THE BROOKINGS INSTITUTION

THE CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE

THE ROLE OF BUSINESS IN DEVELOPMENT:

HOW PRIVATE INVESTMENT CAN CATALYZE

ECONOMIC GROWTH AND REDUCE POVERTY

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PARTICIPANTS:

Introduction:

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Opening Remarks:

DANIEL YOHANNES
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Panelists:

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TIM SOLSO
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PROCEEDINGS

MS. POTTER: (in progress) -- what U.S. and African companies are doing to build global capacity, create jobs, and spur economic development, but also to understand the implications of these successful models for the ongoing dialogue about foreign aid reform and how we can sharpen U.S. foreign aid to better advance economic development and enterprise growth.

For those of you not familiar with IGD, we're an alliance of more than 400 business leaders who are working to reduce global poverty on two tracks, one on the policy front for promoting a more comprehensive global development strategy to create an environment in poor countries where business can thrive; and on the enterprise front, we're actively working with business leaders from frontier markets to increase enterprise growth and investment through a program called Frontier 100.

IGD is well represented here today. Tim Solso, one of the panelists, is also a member of our Board, as is Rob Moss-Barker, sitting down here in the front. Rob's new paper, "A New Strategy to Leverage Business for International Development," has just been published by Brookings, and I think it's available in the back of the room for participants.

Also available at the back is a publication, IGD just came out with called The Business Case for Aid Reform, and I think they'd make a nice companion pieces to each other. Tim, Rob, and Justin Chinyanta are all members of the Frontier 100.

We are so pleased to partner with Brookings and Kemal Derviş on this event. Kemal is the vice president and director, Global Economy and Development at Brookings, as well as a member of IGD's leadership council. Kemal, in just a moment will introduce our panel, but it is now my pleasure first to introduce to you Daniel Yohannes.

Daniel was sworn in as CEO of the Millennium Challenge Corporation in December of 2009 and brings more than 30 years of experience in banking and economic development to this role. Born in Ethiopia, he brings a deep personal understanding of the imperative of spurring broad-based economic development in Africa and other frontier markets around the world. As head of an agency whose mission is to reduce poverty through sustainable development, he's well positioned to open our discussion today on the synergies between public and private investment in development.

So please join me in welcoming the Honorable Daniel Yohannes to the podium. (Applause)

MR. YOHANNES: Good morning. Many thanks to Jennifer from the Initiative for Global Development for that kind introduction, and Kemal from The Brookings Institution for hosting us here today.

I'm also grateful for the opportunity to join such distinguished panelists -- Tim, Chad, and Justin -- for this discussion. And I'm pleased to join you this morning to discuss a topic near and dear to my heart, the role of business in development.

I come from the banking and finance industry that help Americans' and businesses' great wealth and achieve the American Dream. One of the attractions that drew me to the Millennium Challenge Corporation was that MCC take the business-like approach and applies it to development assistance.

One of my top priorities as CEO of the Millennium Challenge Corporation is to leverage private sector partnership to promote economic growth and reduce poverty in world governed poor countries. The reason is simple: Foreign assist on its own, no matter how well it's managed or no matter how much money is poured to partner countries, will never be the engine for widespread economic growth. What will make a difference on a sustained basis are free market fueled by private enterprise. The private sector, after all, is the engine of innovation, job creation and growth.

Private businesses are already providing 84 percent of the resource flow to developing countries. Sixty percent of Fortune 100 companies are engaged in development partnerships. International finance institutions are exploring opportunities to leverage their investment dollars in frontier and emerging markets.

At MCC, we are making significant efforts to increase prosperity by investing more than $7 billion in 19 countries around the world; yet we recognize we can do much more by partnering with the private sector and better leveraging our capital.

For example, I just returned from El Salvador where I saw a public/private partnership at work in the northern part of the country. The Salvadoran government, MCC and Virginia-based AES Corporation combined efforts on a $33 million public/private partnership. This partnership provides 21,000 Salvadoran households access to electricity for the first time. Because of the private sector's involvement, routine maintenance, operating costs recovery, and yes, profit, will assure sustainable access to power in this remote region of the country.

In addition, AES Corporation is going, is paying customer base and has become a key partner in improving the quality of life for Salvadorans. The people I met told me how they were able to replace kerosene. You know, kerosene is dangerous for your health, but now they have electricity, they have lights for the kids to study at night, and also run some appliances, appliances that have been there for some time sent by American friends and their relative who lived here in this country for some time. Their bringing electricity to regions does more than make life more comfortable; it opens up a wealth of possibilities for small businesses and feeds entrepreneurial spirit.

I also witnessed the growing role of business and development during my recent visit to Ghana. MCC's investment throughout the entire agricultural value change from coal storage facilities to technical training to access to creative programs to major roles have become a magnet for businesses in Ghana. I want to make sure that potential investors know that, that by the time our investments mature Ghana will be a more reliable supplier of, globally, 35 fruits and vegetables. There will be improved irrigation and postharvest infrastructure, and as many as 60,000 export-ready farmers will be trained to meet global market demand.

Chiquita and Dole, both American companies for example, have noticed and have begun sourcing trial shipments of pineapples from MCC-supported farms. VegPro, a company from Kenya, is preparing to export vegetables from Ghana to Europe by working with Mira, the local entity responsible for implementing Ghana's compact. VegPro is now leasing 250 hectares of land next to MCC irrigation facilities. VegPro will be providing farmers with direct employment from its own farm as well as sourcing vegetables to MCC-supported farmers.

Over the next four years, it is my understanding that they can be able to expand the operations to increase additional capacity, additional income for the farmers, and possibly a better standard of living, and possibly the farmers, as their income grow, will be able to buy American products and services to create additional businesses right here at home.

What I saw in Ghana and El Salvador reaffirms for me the strong multiply effect in private sector engagement. One of the most effective ways to make our investments sustainable is to provide MCC countries with the tools, resources, and information they need to attract, develop, and sustain partnership with the private sector. These supports reinforces MCC's country ownership, model, and dovetails with a partner country's own growth strategy. On many levels, MCC had been working to expand the private sector multiplier effect

First, we are working hard to create an attractive environment for the private sector investment. Applying the award of MCC's development dollars to a county's policy performance, create a very strong incentive for reform.

In Nicaragua, for example, before MCC's investment the country was maintaining an average of 500 kilometers and spending only $2.4 million per year in annual road maintenance budget. Through our advice and counsel, the government established a permanent road maintenance fund. Nicaragua is now maintaining more than 2,700 kilometers and spending about $25 million per year on a yearly basis.

In Armenia, where we are helping Armenians, the sector, the infrastructure there, primarily what is called the sector that provides a lot of water, irrigation project, if you will, was previously owned by the state. After we negotiated with the Armenian government, that infrastructure is being turned to the private sector which had the knowledge and is more efficiently that could run the projects.

These are some of the examples of MCC's ability to achieve significant policy changes by creating opportunities for private sector firms. This kind of policy reform makes our investments more effective and paves the way for private investors to operate more efficiently in MCC partner countries. Partnering with MCC practically gives countries a seal of sound investment approval. I want to make sure that still is real.

Second, we are working to facilitate more investment opportunities around the projects we fund. We encourage private sector and businesses, both domestic and international, to add to and compliment MCC's initial investments through their own financing, technical expertise, and innovative operations. This is why MCC insists that the private sector get involved and remain involved in developing and implementing MCC projects.

Additional private sector investments can turn our initial investments into economically productive assets. MCC has launched an agribusiness development initiative, for example, to bring private businesses to the table to compliment existing commercial activities throughout the value chains of MCC projects. The initiative aimed at investment promotion is being piloted first in Morocco and Ghana, both MCC partner countries. We can already point to (inaudible) operations was MCC-supported farmers in Ghana as an example of the progress we are making.

Third, we are working to bring the expertise and experience of the private sector to bear much earlier in our decision-making processes. While I'm very proud of the work that has been done at MCC so far to engage the private sector in our investments, my sense is that too often this partnership have been retrofitted to existing operations rather than designed right from the beginning.

I would like to change this support now, and we are taking several steps in that direction. We need to be more proactive internally with partner countries to include the private sector from the very beginning of the design stage while countries analyze their constraints to economic development. MCC partner countries can learn best practices from the private sector, solicit information about technology solutions to identify growth and strengths, discuss leveraging opportunities. We need to explore better ways of integrating private sector partners in MCC's peer review of the proposed projects countries as best to fund.

Then once projects are approved, we need to aggressively publicize procurement opportunities for businesses to bid on to bring the implementation of MCC compacts. MCC’s $7 billion global investment generates procurement opportunities that are real, sizable, worth the attention in frontier markets. In Africa alone, MCC investing more than $5 billion, 60 percent of which supports infrastructure development and agricultural productivity. We invite the private sector to consider procurements resulting directly from the implementation of MCC-funded projects.

While we have made progress, our sights are set on doing more. The partner countries achieve their development goals through a private sector-led growth. We are still thinking through all the dynamics. That's why we are taking a pragmatic country-by-country, project-by-project approach in seeking partnerships with the private sector. That leverage, the addition of resources for development, enhance returns on investments and improve the efficiency and sustainability of our programs. MCC's committed to intensifying private sector engagement in more sophisticated and sustainable ways.

Looking ahead, our plans call for this at the transactional level. Achieving our mission of poverty reduction through economy growth requires targeted partnering which will enable us to increase the scope and scale of our investments and address development challenges, allocate, mitigate risks for investors and other market participants, and accelerate the transfer of technical or managerial expertise into a developing market, but also exploring new development partnerships from stand-alone investments to parallel and co-investments that will be commercially viable and sustainable.

We are looking at innovative ways to apply existing successful investment models to frontier markets, involved in a traditional investment partners like NGOs, social investors, foundations, and other donors, and deliver economic and social development returns. As we look for better ways to leverage the private sector, there are certain things MCC would not do. We would not take the easy road and cherry-pick the best projects both that the private sector should and could be financing directly in the first place.

We want to crowd in, not crowd out, the private sector. We will not subsidize the private sector. We would not displace the good work of others, particularly those the U.S. Government, like OPEC and U.S. trade and development agencies, but rather work to create synergies and look for a more distinct, more MCC role in this important space. And I welcome discussing ways we can uniquely deepen private sector involvement and development.

As part of our conversation, I would submit the following questions to you today:

How can we gain a better understanding of the specific constraints companies face to investing in the sectors that MCC countries are more interested in developing?

What innovative approaches can we use to manage and mitigate risk for businesses working with us towards sustainable development?

What approaches can we encourage countries to use, including providing risk capital to entrepreneur, to stimulate more innovation on the part of the local private sector?

How can we access new sources of capital that are interested in both financial and social returns?

As U2's lead singer and poverty reduction champion Bono reminded us in his op-ed in *The New York Times* a few weeks ago: Smart aid can be a reforming tool demanding accountability and transparency, rewarding measurable results and reinforcing the rule of law, but never imagine for a second that it is a substitute for trade, investment, or self-determination.

With sustainable development, so many poor communities sick, would not come from hands-outs of assistance. Rather, change will come when we use our development resources as a springboard to empower entrepreneurs, attract businesses and investors, and ignite the engine for marketed-led book. This is why the Millennium Challenge Corporation is committed to deepening our engagement with the private sector, so together we can invest in programs that offer opportunity, hope, and prosperity for the world's poor.

Today's event provides the perfect forum for us, businesses and government, thank-tanks, and NGOs to share ideas, to come learn from one another. I'm looking forward to the discussion and thank you very much. (Applause)

MR. DERVIŞ: Thank you so much, Daniel. This was wonderful, and you also helped even more by already setting out some of the key questions the panel will discuss.

I also want to thank very much Jennifer Potter, the president and CEO of the Initiative for Global Development, for co-hosting this with us. Let me just say a few words before introducing the extraordinary panel we have today.

Looking at the world, you know, things are changing dramatically and very quickly, and it's true that when you look at the developing countries as a whole, as bringing every -- from Asia to Latin America to Africa, everybody together, the average growth rate has been almost twice as fast over the last decade than the rich countries, and the projections that the IMF just released last week are for them to grow maybe three times as fast as the rich countries.

So the world economy is shifting, and there's a lot of growth, a lot of wealth creation, a lot of demand coming from the developing countries. At the same time, we do have to remember that there are still 2-1/2 billion very, very poor people in those countries, one billion of them extremely poor. So while all this is happening, you know, the development task is still there, the misery in which many people are trapped is still with us despite all these positive developments, and I think the fight against poverty has to go on.

What is happening, what is very helpful, of course, is that there are these pools of growth throughout the world, so the partnerships for the private sector, the entry points for t he private sector have become stronger, I think. I think you all have experience of this, but even in the poorest countries of Africa, one sees these signs of growth. In certain locations, in certain sectors it's not yet widespread enough, but it's there, and I think that strengthens the opportunity for public/private partnership, and I think will allow the private sector, but the domestic national private sector but also the international private sector to come in with even more force and more resources in the decade that's ahead.

We have a fantastic panel today, and I'm really very grateful on behalf of both IGD and Brookings for you to have taken the time to join us today. Justin Chinyanta is the chairman and chief executive officer of the Loita Group. Mr. Chinyanta is a leader with deep knowledge in the financial markets, particularly the Eastern and Southern Africa, with over 20 years of professional experience in commercial investment banking in the region. He is executive vice president of the Southern Africa Chapter of the Africa Business Roundtable and has been appointed on the export roster of the UN Institute for the Training and Research in Debt Financial Management and Negotiations Program.

Chad Holliday, the form chairman and CEO of DuPont, having retired from the position very recently in 2009, and the whole of his leadership DuPont established a goal of achieving sustainable growth, increasing shareholder and societal value while simultaneously decreasing DuPont's carbon footprint. Mr. Holliday currently serves as an executive in residence at Vanderbilt University Business School and Chairman Emeritus of the Council on Competitiveness.

And Tim Solso is chairman and chief executive office of Cummins. Under his leadership, Cummins has grown into a Fortune 250 company that designs, produces, and sells diesel engines, power generation equipment, and related components worldwide. Tim also serves as chairman of Cummins Foundation, one of the oldest corporate foundations in the country which is focused on supporting environmental, educational, and social justice initiatives in the communities where Cummins operates.

So thank you very much, all of you, for being with us.

Now, Daniel already posed some questions. I don't know whether you took notes during the speech or not, but, you know, certainly thee are key questions, and what the Millennium Challenge Corporation had done, particularly in the recent years, is really quite impressive. I visited some of the programs while I was still at UNDP, particularly in Morocco and in Ghana, and the whole approach of letting it be driven by national initiative, by partnership with the private sector, but also by putting in critical mass. The resources are not insignificant, and I think, you know, giving a big push to some of these countries I think is beginning to work quite well.

But we've been hit by the crisis worldwide, and I think the whole relationship between the private sector, governments, markets, regulations is still debated, and maybe we can start by that, asking the panel how you see these relationships. I think there's a general agreement in this room and among specialists from all over the world that, as Daniel Yohannes said, the private sector has to be the driving force. Without the private sector being the driving force, which doesn't work because it's not sustainable even if one can generate help from needy people in a temporary way, unless the self-sustaining private sector investment takes hold, it won't be sustainable.

At the same time, government has a role. There is the need to somehow manage risk, and Daniel Yohannes said we won't subsidize the private sector. I think that's a good principle, but you do carry some of the risk. You have the nonmarket risk. The private sector cannot take the political risks that still exist. On average rates of return are very high in developing countries. They're actually higher than in rich countries, but that's to an average. There's a big variance in that average. So the pooling of risks can play a very important role.

So maybe we can start with Justin, and then Chad, and then Tim. If you want to address these questions, or anything that you want to put on the table.

MR. CHINYANTA: Thank you, Kemal. I think the first issue we have to look at is, you know, architecture with which we're working. I would speak specifically about Africa because that's my expertise. I have over the last 25 years worked at City Bank, and they just received, you know, in various capacities before setting out with my own particular investment bank and our investment company to invest across Africa. In this endeavor, I have been to about 47 of the 54 African countries, so I think I am on fairly safe ground when I start with that.

When we look to Africa, I think the key starting point would be looking at the Africa Competitiveness Report which is a produce of the African Development Bank, a product of the World Bank, and a product of the World Economic Forum. And in that report, there's, in the preamble, some very simple words which would appear to be baffling to some of us. The words are: The only reliable way to reduce poverty in Africa is to set the economy into a path of positive long-term growth.

Now, it sounds almost like a tautology, but it is something that is absolutely critical and fundamental because what we're dealing with in Africa -- and Africa here again I will hasten to add is consistent of 54 African countries -- is that there is a political framework in some instances which we cannot assume or presume will be present, and then before you even go to the economic framework, which is the basis on which the long-term economic growth will be assured. So really I think from my perspective one of the critical things that we have to look at is how the foreign aid that is going into the continent and the investment that is going into the continent is playing its role in creating sustainable political systems as well in terms of systems that produce good governance, systems that produce accountability, systems that have a respect for the rule of law, et cetera, et cetera, on the one hand, because that is really the starting point before we even get to the economic standpoint.

Because, Kemal, you have been in Morocco and in Ghana, and I think I stand on safe ground when I say that there are some failing and failed states. Somalia is an example from which we are all sort of not even wondering or thinking about. And Zimbabwe is another which is failing in itself but which is trying to pull itself very, you know, ably out of its difficult predicament.

But the problem is that these countries have an (inaudible) effect, Zimbabwe onto Zambia and into South Africa and into the regional countries. Somalia, last month I was in Kenya into the activities that al-Shabab is carrying out in the region and, you know, the piracy issues that have created non-state actors who are now becoming an issue again for the so-called security and safety and security measures that we're talking about.

So, as I see it, it is critical, when the U.S. Government and other players are thinking of aid to the continent, to first of all look at the political architecture that is in place or that can be in place, and how it can be improved and how it can be strengthened.

There are several initiatives that have been undertaken by people like the African Union, credibly some of them like the New Partnership for African Development. NEPAD Framework is a framework which has created the African peer review mechanism, and African peer review mechanism, in turn, is a framework which has created certain perspectives in which African countries are relooking at themselves from a perspective of governance and good governance being critical. So I think there are some initiatives which are there and which should be encouraged in the political architecture.

So even before we actually say look from the aid side, our aid is going into infrastructure, or into health, or into education, let's look at how the aid is going to support that side of things.

Now, assuming that political architecture is in place, then there are six conditionalities, as I see it, or six factors which are discussed, particularly in the Africa Competitiveness Report. This is the importance of good policies, consistent policies by the governments towards us players in the private sector because, as you may know, in some of our countries we will have policies that give too much discretion to one particular player or too much monopoly to another particular player, and, therefore, will harm or, accordingly, encourage private investment. There is the access to finance constraint which has been discussed by Honorable Daniel, and which continues, I think, to be a key buffer and, you know, constraint.

Then, of course, there is the infrastructural issue, you know. In some cases, I think I was reading one World Bank report which states that as much as 30 percent in costs, you know, of total costs of production could eventually, total cost to sales could eventually be a result of the poor infrastructure that that is operating in. Although in the infrastructural space again, one would look at both the opportunity and the opportunity posed by those particular constraints as has happened with the telecom space, for instance, where you have had the private sector very successfully investing and where we have seen a pan-African investment in the form of especially South Africa going out into the rest of Africa and -- or Escom in North Africa coming down.

And then, finally, it is important also to talk about some success story because it's very interesting that we talk about all these aid that we might be putting in and all this investment that might be going in, but where are the success stories? Those success stories, I would hesitate to mention, will probably lead into my own question for the panel which is how, really, the international private sector sees as its own role in the development of a vibrant domestic private sector. Because a domestic private sector is the one that ultimately will create sustenance and sustain a good development.

I will stop there for now. Thank you.

MR. DERVIŞ: Thank you very much, Justin.

Maybe I'll turn to Chad now. You have tremendous experience from in all over the world. How do you see these issues, and particularly the interaction between the public and the private sphere?

MR. HOLLIDAY: Thank you very much, it's a pleasure to be here. I'll come across as making a large business opportunity in Africa, probably the largest one opportunity we see anywhere in the world from our department's perspective. I'll be an advocate for partnering with NGOs, and let me just share with you one example that's almost 20 years old but has tremendously impacted the way DuPont thinks about entering developing countries, particularly Africa.

When the Carter Foundation, President Jimmy Carter, came to us and said there's a terrible problem with the guinea worm in Africa, and you're a chemical company, you can go get some chemicals and can go fix it, and we were challenged by that and it took the normal course of looking at it. And, of course, you can find some chemicals that can kill the guinea worm, but then you look at handling those chemicals safely that turned out to be a much bigger problem than you could imagine.

So we went back to President Carter and said we can't do that. He said, you're really smart people, you can figure something out.

And he's very persuasive, and so our scientists looked at it and said, well, if we could find a way to filter the water -- because it's in the drinking water -- after it comes out of the well that doesn't run the risk of the chemicals. And then our big concern was, how would you ever teach everybody to do that? But we think we can do it.

So we took nylon, and we found a particular way to weave it, and we could make a filter. We actually got a customer who said if we would provide the nylon, they would weave the cloth. And the only issue was, how do you train everybody now to use this, even though it's to be done safely? And that's what really moved us, because that's where the Carter Foundation came in, and the president personally went and met with the presidents of each countries and got them involved, and put people from the Foundation on the ground to train people how to use it and train the networks of people how to use it. And, lo and behold, three-and-a-half years later, we were at one-tenth of the level of getting to where we were before.

And so the impact that had on our company -- we didn't actually sell anything, but what we understood was there is a way to get things done. People are very capable, and we built networks since out of the Carter Foundation that three years later we wanted to know how to go into Country A, we knew who to go call.

And so, as I would say those experiences are very critical because I think you have to have companies feel some success on the ground then to come back as we have -- maybe we can talk later -- about the agricultural business being very important to us.

MR. DERVIŞ: Thank you very much. This is one of the most successful interventions that, you know, that is in all the textbooks now and, really, congratulations for this.

I was that the Carter Library, actually, on Friday giving a lecture in the house. It's a beautiful place, and I'm really so impressed by what President Carter has done over the years.

But this partnership, you know, I think probably without the prodding you might not have gotten into it, but certainly without you it wouldn't have happened. So I think it's a wonderful example of this kind of partnership.

Tim, I turn to you now.

MR. SOLSO: First of all, I would agree that business investment and business development is the driver that can be supported by aid, but successful businesses create employment.

The second point, general point, I would make is that businesses go to developing countries and invest because they think they'll get a return on that investment; that the outcomes of more employment, better education, economic development for those countries is, happens because the business is successful. Businesses do not go to places just to do good, and we need to be clear about that.

I thought what I would do is describe Cummins' model in terms of how we go into developing countries. And one thing is that it has to be a very, very long-term perspective. And if we think that you're going to get quarterly returns or annual returns, it just doesn't happen that way.

We went into India in 1962. We have about 12 businesses there today and about $1.7 billion of revenue. We went into China in 1975, and we again have about 12 businesses there in revenues of $2.3 billion. We went into Brazil in 1972. It's about $900 million today. And we went into Russia about five or six years ago. When we go into those countries, in every single case we don't go alone. We find joint venture partners, whether it be customers that manufacture equipment that our engines go in or distributions systems. But our model is that we just will not operate in a country without having really, really good partners at knowing how to operate.

Right now, we are looking at our Africa strategy. I've spent five weeks in Africa this year visiting seven countries. It's not the same as 47 countries that Justin's visited, but I know a little bit now just to be dangerous. And I see the same opportunities. I think that some of the countries connected together in Africa will be the fifth brick. I don't see in the five weeks that I was there, including our own company, anybody that has a consistent and effective strategy in terms of how we're going about it.

All of us have -- we have three manufacturing facilities in South Africa, joint ventures in Nigeria and Ghana, but we have partners from Europe rather than Africans. Our distribution system is not consistent with the way trade and commerce flows in Africa, so we need to go back in there and really think through where we want to invest, who we want to invest with, and see what that opportunity is.

Now, after we go into these markets over a long period of time and we generate profits, we have an obligation in terms of corporate responsibility to invest back in those communities. We've had a belief for a long period of time that a corporation and its employees are only as healthy as the communities in which we operate. Therefore, it's in our best interest to make those communities the best they can possibly be.

And to use a couple of the examples that are very similar, for example, we funded, the Foundation funded, in India a rural electrification project where we converted a generator set to run on the equivalent of vegetable oil, and this was produced by seeds from an indigenous tree in the area. And the people collected the seeds sold the seeds, generated some money, were able to buy the electricity, and then this produced electricity in a village that had 65 homes that had never had electricity before.

In Senegal, we did it a little bit differently in the sense that it was wind, solar, and then backed up by a diesel generator set. This provided electricity any place that had not had it before for 700 people. And when you see this, one, that is doing good, but it also creates an economic opportunity for our corporation. And when you see people that have not had electricity and their kids can start to read at night and study for school, it's a life-changing kind of thing.

So you start with the idea that you can make a profit. You go in with partners, you behave in a responsible way, and you invest back in that community.

MR. DERVIŞ: Could I ask, Tim, just one follow-up question here? You know, how is it that you're able to take such a long-term view? And maybe as all of you, particularly -- I mean, there is often in modern, particularly in the financial sector, in modern business this short-termism which we all are struggling with. And yet you seem to be able to take really the long-term view, and in development one really has to take the long-term view. One can't just be driven by three months, six months, or even one or two year kind of horizon.

So how do you manage that?

MR. SOLSO: I think you have to have a portfolio, portfolio of businesses so that some that are mature are producing or generating profits that meet the objectives of the street which allows you to invest in longer-term projects. You can't just have long-term projects and not generate anything in the short-term.

But I'll give you an example in India where we have a joint venture with TADA and we built a plant with a capacity of 120,000 engines for trucks and buses. We made absolutely no money over 10 years there. Today we're building a second plant with the similar capacity and earning good money. But some of us were criticized severely in the sense that, you know, you're not making any money. But if you think you've got the right partner, and you can see that that market is going to be big at some point and day, you hang in there.

And so I think it's on a case-by-case basis. You can't sacrifice the short-term, but if you have that balance, then I think you can take the long-term perspective. And if you don't take a long-term perspective, I don't think you're going to be successful.

Some people have gone into developing markets and done acquisitions. Some have insisted to go it alone, but that's been a policy, and in my experience I've seen that be less effective than going in with local partners and taking the long-term perspective.

MR. DERVIŞ: So in this context from the macro -- and I'm going to ask, maybe go back to Daniel maybe to ask something or to from a, you know, U.S. aid strategy on the short-term/long-term issue, and then come back to you.

But one thing that is very striking in the macro statistics when one looks at development, you know, the countries that are going so fast in emerging Asia are saving. And I'm not talking about China. China is a very special case. The system is special, they're saving 50 percent of their income or more, but India, India went from a savings rate, national savings rate of 20-21 percent to a national savings rate of 35-36 percent. And, obviously, that is a reflection of people thinking longer term, willing to take some short-term sacrifice to get long-term return.

Unfortunately, many developing countries are still, you know, 18, 20 percent savings rate, which is not really enough to generate the critical mass of self-financing investments that we need.

So I think this long-term/short-term horizon is very, very important and to success stories of Asia. There are other factors to explain it, but one factor really is the ability of East Asians to take the long-term view.

Daniel, do you want to say something on this from a MCC or U.S. Government perspective?

MR. YOHANNES: Thank you very much, a couple of things. Number one, all of our investments are primarily made with an assumption that it's going to be a long-term sustainable growth opportunities.

For example, our $7 billion investment is expected to generate something like $9 billion over a 20-year period, and we work with countries that are committed to good governance, for example, by making business opportunities extremely attractive. These are countries that are committed to good governance, countries that are committed to fighting corruption, countries that are committed to controlling inflation. In fact, Kemal, I was in Cape Verde about two months ago, and what I saw is the country, because of his commitment to creating business opportunities for the long term, were able to reduce the amount of time it took from 59 days to less than an hour to start a business in the country.

So we've been able, also, to leverage a lot of our investment opportunities in those countries by making them change some of the policies to make sure that they continue to be attractive for businesses in the long term.

So with that, Kemal, we have the long-term view of our investment in a short-term. In some cases it gets into trouble with our funders because they expect short-term results, but nevertheless right now, for example, the government is looking -- the Obama administration, that is -- how to link, you know, development aid with trade investments, if you will, so that at least it's long lasting, and it could bring about prosperity much sooner than what had been done in the past with the PSD program in which we have been very actively engaged by participating, but of providing information about lessons learned in the past five years.

Also, MCC happened to be the major contributor. Approximately 70 percent of our investment dollars go for aid to trade activities, based on my most recent data that I have.

The same thing is true like in Ghana where I was, Kemal. They've used about 50 percent of their investment, primarily in the long-term economic growth, primarily starting from the farming production as well as to including many of the infrastructure (inaudible) that will transport and bring long-term economic prosperity throughout the value chain.

So we're looking in terms of long-term, not short-term, and, like I said, sometimes it gets it in trouble, nevertheless that's probably one of the best ways to accomplish our goals.

MR. DERVIŞ: Thank you. Chad, do you want to add anything?

MR. HOLLIDAY: I'd go back to your question to Tim about how companies, you know, look at going into developing countries. In DuPont, I was stationed in Asia for six years and had the job of implementing this. We actually have a model we put against every country about GDP, where the GDP is, technology leadership, form of governance, so we can no only read the country but we read which wave of DuPont products are right now.

One of the biggest things, if you bring it very fast and the market's not there to take it, the customers aren't there, you'll be very disappointed. And so we know which way to bring in. So the first thing we tend to bring in is agriculture. So today about a third of DuPont sales are either in seeds or chemicals to improve the productivity of the agriculture. And we found in Africa that was one of the first things we had to bring in.

We also found that our data could sometimes be wrong, so a very simple example, we looked at what the price was for seed when the farmer wasn't growing the seed themself, they were buying it from somebody else, what price they were paying. And we looked at that and said that business model won't work. We cannot make money at that price. And so the first reaction of the team was, we're not going to win.

Then we sent another team back in to look, and when they looked, they came back and said, oh, you don't realize what's happening. It's all hand-planted, and they put a hole in the ground, and they put three seeds in because you need to get three to get one to come up. So the difference was ours come up the first time with one seed. So we could actually go in with a pricing model that made sense once we showed people our seeds would actually come up and actually have a profitable business that actually equaled our average margin around the world.

But it is not until you got on the ground and saw what was really happening that you could be misled.

And the last piece is we moved into biotechnology both for agriculture and for materials. We found it's a new science, it's something misunderstood. There are a lot of people that, you know, have real concerns about use of the technology, so we have a biotechnology advisory board. Well, the typical thing is you get real scientists, maybe a lawyer. We put this group together, and we have a priest and we have a couple of people from Africa because what -- it's people at the table advising you that understand how the technology is being used, how you introduce it so that it's well-received properly is very important.

So my last piece of advice is be sure you have people from country to be able to cut through the chatter of the normal level to give advice in what you're doing.

MR. DERVIŞ: Thank you very much. And I think when you explain that, you know, the wave of the products -- I'm a macroeconomist, so I tend to know the macro figures -- but, you know, it is very interesting that projections are that much more than half of all new demand in the world economy is going to come from developing countries. So when you think of it from a business point of view, that's quite dramatic.

It wasn't the case 20 years ago, even 10 years ago. It could be two-thirds, but I'm saying at least half, and that's a lot.

Now just in one thing that's particularly important, I think, in Africa, but, more generally, is, you know, the size of the market and the fact that so many developing countries are quite small, quite fragmented. The infrastructure is not really linking them up, and in my experience working on developments and particularly in Africa, it's been one of the big obstacles.

Are you feeling that?

MR. CHINYANTA: That's an interesting point. Let's say about 20 years ago what you're saying is certainly correct, but several initiatives have since taken place which -- notable initiatives -- for instance in about 1986 a preferential trade area was set up which basically groups countries in about 23 African markets all the way from Egypt down to Swaziland in the South, and then what you have is that it has eventually evolved into something called "the common market" for Eastern and Southern Africa, COMESA.

By that approach they have managed to create a market of about -- if I'm not correct, if I'm not wrong -- about 350 million Africans, you know. All the way from Egypt down to Swaziland, they have managed to agree on tariffs, you know, in terms of common tariff structure. They have managed in that way to also improve the perception, for instance, of a small country like Malawi going out rather than going through the common market to be seen as a viable investment to the same has been happening in the Southern African area.

There's something called the Southern African Development Community which South Africa is very much a prime mover on, and that groups about 12 countries together and, in fact, I think by 2016 they intend to have a common monetary policy for the area which will make things like cross-border issues of, you know, bonds and paper, and securities much, much easier, let alone payments in terms of marketing payment.

So I think the response, really, has been -- there's been something happening in the region integration space which is important to watch because, on the West African side, they have the same thing with ECOWAS. I think you're probably aware of that, and each of them are actually now seeing themselves as competitive zones. So the Southern African Development Community is trying to move much faster than, say, ECOWAS in commonizing their policies so that they can have a much bigger market for people to look at.

MR. DERVIŞ: Thank you very much for sharing that. And I think it is important that these markets integrate, that there's movement, free movement, as free movement as possible of goods services. People are always harder, but, you know, I think people also have to be moved, to be able to move more freely.

There are, of course, tough issues. Do you adopt a common currency zone, for example, or not? I hate to think of the European problem with their currency zones, you know, in Africa, but anyway that's a different topic. So things are not that simple. Unfortunately, in economics they never are.

But as Justin said, there has been quite a bit of movement in Africa to create more unity, to create a bigger size of the market to harmonize the taxes and tariffs. And I think a lot need to be -- a lot more can be done, particularly also in infrastructure, you know, an infrastructure linking -- transport infrastructure linking the African countries. But things are happening, and I think that will create further business opportunity.

So maybe what we'll do now is open the discussion to the floor, and I could ask participants to very briefly, when they raise their hand, also introduce themselves and direct their question either at the panel in general or at one member of the panel, and we might perhaps take two or three questions as a group, and then come back to the panel.

Yes?

MR. KEMPNER: My name is Randall Kempner and I run the ASPA Network of Development Entrepreneurs. And I share the hypothesis that I think all of you said, which business can and should be the main driver of economic development. But business has been involved in development for a long time, and it's not always been involved with positive results. You mentioned bananas, you know, there were banana republics earlier last century, and the Washington consensus which talked about privatization and liberalization has led to mixed results.

So the question is, what is new today about businesses' involvement in development, and why are you optimistic that it will be successful?

MR. DERVIŞ: A very good question. Yes, one -- yes, the gentleman here?

MR. GRINDSTAFF: Hugh Grindstaff. How do you see our investment in Africa coming up against China? And they're taking, going into the countries -- even the Saudi Arabia -- that are making farms to grow crops to send back to Saudi Arabia? Aren't we up against some mighty foes?

MR. DERVIŞ: Thank you very much. Yes, I'll go in the back because the back always get sometimes disadvantaged. So we'll try to -- yes, go ahead.

MS. STEWART: My name's Heather Stewart. I'm with NAPSA, the Association of International Educators. My question speaks to education, and you need a human capital development plan as well. And what role does higher education, tertiary education in providing more access to that in developing nations, whether within home countries or without? Outside.

MR. DERVIŞ: Thank you. I'll take I think maybe one more. In the back there, on the right. I'll take you afterwards. Then we have five, and then we'll come back to there.

MR. AMERICA: Richard America, Georgetown University Business School. And charging along with that, we've created in Saudic Region, a network of all the business schools in the whole Saudic Region, partnering with the University of Botswana and the University of Pretoria. And the idea is that weak management is a key constraint, and if we improve business schools, we'll improve management, and that will help accelerate development.

So if Cummins or DuPont, Bank of America, MCC really want to do something that will have major impact at a relatively small investment, invest it in graduate business schools and you'll have a big payoff.

MR. DERVIŞ: All right. And the gentleman here, yes?

MR. DAHL: Hi, Steven Dahl with Regional Consulting. One of those stories, to follow up on Randall's question, it's missing here is extracted industries which are responsible for a big part of the optimistic-looking bump in investment, and yet often enough they seem willing to have bad political environments and, you know, not give back social impact into these communities.

MR. DERVIŞ: All right. I think we'll go back to the panel now, and let me just maybe summarize the -- I think there are three main points raised: One is, you know, the history of business development partnerships, including long ago history sometimes of business involvement and contracts with regimes, you know, that were not really bent on development; some contracts signed which were not really to the advantage of the developing country and, you know, we can all think of some.

So what has changed to make that partnership much more promising, much more beneficial to the recipient country, including particularly in the extractive industries where were some of the worst examples were in the past?

Then there was a question on the new actors, China being the most important one, but India also coming up. How do you perceive that? How does the U.S. perceive it, also, you know? And how do we see it from a development perspective?

And then the third two questions relating really to education, the role of skilled education, and there was a lot of emphasis by the World Bank, the UN, and all of us on primary and secondary education -- I think probably correct emphasis -- but there is a little bit of stress now on also on higher education and the role of universities, of management skills, and so on. So that was the third point, if you like.

Why don't we start with Chad? You were --

MR. HOLLIDAY: On the first question, our experience in DuPont is we would have a particular opportunity in a developing country, and we'd bring it back into the U.S. in corporate headquarters. That is a good way to kill something very fast because it just does not fit the equation people are used to working with. And we were struggling with that about eight years ago. We changed it and we gave it to a Brazilian located in Sao Paulo, and we gave him a budget, and he formed the network around all the other developing countries, and he decided without ever having to tell headquarters what he was doing which projects to get funded and how they get funded. It was the most successful thing we'd ever done.

And so I just say is, it's on the ground, not having the filters asking different sets of questions, and also we didn't fund a lot, too, but it was a unique thing. And I would really recommend, you know, companies considering that.

Second, and so I personally worked with DuPont in Tokyo where UN University is. We found a program they had of solving problems of having a network of a couple thousand scientists located throughout the world where they send a problem out, and then ask for 10 solutions. And they get solutions, they iterate back and forth over about a 100-day period, and they come out with a solution that was public. There was nobody was going to make any, you know, intellectual property on it, it was out.

We got to looking at them and said, where did the best answers come from? They tended consistently to come from educated people in developing countries. There's something about the solution set you come up with when you don't have as many resources around you is very different. And so we shifted that, so we started expecting much more from our developing countries in DuPont, not just tell us about the market but we tried to place very well-educated people coming up with solutions to problems in that respect.

MR. DERVIŞ: Tim, do you want to say something or -- any of these questions?

MR. SOLSO: Okay, I'll try, and if I can remember them all, try and hit a little bit on each of them.

On what's different, I'm not sure I can say something's specifically different, but I can describe that I'm involved with a CEO forum with Brazil. There are 10 CEOs from Brazil and 10 from the U.S., and we've looked at what corporate responsibility initiatives both sides had in Brazil. And there was 100 percent of those businesses were actively investing in the communities and causes, taking again the long-term point of view.

I think also, at least building on what Chad said, if your strategy is that you're going to have Africans run Africa and Indians run India and so forth, the citizens of those countries have that understanding, and it's not run by a bunch of ex-patriots that, you know, may have a different set of agenda.

So I am optimistic. It does not mean that we will not see egregious behaviors in that type of thing, but I am optimistic that there are more companies thinking that way of the long-term investment. And again I go back to the belief that if you don't develop your communities and make them the best they can be then you're really taking some risks that are not very smart.

In terms of China and others investing in Africa and Latin and South America, it is quite remarkable, and I think that there could be -- I don't know for sure -- a limited window of opportunity. And I think we, the U.S. Government, needs to really be much more aggressive on the trade agenda. And right now, primarily because of the recession or perhaps other things, there's a wave of protectionism and a belief on that that is limiting free trade agreements, Doha bilateral and tax treaties, bilateral investment treaties and so forth. And the more that we can do that and promote trade, the more economic development will get in developing countries.

And, finally, on the education, I think that's a really terrific point because my own view, having spent the five weeks in Africa, the single biggest challenge we have will be finding leaders, skilled technicians all up and down. And if we're going to do it, we, the company, will have to take a much bigger role.

We've already hired an individual that will put together a recruiting plan, but to give you an example, if we know a mine site is going to open, or they're going to -- they start today, they won't start mining for six years. And it takes six years to train a technician to be at the mine to monitor and service the engines that are there. So those folks are rare or don't exist. So we know we're going to have to develop training schools, you know, for that sets of skills.

We also know that there are Africans living in Europe and living in the United States that want to go back to Africa, and finding mechanisms for them to do that, we have just in our headquarters 26 Africans that were buried in our organization, and some of those want to go back. So we need to do development programs in that way.

Again, policy. The immigration policy the United States has today doesn't work in this kind of environment because we can't move people back and forth freely. And it takes time. It's cumbersome, and this is in terms if hiring people in Africa either working in the headquarters or supporting them for some higher education and having to go back, it makes it very difficult. So in terms of public policy, that's an area that, you know, I think we should be advocates for, for positive change.

MR. DERVIŞ: Justin?

MR. CHINYANTA: Yeah. Okay, I'll take the two questions, what's different in the human capacity issues?

I think what's different to some extent was answered by the second questioner's perspective. What's different is that there are players who are now looking at the African -- let's say in Africa, again I'm going back to Africa -- at the African continent as a market in its own right, as a very serious market in its own right.

You've got South Africa, for instance, looking at mining and, you know, the telecom sector very aggressively and very aggressively investing. You've got Brazil coming in, into the mining sector in its former -- under energy sector in its former Lusophone countries.

You've got China, of course, the China effect depending, it doesn't matter which side of the spectrum you're on, the effects of what they're doing is visible. I mean, you know, in Congo, you know, a country which only has 500 miles of tarred roads when President Mobutu left about 10 years ago. The Chinese by next year would have built 10,000 kilometers of roads.

Now, building a road changes a whole perspective in terms of both the human health issues, education issues, and just human-to-human issues. So what's different is that they are players that are looking at that market both as a market of commodities and as a market for selling into Africa on a serious basis.

Now on the capacity issues, there's actually one success story I would quote here, which is City Bank. City Bank has always had very positive African alumni, if you will. In fact, last year, you know, they held a conference in London where about 400 of these guys turned up, and these are people that they have invested in, as Tim was saying -- you know, I'm one of those. They have taken time to culture, cultivate, to train in very, very difficult financial concepts and structures, and then loose them onto the African continent itself.

So I think, you know, when we're considering the private sector's role, there are some things that the private sector itself can do in its own interest. Now, City Bank hasn't done that because it's an esoteric emotion or from its perspective it thinks that maybe they will get some value in the, you know, at some future point. One is they get immediate value in terms of the managerial acumen that they have, but, secondly, and more importantly -- this was a business that I was actually involved in -- they developed a whole of their financial institution's correspondent banking business on the back of that.

What they did is, basically, they trained other bankers to think in the City Bank way, and therefore those bankers would bank with City Bank. And, you know, that business, as of that time that I left the bank anyway, had moved from a business that was making about $5 million a year to a business that was making hundreds of millions of dollars a year. So there are ways and there are approaches which could be self-serving in the short and long-term, but which can successfully be employed.

MR. DERVIŞ: Thank you very much for these examples, Justin.

Let me, in response to the first question particularly, share one experience I've had before turning to Daniel to say a few words on all that plus perhaps the point that I'm going to make what has changed

It was about 25 years ago I was working for the World Bank, and I went to a small- to medium-size African country to look at the industrial sector development constraints and so on. And I found there were two car assembly plants producing -- and I'm not going to say the actual cars and countries and all that, you know -- but producing two cars, two types of cars, actually rather luxurious cars, but the way it was done is that basically these cars were imported in pieces from Europe and assembled. There wasn't really much value added, a little bit, but very, very little.

And the price of the final product produced in the country was not less than four times the price of the world market price of these cars, okay. So, obviously, this didn't make any sense. There were huge tariffs. You couldn't import any cars, so whoever wanted to buy a car in that country basically had to buy the cars that were assembled. And I can't remember the number of cars produced, but it was tiny. I don't know, 200 a year or something like that, you know, a very, very small amount.

The whole thing didn't make any sense at all, and, obviously, our advice was: You better dismantle, stop this thing because it doesn't -- you know, it actually eats up resources rather than producing anything of value.

I immediately had the two ambassadors of the two European countries -- it wasn't the U.S. in this case -- two European countries, you know, in my hotel protesting vigorously at my activity. So you had an unholy alliance from governments and business imposing really a huge cost on the countries with some, of course, with partnership with the local government.

Now, I could give such examples, you know, hundreds of them, okay, but I think things have changed for various reasons. One, we have a much more export-oriented development for those people. You know, the old philosophy that you produce something behind huge tariff barriers at whatever it cost, you know, I think was never really valid, but certainly it is no longer the dominant thought. So once you produce for the world market, you have to be competitive. You can't produce something that costs four times as much, you know, and then compete on the world market. So I think that's one thing that's helping a lot, a much more world market oriented development philosophy.

Second, I do believe that in the old days, particularly in the Cold War, the development assistance philosophy in many countries was that we'll help our allies. As long as they're our allies, you know, the rest is not that important. Keep the other guys out, whereas now I think the official development activities of most countries are a much more truly development focused. The Cold War, you know, was such that you just support whoever supported the U.S. or France against the Soviet Union, so to speak. I think, thankfully, that this is no longer the case.

And the third thing that I think has changed quite a bit is NGO involvement in all of that. I mean, NGO civil society, you know, they are following what's happening. There's criticism for wrong development policies, and I think that there's much wider engagement makes these old models I think impossible to implement.

So I do believe there has been dramatic change. Things are much better now, much more promising. There still are problems. Corruption is still around and other problems, but I would single out these three things in response to your question, kind of what has changed?

Daniel?

MR. YOHANNES: What has changed? Of course, I can't speak for every single poor country, but I could say for the 19 countries I work with, what has changed in the last 20, 25 years is the fact that they want to get away from handouts to becoming more self-sufficient so they could increase their trade activities with partner countries within Africa or the outside world.

They have set up institutions that respect the rule of law that really, you know, facilitates trade investment activities. For example, 65 percent of foreign investments are primarily related to trade investment activities. They invested a lot of their money in the infrastructure, if you will, like, to give you an example AGOA, which allows a lot of African countries to trade with us without paying any tariffs. Well, in the past they have not been able to take advantage of it because they have not had the infrastructure, if you will, to transport their goods and services because they did not have the proper infrastructure, no roads or no ports that were sufficient to transport their goods.

So they're making significant investments in those areas. They are committed to the rule of law, and they're putting institutions, if you will, that respects property rights, that protects, you know, infringements of -- what do you call it? -- I'm escaping in my mind right now -- but the copyrights, and again, these are countries that have changed significantly that want to replace aid dollars with investments, the dollar from the private sector.

In terms of China, of course, you know, China has been very active in Africa, and here if you look in terms of what we traded, being primarily in five countries in Africa, those countries that have mineral resources of oil, and this is a tremendous opportunity for American businesses especially as you look in terms of the newly emerged countries that have done a great job in forming their policies in attracting foreign capital.

I think you touched bases on education. Even though a concentration in the past has been primarily to build elementary schools and high schools, I believe this is an opportunity for MCC to be able to concentrate in a higher education to be able to produce a highly educated work force to be able to compliment to the growth that's taking place in the country. Thank you.

MR. DERVIŞ: Thank you very much. We have time for maybe two or three more questions. Yes, all the way in the back, two gentlemen, and then --

MR. SOMMER: Hi, Peter Sommer with Mergermarket. One of the things about African investments is it's getting more and more clear that some of these nongovernment organizations and other issues are sort of overshadowing the growth in private sector companies, both those coming into Africa and those in Africa.

Is there any way that we can separate the two issues? Let the private sector talk about the private sectors and let the NGOs concentrate on the loss-leading issues like HIV prevention in Africa, things that the private sector cannot fund, and let the private sector continue growth?

And the other issue is, it seems more and more clear that the companies who have -- who are ready for global growth, who are leaders, have a presence in Africa, and then those who have not, who have been domestically focused in the United States and elsewhere, are now going through the hardest period of time in this moment.

MR. DERVIŞ: All right, yes? There was one more question in the back. Yeah?

MS. ATONIA: Hi, Margina Atonia with Oxfam America. Thank you very much for your comments today.

The panel highlighted several imbalances with aid and trade, and I wanted to ask how can we ensure that our private investment aims and alignments are the same development goals. Would referring to a national strategy for global development be useful for guidance to make sure that aid/trade investment businesses aren't working at cross-purposes and disadvantaging others in poverty further?

MR. DERVIŞ: All right, anybody else? Yes?

MR. HALL: Fletcher Hall at F.R. Hall & Associates. I was wondering if -- I want to pick up on Mr. Solso's comments about, particularly, U.S. policy toward economic development and global growth. What are our attitudes? How does the business community see our attitudes, United

States attitude particularly, in view of competition from other countries who are very active in most parts of the world, and particularly in Africa?

MR. DERVIŞ: Yes. I guess that's the last one in the back there.

MR. SUZ: Hi, my name's Jim Suz, and, again, I work for SEAF here in Washington, D.C. I was at a meeting recently with a major American integrated oil company that talked about the importance of changing the language and the terms we use. We use today the term "corporate social responsibility" a lot, but this particular company found that their people in the field, their operations managers, took that more seriously when you called it "social risk management." Everyone has an environmental risk management plan, everyone has a security risk plan, but CSR has always been something that's been kind of passed back to the corporate foundations back at the headquarters.

I'm wondering if you see a shift, for those of you representing corporations, do you see a shift pushing this down to making this an operational matter and, therefore, maybe being more effective that way?

Thank you.

MR. DERVIŞ: All right, maybe we'll start, you know, with Justin and go across and end with Daniel, very briefly, maybe the last point you'd like to make. I sense that there still is this, you know, one question, the first question in this round still was this thing: Can we separate, so to speak, social goals and, you know, NGO activity from business goals.

And, actually, I mean the message from the panel overall, I think, is that why these goals, you know, are not necessarily identical, they actually are very complimentary and, you know, a total separation is not really what, what we're trying to do.

But there is, there is still this, you know, this issue of profit-seeking as the main motive versus broader social responsibility, and I think we've had a discussion with Sonal Shah the other day here, right here, who had innovation group at the White house. And, you know, again the same point came up, and there was an issue about profit-making versus profit-maximizing and so on.

So maybe some thoughts on this central issue might be welcome.

MR. CHINYANTA: Okay, very quickly, I think I started off with the issue of the architecture that in which the business is being done, deliberately, because that issue, that question goes to the heart of the architecture, you know. In most of the countries that, you know, we tend to do business in, in Africa, the role of the government traditionally has always been, you know, to do everything, you know, in terms of especially where the private sector will not go.

Now, in that role, it will look at its complimentary partners, who will be most likely people that are providing foreign aid as part of the steps that are necessary for it to establish the capacity necessary. So to some extent, Chad, you answered it very aptly. We cannot, strictly speaking, see the separation of these two goals, although ideally that would help, because my own view, in fact, which we have not really touched on fully, is, you know, whatever aid we're looking at should also have an exit mechanism as a starting point. Then whatever it cannot be exited from is really the space where the NGO, et cetera, will continue to play a role, because that will be relief, it will be aid that will always constantly be required for, you know, maybe some farseeing, if you will.

MR. DERVIŞ: Chad?

MR. HOLLIDAY: I think on the question you posed, there's so much you can do writing checks to a country. If I say it's one percent of the impact a company could have, it's primarily in developing economics, developing, as Tim pointed out.

The thing I would add to that, though, is, you know, the depart comes in with the same environmental standards in any developing country we have in the most developed country. We come under the same ethical standards, they will never bend. So I think the example of showing you can live by those two standards and still make money is also a very important example that we're teaching the country.

If I had to give advice to mid-size companies, the question came up earlier about, okay, the Cummins and the DuPonts are in, but what about the next set of companies that aren't there? I think one of the biggest things that concerns them is, can I trust the government? And we have one experience in DuPont, we went into a developing country. There was a -- I won't name the country or the technology -- but there was a level of technology of zero.

We brought in a level of technology three, much better for the country to help it develop; allow it to develop more export industries. We thought we'd be very well received. We were welcomed by the government. We built our plant, and then we found a tariff on our key raw material that had to be imported that made it so great our cash cause (phonetics) producing wasn't there. We could only operate about three more months. We had to shut down.

Then a local producer decided they would buy our plant for about 10 cents on the dollar, and we sold it, and you know the next month that tariff was taken down, okay? And so, believe me, when people come and ask us about going to that country, we tell them that story very loudly. So I would say somehow don't have that kind of conduct but also find roots that companies and get comfortable.

And one of the things I mentioned, I lived in Tokyo and was developing in Asia-Pacific. The thing we would do, the countries of Asia-Pacific would always have a really good ambassador in Tokyo, and they weren't used to an Americans showing up on their doorstep. And so I would go in, and when I'd bypassed all the bureaucracy, I said give me the real truth about how you do business in that country. I learned a lot more than I did through all the other ways.

So I think countries should create trusted roots to find out what's going on and build in safeguards so companies aren't worried about what the government will do.

MR. DERVIŞ: Thank you. Tim?

MR. SOLSO: I don't think you can separate your responsibility to the community and your business goals. They're very closely integrated. We use a model called "the stakeholder concept," and the idea is that you have to consider the needs of each of the stakeholders when you make a decision, so its the employees, its customers, its spot suppliers, the communities in which you live, and so forth. And what we say is that you have to behave responsibly or make decisions responsibly for each of the stakeholders, and when here is a conflict, you have to wrestle with that.

And, to me, when you say the community is a stakeholder, you have to consider that in your business. And when you say, well, HIV, if you're in a country and you have HIV/AIDS and your work force is dying, you have a responsibility to deal with that issue just in order to have, have the folks.

In terms of the jargon or the terminology, I did not use the term "corporate social responsibility." I used the term "corporate responsibility" because we believe the term "social" implies that it's voluntary, that it is something nice to do where, if you use "corporate responsibility," we say that's a mandate. That's part of your business responsibility which goes to that same thing.

In terms of U.S. policy, just briefly, you know, the trade policies, you know, whether free trade agreement or tax for supporting the Millennium Challenge Corporation, which is one of the best ideas that government's had in a long, long time, all of those things that make it easier for businesses to do business in different countries is going to create jobs.

An example again in China and India, we developed a local supply base because we had to have local content. That local supply base then becomes a low-cost country source and use it as a global supplier. They have tier 2 suppliers. It's that type of thing. If we can get in countries and develop and behave responsibly the way it is, it'll have the biggest impact in terms of reducing poverty.

MR. DERVIŞ: Thank you very much. Daniel, you have the last word.

MR. YOHANNES: Thank you very much, Kemal. And again, what makes MCC programs extremely attractive is, No. 1, the country ownership portion of it. I mean the progress of the projects that come to us do not come directly from the government; they come primarily after government consulted with NGOs, civil society businesses, and also we make the decision primarily based, and what's the best return for a lot of our investments.

So from the beginning to the end, countries have ownership to their programs. That's why the look, in terms of the long-term view, and in terms of how those countries may be able to place many of these investment dollars, if you will, from the private sector, because it is transparent, it's country-owned, and these are countries that are interested in making sure that they replace aid dollars with the private sector investments.

MR. DERVIŞ: Well, thank you very much, really, for taking the time to be with us. Thank you. Thank you all for coming this morning, and I think we had a great discussion. (Applause)

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CERTIFICATE OF NOTARY PUBLIC

I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

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