

# **West Africa's Sustainable Development and United States Energy Security**

**-Briefing-**

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In the Spring 2003 issue of CBCF News, Representative William Jefferson, Chairman of the Congressional Black Caucus Foundation wrote:

*“Certainly, Africa remains in the early stages of democratic development, but further U.S. engagement would serve as a catalyst in supporting the development of democracy and improving governance in the region. Defining Africa as a continent of strategic interest to the U.S. is mutually beneficial to the U.S. and Africa. The tradeoff for Africa’s provision of reliable sources of petroleum and for its cooperation with U.S. military intelligence agencies in the war against terror would be greater U.S. investment in African information and transportation infrastructure. This, coupled with debt relief, will serve as a catalyst for jump-starting Africa’s economies as well as providing a substantial incentive to improve governance.”*

The principals and assumptions articulated by Congressman Jefferson have served to endow this text with its philosophical parameters. The goal is to provide a blueprint for the Congressional Black Caucus, the U.S. Congress and other interested parties to address the complex array of issues impacting on sustainable development for the oil-driven economies of West Africa. Whether ranging from the regional power that is Nigeria, or the tiny island state of Sao Tome & Principe, the countries of the oil-rich Gulf of Guinea face significant challenges on the path to good governance, prosperity and stability. Building on the twin pillars of AGOA and the AIDS Initiative, the United States can, through enlightened engagement and innovative policies, assist our friends and allies in West Africa to achieve their full economic and strategic potential in the spirit of a mutually beneficial partnership.

## **The Oil Syndrome:**

Although the United States cannot and ought not to impose external solutions on sovereign states to rectify adverse economic conditions, it can positively contribute to such situations by encouraging willing African governments, U.S. oil companies, lending institutions and NGO's to share in a strategic vision that uses oil wealth to fund education, health care, and other forms of economic development activity. As West Africa has gained in geopolitical status and leaders like Nigerian President Olusegun Obasanjo share the stage at World Summits like G-8, the emerging strategic relationship between the U.S. and West Africa provides a real opportunity for African energy producers to secure U.S. commitments for debt relief and multi-lateral trade agreements, even as the United States seeks to secure dependable and reliable supplies of oil and natural gas. This new geostrategic condition allows for an optimistic view that the major stakeholders in West Africa's sustainable development can integrate their competing interests for new and effective development models in the oil-producing states of sub-Saharan Africa.

## **Oil Trust Funds as Revenue Distribution Models:**

No "one size fits all" is the basic message. Despite well-intentioned critiques of the Chad project, as devised by the World Bank, the government of Chad, the supermajors, and with NGO input, the Chad oil-revenue distribution trust is the first of its kind and represents a new development paradigm. Its significance lies in the historic and unprecedented break with the long held norms that have given rise to "oil syndrome." The lessons of Chad, suggesting corrective adjustments and new revenue management techniques that can provide for the good of the general public will in time be incorporated into other oil trust models based on similar principles of transparency and accountability. These fundamental concepts and prerequisite

economic conditions such as property rights, frame the inquiry as to the type of oil trust fund that may be applicable to Sao Tome or even the Niger River Delta, with specific reference to the functionality of direct asset transfer programs.

**Local Content:**

The post-Cold War and 9/11 era marks a transition phase in the global order. Part of the change is manifested in new international trading patterns. The East-West pattern of the last fifty years was, in part, characterized by multi-billion dollar defense-driven “offsets” programs that delivered U.S. transfer of technology, job growth and increased manufacturing base to those nations purchasing American big-ticket items. How similar economic dividends can be directed to West Africa within the context of newly emerging North-South trade patterns (i.e. AGOA) is a vital component to the development of a US-West Africa strategic partnership. The recent emergence of “local content” as an instrument of indigenous economic growth and development, and the response of the key foreign economic players – such as the oil supermajors – will be crucial to a fruitful partnership between host countries and American producers. Such engagement can be facilitated and sustained through the activities of responsible and concerned bodies in the U.S. leading to local content initiatives at an institutional and structural level that would benefit African enterprise and enhance the standing of American firms and their long-term interests in the region.