

THE BROOKINGS INSTITUTION

MEDIA BRIEFING ON PRESIDENT OBAMA'S
UPCOMING TRIP TO ETHIOPIA AND KENYA

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P R O C E E D I N G S

MS. GOLUBSKI: Good morning. Thank you again for joining us. My name is Christina Golubski. I'm the Communications Manager at the Brookings Institution. We're here to have a conversation about the President's upcoming trip to Africa. Just so you know, this conversation is on the record and we're going to have a transcript and an audio recording available afterwards.

Today we're joined by our scholars, Amadou Sy and Witney Schneidman. Amadou is our Senior Fellow and Director of the Africa Growth Initiative and former Deputy Division Chief of the Financial Surveillance Division at the IMF. Witney Schneidman is a former Deputy Assistant Secretary of State for African Affairs and a Nonresident Fellow here with the Africa Growth Initiative.

We're going to begin with a few opening comments and then go to Q&A. Once we get to the Q&A we just ask that you please identify yourself when you ask a question. And also I'd like to remind everyone

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to please mute your phone if you're not speaking.

Witney, do you want to go ahead and start?

MR. SCHNEIDMAN: Sure. Thanks, Christina.

Let me start by putting the trip in the context of the broader arc of President Obama's Africa policy. I think you have to see this trip as really an important piece of a broad policy that I think has the potential to be as transformative in Africa or more so as President Clinton's and President Bush's.

President Obama in his first term wasn't able to pay much attention to Africa because of the war in Iraq and Afghanistan and the economy, sort of domestic politics in the U.S., fast action on the right that saw him more as a President of Kenya or President of Africa than of the United States. But since the beginning of his first term, he's made a very concerted effort and a number of initiatives have been put in place, including Feed the Future, Power Africa, the Young African Leaders Initiative, and Trade Africa. President Obama got the extension of the African Growth and Opportunity Act passed through

Congress just last month.

And as important was the White House Summit on Africa last August in Washington. This was important for two reasons. One, it put trade and investment squarely at the forefront of the U.S. policy toward Africa. This is a big change from the days where aid and donor relationships were at the forefront. And secondly the summit was important because President Obama invited 50 African leaders to the United States and that included governments with whom we've got big disagreements with on human rights, on elections, freedom of the press, and other issues. But this is recognition of the maturation of our relationship with the African continent because what it signaled was that no longer are we just going to reserve our engagement to those countries who are the best performers, but we're going to work with those countries with whom we have important interests, but we have big differences.

I think that sets the scene for President Obama's visit to Ethiopia and Kenya because in both

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those countries we have major interests. In Ethiopia we've got security interests, economic growth interests, investment interests, but clearly we want to see more democracy. We want to see better governance. We want to see tolerance of the opposition. And I'm sure the President will talk to the government about those issues. In Ethiopia the President will also address the African Union and become the first U.S. President to ever do this, and it's really quite a significant symbolic step.

In Kenya we have the same story. We have a lot of interests with the Kenyan government. Kenya is one of the fastest growing economies on the continent. It's the commercial hub of East Africa. It's got a very dynamic and innovative middle class and strong private sector. But there, too, we have problems. We have differences with elections, issues of governance and corruption are major concerns.

So I think it's really important that the President can go to these two countries that no other U.S. President has been to and engage in the full

panoply of issues that he does with so many other countries in the world.

So I'll just stop with those initial remarks, Christina.

MS. GOLUBSKI: Thank you so much, Witney. Amadou?

MR. SY: Yes, thanks, and hi everybody. Basically, this is President Obama's fourth and probably last visit to Africa and it's the most by a sitting U.S. President. But actually I see the visit as -- I even see President Buhari's visit to Washington as part of this tour basically. So when it comes to Nigeria, we all know the important role the U.S. has played to ensure that Nigeria experiences a peaceful transition. You'll remember that Secretary Kerry visited Nigeria for the elections, which is something that usually the U.S. does not do. I also see this as a mix of bilateral and also regional consultations. So in addition to Nigeria, the President will be visiting Kenya, which is really having a leadership role in an Eastern African

community, which also includes Tanzania, Uganda, Rwanda, and Burundi, which also has about 140 million to 150 million people living in that community.

In Ethiopia, we all know about Ethiopia, 80 million plus, but Ethiopia has also played a leadership role in the IGAD in the negotiations if you remember to trying to manage the crisis in South Sudan. And, of course, Ethiopia is the host of the African Union. So I really see regional integration as having an important place in this visit.

So coming back also to President Obama's relationship with Africa, I would say that during his first term with the global financial crisis, in a sense Africa also has benefitted from the adequate management of this global financial crisis. I don't want to speculate and think about what would have happened if this global financial crisis was not managed pretty well, but the consequences on capital flows and foreign direct investments and banking relationship would have been really seriously deteriorated.

So basically I also see two sides of a coin in his visit. On the one side we know that President Obama has really insisted on seeing Africa as an economic partner, and on the other side of the coin you have the issues of governance and democracy. And we all remember the trip in Ghana where he mentioned that what Africa needs is not strong men, but strong institutions.

So on top of that I'll add again this agenda of regional integration and you can even think of the agenda also of climate resilience. Ethiopia is on its way to become a climate resilient economy by 2025. It doesn't have oil, but it's even exporting natural resources thanks to its tapping hydropower generation and it has the continent's biggest wind farm. Same thing for Kenya; 51 percent of Kenya's energy is provided by geothermal energy.

So I think that's a little bit of what I had in mind when I thought about this trip.

MS. GOLUBSKI: Thank you so much, Amadou.

So I guess I'll go ahead and open the questions to the

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floor. If you have a question, just please identify yourself and your outlet.

QUESTIONER: This is Juliet Eilperin with the *Washington Post*. I was wondering, I spoke to both of you, of course, during the U.S.-Africa Leaders' Summit and I was wondering if you could talk about -- again, there's obviously a lot of talk about the continent as a place of economic opportunity -- where you feel there's been concrete follow up or where you feel like we've seen the limits of that engagement. Thank you.

MR. SCHNEIDMAN: Juliet, good to hear your voice. I don't think we've seen the limits of the follow up, quite the contrary. I think this administration is working hard to follow up in all the different areas. They're working hard to make Power Africa a reality and they're making investments across the continent. Between last year and now they've expanded Power Africa from six countries to include all countries in Africa. And I think on the trade side they've concluded a Trade Facilitation Agreement

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with the East African community. They're about to have their second class of Young African Leaders, Mandela Washington Fellows, come to Washington, already in the United States.

So I think the administration is really working hard to double-down on the many initiatives that were launched last year.

MR. SY: If I may? First the numbers in terms of Power Africa, we're talking about \$20 billion, but it's true we're talking about commitment. Deals take time to be finalized, but we're hopeful with basically the private sector being onboard, including the African private sector and the American private sector, these deals will be finalized sometime.

Some data: Ernst & Young launched this Africa Attractiveness Report, which we contributed to. They looked at foreign direct investment, but the greenfield foreign direct investment, meaning only the new projects, and apparently in 2014 the U.S. was number one in Africa. And it's not just the natural

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resources, it also included services sector. When we talk of business companies, the U.S. companies are very cognizant of the willingness of African countries to have a transfer of technology and I think they are moving towards that, for example, how to get into the value chain. Let's say you have a super market and you're sourcing locally and so on.

This said, I think the administration still faces constraints from Congress because we were really nervous about the renewal of AGOA, which was almost at the last minute and now you see the Ex-Im Bank is not operating. I think given these constraints, of course, the agenda is not finished, but I think it's moving along.

MR. SCHNEIDMAN: Let me just circle back on one other point because I think there is one area where the administration is still having a hard time to develop a comprehensive approach, and I think that's more on the security side. Amadou mentioned the visit today by President Buhari, I mean it's instructive. It was only last December when the

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Nigerians cancelled the U.S. support program for the fight against Boko Haram over a dispute that we wouldn't give them the helicopters that they wanted out of our concerns over human rights and the military. So I think we're still struggling, frankly, to develop the kind of security relationship in Africa that is really broad gaging, sustainable, and ultimately successful. So hopefully the administration will get some insights to move this forward.

MS. GOLUBSKI: Thank you, Witney. Is there another question?

QUESTIONER: Yes, this is Lesley Clark with McClatchy. I wanted to ask both of you a little bit about obviously Kenya has wanted the President to come since he first -- as he was campaigning -- and sort of give me the reasons why it took him so long to get there and others would argue that this is too soon, that he's conferring legitimacy on a government that doesn't deserve it -- if you could talk about that a little bit as well.

MR. SCHNEIDMAN: Amadou, why don't you go first?

MR. SY: I'm seeing a bit of a shift in the President's stance of Africa. I think typically the President has been very careful in selecting which countries he would go before this trip. It was really countries with kind of a proven record when it comes to democracy and governance. It was Ghana, Senegal, South Africa, and so on. And you remember also that at some point the International Criminal Court was, I think, after President Kenyatta. Now in Kenya, just as in Ethiopia, and as we said in the beginning, I think it's a matter of engaging and I think what we will hear from the President in terms of governance will not change in terms of the content. It's just the interlocutor has changed.

MR. SCHNEIDMAN: Our late colleague, Mwangi Kimenyi, used to refer to U.S. policy in Africa being confined in the safe-bet countries, the ones that Amadou just mentioned. And if you look at where President Clinton went, if you look where President

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Bush went, and even President Obama on his first two trips, those were all countries that U.S. Presidents have gone to before. And that's why this visit is so important because he's sort of breaking out of that mold, and I think that's an important step.

One of the reasons that he didn't go to Kenya before, as I mentioned, Kenya was not a priority in the first administration, but you had the whole Birther Movement in the U.S. that thought he was born in Kenya. And I think that would have just sort of been a big distraction a visit to Kenya to other things that he wanted to see.

So in short, there are definitely going to be critics who will criticize his visit to these two countries, but I think it's frankly way overdue and a sign of a new opening of sorts to the continent.

MR. SY: If I may, I'd also -- I wouldn't overlook the importance of regional issues. Kenya's really playing a leadership role in the East Africa Community. You see that Burundi is having problems, so I suspect that a regional solution can come out of

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this also; same thing for Ethiopia with IGAD and the problems in South Sudan.

I think also the U.S. is pushing for regional integration and I think here in Kenya and Ethiopia you have really two leaders, at least in their respective regions.

MS. GOLUBSKI: Thank you. Is there another question?

QUESTIONER: Mike Dorning, Bloomberg News. I was just wondering, one of you said earlier -- I think it was Witney -- that Obama has the potential to be more transformative than Bush or Clinton in terms of Africa. There's generally among some a wrap that Obama has done less for Africa than President Bush or President Clinton, but particularly President Bush with the Millennium Initiative and things. Can you just expand on why you think Obama is actually potentially a greater force to transform Africa than either the prior two or previous U.S. Presidents?

MR. SCHNEIDMAN: Sure. I take nothing away from either President Clinton for whom I worked or

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President Bush who really built on the backs of strong bipartisan support and, as you mentioned, through creation of the Millennium Challenge Corporation. It's a very important initiative. His whole launch of PEPFAR, which within two or three years put 3 million people on anti-retrovirals who are HIV positive. His malaria initiative was quite important and those programs continue.

But the reason that I think that President Obama has the potential to be more transformative is that his initiatives are quite broad and they have the potential to touch many more people, for instance, Feed the Future. This took the U.S. back into Africa's agricultural sector, which employs the vast majority of the people on the continent, and is working to bring at least 50 million people out of poverty.

If you look at Power Africa, there are 600 million people on the continent who do not have a reliable source of electricity. Now, this is not going to be done in the last 18 months of his

administration, but if this initiative continues over successive administrations, and I'm hopeful and somewhat confident that it will, maybe over the next 5, 10, 15, 20 years it can play a very catalytic role in making reliable energy and reliable electricity broadly available.

Trade Africa -- Africa has six of the ten fastest growing economies. It's a very competitive market. The European Union has developed free trade agreements with some 33 countries, and the U.S. is really stepping up its whole trade agenda on the continent, which will really be to the benefit of U.S. companies and U.S. commercial interests for a long time.

But perhaps the program that really strikes me the most is the Young African Leaders Initiative because this program when it was launched, when the administration is late 2013 put the application for those 500 positions, put that application online, some 50,000 young Africans applied for those 500 positions. That just underscores the deep connect, I think,

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between the most important generation on the continent and the United States. Now, this program will be expanded to 1,000 fellows next year and then go from there and it just has a great deal of potential to establish I think very strong ties between the U.S. and the continent for the foreseeable future.

MR. SY: I would just add to that, to me when I think about President Obama's relationship with Africa, I think about two words. One is catalytic and the second one is partnership. I think it's really clear and he said it publicly that he's seeing Africa as a partner. And it is very timely because this is coming at a time when the Africans themselves are having -- I think Africa is the only region that has a common position, a common African position, when it comes to what to do in the future, when it comes to sustainable development goals, financing for development, and even the COP21 in Paris. So there's this vision. It's like the African Union, the African Vision 2063, where Africa is saying okay, we want to transform our economies and infrastructure is a big,

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big, big issue -- starting with power. We want also to have sustainable growth. We want to have green growth. And then at a time when the continent is articulating this vision as a common front, here comes also President Obama who says well, okay, I see you guys as a partner. And I think this is very critical because if you take that partnership, especially now this year where we have three big dates. We just came back from Addis where we had the Financing for Development Meeting and Secretary Jack Lew was there and promised to help with technical assistance and the support of the U.S. in supporting domestic revenue mobilization, having the Africans raise the money at home, expanding taxes, and so on. That's very critical.

He also continued his predecessors' initiatives, AGOA, PEPFAR, and so on. Let's take U.S. aid. Eighty percent of the U.S. help to Africa is in the form of aid to the health sector. So that's essentially what we have seen from the U.S. But here the President is saying, okay, I don't have much money

to give you Africans, but I'm going to play a catalytic role, use the whole of government approach, and try to leverage the U.S. private sector, even the African private sector, and continue what we had before, and have this partnership together with you.

So I think really that's how I see President Obama's relationship with Africa. I don't expect much U.S. taxpayers' money, but I expect a lot of leveraging this formidable U.S. private sector, which is huge, and continuing the previous initiatives.

MR. SCHNEIDMAN: Let me just add two quick points to that. One, I think it's important to point out that when the African Growth and Opportunity Act was passed into law in 2000, it received strong bipartisan support and that bipartisan consensus exists today, so it's from 2000 to 2015. In fact, it was just reauthorized last month. It passed the Senate by 97-1 and it got over 400 votes in the House. That bipartisan support also supported the creation of the MCC under President Bush, authorized PEPFAR at \$15 billion, and then three years later at \$48 billion.

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So this is one of the best things that U.S. policy to Africa has going for it, strong bipartisan support. And this is why I think one can have confidence that these diverse initiatives of the Obama Administration will continue in successive administrations.

Now, the second point, to build off what Amadou was saying, all those initiatives that I mentioned -- Feed the Future, Power Africa, Trade Africa, the Young African Leaders' Initiative -- they all have the U.S. and the African private sectors woven into them and the private sector was there at the beginning. This is new. No administration prior has really engaged the U.S. and the African private sectors seriously and as constructively as this one has. And given the complexity of the African economy and the African market, this is a good way to help U.S. companies get into the African market and to make an important contribution to economic development as well.

MS. GOLUBSKI: Thank you very much. Is there another question?

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QUESTIONER: If no one else has one, I'll ask one, but I'll wait and give other people a chance.

MS. GOLUBSKI: Go ahead.

QUESTIONER: If you talk to a lot of people about just Africa and issues at large over the next 10, 15, 20 years, including people in the U.S. intelligence community, they'll point to repopulation bulge, which is a double-edged sword. One person was telling me, hey, the population of working age, potentially productive, Africans coming up over the next 20 years will be as big proportionately as that in China. Obviously in China that turns out to be productive. In the Middle East when you had a population bulge like that that was very unproductive and you have lots of fractures within Africa. Is there anything that this visit is doing that addresses that sort of key challenge that a lot of people think about with Africa as a potential for economic productivity versus potential for disintegration and problems?

MR. SY: If I may, I think this is a very

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good question. It's true. We have this population bulge, so we can see it in two ways: One as a demographic dividend or as a demographic bomb. So here we have an opportunity because at the end of the day if you talk about Africa as rich in natural resources, it's largest resource is really its population, its youth, if it is educated, if it has the technical skills, if it is guided in the right way.

So I think the first line of defense really where the U.S. can help is so take, for example, the World Bank is saying in 2015 GDP growth on average for Sub-Saharan Africa will be around 4 percent. If you take out 2.4 percent of population growth, you just end up with 1.6 percent of GDP per capita growth, which is really, really, really, insufficient. Only a few countries like Ethiopia are able to have a 10 percent GDP growth. So basically our growth rates are not as high as they should be if you want to really make the demographic growth a dividend, a demographic dividend. So we need to grow faster and there we need

more investment, we need more trade, and we need more infrastructure.

So I think the focus on economic trade and infrastructure by this administration is spot on. And I would even say that sometimes I see that too often in the U.S. the word security is popping up too often, but we really can have a security problem if we don't address this demographic bulge. So I think at the same time where we're trying to address the security issues, we really should redouble our efforts to have African countries experience double-digit growth. It has to be. If not, we will have problems.

MR. SCHNEIDMAN: You asked if anything was going to happen on this trip to address the youth bulge. The short answer is yes. I mean the focal point for Nairobi is a Global Entrepreneurship Summit where President Obama will be speaking. This really strikes at the heart of job creation on the continent. In Kenya alone, youth unemployment is at about 25 percent of the population. Where are the most jobs created? It's pretty much by entrepreneurs. It's

pretty much by young entrepreneurs. And so a lot of what the administration is trying to do is mobilize resources for entrepreneurs in terms of skills development, training, resources, grants, and bringing the private sector along as well, and mentoring. So this is very much on the radar screen of this administration to their credit.

I think for job creation, there's another dimension to the job creation dynamic and this is where Ethiopia is pretty interesting. The World Bank projects that China is going to export about 80 million jobs over the next 10 to 20 years due to rising wage costs. A country like Ethiopia is very cognizant of this and they're taking great steps to be competitive to attract a lot of those jobs, to attract the manufacturing from China, to attract the manufacturing from Turkey and India and the United States so that the country can become a manufacturing and export zone. So that's a really interesting dynamic at play, and I think the U.S. is well positioned to support it.

MS. GOLUBSKI: Thank you. Is there another question? Okay, if there are no more questions, I guess we'll wrap this up. I'd like to thank Witney and Amadou for being here to answer our questions. I want to just remind anybody still on the line that we actually published two economic fact sheets on Friday. It's on the Brookings Website, the Africa Growth Initiative, and they have just a lot of relevant economic trends and facts about both Kenya and Ethiopia just for extra information.

I will be emailing the transcript of this conversation out as soon as we can get it back from the transcription service. If you have any other questions, you can email me. I'm Christina Golubski, and I was the one that was emailing you. My email address is cgolubski@brookings.edu.

Thank you and have a great day!

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