

Africa's shifting landscape



**Lou Anna K Simon, president,
Michigan State University**

With more than 50 years of engagement with Africa and more than 160 faculty currently working on projects with African partners, Michigan State University has developed a rich reservoir of knowledge and

experience on the continent. From that, we find that five 'megatrends' will influence prospects for prosperity and food security in the next 10 to 15 years.

If underestimated, these trends will thwart the efforts of both Africans and their friends around the world to achieve positive development goals. These powerful currents will have different meanings for different countries, organisations, and individuals. But if we are to 'bend the trend' toward equitable and sustainable development, then governments, corporations, foundations, NGOs and universities today must carefully reckon the conditions under which we hope to proceed to this destination.

To begin with, policy debates need to focus more on development of a system that serves all people as democracy takes firmer root in Africa. Today, we can seize opportunities to work with the megatrends to create a better future for all, especially for those who are most at risk of being left behind.

MEGATREND 1: Urbanisation and pressures on land

Africa's food-consumption patterns will change dramatically over the coming decades. Rising urbanisation and growing per-capita incomes will double the marketed volumes of foodstuffs and ramp up demand for high-value foods (dairy, meat, fresh fruits and vegetables), processed foods, packaged convenience foods, and prepared foods. As fewer farm families support growing urban populations, farm productivity will need to increase in both crop and livestock production. Growing demand for packaged convenience foods will require substantial private-sector investment in food-processing technology.

But at the same time, people in rural areas are being squeezed onto smaller plots of land, leaving little room to expand farms and help meet the growing demand for locally grown food. While not fully understood, the squeeze is the result of an array of features that may include changes in traditional local land-allocation systems, as well as the flow of investments.

Strategic implication

To scale up processing of staple crops throughout Africa, the food industry will need to undertake research on the biochemistry of basic food fermentation and on nutritional outcomes under alternative processing technologies. To fuel necessary productivity increases, the system will require a steady flow of scientific and technical skills in support of farm production, feed industries, storage, supply-chain management and food processing.

Governments will need policy and programme analysts and regulatory experts accustomed to thinking and operating in a market economy to ensure that policies and regulatory structures promote innovation and growth. Policies must also incorporate the needs and concerns of small-farm producers. Disproportionately women, these smallholders are a major link in a rapidly modernising food chain and a key to African economic development.

As foreign direct investment increases, policies have to address potential negative impacts on the environment, marginalised groups of society and conditions that promote unlawful land grabs. At the same time, it will be crucial to collaborate with the business sector to encourage investment, share best business practices and develop policies.

MEGATREND 2: Connectivity

With 600 million cell phones on the ground, Africa is connecting like never before. This opens access to a variety of opportunities for users, while generating potentially useful information about public sentiment, economic activity, and even emerging health threats. Smallholders can use their phones to check market prices, giving them the global insight to set competitive prices for their produce. Telemedicine can deliver more of its early promise.

There is tremendous potential for wireless technology to enable African development and to contribute to development goals. Not only will this technology produce data about its users, it has the potential to advance education and modern agricultural extension services.

Strategic implication

As connectivity grows throughout Africa, so, too, can insights into its people and institutions. To harness resources in ways that will benefit the smallholder and others along the value chain, foundations, governments, and universities should work together to develop a talent pool with deep analytical expertise. Such information could identify troubling patterns at an early point and help guide programs supporting vulnerable communities and people with targeted education and assistance.





MEGATREND 3: Regional integration

Every nation in Africa is a member of at least one regional economic group. There is new momentum for regional integration, especially around efforts dedicated to strengthening regional agricultural capacity. With knowledge and communication leapfrogging boundaries, the case for regionalisation is strengthened. The African Union's repurposing of the New Partnership for African Development (NEPAD) into a continent-wide implementing agency, the development of the Comprehensive Africa Agriculture Development Program (CAADP), and the expansion of activities by long-standing regional groups such as SADC, EAC, ECOWAS, and COMESA are recent examples of these African-owned and African-led initiatives. Such efforts are intended to address vulnerability to rising global food prices and to food shortages.

Strategic implications

Africa has a wide variety of crops and agricultural environments. These differences provide a strong basis for productive agricultural trade based on comparative advantage. But a successful regional agriculture effort will be highly dependent on stakeholders' understanding of policy impacts on productivity, on market access, on income growth, on poverty reduction, and on the reduction of trade restrictions between African countries.

MEGATREND 4: Influences of democracy

There is a stubborn public perception that, for all the effort and foreign assistance over many years, there has been no meaningful change in sub-Saharan Africa. The fact is that in 1989 there were only three democracies in sub-Saharan Africa, while today there are more than 20. Never have so many low-income countries moved toward popular governance in such a brief period. Fragile and imperfect, these governments have a long way to go. But today they're on the road.

Strategic implication

As democratic ideals take hold, responsibility to address social problems will extend beyond government and become an expectation placed on businesses and organisations. Corporations and foreign direct investors will be asked to consider the social impact of their actions. We know that, on the whole, the economy improves when trust in the private sector is high and societal conditions improve. Social engagement and assumption of leadership on appropriate issues will become increasingly important in building trust and creating value for companies and organisations in Africa.



MEGATREND 5: Supermarketization

Africa is poised for rapid transformation of its retail food sector, embodied in the rapid spread of supermarkets. This follows a decade of similar change in East and South-east Asia and in Latin America. As the supermarket industry develops, leading chains are rapidly adopting technological, organisational, and institutional changes in their product-procurement systems.

Farmers face a rapidly evolving market with the potential to change the very nature, composition and volume of trade in the region. It will happen with unprecedented speed. What took 100 years in the West took 30 years in China, and Africa promises an even swifter transformation.

Strategic implication

To help small farmers grasp emerging opportunities and to help those who can't find other employment, development programmes will be challenged to assist small farmers to make the transition to the new market environment.

Conclusion

These megatrends say something about what we know about the future, but it is still uncertain how people and regions will react. We know that by supporting the development of resilient communities through informed policymaking, we all benefit – whether we are in Michigan or Malawi. Family farms the world over, after all, are increasingly buffeted by the winds of change in an increasingly global market.

Resilient communities are better positioned to shape their own futures and to address the big challenges, such as climate change, health and nutrition, education and the prosperity of their citizens.

At Michigan State University, we believe that universities play an important role in this process. We create a safe space to discuss equitable and sustainable development trajectories, where bold ideas are tested and the preferred future on behalf of the common good is pursued.

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Our Values

For African Petroleum, human capacity development and social investments are a key part of a successful corporate strategy. We aim to build capacity, transfer knowledge and encourage local commercial participation across our areas of operation. To do so, we partner with NOC's and local academic institutions to ensure sustainable learning solutions that allow for technical skill transfer from exploration. In Liberia, our lead project to date, African Petroleum is making investments and building partnerships across the following key areas:

- Construction of a 'state-of-the-art' Geological & Geophysical computer lab at the University of Liberia, inclusive of supportive software and training
- Scholarships to pursue BA and MA coursework in the UK and technical workshops globally
- Supportive local content development through offshore training, certification and shadow work opportunities
- Industry Overview Courses and technical seminars to government ministries, universities and local business representatives
- E-learning software, technical and IT advice to the National Oil Company of Liberia and academic institutions
- Investments in health through the donation of medical supplies, equipment, and maintenance training



Improving Quality of Life
Building Human Capacity
Creating Training Opportunities
Supporting Local Businesses
Investing in Liberia's Future

PARTNERS IN EXPLORATION  **PARTNERS IN DEVELOPMENT**



African Petroleum Corporation Ltd. Stratton House, 5 Stratton Street, London W1J 8LA
tel: +44 (0) 2034357700 fax: + 44(0)2034357701 web: africanpetroleum.com.au

Progress in a democratic Liberia



Ellen Johnson Sirleaf – a Nobel Peace Prize laureate – greets supporters during a campaign rally. She has focused on rebuilding post-conflict Liberia

In her inaugural speech earlier this year, Liberian president Ellen Johnson Sirleaf described the long road to democracy, and how the process of reconciliation after past struggles offers fresh hope

We observe today, for the first time in two generations, the swearing-in of a second successive democratic government elected peacefully by the will of the Liberian people. Today, Monday, 16 January 2012, on this Capitol Hill, in the presence of international dignitaries and the eyes of a watching world, we inaugurate a new beginning, a rebirth of our democracy and a restoration of hope.

Today, we can state with conviction that our country has turned the corner. Liberia is no longer a place of conflict, war and deprivation. We are no longer the country our citizens want to run away from, our international partners pitied and our neighbours feared.

We have earned our rightful place as a beacon of democracy – a country of hope and opportunity. The achievements marked on this day, my fellow citizens, are yours. This is your moment. You are the heroes

of the day, and it is you whose triumph we come together to celebrate.

I am deeply honoured to have been re-elected to the presidency of the Republic of Liberia, to serve this great nation for another six years. I have sworn, for the second and final time, 'to protect and defend the Constitution and laws of the Republic', and faithfully execute the sacred duties of this office.

The second election in any emerging democracy is the most important. The first takes place on the world stage, in the spotlight, with great fanfare. But the second election is the true test of the will of the people and the institutions they have created. If the second election works, it establishes a pattern, a tradition, a routine of democracy that subsequent elections can follow.

You, my fellow Liberians, have conducted another national election, described by all observers as free and fair. It was a miracle

summoned by the people, and in so doing, we as a nation have set our faces irrevocably towards democracy and peace.

The cleavages that led to decades of war still run deep. But so too does the longing for reconciliation – a reconciliation defined not by political bargaining or by an artificial balance of power by tribe, region, religion or ethnicity, but by the equality of opportunity and a better future for all Liberians.

The spread of progress

True reconciliation means a process of national healing. It means learning the lessons of the past to perfect our democracy. But above all it means economic justice for our citizens and the spread of progress to all our people. It means creating jobs, opportunities and giving our young people the skills they need to prosper and create the life they choose.

The youth of Liberia are our future, and they sent us a message. They are impatient. They are eager to make up for years of conflict and deprivation. They are anxious to know that their homeland offers the grounds for hope. Let me say to them: we heard that

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message and it is our solemn obligation to ensure that their hope will not be in vain.

To all who have yet to feel the hand of progress touch your life, your time has come. We have laid the foundations for peace and prosperity, and we must now hasten our true mission: putting people, especially young people, first and lifting the lives of all Liberians.

Your government should offer you education worthy of our heritage, but it will be up to you to stay in school, to study hard, and to learn the skills required for success in this new technological world. Your government should foster equality of opportunity so that you can get a job, and to know the dignity of receiving an honest day's wage. But it will be up to you to work honestly and hard to realise those ambitions. Your government should provide a system



of justice that all of us can trust: law-enforcement officials who act out of a sense of duty, judges who interpret and apply the laws fairly, administrators who live up to their oaths of office whatever the temptations may be. But it will be up to you and to me to demand transparency and accountability.

Six years ago, I stood before you in this same place and pledged to you my commitment to a process of national renewal. Now I address a new and very different Liberia. I call on you to join me in the completion of that formidable task. I call on you, my fellow citizens, to join me in renewing our resolve to restore our country and lead it to its grand destiny. I call on you today to share a healthy pride in what we have done, but a still fiercer resolve to do all that must yet be done so that all Liberians can thrive in freedom, equality

and friendship. I call you, my compatriots, to a new age of patriotism.

I am asking you to join me in a rededication to the enduring values set out in our constitution and consistent with our deepest gratitude for the gifts the Almighty has conferred on us as individuals and on our country. It is a rediscovery of what it means to be a Liberian – a proud citizen of a country that has suffered from wars, but now a dignified African nation with a simple dream of Liberty. The patriotism and resolve we summon today honours that dream.

Patriotism does not mean blind loyalty to power. Indeed, sometimes the highest demonstration of patriotism may well be seen when citizens peacefully and respectfully express their opposition to particular policies proposed by those elected to govern them.

Patriots freely and openly, and even passionately, disagree about what is best



A man casts his vote at a polling station during Liberia's presidential election in November 2011

for the nation they love. Patriots compete for the support, and for the votes, of their fellow citizens. Patriots acknowledge that those who may not embrace their views are nonetheless acting out of their own understanding of what is best for their country.

Equality of opportunity

Patriots believe that equality of opportunity applies to all citizens, regardless of tribe or ethnicity, regardless of geographic or economic status, and regardless of sex. My administration remains particularly committed to achieving equality for women and girls in all areas of life: education, business, and in the family itself.

Patriots believe deeply in democratic processes and institutions, and when those processes and institutions waver or fail, patriots resolve to repair them. They believe in a democracy of policies not

personality, merit not money, action not words. They believe in the sacred right to free expression and the responsibility to exercise that right with care.

Restoration and the future

My fellow Liberians, we know all too well what can happen when the tenets of democracy and freedom are not jealously and vigorously defended, when the true love of country is abandoned for narrow interest. We have suffered the years of deprivation and terror, during which democratic principles were exiled from our shores. We have looked into the vacant eyes of a generation of young Liberians whose hope for the future was stolen.

We all, together, will never allow those mistakes to be repeated. We will never again shed the mantle of democracy, of freedom, of national unity, of patriotism.

Let us go forth from this Inauguration Day to roll up our sleeves, to make the sacrifices necessary for our continued growth and development: economic, educational, moral and spiritual. Let us resolve that our pride in our Liberian nation, and in our tradition and heritage, will be manifested in a new commitment to the democratic processes that we mark on this solemn occasion.

I invite you to join me in the next steps towards restoration and the progress of our beloved Liberia. The future that has beckoned us is finally here. Let us walk along this road together, our steps enlightened by our Creator, and grateful to Him and the blessings He has bestowed upon us.

My compatriots, my brothers, my sisters, my daughters, my sons: I call on each of you to join me today, and together let us forge our future in a spirit of pride, purpose and unity. ■

Believe in Liberia: the reasons why we can achieve more together

Alexey Borisov, CEO, the Putu Iron-Ore Project, Severstal

Facing new horizons

In less than a decade Liberia has become one of the leading and most attractive countries for foreign investments in Africa. When the devastating civil war ended in 2003, such a situation seemed almost impossible. But this “Lilliputian nation with a giant history” – as it was called by the President of Liberia Ellen Johnson Sirleaf – led by its government, has made it a reality. Today, in common with the rest of the world, Liberia faces new horizons and challenges: instability in global economic growth, globalisation, increasing business competition, the digital revolution and much more. We believe that the people of Liberia will successfully meet these challenges.

Our faith in the future of the country and its people is one of the major reasons why Severstal has come to Liberia. Our investment in the country is also an important part of our strategy. Severstal's operations date back to 1955 when our first batch of steel was produced at Cherepovets Steel Mill in Russia. Since becoming a private company in 1993, Severstal has been actively growing and expanding globally, and today Severstal is one of the world's leading vertically integrated steel and steel-related mining companies. We have an international footprint, with operations in Russia, the US, Ukraine, Latvia, Poland, Italy and Brazil, as well as in Liberia.

Severstal's strategy is focused on steel products and steel-related mining and we plan to significantly boost the company's total production of iron ore and coking coal, as we believe these markets have high-growth potential. As part of this strategy, in December 2008, Severstal bought a controlling (61.5 per cent) stake in the Putu Iron Ore Project in Liberia and, up until April 2012, developed the project in a partnership with Afferro Mining Inc.

Since 2008, Severstal itself invested approximately \$94 million to develop Putu. During 2009-11, activities focused on the construction of physical infrastructure (exploration camp, fuel storage facility, access roads) and the establishment of a project team, both of which are required to support an intensive



exploration drilling programme. In April 2012 we bought Afferro's minority stake, taking a 100 per cent interest in the project and strengthening Severstal's position in the global iron ore market. The acquisition was in line with our key strategic goals of being a leading global steel and steel-related mining company with high-quality iron ore and coal assets worldwide.

The next key stages of the project are the completion of the pre-feasibility study by September 2012 and then the feasibility study by March 2014. The construction phase is planned to begin in April 2014 and will take about three years. During this phase, the company will construct the mine, processing plant, railway, port facility, and support infrastructure, based on the engineering designs developed during the feasibility-study phase. Total construction costs are estimated at about \$4 billion, subject to the results of the definitive feasibility-study.

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The overall plan for the Putu project is to build a facility with the capacity to produce 20-25 million tonnes per year of magnetite iron ore concentrate. This is a high-quality raw material for iron and steel making, although it does require intermediate processing into pellets, or sinter, before it can be used by most iron and steel plants. The Putu project is the cornerstone of Severstal's strategy to develop a portfolio of iron-ore mining assets, producing 30-50 million tonnes per year in the long term, and providing raw materials, not only for Severstal's plants in Europe and the US, but also for third-party steel plants. By developing Putu the company has a chance to become a significant player in the seaborne iron-ore market.

Creating value is part of the strategy

Severstal's mission is to be a leader in value creation across all the regions where it operates. We have more than a decade of experience operating in different countries and our key priority





is to be a responsible corporate partner for local governments and communities. We believe the Putu project will generate significant social and economic benefits for Liberia. This positive impact will include the creation of about 3,000 direct jobs and a further 15,000 to 20,000 indirect jobs at the operation stage – a critical benefit given that current unemployment levels in Liberia are in excess of 80 per cent.

However, the positive impact of the project will emerge even before production begins. Severstal has agreed to contribute significant sums of money during the pre-construction phases towards education (\$200,000–\$350,000 per year), community projects (\$500,000–\$3 million per year) and road construction.

In addition, Severstal has agreed to pay the Government of Liberia a signature bonus totalling \$10 million with staged payments between 2010-14. As well as these pre-production financial contributions, the company also undertakes training of Liberian nationals at all levels to assume roles within the company, and will ensure its best efforts to support local providers of goods and services.

Generating benefits for the community

Severstal already employs about 300 Liberians directly, and about 250 through our sub-contractors. Besides the Mineral Development Agreement social obligations the company undertakes “in-house” social activities, including education, refurbishing roads, improving the water supply and enhancing standards of health and medicine.

The development of rail, road and power infrastructure during the construction phase will generate significant benefits for Liberia and for Grand Gedeh County in particular. Severstal will pave the 185km road between Greenville and Zwedru between 2013-17 at an estimated total cost well in excess of \$200 million. The company will also build the mine power plant with sufficient capacity to supply electricity to population centres within a 10km

radius (free to public users such as schools, and at subsidised prices to individuals), design the railway and port facility in such a way as to facilitate expansion for use by another bulk industrial user, and make up to one million tonnes per year of capacity available at the port facility for third-party use.

During the production phase, a 20-25 million tonnes per year iron-ore operation at Putu Range would generate approximately \$100 million per year of royalties, about \$300 million per year of corporate income taxes, and about \$25 million per year of dividend withholding taxes. These figures should be viewed in the context of Liberia’s 2011 GDP of \$1,760 million.

We believe that all these actions, if successful, can bring significant benefits to both parties and lead them to a new growth stage. Together, we can achieve more.

About the Putu Range iron-ore project

The Putu Range iron-ore project is located in the Grand Gedeh County of south-east Liberia, approximately 460km from Monrovia (via Ganta) and 130km from the port of Greenville. The nearest major population centre is Zwedru, the regional capital, which lies 62km away. Access by road from Monrovia takes 12-16 hours, depending on road conditions. The project is managed by Putu Iron Ore Mining Inc, an indirect subsidiary of Severstal Resources, the mining division of OAO Severstal.



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Strengthening political governance for security and stability in Africa

The African Union aims to capitalise on the opportunities presented by the Arab Spring to strengthen the instruments of democracy in North Africa and in the continent as a whole

By Dr Jean Ping, chairperson, African Union Commission

Fifteen months ago, a revolution started here that was not only to change the face of Tunisia, but also those of several other countries in the region.

Events here led to what some have called the 'Arab Spring' and others have termed the 'People's Spring', referring to the revolution that broke out in Paris on 22 February 1848, before affecting other European monarchies. It is for analysts and other knowledgeable observers to judge the relevance of these terms, the accuracy of the analogies and the comparisons that have been drawn.

Allow me, in a much more modest respect, to take this opportunity to once again pay tribute to the Tunisian people, for their courage and determination in the struggle that was and remains their own – that of freedom and dignity. Is it necessary to say that this struggle is ongoing, never definitively won, still unfinished? By their very nature, democratic achievements are always fragile. Preserving and consolidating them requires constant vigilance, a form of revolutionary romanticism that inspires dreams of a better life and helps maintain the commitment necessary to avoid setbacks, reversals and co-optation.

The Maghreb – a new direction

I welcome President Moncef Marzouki of Tunisia. In him I see a political leader who presides over the destiny of his country at a crucial stage in its history, but who is above all a tireless campaigner for human rights, a Pan-African who took the opportunity at the last African Union (AU) Summit to strongly reaffirm Tunisia's commitment to the ideals of our union. He is the advocate of Greater Maghreb unity and one of his first diplomatic initiatives was to give impetus to the revival of the undoubtedly urgent Maghreb project.

For President Ahmed Ben Bella, his vision meant that the liberation of Algeria could not be complete until the whole continent was free from the yoke of foreign and racial domination. As a participant in the Founding Summit of the Organization of African Unity (OAU) in Addis Ababa in May 1963, he urged his African peers to "die a little, or even completely", to fulfil the task of decolonisation and win the struggle against apartheid and racial discrimination.

Obligation to support African aspiration

In line with his Pan-African commitment, President Ben Bella agreed, in 2007, at the request of Alpha Oumar Konaré, former chair of the commission, to lead the AU's Panel of the Wise. In his message during the inauguration ceremony of the panel in Addis Ababa on 18 December 2007, he said: "On behalf of my companions, I would like to declare that we see this mission as a responsibility and an obligation, and we intend to discharge it, with all our energy, in support of the aspirations of all the African peoples to peace, security and stability."

Consequently, despite his advanced age and declining health, former president Ben Bella spared neither his efforts nor his energy to fulfil this new responsibility. In this capacity, he participated in several meetings of the panel, particularly in Addis Ababa, where he returned in 2008 for the first time since the OAU Summit of May 1963. Under his authority the Panel of the Wise undertook several missions to countries and regions affected by conflicts and tensions, and worked to facilitate conflict prevention through dialogue.

Our workshop is part of the discussions begun, at the request of the AU's relevant bodies, by the Panel of the Wise on the Strengthening of Political Governance for



The African Union headquarters in Addis Ababa, Ethiopia. The organisation hopes that the ideals of the Arab Spring will renew Africans' drive for able governance



Peace, Security and Stability in Africa. It is part of the AU's effort to take the opportunities arising from the revolutions that took place in North Africa to give new impetus to the democratic project, which is at the heart of the objectives of our union.

The aim is not necessarily to develop new instruments, but to apply existing ones. Over the past two decades, in the framework of the AU, African states have made important commitments in democracy, governance and human rights. Progress has undeniably been made, yet we must also admit that there is still a long way to go. It is in this context that we need to mobilise political determination and to agree on appropriate strategies to put into practice the commitments made and the hopes to which they give rise.

Greater democracy to prevent crises

This is an urgent undertaking. Indeed, political systems that are more democratic, respectful of human rights and transparent in the management of public affairs will greatly contribute to the prevention of crises and conflict on the continent. Very often, conflict arises from deficient political and economic governance, and as long as these remain foreign players will be in a position to arbitrate our internal disputes.

It was the duty of the OAU's founding fathers to meet the challenges of anti-colonial struggle. Likewise, it is the duty of the present generation to meet the demands of democracy. These two struggles are intimately and inextricably linked. The battle for democracy is a natural extension of the struggle for independence. Both are based on the same aspiration for freedom and dignity.

It is in this way that we can ensure continuity between the struggles of yesterday and today, between the generation of Ben Bella and that of Merzouki. It is in this way that we can carry the banner of democracy and freedom further and raise it higher. It is in this way that we can ensure the vitality of the African people and create conditions that will enable the continent to take full advantage of its enormous potential and assert itself on the international arena. ■

Unofficial translation of an address given by Dr Jean Ping in Tunisia, on 27-29 April 2012, on the theme of 'Strengthening political governance for peace, security and stability in Africa'

Samsung Africa's world-first Solar Powered Internet School

An innovative, technology-based model that provides children in rural Africa with access to a high-tech learning environment and a world-class education



By Ntutule Tshenye, Corporate Citizenship, Samsung Africa

As Samsung pursues an aggressive growth strategy in the African consumer market, it is also aiming at an ambitious goal: to directly impact the lives of five million Africans by 2015. To do this, we are delivering on a practical strategy for corporate social responsibility (CSR) in African communities. We believe that we will have the biggest impact by fusing our expertise in designing products and programmes that are 'built for Africa', with our desire to improve quality of life in the communities where our customers live.

We are focused particularly on enabling quality education and improving rural access and connectivity.

Rural challenges to connectivity

While many areas in Africa are developing at a rapid pace, much of the continent is still struggling with infrastructure problems that are no longer heard of in the developed world, such as electrification, which remains one of Africa's largest economic challenges. On average, less than 25 per cent of rural areas on the continent benefit from electricity, resulting in isolated communities with limited access to education and connectivity. We believe that in our endeavours to improve education in Africa, we cannot overlook the areas that most require support:

the rural areas that make up the vast stretches between one city centre and the next. To effectively address the challenges that exist in these areas, unique solutions tailored to the conditions of the continent need to be developed.

A world first

In October 2011, Samsung Africa launched a world-first innovation aimed at tackling the very heart of the problem of rural electrification: the Solar Powered Internet School model. It entails an exclusively solar-powered, mobile and completely independent classroom that occupies a 40-foot shipping container, for easy transportation using a truck to the remotest areas on the continent, and designed for use in areas with limited or no access to electricity.

Technology for a world-class education

Fold-away solar panels provide enough energy to power the classroom's equipment for up to nine hours a day, and for up to three days without any sunlight at all on fully charged batteries. The classrooms can comfortably accommodate 21 learners, and include several layers of insulation and a ventilation system to ensure a temperate environment is maintained. Each classroom is fitted with a 65-inch electronic e-board and different Samsung notebooks and netbooks, including the world's first solar-powered netbooks and Galaxy Tablets for student and teacher interface – all of which are optimised for use in a solar-powered environment.

Winner of the African Energy Award 2012

In March 2012, we were honoured to receive 'The Africa Energy Award' – an accolade that celebrates the continued growth and success of energy projects in Africa, focusing on the exceptional





performers within the industry. The awards are widely regarded as a recognisable standard of industry excellence and innovation.

The proof-of-concept model has been tested in a variety of different environments, including Boksburg and Qunu in South Africa, and in Zimbabwe. It is currently situated at a secondary school in Tembisa, near Johannesburg. This pilot phase has proved highly successful and has tested the viability of the Solar Powered Internet School model as a learning and teaching environment, has shown the content and curriculum it contains to be applicable, and has given us a tried-and-tested framework for the professional development of educators and the integration of ICTs into the classrooms.

We have recently completed the second model, currently being transported to Nigeria, and are now working on the roll-out of three more centres. In this next roll-out phase, we are driving in-country development of the schools across Africa, which will also have the benefit of employment creation.

Vision to reach 2.5 million learners by 2015

Our short-term goal is to roll out enough schools so as to reach 2.5 million people by 2015. To do this, we are working to build partnerships with governments and the private sector across Africa. In the past few months, we have engaged dozens of Education Ministers (and the African Development Bank) at the ICTs in Education Summit that took place in Zimbabwe, and addressed education decision-makers at the Association for the Development of Education in Africa (ADEA) in February 2012, where Ministers of Education expressed strong interest in rolling out these mobile classrooms in their countries.

But to ensure that we are able to scale the program sufficiently, we need to gain further support of public- and private-sector partners. We have recently been in discussions with the African Development Bank's Southern Africa Regional Office (SARC) in Pretoria, who have shown significant interest in initially supporting 10 countries in their roll-out of the classrooms if they are approached by the member countries. While this remains work in progress, we are both excited about the possibilities and ultimate benefits to the African education fraternity

To ensure that we are able to scale the programme sufficiently, we are calling on more partners, private, corporate and funding, to come on board and help bring access to power, connectivity and the 21st-century classroom to millions of African learners.



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Working together to assist Africa's development efforts

The world's most resource-rich continent has the potential to bridge the development gap, but the role of more advanced economies will be crucial

By Donald Kaberuka, president, African Development Bank Group

Africa is going through its most dynamic period of development in a generation. Despite successive shocks from the global financial crisis and high food and oil prices, it is expecting growth rates of above six per cent in the coming years, making Africa the fastest-growing developing region in the world.

A number of factors are combining to produce this new dynamism. After a decade of hard work on reform, African states now offer more stable macroeconomic conditions and a better business environment. High commodity prices have been a boon for the resource-rich continent. Emerging partners, particularly China and India, are becoming increasingly important investors, helping to overcome Africa's infrastructure gaps. Moreover, Africa's growing urban population is becoming an increasingly attractive consumer market in its own right, with telecommunications, construction, retail and banking all surging ahead.

Tackling entrenched poverty

However, Africa's growth is not delivering the impact on poverty that its people need. It is enclaved in nature, concentrated in a few sectors and geographical areas, while leaving most of the population poor. It is driven by capital-intensive industries such as mining and services, in contrast to the labour-intensive manufacturing that has lifted millions of Asians out of poverty.

While prosperity in the cities is growing, rural areas have been left behind, held back by poor infrastructure connections. Africa's fragmentation into more than 50 national markets works against balanced growth.

The recent upheavals in Tunisia, Egypt and Libya are a sharp warning that inequality in

Africa also has an important intergenerational dimension. With more than two-thirds of its population under 25 years of age, sub-Saharan Africa is already the youngest region in the world. And this 'youth bulge' is increasing at an alarming rate – by 2045, 40 per cent of the population will be between 15 and 24 years old. Across the continent, these young people are being excluded from the formal economy. Literacy rates in Africa are rising rapidly and will be on a par with those of India within a decade. But even those who succeed within the education system have little prospect of employment. This is leading to a dangerous clash between expectations and reality. Young Africans are all too aware of how their counterparts on other continents are living,

economic integration. It will have a strong focus on education and training, to enable young Africans to acquire the skills they need for the labour market. It will intensify efforts to build more effective African states, capable of promoting private-sector-led growth and providing basic services to their populations. It will work with its member states to mobilise new sources of development finance, including through more effective revenue raising and public-private partnerships.

A continent rich in natural resources

A key issue will be the management of natural resource revenues. Africa is the most resource-rich continent on the planet, and many African countries will have new sources of natural wealth opening up in the coming years. This is a key opportunity for Africa to bridge the development gap. But natural resources can also drive corruption and conflict. A key priority, therefore, is to help put in place effective governance arrangements, such as sovereign wealth funds, to ensure that natural resource revenues are a blessing, rather than a curse.

Climate change is a key concern for Africa, which is disproportionately vulnerable to its effects. Climate change has the potential to slow down or even reverse the course of Africa's development. The African Development Bank has been working hard in international forums, including the United Nations Climate Change Conference in Durban in 2011, to mobilise the funding Africa needs for adaptation.

So far, Africa has been poorly served by existing financing mechanisms, receiving only 12 per cent of all global climate funds disbursed over the past four years. At the request of African countries, the bank established the Africa Green Fund to help promote a climate-resilient and low-carbon growth path for the continent.

However, the exclusion of agriculture and food security from international debates on climate change has been disappointing. With 70 per cent of Africans dependent on small-scale agriculture, food security must be a central issue in future policy debates.

Africa will continue to rely on its international partnerships – both traditional

The cornerstone of the African Development Bank's strategy is promoting inclusive growth. Strong, broad-based and equitable growth is required to lift more Africans out of poverty

leading to political pressures that Africa's young democracies may struggle to contain.

For all these reasons, the cornerstone of the strategy of the African Development Bank is to promote inclusive growth. Strong, broad-based and equitable growth is required to lift more Africans out of poverty. To this end, the bank will continue to leverage its strong relationship with international financial markets to mobilise development resources for Africa. The lion's share of these resources will go towards infrastructure development, to boost rural productivity and allow rural areas to benefit from growth in the urban centres. The bank will help to build up the hard and soft infrastructure needed for regional



Literacy rates are rising rapidly among young people, but Africa's youth bulge means that even educated young people are struggling to find work

donors and new partners – to meet its development challenges. It remains highly vulnerable to the effects of global economic crises. Every one per cent drop in economic growth in the countries that belong to the Organisation for Economic Co-operation and Development (OECD) translates into a 10 per cent decrease in demand for Africa's exports. Europe's financial woes may also drive up the cost of borrowing, creating difficulties for emerging market countries such as South Africa and Egypt.

The first concern, therefore for the G8's Camp David Summit is a resolution to the European financial crisis. The world is

looking to European leaders to make a clear political commitment to helping the countries that are struggling with sovereign debt and to safeguarding the stability of the eurozone as a whole.

There have been too many half measures and not enough decisive action in Europe. While the worst-affected countries need to tighten their fiscal position, leading European economies such as Germany should refrain from following suit, focusing instead on growth and the creation of jobs.

The African Development Bank would also like the leaders of the BRICS countries (Brazil, Russia, India, China and South Africa)

to accept their share of responsibility to match their increasing presence in the global economic arena. Their fortunes are tied so closely to those of the OECD countries that they will need to work together to address global economic challenges.

They must intensify their engagement in Africa, in particular by continuing to expand their investments. This is an excellent moment for investing some of the currency resources they have built up over the years.

Finally, all sides must resist the temptation to slide back into protectionism. This is, in fact, also an excellent moment to press ahead with measures to further liberalise trade. ■



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The best protection for public works and public-private partnerships: surety bonds

Surety bonds are risk transfer instruments that protect construction buyers from the risk of contractor default. They are used to protect dollars carefully allocated to build and improve infrastructure and other public works, providing the best protection to governments, taxpayers and private investors. Surety bonds are preferred by contractors around the world and less expensive than other security.

Bid bonds protect against abnormally low bids and ensure that the contractor will enter into the contract and provide the required performance bond. Performance bonds ensure against financial loss if the contractor fails to complete the contract in accordance with its terms.

Whether the project is a standard public works project or a public-private partnership (P3), an entity that requires surety bonds gets both an independent analysis of the contractor and a guaranty of performance from a well regulated, well financed company. Surety bonds can be required for the entire project or only the construction piece.

Performance bonds come in many shapes and sizes. Each country has its own surety bonding practices and forms. In each instance, the owner receives the same benefits: prequalification and protection.

Prequalification – intensive, comprehensive and ongoing

Sureties use sophisticated credit modelling systems in their underwriting and risk assessment. They conduct detailed analysis of interrelated factors before deciding whether to extend surety support.

- **Intensive:** Surety companies conduct in-depth examination of a contractor's operation: financial, work programme, experience, performance history and succession plans;
- **Comprehensive:** A surety examines the entire organisation. This includes reviews of related companies, joint ventures and properties of the shareholders. This often allows the surety to become aware of problems beyond the contractor and invisible to the public entity and other construction purchasers;
- **Ongoing:** A surety company does not base its decisions on an 'operational snapshot' taken annually. It monitors a contractor's progress throughout the year, not on one job but on all work. A surety often will learn about potential problems and be able to prevent any impact on a project.

Protection – what if there is a default?

If the contractor does run into problems on the project, often the surety will assist its contractor to prevent default. If default occurs, the surety works with the owner to determine the best way to keep the project moving – perhaps a completing contractor, financing the current contractor, paying the owner, or other options.

In construction, time is money. Having a surety bond where the surety can investigate and quickly handle the default, and keep the project moving, is in the best interest of all parties. The government wants a new road available to



the public and subcontractors and suppliers paid. Any other form of security is insufficient.

The International Chamber of Commerce Uniform Rules for Contract Bonds & Model Forms provide guidance and forms to be used worldwide to guarantee projects are completed in accordance with the contract and claims are handled expeditiously. The United Nations Commission on International Trade Law (UNCITRAL) has endorsed those rules.

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In 2000, UNCITRAL adopted the Legislative Guide on Privately Financed Projects and, in 2003, adopted Model Legislative Provisions on Privately Financed Infrastructure Projects (Official Records A/58/17). These documents include provisions recommending and explaining performance guarantees. While governments sometimes need or choose the participation of private entities to finance infrastructure or other public projects, they also continue to need the protection provided by surety bonds. Surety bonds can play a vital role in ensuring that these projects are completed on time, without the need for additional funding.

Protect your project; protect yourself. Require surety bonds. For more information, go to www.sio.org or www.suretyinternational.org

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