MILLENNIUM CITIES INITIATIVE (MCI)
THE EARTH INSTITUTE AT COLUMBIA UNIVERSITY

Progress report on MCI's investment-related activities (As of April 30, 2009)

The Millennium Cities Initiative (MCI) was established at The Earth Institute in early 2006 to help sub-Saharan cities achieve the Millennium Development Goals (MDGs). The project focuses on providing policy analysis with regard to capitalizing on promising investment opportunities, managing infrastructure constraints and advancing the effective delivery of critical public services. All Millennium Cities are situated near to Millennium Villages Project sites. An important focal point for the MCI concerns strengthening farm-to-market linkages that can add value to the increased and increasingly diversified agricultural production by smallholder farmers and move that higher-value production out to regional and international markets.

Although the attainment of the MDGs is the project's ultimate objective, the day-to-day work of the MCI can be understood thematically as dividing into investment-related activities and social-sector related activities. The present report describes the investment-related activities MCI has undertaken in the Millennium Cities, together with the Vale Columbia Center on Sustainable International Investment (VCC) and other partners.

In the broader context of helping the Millennium Cities formulate Integrated City Development Strategies and allow the sustainable delivery of social services, MCI helps the cities to create employment, stimulate enterprise development and foster economic growth, especially by increasing domestic and foreign investment, with a view toward eradicating extreme poverty – the first and most basic of the MDGs. To do that, MCI has designed a general strategy which is being adapted to all of the Millennium Cities.[1] It rests on three pillars:

- The preparation of various materials to inform foreign investors about investment opportunities in the Millennium Cities, based on the analysis of the legal framework for investment and commercially viable investment opportunities, i.e. sectors (and even concrete projects) in which the cities, together with the Millennium Villages, have a comparative advantage, be it in the provincial, country, or international market.
- The dissemination of the various materials prepared to potential investors, e.g. through investors' missions and roundtables, special Millennium Cities Days in strategic locations, and Millennium Cities Investors' Guides, a powerful tool to put the Millennium Cities on the investment map.
- The strengthening of the cities' capacity for investment promotion and fostering a continuous public-private sector dialog.

The strategy involves, for each Millennium City, an assessment of the legal framework for investment, the identification of commercially viable investment opportunities, preparation and dissemination of promotional materials on the City and its investment opportunities, organization of promotional events, and special targeting of potential investors.

[1] For more details, see Karl P. Sauvant, "Africa: the FDI opportunities are local", in *International Trade Forum 1/2007*, International Trade Centre, Geneva.

In implementing this strategy, MCI cooperates with a number of partners providing pro bono services, such as KPMG, UNIDO, DLA Piper Rudnick, Cravath Swaine & Moore, Carter Ledyard Milburn, SIPA, and Columbia University's Business School. The contributions by MCI's partners are mentioned in the text below describing the activities for each city separately.

Implementation takes place through staff in the Millennium Cities and in New York. MCI is seeking to negotiate Memoranda of Understanding with the cities, national governments, local and international partners to implement city investment initiatives in the Millennium Cities. It is hoped that the first Memorandum can be signed soon.

Furthermore, MCI has initiated work to advise Millennium Cities as to how to promote investment opportunities and target potential investors for the identified opportunities. These efforts will also help to attract investors to investment opportunities in the Millennium Villages.

MCI, together with VCC, launched the *MCI and VCC Working Papers Series on Investment in the Millennium Cities* in September 2008. Working papers can be accessed on the MCI website at: http://www.earth.columbia.edu/mci/ and the VCC website at: http://www.vcc.columbia.edu/.

So far, seven working papers have been published:

"Kumasi Marketing Strategy: Tourism," (Working Paper No. 02/2008);

"Assessing Infrastructure Constraints on Business Activity in Kumasi, Ghana," (Working Paper No. 03/2008);

"Bamboo Bicycles in Kumasi, Ghana" (Working Paper No. 04/2008);
"Assessing Infrastructure Constraints on Business Activity in Kisumu, Kenya" (Working Paper 05/2008);
"Sugar in Kisumu" (Working Paper No. 06/2008);
"Foreign Direct Investment in Blantyre, Malawi: Opportunities and Challenges" (Working Paper 07/2009);
"Assessing Infrastructure Constraints on Business Activity in Blantyre, Malawi" (Working Paper 08/2009);

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

1. Akure, Nigeria

In January 2007, MCI cooperated with The Economist Intelligence Unit (a sister organization of The Economist), to provide the city with an opportunity to present its investment environment and investment opportunities to roundtable on investing in Nigeria. In preparation of that event, UNIDO identified a number of business and investment opportunities in Akure. The opportunity profiles are part of UNIDO's report "Investment Opportunities in Akure, Nigeria; Blantyre, Malawi; Kisumu, Kenya; and Kumasi, Ghana" published in December 2008. For more information please see UNIDO's website on http://www.unido.org/index.php?id=5457.

During the second half of 2007, KPMG Nigeria began preparing a report on sectors and products with a considerable potential for investment in Akure and the State of Ondo. Additional analysis was undertaken by MCI on investment opportunities in Akure in early 2008. The report was launched during the London Millennium Cities Investment Day in December 2008.

Representatives of Akure participated in the London Millennium Cities Investment Day, organized together with KPMG, DLA Piper and VCC, on 9-10 December 2008. During this event, representatives of the city of Akure as well as the state government and private sector presented investment opportunities in Akure to an audience of business people.

2. Kaduna, Nigeria

Kaduna City was declared a Millennium City in 2009. Representatives of Kaduna State participated in the London Millennium Cities Investment Day, organized together with KPMG, DLA Piper and VCC, on 9-10 December 2008, and had the opportunity to present investment projects in Kaduna State to an audience of business people.

3. Bamako and Segou, Mali

In an effort to focus better its investment-related activities, MCI has installed a regional investment promotion expert in Bamako. At this time, he is assisting Bamako and Segou in attracting investment with responsibilities also for Louga, Senegal. One of the first activities was the organization of a shea butter forum in Bamako on 26 June 2008 – an example of an effort to target investors for a particular product. A number of potential investors and buyers of shea butter participated in this event. The event was jointly organized with the Millennium Villages Project and, in particular, the Tiby cluster. Immediately after the event, a business plan for producing shea butter in the city of Segou was prepared. An analysis of the collection of shea nuts from villages located near Segou was undertaken. The project is in particular focused on increasing the quantity and quality of shea butter produced in Segou and on improving the livelihood of the female actors in this sector. In a first step, an investment of $20,000 was raised which allowed to buy shea nuts of high quality and start shea butter production in early 2009. The Millennium Promise Foundation is looking for co-investors in this project. A business plan is available upon request.

MCI, through its investment promotion expert in Bamako, has also assisted in negotiating a Memorandum of Understanding for building a new power plant integrated with an upgraded waste management system which will contribute to a cleaner environment in Bamako. The plant will significantly increase the supply of electricity to the city. The power plant will be established on a BOOT basis and will be turned over to the Government of Mali after 15 years. The total project cost is estimated to be approximately $165 million. This waste-to-energy project is scheduled to begin implementation in 2010.

Other projects are being developed in close partnership with Millennium Promise and the Investment Promotion Agency of Mali (Mali-API) and will be promoted to potential investors with the advice of MCI.

The report on the regulatory framework undertaken by the US law firm Cravath Swaine & Moore will be finalized by the end of May 2009.

4. Blantyre, Malawi

A team of students of Columbia's School of International and Public Administration undertook a number of missions and desk research to identify products/sectors with a considerable potential for development in and around Blantyre. The report was published in April 2009 as part of the MCI/VCC Working Paper Series (available at http://www.earth.columbia.edu/mci/ or http://www.vcc.columbia.edu/).

Representatives of Malawi participated in the London Millennium Cities Investment Day, organized together with KPMG and DLA Piper, 9-10 December 2008. During this event, representatives of Blantyre as well as the national government and private sector presented investment opportunities in Blantyre to an audience of business people.

UNIDO profiled investment and business opportunities in Blantyre during the month of November 2008. The opportunity profiles are part of UNIDO's report "Investment Opportunities in Akure, Nigeria; Blantyre, Malawi; Kisumu, Kenya; and Kumasi, Ghana" published in December 2008. For more information please see UNIDO's website on http://www.unido.org/index.php?id=5457.

Furthermore, an assessment of infrastructure constraints to business activities in Blantyre was prepared and published in April 2009 as part of the MCI/VCC Working Paper Series (available at http://www.earth.columbia.edu/mci/ or http://www.vcc.columbia.edu/). MCI has commenced work on an investment guide for Blantyre which will be published in 2009.

A mission of KPMG India took place in March/April 2009 which identified and analyzed commercially viable investment opportunities in and around Blantyre. The report on this mission is being prepared and will be published later this year.

The review of the regulatory framework for investment undertaken by the law firm DLA Piper Rudnick was finalized in 2008 and is available on request.

5. Kisumu, Kenya

MCI resumed its activities in the city in April 2008 after the new Government was appointed. A workshop on city investment promotion was held in Kisumu on 8 and 9 July 2008 to strengthen the capacity of the city administration. It was attended by about 60 officials from a number of cities and towns of Western and Eastern Kenya. CEOs from the national investment promotion agencies of Kenya and Uganda as well as the Durban Investment Promotion Agency (South Africa) presented their experience in regional and city investment promotion. The workshop was followed by a Kisumu Investment Day on 10 July 2008 which targeted investors already established in the country. About 180 representatives of local and foreign investors participated in this event. On this occasion, KPMG launched the report *Kisumu: Potential Investment Opportunities* (see http://www.kpmg.com/Global/Pages/Results.aspx?k=kisumu).

As a follow-up to the workshop, work has been initiated on the preparation of a Handbook on City Investment Promotion. A draft of the Handbook was discussed with international experts, representatives of Kisumu and Mekelle (Ethiopia) at a workshop in London on 11 December 2008. The Handbook is being finalized and will be launched in Kisumu in May 2009. It will serve as a basis for capacity-building activities in the Millennium Cities.

Representatives of Kisumu and the Government of Kenya participated in the London Millennium Cities Investment Day, organized together with KPMG, DLA Piper and VCC, 9-10 December 2008. During this event, representatives of Kisumu as well as the national government and private sector presented investment opportunities in Kisumu to an audience of business people.

In addition, KPMG prepared a White Paper on the Sugar Industry in Kisumu in 2008. The report was also published as a working paper in the MCI and VCC Working Papers Series (available at http://www.earth.columbia.edu/mci/ or http://www.vcc.columbia.edu/).

A team of students from Columbia University prepared a business plan for the production of bamboo bikes in Kisumu during the first months of 2009. The business plan was presented to MCI on 28 April 2009 and will serve as a document to attract an investor for establishing a production site for bamboo bikes in Kisumu.

Before the post-election events, an Investor's Guide for Kisumu (available on www.earth.columbia.edu/mci or www.vcc.columbia.edu) was prepared with the support of the governments of Finland and Kenya, UNDP and UNIDO, as well as the US-based Corporate Council for Africa (CCA) and the European Business Council for Africa and the Mediterranean (EBCAM). In the process of preparing the Guide, feedback meetings with private sector representatives as well as city and government officials were organized on the basis of the draft Guide, both in Nairobi and Kisumu. (The business community meeting was attended by about 120 business people.) These meetings serve as an important mechanism not only to get feedback on the draft, but also to mobilize important stakeholders around a key MCI activity and get their buy-in.

The Guide was launched in Nairobi on 26 September 2007. It was disseminated both electronically as well as in hard copy world-wide. These activities will be complemented by targeted outreach efforts, in particular also to journals, newsletters and websites.

As a contribution to the MCI project, the United Nations Industrial Development Organization (UNIDO) identified in Kisumu a number of business and investment opportunities in the SME sector. During a mission to Kisumu, the companies were profiled. The opportunity profiles are part of UNIDO's report "Investment Opportunities in Akure, Nigeria; Blantyre, Malawi; Kisumu, Kenya; and Kumasi, Ghana" published in December 2008. For more information please see UNIDO's website on http://www.unido.org/index.php?id=5457.

In April 2008, as a result from these profiling efforts, an investor could commence the production of fishing nets, an investment of US$400,000. The Regional Office of KenInvest in Kisumu, which is cooperating with the Millennium Cities Initiative, assisted the investor in getting the investment license and facilitated him to set-up the investment.

A mission of business people financially supported by the German Development Corporation (GTZ) and organized on behalf of MCI by the Afrikaverein (German-Africa Business Association), visited Nairobi and Kisumu during the week of 15 to 19 October 2007 to familiarize themselves with the investment climate and investment opportunities relating especially to Kisumu.

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

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

Another MCI activity concerned an industrial infrastructure survey seeking to identify bottlenecks in providing infrastructural services to enterprises in Kisumu. The report on this survey was published as a working paper in the MCI and VCC Working Papers Series (available at http://www.earth.columbia.edu/mci/ or http://www.vcc.columbia.edu/).

6. Kumasi, Ghana

Representatives of Kumasi attended the London Millennium Cities Investment Day, organized together with KPMG, DLA Piper and VCC, 9-10 December 2008. During this event, representatives of the city as well as the private sector presented investment opportunities in Kumasi to an audience of business people.

The Kumasi Investment Day North America, which took place on 29 September 2008, was organized by MCI jointly with the Kumasi Development Foundation (KDF), a private sector foundation; Kumasi Metropolitan Authority (KMA); Asanteman Council of North America (ACONA); Corporate Council on Africa (CCA); and the Vale Columbia Center on Sustainable International Investment (VCC). The event was co-sponsored by Alston&Bird, a leading United States law firm. It promoted to an audience of about 110 business people (especially representatives from the Ghanaian Diaspora in North America, but also from US businesses) commercially viable investment opportunities in and around Kumasi, such as the construction of a hotel, hostel and shopping mall, the production of pharmaceuticals, the processing of fruit juices, the processing of cocoa and palm fruits.

In addition, KPMG launched its report "Kumasi, Ghana: Potential Opportunities for Investors" available also at www.kpmg.com/Global/Pages/Results.aspx?k=kumasi.

Furthermore, KPMG presented at the event a white paper assessing the feasibility and investment opportunity of implementing a bamboo bicycle production facility in Kumasi (available at www.earth.columbia.edu/mci or www.vcc.columbia.edu) . A prospective investor from Ghana met immediately after the event with the developers of the bamboo bikes from Columbia University with a view toward making an investment. In the meantime, together with the city administration the investor identified land for the production site. The investor is also negotiating with a capital venture fund in Accra/Ghana co-finance for the project. A test drive of prototype bamboo bicycles is being planned in Kumasi for the month of May 2009.

A project to build and run a hostel at Kwame Nkrumah University of Science and Technology (KNUST) in Kumasi was also presented to the event. The developer from the United States will invest $400,000 in this project and is looking for additional investor(s). A description of the project is available on request.

Furthermore, a palm oil project was presented to the audience which is intended better to utilize the available palm trees around Kumasi. The Millennium Villages Project would be able to supply the palm fruits and cooperate with the investor. The investor-developer (a consortium from Germany, Italy and Malaysia) would invest 25% of the capital needed, and MCI will advise on the search for additional investors for this project. A description of the project is available on request.

In April 2009, KPMG Ghana is undertaking a feasibility study for the reconstruction of the children's park in Kumasi. First talks with potential investors/sponsors for the project have already been undertaken.

MCI's follow-up activities to the Kumasi Investment Day North America include, in particular, special targeting of investors for these opportunities.

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

The Guide draws together the information identified by a number of studies undertaken during 2006/2007. In particular, KPMG prepared a report on investment opportunities in the cocoa sector in 2006. In addition, in 2007, KPMG Netherlands analyzed a number of investment opportunities in around Kumasi. This report was launched in NY on 29 September 2008. UNIDO identified investment and business opportunities in the SME sector in Kumasi. A CD of the UNIDO-identified opportunities is being distributed attached to the hard copy of the Guide; it can also be obtained from UNIDO, e-mail address: comfar@unido.org.

The Guide has been distributed both electronically and in hard copy world-wide. The same will be done with the other materials, once they are completed. On 4 June 2008, the Guide was also presented at the Ghana Economic Day in Hamburg (organized by Afrikaverein (German-African Business Association)) to an audience of about 80 German business people. These activities will be complemented with targeted outreach efforts, in particular through journals, newsletters and/or websites.

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

In 2008, a team of postgraduate students of CU's Business School prepared a marketing strategy for Kumasi's tourism industry which was published in the MCI/VCC Working Paper Series (available at www.earth.columbia.edu/mci or www.vcc.columbia.edu). The findings were presented to representatives of the city and regional government as well as the business community.

In 2009, The Ghana Investment Promotion Centre (GIPC) opened a regional office in Kumasi aimed at promoting the Ashanti region and the city of Kumasi to investors and assisting investors. (The link to the national Investment Promotion Agency is important so that the city can benefit from its international activities.) In May 2008, the Kumasi Metropolitan Authority opened a special Investment Desk for incoming business people who need the assistance of the city administration.

This work will continue through the targeted dissemination of the Guide and related materials and a further elaboration of commercially viable investment opportunities identified in the city in cooperation with KPMG.

Preparations are also under way for an investment promotion training workshop for city officials in Kumasi to take place in 2009.

The Kumasi Metropolitan Authority has committed an amount of $100,000 towards the promotion of investment initiatives in Kumasi in partnership with the MCI for the year 2009.

7. Louga, Senegal

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

8. Mekelle, Ethiopia

In January 2008, Mekelle became a Millennium City. The first investment-related activity included the preparation of a report on investment promotion. The report points to a number of investment opportunities that could attract potential investors. The report will be published in the MCI/VCC Working Paper Series in early May.

Investment opportunities are being explored with individual foreign investors. A joint mission of Israeli investors with the business development expert of Columbia University led to the preparation of business plans for a honey producing center and a chicken processing plant in Mekelle for a total investment of $1.5million. So far, the Israeli investors have pledged $150,000 and are looking for additional investors. MCI will also advise on these concrete investment opportunities, in particular through the targeting of potential additional investors. A description of these opportunities is available on request.

A delegation from Mekelle attended the Millennium Cities Investment Day in London in December 2008. The delegation presented investment opportunities to potential investors.

In April 2009, with MCI's assistance the Head of the Tigray Investment Office participated in a workshop organized by UNCTAD in Dar-es-Salam, Tanzania.

UNIDO will undertake a profiling of investment and business opportunities in Mekelle in June/July 2009.

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Given the special importance of farm-to-market linkages, the cooperation with the Millennium Villages Project is being strengthened, facilitated by creation of an enterprise development capacity within the framework of that project (see *Conceptual Paper* at http://www.earth.columbia.edu/mci/?page=news#June_2008_Update).

This cooperation focuses on three information tools:

1. Brief (a half a page or so) descriptions of specific investment opportunities in the clusters, for inclusion in KPMG's investment assessments, the Investors' Guides and UNIDO's database of investment projects.
2. Short (about two pages) descriptions of the same investment opportunities, for national and international dissemination along with the KPMG materials and the Guides, as well as on other occasions (e.g. the Millennium City Days).
3. Full-fledged business plans for the same investment opportunities, for targeted investment promotion and as input into specialized events like the shea butter event in Bamako on 26 June 2008, as well as trade fairs in e.g. the US. This work can be extended by preparing bankable projects ready to be presented to venture capital funds/investors. MCI has been advising Millennium Promise in attracting investors to a number of investment opportunities in the Millennium Villages.

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

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