

Testimony
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Introduction

Thank you Chairman Lantos and members of the Subcommittee for inviting me to testify at today's hearing. My name is Adel Chaouch, and I am the Director of Corporate Social Responsibility for Marathon Oil Company, which is based in Houston, TX. Marathon Oil Corporation (NYSE: MRO) is an integrated international energy company engaged in exploration and production; integrated gas; and refining, marketing and transportation operations. Marathon has principal operations in the United States, Angola, Canada, Equatorial Guinea, Gabon, Indonesia, Ireland, Libya, Norway and the United Kingdom. Marathon is the fourth largest United States-based oil company and the fifth largest refiner in the United States. Marathon embraces corporate social responsibility and is committed to playing a positive role as a responsible corporate citizen in the countries and communities where we do business, both domestically and internationally. This is particularly true in the country of Equatorial Guinea in Sub-Saharan Africa where malaria is a part of life – and death.

In Sub-Saharan Africa, someone dies of malaria every 30 seconds. That equates to a million deaths a year, and 90 percent of the worldwide total. To make matters worse, 90 percent of these wasted lives are children under five years of age. Moreover, malaria is a contributing factor in countless thousands of additional deaths through synergy with other infections and illnesses, such as TB and HIV/AIDS. In Africa, malaria accounts for 25–35 percent of all outpatient visits, 20–45 percent of hospital admissions and 15–35 percent of hospital deaths. This imposes a great burden on already fragile health-care systems of affected African States.

By some accounts, an estimated \$12 billion in economic losses each year in Africa are attributed to malaria, wiping out 1.3 percent from the annual gross domestic product of Sub-Saharan countries. An African family may spend up to 25 percent of income on malaria prevention and control. For those least able to afford treatment, the cost of malaria treatment is a major barrier to poverty reduction.

In addition to the human burden, malaria is harsh on businesses too, creating an adverse investment climate in several critical ways:

- **Costs:** protecting employees from the disease, including medicating and evacuating personnel, pushes up healthcare costs.
- **Productivity:** productivity plummets, directly through local African employees who become ill or die, or indirectly through leave of absence as employees care for family members who become sick or disabled by the disease.

- **Recruitment:** skilled expatriates are reluctant to work in Africa if they are unable to bring their young children, or have to endure long separations from their families.
- **Integration of national employees:** the ability to integrate nationals into the private sector is hampered by disruptions to personal and community educational development, impacting future generations.
- **Economic growth and sustainability:** the continent's inability to attract key growth sectors such as manufacturing and tourism will limit economic development, and undermine stabilization efforts.

Companies with operations in Africa have recognized the burden that malaria has imposed on development through significant increases in the cost of doing business as well as the burden on the communities. The involvement of the private sector in supporting health initiatives has long been established in Africa and elsewhere, and the fight against malaria is no exception. We have seen in past years an increased commitment from the private sector to support malaria interventions in Africa in the form of workplace programs. More recently, private sector malaria intervention programs have been targeting initiatives benefiting local communities, with an increased focus on strategic partnerships to ensure success. The private sector has adopted a wide assortment of partnership models in support of their health initiatives. They vary from direct grants, partnering with local government or/and with implementing NGOs just to name a few. NGOs and government have typically been the organizations on the ground in the least developed countries with the credibility and the local knowledge to affect and implement programs. However, private business brings unique technical and managerial skills, financial support, and access to efficient supply chain processes. These attributes are necessary to achieve project success over the long-term.

I would like to present an example of one such public private partnership -- the Bioko Island Malaria Control Project (BIMCP) -- which has not only helped save the lives of thousands of Equatorial Guinea's children, but has also become a model project on how to effectively eliminate the scourge of malaria.

Bioko Island Malaria Control Program

When Marathon first entered Equatorial Guinea in 2002, it quickly identified malaria as the most significant health threat facing its employees and the local communities on Bioko Island. Malaria on Bioko Island was endemic, with one of the highest transmission rates in Sub-Saharan Africa. It was also the cause of approximately 40 percent of all mortalities and a major contributor to a 17 percent mortality rate for children under the age of 5 years (20 times higher than the childhood rate in the US). It was clear that the elimination or dramatic reduction in malaria transmission on Bioko Island would significantly reduce both the health and economic burden of this disease and make a significant difference to the lives of Equatoguineans.

Marathon's business model for our natural gas operations in EG was to create a regional gas processing hub with a business presence for at least 20 years. Having a productive workforce fully integrated into a healthy community is paramount to the success of this business model. A commitment was made at the highest executive level within Marathon to implement a malaria

intervention program that would benefit the Equatorial Guinea communities on Bioko Island as well as our own workforce. With our long term presence in EG, we wanted to leave a legacy as a good corporate citizen and that would also meet our business needs.

The Project Partnership

Marathon and its business partners, Noble Energy and GEPetrol (the national oil company of Equatorial Guinea) as well as SONAGAS (the national gas company), teamed up with the Government of Equatorial Guinea and formed an implementation team comprised of leading health specialists from Medical Care Development International (MCDI), One World Development Group, the Medical Research Council of South Africa and the Harvard School of Public Health. The team, led by MCDI, designed the BIMCP, a five-year, \$12.8 million malaria transmission reduction project aimed at interrupting and then drastically reducing the transmission of malaria on Bioko Island. The main focus is those at highest risk, especially children under five years of age and pregnant women.

BIMCP employs five key features: vector control; improved case management; surveillance and evaluation research; information education and communication; and integration and capacity building. The BIMCP was rolled out in October of 2003, starting with baseline entomological and health surveys; the first spraying campaign began in February 2004.

BIMCP Vector Control

The principal intervention of the BIMCP is vector control through Indoor Residual Spraying (IRS), which breaks the cycle of infected mosquitoes continuing to bite and infect new victims. The spraying of interior walls with insecticides has been extremely effective in reducing the risk of malaria.

In 2004, indoor residential spraying was conducted on all vertical surfaces of more than 96,000 structures on Bioko Island. The project shifted to two spraying campaigns per year in 2005 to overcome resistance discovered in late 2004, thanks to the extensive surveillance and research component of the project. In addition to increasing the indoor spray frequency, the project switched to a different insecticide, namely Bendiocarb, in response to the identified resistance. The IRS component of the project is now averaging well over 100,000 structures per spraying cycle. To date, the project has completed five spraying campaigns; the program has recently started its sixth round of spraying.

BIMCP Case Management

The second intervention of the BIMCP is improved case management. Medical staffs have been trained to diagnose malaria using new protocols and treat patients using a regimen that relies on Artemisinin-based combination drug therapies. This new approach is designed to overcome the drug resistance to long-standing treatments using a single drug, such as chloroquine.

Marathon and its partners are underwriting medication costs for identified high-risk sectors of the population so they have access to the best treatment available, without economic constraints limiting care. Over 25,000 packets of free drugs have been distributed so far.

BIMCP Surveillance and Evaluation

The third component of the program is surveillance and evaluation. Window traps located in 18 sentinel sites around the island enable the BIMCP to monitor effectiveness in terms of reduction in mosquito numbers and their level of infectivity. These same surveillance sites will provide the basis for a crucial early warning system to help avoid a resurgence of malaria in the future.

Annual surveys of the presence of malaria-causing parasites among children and pregnant women enable the BIMCP to monitor effectiveness in the target population. These surveys will enable the BIMCP to evaluate the impact of the project on under-five mortality, the incidence of malaria and demand for treatment, and the welfare of the Bioko Island population as the economic burden of paying for malaria treatment reduces.

The project incorporates use of advanced technology, deploying this technology through training and capacity building within the local teams. Surveillance stations have been established in part through satellite imagery used to map the island. The project has teamed up with the Center for Disease Control (CDC) to introduce new technology. Now, technicians enter data into handheld PDAs to quickly send digitized data to a research center that can analyze the information and use this to make adjustments more rapidly. PDAs were also used to capture survey data and map GPS coordinates for monitoring stations.

BIMCP Information, Education and Communication

A critical support feature of the BIMCP is a community information, education and communication program. Because BIMCP success requires every home on Bioko Island to be sprayed with insecticide, communication materials were developed to explain the benefits of this intervention and to provide general information about the project, malaria prevention and treatment. Local focus groups were used to test these materials and ensure they were relevant for the diverse communities on Bioko Island.

BIMCP Training and Integration

The Bioko Island Malaria Control Project reviewed the existing treatment protocols in Equatorial Guinea, and in collaboration with the Equatorial Guinea Ministry of Health and Social Well-being (MoH), developed a comprehensive enhanced malaria treatment protocol. A new training curriculum and training materials, based on the World Health Organization's recommendations, were developed, and a clinical skills assessment of medical and laboratory staff is ongoing. Training of MoH health providers at hospitals and health centers began in 2004. This is part of an ongoing process that also includes evaluation of laboratory services, organizational management, staffing, availability of supplies and equipment, and diagnostic capacity. The BIMCP has also procured laboratory equipment and supplies.

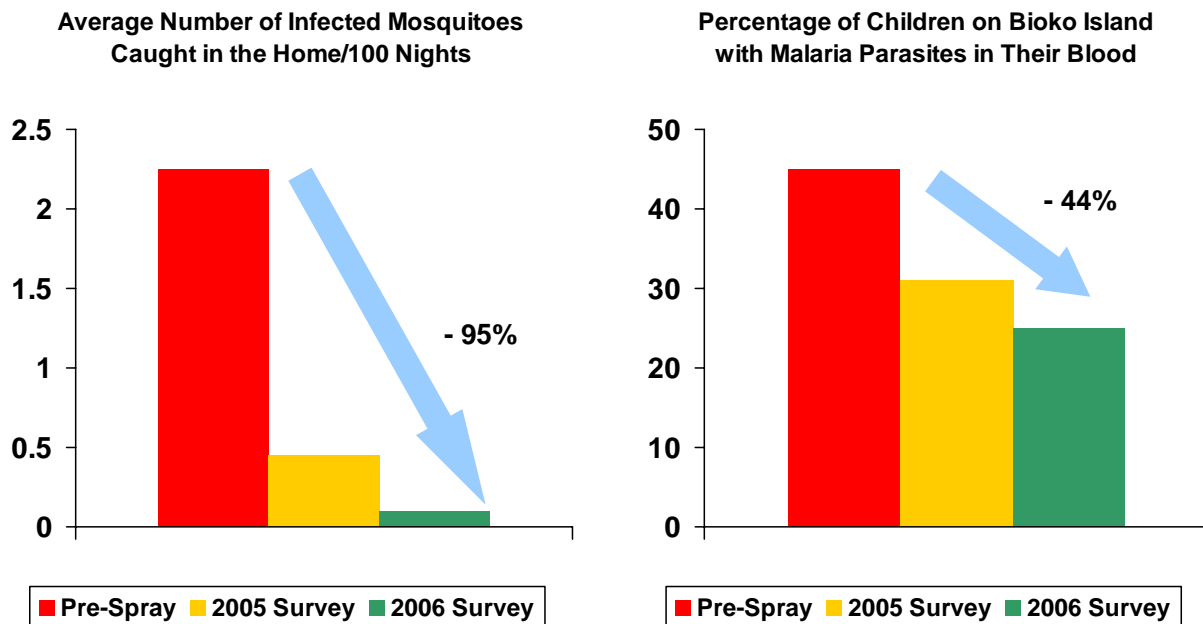
The project agreement with the Government of Equatorial Guinea calls for a progressive transfer of responsibility over the five-year period. All activities are therefore being closely planned with the Ministry of Health and integrated to the extent possible within existing systems. Where these systems need to be strengthened, BIMCP partners are working together with the Equatorial Guinea government to help build capacity.

A strong emphasis was placed on integration of the BIMCP workforce to ensure long-team success. Over 90% of the project team members are Equatoguineans. IRS activities rely on approximately 90 national sprayers trained to safety and efficiently execute on this component of this project. They are also responsible for interaction with the residents of the local communities and are trained to explain the benefits of the intervention in order to gain access to the interior of structures. An additional ten Equatoguineans are fully dedicated to administer the case management component of the project. Furthermore, over 100 Equatoguineans are involved part-time in the surveillance component of BIMCP.

BIMCP Results

After only two years of indoor residual spraying, results show a 95 percent reduction in malaria transmitting mosquitoes in the homes and human dwellings on the island. (This reduction is based on the average number of infected mosquitoes caught in the homes from prespray baseline research versus annual post-spraying surveys.) Further, the project has resulted in a 44 percent reduction in the presence of malaria parasites in children, based on blood smear testing. Furthermore, the program has achieved tremendous economic benefits to the community.

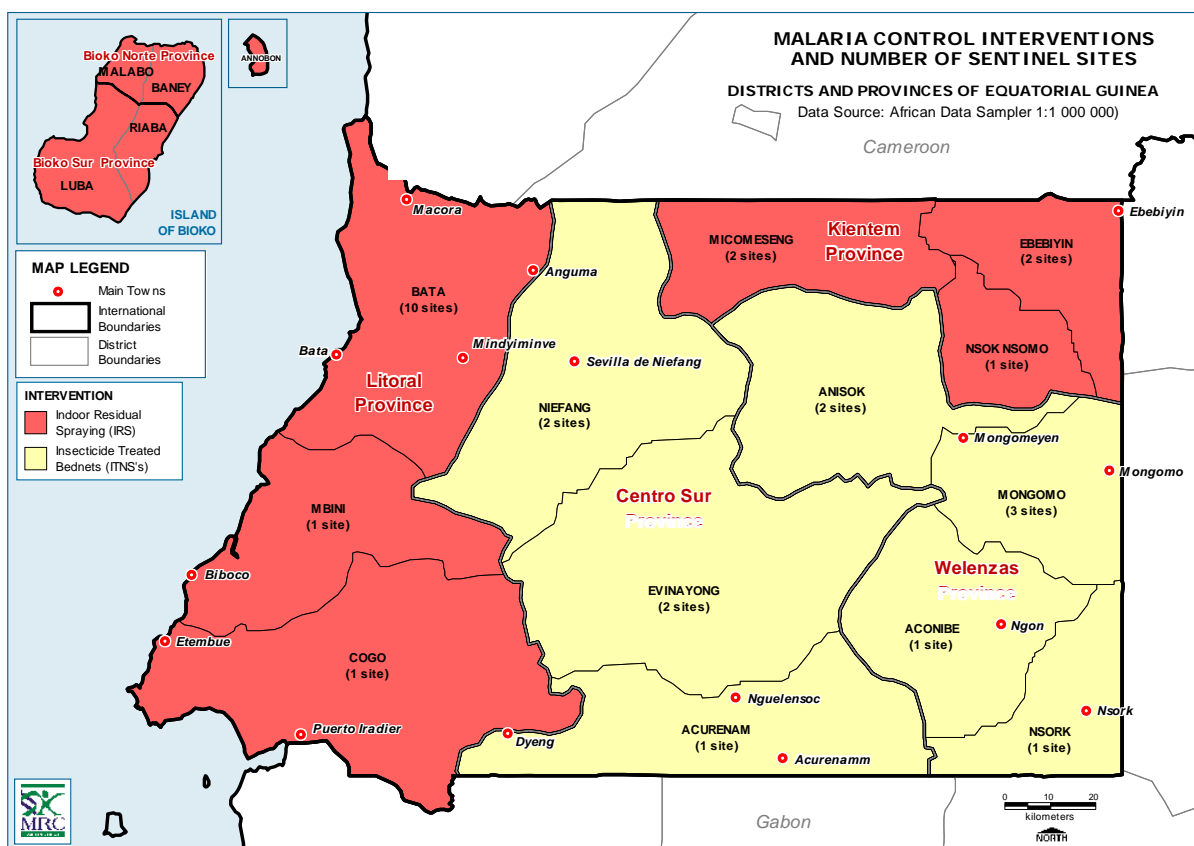
For a population of a quarter million people on the island that has been experiencing an average of one episode of malaria per person per year, the program was able to avert an estimated 150,000 cases in its first year of implementation. In the same period, the project has brought additional economic benefit to the lower 40% earners in the population through a net savings of 6 percent of their revenues that they would have otherwise spent on treatment of malaria illness. For every dollar invested by the project, the return to the community (in terms of averted cases, improved productivity and reduced absenteeism) was four dollars. In other words, this is a very cost effective social project, having a community benefit/cost ratio of 4:1.



BIMCP Sustainability

Marathon and its partners worked closely with the World Health Organization, Carlos III Institute and other organizations supporting health services development on Bioko Island. This collaboration aims to avoid duplication of effort and to ensure that malaria control efforts are effectively integrated for the health and well-being of the local population.

In addition, Marathon was instrumental in supporting a successful application by Equatorial Guinea to the Global Fund to secure a multi-year commitment totaling \$26 million for program expansion. The Marathon Oil Company Foundation is providing an additional \$1 million grant in support of this expansion. This grant represents the Marathon Oil Company Foundation's largest ever donation and will be used to help launch field operations and establish related logistical and management systems, establish vector monitoring sites throughout the country, and conduct a baseline household survey. This partnership, through the teaming of resources from Marathon and the Global Fund, will permit the replication of the BIMCP intervention strategy on the mainland of Equatorial Guinea, expanding coverage to the entire population of this Central Africa nation.



Based on the success of this intervention and other anti-malaria programs in Africa, companies recognize the value of leveraging their efforts to work together and coordinate with national governments as well as large donor organizations such the Global Fund, the World Bank Booster Program, and the President's Malaria Initiative (PMI) in order to maximize the benefits for local communities. As mentioned earlier, companies have strong technological and managerial skills that can significantly improve the efficacy of malaria intervention programs in countries where they operate. Private sector companies can also effectively promote the fight against malaria in Africa through advocacy programs. Recently, a group of companies from various industries, all with business interests in Africa, launched the Corporate Alliance on Malaria in Africa (CAMA) to progress the fight against malaria across the continent.

Conclusion

The private sector is committed to active participation in the long-term solutions to the burden that malaria has imposed on Africa. There is a strong business case for such participation due to the growing economic importance of Africa, including the Energy sector. Through its on-going actions, the private sector is a genuine partner – with African governments, NGOs, and other stakeholders – in the fight against malaria in Africa.