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SADC

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY

The free trade community wants to achieve full common market status and monetary union.

As the Southern African Development Community (SADC) approaches its 30th anniversary in 2012, the community's 15 members are stepping up their efforts to achieve greater economic cooperation and integration.

President José Eduardo dos Santos of Angola, SADC's current chairman, will be keen to ensure that the community makes progress in both its economic and political development.

With South Africa and Angola in the lead, the community has steered its way largely unscathed through the worst global financial crisis since the 1930s, say economic analysts.

Together with its other member states—Botswana, the Democratic Republic of Congo (DRC), Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, Swaziland, Tanzania, Zambia and Zimbabwe—the community achieved a creditable combined economic growth of 4.9% last year, 2.5% more than in 2009, and is expected to record similar growth this year.

SADC has a total population of 257.7 million and a combined GDP of \$471.1 billion, giving it the potential to attract substantial international investment.

“We need investments in critical areas such as energy,

surface transport, ports and inland waterways, information technology and metrology,” says Dr. Hage Geingob, Chairman of SADC'S Council of Ministers, who is also Namibia's Minister of Trade and Industry.

Dr. Geingob estimates that the community needs to raise \$100 billion to finance new infrastructural projects and rehabilitate existing ones over the next five years. Such investment would contribute immensely toward enhancing SADC's economic development and integrating it into the global economy.

Foreign direct investment (FDI) into SADC was estimated to total \$17.8 billion in 2008. Of this figure, 54.3% went into South Africa, 9.4% into Angola and 4.1% into Tanzania. Zimbabwe received \$52 million.

As a percentage of gross fixed capital formation (total investment), the inward flow of FDI was highest in Angola at 109%, while in Zimbabwe it was 9.9%, and in Tanzania 9.8%.

In its most recent report on economic development, the SADC stated that it aims first to complete the process of becoming a fully active free trade area, and then to achieve the status of a common market by 2015. Its next goal will be monetary union by 2016 and a single currency by 2018. ❖

ZIMBABWE

A REVITALIZED ECONOMY

After a decade of disinvestment and economic decline, which was further exacerbated by hyperinflation, Zimbabwe's economy has been revitalized, and its government is now opening the gates to investment.

The economic revival follows the decommissioning of the Zimbabwe dollar in February 2009 and the introduction of a multicurrency system for all economic transactions.

"The most visible change is the fact that all the stores are full," says an international businessman who visits regularly. "It doesn't matter whether you look at groceries, clothes shops or pharmacies; shops that were hopelessly empty three years ago are now full of goods. That to me is the first sign that things are more or less back to normal."

Last year the country achieved economic growth of 8.1%, which largely

resulted from the recovery of the mining, agriculture and tourism sectors. Mining activity and earnings from tourism both grew by 47%, while agriculture increased by 34%.

This year Zimbabwe is on course to achieve growth of 9.3%. To maintain the economic dynamism, Tapiwa Mashakada, Minister of Economic Planning and Investment Promotion, has announced a \$9 billion development program that targets an average economic growth rate of 7% over five years.

At a series of investment conferences at home and abroad, he has offered reassurance to potential investors, emphasizing that the government's controversial indigenization measures are flexible and not to be construed as nationalization or expropriation: "Investors are safe and their investments guaranteed," he says.

BANKING REVIVAL RACES AHEAD

Rising profits signal economic recovery and a brighter future for financial services sector.

The banking and finance sector is riding the wave of Zimbabwe's economic recovery. Despite liquidity shortages, 12 of the country's 17 commercial banks released results for the first six months of this year showing an increase in profit after tax, based mostly on fees and commissions.

Although the financial sector experienced a crisis of confidence and capital inadequacies following the dollarization of the economy in 2009, bank deposits have grown to about \$2.8 billion.

In August, the Reserve Bank of Zimbabwe (RBZ), the central bank, countered pessimism by stating that the ratio of nonperforming loans has averaged below 5% since March of last year. The financial sector is expected to further increase its profitability as a result of economic growth this year, which RBZ predicts will be around 9.3%.

The Zimbabwe division of ABC Holdings—the parent company of five sub-Saharan banks operating under the BancABC brand—more than quadrupled its profit after tax to \$5.5 million during the first half of 2011. Comparatively, the bank posted a profit of only \$940,000 for the first six months of 2010, and \$3.4 million for all of 2010.

During the first six months of this year, deposits growth of 54% exceeded market average deposit growth of 25%.

BancABC, with banks in Botswana, Mozambique, Tanzania and Zambia, says Zimbabwean and Tanzanian operations were the biggest contributors to the group's income, recording increases of 421% and 69%, respectively.

"Our corporate and investment heritage began in Zimbabwe," says Douglas Munatsi, ABC Holdings Chief Executive, "but we have expanded organically into retail with currently 17 branches within the southern region of Africa."

Retail expansion, which has been funded entirely from the group's own resources, will continue, says Ngoni Kudenga, the bank's Chairman.

For the first six months of last year, net interest income for the group stood

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TESTAMENT TO PROGRESS

Development bank seeks investment to improve infrastructure and telecom.

An ambitious action plan to rehabilitate and develop Zimbabwe's infrastructure—once the most advanced in sub-Saharan Africa—has been drawn up by the African Development Bank.

The bank, which in a sign of its support for the country's new economic dynamism reopened its field office in Harare this year, estimates that an investment of \$40 billion is needed in transport, electric power, water and sanitation, and information and communications technologies.

In the case of telecommunications, the bank says that although mobile phone densities were among the lowest in the region in 2006, access has improved in the past few years.

The tremendous growth achieved by Econet Wireless—the country's largest provider of telecommunication

services—is proof of this improvement.

Launched in 1998, the company has experienced the worst of times and the best of times. However, in the improved circumstances of today, it is continuing to upgrade its network to carry more subscribers and widen its geographical coverage, which is already the most extensive in Zimbabwe.

Econet reported a solid set of results in the latest financial year, showing a 23% increase in its earnings to \$140.5 million. A 36% growth in revenues was supported by a 55% jump in subscribers to 5.5 million.

Demand for group products is strong, and the general focus is on innovation, improving the quality of service and venturing into the accessories market.

An agreement has been signed to allow Econet to exclusively sell Apple products within the local market. The company has also teamed up with First Mutual Life Assurance to offer a free

life insurance cover called EcoLife to Econet's subscribers.

Econet has also launched a green campaign, through which it is expanding its investment in renewable energy. Through this initiative, Econet aims to reduce its reliance on traditional power sources, which have become increasingly unreliable in recent years. For example, power cuts have forced Econet to invest substantially in backup power to such an extent that at times as much as 70% of its base stations have to rely on their own generators.

Econet's investment in alternative energies will see the building of more solar-powered base stations and a range of solar-powered lamps, handsets and chargers stocked in its stores.

"These products are meant to make life easier for our customers and are an indication of our commitment to invest in a green future," says Douglas Mboweni, Econet's Chief Executive. ❖



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www.econet.co.zw

Continued from page 2

at \$26.3 million, up 30% from the same period last year. This was due to the growth in the balance sheet, which registered a 23% surge from December 2010 to \$192.9 million, says Leah Banda, the group’s head of marketing and communications.

The bank’s total operating income stood at \$16 million—up 108% over the first half of 2010—driven by an \$8.7 million net interest income and fees income, as well as commission and foreign exchange dealings. Deposits went up 54% on the back of growth in both loans and advances. Total assets grew to \$374 million from \$252 million during the same period last year, primarily driven by the surge in deposits.

In July of this year, the bank secured a \$7 million credit line from Shelter Afrique to finance new mortgages. The mortgage-financing plan came after BancABC signed a \$50 million credit line from the African Export-Import Bank to capitalize operations.

The bank registered \$31.5 million of

“Our corporate and investment heritage began in Zimbabwe, but we have expanded organically into retail with currently 17 branches within the southern region of Africa.”

Douglas Munatsi, Chief Executive, ABC Holdings

shareholders’ funds, compared to RBZ’s capital requirement of \$12.5 million, putting the capital adequacy ratio at 12% against the required 10%.

CBZ Holdings, the country’s largest banking group, also reported a strong set of figures for the first half of 2011, showing attributable earnings of \$13.6 million, up 115% year-on-year for earnings per share of \$0.22.

Total income increased by more than half to \$54.8 million as a result of an 86% increase in funded income, which contributed 61% of total income. An interim dividend of \$0.12 was declared, implying a dividend yield of 0.8%. The

bank maintained its dominant position, commanding 27% of the deposits and 24% of advances.

CBZ expects to continue benefiting from its size and sees opportunities for growth in attracting business from small and medium-sized businesses and microfinance lending.

“The bank provides personal customers with a wide variety of products to facilitate transactional savings and investment requirements,” says Nyasha Makuvishe, the group’s Chief Executive. Adding to CBZ Holdings’ interests in financial services, he says, the bank has a company trading as Datvest that specializes in fund management, investment advisory services and an array of financial instruments specifically suited to the bank’s clients.

A life assurance business has also been launched by the group and, in the period under review, all units made positive contributions to group results. The bank underlined its solid performance by notching up \$17.6 million in profits after tax for the year to December 31, 2010.❖



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SEVEN WONDERS OF ZIMBABWE

The country offers unrivaled tourism attractions and a warm welcome.

It has recently been announced that Zimbabwe and Zambia have won the bid to jointly host the 20th session of the UN World Tourism Organization (UNWTO) General Assembly in 2013.

In other good news, Zimbabwe tourism is on the rebound following the establishment of a government of national unity and a rebranding exercise by the country's tourism authority.

Despite the country's ongoing intermittent political turbulence, tourism earnings increased by 47% last year to \$770 million, while the number of visitors rose by 15% to 2.3 million.

The reason is simple: Whatever troubles there are in the political sphere, the country offers tourists incomparable attractions, and there is nowhere on the continent that is safer for visitors or

where the locals are more welcoming.

Explaining the reasoning behind the rebranding exercise, Karikoga Kaseke, Chief Executive of the tourism authority, says it is time for the country to reassert its treasures to an international audience.

Using the tagline, "Zimbabwe: A World of Wonders," the country hopes to focus marketing attention on the country's seven most renowned pillars.

First is Victoria Falls, the highest and widest curtain of falling water on earth, acknowledged as one of the Seven Wonders of the World.

In addition to their stunning visual appeal, Victoria Falls are marketed as the "adventure capital" of Africa. Adrenaline-seeking visitors can bungee-jump off the cliffs, sail across the falls attached to a special body harness or abseil backward over the Zambezi River.

Second are the Great Zimbabwe Ruins, a UNESCO World Heritage site and the most important archaeological remains south of the Sahara, as they provide evidence of the lost civilization of the Shona, which dates back to the 11th century.

Third is Lake Kariba, the largest artificial lake in the world by volume, where visitors can watch elephants swimming from its shores. Located halfway between the source and mouth of the Zambezi River, the lake teems with indigenous fish such as huge tigerfish.

The fourth, fifth and sixth pillars of the nation's tourism campaign are:

- The mountainous and mysterious landscapes of the Eastern Highlands;
- The wildlife inhabiting more than 20 national parks, including "the big seven" game animals: elephants, buffalo, lions, leopards, rhinos, hippos and crocodiles;
- A rich 30,000-year-old history illustrated by 2,000 ancient cave paintings, landmarks left by David Livingstone and Cecil Rhodes, and numerous monuments and heritage sites.

The seventh and perhaps the most valuable pillar of all is the diverse and vibrant culture of the Zimbabwean people, which visitors can experience through traditional arts, music and dance, and, perhaps most notably, through their warm hospitality. ❖



Zimbabwe
A World of Wonders

- 👁️ **Our wonderful people and culture**
- 👁️ **Our rich history and heritage**
- 👁️ **The majestic Victoria Falls**
- 👁️ **Our pristine wildlife and nature**
- 👁️ **The grand medieval palace – Great Zimbabwe**
- 👁️ **The mystique of the Eastern Highlands**
- 👁️ **The mythical Kariba and the mighty Zambezi**



A GROWTH MARKET

After years of decline, Zimbabwe's cereal, cotton and tobacco crops are thriving again.

Having once been considered Africa's breadbasket, Zimbabwe's fertile farmlands are on their way to recovery once again.

After a decade in which the agriculture sector virtually collapsed under the government's land-reform measures, crops are flourishing in a way they haven't for years.

Liberalization of the economy and the introduction of the multicurrency regime two years ago—in addition to the determined efforts of the country's indefatigable small and large farmers—have helped revitalize Zimbabwe's agriculture sector.

Corn production has increased this year by 40% and cotton by 15%. Tobacco production, which peaked at 236 million kilos in 2001 before declining to as

low as 50 million kilos in 2008, recovered this year to more than 150 million kilos. Likewise, maize, at about 1.5 million kilos, is only a half-million kilos short of the country's annual requirement.

"It is really gratifying to see that the country's agricultural industry is rebuilding, and, most important, that it is building on the back of small-scale agriculture," says Patrick Devenish, Chief Executive of AICO Africa, the country's leading agro-industrial conglomerate.

Devenish, a Zimbabwean businessman who never left the country and remained confident that his homeland would rebound, believes strongly in the importance of small-scale agriculture.

One of AICO's subsidiaries, Cottco, is the single-largest ginner (cotton processor) and marketer of cotton in sub-Saharan Africa. Devenish says the resurgence of Zimbabwe's cotton production was brought about as a result of the foresight of one man, Sylvester Nguni, who transformed cotton production from large-scale plantations to small-scale farms. Nguni is now a



minister in the government.

In 1992, says Devenish, Zimbabwe experienced one of the worst droughts in its history: "It was a proper drought, where literally nothing was produced. The cotton crop, which was grown then on large-scale plantations, was absolutely decimated.

"As a result, Mr. Nguni, an incredibly far-sighted individual, transferred the growing of cotton from large-scale plantations to small-scale farms. This was long before land reform had even



With many markets in Africa, Asia, Europe and South America, we have surpassed many expectations, firmly establishing ourself as a dominant agro-industrial giant.



With expertise and vast knowledge in various areas, AICO Africa Limited is the name that has become synonymous with quality and excellence.

been discussed.

“What that meant was that our cotton industry carried on, basically, without interruption, apart from things like sanctions. So our cotton crop has gone to somewhere between 250,000 and 330,000 metric tons (MT) annually, and this year it is expected to be between 250,000 and 270,000 MT, which is a very, very acceptable crop size,” he says.

The cotton industry provides work for approximately 200,000 Zimbabwean farmers. About half are contracted by Cottco, and each one has about seven dependents, meaning that the cotton industry supports around 1.5 million people, or 12% of the population. “That is why cotton is such an important crop,” says Devenish. ❖

SEEDS OF SUCCESS

Seed Co, another of AICO’s subsidiaries, is not only the market leader in seed production in southern Africa, it now operates in 13 African countries as well.

Founded 71 years ago, the company develops, produces and sells a wide variety of certified crop seeds including hybrid maize, cotton, wheat, soya beans, barley, sorghum and groundnuts.

The varieties are protected brands developed at the company’s own research stations. The company has 450 acres under seed production, estimated to produce 1,565 MT annually.

Dollarization of the Zimbabwe currency two years ago has had a remarkable impact on Seed Co’s home market, says Morgan Nzwere, the company’s Chief Executive.

“It has completely changed the landscape,” he explains. “In the years of the Zimbabwe dollar and hyperinflation, our production fell from a high of 30,000 MT per annum to a low of 4,000 MT because we couldn’t assure the growers, our producers, of a viable price or

that we would be able to pay for their seed on time.

“Since then, our annual production has risen to 7,000 MT in 2009, to 9,000 in 2010, and to 23,000 this year. In terms of the crop that we now have on the ground, we are expecting 32,000 MT next year, which will be a record high for this Zimbabwean market.”

Seed Co’s biggest competitive advantages are its decades of experience in breeding seeds and its ongoing research capabilities.

“We have a breeding team that probably has a combined experience of close to 300 years,” says Nzwere. “These are scientists who have been breeding seed products most suitable for this African region at five research stations: two in Zimbabwe, two in Zambia and one in Kenya.”

The company is not planning to restrict its expansion to Africa.

“We have had several inquiries from places such as Australia and Pakistan,” says Nzwere. “We also recently received a delegation from Russia wanting us to go there and resuscitate their soya program, so these contacts will help us map our global strategy.” ❖



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SITTING ON A GOLD MINE

Mineral extraction grew by 47% last year, and one mining company expects to expand by 20 times in the next five years.

“Zimbabwe has to be one of the most pleasant mining countries to do business in,” says Kalaa Mpinga, Chief Executive of Mwana Africa, one of the leading pan-African resource companies, with a diverse asset base including gold, nickel, copper, cobalt and diamonds, a broad range of exploration projects and interests in Zimbabwe, the DRC, Angola, Ghana and Botswana. “I challenge anybody to find a country where the legal and physical environment for mining is better.”

Like most of the mining leaders in Zimbabwe, Mpinga remains optimistic toward the economic future of the country’s mining industry, despite the issue with the government’s call for increased black empowerment and that mining companies should be forced to sell off 51% of their shares to indigenous persons.

Mwana Africa was the first African-owned and African-managed resource company to be listed on the London Stock Exchange’s Alternative Investment Market (AIM). Although the African ownership has been diluted over the years, says Mpinga, the company is still African managed.

“Intrinsically, I support those indigenization rules,” he says. “The question is: How do you get there? What is the right

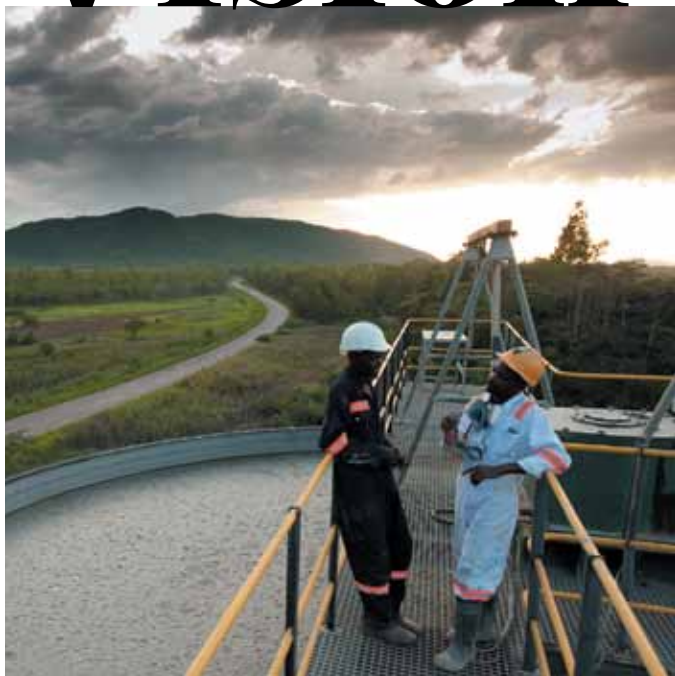


balance? There’s a process that has to be gone through, but I’m sure the right balance can be reached. We all want the country’s economy to grow.”

Mpinga established Mwana Africa in 2003 with seven friends—businessmen from Angola, Kenya, the DRC and South Africa.

“I wanted to show that it was possible to get a group of African investors to put money together and start something on a continental basis. No Africans had done that before. Our single biggest success is the number of Africans who have

Vision



Mwana Africa aims to create value by developing a broad-based portfolio of operations and exploration programs in a range of commodities and countries across the African continent, securing production and cashflow, building trusted partnerships, and being the preferred vehicle for African investors and entrepreneurs.

Mwana Africa is well positioned to build a truly pan-African resources group that brings strong returns for its shareholders and contributes significantly to the benefit of the African people and their continent.

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since set up companies and tried to list on the stock market or build private equity.”

Mwana Africa operated profitably until concern over the government’s indigenization plans curtailed investment. Yet, according to Mpinga, Zimbabwe is one of the few African countries in which Africans already have the biggest stake and say in the economy.

“There are mostly Zimbabweans that own businesses in Zimbabwe—more than there are Congolese that own businesses in Congo. What is really needed is investment capital to allow those businesses to grow.”

As a result of the political and economic crisis, Mwana Africa suspended production at its gold and nickel mines in Zimbabwe between 2007 and 2009, but it did not fire a single one of its 3,000 employees, says Mpinga. “Each employee has probably 20 dependents, so to do so would have killed a community.”

Instead, the company set up a system that provided its workers with basic food, water, electricity, medical facilities and homes. “We have basically guaranteed their homes so that when they retire back to their villages, they can rent those houses back. It’s a very important aspect of our corporate social responsibility.”

Dollarization was the first step in the right direction for the economy, he says, until the government’s indigenization plans were announced. “There are a lot of problems, but we are all engaged in discussion. They will be resolved as people become more realistic.”

“The heart of the company is in Zimbabwe. So we have to get our heart pumping. Our biggest challenges and our biggest opportunities are on this land.”

Kalaa Mpinga,
Chief Executive, Mwana
Africa

Mwana Africa invested \$150 million in Zimbabwe in the five years leading up to 2008, says Mpinga. The group revenues increased by \$13.1 million to \$42 million in the last financial year, which ended in March 2011, with one of the operational highlights being the production of 27,240 ounces of gold from Zimbabwe’s Freda Rebecca gold mine. The group spent \$11.8 million on exploration in the same period.

Over the next five years, Mpinga envisages Mwana Africa growing to 20 times its present size. “The heart of the company is in Zimbabwe. So we have to get our heart pumping. Our biggest challenges and our biggest opportunities are on this land.”

The signs, he believes, are good: Zimbabwe’s mining sector grew by 47% last year, as the political turbulence eased. This massive increase is likely to be repeated this year. And the country’s immense mineral resources are certain to be a crucial cornerstone of its future well-being.

According to one recent assessment, Zimbabwe has 2.8 billion MT of platinum, 26 billion MT of coal, 30 billion MT of iron ore, 13 million MT of gold deposits, 16.5 million MT of diamonds, 5.2 million MT of copper, 930 million MT of chromite and 4.5 million MT of nickel, as well as the largest methane reserves in southern Africa.

With these riches below the surface, it is little wonder that the Zimbabwe mining community remains optimistic toward the future. ❖

Action



Mwana Africa’s strategy for success is based on:

☞ **Pan-African reach:** activities in a portfolio of countries across the African continent

☞ **Multi-commodity exposure:** production and exploration assets, including nickel, gold, copper, cobalt, and diamonds

☞ **Development of synergies:** value creation through the transfer of skills and realization of synergies across the portfolio

☞ **Trusted partnerships:** being the preferred vehicle for African investors, entrepreneurs and partners

☞ **High-quality management:** led by a skilled and experienced team able to secure beneficial deals, projects and returns

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Allison Wright/Corbis

The country is seeking investors in a regional hub of trade and logistics, distributing goods throughout neighboring countries.

After more than a decade of solid economic growth, and with proven reserves of natural gas and strong prospects of oil discovery, Tanzania is actively inviting greater private-sector investment in its economy.

“We believe that the private sector is the engine of growth, and that is why we welcome it,” says William Ngeleja, the Minister for Energy and Minerals. “We have introduced new legislation that allows investors to set up refineries, processing plants, smelting plants and similar projects.”

Significant discoveries of high-quality

natural gas off Tanzania’s coast late last year are already boosting investment in the country by the big international energy companies.

For example, the government authorized the BG Group to take over three exploration blocks in July, and, according to Ngeleja, “BG is looking to invest around \$8.7 billion in a liquid petroleum gas project in the country.”

The BG investment, and similar ones by other international energy companies, is a direct result of the government’s creation of a favorable investment climate.

As the country marks the 50th anniversary of its independence from colonial rule in December, Tanzania is aiming to enhance its membership in both the Southern African Development Community (SADC) and the East African Community by establishing itself as a regional hub for trade and logistics,

distributing goods throughout its eight neighboring countries.

Although not without its challenges, Tanzania has become East Africa’s second-largest economy, with an average annual growth rate of 7% since 2000.

In an acknowledgment of the enlightened policies it has adopted, the government has received \$689.1 million from the U.S. through the Millennium Challenge Corporation (MCC). The aid is targeted for investment in transportation, energy and water infrastructure and is the largest and most ambitious grant so far from the MCC. It also is already regarded as one of the most successful grants to date.

“The success of the MCC project has encouraged other investors to come here,” says Ngeleja.

Kimani Minerals is one of the local companies that is benefiting from the investment in the mining sector.

As one of three subsidiaries of the Paulsam group of companies, created by Tanzanian businessmen Samuel Magfwenga and Paul Gongo, Kimani is a service-operating company with drilling and explosive expertise. The company supplies drilling rigs on a contractual basis for exploration activities, says Magfwenga.

Kimani now employs 22 professionals and has six rigs, which it aims to grow to 20 through expansion in the SADC, with the possibility of entering a partnership with an international enterprise in two to three years.

The way in which Tanzania has embraced competition and foreign participation has also led the country’s telecoms sector to become one of the most liberal in Africa.

A local company that has reaped the benefits of this sector is Maktech, which was created in 2000 to handle the installation of electronic parts in association with the international telecoms brands that have entered the local market.

Incoming companies look for local expertise, explains Godwin Makyao, Maktech’s chief executive. “Maktech was created by Tanzanians and is managed by Tanzanians, and we cater to the cream of the crop in the African telecoms industry,” he says.

The company wants to attract potential investors and joint-venture partners who would be interested in expanding in the SADC market. ❖

www.maktech.co.tz
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COMPANY PROFILE

PIKE: FOCUS ON PARTNERSHIP

One of the largest providers of energy infrastructure solutions in the United States is bringing electricity, training and skills to Tanzania.

Taking a first step into the markets of the developing world requires a reality check and a high level of prudence, says Eric Pike.

“It takes time and due diligence on location before you start operations. Doing the right amount of legwork will go a long way towards mitigating potential risks.”

As Chairman and Chief Executive of the Pike Electric Corporation, Pike took all these precautions last year before initiating his company’s intercontinental expansion with a major project in Africa. Pike is the third-generation leader of the company, which was founded in 1945 and is headquartered in North Carolina. The company is one of the largest providers of energy infrastructure solutions in the United States.

Having joined as a lineman on an overhead construction crew, Pike worked his way up through the ranks, becoming chief executive in 2002. In 2005 he guided the company through a successful IPO to a listing on the New York Stock Exchange (NYSE: PIKE).

The Pike Electric Corporation provides engineering, construction and maintenance for distribution and transmission power lines and substations. Additionally, Pike performs engineering, procurement and construction for turn-key projects, as well as for renewable energy projects.

The company undertook its first international venture last year as part of its natural and continuing growth and in accordance with its intention to explore opportunities worldwide, winning a contract to install 500 miles of high- and medium-voltage power lines in Tanzania.

The project will provide electricity to more than 90 communities. Pike is introducing modern mechanization to the country by manufacturing and shipping its proprietary equipment to Tanzania. “The opportunity and ability to supply power to places that have never had electricity is exciting,” says Pike. “But



Pike workers install medium-voltage wire, which will supply electricity to Chamae Village for the first time.

“What’s even more exciting is to be training the workforce and giving them skills that they will always have.”

Eric Pike
Chairman and Chief Executive
Pike Electric Corporation

what’s even more exciting is to be training the workforce and giving them skills that they will always have.”

Pike Tanzania, LLC (a member of the Pike family of companies that also includes Klondyke Construction, LLC; Pike Energy Solutions; Pike Electric Corporation; and Pine Valley Electric), is responsible for the successful completion of the contract. The Millennium Challenge Corporation (MCC) funds Pike’s project in Tanzania.

Daniel W. Yohannes, the Chief Executive of the MCC, regards the Pike project as a role model for the administration’s efforts to encourage

innovative companies to aggressively pursue opportunities in fast-growing African markets. He describes Tanzania as a “next-generation emerging market that is a smart place to invest for American companies with an eye on the long term.”

Matthew Kavanaugh, the MCC’s Deputy Country Director for Tanzania, who has been working in Africa for more than 13 years—including more than five years with the MCC—says, “This is one of the most impressive initiatives that I have been associated with. It is also exactly the kind of partnership with the private sector—especially the U.S. private sector—that the MCC is focused on creating.”

Pike is determined to work with the local community rather than simply providing infrastructure work for them. It is therefore using its own corporate social responsibility funds, separate from its contractual MCC responsibilities, to implement several social initiatives. One of these is sponsorship of the Malaria No More Foundation, which is committed to ending malaria deaths in Africa by 2015.

Eric Pike regards the MCC contract as a great platform for his company. Working with MCC has helped pave the way into the Tanzanian infrastructure sector and has provided an efficient legal and diplomatic framework for the project.

He sees the East African country as a niche market offering many opportunities. As such, it is one that provides an entry point for further expansion and the development of new business throughout sub-Saharan Africa.



MASTER CLASS

South Africa's Graduate School of Business Leadership offers a pathway to management and leadership.

Having more than 150 of its business graduates listed in the *Who's Who of Southern Africa* is just one indication of the quality of the curriculum of South Africa's pre-eminent Graduate School of Business Leadership (SBL).

The school has established partnerships with and seen its alumni align with some of the country's biggest businesses.

One graduate, Alan Knott-Craig, formed Vodacom, South Africa's first mobile telecommunications company, in 1993. It is now a \$6 billion pan-African operation providing GSM services to more than 35 million customers.

Another graduate, Brian Molefe, is Chief Executive of Transnet, the republic's largest freight logistics company.

SBL is an autonomous academic department within the College of



"To be a world-class enterprise, you need innovative leaders who understand the business of the global environment."

**Professor David Abdulai
Executive Director and CEO, UNISA**

Economic and Management Studies at the University of South Africa. It is able to introduce such effective industry-relevant courses and programs because it has a significant number of top-level industrial partners, says Professor David Abdulai, the school's Executive Director and CEO.

In addition to its connections to the businesses led by its alumni, SBL has established a number of industrial partnerships and formed links with the education training authorities set up by the government to foster entrepreneurship among young South Africans.

One of SBL's highly valued longstanding relationships is with the food and beverages manufacturing sector, which

has been enrolling students in SBL's management development program on an annual basis for more than five years.

SBL was also awarded a contract by Denel, the republic's largest manufacturer of defense equipment in the military aerospace and land war industry. The school's mandate was to develop three levels of management and leadership programs necessary for such a globally competitive organization.

"To be a world-class enterprise, you need innovative leaders who understand the business of the global environment," says Abdulai. "You also need managers with the confidence and expertise to deal with the unique challenges that face businesses in southern Africa. The school helps organizations meet these challenges."

Conscious of its corporate social responsibilities in a society coping with the inequalities of resource distribution, overcrowding and other challenges, the SBL has been initiating a number of ameliorating projects, including offering scholarships for masters' programs to scholars delivering outstanding academic performances.

Most of SBL's academics are from overseas. "We remunerate our academics competitively in order to maintain a very high standard and afford them opportunities to attend conferences around the world so that they can interact and bring back their experiences to our school," says Abdulai.

"We offer a unique combination of management and leadership programs, and we are the only school in Africa that has a master's as well as a doctorate program in business leadership."

SBL collaborates with schools elsewhere in Africa and around the world, and it has partnerships with institutions in Ghana, Namibia, Ethiopia and Kenya, as well as Austria and Switzerland.

Emphasizing the SBL's continental significance, Abdulai says: "We are an African business school located in South Africa." ❖

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THE FAMOUS FIVE

South Africa joins an economic club of emerging giants and offers the four BRIC nations a well-established, stable financial and trading gateway into the African continent.

South Africa's business community is welcoming the chance for the country to join Brazil, Russia, India and China as the fifth member of a group of leading emerging nations—now to be known as BRICS—as a huge opportunity.

Although the republic's economy is minuscule compared to those of the other four countries, South Africa's membership extends the group's range to another continent, on which it has the most vibrant economy.

Even before the republic attended its first BRICS meeting, the Johannesburg law firm of Brink Cohen Le Roux was already working on a deal for a BRICS country.

"Many foreign clients that develop into Africa will ask us to assist them with their Africanization," says Johan Brink. "It's logical for foreign companies that

want local input into African transactions to use a Johannesburg-based firm because we understand the continent. What we do, as a medium-sized boutique firm, is to build up good working relationships with local lawyers in all key countries on the continent."

Africa is different from the other continents, he points out. "If you understand its unique challenges, you can introduce African-based solutions."

Voted the second-highest-rated medium-sized law firm in the republic's Gold Arrow awards this year, Brink Cohen Le Roux serves a broadly based multinational corporate client base. It specializes in mining law and mergers and acquisitions, acting as an advisor to parties involved in foreign investment from diverse countries such as the U.S., Belgium, Italy, Russia, Spain, India and Singapore.

The firm acted for the American Tower Corporation in the acquisition of 3,200 cell-phone towers either built or under construction in South Africa, which the company will manage correctly and efficiently.

Brink emphasizes that although South Africa is a developing nation, the skill level of the country's legal sector is comparable to that of any developed country.

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Winner of the 2011 Gold Arrow Award (medium-sized law firms) awarded by PMR.africa for achieving the second highest mean overall score of all rated medium-sized law firms in South Africa in an annual independent survey of SA law firms.



Although South Africa is a developing nation, the skill level of the country's legal sector is comparable to that of any developed country.

**Johan Brink
Brink Cohen Le Roux**

For example, the firm successfully represented the Johannesburg municipality in the complex process of establishing a low-cost urban transport system. "The target was to get it up and running before the Soccer World Cup, and we managed that," says Brink. "When we have to deliver, we deliver. It doesn't matter where you are in the world; we will sort it out."

"Being part of BRICS is good news for South Africa and will result in a lot of cross-pollination and collaboration," says Jan Mocke, the Chief Executive of the Joburg Market, the world's largest fresh-produce market in terms of volume. With an annual throughput of about 1 million metric tons of produce, the Joburg Market exceeds the 900,000 metric tons sold at the Rungis International Market in Paris, previously deemed the largest.

"We can quantify exactly to the last kilogram what we trade and the price paid with every sale recorded on the market's IT platform," he adds.

Around 15,000 farmers make use of the Joburg Market as a distribution channel. Situated in the City Deep district only three miles south of Johannesburg's Oliver Tambo International Airport, the market has a buyer base of more than 9,500 retailers, wholesalers, exporters, processors and informal traders purchasing the produce of about 15,000 farmers. Its annual turnover exceeds \$445.7 million.

The market receives a 5% commission on the value of the sales and the agent takes 7.5%. But because there are so many producers and buyers, Joburg Market is spreading its reach further into Africa, forging a partnership with a Zambian company and advising on the development of a similar market in Lagos. It is also investing \$38.2 million on a "Market of the Future" refurbishment.

Aucor, South Africa's leading multi-sector auction house, also expects to

see benefits from the BRICS alliance. "Where will future growth come from? Africa," says Shannon Winterstein, Managing Director of the company his father and his father's cousins founded 40 years ago.

"South Africans know the continent's environment better than anyone else.

We're an African business, but we have worldwide valuation expertise and we are doing business worldwide."

Being what Winterstein describes as one of the "undertakers of the business world," Aucor promises its clients the "best possible funeral." The company does so by ensuring that its clients will receive the best price for the goods with which they are parting.

Whether selling Lamborghinis, country estates, old mine shafts, farm equipment, redundant salvage or cows, he says, Aucor directors and staff are mas-



ters of the auctioning trade. Banks and liquidators also consult the company to assess the true value of a business about to be merged or liquidated.

"Our biggest asset is our integrity," says Winterstein. In his opinion, what sets Aucor apart is its various market-sector leaders, each of whom focuses on their own territories while sharing information and services and using the same technology and marketing platforms.

The family still owns 70% of the auction house, he says, but this may change soon as the non-family shareholders are looking to buy more of the business. ❖