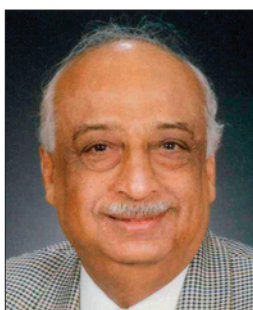


# The measure of success

## INTERVIEW WITH MANUBHAI MADHVANI

CHAIRMAN, MADHVANI GROUP



**MANUBHAI MADHVANI** was born in Jinja, Uganda, in 1930. In 1971 he took over the family trading business – the Madhvani Group of Companies. It is estimated that the Madhvani Group contributes around 10 per cent to Ugandan GDP, and is the largest private-sector investor in industry in Uganda, and one of the largest in East Africa, employing more than 10,000 people. His recently published book, *Tide of Fortune*, is an auto-biographical account of his family roots and business in Uganda including the period he lost everything when he was forced into exile by Idi Amin in 1972 at the age of 42.

*\* FIRST would also like to acknowledge the assistance of Mumtaz Kassam, whose Ugandan law firm has much been involved in the reclaiming of expropriated properties*

### Could you give us an overview of the company and its role in the Ugandan economy?

We have been in Uganda since 1914, although the Group has developed into a widely-diversified conglomerate with a geographical spread throughout East Africa, the Middle East, India and North America.

Agriculture is the basis of the company, although we are active in the media, steel, insurance, construction, and of course, tourism sectors. With an outstanding track record in turning around dormant companies, Madhvani is a market leader in most of the sectors in which it operates.

The flagship of the group is the Kakira Sugar Works, which was formed in 1985 to take over the old assets of Madhvani Sugar Works Ltd in Eastern Uganda. Under the Group's management, the Kakira sugar complex has been fully rehabilitated with original financing from World Bank, African Development Bank and Uganda Development Bank.

### The company was forced out by Idi Amin in 1972. What made you want to come back?

We had been here since the beginning of the century, Uganda was our family home. The Indian community here has deep roots. But Amin ordered the Asian community to leave. It was a very dangerous time, and I was imprisoned for three weeks before being allowed to leave. When we came back in 1985, it was devastating to see the total mess. There was no sugarcane, the factory was looted and was no longer operational; the nucleus estate had reverted to bush. There were no roads and few people. But we took up the challenge because we thought this country had great potential in agriculture.

We were encouraged to return by the policies of President Museveni's government\*, and we were also helped by the World Bank and other agencies, such as the African Development Bank, which helped us raise the \$53 million loan needed for the rehabilitation of the sugar plant.

But perhaps the key factor was the people here. Uganda's biggest asset is its people. We operate in other parts of Africa, but we feel the Ugandans have a different mindset. Although the Ugandan intellectuals left and went abroad during the war years, they sent a lot of money back from the United States, South Africa, and the United Kingdom. As a result, education is better here than in many other African countries.

Ugandans have a tremendous ability to deal with problems. We should not forget that Amin killed 300,000 people, and every family has been affected directly or indirectly. But people are getting on with building the future.

### As you mentioned, your company's base is in agriculture. At a time when many economies are trying to shift to new technologies, how would you assess the potential of the sector?

Uganda has 40 per cent of Africa's arable land. For a small, landlocked country, Uganda has incredible potential. This country has to start at the bottom of the ladder, and that means creating a strong agricultural sector. The problem is that people are leaving the land. There is a belief that education means becoming a doctor, or working in the city. But what this country needs to do is use educated people to build up its agricultural sector. I believe that the government, if it is to concentrate on the needs of the country, must do more to develop the countryside. Africa could be the breadbasket of the world. But this requires good farmers. It also means keeping rural communities alive. To divert people to the land means establishing a village system. To do this we need better infrastructure in the countryside: we need roads, we need electricity, and we need schools and hospitals in rural areas. People own land, but the land is in the countryside, and people are leaving their land behind and heading for the cities, even though there is no work there.

### So, you see agriculture as the basis for Uganda's development?

Absolutely. But the real point is that the long-term result of development is the creation of a more egalitarian society, and that means creating a middle class. Look at India. In 1947, when it won independence, it was a divided society, with a few wealthy families and huge numbers of desperately poor people. There were famines in the first years of independence. But the farmers educated their children, and now the middle class makes up 22 per cent of the population. I think it is important to note that China has no real middle class, and that is a problem for it.

We have created a class society in Uganda, there are the very rich, but the poor are poorer now than at independence. To change this requires a new way

of thinking, a new dialogue from the ground up. But this is a tribal society, and things take time to change: we have to accept this; we cannot impose Western values on Africa.

This country now has security, there is law and order, democracy is now implanted and there is a sense of continuity. But we have to overcome old ways of thinking. This requires new blood. I am optimistic about the new generation. We have to work on the new generation and empower the young. Coming from India, I know what is happening there. The corporate economy has changed and the 35-40 year olds have taken over the economy.

#### **And yet Uganda still depends on foreign aid...**

On the whole I don't agree with aid. The money just evaporates, because it is paid to those at the top to distribute. But to create wealth, I do believe that to some extent we must subsidise agriculture. I know this goes against most thinking these days. For me subsidies means putting money at the bottom of society, not at the top. Our biggest problem is poverty. We have to give people incentives. Obviously, you can't just distribute money; you have to lend people money to get started. You have to create a system that offers the right rewards and incentives for hard work. We directly employ over 7,000 people and we buy sugar cane from more than 6,000 farmers surrounding our plantation. They get paid for what they do, and they support me. So indirectly we employ 50,000 people. Agriculture is the way to create wealth, and we can create more wealth. In 1985, we produced only 50,000 tons of sugar. This year we will produce 170,000

tons. That money goes into the economy. The whole economy benefits as we move money around.

#### **How do you see government and business working together?**

Governments do not make good managers. That said, the president of this country has foresight, he has liberalised the economy, and is creating a system that will help the creation of a private sector. But it still takes a long time to get things done. We have been trying to open a sugar factory in the north of the country for three years. But there are a lot of problems to overcome to do with land rights. President Museveni recognises the problem: I remember him recently telling our workforce that I am more African than he is! But the Madhvani Group has brought education, health and housing.

#### **Looking to the future, where do you see Uganda in 20 years' time?**

I believe that it is my duty to do what I can to help Uganda. The coming decades are not going to be easy, but I feel that Africa can evolve, because it has great potential. We are seeing growth in Africa, China and Asia. Africa can give so much to the world. We have space and we have water. We can grow food. This will create employment, because we must never forget that the objective is to reduce poverty. The way to eliminate poverty is through education, and through getting more money into the economy, for people to spend and to buy things. Again, I say that we need to create a middle class in Africa. This is the measure of success in any society. This would be the biggest asset to the country in 20 years' time. **F**

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Children from the Madhvani Primary School, Kakira