

BROOKINGS INSTITUTION

A CONVERSATION ON THE
SECOND U.S.-AFRICA BUSINESS FORUM

Washington, D.C.

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ANDERSON COURT REPORTING
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P R O C E E D I N G S

MS. GOLUBSKI: Great. We are all together now, I guess we will go ahead and get started. I'm not exactly sure how many reporters are joining us this morning, but I did get several requests for the transcript afterwards.

I'd like to go ahead and welcome any reporters that are on the line. I am Christina Golubski, the Assistant Director of the Africa Growth Initiative here at the Brookings Institution.

Before we get started, I'd like to remind everyone on the line if you're not speaking to please mute your phone so we can make sure we can hear whoever is talking. Also, a reminder, this call is on the record, we are recording it, and we will have a transcript available probably as early as tomorrow morning, although it's a Saturday, so I'm not sure yet.

I will be sure to e-mail it to everyone as well, and we will post it on the Brookings Website.

In general, the call is going to go like

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this, I'll have Amadou speak for five minutes followed by Whitney and then Vera, and I'll introduce our panel right now.

Amadou Sy is a Senior Fellow and Director of the Africa Growth Initiative, and a former Deputy Division Chief of the Financial Surveillance Division at the IMF's Monetary and Capital Markets Department. Amadou covers trade, investment, economic growth, and financing on the continent.

Whitney Schneidman is a Nonresident Fellow with AGI, and a former Deputy Assistant Secretary of State for African Affairs, and is an expert on U.S.-Africa relations, trade, and investment issues.

Vera Songwe is Regional Director for West & Central Africa at the International Finance Corporation, and a Nonresident Senior Fellow here at Brookings.

With that, let me just see if there are any reporters on the line, if you could just identify yourselves, that would be great. (No response)

MS. GOLUBSKI: Okay. It seems we don't have
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any reporters on the line, so I guess we will give our five minutes and then maybe we can take questions.

Amadou, do you want to go first?

MR. SY: Yes, sure. This is the second U.S.-Africa Business Forum. The first one was two years ago. To me, it is really moving from the question of why Africa to the question of how Africa, and it is also showing how the Obama Administration is adding basically a new perspective to U.S.-Africa relations, moving a bit, complementing the view, for example, U.S. aid in Africa used to be 80 percent about health, so this is good, but now it is being complemented by a strengthening relationship, investment business relationship with Africa.

The second one I think is a good complement to other initiatives. For example, we all know how we need infrastructure to have anything working in a country, so it's good that initiatives like Power Africa and the Electrify Africa Act are also being complemented by this forum.

We saw some signs of progress in the

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investment relationship between the two regions, and if you look at the portfolio, you can see a big surge in the business to Africa. If you look at the Department of State, which has doubled its presence in Sub-Saharan Africa with new offices in Angola, Tanzania, Ethiopia, et cetera, and even reinstating a position at the African Development Bank which is good. We have seen the Presidential Advisory Council on Doing Business also giving some recommendations.

One concern I have is if you look at the challenge in Africa to create jobs and the role that SMEs play in job generation, I would have liked to see a much greater presence of SMEs. It's true that the Administration has this global entrepreneurship summit, which was hosted once in Kenya, but it would be really great to basically not just have big companies but also include entrepreneurship SMEs, especially in some sectors, high growth sectors, like technology.

So, that is a little bit of my two cents.

MS. GOLUBSKI: Thanks, Amadou. Witney?

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MR. SCHNEIDMAN: Thanks, Christina. So, just to follow up on Amadou and to reinforce the point, this second U.S.-Africa Business Forum is really, I think, President Obama's swan song when it comes to Africa.

I think it is the touchstone of a significant effort not only of his Administration but I think a process that started in 2000 when the African Growth and Opportunity was passed into law. It's a process that really has resulted in trade and investments moving to the forefront of the U.S. engagement in Africa.

That is terribly important because it shows several things. It shows that there is a recognition that the private sector has an important role to play in the economic development process. It shows that the investment environment in Africa is becoming much more attractive. It is becoming easier to invest. It shows that the rule of law and transparency has improved dramatically. It shows that the scales and the capacity and the appetite of entrepreneurs and

governments for investment is really quite strong.

Obviously, it's still a work in progress, but I think this forum next week will highlight this journey.

Second, I think it's worthwhile to just bring up China for a second because it is on the minds of many people. I think Chinese companies have made a contribution to the continent in terms of infrastructure development, roads, ports, airports, but I think where they fall short and where American firms would excel is not just investing in Africa, but investing in the people of Africa.

I have yet to see a Chinese firm where there is an African CEO or an African COO or an African CFO. I think when you look at U.S. firms, western firms, you know, they are investing in the training, they are investing in promotion, they are investing in technology transfer. They are investing in the value chain.

I bring this up because I think it is an important dialogue to have. I don't bring it up in a

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critical manner but in terms of just promoting a dialogue on what is the best way to enhance African innovation into the global economy.

Maybe I'll stop there and pass it over to Vera.

MS. SONGWE: Thank you. Thank you very much. I just wanted to say three things. One, we are at the second conference on sort of how we do the Africa-U.S. relationship more effectively. Clearly, Africa is still on the move, and two days ago we launched 2.0, looking at sort of business opportunities on the continent. Between today and 2025, a \$4 trillion business opportunity across the value chain, through plastics, metallic, innovation and technology.

So, there is a big market there, and I think what President Obama has seen is you can go from aid to trade and actually make that partnership more effective, but the continent is clearly growing, it is going to be 1.1 billion by 2025, we have 24 million every year on the continent, so that is increased

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productivity but also increased demand for goods and consumption.

Basically what I think you see is the Americans cannot lose out and they should not lose out in this new emerging market.

How do you do business effectively? I think Power Africa made a very, very strong announcement. Africa was slowing down, we have shown it has been resilient between 2010 and 2015, there is enough resilience on the continent, now we have 42 countries growing at 4.4 percent, and hopefully we will see more as we get into 2017.

How do you do business effectively? One thing, I think Power Africa is a good example, we have shown there still needs to be government involvement, and I think what Power Africa has been able to do using institutions like the World Bank, the IFC, OPEC, USAID -- one of the big issues on the continent has been bankability, how do you design effective projects, how to you make it risk free.

Learning from U.S. experience of

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public/private partnerships and how those work, transferring it onto the continent and seeing how we can effectively get independent power producers, private entities, it is something we have seen, but where we now have a Power Africa investment, we are seeing some of that in Ghana where Ghana, as we all know, continues to have a big energy problem, but I think they are resolving some of the policy and institutional issues around investing in the energy sector.

Then coming behind that with private equity and some debt financing to make sure the products are bankable, it has been an amazing combination. I think this is what this year's U.S.-Africa Business Forum is going to be able, how do you bring those two together. You do still need the public sector in many areas on the continent.

Having said that, I think what we have seen in the last five years is that more and more African countries are in the top ten of doing business. It has been Kenya, and Kenya is one of the countries that

has reduced the increased access to energy. Senegal. We also have Mauritania that is doing well. I think this move towards improving the overall environment.

One of the other things the U.S.-Africa Business Forum is doing with the public and private sectors is integrating Africa, private entities moving now to do regional compacts on energy, on transfers.

My sense is the Obama Administration on Africa has really led to a huge increase in investments in infrastructure and much more willingness of the U.S. private sector to come in because they know they are coming in with some public support from the United States, but also public support from the African governments.

For example, I think Blackstone is investing now, announcing big investments in the energy sector. We would not have had this kind of big investments coming in across the value chain on the continent had we not had the leadership that the Obama Administration and USAID and OPEC has shown, opening up the way.

I think one of the things they have done really well is doing a lot of work around the value chain. You need a lot of what we call free project investment work to do the studies. Power Africa has been able to fund a lot of that, and being able to provide that kind of public resources, and private sector investments from the U.S. has been one of the other ways of showing that you can actually do this work.

I'm talking about all the investments that are coming onto the continent, the Chinese, Indians, it is a good lesson. You can also help create the environment and that will force the creation of the environment and the markets.

One of the issues on the continent has been the huge risk, but if you can do some of those studies, you can do some of the investments, institutions are now working with the U.S. Government to see how we can buy down some of the risk and make sure we get more American and other businesses going to the continent.

I'll stop there.

MS. GOLUBSKI: Thank you. Has anybody joined the call? (No response)

MS. GOLUBSKI: All right. I guess nobody has any questions. Thank you, Vera, Amadou, Witney, for doing this. I'll probably be in touch over the next week. I told you before, I got requests for the transcript. Reuters asked me yesterday if I would work on setting you guys up with a reporter there on the U.S.-Africa Business Forum.

Thank you guys so much for coming, and have a good day.

MR. SY: Great. I just have a last comment. This is happening at the same time as the U.N. General Assembly, so on the one hand, it is good to have all the heads of state together, but on the other hand, the General Assembly is really attracting a lot of attention from the press, and rightly so.

I hope this will not overshadow the Forum, and that the next Administration will keep the momentum going, and keep this Forum going in the

future.

MS. GOLUBSKI: Thank you, Amadou. Thanks,
everyone.

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I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

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