



MILLENNIUM CITIES INITIATIVE (MCI)

THE EARTH INSTITUTE AT COLUMBIA UNIVERSITY

Progress report on MCI's investment-related activities

18 June 2008

The Millennium Cities Initiative (MCI) was established at The Earth Institute in early 2006. It is related to the already existing Millennium Villages Project, with which it shares the objective of promoting the Millennium Development Goals (MDGs). All Millennium Cities are situated near Millennium Villages Project sites, and most of them are secondary cities in their countries.

Although supporting the attainment of the MDGs is the ultimate objective, the day-to-day work of the MCI is thematically divided into activities related to investment and activities related to the social sector. In the broader context of helping the Millennium Cities formulate integrated City Development Strategies and allow the sustainable delivery of social services, MCI offers advice on exploiting investment opportunities, managing infrastructure constraints and effectively delivering critical public services. An important aspect of MCI's work concerns strengthening farm-to-market linkages that add value to increasingly diversified agricultural production by smallholder farmers in the Millennium Villages.

The present report describes the investment-related activities MCI has undertaken so far in its seven Millennium Cities. The attached matrix provides a summary overview, including for the social sector work.

The idea behind MCI's investment-related work is to help the Cities create employment, stimulate enterprise development and foster economic growth, especially by increasing domestic and foreign investment, with a view toward eradicating extreme poverty – the first and most basic of the MDGs. The general strategy that MCI pursues¹ rests on three pillars:

- The preparation of materials about commercially viable investment opportunities. These materials are based on analyzing both the regulatory framework and investment opportunities, i.e. sectors and projects in which the Cities, where possible together with the Millennium Villages, have a comparative advantage, be it in provincial, national or international markets. One example of such materials is the Millennium City Investors' Guide, two of which have thus far been published.
- The dissemination of these materials to potential investors. A range of mechanisms are being used for this purpose, including investors' missions and roundtables, and Millennium Cities Days in strategic locations. In addition, particularly important is the targeted dissemination of information related to specific products to investors in the relevant industries.
- The building of capacity in the Millennium Cities to attract investors, work with them and the fostering of continuous public-private sector dialog.

¹ For more details, see Karl P. Sauvant, "Africa: the FDI opportunities are local", *International Trade Forum*, 1/2007. International Trade Center, Geneva, available at www.cpii.columbia.edu

In implementing this strategy, MCI cooperates with a number of partners providing pro bono services and cooperation. These include KPMG, DLA Piper, Cravath Swaine & Moore, Carter Ledyard Milburn, the Vale Columbia Center on Sustainable International Investment, Columbia University's School of International and Public Affairs (SIPA), Columbia's Business School, and the United Nations Industrial Development Organization (UNIDO).

Implementation takes place through staff in each of the Millennium Cities and in New York (see the attached organogram).

For more information, please consult www.earth.columbia.edu/mci or www.cpii.columbia.edu.

1. Akure, Nigeria

In January 2007, MCI cooperated with The Economist Intelligence Unit (a sister organization of *The Economist*), to provide the City with an opportunity to present its investment environment and investment opportunities to a roundtable devoted to investing in Nigeria. In preparation of that event, UNIDO identified a number of business and investment opportunities in Akure.

During the second half of 2007, KPMG Nigeria began preparing a report on sectors and products with a considerable potential for investment in Akure and the State of Ondo. Additional analysis was undertaken by MCI on investment opportunities in Akure in early 2008. The report is nearing completion.

Furthermore, a draft review of the regulatory framework for investment was initiated; it is currently being reviewed.

Representatives of Akure are being invited to the London Millennium Cities Day, organized together with KPMG and DLA Piper, taking place 9-10 December 2008. During this event, representatives of Akure, the state government and the private sector will showcase some of the City's investment opportunities to an audience of business executives.

2. Bamako and Segou, Mali

In an effort to focus better its investment-related activities, MCI has installed a regional investment promotion expert in Bamako. At this time, the specialist is assisting Bamako and Segou in establishing programs to attract investment. One of the first activities is the organization of a shea butter forum in Bamako on 26 June 2008; this is an example of an effort to target investors for a particular product. Potential investors are expected to participate in this event. It focuses on commercially viable investment opportunities in the shea butter value chain. This work is jointly undertaken with the Millennium Villages Project and, in particular, the Tiby cluster. (MCI has already facilitated the sourcing of shea butter products from Segou by KRK Cosmetics in Tanzania.)

MCI also facilitated the signing of a memorandum of understanding between the government of Mali and VICA Technologies (based in Philadelphia), to build a 30MGW waste-to-energy electrical plant in Bamako. The plant will provide electricity to 45,000 households, and has a total value of US\$124 million.

A draft of a report on the regulatory framework undertaken by the US law firm Cravath Swaine & Moore is being prepared.

3. Blantyre, Malawi

The review of the regulatory framework, undertaken by the law firm DLA Piper, is being prepared. It is expected that this report will be available during the second half of 2008.

A team of students from Columbia's School of International and Public Affairs (SIPA) performed research in New York and in the field, and undertook several missions to the City to identify products/sectors that have a potential for development in and around Blantyre. The report is being finalized.

UNDP Malawi has an active sustainable business development project with which MCI is cooperating.

Representatives of Blantyre are being invited to the London Millennium Cities Day, organized together with KPMG and DLA Piper, taking place 9-10 December 2008. During this event, representatives of Blantyre, the national government and private sector will showcase some of the City's investment opportunities to an audience of business executives.

4. Kisumu, Kenya

An Investor's Guide for Kisumu (available on www.earth.columbia.edu/mci and www.cpii.columbia.edu) was prepared with the support of the governments of Finland and Kenya, as well as the Vale Columbia Center on Sustainable International Investment, UNDP, and UNIDO, the US-based Corporate Council on Africa (CCA) and the European Business Council for Africa and the Mediterranean (EBCAM). While preparing the Guide, feedback meetings with private sector representatives as well as city and government officials were organized on the basis of the draft Guide, both in Nairobi and Kisumu. (The business community meeting was attended by about 120 business people.) These meetings serve as an important mechanism not only to obtain feedback on the draft, but also to mobilize important stakeholders around a key MCI activity and achieve local "buy-in".

In addition, KPMG, as a pro bono contribution, analyzed particularly promising sectors/products for development in Kisumu and its surrounding areas. The KPMG report "Kisumu: Potential Opportunities for Investors" will be officially launched in Kisumu in July 2008.

As a further contribution to the MCI project, the United Nations Industrial Development Organization (UNIDO) identified a number of business and investment opportunities in the SME sector. Profiles of a number of companies are available on CD and can be requested from the following e-mail address: comfar@unido.org.

MCI has also undertaken a survey to identify bottlenecks in the provision of infrastructural services to enterprises in Kisumu. The report on this survey is being finalized.

The Guide was launched in Nairobi on 26 September 2007. It is being disseminated world-wide, both electronically as well as in hard copy format. These activities will be complemented by targeted outreach efforts, in particular to firms producing in the product areas identified in these materials, but also to journals, newsletters and websites.

A mission of business people, financially supported by the German Development Corporation (GTZ) and organized on behalf of MCI by the Afrikaverein (German-Africa Business Association), met with business executives and government representatives in

Nairobi and Kisumu during the week of 15-19 October 2007 to familiarize themselves with the investment climate and investment opportunities, particularly in Kisumu.

The mission coincided with the Kisumu Investment Day, on 17 October 2007. The Kisumu Day was attended by about 200 representatives from the public and private sectors, including 20 representatives of foreign investors. Representatives of UNIDO and KPMG presented the business and investment opportunities identified in Kisumu. A number of business-to-business meetings were organized, as well as visits to successful local and foreign enterprises.

The launch of the Kisumu Office of the Kenya Investment Authority (KIA), which is being supported by MCI, was a highlight of this event, and is an example of successful capacity building. (The link to the national Investment Promotion Agency is important, to allow the city to benefit from the former's international activities.) The main tasks of the Kisumu Office are to identify investment opportunities, attract investors, disseminate information about these opportunities, assist potential investors visiting the city, facilitate the establishment of new investors, and provide after-investment services to established investors.

Furthermore, the US law firm Cravath Swaine & Moore is undertaking an assessment of the regulatory framework for investment in Kenya, with a special focus on Kisumu.

MCI is represented on the Kisumu Action Team, a body that is planning priority action for the further development of the City.

In continuation of the above mentioned efforts, and after the new Government was appointed early 2008, a workshop for city officials will be organized in Kisumu on 8-9 July 2008, followed by a Kisumu Investment Day on 10 July 2008 targeting investors already established in the country.

Representatives of Kisumu are being invited to the London Millennium Cities Day, organized together with KPMG and DLA Piper, taking place 9-10 December 2008. During this event, representatives of Kisumu, the national government and private sector will showcase some of the City's investment opportunities to an audience of business executives.

5. Kumasi, Ghana

An Investors' Guide for Kumasi (available on www.earth.columbia.edu/mci and www.cpii.columbia.edu) was launched in Kumasi on 18 April 2008, during the MCI-sponsored Kumasi Investment Day. The Guide was prepared in close collaboration with the Ghana Investment Promotion Centre, the Columbia Vale Center on Sustainable International Investment, the United Nations Conference on Trade and Development (UNCTAD) and UNIDO, as well as the US-based Corporate Council on Africa (CCA) and the European Business Council for Africa and the Mediterranean (EBCAM). In preparation of the Guide, meetings with private sector representatives, city and government officials were organized in Accra and Kumasi. (The business community meeting was attended by about 50 business people.)

The Guide draws on studies undertaken during 2006/2007. In particular, KPMG prepared a report on investment opportunities in the cocoa sector in 2006. In addition, in 2007, KPMG Netherlands analyzed a number of investment opportunities in and around Kumasi; this report will be published soon. UNIDO identified investment and business opportunities in the SME sector in Kumasi. A CD of the UNIDO-identified opportunities is attached to the hard copy of the Guide; it can also be obtained from UNIDO by e-mail: comfar@undio.org. The review of the legal framework for investment undertaken by the US law firm DLA Piper is being prepared, as is a separate report on

investment opportunities in the mining industry around Kumasi and a report on infrastructure needs.

As with other MCI materials, the world-wide dissemination of the Guide takes place both electronically and via hard copy. On 4 June 2008, the Guide was presented at the Ghana Economic Day in Hamburg (organized by the Afrikaverein (a German-African Business Association)) to an audience of about 80 German business people. These activities will be complemented with targeted outreach efforts, in particular to firms producing in the areas identified in our materials, but also to journals, newsletters and websites.

The Kumasi Investment Day on 18 April 2008 (partly supported by KPMG Ghana) was attended by more than 120 people. The attendees came mainly from the private sector, but also from the City administration and the national government; they included representatives of the Asantehene (the traditional power of the Ashanti region). It focussed on Kumasi's investment environment and business opportunities. Crucially, at the end of this event, the head of an Accra-based Venture Capital Fund (himself an Ashanti) noted that he had not previously been aware of the range of investment opportunities available in Kumasi; he proceeded to consult for several hours with local business people about the possible involvement of his Fund. Instances like this underline the importance of making information about commercially viable investment opportunities available to investors elsewhere.

In spring 2008, a team of MBA students from Columbia's Business School elaborated a marketing strategy for Kumasi's tourism industry. The findings were presented to representatives of the city and regional governments, as well as to the business community as part of an ongoing effort.

The Ghana Investment Promotion Centre (GIPC), in cooperation with MCI, opened a regional office in Kumasi aimed at promoting the Ashanti region and the city of Kumasi to potential investors and assisting them when they want to establish themselves. (The link to the national Investment Promotion Centre is important, to let the city benefit from the former's international activities.) In May 2008, the Kumasi Metropolitan Authority opened a special Investment Desk for business people who require the assistance of the city administration.

This work will continue through the targeted dissemination of the Guide and related materials and a further elaboration of commercially viable investment opportunities identified in the city in cooperation with KPMG. Exploratory talks about a New York Kumasi Investment Day (aimed especially at the Ghanaian diaspora), anticipated to be co-organized with a Kumasi private sector foundation, are underway, as is consideration of an investment promotion training workshop for city officials and others.

Representatives of Kumasi are being invited to the London Millennium Cities Day, organized together with KPMG and DLA Piper, taking place 9-10 December 2008. During this event, representatives of the city, as well as the national government and private sector, will speak about investment opportunities in the City to an audience of business people.

6. Louga, Senegal

The review of the regulatory framework for investment undertaken by the US law firm Carter Ledyard & Milburn is being prepared. A team of students from Columbia's School of International and Public Affairs (SIPA) undertook a number of missions to the City and undertook desk research to identify products/sectors with a potential for development in and around Louga. The report is available from MCI.

7. Mekelle, Ethiopia

In January 2008, Mekelle became a Millennium City. The first investment-related activity was the preparation of a draft report on investment promotion. The report points to a number of investment opportunities that could attract potential investors to the City. Targeted investment opportunities ranging from honey to poultry to solar energy production are being explored with individual foreign investors.

Given the special importance of farm-to-market linkages, the cooperation with the Millennium Villages Project is being strengthened, facilitated by the creation of an enterprise development capacity within the framework of that project. This cooperation focuses on three information tools:

1. Brief (a half a page or so) descriptions of specific investment opportunities in the clusters, for inclusion in KPMG's investment assessments, the Investors' Guides and UNIDO's database of investment projects.
2. Short (about two pages) descriptions of the same investment opportunities, for national and international dissemination along with the KPMG materials and the Guides, as well as on other occasions (e.g. the Millennium City Days).
3. Full-fledged business plans for the same investment opportunities, for targeted investment promotion and as input into specialized events like the shea butter event in Bamako on 26 June, as well as trade fairs in e.g., the US. This work can be extended by preparing bankable projects ready to be presented to venture capital funds/investors. The initial focus of this work will be on one project per Millennium Village, e.g. cocoa in Kumasi/Bonsasso and shea butter in Segou/Tiby.

Ideally, the whole range of activities can be implemented in each city, with a view toward (1) creating a sustainable mechanism to carry this work forward; (2) demonstrating that this strategy can be implemented by cities that are not capital cities; and (3) showing that this approach can be scaled up to other cities.

Karl P. Sauvant and Joerg Simon, 18 June 2008



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MCI UPDATE, JUNE 2008

<i>Millennium Cities</i>	Akure	Kaduna	Bamako	Segou	Blantyre	Kisumu	Kumasi	Louga	Mekelle
<i>Social Sector Activities</i>									
<i>Social-sector expert</i>		hiring	X	X	X	X	X	X	X
<i>MDG Needs Assessments</i>									
<i>Public health</i>		6.08	6.08		Research completed	Research completed	Research completed	6.08	3.08
<i>Education</i>		6.08	X		5.08	Research completed	10.08	Research completed	5.08
<i>Gender</i>		6.08		6.08	7.08	7.08	Research completed	6.08	3.08
<i>Water/sanitation</i>		6.08	ongoing→		6.08		writing	6.08	7.08
<i>Indust.infrastructure</i>						Being finalized	Being finalized		
<i>Housing, Energy, ICT, household survey to come -----></i>									
<i>Other activities</i>		X	X	X	X	X	X	X	X
<i>Investment-related Activities</i>									
<i>Inv. prom.specialist</i>	X		X		hiring	X [w KIA]	X [wGIPC]	X [with Mali]	hiring
<i>Regulatory review</i>	In revision		In revision		In revision	In revision	In revision	In revision	
<i>SIPA inv. study</i>					Being finalized	Being finalized		Being finalized	
<i>KPMG product value-chain analysis</i>			Shea butter being finalized				Cocoa being finalized		
<i>KPMG investment opportunities</i>						X	X		
<i>Stakeholders workshops for Guide</i>						06.07	02.08		

<i>Millennium Cities</i>	Akure	Kaduna	Bamako	Segou	Blantyre	Kisumu	Kumasi	Louga	Mekelle
<i>City Investment Guide</i>						X	X		
<i>Tourism marketing strategy for city (CU Business School)</i>							Being finalized		
<i>Investment forum</i>	MCI/ Economist, 1.07		Shea butter forum, 6.08			Kisumu Days, 10.07 and 7.08	Kumasi Inv. Day, 4.08		
<i>Inv. prom. capacity-building wkshop</i>						7.08	11.08		
<i>Mill. C. Day London, Dec 9-10, 2008</i>	X				X	X	X		X

Lead Partners									
<i>Afrikaverein</i>						X			
<i>Americares</i>		[will be everywhere →]							
<i>Gov't of Finland</i>						X			
<i>Gov't of Germany</i>						X			
<i>Gov't of Israel</i>						X	X		X
<i>KPMG</i>	X				09.08	X	X		09.08
<i>Physicians for Peace</i>		X	X	X	X			X	
<i>UNDP</i>	----->								
<i>UN-HABITAT</i>					X	[X]		X	
<i>UNCTAD</i>							X		
<i>UNIDO</i>	X					X	X		
<i>Vale Columbia Center</i>	X		X	X	X	X	X	X	X

<i>Millennium Cities</i>	<i>Akure</i>	<i>Kaduna</i>	<i>Bamako</i>	<i>Segou</i>	<i>Blantyre</i>	<i>Kisumu</i>	<i>Kumasi</i>	<i>Louga</i>	<i>Mekelle</i>
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LAW FIRMS:

<i>Carter Ledyard Milburn</i>	X	[X]						X	
<i>Cravath Swaine & Moore</i>			X			X			
<i>DLA Piper</i>					X		X		

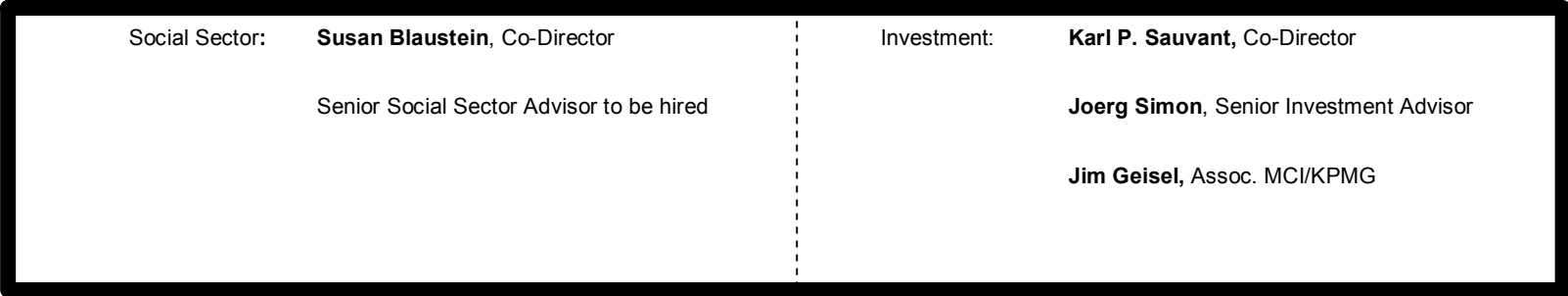
UNIVERSITIES:

<i>Columbia University:</i>									
<i>SIPA, TC, EI, Mailman, Engineering, Business School</i>	X	X	X	X	X	X	X	X	X
<i>Yale Sch Publ Health</i>							X	X	
<i>Harvard Sch Pub Health</i>	X	X	X	X	X		X	X	X
<i>Humboldt State Coll.</i>							X		X
<i>NYU, Int'l Ed & Dev.</i>							X		

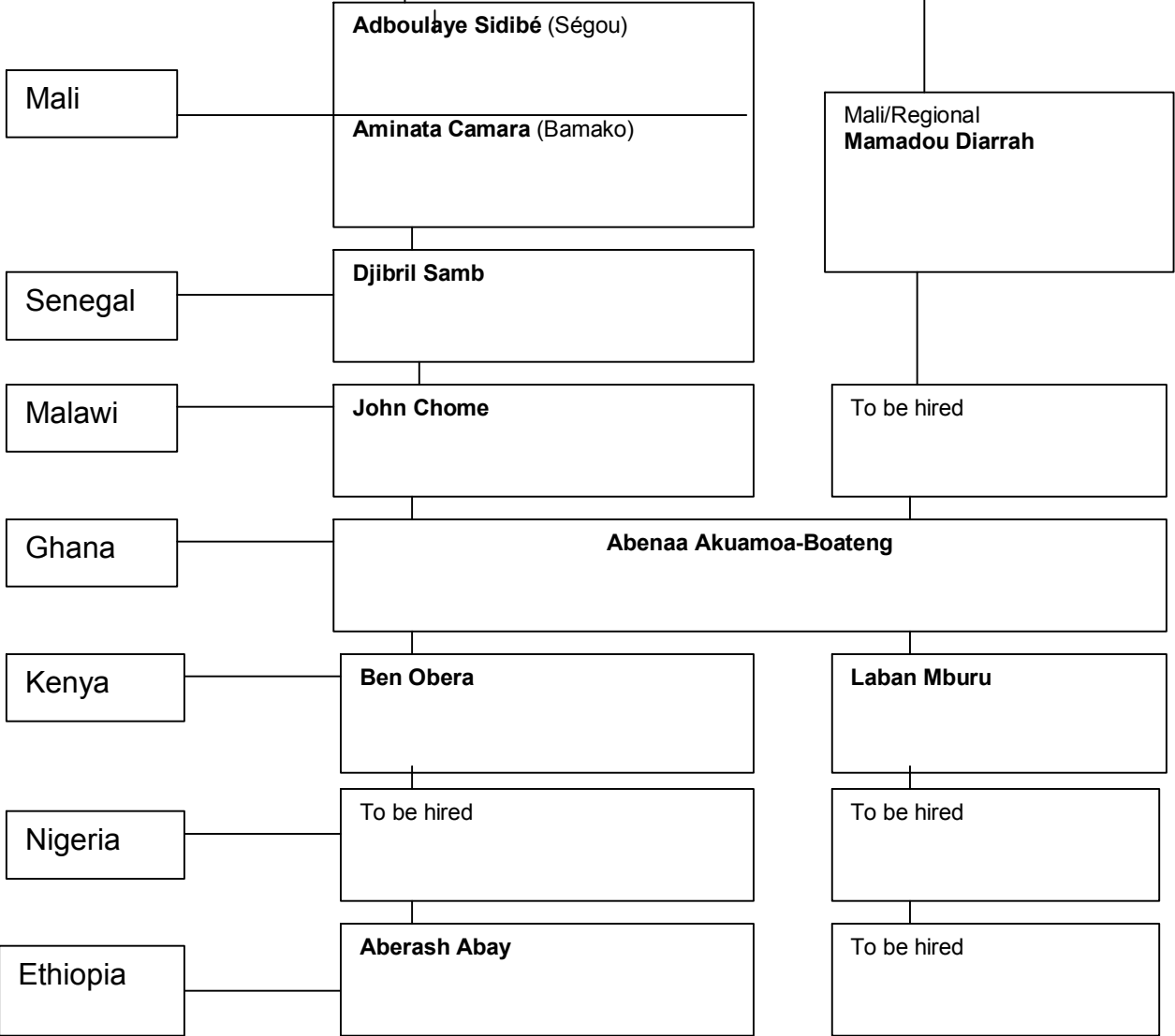
NAT/LOCAL INSTIT

<i>Line ministries</i>			X			X			X
<i>Municipal authorities</i>			X	X	X	X	X	X	X
<i>Regional/Distr. Auth.</i>	X	X	X	X		X	X		X
<i>Nat. Inv. Prom. Auth.</i>	X				X	X	X		X
<i>Fed. teaching hosps.</i>			X				X		X

Prof. Jeffrey D. Sachs, Director, The Earth Institute at Columbia University



Paulo Cunha
Project Coordinator



Millennium Cities Initiative
Organizational Chart
June 18, 2008