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Africa Emerging: Trade, Investment And Opportunity Across
The Continent
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Featuring:

Ali Velshi - Moderator

Teresa Clarke - Panelist

Tony O. Elumelu - Panelist

Ambassador (ret.) Joseph Wilson

JAKE BRIGHT: Welcome and thank you all so much for coming to tonight's Foreign Policy Association David Coulter, Warburg Pincus, LLC Lecture Series on Africa. It's part of two Africa events this month with Foreign Policy Association, including one on March 27th, a screening of When China Met Africa. I'm Jake Bright, Foreign Policy Association Whitehead Fellow, focusing on African business and finance. On behalf of the Foreign Policy Association, we'd like to welcome our moderator, Ali Velshi, and our panelists, Teresa Clarke, Tony Elumelu, and Ambassador Joseph Wilson. And I'll hand over in a moment for Ali to say more about our panelists, but it's first important to thank our host at Credit Suisse, Doug Paul, who is a Foreign Policy Association Board member. Finally, we need to thank Foreign Policy Association President, Noel Lateef, who luckily for all of us, gave Robert Nolan and I the green light to do this panel when we started pitching it, I think last year, it's been a while.

So tonight the topic is Africa Emerging: Trade, Investment and Opportunity Across The Continent. It brings up the broader question of what's happening in Africa in

terms of business and markets, why are global CEO's choosing this as a priority topic, why are global business thought leaders like McKinsey, Bain, Accenture, Ernst & Young, doing major reports on Africa as a new emerging market. The broader question from there is, is there something that's going on in African business could intersect with other things socially and politically that could transform the continent?

I recently did an article trying to address those questions for Foreign Policy Association, and I'm honored that tonight we have a distinguished moderator and speakers to address those questions in depth. So without further ado I'll hand it over to Ali and our speakers. Thank you.

[Applause]

ALI VELSHI: Thank you everybody. Thank you, Jake. There are a lot of people many of you may be very familiar with what's going on in Africa economically and politically right now. There are many who aren't. That's always the part that fascinates me. It's not new to us at CNN. We put quite a bit into coverage out of Africa, particularly on the business and economic side because it really is truly a remarkable growth story.

As the world starts to repair itself economically, it's still a standout. Some of the growth numbers and estimates that you've seen for 2012 are quite phenomenal. Some of the actual growth in 2011 all the way back to 2008, when everything else was so rapidly slowing Africa continued to grow, and by the way, that's not a new phenomenon. However, we got a bit of a late start today so since we have to stay on schedule, the most important thing is to cut something out of the agenda and that's going to be me. So while I have lots to say about Africa, I was born in Africa, my parents were, my grandparents were, I'm in Africa quite regularly and I cover it. I want to hand this over to our panel and then to you for your questions of them.

I want to get started. We've got three great guests here, three great panelists who really know a lot about Africa but they know about different things, and I want to start off with Teresa Clarke. She's the Chairman and CEO of Africa.com and former Managing Director at Goldman Sachs. Then I'm going to go over to Tony and then to Ambassador Joe Wilson to get their take on some specifics about business and politics in Africa, but Teresa, let's with you. Give us the big picture as you see it on Africa.

TERESA CLARKE: I'd like to address a point that you made, which is that a lot of people still don't know how we got to this point, and just look over the last few years to see how we got here, because Africa has not been an investment destination in the eyes of Americans for very long.

I think the first thing that came to mind, in terms of what got Americans focused on Africa as something other than a destination for charity, was in 2006 when the Council on Foreign Relations did a report on Africa that said you need to pay attention. Now this was a bridge in some regards because they weren't saying pay

attention from an investment standpoint, but they did point out three very strategic reasons to pay attention to Africa that were different from our reasons previously.

The first was because of the resources, a reason that we've always known that Africa was important, and certainly the Chinese were figuring out how important the resources are in Africa. Secondly, it was Africa was important strategically from a security standpoint. After 911 the fact that there is a large Muslim population, many of the Northern African countries made Africa a strategic priority for the U.S. in terms of security. And thirdly, because of the global health war on HIV aids with Africa being the epicenter, those were the reasons that the CFR said that we must focus.

And following on that in 2007, given where oil prices were and commodity prices, you had U.S. hedge funds investing in Africa to a large degree, but this was hot money. This was money that was in and out, there to make a quick buck, take advantage of the high commodity prices. When the prices came down, they were gone.

In 2008 we had the financial crisis and I think there was a flight to safety, and so everything just stood still. People backed out, they weren't in Africa, and no one knew what they were doing. They were just trying to keep their heads above water. In 2009 it continued through.

And 2010 was really the year that I see the tide having turned for Africa as an investment destination. It started in the spring when, as Jake mentioned in his remarks, McKinsey published their first report on Africa; and this for the first time, having McKinsey speak to Fortune 500 CEO's and say "Africa, place of growth for investment," this was new. No one had heard that before.

Then you had the World Cup that June and July, and that gave people a visual to associate with that. In August of 2010 Barron's ran as their cover story, *Africa the Next Big Investment Destination*. No Western financial media had put Africa on the front cover in that regard before.

Then in the third week of September of 2010, when you had the U.N. General Assembly meeting in New York, and the Clinton Global Initiative meeting in New York, and the Millennium Challenge Corporation meeting in New York, during that week there were five very significant corporate announcements that I think really put the seal on it.

That week Coca Cola came out and said that Africa was going to be their biggest growth market going forward. You had the Ford Motor Company report on its most recent quarter, and they said that Africa had been their most profitable region in the last quarter. The Harvard University Endowment disclosed its portfolio, and its allocations in South Africa on their ETF portfolio rated fourth globally in terms of the countries where they were exposed. You then had IBM come out with a huge announcement about a billion and a half dollar deal that they were doing in East

Africa with Bharti Airtel. The week was capped off with Walmart announcing their investment into Massmart in a deal valued at \$4 billion.

That really is when I think the corporate world in America woke up to the fact that Africa is an investment destination. Since that time Fortune 500 boards have asked their CEO's what is our Africa policy and if we don't have one -- or strategy -- if we don't have one, we need to get one.

MR. VELSHI: Is it something that can be simply adopted by companies? Is there a logical Africa strategy? Is there a way to get into it because you're realizing all of these things, other companies have done it, people have written about it, the growth rates are much higher than they are in much of the rest of the world, or does every company have to look at this organically and separately?

MS. CLARKE: Absolutely. Every company used to look, as I think you would probably -- you have a leading question -- every company needs to look at it separately. I think that we still haven't gotten to really where we should be. If you take a look at flows of foreign direct investment for emerging markets around the world -- whether it's Brazil, Russian, India or China -- the U.S. is always the largest foreign investor into these emerging markets. If you look at those flows, the only region of the world where the U.S. doesn't lead is into Africa. Even the investment from Brazil into Africa exceeds the FDI from the U.S. into Africa. So there's still a long way for us to go.

MR. VELSHI: And obviously China, a big player, we'll talk about that. Tony, where Teresa is talking about foreign direct investment, which is always a sign of a success and the fact that people are paying attention, the other element of organic GDP growth in Africa, organic economic growth, is that there has been inter-African trade. There have been remarkable achievements in some places. For instance, in parts of Africa where it used to be just really onerous to get through borders with goods or as a tourist, but inter-African trade, the idea that African nations are leaning on the technologies and businesses of other African nations, give us a sense of that.

MR. TONY ELUMELU: First is I'd like to make two points -- issue. The fact that we're sitting here today discussing Africa to me is a good signaling issue that Africa is truly, the world besides the U.S., is truly beginning to accord Africa the kind of importance I think it should be accorded at a time like this. Africa does hold a lot of potentials for investors, American investor in particular who want to come to Africa. China takes advantage of that and at times I hear people criticize China about some of the policies. Why criticize China, what obviously is China doing to see those potentials in Africa.

The second point I want to make is that this Africa is different from Africa of 20 years ago. It seems to me that the United States in particular have not come to the realization of the new Africa. So what has changed about Africa that we see today? In terms of I call it a soft infrastructure in Africa.

You have the - - in Africa now better than it was before, and the more crazy to me is the super structure upon which, on the foundation upon which the infrastructure is built. It's very stable now. Almost all African countries are not democratic, just a few, one or two left. Also you have better governors, corporate governors and civil governors in Africa today. You have population, you have the GDP is growing so - - is certainly improving. Africa has become a very strong market. Less than 50% of African population is below the age of 30 so it's a huge market for consumer groups.

I'm coming to the point of our trade, inter-Africa trade. You know I see maybe from perspective you only trade what you have to trade, commodity, finished products so to speak. The kind of products that Africa has, most African countries at this point in time, and that is such where there is also opportunity for investors, is actually in rough form, raw materials, commodities, et cetera.

So the African countries' economies do not have the potential or the capability to process these raw materials. So the raw materials would naturally find its destination off shore. That's Africa to Europe to America to China to be processed and brought back to Africa. So we can indeed put conferences and say a lot about inter-Africa trade. No more can actually happen until we begin to have the capability to process some of these raw materials in Africa. It's the only way to process them that you can actually trade inter-Africa.

Take for instance the - - product. My country - - , the biggest in Africa. But Nigeria only imports particular products. And so Nigeria - - or when they just say I'm exporting to Europe, America, China, the process and bring the finished product back to Nigeria. It cannot expect then to trade much with other countries. We can't really do that till we begin to process some of these raw materials, and therein lies huge opportunities for investors in this part of the world who actually can take advantage of the abundance of natural resources in Africa, set up processing plant, either alone or in conjunction with rising African entrepreneurs, process, and the market is huge. Then we'll begin to talk of inter-Africa trades. It is not time for this.

MR. VELSHI: Well that leads very well into what Ambassador Joe Wilson deals with.

You've really been very involved in infrastructure and particularly on the energy side in Africa. Obviously as things get better, when you look at these growth rates in Africa that automatically means an increase in energy consumption and an increase in the ability to try and process more of this energy in Africa. In some cases there's no other choice. You can't be processing electricity somewhere else.

AMBASSADOR JOSEPH WILSON: I'm certain glad to be up here talking about Africa and actually having somebody listen. I've been talking about Africa since 1976 when I first joined the Foreign Service.

I would point that there are any number of things that the United States government took the lead on in the '70', '80's, and '90's to create the conditions for today's Africa, including once we decided that human rights and democracy and

human rights were actually important to us and that Africa was a place to advance those issues. We actually started seeing African governments reform themselves.

As we saw generations actually getting educated, and in particular I would say the telecommunications revolution in the mid '90's, bringing cellphones really into every village, was when you really started to begin to see things move. The fact that you've got right next to me a hugely successful international businessman who comes from Nigeria, and didn't make his fortune sending out notices saying if you send me your bank account I'll send you \$15 million, is a credit to the maturing of the continent itself. I say that with great affection because he is one of our partners in our endeavors.

Symbian Power is essentially a power construction company that follows the U.S. government into conflict zones and into other difficult places. So we followed the U.S. government, the U.S. military in particular, into Iraq and did ten projects in Iraq including stringing transmission lines all across - - Province during the heart of the violence there, and including building two substations in Sadr City, one of which was used by the U.S. military as a forward operating base for a while when there was violence there.

We then went to Afghanistan to build a power plant, and then we heard the Malayan Challenge Corporation was going to do some infrastructure and was going to sign a compact with Tanzania. We thought after what we've been through, going to Tanzania is going to be a piece of cake in terms of operating there. It's not a piece of cake, but it is certainly not such a hostile environment as it might have been just a generation ago; where you had very few rules of engagement and where the former colonial power had a certain monopoly on these trade relationships. So it certainly has opened in that.

We are now managing about \$130 million worth of construction projects in Tanzania all in the power sector, and we are also the proud owners of 211 megawatts of power generating equipment, and we are very soon to do an agreement for about I think it's a total of 611 megawatts to be installed by the end of 2013. So we're suddenly big stakeholders in Tanzania, and we found the business model of competing for contracts with Millennium Challenge Corporation, or some other U.S. government agency, is a good way to go in. That construction line of business gets us into a country from which we can then explore other opportunities in the sector.

We are currently in Nigeria. We're bidding on a couple of distribution companies, and we're bidding on a power generating company as a technical partner. We will soon, because there's been a compact signed with the government of Ghana, we expect to try and do this again in Ghana.

I actually had to bone up on some of the subject matter. I don't read a lot of macroeconomics anymore. We have young guys and good eyes and strong minds who do that. I did take some notes of the McKinsey study, and I thought the one

that really made a lot of sense is if you want to invest in Africa and some of the things that you really ought to have in your organization.

You ought to arrive early and take the long view. That rings true for me because it's been almost 40 years since I first arrived on the continent. Build relationships as in any other country. Relations are really important. Africa, where bureaucracies are still really weak, it's getting to know people and having that bond of trust with them that gets things done. It's a very, very personal way of doing business, and it also made a lot of sense and it's certainly something I learned in that diplomatic career.

Be vigilant, if you count the pennies the dollars will come by themselves. Active management, I started my career as a General Services Officer and actively managing resources and personnel are actually critical; and a diversified project portfolio, which is common sense for any investor. So that came out of McKinsey. I will give them credit for it, but I think those are very common sense and those are exactly the five things, the five attributes, that I would want, as I do want, as an investor in Africa and as a partner to Africa.

Finally I would just say this. The maturity of African relationships, trading relationships, commercial relationships, investment relationships, is at least as much a product of the maturity of Africans in a modern world as it is of anything else. It's easy to say well we brought this to you, but Africans really brought themselves to the table in a very big way. It's great fun. It's a great pleasure. I would commend Africa to everybody, not just as a tourist destination, but as an investment destination.

MR. VELSHI: Well said, Joe, and as much as I think notwithstanding your commitment to arriving early and taking the long view, others -- and I think it's an interesting discussion topic, get your questions ready -- might think that China had done that but we'll take about that.

Teresa, you talked about the World Cup. I was there. I wasn't reporting for CNN. I was actually there enjoying the World Cup. I'd been married some months earlier and I hadn't stopped traveling because I never do, and my wife had said, "The honeymoon can anything that is not paid for by CNN and not attached to any coverage." So I booked the World Cup. It wasn't what she had in mind but she got into it and she enjoyed it. Of course, because I was at the final game, CNN had managed to get me on the phone and talk about it.

Africans had been disappointed after Ghana and South Africa was never particularly strong as a competitor, but the only overwhelming sense at the end of those games was that Africa won for a couple reasons. It executed flawlessly the whole issue of crime in South Africa. I mean Africa really did have this fantastic stage.

That said when doing business in a country, the way we measure it is we look at two main things. One is the rule of law because if you want to go somewhere and do business, you've got to trust that there is a rule of law. The second one is the

ability to trade very well. Generally speaking the countries that come up best in Africa at the moment are South Africa, Ghana does very well. Tony, do you think African countries, you talked about the bureaucracy issues, Ambassador, do you think African countries have gone far enough and who do you hold up as examples of places that are welcoming to inter-Africa trade and foreign direct investment?

MR. ELUMELU: I think African countries have tremendously improved. I think it's our record the tenth most friendly country for doing business. More bank - - is doing business in Rwanda and Rwanda - - not long ago. Most African countries that say kind of competition right now, trying to improve on the doing business - -. In fact some of us, The Tony Elumelu Foundation, which have funded - - competitiveness efforts in Africa trying to get African countries to become more competitive, open up their countries and get more competitive, trying to let African leadership and leaders know that there is a connection between your ability to attract investment to your country and your ability to - - deserve greater employment and economic development.

So what I'd like to say is for Africa today, quite a number of countries have tremendously improved, even Nigeria there has been tremendous improvement in ease of doing business and competitiveness. The Nigerian government just created Administer of Trade and Investment, and the agenda for Administer of Trade and Investment is to move Nigeria from 190th position to 30th position in two years. So the realization, the awareness all of this in Africa is improving. Right? Now before to clear goods out of Nigerian port would take about 30 to 60 days, but right now they've achieved seven days and to try to get to actually 40 hours.

So this ease of doing business between the African countries is improving. Ghana is doing well. Rwanda is doing well. Botswana is doing very well. So we see a lot of countries coming in. In fact I think that the Peer Review Mechanism that the African did also has helped to create further awareness in this area.

MR. VELSHI: I was in Rwanda for the first time in December and I was in Nairobi before that and everybody kept on saying, "You're going to love Kigali. It's so organized and it's so clean." I was thinking to myself, having somebody in Nairobi tell you that is of no consequence. I mean everything in the world is clean and organized compared to Nairobi.

No offense to the Kenyans. It's my birth place. I love the country. I love the city but Nairobi is a bit chaotic. Kigali is a remarkable organized place. They've really got a good handle on corruption, or at least they're trying to. I hope that works for them.

When it comes to being competitive, Teresa, the Chinese are there. Have they taken all the low hanging fruit?

MS. CLARKE: No, there's a lot of fruit. They've taken the first fruit, not the only low hanging fruit. The question of Chinese is always a big issue in discussions like this, and I always feel a little bit uncomfortable addressing the topic because I think

that we as Americans, and the American government in particular, have criticized the Chinese because they don't impose the same kind of restrictions regarding human rights and they don't make their investments conditioned on achieving certain policy objectives that Americans do.

I think that it's up to the Africans to decide what those policies are and frankly, as I pointed out in my earlier remarks, because the Americans really have not been there as private sector investors, I think we have even less of a seat at the table to opine on those matters. Of course I support human rights and all of the advancements from a social development perspective that I think everyone in this room would support, but I think that it really is for the Africans to decide. I think that there's something about someone who shows up with real money, builds you roads, builds you infrastructure. You've got to look at that and say there's something good.

I saw one statistic that looked at all of the U.S. aid that has been donated to Africa over the last 40 years, and that number exceeds what the Chinese have invested in the last ten and yet you have to say what did we really accomplish with the money that we gave versus what the Chinese have accomplished. It's quite visible what they've achieved.

MR. VELSHI: Joe, when we were talking about the --

MR. ELUMELU: Can I comment on this?

MR. VELSHI: Go ahead, Tony.

MR. ELUMELU: I think Teresa and I usually have the same viewpoint but you know, the point about Africa is not how much our going to Africa - - for instance, it is how productive that money has been. The Chinese I would say have been excellently productive in the way they have deployed their money in the investment in Africa. They didn't just come and say to Africa this is what you must do. They asked African leaders and people what are your priorities and the key into your priorities. I think that's a new part that I will need to begin to preach here.

MR. VELSHI: Well it certainly made it into popular discourse where in African cities, when I'm asking about the economy people refer to the Chinese hotel, and the Chinese highways, and the Chinese shops, and the Chinese shopping centers and things like that.

AMBASSADOR WILSON: What they also refer to is how many Chinese are there and how they're not creating any jobs that the Africans can take except for maybe night watchmen. You're seeing some backlash in a number of African countries, including Mozambique and I think Angola has passed it now, that restricts really the number of ex-patriots, the Chinese, can go in because they don't leave. They go in under -- they used to anyway -- they used to go in as a development project and then they would stay and bid on World Bank and other internationally financed projects like we're going to build a stadium.

MR. ELUMELU: You know, we're almost --

MR. VELSHI: Yes, get your questions ready. Go ahead.

MR. ELUMELU: I think this a -- because some countries in Africa have a shortage of manpower, skilled manpower, -- you know, and you have in some of these places Chinese come in and they socialize and walk with African laborers and by -- they also transfer technology and knowledge. So it is arguable that they actually don't create employment. They also come in to help improve local skills.

MR. VELSHI: Okay. I'll keep an eye out for everybody but let's start with you, sir. Identify yourself.

MALE VOICE: --. I'm the founder and Editor-in-Chief of --, a new journal to analyze global issues. I've just flown in from California and I'm suitably underdressed for the occasion as one can see.

MR. VELSHI: We welcome all here.

MALE VOICE: Thank you. My question to the whole panel is this, what you've seen perhaps in Africa, is an aversion to start mean. The trading relations between Africa and India, as a testament to your origin, were extremely deep and strong and Vasco da Gama was shepherded to India through the -- pilot. The European intervention is just, and subsequently the American intervention, are just a couple of centuries old which is nothing coming from where I come from with a long sense of history which is India.

So what you're seeing is (a) a change in economic power in the world, (b) more hunger amongst Indian and Chinese entrepreneurs, particular the Chinese now. -- is there. -- is doing extremely well, which is listed in the London Stock Exchange. What you're seeing is this huge, the second wave of the kind of -- entrepreneurs that settled on the East Coast, and it is only natural that that synergy will come to you, and fear mongering about it is not the way forward. What do you have to say to that?

MR. ELUMELU: Let me say that the -- I am totally in line with you. Let me just add a bit that beyond historical facts, I think the Chinese, the Indians, the Brazilians, I think they have a better understanding of the world doing business in the global economies. They have long term perspectives. They do not have incentives to retire. They do not see every African business, for instance, I think one insulated with corruption. They don't see everyone in the same light. They look at institutions on a case by case.

The telecommunications industry in Africa to a large extent is dominated by the India, China group. You ask yourself, I know for instance some countries when they wanted to start the GSM revolution the Western telecommunications companies were not interested in coming in. Today they all want to come to Africa where they -- where you have others there from China and India that took advantage.

So the mission for me from what you said, from me to the rest of the world is for business executives, corporate leaders, political leaders and from their policies should begin to acquaint themselves, I guess that's why we're here too, with modern realities about Africa, what it takes to do business, and knowing that Africa of today is - - 10, 20 years ago. Things have changed, rule of law in Africa today. - - is improving. Corruption is not as high as it used to be before. There are more Christians in Africa. People are looking at this very differently - - are being viewed every day. So things are changing and the world needs to know this.

MR. VELSHI: Very good.

FEMALE VOICE: I'm Sarah - - . I'm with IBM and I'm actually very happy to see them cited in the - - actually. You can see on the fact sheet, with this big part of Bharti Airtel deal that IBM has done, frankly we cannot find certain qualified talent fast enough and I'd love the panel to address that. We're just finding that the university pipeline, especially for IT professionals and/or experienced hires who you really have to pay a ridiculous premium for, in fact I was working with IBM in India the past 3 1/2 years, in Bangalore and we have a ridiculous war for talent there, and we're starting to see that here. So I'd love for the panel to talk about that.

MR. VELSHI: I just came back from South by Southwest and all those startup companies that were looking for investors? At the end of every sentence they were asking, "Does anybody know a developer?" They just couldn't get enough people. I guess this is the one piece of free trade in the world. Everybody is looking for IT talent.

MS. CLARKE: Well I'll start since we're in the IT space. Certainly in Kenya, I'm thinking part of the problem is that there are so many opportunities from an entrepreneurial standpoint that you see young entrepreneurs starting their own companies. Kenya really has become the Silicon Valley to Africa, and so a lot of innovation is coming out of Kenya. We look at Kenya as a source for whatever is new and creative and long terms solutions in the IT space, where you look at the proliferation of M-Pesa, you look at a really neat application that's recently come out of Kenya called iCal. It's a mobile app that you can use on any phone and it helps farmers make their cows more productive.

MR. VELSHI: And M-Pesa is a money transfer --

MS. CLARKE: And M-Pesa is mobile money transfer which has eclipsed the amount of capital moving throughout the banking system.

MR. VELSHI: Unbelievable.

MR. CLARKE: And Ushahidi which came out of Kenya is also another form of innovation. So while I know it's hard to find people, I think it's all relative as we've talked about here. It's not just an absolute question. I think we also have the same challenges here in New York frankly. I'm looking for some developers so if you know any, send them our way.

The last point I'd make is that I think it's also different from some time ago because there's so many more opportunities in Africa than there were ten years, and we're very encouraged to see the number of ex-patriots who are educated and trained in the West moving back home. We're encouraged by that.

MR. VELSHI: And the U.S. government is helping you with that --

MS. CLARKE: Yes, they are.

MR. VELSHI: in not giving people the visas that they --

AMBASSADOR WILSON: Could I just add? Our business is pretty much of a low tech business, but one of the ways that we compete is we hire a lot locally and we used to have a training site. We actually are of a partnership with the Northwest Linemen College so when they get out of the training, we bring their trainers over, train the trainers, take them back and we have classes. So everybody graduates with a linesmen certificate from the Northwest Linemen College and if they get a visa to come to the States, they're qualified to work on American transmission and distribution lines.

We also trained the first female linesmen in Tanzania who we brought down to Dar es salaam to meet Secretary Clinton when she was done there which was a big source of pride for us.

MR. VELSHI: Right in the back there, sir. I'm trying to keep track of everybody, a lot of questions here.

MALE VOICE: Hello. My name is Ben - - . I'm currently with Exxon Advisors. My background is in financial services and consulting. I have two questions - - .

My first question is we've touched on the issue of infrastructure and that being a barrier to entering into most African countries. My familiarity is with Nigeria and that's a complicated country in general. Where do you view the use of public private partnerships towards improving the infrastructure, whether that's building a bridge? We're talking about helping with the power grid, et cetera? As a panel in general, do you lean one way versus the other?

My second point is I'm familiar with the Tony Elumelu Foundation, and I think there's a lot of great things coming out of that just because people like myself always mention the idea of wanting to return and that gives you almost a way to do that. However, where do we see more foundations like that? Are there more out there that we're just going to know what? What do you see as our future for that?

MR. VELSHI: Tony, you want to start?

MR. ELUMELU: Okay. I think the two points you raised the PPP, I think as you rightly said, it's a way to go as far as the ways of getting things done. From our experience two things; first is that with Symbian Power we're trying to bid for a power - - project that's owned by government. Our government allow us to produce by 59% to 51%

of - - . We want to get out to improve power generation in the country. So that is PPP.

Just last week or so we commissioned the Foster Concentrate plant in Nigeria. It is a PPP arrangement between the - - , our commercial business, and the government have been interested. The government provided all the infrastructure. We put up the plant and now the plant is in production and hopefully Nigerian - - will concentrate into the country and in excess of our close to a billion dollars and that's just - - 18 months.

Coming back to the second point, I'm an apostle of PPP and it's one of the ways to actually deal with the infrastructure in Africa. The second point you raise about foundation, I call it catalytic philanthropy in Africa today. We have seen an evolution of foundations in Africa and here so to speak. The use of collect money, receive money from donors. Today if you can imagine that's quite different. Catalytic, we call them Africa funded, and also looking at key catalytic areas that can change things in Africa. We have chosen entrepreneurship business excellence in trying to see how we can create a more competitive environment. - - development in Africa.

So a few more comments about I think we all have a role to play to encourage all that to come up. We have just - - on the charity legislation charter - - so that we begin to do what they do in America and all that places, encouraging people who are in doubt to look into that area. Comment also provides an incentive that will make people look into a charity. That way it's brought into our African countries, too.

MS. CLARKE: I have to add something I'm on the Advisory Board of the Elumelu Foundation so I have to brag about Tony a little bit more. I think that it really is quite significant. This is a major foundation that is funded by an African and the only one of its kind. It really is changing the game where you have Africans funding African charitable activities, not foreign donors.

Just yesterday there was an announcement from the foundation with respect to the Blair Elumelu Fellows in Sierra Leone. Just to make sure everyone gets the flows correctly, Tony Elumelu is funding the Tony Blair Foundation to provide guidance to the President of Sierra Leone.

MR. ELUMELU: Thank you very much. Thank you.

MR. VELSHI: This gentleman in the second row, please.

PROFESSOR VICTOR LAWRENCE: Thank you. I'm Victor Lawrence --

MR. VELSHI: They're going to throw you a mike so that everybody can hear you. There it's coming down on your right side.

PROFESSOR LAWRENCE: Thank you. I'm Victor Lawrence, a Professor at Stevens, and also Chairman of Baharicom Development Corporation, which is something that was set

up by the African Union. I just was over there. You may remember Africa once where we were together --

AMBASSADOR WILSON: I remember. I do indeed.

PROFESSOR LAWRENCE: with you and the dream of Africa is coming now. There a lot of cables now along the West Coast of Africa and there are some on the East. I just want to mention about this public private partnership because when people started building cables along the coast of Africa, they just started going to the most profitable parts and they left a lot of countries like Liberia, Sierra Leone, Zambia, - - and I could go on. There were seven countries, we just never had the submarine cable, but the African Union insisted and from this Baharicom Corporation they insisted that they should have this submarine cable.

So today, in fact in Zambia, the cable has landed in Zambia and is on its way to - - to Cape Town. So there that is a usefulness of the public private corporations, but I also wanted to say this. The French are doing a very good job in Africa. Do you think that the Europeans and the Americans would come together and be able to work on joint projects? If you look at telecoms, the French own more properties in Africa than any other country, not even India. Bharti Airtel has a few properties.

MR. VELSHI: Use the mike.

PROFESSOR LAWRENCE: Bharti Airtel has a few properties, but the French have the - - and I can maybe come down from - - all the way down to Gambia and --

MR. VELSHI: We need a question out of here.

PROFESSOR LAWRENCE: Yes, my question is that should the --

MR. VELSHI: Otherwise, I'm going to get fired.

PROFESSOR LAWRENCE: U.S. and the Europeans get together in order to look and tackle the problem?

MR. VELSHI: A very good question, so we talk about public private partnerships, but we're talking about international partnerships.

AMBASSADOR WILSON: One of our partners in a project we're doing in Tanzania is Arriba. It's now - - but it was Arriba, with whom we worked in Iraq. We bid on another project in Tanzania with a Norwegian company that builds submarine lines, submarine cables. We actively seek out both local partners and other international either providers or partners. We actively look for possible PPP's as well. In fact we're looking at one in the South of Tanzania and one in the East of Tanzania. The one in East of Tanzania might be a bio-mass renewable energy project if we can nail that down. That will supply energy to Kigoma along Lake Tanganyika for about one-third or one-fourth the cost that they have to pay for it now.

MR. VELSHI: That's great, so second row from the back, yeah you.

FEMALE VOICE: Hi. I just want to ask two questions and they're a little --

MR. VELSHI: Grab the mike. I know it sounds like everybody can hear but just a little clearer. Thank you.

FEMALE VOICE: I just want to ask a question. This first question, it's more a general question than the questions have been so far, which is what are what the pluses and minuses, or the benefits and pitfalls, of talking about Africa is if it's one country when it's I think 52 or 53 different countries? I say that because I think that the American perspective is a little bit that's it's one thing, and yet you try and look at it 52 or 53 different entities, sometimes I feel as if Africans themselves also see themselves as members of a specific country and yet also part of Africa as one entity in a way. So I'm interested in that.

The second thing is we've about it a little bit, but I'd be interested if there is anything more to say about the idea of China has been very good with its development in making its development Chinese and putting themselves up to scale. I'd be interested in more examples or conversations you might to add about examples of African countries embracing development and getting themselves - - value added curve, for lack of a better --

MR. VELSHI: I think the generality of that question is excellent, and we've referred to the McKinsey reports and we've referred to this high economic growth. Let me just give you a couple examples because I agree with you. It's always tricky to refer to Africa. There's very little of the rest of the world that we do that with, but let me just give you the similarities in Africa. This is just economic growth, GDP growth, estimates for 2012.

South Africa, which is one of the laggards in the group, 2 1/2%, that's about what the U.S. will do probably; Nigeria 6.9%; Ghana 7.3%; Angola 10.8%; Algeria, another laggard, 3.3%; Botswana 5.3% economic growth; Cameroon 4 1/2%; Rwanda 6.8%, that's down from 2011; Tanzania 6.1%; Uganda 5.2%; Kotdwar 8.5%, up from -6% because it was a civil war raging country; Mozambique 7 1/2%; Kenya, again to my fellow Kenyans a country that often gets it more wrong than right, 6.1%; Zimbabwe, Zimbabwe which is a bit of a mess of a country, 3.1%. Zimbabwe will have greater economic growth than the United States will.

The one similarity about Africa -- not on an absolute level obviously -- but the one similarity with a lot of Africa is this is common with some exceptions. Africa really is growing.

MS. CLARKE: I'll say a word about it. I think that an informed view of Africa as one monolithic entity can be helpful because it then starts to matter. When you can speak about a population of a billion, it puts it into perspective and particularly from an investment perspective you can start to think on terms with India and China. I think that we sometimes are loath to think about Africa as one entity because of all the ignorance that is often associated with it, but there are 50 states and some might say that there is a tremendous amount of variability. I mean this

gentleman flew in from California and hence doesn't feel appropriately dressed in the State of New York.

So there are tremendous differences in our 50 states as there are differences in Africa and that might be understating it a bit. We all speak the same language in the United States and there is a lot that does bind us. I do think that just as the United States has been able to take advantage of the strength of having 50 different entities come together for one trading entity, I think that there is a commercial argument as to why Africa should be thought of as Africa.

MR. VELSHI: Especially now that they're able to, you know, we're getting better, Tony, at moving goods between African countries.

MR. ELUMELU: I think I'd like to just support what there is unsaid is that for Africa I think best analogy is to see Africa as an entity or an entity than to see Africa as 50 different states. So take for instance the engagement with China, Africa and China. I think Africa is a continent, one body, negotiating with China who produced better result for Africa than it is today. Africa and China is different countries in Africa. I think it would be better if all were to come together and negotiate as for Africa, we need --, we need this, and instead of well we'll see to this. So I see and I -- I say more pluses than the negatives.

MR. VELSHI: Alright, we're going to try and get as many questions as we can. This gentleman in the second row here, please. He's bringing you a mike right over your right shoulder. Excellent questions, thank you.

MALE VOICE: I thank you very much. My name is Rozzi from UNICEF. I'm one of the many African youth living outside the continent and working hard improving the lives back home. I have a question for you. You were talking a lot about some things in South Africa, Botswana that is doing quite well. As an African, I have a feeling that they don't really represent the whole continent. Of course, many of these countries have natural resources, Nigeria, Angola, Botswana, they don't really represent the Nigerian --. Of course investors don't always want to invest in countries that do not have much resources but is stable.

So I'm wondering about something. There are conditions that I call sexy country where investors are much more interested in countries where they see more -- which of course is expected. What about countries like Malawi where there is great limited resources, not much natural resources but stability? Is that an improvement of the growth? What about --?

MR. VELSHI: Cotton.

MALE VOICE: I mean a lot of the infrastructures isn't getting towards -- Africa doesn't move like other parts of the world. One country needs other country. -- What do you think about now -- and pretty much, you know --

MR. VELSHI: Okay, we've got it. It's a good question. I've just got to get you an answer before I get thrown out. A very interesting point, I like the sexy aid country index idea. What do you think?

MR. ELUMELU: I think the point is African leaders have a challenge. The attractiveness of countries depends to a large extent on local leadership. I don't want to say governmental leaders. I see it as private sector leadership and government working together to create the attractive - - environment that will make investors come to these countries. - - and legislator and typical don't go to South Africa Botswana, go to Malawi. People who go to Malawi either think that Malawi is a good destination for business, and Malawi does have certain endowments also. So if you look at Rwanda today, Rwanda does not have the kind of resources of other countries like Malawi has, while people are ready to go to Rwanda to do business. So the challenge for our leadership is to create the right environment for people to come to invest in our country. I think that will help.

AMBASSADOR WILSON: And what's sexy for us is if the Millennium Challenge Corporation is going to do a compact because they hold countries to certain standards of performance, both in the macroeconomic and the political and the transparency and the rule of law sphere. When they're prepared to make a \$400 million investment in the infrastructure of a country, we're prepared to go in after them and try and get some of that contract business and use that as a platform from which to expand and diversify our business.

So that's the model we use in Tanzania. We went in following the contracts and we ended up owning, we'll be up to 600 megawatts by the end of 2013.

MS. CLARKE: I have to address the sexy question, too, though. I think that it's a very good analogy because some countries are born sexy and some have to make themselves sexy.

MR. VELSHI: A good way to put it, like so many of us.

MS. CLARKE: I think that those that have a large population like Nigeria, that's an obvious big market just as in the United States, California and New York are naturally sexy markets because of the size. I think that you can be a sexy country because you're coastal or because you have resources. Or you could be like Singapore and Taiwan and Hong Kong and figure out how to develop policies. You don't have a large population, you don't have large natural resources, but you can make yourself sexy by creating investment policies that attract capital.

MR. VELSHI: Yes, I think that's well put. I was born sexy. This gentleman over here.

MALE VOICE: Hi. I'm Charles McClain. I work for a communications company. We have an office in Nairobi. I wanted to circle back to something that you said earlier, Ms. Clarke, about Kenya being the Silicon Valley of Africa, and talk -- if you could on the panel -- talk for a minute about education. I think people who are looking to make investments in Africa are impressed by the improvements in infrastructure for example, they're impressed by a lot of the things cited by this panel, but education

seems to be a big issue. Who's doing it right? Who's doing it well? Are there models that could be followed - - ?

MS. CLARKE: Thank you for asking the question because it's a subject that's near and dear to my heart, having founded an education non-profit in South Africa. I think you may have seen there was an article in this last Sunday's *New York Times* by Tom Friedman saying, "Forget the oil, give us books," which really underscored the point that you were making that education is the best investment and the best natural resource.

If you look India, for example today, as an emerging market that has been able to figure out to engage with the rest of the world, if you didn't have an educated population that spoke English, they couldn't have gotten started with the outsource, say becoming the engineering capital of the world that it has become. So I think India is a great example of how education -- and I say that because I also understand India enough to know that there are still huge problems in the Indian population, not everyone is well educated, and there are some tracts that are and some that aren't -- but for those who are, it has provided a catalyst in order to help that country's economic engine develop and evolve.

Within Africa, which is your question, I don't know that I am qualified to answer the question on a macro level around the continent, but I could just point out some points of light around the continent. There is the Africa Leadership Academy in South Africa which is doing a fantastic job. They have created a very pan African curriculum and a very African student body, and they just graduated their first class of graduates and it's a list of colleges that anybody in this room would be proud to say is where their kids had gone.

You have Ashesi University in Ghana which was founded by a former Microsoft executive, and they have really been bringing high tech executives to come and guest lecture and be visiting lecturers. So you see that's a wonderful development of new university in Ghana.

So I think that there are various pockets of optimism. I think that public education in general across the continent needs a lot more investment. I know South Africa better than the rest of the continent, and I can tell you having been close to that sector over the last decade, that public education in South Africa today many argue is worse than it was during the Apartheid years, which was really hard to imagine but true.

On the other hand you see that money buys you access, and in South Africa you now have a more integrated private school sector than you had during the Apartheid years. So the middle class is getting better education but from the public perspective, the standards have declined.

MR. ELUMELU: Let me come in. From a slightly different perspective, the existence of what I call - - should not be a hindrance for business. Most important is how do you overcome that - - . So in Africa, for instance, education or qualified manpower

could be a hindrance or could be, but companies have devised means to deal with this issue. So I think the case of - - you be for 13 1/2 years and we have presence in 20 African countries beyond Nigeria.

And so what did we do? We set up UB academics. So UB academics is like you be in university and we recruit people. They spend six months in UB academic and we retrain them, and pose them to different countries. So we recruit from different countries in Africa, train them, and send them to different countries. Through that we have been able to have about 25,000 workers and we trained them through this process. So for me and we learned this from the Japanese, when they were growing they went through this kind of challenge in difficult times, what is important is to realize and then treat it as a problem and see how you can fix that problem. That will give you a competitive edge. Other businesses will not easily replicate or have the advantage so you can move quite further than them. So in Africa, yeah, it does as is but - - like UB - - to deal with this issue.

MR. VELSHI: Sadly, I have to end this. What a great conversation it's been, what great thoughtful questions you've all had. I want to thank you for attending this. I want to thank our panel, Teresa Clarke, Tony Elumelu, and Ambassador Joseph Wilson. Thanks so much for your great insights and for sharing your thoughts.

MS. CLARKE: Thank you.

[Applause]