



### AS LÓGICAS DE ACTUAÇÃO EXTERNA EM ANGOLA E MOÇAMBIQUE

When the Bush administration came to office in 2001 many in the African policy field were sceptical that the new administration wouldn't pay much attention to African policy issues. But three new realities emerged in the last five years that have helped drive a US African policy that is far more active and broad than many of us had anticipated. September 11<sup>th</sup> and the US War on Terror gave rise to a new recognition, that weak states in Africa could be transit points (?) or havens for terrorists elements, trafficking arms, drugs, illicit commodities or other means to support criminals or terrorists networks. At the same time, the invasion of Iraq and subsequent turmoil in the Middle East gave greater urgency to the need to find new and diversified sources of energy, namely oil. And the high quality, easily transportable, petroleum resources of the Gulf of Guinea, gave new strategic importance to oil producing states there, most notably Angola and Nigeria. Finally, new constituencies in the US, including religious groups, public health experts, private foundations, the US Congress and others, brought new attention to the threat of HIV/AIDS and its underlying causes of poverty, gender inequity and weak capacity and health infrastructure. And this too is translated into a substantial policy shift and an increase in resources to fight HIV/AIDS and others diseases. There's a growing recognition that ultimately this interests are best served by open prosperous and stables states in Africa, where trade, investment and partnership are the engines of growth, not assistance and loans. Where the least advantaged people are served by good governance and equitable distribution of wealth, not humanitarian aid or international NGO. And this, I think, is where diplomacy, business and development co-operation can best work together. First to help set the conditions for growth, to help drive that growth, and finally to ensure that the benefits of growth serve the needs of the countries citizens and their sustain over the long term. This is not to say that it always works that way, but certainly I think that should be the aim. Angola and Mozambique apart from their historic ties with Portugal are two very different countries, but they offer interesting contrasts in the intersection and interplay of US diplomacy, assistance and business. In Angola where annual trade with the US is more than US\$5 billion and US investments large and growing, the business relationship in many ways drives the broader US-Angolan engagement. In Mozambique, where trade with the US barely reaches a hundred million, US assistance and diplomacy are much more central and aim to create the environment for investments and trade.

Angola has got the growth. It was the second largest recipient of FDI in sub-Saharan Africa in 2003. Cumulative investment in the oil sector between 2003 and 2007 is expected to be 26 billion dollars. The US is expected to account for at least half of that amount. It is a strategic trade partner of the US. It is America second largest trade partner in Africa and it is the eight largest supplier of US imported oil. And, of course, it is currently enjoying an additional windfall due the record high prices of oil. But there are serious concerns in the US over the Angolan government progress in opening

political space for dissent and opposition, in transparent and accountable management of oil sector revenues, in eliminating corruption, in investing in education, health and basic services, and in creating an attractive investment environment outside of the oil sector. The World Economic Forum ranked Angola 103 out of 104 (?) in terms of global business competitiveness. And it is considered one of the more time consuming countries in which to establish a business. For all its wealth and potential, Angola still ranks very low on the UNDP's Human Development Index and despite some progress in physical management, it is not all together clear to the outside world, or to the US at least, how committed the government is to genuine economic and political reform. And the postponement of national elections, for whatever reason, has added to the uncertainties surrounding the direction and the pace of reform. One wonders to how sustainable Angola's growths will be. Yesterday Mario Pizarro put up a slide that showed Angola's oil revenues growing over the next ten to fifteen years, but thereafter declining. And another of the slides showed a real failure by the Angolans to diversify the economy away from oil. And that is not good for long term sustainable growth and employment. US diplomacy towards Angola has increasingly been focused on encouraging more transparent and accountable governance, and wise investments of oil revenues. But US policymakers recognise that their influence and leverage is waning in Angola. And in some ways our business interests and needs eclipse our diplomatic pressures that we might bring to bear. Following a very active diplomatic engagement in the 1980s and 1990s during the peace process, our diplomacy tends to be much more reactive and episodic today. The Bilateral Consultative Commission, which was established during the Clinton Administration, has been eliminated and there have been very few high level visits and little systematic diplomatic engagement since. The one exception I might say was when Angola joined the Security Council and the US was looking for votes on the invasion of Iraq, and there was a very concerted effort at that time to make diplomatic overtures (?) to Angola. The vote never came to pass, but an engagement since has lasted. In any case, US assistance levels to Angola have dropped very dramatically. Practically because some of the most humanitarian needs have subsided since the end of the war. But also because of concerns over governance. US resisted the idea of a donors conference after the peace accord was signed in 2002, largely because it wanted to push the Angolan government to fulfil its obligation to the World Bank and IMF. And today, of course, the situation has changed with oil prices at a record high and China willing to intervene with very favourable no strings attached concessionary loans. The US does not carry the way with the Angolan government that it once did. This means that its approach to Angola, to be effective, will need to be much more multilateral and much more better coordinated with Angola's other donors and trade partners. US assistance to Angola increasingly focus in developing institutional capacities and strengthening civil society, including the media, as the best means of encouraging governance reforms. Institutions building will be equally, if not more, important than the physical infrastructures needs we heard about yesterday. The US is working with a planning unit at the Ministry of Finance offering technical assistance to upgrade human capacities. It has some assistance going to role development much than (?) on the form of micro-credit loans. Most US assistance goes to the health sector: maternal health, HIV/AIDS. And Angola is now one of the three target countries of President Bush's new initiative on malaria. But overall in terms of comparative levels of assistance, moneys going to Angola are quite small. Finally, a number of interesting private-public partnerships are evolving in Angola and I think this bears watching. The USAID for example is working with Chevron-Texaco in the highlands to get people back into agriculture and improve productivity. USAID is also working with Exxon-Mobil in health interventions, particularly HIV, to get prevention, testing and counselling services to Exxon-Mobil workers, their families and the communities in which they live. This kind of partnership is a very positive example, I think, of synergies between development cooperation and business. It makes sense to USAID to use the capacities and networks that US businesses have on the ground. And for the businesses it makes economic sense in terms of the well-being of their workforce, in the attitude of shareholders in the US who care increasingly about corporate responsibility (?) and in building linkages with the communities within which the businesses work.

US perceptions of Mozambique are very different from those of Angola. Mozambique too is very low on the UNDP's Human Development Index, emerging from conflicts, but does not yet have the energy wealth that Angola enjoys, although one of the speakers this morning referred to oil exploration of the coast which may be promising. Nonetheless, Mozambique is viewed as a country that is putting his energies in the right direction in terms of democratisation and political openness. Liberalising the economy and setting the legal and regulatory conditions for freer trade and greater investment. And at the same time is making good faith efforts to reduce poverty and invest in health and education. These are the qualities that the US Government and the Bush administration have made very clear the kind of qualities that they would like to recognise, reward and encourage. Thus, while US trade with Mozambique is currently minuscule, it is no coincidence that Mozambique is among the countries benefiting from two of the Bush administration signature initiatives in Africa. First, it is among the fifteen target countries in the President's Emergency Plan for AIDS relief, known as PEPFAR. This is a US\$15 billion initiative launched by President Bush in 2003. As such, Mozambique is seeing a dramatic increase in US assistance to fight HIV/AIDS. I believe, received in 2004 US\$37 million, in 2005 US\$65 million under this programme and is expected in 2006 to receive US\$94 million. Much of it focused on treatment, but good portion on care and prevention as well. And this is in addition to other development assistance that focuses on increasing agriculture productivity, on maternal and child health, and strengthening local government. Second, Mozambique is in the preliminary stages of signing a Millennium Challenge Account Compact. The MCA is another key initiative of the Bush administration. This was a US\$15 billion initiative again that seeks to reward countries that have sound economic policies, a good record in human rights, civil liberties and governance, and that are already investing in critical areas like health and education. The intention is to reinforce good governance, and help create environment in which trade, investment and the private sector can thrive. Other compacts have been signed in Cap Verde, Lesotho, Madagascar, Senegal, Benin. In Senegal, for example, the money has been used to build an industrial park near the capital and to improve road transportation. Benin is going to be using its funds mainly to rehabilitate and upgrade its port. Mozambique signed a pre-compact agreement in September 2005, receiving US\$6 million simply to put the proposal together. I believe that Mozambique's proposals will focus mainly on increasing access to water and sanitation and providing business assistance in the four Northern provinces: Cabo Delgado, Nampula, Niassa and Zambézia. Finally, Mozambique's goals is becoming a target of a number of innovative public-private partnerships. Some way different from those in Angola but also, I think, excellent models for transferring knowledge and building long term capacity. The Bill and Melinda Gates Foundation, for example, which is funded by Microsoft CEO Bill Gates, is partnering with pharmaceutical company Glaxo Smithkline, with the Mozambican Ministry of health and the Centro de Investigação em Saúde da Manhica to develop malaria vaccines. The Clinton Foundation, similarly, is working with the Ministry of Health to revive health treatments for orphans. And I think we are going to see more of this kind of public-private partnership models moving forward. This is a very quick overview. It doesn't obviously encompass the full range of US interests in these two countries. But I do hope it provides just a few examples where diplomatic initiatives, business interests, and assistance programmes, both public and private, can help reinforce each other to the benefit, I hope, of the US, and I hope also to the benefit of the partner countries themselves.