



INTERVIEW



with Mr. Ken Ofiri ATTA

24th June 2008, Accra (Ghana).

Led by Matilda Asante and Anne Perrin.



Presentation

Ken Ofiri Atta is co-founder and Executive Chairman of Databank Financial Services, an investment banking firm in Ghana. He attended primary and secondary school in Ghana, and then studied at Columbia University in the United States graduating with a degree in Economics. Subsequently he earned an MBA from the Yale School of Management. During this time he worked on (at) Wall Street for both Morgan Stanley and Salomon Brothers in their corporate finance units. He remained in the United States from 1980 to 1990. He then returned to Ghana and with a number of his friends founded Databank Financial Services. The firm gradually expanded to employ a staff of one hundred. It has dealings in Ghana, the Gambia and Liberia. Over the past 17 years, Ken Ofiri Atta says he has “stayed in the region preaching the gospel of how investment and savings can contribute to the development of [his] economy”.

EXTRACT OF THE 2007-2008 WEST AFRICA REPORT

Why did you choose to come back to Ghana after working on Wall Street?

My return was not planned and choreographed. It was just one of those events. I had been in New York since 1980. I came to visit for the first time in April 1990. I felt quite comfortable. It was just a visit. There was no clear business plan. The inertia was just what am I coming back for? We just took the plunge and if it did not work, we had other options... It was good to do that and I am glad we did. We started with 25 million dollars of short-term money borrowed from Cal Bank and SDC¹ and worked our way around it.

How much is your company worth now?

I truly don't know. We intend to go public in 2010, we do not expect the value of the company to be under a 100 million dollars, that is, the core company, Databank. This is different from our investments in Enterprise Insurance and in Trust Bank of the Gambia and International Bank of Liberia.

How did you do it? Did you find some help from regional institutions to work in three countries?

We started with little money and a lot of enthusiasm in an area that was not much of an industry at all because the stock exchange was just starting. We gradually built some notoriety with our articles on the stock market, organising seminars and educating people. In 1994 (*this is when we opened the brokerage arm of the business*) we immediately became the largest brokers because of our relationships on Wall Street and in the City in London.

Then in 1996 we started the asset management business and also pioneered that. Working in the Gambia was interesting because we had formed the West African Enterprise Network, which was also supported by the SWAC. This Network generated a sort of a new crop of entrepreneurs of which I was one of the founders. Through that we met partners and then one of them called and said, “Trust Bank in the Gambia is being privatised. Are you interested?”. This is how we set up the Databank in the Gambia.

¹ Ghanaian Banks.

Did ECOWAS help?

Being a member of ECOWAS is important because the travel issues are minimised. Knowing people in each of these places was helpful. There were a new crop of West Africans coming back who had had similar educational backgrounds because of their experience in the West which created a platform to start real business. The structural challenges still remain though. It is difficult to transfer money, crossing the borders is not easy; there are capital accounts problems, etc. ECOWAS was formed in 1975 and has largely remained a political entity, even if it looks like the ECOWAS Commission is now struggling much more with the economy than they used to.

Is the fact that the region gathers different currencies an advantage or a problem?

I think it is a pain; it is a kind of oxymoron because you have the same people within artificial borders, with different imposed languages. Trade between us is about 15%. That is sad because with a population of 280 million (ECOWAS zone), which is an incredible economic zone with which we should be able to develop our economies. But that is not happening. I think the issue of a single currency is something that needs to be solved. It has been postponed often. There is a need for a commitment from the various Heads of State.

During the recent international negotiation for EPA (Economic Partnership Agreement with the EU) the sub-region didn't negotiate as a block, do you think this could have been avoided?

I think a stronger ECOWAS would have made a difference because then in certain areas you can “cede your sovereignty” to a multilateral structure which will then negotiate for you. You also had major differences, regarding the ongoing progress in each of these countries and hence what they thought they could get economically and also politically. These all change depending on the leadership. So this is how we ended up. It is sad, because it is just vestiges of the past. I think, as we get stronger as a region we may be able to do a better job.

Do you have an idea how ECOWAS can be stronger?

Certainly you need some sort of strong political leadership with a commitment to a regional vision. Then some West African multinationals need to be formed. Progressively the government can then withdraw or extricate themselves, based on the needs of the private sector. Part of the reason Europe has a billion dollars of subsidies for agriculture is because of a strong private sector agricultural lobby group. Until you get that type of power sharing, you're going to have difficulties.

Do you think the countries should give up their sovereignty for the region to have regional policies in areas such as health, education, agriculture, etc?

I think ultimately we all sort of dream about the United States of Africa. Our first leader (*Dr. Kwame Nkrumah*) promoted that and I think it is something to aspire to. So I am not fundamentally against that kind of political infrastructure. Now you come to the reality of our economic landscape. You know, the difficulty of moving economies is quite overwhelming. I suspect it will be difficult. Now whether we can have sort of financial policy which therefore says we, as a region, are subsidising agriculture by X, Y, Z, I think that can be contemplated. Clearly, things like airlines can be regional, there can be a power pool, bus systems and highways running across the region. So there is enough of a blend that could occur, without legislating areas in which people should participate.

Are you often consulted as a financial executive by the political authorities of the region?

I think the issue of a private and public sector partnership is a challenge for the region. Our system is so dominated by the political infrastructure that the private sector has never been on an equal footing. Partly because our businesses have not expanded enough to confront the elite or we have not accepted our responsibility and role in economic development. In the past decade you can clearly begin to see a shift either in private sector confidence or in the political system beginning to acknowledge the private sector can bring something to the table. You can see it in business, in the media, etc. So the area is widening, but we have to continue to push it.

What do you think about the energy shortage problems? Could they be solved at a regional level?

I think it is more than resources management. I mean there is no question that Nigeria has enough oil to support the whole region. There is also no question that between our water systems we can produce hydroelectric power. Already historically, Ghana had been doing that and provided power to Togo, Benin and Côte d'Ivoire before our crisis began. Looking at public-private partnerships I think the solution is there for the taking. We can see what occurred with the West Africa gas pipeline, in which 4 countries participate². We have implementation issues but at least it provided an array of the possibilities. The challenge is for the next generation to implement these much better.

A lot of oil was found on the West Coast. But the investments are mostly foreign driven. How ensure that the difficulties West African countries have had with gold or other minerals do not recur?

The international landscape for foreign investment has changed somewhat. Needless to say the Venezuelans and the Russians have set up different formulations giving them some leverage. The new model is such that once the initial investment is paid off, we go into a different arrangement where we share proceeds: 50/50 or 70/30. So we should get much more educated personnel to negotiate such arrangements differently from how it was done with gold.

Many people speak about the increasing Chinese influence in Africa. To what extent does it impact the development of the region?

I think at the very least it has increased the choices that countries have and forced us to re-examine our relationship and the old customs of negotiating not only in the private sphere but also in the multilateral and bi lateral spheres. Because if I am going to sign a deal with the World Bank for a billion dollars, and it will take them six to seven years, I have an alternative of getting a billion dollars instantly from the Chinese, I think the World Bank is going to have to begin to look at that negotiation. I think for the West, it is now really a challenge to examine the way they have related to us... There is a lot of serious warnings regarding the Chinese taking over etc. But the question is, the West has taken over for 50 years and what has really been the difference?

But don't West African countries risk going over the same cycle, first it was the West that exploited them and perhaps now it's the turn of the Chinese?

Ok so then the West acknowledges they exploited us and now a different country is doing the same, if you like. Then that should be the issue that is put upfront. But the question is after 50 years of experience with the West and a different person comes to sit at the table, it is up to us to be a little more sophisticated than in the past, understand the voracious needs of China for raw materials and then position ourselves to negotiate much more competently.

Do you think young Ghanaians can be well trained or do they have to go abroad? How do you think the region can stop the migration flow?

I think our society's first responsibility is to create an environment where people feel safe and secure. There should be the rule of law and economic growth. If you do that you are not going to hinder anyone from moving. Are people unpatriotic for not coming back? No! They have skills which are globally required and it's up to them to go where they want to. Our challenge as a country is to make this more attractive to you and also play the patriotism card. But I think that's our challenge. We left upon finishing high school. We then worked and stayed 10, 20 years, etc. We are beginning to see people in Ghana who go to the United States for college, graduate, and look forward to coming back home! So has anybody said anything? No! Maybe we are managing our economy better, people are feeling more secure, maybe there is growth and I think that is the most sustainable way.

Do you think it is a long-term trend?

For Ghana, yes! I don't think we are going back. I think between the growth of the private sector, a more sophisticated democracy, the media and civil society, the checks and balances are beginning to fall into place and that should be helpful. And I suspect it is going to be regional and that will strengthen the sub-region.

Is it an advantage or a disadvantage to have such a large youth population?

It gives you a clear glimpse of the future and the responsibility of the state to determine whether we are going to build a secure, sophisticated future, or are we going to have anarchy and that is evident for us to make decisions. It offers the opportunity to educate people and to move people into the middle-class.

That is the issue confronting us in a way in which there is a sense of ownership and citizenry to protect the future. So in a sense, you have this body of people, which is important for any economy. Then it is the types of tools and skills and sense of societal responsibility that you instill in them to create the type of society of values that you want. So, if the current political leadership does not look to shape it, then of course there is disaster in the offing.

What can they do to make it an advantage, instead of a disadvantage?

You know for me, the first critical component is a good education. You know it should be universal, computer literate, that builds confidence. It raps the flag around people; they naturally just protect the society and know that they can aspire to anything. And so modernising our schools, training teachers, I think is just so fundamental. Because fortunately we are in a society where our fathers and grandfathers came from the villages to "the best high school" and then became leaders of society, so you may have "some supposedly elite families." For most of us, the ability to climb is there with the appropriate education. That is such an important facet of society, the ability for education to make you who you want to be. So I come back to education as a fundamental component for all of us.