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## Event Report

# 2009 African Economic Forum Panel: “Inspirations and Innovations: Bridging the Technology Gap”

MARCH 27, 2009

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*Over the course of two days, March 27 and 28, 2009, the African Economic Forum, presented as a collaboration between the African Business Club, SIPA Pan-African Network, and African Law Students Association, demonstrated a multifaceted approach to understanding the challenges the continent faces in the wake of the global economic crisis as well as the resources it can harness to provide the impetus for rapid and reliable economic and social development particularly through technology.*

Keynote speaker Dr. Ngozi Okonjo-Iweala, a managing director of the World Bank and former finance minister and Minister of Foreign Affairs of Nigeria, stated that “Africa does not want to be a continent of aid...[it has] the resources to help itself [and] we need private investment.” Dr. Okonjo-Iweala went on to say that bringing in the private sector and investing infrastructure would be essential to help Africa become more self-sustaining in the future. Furthermore, Africa as a whole needs to explore areas where it could provide a competitive advantage, whether in the services industry, microfinance, media, or technology. The focus, she continued, needs to be on moving away from aid from donor countries and remittances, sources which have proved to be volatile and unreliable in recent months as worldwide markets have contracted. She went on to say that Africa must transition out of being a mainly commodities-based economy, which has left the country vulnerable as prices of mineral, vegetables, and cotton often fluctuate.

To that end, the panel “Inspirations and Innovations: Bridging the Technology Gap” provided insights on how technology could both provide advantages for the continent by enhancing the productivity of other sectors and also be a viable growth sector in itself. Moderator Murray Low, professor of management and director of the Eugene Lang Entrepreneurship Center, echoed Dr.

Okonjo-Iweala’s thoughts as he introduced the panel and stated that “Africa should be the source of solutions, not the source of problems.”

As a proponent of utilizing Africa’s vast labor resources to take advantage of trends in outsourcing, Leila Chirayath Janah described her work as the founder of the non-profit company Samasource. Samasource focuses on bringing together labor supply in low income countries to provide relatively inexpensive solutions for small businesses by using technology to link the two. The non-profit aspect, Ms. Janah stated, was part and parcel of the business model because the margins are too slim to sustain a profit-driven ethos. Furthermore, the costs of running the enterprises are higher due to the screening process to ensure that local firms are able to deliver to the businesses they serve. In order to maintain Samasource, much depends on its reputation to provide high quality service at lower prices. Fellow panelist Christopher Fabian of UNICEF, echoed this idea as he stated “there’s a lot of work to change conceptions about Africa. Not all countries are dangerous and volatile. These are viable investments.” Indeed, Samasource’s model of using micro-sized African IT firms and their internet access to provide services such as data entry, research support, applications testing, and project management solutions have been well-received by the firms that have utilized them.

Despite Africa’s image problems regarding potential economic and political volatility, and the perception of inadequate education levels to support business, Ms. Janah’s clients at Samasource have experienced a high level of satisfaction. Much of this relates to the way the Service Level Agreements (SLAs) were structured between the African firms and the small businesses they worked for. Though many African firms were not used to producing according to a codified SLA, they tended to “underpromise” and “overdeliver” thereby creating goodwill between them and the businesses they supported. As the labor supply in Africa is high and the hourly wage rates are extremely competitive (under \$1.25 an hour per worker at Samasource’s firms), Ms. Janah believes that the outsourcing trend could continue indefinitely in Africa—as long as the word “outsourcing” was avoided because of its negative connotations, particularly in the United States.

Rather than labeling the enterprise, Ms. Janah highlighted that so far, the operation had been highly beneficial to all parties involved. African firms would start off by offering a free trial of their services to the businesses that would seek to hire them. After establishing trust and the ability to deliver, African firms stood to benefit greatly, particularly in areas that had previously depended on commodities-based goods, an economy which has proven recently to be very sensitive to the current economic environment. By providing value-added services at a reduced cost to foreign firms, African firms gain the opportunity to have more stable income and also build a more positive reputation for

the continent in terms of its labor supply. According to Ms. Janah, this trend will continue, as long as capacity in terms of internet access, power and telecom increases throughout the continent.

Christopher Fabian, co-lead of creative direction within the UNICEF’s Innovations Team, described how technology could play a part in developing and enhancing other sectors. Healthcare, for example, could be greatly served as technological advancements (like the proliferation of cell phones) provide for more reliable dataflows. This could assist with distribution on a large scale, particularly as results-based funding is becoming more popular in terms of aid in the continent. UNICEF had already used cell phone technology to successfully distribute 63 million mosquito nets throughout Nigeria, sending over 40,000 messages daily in order to do so. However, reinforcing Ms. Janah’s comments from her experiences at Samasource, fully harnessing the power of technology to promote health initiatives would require more investment in capacity, and working against those who believe that the returns on investment for technology would not be worthwhile.

Furthermore, Mr. Fabian recognized that with an increased emphasis on technology there would be the need for new regulatory frameworks regarding, for example, intellectual property. If such changes were well-implemented, however, they could change norms for the better and could be used to support social services and healthcare. Also, if technological investments to support the social sector were scaled appropriately, investors could take advantage of splitting bandwidth and operating systems to make hardware cheaper, so that costs would be mitigated across large-scale efforts.

The third panelist, Francis Quartey, who founded Intercom Data Network, an internet service provider based out of Ghana and Nigeria, supported the statements of his fellow panelists and added that it was also important to ensure that profits stayed within the country once capacity was built. Like Mr. Fabian, he promoted the idea of using mobile technology to support other sectors by providing more lines for communication. In this way, Africa could reap advantages as mobile phone technology was one of the sectors many firms were willing to invest in heavily as the market base was growing rapidly even among the very poor across the continent. The panel moderator, Professor Murray Low, also supported this idea as he discussed Equity Bank, a firm that used mobile technology to work with those previously thought of as “unbankable,” providing access to funds previously denied to many. Thus far, this has proved very profitable for Equity Bank as private equity firms have invested over \$100 million in the bank.

Looking toward the future, the panelists were all in agreement that investment in bandwidth and other forms of capacity is essential in order to continue harnessing the power of technology for its own sake and also to promote social and economic development. However, they also agreed that a

number of questions still needed to be addressed: Should African tech firms focus on proprietary models of development that may allow more initial returns but would not allow for transferability (and thus limit both workers who had developed that technology, and those who had committed to it) or services-oriented and open-source technology? Also, how would African firms continue to overcome the stigma of the continent related to value-added services if governments, aid agencies, and private firms did not invest in the continent? Many people they had spoken to believed that technological investments ought to be delayed in favor of those needs perceived as more urgent, such as stabilizing the economy and providing food, potable water, and medical services. However, the panelists made the strong claim that not only could the investments co-exist, but that technological advancements would enhance the power of other investments. Within Africa, the opportunity is vast enough that even small investments in technology could reap great benefits.

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