

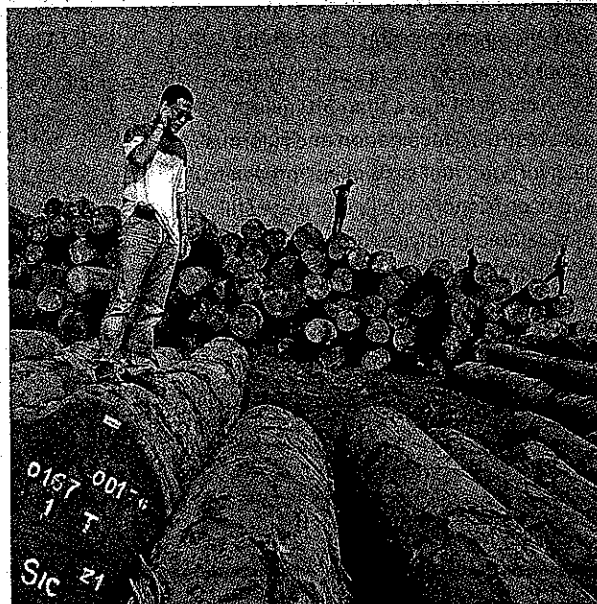
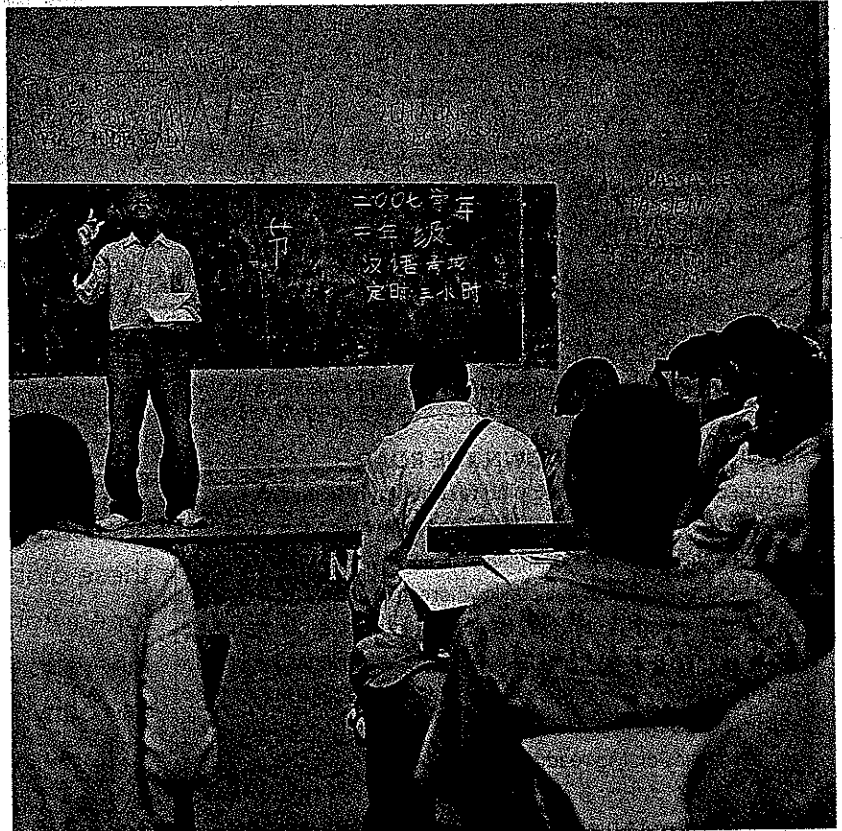
#6 Africa, Business Destination

BY ALEX PERRY

TOGO IS LIKE MUCH OF WEST AFRICA—small, poor and an occasional producer of sensational soccer players—but for the bank. Lomé, Togo's capital, is home to Ecobank, a 21-year-old pan-African retail and corporate bank that, according to CEO Arnold Ekpe, employs 11,000 people in 620 branches in 26 countries, with a balance sheet of \$8 billion.

Unlike a lot of other banks, Ecobank is expanding. It has opened 200 branches since 2006 and aims to set up in three more countries by June. What's more, it actually makes money: annual profits were up 47%, to \$191 million, in 2007 and up 32%, to \$104 million, for the third quarter of 2008 alone, the latest period for which figures are available. Even more extraordinary, it is managing to raise money in the "crunched" capital markets—\$700 million since August. Granted, the world's banks are in a historic crisis. That does not make any less arresting the thought that some of the best-performing bankers on the planet right now come from a place called Togo. "Warren Buffett is based in Nebraska," says Ekpe. "It's not where you are. It's what you do."

Up to a point. In Africa's case, the perception has long been that where you are renders all but irrelevant what you do. Africa is hopeless, a place of war and famine seemingly populated almost entirely by tyrants and children with flies in their eyes. According to this view, if Africa generates any kind of growth, it is in suffering—and in the overseas aid sent to address that, now a \$40 billion-a-year industry. Naturally, with a new appeal every year and a new disaster every other, some people have begun to wonder if all that money is doing any good. They argue that aid creates dependence, fuels corruption, undermines democracy and stifles development. They have written books with titles like *The Trouble with Africa: Why Foreign Aid Isn't Working* (by an ex-spokesman for the World Bank in Africa) and *Dead Aid* (by a Zambia-born former Goldman Sachs investment banker).



The New School
Jean de Dieu Malanga, above, studied in China in the 1980s. Now he works as a teacher and translates for Chinese workers at construction sites

Knock on Wood
A Chinese veteran of the French Foreign Legion, Philippe, left, exports logs from Africa to his homeland

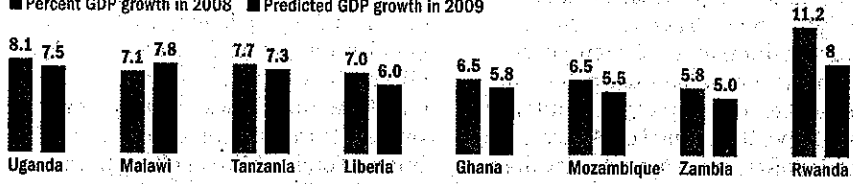
Photographs by Paolo Woods

Time Magazine: March 23rd 2009 - Pg 38, 39, 40.
Vol 173. No. 11, 2009

RISING SUN

Once a continent identified solely with hardship, many of Africa's countries now boast growing economies

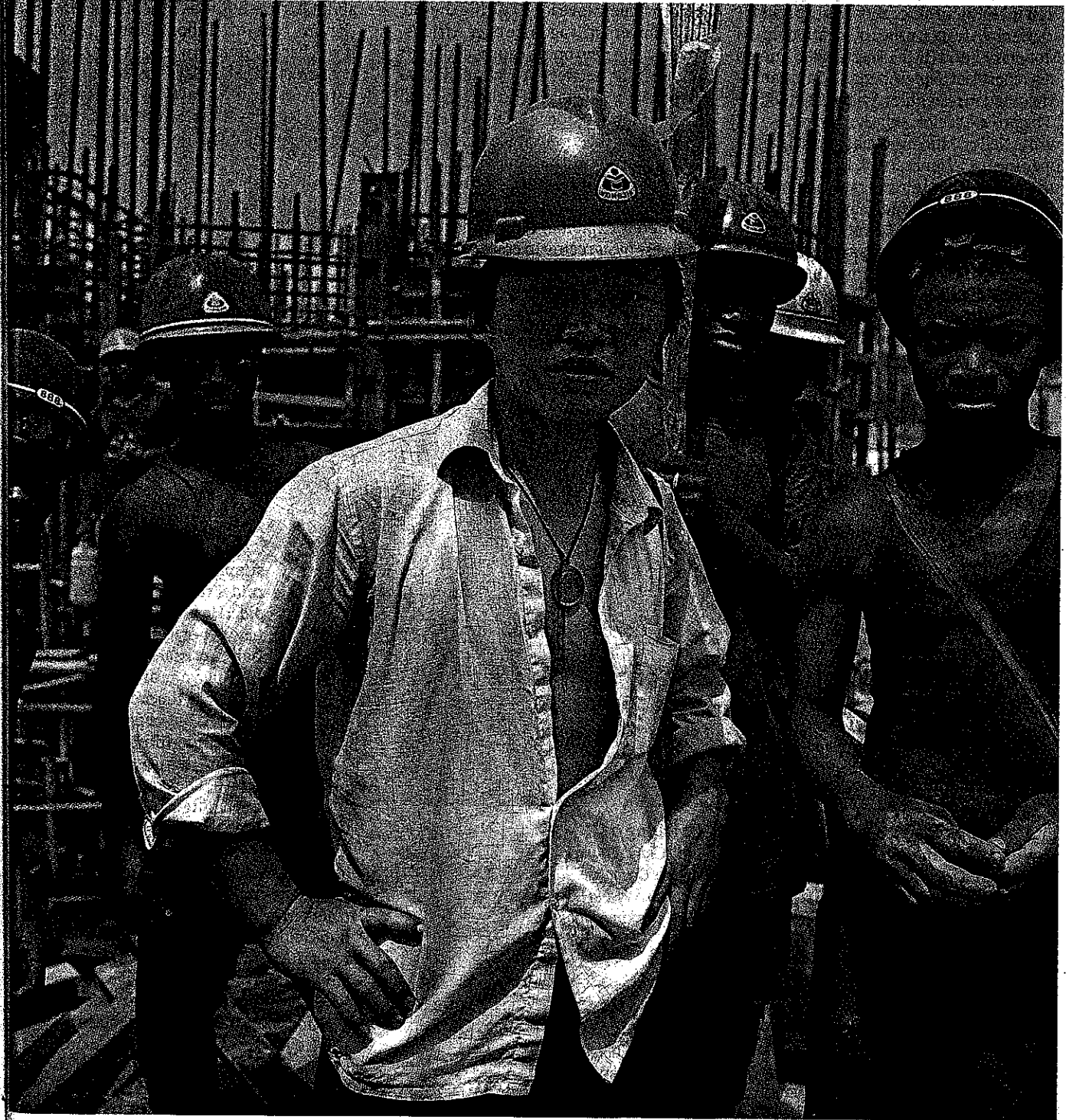
■ Percent GDP growth in 2008 ■ Predicted GDP growth in 2009



Sources: International Monetary Fund; Republic of Uganda; United Republic of Tanzania; Republic of Zambia; National Bank of Rwanda

China's Powerhouse

The Imboulou Dam, below, will double the availability of electricity to a large part of the Republic of the Congo



And that debate is important, no doubt. But it is drowning out a more significant development. Ecobank's success is not an isolated blip, and aid is no longer Africa's main source of foreign income. Africa is becoming a business destination.

In 2006, according to the Organization for Economic Cooperation and Development, foreign investment in Africa reached \$48 billion, overtaking foreign aid for the first time. That gap has only widened, reflecting a quadrupling of foreign investment since 2000. As the senior adviser in Africa for the International Monetary Fund (IMF), David Nellor, noted in a report last September, sub-Saharan Africa today resembles Asia in the 1980s. "The private sector is the key driver," wrote Nellor, "and financial markets are opening up." War is down. Democracy is up. Inflation and interest rates are in single digits. Terms of trade have improved. Crucially, said Nellor, "growth is taking off." The IMF puts Africa's average annual growth for 2004 to '08 at more than 6%—better than any developed economy—and predicts the continent will buck the global recessionary trend to grow nearly 3.3% this year.

Yes, Africa is still a continent of commodities—with its forests, oil fields and mines—and demand for commodities has plummeted. Yes, Africa still has its Darfurs, Somalias, Congos and Zimbabwes. But commodity prices are higher than they were in the 1990s. Most Africans are not middle class, but most also no longer live in extreme poverty. The World Bank says the percentage of Africans living on \$1.25 a day or less dropped from 59% to 51% from 1996 to 2005 and has decreased further since.

In an article for the online journal *allAfrica* in February, Oxford University economist Paul Collier and Witney Schneidman, who advised President Obama on Africa during his campaign, noted that Africa now offers the world's highest rate of return on investment. "Africa, usually the poorest performing region in the world economy, is now likely to be among the best performing," they wrote. "Moreover, the region has been largely immune from the current banking crisis... The continent's financial institutions did not venture into derivatives or sub-prime mortgages." Shanta Devarajan, the World

Bank's chief economist for Africa, says the current downturn might be unfair to the continent, since it is "not remotely Africa's fault," but it should not alter the underlying trend: "There has definitely been a transition in the last few years. The continent now has huge potential." Or as Stephen Hayes, president and CEO of the Corporate Council on Africa, puts it, "Africa offers more opportunity than any place in the world."

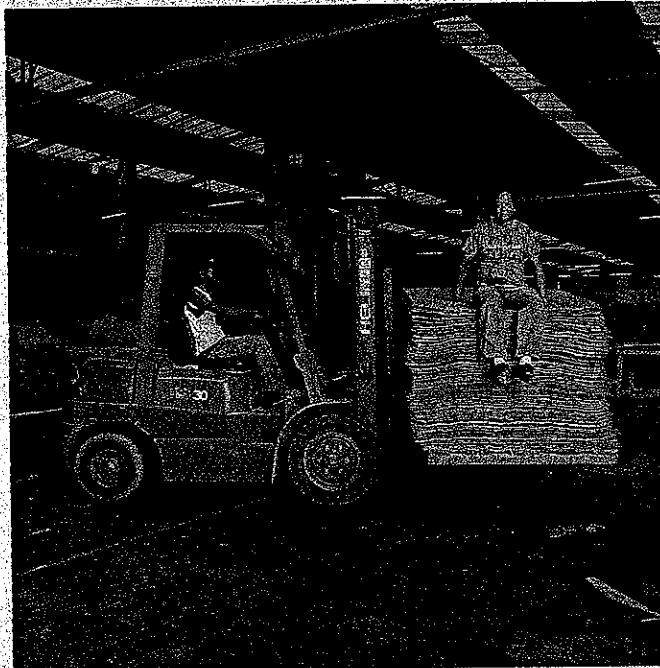
Perhaps the most compelling evidence that Africa is now a business destination is China's new love for it. While the old superpowers still agonize over Africa's poverty, the new one is captivated by its riches. Trade between Africa and China has grown an average of 30% in the past decade, topping \$106 billion last year. Chinese engineers are at work across the continent, mining copper in Zambia and cobalt in the Democratic Republic of Congo and tapping oil in Angola. Nor is this merely exploitative. China bought its access by agreeing to create a new infrastructure for Africa, building roads,

railways, hospitals and schools across the continent. The current crisis is not expected to affect China's march in Africa: on the contrary, with the West's plans in Africa on hold at best, Beijing views it as an opportunity to extend China's lead. "We will continue to have a vigorous aid program here, and Chinese companies will continue to invest as much as possible," Chinese Foreign Minister Yang Jiechi said in South Africa in January. "It is a win-win solution." Dambisa Moyo, who wrote *Dead Aid*, says those who need convincing about Africa should ask themselves if they are convinced about China, "because if you back China, you're backing Africa." Ecobank CEO Ekpe says part of the explanation for China's zeal for Africa is a new way of looking at Africans. "[The Chinese] are not setting out to do good," he says. "They are setting out to do business. It's actually much less demeaning."

And that gets to what, for Africans, is the emotional heart of the matter—and why joining the business world means so much. Though it rarely occurs to Westerners who've been instructed that Africa needs their help, charity is humiliating. Not emergency charity, of course: when disaster strikes, emergency aid is always welcome, whether in New Orleans or Papua New Guinea. But long-term charity, living life as a beggar, is degrading. Andrew Rugasira, 40, runs Good African Coffee, a Ugandan company he set up in 2004 to supply British supermarkets under the motto "Trade, not aid." He is emblematic of a new generation of African anti-aid, antistate entrepreneurs. For Rugasira, aid not only "undermines the creativity to lift yourself out of poverty" but also "undermines the integrity and dignity of the people. It says, These are people who cannot figure out how to de-

velop." Aid even manages to silence those it is meant to help. "African governments become accountable to Western donors," says Rugasira, "and Africa finds itself represented not by Africans but by Bono and Bob Geldof. I mean, how would America react if Amy Winehouse dropped in to advise them on the credit crisis?"

And if that's a striking inversion, consider another one. Look back at the African growth figures once more. Compare them with this year's forecasts for the developed world. Who's the basket case now?



Catching a Lift

New Chinese owners got this Congolese wood-processing plant working again

China in Africa

Paolo Woods has been photographing Chinese projects in Africa since 2007. Go to time.com/china_africa