



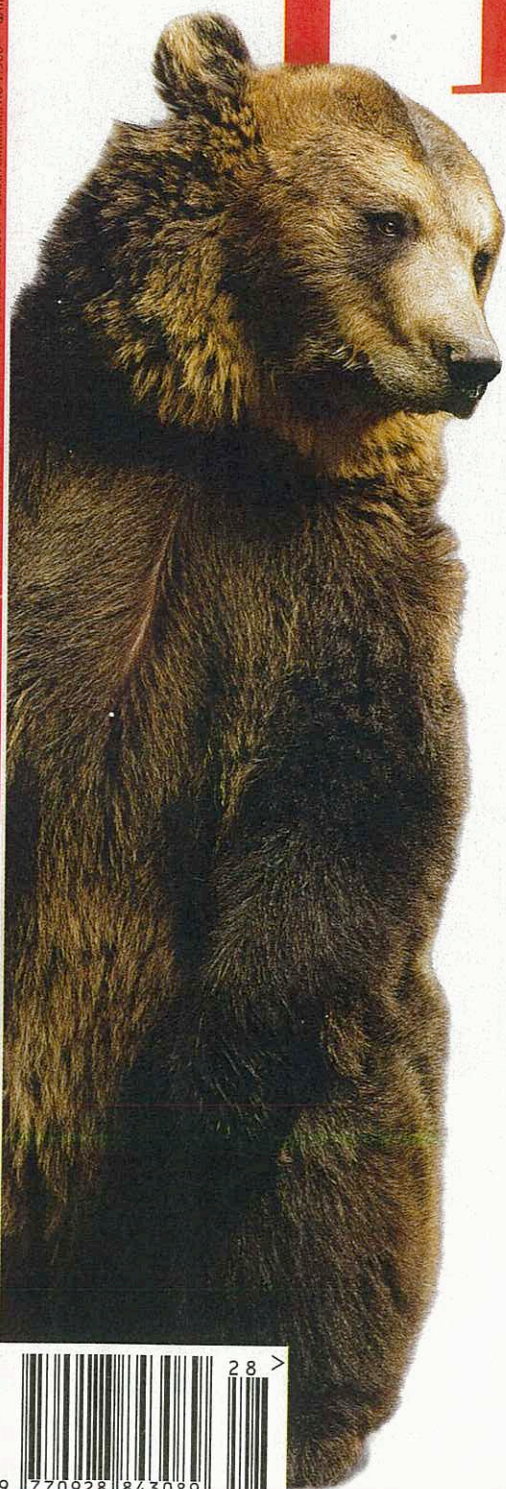
Australia's Kevin Rudd: Navigating Between China and the U.S.

Why the G-8 Nations Need To Help Africa



The Curtain Falls: Michael Jackson's Final Days

TIME



Can We Be Friends?

The Cold War is history but Russia and the U.S. still clash too often. It's time to fix the relationship

BY BOBBY GHOSH



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DEVELOPMENT Rebuilding a Country.

Civil war left Liberia's economy in tatters. Fixing it will require more than aid

BY ALEX PERRY/MONROVIA

THERE ARE FEW BETTER RECORDS of the shifting fortunes of Liberia than the guest register at the Mamba Point Hotel. When Chawki Bsaibes opened up in the old Dutch embassy on Monrovia's bullet-pocked seafront in the dying days of Liberia's first civil war in 1993, his customers were peacekeepers, war correspondents and development workers. When fighting started again in 1999, the reporters returned, followed by mercenaries, and then—with the arrival of a second fragile peace after President Charles Taylor's defeat and exile in 2003—a wild-eyed group of Western carpetbaggers after a quick buck. It was only when Harvard-educated Ellen Johnson Sirleaf won office as Africa's first elected woman head of state in 2005 and promised wholesale reform that the Mamba Point began to welcome what Bsaibes calls "respectables"—executives from multinationals eyeing Liberia for opportunities and, to Bsaibe's delight, government ministers. "This is the only time we feel that when the government come to use our hotel, they pay their bills, just like everyone else," he says. "We do not feel we have no right. We feel protected."

Feeling protected—surrounding an enterprise with the law and security to allow it to prosper—is essential to business and development, no matter where you are. But it has been Africa's pre-eminent blight in the half-century since colonialism that many of its rulers offered nothing of the sort. The businesses that

thrived amid the war, autocracy and corruption of postindependence Africa were of a depressing sort: emergency aid, arms-dealing, disaster journalism and security-ringed extractive industries for whom development was too often someone else's problem. There were exceptions, countries like Botswana and Mauritius and businessmen like Bsaibes, whose 19th century Lebanese forebears were tricked into disembarking in Liberia after buying passage to America, but who thrived anyway. But the exceptions only highlighted how far the rest of Africa was falling short.

That's changing. Africa still has

Budding

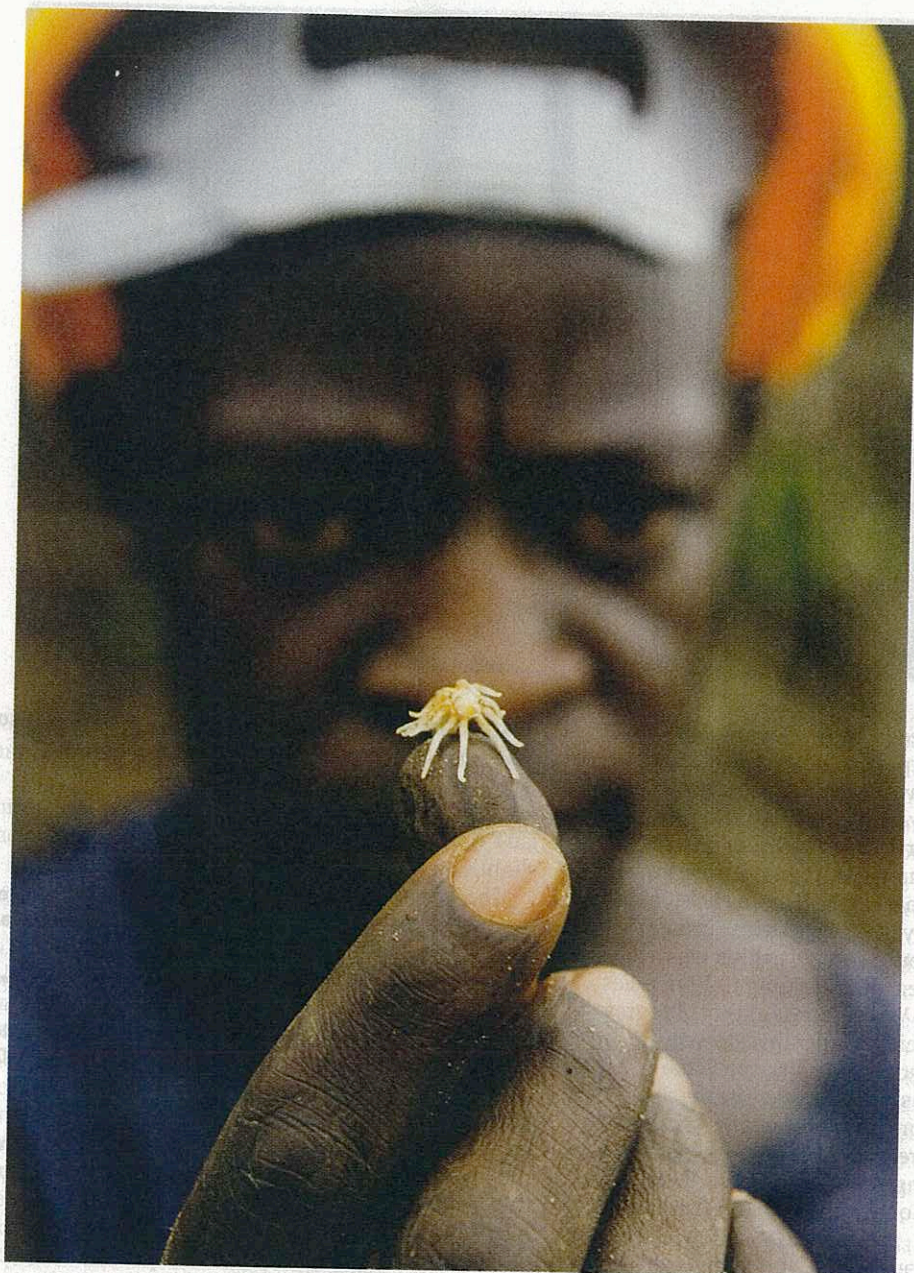
life Nursery

worker Andrew

Gbanyan holds

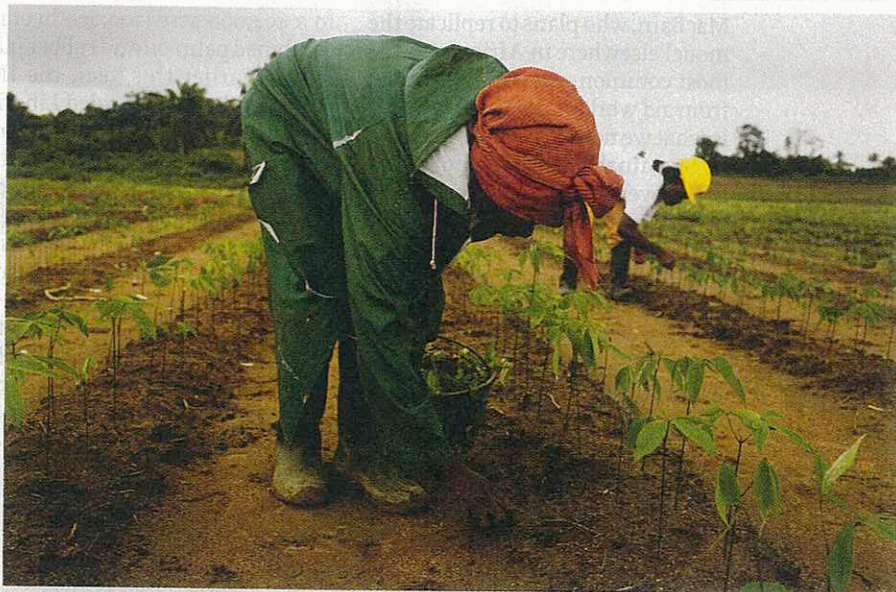
a germinated

rubber seed



too many catastrophes, places like Darfur, the Democratic Republic of Congo and Somalia. But in other parts of the continent—Ghana, Rwanda, Tanzania and much of southern Africa—a new generation of African leaders has embraced democracy and the rule of law, and is making clear a preference for business and self-reliance over aid. Despite the global downturn, the International Monetary Fund predicts sub-Saharan Africa will grow by an average of 1.5% this year. Seven African countries will grow by 5% or more, with Liberia expecting 4.9% growth in 2009 and 7.5% next year. While the G-8 leaders

Green shoots Workers at the Buchanan Renewable Energies tree nursery



discuss how to help, some parts of Africa are getting on with business. "Whereas Africa had military rule and dictatorships, today we have 18 or 19 functioning democracies," Johnson Sirleaf tells TIME. "Africa is growing equal to or better than all other regions. We have gone from [a stance of] noninterference in our internal affairs to respect for the principle of the responsibility to protect, so that today Africa is intervening in African countries where governments have suppressed the rights of their people. Major changes are happening."

Liberia represents one of the best tests of Africa's capacity for regeneration. A small nation with a population of just 3 to 5 million—the new government has yet to conduct a reliable census—it has a reformist leader, two ports, rich resources and a history of exporting. In the 1950s, rubber powered economic growth of 8%, second only to Japan that decade. Fixing Liberia should still be a relative cinch. "It's everybody's favorite model," says a Western economist in Monrovia. "If it doesn't work here, it doesn't work anywhere."

Old Trees, New Growth

HEAD EAST FROM MONROVIA, PAST Firestone, the U.S. rubber giant's worker town, past Smell-No-Taste, a town known in years past for the fine cooking aromas that would waft in from a nearby expatriate housing colony, down a 50-mile (80 km) stretch of road whose potholes can swallow a small car, and you'll come to Buchanan. When Joel Strickland, 47, first visited Liberia three years ago to scout for opportunities, he was a partner in a Toronto hedge fund. In Buchanan, Strickland was struck by the number of moribund rubber plantations. Untended during the war or destroyed by marauding militias, hundreds of thousands of acres of trees were standing idle. Even in productive plantations, old trees were being burned as waste.

Strickland knew there was a global market for rubber wood,

which is used for furniture and medium-density fiberboard. He also knew there was an emerging market in wood power generation. Wood may not be the most efficient energy source, but replacing a tree with a growing sapling is basically carbon neutral because the sapling sucks in more carbon dioxide per mass than a mature tree. With volatile oil prices and environmental concerns boosting interest in wood energy on both sides of the Atlantic, Strickland saw an opportunity. "We're the closest supplier to Europe and the U.S.," Strickland says. Back in Toronto, his hedge fund formed a company, Buchanan Renewable Energies (BRE), and readied an IPO.

Enter fellow Canadian, John McCall MacBain, a self-made billionaire who founded the Auto Trader classified-advertising empire, but in 2006 sold it and set up a foundation to promote health and the environment in the developing world. In April 2008, McCall MacBain bought 90% of BRE's stock. Strickland invested \$1 million of his own money, and quit the hedge fund to become BRE's president.

The new company discarded the old extractive-industry model and formed a power-generation arm to build biomass power stations for Liberia, starting with a 35-megawatt station for Monrovia due to be switched on in 2010. (The capital's million or so residents currently make do with just two megawatts.)

The company also began signing partnerships with Liberia's tens of

NUMBER CRUNCH

-21.1%
GDP per capita
growth 1987-
1997

-0.5%
GDP per capita
growth 1997-
2007

6.3%
Predicted GDP
per capita growth
2007-2011

\$696
MILLION
Official aid and
development
assistance, 2007

\$132
MILLION
Foreign direct
investment, net
inflows, 2007

Source: World Bank

thousands of small rubber farmers. Under the deals, BRE builds roads and bridges to the plantations, removes old rubber trees and pays the farmers for them, smooths the land, replants it with new saplings grown at a BRE nursery and even plants cash crops like beans and peanuts between the rows. These crops give the farmer an income for the five to seven years until the rubber trees start producing latex. The rubber farmers have to do or pay nothing. BRE even trains and employs up to 1,000 people in the process. "They couldn't believe it," says Robert Baines, 32, manager of BRE's fuels division, which imported \$50 million of equipment for the job.

Since May 2008, the company has repaired 375 miles (600 km) of dirt road, leveled thousands of acres of rubber, identified 600,000 (250,000 hectares) more, and won a \$112-million loan from the U.S. government-funded Overseas Private Investment Corporation to build the power station. In Buchanan, they're helping to revive a town. BRE pays wages of up to \$600 a month for a heavy plant operator and Baines reckons the number of shops in Buchanan has doubled since BRE arrived. Buchanan suddenly has a third-division soccer team, in which Baines plays striker. "It's moving so quickly," says Nelson Hill, 39, BRE's nursery manager. "When the company arrived, people were just sitting around. Most people had never had a job. Now people are singing in the fields." McCall

MacBain, who plans to replicate the model elsewhere in Africa, says the most common reaction he receives from aid workers who visit is: "This is what we need to be doing."

Sustainable development needs good government. On the back of oil exports to China, Angola's economy has grown by up to 20% a year since civil war ended in 2002. But a corrupt and inept ruling party that has neglected to spread the wealth or diversify the economy means that when the good times end, as they

to a 494,000-acre (200,000 hectare) combined palm-oil and rubber plantation. Earlier this year, the IMF and World Bank canceled Liberia's \$4.7-billion foreign debt. "I'm not saying Liberia will be a paradise tomorrow," says Richard Tolbert, chairman of Liberia's National Investment Commission. "I am saying we can regenerate this country in 15 years."

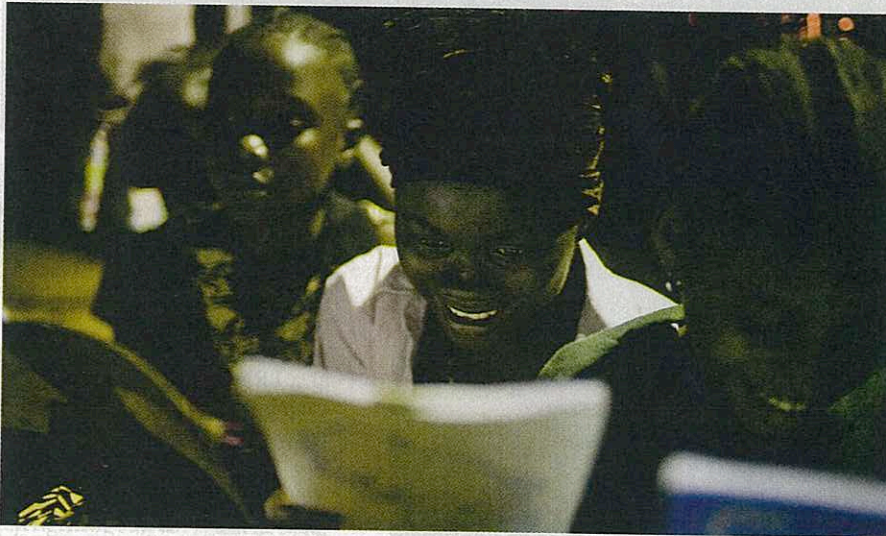
Liberia is far from out of the woods. Violent crime is rising. Johnson Sirleaf admits to "a capacity

according to witnesses, a senior Liberian official greeted a delegation of foreign funders at his office apparently drunk and demanded one delegate sit properly or "get your ass out of here." The same month Johnson Sirleaf admitted she was "hurt... deeply wounded" by the "very embarrassing" publication of e-mails from her former assistant Willis Knuckles, detailing his apparent soliciting of hefty bribes from foreign companies. (Knuckles, now under investigation by a new anticorruption commission, claimed someone hacked into his Yahoo account and sent the requests in his name.)

Then there is the discovery by the U.N. Panel of Experts on Liberia—the body that oversees the country's recovery—that a company headed by former Justice Minister Philip Banks took out copyright on the new national law code. The U.S. embassy in Monrovia found it had to pay Banks' company \$5,000 for its 20 copies, says one Western diplomat; in theory, Liberian courts must do the same. The U.N. panel believes the firm's "grounds for claiming copyright are questionable and ethically dubious." Little wonder that Johnson Sirleaf struggles. "The President's default position is to do the right thing," says the diplomat. "When she makes the wrong decision—and it does happen—it is because the local political pressure is overwhelming."

And of course Johnson Sirleaf cannot deliver the development she has promised until she has the institutions to do so. She could forego checks and balances, allow business as usual and relieve pressure from former warlords. But, says former chairman of the U.N. experts panel, Art Blundell, "we know where that kind of business as usual leads. Among countries recovering from conflict, more than half slip back into it within a decade. Why? The bad guys get the resources."

Rebuilding institutions takes time and many Liberians are frustrated as Johnson Sirleaf tries to get the state working. But they know she stands for better times. "Before, the only work was fighting," says BRE nursery manager Hill. "Now there's a new vision for our people. The idea of a gun is being replaced by the idea of a job." There in a sentence is the new hope for Liberia, and all Africa too. ■



Power down
Schoolgirls study beneath one of Buchanan's few working streetlights

now have, the effects are severe. Ricardo Gazel, the World Bank's representative in Angola, says Angola's GDP is likely to fall by anything from 17% to 23% in 2009.

In Liberia, Johnson Sirleaf is doing better. She set a three-year poverty-reduction strategy whose four pillars are peace and security, governance and the rule of law, infrastructure and basic services, and economic revitalization. A U.N. peacekeeping force and an embargo on arms are keeping conflict at bay. Schools and hospitals have reopened. Tax receipts are up. Bureaucracy is down. U.N. sanctions on diamond and timber exports have been lifted. Liberia is attracting foreign investment in iron ore, timber, palm oil and construction. Though steel giant Arcelor Mittal recently mothballed a \$1.5 billion project to reopen an iron-ore mine and rebuild a railway in the eastern interior, Liberia has signed a deal with Sime Darby of Malaysia for an \$800 million, 20-year concession

problem" in the professional classes, including government. The Truth and Reconciliation Commission, so effective in postapartheid South Africa, has seen little of either in Liberia. Property rights remain confused. Concessions granted under Taylor amounted to almost three times Liberia's total forest area.

The Drag of Corruption

MOST DAMAGING TO THE PRESIDENT, political scandals are piling up. A hundred cars given to Liberia by Arcelor Mittal in 2008 and intended to improve logistics for government officials found their way into the hands of legislators responsible for approving mining deals. Last year,

'There's a new vision. The idea of a gun is being replaced by the idea of a job.'

—NELSON HILL, NURSERY MANAGER, BRE