# Bloomberg Invest: Focus on Africa

Conversation with a Newsmaker

**Arijit Ghosh:** Thank you, everyone, here in London and across the world for joining our marquee Bloomberg Invest Conference with its inaugural focus on Africa. We have an action-packed few hours with a host of excellent speakers and panelists. It's my privilege really to kick off this event. I'll be speaking to Cina Lawson Togo's minister for Digital Economy and Digital Transformation.

Ms. Lawson was the force behind the Novissi, the digital cash transfer program in Togo which delivered monthly payments to about a quarter of the country's adults during COVID. She has done a lot of other things and a lot of other ideas to transfer her country's economy, and some of them may benefit other emerging markets as well, and we'll be talking about that.

Let's start with Novissi. The program took just about two weeks to develop, ma'am, and delivered cash to people just when they needed it. Minister, what are your plans to scale up that program, and do you think it can help other emerging markets as well?

**Cina Lawson:** Good morning, everyone. I'm going to say a few words about the Novissi cash transfer program. It's a program that we developed in Togo will during the pandemic to transfer cash through mobile means to the poorest individuals. Basically, it was a platform using USSD which means that people didn't need to have internet access, it was just a shortcode. They would register using their voter's ID because it was a biometric ID, and within minutes, in less than two minutes, they would receive one-third of the minimum wage. We were able to pay out 25% of all Togolese adults and we spent $34 million.

I think the innovation in Novissi was more than just the payment platform, we used also AI algorithms to determine beneficiaries. We used two AI algorithms, the first one was used through satellite imagery to determine the poorest areas of Togo, and the second one we used using CDRs, mobile telecom CDRs, to determine the poorest individuals living in these poorest areas.

Based on this methodology, and we worked with UC Berkeley to use and develop these algorithms, we were able to pay out these people. I think it's very important because it shows that we can use innovation in Africa, we can use innovation in the public sector, and I can say that we're the only country in the world that was able to pay out people based on AI during the pandemic.

In terms of what we want to do next, we want this platform and this methodology to be a public good. We want to be able to actually share it with other African countries because a lot of them reached out to us and say, "We want to be doing the same thing." Obviously, it's complex because it has various different parts. Some of our countries don't have biometric ID, and you want to make sure that when you pay people, you're paying real individuals, unique individuals. Otherwise, you're spending the money, but you don't know where it's going.

The other thing is that we were willing to use CDRs and try out new things and some countries are going to be reluctant in doing so. We want to support other countries to do the same. We also want to say that we need the best of technology in order to grow. Also, we're willing to be the testbed for new approaches. That's my take on what happened during the pandemic.

**Arijit:** You talked about biometric ID, something like Aadhaar, which India has done. Do you have any plans for something like Aadhaar? How will that help you increase financial inclusion, for instance?

**Cina:** This year, in 2022, we are rolling out biometric ID for all our citizens. Because when we launched Novissi, obviously because it was voters ID, we were able to identify only people who are 18 years and older. It is very important for us to have biometric ID for all our citizens because maybe in the future, we will need to develop programs targeting people who are 15 or 5 years old, or 10 years old. It's very important.

We were inspired by what India did. Basically, our biometric ID project is a model, we're using a similar platform as India. We got lots of support. We worked together to develop this project. We're launching it by the end of this year.

**Arijit:** Do you think it will be linked to banks, et cetera as well?

**Cina:** Of course. We worked with the banking and the Bankers Association to make sure that it would fill the KYC needs of banks. What we're also planning to do is that while we're giving biometric ID to people, we're giving them SIM cards, and mobile money accounts. By the end of the roll-out, every Togolese with a biometric ID will have a mobile banking account as well.

**Arijit:** Well, that's interesting. Just talking about mobile money as well, obviously, Kenya pioneered that and it's all over Africa. Do you think that has actually helped increase financial inclusion in Togo as well, the mobile money, and across Africa?

**Cina:** To give you an example, when we launched Novissi, a lot of Togolese didn't have mobile wallets. We worked with mobile operators to say that the first wire that we would do would create mobile wallets for these individuals. That's how we-- obviously, we saw an increase in the number of people who had mobile wallets because we were able to support 920,000 Togolese, but approximately 1.6 million Togolese registered onto the platform. Some weren't beneficiaries because they were living in areas where we didn't implement mobility restriction measures. We didn't need to support them financially and others got the money, but everybody had their mobile wallet created at that time.

**Arijit:** You talked about the unstructured supplementary service data or USSD, but obviously that has its limitations. You want to go digital going forward. As you can see in this chart here, almost, the internet costs in Africa are extremely high, almost 20% of income per capita. You have said that you want to cut the cost of accessing the internet in Togo. Why is it so important for you particularly, and how are you going to go about achieving that goal? Just one supplementary question to that is that you have Google's Equiano cable landing in-- it has already landed in Togo. How is that going to help your plans?

**Cina:** It's very important to understand that when we talk about mobile, when we talk about telecom in Africa, everybody thinks about mobile, and mobile technologies have helped us a great deal, but we do believe that now, in order to really grow, we need fiber infrastructure, which is fixed-line infrastructure. In order to invest in fixed-line infrastructure, we need states, we need governments to participate.

We cannot rely upon the private sector only investing in mobile infrastructure because we need it fast and we need it at price points where actually people can afford to have fiber to the home. In Togo, our vision is to combine with power lines because when you deploy fiber infrastructure, what costs a lot of money is to dig. Let's not dig and use existing power lines. That's number one.

In Togo, approximately 50% of Togolese households have access to electricity. We are thinking that if we can deploy fiber on power lines, it will mean that 50% of all Togolese household will have fiber to the home, which is extremely powerful. We think it's going to transform Togo forever, but that's number one.

The second thing though is that when you live in a country where 60% of the individuals live below poverty lines, you need to make sure that once you deploy the infrastructure, you have to retail it at a cost they can afford. That's why it's so important for governments to step to de-risk these type of investments.

Right now, what we plan to do is that we are looking for financing. We want to put two-thirds of the money and have the private sector put one-third. It's very important for us to co-invest. It's not about us doing it all because it doesn't make sense. We are not mobile-- we are not telecom operators and we don't want to be, it's about making sure that the risk in investing in Togo is going to be low enough to attract the right investor.

It's important because we partnered with Google to have the Equiano cable land in Togo, which is going to be the most advanced cable landing in Africa this year, but it's just coming to the shores. What we want to do is to make sure that we continue investing in fiber in the country so that the capacity goes everywhere.

**Arijit:** Excellent. Do you think these cheaper costs will help you build a starter ecosystem like in neighboring Nigeria, for instance?

**Cina:** The first thing is that a lot of people talk about technology, but the first step, the fundamental is the infrastructure. I cannot talk about digital ecosystem if I don't have the infrastructure. Of course, it's going to help. I also believe that in Africa, there's a lot of innovation. We innovate a lot, we recycle a lot, we do a lot of things that you don't imagine.

For us, governments, we have one responsibility is to give access to the internet because once people have access to the internet, a lot of things are going to emerge that we have no idea of, so let's just make it happen and see what happens, especially when you think, for example, about education. A lot of content, educational content, are not available on the continent because, in some specialty subject, and I don't have any in mind, but it's sometimes very hard if you're interested in one very specific subject to find this type of content. That's why it's so important

because it means that wherever you will be in Togo, you will have access to whatever content you want to read, which is, again, very powerful.

**Arijit:** Let's take one quick audience question as well. The question is that with the biometric ID, with the barriers of reaching people in rural areas where accessibility is different, how will you implement a biometric ID?

**Cina:** We were quite good in implementing voters' ID because more than 93% of our adult population has a voter ID. In terms of what we did in rural areas was that when we launched the campaign, we actually registered people in school, in the education system, so people actually do know where to go. That's number one.

Number two, we worked a lot with local authorities, they were the ones going and talking to villagers to tell them how important it was to have a voter ID. In this instance of giving ID to all our citizens, because Novissi people understand the importance of having an ID because you can get subsidies, you can get financial aid. Because most of the time, you just need to make it worth it for individuals to have an ID.

Sometimes you develop programs that don't work, and when you live in the middle of nowhere and you very rarely interact with the state, you don't really think that you need an ID, and why would you actually go bother spend some time because a day to go and register is a day where you're not actually working and you're losing income. We're in a rational decision-making process, but when they understand that, because they're going to have biometric ID, if they need support from the government, they will be more likely to receive it, then they'll go and get registered.

**Arijit:** It does make sense. Let me just pivot to another interesting development in Africa. Last month, there was a rather dramatic development in the Central African Republic. The country enacted a lot making Bitcoin legal tender. You can see from this chart, for instance, Togo is among the top 10 adopters of Bitcoin or cryptos in the world. Do you think this is a way forward for Togo, or would you be vehemently opposing it?

**Cina:** I'm not going to oppose it. That's for sure. I think that what we need to understand is that if there is a need, there is someone will come up with a solution. If Togo is adopting a Bitcoin so much, it's that there is a need to transact, and I'm sure it's not being about Togolese transacting in Togo, it's really maybe about Togolese having access to other African markets or being part of the global economy.

Does Bitcoin-- it fits the need? Maybe does. If a lot of people are users of Bitcoin, it must be the needs. As far as the Togolese government is concerned, I don't think that we have a view on this issue yet because we have yet to understand it. I have yet to understand it, so I'm not going to push forward, but most of the time we're keen to adopt innovation and see really if it can help us be part of the African Free Trade Area, for example.

**Arijit:** I was going to the African Free Trade Area as well. We just have two more minutes. This has been discussed for decades, the African Free Trade Area. How excited are you about it? I think it's probably the closest to implementation right now. How will it benefit small economies like yourself?

**Cina:** We were very early adopters of the Free Trade Areas. We supported it. We're a small country. We have less than 8 million inhabitants. Of course, we are going to support any agreement which is going to open the rest of Africa to us. It creates a lot of opportunities, but we still have some challenges and we think technology is going to help notably in terms of cross-border transactions, a lot of FinTechs right now are focusing on that. It's very important.

We also need to harmonize our regulations because the regulation of Togo is different from the one of Ghana. We transact a lot, so there's a bit of work to do, but we do believe that technology is going to help a great deal. We also do believe that it's a need. If we don't step up as a government, someone will find the solution for us and will bypass us and make us irrelevant.

**Arijit:** Will crypto be a solution according to you?

**Cina:** Maybe. We're not against it. We shall see.

**Arijit:** One last question I have for you is, what is your biggest concern for Africa, West Africa, Togo in the next year, two years?

**Cina:** In the next few years, it's going to be digital skills or skills-- I shouldn't be saying digital skills, but this skill set. During the pandemic, when we started to vaccinate our citizens, we started, like the rest of the world, saying, "Okay, let's start with people who are 50 years and older." There was almost nobody. Half of the population is less than 18 and 75% is less than 35. We actually do need to focus on skills because we do need to find jobs for this young population. That's a huge challenge that we face and we're going to continue to face this challenge for a while.

**Arijit:** One last question from the audience, I guess the question is how will you capture the data and how easy for you is to capture the data from all your citizens?

**Cina:** Which data?

**Arijit:** I'm assuming biometric data.

**Cina:** Biometric data, you come up with the technologies, you have tools, it's easy. I thought the question was, how to create a data-based economy?

**Arijit:** Is that the question?

**Cina:** Maybe it's the question because what we are doing right now is that we have this vision that we need to have a platform on which all the database and all our IT system will interoperate. We want to create this ecosystem where the data by default will be open and given to the public because when you think about the amount of data that the administration managed, it's a lot of data, but the data was collected by the administration for the administration, never really shared with the public.

Some of the data is really not confidential. If you have data about agriculture and you just sit on it, then it's against the very principles of digital transformation because in this digitized world, when you collect data, it has to serve a purpose. The purpose we think is actually to share it with the public.

What we did is that we hired a company, and for the past nine months, we sent this company out in the country to identify all social infrastructure of the country. They went in every hospital, schools to count the number of students, the GPS coordinates of the school, the number of buildings. They went into hospitals to count the number of beds, the GPS coordinate, we referenced all the infrastructure of the country on a single platform.

We want to give access to the public on this information. Why? Because we think that a lot of innovation can come from the private sector. What is hard to have access to in Africa right now is information. You want to go in country X, you want to invest in agriculture. You don't know where to go. You just don't know, and you go and address the public sector. Most of the time when you deal with the private in the public sector, they're not very efficient, they're not quick. It's very important. Once we have the data, once we collect it in a consistent manner, to just give access to the majority of the people to this data.

**Arijit:** Cina Lawson, thank you so much for your time. This was excellent. Thank you.

**Cina:** Thank you.

[applause]