is very pertinent and I believe it helps to sensitize all of us in this room that we need to be gender-sensitive and to ensure that there is a balance in who participates in these businesses.

I think some of the further discussions can be done outside of this formal session but the point has been noted.

I would like now to invite Robert to give a quick comment on that.

(UNKNOWN): (Inaudible).

(UNKNOWN): We are not going to suggest that the...

(UNKNOWN): I know that, here, there are specialists in the MCC who can respond to the question.

MANDIAMA: OK. Great.

SEITZ: OK. Well, I can respond by saying that MCC has made attention to gender a corporate priority, it's a priority area and we have a very strong gender policy and operational procedures for integrating gender analysis of gender differences and inequalities into our work. And that has sort of, in the case of Zambia, that has been happening from the very beginning of thinking about compact development, and we have identified some institutional constraints, some sociocultural economic constraints and all of that work is feeding into the detailed project design.

I'm not going to, I obviously can answer about AGOA and I can't answer about specific opportunities for women-owned businesses, but MCC is very committed to addressing the inequalities that limit certain groups, particularly women's opportunities to participate and benefit from our programs.

MANDIAMA: Thank you everybody, that contributed to this session, I want to bring it to closure now and hope that after the formalization, we can still talk one on one and discuss some of these issues.

Thank you.

(APPLAUSE)

MCCOY: Thank you. Good morning. This is Tim McCoy, I am Vice President for Business Development at the Corporate Council in Africa and I'll actually -- first of all, to excuse the fact that this is allergy season for me so if I'm a little sniffling and a little red-eyed up here, it's a function of having just gotten back from Lusaka only last week to be hit squarely in the face with all sorts of pollen and other things that don't like me at all.

And so please bear with me. I -- as I mentioned I was in Lusaka the past couple of weeks working on some of the preparations for the AGOA Forum, ma'am, your comments are noted and I'd like to engage you on that following this session.

But, as someone who has lived in Lusaka, I think there's something that's missing thus far from the discussions this morning and that is the tremendous progress that this country, Zambia, has made economically over the past decade at least.

That's my reference point because I lived in Lusaka in 2002/2003. And when I returned there last year for the first time in a few years, I hardly knew the place. The amount of commercial development in Lusaka is absolutely mindboggling.

And I think it speaks to the fact of what the ambassadors, I believe, it was the ambassador that said earlier on about the, you know, successive years of economic growth in this country.

When I lived in Lusaka there were very, very limited commercial opportunities, there are very limited opportunities to buy things in terms of restaurants, the road -- the main road leading from the airport in to the city was, you know, sort of riddled with potholes and what not, it's a completely, completely different picture now.

And I dare say if there are those of you who were in Lusaka maybe 10 years ago, if you were to go there now, again, for the first time since you might hardly recognize parts of the city because of the developments that's taken place.

It means that for businesses looking to invest there, looking to put staff into the country, hopefully to oversee some of the projects that would be awarded to them under the MCC compact. What does that mean? It means that Lusaka is a nicer place to live, to put in in terms of, you know, what your employees might be focusing on, it's just a much nicer place to be. There are many more opportunities.

And then beyond that, for those of you who may be a little less familiar with the country, I think you should keep in mind it's a two-hour direct flight from Johannesburg where there's a significant U.S. commercial presence already. It's a nonstop flight on South African Airways. I think there are other airlines that might do that route as well, but I tend to do it -- SAA is here, an unintended plug but glad to do it anyway.



SAA does that route, it is two hours nonstop so it is easy to get -- maybe back down to South Africa where companies may have larger operations or longer established presence. And there're also easy air links up to Nairobi. I think over to Angola, in Namibia and other countries in the region, Malawi also.

So, it's not a hard place to get in to and out of and it is centrally-located in Southern Africa.

So I just wanted to kind of provide some of that context about Zambia.

As we move in to the session now that is focused on the Lusaka water and sanitation, sewerage and drainage portion of what MCC is proposing to do in Zambia.

As this development is happening in Lusaka and as the city is growing, I think we can all easily imagine the kind of strains that that put on infrastructure in the city as more and more people move in often into sort of informal settlements on the periphery of the city. Of course, this poses challenges for the infrastructure that's already in place, much of it undoubtedly dating from years ago even into the colonial period.

So I think it's very wise that MCC is taking a look at how to upgrade these systems for the benefit of everyone including people who may be coming to Zambia for the first time to look at doing business there.

We have a couple of panelists up here, I think, who are very, very well positioned to address this topic.

Our first panelist is Gail Chambers, who is with MCC, and she is going to provide a summary of the proposed activity on this part of the project.

Gail? Please.

CHAMBERS: In the interest of time since we're a little behind schedule I wanted to start just by giving kind of the key takeaways for this group. I'm an engineer by training so I don't typically address this kind of forum.

But from what I understand, having listened to Bob and the rest of the participants is that -- this is about opportunities for you to come and work in Zambia. So what I want to reinforce what Bob said is that we're tackling a very small part of the problem in this sector in Lusaka.

And the other thing I want to enforce is that we had a very positive and productive relationship with the government of Zambia has been preparing these projects for potential inclusion in the compact. And so I hope that both the small fraction of what we are doing and the relationships that we're forging will lay the groundwork for others to come in and invest in the sector that has dire need.

So, as proposed, the proposal includes various rehabilitation and projects in both water supply, sanitation and drainage in 25 pre-urban areas of Lusaka. As proposed, this was way too large for us to deal with both in time and budget resources so we had to narrow the scope of the project.

Unfortunately there were no master plans for us to work within these sectors.

So as such, we commissioned some investment master plans in water supply, sanitation and drainage to help us narrow our focus. They are still in draft form now and we expect reports later this month and in June to be finalized. But we have used initial deliverables to identify investments. The initial deliverables showed upwards of \$2 billion of investments required in the sectors.

We have used these initial deliverables to make joint decisions with the government about what would proceed into feasibility studies. Our feasibility studies are under contracting right now. We expect them to go through October of this year. They include old rehabilitation expansion and water sanitation and drainage.

And we hope that what we're not doing and then the other investments that we identify and the investment master plan will serve as catalyst for other people to pick up the pieces that we were unable to do.

As you know, country ownership is one of MCC's core principles so we have been working with the government to manage this work so far and we will continue to do so both as we continue to develop the program and as we implement the program that is in the compact ultimately.

As Bob mentioned, all the studies we have done to date in the feasibility studies were funded through our 609(g) mechanism, which is money that we essentially grant to the country in advance for the compact for project preparatory activities.

So while we did the procurement and we actually signed the contract with the consultant, the deliverables are owned by the government of Zambia. And that is why we manage them jointly.

By way of a background, the key stakeholders in this sector are the Ministry of Local Government and Housing, Lusaka Water sanitation -- excuse me the Lusaka Water -- I usually just say LWSC, the Lusaka Water and Sanitation Company, which is LWSC, and the Lusaka City Council.

There are other advisors obviously in the sector and they are -- and Bob can correct me if I'm misspeaking here, but Zambia has several sector advisory groups which encompass larger stakeholders groups, so not just the key stakeholders but NGOs and donors and other kind of stakeholders that are involved in maybe a lesser extent.

So that already exists in Zambia and in addition to the SAG, we have a technical working group which was established for these project and it is represented by the key stakeholders so LWSC, the Ministry of Local Government Housing and the Lusaka City Council, and they are the first kind of line of defense with respect to technical decision making as it relates to this project.

So because this group is rather large and it's filled with rather important people, we have established a project management committee that has representation from each of those -- the three stakeholders it is headed by MCA which I would be remiss to say if I didn't say anything about MCA, they he most important player and they're the head of the PMZ.

The other three groups form membership of the PMZ and so does the U.S. government. And as a group, we are responsible for the day to day management of these deliverables from consultants and we advise the technical working group with respect to the decisions that need to be made on a day to day basis.

From there, I know it's very brief, I'm trying to keep it brief so that we can let you hear the most interesting part, which are opportunities for contractors in Zambia and I will pass the mic to the next speaker.

HAYES: Our next speaker is John Velon, he is Vice President of MWH America Incorporated, which is a company based in Evanston, Illinois.

John has I think over a quarter of a century's experience in doing business in Africa and involved in a number of projects in quite a number of countries in Southern Africa particularly, he is also doing business in other parts of the world and you know, by virtue of doing business with MCC already, John's company is a success story.

Those of us in the private sector, particularly the Corporate Council on Africa had often encouraged MCC to reach out more to the private sectors and get the American private sector more and more involved in these compacts. That is one of the reason we are delighted to partner with MCC this morning on this project or this event because this is a way of reaching out to the private sector.

But MWH has already been doing work on MCC supported projects in Lesotho and Mozambique I believe and John is here this morning to speak to us further about his experiences in working on MCC-supported projects.

John?

VELON: Thanks. The last time I was in Lusaka was in 1997, I think, so I also want to know, is Pete's Steakhouse still open?

HAYES: It is.

VELON: One of the best restaurants I have ever eaten in.

OK, this is my slide.

General opportunities, I will talk a little bit about the examples in Mozambique and Lesotho primarily and the point here is as Tim says, for the private companies that are trying to do work in association with these opportunities, I'm one of you.

So I will present this from some contractor sitting there and try to figure out -- get to the bottom line in what are the opportunities what can I get into?

The opportunity is definitely knocking and it is primarily an infrastructure. In infrastructure, in MCC, three points, first, MCC is funding very large infrastructure projects and probably larger than the traditional USA -- hundreds of millions of dollars and 90 percent of the money goes into the infrastructure component of primarily roads, water, health, and irrigation.

As Patrick Fine said, and I didn't change these slides but I think the important thing is the procurements that are transparent and quarterly and cost based selection. The money comes from the U.S. government through MCA, so the risk of not getting paid is a lot reduced to somebody who wanted to invest in a proposal and the payment history, in our case and in other people's cases, has been very good.

So you get a fair chance, you get paid, and you get paid on time.

And the third point, I think, is also very important, MCC, MCA wants your participation. These are really big infrastructure projects in terms of a big amount of money, we will see coming to a country. The country's construction capacity and its consultant capacity and it's professional capacity will be overtaxed, it's like a rat going through a snake. It's a big hump, and unless new people come in to participate, it doesn't get done and that has been our experience.

In Lesotho, I will talk a little bit about Lesotho, one of the places that we have been working with MCA. Lesotho is a country -- I don't think they have taken a census in the last 20 years but people guess it's about a million people. So put this money in that context.

The Compact was signed in 2007 entry into force which starts the clock was in 2008 and the end of the using of the MCC money is 2013. The total Compact was \$362 million from MCC for this very small country and the infrastructure components, \$164 million in the water sector and \$122 million in the health sector and that doesn't add up to \$362 million but don't worry about that, there is a little other things.

The water sector programs. There were basically three main components so bulk water supply which ensured water supply for both the private sector, textile expansion and new industries coming into Lesotho plus population, this bulk water was to supply -- water supply for the next 25 to 30 years.

And it includes a major dam, a major water treatment plant and conveyance pipeline, \$250 million with co-donors and the idea of leverage here, we had \$162 million on the previous slide, this component alone is \$250 million, because there was Arab fund contribution and there was European investment bank contribution that came in because MCC made the first step in there.

And I think this is a huge leveraged situation that MCC is doing a great job at. There was also an urban -- peri-urban water sanitation component about \$40 million and then the rural water supply, the 250 villages got rural water supplies including a sanitation component with 25,000 VIP latrines and in this one, it's between \$50 million and \$100 million and a big component of that comes from the Government of Lesotho, understanding MCC's commitment and then seeing this was a good idea and invest almost equaling the pledge -- it's like this public television pledge drive.

MCC put it up and the country matched it.

What are the opportunities for everybody out there including me on this MCA menu? Business in Lesotho just to get your feeling for the kinds of opportunities, there are three program managers, one for each one of the main sectors and these were internationally secured.

One was American, one was from Australia and one was from Canada. Design engineers, about five major contracts, there were regional African companies, one design build contractor, this is for the water treatment plant that was an \$80 million contract to design and build this major water treatment plant that would essentially be the anchor for all of the capitol.

Construction supervision engineers, another six contracts. Construction contracts, about 60 contracts. They range from \$2 million up to \$80 million and in fact, there is one being bid today for the dam which will be in the neighborhood of \$100 million. We will find out what that is when they get the bids.

These contracts primarily are held by Lesotho-based firms and some of them by regional African firms and a few I think only one or two by international firms. So it's a big opportunity for both Americans and everybody else.

And then we are also -- specialty contracts like environmental assessments, five different contracts and it's interesting because I'm an infrastructure and a civil engineer, and all these other stuff I know way too much about. There were training contracts and other capacity building contracts which were equally important and several of those were won and being executed by women-owned enterprises.

OK. In Mozambique, we also -- my company is also working in Mozambique and there, I there is a water project in Mozambique and it was -- we have some compact dates, and in the compact funding 500 -- sometimes it's read as I can see, \$507 million total for the compact of which the major component, the water supply \$203 million, and in the interest of time, I won't go into the details but a similar kind of opportunity is the last slide that I listed will be there.

I think everybody needs to keep in touch with the MCC websites and I would presume the MCC and MCA primarily, MCA websites for Zambia and monitor closely these opportunities coming there and they won't be plopped in your lap, you will have to say on top of them but that is the place to go -- get one minute.

So it's similar, and then my concluding message, lots of opportunities, these are large and substantial projects and MCA and MCC wants you to participate, one of the main things we had in Lesotho especially for construction contracts is we had too many contracts to give out and not enough contractors. So a big push was made to advertise to make sure that contractors knew about these projects and you have to fill out these cumbersome MCA-MCC contract forms which after some education, they were able to do but we have to go through two

rounds because the first round, we did not have enough contractors to take the capacity of the amount that was going through.

And there are places for everybody in this ordeal both international, African region, regional and host country firms so with that, I was also told if you are the last speaker, the most important thing is to keep it short, so I'm done.

HAYES: Thanks very much, John and I want to just latch on to what he said about keeping in touch with MCC and maybe this is where the connection between the MCC project in Zambia and the AGOA Forum really takes place.

The Forum in early June and it's excellent opportunity for any company to go out and have a look up close and personal at some of the things that MCA is planning on doing in Zambia, visit some of the sites and while you are at it, participate in a three-day incredible networking opportunity first with the private sector session and then in the ministerial forums -- where you will have access not only to the Zambian government delegation, but the government delegation coming from over 35 African countries.

So early June, mark your calendars to be in Lusaka, both to look at what MCC is planning on doing in the country as well and participate in the AGOA Forum.

I'd like to open the floor now to a few questions, we are back to nearly being on time but we do have some time for questions from the floor.

(CROSSTALK)

HAYES: I will start -- there is one just here. Yes.

FARC: Jacqueline Farc (ph) (inaudible) International Women-Owned Business. And what we are wondering is actually, where we find these opportunities and that might seem like an obvious question to you but the websites, I find very confusing and if you could just make it a little bit user-friendly, maybe a couple of points exactly where to find all the opportunities. Thank you.

(UNKNOWN): (Inaudible) answer, John, for any other questions, we will just take a question and then answer them in a block if there any others? None?

VELON: I think the lack of questions is not for lack of inquiry, it's because people are hungry and want to go to lunch.

I think your question is a great question, and it's also my question. I think the place to go is to the MCC -- and also the MCA website, and that is easy for me to say. When sometimes, I got to not Zambia, but some other MCA sites, I would find out that that latest posting is they signed a compact in 2009, so it is difficult and I think that is a message that I can't answer but I should pass on to the MCC and MCA.

I think it's important to you that you get everybody involved in this competition but to do that, those websites have to be -- especially the MCA websites, they have to be maintained and up to date, otherwise, it's people getting discouraged and say, well, there is nothing coming up and when are things going?

(UNKNOWN): I will pitch in as well because we at CCA are frequently asked this kind of question by companies, how do we engage with the multi-laterals, how do we engage with USAID? How do we engage with MCC?

And you know, I can't emphasize enough the importance of building those relationships knowing people, meeting with people, making sure that you feel comfortable as just zapping someone an e-mail saying hey, what is the

latest, what is going on and I see some faces in the crowd here who, you know, made the investment to go out to the continent and meet people on the continent and a number of countries, you know, put in two or three countries on a trip, you know, make it more than just one country as a way of going out, meeting people, developing relationships, staying in touch with people, it really -- there is so much about doing business in Africa that boils down to relationships and you know, nurturing those relationships.

(UNKNOWN): OK.

KIM: Sorry, I just wanted to respond to this question about where to find the procurements, if you do go to our MCC website at MCC.gov, there is a link for procurement and consulting services on the website.

There is also a link to all the MCA -- so all our partner country websites and John made a point that has gone to some of these websites and they don't seem updated in terms of their procurement opportunities so they should be absolutely updated because this is a big source for the countries to solicit engagement, solicit interest by these contractors for their bids and one of the requirements that MCC has is to put out a general procurement notice in advance of having individual procurements go out.

Therefore, you would know in advance at least two weeks in advance of that first procurement of what are some of the upcoming procurements that are coming down the pipe.

And if you do find any anomalies that any of these websites are not up to date or it is unclear, it is not transparent, this is very important feedback that we would like because we do check these websites on a regular basis and have lots of requirements in making sure that they are user friendly to the audience, you the contractors is extremely important for us, because the competition is good, competition improves the quality and it improves the cost effectiveness of these contracts.

So it's very important that the word is out on the street and that these opportunities are very visible and transparent.

HAYES: Are there any other additional questions?

(UNKNOWN): (Inaudible) I just wanted to make a comment that South African Airways does have a special fare for this conference.

HAYES: Did anybody hear that? South African Airways has a special fare for people traveling to the region to attend the AGOA Forum private sector session and presumably, the ministerial as well. So it is an added incentive to get down that way come early June.

Well, with that, the part of the agenda says "Event concludes" I think...

(CROSSTALK)

HAYES: Do we have now announcements from MCC?

CAREW: Just a couple. I wanted to echo what Kyeh just said about the website. If you look at the bottom of the MCC website, there is a contact information, we do get those e-mails so if you go to the MCC -- the MCA websites and you can't find the procurement or you go to our website and there is a page that is broken or there is a link that is broken and you can't find it, my office does get those e-mails and we do look at every single one of those e-mail responses so please take the time to fill it out and send it to us.

We are out of time, I think in the previous panel, there were a couple of questions so we would like to ask our panelists if you could stay maybe a couple of minutes, if people have additional questions, sort of congregate here and chat with our folks.

We have our Deputy VP of compact operations here, so if you have additional questions about MCC compacts in the region -- Lesotho, Tanzania, Malawi -- Andrew is here, and would be willing to answer your questions.

Thank you again, and hope to see you in Lusaka!

(APPLAUSE)

END