



BENS INSIGHTS:
Elevating Thought Leadership
in National Security

**BUSINESS EXECUTIVES
FOR NATIONAL SECURITY**
SECURING AMERICA'S FUTURE



Building U.S. Commercial Bonds in West Africa: Reflections from a BENS Delegation to Benin and Cote D'Ivoire

Building U.S. Commercial Bonds in West Africa: Reflections from a BENS Delegation to Benin and Cote D'Ivoire

With a growing, youthful workforce and a wealth of natural resources, West Africa is a region with economic opportunity. However, stability in the region has come under serious stress from successful and attempted coups in recent years. This anti-democratic wave has also challenged U.S. efforts to sustain and enhance its relationships in the region, which are being further eroded by Russian and Chinese disinformation campaigns as U.S. competitors seek to strengthen their own ties to the region at the expense of the United States. At the request of U.S. Africa Command (AFRICOM), a delegation of BENS members visited the West African countries of Benin and Cote D'Ivoire in December 2023 to hold discussions with senior government and business leaders on strengthening the commercial ties between the host countries and the United States. BENS has asked two members of that delegation, David McDonald and Jim Smith, to share their views on building better bonds in the region.



David McDonald
President
McDonald-Anderson
Foundation, Inc.



Jim Smith
President
The InCLab

Interviews have been edited for length and clarity.

U.S. foreign direct investment and trade with the region has declined in recent years but there are extensive U.S. government and U.S. NGO humanitarian and development programs delivering help to people in the region. How can the U.S. better leverage this work to strengthen commercial relationships in the region?

David McDonald: If you look at what we're doing with the Africa Command (AFRICOM), they're literally all over the continent responding to humanitarian challenges. In Mozambique, a few years back, they had a historic cyclone that caused massive flooding, and AFRICOM deployed assets to help people in remote parts of the country respond and recover. Our military cooperation across the region has also been important in helping countries deal with threats from offshoot groups of al-Qaeda and ISIS, who also threaten the countries we visited in December (Benin and Cote d'Ivoire). There is a lot America is doing to make a difference for the people in the region. So, the challenge is - how can we, as business investors, do more to have a commercial American presence across West Africa?

Just like how the humanitarian work that our government and NGOs conduct is directly beneficial to the lives of the people in the region, there are avenues for commercial efforts that similarly address critical humanitarian needs. For example, in Benin and Côte d'Ivoire, there's a lack of health care or lack of infrastructure, but they do have some paved highways now. Suppose we want to invest in the healthcare sector of these countries. In that case, it might not be as useful to build a sophisticated, high-end hospital in the capital, but rather to establish mobile clinics that can access remote areas where healthcare needs are not being met due to the lack of broader infrastructure, such as electrification. These kinds of mobile clinics are being used in other developing countries to reach more remote populations, so there's a clear business case for them.

We also met a success story in Benin that came out of one of our humanitarian programs, the Peace Corps. A young American finished his two-year Peace Corps stint and saw an opportunity in the country in cashews. He started a business, "Beyond Cashews," involved in harvesting and processing cashews. Now the business collects the harvest from 7,000+ cashew farmers, has 600 direct employees, and their products are available in Whole Foods stores here. So that's a tremendous success story he created on his own. How can we invite others and streamline the process to start businesses? We need to build on all the work the United States is doing in the region to develop commercial opportunities that further strengthen our relationships there.

We should also provide more funding to the Millennium Challenge Corporation, which has some large-scale projects that offer contracts for American investment. Their work helps create conditions to foster more private investment. We also need to do a better job of publicizing initiatives like the Millennium Challenge Corporation, just like how we used Voice of America to broadcast throughout the Cold War. Now we're facing Russian and Chinese disinformation in the same arena where Americans were traditionally very well-liked. Russian disinformation campaigns against the U.S. have been quite effective in certain countries, especially in those where the U.S. allied with the French military on counterterrorism and was described as a "colonial power" like the French – which isn't the American story at all! We can no longer take comfort in the idea that our good work will simply become noticed and appreciated, we need to make it known, especially in contrast to the lack of real human assistance coming from the other major powers.

Jim Smith: There are some ways in which the U.S. government can be more helpful here and that includes publicizing and promoting all the assistance, training, and other capacity-building programs that the U.S. supports in the region. A lot of this work goes unnoticed by the business community, and in some cases the U.S. government isn't interested in seeking credit for the assistance it conducts, preferring to leave the credit to local actors. That's noble, but in a context in which adversaries are pushing disinformation about the U.S. role in the region, and when we need to promote Western investment in the region, it's important to spread the word about what we're doing to support local governing institutions or to respond to humanitarian needs. We should learn from the French experience in West Africa in recent years—it has been a negative experience, the anti-French sentiment was instigated and fomented, and the French did not have enough goodwill established with the people in the region to maintain their position and have been forced to leave in many cases. If the flag is already there, so to speak, if the U.S. government and U.S. contractors and NGOs are already operating in the country, companies will feel more comfortable with their ability to invest there. Along the same line, a big part of promoting what the U.S. is doing in the region is to help clear up misperceptions in the business community about Africa. Not just West Africa, but there is a view of the continent of Africa as being a tough place to do business because of corruption, coups, and other security challenges. While those things exist, those are really the only stories that Western audiences are hearing about, and often the entire continent of 54 countries is painted with the same brush. We heard this on the ground from the people we talked to - they think Western investors unfairly penalized Africa due to those stories that they don't see as necessarily a reflection of reality. In other parts of the world, there is much more information to help guide investment decisions and cut through the noise, but there is a lack of information from the region that a Western investor looks for. This lack of data contributes to the perception gap. One example is data on the default rates of infrastructure projects in the region—the rates are very low compared to other regions. While that isn't the only measure of risk in doing business in West Africa, it is an example of how reality may be different than perception. I believe this gap is primarily due to a lack of consistent data and messaging coming out of Africa as compared to other regions of the world which puts West Africa at a disadvantage from the start.

While U.S. investors may not seek to compete with China on the large infrastructure projects characterizing the Belt and Road Initiative, China hasn't cornered the market on the investments needed for the development of countries in the region. What are the opportunities for U.S. investors that can help strengthen U.S. relationships in West Africa?

David McDonald: Well, certainly, I don't think we're going to see US companies volunteering to build soccer stadiums, ports, or high-speed rail—we're having enough difficulty with our own Amtrak profitability; I don't see us investing in that space.

According to [recent investment data](#), in the most recent year available, 2022, there was no green field foreign direct investment (the establishment of new operations in a foreign country) in Benin, and only a handful of such investments in the two years prior. That's very disappointing. For comparison, Cote d'Ivoire has been averaging about 20 to 24 per year, bringing in hundreds of millions of dollars. This lack of greenfield investment shows the lack of investor awareness and/or perception that Benin

offers few robust opportunities for new business investment. It is inconceivable to think of a year with no foreign direct investment in new startup businesses in the US or most other developed countries.

We need to generate creative approaches to inviting American businesses to visit and consider Benin and Cote d'Ivoire, and other countries across West Africa. We have great Embassy teams in the region. The Embassy staff facilitating the BENS trip in December were very capable and impressive people, they know what's going on in those countries, and many have spent their careers across Africa. I have seen our embassies, working with our Commerce Department, run very effective trade delegations in the oil and gas industry where they target service companies from Louisiana, Texas, and Oklahoma, the usual players that provide services in our industry. They're invited to come and meet with the relevant ministries and government officials and hear about starting up in whatever country that might be. Benin certainly needs that focused introduction to potential investors and some creativity needs to be applied to create opportunities beyond just cashews. Benin needs more electric power across the country north of the coastal zone. In addition to large power plants, solar power, and battery storage technology advances are such that lighting for evening community study areas near schools would be a welcome boost for students.

An area where there is a need in the region where the U.S. has been extremely successful in our own country is in large agriculture. Fewer Americans are involved in food production than ever before, yet we produce more food than ever before. The means driving our productivity gains must be exportable – it's technology and knowledge. We can't expect (major food companies such as) Conagra and Cargill to be philanthropic organizations, but perhaps through Export-Import Bank credit financing, there may be programs where we can export technology and machinery, and some know-how so that people in the region can improve their productivity as well. The economies and workforces of Benin and Cote d'Ivoire depend heavily on agriculture. This is largely small-scale agriculture so there's a lot of room to increase productivity and mechanization.

Jim Smith: When we were in Cote d'Ivoire, the U.S. Ambassador was doing a ribbon cutting on a technology park that was going to be filled by U.S. businesses. This was not a major marquee investment like a new rail line, but it would provide opportunities for U.S. tech firms to open new operations in the country and build a stronger connection between our tech sector and the region, bringing our companies to the table and helping create a technology ecosystem. This is one example of a type of project that does not require a large amount of U.S. capital, is in a sector that the U.S. does very well, and provides an opportunity for value-added work and higher-paying jobs for locals.

I think there needs to be a distinction drawn between the work that the United States and other countries like France do in West Africa as compared to what countries like China do. China is in the headlines because they're building roads, bridges, and stadiums. These are concrete and steel assets that are important and necessary, but they are not the assets that foster stability and enduring success. Institution-building projects provide more—healthcare, technology, education, and financial institutions will define what the people in the region can do and what the country can offer both investors and citizens. And these are the lower-cost, higher-impact projects that the U.S. is inclined to.

Health, I think, is a prime example. We've done an enormous amount and saved millions of lives across the region; improving the quality of life for millions of people and deploying resources to address threats like the Ebola outbreak. That's an area to build on.

Education is another huge one. The region's superpower for the next generation will be a large and youthful workforce—it will be more important than the oil and minerals that have defined the value of Africa over the past generation. That labor force can be an incredible asset, but it is not yet well organized or trained. So how can the U.S. help? Educational programs to help raise the baseline standard of education are important. But I believe business and entrepreneurial training programs will unlock the workforce—showing them how to start and operate small businesses and then bringing U.S. businesses and investors to partner with those local ventures. It's a different form of investment than building bridges and roads, but it's an important one and helps build stronger ties between West Africa and Western economies and gives confidence and hope to their growing workforce.

How can the United States better foster a long-term commercial relationship with West Africa?

David McDonald: Much of West Africa has an affinity for U.S. culture, whether it's music, movies, or other media. But our business investment hasn't always followed up on popular perceptions the way we need to. One way to try to build lasting bonds is through education. We have Teach America where young people join and often teach in economically-challenged inner city areas across the U.S. If there was a massive expansion of such a program to place recent graduates across schools in areas of West Africa to teach English, I think it could accomplish a lot of things. Like Peace Corps volunteers, these people are diplomats on the ground and in the village and country they choose to serve. And as we improve the local knowledge of English, that's going to improve our ability to transact business; it spreads our culture. Educational infrastructure in the interior of most West African countries is lacking. Filling that need and sharing skills that can foster entrepreneurship will also help create an improved environment for U.S. investment.

One of the challenges that a lot of our assistance programs through organizations like USAID have is that they do not have much discretionary money available to them. Therefore, if local USAID officers see possible opportunities, they aren't free to pursue them. Congress may need to give them a bit more latitude to quickly devote resources to build capacity when opportunities arise. Perhaps USAID is in a position to drive more education programs and should be given discretionary budgeting to encourage U.S. private sector entities. There are many U.S. international schools that do a great job in the capitals where our embassy personnel and families of multinational corporations live. Additional budgeting could lead to expanding these schools into the second and third-largest cities. The lack of international schools is a factor in limiting international business expansion beyond the capital city.

Jim Smith: If we're looking at the long term, it starts with education, with institution building. It's one thing to have the physical infrastructure, but there's also the institutional infrastructure, the governance and financial mechanisms that provide stability and predictability and create a climate where people start new businesses or existing businesses start new operations in the region. Those institutions have been lacking throughout West Africa, with a few exceptions.

I think helping build those institutions is a sweet spot for the United States. And in some cases, we already have programs intended to help build that institutional infrastructure. And going back to the first question, the U.S. should help partner countries market those institutions to the global business community—make sure the development and maturity of those institutions have come in developing

the appropriate governance structures that provide confidence to investors that this is a country that's growing and is no longer defined by its legacy challenges.

One element that will be important for our government is engaging the countries in the region through an interagency perspective. AFRICOM has an important footprint. And although they might be underfunded as a DoD component, they have a strong presence, strong training programs, and a track record of providing equipment to fight violent extremism; they do a lot. The State Department and Commerce Department should leverage that presence and really be in lockstep out in the field. Defense or military activity that occurs regionally in West Africa is also economic and political activity in those regions—so if DoD, State, and Commerce show up together with coordinated defense training, diplomacy, and economic support, the impact will be better than military training alone.



1030 15th St. NW · Suite 200 East
Washington, DC 20005
www.BENS.org | X: @BENS_org | 202.296.2125