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**Mo Ibrahim helped to bring mobile phones to Africa. Now he has bigger plans**

IN 1998, as the telecoms boom was under way, Mo Ibrahim was amazed that big companies were rushing into the mobile-phone business around the world, yet not in Africa. There they saw only problems: poverty, unrest and corruption. Mr Ibrahim, a veteran of the telecoms industry in Britain and Sudan, was at the time running a consultancy he had founded in London. Amid the cigar smoke and snifters that followed its directors' dinners, an idea formed. Might it be possible to set up a pan-African mobile operator—and to do so without paying bribes?

This was the genesis of Celtel, which is now one of Africa's largest mobile operators, with some 20m subscribers in 15 countries. When Mr Ibrahim sold Celtel in 2005 to MTC, a Kuwaiti operator, for \$3.4 billion, it demonstrated that the continent was open for business. Rather than charity, he insists, "the way forward for Africa is investment."

Building businesses in Africa is important to Mr Ibrahim, who had to leave the continent as a young man in order to pursue his career. Born in Sudan and raised and educated in Egypt, he started off as an engineer at Sudan's national phone company. After further study in Britain he went on to become technical director at Cellnet, the wireless arm of BT, Britain's biggest telecoms operator. (Cellnet was subsequently sold, renamed O2 and is now owned by Telefónica of Spain.) He left in 1989 to set up an engineering consultancy that designed mobile networks, and sold the firm for just over \$900m to Marconi in 2000.

These experiences paved the way for Celtel's emergence. The consultancy enabled Mr Ibrahim to peer into the business models of dozens of mobile operators, from which he concluded that an African operator would work. His time at BT was also informative: big companies, he says, teach a fellow everything he ought not to do in order to be successful. "Later on in life I was not worried about taking on the big guys, because you know they are not efficient," he says. And Mr Ibrahim's previous success meant that the motivation behind Celtel's establishment was not solely commercial. He and his co-founders had already made their fortunes and regarded Celtel as a political and intellectual test. That is why they happily ventured into risky African markets and refused to pay bribes.

Now that mobile telephony is booming in Africa, Mr Ibrahim has other plans. Not for him the typical rush into private equity. Instead he set up a foundation last year with the novel (and, say critics, utopian) mission of promoting good governance in Africa. It plans to award an annual prize of \$5m to retired

African leaders who rule well and then stand down, rather than trying to cling to power. The foundation is working with Harvard University to establish a scoring system with which to assess potential candidates. The prize committee is chaired by Kofi Annan, former secretary-general of the United Nations. The first award will be presented in October, though the prize will be presented only in years when a worthy winner can be found. By that point Mr Ibrahim plans to have stepped down as the chairman of Celtel to avoid any possible conflict of interest.

Meanwhile Mr Ibrahim has also put up \$150m to establish a fund to invest in African businesses. From its newly opened offices in London, the Africa Enterprise Fund will seek out promising companies in financial services, consumer goods, energy and agricultural processing. The aim is to focus on established businesses that need cash and experienced management to grow, and the average investment is expected to be around \$20m. Only companies that can expand their operations regionally or throughout Africa will be considered. Mr Ibrahim has appointed Tsega Gebreyes, Celtel's former strategy chief, to help run the fund. This is because the fund's approach is to apply the Celtel formula in other fields: identify inefficiencies, consolidate fragmented operations, go pan-continental and develop a respected brand. The goal is scale. A large company that operates in several African markets can attract a higher calibre of managers than a gaggle of local ones, and can have more political clout when demands for bribes crop up.

Politics, philosophy and economics

Though there are no direct links between the foundation and the fund, the two are symbiotic. Business and investment in Africa can succeed only if there is good governance, which is what the foundation is intended to promote. And economic development is necessary in turn to give people a stake in improving the political process. The foundation's \$5m prize is a pittance, it is true, when compared with the spoils that can be extracted by staying in power. But the initiative may not be totally futile: given the impotence of Africa's intergovernmental bodies it will do no harm at all to produce an annual public ranking of African governance. And the foundation will offer a carrot where other non-governmental organisations carry sticks.

The investment fund is also tiny when set against the magnitude of Africa's problems. But as Celtel shows, some businesses can have a powerful ripple effect, promoting economic activity and generating new investment. Celtel employs around 8,000 people directly, for example, but it and other mobile operators indirectly provide jobs to around 170,000 people in Africa who resell prepaid airtime. More broadly, mobile phones also promote entrepreneurship and economic activity by widening access to markets and making up for poor or non-existent transport infrastructure. Similar ripple effects ought to be possible in other fields such as financial services and energy.

Thirty years ago Mr Ibrahim had to leave Africa for Europe in search of education and professional success. He hopes that fostering indigenous African companies will help ensure that tomorrow's engineers and entrepreneurs can find their opportunities closer to home.