

REMARKS FOR THE OPENING OF THE  
**AFRICA: THE NEW CAPITAL & INVESTMENT FRONTIER CONFERENCE**

**Ambassador Marcia Bernicat**

MERIDIEN HOTEL

FEBRUARY 9, 2009, 4:15 p.m.

Mr. President of the Republic

Madame Minister

Minister-Counseiller, Director General of APIX - Aminata Niane

Mr. McKenzie

Mrs. Donna Sims Wilson

I am delighted and honored to be invited to participate in the opening of this important conference. Congratulations to Ms. Sims Wilson, Mr. Magatte Diop and Peacock Investments, and the Government of Senegal for all your efforts.

Let me add my own welcome to the participants -- who I understand grew in number beyond what was originally conceived because of your enthusiasm for the subject matter -- and offer a special thanks to the fund managers and officials who came from the U.S. to learn firsthand about investment and finance opportunities in West Africa. In particular, I appreciate having Dr. Moret and Mr. Haslip here, who represent two of America's most important public pension funds.

This conference provides an opportunity to educate and be educated. You will return home with many solid and creative ideas on possible future engagements.

In the face of the impact the global crisis is having on banks, investment houses, and government budgets, it would be easy to say that the motivation for the participants here today is simply chasing potential new assets. Much broader attention to both African funds and African investment potential, however, is long overdue.

While the investment products from the world's financial capitals have proven to be surprisingly risky, financial systems have remained sound in the countries of the African Financial Community, or CFA Franc zone, thanks to more traditional practices.

As President Wade so insightfully stated a few months ago, while complicated paper schemes have rocked the global financial world, the African continent offers many rock-solid opportunities for direct and portfolio investment.

I know, Mr. President that you have keenly focused your efforts on investing in Senegal's infrastructure needs. As a result, our two governments are working hard to conclude a Millennium Challenge Corporation compact targeting large projects to improve road and water systems that in turn will help boost Senegal's agricultural production.

Creative ideas for financing manufacturing and services investment are also an imperative. By producing more value-added goods and services for the global market, African economies will raise incomes, create jobs, and offer opportunities to the next generation.

This will require private capital -- lots of it -- which, in turn is attracted by an open, fair, and competitive investment climate.

I agree strongly with President Wade that, as confidence returns and investors consider where to invest their dollars (or Euros) the markets they seek should include those in Africa. But that will only happen if those markets offer the best return in as secure an environment as possible.

Over the next two days, you will learn that many countries in West Africa have made tremendous strides in improving their investment frameworks and are already attracting significant new capital and expertise.

Senegal, in fact all of West Africa, very much needs economic diversification. As countries in this region break free of dependence on basic commodities, foreign assistance, and remittances, it is new investment to which they must turn to raise standards of living.

Many of you have heard that Senegal has made progress in improving the country's investment climate for those wanting to "Do Business" here, and, no doubt will learn much more during the next few days.

Given my role, let me underscore a couple of points about Senegal, but many of them apply to other countries in the region as well. I am very impressed that there is serious effort here to mandate the use of open and competitive tenders for publicly-funded activities. Consistently applying this effort will enhance the opportunities afforded to a wider range of private companies. Sound public procurement procedures will both boost private-sector competitiveness and bring significant savings to the government's tight budget.

This is no small part because public sector money plays a much bigger role in the economies of developing countries than elsewhere. Senegal and all the

countries represented here receive important financial and development assistance from foreign donors, including the United States, the European Countries, Japan, and increasingly, from China and Arab nations.

To reinforce its commitment as a responsible partner for these donors, Senegal entered into an agreement with the IMF under the Policy Support Instrument, which requires serious reform of public finances.

To its credit, Senegal passed its first two reviews under this PSI program. But it has not been easy, due to internal as well as external shocks to its economy, and there is more to be done.

Effective and accountable management of public finances therefore remains an important element of those reviews. Equally important are the underlying factors that establish a strong foundation for the efforts of any African country wishing to attract investment capital: Investors, both public and private, demand fairness, predictability, and accountability in public finance control and in the application of laws.

Of course, when addressing American business people, I have an obligation to note the challenges as well as the opportunities. Equal application of the law underpins confidence for investors and donors alike. Senegal and other African countries need to provide investors a secure environment in which to operate by continuing reform efforts in the following areas:

- The judiciary should be well structured and well-trained to handle commercial disputes in a fair and balanced manner;
- Labor laws need to protect workers while also ensuring that labor costs are competitive, that employer rights to dismiss underperforming or misbehaving employees are recognized, and that legal and bureaucratic requirements enhance, not slow, productivity improvements;
- Countries should have an office of the inspector general that is truly independent of the executive and fully operational to provide genuine oversight of government operations;
- Anti-corruption entities should be totally independent of the executive and legislative branches and have the authority to investigate and present cases for prosecution.

I cannot leave this subject without calling on the private sector to do its part to bring about these changes. The business community, especially foreign investors and partners, also have a vital role to play in promoting reforms that encourage good governance, transparency, accountability, and other strong anti-corruption measures.

Whether this is done quietly as individual companies or publically through industry groups and chambers of commerce, if the private sector is not advocating for necessary reforms, it is not promoting the changes that are necessary for Africa -- and its own growth.

[PAUSE]

Now, let me turn the discourse around -- some of you may have heard that we have a new President in the White House. [PAUSE]

What the U.S. government hopes to achieve in its relations with African states has not changed with the election of Barack Obama and Joe Biden: stronger democracies, prosperity, opportunity, good health, increased education, peace and security. That is, the same goals that the people of Africa want for themselves.

While he was on the campaign trail, then-candidate Barack Obama made clear that in his administration the United States would make an even bigger commitment to Africa. He also signaled that he considers good governance to be an integral part of a successful development strategy. In his book **The Audacity of Hope**, President Obama states:

**"for far too long international aid policies have ignored the critical role that the rule of law and principles of transparency play in a nation's development. In an era in which international financial transactions hinge on reliable, enforceable contracts, one might expect that the boom in global business would have given rise to vast legal reforms. . . . We should not expect to help Africa if Africa ultimately proves unwilling to help itself."**

The citation continues with what could be the theme of this conference: **"But there are positive trends in Africa often hidden in the news of despair. Democracy is spreading. In many places, economies are growing. We need to build on these glimmers of hope and help those committed leaders and citizens throughout Africa build the better future, like we, so desperately desire."**

The Obama Administration is committed to supporting the Millennium Development Goal of cutting extreme poverty around the world in half by 2015 and to double U.S. foreign assistance to achieve that goal.

But the goal is not to provide aid for its own sake. The goal of the United States is to help countries build healthy and educated communities, reduce poverty and develop markets to generate wealth for their citizens.

The Obama Administration has also outlined several specific initiatives that will help African countries expand prosperity through increased trade:

The **Add Value to Agriculture Initiative** will create a fund to extend seed capital and technical assistance to small and medium enterprises.

President Obama has committed to launch a **Global Energy and Environment Initiative** to ensure African countries have access to low carbon energy technology. This initiative will also help African nations profitably participate in the new global carbon market so as to ensure solid economic development, even while the world dramatically reduces its greenhouse gas emissions.

Finally, President Obama will strengthen the **African Growth and Opportunity Act** to ensure that African producers have access to the U.S. market. He will encourage more American companies, like yours, and also producers, to invest on the continent.

[Pause]

Let me close by noting the obvious: The U.S. government is and will remain a friend and partner with the countries of Africa, and we will help the continent achieve its development needs and goals.

But the real change is going to come from the positive influence of a growing private sector, and the demands of business people for open and attractive commercial markets in which to make real, competitive returns on investment.

This in turn will lead to the tangible benefits of improved infrastructure, transfer of knowledge, business growth and the resultant higher incomes that will allow Africans to lead themselves out of poverty.

I wish you a successful conference that includes a meaningful exchange of information, ideas -- and business cards -- that will facilitate profitable business opportunities and prosperity for Africa's citizens.

Thank you for your kind attention.