



The Knowledge Park – one of the Spearhead Property Group’s iconic buildings



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Photos courtesy of Northern Cape Tourism



# South Africa Ethical economics

Growth in South Africa is booming, thanks to an exciting initiative that invests in both people and business.

**B**lack Economic Empowerment (BEE) is the hot topic in South Africa. Redressing the imbalance felt by Historically Disadvantaged South Africans (HDSAs) in a way that is economically sustainable, the BEE initiative brings together the realms of the ethical, the commercial and the political.

Central to this is Nolitha Fakude, National President of the Black Management Forum (BMF). “Our aim,” she says, “is to include HDSAs in the mainstream of our economy, not simply by encouraging companies to sign over rights to blacks or create roles that tick boxes, but to train the workforce and create a greater black and female management structure in a country where senior management is still 97% white and 3% black. We are achieving this through legislation such as the recently ratified charters in the mining and financial sectors, which offer incentives to companies that are compliant with set criteria.”

of Communications, Radhakrishna Padayachie says: “We are committed to liberalization in every sense, including removing restrictions for business. Previously, telecoms operators had to

**Nolitha Fakude** National President, BMF



deal with the government incumbent. Now we have got rid of this monopoly and are working on a project to introduce a second operator.”

The social benefits of such economic and ethical improvements are evinced by the Universal Service Agency (USA) which was established in 1996 to bridge the telecommunications gap between better-served and under-served areas. Dr. Sam Gulube, CEO explains: “Our slogan is ‘Internet for all’ and our aim is that by 2014, 30-40% of South Africans will have Internet access. This means subsidizing the needy in terms of access and the appropriate placement of telecenters

**“Black Economic Empowerment is about us securing our future – it is an imperative.”** Cyril Ramaphosa Executive Chairman, Shanduka Group and first Secretary-General of the ANC

Speaking of the charters, Cyril Ramaphosa, executive chairman of the Shanduka Group and the first secretary-general of the ANC says: “BEE is about us securing our future, it is an imperative. One legacy of apartheid is a lack of skills and we have to address that through charters and by encouraging public/private partnerships.”

One sector, which has been successfully deracialized and economically rejuvenated is telecommunications. As deputy Minister

that offer fax, phone and Internet services.”

There are currently 120 telecenters and, while they are empowering communities by offering subsidies to small to medium businesses every year for three years, USA hopes to create a self sustaining public/private partnership. Dr. Gulube concludes: “The telecoms services in the major urban areas are saturated, so the markets with the greatest growth potential are in the under-served areas.”

As seen in

**BusinessWeek**

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Initiatives like USA's telecenters, and the successes of BEE, have already attracted much investment. As Pepi Silinga, CEO, COEGA Development Corporation (Pty) Ltd. explains: "In telecommunications, Vodafone is working with Vodacom and Virgin with Cell C, Barclays Bank are investing, we have rigorous human rights laws, a great deal of land and a huge potential workforce that, when tapped into and trained, will help us continue to grow."

With regards to COEGA ([www.coega.com](http://www.coega.com)) – South Africa's biggest industrial and commercial property development – Silinga is equally expansive: "Our deep water port is placed midway between East and West and the Industrial Development Zone (IDZ) is already attracting a great deal of interest. Volkswagen are here, as are General Motors and Daimler Chrysler." While this is important for the country's global status, locally the IDZ has created 12,000 jobs and is winning plaudits for COEGA from the BEE.

BEE is also having an impact on industrial development, as shown by Mintek, the mineral technology specialists. Dr. Paul Jourdan, Mintek's president and CEO says: 'Successes on the world stage attract investment and through BEE, our company has improved. We have about 60% black management and output in rands per person has risen too.'



**Pepi Silinga** CEO, COEGA Development Corporation Ltd.

BEE's effect on South Africa's economy is further shown by Cape Town's attractive real estate prices, which are encouraging developments such as Knowledge Park I and II by Spearhead Property Group. Spearhead's CEO, Mike Flax, says: "These high-tech office buildings starkly contrast with the image that many associate with the nation and show that our future is bright. Investors are seeing economic growth here and acting."

Meanwhile, the East London Industrial Development Zone (ELIDZ) has reached a major milestone in its current investment phase, by announcing its first three investors: Universal Safety Glass

(USG), which makes windscreens and mirrors for the automotive industry; Seatek, a local Alabone farming facility, and Milltrans, a transport and logistics company. The total investment value is R188 million (US\$28.2 million).

ELIDZ offers access to a suite of national and sector-specific incentives, and is also part of a dynamic and vibrant city which is home to many international industries. State-licensed operator, ELIDZ (Pty) Limited, offers export industries a location within a customs controlled area for easy export processing, which includes streamlined SA Revenue Service facilities and services to permit duty-free importation of manufacturing inputs.



**Radhakrishna Padayachie** Dep. Min. for Communications

ELIDZ's CEO Simphiwe Kondlo says: "Our strategy is to provide the infrastructure and support so that companies located here can be globally competitive. They will benefit from immediate access, high-tech telecommunications, first class security and close proximity to one of the most efficient ports in South Africa."

USG will invest around the equivalent of US\$23.4 million and create 255 jobs within the next two years, while Seatek, the first agrobusiness investor, will invest US\$3.1 million. "There is a huge export market for many of the Eastern Cape's agroindustry products," says Kondlo. Milltrans will invest US\$1.6 million and employ up to 100 drivers, artisans and material handlers, many



**Simphiwe Kondlo** CEO, ELIDZ

from disadvantaged backgrounds.

This year, Kondlo's focus is on the automotive sector. "We are hoping to attract component manufacturers for the current OEMs in the region, including Daimler Chrysler, which will greatly contribute towards the Eastern Cape's vision of becoming the automotive hub of Southern Africa."

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# Science & Technology

Africa's most modern economy is also a global leader in science and technology, and is creating important synergies internationally.

It will be one of the largest scientific instruments ever assembled, a radio telescope composed of up to 1,000 antennas spread out over more than 600 miles throughout Southern Africa and costing almost US\$1 bn. It will make possible high-resolution probes of the outer edges of the universe, giving a window on the evolution of galaxies, the birth and death of stars and a detailed portrait of our own solar system.

Dubbed the Square Kilometer Array or SKA, the most exciting project proposed for radio astronomy in the past 50 years is the result of collaboration between scientific bodies from South Africa, Namibia, the US, Australia and leading



**Mosibudi Mangena** Minister of Science and Technology

countries of the European Union. If all goes to plan, the massive instrument will be focusing its beams on the distant universe within a decade.

Because of its geographic location and an atmosphere relatively free of dust and pollutants, South Africa has become a hub for global astronomy investment. Alongside the SKA project, the country is home to the Southern African Large Telescope (SALT), the largest telescope in the Southern Hemisphere, while neighboring Namibia hosts the High Stereoscopic System (HESS), the world's foremost gamma ray observatory.

Conditions are also currently suitable for investment in the science and technology sector in South Africa as a whole. The new minister for Science and Technology, Mr Mosibudi Mangena, who took up the post last year, is developing measures to encourage foreign companies to partner with South African technology firms and exchange resources and expertise.

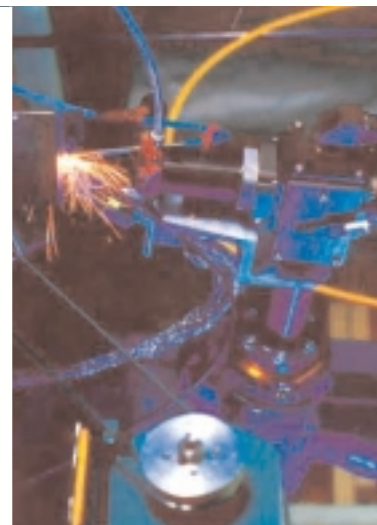
"We are working on agreements that will give incentives to the private sector to do more R&D in South Africa," he says.

**"We hope this project will create a platform for developing the world's leading solar electricity industry".** Mosibudi Mangena Minister of Science and Technology

Mr Mangena describes South Africa as a country of two halves: on one side there are the modern, advanced cities of Johannesburg and Pretoria and on the other, underdeveloped rural communities outside the main centers. And investment in scientific projects can bring the two together, he says.

One example is the work being carried out at the Rand Afrikaans University in Johannesburg, which has turned the energy scene upside down by inventing a revolutionary solar panel, or photo-voltaic cell, that is much more efficient than current technology.

What's more, two decades of research has developed a technique that enables the construction of these solar panels at a very low cost. Each 50-watt panel can be produced for US\$ 82, which is much



**Research and development is a priority for the Department of S&T and it is looking for international partners**

cheaper than existing panels available on the market.

A pilot assembly plant has now been officially opened with the help US\$ 2.2 mn grant from the Department of Science and Technology but with the help of additional investment the potential is huge.

"We hope this project will create a platform for developing the world's leading solar electricity industry," says Mangena, "while at the same time bringing affordable energy to underdeveloped communities not only in South Africa but in the wider African continent."

The biotechnology sector in South Africa also offers opportunities for investors. While the country has a solid history of engagement

with traditional biotechnology – predominantly for wine production and farming, Mangena has plans to create a government agency to champion the development of genetic and genomic expertise.

He is particularly interested in encouraging investment into health, food security and environmental sustainability and points to South Africa's "vibrant culture of innovation and entrepreneurship" as a key attraction for outside partners.

South Africa is also a leader in palaeontology, the region being generally regarded as the birthplace of mankind. Apt then that a country renowned for being the cradle of humankind is embracing the modern world and playing its part in pushing the boundaries of science and technology.



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