TRANSPARENCY INTERNATIONAL
the global coalition against corruption

GLOBAL CORRUPTION REPORT 2009

Corruption and the Private Sector

> TAKING STOCK
> TURNING LESSONS INTO ACTION
> LOOKING AHEAD

ABOUT THE GLOBAL CORRUPTION REPORT

Transparency International's Global Corruption Report (GCR) is the authoritative annual publication on the state of the fight against corruption. The GCR undertakes an in-depth analysis of a key corruption issue, presents country reports that document major corruption cases and reforms across the world, and showcases the latest research insights into the dynamics of corruption. As such, the GCR is a highly visible reference and essential reading for policy-makers, practitioners, businesspeople, scholars and civil society.

For more information:
www.transparency.org/gcr

The 2009 edition was supposed to be published Mid-2009. according to the website. This is the flyer for it.
You can order previous years for $39.99 each.

ABOUT TRANSPARENCY INTERNATIONAL (TI)

TI is the global civil society organisation leading the fight against corruption. Through a specialised private sector team and national chapters in more than 90 countries around the world, TI works closely with the business community to identify corruption risks and develop anti-corruption tools and compliance strategies in a wide variety of practical partnerships.

Transparency International Secretariat
Alt-Moabit 96
10559 Berlin
Germany

Tel. +49 30 34 38 200
Fax +49 30 34 70 3912

gcr@transparency.org
www.transparency.org

THE ESSENTIAL ROLE OF BUSINESS IN FIGHTING CORRUPTION

Corruption exacts a tremendous cost on entrepreneurial activity, economic opportunity and prosperity. It increases the risks and costs of starting and operating a business, thwarts market performance and undermines the security of investments. Moreover, it erodes the public trust and support essential for business to thrive and generate gains for all.

Business leaders and policy-makers have begun to tackle the corruption challenge, and today their efforts have reached a watershed moment: a first generation of compliance programmes, anti-corruption regulations and corporate responsibility initiatives. Together these provide the opportunity for critical reflection on what works and what does not. Yet corruption is not static. Increasingly integrated global production networks, evolving technologies, new economic powers, and diversified financial instruments and markets all profoundly transform and amplify the corruption challenge for the private sector.

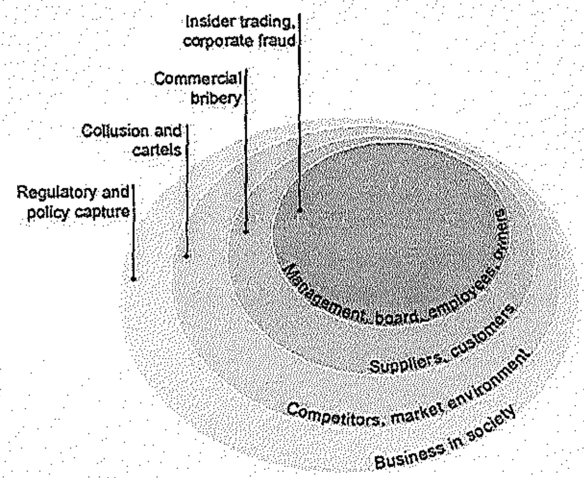
It is time to take stock and use the lessons learnt to prepare for emerging challenges.

THE GLOBAL CORRUPTION REPORT 2009 CORRUPTION AND THE PRIVATE SECTOR

Transparency International's *Global Corruption Report 2009 (GCR09)* brings together leading scholars, business practitioners and civil society experts to examine a broad range of persistent and emerging corruption risks for business, assess the efficacy of existing remedies, and propose practical and innovative measures to strengthen and future-proof corporate integrity. Topics covered include:

- Corruption inside the enterprise: responding to corporate fraud and conflicts of interest.
- Needs-tailored strategies: addressing corruption risks in SMEs, high-risk industries and privatisation programmes.
- The state of play in compliance, reporting, codes and regulation: what works, what doesn't, what's next?
- Holistic corporate integrity – aligning values, incentives and market signals: engaging owners, lenders and gatekeepers.
- New and emerging markets: compliance in a changing global economy.

SPHERES OF CORPORATE ACTIVITY – CORRUPTION RISKS



GCR 2009 contributors include international experts from leading universities and think-tanks (Michigan, Georgetown, Yonsei, São Paulo, OECD, Basel Institute on Governance, CUTS India) and industry practitioners (Deloitte, PwC) as well as civil society (AccountAbility, Consumers International). In addition, experts from more than 45 TI national chapters present case studies on private sector corruption in national and local contexts.

The *Global Corruption Report 2009* will be published in mid-2009 by Cambridge University Press.

THIS IS A SERVICE OF EIN A DIGITAL NEWS PROVIDER

OIL & GAS INDUSTRY TODAY
AN EIN NEWS SERVICE FOR OIL & GAS INDUSTRY PROFESSIONALS

▸GET A FREE TRIAL ▸REGISTER NOW MEMBER CENTER LOGIN

Home | News by Topic | News by Country | Editor's Picks | Enter your search text here. OK | About EIN | Services | Publications | Advertise

Africa Oil Royalties News

Africa > Oil Royalties

(47)

Africa Oil Royalties News is an EIN News Service for oil and gas industry professionals. Constantly updated news and information about Africa Oil & Gas.

Latest Africa Oil Royalties News FORMATS: RSS | EMAIL

Sort by: relevance (24 hours) relevance date

- * **$21 Billion of Oil and Gas Deals Announced Third Quarter 2009** 1 Oct 2009 22:01 GMT
... in conjunction with its international partner Derrick Petroleum Services ("Derrick") reports that Global M&A activity ... Managing Director of Research at PLS, Inc., "Oil and gas deal volume increased markedly beginning ... due to favorable tax treatment of the Royalty Trusts. When the rules changed overnight and ...

- Petroceltic half yearly losses deepen 29 Sep 2009 08:40 GMT
... Exploration company Petroceltic International has reported losses of $2.1m for ... and Italy, said that revenue from the royalty interest in the Kinsale gas fields in ...

- * **China makes play for Nigeria's offshore riches** 30 Sep 2009 00:33 GMT
... in on one of the world's wildest oil frontiers has set the stage for a potential ... feeding China's ravenous energy appetite. China National Offshore Oil Corp., which has already bought $13-billion ... by the Nigerian government, which wants higher royalties and taxes – and the right to ...

- * **Feature: Ghana's oil and gas: the peoples' connection** 2 Oct 2009 02:39 GMT
... Oil and Gas exploration in the country started ... a draft Oil and Gas Policy and Petroleum Regulatory Authority Bill was discussed and promoted ... tax collection agencies i.e. VAT, IRS, SSNIT, Royalties, etc., are being equipped to meet this ...

- Petroceltic Posts Wider H1 Loss - Update 29 Sep 2009 09:55 GMT
... Petroceltic Posts Wider H1 Loss - Update (RTTNews) - Tuesday, oil and gas exploration and production company Petroceltic ... sales volume. Revenues were from from the royalty interest in the Kinsale gas fields in ...

- * **NDDC and Oil Companies [editorial]** 2 Oct 2009 10:54 GMT
... The revelation that foreign oil companies operating in the Niger Delta region of ... of the area. The non-remittance of the royalties from the oil and gas companies operating ... companies to order. That NDDC can also explore the legal option if every other strategy ...

- **Markets News Tuesday: UK recession eased in Q2 2009; European shares slightly down; Top three markets have dipped; Dublin is up** 29 Sep 2009 12:01 GMT
... The top three markets - - London, Frankfurt ... the early stages of development." Exploration company Petroceltic International today reported losses of $2.1m for ... and it said that revenue from the royalty interest in the Kinsale gas fields dropped ...

- **UK recession eased in Q2 2009; European shares slightly down; Top three markets have dipped; Dublin is up** 29 Sep 2009 12:14 GMT
... The top three markets - - London, Frankfurt ... the early stages of development." Exploration company Petroceltic International today reported losses of $2.1m for ... and it said that revenue from the royalty interest in the Kinsale gas fields dropped ...

- **Mining houses urged to be prepared for March 2010 introduction of mineral royalties** 1 Oct 2009 22:22 GMT
... Although deferred for implementation to March 2010, the ... implementation to March 2010, the Mineral and Petroleum Resources Royalty Act will have far-reaching implications for the ...

- **SOUTHERN AFRICA: JOURNEY OF A WORKING RIVER: THE ORANGE-SENQU** 29 Sep 2009 01:52 GMT
... KATSE, Lesotho, Sep 26, 2009 IPS/GIN, 2009 (IPS/GIN ... kingdom hundreds of millions of dollars in royalty payments, its biggest source of foreign exchange. ... garish casino hotel dominated by a vast petro-chemicals plant that covers an area equivalent to ...

- **Tanzania's pot of gold** 1 Oct 2009 18:31 GMT
... can capture a more just proportion of royalties and taxes from the multi-nationals with concessions ... attracting and maintaining foreign investment in the petroleum sector, and mining and minerals sector. In ... toll is caused by pollutants contaminating air, soil and water resources,

Pictures of the Day

rigzone.com: **Chevron's Outpost at Frade Could Boost its Brazilian Ops**

Chevron News

thenational.ae: **Gas Producers in North Feel Chill**

Natural Gas Drilling News

dailystar.com.lb: **Scar Tissue of the World's Crude Economy**

Crude Oil News

PRESSWIRE

UPLOAD PRESS RELEASE

- 16th Africa Oil Week 2009 in Cape Town from the 2nd - 6th November 2009 [05 Oct 2009]
- SISM Research Note On Tamm Oil & Gas [02 Oct 2009]
- Investing in African Mining INDABA - Where the Global Mining Industry Gathers to Transact & Network [01 Oct 2009]
- Prostate Cancer News Today Offers Free Access Until September 27th. You Are Invited to Join Thousands of Other EIN News Members and Read the Latest News on Prostate Cancer [23 Sep 2009]
- New VSAT Satellite Services from TS2 Satellite Technologies [23 Sep 2009]

see all oil & gas press releases » see all press releases »

DIRECTORY

LIST YOUR COMPANY

Full Time Industrials & Energy Editor Required	Energy People Connect
	Global Pacific & Partners
Accounting Services	Global Technology Forum
PLACE YOUR COMPANY HERE	S E A Consultants Inc.
CNC Global Limited	

EVENTS

ADD LISTING

16th Africa Oil Week	Defence Exports 2009
NATO - The Road Ahead	11th Southern Africa Energy Week
Advanced Meter Data Management	PLACE EVENT LISTING HERE!

48

THIS IS A SERVICE OF EIN A DIGITAL NEWS PROVIDER

- [Some States In The Country Should Be Abolished -Akwa Ibom AG [interview]]
  1 Oct 2009 11:53 GMT
  ... the agenda is revenue allocation to the oil bearing states. My view is that derivation must ... have had a long history of sharing royalties with the federating states so much that, ... damage, environmental pollution that come with oil exploration? Because you are destroying my environment, we ...
- Federal Govt's Amnesty for Militants [opinion] 2 Oct 2009 23:14 GMT
  ... In fact, most of them pay monthly royalties to the militants. The amnesty has at ... get a pat in the back and oil flows thereafter un-interrupted. How simple and what ... like the Niger Delta Development Commission (NDDC), Petroleum Trust Development funds (PTDF) and the newly ...
- Gas Flare - Shell Urges Proper Structure for JVS 29 Sep 2009 15:34 GMT
  ... up with the domestic gas requirement Shell Petroleum Development Company (SPDC) has urged the federal ... SPDC's inability to achieve planned growth in oil and gas development, including flares out. During ... fabrication yards) The PIB proposes multiple, increased royalties and taxes that, frankly, make new investment ...
- President Jammeh's Landmark Speech at the UN General Assembly [document]
  2 Oct 2009 15:38 GMT
  ... Banjul — The Gambian leader, His Excellency, Sheikh ... four African countries receive more than 3% royalty from these Multi National Mining Companies? The ... or even less, in the case of petroleum exploitation, few countries receive above 15% royalty ...

1 - 15 / 35 NEXT »»

Powered by EIN NEWSFEEDMAKER

NOT SATISFIED WITH THIS AFRICA OIL ROYALTIES NEWS SECTION? MAKE YOUR OWN WITH THE INBOX ROBOT OR TRY OUR OTHER MEDIA MONITORING SERVICES.

Africa Oil & Gas News Sections

General News
Africa Oil & Gas News

Africa Brent Crude News
Africa Crude Oil News
Africa Crude Oil Price News
Africa Diesel News
Africa Diesel Prices News
Africa Gasoline News
Africa Gasoline Prices News
Africa Natural Gas Companies News
Africa Natural Gas Demand News
Africa Natural Gas Distribution News
Africa Natural Gas Drilling News
Africa Natural Gas Exploration News
Africa Natural Gas Export News
Africa Natural Gas Price News
Africa Natural Gas Production News
Africa Natural Gas Resources News
Africa Natural Gas Supply News
Africa Natural Gas Trading News
Africa Offshore Drilling News
Africa Oil & Gas Companies News
Africa Oil & Gas Demand News
Africa Oil & Gas Export News
Africa Oil & Gas Market News
Africa Oil & Gas Production News
Africa Oil & Gas Reserves News
Africa Oil & Gas Supply News
Africa Oil Companies News
Africa Oil Concessions News
Africa Oil Consumption News
Africa Oil Costs News
Africa Oil Demand News
Africa Oil Discovery News

Agriculture Industry Today	Get Free Trial | Sign Up
Airline Industry Today	Get Free Trial | Sign Up
Automotive Industry Today	Get Free Trial | Sign Up
Banking Industry Today	Get Free Trial | Sign Up
Beverage Industry Today	Get Free Trial | Sign Up
Biofuel Industry Today	Get Free Trial | Sign Up

see all publications »

EIN News Columnists FORMATS: RSS

- A Public Option for Banks? Seems to Work Pretty Well Where They Have It (Joe Rothstein's Commentary) [05 Oct 2009 - 17:32]
- Can Public Options *Really* Serve The Public? Just Check Out Thriving North Dakota (Joe Rothstein's Commentary) [28 Sep 2009 - 22:07]

MORE ARTICLES »»

Oil & Gas Prices News FORMATS: RSS | EMAIL

- Desire's un-risked oil prospect in Falklands' waters over 3 billion barrels [05 Oct 2009 - 19:45]
- MARKET WATCH: Oil prices decline; gas futures advance [05 Oct 2009 - 19:43]
- Falling dollar helps raise the price of oil [05 Oct 2009 - 19:43]
- OPEC weekly oil price drops [05 Oct 2009 - 19:42]
- Gas Prices Keep Falling [05 Oct 2009 - 19:42]

MORE ARTICLES »»

Oil & Gas Companies News FORMATS: RSS | EMAIL

- Exxon-Sabic petrochem plants to cost US$5b [05 Oct 2009 - 19:44]
- Supreme Court rejects DOI appeal of Anadarko deepwater royalty ruling [05 Oct 2009 - 19:16]
- ExxonMobil, SABIC JV to cost $5 bln [05 Oct 2009 - 19:10]
- Schlumberger, Chevron release new reservoir simulation software [05 Oct 2009 - 18:45]
- Gazprom enters US gas trading, marketing market [05 Oct 2009 - 18:45]

MORE ARTICLES »»

Take This Poll

Should more troops be sent to Afghanistan as some suggest? (Sep. 21, 2009)

- Yes.
- No.
- Don't know.

Vote | Results

Oil & Gas Trade News FORMATS: RSS | EMAIL

- MARKET WATCH: Oil prices decline; gas futures advance [05 Oct 2009 - 19:43]
- Crude erases losses, climbing above $70 a barrel [05 Oct 2009 - 18:45]
- Gazprom enters US gas trading, marketing market [05 Oct 2009 - 18:45]
- Crude futures off 2.3% as demand worries persist [05 Oct 2009 - 16:57]
- Oil down below $69 in European trade on demand fears, amnesty in Nigeria for rebels [05 Oct 2009 - 15:00]

MORE ARTICLES »»

Oil & Gas Production News FORMATS: RSS | EMAIL

- OPEC weekly oil price drops [05 Oct 2009 - 19:42]
- Russia Topples Saudi Arabia as Leading Oil Producer [05 Oct 2009 - 19:13]
- Oil producers offset miners in lower FTSE 100 [05 Oct 2009 - 16:16]
- Kuwait OPEC Official: Oil to Remain at $70-80 Until '12 [05 Oct 2009 - 15:38]
- Cepu Block Oil Production Hits 16,000 Barrels Per Day [05 Oct 2009 - 14:55]

MORE ARTICLES »»

Oil & Gas Reserves News FORMATS: RSS | EMAIL

- Turkey to invest $450MM in Oil Exploration in Black Sea [05 Oct 2009 - 19:13]
- Enstar makes gas deal; North Fork field to be tapped [05 Oct 2009 - 19:08]
- Ghana's GNPC lets contract for Jubilee oil field [05 Oct 2009 - 18:43]
- Oyong gas field off Indonesia comes on stream [05 Oct 2009 - 18:02]
- Key Petroleum completes oil fields acquisition [05 Oct 2009 - 18:02]

44

THIS IS A SERVICE OF EIN A DIGITAL NEWS PROVIDER

Oil & Gas Transportation News FORMATS: RSS | EMAIL

- Codelco spends US$4.6mn to relocate oil tanker at Radomiro Tomic [05 Oct 2009 - 19:14]
- Turkey backs Qatar's participation in Nabucco [05 Oct 2009 - 18:05]
- U.S. sees Caspian fields as potential gas suppliers for Nabucco: deputy secretary of energy [05 Oct 2009 - 16:51]
- Calgary-based Enbridge Inc. plans to build a $250-million US oil pipeline in a deep-water development in the Gulf of Mexico, the company announced Monday. [05 Oct 2009 - 16:14]
- Austrian Chancellor to discuss accession to South Stream project in Moscow [05 Oct 2009 - 16:02]

MORE ARTICLES >>>

Drilling & Processing News FORMATS: RSS | EMAIL

- Kessler speaks out against natural gas drilling [05 Oct 2009 - 19:43]
- Oil and Gas Drilling Off Florida Coast? Lawmaker's Plan Spurs Debate [05 Oct 2009 - 19:15]
- With Natural Gas Drilling Boom, Pennsylvania Faces an Onslaught of Wastewater [05 Oct 2009 - 16:53]
- Italy's ERG sees more gloom for oil refiners [05 Oct 2009 - 14:54]
- Oil Refineries 50%-Held Carmel Olefins Publishes Update on Financial Covenants [05 Oct 2009 - 12:42]

MORE ARTICLES >>>

Environmental Issues News FORMATS: RSS | EMAIL

- Government Urged to Work With Australian Authorities to Tackle Montara Oil Spill [05 Oct 2009 - 17:32]
- Protect food quality by preventing gas leaks from MAP packages [05 Oct 2009 - 10:40]
- Appeals trial in 1999 oil pollution disaster opens in Paris [05 Oct 2009 - 10:35]
- Drill team closes on ocean oil leak [05 Oct 2009 - 00:14]
- Oil spill off WA coast threatens West Timor [04 Oct 2009 - 21:31]

MORE ARTICLES >>>

Oil & Gas Industry Today

50

Oil Field Operation Suspended After Attack by Nigerian Rebels

By LYDIA POLGREEN
Published: June 20, 2008

DAKAR, Senegal — Royal Dutch Shell halted production of its Bonga field off the coast of Nigeria's volatile Niger Delta region after an attack on Thursday by militants on an enormous rig far offshore, the company said.

"Indeed there has been an armed attack," said Eurwen Thomas, a spokeswoman for Shell in London. "Production has been shut down."

Militants from the Movement for the Emancipation of the Niger Delta, a shadowy rebel group that has carried out an escalating series of attacks on oil installations in the creeks of the Niger Delta over the last few years, claimed responsibility for the strike.

But the latest attack was on a rig 75 miles offshore, which requires much better equipment and military-style coordination. It was the first time militants had managed to hit Shell's deep offshore platform, Ms. Thomas said.

Jomo Gbomo, a spokesman for the group, said in an e-mail statement to journalists that the attack was intended to show that no oil installations would be spared.

"The location for today's attack was deliberately chosen to remove any notion that offshore oil exploration is far from our reach," he said.

Militants in open speedboats charged the oil platform, which is about two miles long, and tried unsuccessfully to enter and blow up the rig's computerized control room, Mr. Gbomo said. The militants also kidnapped an American worker aboard an oil services ship they encountered on their way back to shore, but released him within hours.

Nigeria is Africa's top oil producer, exporting more than a million barrels a day to the United States alone, according to Energy Department statistics. The Bonga field produces about 225,000 barrels a day. Previous militant attacks had already cut Shell's daily production in Nigeria by 400,000 barrels a day.

Nigeria is seeking to increase production and is relying heavily on offshore operations to meet those goals, in part because rigs far offshore seem less vulnerable than the highly exposed pipelines and flow stations that dot the Niger Delta region. The oil giants Chevron and Total have large offshore fields that are scheduled to begin production this year.

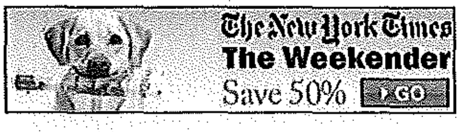
For years, armed groups in the Niger Delta have been agitating for a greater share of Nigeria's oil wealth. Despite decades of production and record high oil prices, the Niger Delta remains one of the poorest and least developed regions of Nigeria, troubled by perpetual violence and chronic pollution.

Nigeria's government has been trying to forge a peace agreement with the militants in the Niger Delta, but so far most have refused negotiations.

Sign In to Recommend

More Articles in World »

57



Past Coverage

LAGOS JOURNAL; Pirates Terrorize Nigeria's Fishing Fleet (June 12, 2008)
100 Feared Dead in Nigerian Pipeline Fire (May 16, 2008)
Peak in Price Of Gasoline Seen in June (May 7, 2008)
Oil Touches $120; Gasoline Drops a Penny (May 6, 2008)

Related Searches

Nigeria	Add Alert
Oil (Petroleum) and Gasoline	Add Alert
Civil War and Guerrilla Warfare	Add Alert
Royal Dutch/Shell Group	Add Alert

INSIDE NYTIMES.COM

ARTS »

Thom Yorke's Unlikely New Band Has Its Debut

SPORTS »

After Quiet Finish, Mets Plan for Busy Off-Season

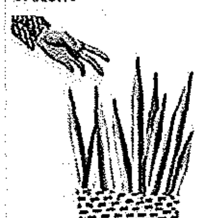
OPINION »

Editorial Notebook
The Forbesâ€™s billionaire review doesnâ€™t represent garden-variety inequality.

BUSINESS »

Bug by Bug, Google Fixes a New Idea

OPINION »



Letters: Assessing Those Who Grade the Tests

N.Y. / REGION »

Corzine's Wall Street Résumé Loses Value

Home | World | U.S. | N.Y. / Region | Business | Technology | Science | Health | Sports | Opinion | Arts | Style | Travel | Jobs | Real Estate | Automobiles | Back to Top

Print |

Close Window |

TRANSPARENCY INTERNATIONAL
the global coalition against corruption

CORRUPTION RUINS LIVES.
FIGHT BACK.

53

NIS reports by country

The NIS country reports present the results of the NIS assessment in form of a comprehensive analysis of the anti-corruption provisions and capacities in a country, including recommendations for key areas of anti-corruption reform. They include an executive summary, country and corruption profiles and a review of recent anti-corruption activities, in addition to its main focus, i.e. a comprehensive assessment of the NIS pillars.

Via this site you can access, by country or geographic region, the more than 70 NIS country assessments conducted since 2001, as well as a number of related regional overviews. Please note that, in the past, many NIS country reports consisted of a narrative report as well as a questionnaire which can be downloaded separately.

Regional reports:

Southern Africa NIS studies (Botswana, DR Congo, Mauritius, Mozambique, Swaziland, Zambia and Zimbabwe): Overview report

Caribbean composite: Report

Listed by country	Download Report	Download Questionnaire
Argentina	Report 2001	Questionnaire
Armenia	Report 2003	Questionnaire
Australia	Report 2004	Questionnaire
Bangladesh	Report 2003	Questionnaire
Bosnia and Herzegovina	Report 2007	
Botswana	Report 2007 Report 2001	Questionnaire
Brazil	Report 2001	Questionnaire
Bulgaria	Report 2001	Questionnaire
Cambodia	Report 2006	
Cameroon	Report 2007 Report 2007 [francais]	
Canada	Report 2001	Questionnaire
Caribbean composite	Report 2004	Questionnaire
China	Report 2006	
Colombia	Report 2001	
Cook Islands	Report 2004	
Costa Rica	Report 2006 [Spanish]	
Democratic Republic of Congo (DRC)	Report 2007	

If you want me to download any of the reports or questionnaires, just let me know.

54

El Salvador	Report 2003 [Spanish]	
Fiji	Report 2001	Questionnaire
Gambia	Report 2004	Questionnaire
Ghana	Report 2001	
Guatemala	Report 2007 [English] Report 2006 [Spanish] Report 2004 [Spanish]	Questionnaire [Spanish]
Guinea	Report 2007 [Francais]	
Honduras	Report 2006 [Spanish] Report 2004	
Hong Kong	Report 2006	
Hungary	Report 2007 Report 2007 [Hungarian]	
India	Report 2003	Questionnaire
Ireland	Report 2009	
Jamaica	Report 2003	Questionnaire
Japan	Report 2006 Report 2006 [Japanese]	
Jordan	Report 2001	Questionnaire
Kazakhstan	Report 2001	Questionnaire
Kenya	Report 2003	Questionnaire
Kenya Teacher Service Commission [05/2006]	Report 2006	
Kiribati	Report 2004	
Korea, South	Report 2006	Questionnaire
Lithuania	Report 2001	Questionnaire
Malawi	Report 2004	Questionnaire
Marshall Islands	Report 2004	
Mauritius	Report 2007	
Mozambique	Report 2007	
Mexico	Report 2001	
Micronesia, Federated States of	Report 2004	

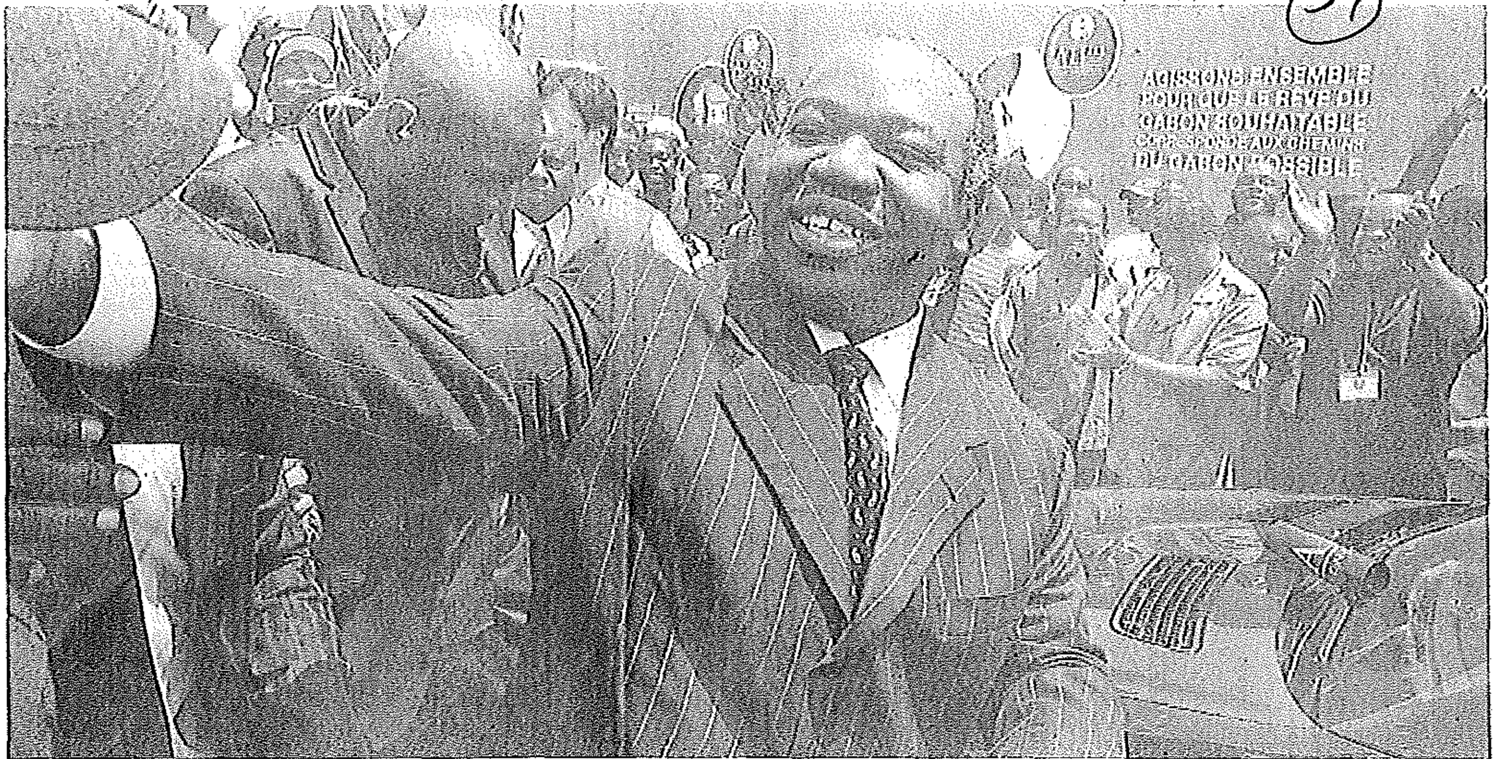
55

Mongolia	Report 2001	Questionnaire
Nauru	Report 2004	
Nepal	Report 2001	Questionnaire
Netherlands	Report 2001	Questionnaire
New Zealand	Report 2003	Questionnaire
Nicaragua	Report 2006 [Spanish] Report 2004	
Nigeria	Report 2004	
Niue	Report 2004	
Pakistan	Report 2003	Questionnaire
Palau	Report 2004	
Panamá	Report 2006 [Spanish] Report 2004	Questionnaire
Papua New Guinea	Report 2003	Questionnaire
Paraguay	Report 2001 [Spanish]	
Peru	Report 2001	Questionnaire
Philippines	Report 2006	
Romania	Report 2005	
Senegal		Questionnaire
Serbia	Report 2001	
Sierra Leone	Report 2004	Questionnaire
Singapore	Report 2006	
Solomon Islands	Report 2004	
South Africa	Report 2005	Questionnaire
Sri Lanka	Report 2003	
Swaziland	Report 2007	
Tanzania	Report 2003	
Thailand	Report 2006	
Tonga	Report 2004	
Trinidad and Tobago	Report 2001	Questionnaire
Tuvalu	Report 2004	
Uganda	Report 2003	Questionnaire
United Kingdom	Report 2004	Questionnaire

56

Vanuatu	Report 2004	
Vietnam	Report 2006	
Zambia	Report 2007 Report 2003	Questionnaire
Zimbabwe	Report 2007	

57



Ali Bongo Ondimba greets supporters in Libreville on Thursday after he was declared the winner of last weekend's presidential vote. Opposition candidates have alleged fraud.

Election Results Spur Unrest in Gabon

Bongo Is Declared the Winner, but Opponents Allege Fraud; French Consulate Burns in Arson Attack

BY DAVID GAUTHIER-VILLARS AND SARAH CHILDRESS

Gabon declared Ali Bongo Ondimba, son of the country's longtime ruler, the winner of the weekend presidential election, but allegations of voting fraud triggered rioting that spilled into another former French colony.

In Dakar, Senegal, Gabon's Embassy was set on fire Thursday by protesters. In Gabon's second-largest city, Port Gentil, the French consulate was targeted in an arson attack. "The Port Gentil building was burned down," said an official at the French Embassy in Libreville, the capital.

A small group of French soldiers stationed in Port Gentil intervened to return calm to the area around the consulate, according to another French official at the embassy. "They helped solve the problem," he said.

A Polish employee of oil-field services company Schlumberger Ltd. was seriously hurt during rioting in Port Gentil, according to a Schlumberger spokesman in Paris, the Associated Press reported.

An opposition candidate, Pierre Mamboundou, was hurt by a tear-gas canister during the protests, according to an aide.

By late Thursday, the riots appeared to have calmed. The streets of Libreville were deserted after soldiers broke up demonstrations by opposition supporters, according to Reuters. Late Thursday, the government imposed a curfew in Port Gentil, a Mamboundou stronghold.

The French Foreign Ministry said it had recommended that all French residents of Gabon stay indoors. French Secretary of State for Cooperation Alain Joyandet denied that the French government meddled in the election, according to the AP.

An estimated 10,000 French citizens live in Gabon. France, which ruled Gabon until 1960, still has a large presence in the central African nation, including a military base with about 1,100 soldiers. French oil giant Total SA produces about a third of Gabon's oil.

Without further encourage... demonstrations will continue to spread. But the unrest threatens the stability that lasted for more than 41 years under Ali Bongo Ondimba's father, Omar Bongo Ondimba, who kept a tight grip on politics. He died in June at age 73.

"Here in Africa, we have a monopoly on bad losers," said Clémence Mezui Me Mboulo, a spokeswoman for Ali Bongo Ondimba. "But the situation is now under control."

In a victory speech Thursday, Mr. Bongo pledged to preserve national unity. Mr. Bongo, a former defense minister, also vowed to deal harshly with protesters.

Interior Minister Jean-François Ndongou said on state television that the younger Mr. Bongo received 41.7% of the vote, according to the AP. André Mba Obame received 25.8%, while Mr. Mamboundou came in third with 25.2%.

Rivals to Mr. Bongo immediately alleged voting irregularities. "The electoral process was tarnished," said Francis Hubert ... ghe Ndong, one of the 23 candidates who initially entered the presidential race. Mr. Aubame said the main problem stemmed from discrepancies between the vote counts at some polling stations and data compiled by the central electoral committee.

Mr. Mba Obame and Mr. Mamboundou both said they wouldn't stir up unrest. But both had said they were worried there could be trouble if Mr. Bongo won.

Mr. Bongo outspent his rivals and had been widely expected to win. But earlier this week, amid a delay in official results, Mr. Mba Obame and Mr. Mamboundou both claimed victory.

In the campaign, the younger Mr. Bongo promised to break from his father's rule and redistribute Gabon's wealth. But it is unclear how much the 50-year-old Mr. Bongo will move away from his father's policies.

The elder Mr. Bongo successfully balanced ethnic tensions, and Gabon is relatively stable. One of his son's biggest challenges, in addition to maintaining that peace, will be to find new revenue streams. Harne... ing the country's massive ir... ore reserves could help offse... decline in oil output.

Mr. Bongo's spokeswom... Ms. Mezui, said last week that ... promised to focus more on the i... poverished population, impr... ing access to credit for small bu... nesses and investing in devel... ment, such as more paved roa...

Mr. Bongo's management ... public finances will be clos... watched. His father was accus... by anticorruption group Tra... parency International of emb... zling public funds and squand... ing opportunities to improve l... for Gabon's 1.5 million people, a... cusations he denied. French ma... istrates have yet to deci... whether to open an investig... tion into the complaint.

Five of the 23 candidates... the single-round, winner-take-... contest withdrew at the last m... ment and threw their support b... hind Mr. Mba Obame, hoping... weaken Mr. Bongo's advantag...

Gabon's constitutional cou... cil still must confirm the ele... tion result.

WORLD NEWS

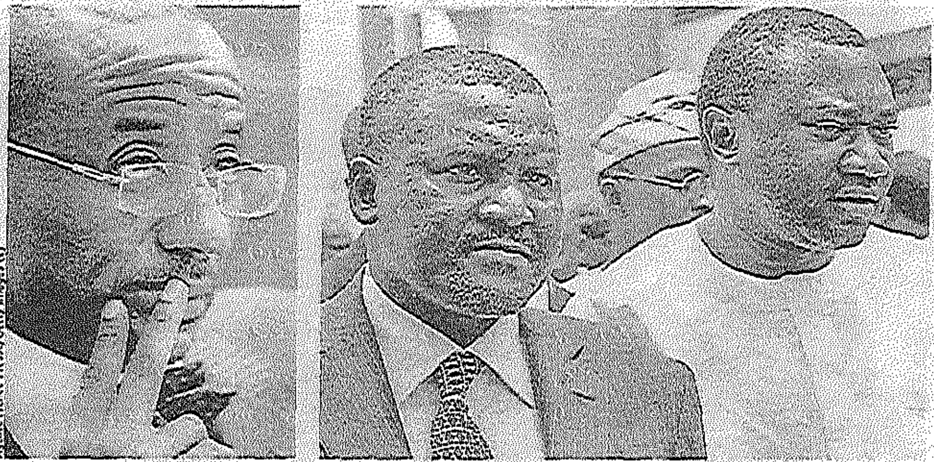
Nigeria Cracks Down on Top Bank Debtors

Nation's Elite Are Among Those Facing a One-Week Deadline to Repay Loans, or Risk Arrest, Freezing of Assets

By Will Connors

LAGOS, Nigeria—Nigeria's rich and powerful, long accustomed to a lifestyle of yachts, fancy cars, and businesses fueled by unchecked credit lines, have been put on notice.

Nigeria's central bank on Wednesday made the unprecedented move of publishing a list of what it says are the major debtors to five banks rescued in a $2.6 billion bailout, among them some of the wealthiest and most powerful people in Nigeria. Hours later, the country's top anticorruption unit, the Economic and Financial Crimes Commission, said the debtors had one week to repay their loans or risk arrest and seizure of their assets.



Agence France-Presse/Getty Images (2)

Left, Nigeria's central bank chief Lamido Sanusi. Right, among those on the central bank's list of debtors to bailed-out banks are some of the nation's wealthiest businessmen, including Aliko Dangote (left) and Femi Otedola (right).

The list of more than 200 companies, individuals and government bodies includes Nigeria's only two billionaires; Nigerian Stock Exchange officials; energy and hospitality conglomerate Transnational Corporation of Nigeria PLC; the former governor of Nigeria's richest state; and the Ministry of Finance.

The Ministry of Finance, among others, couldn't be reached to comment.

"It has become necessary to use this *medium* to request the following defaulting customers of the affected banks to pay without further delay their indebtedness, failing which the banks will take all appropriate legal actions to ensure repayment," the central bank said in a statement on its Web site.

"They have just one week to bring in their checks or drafts to us or we begin their arrest and prosecution as well as confiscation of their assets because they are people of enormous means," EFCC head Farida Waziri said in a statement.

The moves of newly appointed central-bank Gov. Lamido Sanusi have surprised many in Africa's most populous nation, and are seen as sending a message to Nigeria's fast-living business elite. "It sends a signal that a phase of doing things a certain way is over," Olawale Edun, chairman of financial-services group Chapel Hill Denham, said in Lagos.

On Friday, the central bank injected $2.6 billion into Afribank Nigeria PLC, FinBank, Intercontinental Bank, Oceanic Bank International (Nigeria) Ltd., and Union Bank of Nigeria after they had accumulated $7.6 billion in bad debts, which the central bank said threatened the survival of Africa's second-biggest economy.

For years, Nigerian banks and those they lent to have operated with little oversight. Several debtors named Wednesday appeared on more than one bank's list, pointing up the lack of a credit-rating agency. Mr. Sanusi, a former banker, took office in June pledging to crack down on banks with poor lending records.

The central bank fired the top executives of the five bailed-out banks. Executives from four of the five have been questioned by the EFCC, and managers at the five banks have been put on a watch list to prevent them from leaving the country, the EFCC said.

Lawyers representing the ousted managing director of Intercontinental Bank, Erastus Akingbola, on Tuesday filed an injunction against his ouster with the Lagos Supreme Court. A senior government official said Tuesday that he hadn't yet been questioned and was out of the country.

None of the five bailed-out banks could be reached to comment.

The top overall debtor named on the central bank's list was Ascot Offshore Nigeria Ltd., an oil services company that bought out U.S. company Willbros Group Inc. in 2007. The central bank said the company owed Intercontinental Bank 44.67 billion naira, or $284.3 million. The company couldn't be reached to comment.

Also on the list of debtors was Aliko Dangote, considered Nigeria's richest man, and president of the Dangote Group, which controls significant portions of the cement, sugar, flour and rice industries in Nigeria. Earlier this month, he was elected president of the Nigerian Stock Exchange by the exchange's council.

The central bank cited what it says is a $50.5 million debt of Dansa Oil & Gas Ltd. to Intercontinental, and listed Mr. Dangote as a "director or shareholder." A separate listing said Dangote Industries Ltd. owed just under $16 million to Oceanic Bank.

"Aliko Dangote was never a director of Dansa Oil & Gas Ltd. That is actually a misnomer. He is not part of the management of Dansa," a Dangote Group spokesman said. He added, "For the matter of the 2.2 billion naira owed to Oceanic Bank, this is true, but the matter is close to a resolution. They're working out the final figures."

Femi Otedola, head of African Petroleum PLC and Zenon Petroleum & Gas Ltd.—and the other Nigerian on the most recent Forbes magazine list of billionaires—was also cited, for a debt the centrl bank says is $120 million. Mr. Otedola couldn't be reached to comment.

The Transcorp conglomerate Transcorp was named for a $41.1 million debt to Union Bank. The head of the company, Ndi Okereke-Onyiuke, is also executive director of the stock exchange.

Officials from the Nigerian Stock Exchange declined to comment. Transcorp couldn't be reached to comment.

Nigerian energy firm Oando PLC on *Wednesday denied* the central bank's statement that it had a $47 million nonperforming loan with Oceanic Bank, according to Reuters.

59

PV vs Roy/CF   Gov-Oil Comp - Militants - Citizens

1 Million bbls x 60 x $35 =

PV vs Longterm Solution - All Parties/Citizens   **WORLD NEWS**

Hostage/Amnesty/Pipelines/O&G 1 Million BBLs/Day

25,000 ♀ x (US 235/mo) x (12 mo) =

Nigeria's Amnesty Program Draws Criticism

Opponents Say Plan to Ease Unrest in Delta Fails to Address Core Issues, Such as Lack of Education, That Underlie Attacks

By Will Connors And Spencer Swartz

LAGOS, Nigeria—A high-profile government amnesty program aimed at stopping militants in Nigeria's oil-rich delta region from bombing pipelines is coming under fire for not seeking permanent solutions to the area's underlying problems.

The amnesty program, scheduled to begin Thursday and run two months, is the biggest public effort yet by President Umaru Yar'Adua to ease the unrest in the Niger Delta that has cost the country billions of dollars in lost oil revenue.

But Nigerian state governors, analysts, and the militants themselves have criticized the plan because it does little to address the core causes of the militancy and criminality that have plagued the Niger Delta for decades, such as the lack of education, jobs and basic services.

State governors from the Niger Delta region, a powerful group but rarely in agreement, last week threatened to withdraw from the amnesty program because it lacked "a definite post-amnesty plan arrangement for the region."

With oil revenue down sharply this year, the Nigerian government desperately needs the program to work. Nigeria has lost the title of Africa's biggest oil producer to Angola with more than one million barrels a day of production shut from militant attacks in recent months.

The government has budgeted about $63 million for rehabilitation and reintegration programs, and for allowances for thousands of militants. But many key questions remain unanswered, including what happens after the two-month amnesty window.

The militant leader many consider to be the most powerful in the region, Government Ekpemupolo, better known as Tompolo, has indicated he won't accept the offer. In hiding since his camp was attacked by soldiers in May, Tompolo said through a close adviser Monday that he was open in principle to amnesty, but that he and his men don't think the current deal is genuine.

"They are aware of the trick," the adviser said. "They are not going to surrender any-

boys, for example, then leave and say it's not for them."

Mr. Agrele said the government wasn't willing to negotiate any deals aside from the official amnesty offer.

Although details are being finalized on how exactly the program will work, each militant who agrees to disarm is to receive an allowance of around $135 a month plus $100 or so a month for food. The payments will run for an open-ended amount of time and not just the August to October timeframe the amnesty is slated to run, according to a senior Nigerian oil official familiar with the matter.

"This [payments to militants] will run several months. Otherwise things will collapse and we'll be facing the same situation again," said the official, adding that payments are likely to keep flowing well into 2010 to militants who accept the amnesty and embrace peace.

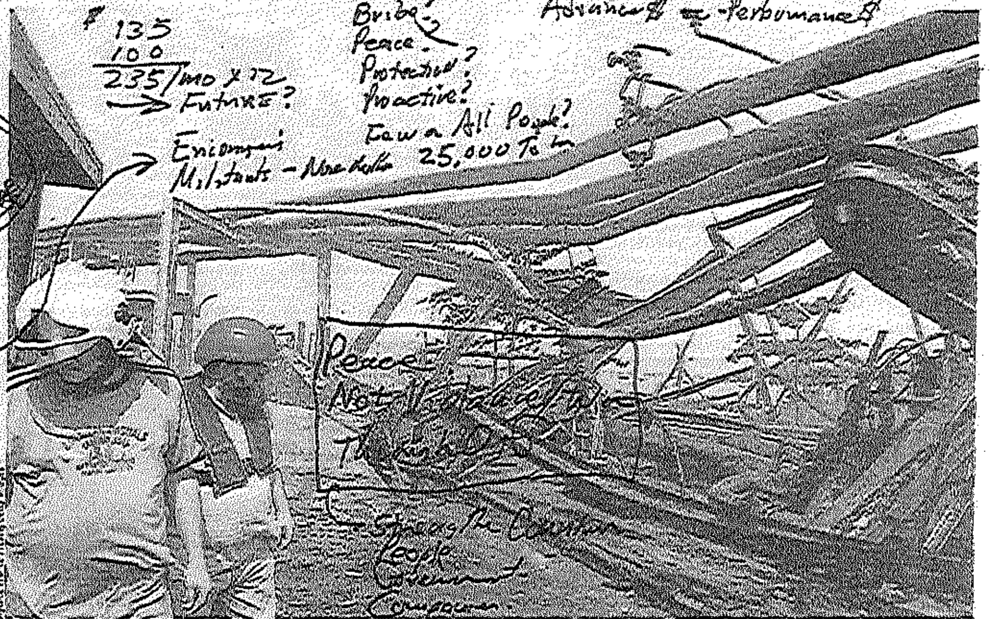
With an estimated 10,000 to 25,000 militants potentially covered by the amnesty, the payments are likely to run up quite a bill over time, but the government is hoping the result will be that more oil is pumped, which will more than cover the money handed over to militants.

Past payment programs haven't worked. A plan in 2007 by the government of Rivers state, one of the delta's main oil-producing states, to shower thousands of dollars on militants who renounced violence ended in tatters, without enhancing security or improving the lives of the people in the region. It is unknown how much the Rivers state government spent on its program.

In addition to the allowance payments, the government was involved in talks with militants to pay them money for their weapons, according to people involved in the talks. When asked, government officials denied this. Some officials in the federal government also are pushing an idea to have foreign oil companies contribute funds to the payouts. It is unclear what laws, if any, a company might break by contributing payments to the government's plan, but doing so would court ethical and public-relations problems for the companies, analysts said.

A spokesman for Royal Dutch Shell PLC, one of the big-

Existing



Agence France-Presse/Getty Images

Two workers in Lagos, Nigeria, examine oil-company pipelines blown up last month by the Movement for the Emancipation of the Niger Delta. This week, Nigeria is launching an amnesty program for militants, whose attacks have curtailed oil production and cost the country billions in revenue.

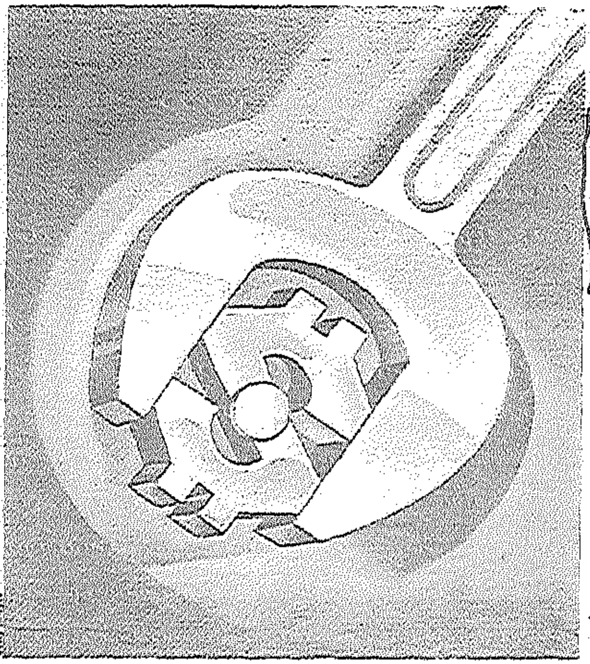
59

Good, Great, or Bad? The Future of Capital and Real Estate and the US Dollar #1.

Financial Assets vs Hard Assets

Bernanke's Exit Dilemma

By George Melloan



Federal Reserve Chairman Ben Bernanke assured readers of this page ("The Fed's Exit Strategy," July 21) that he has the tools to prevent the huge reserves he's pumped into the banks from generating an inflation that would abort an economic recovery.

But does the Fed have the guts to use those tools? Will it risk censure from Congress and the Obama administration if it tightens money at the crucial juncture when inflationary omens accompany a reviving economy? Mr. Bernanke signaled the probable choice by writing that "economic conditions are not likely to warrant tighter monetary policy for an extended period."

The Fed's past record of judging when and how to use its tools for regulating the money supply is not impressive, particularly in times of economic distress. Its financing of large federal deficits in the mid-1970s sent inflation up to an annual rate approaching 15% before Jimmy Carter repented in October 1979 and installed Paul Volcker at the Fed with orders to kill the monster.

> Does anyone really believe the Fed will contract the money supply as the economy starts to grow again?

More recently, the Fed's continued easing of interest rates during the 2003 economic recovery created the credit bubble that collapsed last year with such devastation.

The Fed's difficulties in getting money policy right stretch back to its creation in 1913. In 1930 it starved the banks, creating a string of failures that worsened the effects of the 1929 stock market crash. In ... it starved them again, contrib... a prolongation of the De... that had been manufac... in Washington by the clumsy ... on and interventionist policies ... erbert Hoover and FDR.

To be sure, the Fed has had its good years. It financed the 20-year period of low-inflation growth and prosperity that began in 1983 when the Reagan tax cuts became fully effective.

But because of its often self-contradictory double mandate to promote both monetary stability and full employment—plus the rap it has taken from economists like Mr. Bernanke for stinginess in the 1930s—it often overreacts to recessions with excessive generosity. With its federal-funds interest rate target at near zero, the spigots are now wide open. And as Mr. Bernanke promises, they will likely remain that way for an "extended period."

2009

Quite apart from the question of the Fed's will, there is another large issue. Mr. Bernanke's assurances to the contrary, there can be doubts about whether his tools are really adequate to deal with the powerful inflationary pressures the politicians are in the midst of creating in the form of a mountainous and rising federal deficit.

Mr. Bernanke showed that he is well aware of that danger when, in his semiannual report to Congress on July 21, he pleaded with that body to bring the deficit under control. The federal budget deficit is projected at an incredible $1.8 trillion for the fiscal year ending Sept. 30, almost half of proposed federal spending. The Treasury's financing needs will be even higher than that when you count in the various "investments" the government has made in auto, housing and other dubious ventures.

But the day after he issued that plea, President Barack Obama was pleading with the American people to support his nationalized health plan. This plan would yet add hundreds of billions more to the deficit.

The Fed has been financing a significant part of the government's profligacy, and it is riding a runaway horse. Even if it has the means to cope with present financing needs, will it be able to do so when, and if, the economy actually recovers and it has to finance both a recovery and a spending-crazed government?

Martin Hutchinson, a former merchant banker who blogs as "Prudent Bear," wrote in May that the German Weimar Republic was monetizing 50% of government expenditure when in brought on the ruinous hyperinflation that destroyed the mark in the early 1920s. The Fed in May 2009 had monetized 15% of federal expenditures over the preceding six months—well short of the rate that destroyed the German economy, but not negligible.

The Treasury (and Congress) has been depending on the Fed's massive buying of Treasury bonds to keep the government's financing costs within reasonable bounds—as weakening international demand puts downward pressure on bond prices and upward pressure on the interest rate the Treasury must pay. The yield on the 10-year Treasury bond is below where it was a few weeks ago but well above early this year when investors world-wide were seeking the safety of U.S. Treasurys. Even massive Fed support hasn't been enough to prevent slippage in bond prices this year.

The Fed has more than doubled the size of its balance sheet in the last year to over $2 trillion. As of July 30, it held $695 billion in Treasury's, up $216 billion from a year earlier. In addition, it has added nearly half a trillion of mortgage-backed securities it purchased to keep Fannie Mae and Freddie Mac, now wards of the government, afloat. 9X

Adjusted reserve balances of member banks exploded in late 2008, soaring to $950 billion from $100 billion in four months as the Fed has pumped liquidity into the banking system. They peaked at nearly $1 trillion in May. The reserves provide banks with a shield against runs but they also are high-octane fuel for bank lending, which means they can touch off another *credit bubble*, and the accompanying inflation, when credit demand picks up again.

In his Journal op-ed, Mr. Bernanke listed ways he can keep this monster in check. The Fed can pay interest on the bank reserves it holds. This would lessen the incentive of banks to find private borrowers and keep some reserves out of the credit stream, damping inflation potential. *But the net effect would* be to add still more liquidity to the system, which would run counter to the longer-term goal of mopping up liquidity.

He said that the Fed could also sell securities to the ban[k] with an agreement to repurchase [th]em, but these "reverse repos" wo[uld] only mop up liquidity tempora[rily].

The standard way for [the] Fed to soak up liquidity, mention[ed] last on Mr. Bernanke's list, is to [sell] Treasurys to the banks. That w[ould] draw down bank reserves and re[duce] their inflationary potential. [Und]er the Basel I international b[anking] rules, Treasurys are zero-[risk in]vestments and don't have to b[e mat]ched at 8% of their value with a[dditio]nal capital, as does private len[ding].

With the huge volume o[f Trea]sury financing coming dow[n the] road, the Fed will have ple[nty of] bonds to sell (it already ha[s]). But the Fed buys Treasurys [prima]rily by creating new money, [in] other words by inflating the [money] supply. Will it have the ner[ve, or] even the capacity to "sterili[ze" infla]tion by reselling the bonds [to soak] up bank liquidity? Again, th[ere are] those political pressures. W[ill the] Fed's admittedly bright mon[ey man]agers be able to strike a bal[ance be]tween warding off inflation [and] leaving the banks with suffi[cient li]quidity to finance an econom[ic re]covery?

As to that huge volume [of mort]gage-backed securities [the F]ed is now holding, what [will b]e done with them? They are "t[oxic,]" which is why the Fed bought [the]m as a means of keeping Fanni[e an]d Freddie solvent. They are "gu[aran]teed" by Fannie and Freddie, [wh]ich means they now are guarant[eed] by the U.S. Treasury. So they are [ye]t another liability to add to al[l th]e other liabilities being piled o[n th]e Treasury. The Fed already ha[s fi]nanced them once; will it hav[e] to [fi]nance them again when they [come] up for redemption?

In short, there are very g[ood rea]sons to doubt that the Fed c[an cope] with the political problems [of a]void[ing] inflation. The technical [pro]blems don't look very easy eithe[r].

Mr. Melloan is a form[er d]eputy editor of the Journal ed[itori]al page. His book, "The Great M[oney] Binge," will be published in N[ovem]ber by Simon & Schuster.

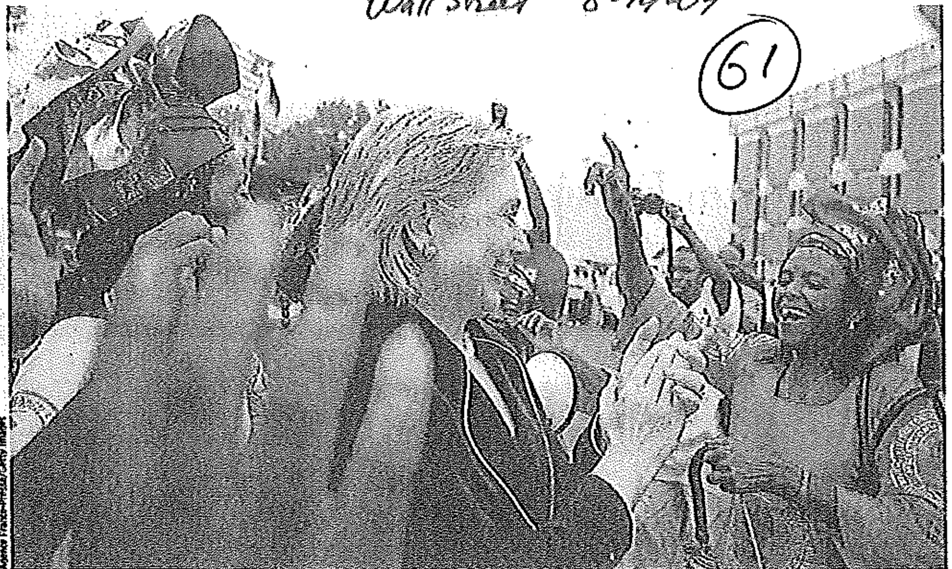
60

In Africa, Clinton Balances Criticism, Praise

Wall Street 8-14-09

61

BY SARAH CHILDRESS AND JAY SOLOMON



U.S. Secretary of State Hillary Clinton greets Liberians as she arrives at the presidential palace in Monrovia on Thursday. Mrs. Clinton offered support for Liberia's President Ellen Johnson-Sirleaf, who has faced calls to resig

Agence France-Presse/Getty Images

NAIROBI, Kenya—U.S. Secretary of State Hillary Clinton, midway through her swing across Africa, on Monday met with Angola's President José Eduardo dos Santos, who has ruled the oil-rich country for the past three decades, and whose government has been accused of cronyism and corruption by watchdog groups, and his military accused of human-rights violations.

In public remarks to Angola's foreign minister, Mrs. Clinton said, "We have our work cut out for us, Mr. Minister." But she hailed the government's move toward transparency as a "positive step."

Mrs. Clinton's seven-nation trip through Africa, which ends Friday, has been a balancing act between calling for good governance, while protecting U.S.-African economic ties. Those relationships are especially important now, as China, a U.S. economic competitor in Africa, has increasingly invested in the continent, offering loans, building roads and striking deals for commodities.

Advisers to Mrs. Clinton dismiss talk of a U.S.-China rivalry as a "Cold War paradigm." But the close relationship Beijing has with many African countries, in particular oil producers like Angola, hasn't escaped their notice. The Obama administration has recognized that direct criticism of oppressive regimes could backfire, harming American economic interests and pushing African nations closer to Beijing.

Mrs. Clinton reserved more critical language for town-hall forums with young people in Kenya, the Democratic Republic of the Congo and Nigeria, encouraging citizens to take a stronger role in holding their governments accountable.

The diplomatic mission was overshadowed for a time by a heated reply Mrs. Clinton gave at a town-hall forum in Kinshasa to a Congolese student, who appeared to mistakenly ask her for Bill Clinton's views on a local issue. "My husband is not secretary of state, I am," she said. "If you want my opinion, I will tell you my opinion." She was asked again about the exchange on Thursday, but didn't respond to the question, speaking instead about the positive experiences she'd had on the trip.

Mrs. Clinton's Africa trip is the latest example of her push for so-called personalized diplomacy, which focuses as much on meeting businessmen and civil-society groups as heads of state and diplomats. In her speeches, the secretary underscored the Obama administration's commitment to "soft power" and using trade, technology and aid in addition to military power to protect American interests ...

the continent, raising concerns about governance in gentler terms with leaders from Angola and Nigeria, the two biggest oil producers in sub-Saharan Africa, both of which export oil to the U.S. She concentrated on the progress that Nigerian President Umaru Yar'Adua, who won in 2007 in an election characterized by widespread fraud, had made in attempting to curb corruption.

In South Africa, Mrs. Clinton didn't mention President Jacob Zuma's past legal troubles, focusing instead on encouraging the government to take a stronger leadership role, as the continent's most powerful economy, in resolving political crises such as the leadership dispute in Zimbabwe.

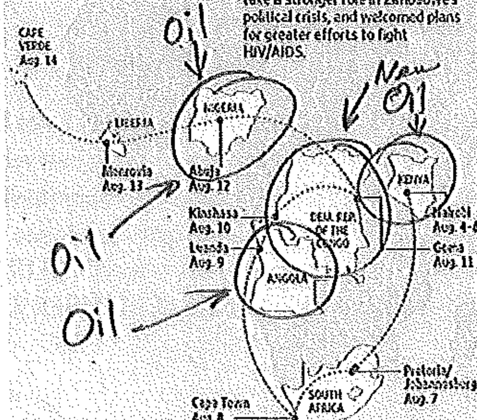
The one exception was Kenya, which needs American aid more than the U.S. needs its exports. Mrs. Clinton made her harshest statements to government officials in this struggling country. The current government, which was cobbled together with support from U.S. and African leaders after violence erupted from disputed elections in December 2007, has failed to pass changes such as establishing a constitutionally protected local tribunal to try perpetrators of the violence, and has become notoriously corrupt.

The shift in strategy may improve relations with African governments that chafe at Western criticism, but win less support from Africans themselves. Mrs. Clinton's trip comes as Africans have begun to question their leaders, even under oppressive regimes, more openly.

In Kenya, Mrs. Clinton's public condemnation of the government won her praise from people weary of bad leadership. At a rowdy town-hall ...

Out of Africa

Hillary Clinton on Friday wraps up her seven-nation diplomatic tour. A look at highlights from each stop:



KENYA
Warned at a conference with sub-Saharan countries that investors would shun nations with weak leaders and corrupt economies.

SOUTH AFRICA
Urged President Jacob Zuma to take a stronger role in Zimbabwe's political crisis, and welcomed plans for greater efforts to fight HIV/AIDS.

ANGOLA
Pledged to boost U.S. ties with the oil-producing nation and encouraged the government to hold timely, fair elections.

DEMOCRATIC REPUBLIC OF THE CONGO
Met with victims of sexual violence, promising $17 million to help eradicate the crime. In town-hall meeting, snapped at a student who apparently asked about her husband's views.

NIGERIA
Condemned electoral process and high levels of corruption, and pledged U.S. assistance with Niger Delta violence.

LIBERIA
Praised President Ellen Johnson-Sirleaf's accomplishments and the nation's successful transition from conflict to peace.

CAPE VERDE
Plans to visit this nation, a major recipient of U.S. aid, on Friday.

ruption and flawed elections.

The approach is a stark departure from that of the Bush administration, which in some cases openly challenged close allies. But the soft approach may cause problems of its own. Human-rights organizations could seize on the strategy as a waning of American resolve to exert influence. President Barack Obama's ...

Mrs. Clinton arrived for a brief visit to Liberia on Thursday, where she met with President Ellen Johnson-Sirleaf, the first democratically elected woman leader in Africa. It is a significant show of support at a time when Mrs. Johnson-Sirleaf has faced calls to resign following an investigation by Liberia's Truth and Reconciliation Commission for ...

Following their meeting, Mrs. Clinton said Liberia was a "mod[el] of successful transition" from co[n]flict to peace. She said that sh[e] and Mrs. Johnson-Sirleaf had d[is]cussed Liberia's sound fiscal po[l]icy and democratic progre[ss]. Liberia has strong historical ti[es] to the U.S.; the nation was found[ed] by freed American slaves.

Mrs. Clinton's final stop w...

WORLD NEWS

Clinton Urges Overhaul of Nigeria Elections

Washington and Abuja Plan 'Binational Commission' to Address Instability, Political Corruption in Oil-Rich Nation

BY WILL CONNORS

ABUJA, Nigeria—Secretary of State Hillary Clinton condemned Nigeria's electoral process and high levels of corruption, while pledging U.S. assistance in efforts to bring peace to the volatile and oil-rich Delta region.

During a town-hall meeting in the capital city on Wednesday marked by clapping and hooting, Mrs. Clinton urged Nigeria to fix its "flawed electoral system." The meeting, which was by invitation, included democracy activists, several state governors and business leaders, including the country directors of U.S. oil companies **Chevron Corp.** and **Exxon Mobil Corp.**

Mrs. Clinton said that Nigeria had the potential to be a member of the Group of 20 countries, "but—a big but—the corruption reputation ... it is a problem."

While chiding Nigerian elections, Mrs. Clinton said, to a big laugh from the audience, "I know a little bit about running in elections, and I have won some elections and I have lost some elections. And in a democracy there have to be winners and losers."

"Our democracy is still evolving," she added. "You know we've had all kinds of problems in some of our past elections, as you might remember. In 2000, our presidential election came down to one state where the brother of the man running for president was the governor of the state, so we have our problems, too."

The observations come in a week when Mrs. Clinton reacted with irritation to a student's apparent question about her husband Bill Clinton's views during a visit in the Congo.

On the fifth stop of her seven-nation African tour Wednesday, Mrs. Clinton said that Nigeria and the U.S. plan to form a "binational commission" to address several issues affecting Nigeria domestically, including electoral reforms. She didn't give any other specifics.

Nigeria is the fifth-largest supplier of oil to the U.S., and its light sweet crude oil is prized for the ease with which it is converted into gasoline.

Mrs. Clinton met with President Umaru Yar'Adua, whose 2007 election was condemned as flawed by local and international observers. She praised the president for his plans to offer amnesty to militants in the Delta region as a step toward improving stability there. The government said it hoped the plan would bring peace to the region by year-end.

Mrs. Clinton said the defense minister offered "specific suggestions" on how the U.S. could help bring stability to the region, according to the Associated Press. She said the American and Nigerian militaries would discuss how the U.S. might help.

When asked during the town-hall meeting if the U.S. would do anything to stop corrupt Nigerian officials from traveling freely to America, Mrs. Clinton said, "We are in a position to take action; there are several options available to us." She didn't elaborate and said she would first continue to urge Nigeria to reform.

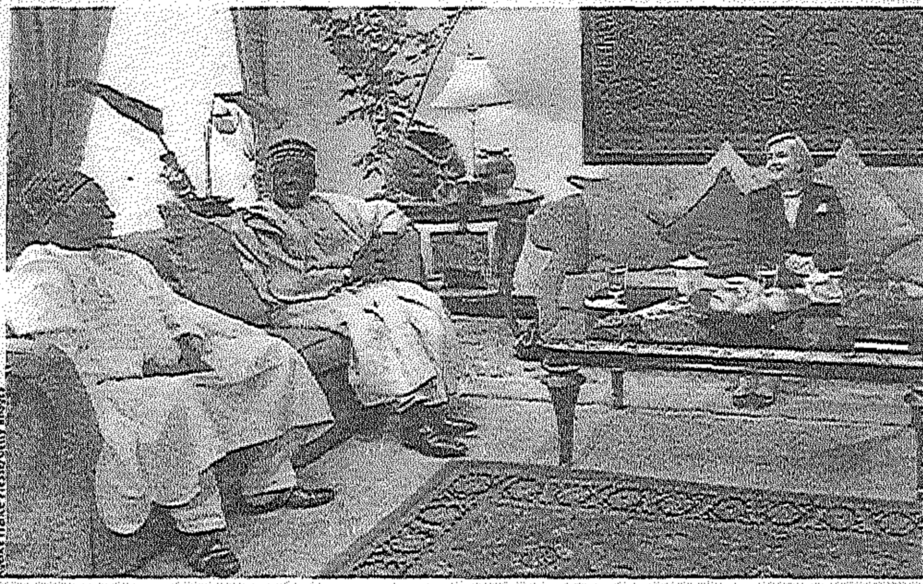
Nigeria, the most populous nation in Africa, was its biggest oil producer until it recently was overtaken by Angola. But Nigeria faces numerous domestic problems. Unrest in the oil-producing Niger Delta, where militants have shut down production of more than one million barrels a day of oil with pipeline attacks, has cost the government billions of dollars in revenue and dented foreign investor interest.

Clashes last month between a homegrown Islamic fundamentalist sect and security forces in northern Nigeria left more than 800 people dead, including the group's leader, who was killed while in police custody.

The sect, known as Boko Haram, has attracted a following in recent years amid poverty and disillusionment with local political and religious leaders.

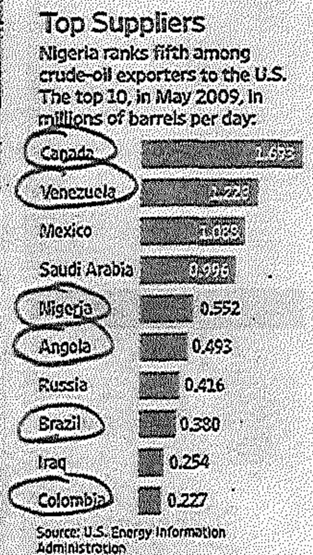
Mrs. Clinton said during the town-hall meeting that Nigeria's "lack of transparency and accountability has eroded the legitimacy of the government and contributed to the rise of groups that embrace violence and reject the authority of the state."

Earlier Wednesday, Mrs. Clinton raised the possibility of a link between al Qaeda and the recent violence. "There is no doubt from our assessments that al Qaeda has a presence in northern Africa," she said. There is no known link between Nigerian groups, including Boko Haram, and al Qaeda.



Agence France-Presse/Getty Images

In Abuja, Nigeria, on the fifth stop of her Africa tour, Hillary Clinton meets former heads of state Shehu Shagari, far left, and Gen. Yakubu Gowon.



WSJ.com

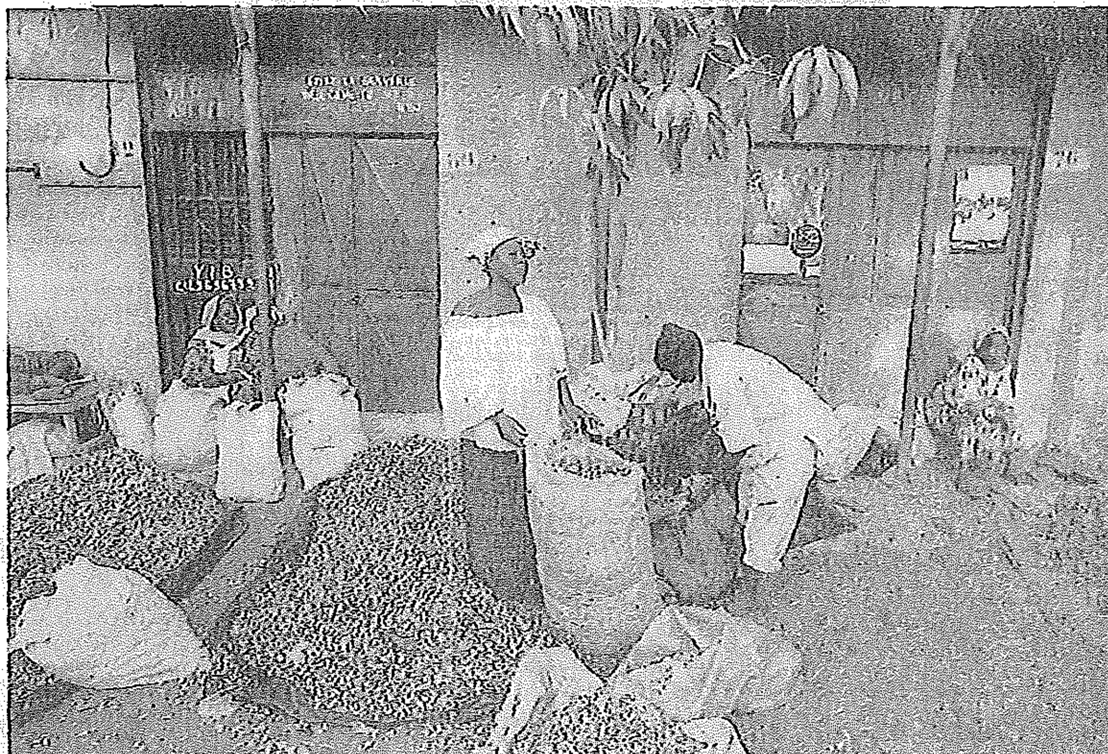
ONLINE TODAY: See photos from Mrs. Clinton's trip at WSJ.com/World

62

The New York Times

Niger's Destitute Population Senses a Threat to Its Scrap of Democracy

By ADAM NOSSITER



Photographs by [illegible] for The New York Times

A woman selling vegetables at a market in Niamey, the capital of Niger. The country ranks fifth from the bottom in the United Nations human development index.

NIAMEY, Niger — Stubbornness crops up in harsh environments like that of this desert's-edge capital, in the stoicism of grilled meat vendors in 110-degree heat or the patience of camels bearing heavy reed mats through the dusty streets.

So, too, in the dogged refusal, for more than two months now, of the impoverished citizens to part with a commodity as *seemingly* fragile as the tenuous greenery here: democracy.

Tens of thousands have taken to the streets to protest President Mamadou Tandja's slow-moving coup d'état, as his critics call it: his plan to stay beyond the legal limit of two terms in his colonial-era palace, a gleaming oasis of whitewashed order amid dilapidated government buildings and mud-brick houses.

In his push for a new constitution that would abolish term limits and give him more power after 10 years as president, Mr. Tandja dissolved a high court that ruled against his bid to remain in office; dismissed a fractious Parliament; took steps to muzzle the press, including shutting down a radio and television station; and arrested opposition leaders.

Democracy is new here in one of the world's poorest countries, barely a decade old in this vast land of about 14 million people, most of it desert, bigger in area than France, Spain and Portugal together. Uranium deposits, among the world's largest, provide the government with revenue, but the citizens here do not have much.

Most live on less than a dollar a

Most live on less than a dollar a day, and mortality rates for mothers and children are well above the African average — double in the case of women giving birth. The country ranks fifth from the bottom in the United Nations human development index, and persistent malnutrition stalks rural areas, aid workers say. In the capital, the hugely swollen limbs of insistent beggars testify to the effects of unchecked disease.

One thing the people have clearly acquired, though, after decades of coups, military strongmen and weak governments, is a political order that has resembled democracy, albeit with lapses: two successful presidential elections, defeated candidates who go home without causing turmoil, an outspoken opposition and an alert if beleaguered press.

The citizens are manifestly unwilling to give up their shaky gains. The street protests have given way to strikes and daily banner headlines in the nongovernment news media, like the one last week proclaiming the "The Dismantling of Democracy" in the leading opposition newspaper, Le Républicain.

In the teeming central market, the mood turns somber and the vendors shout angrily at the mention of Mr. Tandja's project, *known* as Tazarché, a Hausa word meaning continuity. Unions and opposition parties have engineered a unified front against it, and are calling for more demonstrations and a boycott of Mr. Tandja's Aug. 4 referendum on his new constitution for Niger.

Niger's president, Mamadou Tandja, is seeking a new constitution that will allow him to stay in office past two terms and increase his power.

The country's constitutional court ruled that he could not hold the referendum; Mr. Tandja's solution was to dissolve the court and replace its members.

"In every other country where democracy is well anchored, what is happening here would be unimaginable," said Moussa Coulibaly, a lawyer who leads the bar association here, citing the president's recent seizure of emergency powers for himself. "It's all the more serious in that 10 years of gains are now threatened."

During a 2005 visit to the White House by Mr. Tandja, President George W. Bush praised his adherence to democratic values. (Shortly afterward, Mr. Tandja went on to deny the existence of a well-documented famine in his country.)

Now, Mr. Tandja, a 71-year-old former military man, has engineered "a coup d'état in its first phase," said the leader of the opposition, Mohamadou Issoufou, a veteran politician here, who was recently arrested in the night and interrogated at police headquarters in Niamey, but later released.

Mr. Issoufou warned that the standoff could lead to a "test of strengths."

"I'm extremely worried about the stability of the country," he said.

If it is a coup, it has been concealed in a cloak of legalism, with Mr. Tandja insisting that he has the right to dissolve first one institution, then another, making the protest movement that has engulfed the dun-colored city from top to bottom all the more notable.

The citizens are paying close attention. "This isn't good at all for democracy," said Adama Abdou, a vendor in the market, as others crowded around and nodded assent. "We don't want a president for life here. Yes, democracy is in serious, serious trouble."

Another vendor, Hamani Issaka, said, "We don't want him anymore; he's got to step down."

Yet another, Abdoulaye Hama, said: "Tazarché is no good. The country doesn't agree with it. There's nothing to eat, and there are loads of problems."

In the presidential palace, an airy Moorish-style edifice built for the French governors and well hidden from the road, Mr. Tandja beamed and said he wanted to stay on only because the people were begging him to do so.

"The people demand it," Mr. Tandja said. "My obligation is to never betray the aspirations of the people. It's the people who asked."

In the great hall outside his office, a giant mural depicted Mr. Tandja, arms raised, in the center of lush fields, surrounded by tiny citizens with arms reaching out to him.

Ticking off what he said were his accomplishments — public works projects, improvements in education — the president said, "When you look at all this, it's

...ople want to

normal that the people want to keep you as long as possible."

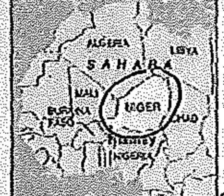
On Wednesday, Mr. Tandja gave himself the authority to take "restraining measures without warning" against any news outlets that endangered "state security or public order," the state radio reported.

Although the United States and the European Union have condemned Mr. Tandja's moves, analysts say that because of an oil deal with the Chinese and support from the Libyan leader Col. Muammar el-Qaddafi, he may be relatively invulnerable to Western pressure, despite the considerable presence of outside aid in Niger's budget.

Mr. Tandja insisted that he had not "violated any act of the Constitution."

A union leader here who also heads the protests angrily disagreed.

"Unfortunately, he's made us miss our entrance into the great court of democratic nations, like Ghana and Mali," said Issoufou Sidibé, secretary general of the Democratic Confederation of Workers in Niger. "He's made us totally miss what would have been our triumphant entry. It's made every Nigerien who is proud of his country very angry."



The New York Times

Most of Niger's citizens live on less than a dollar a day.

2-13-09
8th Largest Oil/Reserves in World

64

CNPC's deal for Verenex, which has crude oil reserves in Libya (above), has been held up awaiting Libyan approval.

Libya to Move on Oil Deal

Delay on Verenex Sale to Chinese Highlights Country's Hassles

BY SPENCER SWARTZ

After months of delay, the Libyan government is close to deciding whether to allow the sale of a small Canadian oil exploration firm with operations in the country, resolving a drawn-out saga that has highlighted the reasons why Libya's oil sector hasn't blossomed since it reopened in 2005.

In February, Calgary-based Verenex Energy Inc. announced it would sell itself to China National Petroleum Corp. for roughly $430 million. The state-run company wants Verenex for the sizable crude reserves it has discovered in Libya.

But the deal has been waylaid for five months by the Libyan government, wreaking havoc with Verenex's operations and share price and causing the Canadian government to register its concern with Libyan authorities over its handling of the issue.

Libya says it will either allow the CNPC deal to go forward; deny it on the basis of national interests; or purchase Verenex itself, invoking a clause in Verenex's drilling contract with Libya that allows the state to take over a deal if it sees fit.

"All things are under consideration and we hope to reach a decision by August, if not before," said Shokri Ghanem, head of Libya's national oil company.

The case has underlined both the promise of Libya's big untapped proven oil reserves, the eighth-largest in the world, and the hazards of doing business in the North African country more than five years after international sanctions against it were dropped.

The reopening of Libya's state-run oil sector in 2005 to foreign oil companies promised potential profits for Libya, isolated for years by economic sanctions for its support of terrorist activity, and new supply for the world oil market.

Western oil companies, largely blocked from pumping crude in most other big petroleum countries, were keen to get access to an oil state widely viewed by analysts as underexplored.

But despite signing billions of dollars worth of drilling deals the past four years with firms like France's Total SA, Libya's state oil company in June slashed its production forecast to 2013 by nearly 25% to 2.3 million barrels a day. Some analysts say Libya, with a current production capacity of about 1.8 million barrels a day, may even miss that lower target.

Verenex's situation helps illustrate how Libya's medium-term production prospects have flopped. A big complaint is that government decision-making is often gummed up by too many departments that aren't transparent, causing it to lag behind many other oil states, such as Saudi Arabia, analysts say.

"The decision delays we see by the government are a problem for companies and hurt [oil drilling] work programs," said Susan Mance, an analyst at Wood Mackenzie. She added the delays highlight a long-term oil market concern about "above-ground" issues hampering the timely delivery of new oil supply.

In an interview, Verenex Chief Executive Jim McFarland said his company has halted all drilling in the country in recent days because of the government "unreasonably withholding" a decision on CNPC's buyout offer.

Mr. Ghanem, Libya's top oil official, declined further comment on details of the Verenex case.

Verenex and its nonoperator partner, PT Medco Energi of Indonesia, are aiming to start pumping 50,000 barrels a day of Libyan crude by 2011 and five times that amount in the next decade. The two firms have collectively sunk $311 million into their Libyan operations.

To add to the uncertainty, Libya announced in June it was investigating whether Verenex may have improperly qualified for the 2005 oil licensing round in which it was awarded operator of one oil field. The announcement sent Verenex shares tumbling more than 20% and led some analysts to downgrade the company's stock.

With the charge coming four years after the bidding round, analysts say the investigation could be a ploy to force Verenex to sell itself to the government at a discount to CNPC's offer.

Just When Africa's Luck Had Changed

From Page 1

ment, based in Paris. "Before the meltdown, many African countries had made significant progress in attracting foreign investment and private capital, and this could derail those efforts."

Many investment projects have either been delayed or canceled as credit has dried up, according to the African Development Bank. A project in Tunisia between British Gas and ETAP, the Tunisian national oil company, fell apart because the financing did not materialize. And Congo, which expected $2.4 billion in foreign investment this year, now anticipates about $600 million.

Continentwide figures for foreign direct investment so far this year are not available. But in the sub-Saharan African countries, the International Monetary Fund estimates, foreign direct investment will drop roughly 18 percent in 2009 from about $30 billion in 2008.

"The decline in investment will reduce the ability of African governments to fund health, education, infrastructure and nutrition programs," said Léonce Ndikumana, director of the development research department at the African Development Bank.

Organizations like the development bank have stepped up their efforts to limit the impact of the credit crisis. But many fear that the moves will not be enough. The World Bank said recently that international financial institutions by themselves could not currently cover the shortfall in capital and investments to emerging-market countries.

According to the Organization for Economic Co-operation and Development, the amount of private investment going to Africa had begun to outpace aid. M. Nathaniel Barnes, Liberia's ambassador to the United States and the country's former finance minister, says that while foreign aid is still crucial for African countries, it usually focuses on humanitarian issues like emergency food and shelter or medical supplies. In contrast, he said, foreign investment provides long-term sustainability and growth.

"Instead of talking to Usaid, I'd rather be talking to a company like Nike," Mr. Barnes said. "Having a partner like that means jobs and economic growth, and you just don't get that from aid."

Not everyone sees foreign investment as the way to solve the many problems facing African countries. While acknowledging that foreign direct investments have contributed to sustained growth, Emira Woods, a native of Liberia and co-director of Foreign Policy in Focus, a publication at the Institute for Policy Studies in Washington, says the benefits do not always trickle down to the local populations. She notes where foreign direct investment is leading to real concrete development."

CLAIRE THOMPSON/ASSOCIATED PRESS

President Paul Kagame of Rwanda at a Starbucks shareholder meeting in 2007. Rwanda is trying to shift from foreign aid to foreign investment.

"These are new markets that need everything."

PRIVATE investors were just starting to take notice of the economically poor but resource-rich continent when the global financial crisis hit.

In 2007, more than $53 billion in foreign direct investments flowed into Africa, up from $9 billion in 2000, according to the United Nations Conference on Trade and Development. The estimate for 2008 is more than $72 billion. And according to a United Nations report, investments in Africa had the highest rate of return of all developing regions in 2006 and 2007.

"For the most part, these are new markets that need everything, and there is little or no competition," said Bruce J. Wrobel, the president of Sithe Global, an energy company that is based in New York and controlled by the Blackstone Group.

Sithe and the Aga Khan Group, a private international development organization, have joined to build a huge hydroelectric dam in Jinja, Uganda, which is expected to cost $860 million. The project is one of the largest infrastructure projects in Africa. It's also one of the largest private foreign investments on the continent. Uganda's government is counting on it to help it address an energy shortage that has stifled development in this country, where rolling blackouts are a recurring nuisance.

Projects like the dam provide a perfect example of why private investment is needed in African countries, says Mr. Barnes, the Liberian official. Not only do they hire people to do construction work, they also help to create hundreds of other jobs as new service businesses spring up.

For instance, during a recent noon break in Jinja, workers hurried over to small stores — in many cases, hastily made wooden structures owned by local merchants — for sandwiches, drinks, even phone cards.

Before work on the dam began two years ago, Jinja was known primarly

Now 1,000 people from Jinja and surrounding areas have been hired to work at the dam site in various jobs. Some do basic construction work — like crushing stones from the river bottom into cement; others are drivers, cultural liaisons and lower-level managers.

Many of the top officials on the project, like Kenneth Keheru, deputy construction manager, are native Ugandans.

"What's also good about projects like this is they provide local workers with the necessary skills," Mr. Keheru says. "So when others begin to invest, they don't have to train a work force. There is already one in place."

And even some people who were forced to relocate say they have benefited from new housing and water supplies and better schools and health facilities. For instance, some locals who previously lived in mud huts have moved into sturdy cinderblock homes.

When it is finished, the dam will provide some much-needed power to a country where only 5 percent of homes have access to electricity.

The project has generated some opposition. Frank Muramuzi, executive director of the National Association of Professional Environmentalists, a local environmental group, says the dam will not provide electricity to a vast majority of Ugandans and will be a further drain on Lake Victoria, which feeds the Nile and where water levels have dropped in recent years. (Bujugali Falls will be flooded and turned into a reservoir. Rafting and other businesses will be relocated further down the river, to Kalagala Falls.)

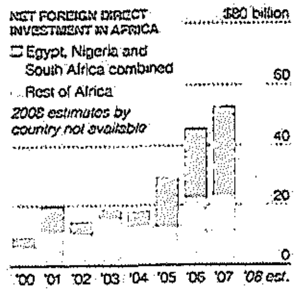
"The people of Uganda lose out," Mr. Muramuzi said.

DESPITE the economic gloom, some investors remain optimistic about Africa.

Emerging Capital Partners, a private equity firm based in Washington, announced last week that it was spending more than $26 million to buy controlling stakes in two North African construction companies. In the spring, it bought a minority stake in a Moroccan outsourcing and call-center company and invested $47 million in an insurance company based in Ivory Coast. Over all,

Investment in Africa

Foreign investment in Africa soared as demand and prices for commodities like oil and metals rose. But numbers for 2009 are expected to reflect the global recession.



Source: U.N. Conference on Trade and Development

THE NEW YORK TIMES

ened.

China, which has become a major investor and trading partner for Africa, continues to invest. The China-Africa Development Fund, which has invested nearly $400 million in projects in Africa, said it planned to raise an additional $2 billion by November. African groups are also continuing to pump money into projects ranging from telecommunications to new oil fields.

The Chinese investments, as well the bullish attitude of American private equity investors like Mr. Gibian and Mr. Wrobel, give many on the continent hope that it will endure the financial crisis and perhaps be in a better position to attract foreign investments when global markets recover.

"There is still a growing appetite for good investments," said Hubert Dans, the founder and vice chairman of Africa Investor, an international trade and development firm in Johannesburg. "Africa is still open for business."

MR. KAGAME and his team continue to aggressively court investors and have met with some success. In May, officials were the hosts of a two-day conference here to showcase investment opportunities in real estate and construction. It attracted 354 investors, and two have already committed to deals.

Also in recent months, ContourGlobal, a company based in New York, announced that it was building a $325 million methane extraction plant on Lake Kivu. And Starbucks opened a farmer support center in Kigali.

"We need to encourage private investment," Mr. Kagame said. "In the end, that's what going to decide our future."

67

FROM PAGE ONE

Mining Giants Are Forced to Lessen Global Ambitions

Oil Gas and Mining in Africa and S. America

Robert Guy Matthews
Wall Street J.

(7) All Stakeholders win.

Continued from page A1

ment officials threatened to revoke the coal licenses of ArcelorMittal, a steel and mining company, after it warned of job cuts.

On July 2 in Zimbabwe, an increasingly impatient government said it will review all mining contracts and impose strict "use it or lose it" deadlines for companies to produce minerals and generate revenues for local communities.

In South Africa, the country's largest trade union called for nationalization of the nation's mines to maintain greater control over its resources. Zambia wants to boost its stakes in existing and new foreign-owned copper mines to 35% from between 10% and 20% to give it more say in protecting mining jobs during the downturn.

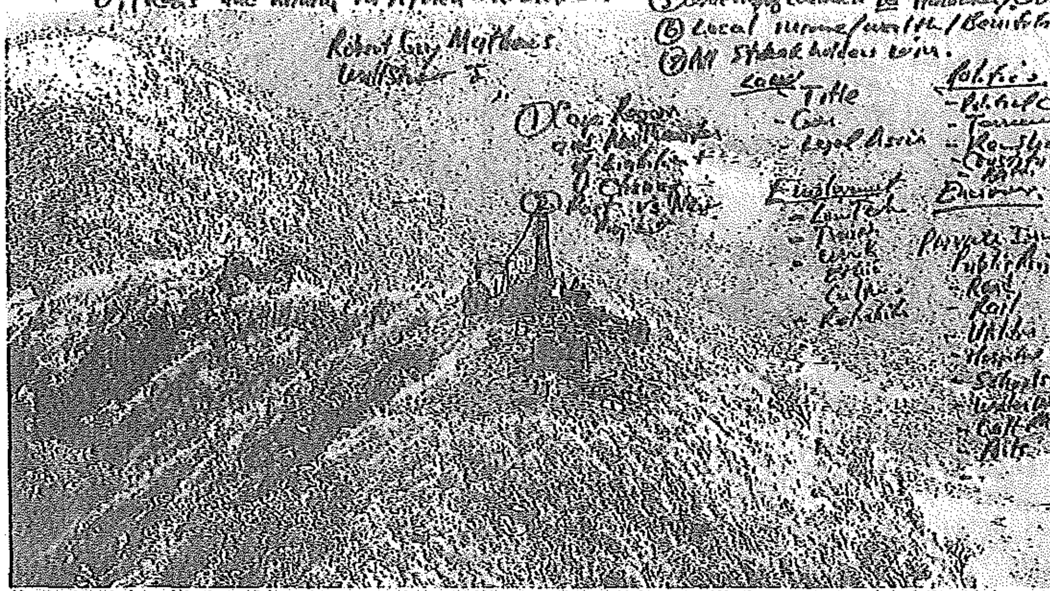
The flashpoints come as both mining companies and countries rich with minerals struggle with a bottoming commodity market. Companies are less interested in investing in risky projects. Countries, desperate for revenues, are exacerbating the situation by imposing additional taxes and covenants on existing mining ventures.

Such actions are expected to accelerate the quiet shift of the mining industry, already unnerved by the global downturn, away from the most promising but politically risky countries. This realignment will reduce the industry's global reach and diminish its role in helping prop up some of the poorest nations. Those nations rely on private mining investment to transform their buried riches into productive revenues and also build roads, hospitals and schools.

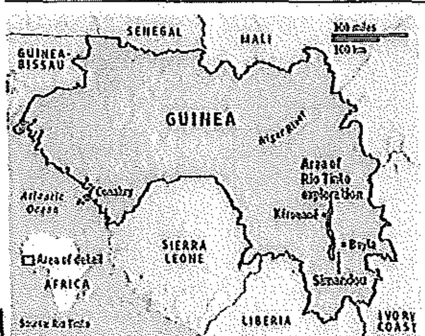
The mining companies fear that the millions, and sometimes billions, of dollars that they have invested in exploration, production, equipment, personnel and logistics could be lost if governments decide to nationalize their assets or drastically change contract terms.

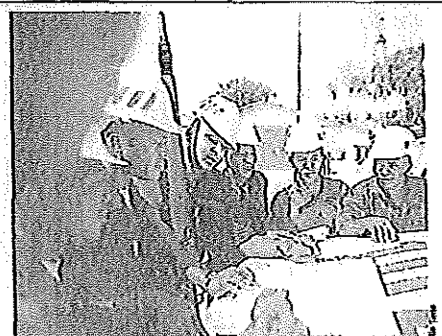
Some in the mining business concede that the industry helped create its bind by negotiating contracts that sometimes shortchanged poor countries.

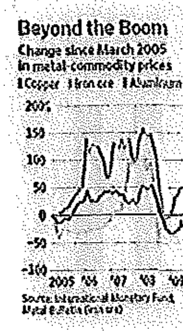
Duncan Sloan, Accenture's senior executive of the global mining industry group, said that sweetheart deals were hallmarks of smaller mining operations, often called junior miners. In Africa, in particular, many small mining companies set up shop and then left abruptly



After mapping out what could be the world's largest iron-ore reserve in the west African nation of Guinea, Rio Tinto was told by the government it was losing half its stake because it wasn't moving fast enough. Above, a drill rig bores into a mountain top searching for ore. Below, a logistics team poured over maps before the company began its withdrawal.







permission and then rescinding it after the roads are built and the infrastructure is in place to get ore out of the ground, processed and to ports.

BHP Billiton, the world's largest miner, is scaling back aluminum operations in Africa, turning attention away from Russia and beefing up copper, uranium and gold mines in South Austra-

[illegible]

began to cave, leaving hundreds of workers without jobs and a sudden cutoff in tax dollars and royalties that the governments were counting on. "There were some bad miners out there," he said.

The governments, too, often painted a rosy picture of the amount of royalties and tax money that would come as a result of mining operations. When the commodity downturn hit, those financial promises vanished, leaving them to answer to angry local constituent and suddenly unemployed workers, adding to social unrest.

With the drop in commodity prices, mining companies are even more reluctant to take on the risk. They are concerned about the government granting

iron-ore project agreement with Rio Tinto in the Pilbara region of Australia, valued at $10 billion.

"We want to focus, principally, in our backyard," said Marius Kloppers, BHP's chief executive officer.

Not long ago, Xstrata PLC was trying to take over a palladium producer in Africa and several gold companies flooded Tanzania, Zimbabwe and Madagascar looking for riches. Now most of those plans have been dropped or put on hold as governments there begin tacking on new contract terms.

"Mining companies are no longer willing to take the risks," said Claire Divver, of Xstrata, which abandoned its plans for its African palladium venture. Others are also pulling back.

Xstrata's new strategy is to grow through acquisitions, rather than expensive and risky new mines. Last month, it sent a letter to its larger competitor Anglo American PLC proposing a merger of equals. Anglo has been lukewarm to the idea. Brazil's Vale SA, the world's second-largest miner, is likewise considering Anglo as a possible acquisi-

tive way to grow.

Rio Tinto's debacle in Guinea serves as another warning to the mining industry. It shows how promising projects in the developing world can fall apart through shifting political currents and economic pressure.

In 1996, Rio Tinto's exploration team was invited to Guinea by the mining minister to perform initial work to find iron ore. By 2006, Rio won the rights to mine 300 square miles of what promised to be the world's largest reserve of unexplored iron ore.

It was considered a huge coup in the mining world. Rio's winning bid included $3 million in advanced taxes, an option for the government to acquire a 20% equity interest in the

project, royalties of 3.5% and annual contributions to the local community. In all, the company expected to pump $6 billion into the country's economy and begin producing ore by 2013.

"We will succeed here," Tom Albanese, Rio Tinto's chief executive officer, told investors at a mining conference in Perth, Australia, in early 2008. "Rio Tinto

cult environment."

Still, the hurdles were huge. With a gross domestic product of just $4.8 billion, Guinea has few skilled workers and woeful infrastructure. The main university in the capital city, Conakry, has no electricity or working plumbing, and residents are forced to burn trash in the streets. In addition to exploring for ore, Rio Tinto had to plan and start building a cross-country rail line and also construct a brand new shipping port. Meanwhile, the mining ministry was in turmoil, going through a series of ministers, two of whom were forced to make restitution to the government after facing embezzlement accusations.

Rio Tinto also had its own problems. The company ran into

financial troubles last year, brought on by the commodity bust. Rio had shaken off takeover advances from its rival BHP Billiton, but in the wake, it was left with heavy debt from its earlier acquisition of Alcan, an aluminum maker. To conserve money, Rio was forced to slow down some development at its nascent Guinea operations.

[illegible] the general secretary of the Guinean president, sent Rio a letter, admonishing the company about the mines' development progress. By December, a new president was in place and the government rescinded half of Rio's mining area and transferred the rights to U.K.-based BSG Resources Ltd., which already had bauxite interests in Guinea.

Rio said that since then, Guinea has treated the decision as final and has refused to meet with Rio officials to discuss any changes.

"I think we misjudged the legal contract," said Mr. Smith. "We misjudged the level of certainty and how quickly things could turn around."

The government's action

made the project unfeasible in Rio Tinto's view because the reduced output wouldn't support the investment needed. Rio Tinto, which had been spending $30 million a month, began pulling up stakes this year.

Still hoping that the government will change its mind and in an effort to demonstrate its commitment to the country, the min-

[illegible]

estimates it is spending $10 million a month there, but isn't sure how long it can keep it up. Mr. Smith says Rio has actually spent more in Guinea than required under its contract.

"For us, there is no question that this is a real opportunity to work with Guinea on its economic development," Rio's Mr. Smith said. "Many of us were motivated by doing social good."

Rio Tinto isn't without allies. Local villagers miss the work the company was providing and some village leaders have appealed to the government to settle. Says Amara Konate, a chief of the Kankoru village, of Rio Tinto's time there: "Everyone had jobs, everyone was happier."

Nigerian Militants Create an Oil Mess

Continued from Page One

agreement may be close. This week, an umbrella group of militants extended a cease-fire, but warned of more attacks if its demands aren't met.

Mr. Tom has been down this road before. Five years ago, the government persuaded him and another prominent militant leader, Alhaji Dokubo-Asari, to hand over their weapons in exchange for amnesty—and large bags of cash. Mr. Tom turned over close to 400 AK-47s, receiving more than $8,000 for each, well above their market value.

But that was just a small fraction of his weapons cache, Mr. Tom admits. The peace didn't last long. His group, the Icelanders, morphed into the Niger Delta Vigilante Force. Fighting broke out with government forces, and between Mr. Tom's and Mr. Dokubo-Asari's men.

Since then, every effort to stop the violence has failed, stymied by, among other things, political corruption and easy access for the Delta militants to guns and money.

Nigeria is the world's eighth-largest oil exporter, the fifth-biggest supplier of oil to the U.S., and long Africa's dominant oil player. Its oil is classified as "light and sweet," which makes it easy to refine into gasoline. Its government has earned hundreds of billions of dollars since oil exports began in 1958.

Nearly all of Nigeria's oil comes from the Niger Delta, one of the world's largest wetlands. Yet few of the Delta's inhabitants have benefited. Most have no running water or electricity. Roads in the region, where they exist at all, are often impassable. Schools are understaffed, underfunded, and overcrowded. Good jobs are rare.

Militant leaders such as Mr. Tom have been active in the area for years. They claim to be fighting to improve living conditions, but many observers brand them as mere criminals. Their allegiances lie less to the community than to politicians who provide them cash and arms. They have received big payoffs from politicians and oil companies alike, and [illegible] additional windfalls by stealing oil from pipelines, according

more than 90% of its export … nue and more than 80% of its … ernment revenue. This yea… tacks on oil installations hav… duced the nation's outpu… about 1.7 million barrels a … from about 2.6 million in 2… government figures indi… Some experts believe the a… figure is much lower. The att… nearly halted onshore produc… in the western Niger Delta b… giants Royal Dutch Shell … Chevron Corp. Chevron sa… has since restored operati… Shell is working on doing so…

Under the amnesty offer, … tants who turn in their wea… will get a few hundred dollars a month and job training. The government says it expects at least 10,000 militants to take advantage of the offer. So far, most of the prominent militant leaders have stayed in the creeks. Many experts believe the plan ultimately will fail because it doesn't address the poverty and political corruption that fueled the militancy.

"I'm very skeptical about amnesty," says Joel Bisina, director of the advocacy group Niger Delta Professionals for Development. "It may create even more militants. In 2004, when the government bought back arms from [militants], it created an incentive" to obtain weapons.

The Delta's first militant groups were set up by gang leaders who had helped politicians rig elections, often through violence, according to militants and human-rights groups. Messrs. Tom and Dokubo-Asari became known during political campaigns in 1999 and 2003. When the elections were over and the politicians didn't come through on promises of jobs and money, Messrs. Tom and Dokubo-Asari took to the creeks and began their violent struggle, the two men said in interviews.

The militants began kidnapping foreign oil workers for ransom and bombing pipelines when oil companies and politicians didn't come through with payoffs or security contracts. They adopted noms de guerre such as Young Shall Grow, Africa, Osama Bin Laden and Fonta Rhymes.

Desperate groups took root. In

…a Farce: Nigeria's Oil Mess

…bbling Rebels, Corruption Cast Doubt on Peace Plan

By Will Connors

THE NIGER DELTA, Nigeria—Nigerian President Umaru Yar'Adua unveiled an offer in June for rebels to turn in their weapons in exchange for amnesty. Militant leader Ateke Tom watched the news conference on a flat-panel TV at his remote camp deep in this oil-rich expanse of wetlands.

Guard at a rebel camp in the Niger Delta

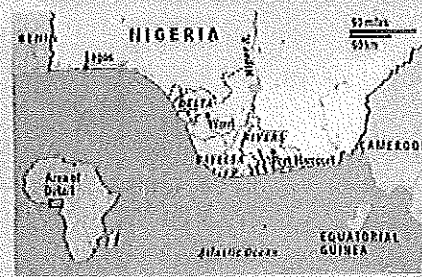
"We want to observe the government's moves before coming out," Mr. Tom said a few days later in an interview at his outpost. Outside his concrete residence, young men in camouflage tank tops watched American movies and smoked marijuana in cigar-size joints, their AK-47s lying in the mud beside them.

Mr. Tom, a squat man sporting a G-Unit T-shirt and a gaudy medallion around his neck, said he was negotiating with federal officials, not the state government, which he doesn't trust. "The governor wants me dead," he said.

Mr. Tom and other militant leaders have wreaked havoc in recent years on Nigeria's oil industry—and consequently its economy—from this vast network of densely forested creeks that fan out to the Gulf of Guinea. Now they must decide whether to stop their costly attacks on oil facilities and come out of the creeks once and for all.

The amnesty offer is set to expire on Oct. 4. The most powerful militant leaders have yet to strike any deals with the government, but federal officials and rebels have indicated that an

Please turn to page A12



Above: Rebels loyal to militant leader Ateke Tom arrive at their camp in Rivers State in 2007. Below left: Nigerian President Umaru Yar'Adua (center), with militant leader Victor Ben Ebikabowei, known as Boyloaf (right), announce the surrender of some rebel arms under an amnesty plan on Aug. 7.

tion of the Niger Delta, or MEND. It went on to take credit for a string of attacks on the oil infrastructure. In a three-year stretch, more than 200 foreign oil workers were kidnapped, dozens of oil pipelines were blown up, and gun battles on the creeks grew common. Oil prices sometimes spiked when MEND emailed reports about pipeline attacks.

Nigerian politicians far removed from the Delta took note. In July, the National Assembly passed a resolution to form a task force to watch out for MEND infiltrators in their midst, possibly selling street food or phone cards.

their camps say they are unfocused and easily divided, smoking lots of marijuana, drinking beer and local gin, and burning through money when it comes. Over the summer, while trying to show off his shooting skills for CNN journalists visiting a camp, a militant lost control of his weapon and killed a colleague.

Only one militant leader, Government Ekpemupolo, nicknamed Tompolo, exerted any real control over his men, say former and current militants. By many accounts, he became the most powerful man in the western Delta. He controlled waterways through which oil and cargo ves-

with the inspector general of the police and several other senior government officials. "We're engaged in discussions on how best to come out, but there's nothing concrete yet. We're all waiting for peace."

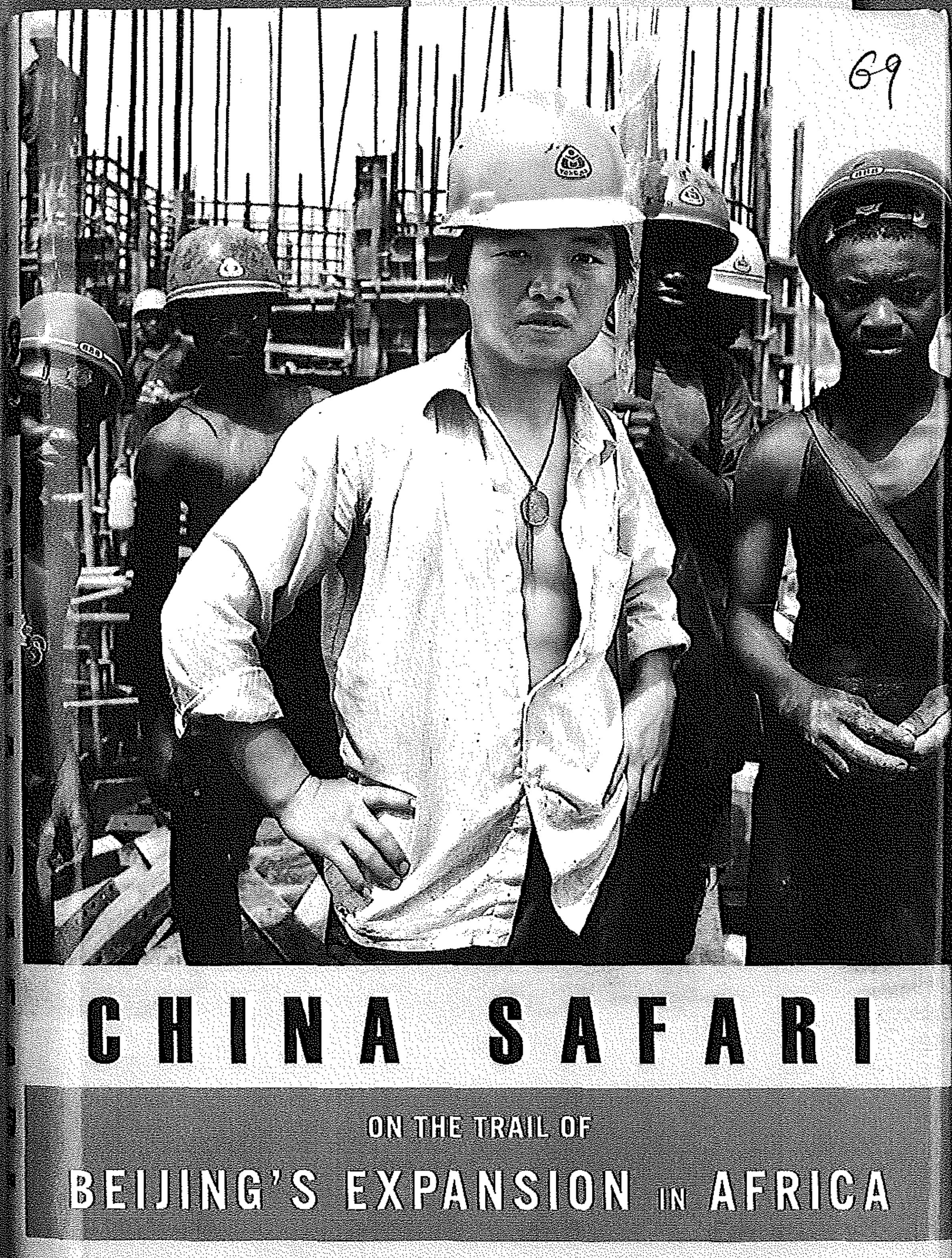
He said he also wants assurances from the federal government that the governor of Rivers State, where Mr. Tom is based, won't come after him if he surrenders.

Rivers State, with its plentiful oil fields, is the richest state in Nigeria. According to human-rights groups and to Messrs. Tom and Dokubo-Asari, the governor, Rotimi Amaechi, used militants

sands of young men claiming to be ex-militants. In exchange, he received between $1.6 million and $3 million from the state governor, Timi Sylva, according to several people with knowledge of the deal. Bayelsa State officials weren't available for comment.

This month, several hundred young men claiming to have fought under Boyloaf took to the streets to protest not receiving their cut of the money. They claimed their former commander guaranteed them [illegible] apiece to turn themselves in, but he hasn't paid them yet.

Other militants have been paid as much as [illegible] for each


69
CHINA SAFARI
ON THE TRAIL OF
BEIJING'S EXPANSION IN AFRICA
SERGE MICHEL AND MICHEL BEURET
PHOTOGRAPHS BY PAOLO WOODS

Reference Michel & Beuret

2

CHINA'S "GREAT LEAP" IN AFRICA