

THE BROOKINGS INSTITUTION
THE WILLARD INTERCONTINENTAL
THE GAME HAS CHANGED:
THE NEW LEADERSHIP FOR INNOVATION AND BUSINESS IN AFRICA

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Session One

Introductory Remarks:

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The Brookings Institution

Bipartisan Congressional Perspectives on the Significance of the U.S.-Africa Leaders Summit:

VERA SONGWE, Moderator
Nonresident Senior Fellow, Africa Growth Initiative, The Brookings Institution

THE HONORABLE KAREN R. BASS (D-CA)
U.S. House of Representatives

THE HONORABLE CHRISTOPHER SMITH (R-NJ)
U.S. House of Representatives

Charting a New Economic Future: Opportunities, Entrepreneurs, and Consumers Changing a Region:

AMADOU SY, Moderator
Senior Fellow, Africa Growth Initiative
The Brookings Institution

CAROLYN CAMPBELL
Managing Director and General Counsel
Emerging Capital Partners

DONALD KABERUKA
President, African Development Bank

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Founder and Chair, Mo Ibrahim Foundation

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P R O C E E D I N G S

MR. KIMENYI: We are about to get started with the first panel. And before that, I would like to make a few welcoming remarks.

My name is Mwangi Kimenyi, a senior fellow with The Brookings Institution and the director of the Africa Growth Initiative. I wish to thank you very much for participating at this event that we have referred to as "The Game Has Changed." So it's my privilege to welcome you to this event and I do hope that you are going to gain from the ensuing deliberations.

It seems appropriate to send a particular thank you to Ambassador Michael A. Battle. Ambassador Battle has served as a senior advisor to the U.S.-Africa Summit at the State Department. And he and his staff have worked tirelessly to make this historic summit a reality. We thank you very much, Ambassador, for the effort and partnership with The Brookings Institution.

I also wish to thank Brookings' supporters in attendance today, including representatives from the Bill and Melinda Gates Foundation, the William and Flora Hewlett Foundation, among others.

I would also like to acknowledge members of the Brookings Board of Trustees in attendance. We do have quite a number of present and past senior government officials and representatives, and I wish to welcome them.

I also thank all the distinguished panelists for their participation. And we are very pleased that two members of the House of Representatives, Honorable Chris Smith and Honorable Karen Bass, both great supporters of Africa, will be participating in the first panel.

I also know that we have many participants from all parts of the world and especially from Africa, and we welcome you to this event.

The game has indeed changed. We have a new Africa and the forecast

GAZA-2014/08/05

is no longer clamoring for aid. Today we are talking about investment, entrepreneurship, innovation, and so on.

The continent has seen dramatic changes in terms of institutional change, especially as it pertains to building democratic institutions. These institutions are not perfect, but are a far cry from the days when leadership changes were dominated by a military coup. African countries have also institutionalized constitutionalism; still not perfect, but a great improvement.

Civil wars still dot the continent, but their numbers, intensity, and duration have subsided. Again, we still have some trouble spots even today. But the business environment for many African countries has improved greatly, but, again, we still need to do more.

Most impressive is the Africa growth story. Beyond extractives -- oil, diamonds, and so on -- African economies are increasingly diversifying and are adopting new technologies and entrepreneurship is arriving. Foreign direct investment is growing and, more important, that's also sources of MDI that are much more diversified.

Many countries have realized that Africa is the next growth frontier and have taken strategies to exploit the emerging opportunities. Many have said that Africa is at a tipping point. However, increasingly, many like President Donald Kaberuka of the African Development Bank have warned that we should not confuse a turning point and a tipping point. Africa is not yet at the tipping point, but rather is at a turning point. More needs to be done to reach the tipping point. The Africa Leaders Summit and indeed this event where its (inaudible) priorities for U.S.-Africa policy in terms of business and innovation that are likely to propel Africa towards a tipping point.

I would like to make just a few announcements. First of all, there are many people on webcasts and others who are here. We are using the Twitter hashtag #AfricaSummit and you are free to please use that hashtag to communicate, to ask questions or to comment. Also, please note that we have two Twitter Tweet screens,

GAZA-2014/08/05

which are over there on the right side of the event space, so you can follow the conversation there. These are comments that are coming from outside of here.

Again, this event is webcast. It's a public event, so everything which is here is also captured.

One of the things that I would like to note is that we actually had too many requests for registration and we have more people than the room might hold at some point, so you'll allow us to -- at least excuse us for that. We had logistical issues because of the number who wanted to come to this event, so at times we'll have people standing, and so on.

So at this point, I would like to invite the first panel and this will be moderated by one of our colleagues, Vera Songwe. They're in the holding room, so they should be coming.

And there are tables marked AGI. AGI is the Africa Growth Initiative. And if you have any concerns or questions, please contact any of the people at those tables.

So as she comes, we have the congressman and congresswoman in the holding room, so we have asked them to join us. Yeah.

As they come in, I would like to introduce the moderator, who is Vera Songwe, an economist. She is a nonresident senior fellow with Brookings and also the World Bank country director for Senegal, Cape Verde, The Gambia, Guinea, Bissau, and Mauritania. Welcome. Thank you very much.

MS. SONGWE: Good morning. I think the mics are on now. Thank you. It's great to see you all here for what promises to be an exciting session. The game has changed indeed in Africa. Today we have close to 50 African presidents out of 54 in the state capital for the first U.S.-Africa Leader Summit, an innovation indeed.

The game has changed because today 22 African countries that have performed remarkably and grown sustainably by 4.5 percent for over 10 years exist on

GAZA-2014/08/05

the continent and we can celebrate them. The benefits from this surge were broad-based and it's not only resource-rich countries that have demonstrated such strong growth. We have countries like Cape Verde, Mauritius, Mozambique, Tanzania, Ghana, and Sierra Leone that are all among this group of strong and fast-growing countries.

The game has changed because there's no longer a debate on the continent about the need for political transitions. There is agreement on the fact that this is necessary and important. Work is needed, however, on how to get the agreement to reality, but the number of countries have already been there and are showing us the light, such as Ghana, Senegal, (inaudible), Zambia, Cape Verde, and the list goes on again.

The game has changed because on the governance front, as the Mo Ibrahim Index shows, while African countries still struggle with issues of governance, they are making improvements, and the Mo Ibrahim latest index of 2014 shows that all countries have sustainably improved on the governance front even though they are still facing serious challenges.

FDI to the continent has increased dramatically, from about 33.5 billion to 246 billion in 2012, a 10-year period where it has basically increased that much. And one can say that the game has changed because even in the U.S., the decisions and the desire to invest in Africa have gone up. Cumulative FDI stock in 2013 was 54 billion, second only to France. Ten years ago this was about 7 billion.

Countries are moving into the financing space as well. They're improving their credit ratings in Africa. It's making investments on the continent even more interesting.

And in Congress, Africa changes again, which is where we are today. And I want to welcome my panelists. This is one area where the 113th Congress has demonstrated consistent bipartisan collaboration as is also demonstrated on the panel. The Electrify Africa Act passed the House, sponsored by Republican Royce from California and Representative Engel, a Democrat from New York. The two distinguished

GAZA-2014/08/05

House representatives here with us today are also proof of the continuous collaboration when it comes to Africa. Africa unites even the legislators.

Despite the fact that Congress is in recess, we were just talking before we walked in about all the events that are going to be held on Congress to celebrate this unique and historic moment, a sign that the U.S. Congress is engaged on Africa and interested in Africa. We are very grateful to have both of them here today with us to talk about the significance of the U.S.-Africa Leaders Summit and the role of Congress in fostering trade, creating jobs, and improving equality across the continent.

My two panelists, first of all Honorable Congresswoman Bass proudly represents the 37th District of California in the U.S. House of Representatives. Mrs. Bass is on the House Committee of Foreign Affairs and is also a ranking member on the Subcommittee on Africa, Global Health, Global Human Rights, and International Organizations, which includes the World Bank and the IMF. U.S.-Africa engagement is one of Mrs. Bass' policy areas as testified by her presence here today.

She supports increased economic engagement with Africa and the AGOA trade preference program is a key priority for her office. She also runs a popular Africa Policy Breakfast series on the Hill, which discusses various Africa policy issues. She was co-sponsor on the expansion of the Third-Party Fabric Provision, which was passed in 2012, and a strong advocate for girls, women, and children's issues.

Honorable Congressman Christopher Smith, a Republican from New Jersey in the U.S. House of Representatives, is a senior member on the House Foreign Affairs Committee and is the chairperson of the Subcommittee on Africa, Global Health, Global Human Rights, and International Organizations. Mr. Smith also serves as the special representative on human trafficking for the Organization for Security and Co-operation in Europe parliamentary assembly.

He has authored three landmark anti-human trafficking laws. And he is currently leading, what I find very interesting, the Increasing Jobs Through Greater

GAZA-2014/08/05

Exports to Africa Act of 2013. This is an amazing bill and I think we should all read it and support it.

Before I call on both of my congressmen -- thank you again very much for being here and good morning -- to give their introductory remarks, I would like to say that this event also has a hashtag called #AfricaSummit. And for those of you following us on Twitter, you can submit your questions to this hashtag and we'll have an occasion to pose your questions to the panel.

Thank you very much and I'd now like to call on Honorable Congresswoman Bass to give her opening remarks.

CONGRESSWOMAN BASS: Thank you, Dr. Songwe. Distinguished and honored guests, good morning. It is wonderful to be here with you today on this momentous occasion on the eve of the United States-Africa Leaders Summit. Before I begin, I'd like to thank The Brookings Institution for its scholarship and stellar work on Africa, in particular the African Growth and Opportunity Act, ensuring that the many stakeholders of AGOA on the continent of Africa and here in the U.S. are informed about the importance of AGOA for all concerned.

And let me acknowledge my colleague in the U.S. House, the chairman of the House Foreign Affairs' Subcommittee on Africa, Global Health, Global Human Rights, and International Organizations. Chairman Smith and I are from different parties, but the issue of AGOA is bipartisan and bicameral. We concur on the importance of AGOA and we will both be working to ensure AGOA is reauthorized in a seamless manner.

When speaking of this week in Washington, D.C., I used the term "momentous" to describe the U.S.-Africa Leaders Summit as it is the first such summit between the United States and the heads of state of approximately 50 African countries. I say "approximate" because I must acknowledge the fact that several heads of state might not be attending due to the deadly Ebola outbreak and our thoughts and prayers

GAZA-2014/08/05

are with them at this time.

The summit has in and of itself taken the bilateral relationship between the U.S. and the nations of Africa to higher level. As the first such gathering on U.S. soil, this is an opportunity for the United States and the nations of Africa to address issues of mutual interest and concern. It's also an opportunity for the U.S. to demonstrate its strong and unwavering commitment to vital region of the world as an inherently strong ally of our country. The time is right for such a meeting. And while many will argue that this event should have taken place years earlier, I believe that there is power in the present and the continent of Africa is arguably at a stronger position economically than it has ever been.

In his speech delivered at the U.S. Institute of Peace on July 30th, National Security Advisor Susan Rice noted that in less than 20 years, in the space of one generation, even as major challenges remain, Africa has witnessed remarkable change. Many of us remember this period vividly. It was a period during which Africa was considered to be in a perpetually downward vortex, overburdened by debt, overrun by brutal wars, beset by the HIV/AIDS pandemic, and seemingly unable to address issues of political and economic governance. We remember, for example, the searing cover of The Economist which proclaimed Africa "the hopeless continent" in its May 13, 2000, edition. We also remember the December 3, 2011, cover of The Economist emblazoned with the title "Africa Rising." The apparent sea change in the continent's fortunes in a period of little more than a decade continues to baffle many economists and non-economists alike.

When faced with information that cites Africa as the next frontier market, with profitable regional stock exchanges and high growth rates that exceed global averages, many observers of Africa tend to fall into two camps: those that foresee Africa growing from strength to strength and those who see any growth as a short-term anomaly. African Development Bank President Dr. Kaberuka perhaps addressed this

GAZA-2014/08/05

phenomena mostly succinctly by noting there is now widespread celebration of Africa's performance. For many, it is Africa rising, whatever that means. For others, this is a bubble waiting to burst, a cynical view we've gotten used to.

But take a careful, more nuanced look. We are 54 countries with different endowments, starting points, and socioeconomic conditions. Some are endowed with rich natural resources. They export gas; are mining products. Others are low-income and oil importers, while several countries are afflicted by conflict. In short, one could argue that there are African countries that fit comfortably into either positive or negative observations.

The truth is that while several African countries continue to enjoy unprecedented growth, there are other aspects of reality that need to be brought into the equation, such as the critical need for the development of human capital, as well as the equally critical need for infrastructure development. With a population of 1 billion, Africa is a vast and growing market, a market in which our trade competitors in both Europe and in Asia are actively and successfully conducting business.

One resource that all African nations have in common are the youth. The fact that over 600 million Africans are below the age of 35 is a tremendous resource for the continent. It is quite fitting that the precursor to the U.S.-Africa Summit was a week-long conference for the Young African Leaders Initiative. Over 50,000 young people applied to be a part of the initiative, and 500 selected represented every nation in Africa.

The leaders have been invited to attend colleges around the U.S. and participate in internships and leadership development activities here and in their home country. The entire world knows Africa's rising and Africa will continue to rise with the investment in its youth, with the development of its infrastructure, the developments of its 54 economies, and of its democracies. Thank you. (Applause)

CONGRESSMAN SMITH: Thank you very much, Dr. Songwe, for your

GAZA-2014/08/05

very kind introduction and it's good to see my good friend and colleague, Karen Bass. We work very cooperatively. We've worked very strongly together as chair and ranking member. My previous work as chair of the committee included Donald Payne. I served as his ranking member, then he served as mine, and together, like Karen and I are doing now, we looked for every way possible to enhance the relationship between Africa and the United States, to boost health issues.

You know, one of the issues -- and I will get to the AGOA in one second -- one of the issues that I think is absolutely transformational and it even has a profound economic component to it, and that is the whole idea of feeding the future, of ensuring proper nutrition for children and for mothers especially, and at the first thousand days of life up until the second birthday, has turned out to be one of the most transformational ways -- some have suggested that it will add to the GDP of any country about 3 percent because it will mitigate such problems as stunting. It will guard children, especially if they are fed as unborn children into that second birthday. It'll ensure that their immunity systems are boosted. And added to that, it'll ensure that when they begin to learn, their educational capacities will not be diminished by the deleterious effects of lack of proper nutrition. Many African nations have embraced it; many still have to. But I do think that is an important issue that we all need to get our arms around and promote as never before.

You know, the African Growth and Opportunity Act, as we all know, expires on September 30th of 2015. And the issue of extending AGOA is not in question. The issue of when and how is the big question.

AGOA certainly has proven itself. It is still a work in progress. It has had many benefits, although 90 percent of the benefits accrued through petroleum products and minerals, and that needs to change: a greater market mix; more items need to be not only included, but also those that are already on the list need to be utilized under the provisions of AGOA.

It has created about 350,000 direct jobs in Africa. About a million jobs

GAZA-2014/08/05

have been created that were created indirectly. And in the United States, the estimates are about 100,000 jobs as a result of AGOA.

As you might recall, we went through a little trauma recently on the Third Country Fabric extension. It was delayed unnecessarily. And Karen and I had one press conference, one hearing, one statement after another, trying to accelerate the extension. Because what we were hearing from the Africans, and particularly the businessmen and their ambassadors here in the United States was that don't wait till the last minute because, obviously, when you're procuring contracts and creating relationships between other -- business-to-business, you've got to have a long lead time. And Congress is notorious for waiting till 11:59 to finally pass a reauthorization of any bill, and the Third Country Fabric Extension was no exception.

It is for that obvious reason that AGOA should be, if not this year, no later than early next year, reauthorized. And some of the things that need to be on the table as we do that reauthorization would include -- as a matter of fact, the AGOA Ambassadors Working Group made a number of very fine recommendations to the United States and to the African countries, including extending AGOA for at least 15 to 20 years, so that there's no more of this will it be extended or will it not be extended?

I mean, on a related matter, we do the GSP extensions. I remember one year it went right to Christmas and there were 120 countries around the world going, well, what are you going to do? And it went right to Christmas when the Senate finally took up that bill. As usually, the Senate with no disparaging remarks to our friends on the other side of the Capitol, but very often it does take a long time to get these things done, so 15 to 20 years.

They want to, also, encourage us to enhance political dialogue, more summits, capacity-building as an extremely important provision, ensure more U.S. investment.

You know, one of the things, we all know, AGOA is all about exports

GAZA-2014/08/05

coming to the United States. But I've introduced, joined by my good friend and colleague Karen Bass and Gregory Meeks and others -- have introduced a bill -- and Dick Durbin on the Senate side -- a bill called the "Increasing American Jobs Through Greater Exports to Africa Act." And that legislation will target and try to create a trade strategy for United States exports to Africa. And if we do that, I am absolutely convinced, as are all of our sponsors, that that will create more two-way streets.

We also include provisions that ensure that small- and medium-sized businesses, especially those that are diaspora owned, become part of that mix. Right now, they're almost -- just because of the difficulties of doing business and the distance and a lot of other reasons are not today with their small- and medium-sized businesses engaged with commerce in Africa. I think the summit will provide a real catalyst, a launching pad, and I thank the President for convening it, so that ideas like this can take off. AGOA has had great promise, but is only part of what I hope will be a multifaceted strategy to create that friendship with the African subcontinent and especially to increase trade, and two-way trade at that. Thank you very much. (Applause)

MS. SONGWE: Thank you very much. Thank you. I think we've heard the strong commitment of the House of Representatives for Africa and especially AGOA and I think finally this recent act of increasing jobs in America through trade to Africa.

I think one of the first questions that I want to ask you is in addition to putting forth this legislation; you have congratulated President Obama, but asked him to do more in terms of creating an office with a special representative to push trade in Africa. How does Congress intend to make this a reality and to make it happen? What is the significance of this summit for you in terms of pushing the legislation? You've also talked about AGOA and the fact that one needs to -- as we speak, I think the meeting with the AGOA ministers is also happening. How can Congress help to facilitate that and speed it up so that we don't have to wait (inaudible)? Please.

CONGRESSMAN SMITH: Well, to start off with, again, this legislation

GAZA-2014/08/05

seeks to create a strategy. You know, three days ago, the Senate passed a bill that I -- a law that I first did in 2000, called the Combating Autism Act. We changed the name of the most recent iteration to Cares Autism. Contained within that is a national strategy and a coordinator to ensure that the disparate projects, whether it be on helping those with autism research, are all better coordinated. We did the same thing in a bipartisan piece of legislation on Alzheimer's. Again, these are diseases and disabilities, but they're also models.

And our legislation on Increasing Jobs Through Exports to Africa Act will create a strategy and a coordinator and coordinators. We already have very good people doing this. But just like we learned with the problems after 9-11, when we found that there was so much stove piping with regards to our intelligence and actionable information about terrorism, we need to have a coordinated strategy, more people. This legislation would deploy or would authorize, I should say, additional people to do trade inside the embassies.

You know, if I'm a small businessman or woman and I'm trying to do business in Africa, where do you begin? Yes, the trade representatives -- trade office is very helpful, but it is very hard. It's a steep uphill climb, but it also needs to be marketed. You know, all of our districts, we have small businesses, medium-sized businesses who today could have a relationship with an African country or countries and be selling their products or coordinating on the importation of African-made products.

So increasing rising tide raises all the boats and I think the more we promote these kinds of strategies and this idea, this bill, is totally mutually reinforcing to AGOA.

CONGRESSWOMAN BASS: Let me give you an example of the strategy that Representative Smith is talking about. I think the analogy that you used with the Homeland Security is a good analogy because if you look at the different agencies, departments, throughout the U.S. Government that have some relationship to Africa,

GAZA-2014/08/05

they're kind of all over the place. So one aspect of a strategy would be for there to be a whole of government approach to how we deal with Africa.

And then if you look inside some of the agencies and you look at their desk for Asia or for Europe and then compare it to Africa in terms of the staffing and the resources, there's a huge imbalance. So that's an example of what a strategy would do.

And then the AGOA Forum is happening today. There will be a role for Congress there, I'm sure. Mr. Smith will be over there later, we all will be. But the big thing we really have to do is push for the early reauthorization.

And then one thing that we all recognize from AGOA is that there needs to be a lot more than just AGOA, than just dealing with terrorists. So one of the things that needs to happen is the capacity-building in various African countries, so focusing on infrastructure in a variety of ways. And then Power Africa is an example of infrastructure developing the electrical grid in the continent is a good example of when that comes online, when Africa increases its capacity there, it will certainly facilitate the development of trade.

MS. SONGWE: Thank you very much. I think one issue that we both struggle with in the U.S. and on the continent is the question of jobs. And I think both AGOA and improving exports through this bill are also looking at the issue of jobs. However, we find some challenges and one of them is the institutions we've just spoken about creating one focal point. But I think this morning in *The Financial Times* there was some talk about Ex-Im Bank maybe being -- some of the funding being rolled back.

How does Congress intend to continue funding some of these strong institutions like Ex-Im and OPIC that are needed to support the capacity-building and fund the Electrify Africa Act? And what do you think Congress can do to make sure that these institutions are protected and even probably financed more so that they can help with these great initiatives?

CONGRESSWOMAN BASS: Well, the first thing we have to do is make

GAZA-2014/08/05

sure that Ex-Im Bank doesn't expire. I mean, that's the first thing. Ex-Im Bank has always been a bipartisan issue, right? And I remember visiting this issue right when I first came to Congress a couple of years ago. We got close to the deadline, but due to the advocacy of a lot of people, Ex-Im was reauthorized, so that's the first thing. We need to make sure that it does not become a political football.

CONGRESSMAN SMITH: I would agree. The Ex-Im Bank has enjoyed for decades strong bipartisan support and we always run up the clock right to the deadline. I think it needs -- you know, some people mistakenly construe it to be corporate welfare.

CONGRESSWOMAN BASS: Right.

CONGRESSMAN SMITH: I think it's all about managing risk. And this enables our corporations to do business and to do it robustly by making the playing field, especially with actors like China and others, much fairer for us. So I think it's in -- absolutely, when you talk about jobs, this creates jobs in the United States as well as helping to foster job creation elsewhere.

MS. SONGWE: This wonderful collaboration that we have here are both for -- on both sides, the Republicans and the Democrats, on the strategy for Africa. How do you think we can continue to build this collaboration and make sure that it stays together. What can this summit set in motion so that we make sure that with Congress there is continuous dialogue on Africa issues so that we can have more bills on South Africa?

CONGRESSMAN SMITH: My hope is that the Senate will take up the Electrify Africa Act.

CONGRESSWOMAN BASS: Yes.

CONGRESSMAN SMITH: I mean, Karen and I, it was led by Chairman Royce and Eliot Engel, so the four of us and then many others who followed have all co-sponsored this. Many organizations have endorsed it. It has passed the House. It

GAZA-2014/08/05

envisions at least electrifying or bringing electricity to at least 50 million Africans for the first time, who have never had it. And I don't know how you run businesses, I don't know how hospitals operate, I don't know how you study at night when you can't flip on a switch and get light. So electricity is absolutely fundamental to economic growth and to better health throughout the entire continent, and so this is an idea, as Victor Hugo once said, whose time has come.

And in terms of the follow-up, it is my belief that there has been strong commitment to Africa. I mean, President Bush's PEPFAR program was absolutely transformational.

CONGRESSWOMAN BASS: Right.

CONGRESSMAN SMITH: But it also got many people thinking Africa. Many people then who otherwise had not gone to Africa went and discovered it's just a continent that is surging and is the future. And my belief is that as the good news about Africa catches on even more, you'll see more businesses, Chamber of Commerce, labor, everyone saying what are we doing vis-à-vis Africa? Why aren't we including them more?

And again, that's why our bill about exports is so important. We want to create jobs in the United States. I make no bones about that, and our legislation I believe will do that. But as you create those jobs here and you establish relationship, business is all about relationship and then product. But if you don't have the contacts, if you don't have people talking to each, if you haven't been to country X, Y, or Z, how do you ever, you know, create an economic friendship and cooperation? We do it with Europe, we do it with Canada, we do it with Mexico, which are robust trading partners; those last two more than any other nations on Earth, in part because of proximity. But Africa is not far away and I think AGOA is a good further launching post, but it has to be better implemented and utilized.

And again, the part about workers' rights and other, you know, inherent

GAZA-2014/08/05

reforms contained in the AGOA language I think are good so that workers are not exploited. I say with all due respect to the Chinese they have no qualms whatsoever to exploiting their workforce. I've held 50 hearings on Chinese human rights abuses and several about their exploitation of labor. I have tried for years to get the U.S. Trade Representative both under Bush and now under President Obama to look at the unfair trading practices that they routinely engage in, not only occupational health and safety or the lack thereof, but also the issue of not paying people anything close and the illegality of labor unions.

I mentioned China because that model, we're in competition with that model of bad governance, both in terms of governments and in terms of trade. And, you know, when the Chinese set up a corporation or a manufacturing plant, it does not have the same kind of protections, you know, than we would want to insist upon with regards to the United States.

CONGRESSWOMAN BASS: You know, and one of the reasons why to me I promote U.S. business involvement is because we have a history in our country of holding companies accountable. And we also have certain practices here that would not be done in China. So, for example, Mr. Smith mentions the labor issue. Well, one of the things we know about, it doesn't happen everywhere, but China sometimes will bring the labor force with them, and I can't see a U.S. company bringing tens of thousands of Americans to go over to Africa. So our companies' ability to go over there and train the African workforce versus, you know, exporting workers I think is something that is very important for the continent.

MS. SONGWE: Thank you. Clearly, this issue of getting American businesses into Africa is quite important and AGOA is going to be, I think, one of the principal vehicles. The Obama administration has mentioned that he will ensure seamless renewal of AGOA. We have this week I think African legislators, heads of states in the U.S. capital. How can they help? How can Africa help to ensure that the

GAZA-2014/08/05

AGOA bill is renewed, that Ex-Im Bank stays open? What is that relationship? Can we build a relationship that will help ensure that those bills are passes?

CONGRESSMAN SMITH: Well, first of all, let me do a shout-out to the African diplomatic corps here in the United States. They are amazing. We've had dialogues with them on an ongoing basis. We've had press conferences with them. I myself meet often, as does Karen and many of us, with their diplomatic corps. They are focused. Again, their working group which put together five major important inclusions for reauthorization of AGOA I think have enlightened our entire debate on Capitol Hill. So I want to thank them for their leadership. Having foreign ministers, prime ministers, and presidents here and first ladies adds a huge exclamation point to Africa, but the hard work is being done every day of the week by the African diplomatic corps, and they have done a magnificent job.

CONGRESSWOMAN BASS: But I do have to say that Chris and I share the frustration that this is happening this week when we're not here. (Laughter) So we have to figure out a way to take the energy and excitement from this week and resurrect it when we come back after Labor Day.

MS. SONGWE: We'll make sure that the diplomats continue.

I think before Congresswoman Bass leaves, we'd like to take some Twitter questions. So I think if we've made a collection of them I'll be ready to take that.

Just while waiting, what are the other priorities? I know we've spoken about AGOA, we've spoken about the increasing jobs through exports to Africa. What are the other priorities that you have for Africa in the next --

CONGRESSMAN SMITH: Well, I personally have several. One of them is the ongoing, overwhelmingly important health initiatives. I mentioned the first thousand days of life. In 2010, I joined seven African first ladies in New York for the launch of -- and this is their title -- The First Thousand Days of Life From Conception to the Second Birthday. And the empirical data in *Lancet* and others have done yeoman's work on

GAZA-2014/08/05

chronicling that if you want a strong and vibrant economy even, you've got to get it right during that critical time.

As I mentioned a moment ago, I actually wrote the Combating Autism Act. I'm the prime sponsor of it. I started in 1997. We have just learned from the research that has been done that if women get folic acid and are properly supplemented three months before they get pregnant and absolutely in the first month when they get pregnant, the autism spectrum disorder, the ASD, can be reduced by about 40 percent. Africa has a huge problem of autism. I've been Nigeria, I've been to a lot of countries.

I spoke at conference 10 years ago on combating human trafficking and a man came up and said, well, what are you doing about autism here in Nigeria? And I said nothing, let's have dinner. We had dinner that night. I've been working on it ever since. And there's probably a couple of million children in Nigeria alone who has autism and we're not doing enough about it. That not only is a humanitarian issue because the services are lacking, but if we provide the right supplementation -- folic acid especially -- especially during the first month of that child's life, 40 percent decrease. And there's three studies that suggest that's the case.

So making sure that these children -- and stunting, what a huge problem throughout the developing world, but especially in Africa. And stunting doesn't go away, but it's greatly mitigate when this first thousand days of life is embraced and monies flow so that no woman who is pregnant has less than good prenatal and maternal health care for herself and her baby.

Secondly, on security issues, on June 4th, in early June, I was in Abuja. And of course, the Boko Haram issue and the other issues of security are huge throughout Africa. You know, the rising radical Islamists who target Muslims and they target Christians especially for killing, we need to collaborate much more on that country to country, particularly when it comes to training a country's vetting there for human rights, to make sure that we train soldiers that, you know, believe in the importance of

GAZA-2014/08/05

human rights and are not atrocity committers themselves. But that is a major challenge to the whole continent and the world.

And then, of course, Millennium Challenge Corporation and all the other economic pieces of that puzzle that will create a huge and positive progress going forward. I mean, I remember I was in DR Congo, and I'll finish on this, some years ago and I was meeting with a farmer on my way to Goma to talk about the issues related to killings there and he said, you know, I can grow anything. He had such a great pride in his ability to grow anything. He goes, I can't get at the market. Where are the streets? Where are the roads, the bridges? And, of course, Millennium Challenge Corporation is dedicated to that, but I don't think we're doing anywhere near enough to assist in building infrastructure.

What transformed America? Our highways. You know, look at the superhighways that were -- so you can get goods and products, including food, to market. And in this very Willard, at the end of World War II, it was the American Legion -- remember the American Legion -- who wrote on the back of an envelope pretty much, and I think they have a citation somewhere in the hotel where it was done, which led to the creation of the GI Bill. I chaired the Veterans Affairs Committee for a number of years, served on it for 25. The GI Bill transformed America and created our middle class. Maybe that's a strong statement, maybe it's a little overstatement, but it created access to higher education for people in the military, it created our junior colleges, and it also had a lot of other benefits, too.

MS. SONGWE: Well, let's just maybe -- thank you -- pick on that point and talk about regional integration and the bill that Congresswoman Bass and colleagues are working on, which looks at -- I think, during the passage again of this Electrify Africa Act, you talked about 600 million Africans that they're in the dark and you wondered how women have kids. But the importance of scale and regional integration, what is Congress doing? What are you doing to sort of maybe help with some of these bills so

GAZA-2014/08/05

that they're not just national, but are regionally natured to pass (inaudible) that work?

CONGRESSWOMAN BASS: Well, I definitely --

MS. SONGWE: You will be leaving soon, so maybe we can also use this as part of your closing remark.

CONGRESSWOMAN BASS: Sure. And let me just follow my colleague Chris because he mentioned health issues. And one health issue that I think is really critical is the maternal death rate. I'm a former healthcare provider and the idea that women are dying in childbirth in the 21st century is just crazy. And one of the issues that contributes to that is women's ability to space when they have children and how early they have children. So that's one of the big issues that leads to maternal death and something that I think really needs to be addressed on the continent.

But in terms of regionalism, I think it's just really important that when we think about Africa reaching scale, especially to trade with the United States, to the extent that the regional economic communities can come together and resolve issues that impact trade internal to the continent, but also that they begin to come together so that they can reach a level of scale to access U.S. markets is really critical. So in that regard, tomorrow at the Cannon Caucus Room from 9:00 to 1:00, we are addressing that issue through a series of panels. We have the leadership from several of the regional economic communities that will be there speaking about the need for integration and talking about their progress and still what remains as a challenge.

So I would just like to thank you for the opportunity to come and speak to you today. This is just a very exciting week, a historic occasion, this summit. And I'm honored to be a part of it. I want to thank Brookings Institution for what you do. And I look forward to seeing my colleague as we go from event to event. (Laughter) Like I think we've said, there's more than 100 events happening, so I'm off to the next one. (Laughter) Thank you.

MS. SONGWE: Thank you very much. Thank you. A big round of

GAZA-2014/08/05

applause. (Applause)

Thank you. I've just been handed a question from Twitter. To further help stimulate investment in Africa, what about new bilateral or multilateral investment treaties? What is Congress doing about helping to foster this? I guess this is an AGOA question again.

CONGRESSMAN SMITH: Or it's a free trade --

MS. SONGWE: Or it's a free trade question.

CONGRESSMAN SMITH: My sense is that one of the outcomes, and I hope it's true, will be a focus on some additional free trade agreements. While they're not a panacea, they do create opportunities. We've seen it in the past with other free trade agreements. My hope would be that the labor issues would be robustly included. In the past that's not always been the case. I believe in free trade, but free and fair trade. Our workers need, if they are going to be competing against any country in the world, need to have a level playing field, and so I do think that that's an important component.

But it's something -- you know, one of the things the African ambassadors addressed in their memo to Congress and to all players about AGOA was that there needs to be free trade agreement discussions, but not as part of AGOA, which it wouldn't be anyway just given the nature of the legislation. But I think -- but usually it's the President that initiates that. He enters into an agreement, obviously, or a negotiation.

I'm not a big fan of fast track because I think while, you know -- if I had the confidence and I think if others had the confidence that labor rights would be included. We saw with PNTR with China that China is in a race to the bottom when it comes to exploitation of their labor force. I've had hearings with people who have tried to form labor unions in China who have gone to prison, to the Laogai, have been tortured because they want to form a labor union. And, of course, that's China I'm talking about, but we gave up the leverage that we had with China to promote at least labor rights and, hopefully, other human rights as well. And we gave them permanent normal trading

GAZA-2014/08/05

relations without even an annual review now and, you know, they have flooded markets everywhere, made by people in very, very bad circumstances, so free trade agreements.

MS. SONGWE: So go back to -- thank you. On the issue of free trade agreements a lot of discussion comes about the financing. And as you and I know, a lot of the jobs are created by small and medium enterprises.

CONGRESSMAN SMITH: Right.

MS. SONGWE: And you mentioned that in passing. What more can be done, both in the U.S. and for Africa, to finance small and medium enterprises, ensure that in those trade agreements there are laws that continue to provide resources for small and medium enterprises?

CONGRESSMAN SMITH: Well, again, you mentioned earlier about Ex-Im Bank and other currently available mechanisms which, again, can't be allowed to expire and they need to be reauthorized and very, I think, lavishly supported economically and financially. But I think it's not as much of a financing issue after those kinds of protections, but it's a facilitation issue, to make sure that small- and medium-sized businesses in the United States, which are the job creators, as we all know, in the U.S. Sixty percent of all the exports from the United States are from these small- and medium-sized, but not to Africa. So it's a matter of facilitation.

One of the things that our bill does, it would increase the foreign commercial service employees to at least 14. That number has been going down over the years. We've got six. That's nothing compared to what ought to be there. And that's just, of course, one of many things that can be done to -- but I think open people's eyes to the opportunities that exist in Africa is also very important.

It's still, you know, a great -- it's very hidden. People still don't know. And part of what we do in this legislation, the Export to Africa Act, is try to get more than diaspora who own businesses to form those relationships as a bedrock and core of that relationship, which will be built on by others as well. But there's special provisions in the

GAZA-2014/08/05

bill to try to facilitate that kind of connecting. It's about connecting.

MS. SONGWE: Thank you. This is why I think the whole AGOA discussion is quite important. Because, as we know today, Africa exports more to the U.S. than the U.S. exports to Africa, and there is a lot more that needs to be done to balance those numbers. I think the numbers are 39 billion of exports from Africa to the United States and 24 the other way around.

We've spoken a lot about the fact that Congress is doing a lot for Africa, but what are the difficulties? Africa is not always number one on the agenda in the morning. So how difficult is it for you to put the African issues on the table and how much do you think this summit is going to change that?

CONGRESSMAN SMITH: Well, Karen was right when she said I wish Congress was in session during the summit, but that's -- House and Senate are both out. And we usually are out right about now, so it's not a surprise to anybody that we're on what we call a dis-report period. Some say it's vacation. It's not. We do work during the summer months.

But, you know, Congress is -- if it wasn't for the division of labor in Congress, it wouldn't be able to operate. You don't need the entire Congress pushing and surging and working on things related to Africa, but you need key players in the Ways and Means Committee, the Foreign Affairs Committee, the Appropriations Committee, Energy and Commerce. And so the key players, the chairmen, the subcommittee chairmen, the ranking members, are the key to -- and, of course, the leadership, the Speaker, the Majority Leader of course, the ranking, on down the line, to making sure that these items are prioritized. And I think the summit will have a truly laudable effect on that in saying, yeah, these are the problems, these are the issues.

My hope is that horrible diseases like Ebola, I'm actually chairing a hearing on Ebola on Thursday. We will hear from Dr. Freedan and others. We didn't do it earlier because we didn't want to come before the summit, but we do have to have a

GAZA-2014/08/05

hearing on that devastating disease. But people need to look beyond diseases and say Africa isn't just PEPFAR, it isn't just trying to deal with these crises that the African are confronted with.

The best anti-poverty program ever has always been a job and so if we really want to see Africa continue its rise, because I think it's inevitable, it's a matter at what pace and how many people participate, particularly earlier on. We need these very proactive measures like our exporting bill and, of course, reauthorization of AGOA.

MS. SONGWE: And Congress and the work you do depends a lot on the people who put you in power and vote for you. How much do you see a sensibility in your constituency in New Jersey about African issues? And do you get any rewards for pushing the bills that you push on Africa? What is the -- yes, go ahead.

CONGRESSMAN SMITH: Yeah. Well, again, nobody's in this for rewards and how cares about that? You know, at the end of the day it's my faith that drives me to do this work. I am a Christian, I'm a Catholic. I believe passionately in the sanctity of life. I believe that we are all created equal and that government ought to be -- you know, can make the difference -- the difference -- on whether or not a society is moving in the direction of justice or in the opposite direction. It does matter who we elect and who we partner with, particularly in some countries where there might not be an elected -- that's why I love the conditionality of AGOA and many of these bills to ensure good governance, respect for -- I mean, some countries have recently been put back on AGOA; one country was taken off because of worker rights. I think that's a good thing.

We signal unambiguously that we care about fundamental human rights. And I think when we do that we help the average African man or woman and child and we create better societies.

The people in my district are supportive. I just got back from, as I said, from Abuja. I wrote an op-ed. I was on a couple of shows and I did meet with some of the Chibok girls and I'm trying to promote even more training of human rights vetted

GAZA-2014/08/05

Nigerian soldiers to take the battle to Boko Haram because Boko Haram is on a tear. I was in Jos with Archbishop Kaigama and met with Muslims and Christians who are being targeted. And some of the Chibok parents are actually Muslim parents. And I met with one of those dads on the most recent trip and with tears coming down his eyes, he has two daughters who were abducted, and he just told me how he never sleeps nor does his wife. So the more we can help out on that.

But my point about New Jersey, one of our largest daily papers, when they saw that I had gone asked that I do an op-ed. I did for the *Star Ledger* and it was very well received even, you know, by people who don't normally follow all things African.

MS. SONGWE: Thank you very much. We'll go now to the audience for some questions. I think there are microphones. I can't see with the lights here.

I think there's people, ushers carrying microphones around. Please introduce yourself as you ask the question.

MS. JENOWITZ: Hello. Manya Jenowitz from Public Citizen. So U.S. officials have mentioned interest in exploring a bilateral investment treatment with the East African community, but South Africa is currently terminating its bilateral investment treaties after the government's cost-benefit analysis determined that the treaties have not actually increased foreign investment while they have subject domestic public interest policies to challenge before extrajudicial tribunals.

And also, Indonesia, India, and Ecuador, and several other countries have made similar moves. So given the growing rejection of these bilateral investment treaties among some developing countries, do you think that the U.S. Government should consider alternative means of boosting investment in East Africa?

MS. SONGWE: I'll take three questions maybe and then we'll come back to --

CONGRESSMAN SMITH: Sure.

MS. SONGWE: Yes, please.

SPEAKER: Thank you. My name is Muthaz Moliere. I'm of the Nigerian (inaudible) Council. My question is, you know, you spoke about, you know, AGOA and you seemed pretty confident. Given the climate here in D.C., do you realistically think this will happen?

MS. SONGWE: Okay, thank you. One more?

MR. KING: Hi. My name is Mike King. I'm with the law offices of Peter C. Hansen here in D.C. This may not be a separate question, but I wanted to follow up on a question actually you all addressed via Twitter that I sent out about investment treaties, so it sort of piggybacks on her question.

So the question was about stimulating private investment via perhaps new bilateral or multilateral investment treaties. It wasn't necessarily about trade, boosting trade through AGOA, Ex-Im Bank, et cetera, so it's more about zeroing in on foreign -- stimulating foreign direct investment. What else can be done? Thank you.

CONGRESSMAN SMITH: Okay. On the first thing, I guess the third, you know, government has its limitations. What I think we do and, hopefully, we will do it, is create a climate, create government-to-government relations that allow private sector-to-private sector relations to flourish. One of the findings of the African ambassadors was -- and this has been found by others, as well, is that there's not enough business-to-business contact. Government-to-government can only go so far. There are limitations, but we need to go to the limit of what those limitations are, which is why I think AGOA and all these other initiatives are so important.

I do believe that infrastructure remains if not the key, certainly a key, to Africa prosperity. The Electrify Africa Act is just one piece of that. Clean water is another. You know, water-borne diseases remain. I introduced a bill, for example, again, this goes to the overriding concern of just helping people to be healthier, but it also means they're more prosperous when they're healthier, and that is the problem of neglected tropical diseases. There's still a billion people who are walking around with

GAZA-2014/08/05

parasites and worms. And when we talked about feeding the future and programs designed to, you know, feed people, we don't want to feed the worms. And our bill which we've introduced would substantially increase our investment and our prioritization of ridding the world of -- and especially Africa, of these neglected tropical diseases, these parasites and worms.

I remember meeting with a doctor from Ghana, who told me that he was, you know, meeting with little children. He was working a lot -- he was a pediatric physician. That a woman brought her son in and said, you know, I think something's wrong with my son. His urine is clear. And she said all the other mothers say that the urine is red, tainted with red, so that ought to be the norm. Of course, all of those children are carrying parasites within their bowels and that's the reason for this. He said he was astonished by that statement.

So we've had hearings on neglected tropical diseases and we're going to push forward to get that legislation passed.

So facilitation, getting back to what I said earlier, I think is what we can do best. You know, government can only create so many jobs. We do that here in Washington. We do it in state capitals and municipal governments. But the private sector is where, if a country's going to be prosperous, that has to be built up.

Clean water, like I said, is extremely important and so many issues of that kind. If you get the health piece right so much more than follows in terms of productivity, people, you know, obviously having a greater possibility of gainful employment.

With regards to AGOA, I would -- and in terms of these free trade agreements, when countries abrogate or opt out or say they don't want to be a part of it anymore because of human rights conditionality, that's when we should be thinking about doubling down. One of the big problems with NAFTA was that labor rights issues were excluded, they were put on as a sidebar. The same thing goes with CAFTA and some of

GAZA-2014/08/05

these other -- of course, that's not Africa, but it's a trend with both parties -- Bill Clinton, George Bush -- that I find objectionable; that we need to have labor rights at least ILO-type standards integrated into what we do. And again, for the sake of the worker and for the sake of -- to reduce exploitation. So I would hope that we would, like I said, double down on trying to say we want to do trade with this country or that country, but human rights do matter.

When it comes to the dysfunction of Congress, as some would call it, there's no doubt that there are huge problems, large animosity. I've been in Congress 34 years and I don't think I've ever seen it as adversarial as it is today. I do believe in the two-party system and benign adversarial relationships are fine. But often it crosses the line and becomes very personal and acrimonious, and that just means policy goes right out the window.

I don't think we will suffer from that when it comes to AGOA reauthorization, but I do think it may, because of past being prologue, mean that we do it later rather than sooner. And that's not good. I think the sooner we get this legislation teed up, all the hearings are held, all the, you know, enhancements that might be added to it, you know, adjudicated, the better. Again, for those who benefit, you need a long lead time. And again, that's why the 15 to 20 years recommended by the ambassadors I think is a very prudent path to follow.

Bills are still being enacted. The Senate, and this is not a partisan dig, but the Senate has held up far too many bills. I have five bills sitting in the Senate right now that passed if not unanimously, almost unanimously in the House of Representatives, but two of them have been cleared and are now heading to -- one on autism and the other on child abduction, international child abduction. It's called the Sean and David Goldman International Child Abduction Prevention and Return Act. That has passed the Senate and is now on the President's desk. But there's far too many other very important bills, pro-growth bills, that languish over in the Senate; well over 300

GAZA-2014/08/05

I was told recently and at least 5 of them are mine.

MS. SONGWE: Thank you very much. Let me take another round of questions and then we'll use that as your closing remarks when you answer.

CONGRESSMAN SMITH: Okay.

MS. SONGWE: I don't know if there's any more questions in the audience?

MR. DRAMID: My name is Lamem Dramid from BDI, Building Design International. Talking about development in Africa, we have a major problem in terms of policy and leadership. You have an overwhelming number of leaders in Africa. Investors would not want to go there, A, because they feel like they're at risk. What is this core forum doing to help investors to enable them to go and invest in Africa? Because if you have an investment opportunity, you wanted to invest like 100 percent of your thing into the country, only 10 percent would reach to the right investment. By the time you reach your investment, 90 percent of your money is wasted into corruption, bribery, and all kinds of things. So I think our leaders need to be sensitized and be more trained in terms of all those things, number one.

As you mentioned on Boko Haram and other things, I am totally disgusted and disappointed by the president of Nigeria. If President Obama in the United States can swap one military officer with five terrorists, we have over 300 daughters of Nigeria --

MS. SONGWE: What is your question, please? Because we're running --

MR. DRAMID: Pardon?

MS. SONGWE: Can you ask your question, please, so that we can get the congressman to answer?

MR. DRAMID: Okay, 300 children of Nigeria, they couldn't even negotiate and they couldn't trade them out. And the world is looking at it. Nobody's

GAZA-2014/08/05

making action. It would not encourage any investment to go to the places like Nigeria or in Africa if things are happening there, no solutions has been to the problems. We need to identify those problems which are already out there.

MS. SONGWE: And your question is, if you may permit, how can we improve security so that we can improve foreign direct investment?

MR. DRAMID: Oh, good, okay. (Laughter)

MS. SONGWE: I'll ask the congressman maybe to use that (inaudible) his closing remarks.

CONGRESSMAN SMITH: All right. I do believe that security issues have a chilling effect on some people investing in Africa. They read the news about Boko Haram or al-Nusra -- not al-Nusra, they're in Syria, but some of these other groups, Al-Shabaab, and what's recently happened in Kenya, obviously, where there, you know, killing people, including in Nairobi. And it does have a chilling effect, but it also paints a caricature of what is Africa and what these countries are all about.

You know, I actually wrote the Embassy Security Act legislation after the U.S. embassies got hit in Dar es Salaam and in Nairobi, and, you know, for setbacks and for, you know, measures to be taken. And in working on that legislation, which did become law, I was shocked at how many people in the business community said, oh, now we can't go to Nairobi. Now we can't go to Kenya. So that chilling effect issue is very real. I mean, as we saw in New York City after 9-11, you know, we've had thousands of people, Americans and others die at the World Trade Center, none of us are safe. And so it's a matter of lessening that risk.

I do believe that -- and I just held a hearing on this -- that the training of human rights vetted -- and the President did announce a \$5 billion initiative for this and I hope it comes to fruition, to train special forces, again people how have been properly vetted, to deal with counterinsurgency. I've met Nigerian peacekeepers all over the world. I remember being in Sarajevo during the killing fields in the Balkans. And who

was there? The Nigerians.

Then I was in Darfur, I met the same major who was at both places, who even there was complaining about his rules of engagement not being robust enough. So the Nigerians and others have stepped up on African peacekeeping. The AU ought to be applauded for the great work they've done in that area. But when it comes to the very difficult dealings of counterinsurgency with groups like Boko Haram that is a very specialized skill set. We've learned the hard way. We have people who can train. We just need to aggressively expand that training because as we've seen with the ISLIS in --

MS. SONGWE: ISIS.

CONGRESSMAN SMITH: ISIS marching towards Baghdad, you know, where you thought was secure very quickly becomes not secure. And Boko Haram has manifested and done killings, including in Abuja. So, you know, they need to be -- the fight needs to be taken to them. But you don't want to put troops who don't know how to deal with that in a situation. You need specialized training. We are training some, one battalion, far less than what's needed. And I think if that gets right that helps the economic climate as well. Plus it protects, most importantly, innocent people from that kind of violence.

MS. SONGWE: Fantastic conclusion. We need more trade to get security. Thank you very much, Congressman Smith.

CONGRESSMAN SMITH: Thank you.

MS. SONGWE: And welcome. It's nice to have you. (Applause)

MR. SY: So we'd like to thank first of all we're delighted to have this wonderful panel with us today. And so we'd like to welcome panelists. I would like also to thank the staff really for supporting the advance work around this event. You know there are more than 100 site events during these few days of this summit and we're very happy that we have a full house. So we'd like to welcome the audience too. I would like also to welcome our internet audience because this is webcast globally. And we have

also a Twitter handle which is #AfricaSummit. And we will take questions from Twitter, from the internet, and also of course from the audience.

So why are we having this panel? So the theme is Charting a New Economic Future. So it is clear that for this Africa Summit African leaders are not coming with their hat in their hands but rather they have identified a number of priorities and looking for the American business sector to play a big role into really addressing those priorities. So if you take the last 20 years, 9 out of the 20 fastest growing economies were from Africa, right. No matter how you define a middle class, whether it's \$2 spending a day or more it is clear that Africa is having a vibrant middle class which is growing very fast. But yet Africa is urbanizing very quickly and we have a youth which is urbanized and often without a job. And Congressman Smith in the previous panel had this wonderful quote, he said the best anti poverty program ever has always been a job. So we have this very fast growth but we're also facing a number of challenges including a jobless growth, including lack of infrastructure, 600 million of Africans without access to electricity. So this growth as Nobel Prize Joe Stiglitz said in his recent Financial Times article on the Summit, this growth has not generated in a formal sector employment to absorb the growing labor force. So we have a number of questions. What challenges and opportunities are shaping Africa's economic landscape, how are entrepreneurs and innovation being leveraged to promote inclusive economic development, is the U.S. taking full advantage of the opportunities to create mutual prosperity with African countries, and what role can the U.S. play to support African economies as they attempt to reach their full economic potential? And we have a wonderful here to answer those questions as well as your questions.

So if you would allow me I would like now to introduce the panelists starting with Dr. Donald Kaberuka on my left. Mr. Kaberuka is currently serving his second five year term as President of the African Development Bank which is moving by the way from Tunis to Abidjan in Cote d'Ivoire where it was originally. Mr. Kaberuka has

GAZA-2014/08/05

a distinguished career in banking, international trade, and development and government service. He served as the Minister of Finance of Rwanda where I had the pleasure to meet him as part of an IMF mission looking at the financial section in Rwanda. He initiated and implemented major economic reforms and introduced new systems of structural, monetary, and fiscal governance. And these reforms are in no doubt part of the widely recognized revival of Rwanda's economy that we see today. So at the African Development Bank Mr. Kaberuka has placed increased emphasis on the private sector and on the importance of major infrastructure developments.

Next is Miss Carolyn Campbell who is a Managing Director, Founding Partner and General Counsel of Emerging Capital Partners, ECP. If you follow private equity in Africa you have to know ECP, right. So she's based here in Washington, D.C. and is part of the management of seven funds and over \$2 billion U.S. dollars under management. And ECP is one of the leading private equity managers focused on Africa. And ECP has about seven offices across the continent and over a decade of investing experience in a number of investments. Before that Miss Campbell was a Senior Associate at White and Case, LLP in the Firm's Warsaw, London and Washington, D.C. office. She was also an Associate Professor at George Washington University National Law Center lecturing on international Negotiations.

Then Mr. Mo Ibrahim who does not need maybe a lot of introduction. But we all know the Foundation he is chairing and he has created in 2006. This Mo Ibrahim Foundation supports good governance and exceptional leadership on the African Continent. Dr. Ibrahim was born in Sudan and he is a global expert in mobile communications with a distinguished business career. And he's also the founder of Celtel International. It is very interesting because some of the first self help investment that we've seen included Celtel which was sold to Zain in 2005 and then purchased by Bharti Airtel in 2010. He is listed by Time Magazine as one of the 100 most influential people in the world.

GAZA-2014/08/05

Last but not least we have Jason Njoku who is the CEO and Co-Founder of iROKO TV -- that's how we pronounce it in Nigeria although iROKO here. So he graduated from the University of Manchester in 2005 which a chemistry degree. And after nine failed business attempts in the world of on-line media he moved back home with his mom at the age of 29 and back home he observed that his mom loved watching Nollywood movies and had the idea to look for a reliable source of films on line which he could not find so he created his own company. So this company now is YouTube's largest partner in Africa. And in 2012, you know, recently the site has recorded over 1 million plus registered users and about 14 million hours of movies. So my colleague was reminding me that in the internet business failure is a badge of your pride. So imagine him with nine medals (laughter) and you get the picture.

So let me then have the panelists each have seven minutes of their remarks before we open the session to Q & A. Thanks. Dr. -- so I'll call you Donald if you don't mind.

DR. KABERUKA: Go ahead.

MR. SY: I'm sure at the African Development Bank not that many people have that privilege.

DR. KABERUKA: You know, quite a lot. (Laughter) Thanks, Amadou. Well, I'm a bit of an outlier on this panel. These are incredible successful business persons and I'm just a bureaucrat who works for the African Development Bank so I'll have to be careful what I say in front of these people. But here there's three things I want to share with you in relation to this Summit. If this Summit was taking place 10 years ago the chances are that the conversation would be quite different. It would be about what can we do for Africa sometimes even without their views being taken into consideration. It would be how can we help this continent of despair. It would be about debt, about doubling aid, (inaudible). So that might have been the conversation then. Now a lot of water has gone under the bridge since. Now this is the conversation about trades,

GAZA-2014/08/05

growth, and investment. So I do think that change in attitude itself is extremely important both for the U.S. and for Africa. But in between what has changed again? In between the world has changed enormously. Africa now has many more partners they had in the past including many of the emerging markets. The world trade has changed. It's no longer about exporting commodities, exporting made in products. It's about value chains, it's about trade-in-tasks as we economies like to call it. And so Africa which is believe that is a continent that exports things, products is not challenged to get into the global value chains at highly roles on the ladder. But Africa too has changed internally quite dramatically, not simply the demographic economics of which you're familiar but also in terms of how we view the state, the private markets, and how they're to work together to get wealth. But Africa has changed too in terms of these high numbers of economic growth which everybody is familiar with. However as I was saying this morning at the AGORA Summit, this sort of ends there. Strong economic growth is an essential condition for the take off but it's only that. Economic growth that has not translated into economic transformation exactly as those problems we described, jobs, opportunities. So the challenges for our continent is now how to go from economic growth to economic transformation. What does it take? Of course we could have been growing faster, not 6.2 percent, maybe 8, 9, even though there was adequate infrastructure. But even then it could not take over the challenge of going from economic growth to economic transformation. So the kind of conversation I would like to see in the space as we speak to our American friends, European friends, and many others is this is challenge we're facing all of us. And I believe that if we can make that jump a prosperous Africa would be exactly where the world today needs to get out of this slow growth and recess.

Just before I conclude, just think in the aftermath of the global economic crisis in 2008 if there was no China, no India, no Brazil, no large emerging markets to hold the economy, I think this crisis would have been much bigger. But now think if Africa had been an initial platform of growth, it should have been able to overcome those

GAZA-2014/08/05

Chinese I mentioned. So I believe that our leaders who are here are business people who are looking for opportunities to engage in that second stage which is to transform our continent, not simply growing the economy, growing the GDP. Well, as your colleagues in Senegal like to say, you don't eat GDP, you know that. Yeah, you have to go from the GDP numbers to actually transfer the economy, creating jobs. And that's the challenge you have today.

MR. SY: Thank you, Donald. So global value chains, economic transformation. So these are two of the key things we will come back during the Q & A. So, Carolyn?

MS. CAMPBELL: Yes. So as Amadou mentioned ECP is a private equity fund manager and we started in 2000. Many of you remember that year as the year that Africa was featured on the cover of *The Economist* as the lost continent. So we had a very hard time raising money. Everybody doubted we would invest the money and then they really doubted that we would ever exit our investments. I am in great company here today because the African Development Bank helped seed us in that year. They believed in the mission that private sector investment could make private sector returns in an honest, transparent way. And one of our first companies that we invested in was Mo's Celtel. So I think on the two sides you've pretty much proved the thesis. We went on to invest in over 55 companies since then. We've had over 33 exits and our companies operate in over 45 countries across the continent. We cover both the Anglophone and the Francophone side of the continent. We do not focus on SMEs. They are a very important part of Africa. They contribute to one percent of GDP typically. We are focusing on larger investments. Our thesis is that that's where you're generating the great job growth and we look, you know, across our portfolio at -- what we do -- it's tens of thousands of jobs that are created by the sector on which we focus. We used to be based in D.C. That was based on the year of creation. We have gone on though to push most of our investment professionals and our investing operations onto the continent as

GAZA-2014/08/05

Amadou mentioned. And that has been -- we've never closed an office. We've only had growth into all of our offices which span the entire perimeter of the continent. And we're seeing that in the beginning it was mostly telecom. We added on financial services and now we are moving into consumer facing industries because that is where the growth is being generated. And all of these sectors are interrelated.

Before we get too excited about this, however, private equity accounts for about .1 percent of investment into Africa. And as great as we're going to sound by the end of the panel and as great as our accomplishments are the real need is in the very traditional infrastructure sector. And I'm sure we have many economists in the room, I don't need to remind you, but after World War II the investment in infrastructure as a percentage of GDP was eight to nine percent in Germany and Japan. It is currently six to seven percent in China and India. It is two to three percent in Europe and the U.S., and it's less than two percent in Africa. Infrastructure is the backbone of what we do and it will eventually be the backbone of growth and there we're talking about energy and ICT, information and telecommunications. We are making investments in both those sectors. We do run a utility platform company out of Ivory Coast and we are helping but we're one could say an important drop in the bucket. So that's the real story.

Touching on three of the themes of today's conference that are particularly near and dear to us, one is governance. Africa is quite lucky in this regard. The governance bar is high, it's high globally post 2008, it's even higher for Africa. You just mention Africa and the developed market says we try to raise money and everybody's eyes open wide. But Africa also is very lucky because it's played leapfrog. Because there's been such an intense focus on it it's always put these best practices into all of our investments from the beginning. Our endeared investors have always insisted that these controls and checks be put in place. And were trying to build sustainable companies that we can sell ultimately and it's just not sellable to have a company that's not completely running along the lines of the very best governance practices globally.

GAZA-2014/08/05

Looking at some of the industries worldwide, transparency international, Africa rates fairly highly. Fourteen of the countries rate more strongly than India and 35 of them rate above Russia. So I think that the governance question is largely answered. Mo Ibrahim's Foundation has its own index called the Ibrahim Index. And of that his Index notes if you go on line today that 70 percent of African countries have improved since 2006. So the governance story is not a weakness, it's a strength for Africa and it's one that helps everybody. It helps us, it helps the continent, and it should help everybody want to invest more and more there.

The second topic of the panel is security. And there again the perceived risk outweighs largely the actual risk on the ground. If you assess risk and if you put in place different mechanisms to mitigate against any risk, the risk reward return equation is very favorable for Africa as well. We have been through elections in Nigeria in 2008, in Ghana in 2012, in Kenya in 2007. And even in 2010 in Ivory Coast we ran the countries' electricity and water utilities through the civil war and came out the other side very well as attested by the fact that the African Development Bank is relocating to Abidjan so quickly after the crisis. That is a great vote of confidence. And we didn't even evacuate our office there. We haven't evacuated our offices anywhere.

And finally a word about job creation and poverty reduction. Amadou said it very well, you know, you want to reduce poverty, create jobs. I think this entire panel it's probably safe to say is pretty much you're speaking to the converted here. We've seen it, this is what happens. We did a study of one of our businesses in East Africa which is a repeatable box, sort of a Starbucks type of business that we're rolling out. It's growing extremely fast based on the growth of the middle class in the East Africa region. And CDC did a study for us of our employment multiplier effect and for every job we created three family members were provided for. And looking across the training programs that our companies provide and it's nearly all of our companies that provide training programs. You train one person at any level and the training spreads to other

parts of the organization. And that's true for governance as well.

So I will leave it there.

MR. SY: Thanks, Carolyn. I think it's very interesting that those studies regarding the governance indicators are probably not what most people would have thought about when it comes to Africa, to compare Africa to Russia and India and saying that Africa fares well when it comes to governance. But we have the governance expert, Mo, who's going to tell us about governance and other issues.

MR. IBRAHIM: Right. Good evening, everybody, or good afternoon. Is there any way to dim this bright light? (Laughter)

DR. KABERUKA: It's difficult.

MR. IBRAHIM: They want us to bring sunglasses or something. Thanks. Thank you. Governance in Africa. I mean to start why governance? I just happen to believe that really governance is the basis for development, it's the basis for every good thing. Without good governance really we cannot move forward. And one of the main problems we've had over the last 40 years or so since independence was that in many cases there was failure in governments. There was (inaudible). And that resulted really in a catastrophic degradation in Africa. Forty or fifty years ago a number of African countries had better income than China, than South Korea, than Singapore, than Malaysia, et cetera. And that has been reversed very badly actually over a number of years. And there's no really material reason for that, there's no objective reason for that because Africa is a huge continent and it has its fair share of resources. There are not many African people. African people all of them are less than India, are less than China. When Africa itself you can put geographically China, you can put India, you put United States, you can put all of Europe and it still will be some empty spaces. That is a size actually of Africa. So there's no material or really good reason for us to really lag behind over the last 40 or 50 years. And in my view and view of my colleagues is a failure of our leadership to manage our resources, material resources and human resources, a rising

GAZA-2014/08/05

society, et cetera. That is the piece theory which caused a lot of issues.

That's why when I finished with business and, you know, we are fortunate to make some money and who made this lady rich (laughter). We generally said okay, it's time to do business; it's time to do other things. And I thought what was the best thing to do really is to try to help is -- charity is wonderful but it does not change the fate of people. You know, you feed people today, you need them tomorrow, you need to feed the day after. But what we need is to change the reason why we need to be fed or need to be helped. And that's why we decided to work in that space which is governance and how to improve governance in Africa. In our view governance is not an emotional term or not -- governance is measureable. It is about that basket of deliverables any government needs to deliver to its own people, it's about security, safety, it's about the rule of law, it's about human rights, about economic development, about infrastructure, about education, access to health, access to schools. You know these are all the kind of deliverables people -- and it is also about gender issues. I mean how you -- we have some problems about that in Africa, in certain parts of Africa.

So we set out really to reduce really the measurement for all these problems because we measure about 130 barometers and we publish that every year. The objective here is really to measure accurately where you are every year and where are you moving? What strengths, what weaknesses, what works, what doesn't work. It's something to help the governments, it helps civil society because we can have a reasonable conversation based on data and facts, not about slogan and shouting or dancing or whatever, but really facts, data. How many kilometers abroad last year have been paved, how many schools have been opened, what sort of inflation, what sort of deficit, what is the public debt, what about corruption, what about human -- how many people are in prisons, how many -- all this kind of measure give us a better picture about what's going on here. In short, about reinventing institutions, institutions' capability in the country which really ensure the long and stable development of that place. So that what

GAZA-2014/08/05

we're trying to do with the Index. The good news is that last year in our report we have the data now for about 10 years and we -- so it let us compare the data over 10 years, what happened exactly in Africa. And that was really interesting because we notice of course economically Africa moved quite ahead. The average growth per year all over Africa in the last decade was about 5.6 or 5.7 percent which is great given some difficulties during the period of time worldwide. Had some growth, education improved a lot. So there are a lot of good improvement. Gender issues improved a lot, 37 percent improvement. They are very high improvement. Also it's coming from a very low base so it's too soon to pat ourselves on the back because we still very much behind in that area. In general the good news was 94 percent of the African people live today in a much better governed society than 10 years ago. So that's good news. The job is not done, still you have a lot of issues in Africa, still you have a lot of conflict. We noticed also last year in our report that wide extended conflicts have almost vanished in Africa. What we have seen now, the rise of internal conflicts. We see a lot of internal conflicts now taking place in Africa and we raised that as a red flag last year and I think the situation is getting worse. And we need to see why this is happening. Is it an ethnic problem, is it a religious problem, is it an inequality problem, or is it these three problems together which are causing these issues. But that is where is a dangerous trend. You have to be really dangerous accordingly.

I guess I stop here to not over the --

MR. SY: Thank you, Mo. I have to add that the Mo Ibrahim Foundation just released a very, very informative report on regional integration, regional economic integration. I encourage you to have a look. It's very well made.

Last but not least, you know, the thing of the U.S.-Africa Leaders Summit is investing in future generation. I cannot believe that I can say that but -- any way. So I thought I was much younger, but any way (laughter). We have here Jason who can tell us about first of all entrepreneurship and the role of the youth into really taking things on

GAZA-2014/08/05

their own hands and making it happen in a very difficult environment. So, Jason?

MR. NJOKU: Thank you. So thank you for having me. I'm basically going to walk through the opportunities, entrepreneurs, and obviously the change in consumer trends that I see in Nigeria. So I'm an internet entrepreneur. If you look globally there has been hundreds of billions of dollars of value created from internet industries, but in Africa nothing has really been created yet. When you think of internet you think of specifically like very young people doing sort of like trivial things on line, but with, you know a 600 million person population under the age of 35. That gives you some indication of what is possible with a very young, connected, and socially mobile and tech savvy audience. I look at my experiences. So it was touched upon that iROKO was my 10th venture. I was born and bred in the U.K. I was almost a broken entrepreneur in 2010 when I decided it was time for me to try something new. Jumped on a plane, moved to Nigeria. And Nigeria has some of the most hostile like for young entrepreneurs operating sort of places, so from electricity, from predatory bureaucrats, it's obviously corruption and just being able to kind of like find the right people. Very, very discouraging if you just look at the problems, but if you actually look at the opportunities the world changes it, but especially with somebody who has nothing to lose. And I think with the mass unemployment problem currently in Nigeria a lot of people have like a side hustle. I was talking to someone yesterday, they said that Nigerians here even in the States they never have like one job, they always have something else to do on the side. So in terms of sort of having sort of a side sort of hustle that Nigerians are typically known for that. So if you have a mass of young people who are mobile, who are connected, they're always typically finding things to do.

So in 2010 when I moved back to Nigeria my thought was really simple. There's an entire movie industry out there, let me simply attempt to digitize it. Strangely enough no one had ever thought to ever legally do this before. And this is an industry which at the time I landed I think the guardian sort of said it was about 300 million pounds

GAZA-2014/08/05

in terms of like value. It had never been digitized, no one had ever sort of like wrapped any kind of legal framework around the licensing, the distribution, the copyright aspects. So I wandered in there again having no previous experience in law, in media, or anything and just thought let me just explore this. What I found very quickly was there was this homegrown passion for sort of local stories. I think gone are the days when, you know, especially Nigeria consumes from the outside, it typically wants to consume its own content, it wants to hear music from people who speak different tongues, or local tongues for them, they want to watch movies of people who have their own names, as exotic as they can be even better. So in digitizing I realized there was like a massive opportunity there. You know, very quickly it was sort of noted upon that we would actually do something quite interesting. So having never -- and we never created a business plan, never created a pitch, never created anything, we were fortunate enough to have received a lot of inbound interest from like venture capitalists. And these are like leading edge, emerging market venture capitalists, so if you think Tiger Global based out of New York, and Chinivick which are intel contents, sort of TMT investors globally. We raised like \$21 million over the last 2 1/2 years. It's gone from me sitting in a room in Lagos struggling to pay for electricity to offices in New York, we have an office in Lagos, Johannesburg, and we just opened up an office in Kigali. And again this has actually all happened in the last two and a half years. What the interesting thing from my perspective obviously was that from an entrepreneur there were all these opportunities there, but the future of entrepreneurship has to be financed somehow. There is no version of internet economies anywhere in the world which hasn't been significantly, additionally invested in by like venture capitalists. So last year in 2013 there was about \$70 to \$80 million which went into like Nigerian internet companies of which pretty much all of those internet companies were created within the last three years. That pales in comparison to India which where one company just last week raised \$1 billion as part of like a broader investment raise of sort of like \$1.7 billion or something. So in terms of

GAZA-2014/08/05

creating that future it has to be financed. So, you know, what I tried to do obviously is, you know, sex up the story of Nigerian internet, make it that much more attractive because it is attractive. The fundamental demographics are there. Who would have thought 15 years ago that Nigeria will be the, you know, the largest I say contributor to telecoms in Africa in terms of profits for MTN. If you live in Nigeria then we have very much I would say. I think it's also really important that everywhere you look in terms of internet investments there is a peculiar economics which works just for internet companies, but over time they actually show a significant amount of value. If you think in sort of 2001 the first wave of mega Chinese internet companies were created. So you think of the Alibabas, you think of the Tencents. You know, those companies are now reflect at least \$100 billion each comfortably. So the perspective is today that we are in a unique period of time where the company which will be created, that by 2020 we'll be talking about sort of billion dollar listing on the NASDAQ and such. Again we're literally like the first meter in like at least a sort of thousand meter race but hopefully obviously we have more winner that will definitely get there.

And I think in terms of consumers changing I think if you have a young population, they're mobile, they're definitely engaged on social media, you actually have the unique opportunity to actually like realign how business is done in these previously opaque economies. Take Nigeria for instance, with social media it's very, very difficult to win an election in Nigeria if anyone tried to do so because there is someone slapping and tweeting and engaging in that way. I think never before have Nigerian officials been held to account on any of the kind of propaganda as type of communication has been called into question and sort of disputed quite openly on a constant basis. What typically used to happen was terrestrial TV or newspapers acted as almost like the ministry of information for the government so the streets could be burning in the north but on the national television networks they'd sort of be showing happy children and dancing in the streets and stuff like that. So I think with social media then start to become much more

GAZA-2014/08/05

accountable as a -- basically as a country. And I think more accountability, especially around some of the more devious practices on a day-to-day basis makes just operating environments just easier for investors and obviously for like entrepreneurs there as well.

MR. SY: Thank you. That's a very interesting theme of having social media helping when it comes to governance and also helping when it comes to transforming the economy.

So I'll just now move to a very -- maybe four quick questions before opening it up to the audience. So, you know, we are in the U.S. -- this is the first -- this is 44th U.S. President, first U.S. leaders Summit. If I'm a U.S. businessman from let's say Little Rock, Arkansas (laughter) where President Clinton comes from, what's in it for me. I mean I have this image from Africa which is most often about diseases, destruction, and so on. You know how do I make it happen? How do I have a better sense of what's happening on the return? By the way most of the studies we've seen say that the highest return on foreign direct investment are in Africa. So I'll give that to you. Maybe second question, quickly -- or maybe I'll let you finish and then I'll move to the other questions. I think that's better.

DR. KABERUKA: But I assume the question you're asking me is the old type of questions.

MR. SY: Yeah.

DR. KABERUKA: Is Africa of disease, of hunger, of these problems. And nothing (inaudible) I will disagree with that. But the proof (inaudible) mentioned, (inaudible) reported funding, and you're prospering I think have done two, three times. We do in the Bank, we do about \$3 billion of funding to other businesses including American business people. And non performing loans to date are less than two percent. All right. Many are American companies. In fact just before coming here I was visiting a country where -- not Nigeria by the way -- they take gas, they transform it into methanol, LPG, LNG, and this is an American company. And they've been doing this for five years.

GAZA-2014/08/05

And that was 14 percent of the American market on methanol. So I think that people out there are doing business, they can assess Africa's risks as they do in the Ukraine, in Sri Lanka, in Columbia, in Latina America. Africa's no different. If you are looking for problems you'll find them. (Laughter) If you are looking for things to work you will find them. If you are looking for to mitigate for those risks and to impress them with what you do we can help you in doing it. As (inaudible) that was asymmetry of information at some point. I think that is getting closer and closer. I do believe that there's a difference who are in the investing on my continent and those are yet to invest. And so those who are investing they already know that the risks are no different for as well. So I know this person from Little Rock, Arkansas is different from those who are coming from Shanghai or coming from Istanbul, or coming from the south of India. So it's an opportunity open for American business people. It's an opportunity, the first step to compete with others by the way. (Inaudible) now is a competing place so you have to compete. And I do believe that those rules still have an asymmetry of knowledge. Things like my colleague here, the Bank we can help them close that gap of information. But their opportunity is now; as my friend is going to say is they can just wait and others go moving on.

MR. SY: Yes. So I might say we've looked at these issues and there are some areas where the U.S. has a huge comparative advantage. Let's take education. You're hometown of Kigali and Carnegie Mellon has opened a massive program. And I can tell you that U.S. universities will have comparative advantage in the country, that's for sure. And we've seen the Walmarts, the GEs, and the IBMs and Microsoft and so on in Africa.

DR. KABERUKA: We funded that Carnegie Mellon.

MR. SY: Oh, I didn't know.

DR. KABERUKA: So Carnegie Mellon send a (inaudible) we funded it. Right now there's African kids they're learning ICT there. So it's working for all parties.

MR. SY: Yes. So then coming back to this financing theme I want to

GAZA-2014/08/05

move to the private equity business because, you know, there's a lot of perception about governance in Africa and it seems the private equity given its arms length type of structure and monitoring, being on the board and, you know, being involved almost sometimes on a daily basis, it is kind of a good fit when it comes to investing in Africa. But at the same time typically it's my understanding that private equity investors are looking for an exit. But then you have shallow capital markets apart from South Africa and to some extent Nairobi and Nigeria, so is the future of private equity in Africa just to be permanently private equity investors? An the second quick question is, you know, we've mentioned a few sectors here but from where you sit being a private equity investor, what are the key -- the sectors for the future?

MS. CAMPBELL: Great, great questions. On the first point it's interesting, another African PE different to other regions of the world including the developed world is African private equity is not LBOs where you come into a company, you lever it up with a bunch of debt, fire all the employees, list and you've made, you know, 20 times your money. That is not what we're doing. It's called growth private equity. So you're helping a company and a lot of companies in Africa are family companies, or closely held, or they have a great concept like Jason's company but they can't get to the next level. So we come in and we provide capital because the capital markets are very thin. The banks are lending to often just a few corporate or family groups and companies like Jason's don't have access to capital. So we come in, enter the private equity which is a lot like venture capital but at a little later stage of development of most of our companies, and we put the equity in. So we're now co-owners of the company. The entrepreneurs have to get comfortable with that. They've been managing their companies as a family affair perhaps for a while but now we're on the books as an owner of the company and we are liable for anything that goes wrong and it's our reputation in with the company's so we have to vet the entrepreneur pretty carefully. But once there's that alignment we provide really close support. Once they

GAZA-2014/08/05

have more equity on their balance sheet they could add a little more debt. In Africa the levels are a third or a half. For every dollar of equity you might get, you know, 25 cents to 30 cents of debt; it's not the other way around. It's not leverage ratios that we think of here. So we are growth capital. And then we help those businesses define their strategy and implement. We are all over them on the governance. You know they have to have board practices and reporting and financial reporting and transparency because our investors have to see these reports and they want to see them on a very timely basis all throughout the year. And then as I mentioned when we go to sell the companies they have to look crystal clean because the bar is very high in Africa. No one is buying a dirty African company just like they wouldn't buy a dirty Chinese company. And the world's only going one direction in this regard with FATCA and all the new transparency on banking, sourcing of funds, and who's paying whom and I really think the days of Switzerland type of situations are numbered. But so suffice it to say for Africa this is the role that private equity plays.

And then the second part of your question?

MR. SY: Yeah, so what's --

MS. CAMPBELL: Oh, okay. The timing, yes. We're in the long range with financing. I mentioned there's a huge deficit that will need to be played by debt for huge infrastructure projects. They don't have the returns that our investors require in order to take the risk to make an investment in Africa. They're also just too huge; they require billions of dollars, tens or hundreds of billions of dollars. So what we do though is when we exit a company a new -- we bring in -- a new source of financing is brought to bear in Africa. And if you look at exits in Africa versus the rest of the world it used to look a lot like exits from private investments in Europe, you know, a third trade sale, a third sale to a financial investor or back to the owner, and then a third in IPO, something like that. And another interesting tidbit here on Africa is that unlike other emerging markets when you look at exit patterns out of private equity investments, in Africa we have about

GAZA-2014/08/05

the same amount of trade sales as China or Brazil, but we have more IPO and more like a structured sale to a financial investor than we would to another private equity group. So we're not -- there's not as much flipping going on around the club of private equity investors even though there is more private equity interest in the continent. It is growing. So I would argue that we just fill a need at a particular point in time that then brings in more capital and encourages these other forms of capital from the public markets, financial investors, strategic investors from the Middle East as Mo's company attested to.

MR. SY: So just to follow up quickly, I mean we have seen -- well, let's talk about the middle class and thanks for the African Development Bank report --

DR. KABERUKA: The floating middle class.

MR. SY: The floating middle class.

DR. KABERUKA: Yes.

MR. SY: Quote, unquote. But so that brings to mind sectors like telecom, like retail, like financial services. Is that the case or?

MS. CAMPBELL: Yeah, so it's really be another trajectory in Africa that I mentioned. The telecom was the very first backbone. The internet telecom -- Mo, I'm sorry, you've heard this 4,000 times -- was at -- the penetration rate was 2 percent in Africa when we started investing, when Mo started his company. It grew to 60 percent. So think of the business that could be done off of the backbone of just basic connectivity. And then you've had the high speed fiber optic cables connect Africa on both coasts, several of them, and now we're building into the center of the mass of land that Africa represents. We are at the same time delivering some higher end services to the middle class that doesn't have a lot to spend their money on. So, you know, we mentioned Nollywood, we're not investing in Nollywood yet but we are looking at internet sector for sure. We looked at it a little too early in 2006 with data center and B2B and we're glad we didn't do that yet. But we do believe that's a sector for the future. But we have a probe television programming. African's love to watch TV. We provide pay TV. They

GAZA-2014/08/05

love sports, they love to see their own actors and actresses on the TV as of course anybody would. And then any of these consumer sectors that are related to telecom also need energy, so we have I mentioned our utility investment. And then we have telecommunications infrastructure. Another way to penetrate the continent is through you'll see cellular towers. That's a big new development in Africa in the last three to four years. You've had -- thousands of cellular towers will be constructed to bring even greater connectivity because for every village that gets a 10 percent penetration increase and their GDP goes up by 1.6 percent for the rural village. So it's another driver of growth and backbone. And then some of the other sectors. So that's -- half of our investment portfolio would be telecom and ICT and the other half is financial services. The rest is agribusiness. Nigeria -- Sub Saharan Africa was not manufacturing its own fertilizer and they have flared natural gas which is the main input in Nigeria. So we made an investment in a fertilizer manufacturing and distribution company that now delivers small domestically produced bags to the small farmer. Millions of cabbages used to be rotting across many farms. It also can do big, huge amounts of fertilizer and you're not longer importing all of that fertilizer. And then as I mentioned we have also -- of course we're looking at the exciting new consumer sectors like soft drinks bottling. We just did an investment with Pepsi in the north and I mentioned a repeatable box, Starbucks type chain in the east.

MR. SY: Thank you. We met the Japanese official last time who was telling us that now in Africa when he looks for villages he looks for cell towers. So it was very interesting.

So I'm going to move now to Mo with kind of a irreverent question. Governance, so sometimes governance it's like aspirin, right? It cures everything. So where do we start? You know we could find governance problems everywhere. So how do we start? Is the solution may be connected to all these moves about the data revolution that really Africa needs more data in order to monitor, follow up and so on?

GAZA-2014/08/05

And even for the civil society to really know what's happening? How do we start? Are there, "low hanging fruits"?

MR. IBRAHIM: You mean how we start as governments or as civil society or as what?

MR. SY: All of them.

MR. IBRAHIM: Well, actually I believe that's a difficult question because education -- do we say forget about education, let us do health instead of education, or let us do the (inaudible) and forget about economics. We have to the whole shooting match. That is the job of government. I mean that's what you need to do. So we think there are four bullets for governance. One is security and rule of law. We need to have a rule of law otherwise you don't have society. You need to have rule of law, you have to defend them judicially, et cetera because that's a very important pillar for society. Then you have the economic piece because you need to build infrastructure and to manage government finance. The government has to do that. They cannot say no, I'm going to that I'm going to only do -- then you have human development, education, health, et cetera. And so anyway, unfortunately you have to do the whole -- and intentionally when we reduce the Index some people said what about giving some weight to some elements of other elements and after a long debate we said no, we cannot. Because all of the things are needed. And you cannot trade economic development for human lives. You cannot do that. So unfortunately all of that is needed. I cannot give you -- there is no shortcut. The job has to be done.

MR. SY: It's a difficult job for our policy makers there. So I'm just going to -- we might come back for the Q & A but I'll move to Jason. On Sunday I was watching this movie Gravity with my seven year old son and Sandra Bullock is going from the space shuttle to the Russian space station to the Chinese space station, and my son is like so where is the Senegalese space station? (Laughter) So why I'm saying that -- by the way South Africa has a space agency and I think it's very important because when it

GAZA-2014/08/05

comes to education, science, technology, engineering, and math you have to start somewhere, you know. Why I'm asking that it's about the content. So iROKO TV is streaming these movies from Nollywood. By the way I think that just seeing other -- even being and African and from Senegal and seeing what's happening in Nigeria through these movies makes me closer to them because I -- these same feelings -- they are people and I think when you start understanding that people are people in Africa or everywhere, that's the first step. It's not just a concept. But how about the content? You know, what do you think about a content that is maybe linked to development, to transformation of the economies? Is this an issue you're looking at or not?

MR. NJOKU: So I think first and foremost you've got to think of the like reality of what people think Nigerians are. I think for the first time in a very, very long time it's quite cool to be Nigerian. I think it's the entertainment industry which has sort of supported that. I was in New York at Citibank a couple of months ago and Nollywood movies are really popular in like the Caribbean, so there was a Jamaican sort of bank teller and she was like, wow, you live in Lagos, like it's amazing. I said what do you mean? She says, you know, everyone drive -- big houses and drive around in big cars. (Laughter) I was like where have you got that from. She said she watches the movies. But the movies, they don't show, you know, poverty stricken situations, they show aspiring fashion, big cars, 4X4s, humongous houses. That is the version of reality which you see from the entertainment industry. And I think, you know, that starts almost with a positive feeling. And when I travel around Africa there was always like a positivity towards -- especially from young people towards Nigerians because we are seen as being quite entrepreneurial, sort of like full finance. I think that's a great start to obviously kind of help facilitate business. But again there is obviously somehow trying to rebalance the reality of Nigeria. Yes there is situations on the ground but there are also a lot of other people who are incredibly wealthy. You know, there is a lot of -- you know, years ago they used to talk about the brain drain, people leaving Nigeria. But most people I

GAZA-2014/08/05

speak to, especially in New York or in London or wherever they may be, they want to go back to Nigeria, they're just kind of plotting the right opportunity to go back. And that's a question of obviously people on the ground there who are finding opportunities, making opportunities, and, you know, yes you might have to generate your own electricity but, you know, you can probably own a 4X4 if you kind of like, you know, make a few moves, et cetera, et cetera. So and I think in terms of transforming -- and I look at it purely from like -- I consider myself young, I'm 33, but in my company is like 200 people and the average age is like 24. So I kind of feel like I'm in the sort of like (laughter) -- I'm like an '80s baby, their like early '90s. (Laughter) So, no, I think anything which I guess supports and facilitates any type of economic activity amongst young people just has to be somehow encouraged and amplified. I literally don't think that enough of that is actually happening. And I think from my perspective in Nigeria, you know, we have these periodic -- I would call them raids because you see like these burly sort of people from the tax or the in line revenue coming to find out what's going on and what are we doing. They don't really care about the business, they don't really understand what we're doing. There's no real regulation around what we're doing because it's almost too small compared to the other kind of easier ways to monetize businesses. So they don't -- you know, if you don't understand something how could you possibly support it. At the moment I think there's some really great initiatives around like agriculture and the one foundation and all of those great things, but in reality like there will huge amounts of value created for young people, making young people smarter. And you talked about if you train one person three or four families benefit. Imagine if you train tens of thousands of young people, what happens to them, their siblings who typically have to train themselves, their own children and their own aspirations. And I think there was nothing being done from my perspective sitting in Nigeria about encouraging, amplifying, and really facilitating that kind of economic activity from like a 35 and under perspective.

MR. SY: So on this positive note we are opening it to questions from the

GAZA-2014/08/05

audience. And if there are questions from Twitter I will take them first but if not we'll open it. So unfortunately as Mo said I don't see well (laughter) so I apologize -- oh, sorry, we have some questions from Twitter. And I'll come back to you in a minute. We have three questions from twitter. The first one to Jason. Do you think internet business can collaborate with non profits and NGOs for growth? The second to the panel, where do non profits and NGOs fit in the growth and opportunities story in Africa? You can maybe put those two as one question. And to Carolyn, what does it mean in practice for companies to incorporate governance practices? So let's say there are two questions. So one, I guess is mostly about the role of NGOs and non profits including in the internet business, and the second one is, you know, in practice what do we do -- you know, how do you implement governance practices?

DR. KABERUKA: This is the governance of (inaudible)? This?

MR. SY: Yeah. I'm sorry.

DR. KABERUKA: I'm sure Mo can answer this.

MR. SY: Okay.

MS. CAMPBELL: It's yours, yeah.

MR. NJOKU: I think absolutely. I think the more remote, the more widespread, the more difficult it is to engage people one-to-one the easier it is to kind of use mobile communication to reach huge amounts of people. So if we reach 100,000 people in Nigeria the fastest way to do it literally would be to just send a text message and we'll pick up the phone and call them. So the more connected the society is the more you can actually help disseminate information. A couple of years ago we did a -- we were approached by a Princeton Ph.D. sort of who -- and they wanted to measure the propensity for somebody to watch a Nollywood movie and report some type of corruption. So they showed a movie, they edited scenes in there which said if you saw this police officer harassing or shaking you down for some money you text this number and they integrated it like through MTN or somebody like (inaudible) and put that in there. They

GAZA-2014/08/05

printed 200,000 copies, they distributed them and they wanted to see what the social sort of impact and sort of how was Nollywood sort of like shape people's behavior. Again typically how would you reach people in the Niger Delta if it's not by kind of entertainment? It's the easiest way to reach them otherwise you go one-to-one to go and speak to them. And what they found was that if they watched in a movie that there was some number where you can sort of text and hey, this kind -- this person just took my money or something like that, you know, it was a way for them to actually just engage but engage on like a wide scale and engage using sort of technologies as the backbone to be able to do that. Because one thing Nigeria especially lacks is data. There is a -- it's almost like a black hole of date, reliable data. So I think anything which kind of encourages that and the communications definitely do I think -- NGOs have to be as smart as possible about how they can reach the most amount of people easiest. And they just -- just so it's the end, I think being in Nigeria over the last two weeks with the whole Ebola sort o crisis every single day there's like a new like variation of like what's happening. So no more Lagos to Accra flights. You know, it was printed in all the newspapers and all across social media. I left on Saturday morning and there was flights from Accra to Lagos. But in people's mind there wasn't any more. Apparently, you know, it can be -- there's cures from the church, there was cures from like (inaudible). So just disseminating like reliable and actual real information there's still like a massive sort of gap there. And these are like just basic kind of communicating with people. I think NGOs can definitely kind of like use the internet as probably the most awesome way to reach a lot of people.

MR. SY: Thank you. So it's one thing to mention governance but it's one thing to actually implement governance. So how do we do that? I think that's the -- this other question, maybe Mo or Carolyn both of you can give us?

MS. CAMPBELL: Sure. So it was also asked what we do. When we buy the company as I mentioned then make sure the Board is firmly established, all of

our procedures, and a money laundering, and a bribery, accident reporting, and so forth are put right into the company and then it's brought up at every board meeting and at every committee meeting that we have. And then we do random checks of our companies. And when I mentioned the bar was high our investors actually require us within 24 hours to call some of them if there is any injury, if there is any incident of corruption or any unrest or, you know, any misreporting in the news and so forth. So we're very much tied into the news cycle just in relation to our investments over all. And then we have whistle-blowing numbers, telephone numbers that our companies have. So what Jason was saying, you know, do we get a lot of reports? We do not, but you can. If you're one of our companies or an employee in the company you have to be able to give an anonymous report about your superior. And a lot of it is cultural change because a lot of junior employees are not used to reporting on the CEO or having the right to do that. So we have to do some training in our companies and so forth. It's a momentous task. I'm not saying it's really easy and you put the paper in place and everybody is acting like governance experts. It's, you know, the culture has to come from the top down and very much the bottom up, but we're seeing that when we change the culture at the top of our companies it definitely comes up from the bottom. And then the misreporting, that's probably a fact of life on every continent now. You could probably ask President Obama how much of that goes on in his life. It's unfortunate. Or President Kaberuka.

MR. SY: Donald, would you like to add something about this governance question or?

MR. KABERUKA: In front of Mo Ibrahim how can I talk about governance? I mean I want him to answer. But here is something we should understand though, in the fast changing so societies like ours it is very important to understand that those forces are sometimes difficult to comprehend. For me and the Bank this is how we define governance. I believe Mo will shoot me down today about this but it's fine, he's my friend. Number one is this government a clean government? A government that does

GAZA-2014/08/05

not steal from its people. That is test number one. Test number two is this a government able to deliver services to the people? If you have a clean government which can't deliver services, it is half the job done. And third is this government accountable to its people? One, two, three this triangle is in place I'm comfortable with the rest. So will not ask question about the form of democratic practice, the kind of parliament they have. Those issues are systems which evolve over time. Systems shall have developed from the Confucian system like in Asia act differently. Those that have come from the Geochristian tradition have the way they interpret governance. So we should not try to have one singular definition of governance applying across the world. There's some parameters we all must seek to obtain. That's point number one.

Number two, on NGOs, there are some NGOs which I think we should have another conversation with. Each time we're about to do a dam project in Africa in the Bank to provide electricity to the people, electricity to businesses, small and large companies it takes a long, long time. From the concept to begin to building it, giving that one megawatt of electricity it takes six years for the things you have to go through. Now we want to do things right, of course. Things are just sustainable. But I think this is a conversation we must have with NGOs in that space. Whatever it is called, whether it is hydro dams, whatever it is, we need to have the conversation because all these things we are discussing is fine, but until there is electric power to drive the Nollywood, to drive their business, there is an issue. So I would like to have more conversations, structured conversation, better conversation, constructive conversation with NGOs in that space for the transformation you're looking for.

MR. SY: That's good?

SPEAKER: That's fine. Okay.

MR. SY: Yeah, we'll open it to Q & A. So I'll take one, the lady right there first and then I'll take the gentleman there in the middle, then I'll take one on the right there.

GAZA-2014/08/05

MS. SIMMONS: Good afternoon. My name is Barbara Simmons. I'm with William V.S. Tubman University in Liberia. Mr. Ibrahim, I've been quoting ever since I read that you had said that at one point there was this pessimistic view of Africa and then it became optimistic and now there needs to be a realistic perspective. I appreciate that. One of the things I would like to know is how can we involve more young people given the percentage of the population that is young in terms of entrepreneurship? We require all of our students to take at least two courses regardless of their major in entrepreneurship and how can we do more?

MR. SY: Thank you. So very succinct and short question and I encourage you to follow this model. (Laughter)

MR. DAFFE: Hi. My name is Amadou Daffe; I'm a CEO of a company called Coders4Africa. And my question is about outsourcing. A lot of strategies about economic development are being said but very few moments have I heard people talk about outsourcing in terms of software or even manufacturing. Just on the IT side \$288 billion of the IT outsourcing has been generated, most of it going to Asia. And knowing the youth of Africa, knowing the opportunity that it can bring in with influx of money into the continent, I was just wondering if any of you were thinking about that strategy?

MR. SY: Thank you. And I'll take a third question, the gentleman there behind the column.

MR. TYMANN: Thank you. Good afternoon. Benjamin Tymann, Greenberg Traurig. I think a lot of us in this room are familiar with the tremendous resources that multinational private sector companies, funders, and investors are putting towards corruption focused due diligence, whether that's motivated by concerns over FCPA exposure or similar statutes. There have been some examples over the past year or so of governments taking this more seriously. For example the privatization unit in Uganda had put out a proposal to vet potential government contractors and investors who want to do business there. Zambia has cancelled some contracts where there were

GAZA-2014/08/05

allegations of corruption in the awarding of the tender. And I just wondered whether any of you see a trend in greater public sector focus on corruption due diligence?

MR. SY: So we'll stop there to have some answers and please feel free to pitch in. The first question was about, you know, how do you increase the involvement of the youth, especially in entrepreneurship. The second one was how about outsourcing \$288 billion of IT outsourcing and how can Africa get its share of this pie. And the third question is, you know, are African governments being more serious when it comes to anticorruption measures, dealing with procurement for example.

MR. IBRAHIM: If I start. Education, I think we have a problem in education in that most of the curriculum in our schools and universities are really outdated. I was having a conversation -- delivering a speech actually to the Vice-Chancellors of the African universities. They had a big meeting in London. And I asked them when was the last time they sat with some business people to ask them where the future of jobs, what kind of jobs, what kind of economy are we moving to, what kind of training shall provide? None did that. None did that. Some basic statistics, two percent of African graduates studied agriculture, twenty seven percent studied humanities. Are we going to build up Africa by Shakespeare and (inaudible) or (laughter) economists. (Applause) So really there's a huge mismatch between -- and this universities and these schools are publicly funded. Is it money of our people. And people should act responsibly. We need -- you know, the -- who designed, you know, the education process in our countries? It's a bunch of bureaucrats who are completely isolated from the business reality of the world and what's happening out there. And so we need to get that input of not only business people, other sector of the population in the education process. It's much too serious to be left to a few bureaucrats and the Minister of Education. And that as my view is step number one. We need to prepare the young generation for the future. And that's what deal with the issue of outsourcing and other issues. If we don't have the trained workforce for the future then we have no future. And

GAZA-2014/08/05

yes you have a great advantage here, demographic advantage because you have more young people than anybody else. You know, you look demography of African is quite in advance of the demography in Japan or in Europe. And I mean I always loved -- because somebody mentioned to me the funny example of the London Olympics recently the oldest competitor who is Japanese, 64 years old in equestrian competition. The youngest was a Togolese 14 year's old, young boy. And that summarize the demography story of Africa and Japan. (Laughter) Yeah. But, yes we have this huge potential resource at a time when China has started to outsource jobs because they are running out of workers. Can Africa be the future factory of the world? We cannot unless two things happen. One, we need to prepare our workforce. We need to educate and train our workforce properly. Secondly, very important, is region integration of Africa. Of course we're all sitting here, U.S.-Africa meeting. Everywhere Africa -- I mean -- what is Africa exactly? Is Africa a geographical concept? Is it an emotional one? Is it -- what is Africa? Africa is 54 countries. Each country has its own regime, its own borders, its own customs, its own laws, its own currency. How can you do business in a fragmented 44 countries in Africa? What is the difference between China and Africa? There's one difference. China is not 54 provinces. (Laughter) That is one difference. If China was 54 countries, each one of them is speaking different language, and you need a passport, you need a Visa to go to the other part and you need -- that this guy speaks Mandarin, this guy speaks English, this guy speaks Arabic. China -- where China ought to be today would have been in Africa, would have been Africa. Absolutely. You can have no opportunity, no chance. And unless we pool our resources, unless you create the single market, unless we remove our borders, we have a major problem in the future. We cannot succeed in our own as 54 little countries, everybody trying to find their own little corner. It doesn't work. Then 54 -- well, 50 -- they did not invite 4 guys. Fifty persons come here. Of course Obama would not meet anybody of those 50. How can you meet 50 guys, you know. (Laughter) It's ridiculous because there is no room in this world for

GAZA-2014/08/05

the minor little countries. Unfortunately you don't have the muscle. I always -- you know, it's -- we have more mobile phones in Africa than the whole of the United States. You know that? We have more mobile phones than all of Europe. Did you make one mobile phone in Africa? Why? We don't have the market muscle. None of those 54 countries have muscle to force Nokia or Ericsson or Apple or whoever, you must put your factory here. In China you cannot sell a glass of water without the (inaudible), without building a factory there. That is a power of the market. And that is what we need to do in Africa. Otherwise yes, we can move a little bit here, do this, tinker here, tinker that, but we cannot become the real force we deserve to be unless we do that. We need to look at Europe. The greatest achievement of the European Union is the single market. That is the greatest achievement. Even the guys in London who want to get out, they want to stay in the single market because they know it is essential for them the single market. Without the single market they are dead. This is the kind of world we have now. So this is the kind of challenges we need to face in the future. And I'm speaking frankly. I hope I'm not upsetting anybody here. (Laughter)

MR. SY: But maybe before we move to the other answers just to remind if you go to the Mo Ibrahim webpage there's a new report on economic integration in Africa with lots of data and it's very good.

You want to answer the corruption or the outsourcing IT? Or it's okay. If not we move to other questions.

MR. NJOKU: So the whys of outsourcing came from oversupply of local talent. So in India or in China, you know, they could do at a fraction of the cost what anybody can do in U.S., in Silicon Valley, in New York or, in sort of Boston. So they literally could just do the work. We've hired about 10 people in the U.S. at \$100,000 to \$150,000 per person. Like technical time in New York is super expensive and it's in great demand so it's actually a skill discrepancy here in the U.S. So to find talented like engineers, there aren't that many of them and they're very expensive. If I could find 20

GAZA-2014/08/05

guys in Nigeria and pay them \$100,000 absolutely I'd have them in Nigeria tomorrow. But they're not there. The problem is they're not there. If you look at the school system it's -- at least in Nigeria it's largely broken. I think it broke back in like the '70s or something. And, you know, Mo talked about building the right sort of skills for the future. If the skills are not there then there is no future or you have to pay for them. So even if you have the money, even if you have the capital, you have the investment, you literally have to import people or find some way to actually kind of build that base of individuals. And just to kind of give an indication of what can happen when things do go right, I think it's Obafemi Awolowo University in Ife, about 80 percent of the entrepreneurs I've met in Nigeria today or came from that university. I don't know what they are doing there (laughter) or whatever they're doing, they're doing -- literally like about 80 percent of entrepreneurs that I have meet across all companies have come from there. So they're doing something there around technology, around like, you know, to the future training of like young people, that they seem to just like really churn out really great individuals. But it's not sort of like the hundreds of thousands or like a scale that we basically need to really sort of like build that smarter economy. So I think, you know, outsource of ICT is not going to happen anytime soon especially in places like Nigeria.

MR. SY: So, Carolyn?

MS. CAMPBELL: Yeah, I'm going to say that Mo and Jason have made my day today because our most recent investment is in education. Really exciting sector going forward. And when you look at the demand, supply, and balance created by the fact that companies like we create need talent, we need educated young workers and we don't want to, you know, hurt our bottom line by importing them from abroad. They're very expensive. And then you look at what some countries are doing, they are mandating K-12 education that increases even further the demand for a university degree. We just couldn't ignore that demand, supply, and balance anymore and we thought of it a little bit like we did telecom back in the day of two percent penetration.

You can wait around for the government to come up with some brilliant scheme and somehow come up with the brilliant financing for it or you could try to compete a little bit with the public schools and do something like what was done in Brazil. If you look at Brazil they made amazing strides with education and getting the right skills focus at universities, because from a business perspective our schools will only succeed if our graduates can find jobs. And they're only going to find jobs if they have skills that are required by the private sector we're all going to try to help grow into the indefinite future. We've only purchased our first two universities. It will be a Pan-African platform but I think it's a sector that's really exciting that you will see grow in the future like you've seen in other areas of the world where you just could not meet the demand and the required growth and the required expansion of skill sets without private sector investment. And it's true even at the K-12 level probably.

MR. SY: So I just got a note. Unfortunately I will have to take these as the concluding remarks from our panelists. Again, thank you panelists. We'll now follow with lunch. Boxed lunch will be served in the next 10 minutes after catering staff clear tables. Please feel free to leave the room during this transition and I would like thanks to our webcast audience. (Applause)

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