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Special report:  
**Emerging Africa**

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## Africa rising

# A hopeful continent

**African lives have already greatly improved over the past decade, says Oliver August. The next ten years will be even better**

Mar 2nd 2013 | From the print edition

THREE STUDENTS ARE hunched over an iPad at a beach café on Senegal's Cap-Vert peninsula, the westernmost tip of the world's poorest continent. They are reading online news stories about Moldova, one of Europe's most miserable countries. One headline reads: "Four drunken soldiers rape woman". Another says Moldovan men have a 19% chance of dying from excessive drinking and 58% will die from



smoking-related diseases. Others deal with sex-trafficking. Such stories have become a staple of Africa's thriving media, along with austerity tales from Greece. They inspire pity and disbelief, just as tales of disease and disorder in Africa have long done in the rich world.

Sitting on the outskirts of Dakar, Senegal's capital, the three students sip cappuccinos and look out over a paved road shaded by palm trees where restaurants with white tablecloths serve green-spotted crabs. A local artist is hawking framed pictures of semi-clad peasant girls under a string of coloured lights. This is where slave ships used to depart for the New World. "Way over there, do they know how much has changed?" asks one of the students, pointing beyond the oil tankers on the distant horizon.

This special report will paint a picture at odds with Western images of Africa. War, famine and dictators have become rarer. People still struggle to make ends meet, just as they do in China and India. They don't always have enough to eat, they may lack education, they despair at daily injustices and some want to emigrate. But most Africans no longer fear a violent or premature end and can hope to see their children do well. That applies across much of the continent, including the sub-Saharan part, the main focus of this report.

African statistics are often unreliable, but broadly the numbers suggest that human development in sub-Saharan Africa has made huge leaps. Secondary-school enrolment grew by 48% between 2000 and 2008 after many states expanded their education programmes and scrapped school fees. Over the past decade malaria deaths in some of the worst-affected countries have declined by 30% and HIV infections by up to 74%. Life expectancy across Africa has increased by about 10% and child mortality rates in most countries have been falling steeply.

A booming economy has made a big difference. Over the past ten years real income per person has increased by more than 30%, whereas in the previous 20 years it shrank by nearly 10%. Africa is the world's fastest-growing continent just now. Over the next decade its GDP is expected to rise by an average of 6% a year, not least thanks to foreign direct investment. FDI has gone from \$15 billion in 2002 to \$37 billion in 2006 and \$46 billion in 2012 (see chart).

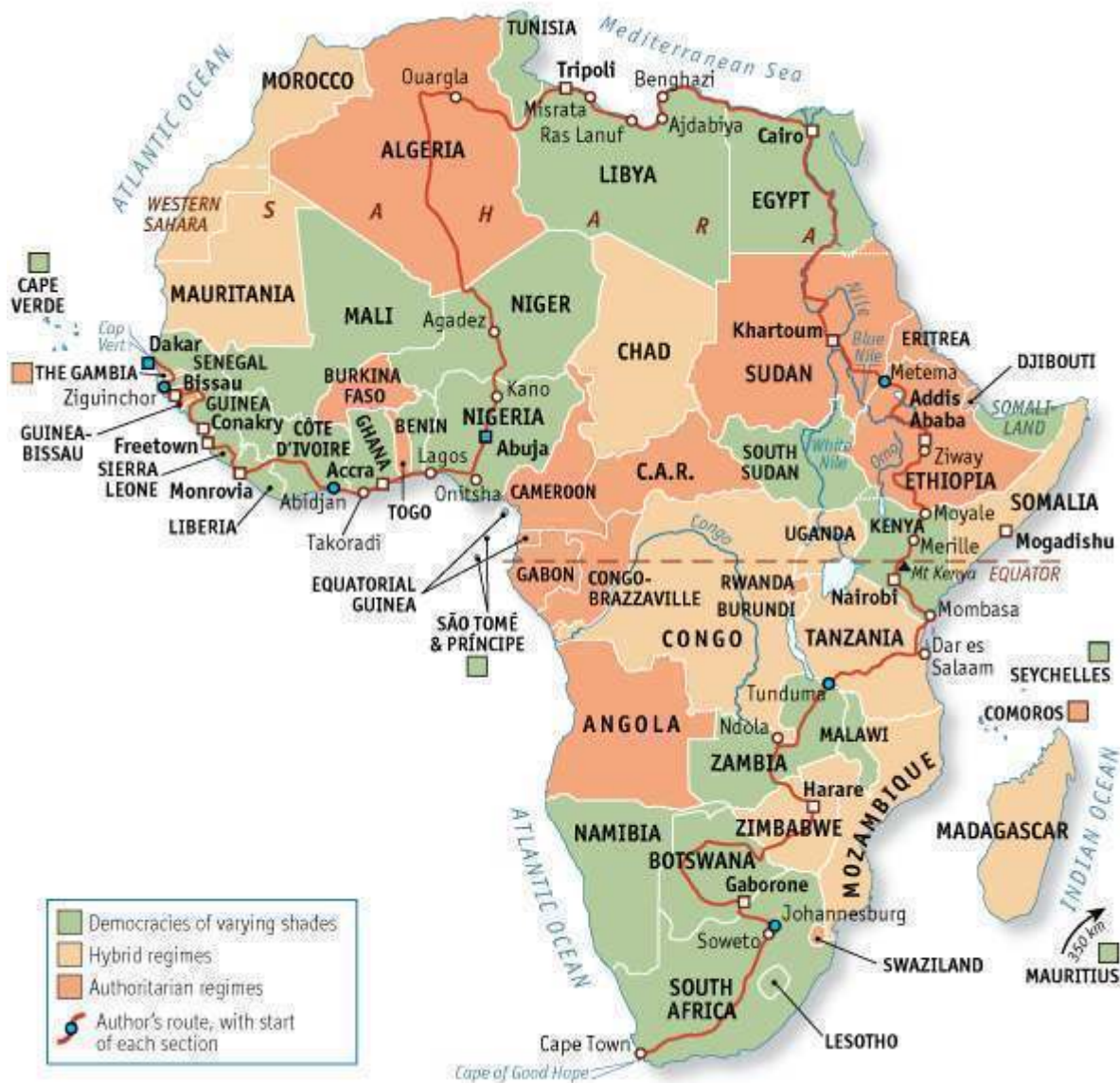
Many goods and services that used to be scarce, including telephones, are now widely available. Africa has three mobile phones for every four people, the same as India. By 2017 nearly 30% of households are expected to have a television set, an almost fivefold increase over ten years. Nigeria produces more movies than America does. Film-makers, novelists, designers, musicians and artists thrive in a new climate of hope. Opinion polls show that almost two-thirds of Africans think this year will be better than last, double the European rate.



Africa is too big to follow one script, so its countries are taking different routes to becoming better places. In Senegal the key is a vibrant democracy. From the humid beaches of Cap-Vert to the flyblown desert interior, politicians conduct election campaigns that Western voters would recognise. They make extravagant promises, some of which they will even keep. Crucially, they respect democratic institutions. When President Abdoulaye Wade last year tried to stand for a third term, in breach of term limits, he was ridiculed. A popular cartoon showed him in a bar ordering a third cup of coffee and removing a sign saying, "Everyone just two cups". More than two dozen opposition candidates formed a united front and inflicted a stinging defeat on him, which he swiftly accepted. Dakar celebrated wildly, then went back to work the next day.

Africa

- Democracies
- GDP and population



Source: The Economist

At the end of the cold war only three African countries (out of 53 at the time) had democracies; since then the number has risen to 25, of varying shades, and many more countries hold imperfect but worthwhile elections (22 in 2012 alone). Only four out of now 55 countries—Eritrea, Swaziland, Libya and Somalia—lack a multi-party constitution, and the last two will get one soon. Armies mostly stay in their barracks. Big-man leaders are becoming rarer, though some authoritarian states survive. And on the whole more democracy has led to better governance: politicians who want to be re-elected need to show results.

### Ways to salvation

Where democracy has struggled to establish itself, African countries have taken three other paths to improving their citizens' lives. First, many have stopped fighting. War and civil strife have declined dramatically. Local conflicts occasionally flare up, but in the past decade Africa's wars have become a lot less deadly. Perennial hotspots such as Angola, Chad, Eritrea, Liberia and Sierra Leone are

quiet, leaving millions better off, and even Congo, Somalia and Sudan are much less violent than they used to be. Parts of Mali were seized by Islamists last year, then liberated by French troops in January, though unrest continues. The number of coups, which averaged 20 per decade in 1960-90, has fallen to an average of ten.

Second, more private citizens are engaging with politics, some in civil-society groups, others in aid efforts or as protesters. The beginnings of the Arab spring in north Africa two years ago inspired the rest of the continent. In Angola youth activists invoked the events farther north. In Senegal a group of rap artists formed the nucleus of the coalition that ousted Mr Wade.

Third, Africa's retreat from socialist economic models has generally made everyone better off. Some countries, such as Ethiopia and Rwanda, still put the state in the lead. Meles Zenawi, Ethiopia's prime minister from 1995 until his death last year, achieved impressive gains by taking development into his own (occasionally bloodstained) hands. Others, such as Kenya and Nigeria, have empowered private business by removing red tape. Yet others are benefiting from a commodities boom, driven by increased demand from China, which has become Africa's biggest trading partner. Over the past decade African trade with China has risen from \$11 billion to \$166 billion. Copper-rich Zambia and oil-soaked Ghana are using full coffers to pay for new schools and hospitals, even if some of the money is stolen along the way.

Inevitably, Africa's rise is being hyped. Boosters proclaim an "African century" and talk of "the China of tomorrow" or "a new India". Sceptics retort that Africa has seen false dawns before. They fear that foreign investors will exploit locals and that the continent will be "not lifted but looted". They also worry that many officials are corrupt, and that those who are straight often lack expertise, putting them at a disadvantage in negotiations with investors.



So who is right? To find out, your correspondent travelled overland across the continent from Dakar to Cape Town (see map), taking in regional centres such as Lagos, Nairobi and Johannesburg as well as plenty of bush and desert. Each part of the trip focused on one of the big themes with which the continent is grappling—political violence, governance, economic development—as outlined in the articles that follow.

The journey covered some 15,800 miles (25,400km) on rivers, railways and roads, almost all of them paved and open for business. Not once was your correspondent asked for a bribe along the way, though a few drivers may have given small gratuities to policemen. The trip took 112 days, and on all but nine of them e-mail by smartphone was available. It was rarely dangerous or difficult. Borders were easily crossed and visas could be had for a few dollars on the spot or within a day in the nearest capital. By contrast, in 2001, when Paul Theroux researched his epic travel book, "Dark Star Safari: Overland from Cairo to Cape Town", he was shot at, forced into detours and subjected to endless discomforts.

Another decade from now a traveller may well see an end to hunger in some African countries,

steeply rising agricultural production in others, the start of industrial manufacturing for export, the emergence of a broad retail sector, more integrated transport networks, fairer elections, more effective governments, widespread access to technology even among many of the poor and ever-rising commodity incomes. Not everywhere. This report covers plenty of places where progress falls short. But their number is shrinking.

Wait for it

The biggest reason to be hopeful is that it takes time for results from past investment to come through, and many such benefits have yet to materialise. Billions have already been put into roads and schools over the past decade; the tech revolution has only just reached the more remote corners of the continent; plenty of new oilfields and gold mines have been tapped but are not yet producing revenues. The aid pipeline too is fairly full. The Bill and Melinda Gates Foundation alone has invested \$1.7 billion in Africa since 2006 but acknowledges that “it takes years and years to shift the system.” Some aid will be wasted, some new roads will remain empty and more than a few barrels of oil will be stolen. Yet whereas currently not even half of Africa’s countries are what the World Bank calls “middle income” (defined as at least \$1,000 per person a year), by 2025 the bank expects most African countries to have reached that stage.

As the hand-painted number 3 bus pulls out of Cap-Vert and travels through the streets of Dakar, the views, bathed in buttery late-afternoon sunlight, reflect aspects of Africa’s current triumphs and tribulations. On the left are new tenement buildings with running water for the urban poor. On a hill to the right stands a 160-foot (49-metre) bronze statue of a man with a muscular torso resembling

Mr Wade in his younger years on which he spent \$27m of public money. The bus leaves the capital behind and chugs on, passing craggy cliffs and flooded pastures, single-room huts and mangrove forests. Several hours later it crosses a muddy creek near the city of Ziguinchor, heading south towards Guinea-Bissau.

From the print edition: Special report

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## Guinea-Bissau, Guinea and Sierra Leone

# Tired of war

**Why fighting across much of the continent has died down in recent years**

Mar 2nd 2013 | From the print edition

THE HEADLIGHTS OF the bus pick out the wet figure of a soldier with a gun over his shoulder standing among droopy bushes at the first checkpoint after the border. He hurries out of the rain into the warm bus and almost as an afterthought announces he will escort it on the short journey through his country. “We will make a stop,” he says, “but nobody can get off.”

A few days earlier a group of military officers had seized power in Guinea-Bissau. This was nothing unusual: the tiny country of 1.5m has seen five coups in the past decade. No president has served a full term since independence from Portugal in 1974. But this rarely poses



Learning to live in peace

a problem for buses from Senegal to Guinea, the country's bigger neighbours, and then on to Sierra Leone and Liberia. The only change to the schedule today is that at the regular stop in the capital, Bissau, passengers may get on but not off.

The soldier wrings out his cap and says he is sorry for the inconvenience: "You know how it is." The locals nod, then start to harangue him. One shouts, "It's your fault it's raining." The passengers laugh. They blame the unruly armed forces for the lack of development. The occasional killings are bad enough, says the driver, but the corruption is even worse.

Political violence has undermined state institutions, kept away foreign investment, crippled health care and education and increased inequality. Guinea-Bissau fits the picture of an African state rendered dysfunctional by violent disorder.

Yet that picture has become less common. Several big conflicts across the continent have died down. In the past decade or so Angolans stopped fighting after half a million people died and Chad lapsed into peace after four civil wars. In Ethiopia and Mozambique wars ended a decade earlier. Violence is broadly in decline, even if it does not always feel that way.

The Small Arms Survey, a Swiss research project, says that measured by the number of violent deaths per person (including in wars) only two African countries rank among the world's leading ten, South Africa and Lesotho—though there may be some under-reporting. The number of armed conflicts in Africa has steadily declined from at least 30 at the end of the cold war to little more than a dozen today; the number of successful coups fell by two-thirds in the same period. In 2000 Robert Kaplan, an American commentator, predicted in a book called "The Coming Anarchy" that places like Africa would sink ever deeper into a violent morass. He was wrong.

Three major conflicts (defined by the Nordic Africa Institute in Uppsala, Sweden, as those with more than 1,000 deaths a year) continue, but even they may be getting closer to a peaceful resolution. Sudan is slowly sorting itself out after the south's secession in 2011. Congo's east remains violent, but elsewhere the country's main concern is poverty not war. In Somalia a coalition of international forces has brought peace to the capital, Mogadishu, for the first time in many years: building sites now outnumber bomb sites. Admittedly a new cluster of conflicts has sprung up around the Sahara. Islamic extremists are defying governments in Mali and elsewhere, but regional and Western powers are belatedly fighting back.

## Golden Guinea

After a brief stop on a shuttered street in a suburb of Bissau the bus reaches the border without incident. The stretch of road south from here was for a time the most deadly in all Africa. Child soldiers would taunt captives by asking, "short sleeve or long sleeve?" and then hack off arms either below or above the elbow. The region was a paragon of cruelty. But the worst of it has faded, thanks to war fatigue and a remarkably effective intervention by UN peacekeepers.



After an uninterrupted journey through wooded valleys the bus arrives in Conakry. The capital of Guinea sits on a narrow rocky peninsula stretching into the choppy Atlantic. The city is bursting at the seams and the traffic is jammed. Every alley is a retail space. Fishermen hang their catch on strings in the shade. Hilton and Radisson are building hotels for investors to stay in. House prices have taken off. International flights are packed, as are berths in the port.

After decades of misrule and military coups that severely impoverished the country, Guineans in 2010 elected the long-time opposition leader, Alpha Condé, as their president, who promptly clipped the wings of the generals. The defence ministry is now run by a lawyer.

The event that spurred the transition to democracy was the massacre in 2009 of 150 people in a sports stadium. The commander of the troops responsible for the atrocity was Colonel Moussa Tiegboro. He has been charged and evidently fears arrest: still in his uniform, he has nine security cameras outside his office. “I’d like to go abroad,” he tells your correspondent. Alas for him, that may not be practical: the International Criminal Court (ICC) in The Hague has started a preliminary investigation to build a case against him.

Conakry used to feel like a city under occupation. Today most checkpoints are gone, though nerves remain jangled. The government has responded heavy-handedly to opposition protests. The legal system is gummed up. Ethnic divisions persist, even in the national volleyball association. “Let’s say the glass is half full,” concedes a government minister.

Back on the overland road south to Sierra Leone the main obstacle is traffic. A border guard waves a queue of cars across the border with one hand, holding his mobile phone in the other. He is trying to calm down an irate girlfriend. “Oui, oui, chérie,” he keeps repeating.

Sierra Leone has seen a full decade of peace after an 11-year civil war that killed 50,000 people. Development is slow and most people remain poor. Rice is imported from Thailand at great expense because, despite fertile soil and plenty of rain, its own agriculture is too inefficient to produce enough. But at least violence has become rare. On average, fewer than a hundred people out of 7m are murdered in a year, according to official statistics—a fifth of the rate in New York. Private guns have been banned. Less than a decade after welcoming the world’s largest and perhaps most successful UN peacekeeping force, which collected many of the guns, Sierra Leone is secure enough to send blue-helmeted troops on a similar mission to Sudan.

These days its people rarely talk about the events of 1999 when rebels overran parts of the capital, Freetown, and killed 6,000 civilians in one swoop. Nimble war amputees playing football on the beach are among the few reminders. “It’s safe here but I’m hungry,” says one. In 2012 the (democratically elected) government said that GDP growth had soared



to 32%, thanks to iron-ore exports. IMF estimates are lower, but not vastly so.

Beyond Freetown, lush ridgelines slope down to the sea. Near a town called Devil's Hole, in a house surrounded by mango trees, lives Valentine Strasser, who as a 25-year-old army captain in 1992 seized power and became the world's youngest head of state. "Val," his mother yells, "you have a visitor." He staggers downstairs in cut-off jeans, reeking of booze. Captain Strasser—as he still likes to be called—has been sidelined. Yet other wartime leaders continue to hold positions of power, aiding rather than hindering stability, according to insiders. Desmond Luke, a former chief justice, is hopeful. "Descend into violence again? I don't think so," he says. "We have learnt our lesson."

### The ins and outs of war

What has changed to make Africa less violent? Three factors have played a part. First, after the end of the cold war two decades ago, America and Russia stopped propping up violent dictators simply to keep them out of each other's clutches. At first this brought more conflict as strongmen like Congo's Mobutu Sese Seko, an American protégé, fought for their lives, some with weapons from privatised Soviet armouries supplied by Viktor Bout, a Russian arms smuggler. But in the longer run lack of superpower support has deprived armies as well as rebels of the means to keep going.

Disarmament campaigns, like the one in Sierra Leone, proved useful

Second, Western attitudes have changed. Europeans in particular no longer turn a blind eye to gross human-rights violations in Africa. The creation of the ICC in 2002 marked a shift toward liberal interventionism, both the legal and the armed kind. Norwegian officials played a key role in negotiating peace in Sudan. British troops shut down Sierra Leone's war. Peacekeeping evolved into conflict prevention. The UN got better at intervening and at cleaning up afterwards. Disarmament campaigns, like the one in Sierra Leone, proved useful. A combined UN and African Union mission in Somalia started in 2007 made more progress than an American expeditionary force in 1993.

Third, some of Africa's wars burned themselves out. Most are conducted within countries, since ethnic rivalry has been the most common cause of conflict. Civil wars usually end when one or both sides become exhausted, often after many years. Radicalised during the 1960s, even the hardest rebels were tired by the turn of the century. When Jonas Savimbi, an Angolan guerrilla leader, was killed in 2002 after fighting for almost three decades, his men gave up. Political wounds have not necessarily healed but they are covered in scar tissue. Fighters as well as citizens grudgingly accept the status quo because they are sick of war; some of the time that is good enough.

Liberia, the next stop on the road south, knows this all too well. It went through two cycles of civil war, starting in 1989. Within a year a warlord named Prince Johnson killed Samuel Doe, a nasty dictator who had initially enjoyed and then lost American support. Fighters first sliced off Doe's ears while Mr Johnson looked on drinking beer, fanned by a woman in a nurse's outfit. The video cuts out after that, but the next morning Doe was dead. Fighting continued for another six years until

Charles Taylor, a rival warlord, was elected president. Not long afterwards lingering tensions sparked a second civil war. Liberians had a further six years of fight in them, but in 2003 the UN at last dispatched a large peacekeeping force which is still in the country today. With the help of the ICC Mr Taylor was indicted for war crimes committed in neighbouring Sierra Leone and recently sentenced to 50 years in prison.

Back in Liberia peace is still too tentative for prosecutions. The country is at rest now but not at peace. The government is democratically elected but feeble. The UN runs the security forces but knows that government offices are littered with war criminals: “A form of reconciliation,” quips a UN official. Mr Johnson, who tortured and killed Doe (as well as many others), is now a senator. Sitting in a traditional “palaver hut” in the garden of his villa and wearing a glittery green fez, he says, “I don’t think anyone should be prosecuted. The American civil war—who was prosecuted?”

Some of the fighters he once led in battle live nearby in a derelict building under a tarpaulin. Some were as young as five when he recruited them; now they are men with hard eyes and no jobs. And yet there is hope. They live harmoniously together in one compound with 200 fighters from other factions in the war. A 22-year-old who started killing at seven after losing his parents and only knows his nickname, Domination, explains: “We decided to let bygones be bygones. No revenge. It would be even more of a disaster.” But Liberia is still a far cry from Rwanda, which tried 400,000 genocidal killers in *gacaca* community courts, or South Africa, which pioneered the use of truth and reconciliation commissions.

Across the country violence still flares occasionally, but it is now perfectly possible to drive out of Monrovia, a city without traffic lights for want of a reliable power supply, and into the overgrown interior that was once terrorised by warring tribes of children. Broken tarmac with potholes large enough to bury a car leads to the border with Côte d’Ivoire. On the other side a miracle awaits: not only smooth paving but street lights that are casually left on even in daytime.

Côte d’Ivoire was once the pearl of the region. It foundered and brawled when France, the former colonial power, stopped supporting rule by strongmen in the 1990s, causing ethnic tensions to flare. Eventually fighters tired and held elections, and then fought again. In 2011 French forces intervened to bring back democracy. Abidjan, the country’s commercial capital and beating heart, is aglitter once more.

This may be the new pattern in Africa. Conflicts flare up—most recently in the Central African Republic—but usually less violently than before. Armed forces spend more time in their barracks, though ethnic and religious tensions remain. With the growth of market economies and the spread of democracy, land disputes and election fights flicker, then die down again. The continent is not quite at peace, but it is safer than it was.

From the print edition: Special report

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**Emerging Africa**

## Côte d'Ivoire, Ghana and Nigeria

# Bye-bye Big Men

**Governance in much of Africa is visibly improving, though progress is uneven**

Mar 2nd 2013 | From the print edition

LEAVING THE  
IVORIAN commercial  
capital, Abidjan, at  
7am, you run straight  
into what is known as  
the civil-servant rush  
hour. The president  
has decreed that



Infrastructure meets tradition

administrators must be at their desks by 7.30am, and most are. A Western ambassador says disbelievingly, “If you are five minutes late for a meeting, you have missed the first five minutes.” Having travelled to the office on elevated dual carriageways, civil servants leap into lifts and ride up to their desks on the upper floors of modern glass towers. Some sneakily keep an iPad or some other electronic gadget with which to while away the time.

Governance in Côte d'Ivoire is rarely as good as it looks. Bribes still solve problems faster than meetings. The opposition spitefully boycotted the most recent elections. Deep cleavages run across the political landscape. And yet the national accounts are in order, debts are coming down and new roads are being built. This is the picture in much of Africa. The allocation of power is becoming fairer and its use more competent, as in Ghana, though there is much more to do, especially in resource-rich nations like Nigeria.

African governments are beginning to accept the importance of good governance, not least for improving the lot of the poor. Rulers travelling on presidential planes strut their stuff at the World Economic Forum in Davos and declare their undying interest in “capacity-building”. Behind the jargon a remarkable change is taking place. The default means of allocating power in Africa now is

to hold elections, and elections are generally becoming fairer. Sceptics rightly bemoan voter fraud and intimidation, and plenty of polls are still stolen. But the margins of victory that autocrats dare to award themselves are shrinking. Indeed, quite a few have discovered, in forced retirement, that by allowing notional democracy they have started something they cannot stop.

Until 1991 it was almost unknown for a ruling party to be peacefully ousted at the polls. Since Benin ticked up a first in that year it has happened almost three dozen times. In many countries such an event cements tentative gains, as it did in Ghana in 1992 and again in 2000. Crossing the border from Côte d'Ivoire into Ghana, the visitor immediately becomes aware that democratic expression here is unrestrained. An election is under way and supporters of the ruling party and the opposition cheerfully line one side of the road each, holding megaphones and waving banners. Opinion polls put the two main parties neck-and-neck even though the present government has achieved impressive economic growth: GDP increased by 14% in 2011.

After a few hours on the road, just past the city of Takoradi, the country's economic turbo-charger comes into view. Pipelines run along the road and diggers make huge holes for storage tanks. A vast oilfield has been found nearby, but celebrations were muted. Ghanaians know that a resource bonanza can be dangerous and politicians may get greedy, so administrators are now being trained in handling a large influx of oil revenues. At a leafy campus with neatly trimmed grass on the outskirts of Accra, the capital, they learn about transparency, accountability and the intricacies of transfer pricing.

This stuff matters. Some of the biggest obstacles to better governance are not murderous tyrants but a lack of bureaucratic competence and a divided opposition. Ageing autocrats die eventually, but bad habits will not go away of their own accord. Robert Mugabe, Zimbabwe's dictator, now aged 89, could be deposed if rivals, with whom he has been forced to share power since the most recent election, were better at their jobs. Still, in neighbouring Zambia opposition politicians outmanoeuvred a tired government in 2011 and took office.

Luckily, competence is on the rise in Africa. White elephants are still being created, but are now generally designed to serve larger and more inclusive groups of people. South Africa's football stadiums built for the 2010 World Cup (pictured) are in that category, as are many new dams and airports.



Politicians and officials are learning new skills to run such projects. It is hard to quantify the change, but traipsing in and out of ministries across the continent builds up a measure of confidence. There are plenty of shortcomings and allegations of corruption, but in a fair number of African countries the bureaucracies are not far behind standards in, say, India.

Transport management in particular has become much better. A bus ride from Accra across three African borders in one day is instructive. Departing at sunrise, the 15-seater easily crosses into Togo where it passes well-run port installations and warehouses. An hour later it arrives in Benin. The driver ignores the outstretched hands of traffic policemen. After a few more hours the bus reaches Nigeria amid throngs of packed lorries on their way to Onitsha, Africa's largest market. Most of the bus passengers are professionals, including several telecoms engineers who commute weekly. All four countries have sensible transit policies and trade actively with each other.

White elephants are still being created, but now generally for larger and more inclusive groups of people

What has brought about this change? Across Africa both voters and leaders are better educated than they were even half a generation ago. Many of those in power are the first in their families with a university degree. Standards of political debate have risen thanks to better schools, modern media and the return of diaspora members who bring new ideas with them.

One lesson in particular seems to have sunk in: the need for solid and durable institutions. In the past, good practice all too often lapsed quickly after a change of incumbent. Foreign advisers ram home the need for institution-building. "Everyone is nagging us about it, from TB to Mo," says an Oxford-educated official, referring to Tony Blair, a former British prime minister who now runs an African governance initiative, and Mo Ibrahim, an Anglo-Sudanese telecoms billionaire who awards prizes for political leadership.

Size matters here. Benin is nicely democratic—it has more political parties than cities—but with a mere 9m people it carries little weight. Nigeria, on the other hand, has 160m, so along with Kenya and South Africa it sets the tone in regional meetings and institutions—and it still struggles to get things right. When the parliament's speaker needed a bit of extra cash before leaving office in 2011 (on top of more than \$1m a year he got in pay and expenses) he gave himself a \$65m government loan. He was charged but later acquitted.

Nigeria is famous for corruption, yet at issue is more than thievery. Members of the elite systematically loot state coffers, then subvert the electoral system to protect themselves. Everybody knows it, and a few straight arrows in the government talk about it openly. Perhaps half the substantial (but misreported) oil revenues of Africa's biggest oil producer go missing. Moderate estimates suggest that at least \$4 billion-8 billion is stolen every year, money that could pay for schools and hospitals. One official reckons the country has lost more than \$380 billion since independence in 1960. Yet not a single politician has been imprisoned for graft. The day that Nigeria works properly, the battle for Africa's future will have been won.

One step at a time

Such an outcome is not inconceivable. Take Lagos, the commercial capital, long a byword for chaos and skulduggery. The bus from Accra inches forward on an eight-lane bridge in dense traffic. The

last 30 miles take longer than the previous 300. The city is choking. Roads jam up daily. Commuters sometimes sleep in their cars. Businessmen schedule at most two out-of-office meetings a day. Built on a swamp by the Atlantic, Lagos spreads out unplanned. Two out of three residents live in wooden slums. Already home to 20m people, the city is expected to double in size within a generation. When most of the public infrastructure was built in the 1970s, the population was perhaps 2m.

But help is on the way. The governor of Lagos, Babatunde Fashola, has begun an impressive campaign to clean up the city. Yaba bus station, where the bus eventually arrives at 9pm, used to be full of pickpockets and rowdy vendors. Now there is an orderly queue for taxis. The Chinese are building a vast urban rail network. Public buses have been assigned separate lanes. When the governor heard they were being used by unauthorised vehicles, he strode out one morning and made a citizen arrest of a stunned colonel.

The governor is playing to the crowd, but why not? The transformation of Lagos is worth trumpeting. Its economy is now bigger than the whole of Kenya's. Tax revenue has increased from \$4m to \$97m a month in little more than a decade. Tax rates have stayed the same but the amounts being collected have risen dramatically thanks to the deployment of private tax "farmers" who get a commission.

Better governance is creeping beyond the metropolis. When your correspondent e-mails the governor of Ekiti state in impoverished central Nigeria he gets a reply within minutes, with the entire cabinet copied in and being told to assist with a visit. After a six-hour drive north, seven interviews across the capital, Ado Ekiti, are arranged in the space of a few hours. Cabinet members are mostly foreign-educated and highly motivated and have private-sector experience. A new employment agency sends out job advertisements by text message. All secondary-school pupils are getting free laptops with solar panels. All civil servants, including teachers, are tested annually; those who fail stand to lose their job.

To be sure, this sort of governance is still the exception. A visit to the capital, Abuja, another six-hour drive north flanked by red earth dotted with filthy shacks, is sobering. The seat of government moved here two decades ago to escape swampy Lagos; now it is as chaotic as the former capital. A programme to subsidise fuel alone cost the government \$6.8 billion in theft in three years (on top of the billions wasted on the market-distorting subsidy itself). Shady deals between officials and oil companies have swallowed an estimated \$29 billion in the past decade. Yet more than half of all Nigerians live on less than \$1 per day and get almost no electricity because the grid has collapsed.

Still, even Abuja is not without hope. Inside gleaming ministerial palaces dotted along new ring roads a band of reformers is at work. They are in a minority, but seemingly fearless. The central-bank governor has started cleaning up the financial sector. The finance minister, Ngozi Okonjo-Iweala (who recently published a memoir entitled "Reforming the Unreformable"), is reducing fuel subsidies and thus the scope for theft. A special task force in the president's office is



privatising electricity assets. The reformers have encountered strong opposition, as much from an understandably suspicious public as from the wily crooks who stand to lose out. The good guys are winning, but it will be a long time before they triumph.

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## Niger, Algeria, Libya, Egypt and Sudan

# Courage, mon brave

**Africa's centre remains poor and conflict-ridden, but activism is rising**

Mar 2nd 2013 | From the print edition

THE CONTINENT'S MESSY middle starts an hour north of the Nigerian capital. Drivers must stop at checkpoints every few miles and observe overnight curfews. On the outskirts of Kano, the main northern city, armed soldiers patrol the streets with



They deserve better

bayonets fixed to their barrels. The governor's office is a fortress, all roads around it blocked off with man-high concrete barriers. An Islamic extremist group calling itself Boko Haram ("Western teachings are sinful") kills hundreds of people a year with car bombs and in commando raids. The heavy-handed response of the security forces kills many more. The governor is proud of the new street lights he has installed, but the residents are furious because they see little of Nigeria's oil wealth.

Kano is on the edge of Africa's interior, which stretches from the dusty vastness of the Sahara desert, just to the north, down to the lush, fertile valleys of the Congo river and up to the Ugandan border. Tales of African woe published in Western media mostly come from this region.

In Mali Islamists hijacked an ethnic uprising last year and temporarily took over the northern half of the country, aided by a military coup meant to thwart them. Central African Republic rebels recently moved on the capital until they were invited into government. In South Sudan and Congo evidence of violence is everywhere: wrecked villages, maimed children, reports of mass rapes.

Everyone is at risk. A number of Westerners have been abducted in northern Nigeria and neighbouring Niger in recent years, and some killed. At the border a policeman counsels travellers

against going to Agadez, one of the few towns in central Niger's shrubby desert, "but you can try." The next day one of his colleagues in Agadez is even less encouraging. Asked about the route farther north, he tries to impound your correspondent's passport, cautioning that drug traffickers control the trade routes across the Sahara to the Mediterranean coast. He blames ethnic Tuareg, a nomadic people known for unwavering hospitality. Clothed in radiant blue robes, they clean sand-encrusted Toyota Hilux pickup trucks on Agadez's outskirts.

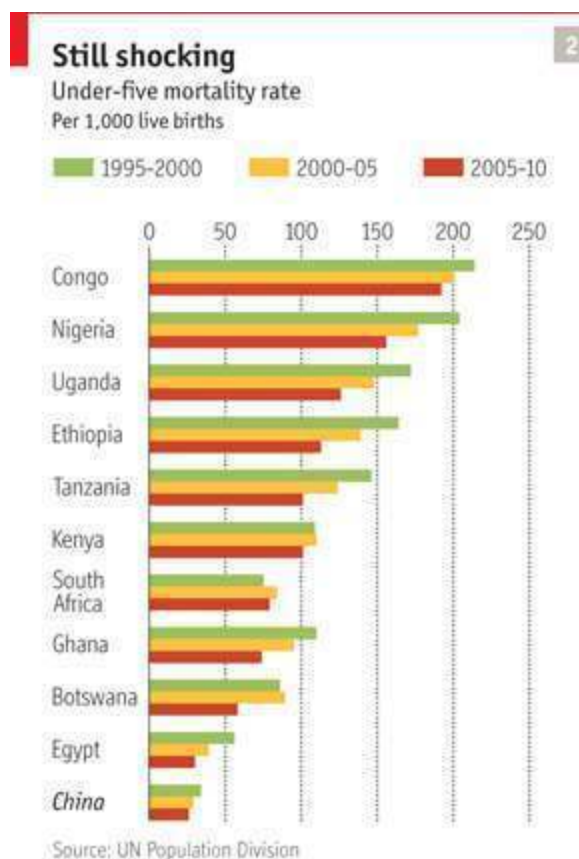
### Africa's hard heart

A drive on an unmade road into the Tuareg's desert heartland north of Agadez reveals a picture of immense poverty. Almost all the women have lost children, often more than one. The survivors are unlikely ever to set foot in a school: there aren't any. Instead they ride camels through the searing desert air, their stomachs bloated from malnutrition, as their parents watch with pride.

People in neighbouring countries are no better off. Locusts devour too much of what little food there is. Congo ranks last on the UN's global human-development index. The bottom ten countries on the index are all African, half from the centre. Literacy rates in the north-east of Nigeria are only a third of those in Lagos, the southern business hub. Fewer than 5% of the women can read or write. Income per person is half that in the south of the country, school attendance a mere quarter. No wonder Boko Haram can find recruits for its terror campaign.

The dire poverty is not due to a lack of economic potential. Most years Chad, Congo, Mali and Niger broadly keep up with growth rates in the rest of Africa. They have plenty of natural resources that, in theory, should earn them enough to provide basic services. Congo is stuffed with gold and other valuable materials; Chad has oil. But money does not trickle down from government coffers to the neediest.

The blame lies with war and bad governance, along with the detrimental side-effects of the resource trade. The story is slightly different in each country, but there are common elements. Rebels fight for better livelihoods; governments blame them for the closure of hospitals and businesses. Both sides try to get their hands on natural resources such as diamond fields or copper mines, ostensibly to pay for public services but first to buy weapons to keep the other side in check.



The poorest nations in Africa are landlocked. Practically all the fighting in Africa now is in the interior, except for Somalia, which is calming down. Kenya and a few others see occasional spats of communal violence, but none of it is sustained. As Paul Collier, a British doyen of poverty economists, has suggested, Africa's lot would be hugely improved if landlocked countries became less isolated. That means persuading neighbours to remove transport barriers. A lack of trade seems to spur violence and undermine governance.

The Tuareg drive right up to the border between Niger and Algeria, which consists of nothing more than a metal post and a sign in French beside a double row of tyre tracks in a sea of sand. They speed off a few hours later when two vehicles are slowly approaching from the other side in the midday sun. One belongs to a tourist company that conducts desert expeditions and another to the local gendarmes who insist on escorting the tourists. The men in uniform carry assault rifles.

Later, at a camp site with the lights kept low to avoid other armed men, the gendarmes recount tales of their desert patrols. Violence is common. Algeria has been fighting armed Islamists for two decades, though its civil war officially ended in 2002. More than 100,000 people have died, mostly in populated areas. "At least out here you shoot fewer bystanders," says one.

Algeria is besieged, both by terrorists and by its own government, which cancelled elections in 1992 and squashes dissent. Critics disappear into the prisons, where they are beaten and rarely allowed to see lawyers. State repression has eased somewhat, but the prisons are still full of people who should not be there.

Among the targets of repression are civilian activists, who are also the best hope of ending it. Working within the system, they have at times been successful where terrorists and foreign diplomats have failed. In Algeria they persuaded the government to curb some forms of torture, though beatings continue. "Change comes slowly," says an activist in Ourgla, a rocky university town close to the Tunisian and Libyan border, who does not want to give his name. "But it comes."

### Arab spring in the air

Activists across Africa share his hope. In Ghana, Nigeria and Senegal they have monitored polling stations during recent elections and collected results instantly using mobile phones, thus making it harder for politicians to cheat. In landlocked countries such as Niger such movements are slower to develop, but they are growing there too. Often the borderline between political participation and aid work and other occupations is fluid. What little health care there is in Nigeria comes from private groups. The biggest check on the government are journalists empowered by the internet.

Nowhere is the power of activist citizens more obvious than in the countries of the Arab spring ahead to the east. Libyans showed great courage by protesting in 2011 against the four-decade rule of Muammar Qaddafi and driving him out of his capital, Tripoli. Along the Mediterranean coast, the cities of Misrata, Ras Lanuf, Ajdabiya and Benghazi are now ruled by elected leaders who will write a

new constitution.

In neighbouring Egypt, post-revolutionary politics is trickier. One-time dissidents are divided between Islamists and liberals, who fear that the new government, led by the Muslim Brotherhood's Muhammad Morsi, may turn into another dictatorship. Tahrir Square, the focal point in 2011, remains a battleground for the young.

For the rest of Africa, however, the Arab spring is a beacon of hope. People talk about it from Cairo to Khartoum and beyond. The Sudanese capital, ruled by generals, has recently seen several waves of protests. Salih Osman, a lawyer and former MP who fell out with the authorities, insists that "we want a change of government by any means except a coup." Incarcerated for years for demanding democratic elections, he shared a cell with the country's most prominent Islamist, Hassan Turabi, who also opposed the government. They argued fiercely yet got on so well that on their release they convinced their respective political parties to form a coalition. "We want a broad public uprising," says Mr Turabi. "Look, even the Egyptians had a revolution. Their ruler was like a pharaoh but he is gone now. Sudan can follow."

Similar sentiments have inspired demonstrations in downtrodden places from eastern Sudan, near the Ethiopian border, all the way to Uganda, Angola and Burkina Faso. Few have achieved concrete results so far, but they are adding pressure on governments to do a better job.

From the print edition: Special report

Special report:  
**Emerging Africa**

## Ethiopia and Kenya

# Doing it my way

**An ideological competition between two diametrically opposed economic models**

Mar 2nd 2013 | From the print edition

ETHIOPIAN  
BORDER  
GUARDS at  
the arrivals  
terminal in  
Metema check  
every passport  
against a



Ethiopia ploughs on with state control

handwritten list of undesirables to be kept out. This a country in which the state knows best. That may be tiresome for visitors, but it has made Ethiopia one of Africa's development stars. A newly built road leading away from the border is surrounded by intensively farmed fields of sesame, Ethiopia's second-biggest export after coffee. Golden bundles of harvested stalks sit on fields flanked by streams. It is a long time since famine-struck 1984, when Bob Geldof sang about the country "where nothing ever grows / No rain or rivers flow / Do they know it's Christmas time at all?"

Now it is Christmas time in Ethiopia, up to a point. The country has a state-backed policy of boosting the economy and alleviating poverty, carried out by officials with near-dictatorial powers. Markets and foreign investors are allowed but mistrusted. The model borrows from China and is conceived as a rejection of Western free-for-all capitalism. It claims to nurture local employers and protect them from Wall Street predators. The government talks vaguely about moving to a liberal democracy in the future, but that is a long way off. The economy comes first. Meles Zenawi, the country's late prime minister, developed a vision for the country of 85m that focuses mainly on improving its agriculture, which accounts for 46% of GDP and employs 79% of the workforce.

Some neighbours are following Ethiopia's state-led development model, most notably Rwanda. Yet other African countries are taking the opposite approach. They have scaled back the role of the state and liberalised markets, embracing a Western model. Kenya, which proudly proclaims itself the homeland of the American president, leads the pack. It has attracted worldwide attention with its successes in telecoms and banking.

So which camp is doing better? The answer is not as straightforward as might be expected. The Ethiopians are more competent at running a big state than, say, the Soviets were. In the late 1990s they methodically set out their goals and have been implementing them with great discipline ever since. They co-ordinate efforts across the country and among departments. Officials monitor progress and change course if necessary. They welcome outside advice and manage to keep corruption remarkably subdued for such a centralised system.

This has produced impressive development gains. Ethiopia has gone from having two universities to 32 in two decades. It has put schools and clinics in most villages. According to foreign donors, infant-mortality rates have fallen by 40% since 2000 and under-five mortality rates by 45%. Ethiopia is still poor: income per person in 2011 was about \$400, well below the sub-Saharan average of \$1,466. But it has improved rapidly from a very low base, in part thanks to the efforts of the state and its sometimes unorthodox allies.

The official Agricultural Transformation Agency, which aims to raise farm productivity as well as farmers' share of profits, is led by Khalid Bomba, a former Wall Street banker and staffer at the Gates Foundation. He says Ethiopia may become self-sufficient in food in less than five years, not least because it has amassed the biggest livestock population in Africa, with 50m head of cattle. Mr Bomba's officials teach husbandry and planting techniques; they also organise co-operatives, distribute seeds, plan irrigation schemes and provide price information.

The results are plain to see. Travelling on the road south-east from Metema, a driver from the capital, Addis Ababa, makes an unannounced stop in a village and has a quick conversation with a farmer by the roadside. Then he drives off abruptly. "I was trying to buy a bag of grain for my wife but it's no longer a good deal," he explains. "It used to be 60-70% cheaper out here. The problem is these guys now all know the price in the city."

Other parts of the economy have been transformed too. The driver is travelling on a smooth tarmac road following the Blue Nile, part of a nationwide roadbuilding programme. It was built in response to the 1980s famine, when plenty of food was available in fertile regions but did not reach the hungry. Alas, the road is mostly empty, with more cows than cars, even though this is the main highway for a region of 18m people. Restrictions on private enterprise are to blame. The government wants farmers to stay on the land rather than try their luck in the city where they might end up in slums and become disgruntled.

Critics have long asked whether Ethiopia's success story can be believed. Even supporters do not

have much faith in official numbers. Annual productivity gains in agriculture are probably not 5-6%, as the official statistics suggest, but more like 2-3%, though that is still impressive. An insider says: “Officials are given targets and then report back what superiors want to hear.” International experts are suspicious of the GDP growth figures of 11% flaunted by the government. They say the actual growth rate is only half that, around 5-7%—which is still respectable.

Critics also ask how much of the country’s economic growth reaches the poorest. To find out, your correspondent hired mules in the central highlands to trek to a series of remote villages at an altitude of 12,000 feet (3,660 metres). Rain lashes lean cows in the dying light as they return from mossy pastures above the treeline. Villagers herd them into straw huts perched atop a deep gorge and tie them up beneath beds mounted on wooden stilts next to an open fire. They are joined in the smoky, dark hut by goats, horses and chickens, all easy prey for jackals and hyenas if left outside overnight. Scientists say people have lived here like this for millennia, and think the region’s deep erosion gorges stem from deforestation caused by early farming.

Today villagers are as cut off as ever. The nearest paved road is several days’ walk away. However, in the past decade they have started receiving government support for the first time. A small state school now offers eight years of education and nurses provide basic health care. “A great gift for us,” says an old woman hunched over a fire. Yet what the government has given it is now threatening to take away again. Huts may be taken down, officials say, to make room for a national park that will earn income from tourists.

### The trouble with a big state

The Ethiopian model—competent generosity combined with draconian controls—has run into trouble on several fronts. First, its finances are not working. Inflation reached 40% in 2011. It has now come down to around 15%, but at the price of choking off growth. Addis Ababa is full of half-finished buildings whose owners have run out of money. Foreign-exchange controls keep out much-needed imports. Dollar transfers are compulsorily converted to Ethiopian birr, as your correspondent found out when *The Economist* wired money from London.

Inflation is kept high by lavish state spending. Vast sums are pumped into roads, schools and hydroelectric dams, but Ethiopia cannot afford this largesse. Interest rates are kept low to reduce borrowing costs, but that discourages saving, exacerbating the shortage of capital. The government gets round this by obliging all banks to divert at least 27% of their loan book to the government. Every fix requires a further fix, though recent oil finds along the country’s southern periphery may eventually change that. The government also hopes new dams will turn it into a regional electricity exporter. But none of this will happen soon.

Nor would it solve Ethiopia’s other big problem. Keeping a large part of the workforce in agriculture is unsustainable in a population that has been almost doubling every generation. Farming communities tend to have high birth rates, and Ethiopia’s, at 4.5 per woman, is at the upper end of



the African spectrum. This causes intense pressure on land. The average family plot has shrunk to one hectare, not enough to live well. In the half-mile-deep Blue Nile gorge, terraced fields of wheat, barley and teff (a grass with edible seeds) cling to steep hillsides. Every tiny outcrop is farmed by smallholders.

What Ethiopia needs is urbanisation, which generates new jobs and brings down family size. That requires capital, usually foreign capital. Setting aside their distaste for outside investors and their fear of losing political control, Ethiopian officials have tentatively encouraged private-sector development and a shift toward industrialisation.

Only some of this is working. About 80% of supposedly private business belongs to conglomerates controlled by state loyalists. The late prime minister's wife runs the main one, EFFORT, which dabbles in everything from banking and shipping to metals, travel and cement, all without public scrutiny. Foreign investors are showing interest, seeing Ethiopia as potentially Africa's fourth-biggest economy after South Africa, Nigeria and Angola. Travelling south from Addis Ababa the bus passes an Israeli strawberry farm that sells delicious produce by the side of the road. The strawberries come in 500g clear plastic containers just as they do in European supermarkets, where most of the harvest is heading. Some 600 fruit-pickers scramble through tunnels of polythene sheeting to pack the strawberries off to the airport. Farther south in Ziway, Sher Flowers, a Dutch firm, has built greenhouses covering many square miles and employs 12,000 people to grow long-stemmed roses.

But the road also passes the empty buildings of a dozen failed chicken farms. A few years ago foreign investors rushed into Ethiopia to lease agricultural land for commercial farming but encountered a series of obstacles. Land-lease periods were reduced retrospectively from 100 to 50 and then to 25 years. The government often seizes land to hand to investors, rarely consulting or compensating the residents, who are resettled without any say in the matter. Sometimes security forces are deployed to clear land. Army units are accused of beating, raping and torturing villagers who refuse to leave. Some of them fight back. Along the Omo river near the Kenyan border local tribes are battling against a sugar plantation on land they used to inhabit. Fighters wearing body paint and lip rings sit under an acacia tree holding their AK-47s. On December 28th government forces killed 147 of them. Would-be Western investors understandably worry about becoming implicated.

Manufacturing does not look a much safer option. An industrial park south of the capital, built with Chinese help, stands mostly empty. Workers say only 2,000 of the planned 20,000 jobs have materialised. Investors complain about the lack of skilled labour, logistics links and networks of local suppliers.

Further liberalisation is urgently needed in Ethiopia. Banking needs to be unshackled to provide capital to genuine private enterprises. Ethiopian Airlines, the country's flag-carrier, ought to face domestic competition. Telecoms needs wholesale reform to reap the benefits of the mobile

revolution. The phone company has a monopoly because the government fears that modern technology will help the opposition, mindful of the role of Facebook in the Arab spring. It maintains strict controls and, alone in Africa, has nationwide internet filtering. As a result Ethiopia has one of the lowest rates of internet and mobile-phone penetration on the continent.

One of the country's leading economists reckons that "they have to open up fully to foreign investment or they'll hit a wall. The model as it is now is unsustainable." Meles Zenawi tried to make central control work, hoping to remove bottlenecks one at a time, but he found it hard. In the seven months since his death the cronies who succeeded him have done no better. They are wedded to his vision but struggle to implement it.

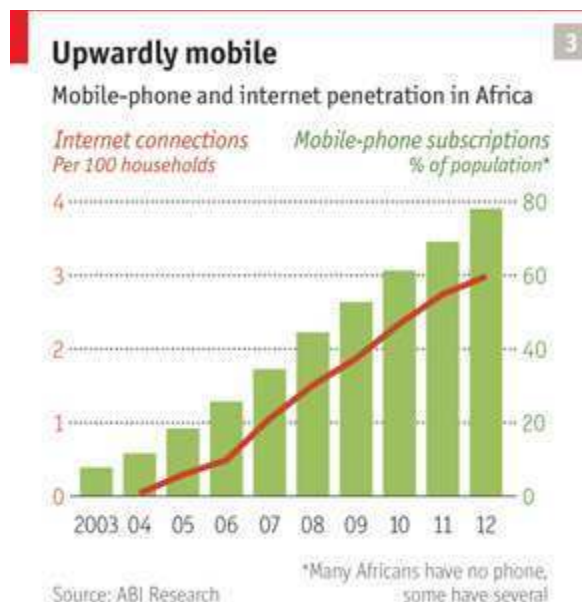
The rough and tumble of the market

Neighbouring Kenya is much closer to the American model of capitalism. Its state has got smaller. Indeed, crossing the border at Moyale it is hardly noticeable at all. Kenyan immigration checks are lax to the point of being a welcoming ceremony. The town is a gaggle of unkempt buildings. None of the roads is paved and many have been washed out by rain. Hotels have multiple metal gates. The receptionist advises being indoors by 8pm. Kenya's north has a history of bloody tribal fighting.

But what Moyale lacks in security it makes up for in commercial and political vigour. Half a dozen phone companies vie for customers. Voters queue at registration posts ahead of an election. Politicians with loudspeakers make fiery speeches attacking the government, complaining that all electricity in Moyale is imported from Ethiopia. "Can we not produce our own?" they ask. It seems not, but unlike Ethiopians they can complain about it.

The next day a driver with muscular forearms steers his lorry over deep ruts on a dirt track. The 237 miles from Moyale south to Merille, traversing a featureless desert of black volcanic rock, is the longest unpaved stretch of road your correspondent traversed to cross Africa. Unmade sections in Liberia and Niger are shorter; everywhere else is paved. But even here, bumping along, all manner of goods and people are on the move, throwing up sheets of dust. Growth in intra-African trade has increased vertiginously in the past decade from a low base.

Near the equator and Mount Kenya the land becomes fertile. Farmers sell meat, grain and flowers by the side of the road. But Kenya's farming population now accounts for less than half of the total. Urbanisation is in full swing. Messy but productive slums on the edge of cities are growing fast. The availability of cheap labour has contributed to GDP growth of 5-7%—roughly on a par with what



Western economists reckon is Ethiopia's actual rate, though the official figures are twice as high.

Kenya cannot rely on income from commodities, any more than Ethiopia can. But unlike its northern neighbour it rarely interferes in markets. Following the election in 2002 of President Mwai Kibaki, who is close to business, the state withdrew from many sectors. It ended price controls and disbanded ineffective coffee and cotton marketing boards. It liberalised foreign-exchange markets and brought in judicial reforms to speed up the resolution of commercial disputes. Some spending decisions on infrastructure will be devolved to local communities.

A main beneficiary of liberalisation has been the technology sector. Mobile-phone penetration is four times that in Ethiopia. The World Bank estimates that mobiles have added 1% a year to Kenya's GDP growth since 2000. One in two Kenyans uses the internet. Google, Intel, Microsoft, Nokia, Vodafone and IBM are big investors.

Banking has also done well out of a more liberal regime. The number of account-holders has risen from 1m to 20m in the past ten years, and non-performing loans have dropped from 20% to 3%. Finance has become much more diverse. Equity Bank has opened up traditional financial services to the masses, scrapping high fees and minimum deposits. Some 100,000 informal savings groups, known as merry-go-rounds, have sprung up. But the most important innovation has been mobile banking, introduced in 2007 by a local phone operator, Safaricom. More than a third of Kenya's GDP now flows through M-Pesa, its phone-based money-transfer service. It has five domestic competitors. Late last year Safaricom launched M-Shwari, a mobile savings-and-loan scheme using market interest rates.

### Come to Silicon Savannah

The combination of modern technology and ample capital has allowed entrepreneurship to flourish. Start-ups populate what is known as Silicon Savannah in the west of Nairobi, the capital. In an airy loft space on Ngong Road, a few minutes' walk from its biggest slum, nine internet start-ups are pitching to potential investors who have \$50,000 to spare. Groups of 20-somethings explain how they will make it possible for tenants to pay rent for their apartment on the phone or trade second-hand clothing. They speak a language their farmer parents might find confusing, with talk of "seed funds" and "ecosystems".

To be sure, Kenya has problems. Its elections are free but can be violent. Child and maternal mortality remain stubbornly high. The port in Mombasa is a big bottleneck, thanks to corrupt politicians who block reforms. Crime, corruption and favouritism are rife. The political class is still venal.

Even so, Kenya has the basics right: it is empowering individuals, involving them in important decisions such as the allocation of capital, which in turn attracts more capital from the outside world. The surest sign of success is the emergence of a middle class. A good part of the new riches is

trickling down to ordinary people in Kenya.

That puts the country in the vanguard of a pan-African trend. The African Development Bank sees consumer spending across the continent almost doubling in the next ten years. It says the share of households that can afford some discretionary spending is set to grow from 35% in 2000 to 52% in 2020. The consuming class is attracting Western shopkeepers. A subsidiary of Wal-Mart has 300 shops in 14 African countries. Paul Kavuma, who founded Catalyst, a private-equity fund in Nairobi, explains that “a few years ago we didn’t think there were consumers in Africa. Now that’s all we are looking for in investments.”

Kenya’s bet on market-led development has made it the leader in the East African Community, a regional five-country block that has freed up the movement of goods within that grouping. More than half of Kenya’s trade is now with other African countries. Uganda, which has replaced Britain as its biggest trade partner, is combining border checks with its neighbour’s. Yet crossing into Tanzania south of Mombasa the formalities still take half an hour.

The influence of Kenya’s mobile technology is easy to spot. At a bus station an attendant changes dollars into Tanzanian shillings, having checked the latest exchange rate on his phone. Fishermen out at sea use their mobiles to check prices for their catch before deciding where to land their boats. On a journey of nearly 600 miles across the country from Dar es Salaam, the commercial capital, to the Zambian border, the phone signal never falters, and every town has mobile broadband internet. Had there been a hotel in Tunduma, the border village, it could have been booked online. But the only place available is a sticky room with a broken television, welded into a metal case to thwart thieves.

From the print edition: Special report

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Special report:  
**Emerging Africa**

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## Zambia, Zimbabwe and Botswana

# The wealth beneath

**Commodities are potentially the biggest threat to Africa's future**

Mar 2nd 2013 | From the print edition

FROM BEHIND THE wheel of an air-conditioned car on the Great North Road bisecting northern Zambia it is easy to argue that Africa can be wealthy and well-governed. The country's road system is so good that many visitors hire a car and drive themselves. The police are benign and rest stops are plentiful. The same goes for much of southern Africa. Lines of tarmac unspool in all directions across fertile savannahs and open deserts.



Most roads have been financed with what is found below them: a wealth of minerals and metals. Ever since the arrival of Cecil Rhodes more than a century ago, local miners have generated immense wealth and inspired successive eras of Afro-optimism. From colonial railways to modern airports, public infrastructure would not exist without this wealth of resources.

In the central province of Copperbelt, a day's drive south-west of the Tanzanian border, copper has been mined since 1895. Puffing smelters and hill ranges of slag loom over towns. High-voltage power lines and dual carriageways cut up the countryside. "My firstborn wants to be a lawyer," says a father of three who guards a mine. "I think it's possible."

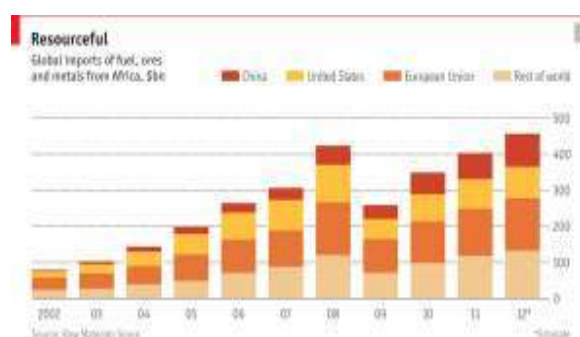
National copper production recently broke a four-decade-old record, generating enough revenue for the government to announce the building of two new power plants and three new universities. Government income from mining levies increased by 25% in 2012. Across the continent, official budgets are being buoyed by resource revenues. Commodities are estimated to generate one-third of Africa's GDP growth, not counting indirect benefits. Many expatriate miners, especially Chinese, eventually move into other occupations, spreading skills, contacts and capital more widely. Chinese

vendors, for example, have come to dominate Zambian chicken markets.

The Chinese have rushed to Zambia before. During an earlier commodities boom in the early 1970s Mao Zedong financed a railway line from Tanzania. But the gains petered out, mismanaged by officials on both sides of the border. This time may be different. No African resource boom in the past has ever coincided with democratisation. In the 1970s socialists and autocrats held sway. When elections became more widespread in the 1990s, commodity prices were depressed and there was no money to invest. Now for once everything is coming together. Democracy in Zambia and elsewhere is flourishing, prices are high and economic management is improving.

Africa's economy is not all about commodities. That became clear during the 2007-08 financial crisis: African growth rates did not dip as much as those elsewhere because domestic demand held up. But the continent cannot insulate itself from the world economy altogether.

In Zambia just now all eyes are on copper, which makes up 80% of the country's exports. One Canadian mining company, First Quantum, generates 15% of the country's tax take. Agriculture at best ticks over, and the government is committing itself to ever more expensive projects such as highways in remote areas. What happens when world demand for copper falls and prices drop from recent record levels? Ndola, the capital of the Copperbelt, knows the answer. Only ten years ago, in between booms, Ndola was a ghost town. The grand but run-down Savoy hotel, built in the 1970s, was closed for a while. Even now that it has reopened the owners refuse to renovate. Who knows how long the current boom will last?



Many African countries have come to rely on incomes inflated by the commodities boom

Commodities, famously, are a mixed blessing. Many African countries have come to rely on incomes inflated by the boom, raising unrealistic expectations. Their leaders nervously watch prices on international markets. Moreover, too much wealth in the ground makes elites greedy. Neighbouring Zimbabwe is a prime example. It telegraphs its misery ahead. Before taking his bus to the Zimbabwean capital, Harare, a driver buys cheap Chinese shoes in a Zambian shopping mall and hides them in bags to smuggle them across the border. On the other side they are a rare luxury item.

Peanuts and diamonds

Zimbabwe's economy has collapsed, along with its currency. Shops use dollar bills. In the absence of American coins, they give out bags of peanuts instead of change. The country's GDP is pretty much the same as it was three decades ago, despite extraordinary mineral wealth. The ground is full of bauxite, coal, diamonds, gold, platinum and nickel. Mining is still going on, but is of little benefit to

ordinary people. Diamond mines are run by security forces to prop up the party of Robert Mugabe.

Many foreign investors stay away, not least because they fear nationalisation. The government claims to be “empowering” the nation by taking stakes in foreign- and white-owned businesses. It started with farms more than a decade ago and now interferes with almost all sectors of the economy. Savior Kasukuwere, a cabinet minister, is happy to invite your correspondent to a meeting where he personally requisitions a stake in Mimosa, a subsidiary of a company listed on the London Stock Exchange.

Even in benign hands commodities can be problematic. Zimbabwe’s neighbour Botswana is Africa’s oldest functioning post-colonial multi-party democracy, and income from diamond mining is spread widely enough to provide almost half the population with middle-class lives. But all mines eventually run out, and Botswana’s may have less than two decades to go. The government has already taken action to deal with that, persuading De Beers, the world’s biggest diamond firm, to move its global trading operation from London to Gaborone, Botswana’s sleepy capital. Long after the last domestic mine shuts down, teams of Botswanans will still be sitting in a hermetically sealed room near the airport, sorting buckets of diamonds flown in from across the globe. Nonetheless, many African governments find it hard to diversify their economies. It is too tempting to make the most of commodities while the going is good.

From the print edition: Special report

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Special report:  
**Emerging Africa**

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**South Africa**

# Cheerleaders and naysayers

**Who is making the right call about Africa's future?**

Mar 2nd 2013 | From the print edition

OVER THE PAST decade the government of South Africa has used mining revenues to refurbish Soweto, the emblematic township of the apartheid era. The roads are spotless, police patrols offer a measure of safety, children go to school. But their parents have no



Open for business

jobs. Many spend their days at the Maponya Mall, a shopping centre straight from the rich world, and their nights in shebeens, private drinking dens that first opened when blacks could not legally visit bars. The official national unemployment rate is 25%, but the real figure is above 40%.

If there is one country that exemplifies the challenges awaiting Africa as it becomes richer and more developed, it is South Africa. It has the biggest economy and the most developed democracy among the larger African countries. However, it is also among the most unequal. In a global ranking by Gini coefficient, a measure of income inequality, South Africa comes off as one of the worst (of a generally bad bunch). The South African economy is growing and welfare spending has brought down absolute poverty levels, yet the gap between rich and poor is now wider than under apartheid. There are many reasons for this, but the main one is the country's failure to move up the economic-development ladder. Industrialisation has stalled. Sedated by mining income, politicians and voters see little need to make difficult adjustments. Above all, they are unwilling to free up labour markets.

The rest of the continent must learn its lesson from this. Resource income is useful but it cannot replace other industries. Many countries know this but, like South Africa, they fail to create an environment in which businesses can prosper and create jobs. African economies differ



fundamentally from some of their successful Asian counterparts, which for decades have focused on making things that other countries want to buy, and are now doing the same for services. If Africa wants to emulate Asia, it needs to give a higher priority to manufacturing.

Will it? Fee-hungry bankers in Johannesburg, South Africa's business capital, pronounce the continent "ready for take-off". Business conferences are filled with frothy talk of African lions overtaking Asian tigers. Bob Geldof, the founder of Live Aid, is leading the pack in his new incarnation as head of an investment group.

Sceptics are equally vocal. Some view capitalism with suspicion and sense a return to colonialism. Others point out that every boom comes to an end, citing the last chapter of Thomas Pakenham's otherwise excellent book, "The Scramble for Africa", published in 1992. It depicts Zimbabwe's independence in 1980—towards the end of an earlier commodities boom—as a bright new dawn and applauds the rise of its first black leader, Mr Mugabe, who went on to bankrupt his country.

#### More winners than losers

The sceptics are right that the tide is not rising everywhere, and inevitably there will be setbacks such as the conflict in Mali. In some countries economic growth has so far failed to translate into better lives. Poverty remains widespread and progress is fragile. Incompetent governments will continue to build roads to nowhere, many pupils will still be taught in overcrowded classrooms, plenty of fields will be polluted and farmers will be pushed off their land to make room for investors. Inequality has fallen in only half of Africa's 55 countries. Fresh conflicts may arise when new wealth buys more weapons and begets more cross-border jealousies.

Climate change is a further worry. No inhabited continent will be more affected by it than Africa. Deadly droughts, flash floods and falling water tables are recurring themes in conversations across the continent. South Africans are especially worried. "In 20 years this will all be desert," says the owner of a vineyard near the Cape, standing among verdant vines.

At the same time Africa's population, unlike Asia's, is growing fast. From 1 billion now it is set to double in little more than a generation. A youthful population is a blessing in many ways. But if the extra people cannot find jobs, they may cause unrest and instability. South Africa knows this only too well. Joblessness is one reason for high crime rates that make it necessary for rich South Africans to sleep behind heavily barred doors and windows.

Yet despite all the caveats, the Africo-pessimists have got it wrong. This time the continent really is on the rise. Some of its recent gains, such as the boost from declining political violence, may be one-off. The number of wars that can be brought to an end is diminishing, though the sense of stability that peace brings will keep on growing for years to come. Other gains, such as those from commodities, may eventually peter out, though not for a while. Many African countries are still discovering new oilfields and mineral deposits.

Most importantly, as this report has explained, the engines of development are still going strong. Democratic governance, political participation and economic management look set to improve further. Many reforms already introduced have yet to take full effect. New infrastructure, better technology, growing urbanisation and the return of emigrants will keep fuelling business. Some economists believe that Africa's GDP numbers if anything underestimate its real growth.

Africans rightly worry about unemployment, inequality and a host of other problems. But over the past decade winners have outnumbered losers, and the view from the road suggests they will go on doing so. Your correspondent reaches Cape Town in a hired car on a rainy afternoon, finding the waterfront alive with once-rare tourists from other African countries. "Soon our home will look like this," says an Angolan father of three, pointing out a cluster of high-rise buildings to his teenage children. "I brought them here to see their future."

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