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AFRICA'S UNTAPPED AND EXPANDING BUSINESS POTENTIAL

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Panelists:

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P R O C E E D I N G S

MR. COULIBALY: Hello, everyone. Thank you for coming to this really exciting event, on the "Africa's Untapped and Expanding Business Potential" and how to harness it.

I think there are still a couple of chairs that are open up here for those in the back who would like to come forward and sit down.

In terms of the flow, we are going to start with a presentation of the highlights from the book on “Africa's Business Revolution: How to Succeed in the World's Next Big Growth Market,” by Dr. Acha Leke. And then there'll be a short one- to two-minute video, and we'll then move to a moderated discussion. And I will make sure to have enough time at the end so you can weigh in on the conversation.

And courtesy of Acha and his coauthors, there will be complimentary copies of the book at the end of the of the event that he's going to autograph, and that's going to be at the registration where you checked in, he's going to be seated there, and then autograph it for you, your own special copy.

All right! So, by way of introduction: Dr. Acha Leke is the chairman and a senior partner of McKinsey of the Africa Region. He started out in Atlanta in '99, but then in 2002 he decided that he's going to move back to Africa, and to help the company expand on the Continent, and since then he's worked in more than over 20 countries.

And in terms of the specific areas he covered, has ranged from service in the government, multinational organizations, private sector institutions across Africa on issues of economic development, tax administration, growth strategies, holistic transformation and investment decisions. And he's obviously very accomplished, and his various recognitions include World Economic Forum Young Global Leader.

He's also a member of a few advisory councils, including the World Economic Forum, the Council on Economic Growth and Social Inclusion, One Africa, the Lagos Business School, and he's also a member of the Reform Steering Committee of President Paul Kagame of Rwanda.

It is often said that Acha has two jobs. He has a 9:00 to 5:00 like the rest of us, but then he has a 5:00 to 9:00 p.m. He's very generous of his time, and devoting it to really important initiatives on the continent, namely he cofounded and continues to help initiatives such as the African Leadership Academy and the African Leadership Network.

You will remember in January when we launched here Foresight Africa, our flagship publication the theme for the year was leadership, and how we emphasize that development begins and ends with good leadership. So, thank you very much, Acha, for this and for really building here the continent's next leaders.

And Acha has also been characterized as the most sought-after man on business matters in Africa, and you get to hear from him today, and why Africa is the next growth market, and some strategies to capitalize on the opportunities. And you get all of this for free, under other circumstances I cannot guarantee that.

So, without further ado, please join me and welcome Acha to the podium. (Applause)

MR. LEKE: Thanks, Coul, for the introduction. Hello, everybody.

AUDIENCE: Hello.

MR. LEKE: Thanks for attending. At least on the continent we will (inaudible). (Laughter) Hello, everybody!

AUDIENCE: Hello!

MR. LEKE: Oh! There we go. There we go. I feel more welcome here. So, thanks for coming. And for us, you know, for me it's less of a book launch, it's more of a conversation we'd love to have about business in Arica, and it's great to see some people who are with us, just a few hours ago at the Chamber.

But the reason we want to do this is because, you know, when I was thinking about growing up, and many of us sort of spent time in the village, and our grandparents used to tell us all these stories about the continent, and writing this book, it's sort of a two-and-a-half-year process, enabled us to start to reflect on these stories, and ask ourselves: why don't we write the tale of business in Africa? And that's what we wanted to do through the book.

And the tale starts with, you know, as far as the global media, and looking at how the global media portrays Africa, and we always had an issue with it, because it tends to be always about, and I will three things, it's always about, you know, either conflict or crisis or corruption.

This is just one week; we just looked at The New York Times over a one-week period to see what stories they wrote about Africa. And they wrote five stories. There was one that was about Boko Haram in Nigeria, there was one that was about the migrants trying to cross to get to Europe. There were two stories on corruption in Angola and in Tunisia, and there was one on violence in the DRC.

And those are important stories to be told, because those I read, some of those are the realities of the continent, but we think there's a whole different side to the continent that is told enough.

It's a story of Africa being more prosperous, this is just GDP on the continent, and you can see over the last 20 years, it's really tripled; it's over $2 trillion. It's the story of poverty reducing, right. We've lifted 50 million Africans out of poverty over the last years. It's a story of maternal, infant mortality decreasing by over 50 percent, over 50 percent infant mortality decrease, and it's a story of improving -- Africa being more educated, right, because the literacy rates were at 65 percent, for the youth literacy rate is 70 percent, many countries are over 90 percent.

And so, you know, we wrote this book to recast sort of Africa and talk more about the progress, recognizing some of the challenges, but talk more about the progress of the continent. And that's really why we wrote this book.

And to start, we started first talking about, or reflecting on, and analyzing what are the real trends that are shaping the continent today, and we identified five, and in good South Africa fashion: and we call them the Big Five. We talk about those, and then talk about the strategies.

The first is the consumer. I think everybody knows about the consumer story, it's been told a lot. You know, young, fast-growing and urbanizing. And I always say each of these words is actually quite important, so it's young, half of all Africans as you know are under the age of 20, which is massive if you think of the growth over the next few -- consumer goods, compared to the growth over the next, you know, 50 years.

I always say that there are more children born in Nigeria every year than in the whole of Western Europe. So, if you're a diaper company, you know, where would you want to be based? (Laughter)

It's fast-growing, and today we have about 1.2 billion Africans, one out of six citizens of the world is African, by 2050 there will be about -- it's going to double to 2.5 billion, so one of every four citizens will be African.

By the turn of the century it's going to get to 4 billion, one out of three will be African, so a third of the world will be African, and this is in an aging world, right. So, you can think of the opportunities, there are some risks that are raised, but I think of the opportunities that that create.

And it's urbanizing, the average -- Africa is one of the fastest urbanizing regions in the world, every year 24 million Africans move to cities, 24 million every year. The average GDP per capita in the cities is twice the national average. And I know we spent time with Tidjane Thiam, the Ivorian-born CEO of Credit Suisse, to interview him for the book.

You know, he reminded us that -- and he saw this trend in Asia when he was leading Prudential -- is that when you take population growth and you combine it with growth in disposable income, what you get is an exponential growth in demand, an exponential growth in demand, and that's what we're seeing in Africa today. So that's on the consumer.

Second is on Industrial Revolution: and you know, these demands, and these products that the African consumer needs somebody has to produce them, and the good news is that more and more of these products are being produced locally. We still have a long way to go, but more and more are being produced locally.

It was really bottom-up exercise to understand how much we actually manufacture on the continent today. It turns out we manufacture $500 billion worth of products every year. About 70 percent of that is manufactured in country for local consumption, 10 percent is manufactured in country and exported across the rest of Africa, which ties a bit closely with the 12 percent intra-Africa trade, about 20 percent is manufactured in country and exported across for the rest of the world.

We project that this can grow to a trillion, a trillion dollars over the next few years, 75 percent of which will be to meet local demand, right. Again, the demand you saw on the previous page under local consumer. So again, huge efforts, that's about tripling the historic growth rate in the manufacturing sector, that's again tripling that growth rate, and a lot of both governments and private sector players are very actively working on that.

So, we have some people from Ethiopia here, you know. At the Hawassa Industrial Park there's a ton going on there, but he's excited about that. It has helped to contribute to manufacturing exports out of Ethiopia increasing 7-X over the last 10 years. We have the Tanger Automotive City, and all of these we highlight them in the book, where, Renault on its own is already producing 300,000 cars. And there are many more of these special economic zones that are starting to function well in the continent; so again, quite a bit of progress on that front.

The third trend infrastructure: This is again an area where we've lagged the rest of the world as you know for a long time, and across every asset class you can think of, whether it's energy, whether it's road, whether it's rail, we are lagging.

Now, on the flip side, you know, 20, 30 years ago, we used to spend $40 billion on infrastructure in Africa every year, 40 billion. Today we're spending about 70 to $80 billion a year. You know, it's still short of the $150 billion a year that we project is needed across the continent, but we made some progress.

Again, here is where, as the work we do on the continent, you can see governments and the private sector, and development partners being very, very serious about addressing this. If you just take energy, for example, as we know Africans, 600 million Africans don't have access to electricity today.

We take one company, M-KOPA, and we spend quite a time interviewing them, and we highlight them in the book. You know, they even in the last few years have been able to connect 600,000 households to electricity, and there are many such companies that are starting to exist in Africa, using solar home systems and innovative technologies to connect households. Again, you know, the trend is positive.

Resources, Africa has always been home to tremendous natural resources, and again, across all the sectors. If you take agriculture, for example, and as we know, we have 60 percent of the unused arable land in the world, you know, Sara I'm sure is going to talk to us about that.

But again, you know, what's exciting here as you find companies like Babban Gona, a startup in Nigeria that works with smallholder farmers, you know, they've worked with 20,000 smallholder farmers in Northern Nigeria by the way, and they were able to increase yields, double the yields, and increase disposable incomes with these farmers three-and-a-half times, and their goal is to expand to a million farmers over the next few years.

Again, another company that we spend time understanding, and highlighting, you move to oil and gas, and as you know, we are home to vast reserves of oil and gas around the world.

We spent time with CEO of ENI, and he talked to us about the Ruvuma Basin in Mozambique, you know, that has enough gas to power both Germany the U.K., Italy and France for 20 years. And ENI is leading the development, but what is exciting about this, it's not just doing that to export, it's usually gas for local consumption. He reminded us that Africa is home to 15 percent of the world's population, but only 3 to 4 percent of the world's energy, so again a lot going on in that space.

If you look at mining, and across different commodities we have the largest reserves in the world, across diamonds, cobalt, gold, manganese, you name it, the largest region in the world. So again, in the resources front you're seeing concerted effort of all the different players who come together to help unlock these resources for the benefit of the countries.

And then finally, technology, technology is fundamentally transforming lives on the continent. We saw that first with the mobile phone, right? And today we have 300 million mobile phone connections in Africa, 40 percent of which are on smartphones, right, so you can imagine the power of the Internet, how we can leverage the Internet.

We then saw that transform the financial services sector. Many people don't know that today, of all the mobile money accounts in the world, more half are in Africa. Allowing to leapfrog and bring financial services to the unbanked; and you look at equity banking, and we spend a lot of time with James Mwangi, and really studying equity bank.

And there, he will tell you today that 97 percent of the transactions are outside of a branch, and they have 12 million customers today, but 97 percent of the transactions don't happen in the branch today. So again, technology is fundamentally transforming the financial services sector.

And then all of the sectors, we see it transforming agriculture, we see it transforming health, we see it transforming education, transforming retail, and we actually project that if we really harness the power of the Internet, that contribute about $300 billion to Africa by 2025, and that's roughly the size of South Africa, right. So that's the impact the Internet could have on the continent.

Those are the Big Five. And so, companies came to us and said, okay, fine, you know, yes, we see these trends, but how do you then translate these trends into building a profitable and sustainable business in Africa? How do you do that? That's really the reason we wrote this book. To really learn how to try and figure out how we can distill that.

And the way we went about it, is we had started with over 3,000 projects that McKinsey has done in Africa over the last 20, 30 years. We then built on the reports. Many of you know we've published a number of reports in the last eight years, the (inaudible) more series of reports.

Some country reports on South Africa and Nigeria, we had some sector reports around technology, around energy, we had a report on women in Africa, how do we, you know, harness the power of women on the continent. So, we've leveraged all of our learnings from those reports. We studied 20 companies in detail, 20 of winning companies cross Africa. We surveyed 1,000 global executives, to really understand how they view the continent, what their experience have been, and how they view the continent.

Before such, and more importantly, we then interviewed, and has been really in-depth interviews, with over 40 business CEOs, senior executives and development leaders on the continent. Everybody from Aliko Dangote to Graça Machel, from Paul Collier at Oxford to Tony Elumelu, we spent time with Graça Machel, who spent time with, you know, Akinwumi Adesina at the African Development Bank, with his predecessor, Donald Kaberuka.

We would also like to make sure we broadened -- we learned from entrepreneurs, so we spent time with Sara, and you're going to hear from her today about her experience at Gro Intelligence. Spent time with, you know, Fred Swaniker, with what he's built with Tayo Oviosu building Paga, one of the largest mobile payments company in Nigeria, and really try to distil everything we learnt from them into what it takes to build a winning business on the continent.

And from all of that we found, you know, really four essential practices but at the heart of it was really this whole notion of doing well by don't good, and really making a difference on the continent. So, let me share quickly each of these with you, and then we can engage in a discussion.

First is, you know: where do you want to play, right? And here, I always say, you know, you can either decide to focus on one country like Paga is in Nigeria, you'd like to focus on one region, you know, like Mogujie with metal across the East and Southern Africa.

You can decide to expand across, the continent like you see in MTN, or Saham and Sanlan, commission Saham and Sanlan, or you can decide, I want to blanket the entire continent, like Coke said, they want to have a Coke anywhere in the world -- anywhere you are in Africa, they wanted to make sure you can access Coke; right?

But whatever you decide to do, you know, you need to be very clear on what is your aspiration, you need to be very clear on which countries you want to prioritize, even though Coke is in all these countries, they had very clearly prioritized 10 countries, said those are the countries we are going to prioritize, and really go deep in.

But in summary, in some cases actually not prioritizing countries, we believe is prioritizing cities, think cities not countries. You need to be clear on how you're going to achieve scale in these markets, specifically if it's going to be some of the smaller markets, you know, you want to make sure you're a dominant player in those markets. And you need to figure out who you're going to work with, and that's what it takes.

But at the end of the day to build, and we studied this quite intensely, to build, if you want to build a really meaningful business in Africa, if you want to build a billion dollar or more business in Africa, it's very hard to do that if you're not in either Nigeria, Egypt, or South Africa, very, very difficult.

So that's on where to play. Now, in terms of, you know, how do you then do it? Our book is then full of a number of companies that have innovated, whether it's on the products and services side, whether it's on the business model, right? Have done things in quite an innovative way.

We were actually so blown away by all the innovations we uncovered as we were doing the research for the book that we just -- we wrote an article on: Six innovations from Africa that we believe the world should know about, and we just published that in *Harvard Business Review* a few weeks ago, and I encourage you guys to read it if you're interested in it.

And I'll give you an example of Indomie, right, Indomie is, you know the case -- the noodles company that came out of Asia, that came into Nigeria 30 years ago when Nigerians, honestly, didn’t know what -- tasted noodles. And they’ve far become the most successful goods -- consumer brand's company in Nigeria.

And they’ve done that by innovating across, in multiple areas, right. So, first the sales of distribution, they’ve found a way to get to the most remote areas of the country, where they'll start with trucks, and then they’ll go into smaller trucks, and then to wheel barrows, and where that stops, people will go by foot.

They really get into the most remote areas, and it's such -- again, they're a consumer good company, but did such a great job of innovating on the sales and distribution, that they spun off just the sales and distribution side of the business and sold half of it to Kellogg, the U.S. company, for $450 million three years ago.

And Kellogg, as they were looking to come into continent, they said, look, do you what, we're not going to go and reinvent sales and distribution of these channels, let's just leverage this distribution channel, and put our products on top of it.

They then did such a good job of innovating on the food manufacturing business itself, finding the right taste that will soothe the Nigerian palate, that even there, you know, Kellogg got excited and paid another $420 million this year for a piece of the food business, so that's another --

And we've seen so many of these. Equity Bank is another example of these innovative companies, but rather, you know, we were actually quite impressed and amazed by the amount of innovation we were seeing companies do to win on the continent.

Third, is resilience: how do you then build resilience? You know, we tend to be quite positive about the book, and that's the feedback we've gotten. But, you know, we recognize that doing business in Africa is not easy, but what we found is that the winning companies have consciously found a way to build resilience in the business model.

So, we spend a lot time with Aliko to understand, you know, everybody knows about the Dangote story. We wanted to get below the surface, you know: What do you do to really be so successful? And he spent quite a time just talking to us about how he builds resilience in his business model, how he decided to diversify, not just across countries, right, because we've invested in part of it, but also across services.

So, from sugar and salt to flour then to cement, now to petrochemicals, because again, you know, he says none of these sectors will ever -- would always be good on the continent. And I remember, one of my clients, is a downstream oil and gas company, and they used to tell me, look, we're in 30 countries in Africa, every year five will blow up, we don't know which five of those would be, but 25 will do well, and we'll do very well. And for 40 years they’ve done very well, so this still, diversification point is very important.

He also, Aliko thought really hard about what part of the value chain does he need to control, more so than you would, you know, in more developed markets. So, how much of these raw materials does he actually need to control. He was very clear actually in providing power to his plants is critical, you can't count on somebody else doing that for you.

In places like Nigeria, you know, he owns 10,000 trucks, right, because distributing these products was actually critical for him to control the distribution. You know, he's sitting down; he's like a logistics provider with 10,000 trucks that they need to learn how to manage.

But really think about, very carefully, which parts of your value chain you're going to control. He spends a lot of time thinking about how to engage the different stakeholders. And Interswitch is another of the payments company in Nigeria, we interviewed the CEO Mitchell. And he told us, and you'll see in the book, he told us about what keeps him awake at night, it's not his competitors, it's the regulators, and how do you make sure you influence them and make sure they do the right things, and we've seen what has happened, in like MTN, for example, in Nigeria, right, with some of the issues they face.

So, really thinking about how do you influence and have a seat at the table, where the key decision-makers is hugely important. But above all, what we learned from every single person we talked to on the business model is really what's critical to build resilience, is about taking a long-term view. It's about, you're going to have -- it's 54 countries, you're going to have shocks here and there, but what's important is really to be able to weather the storms and take a long-term view.

And our research shows that we studied all these multinationals across the continent, and we found that the ones that perform the best, are the ones who've been around the longest, and the ones who've been diversified across more countries, that's really what it's taken for these guys -- for multinationals to come across African.

And then finally, you know, you can't do any of this without the talent. And as my friend Fred Swaniker always talks about 6,000 days: in 6,000 days we will have a more citizens of working age than China and India, across Africa. And so for businesses, it's how do you nurture and develop that talent.

And in the book you'll hear remarkable stories of very amazing women who are doing exactly that. You'll hear from Stella who’s a young 23-year-odl Kenyan, who works as an assistant branch manager for Subway in Nairobi, and she's a graduate of Generation which is the program we started at McKinsey, to really place these young graduates into jobs if -- this program has placed 10,000 young Kenyans in jobs across 180 companies.

But we found a number of other such vocational training programs that are scaling across the continent, you know: Harambe is one that's started in South Africa, also scaling up across the continent, and many companies are realizing that they need to create these programs internally to train the incoming staff.

You'll read about Nadia, Nadia Fattah who is the CEO of Saham Finance, Saham was a small insurer in Morocco, and she really drove the expansion of this business across primary francophone Africa. And then the merger with Sanlam that came from South Africa and is expanding north, for that she won African CEO of the Year last year, the Africa CEO Forum.

When we spent time with her, and she told us how she spends a third of her time on developing talent, a whole third of her time, that's what she does developing talent.

She also told us that they had a rule at Saham that the deputy CEO of a local operation cannot become the next country CEO. To become the next country CEO you have to move to a different country, and that's really how they promote professional growth and development within the group.

You'll hear from Phumzile who's the executive director of UN Women, and used to be deputy president of South Africa. And again, you know, she spent her time telling us how, you know, she's made it her mission to fight what she calls: the broken ladder of women's advancement in the business. And, you know, our research shows that women account for 40 percent of middle management across Africa today but only 5 percent of CEOs.

And we have shown, around the world it's true, and we also show that in Africa, that companies that have more women on the Board, or on the ExCo, performance is up to 20 percent better than if they didn’t. So, it's very clear.

So, as a business, if you really want to leverage your full potential, you have to find a way to make gender diversity a priority for you.

So again, you know, as we did all this research, we realized, you know, none of these things are rocket science. You say, these four practices they're not rocket price. But the companies win, and we studied real in-depth, a number of these, we found two things. One is the very diligent in working on all of these 15 practices. If they don't get all of them right, but really they get to granularity, and then working hard across all of these 15 practices.

And the second is that at the center of it, they have an ethos of: they're here in Africa, they're not just here to make money, they are actually here to make a difference. They need to make money for their shareholders, but they're here to make difference. They're here to provide energy; or electricity for people who don't have, they're here to provide financial services products for people who need it the most, they're here to provide affordable consumer goods, and good quality consumer goods produce.

And they recognize that if they do that, they will make money, right, and they do. And they're doing very well. We identified today the 440 companies that have revenues of a billion dollars or more in Africa today, up from the last time when we did the first analysis, we found 400, we've gone up to 440. And these companies tend to grow faster and are much more profitable on a local currency basis on the global tiers of the continent.

So they're doing that well, but what they do is, they come at it from the mindset of making a difference. And the reason it works for them is because, you know, they weather the storms. You know, inevitably it means 54 countries, you're always going to have some of these challenges, and if you have a short-term mindset, you know, after two years of losing money, you're going to leave.

But those who really hang in there, and find a way to weather the storm, because they know that the prize is bigger than just making money, the prize is actually transforming people's lives on the continent, those are the ones that are winning, those are the ones that have been very successful so far.

So, to conclude, I'll just say, you know, they asked us about this baobab, and why we try to use that, because for us baobab on the continent is really a symbol of a tree of life, and we think of this business baobabs, these large companies on the continent as companies that enliven the communities as well. They provide jobs, they provide tax revenue for governments, they provide innovation, which is much, much needed.

And so we think, you know, there's a huge need for having many more of these business baobabs, or having a tree of these business baobabs, and we hope that through this book we're going to contribute to growing that forest.

And before we end, I'll just then -- I'm supposed to show you a video, so you can hear the voices of the people who we interviewed. Or we would do it at the end. I'm not sure where the video is. Oh, there it is.

(Video played)

Thank you. (Applause)

MR. COULIBALY: Thank you, Acha, for this really inspiring presentation. I think we started out with the motivation for providing this book and the story about the narrative when it comes to Africa. And I can basically attest that based on some of the study we've also done here at Brookings looking at this issue, there's clearly a media bias when it comes to telling the Africa story.

We all know media is -- can be vehemently biased toward the more negative headline, catching stories, but what we found is that even in Africa's case it was even more amplified. And it is consequential, because when you also think about what that means for perception of risks, what that means for how the risk is priced, and how much is lost in terms of investment opportunities, et cetera. So that certainly resonates with some of the work we've done here.

Why don't we then turn to the introduction of our panelists? We are fortunate to really have some experts with different angles on this issue that can weigh in on the conversation.

So, next to me is Sara Menker. She's an Entrepreneur, Founder and CEO of Gro Intelligence. It's a software company she founded in 2014 to provide intelligence on weather patterns; trade flows, pricing dynamics and productions to help users with actionable agricultural data to drive higher productivity, and good access to capital. Prior to launching Gro Intelligence, she was Vice President at Morgan Stanley Commodities Group in New York.

Among her accomplishments she's a Young Global Leader on the World Economic Forum, she's a Trustee of the Mandela Institute for Development Studies, and a Member of the Global Agenda Council on Africa at the World Economic Forum, and a Fellow of the Africa Leadership Initiative Aspen Institute, and she also serves on the Boards of Shining for Hope, so giving bit back a big to the community. So, thanks for coming.

And next to Acha is Hulya Ulku. She's a Senior Economist in the Development Economics Vice Presidency of The World Bank. She co-manages the Doing Business data and report, and leads the research on Doing Business Unit. So prior to joining The World Bank she was an Associate Professor in Development Economics at the Global Development Institute at the University of Manchester in the U.K. Her research focuses on the effects of innovation, technological transfer and business regulation on economic growth and productivity.

And the last but certainly not least is Florie Liser. She's the President and CEO of the Corporate Council on Africa. She has a lot of expertise in extensive networks on trade and investment in Africa, and a strong track record of working with private sector to translate policy into action. So, prior to leading the CCA she was Assistant U.S. Trade Representative for Africa where, among others, she led the Trade and Investment Policy toward 49 Sub-Saharan African countries, and oversaw the implementation of AGOA.

So, if I maybe begin with you, Sara. So, you were in New York, Vice President Morgan Stanley, good salary, good life, yet you decided the best thing to do was to return to Africa to start a business. Can you walk us through it? And then in terms of the key messages that you’ve heard from Acha, how does that resonate with you in terms of your own experience?

MS. MENKER: I now have a good life, but not so good a salary in starting the company. But, yeah, I think my decision to leave obviously my job Morgan Stanley which was good and I loved it actually, was driven off the fact that I was born and raised in Ethiopia, and I grew up believing I was an African. I was actually, you know, when I went to college, the first day you enter college and you realize there's not another Ethiopian in your class, you create your African identity from that day.

And so I really wanted to move back to the continent and give back in some way at some point, and I reached a point in career where I, you know, had done really well, but I also needed to make a decision to say, is this what I'm going to continue to do, and that was going to lead me down one path, or do I feel like I'm passionate about something else, and I'll figure it out. And I chose the latter.

So, when I left there was no business plan, I knew I was passionate about agriculture, I knew I wanted to do something on the continent, and so I just embarked on a journey to (a) figure out what country I'd move to, it didn’t have to be Ethiopia, so it ended up being Kenya. And I just did some research and kind of went there, and then figured it out. So there was no plan.

MR. COULIBALY: Can you help the audience understand a bit better, about what your business does and why it was important to be in that space?

MS. MENKER: Yes. So we're a software and data analytics company, and what we've really built is an artificial intelligence for understanding global agricultural markets. When I left the vision for the company was to do this just for Africa, and the reason I did that, and the reason we started that journey was because if you think of Africa as a continent, about 63 percent of the population is in some way related to agricultural markets. Less than 1 percent of outstanding bank loans have exposure to agriculture.

There's a complete mismatch in the -- in capital allocation, and the way that you solve the capital allocation problem is by being able to model risk and understand risk profile, so banks or any type of really, risk taker can better allocate capital.

And that's what I did. At Morgan Stanley I did it for global energy companies, and I said, you know, we cannot solve they productivity problem until we solve the capital problem, we can't solve the capital problem if we don't know how to assess risks. And so we have to start a company that does that.

And that was how it started, but when you're looking at even building a product for Africa, take something as simple as coffee, you know, you look at -- and you want to understand Ethiopian and Ugandan coffee markets, it's impossible to do that without understanding coffee markets in Brazil and Vietnam, without understanding buying patterns from Germany, because Germany is actually -- buys most East African coffee and green beans, and then we export exactly those green beans to the rest of Europe.

And so, are there ways to disintermediate it, and so there's these intricate linkages that just exist inherently across crops, across countries that it's literally actually impossible to study a single region or a single crop without really thinking about it in that sort of contextualized way.

MR. COULIBALY: So were there any time during this journey or process you ask yourself: what have I done? What were the challenges, the main challenge you would say?

MS. MENKER: Every day.

MR. COULIBALY: Every day?

MS. MENKER: (Laughter) You know, I think there's a couple of challenges, right. One is, like I said, I'm Ethiopian, and I still held an Ethiopian passport, and then I moved to Kenya. And the reason I chose Kenya, is I had two key criteria for what was important to me at the time. I was self-funding the business, but I knew we would raise capital at some point, so open capital markets was a really important kind of variable. And the second was good technical infrastructure.

Again, I didn't know what the product would be, or what we'd do, but I knew we would work with data, and I needed good, technical infrastructure. Kenya was by far the easiest when you needed those two things as your top two criteria.

So first step is going and figuring out how to operate in a local environment that you're not from, and then when trying to build an African business the biggest challenge I had was traveling across Africa with an Ethiopian passport. I could go to Europe, no problem, I have residency in the U.S., but getting in and out of Tanzania, every time it was like I was calling somebody and begging for some last-minute favor so my visa could be issued on time, and I could make it.

That was, and actually has been, you know, really helping with initiatives around access to visas. And the second is capital, raising money as a startup that was focused on Africa. At the time when we did our first raise we were not global in our mission, or vision, and we were raising for a product in Africa that nobody had ever built.

And so, you know, how you pitch that story, who you go to raise money from is, I think is a really big challenge. I think I was incredibly kind of lucky and prepared in the sense that (a) like I said, I could self-fund for some time. And (b) I left a career on Wall Street, and so my first points of call were the people I said, I quit to. They wrote the checks for the company. If I didn't have that, I actually don't know what our trajectory would have actually then become. I think we've been lucky because of that sort of thing. But I would say those are two key challenges.

MR. COULIBALY: Wonderful. So, it looks like some of the key messages from Acha sort of resonates, map your strategy, you've looked at it and Kenya was just the place to be, it would be challenging, and you've been facing challenges, otherwise it wouldn't be too rewarding, and in saying, but it was all worth it?

MS. MENKER: Yes.

MR. COULIBALY: So then, if I can go to you, Florie. You've also attended the Africa Investment Forum.

MS. LISER: I did, which was incredible.

MR. COULIBALY: So you've had a chance to sort of assess. So, have you listened to the strategies that Acha kind of laid out, and as an organization that presents, or that works with U.S. corporations, which key messages here quite resonated with you?

MS. LISER: So, first of all, just congratulations to Acha, and his coauthors for writing this book. I think very timely kind of giving where we are, there a lot of uncertainties that are kind of out there in terms of U.S.-Africa trade, investment and relationship, sort of more broadly, but a good time to be looking at how we change the perceptions that businesses have about Africa.

And he didn't write it, he and his colleagues didn't write it about the U.S., but I think that the point in terms of U.S., because Corporate Council on Africa has both U.S., and African companies that are members, and some of the people he interviewed like Alike Dangote, are actually on my Board.

And so I think the first point that I want to make, you know, looking at it from this side, is that the things that we hear about from U.S. companies in doing business in Africa, both the triumphs and the challenges are the same things that impact African companies.

And I think that the important thing is that, and it comes through many of the messages and themes in the book, is that companies doing business in Africa, whoever they are, African, U.S., Chinese, you know, Brazilian, et cetera, really have to look at the continent through, I think, a lens that allows them to see the tremendous potential of Africa, and its current contribution and potential contribution to the global economy, you know, as it becomes a greater part of global value chains, and a destination for investment that is rapidly increasing.

And I think that from the U.S. side, I know one of the things that CCA is very focused on is really trying to highlight the opportunities and to distil the difference between perceptions of Africa and doing business in Africa, versus the reality.

So I truth I think that there are probably perceptions of higher risk than there really are. The other thing that annoys me personally, this is me talking, not necessary CCA, is some perception of risk in Africa, that's different than perceptions of risks in other parts of the world, which have been very tough to deal with.

You know, the former Soviet Union area, lots of people have told us that that's a very difficult area -- has been. People who went into China, you know, 30 years ago will tell you how difficult that was.

I'm sure there are situations in Latin America, countries in Southeast Asia which are difficult. I don't know that we should talk about Africa any differently than that. I don't think that's fair or right or accurate. But on the other hand, it is true that what governments do in making it easier to do business, and I know Hulya will talk about that, it is critical.

And I remember -- and I love the stories in Acha's book -- but I remember many years ago when I was at USTR and took a trip taking a political -- we won't name any names -- actually in the Bush administration, to Rwanda for the first time, and we had a chance to meet with President Kagame, and one of the things that we raised at that time was the Doing Business Score of Rwanda, which at the time was not very good.

And I remember just a small roomful of people where he said, well, you know, no, this is not something that we can't deal with here. And within I want to say, about two years, they went from the ranking that they had, which was in the hundreds somewhere, up to number 32, and so the will of African governments to address seriously, effectively address the doing business issues, is not just beneficial for the local business community, which it should be, but it's also beneficial for those who are investing in Africa, and a lot more that is happening.

And again, the U.S. has its own particular story, in terms of Africa it's different than Europe's, you know, that former colonial relationships. It's different than China's, but U.S. companies are there for some of the very same reasons that others are there now. It's a place of incredible opportunity.

MR. COULIBALY: So, we'll get to the doing business part with Hulya. But if I may, let me follow up with you. Obviously you know there's a big perception, and in fact it's a reality that perhaps U.S. is kind of lagging behind, in terms of seizing opportunities on the continent, particularly as you compare, say, to China or, for example, to European. Perhaps like you mentioned maybe for colonial reasons. So, I guess the question is, currently what can we expect from the U.S. administrations, maybe this one, maybe the next one, that needs to be done to help facilitate it? In particular, say, the BUILD Act that was passed.

MS. LISER: Yes.

MR. COULIBALY: Which is going to double the resources to OPIC, do you see that as an opportunity here that's really going to progress U.S.'s engagement on the continent?

MS. LISER: I do. But can I distil what I think is a misperception?

MR. COULIBALY: Yes.

MS. LISER: There are, you know, hundreds and hundreds of U.S. companies that are in Africa. You know, this perception of, like: where are the Americans and, you know, they're getting their lunch eaten by the Chinese. I actually don't buy that. There are a lot of companies, U.S. companies that have been there for 60 years, 80 years, 100 years.

And then there are lots of new companies that are there, you know, the Googles, and the Ubers, and so perception. American companies are in Africa. Now, reality, could there be a lot more? Absolutely! They still represent only I think about 1.4 percent of our foreign direct investment worldwide. So, clearly, you know, a lot more could be done.

But I do hope that people understand that there are lots of U.S. businesses that are there. And on the point of what the U.S. administration can do, we at CCA were strong supporters talking to a lot of people about the BUILD Act. I think making it easier for U.S. businesses to engage with their African counterparts on the continent in the ways that other companies can do, sort of leveling the playing field is very important.

And again, not just with the Chinese, everybody talks about the Chinese, but there are a lot of companies from lots of countries that are there. So even the Europeans, you know, the way that their development finance institutions work, I just think that the BUILD Act, you know, doubling the amount of money that OPIC will have, allowing equity loans, and not necessarily tying it to U.S. companies. It will be a factor but it won't be the only factor. I think that this is going to help U.S. businesses to engage more effectively on the continent.

MR. COULIBALY: Okay. Very good! So then; if I can turn to you, Hulya? So Florie touched on doing business, so the environment. Is Africa getting a bad rap on this? What is the state of play? I know you just worked with your colleagues to release not long ago the 2019 Edition of Doing Business in Africa. So what is the state of play, and what's been the progress?

MS. ULKU: Yes. Before I go through the findings of Doing Business 2019 on Africa, I would like to congratulate Acha and his coauthors on this incredibly refreshing book. I really enjoyed every page because I have an interest, research interest on Africa, and most of the time I find it hard to find good research studies.

What I really liked about the book is that it sets out, not only the challenges of Africa, in a very realistic way, but it also, you know, provides some very good and concrete information on the opportunities, you know. I loved the phrase that was mentioned in various chapters of the book that's called "unmet demand". You know, that's something we don't get to see and read about Africa.

There is this, as he pointed out, 50 percent of African population is below 20 years, right. It's a very young population, and there is a big demand for all kinds of different products, and therefore there is a huge opportunity for entrepreneurs. Just one example, in the book that I really liked, you know, because I like the anecdotes and the statistics in the specific cases.

So in Africa one outlet, you know, shopping outlet has 60,000 consumers, whereas in the U.S. the same numbers for a hundred, so this shows that there's a huge opportunity for opening more retail stores. And the book is full of these kinds of examples, which gives a very good perspective.

Coming on to the performance of Africa in doing business, regulatory environment of doing business captured by us through the 11 indicators we use every year. You know, I had a lot of presentations on Africa in different parts of the world, and it's always so, you know, incredible for me to talk about Africa, because there is always good news.

Since 2012, Africa has been the highest reformers, every year. And this year it broke another record in the reforms with 120 reforms implemented by 44 economies. That's the highest numbers of reform both in Africa and among other regions. So a big increase from the last year which was 86 reforms performed by 38 economies.

This year we also have four African economies in the Top Ten Improvers in the Ease of Doing Business, Rwanda, Kenya, Togo and Côte d'Ivoire. Rwanda as you all know, at least those of you who read the Doing Business Reports, will know that is the most enthusiastic reformer in the region, and it's also one of the highest reformers in the world.

And this year as well, Rwanda was the second highest reformer in the world, and the highest reformer in the Africa Region, with seven reforms with seven different indicators measured by us. And Togo and Kenya, Togo had six reforms this year, and Kenya and Côte d'Ivoire had five reforms.

So, what are among the 11 indicators we measured? We measured what are the areas that the region is focusing in the reforms. This changes from year to year. This year we see that the region focused on improving the legal environment and enforcing contracts. So 27 economies implemented reforms to improve their regulatory environment to shorten the -- or make it more efficient to resolve the commercial dispute.

This was mainly the result of the introduction of a new law by other economies that introduced the mediation as another tool to resolve the disputes in a much faster fashion. The other area that the region has focused this year in terms of the reforms, 20 economies reformed in starting a business field, and the reforms mainly focused on decreasing the time to register the business, to those streamlining the procedures and to really introducing online platforms to help the consumers to register their businesses in the comfort of their home, or easier than just going to the registration.

As my colleagues have mentioned, Africa is very big on digital, you know, improving the digital processing of various transactions, and we see every year big improvements and different indicators in terms electronization and digitization of the processes.

So, in terms of the overall performance of Africa in the 11 indicators we see that the region is performing the best in starting a business, and getting credit indicators. Four of the African economies are in the top ten globally in getting credit, and these are Kenya, Malawi, Rwanda and Zambia. And in starting a business, Burundi is 17th in the global ranking.

What are the areas that the region has room for improvement? We identified two areas from the regulatory point of view of course, which are getting electricity and trading across borders.

So this resonates very closely with what I have read in Acha's book. Infrastructure and improving the trade, you know, these areas are very promising for the region to reap up the benefits in terms of their economic growth and development.

For getting electricity, just to give you an idea on where the -- this is average, of course some economies in the region perform better some worse, but on average it takes -- it costs 3,457 percent of per capita income in Africa, in Sub-Saharan Africa, to connect to an electricity grid. The same number at the global average is 1,230 percent of per capita income.

So, you know, governments maybe can focus on improving the costs to connect to the electricity grid. As we know, electricity is one of the most important costs in production.

In terms of trade, trade facilities, the region has been reforming also actively in this field, but theirs is still a lot of room for improvement. For example, in Africa, Sub-Saharan Africa it takes 98 hours to comply with the documents that are required to export and import and the same number globally is 61 hours.

Just before I close my comments on doing business, I just want to give you a few anecdotes so that you -- you know, to just make it more concrete. You know this, Doing Business Report launched in 2003, and since then during these last 16 years, we see progress in all regions.

You know, they are poor performers in the regulatory area, are converging slowly with the best performers, and we see a lot of examples of this in Africa as well. For example, in Togo, in 2003 it took 74 days to register a limited liability company, today it takes only five-and-a-half days. I mean, imagine an aspiring young entrepreneur, you know, how much help that will give to that individual, and how much it will impact the registered businesses in the economy.

There's a lot of research -- I mean there is a lot of research in assessing the impact of doing business regulations on various economic outcome, but the most of this literature focused on business registry. And they find that improving making the business registry more efficient improves the formal economy, obviously, but also it improves the employment, it creates more jobs, and also it has an impact on the economic performance.

Another example I wanted to give is from Rwanda. Rwanda is the top -- second economy in the world in registering property next to New Zealand. And in Rwanda, in 2004 it took 370 days to register a simple warehouse with the Cadastre, now it takes only seven days. So that's a huge saving from the entrepreneur's point of view.

In Morocco in 2005, it took 358 hours to comply with paying taxes, now it takes only 155 hours. I have a lot of these kinds of examples; you can read it in the reports, so --

MR. COULIBALY: And maybe we'll have a chance to come back at it in the Q&A portion.

MS. ULKU: Yes.

MR. COULIBALY: But clearly progress on doing business, reforms that have been sustained, you know, for the past, at least decade-and-a-half, and it looks promising for the region.

MS. ULKU: Absolutely! Absolutely!

MR. COULIBALY: So maybe I can go to Acha before we turn it over to the audience. So some of the key recommendations you made, and as I look at them, some of them may look a bit challenging for small and medium-sized enterprises, we know, as the book also points out, that these are really the innovators and in terms of employment, and we know Africa can use a lot of employment opportunities that tend to look out for anywhere close -- around 80 percent, 77 to 80 percent of the new jobs that are created.

In particular, in terms of managing the risk, so the idea is to focus on long-term, and try to ride the short-term volatility. If you are an SME, is it really easy to do? Or what do you see at challenges that could be really unique to the SME sector, and how should they adjust the strategy in that context.

MR. LEKE: No, I think it's a fair question, and I'd love to hear from the people who are actually practicing versus consultants like us, who share what we think the answer is. So, I think, yeah, I mean for SMEs generally, I think, you know, these are what we're seeing companies do well. And both, like I said we also spend a lot of time in talking to some of the SMEs, as we're developing, you know, sort of this guidebook for what it takes to win.

There are some things that are, you know, more of particular to SMEs, I think challenges around riding out the short-wave volatility. You know, if you're a big firm and you can sustain, call it short-term losses for longer, then yes, it is easier. Challenges around financing is definitely a big issue that the SMEs face, challenges around corruption even, right, is something that, you know, SMEs face but more so than large companies.

I still think that, you know, the recommendations are the same across all of these, so I think, you know, for an SME, I think critical to really be able to understand who your stakeholders are, and who you need to influence. For me that's still, you know, very, very important.

On the short or longer term, I think for SME, you know, finding your way, and maybe it's a bit harder, but how to find your way to minimize the impact of these losses, call it in difficult periods would be important. I think diversification at the right time, right, at the right time, because it then allows you to diversify your risk across, whether it's products and services, or whether it's across countries.

So, on the other hand, I think the other one (inaudible) SMEs are more nimble so it's easier for them sometimes than bigger companies to make quick decisions, and adjust or change course based on some challenges they are facing, than you find bigger companies.

So I think on one hand you can argue that it may be a bit harder, but on the other hand I'll argue that for some of them maybe because of the flexibility it may actually be a bit easier for them to change course. I don't know, Sara will -- (Laughter)

MR. COULIBALY: How does that resonate with you?

MS. MENKER: Yeah. I agree. I mean I think the ability to change course faster is definitely a lot easier as a smaller company, than as a larger company. I think with regards to, you know, navigating, a lot of countries, for example, have a lot of initiatives around attracting, you know, foreign investment, for example.

A lot of those investment bureaus and investment offices are really set up to nurture relationships with large corporates, not with small companies coming to start up. So you don't necessarily get the benefit of the incentives that, for example, would exist. They exist for you too, but you have to go find them. They're not kind of handed to you on a silver platter similar to how it would work with much larger companies. But the benefits actually exist to both, so it's not one versus the other.

MR. COULIBALY: No. That's actually a good point, a critical point to globally change course.

MS. MENKER: Yes. And then the startup capital issue I think is -- I still think it's one of the biggest ones, because there's lots of news and media around African startups, and everything else, but at the end of the day, if it's $50,000 at a time that doesn’t scale, right, so how do you bring capital with a lot of kind of money -- like real capital, and plenty of capital behind it so that, you know, African startups are able to raise much larger rounds so that, you know, you really become competitive on the global landscape.

MR. COULIBALY: And Hulya, in your assessments, that's what you find to e area where there's been good progress is access to capital. Did I understand that correctly?

MS. ULKU: Getting credit, yes.

MR. COULIBALY: Getting credit, access to, okay.

MS. ULKU: The local level. So we measure two sub-indicators, that one is the credit information where credit bureaus or registries collect information on the history, the transaction of the individuals. For example, did they pay their electricity bills, utility bills on time?

To me, I think, you know, this is one of the most important indicators for me, because this is very important for very, very small firms, you know, because they don't have enough credit history or anything, because they don't typically get loans from banks, so they don't have any history, so banks don't give them any money, but actually they're very responsible, and they will pay back.

So, how do we get information on those people? Credit scores and the credit information helps a lot. There is also a lot of research on this, how, having more information on individuals improve the credit access of those individuals.

MR. LEKE: Coul, if I may?

MR. COULIBALY: Yes.

MR. LEKE: Because I think I would actually differentiate access to credit versus thought of capital.

MR. COULIBALY: Right.

SPEAKER: Yes, mm-hmm.

MR. LEKE: Because, you know, I think as you have much more access to credit, and where you are an existing company, and you can -- and I think one of the big issues we have with more Angel investing or venture capitals for startups, is if you look at this model at Silicon Valley, I think a lot of what has driven that were actually entrepreneurs who made the money, and have now started to reinvest, and to promote -- and to support entrepreneurs.

And I think we need to have an initiative on the continent to get some of our billionaires to do the same, where we have a number of entrepreneurs who actually made a lot of money, and we just don't see enough of them saying, let me take part of it and reinvest to actually start --

I think Tony with Alunus, are trying to do that that with the foundation, that's a different model, and I wanted to do something where you can, you know, bring all these entrepreneurs who may (inaudible) with their money together and say, look, you know, let's figure out how you can put a piece of it to help actually provide startup capital for new businesses, and create a virtuous cycle, that way that can then mobilize and bring more capital into that space.

MS. MENKER: The other thing people don't talk about is what got Silicon Valley to be Silicon Valley, like the first pool of billionaires, is the U.S. government. I mean, a lot of innovation in Silicon Valley was funded through Defense contracts that essentially paid for chips, and the contracts were structured in a way that let failure even happen. So, you still, as a company you still made revenue even if you failed because you still made some innovative milestones.

You have no African governments going out and saying, do you know what, we're going to -- we're procuring X, Y or Z, and we actually want African companies to do this, and you get paid for failure. So, a huge portion of it initially was subsidized by the U.S. Government.

And so, figuring out the structures that are also created to allow for innovation to happen where there's startup capital, and then there are essentially cushions and mechanisms to protect the capital of billionaires that might start these funds, and that sort of balancing mechanism. So, I mean, Defense in the U.S. played a huge role in the creation of Silicon Valley that we know today.

MS. LISER: I was thinking though, just on another role that the African governments can play that would support more investment and capital formation of the continent is regional integration, and I know we touched on it, but it's so critical because there's so many small land-locked economies on the continent, and the need to create more markets that provide for economies of scale, and for investments in sort of regional value chains and efforts that can be done, so that Sara's business in Kenya could be expanded to also, you know, make sure that the entire East African community region gets the benefit of what she and her company are doing more effectively.

And so regional integration, and the formation of the African Continental Free Trade Area is important for Africa but frankly, and let me just end on this point, for companies, especially U.S. companies looking to invest on the continent, they're not going to invest in 55 countries, you know, it's not going to happen.

And so if they can invest in, you know, select economies that are critical throughout the continent, North Africa, Southern Africa, East, et cetera, Central, West, and then basically be able to provide their goods and services to a larger market based on those investments, this is going to be really good for them. So again, this is one of those things where something that the Africans are doing and have control over, and should have control over, will benefit Africa, but it will also be beneficial in terms of how it can facilitate and incentivize investment into the continent from other regions.

I can only speak to the U.S., but I'm confident that it's true for all the other countries and regions in the world that are looking at the African market today.

MR. COULIBALY: Yes. So, basically having regional hubs through which then you can --

MS. LISER: Yes. Oh, my, goodness, yes.

MR. COULIBALY: Very good. Okay. We're going to now turn to the question-and-answer portion, as I promised. So, if you could raise your hands and identify yourself, I'll ask you, you keep it short, so we can get in as many questions as we can. And we'll take three questions at a time. Yes, the lady in front.

MS. OKARU-BISANT: Hi. My name is Val Okaru-Bisant, I'm a Professor at CUA. You mentioned -- I have a number of questions, but I guess I will just keep it one or two. You mentioned access to capital in terms of credit and startups, and you also talked about large businesses, I noticed your -- I'm sorry -- Acha?

MR. LEKE: Yes.

MS. OKARU-BISANT: Yes, I noticed your projector, your PowerPoint had mostly large businesses, and I think you mentioned earlier, the moderator mentioned SMEs, but within the context of looking at large businesses, did you look at one, the developmental impact question, because I know the topic here is: Africa's Untapped and Expanding Business Potential. And what came to mind as we're thinking untapped, when you're talking untapped, you're also thinking within the context of the issue of startups, you know, in terms of capital, as you know in terms of factors of production, you have labor, capital, infrastructure.

In terms of that dimension of African, the human capital, can you please comment on what the impact has been with these companies investing in Africa, on the human capital? Because as you know -- and then the link to that is also, I think -- I'm sorry, your name --

MS. MENKER: Sara.

MS. OKARU-BISANT: Sara talked about within the context of that access to capital in terms of finance, long-term sustainability, what are the challenges of your -- most businesses, especially SMEs, going beyond just having initial capital, and being able to sustain themselves, in terms of financial viability.

And also going back to you, the last one, Acha, you talked about dynamism, you know, the importance of dynamism, and I think you and Sara mentioned that. Within the framework of dynamism, can you comment a little bit about your book, especially, talked about Africa as a whole, the importance of looking on a case-by-case basis, when you're an investor, and you're in Africa, because there's no one-size-fits-all? And how did you apply that within the context of your book? I'm sorry, I haven't read it. Thank you. But I will.

MR. COULIBALY: Yes. The gentleman in the gray suit, yes.

MR. EKWA-NGALLE: Yes, I'm Leopold Ekwa Ngalle, Founding Partner of EIO consulting. I've been an entrepreneur in Africa for over 15 years, so I started also my own business, grew into a startup steel distribution to the construction business, so steel manufacturing. So, great story, but what I would like to say is that, I'm now have relocated in the U.S., helping U.S. companies of course, to expand to Africa.

Even though I've been a victim of what we have not been discussing so much here, which is the governance, because when a U.S. company wants to invest overseas, the major, the first question that's coming up all the time is the risk factor. I understand that for your presentation, you first wanted to, you know, depict the good side of Africa, and I agree on that, there's a lot of potential.

But for an investor, who is not a big investor like GE or Coca-Cola, these people, these type of companies, they know about how to deal with risk, but the small and medium size U.S. company, if you want to attract more companies to come to Africa and invest, we need to address and give more information about the risk factor.

And the biggest risk factor, is not the administrative side, like reducing the number of days for creating a business, it's the governance side. The rule of law, how businesses are protected in Africa, what has been improvement in terms of, if you have a conflict with a local partner, with a government official, are you going to be -- you know, having your business being expropriated while being -- not being compensated.

So those are the main things that we should be a addressing in such a forum to make sure that people understand that there's an improvement in protection, or where there's improvement, and how they should be taking the risk to go over there because the investment will be, you know, made safe.

The final thing that I want to say is that, concerning the media, I understand, and I would like to defend the media. But the role of the media is not to praise what's going on in Africa. I remember that 30 years ago I was studying in Paris, and the only pictures we used to have in France 30 years ago about China, were just people dying of starvation. They were just talking about China, you know, the big starvation, famine going on there, no one was talking about the tremendous transformation that was going on at that time in China.

So, to remain fair, we should not be expecting any praise from the international media, Africa should just be working, bringing on changes, and the change concerning the governance is a very critical one for the investors, because I've been through that, you can have a very good -- you know, a bright story of business development, and still end up, with having problem with local government official. Thank you.

MR. COULIBALY: Okay. Thank you, Leo. Yes, right here.

MS. DONALD: Hi. I'm actually Roslyn Donald. And I'm probably going to piggy-back on what the Professor said here a little bit. My question is for Sara. How are you able to navigate capital acquisition at the beginning, the infant stage of your startup? And was it local, was it foreign, was it domestic? And how do you continue to generate new revenue knowing that your company probably needs to innovate some more to develop more revenue, and to stay sustainable? And --

MR. COULIBALY: Acha?

MS. DONALD: For Acha, does McKinsey inject capital into small startups like that, of Sara, or do you just deal with --

MR. LEKE: No.

MS. DONALD: No?

MR. LEKE: It's the easy answer.

SPEAKER: He just takes our money. (Laughter)

MR. LEKE: We advise, but we'll come back to that.

MS. DONALD: All right. Or is it just large and medium-sized organizations? Those are my questions.

MR. COULIBALY: Okay. We're returning to the panelists for this round. Okay, Acha, I mean most questions went to you.

MR. LEKE: Yes. I'm happy to answer a few, so the question I mean, on impact of human capital, yes, so we've -- so the book didn’t focus just on that that, like I said there's a whole chapter on talent, and both on what these companies have done that in fact, you actually groom talent that they needed. How they have done to actually source that talent, and what, if you're going to build such a company, you need to do to make sure you can actually identify and grow the talent in Africa. So that's really the focus there in the book.

You know, we've done a lot more research on job creation, where it's going to come from, that kind of stuff, we're happy to talk about it, but that group was really focused on, if you're going to build a single business, how do you actually source that talent, and how do you grow it?

On the question of dynamism, I actually agree, we talk about Africa, but it's 54 countries, right, and if you look at the lines and I'll move one report that we put out eight years ago now. At the time what was happening, you know, growth -- everywhere you look there was growth, so every single country in Africa at the time was growing, (inaudible) positive, and if you look at the 30 economies that account for 97 percent of

Africa's GDP, 25 of those 30 had accelerated the growth relative to the 80, so there was growth everywhere. So countries were -- you know, as a company, you can go anywhere, you will find growth and you will do well.

Fast-forward to two years ago, when we put out (inaudible) on those two reports, and what we found that only 13 out of the 30 economies had accelerated the growth. And it was much more nuanced, right, and if you -- you know, we have a whole matrix shared in the book on growth and stability, and you will find three groups of countries very, very different.

And so then, you know, the implication, and for many of our clients was, you have to be much more nuanced, this is just on the country, how you select countries you want to go into, been around the sector, right, so definitely the dynamism is exciting, but the reality is 54 countries, and you know it's -- and you have to be much more discerning there.

You know, on the risk, a part of the issue is, I think, like I said about *The New York Times* article, what we hear is always about these guys who had something expropriated, and that's wrong, and governance -- and shouldn't do that, but what we find were amazing companies like Sara's and many others who are there building businesses, and they're going to scale it, and we have a number of these examples.

You know, Paga, we have M-KOPA, we have (inaudible) doing well. We have, you know, the African Leadership University, we have Gro Intelligence, and Babban Gona, and we just found amazing companies who despite all these risks, and the challenges of the rule of law, and the challenges with governance, and the challenges funding, are figuring it out.

And it's not easy, and we don't claim that it's easy, but what we wanted to highlight that actually these companies who were doing it, and hopefully encourage others to say, these are some challenges but, you know, you can learn from people who are dealing with it on day-to-day basis, and actually, you know, building something significant.

So that really was the focus versus, you know, trying to identify the people who are struggling, who've been expropriated because that turns up in the papers all the time. So we had a bit of a different focus.

I think, just to your question, as McKinsey we actually don't invest whether it's in big or small companies, we provide advice to companies that tend to be on the larger end of the scale, but increasingly, you know, we're doing more now for smaller companies as well.

MR. COULIBALY: You'll take the capital question?

MS. MENKER: Yes. I mean, in terms of the question around where have we gotten our capital, how much of it is local versus international, it's all international; it's all outside of the continent. And so, you know, our strategy was to basically say, we have a vision and we believe that we can build a defensible technology product in Africa, and opened, like I said, opened an office in Nairobi, hired software engineers and took the journey from there.

You know, since then we've been able to raise $30 million, and it's been from investors that range from U.S.-based individual investors, to some really large venture capital funds, to Israeli and Asian investors. So, we really -- you know, we've gone everywhere, and you have to find people who are okay with it.

We're global as a company now, so we actually have clients around the world, and we're not dependent on the African market, and in fact, Africa in terms of sales is the smallest portion of our business now. It's actually -- it's highly diversified. And so there's -- I think we're a story of a company that was started in Africa that's become global.

So people don't even talk about it, and then we're a technology company. So I think it's not easy but it's very doable. I think we do a terrible job of maybe talking about it. I'm not very good at going out and saying: this is what we've done. And it's mostly because there's so much more to build.

I think in terms of risk or government, we operate an office out of New York and an office out of Nairobi. We're now spending a lot more time mitigating our immigration risk in the U.S. by literally actually moving people to Nairobi on temporary basis as we deal with all this immigration crap here.

So, I just have to say, like we deal with government issues in Nairobi too, but I never thought a day would come, where I'm talking to employees, and I'm like, hey, this process is delayed, just in case, are you okay with moving to Nairobi for the next 6 to 12 months, as we figure it out?

And people are okay with that. So there's also that, which is we have people sitting in New York, where they're saying, no problem, if my visa doesn't come through, I'll move and relocate to Nairobi and I can go work there, and life is okay. So, not to say it's easy but it's not easy here either.

MR. COULIBALY: The risk, government risk everywhere. We have time for just a couple more questions and then we'll close. Yes, the lady in the back.

MS. BRIGGS: Hi. My name is Lisa Briggs, and I actually work for the Department of Defense, which is an interesting introduction, because the question has nothing to do with defense. I heard in the book presentation that you conducted interviews, which made me feel good, and the anthropologist in me is hearing culture. And so my question to anyone who wants to answer is: where is culture in growth, Africa Growth Initiative business models, and such?

QUESTIONER: Thank you. David Norris, I'm retired. And my question really is very similar to the last one, in that, you know, there's an old saying: a man with one watch knows what time it is, a man with two watches is not so sure. Certainly a person who knows one way to live, knows how to live. Most of us know how to live, but there's more than one way, and our consumer society where you're expected five days a week to get out, leave your home and family, spend eight hours doing something you'd rather not do, just to survive, is not the only way to live.

I mean, when I was living in Africa many years ago, the people around me were living on maybe a hundred dollars a year, but they weren't poor, they were living, in Sara's words, a good life, not so good a salary. Basically, my question is, is it reasonable to try to export our questionable consumer society to the people of Africa, impose it on them?

MR. COULIBALY: Who wants to take the last question? (Laughter)

MR. LEKE: That side hasn’t answered yet.

MR. COULIBALY: I think it would be easier if we start with the first question, and then we'll work our way to the second?

MR. LEKE: I'm not sure that's easier either. On culture, I'm not sure. I don't know if I'm going to it directly, but I'm started to make some of those interviews available online, so I would encourage to just, you know, go through them. Because it's back to -- you know, and we interview them, it was more to understand a bit, their experience, and building a business in Africa, and what really matters.

I think the cultural element that came through is, again, for me it's this mindset of all of them where this idea of we're doing it because it's the right thing to do, right. We're doing it because we want to make a difference on the continent; we're doing it because we want to provide products and services that don't exist today. We're doing it because we want to help improve people's lives.

And you heard a bit what Sara said too, we're not -- and we're going to make money there. And so I think, if I contrast that to other regions, it was very much of coming at it from a bigger purpose, in making a difference on the continent, on the back of which you'll do well, and many of them do very, very well. To me that's really the job that's also on the cultural front that came out of these interviews, was the different way to approach doing business on the continent.

On the consumer side, I think we can all have a debate about, you know:

what is the right thing for the continent? You know, we focus on the businesses, and what it would take to grow that, and then it means that, we are driving a bit of this behavior, but I don't think the answer for Africa, for the continent is let's try a whole different model at the expense of what exists today. You know, maybe it's trying both models, but given -- in the midst of what exists today this is a bit what we focused on.

MR. COULIBALY: I see. Okay.

MS. LISER: Can I just add, just one thing on that too. I just think it's important that Africans decide what they want and what the model is that's right for them, and that people on the outside, you know, I remember when people were marching and saying, you know, no globalization in Africa. I said, did anybody ask the Africans about that?

I mean, you know, whether or not they wanted to be left behind or be a part of the global economy, so I would just say that your question is a good one, but I think the answer has to come from the Africans.

MS. ULKU: Can I add on that, consumerism?

MR. COULIBALY: Yes. Certainly, yes.

MS. ULKU: I think the question of consumerism is not region specific, it's global, because every individual has instantaneous access to everything, so they demand. When they see that the people use iPhone here, they want iPhone too. It's out of our control. So, we need to address the consumerism at the global level, I think, yeah.

MR. COULIBALY: All right. So with this, we'll --

MR. LEKE: I thought --

MR. COULIBALY: Yes. Go ahead. Yes, go ahead.

MS. MENKER: I just want to give the less diplomatic answer.

MR. COULIBALY: Yes. Please? (Laughter)

MS. MENKER: You know, I always worry when I hear statements like that, and the reason I do is that in a desire to battle maybe ultra-consumer culture that exists in the U.S., the question becomes: should we drive Africans in that direction, right? And it's not really an either or, because to me it's, you know, when you're dealing with basic economic growth, I mean it's a debate like, in my world which is food and agriculture, the constant fight I have is with people trying to pitch me that, like alternative proteins, and non-meat meat is going to like, replace meat consumption, and so Africans should eat less meat, and now go on to eating plant-based proteins.

There's this -- I think there's a struggle and it's, yes, a good life is good, but we should strive for more, and I think what Acha is, maybe, in some of the examples he gave, is just about what that more is. I think that that more and what the construction of more is gets determined by Africans, but we certainly need the $100 a year to go up to $100,000 a year. Why not dream for that? You know, like we should. What's that made up of, we'll figure out later, but we should absolutely not be okay with a content life.

MR. COULIBALY: Okay. So with this, we'll go to the -- I apologize not having the chance to get to everybody who had a question, so we figure they will go to the panelists, if they like some quick 30-second to one-minute closing remarks. And remember after this Acha is going to move to the front desk to begin signing autographed copies of the books for you.

So, Sara, any concluding remarks?

MS. MENKER: I think I made my concluding remarks. (Laughter)

MR. COULIBALY: Okay. Florie, yes?

MS. LISER: I had one thing, that I like that Acha said, but maybe one of the few things I might disagree with.

MR. LEKE: Sure.

MS. LISER: He talked about doing good to do well, and I'm always telling people, at least here in the U.S. that, don't get it confused, U.S. companies are not in Africa to do good, they may do good coincidentally while there, but they are in Africa to do well. And so people need to understand that, that there is a bottom line for many companies, U.S. and otherwise, but I'm just going to speak for U.S. for the moment. And they're there to do well, and the more that they do well, then the greater chance they have to do good.

So, we flipped it a little bit, you and I. I agree with your point but I'm just sharing that for a lot of companies, they're not there, that's not their major goal. But we do hope that they will do good things while they're there doing well.

MR. LEKE: I think my point is only, if they don't do good things, and only focus on doing well --

MR. COULIBALY: They would not do well.

MR. LEKE: -- it's not sustainable.

MR. COULIBALY: Yes, that's right.

MS. LISER: Yes. No, no, and I agree with that.

MR. COULIBALY: Well, Hulya, any concluding remarks?

MS. ULKU: Sure. Two points that overlap between our results and Acha's results, is that more investment and reforms and infrastructure, and the trade field, I think that's the area where there is a lot of gain for the region, and infrastructure, for these reasons, electricity is very important and the stability, and the supply of it is the key for growth.

And on trade, you know, all this, Africa, it's a lot of different regional trade areas, but a trade block would really help the region in terms of not only increasing the market, but also diversifying the trade, and increasing the value of the production.

MR. COULIBALY: Acha?

MR. LEKE: No, for me, that's it. You know, thanks for coming. I'd say, join the conversation AfricaBusRev, and let's continue to grow these baobabs on the continent.

MR. COULIBALY: All right. Wonderful! So, you’ve heard from the most experience people in business, doing business in Africa. There are tremendous opportunities, they are growing. The business environment, obviously, continues to be work in progress in Africa like elsewhere. And as you've heard from Hulya, the continent will also be doing great in that area, in terms of progress.

But I always like to remind people in development economics, the premise that we need to have the best environment, to have first-rate environment, first-rate institutions before the development process can begin, I think has it backward. No country has ever started with the best institutions, or the best environment, it's a dynamic process. And it's good to know that Africa is indeed making good progress, although there are clearly areas where they can do more catch up, and then sustain that progress going forward.

So, thanks a lot for coming, and joining the conversation, it was really fascinating.

I know there are many other areas where I haven't had a chance to get to, like the creative industries, when I heard the issue about culture, the movie industry, the fashion industry, et cetera, or the continental free trade area, what that means for the business opportunities. But we have to save something for next time, right? So stay tuned! And thanks, a lot. Acha. (Applause)

MR. LEKE: Yes.

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