

DIARY

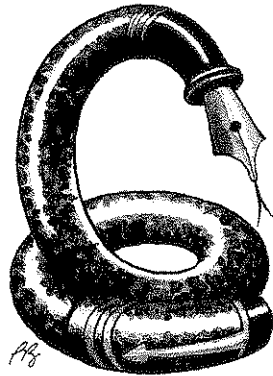
PETER COSTELLO

It's 24 hours from Melbourne to Nairobi, Kenya and I am leaving the Australian winter hoping for some warmer weather on the Equator. But this is the coldest equatorial city I have ever visited. It is nothing like Jakarta. After I check into the Norfolk Hotel, we eat on the Lord Delamere Terrace, where a chilly wind whips around the open restaurant. My colleagues from the World Bank explain to me that Nairobi is at an elevation of more than 5,000 feet — part of the high plateau of Africa — which is why the British settled here away from the unbearably hot and humid coast.

The British built a road and a railway up from Mombasa through Kenya, to Uganda, Rwanda and Burundi. The road is mostly a single lane each way and it goes right down the main street of Nairobi. Imagine that: one supply route for four countries going right through the heart of a major city. If you can imagine that, then you will be able to imagine the traffic in Nairobi. I will never complain about Australian traffic again. Think Bangkok in a monsoon. The preferred method of transport for the locals is minibuses called *matatu*. How many Kenyans can fit into a *matatu*? A lot more than safety standards would prescribe. One of the things I am doing here is looking at a World Bank project to widen that road and eventually build a flyover in Nairobi. It is a project that could lift economic development in East Africa. The road is called the Northern Corridor project. North of what? I ask. North of South Africa is the answer.

Lord Delamere seems to have had quite a time in east Africa when he took up land at the turn of the 20th century. Other colonials joined him in what became known as the Happy Valley set, what with the drink and the partying and all that. I enjoyed dinner at one of their hangouts, the Muthaiga Country Club, with Australian High Commissioner Lisa Filipetto. There is a stuffed lion in the foyer. The food was good, but there were several electricity blackouts during dinner. It is hard to eat in pitch darkness. Lisa has had the Governor-General through recently. It is part of Australia's campaign for votes to get on the United Nations Security Council.

When I come down to breakfast, the concierge greets me by calling out 'Jumbo'. So does the waiter. Everyone is calling me 'Jumbo'. I am getting sensitive about my waistline.



But apparently 'Jumbo' is spelled 'Jambo' and means hello. The newspapers give a lively hello to Kenyan politics. They seem to suffer no political constraint. They carry stories about the President's motor fleet, which he has returned, and Kofi Annan, who has a list of people to be prosecuted for the killings that left 1,200 dead after the 2007 disputed election. If Kenya will not try them he will give the names to the International Criminal Court, he says, and does so. No one knows the names, but the speculation is that it goes pretty high up.

That railway the British built goes right through the Kibera slum — home to one million people in an area of around 2.5 square kilometres. Development agencies say Kibera is the worst slum in the world. Only 3 per cent of the people living there have water, electricity and permanent walls on their shelters. A lady invites me into her single-room shanty, where she lives with her six children and three grandchildren. There are only two beds for the ten people. It is hard to see inside because there are no windows. An electric light bulb hangs from the ceiling but there is no power. She tells me she has paid a bribe to run an illegal electric wire to the dwelling. But she couldn't keep up the payments and the crooked supplier cut it off. There is no toilet. There is no water. The UN-Habitat is building toilet

blocks in Kibera. But there is a fee to use them. So people use the open channels that run through the settlement. If tenants have enough money, they can pay for an illegal pipe to divert water from the main. I am astounded to learn these dwellings are owned by private landlords. Owners send 'agents' to collect the rent. And if it isn't paid, they evict the tenant. The slum-dweller's life is ruled by poverty and corruption — rent to stay in the dwelling and bribes to get power and water. The open sewers breed disease. There is a phrase used to describe this activity: 'The fortune to be made at the bottom of the pyramid.' As I walk out of Kibera I notice a billboard advertising a seminar by a marketing guru with that very topic. The slum lords of Kibera know just how much of a fortune can be made at the bottom of the pyramid.

When I first became a governor of the World Bank as Australia's Treasurer, I sat next to a counterpart — a minister from a west African country then considered the poorest in the world. We struck up a conversation. I had arrived with two staff members. He had brought a delegation of 30 to the meeting. I had flown directly from Australia. He had stopped off in Paris to go shopping on the way. He was impeccably dressed. By comparison I was shabby. And I did not have a Rolex. He made a forceful speech on how his country needed more financial aid. After attending a number of these meetings I formulated Costello's Law: the poorer the country, the richer the finance minister, and the richer the country, the poorer the finance minister.

In the last two decades, living standards in Asia have improved dramatically, but, as a whole, they have gone backwards in sub-Saharan Africa. It's not because the countries of Africa lack resources — they have mineral resources and agricultural land. There is natural beauty that could underpin the world's greatest tourist industry. But to develop these industries investors need to feel confident about the security of their employees and their property. Reputable businesses want to operate without the constant extraction of 'facilitation' fees and bribes. The resources of Africa could generate huge income for those at the bottom of the pyramid, not just those at the top. The people of Kenya are not blind to the threat of corruption. An official poster on the walls of a local school showed a starving parent and child begging for food. It declares: 'Corruption is evil. It dehumanises society.'

