

THE BROOKINGS INSTITUTION
AFRICA POLICY DIALOGUE ON THE HILL

"Improving the Commercial Environment in Africa"
Thursday, November 21, 2013
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PARTICIPANTS:

Introduction:

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Africa, Global Health, Global Human Rights
And International Organizations
House Subcommittee on Foreign Affairs

Moderator:

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Speakers:

STEPHANIE PETERS
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P R O C E E D I N G S

MR. WILLIAMS: Good afternoon. Thank you all for joining us today, this afternoon. My name is Eric Williams and I'm the Democratic staff director of the Subcommittee on Africa in the House.

Elliott, how's it going? Witney. It's good to see so many friendly faces, many of whom I've seen before who are good friends.

So behalf of Representative Bass, who is the ranking member on the Africa Subcommittee, as you know, I want to thank you all for participating and coming today. I know that there's been room and date changes over the last couple of days or weeks leading up to this, so our apologies for having our legislative calendar interrupt the good business of this forum. So thank you all for making do with those changes and, indeed, coming to hear this important conversation.

So this is the Brookings Institution's Africa Growth Initiative collaboration with the Congressional African Staffers Association's Africa

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policy dialogue on the Hill. There have been a number of dialogues over the past year and I think this forum has been going on for a number of years now, hasn't it?

MR. KIMENYI: Second year.

MR. WILLIAMS: Second year, okay. So there's great success. I think this probably will be one of the last of they year, but it ends on a positive note.

So let me share this because it's so timely. Perhaps it's all due to timing that we happen to -- or serendipity that we happen to be here today. But just a couple of hours ago the Africa Subcommittee took up H.R. 177, Increasing American Jobs Through Greater Exports to Africa Act of 2013. The legislation that, among other things, let me read some of the things that it does.

It calls for a comprehensive U.S. strategy for public and private investment, trade, and development in Africa. It promotes the alignment of the U.S.'s commercial interest in developing

priorities, developmental priorities, in Africa.

It calls for the increasing of foreign commercial service officers across the continent. Currently, I believe there are either 6 or maybe 7 at this point, but it calls for at least 10 of them. So I think from the perspective of Representative Bass and the other members of the committee, we'd like to see a great deal more. They offer great value in terms of the connective tissue, if you will, of U.S. private sector and engaging with African markets across the continent.

It also calls for a special Africa export strategy coordinator who would coordinate a whole of government approach to trade, investment, and other opportunities on the continent.

So there are a number of other things the bill does and I would highly recommend that you look at it. It also has a Senate companion, S. 718. There are 11 senators, including its lead sponsor Senator Durbin. So perhaps these bills will go somewhere and we welcome your support and your interest in seeing

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how it follows.

So without any further ado, let me quickly introduce our three guest speakers and then I will turn the program over to Dr. Kimenyi.

So Stephanie Peters serves as Microsoft's director of federal government affairs for the House of Representatives' Democrats. She has more than two decades of career experience focused on corporate social responsibility, immigration, trade, intellectual property, and foreign sovereign representation. Prior to joining Microsoft, Stephanie was a partner at Patton Boggs. Among her other clients and responsibilities focus on global sustainability and supply chain issues for major corporate clients and foreign governments in Sub-Saharan Africa, Latin America, and the Caribbean. Stephanie is a good friend of our office, a good friend of mine, and I'm very pleased that Brookings was smart enough to ask her to come and sit on this panel.

So someone who I've only recently gotten to

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know and meet is Bobby Pittman, who is the managing director of -- I'm going to get this correct -- Kupanda Capital, a boutique of investment platform focused on Africa. Most recently, Mr. Pittman was the vice president infrastructure, private sector, and regional integration at the African Development Bank from 2009 to 2012. In his capacity, he managed one of the largest portfolios in Africa, including more than \$25 billion in active projects across 52 nations. Mr. Pittman previously held senior positions at several USG agencies, including the National Security Council, the Treasury Department, State Department, and the White House. And it is impressive to read your bio and I look forward to continuing to engage with you on matters related to the continent.

Now, I am not going to introduce Dr. Kimenyi because he'll do his own deed, but I think we all know him and the impressive work that he's been able to do at The Brookings Institution.

So thank you again for being here. It is a pleasure and an honor to have as our office the

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ability to help you hold this meeting and we look forward to engaging with Brookings on additional conversations on the continent. So thank you and have a good discussion. I'm going to, unfortunately, have to leave. Thank you.

MR. KIMENYI: Thank you very much, Eric. We really appreciate it. We know that there are a lot of people here, so we thank you very much for this. And also particularly to Congresswoman Bass, who is our sponsor for this event.

Now, this is a very interesting panel and it's good that what Eric talked about, the bill on U.S. exports to Africa and some of the recommendations that are in there, you know, in one -- if you have gone through some of our Brookings reports recently, you will see a lot of those recommendations there. I'm sure Witney is pretty happy about that. You've been complaining a lot about the commercial offices and so on. So I think that's very good and we did a testimony on that bill, so we hope that there will be some movement.

Now, we've been talking a lot about things here in our sessions. Some of the most popular sessions have been every time there is a conflict, when there is a crisis -- Mali, DRC -- we get a lot of people, but that's one side. But this is also very good interest because really, in Africa, even when we are talking about the Africa rising story, the emerging Africa, the story is actually the private sector when we talk about all that. But it's, of course, the government (inaudible), but really what is really moving is the private sector. And we need to figure out and this panel is about, you know, how do we improve the commercial environment to Africa? And we can discuss about different angles to this, the U.S. role, the U.S. private sector role in collaboration with Africa.

So we have two extremely experienced people with very good information and we're going to start with a Microsoft presentation by Stephanie. And we will start with a movie for five minutes, so.

MS. PETERS: A video. And I'll just tee it
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up. It is about our For Africa Initiative that we kicked off this year and there's three pillars. It's world-class skills, access to devices, and innovation support for innovative ideas, app developers, African app developers making applications for -- that are focused on the need for Africa. So I'll let the video run and quickly just introduce Zoya Awan, who's our congressional teen coordinator, who will start the video.

(Video played)

MS. PETERS: So as you can see, our four pillars were reflected in the video. One of our challenges as a technology company is having a skilled workforce, so it's important for us that we -- education is first and foremost. And so part of the skills pillar, we have created an Africa Academy. And not only are we creating relationships where they were using our Surface tablets, but we also are creating a curriculum online that will be accessible for students to use. So it's not only the brick-and-mortar schools, but those are also critically important in

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the rural areas and making sure that students have access to broadband and access to the devices.

When they talk about innovation in that, we want to create small entrepreneurs. As everyone knows, you know, our company was started by Bill Gates and Paul Allen. They were good friends trying to get more computer time on a mainframe computer downtown in a boys' school in Seattle. And that relationship is how they built the company, using each other's ideas, and we want to recreate that. Microsoft is a small- and medium-sized business ecosystem and we want to create that in Africa. And that's when you take great ideas and innovations and let them have the access to do the creation and provide the support that is needed.

So to the question that's sort of being discussed today and why I'm spending so much time on these four pillars is the human resource issue and making sure we have skilled Africans to work on different programs or creations of their own is what is facing us and this is why we are trying to do

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something about it. This is not our corporate philanthropy. We do that quite well. As most of you know, Bill Gates has left the company. He's still chairman of the board, but he left to start the Bill and Melinda Gates Foundation with his wife and does philanthropy through that foundation. What this is, is a strategic business campaign to make Africa and Africans in the position to create the next Microsoft.

The other issue that I wanted to raise, that I wanted to open up for discussion about challenges that we have in Africa is the intellectual property rights issue. A lot of the governments don't have an intellectual property framework. We are working hard with governments. We need the intellectual property protection. Ironically, I was here till 8:00 last night on the patent reform bill here in the U.S., and that was important to us because it also signals to other governments around the world the patent protection that we need, the copyright protection that we need. And we continue to work with the Judiciary Committee on this issue, but it's also a critical

issue with the governments in Sub-Saharan Africa.

So, you know, to summarize, I would say workforce and developing skill, you know, employees and partnerships and doing that as a foundation by strengthening the education system. Also, our challenges with intellectual property. and also ensuring that the broadband access, as was demonstrated in most of the video, is there as well.

So I'll leave it there and we can have a discussion after Bob.

MR. KIMENYI: Thank you very much, Stephanie. Microsoft being a small business, it's an interesting term to use those two words, "small" and "Microsoft."

MS. PETERS: It's a small business ecosystem. (Laughter)

MR. KIMENYI: Very good. Thank you very much. Bobby?

MR. PITTMAN: Great, thank you. We aspire to be a big business with a small business ecosystem. (Laughter) But thank you and I wanted to thank

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Brookings and Congresswoman Bass for including us today, including me.

What I thought would be useful today, from my perspective, you know, obviously I have had some experience on the policy side, but I'll tell you and people that know me know this that, you know, my view of policy is that great policy is very opportunistic and people on the inside taking advantages of trends and personalities. And so I say that because now being on the outside and, you know, living in Africa for the last three years I'm probably not the best person to talk about opportunistic trends in terms of what might be possible.

So what I thought instead would be to talk about, you know, my view on the climate in Africa. And, you know, as you already mentioned, we talk a lot about Africa rising, which I certainly subscribe to that view, but I kind of wanted to go a layer down in terms of some of the trends and how that impacts how some of us do business or implement things. And then I think out of that, you know, can think of some

different policy adjustments or changes in some of the institutions in the space who might not have evolved into what I think is a very different environment today.

And, you know, I started working on Africa in the U.S. Government in '98. And in some ways that's a nice contrast in terms of '98, where things were in terms of trends versus today, and I've just written down a few. I mean, one of the biggest things I think in contrast to '98 is that, you know, Africa for two decades prior to that had been underperforming on the growth side versus the globe, probably by 2 full percentage points. You had a continent with some of the debt-to-GDP ratios of any continent in the world. Ironically, it was mostly the reforming and good-performing countries that had the biggest debt problem, and there's some very specific reasons for that. Inflation continued to be a challenge. Governments had very little domestic resources at their disposal. It also made the public pretty disconnected with their governments because the public

wasn't funding their governments largely.

We hear a lot about democracy and democratization, which, again, I subscribe to, but I think about it in a little different way, which is centralized governance, whether it's in the public or private sector. Institutions had very centralized processes for decision-making, and I think that's true both in the public and the private sector. When you surveyed Africans, if you look at, you know, Afrobarometer, which a lot of us follow, in '98, you saw, you know, the top concerns for Africans by and large were health, education, and governance.

Media was, you know, not very existence and, when it was, it was at least government-influenced, if not government-controlled. You had probably 10 national-level conflicts, civil war, some of which crossed borders, a very kind of macro security issues. And I think this issue of capacity, I mean, you had both macro and, anecdotally, brain-drain. I mean, most of the serious capacity on the continent was leaving the continent.

And then the fastest-growing sectors were oil and mining. So I think that's -- at least for me when I started working on African government, those were the drivers that framed the thinking and I think the drivers that framed doing business.

You look at now today where we've now had, you know, over a decade of sustained high growth, again, at least 2 percent above the global average; we've had consistent, persistent low inflation; probably from debt-to-GDP perspective the lowest debt levels of any continent in the world; and, you know, we can talk about the kind of Gleneagles and HIPC process, but now we've had, you know, five to six years after the last round of debt relief. So in some ways, you know, as much as a lot of us would like to take credit on the debt relief side, governments are managing their way out of that very well.

I think, you know, if you look at banks in Africa, which 15 years ago were, at best, buying government debt and that's it, there's now banking happening. I mean, certainly in Kenya, Nigeria, you

know, where banks are actually financing deals, governance is much less centralized. And again, I say that both from a public and a private space. Decision-making within institutions is becoming more and more decentralized.

If you look at Afrobarometer's last survey, the top concern by far is jobs. The second, which is the space we work in very actively, is infrastructure. And, in fact, more Africans talk about infrastructure as their main concern than health, education, and governance combined.

Media, I mean, it's kind of multi-modal. I don't know who controls the media in some of these places, you know, the way media has evolved these days. So, again, very -- much less centralized.

Conflict and security, security's still a big issue, but now it's a micro issue with kind of terrorism and this idea of state kind of civil wars and state-level conflict has completely changed to a much more micro level. And then I think, again, from the aggregate and anecdotally, most of us who have a

lot of friends that are African diaspora, I mean, we know that there's kind of stampede back home. So capacity's now -- the brain-drain's kind of going very much the other way and I wouldn't just limit that to diaspora. I mean, the best engineers in Portugal are mostly sitting in Rwanda these days. So I think there's a real flock of talent to the continent. And, again, if you look at the IMF's latest reports, the fastest-growing growth sector is services, not oil and mining.

So, you know, for me, these are kind of the trends that define the space and it's not even to debate whether a lot of these things are positive or negative. It's more to just say this is the environment through which we operate. And what that means for me on the business side or on the commercial side is that, you know, 15 years ago, especially if you were -- even with a small ecosystem, a big company, you would go into whatever country we're talking about, you'd probably operate through the U.S. ambassador there, probably have a meeting maybe with

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even the head of state to determine the terms on your project which you definitely wanted unique to your project. You were going to bring all the capital. You were not going to think at all about local partners. You were going to bring all the capacity, all the capital, and you wanted all the terms unique and separated from the rest of the system, you know, this idea of an enclave you wanted to create. That was doing business in the mid-'90s in Africa.

Again, today, it's completely different. I mean, even, you know, we work on large infrastructure projects, I do my best to avoid meeting with the head of state. I mean, that means I have a problem, you know. I don't want to meet with a head of state to do business. For me, that's the last thing I want to be doing.

I think our Foreign Service is great, but I normally don't need to meet with the ambassador and those levels. Again, I'm spending most of my time finding the local partner because there are many partners who normally have superior capacity than what

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we might bring from the outside. I'm also going to meet with local sources of capital, who are almost always going to be in the deal, whether it's a local bank or a high net worth individual.

And in terms of enclave, you know, again, we're normally doing projects within new national frameworks where multiples projects are happening. So I think then, when you think about kind of the commercial environment, it's changed a lot. I would certainly argue that it's improved a lot.

I think the challenge for kind of policy making in this environment is -- and this is both from a U.S. perspective, but also from an African government perspective -- is things are happening with or without you. That's the reality, you know. And, I mean, people struggle with that because we used to come in and say we're going to fix X or we're going to fix Y and we were the beginning of the conversation, and that's just not the case. And so what that means is now it's much more of a how to be catalytic, how to be a change agent within things that are happening,

how to, you know, help expand those, make them happen faster, make them happen better, if you had a view on what better is. And so I just think it creates a very different space.

The last thing I would mention because I think I skipped it is on the domestic resources. Because I think a lot of us, and I just count everyone in this room, for folks that have been working on Africa, I mean, many of us were kind of lobbying and advocating in the '90s for, you know, a billion dollars a year to go to Africa. We were really pushing for a billion. That was our number, right? And the reality is the U.S. Government I'm sure did more than a billion this month, which, you know, I personally still think we could do a lot more, but that's a big change from what all of us were working so hard on, again, in and out of government, I mean, I think the whole Africa community. And the reality is even with that big absolute increase, domestic resources in all these countries has grown far more. And so these governments have far more resources than

they did and those resources are coming from their people, so the people are a lot more participating in the process.

So, again, that dynamic has changed, I think, significantly from policy-making, you know, in the '90s, where you might be coming in with a small check and have a lot of leverage, now we come in with a much bigger check with not a lot of leverage, which I think in some ways makes it harder and in some ways it makes it easier and more exciting because you just need to listen a little more, you know, and decide how to be catalytic.

So, anyway, maybe I'll just leave it there, but I just wanted to kind of lay out, at least from my perspective, what I think are some of the very different drivers in the space now versus a decade ago.

MR. KIMENYI: Thank you very much. And thank you, both of you, for a very positive outlook and, of course, frank in terms of the big issues.

Maybe if I were to ask -- well, first of

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all, Bobby, maybe I'll start with you. Being here and doing business in Africa, what is it that other American businesses are not seeing? Because, I mean, what is the new issue with American businesses? Because we haven't seen the real change with Americans, you know, shifting. I mean, there are still complaints about the environment --

MR. PITTMAN: Sure.

MR. KIMENYI: -- business environment, which is true, but.

MR. PITTMAN: Sure. I think -- well, I mean, there are a lot of pieces. I mean, first of all, I would say we do see some changes. I mean, Microsoft, and again, making the specific point that this isn't CSR, you know, this is doing business. You look at a company like GE in the last three years, I mean, what they're doing on the ground is very serious, you know, it's very serious.

I think, you know, a lot of other companies -- look, and it's true on the investment side, too, is that a lot of them are lemmings. And so they're going

to wait for some of these trailblazers who will make a lot of money and will get a big return on their leadership, and then the others will follow in. I mean, that's what's happened in almost every emerging market, you know, whether it's -- I mean, again, some companies are getting excited now about China, while other companies made money in China 20 years ago and now are looking at the next China. Right? And I think that's just how some of these companies work.

But I think, from my perspective, there's been a huge change in the seriousness of U.S. investors and companies. But look, many of them are late to the game, there's no doubt about that. But I do believe that a lot of sentiment in the Africa is to very much want to do business with U.S. companies and U.S. brands. And so the U.S. has a natural leg up and it's just the companies that take advantage of that leg up are going to do very well. And I guess for most of us we're very much rooting for them to do well because they're the first ones to lean in.

MR. KIMENYI: Great. Stephanie, you talked

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about copyright issues, intellectual property. I know you gave an example of what's happened in Kenya, my country. And actually you even -- my grandmother is a Masai, so I'm from that area. So there are a lot of innovation apps being set up, practically, I mean, everywhere in Nairobi there are technology apps and so on. Now where are they taking this and how are you -- I mean, you talked about there needs to be stronger property rights. What law are you playing or how do you think it can be improved? Because I know young people are innovating, but I don't know where they are taking that in terms of protection. Some people have been complaining that their innovations have been stolen, but I don't know.

MS. PETERS: Not that we've never heard that before and it is challenging. But that was the example I was going to give is Nairobi and they call it Savannah Valley instead. Silicon Valley is Savannah Valley and it's very competitive. They are creating it, they are inviting tech companies to come in. Tech companies were all trying to be the first

one to lean and be in that valley, and I think you're exactly right that, you know, if you're there, then you will reap not only profits, but also there's local partnership. Because as you talked about that no more do you just go in and bring your whole toolkit and set up your tent and do what you do and there's no connection. You really could be anywhere. That's not the case anymore.

And when we do have the local partners, everyone has heard of being Microsoft-certified and there's different levels at Microsoft. And that's what I mean by the small- and medium-sized business ecosystem because most of our small business partners, they do the sales not only in the private sector, but to the government. You know, rarely does our sales force go and actually deliver the licensed software to a government, so the local aspect is critically important.

On intellectual property rights framework, for example, I just got a copy of comments for the Southern African government that I think is a trade-

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and-industry ministry asked for comments on how you have an intellectual property right and its copyright framework there and to give comments. And for the governments to understand that as much as we don't want policy to drive innovation and the development, you do -- when you have broadband you need a regulatory environment. We just battled this in Congress to make sure that there is free access to Internet and broadband, you know, for schools and hospitals and libraries, and it isn't the highest bidder gets the access. So a regulatory framework for broadband as well as intellectual property. And I think governments need to look at different organizations and different model intellectual property legislation and statutes to find what's the best fit for their government.

One, you can spur innovation by making those small inventors understand they're going to be protected as well as partners like us who want to invest in those small inventors that their rights are protected as well or their investments.

MR. KIMENYI: Thank you very much. We don't have a lot of time, so I'll open it up for discussion, for any questions and comments. Please state your name and affiliation. Just to note that we do tape these conversations and we post them online, so that you are aware.

Okay. And I've been told that -- not here. All right. Let's take the questions. Yes, please. Are there microphones? No? No. Okay, go ahead.

MR. WILLIAMS: Rob Williams with the Congressional Research Service. And I was wondering if you could talk a little bit about, from a U.S. private business perspective, how widespread is business interest in Africa? Are we really talking about all of Sub-Saharan Africa or just a portion or are we really just talking about South Africa, Kenya, and Nigeria?

MR. KIMENYI: Could I take a couple or do you want to -- let me take a couple. Yes, please.

MR. MINTZ: Elliott Mintz with (inaudible). I have a double-barrel question, one for Bobby and one

for Stephanie.

First, for Bobby, you had mentioned that things are happening in policy environments extremely quickly. The key for the USG is to create policies that are catalytic to that change and in support of it. I'm wondering what kind of -- if can flesh that out a little bit more and what policies specifically.

To Stephanie, one of the interesting developments it seems in Africa is that there's a different tradition of intellectual property. You've got traditional knowledge, you've got cultural experience, and so forth. And so the legal application of IP isn't necessarily part of the business practice, part of the cultural practice. To the extent that you see industries being created precisely because of the absence of intellectual property, like Nollywood. You become famous in Nollywood by rigging your cell phone and selling it for free. You create a sort of momentum behind you as a director and so forth. And so I'm wondering if you could tackle those issues as well.

MR. KIMENYI: Okay. So we have two questions. I'll take another one. The first one to - - actually you had two, Elliott. But the first one was on where are the U.S. businesses, really? Where are they interested? Is it just a few countries? And then the other one -- I hope you got the first one from Elliott, but the other one was characterizing the intellectual property, what we are talking about, for you Stephanie.

Okay. Let me take another question. Let me go to Witney and Amadou there.

MR. SCHNEIDMAN: I'm Witney Schneidman. I'm a resident fellow at Brookings.

Bobby, let me ask you this. I think, you know, certainly of the Africa rising narrative is very real, but I think we also recognize it's not being fulfilled. And, you know, that's probably the biggest challenge to the Africa rising narrative. So my question is, you know, you're working actively in the infrastructure space. Do you see projects sort of crossing from the Africa rising zones into the non-

Africa rising zones? For instance, you know, Eastern DRC, the great lakes, Somalia, Niger Delta, you know, because if we don't get those linkages in place, I think, you know, that becomes practically a threat to the whole Africa rising narrative.

MS. PETERS: I think before you start, see the congresswoman.

MR. KIMENYI: Yes, I was going to stop to recognize the congresswoman, and I wonder whether you would mind sitting with us. I was going to ask you to make the first statement, but please.

CONGRESSWOMAN JACKSON: Gentlemen, how are you? Good to see you again. Thank you.

I'm going to take your offer and indicate, as you got your mouth open to say sit down, but we are on the way out, flying out, but I'm just here to thank all of you. We've been together in meetings before. I'm working with Congresswoman Bass. Obviously we're working toward the reauthorization of the African Growth and Opportunity Act, but I cannot tell you, if I could exhibit the level of enthusiasm for the

economic engine that the continent is, I couldn't be contained in this room.

And I particularly want to emphasize the young entrepreneurs that I get to meet. They travel. If you have young adult children, they're interacting with them. They're in high tech. And so that's one piece. And then the other piece is the enormous ability of infrastructure build and then the consumer products.

So I want to make sure I gather the materials. I am a convert and we'll be looking to work with ambassadors and work with this initiative. And many of us are trying to get a number of trips into Africa. We obviously have an unfortunate structure going on right now with sequester, but we really are trying to go into the continent in a number of different countries to be able to promote and push what African commercial initiative is pushing for as well.

So count me as someone. I wanted to come by and say thank you. Count me as a participant and to

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join you and collaborate. Thank you all so very much. Thank you. Good to see you. Any my good friend had a question.

MR. KIMENYI: Thank you very much. Great, thanks. Okay, so thank you very much, Congresswoman Sheila Jackson, for stopping by and really encouraging us for what we are doing.

So I'll continue. So Witney's question was about Africa rising, but, you know, you have the Africa Alliance, but also you have what I'm called the (inaudible). So a final question here before we go, to Amadou.

SPEAKER: Amadou Sy from Brookings. I just have a question for Stephanie. A lot of these governments when they see potentially new sources of revenues, of tax revenues, sometimes have an incentive to really go overboard and not see the longer-term picture, and I'm talking about broadband here. Could you just tell us about some challenges that, you know, access to broadband places relative to government's need for tax revenues?

MR. KIMENYI: So the question is about, you know, this tradeoff between the appetite for the revenue versus the long-term growth. I thought that Amadu was going to mention new revenue sources from natural resources, whether they're impacting -- whether they're going to shift away from these investments. You know, we know that when you discover all these natural resources there is a tendency to move away from, you know, manufacturing and services to rely on oil, but I think let's answer these questions. I'll start with you, Stephanie.

MS. PETERS: Okay.

MR. KIMENYI: And I think if we have --

MS. PETERS: I'm going to try.

MR. KIMENYI: Well, if you do it quickly, we may do another one.

MS. PETERS: Yes. Your question was why Africa, what business? And I can -- and which countries. So our priority countries, South Africa, which most of you already know that, Nigeria, Kenya, Angola, Ghana, Côte d'Ivoire, Senegal. Lots of

differences there, so we can chat afterwards if you want to delve down a little bit more.

But I also think the reason is really the pure numbers, whether it's 6.7 million PC shipments or a 500 million workforce in 2018, 6 of the world's top 10 fastest-growing economies. And I'm sure you know all these facts from CRS, but that's the reason why.

And to Bobby's point, the countries who are not -- I mean, the companies who are not leaning in, you know, they're going to be in a difficult position. But I do think in the tech sector it's a competitive fight to the finish. So I think it's very robust on the tech side.

And it may be through partnerships or it might not be the brand name that you know here in the U.S., but that particular tech nor telecom company has a partnership with another company that's there on the ground or a local company that's, you know, taken the lead. But tech sector, it's growing very, very rapidly and very competitive.

IPR. Yes, I agree with your statement on

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it's challenging because it's different. It's culturally different. The legal framework for not only the tech sector, you know, other sectors is just not there. And we are spending a lot of time on this. Witney is one of our consultants and just got back from South Africa and the comments discussing with our legal and corporate affairs lead there about the comments submitted and what we can do.

But I think like everything in every emerging market, it's a negotiation and that's what you need to do. You need to go and learn the market. You sell differently in the Midwest than you sell in the South. You have different frameworks in 50 different states in the United States, so, you know, it's 43, 44 countries, then that's how you have to approach it. But those challenges, we as a company have also faced recently with our acquisitions, like Skype is from Estonia; and my new colleague here from Nokia, we just have an acquisition partnership with Nokia and we talk about the Finnish culture and bringing the Finnish to the Pacific Northwest

Microsoft culture and us employees in the East doing all that. But it's an excellent observation and it's what we're challenged with all the time.

I'm going to give the similar answer to you, Amadu. You know, in the United States it's not like the United States doesn't like their tax collection as well. (Laughter) On the state level, the local level, on the federal level, so I don't know if -- you know, we really can sort of come and say, you know, African countries are terrible, you know. They're trying to collect taxes. It's just like isn't that shocking?

So I will say, similarly, that that's what we, particularly in legal and corporate affairs, that we go in and we hire, you know, attorneys on the ground. We hire professionals who know the culture and can help us navigate that. But it is the cost of doing business and understanding the infrastructure challenges are great and that's why this campaign is a strategic business campaign and investment. And sometimes the cost of investment is a tax or the cost

is a different intellectual property law that isn't exactly like 70 years copyright protection in United States for your invention.

But I don't think that's any different and we can't set up this framework that, oh, it's so difficult in Africa. There was a time when, Bobby, you know, in '98 and before that that there were challenges and we all know how things were done and the corruption challenges. But I do think now that we have the reduction and the brain-drain that you have professionals, you have attorneys, and you have the framework there that these negotiations have to take place.

MR. KIMENYI: Bobby?

MR. PITTMAN: Thank you. I guess maybe I'll combine the Africa rising and the where do I see U.S. companies. I mean, I think it's similar. Witney, you know, one of my big complaints these days is that all of us who are always so upset that the media always painted Africa with one brush -- negative -- we're also all the ones standing up now and painting it with

one brush -- positive. Right? We're doing the same thing on the other side. And as you know, as somebody that's done a lot of work there for a long time, it's just far more complicated.

And that's why, even it's hard I think at times to even compare different countries because, you know, it depends what sectors you work in, it depends what kind of projects you're talking about. And I think that, you know, some sectors are easy -- like some places are not obvious. I mean, Côte d'Ivoire is one of the examples I talk about a lot. You know, we've had a number of investments in Côte d'Ivoire for a long time and they did quite well, even during huge civil strife. Ghana, we've had less luck when everything was great.

So, you know -- and you only know that through being there. So, you know, when I'm here and people say like, Ghana's great and Côte d'Ivoire's not, I say, well, I've just had a different experience. So some of it's not obvious and it depends on the sector and it depends on the place.

I will say in terms of where U.S. companies are focused, I think, again, it really depends on who you're talking about. I will say on the investor side, when we speak to investors, they want to hear how we're going to help them get to places other than South Africa. They can get to South Africa. That's not something they're looking for help with.

So I think, you know, if you play the role of, you know, helping to place money in some of these places or whatever, you better have a story about why you can offer some unique, you know, places. And certainly, you know, where are people interested? They're definitely interested in doing business in Nigeria. It's one of the biggest markets, if not the biggest. It's going to continue to be the biggest.

And then the other thing I would say is, you know, we, at least in our team, we actually think of more of a city landscape than a country landscape. And the reason I say that is because, you know, Stephanie talked about local partners and I thought she made a very insightful point, which is if you're

late to the party, you know, are the best local partners already locked up? You know, Microsoft locked up their local partner in Kenya and if you're coming in second, they're off the table, you know.

And I think Kenya's a great example where, you know, if you -- let's say you sell, you know, some kind of widget and you want to sell it in Kenya, your local partner in Kenya is probably going to sell that widget in Addis whether you want them to or not. And so you don't even have to think about whether or not you're in Ethiopia. They're going to take you there. (Laughter) So I think that story continues to evolve.

And we certainly -- you know, we spend a lot of time mapping the data in this regard because, you know, there are some markets where your local partner can't take you anywhere but that market and there are other markets where your local partner, you can't get them to keep you in just that market. They're going to -- which raises legal issues and other things that from the corporate side you might have concerns about it. And so for us, we think of the space that way.

And certainly some sectors like the consumer side, some regions are very poor. So Somalia, I mean -- or I'll give you a better example. I mean, we never talk about North Africa. You know, Libya's a place that I think it's a very difficult place to do business. Again, it's a place that I know lots of U.S. companies actually are more bullish on than maybe I would be. But, you know, most construction companies doing business in Libya are Tunisian. So, you know, you can get Libya exposure through an investment in Tunisia, which is, I think, a lot easier to do. And so I think that's going to be the case in more and more places, so I don't think it's quite as straightforward as I want to be in Libya or not. And again, that's why I said I don't need to know the U.S. ambassador to Libya and the framework there to invest in a Tunisian construction company that's going to do most of their operations in Libya. And that's why I think a lot of this has changed quite a bit.

MR. KIMENYI: Thank you. Thank you very much. I'm looking at our hosts over there to see how

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nervous they are about the time, but they look relaxed. (Laughter) Do you think we can take one -- I don't know, can we take one or two more questions or so?

MR. SULFAB: I'll ask a question. Thank you. (Laughter) Because I'm really nervous actually.

MR. KIMENYI: Introduce yourself.

MR. SULFAB: Moon Sulfab. I'm a member of the Congressional African Staff Association. Again, thank you so much, Brookings, over the years. I guess we cannot talk about Africa without mentioning China. I mean, every setting in the last decade you have to mention China.

Correct me if I'm wrong. The majority of the companies, if not all, that are Chinese is somehow owned by the state or supported or backed by the state. Being a capitalist I don't think I want to encourage that, but would you think that that would actually be a strategy, that somehow the United States can actually assure U.S. firms are actually doing business in Africa. Okay, if you would fail, you

know, maybe we can actually somehow give you tax breaks or some sort of a safety net there.

I remember it as back in the '80s. Of course, we're in the age of sequestration, but I know when Chevron was doing exploration in Sudan, and particularly in the south, and then the civil war had happened, Chevron had spent hundreds of millions of dollars and Congress actually ended up somehow elevating it as sort of a tax break and they were actually able to somehow help with their loss. So how do you see (inaudible)?

MR. KIMENYI: Very good. Let me take a final one before we are chased out of here.

Okay, Amy?

MS. HOGAN: Yeah. Hi. I'm Amy Hogan from the State Department.

We spend a lot of time in government thinking about how to promote integration out of a continent and the African Union spends a lot of time thinking about this, too, or at least they say they do. And how important, do you think, greater economic

integration and harmonization of regulations and elimination of cross-border barriers is important to growth on the continent and to the future of U.S. firms on the continent?

MR. KIMENYI: Excellent. These are excellent questions actually to conclude this discussion. China question and the regiment question issue. So Bobby, then Stephanie.

MS. PETERS: You take China, I'll take regional integration.

MR. PITTMAN: No, I actually like your framing. And even though I don't really know -- you know, I'm not -- I've never worked on China, so I know very little bit about it, but I have both competed with a lot of Chinese companies and done business with Chinese companies on the continent. And I actually think for you all thinking about policy, my takeaway on competition with China is different than the other things I hear in town. Because what I hear a lot in town is, you know, things that are very important -- workers rights, subsidized finance, some of these

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pieces, which I think there's lots to discuss there -- I actually think the biggest advantage that Chinese companies have today, and it relates in some ways to your framing, is speed.

And, you know, as governments in Africa feel more pressure to deliver for their people, the difference between me coming in and saying, well, we're an investor, but we've got to find a developer and then we may or may not get financing from Ex-Im and may or may not from OPIC and we're going to put all these pieces together and that's going to take five years to build the power plant, and a Chinese firm comes in and says here's one document and when you sign it, the financing, the developer, the EPC contractor they'll be there tomorrow. And it'll be done in three years and your election's in four years. Again, I don't think that matters if you're in Africa or if you're in, you know, Florida where I'm from. You know, you're going to choose the person that can -- and that's why I say we focus so much on subsidized financing. I actually think actually very often that

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Chinese financing is more expensive, but people are willing to pay that higher price to get it done quickly.

So I think it's a real challenge for our system. I mean it's a real challenge for our system. And I think it's something to think about is how can we fast track some of the things we do? We're certainly working to try to develop -- you know, we developed a partnership with General Electric earlier this year. You know, we're working to fast track some of those discussions so we can bring more players at the table with more of a rhythm to get the projects done more quickly as a response. So we see that as the lesson to be learned and still going to work with some Chinese firms.

But I think speed, to me, is the overwhelming thing. And so when I think of policy stuff, for example, Ex-Im, OPIC, you know, maybe Microsoft can get some kind of pre-clearance from Ex-Im. I don't know. I mean, I don't work for Microsoft, so I'm not here advocating for them.

MS. PETERS: You can. (Laughter)

MR. PITTMAN: But like, maybe they can go through some kind of process where their due diligence for one of their projects with Ex-Im is a shorter timeframe. I mean, again, that's not equal to China, but that kind of thing to me would make a lot of sense and it doesn't cost anything on the budget. Right? I mean, we're just talking about how we operate. I think there's lots we can do to move things more quickly.

And even though Stephanie's going to talk about integration, I will just say that I think it's a big issue. I think it's a complicated issue on the infrastructure space. You know, look, try building a road, you know, between Florida and Georgia. I mean, it's all hard when you cross borders and you deal with different governments, but it's something that all of us have to continue to chip away at. And I think the markets like East Africa that have made more progress integrating, it's why they're more attractive. I mean, the East Africans are becoming a competitor to

Nigeria in terms of consumers because they're breaking down those borders and they can look more and more like one large consumer play. But it's hard to do and it only just happens through chipping away at it, I think.

MS. PETERS: And I'll just give one quick example. We're delighted to partner with the administration on the Young African Leaders Initiative, so we'll be partners in that. And we've been working with USAID and your colleagues at the State Department on shaping the program. One of the questions they asked me specifically was can the internship, can someone from Kenya go and work in our office in Ghana? Can we have cross -- you know, that you don't have to be from that country. And we were like absolutely.

So starting on the education and professional training that these relationships, that's how -- you know, we go to college, we meet folks, we, you know, build businesses and experience, that that's one, you know, specific area that I think will help

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this regional breakdown in integration is to having professionals cross and, you know, students to start to integrate first.

And I think this is critically important when Bobby talked about going from extraction industries now to IT and many other industries it has to happen because, you know, you had oil and you didn't, and you had diamonds and you didn't. And so that helped to keep things in regional and state because those were the resources that you had. That's not the only business in town anymore. There are many other businesses, including us, in the tech sector and, therefore, it makes no difference, those kind of boundaries. And so I think they're breaking down naturally through professional development relationships as well as these new industries being the commercial drivers in the economy.

MR. KIMENYI: Thank you very much.

Unfortunately, we have to close this with Bobby and Stephanie. Thank you. Thank you very much.

MS. PETERS: Yes, thank you.

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MR. KIMENYI: It has been very good. I want to thank our hosts here. We have our CASA members you want to say --

SPEAKER: (off mic)

MR. KIMENYI: Oh, you are?

SPEAKER: So on behalf of the Congressional African Staff Association we'd like to thank everyone who was here. This is a continuing dialogue that we've been having at The Brookings Institution, so please continue to stay in contact with The Brookings Institution. We're going to be continuing these conversations as -- I believe they said that they think this is the last one for this year, but it might not. There might be another one, so please stay tuned. Thank you.

MR. KIMENYI: Thank you very much. (Applause)

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