

ENTREPRENEUR TIGUIDANKÉ  
CAMARA IS IN TALKS WITH  
ABIDJAN GOVERNMENT  
TO LAUNCH A GOLD AND  
DIAMOND OPERATION

# Doing Business in **AFRICA**

What you need to know  
about opportunities in the  
next business frontier

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**FOR JESSICA O. MATTHEWS, AFRICA** is a continent of great need and burgeoning opportunity. In recent years, she has applied entrepreneurial innovation to produce a solution to one of its most pressing challenges: power.

Matthews remembers the regular visits she made to her aunt's home in Nigeria, the country her parents emigrated from more than three decades ago. It was common for her family there to deal with power outages, and in those instances, light came by way of a diesel generator.

That experience spurred Matthews, while a student at Harvard University, to co-develop an alternative energy source. The invention: the Soccket ball, a soccer ball that harnesses the kinetic energy generated during play to provide renewable, off-grid power. A single bulb LED lamp can be plugged into the ball to provide hours of light.

The 26-year-old Matthews traveled to the continent last year to give a demonstration of this revolutionary device to President Obama and Tanzanian President Jakaya Kikwete, at the Ubungu Power Plant—a public-private partnership between the Tanzanian government and General Electric Africa. Obama hailed Soccket as the type of tech innovation that can help advance Power Africa, his mass electrification initiative.

It was a momentous occasion for Matthews, co-founder and CEO of Uncharted Play Inc., a 3-year-old company that projects seven figure revenues for 2014 and received the 2013 **BLACK ENTERPRISE** Innovator of the Year Award for using her creation to bring power to rural, off-grid areas of Africa and other underserved countries. A dual citizen of Nigeria and the United States, Matthews, who is also involved in global youth STEM programs, is currently preparing to bring to market the "Pulse," an energy-generating jump rope.

Matthews has more ambitious plans about turning on lights throughout the continent: the development of a 30 megawatt hydro-power plant in the Nigerian state of Adamawa. "If you look at power access in Africa, specifically Nigeria, there are a lot of different numbers about what the power access levels are," she says. "Recently, the government has allowed for the privatization of smaller power grids and opportunities. [The plant] I'm currently working on [is] nothing huge in terms of the vast needs of the country but something significant. It's clean power and it's going to have customers no matter what. And it's one of those businesses that as long as you have the right people knowing exactly what they need to do, there's no way that you won't be able to find a market."

Matthews says her team is still in the process of raising capital so it can break ground, but "this is something that the government put

forward recognizing that PHCN [Power Holding Company of Nigeria] as a public entity is not able to provide the power the country needs, and allowing private investors to come in and fill that gap."

The young, bold innovator sees the entire region as a fount of economic growth and endless entrepreneurial opportunity, viewing Nigeria and all of West Africa as demonstrating the same advancement as BRIC countries—Brazil, Russia, India and China—"or at least the major countries there that have stable governments right now, and East Africa is just a couple steps behind."

She adds: "Anyone who doesn't get there within the next five years probably will have lost the wave of opportunity of being an early starter there—the next stage the returns will not be as high."

Matthews represents one of a growing legion of entrepreneurs exploring the next frontier. In fact, many parts of Africa have already attracted big business as evidenced by the historic U.S.-Africa Leaders Summit in August in which hundreds of corporate executives and entrepreneurs descended on the U.S. capital to engage with roughly 50 heads of state and their trade representatives.



MATTHEWS VIEWS NIGERIA AND WEST AFRICA AS AREAS OF ENTREPRENEURIAL OPPORTUNITY.

The message during the U.S.-Africa Business Forum, held during the summit and hosted by Bloomberg Philanthropies and the Commerce Department, was loud and clear: "Africa is open for business." President Obama stated at the Forum: "American companies are announcing major new deals in Africa. Blackstone will invest in African energy projects. Coca-Cola will partner with Africa to bring clean water to its communities. GE will help build African infrastructure. Marriott will build more hotels. All told, American companies—many with our trade assistance—are announcing new deals in clean energy, aviation, banking, and construction worth more than

\$14 billion, spurring development across Africa and selling more goods stamped with that proud label, "Made in America."

The president also announced the \$26 billion-plus commitment to bring electricity to roughly 60 million homes and businesses under Power Africa, as well as making available an additional \$7 billion in new export financing as part of the "Doing Business in Africa" campaign.

Absent from the main-stage events, however, were African American businesses and small to mid-sized companies. Some were able to connect with administration officials, African trade ministers, and business leaders at private affairs or events such as the Dialogue with African CEOs, a gathering organized by Rep. Gregory Meeks (D-N.Y.) that included small and mid-sized firms as well as **BE 100s** companies such as ►



Hightowers Petroleum and RLJ Equity Partners. Meeks, who also serves as co-chair of the Congressional Black Caucus Africa Task Force, said he wanted to use this platform, in part, to facilitate the process of minority firms “identifying and structuring projects, obtaining finances or guarantees, and building partnerships with African entities.”

Nigerian billionaire industrialist Aliko Dangote, who announced a \$5 billion partnership with the private equity firm Blackstone to invest in energy infrastructure, stressed that as the U.S. and Africa seek to bolster commercial ties, there’s also room for a deeper connection between African companies and their African American counterparts. Dangote told **BE**: “Most African American entrepreneurs need to realize that Africa has changed, and it is not the same as it was 20, 30 years ago. They must visit. They must

the developing country average of 3.9%. The World Bank’s latest analysis of the continent’s economic status, links its growth rate to increased investment in natural resources and infrastructure as well as strong household spending.

More good news on long-term growth prospects: Since 43% of the current population is below 14 years old, Africa will have the world’s largest workforce by 2040. And in terms of connectivity, Africa has more cellphone subscribers than Europe.

Former President Bill Clinton cited at the Forum that the U.S. has ceded ground to Europe and China in building vital business relationships on the continent. Despite growth in oil, gas, and precious metals, he says firms can cash in on the need for “economic diversification.” He views greater access to the power grid and usage of mobile devices as prime opportunities.



**If we truly want to build our continent and create jobs, we should look to [small and medium-sized enterprises]. We must look at ways to jump-start that sector.”**

—Tony Elumelu

Rosa Whitaker, CEO and president of the Whitaker Group, a Washington, D.C.-based consultancy specializing in trade and investment in Africa, maintains that Africa has been “America’s blind spot” for far too long. Says the former assistant U.S. trade representative for Africa for the Clinton and George W. Bush administrations: “In 2009, China overtook the U.S. as Africa’s largest trading partner, and China now has a \$200 billion trade relationship in Africa compared to America’s \$85 billion. We cannot afford to ignore the region with the fastest-growing consumer class and the fastest-growing consumer market. More than \$1 trillion in consumer spending is African.”

Former U.N. Ambassador Andrew Young, honored at “A Gathering of PanAfrica Leaders” last August, has been encouraging African Americans to conduct business with Africa for decades, and for good reason: The return on investment in sub-Saharan Africa is more than four times greater than the return here. “Africa

is the hope of a stable global economy,” he says. “There’s no question that Africa is the wealthiest continent on the face of the earth, but its wealth is more than its markets and its minerals.”

But there are barriers to entrepreneurial activity. As long as the threat of the Ebola virus continues to cast its shadow across West Africa, borders with the hardest hit nations—Sierra Leone, Liberia, and Guinea—will likely remain closed. According to the World Bank, unless the epidemic is quickly contained, the outbreak of Ebola could cost the West African economy \$32.6 billion by the end of 2015, though the economic impact could be limited if action is taken now to stop the fear which has driven neighboring countries to close borders and suspend flights as well as companies to halt commercial activities. (See reports on BlackEnterprise.com.)

Another challenge: The African Growth and Opportunity Act, better known as AGOA, has yet to be reauthorized by Congress. The 14-year-old law, which expires Sept. 30, 2015, offers tangible incentives for African countries to open their economies and build free markets. Meeks says the act has served as another door for small and minority-owned U.S. businesses to establish relationships with African entrepreneurs. And the Export-Import Bank was granted a nine-month extension before its charter expired on Sept. 30, 2014, but many remain worried about its future. If the export-financing agency is not reauthorized by June 30, 2015,

build relationships. We need to get to know each other better.”

In order for companies—like yours—to cut lucrative deals and hawk products and services on the continent, here are some planks of the game plan: gain access to markets and financing; identify the right niche; and recruit partners to help your firm avoid business, political, and cultural pitfalls. To find out the best way to execute, read on.

#### A CONTINENT OF OPPORTUNITY

“The time to do business in Africa is no longer five years away.” Even though Commerce Secretary Penny Pritzker was addressing major corporations at the Forum, small and mid-sized businesses should heed her clarion call.

Check out the facts on Africa’s roaring economy. *The Economist* reports that seven of the 10 fastest-growing economies can be found on the continent: China; India; **Ethiopia; Mozambique; Tanzania;** Vietnam; **Congo; Ghana; Zambia;** and **Nigeria.** Over the past decade, real income has increased more than 30%. According to the African Development Bank, the middle class has tripled over the past 30 years to 355 million, more than 34% of the population. KPMG Africa found that Africa’s growth rate continues to rise, with sub-Saharan Africa’s 2013 growth rate of 4.7% set to exceed 5.2% by year’s end—significantly outpacing

large numbers of small businesses will not gain the assistance they need to sell products abroad. The agency recently reported that it supported more than \$2 billion in minority and women-owned business exports in fiscal year 2014.

#### BUILDING A BRIDGE FOR BLACK BUSINESS

In some cases, the bridge for African American firms will be constructed by African CEOs. Take Tony Elumelu, chairman of Heirs Holdings, an investment firm with interests in the power, financial services, oil and gas, real estate, and hospitality sectors, and one of the continent's most powerful businessmen. *The Africapitalist*—a term he coined—viewed the summit as a defining moment in U.S.–African relations as well as a chance for sub-Saharan Africa to showcase its value on the world stage.

In an exclusive interview with **BE**, he reveals his vision for an equal partnership among the U.S., sub-Saharan Africa, and the African American community. “We should welcome the fact that the journey has finally begun. I like the nature of the imagined engagement between Africa and America. President Obama’s visit to Africa last year was the starting point,” Elumelu says. “The fact that they have realized the need to engage with Africa at the scale and magnitude that they are going about it now is welcome.”

Through the Tony Elumelu Foundation, he is launching a \$100 million entrepreneurship program to connect with 10,000 entrepreneurs across Africa and the U.S. “We will train and mentor them and create platforms for them to have commercial business engagements,” he says.

Elumelu believes such investment is vital to Africa’s advancement, citing the need to do more to support small and medium-sized enterprises, or SMEs. “If we truly want to build our continent and create jobs, we should look to SMEs,” he asserts. “We must look at ways to jump-start that sector.”

His three pillars serve as the guiding principles to drive that growth. First, governments must create an enabling environment to support the expansion of SMEs so they don’t “start in the morning and die in the evening.” Secondly, the private sector needs to provide access through commercial banks as well as venture firms and angel investors. Lastly, business leaders must replicate their success stories through investment in youth. He says, “I don’t see miracles happening overnight, but the journey has begun and we can only build on what has started.”

#### OPERATING IN AFRICA

“There is a myth that Africans are clamoring to do business with African Americans. What I’ve come to realize is that the people on the continent want to do business with people with money. And money has no color,” says Stephen L. Hightower, CEO of Hightowers Petroleum (No. 12 on the **BE INDUSTRIAL/SERVICE COMPANIES** list with \$308 million in revenues). “If you’re thinking you’re just going to go into the continent and be successful, that is a flawed assumption. You have to bring in something of value or significance, and you have to be financially able and capable to participate.”

Hightower should know. He’s been conducting business in sub-Saharan Africa since 1982, the year he traveled to Nigeria, Cameroon, and Cote D’Ivoire on a trade mission with the state of Ohio. He’s been involved in a variety of financial dealings throughout the continent, including providing technology, supplies, and materials for ATMs and importing spirits.

So what are the necessary steps in order to engage?

Uncharted Play’s Matthews maintains that entrepreneurs should not make a substantial investment without first investigating the growth potential of a given region, citing that Africa is divided into subcategories and regions: East Africa, West Africa, Central Africa, Southern Africa, and North Africa. “When you think about investing in Africa, it’s a mistake to bundle up the whole continent as one place,” she stresses.

**The proper local partner is going to be the ultimate key to your success, because there are very capable and sophisticated businessmen and -women in Nigeria and other countries on the continent that know how the U.S. does business and can do business with you in a manner that keeps you safe and aboveboard.”**

—Stephen L. Hightower



“Each region is different. And it all really depends on your risk assessment as well.”

Matthews offers her evaluation, asserting that East Africa and West Africa offer solid returns since those regions “are at the point where Brazil was about a decade ago.” Her assessment of South Africa is that it’s “too far ahead; you wanted to [have been] there about 15 years ago.” As for North Africa, she says it “is typically akin to doing business in the Middle East”; while in the Central African region—home to the Democratic Republic of the Congo, among other countries—“if you have the resources and ability to really take on extreme risk then it’s an amazing opportunity... super rich with opportunity but the infrastructure isn’t there to necessarily protect investors.”

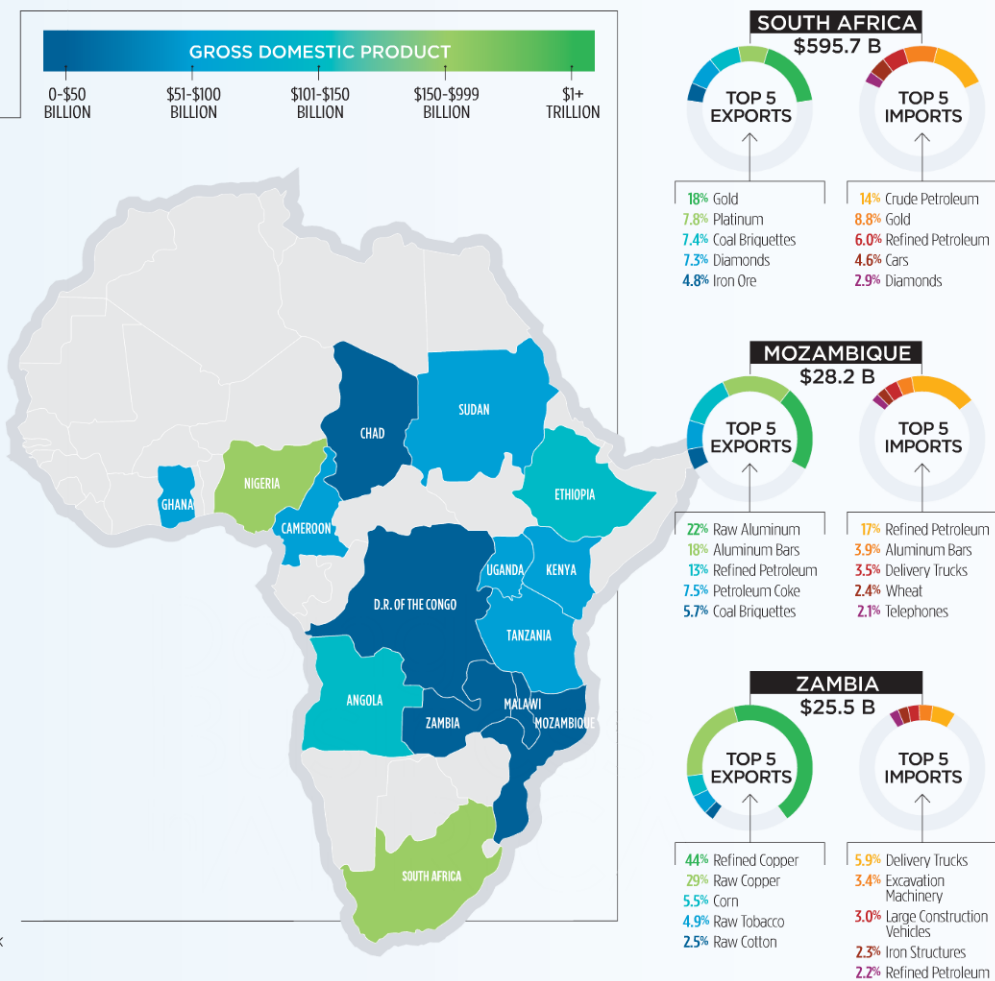
Regardless of the region, Hightower stresses partnerships, but warns entrepreneurs to engage in thorough due diligence before making their selection. “The proper local partner is going to be the ultimate key to your success, because there are very capable and sophisticated businessmen and -women in Nigeria and other countries on the continent that know how the U.S. does business and can do business with you in a manner that keeps you safe and aboveboard,” he says. “The wrong partner can lead you down a road of anguish. It can be easy to get totally disheartened by the thought of doing business on the continent, but the opportunities are vast.” ►

## AFRICA'S BUSINESS HOTSPOTS

A majority of financial analysts unanimously agree Africa has been open for business for most of this decade. The U.S. in general just doesn't know it. And the majority of our nation's small and minority business owners that do are still hesitant to make the jump. There are 54 countries on the continent, including the disputed territory of Western Sahara. And while Africa remains a relatively untapped financial reservoir for international business, some countries are better than others when it comes to investing your money.

—R.S.

SOURCE: OBSERVATORY OF ECONOMIC COMPLEXITY AND CIA WORLD FACT BOOK



"It's about knowledge, preparation, and the ability to adapt," says Derrick Williams III, a partner at Global Political Solutions. He, too, advocates forming joint ventures with an African entity on the ground. "Develop that strong partnership to expand your knowledge base."

Brigitte Harrington, owner and founder of Tema, Ghana-based Golf World, agrees that such unions can steer business owners in the right direction—but she offers one caveat. "You also have to make sure they don't have any legal or political problems because after you invest money with them, those problems become your own," she says. "You'll also need a lawyer in country to do your due diligence for you. Then you can start talking about forming an organization. Getting it registered, navigating government regulations and protocol, that's another hurdle in and of itself."

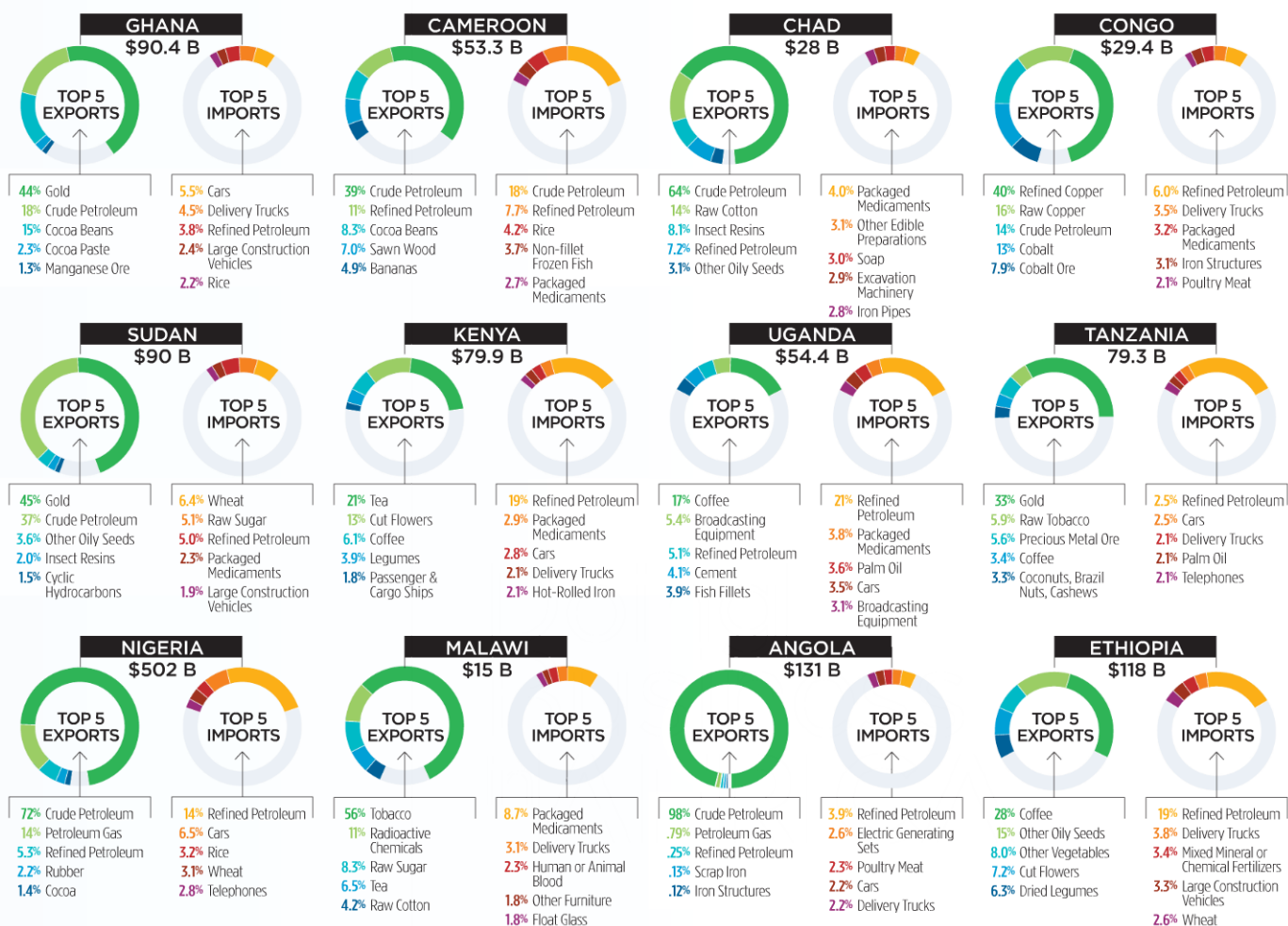
Harrington has visited more than 12 African nations over the course of her career and has conducted business in four: Nigeria, Togo, Cote D'Ivoire, and Ghana. She advises entrepreneurs to uncover every detail about the country where they

want to set up shop: Research the language, population size, and viable industrial sectors, among other characteristics. Moreover, visit the country and spend a minimum of three weeks to get a sense of its business environment and culture.

Tiguidanké Camara, a former fashion model turned mining magnate, has seen her business dealings halted because of the Ebola outbreak. Through her companies, Tigui Mining Group and Camara Diamond & Gold Trading Network, she owns gold and diamond mining assets in her home country of Guinea. She is in discussion with the Abidjan government to launch a gold and diamond mining operation.

She says entrepreneurs from the U.S. must learn the culture while exercising great patience. "In the U.S., time is money. This ideology is fine when you have a great system and processes that ensure the smooth flow of business and people who have internalized the belief. This is not the case for most countries in Africa. But in Africa, things move a lot slower," she says. "There is the tendency for frustration with Americans who come down here. It is essential to remember





things just don't function the same way. This is not the United States. This is Africa."

Be prepared to deal with other vagaries of operating in an African setting. For instance, Harrington tells female entrepreneurs that they could face gender bias in some countries but they can't let it deter them from pursuing business goals.

Camara strongly suggests business owners learn and understand the local culture. "When you go to the villages, it is custom to bring a symbolic present to the elders as a sign of respect. It is very different from bribery which is more of a quid pro quo relationship," she says.

#### WHERE THE MONEY IS

There are a number of hot sectors for intrepid entrepreneurs. Camara recommends real estate, as many African countries are scrambling to develop hotels and commercial centers. She also favors the mining and energy sectors. "These are the most lucrative fields that I would recommend. The governments are always willing to work with the right kinds of investors,

especially the ones bringing in technology or simple know-how," she says. "If you can help bring more electricity to Africa, you've already made your pitch."

Williams is bullish on the agricultural sector, advising entrepreneurs to establish food refineries, processing facilities, and manufacturing plants as well as infrastructure and technology tied to the industry. He ticks off highly coveted areas of agricultural innovation that include greenhouse agricultural systems, solar-paneled agricultural systems, salination technology, and mobile irrigation systems.

At the African CEO Summit, Gilman Kasiga, co-founder and CEO of Tanzania-based EA-Power, an alternative energy firm, says investment and partnership are welcome throughout the continent. Those companies that will be highly sought after, however, will be those that employ innovation to solve problems and improve lives. He offered a bit of advice that all entrepreneurs should remember: "The difference between a stepping-stone and a stumbling block is how you step on the rock."

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