



Weekly Special Report



Produced by the Public Affairs Section

INSIDE

U.S. Forces "Waging Peace" in Horn of Africa, Commander Says

By David Anthony Denny
Washington File Staff
Writer

Washington -- The commander of military forces in the Horn of Africa says his task is to promote stability on the African continent.

Marine Major General Timothy Ghormley, commander of Joint Task Force-Horn of Africa for the U.S. Central Command, briefed journalists at the Pentagon September 21 on what he and 1,400 joint U.S. forces are doing in an area five times as large as Iraq and Afghanistan combined, and with a total popula-

tion of 123 million.

U.S. forces are trying to prevent the creation of fertile breeding grounds



for potential terrorist networks. They are seeking "to improve the underlying conditions in Africa," Ghormley said. "Poverty, itself, doesn't bring about terrorism," he said, but

the prospect of a life of destitution with no hope of an alternative can drive people "to a more radical approach."

With a kind of war going on in Africa, Ghormley pointed to the importance of "waging peace, and we're waging it as hard as we can." Elaborating, he said warfare consists of various phases, "and we're in Phase Zero right now. ... That's pre-conflict." He added, "We'd love to keep it there."

To be specific, the area of operations for the

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Economic Growth Rate in Sub-Saharan Africa "Strong"

By Charles W. Corey
Washington File Staff
Writer

Washington -- The rate of economic growth in sub-Saharan Africa remains strong and can be expected to become even stronger in 2006, but food insecurity remains a "serious problem," the

director of the International Monetary Fund's African Department told reporters September 23.

Briefing the press during the annual IMF-World Bank meetings in Washington, Abdoulaye Bio Tchane said the region's economic growth rate in 2005 averages 4.6 per-

cent despite high oil prices, international cotton prices that remain low and the removal of textile quotas.

One-third of the region's oil-importing countries are expected to see growth in excess of 5 percent of gross domes-

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combined joint task force encompasses Comoros, Djibouti, Eritrea, Ethiopia, Kenya, Somalia, Sudan, Tanzania, Uganda and Yemen. Ghormley noted that there is no task force presence or operation in Somalia, but that the African Union "is handling what's going on" there.

The 38-year military veteran said his command mission is to undertake operations and training "to combat terrorism, and to establish a secure environment and regional stability." To meet that mission, he conducts civil-military operations and civil affairs operations, as well as providing training.

"You can't have any type of peace, you can't have any type of prosperity without security and stability, and that's our goal," he said.

Ghormley said his command is "not a direct action unit. I don't saddle up and go out and hunt down the enemy." However, his forces have the right to defend themselves, and are accompanied by force protection units on their missions, he said.

Instead, Ghormley's forces "seek out those in need," he said. He sends out civil affairs assessment teams which travel to villages and towns, meeting with the leadership they find there: the imam, the village elders, the mayor, and other leaders. They ask them what the village needs to enhance stability and to make life easier for the people.

"People want the same thing there as we want here," Ghormley said. "If you're a father or a mother, you want to be able to provide for your children. They're no different. If their child is hurting, they want to do something about it. We're trying to provide that."

His tools are medical doctors, veterinarians, well drillers and civil engineers, he said.



**Marine Major General
Timothy Ghormley**

The general gave several examples of his forces in operation:

In the town of Yoboki, Djibouti, Army soldiers drilled for five months, 195 meters down through volcanic rock, to reach water for a well for the 1,500 inhabitants. The people, he said, "have never had a well out there." Now they will, he said, and for at least the next 10 years.

In one particular village, where locals were reluctant to participate, U.S. forces provided veterinary services. One of those who

came forward brought a sick goat for treatment. Two months later, Ghormley said, the goat fetched \$80 for its owner, where before treatment its value had been \$30. "That \$30 was all that gentleman had, and I just gave him a significant increase in his profitability," he said.

In the town of Jijiga, Ethiopia, Ghormley said a doctor sought him out to thank him for refurbishing the hospital, which had had nothing done to it since its construction in 1945. "The people of Jijiga believe it's a miracle that the U.S. came in and fixed their hospital," he said.

Ghormley said he hopes the civil-military work his personnel carry out will highlight the fact that Africans have options in the face of overtures by potential terrorists. "Our message," he said, is that "we are there for them, and that we can, in fact, protect them."

For additional information, see Peace and Security (http://usinfo.state.gov/af/africa/peace_security.html).

(The Washington File is a product of the Bureau of International Information Programs, U.S. Department of State. Web site: <http://usinfo.state.gov>) ♦

Economic Growth Rate in Sub-Saharan Africa "Strong" . . .

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tic product (GDP), he said, calling such a development "really important" because it includes countries as diverse as Ethiopia, Mozambique and Sierra Leone.

"This resilient growth performance has been obviously helped by the pickup in activity in South Africa, where the growth rate has increased," he told reporters, "and in many other countries" as well.

Additionally, Bio Tchané said inflation remained under control in sub-Saharan Africa. "As you know, last year, for the first time in almost 25 years, inflation has dropped to a single digit," he said. "We are still at that level, and therefore the inflation is really broadly under control in most of the countries."

Bio Tchané called the region's prospects for economic growth in 2006 "very good," with growth likely to rebound to 5.3 percent from 4.6 percent.

The IMF official cautioned, however, that despite such good news, food insecurity remains a "serious problem" in many countries in Africa, particularly in West Africa, in the Sahel region, in Niger particularly, but also in countries like Chad, Mali, and recently, Cameroon, Zambia and Zimbabwe.

But despite the region's relatively strong performance in growth, he cautioned that the performance is "way insufficient" to meet the Millennium Development Goals, "which were agreed to at the United Nations in 2000. That, he stressed, is "really an important message we want to draw from this outlook."

ONGOING ECONOMIC REFORM "THE WAY FORWARD"

Looking to the future, Bio Tchané said "the way forward" for the region is to pursue the reforms that have helped the countries reach their current level of growth with low inflation.

"The way forward also is [to continue to promote] trade reform, particularly within the framework of the Doha Development Round discussions. We expect that by the end of this year, there will be a tangible result on that front," he predicted.

The Doha Development Round negotiations in the World Trade Organization (WTO) would, if successful, reduce and eliminate tariffs in key industry sectors and unfair agricultural subsidies, as well as open the global market in services. The negotiations, formally called the Doha Development Agenda, were launched in 2001. WTO member states will gather in Hong Kong in December for the organization's Sixth Ministerial Conference. (See related article (<http://usinfo.state.gov/xarchives/display.html?p=washfile-eng-lish&y=2005&m=March&x=20050307162019asesuark0.319729&t=xarchives/xarchitem.html>).)

Additionally, Bio Tchané called for the region to continue to create a more conducive environment for private sector development. "We hope that with that, the growth performance will remain sustained and maybe improve to reach the Millennium Development Goals.

Answering questions from report-

ers, Bio Tchané said the trade issues that are of greatest interest to sub-Saharan Africa are access and subsidies.

"We expect that during the next [Doha Development] round, the discussion will yield more ... on that," he said.

"You know that there is an important aspect on agriculture, and particularly on cotton, where the West African countries, the four West African countries, have put forward some proposals that have been discussed. We hope that during the next discussion, and hopefully before December, there will be a new momentum to reach some agreement on that."

Apart from that discussion, he added, there are other avenues of progress that need to be pursued. African countries must increase their trade with one another, he said, and in doing so "dismantle the barriers" that exist between them and streamline their trade protocols, which he called "quite cumbersome."

Added to that, he said, African countries must continue to improve their infrastructures.

Asked about subsidies, Bio Tchané said: "We believe that the African countries will benefit from the lifting of the subsidies. ... But on the other side," he cautioned, "the challenge is clearly there that they need to reform those agricultural sectors that are unable to seize the opportunities that will be created by the lifting of the subsidies."

Citing cotton as an example, he

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U.N. Meetings Advanced African Issues, State Official Says

By Kathryn McConnell
Washington File Staff Writer

New York -- Much progress on African issues was made during the United Nations 2005 World Summit September 14-16, says the U.S. assistant secretary of state for African affairs.

In a September 16 briefing with reporters at the State Department's Foreign Press Center in New York, Jendayi Frazer said President Bush's call during his September 14 address to the U.N. General Assembly for an end to agricultural subsidies and tariffs, an issue expected to be discussed when the World Trade Organization (WTO) meets in December, was particularly important to African interests.

Also important, she said, was Bush's call for the completion of a debt-cancellation plan with the International Monetary Fund (IMF) and for the World Bank to provide more grants to poor countries.

In his speech before the U.N. General Assembly, Bush reaffirmed the United States' commitment to the Monterrey Consensus, Frazer said. (See related article (<http://usinfo.state.gov/is/Archive/2005/Sep/14-441754.html>.)

That international agreement, reached in 2002, focuses on reducing poverty and fighting corruption -- major issues in Africa -- through partnerships between developed and developing nations.

Frazer said the United States was "pleased" that the General Assembly agreed to establish the Human Rights Council, the Democracy Fund and the Peace-Building Com-

mission, "all which will support our efforts in Africa." (See The United Nations at 60 (http://usinfo.state.gov/is/international_security/UNGA_2005.html.)

Frazer pointed to Secretary of State Condoleezza Rice's presence at many events -- including many bilateral meetings with leaders of African countries -- in the days surrounding the summit, as underscoring the U.S. commitment to helping Africa achieve prosperity.

Many of the meetings focused on democratization efforts -- promoting fair elections, good governance and open public policies, Frazer said.

One significant bilateral meeting resulted in the signing of an agreement to add Burundi to a group of African countries that includes Rwanda, Congo and Uganda that focuses on preventing conflicts, said Cindy Courville at the briefing. Courville is senior director for African Affairs at the National Security Council. (See related article (<http://usinfo.state.gov/is/Archive/2005/Sep/14-980500.html>.)

One sign of progress was to see countries who had before had "a rather contentious relationship now being able to have a very candid dialogue and being able to put the hard issues on the table and setting timelines and strategies," for resolving their differences, Courville said.

Regarding a new U.S. initiative to fight malaria in Africa, Frazer said that she expects the effort to be implemented in a manner similar to the U.S. approach to HIV/AIDS prevention and treatment, a process that involves local nongovernmental organizations in outreach and the training of local health care providers. The malaria initiative was announced September 14 by first lady Laura Bush and U.S. Agency for International Development Andrew Natsios. (See related article (<http://usinfo.state.gov/is/Archive/2005/Sep/15-380011.html>.)

Frazer, who most recently served as U.S. ambassador to South Africa, has experienced firsthand the U.S. AIDS emergency program process, she said.

She said the United States will continue to push for reforms within the WTO, including opening markets to all countries for their products.

During questioning, Frazer said the United States welcomes China's involvement in Africa. "We need to acknowledge that China has had a long history of engagement with African countries," Courville said.

Frazer said the United States also supports the expansion of the U.N. Security Council.

A transcript (<http://fpc.state.gov/fpc/53628.htm>) of the briefing is available on the State Department Web site. ♦



Jendayi Frazer

Bush Congratulates Sudan on New National Unity Government

President Bush September 21 congratulated the leaders and people of Sudan on the opening of their new National Assembly and the appointment of the Government of National Unity's cabinet members, according to a White House statement.

The statement called the developments "important milestones in the continuing implementation of the historic Comprehensive Peace Agreement signed at the beginning of this year."

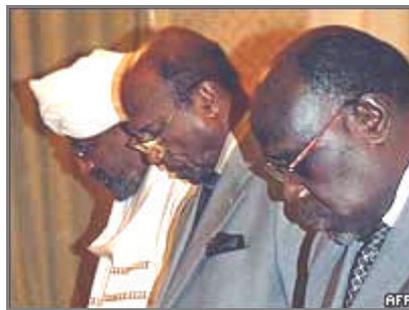
The peace agreement, signed January 9 in Nairobi, Kenya, at a ceremony attended by then U.S. Secretary of State Colin Powell, officially marked the end of a bloody 22-year war that claimed over 2 million lives. The conflict over resources and religion also displaced more than 2.5 million people in Sudan who have been living either as refugees scattered all over the world or as internally displaced persons. (See related article (<http://usinfo.state.gov/af/Archive/2005/Jan/10-900285.html>).

The White House statement also called on Sudan to "take those steps necessary to stop all forms of violence in Darfur, support humanitarian and African Union operations, and achieve a political settlement for Darfur through the peace talks in Abuja."

The U.S. Department of State also issued a statement September 22, congratulating the people of Sudan.

According to the United Nations, the crisis in the western Sudanese region of Darfur is currently the worst humanitarian and human

rights catastrophe in the world. The United Nations has estimated that, out of a pre-conflict population in Darfur of 6.5 million, approximately 1 million people have been internally displaced within Sudan and more than 110,000 people have fled across the border into neighboring Chad as a result of this conflict.



Sudan's first post-war national unity government has been sworn in, as part of a deal signed with former southern rebels to end 21 years of war

In 2004, the U.S. Agency for International Development (USAID) contributed over \$50 million in humanitarian assistance to Western Sudan and USAID Administrator Andrew S. Natsios announced at a Sudan Donors Conference that the U.S. government was pledging an additional \$188.5 million for Darfur through the end of 2005. This amount, according to a USAID fact sheet, will bring the total U.S. contribution for Darfur since February 2003 to nearly \$300 million.

For additional information, see Darfur Humanitarian Emergency (<http://usinfo.state.gov/af/africa/darfur.html>).

Following is the text of the White House statement, followed by the State Department statement:

(begin text)

THE WHITE HOUSE
Office of the Press Secretary
September 21, 2005

STATEMENT BY THE PRESS SECRETARY

Today, the President congratulated the leaders and people of the Republic of Sudan on the opening of their new National Assembly on August 31 and the appointment of the Government of National Unity's cabinet members on September 20.

These are important milestones in the continuing implementation of the historic Comprehensive Peace Agreement signed at the beginning of this year. All Sudanese can be proud of this significant progress, because it demonstrates the parties' continued commitment to a common vision of a unified, democratic, prosperous, and peaceful Sudan.

The United States remains firmly committed to the cause of peace in all of Sudan. We call on Sudan's National Assembly and its newly appointed leaders to maintain the momentum toward peace throughout the country, recognizing it as an inclusive process that encompasses the south, the east, and Darfur. Sudan must take those steps necessary to stop all forms of violence in Darfur, support humanitarian and African Union operations, and achieve a political settlement for Darfur through the peace talks in Abuja. Only then can Sudan truly begin to realize its great human and economic potential and demonstrate to its

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Bush Congratulates Sudan . . .

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people and the international community that it is genuinely committed to charting a new course.

(End White House text)

(Begin State Department text)

U.S. DEPARTMENT OF STATE
Office of the Spokesman
September 22, 2005

Statement by Sean McCormack,
Spokesman

Sudan: Appointment of Cabinet
and Opening of the National Assembly

We congratulate the Sudanese government and people on the formation of the Government of National Unity. These historic steps of appointment of cabinet ministers and creation of the national

legislature are important milestones in the implementation of the Comprehensive Peace Agreement. As such, they carry forward the legacy of the late Dr. John Garang, who devoted his life to building a fair peace for all the people of Sudan.

We urge the parties to maintain this momentum through rapid actions to implement other key elements of the CPA, including establishment of the Assessment and Evaluation Commission to monitor the peace process. We look to the northern and southern parties in the Government of National Unity to work together to address the interests and concerns of all Sudanese.

The United States will work closely with the Government of National Unity to support implementation of the CPA in order to

foster a peaceful, prosperous, and unified Sudan.

This goal can only be achieved if the crisis in Darfur is resolved. We are gravely concerned by reports of another upsurge of violence. The parties must end violence and cooperate closely with the African Union, which has our unequivocal support. We urge the parties to make rapid progress in the Darfur talks. Momentum in implementation of the CPA provides a positive context for this - an historic opportunity that must not be lost.

(end text)

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Economic Growth Rate in Sub-Saharan Africa "Strong" . . .

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said: "If you take the cotton sector in Africa, particularly in West Africa, the yield is almost one ton per hectare, whereas in other countries -- particularly in Asia and in Latin America -- you have countries producing already 10 tons per hectare. So, obviously, if you lift the subsidies today, the countries that will benefit from that will first be the other countries."

For that reason, he said, the IMF is advising African countries to continue their battle on lifting the subsidies, but at the same time work to increase the efficiency of

their agricultural sector.

Addressing his comments to the Africans, he said, "You need to reform the sector, you need to improve the way you work, and you need to modernize your agricultural sector."

(The Washington File is a product of the Bureau of International Information Programs, U.S. Department of State. Web site: <http://usinfo.state.gov>) ♦

More than \$700 Million Stolen by Dictator Returned to Nigeria

By Charles W. Corey
Washington File Staff Writer

Washington — More than \$700 million stolen by the late dictator Sani Abacha has been returned to the people of Nigeria, sending a signal worldwide that there is “no safe harbor for stolen funds,” World Bank President Paul Wolfowitz said September 27.

The World Bank president announced the action at a press conference at World Bank headquarters in Washington. He was joined by Nigerian Finance Minister Ngozi Okonjo-Iweala and Swiss Secretary of State in the Ministry of Economic Affairs Jean-Daniel Gerber.

Wolfowitz said the return of the stolen funds, from Swiss financial institutions, represents one of the first such cases of international cooperation and may set an important precedent. “Corruption is not just the problem of developing countries,” he told reporters. “The developed countries have a responsibility, too, and part of that responsibility is to make it as hard as possible for corrupt governments to hide the money that they steal and to help in its return.”

Okonjo-Iweala said the current Nigerian government has been very committed to fighting corrup-

tion and has made it clear that its focus on transparency, good governance and fighting corruption is real. “We are grateful that the Swiss government has set an example for others,” he said.

In separate remarks, Gerber said the Swiss government has a fundamental interest in ensuring that it does not receive illicitly acquired assets. The country’s banking secrecy laws, he explained, do not apply to assets of criminal origin.

“Repatriating illegally acquired funds is an important tool in the fight against corruption. ... It also is a significant potential source for development financing,” he said.

Okonjo-Iweala pledged that the returned funds would be put directly into poverty-reduction programs. “We want to assure the public that money we’re getting back is put to use in poverty reduction and work creation programs, to support health, education, agriculture, roads, water, everything that has to do with improving the lives of the Nigerian people,” he said.

The World Bank is helping the Nigerian government through a Public Expenditure Management and Financial Accountability Review (PEMFAR) to ensure that additional



The late General Sani Abacha

budget resources, including these and other repatriated funds, are channeled to support the key sectors listed by the finance minister. The Swiss government is providing support for the review with a grant.

The late General Abacha, who died in office, served as Nigerian head of state from 1993 to 1998.

(The Washington File is a product of the Bureau of International Information Programs, U.S. Department of State. Web site: <http://usinfo.state.gov>) ♦

United States Will Not Abandon Ordinary Zimbabweans to "Tyranny"

By Jim Fisher-Thompson
Washington File Staff Writer

Washington – Even though President Robert Mugabe's unraveling of democracy in Zimbabwe is drawing U.S. sanctions, "ordinary" citizens -- victims of his wrecking the national economy -- will continue to be supported by the United States regardless of politics, pledged Deputy Assistant Secretary of State for African Affairs Tom Woods.

Woods made his comments at a September 20 policy discussion on the growing political and economic crisis in Zimbabwe, sponsored by the Center for Strategic and International Studies (CSIS) in Washington.

He began by quoting Secretary of State Condoleezza Rice, who recently called Mugabe's Zimbabwe "an outpost of tyranny." He said Mugabe's ruling party, the Zimbabwe African National Union - Patriotic Front (ZANU-PF), "would lose a free and fair election, we all know that."

How could it be otherwise, he asked, with 70 percent unemployment and inflation of over 250 percent? Unfortunately for the people of Zimbabwe, he said, "the economic free fall won't stop until democratic change occurs."

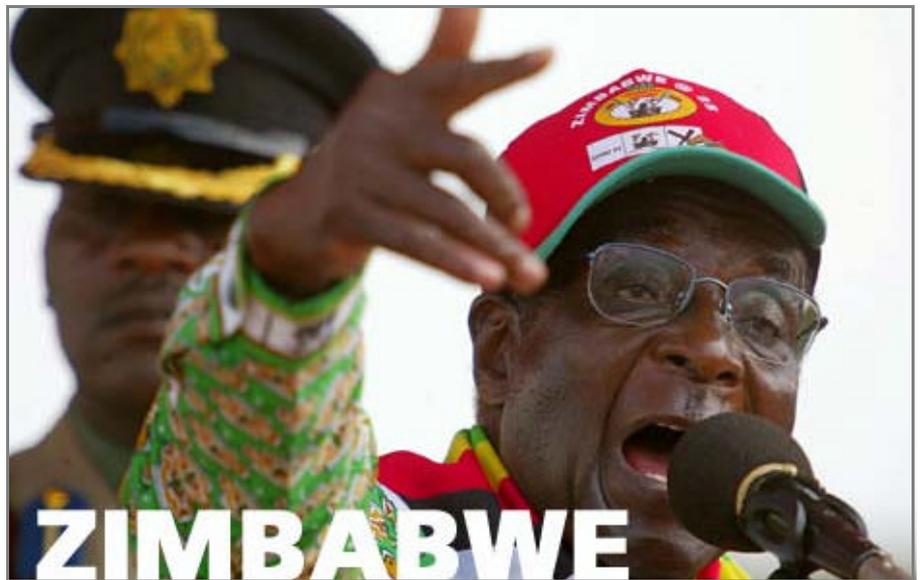
Woods said, "ZANU-PF leaders must pay a personal price for wrecking democracy in Zimbabwe." He added that the U.S. State Department is looking at expanding already existing visa sanctions against Mugabe's regime. "We will [also] work with

like-minded governments around the world to keep Mugabe isolated and under pressure," the official said.

"Although isolating Mugabe and his regime is a key goal," Woods said, he hastened to add that "ordinary Zimbabweans must not be caught in the crossfire. So we

million on food assistance for Zimbabwe, feeding a country that used to feed itself and the region.

"What a terrible waste of resources, but we'll continue to do it because we don't play politics with food and we don't play politics with our HIV/AIDS assistance," he said.



President Robert Mugabe

will maintain and if necessary expand programs to address HIV/AIDS and food insecurity," the latter caused in large part by Mugabe's policy of land seizures that have crippled Zimbabwe's agricultural infrastructure.

UNITED STATES CONTINUES TO PROVIDE HUMANITARIAN AID

Working with the United Nations, Woods said, "we've made generous pledges to support WFP [World Food Program] programs in Zimbabwe. And since 2002 alone, the United States has spent \$300

More recently, Woods told his CSIS audience, "we responded to [Mugabe's] 'Operation Restore Order' by pledging more than \$2 million to support relief for IDPs [internally displaced persons]. We'll see what more we can do."

Operation Restore Order was a Mugabe program begun last April that forced 250,000 residents in Harare and other cities from their homes, which were then destroyed by the government. Human-rights

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Too Few Countries Blocking Terrorist Assets, Treasury Aide Says

By Bruce Odessey
Washington File Staff Writer

Washington -- Too few countries have blocked assets of non-al Qaeda terrorists and terrorist groups as required by United Nations resolutions, a U.S. Treasury Department official says.

Daniel Glaser, acting assistant secretary of the Treasury, urged countries to implement the U.N. resolutions for targeted financial sanctions "with the bold effect they were meant to have on terrorist support networks."

Glaser spoke September 23 in Washington at a session on the margins of International Monetary Fund (IMF) and World Bank annual meetings.

Implementing only the U.N. resolution for blocking assets of al Qaeda-related entities is inadequate when so many other terrorist groups are at work, he said.

"Entire regions of the world ... do not even attempt to implement this U.N. requirement," Glaser said.

Targeted financial sanctions should aim not only at fighting terrorism but also at dismantling the financial networks that support

proliferation of weapons of mass destruction (WMD), he said.

The United States has designated not only terrorist entities but also entities associated with WMD proliferation, he said, freezing their assets in the United States and prohibiting U.S. persons from doing business with the designated people and groups.



Glaser reminded the audience that the IMF and World Bank have agreed to assess countries' compliance with international standards against money laundering and terrorist finance.

The effectiveness of financial sanctions multiplies as more countries implement sanctions, disrupting the activities of terrorist groups while exposing important financial intelligence for investigators, he

said.

"In the end, our efforts can save lives and constitute a vital contribution to the international effort to combat terrorists and other groups that prey on our society," Glaser said. "The time for aggressive action is now."

The full text (<http://www.treas.gov/press/releases/js2941.htm>) of Glaser's prepared remarks is available on Treasury's Web site. A related press release (<http://www.imf.org/external/np/sec/pr/2005/pr05213.htm>) can be accessed at the IMF Web site.

For additional information, see Terrorist Financing (http://usinfo.state.gov/ei/economic_issues/terrorist_financing.html).

(The Washington File is a product of the Bureau of International Information Programs, U.S. Department of State. Web site: <http://usinfo.state.gov>) ♦

President Bush Cites Progress in Pursuit of Terrorists

By Jacquelyn S. Porth
Washington File Security Affairs
Writer

Washington -- President Bush emerged from a September 22 briefing by his key commanders to tell the world that coalition forces have made progress in bringing terrorists to justice.

Speaking from a Pentagon podium and flanked by Vice President Cheney, Defense Secretary Donald Rumsfeld, Secretary of State Condoleezza Rice and Joint Chiefs of Staff Chairman Richard Myers -- Bush said the coalition is making progress in the global war against terrorism. He said winning that war will take time just as tri-umphing over communism took time.

The president said the United States and allied forces have been successful in capturing terrorists and perpetrators of violence, who have a dark vision of establishing oppressive Taliban-type governments around the world.

As an example of counterterrorism success, Bush cited the September 21 coalition capture of Abdul Ghafur Yahiyah Abdullah al-Abdullah, who is alleged to have transported al-Qaida-affiliated terrorist Abu Musab al-Zarqawi around Iraq.

While some al-Qaida leaders are still at large, others are increas-

ingly isolated, Bush said, as additional democratic milestones are achieved in countries such as Afghanistan and Iraq.

The spread of democracy, he said, is the terrorists' worst nightmare. (See Democratic Afghanistan (<http://usinfo.state.gov/sa/>



President Bush makes a statement on the war on terror, Thursday, Sept. 22, 2005, after a briefing at the Pentagon. Left to right behind Bush Vice President Dick Cheney, Secretary of Defense Donald H. Rumsfeld, Secretary of State Condoleezza Rice. (AP Photo/Ron Edmonds)

[south_asia/rebuilding_afghanistan/democratic_afghanistan.html](http://usinfo.state.gov/sa/south_asia/rebuilding_afghanistan/democratic_afghanistan.html)) and Iraq's Political Process (http://usinfo.state.gov/mena/middle_east_north_africa/iraq/political_process.html.)

In both countries, Bush said, there has been a history of escalating violence by terrorists seeking to derail democratic efforts just as political milestones neared.

"As we work to help defeat the enemies of a democratic Afghanistan, we're also working to defeat

the enemies of a democratic Iraq," he said.

In Iraq, for example, the president said coalition forces are working to deny "high-value" terrorists any safe haven from which to plot attacks, and they are now limited to operating in only four of Iraq's 18 provinces. The number of attacks has risen in Iraq in recent weeks, Bush said, as the terrorists have stepped up "their campaign to stop a referendum on the constitution."

But Iraqi security forces, recently trained by the coalition, increasingly are taking the lead in joint counterterror operations, the president said. The ever more capable Iraqi security forces are allowing the coalition to hold onto Iraqi cities once they are cleared of terrorist insurgents, Bush said. By stationing Iraqi units in the cities where the terrorists recently have been wiped out, he said "we can keep the cities safe while we move on to hunt down the terrorists in other parts of the country."

Iraqi and coalition forces also are conducting aggressive operations to halt the influx of foreign terrorists from Syria, especially in the Anbar Province in western Iraq. It takes time to secure a border as extensive as that between Syria and Iraq, Bush said. The United States is looking to Syria to help

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President Bush Cites Progress . . .

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secure the border and halt the transit of suicide bombers, the president said, while noting that Syria's response has not been satisfactory so far. (See related article (<http://usinfo.state.gov/mena/Archive/2005/Sep/22-794793.html>).

Terrorists are testing the will of the United States to stay the course in Iraq, Bush said.

"If we fail that test, the consequences for the safety and security of the American people would be enormous," he said. Withdrawing from Iraq now, the president said, "would allow the terrorists to claim a historic victory over the United States" thereby emboldening al-Qaida leaders and their associates "to dominate the Middle East and launch more attacks on America and other free nations." Withdrawal only would make the world more dangerous, he added.

"The battle lines are drawn," Bush said, "and there is no middle ground." He went on to say: "Either we defeat the terrorists and help the Iraqis build a working democracy, or the terrorists will impose their dark ideology on the Iraqi people and make that country a source of terror and instability" for decades to come. (See Iraq Update (<http://usinfo.state.gov/mena/>

[middle_east_north_africa/iraq.html](http://usinfo.state.gov/mena/middle_east_north_africa/iraq.html)).

For more information about U.S. counterterrorism policy, see Response to Terrorism (http://usinfo.state.gov/is/international_security/terrorism.html).

UNITED STATES RESPONDING TO HURRICANES KATRINA, RITA

As the commander-in-chief reviewed the battle lines in the war against terrorism, he continued to focus on the Category 4 hurricane churning through the Gulf of Mexico. Bush said officials at all levels of the federal government are expecting the worst from Hurricane Rita, expected to hit the Texas coastline September 24. Bush said the military has pre-positioned troops who are ready to help local, state and federal workers "respond swiftly and effectively."

There already are 50,000 U.S. military forces in the Gulf Coast region helping the recovery effort in the wake of Hurricane Katrina, the August 29 storm that devastated coastal communities in a three-state area and caused enormous flooding in New Orleans and its surrounding communities in recent weeks. For more information on the storm and its aftermath, see Hurricane Katrina (http://usinfo.state.gov/gi/global_issues/hurricane_katrina.html).

Asked about the government's ability to pay for multiple hurricane relief efforts, Bush said the first step is to complete the ongoing assessment of what it will cost to remove debris, repair sewage treatment facilities and rebuild roads, bridges and schools in damaged areas of Alabama, Louisiana and Mississippi. Officials are taking inventory as they try to determine the size and scope of the federal bill, the president said.

But, as the United States copes with two killer hurricanes, Bush said, "our focus on defending the country remains undiminished."

The transcript (<http://www.whitehouse.gov/news/releases/2005/09/20050922.html>) of the president's remarks is available on the White House Web site.

(The Washington File is a product of the Bureau of International Information Programs, U.S. Department of State. Web site: <http://usinfo.state.gov>) ♦

G8 Finance Ministers Agree to Proposal for Debt Relief

Finance ministers of the Group of Eight (G8) countries have agreed to support debt cancellation for the world's 81 poorest countries by providing additional development money for efforts to reach the goals of the Millennium Declaration endorsed by the United Nations in 2000.

In a September 23 letter to World Bank President Paul Wolfowitz, the ministers said their countries would make available funds to cover the full cost of the 14th re-



Paul Wolfowitz
World Bank President

plenishment of the bank's International Development Association's resources (IDA14).

The letter was sent just prior to the annual meetings of the World Bank and International Monetary Fund (IMF) September 24-25 in Washington.

Under IDA 14, donor countries declared that a renewed focus on stronger, broad-based economic growth is essential to enabling poor countries to reach the ambitious goals of progress and human welfare embodied in the Millennium Development Goals.

The debt-cancellation proposal

was reaffirmed by G8 heads of state and government at their July summit in Gleneagles, Scotland. The G8 comprises Canada, France, Germany, Italy, Japan, the United Kingdom, the United States and Russia. (See related article (<http://usinfo.state.gov/ei/Archive/2005/Jul/08-755907.html>).

IDA is the concessional lending arm of the World Bank. Concessional loans are loans that are subsidized so that the borrowing terms are more favorable and less costly than commercial loans.

Following is the Treasury press release and the text of the letter:

(begin text)

U.S. Department of the Treasury
Press Room
September 23, 2005

Letter to World Bank President
from G8 Finance Ministers

G8 Finance Ministers have agreed a proposal to complete the process of debt relief for Heavily Indebted Poor Countries by providing additional development resources which will provide significant support for countries' efforts to reach the goals of the Millennium Declaration (MDGs). This proposal was reaffirmed by G8 Heads of State and Government at Gleneagles.

REPORTS

Letter to the President of the World Bank from the G8 Finance Ministers on the G8 Debt Proposal, Washington, 23 September 2005

Dear President Wolfowitz,

G8 Finance Ministers have agreed

a proposal to complete the process of debt relief for Heavily Indebted Poor Countries by providing additional development resources which will provide significant support for countries' efforts to reach the goals of the Millennium Declaration (MDGs). This proposal was reaffirmed by G8 Heads of State and Government at Gleneagles.

We believe that this proposal will bring major benefits to IDA's membership; that it will preserve and enhance the Bank's key role in supporting low-income countries; and that it will ensure that substantial additional resources are allocated on the basis of need, governance and the ability to use them effectively for poverty reduction and growth.

The key element of the proposal is that debt relief will be fully financed to ensure that the financing capacity of International Financial Institutions is not reduced. For this reason, in IDA and the AfDF, the G8 has committed, based on agreed burden shares, to cover the full cost to offset dollar for dollar the forgone principal and interest repayments of the debt cancelled for the duration of the cancelled loans. This letter reaffirms and sets out the detail of our commitment.

We will make available immediately additional funds to cover the full cost during the IDA 14 period and these funds will be fully additional to the resources already agreed during the IDA 14 replenishment. For the period after IDA 14, we are committed to cover the full costs for the duration of the cancelled loans and we will make contributions additional to regular

(Continued on page 13)

G8 Finance Ministers Agree to Proposal . . .

(Continued from page 12)

replenishments of IDA. The G8 has committed, as a whole, to the contribution it made under IDA 13 (70.19%).

In order to create transparency and accountability, we ask that in future replenishment rounds that the costs of the debt relief initiative and the associated donor contributions be reported separately.

We will each implement these commitments expeditiously in line with our individual budgetary and Parliamentary procedures. Indeed, since our meeting in June, and the meeting of G8 Heads of State and Government at Gleneagles, a number of us have been able to make progress:

-- The U.S. Administration has provided clear support for a Congressional Bill that would approve the debt relief initiative and to authorize "such sums as may be necessary for payment" for the full duration of the cancelled loans.

-- Japan reaffirmed its commitment to cover its share of the costs of the proposal and to exercise its best efforts to obtain necessary Diet approvals on the occasion of the regular replenishments to fulfill its commitment.

-- Canada has already made an allocation to cover its share of total costs over the next five years and is currently seeking Parliamentary approval to disburse these funds. The Canadian Government will seek Parliamentary approval to disburse funds over the life of the agreement following its normal budgetary conventions.

-- Germany confirms its commit-

ments undertaken at Gleneagles. In particular, Germany remains committed to offset dollar for dollar, based on agreed burden shares, the foregone principal and interest payments of the IDA debt cancelled, subject to decisions to be taken by the new German Government and Parliament.

-- The UK is committed to cover its share of the costs for the full duration of the cancelled loans. It had already budgeted to pay its share of the debt service costs of these countries until 2015, and it will make a firm financial commitment to cover its share of the full cost to IDA for the next ten years through a formal Parliamentary process.

-- France is committed to cover its share of the costs for the full duration of the cancelled loans. It will seek in 2005 Parliamentary appropriations for commitment for the financial compensation of the lost reflows covering the period to 2015.

-- Italy is committed to bring forward legislation that will authorize payments of its share of the cost for the full duration of the cancelled loans.

-- The Russian Federation confirms its commitment to cover its share of the cost for the full duration of the cancelled loans. Necessary steps will be taken by the Government to ensure the budget appropriations will be made in a timely manner.

In addition, we reaffirm our commitment to the long-term role of IDA in the international development architecture and in financing development. In doing so we rec-

ognize that IDA will utilize a contribution baseline of the real value of donor contributions under IDA 14 as a means of assessing additionality. We also note that funding for IDA will continue to depend on donors' conviction of IDA's effectiveness in delivering development assistance; IDA reflows; and the performance, financing needs, and absorptive capacity of poor countries.

On the basis of our commitments, and the actions we have taken and will take, we firmly believe that this initiative will strengthen the financial capacity of IDA. We strongly believe that this initiative represents a historic opportunity and we hope it will be seized by the whole membership at the Annual Meetings.

(Signatures)

Gordon Brown, Chancellor of the Exchequer, United Kingdom
John Snow, Secretary to the Treasury, United States of America
Ralph Goodale, Minister of Finance, Canada

Thierry Breton, Minister for the Economy, Finance and Industry, France

Caio Koch-Weser, State Secretary, Ministry of Finance, Germany
Giulio Tremonti, Minister of Economy and Finance, Italy
Sadakazu Tanigaki, Minister of Finance, Japan
Alexei Kudrin, Finance Minister, Russia

(end text)

(Distributed by the Bureau of International Information Programs, U.S. Department of State. Web site: <http://usinfo.state.gov>) ♦

Treasury Secretary Snow Calls for More Adaptive IMF, World Bank

By Andrzej Zwaniecki
Washington File Staff Writer

Washington -- The International Monetary Fund (IMF) needs to do more to preserve its relevance in the global economy and adapt effectively to the challenges of an evolving international monetary system, U.S. Treasury Secretary John Snow says.

In his September 24 statements at the IMF and World Bank annual meetings in Washington, Snow said the fund must refocus on its core missions of promoting international financial stability and balance-of-payments adjustment.

He called for a plan to make the IMF governance structure better reflect the growing weight of emerging markets and monetary union in Europe. The Bush administration has urged a voluntary transfer of quota shares to fast-growing economies such as South Korea and Mexico from those countries whose current voting rights exaggerate their relative role in the global economy.

The Bush administration also has supported a proposal to consolidate representation of countries of the European monetary union on the executive board.

The distribution of voting rights among IMF member states is based on a system of quotas. Each member country is assigned a quota, broadly based on the size of its economy relative to that of other members. A member's quota determines its maximum financial

commitment to the IMF and its voting power.

On another issue, Snow said that firm surveillance of exchange rates and related macroeconomic policies is the "cornerstone" of the fund's crisis prevention function. He said the IMF needs to show "significantly greater" ambition in its surveillance of exchange rates.

"It must not shy away from tough judgments," he said.

A day earlier, Treasury Under Secretary Timothy Adams criticized the fund for relegating issues related to currency exchange policies to the margins of the fund's country reviews. He said that special consultations regarding such policies were held only twice in the fund's history. (See related article (<http://usinfo.state.gov/xarchives/display.html?p=washfile-english&y=2005&m=September&x=20050923140228SAik-ceinawz0.7214777&t=ei/ei-latest.html>).

In addition, Snow said that a clear distinction must be made be-

tween the roles of the IMF and the World Bank in poor countries.

He said the bank should adapt its programs to its core mission of reducing poverty through economic growth led by the private sector. For example, it needs to find an appropriate role in middle-income countries that no longer need the bank's financing, he said.

Private economists, including former World Bank officials, and non-governmental organizations have criticized the bank for making loans to China. They have argued that money should go to needy nations rather than to a country that enjoys record private investment from overseas.

In a separate development, a prominent banker has called on lenders and investors to use "cautious" risk management in emerging markets, which are expected to register a record influx of net private capital of \$345 billion in 2005.

William Rhodes, vice chairman of Citigroup and the Institute of International Finance (IIF), warned that lenders' and investors' search for extra yields in riskier places combined with inadequate reforms in emerging markets can lead some of these markets to a financial crisis. He said that the Asian financial crisis in 1997 happened a year af-



U.S. Treasury Secretary
John Snow

(Continued on page 18)

World Now Has Broader View of Development, U.N. Official Says

By Kathryn McConnell
Washington File Staff Writer

Washington -- The world now has a clearer "multi-dimensional view of development" than during the post-World War II period when concentrated international development efforts were established, says the head of the United Nations Development Programme (UNDP).

The world sees that "deployment of resources itself will not solve the problem" of poverty, Kemal Dervis, UNDP administrator, told a September 26 World Bank conference on the effectiveness of aid for human and social development.

The conference at the World Bank's Washington headquarters followed the annual meetings of the bank and the International Monetary Fund (IMF).

Dervis said the Millennium Development Goals (MDGs) -- which followed from the Millennium Declaration endorsed at the United Nations in 2000 -- have provided a successful framework for measuring success of current development efforts.

The MDGs have been a "tremendous outreach effort" and have "energized" the world on giving attention to development is-

sues, he said. (See the August State Department publication, International Development Goals Moving Forward (<http://usinfo.state.gov/journals/ites/0805/ijee/ijee0805.htm>).)

SHIFT IN FOCUS OF GLOBAL DEVELOPMENT GOALS

Dervis summarized global development efforts since the late 1940s.

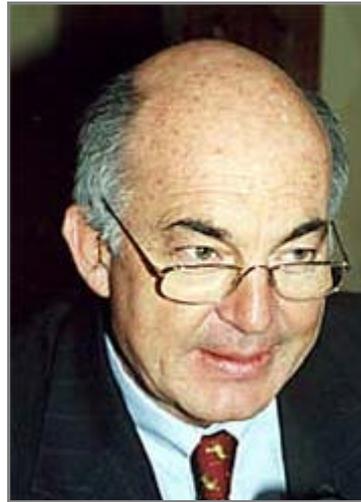
Initially, he said, the focus was on helping countries accumulate capital and on investing in rebuilding infrastructure. That emphasis led to an

"excessive" focus on increasing national economies' income goals and less on peoples' well-being.

He said that a new emphasis in development focuses on national efforts to achieve political and social freedoms.

In coming years, the international community will need to invest more in developing effective institutions and in helping generate a concept of private sector ownership of development, Dervis added.

Donors' understanding of local cultures and traditions is also important in development efforts, he said.



Kemal Dervis

Finally, Dervis said, the donor community should work to harmonize the procedures aid recipients must follow in order to receive assistance.

Dervis pointed to two new documents from the World Bank: one outlining World Bank support for community-based development and another entitled Evaluating the World

Bank's Assistance (<http://www.worldbank.org/oed/aids/>). The former will be available soon on the World Bank Web site (<http://www.worldbank.org/>).

(The Washington File is a product of the Bureau of International Information Programs, U.S. Department of State. Web site: <http://usinfo.state.gov>) ♦

USAID Supporting Microenterprise Development, Official Says

By Kathryn McConnell
Washington File Staff Writer

Washington -- The United States continues to expand its comprehensive package of assistance to support the development of microenterprises (small, locally owned businesses with up to 10 employees) in poor countries, says a top official with the U.S. Agency for International Development (USAID).

Testifying September 20 to a House of Representatives International Relations subcommittee, James Smith said USAID's budget for microenterprise development has grown from \$180 million in fiscal year 2004 to a projected more than \$200 million for fiscal year 2005. The aid is helping more than 3.85 million entrepreneurs and households worldwide, he said.

Smith is USAID's acting assistant administrator for economic growth, agriculture and trade.

In addition, Smith said, USAID received the top rating in a peer review of 17 donors for its effectiveness in carrying out microfinance activities.

The review was done by the Consultative Group to Assist the Poor, a 28-donor partnership

that develops standards and promotes best practices in microfinance, Smith said.

He said the Microenterprise Results and Accountability Act of 2004 (<http://www.house.gov/chrissmith/laws/HR3818.htm>) (P.L. 108-484), which took effect in December 2004, authorized the development of a microenterprise aid package based on training, technical assistance and capacity building, and research to expand the availability of credit, savings and business development services. The law also authorized programs aimed at improving policy and regulatory environments for microenterprises, he said.

Particularly in developing countries, Smith said, increased access by poor households to diverse financial services -- including credit, savings and remittance and payment services -- is "powerfully associated with growth overall," Smith added.

In carrying out its microenterprise development work, USAID engages with a broad range of partners including international nonprofit groups, local nongovernmental organizations, business and trade associations, credit unions and cooperatives, consulting firms, governments, finance companies, non-bank financial institutions and research and education institutions, he said.



A farmer from Mozambique shows off her cashew crop. (USAID)



Rural markets provide income to family operated microenterprises (USAID)

USAID is also focusing on helping to link more and more micro and small enterprises into productive markets -- global and domestic -- on a sustained basis, the official said. "Small firms benefit from participation in a global economy in certain situations and under certain conditions," he said.



Alpha Diene, T-shirt Entrepreneur teaches silkscreen techniques and business development. (USAID)

USAID is planning a major microenterprise learning conference to be held in January 2006.

The full text (<http://www.usaid.gov/press/speeches/2005/ty050920.html>) of Smith's testimony is available on the USAID Web site. ♦

World at "Important Moment" in Ending Poverty, Wolfowitz Says

By Kathryn McConnell
Washington File Staff Writer

Washington -- The world is at a "very important moment" in the fight to eradicate poverty and create opportunity for poor people around the globe, says World Bank President Paul Wolfowitz.

Briefing reporters September 22 in advance of the annual meetings of the World Bank and the International Monetary Fund (IMF), Wolfowitz said developing countries have made some "impressive" commitments to their own development by embracing improved governance and economic performance and accountability policies.

The annual meetings take place September 24-25 in Washington.

Wolfowitz said rich countries also have pledged to deliver more aid. He cited promises made at the Group of Eight (G8) Summit in July in Gleneagles, Scotland. (See related article (<http://usinfo.state.gov/ei/Archive/2005/Jul/08-406141.html>).

The G8 comprises the United States, Canada, France, Germany, Italy, Japan, Russia and the United Kingdom.

The pledge for additional aid was reiterated at the September 14-16 World Summit -- also known as the high-level plenary meeting at the start of the 60th session of the United Nations General Assembly -- which was attended by the largest-ever group of heads of state and government. (See The United Nations at 60 (http://usinfo.state.gov/is/international_security/UNGA_2005.html).

Wolfowitz said those commitments must be translated into real results, beginning with measuring and evaluating current aid efforts.



Poverty in Africa has increased in the past five years

He said that the Millennium Development Goals (MDGs) "make an important contribution" to evaluations by providing a set of benchmarks of accountability. The international MDGs, agreed to at the United Nations in 2000, include calls for reducing poverty and hunger by half, and increasing universal basic education and gender equality by 2015.

The United States has several programs designed to help fulfill the international development goals, particularly those administered by the United States Agency for International Development (USAID) and the Millennium Challenge Corporation.

The World Bank chief said one area that needs special focus is sub-Saharan Africa, which has "fallen behind in an era when other parts of the developing world have been making stunning progress."

He said the joint World Bank-IMF Development Committee has developed a new Africa Action Plan to use development resources in the region as effectively as possible over the next three years.

Wolfowitz said topics to be discussed during the annual meetings will include debt relief, trade, aid, health, education, infrastructure, agriculture and women's empowerment.

For information on U.S. development assistance, see the August State Department publication International Development Goals Moving Forward (<http://usinfo.state.gov/journals/ites/0805/ijee/ijee0805.htm>).

Wolfowitz's statement (<http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:20656903~pagePK:64257043~piPK:437376~theSitePK:4607,00.html>) is available on the World Bank Web site.

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Treasury Secretary Snow Calls for More Adaptive IMF . . .

(Continued from page 14)

ter net private capital flows to emerging markets set the previous record of \$323 billion.

"I am not predicting that [this happens again]; I am just saying that when we talk about the need to be cautious, we very much keep that in mind," he said. "Confidence can erode rapidly and easily."

The IIF represent more than 320 banks in more than 60 countries.

The full texts of Snow's September 24 statements to the plenary session (<http://www.treas.gov/press/releases/js2946.htm>) and to the International Monetary and Fi-

ancial Committee (<http://www.treas.gov/press/releases/js2947.htm>) are available on the Treasury Department Web site.

The report (http://www.iif.com/verify/data/report_docs/cf_0905.pdf) (PDF, 24 pages) on net capital flows to emerging markets and Rhode's statement (<http://www.iif.com/press/pressrelease.quagga?id=121>) can be viewed at the IIF Web site.

(The Washington File is a product of the Bureau of International Information Programs, U.S. Department of State. Web site: <http://usinfo.state.gov>) ♦

United States Will Not Abandon Ordinary Zimbabweans . . .

(Continued from page 8)

groups roundly condemned what was described as an urban renewal scheme by the government, but was actually the forced removal of citizens, many of whom supported the opposition in the country's last election.

In a June 16 statement, State Department spokesman Sean McCormack condemned the campaign as a "heavy-handed crack-down on the poor" that could not be "justified" and would not reverse Zimbabwe's economic decline.

On the political front, Woods said, "We will work with U.N. Sec-

retary-General [Kofi] Annan and with the government of South Africa to encourage the government of Zimbabwe to cooperate with the international community and find solutions to Zimbabwe's political, economic and humanitarian crises.

"Unfortunately, the struggle for democratic restoration will not be easy or quick," he said. "Mugabe remains strong and is a hero to many Africans. So our policies must look past the short term."

More optimistically, Woods said: "Time, and, I would add, the overall trend lines throughout Africa, are on the side of democracy. If

we are steadfast, keep faith with democratic forces, Zimbabwe will be restored to its place as a constructive, democratic member of the international community."

For additional information on U.S. support for democratic reform in Africa, see Democracy and Human Development (http://usinfo.state.gov/af/africa/democracy_human_development.html).

(The Washington File is a product of the Bureau of International Information Programs, U.S. Department of State. Web site: <http://usinfo.state.gov>) ♦