

Future of Business podcast – Ep. 5 'Doing good while doing well: Africa chapter' with Nouss Bih

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Grace Chou: Welcome to Future of Business, where we take you on a journey to explore the diverse range of sectors and stories embedded in the Oxford MBA cohort and beyond, and how they will shape the future of business. My name is Grace Chou, and I will be hosting our conversation today with fellow MBA, classmate, Nouss Bih.

Nouss is from Ivory Coast and has a background in impact investing. She spent the last six years at an impact investment group dedicated to African small and medium enterprises. Her main focus areas have been on improving access to funding as well as developing and supporting a pipeline of African entrepreneurs, particularly women.

Welcome Nouss.

Nouss Bih: Hello Grace.

Grace Chou: So before we start, I just want our listeners to know that we actually have a episode from May, 2019 on the Future of Business, also on impact investing, it's called Doing good while doing well. And it focuses on the history and the structure [00:01:00] of impact investing. So I'd recommend if you don't have that much of a background and context on it to perhaps listen to that first.

It also talks about how impact investment has been growing, becoming more mainstream in recent years since, and I would say it's become even more so in the last two years, since the podcast episode launched then in 2019, both in terms of people wanting to learn more about the sectors, businesses wanting to show that they are creating impact.

But also when it comes to young professionals like us who are looking to pivot and transition in terms of a career and looking at impact investing as an option. So on that note, my first question for you Nouss is if you could just tell us a little bit more of how you went down the career path of impact investing.

Nouss Bih: Sure thanks again for having me. So I, [00:02:00] I always knew that I wanted to have a purposeful career and I also knew that I had an interest in emerging economies and I wanted to make them more prosperous, at least contribute to make them more developed. So, finance was my main area of interest at the time. So then when I graduated, in 2011, from my first master, the impact investing space was really nascent So I decided I was going to aim for development finance. But before that I was going to have initial career in investment banking to get some financial skills. So that's how I went to spend my first years of professional experience working for an investment bank in Chile, to gain that experience. And while doing that, I volunteered with a social business platform. And while doing that, I was able to really connect with the ecosystem and learn a lot about the trends and what was going [00:03:00] on. That's how I actually knew more about impact investing. And I thought that's exactly what I want to do.

I want to be able to use my skills in finance to fund impactful ventures and, you know, let them prosper in emerging economy primarily. So I decided to leave my job in the bank. And I went for a short course in impact investing and following that I heavily researched funds that were active in Africa. And that's how I came across my my previous fund I&P and after a first internship with them they offered me the opportunity to work in Abidjan my hometown as an investment manager.

Grace Chou: It's great that you've had such an international career and you've been able to leverage your background in finance to move into impact investing. For those who don't have a background in finance, I was wondering if you could just elaborate a bit on the differences, say between development finance, venture capital, impact investing and [00:04:00] as well as any other key actors specifically in Africa.

Nouss Bih: So impact investing is a broader term that defines any type of investment that aims to create a positive impact with the intentionality to do so it's very important, the intentionality and also the adequate measurements of the impact. So impact investing can use different tools. It can be debt, it can be equity. It can even be grants. And also target different kinds of companies, can be early stage companies. It can be mature companies. So this is all about the strategy, right? That the institution is going to choose. More specifically development finance, are a kind of impact investors. There are key actors actually, there, there are generally multilateral or regional institution whose objective is to spur sustainable economic development in their region.

So I'm thinking about, for example, the African Development Bank or the Inter-American [00:05:00] Development Bank that are really regionally focused and are bringing funding from the public or the private sector. And you also have these global organizations such as IFC or the CDC in the UK that provide funds in order to develop some economies, you know, throughout the, the globe, they have large volume to invest and they can, you know, give some funds to intermediaries, to develop certain areas. So those are development, finance institutions. Then you have private equity funds or venture capital funds that are basically funds that are going to invest in ventures depending on the kind of a risk that they want to take. Like the main difference is that private equity funds are going to focus on more mature companies and venture capital funds are going to focus on early stage fund, innovative companies but basically a VC fund or private equity fund can be Impact investment fund if they decide that they have this [00:06:00] intentionality to create impact. Okay. So these are just that strategy that they're using to do so.

Grace Chou: Yeah. So definitely a lot of intersections in the different players working together in tangent which I think is important for people to know and not necessarily put in boxes. And what could you tell us in terms of the obstacles and the challenges that are facing impact investors in Africa to thrive and develop there?

Nouss Bih: I think over the past few years impact investing has really grown in Africa and that's a good thing, but there are disparities across region. That the first thing to, to know, West Africa receives the less volume of investment in the whole of the continent. East Africa, Southern Africa generally attract more capital. Why? Because investors are more accustomed to working in these zones. Private investors. So when it comes to impact investing, they will [00:07:00] naturally go towards these zones. Some investors might also be concerned about the political stability in some countries, and they may have the perception that some countries are, you know, more stable than others that also affect the availability across region. The language barrier is also real, so that's the first obstacle trying to get access to funding for some regions in Africa that are less attractive to investors.

The second obstacle is what is the strategy of the suppliers of capital, namely DFIs. What kind of return that are they're expecting because they are active in the field that solves social issues for the most part that is, trying to develop countries. But for many of them they have high expectation of return. And this might be an issue when as impact investors you are involved in some sectors that naturally attract slightly less returns of for example, [00:08:00] education or might be sectors are more challenging, you know, in terms of attracting of, or

delivering the kind of returns that's the investor want, which is not the case for all sectors, but some might be more challenging than others.

So definitely the, the strategy that those DFIs decide to apply in Africa can be an obstacle in terms of, you know, growing or getting some access to some capital. Also the ability to create financial structures to de-risk the ventures that receive impact investing and attract more commercial investors is key in some structures, some actors are working towards making this happen. There's a term: blended finance, that is more and more trendy and blended - That's exactly what blended finance is trying to achieve, you know, make it more accessible to different kinds of investor. Trying to mix private capital with grants or public funding, you know, in order to make [00:09:00] these things happen.

And the last thing is the quality of the pipeline when it comes to impact investing, one of the most difficult things and that is also reality for, you know, traditional investing is finding the right companies to invest in. And the quality of the pipeline can be definitely improved with some organization that supports entrepreneurs and help them grow, get them investment ready. And some organizations like these have grown in Africa, I think of Impact Hub, for example. And they're a great example of how you can get some companies ready to make them more attractive towards investor and make the work of investors easier when it comes to, you know, teaching more companies at in the end achieving that impact through financing.

Grace Chou: So you mentioned that there are four areas in terms of challenges and obstacles facing impact [00:10:00] investing in Africa. So I'm curious from your time working at I&P, especially from a Francophone perspective, what have been some of the changes you've seen in terms of DFI strategy there?

Nouss Bih: We see that the DFIs that already have a Francophone focus keep, you know improving the volume that they dedicate to the zone. So that's a good thing. They're also trying to broaden the scope in terms of, you know, how they look at the companies that will benefit from the funding. More specifically, there've been a big focus on, you know early stage companies because we all recognize in the industry that in order to build this pipeline, you need to, to catch this company at an early stage and we'll get them ready. So many DFIs have been investing a lot in, in these, either ESOs (Entrepreneur Support Organisation), but also in technical assistance [00:11:00] for impact investment funds to be able to support those early stage companies and I&P has used that a lot. So that's a great development in this regard, but it's important to continue doing that. Also an important trend that we see is that the DFI's support for investors like I&P has also enabled to leverage local investors and those local

investor know the ground, they know that there is opportunity in these countries.

The issue is that they are not necessarily able to carry, to assume that risk investing locally. So it's important to leverage on companies that are already on the ground and that have experience on the ground, and the partnership within, between DFIs and companies like I&P has really helped educating a new range of investors locally.

Grace Chou: It's great that you've been able to work on the ground. And one of your main focus areas throughout your career [00:12:00] has been to support entrepreneurs, especially women and African entrepreneurs. So what would you say is the support that they need to change the world?

Nouss Bih: So for women specifically, I'll say access to finance is the main obstacle. So as an investor it was very important for me to help them address the biases that financial institution had against them. So that's getting them the initial funding, you know, the growth capital for the venture. But once we've done that making sure that we continue, you know, raising the adequate funds for them to continue growing their venture, especially working capital financing you know, short-term financing, which is not so easy to get in some geographies, including Côte d'Ivoire where I used to work. So that access is important. I think that also applies to startups in general for an investor a key thing that you can [00:13:00] do helping these startups grow is helping them securing the next round of financing. And that means, you know, talking about your experience as an investor, why you think that startup is doing well, and what are the opportunities that you see in the markets. I think that is really critical in order to help them get to the next round and keep the flow going.

Another area where our role as investors is critical is helping the SMEs or the startups identify the right resources. So there's a huge talent gap in most countries in Africa. You know, some countries don't necessarily have the good training for some services or some industries. So, and middle managers are not necessarily very well trained. So it's a real challenge for entrepreneurs to really identify good resources and have them grow their ventures. So what we used to do regularly [00:14:00] was, you know, to help, help them finding the right person or finding the technical assistance that was going to help them solve a specific issue. So I think generally speaking a good driver that an investor can bring to a company in general is being able to use the network opportunities and, you know, the collaboration opportunities.

That's the investor has through its own network and that's very complementary to what the entrepreneur has and, you know together it's really a powerful way to accelerate the growth of the companies.

Grace Chou: It sounds like quite an exciting role that you've had because you're able to define strategy, but also work on the ground with local entrepreneurs.

For example, like you mentioned, helping them identify the right resources. And so based on the experiences, interacting [00:15:00] with entrepreneurs from the investments side, what do you foresee are some trends about the sectors and the types of startups that will rise to the forefront in Africa?

Nouss Bih: I think recently there has been a huge interest and huge traction in the FinTech industry in Africa. Recently I think fintechs have raised about \$1.4 billion since the beginning of the year, which is huge. It's actually the same volume as the last, the past 10 years. So you can really see that something good is going on. In the west Africa economic region, the transaction in mobile money have increased a lot, like three or four fold recently. So basically everything that's related to digital finance and FinTech absolutely drive the way in Africa.

Related to that a lot of areas that are [00:16:00] mobile based I think would benefit from a lot of traction because it just makes it more accessible to you know, a large population in Africa. Like many people have a smartphone and they're using it and they, they have, you know a disparity in access to the internet. But with the mobile phone, there are many things that they can achieve. So there are many applications in in the media and entertainment industry or in health, in mobility. So many startups are trying to use that tool to create new solutions, innovative solutions to improve the wellbeing of you know, the African population in solving many problems, for example, in the agricultural industry, a lot of things are going on as well. Many startups have managed to address several inefficiencies in the agricultural value chains, you using technology, including mobile technology. Whether these by cutting the middleman or improving [00:17:00] yields by getting information to the farmers or reducing waste, the food waste is a huge issue in Africa.

So. All these sectors attract a lot of interest from investors and also from, you know, entrepreneurs because they see that they can really make a difference in leveraging technology to do it. So I think that's where the trends are going.

Grace Chou: Wow, that's my first reaction. Just in terms of the amount of potential for impact investing. Both on that side, but also entrepreneurs in Africa. And just the statistic you mentioned about FinTech \$1.4 billion invested since the start of 2021. That's incredible. And I think that ties in neatly to the fact that from the context of young professionals, which. Just to add a side note here. Africa is the youngest [00:18:00] continent in terms of population in the world. So that just adds on to the potential that the continent has as a whole. And so I'm wondering, you know, for those who are interested in pursuing a career in impact investing in Africa, as someone who already has that experience, what advice do you have for them?

Nouss Bih: I think what has worked very well for me was to identify the issues that matter the most and getting excited about those issues and trying to convey that to a recruiter, the recruiter will feel it. And what is very key for impact investors in particular is not only to have people who know the job or, you know who have the professional qualification, but also people who are interested in the issues that, you know, the fund is trying to address and that they have the energy to find a solution to those [00:19:00] issues. So definitely try to convey that passion. Do research on the fund that you want to join and be able to identify the values that set the fund apart. Generally those teams are small and they are very well structured, they employ people who are going to stay for the long-term. So that's very important to show that you can fit in this team and research on the fund can help you with that.

I think it's also important not to romanticize impact investing, you know, when you get into the sector you know most role is about investing efficiently and with the good values and, you know building the trust between the investees and the investor.

So that's the most important, like, try to convey the passion, but being very much conscious about like the actual work that we're going to do without romanticizing it. I think it's important.

Grace Chou: Very valid points. And let's bring the focus back to [00:20:00] you. You are pursuing an MBA right now at Oxford. So how do you see the MBA helping you achieve your goals as well as hopes that you might have for the impact investing sector overall in Africa?

Nouss Bih: I'm going to start by your last question. My hopes for the impact investment space in Africa, I do hope that this space is going to attract more talented professionals to do the hard work of bringing capital to Africa and really accelerate the growth of Africa.

I also hope that more underprivileged areas are going to be able to benefit from impact investing. I hope more women benefit from impact investing. I hope that more women can actually start funds and, you know channel those funds to to the relevant areas, more young people should have access to those funds as well. And obviously I hope for a better repartition in [00:21:00] terms of our geographies receiving impact investing in the coming years.

I think that the MBA has already helped me a lot to reflect about my past experiences. And most specifically it helped me reflect on how I navigated the challenges, you know, why supporting those entrepreneurs which for me, it's the most exciting part of the job. So how did I help them go through those crisis? And how did I help them strategize? How did I help them get those you know, the resources that they needed and how can I do better from now on? And so that's building on the skills that I'm getting from the MBA.

So that's the, that's the first thing. I'm also very happy to share what I know about the industry and you know, to keep engaging in a new role with with people from my industry. And I keep doing that, you know talking to to people in the industry. And in that regard, being the co-chair of the Africa Business Alliance this year has been very rewarding and [00:22:00] very helpful to position myself, you know, to these actors I'm interested in, in Africa and showing them that, you know, at Oxford Saïd we have this great interest from the the cohort and we want to help them get to know even more about impact investing. So in that capacity, I'm working on our flagship event that's going to happen in March, the Oxford Africa Business Forum. This year we have a critical theme for the future of the continent, it's the youth of Africa. And we have some great speakers lined up. So I really hope to have many of our classmates there.

Grace Chou: Yeah, I'm really looking forward to that event and such a relevant theme in terms of tying that back to the potential for impact investing sector in Africa. And my last question for you is what's your favourite place in Oxford so far?

Nouss Bih: My favourite place in Oxford, I think is the observatory [00:23:00] room at my college, GTC. I had the most amazing experience going there to do a meditation session with classmates. And being in that magical place with snow so much, like we had, we were lucky that day because it was very sunny. So being able to sit there and learn about meditation, which I didn't know much about in this, you know, very old place and you know, very typical of what Oxford has brought to the world. I think that was a very exciting experience and I have great memories about that place.

Grace Chou: That sounds amazing. Just to clarify for listeners, GTC is Green Templeton College, one of the many colleges at Oxford.

Thank you Nouss for taking the time to speak with us and share your insights and wisdom on impact investing sector in Africa.

Your passion really shown through, and it's inspired me to learn more about this [00:24:00].

Nouss Bih: Thank you very much Grace. It was a pleasure to be here and share with you.