**POVERTY, DEVELOPMENT AND DONOR ISSUES**

<table>
<thead>
<tr>
<th>Number</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>‘Reformulate African development trajectory’</td>
</tr>
<tr>
<td>1</td>
<td>Africa needs middle class urgently</td>
</tr>
</tbody>
</table>

**ECONOMIC ISSUES**

<table>
<thead>
<tr>
<th>Number</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Walmart’s Africa entry finalised</td>
</tr>
<tr>
<td>2</td>
<td>Mozambique to step up diamond controls</td>
</tr>
<tr>
<td>3</td>
<td>Competition body ‘a beacon to others in Africa’</td>
</tr>
<tr>
<td>3</td>
<td>Economic conditions and trends listed in South Africa's National Planning Commission (NPC) diagnostic report</td>
</tr>
<tr>
<td>4</td>
<td>Swazi ‘catastrophe’ as bailout request denied</td>
</tr>
</tbody>
</table>

**POLITICAL ISSUES**

<table>
<thead>
<tr>
<th>Number</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Diagnostic overview of South Africa’s long-term development</td>
</tr>
<tr>
<td>5</td>
<td>Civil Society views of the African Peer Review Mechanism (APRM)</td>
</tr>
<tr>
<td>6</td>
<td>Botswana strike update</td>
</tr>
</tbody>
</table>

**SOCIAL ISSUES**

<table>
<thead>
<tr>
<th>Number</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>Outside Luanda, a new city rises</td>
</tr>
<tr>
<td>7</td>
<td>Urban farming takes root in DRC</td>
</tr>
<tr>
<td>7</td>
<td>Broken families are breaking youth</td>
</tr>
<tr>
<td>8</td>
<td>Study reveals how South Africa nearly wipes out infant Aids infections</td>
</tr>
</tbody>
</table>

**ENVIRONMENTAL ISSUES**

<table>
<thead>
<tr>
<th>Number</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>Last chance for Africa to take action on climate change before COP17</td>
</tr>
<tr>
<td>9</td>
<td>Fast and Inclusive - That’s the goal for Climate Change Investment plans</td>
</tr>
<tr>
<td>9</td>
<td>Commercial financing for renewable energy projects</td>
</tr>
<tr>
<td>9</td>
<td>Market for energy-efficient solutions to grow to US$64.9m by 2016</td>
</tr>
</tbody>
</table>

**TECHNOLOGY ISSUES**

<table>
<thead>
<tr>
<th>Number</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>Cloud Phone in Madagascar aimed at low-income users, and those without phones</td>
</tr>
<tr>
<td>10</td>
<td>Mobile financial services to the under-banked goes mainstream</td>
</tr>
<tr>
<td>10</td>
<td>Free mobile chat service helps learners prepare for exams</td>
</tr>
</tbody>
</table>
POVERTY, DEVELOPMENT AND DONOR ISSUES

'Reformulate African development trajectory'
The development trajectory on the African continent should be reformulated, South Africa Finance Minister Pravin Gordhan said recently. Speaking at the Climate Investment Funds partnership forum hosted by the African Development Bank, he indicated that Africa would be a key player in global growth and development in the next 20 to 30 years.

Within the multi-polar context, Africa is the site of new sources of demand, the site of new sources of growth, and even potentially the site of new possibilities of innovation and experience."What Africa does require is that the traditional paradigms of development and funding and aid needs to be transformed," Gordhan said.

What is required is a new formula and a new approach which links action on climate change to genuine development for the peoples of Africa."So, while we are focusing on funding and climate change issues and technology issues and related matters, let us also ask ourselves how we can, if you like, reformulate the development trajectory that we are used to on the African continent and use this an opportunity to experiment on a much broader scale to ensure that the benefits of growth and the benefits of development don't get left with a small elite, but the billion people on the African continent in 10 years' time can say that as a result of interaction... they can see a real change in their lives.”

Gordhan said he firmly believed that the African continent could also be a site for research and development. It could also be a centre for innovation, and what is required is the right kind of partnerships which would enable Africa to fulfil this particular potential. "One of the serious challenges that all of us face is climate change and its various instruments being seen as private goods or public goods and how do we make these public goods more generally available, certainly to the most vulnerable people around the world, will be one of the many challenges that we face," he said.


Amen to that. Now how to give it substance...?

Africa needs middle class urgently
As growth in some sub-Saharan countries hits 6% there is still no large-scale African middle class emerging while China and Brazil reap benefits of resource imports. Speaking on Summit TV, Frontier Advisory analyst Martyn Davies believes there are major challenges.

"My concern is we've had robust growth in Asia for the last 10 years that’s been driven by the likes of China, Vietnam and Indonesia - robust growth in Latin America and Africa, with improving competitiveness and productivity in Asia and Latin America - but we see continuing declines in competitiveness in many sub-Saharan states," he told Summit TV. "For me growth is only sustainable with commensurate increases in productivity and competitiveness so it’s concerning that we are declining in competitiveness with the high growth."

"I would argue that Africa's growth particularly south of the Sahara is being driven by the likes of China, also on the capital supply side where it's coming in sizeable amounts from India and China to drive growth through infrastructure, mining and agriculture,” he said. "The general failure with few exceptions of sub-Saharan Africa to really develop a middle class in the last 50 years is linked with the inability of these economies to commercialise and retain intellectual property. What concerns me is that we are almost getting drunk on growth taking 4% to 6% growth for granted and we seem very self-congratulatory around this performance where in fact what reforms have we pushed through or implemented in the region?"

Source: See here for a transcript of the interview http://transcripts.businessday.co.za/cgi-bin/transcripts/t-showtranscript.pl?1309157393

Amen to that also.

ECONOMIC ISSUES

Walmart’s Africa entry finalised
Six days after Walmart completed its acquisition of a controlling stake in South Africa’s Massmart, it started advertising price cuts and new business opportunities for Southern Africa. Massmart also said it intended creating 15 000 jobs in the next five years. Massmart CEO Grant Pattison said in a statement that there were no plans to open Walmart-branded shops as the local brands (Game, Dion Wired, Makro and Builders' Warehouse) had “plenty of value”, and there were plans to open 40 more of them in the next financial year. However, these brands
would be advertised under Walmart's blue and yellow logo.

Walmart completed the R16.5bn (US$2.5bn) conditional transaction to buy a 51% stake in Massmart Holdings on 20 June, after getting the go-ahead from South Africa's Competition Tribunal. The merger was conditional on the setting up of a R100m supplier development fund, no merger-related retrenchments for two years, and recognition of the SA Commercial Catering and Allied Workers' Union for three years post the merger.

Before the deal was concluded, the South African government and unions voiced concerns that it would lead to job losses and hurt local procurement. However, the Competition Tribunal found that the conditions to counteract this, which were proposed by Walmart and Massmart, were sufficient and were enforceable.


**Competition of this nature bodes well for the Southern African consumer, and other established retail operations will need to raise their game. Furthermore, it seems that the regulatory intervention, which resulted in much media noise, culminated in generally acceptable terms and conditions. As reported in the May 2011 Scan newsletter, the tribunal shielded away from local procurement targets. Another notable 'dip' into African markets seems to be Intel which recently announced that it has reached an agreement to invest US$5m in JSE-listed technology group Altech. It is the first investment in South Africa by Intel Capital, the investment arm of US semiconductor giant Intel. The agreement, which remains subject to Altech shareholder approval, is intended to allow both Altech and Intel to explore possible areas of collaboration and to accelerate the adoption of broadband services in Africa.


### Mozambique to step up diamond controls

Mozambique is speeding up preparations to join an international conflict diamond monitoring scheme amid widespread gem smuggling from Zimbabwe's controversial Marange mines, its state media announced recently.

Mining Minister Esperança Bias said Mozambique, which hopes to start mining its own diamonds soon, wants to join the Kimberley Process diamond certification scheme by December. Currently 27 companies and individuals are prospecting for diamonds in Mozambique under 40 separate licences. Tests are already being done to see if some samples are commercially viable, Bias said.

Her announcement comes amid reports that diamond smugglers are trading in gems worth millions of dollars from neighbouring Zimbabwe's Marange diamond mines through the central Mozambican border town of Manica. [As reported in the June 2010 edition of the Scan], the Marange fields, touted as Africa's richest diamond find of the decade, have been at the centre of a years-long controversy over reported abuses by Zimbabwean President Robert Mugabe's military. Monitors say the military seized control of the fields in late 2008, violently evicting tens of thousands of small miners and then beating and raping civilians to force them to mine the gems.

Human rights groups say about 200 people were killed, and Kimberley Process investigators later documented "unacceptable and horrific violence against civilians by authorities", prompting a ban on exports of the gems. The Kimberley Process last year allowed two special sales of Marange diamonds. In March, Zimbabwe's deputy mines minister announced that the Kimberley Process would again allow the country to sell diamonds from the mines.

The watchdog's current chairman, Mathieu Yamba of the Democratic Republic of Congo -- who has links with Mugabe -- was subsequently criticised for acting unilaterally in authorising the sale.

Source: [http://www.google.com/hostednews/afp/article/ALeqM5q0k_lAsuBlFAXpjMcjC5W1yaB31GA?docid=CN G.a2403151511eac7ebaca25718bd2e28aa.631](http://www.google.com/hostednews/afp/article/ALeqM5q0k_lAsuBlFAXpjMcjC5W1yaB31GA?docid=CN G.a2403151511eac7ebaca25718bd2e28aa.631)

The unilateral decision taken in Kinshasa, Democratic Republic of Congo, last week to allow Zimbabwe to export diamonds from its Marange mines has deeply divided the 27-member Kimberley Process, in the latest strong test of its mandate to prevent the sale of 'conflict diamonds'.

Arvind Ganesan, the business and human rights director at Human Rights Watch, said in response: "Miners, retailers and consumers have relied on the Kimberley Process to stop blood diamonds being sold but with (this) decision, the Kimberley Process has betrayed their trust."

It is unlikely that Zimbabwe will be put off by the latest repudiation of the Kinshasa ruling, as it had threatened anyway to sell its diamonds "with or without approval" from the Kimberley Process.

The country is reportedly desperate for funds to raise the pay of its increasingly restless 230000 public servants and military personnel, and settle a US$7.1billion external debt. Estimates by Israel - based diamond
watchdog Tacy put Marange’s annual yield at US$1.2billion. Indian and Israeli buyers last year bought up large chunks of Marange’s diamonds during two auctions held in the country.

**Competition body ‘a beacon to others in Africa’**

South Africa’s Competition Commission got a good rating in a global ranking of competition agencies conducted by the London-based *Global Competition Review* journal. It gave the commission 3.5 stars out of a possible five in its Rating Enforcement report published recently. Described by one competition lawyer as “a beacon to all other authorities in Africa,” South Africa’s Competition Commission has continued to build on its reputation as a socially conscious protector of consumers. Cartel busting remained the commission’s highest enforcement priority last year, so much so that it established a separate cartel division. The report also highlights the commission’s work with counterparts in Zambia and Egypt on tackling collusion in the food-production industry.

**Economic conditions and trends listed in South Africa’s National Planning Commission (NPC) diagnostic report**

* See article about the background, as well as an overview, of the NPC diagnostic report, in the Political Issues section of this newsletter

The following list of ‘one-liners’, which captures a number of frank and thought-provoking realities and challenges in South Africa, is extracted from the NPC’s document on the economy:

- The finance, communications, retail and business services sector accounted for two-thirds of all economic growth between 1994 and 2010.
- Given the high concentration ratios in the economy (a small number of large firms dominate various sectors) and factors such as import-parity pricing, price mark-ups in South Africa are high by international standards.
- South Africa’s hourly manufacturing wage is about five times higher than that of Sri Lanka, India, Philippines and China; some three times higher than that of Mexico and Malaysia; and higher than in Russia, Brazil, Turkey and Hungary.
- The ratio of household savings to disposable income averaged only 0.6% between 1994 and 2010.
- The economy is resource intensive, yet not very efficient in the use of natural resources. For instance, some of the country’s water catchment areas will not sustain supply for economic growth beyond certain levels, while energy intensive investments reliant on coal have translated into a high carbon emission intensity.
- In keeping with the experience in most developing countries small, medium and micro-enterprises (SMMEs) contribute more than 40% of total GDP, and account for more than 60% of all employment. However, two out of three (of an estimated 5.9m) small business owners run their own businesses and do not have any employees, while 32% provide between one and 10 jobs. Relatively few businesses employ between 10 and 300 people, possibly because of inappropriate regulation, lack of access to finance and external factors such as crime.
- In many developing economies small-scale agriculture, micro-enterprises and artisanship have served as shock absorbers for extreme poverty by providing a platform for self-employment. In South Africa, for various reasons, these activities have been in decline for the last two decades.
- Apartheid education stunted the educational development of at least two generations of black people, making it much more difficult for them to find jobs in an economy undergoing a skills-biased technological change. Between 1970 and 1995 the two sectors most intensive in low skilled employment – agriculture and mining – shed 46% of their work force; since 1995 a further 30% of that work force has been shed.
- Various factors have contributed to the decline in the growth of agricultural production and jobs. These include the introduction of rights for resident farm workers, the dissolution of control boards, the withdrawal of subsidies, the uncertainties linked to the land restitution process, and the poor regulation of land-use management.
- Social grants have helped to decrease income poverty since 2001, but inequality has worsened since 1995.
- South Africa’s labour laws are not overly rigid relative to developed and developing countries. However, high entry level wages seem to bias firms against taking on new entrants, while collective bargaining appears to favour larger employers, thereby undermining the competitiveness of smaller firms. In OECD countries new entrants earn on average 37% of the average wage; in South Africa the corresponding figure is 60%. Thus starting salaries in many...
firms are higher than the relative productivity of a new worker – firms are discouraged from taking on new workers.

- In South Africa, if young people fail to find a job by the age of 24, they are unlikely to ever get full-time employment.

Source: Extracts from Towards a long-term plan: The National Planning Commission’s diagnosis of the broad challenges facing South Africa, with specific emphasis on the economy by Prof. Andre Roux from Stellenbosch University’s Institute of Futures Research. Electronic copy available on request from Tanja@sampnode.co.za

**Swazi ‘catastrophe’ as bailout request denied**

The African Development Bank has refused Swaziland a bailout loan because the country has not met conditions set by the International Monetary Fund (IMF), a report said on 24 June. In a sign of how desperately Swaziland needs the cash, Finance Minister Majozi Sithole had urged the nation to pray for the loan's approval.

The IMF says Swaziland must put in place austerity measures, cutting thousands of government jobs and reducing salaries, before loans will be approved. Over the past few months, the government has begun cutting salaries of its top earners, including reducing the Cabinet’s pay by 10%. Civil service unions are resisting salary cuts lower down the scale, arguing that the government top brass will not feel the pinch after they received generous perks last year. Swaziland has drained its reserves to keep paying salaries for civil servants, who have staged a series of protests against moves to slash their wages. That has turned the financial crisis into a political challenge for King Mswati III, Africa’s last absolute monarch, as the labour protesters have also begun demanding democratic reforms.


**POLITICAL ISSUES**

**Diagnostic overview of South Africa’s long-term development**

South Africa’s National Planning Commission (NPC), which was first covered in the January 2010 Scan newsletter, published its first formal documentation en route to releasing a vision statement for 2030 and a development plan for cabinet’s consideration on 11 November 2011.

*The diagnostic overview* (pdf) invites public comment and serves as a basis for a number of public forums over the next three months, with a view towards securing broad agreement about what is wrong in the country. This, in turn, will help ensure that the long-term plan is robust. Along with the overview, the NPC also released five documents covering, respectively, human conditions, material conditions, nation building, the economy, and institutions and governance (all documents are available at [www.npconline.co.za](http://www.npconline.co.za)).

The NPC starts off by pointing out that, in many areas, significant progress has been made since 1994. The establishment and entrenchment of full democracy and autonomous democratic institutions has heralded a move toward a more just and inclusive society. Access to education, primary health care, electricity and water has improved significantly. Progress at the macro-economic level has been mixed. A higher growth path (compared to the two decades before 1994) has been achieved; the government debt-to-GDP ratio has declined; tax collection efficiency has improved; and central bank autonomy and effectiveness have been proven. However, poverty levels remain high, and income and consumption inequality are realities. Thus, according to the NPC: “Despite ... successes, ... on a business-as-usual basis, we are likely to fall short in meeting our objectives of a prosperous, united, non-racial and democratic South Africa with opportunity for everyone, irrespective of race or gender.”
The key objectives of eliminating poverty and reducing inequality are shaped by a number of driving forces and informed by nine interconnected statements of reality. The main driving forces over the period to 2030, as identified by the NPC, are as follows:

- **The global economy.** In the shorter term, the effects of the international financial/economic crisis, especially on South Africa’s traditional trade partners (North America and Western Europe) remain uncertain. Structurally, the shift in relative economic power toward a number of emerging economies will inevitably have a major impact on the economies of Africa and South Africa.
- **Energy transitions, food security, climate change and new technologies.** This combination of concerns is likely to result in, **inter alia**, higher food prices. However, opportunities might also emerge, e.g., the convergence of nanotechnology, biotechnology and information technology.
- **Growth in Africa.** Strong and sustained economic growth in various sub-regions in Africa could result in a decline in South Africa’s regional dominance over the next 20 years.
- **Demographic change.** While the size of South Africa’s population over the next two decades can be forecast with a fair degree of certainty, there is less certainty about the distribution of the population across the country, and the extent and flow of international migration patterns.

The nine interconnected challenges are summarised in the following list of self-explanatory statements

1. Poor educational outcomes.
2. Too few South Africans are employed.
3. High disease burden.
4. Divided communities.
5. Uneven public service performance.
6. Spatial problems marginalise the poor.
7. Corruption.

Although all the challenges identified by the NPC should be seen as equally important, the impression is created in the diagnostic overview that unemployment and sub-standard quality education (especially for poor Black South Africans) are slightly more decisive than the others.

Source: Extracts from *Towards a long-term plan: The National Planning Commission’s diagnosis of the broad challenges facing South Africa, with specific emphasis on the economy* by Prof. Andre Roux from Stellenbosch University’s Institute of Futures Research. Electronic copy available by request from Tanja@sampnode.co.za

The Diagnostic Overview can be downloaded from here: [http://www.npconline.co.za/MediaLib/Downloads/Home/Tabs/Diagnostic/Diagnostic%20Overview.pdf](http://www.npconline.co.za/MediaLib/Downloads/Home/Tabs/Diagnostic/Diagnostic%20Overview.pdf)

**Selected reaction and media commentary about the diagnostic report can be found here**

- [http://www.businessday.co.za/articles/Content.aspx?id=145468](http://www.businessday.co.za/articles/Content.aspx?id=145468), here

In a nutshell; there is scepticism whether this diagnostic report will influence anything given the more immediate political ‘noise’ and vested interests playing out in South Africa at the moment. There is also no forum, or critical government level debate, highlighting the potential policy contradictions it contains vis-à-vis other recent policy documents such as the New Growth Path (economic development policy covered in the March 2010, December 2010 and January 2011 editions of the Scan newsletters). The NPC’s stance and recommendations are an unfolding matter, however, and because the NPC is charged with LONG-TERM development, and South Africa is a regional powerhouse, it remains a crucial issue to follow. The possibility, however small, exists that the NPC actually manages to engender a long-term focus, and facilitates the difficult choices and trade-offs that South Africa needs to make.

**Civil Society views of the African Peer Review Mechanism (APRM)**

During the 17th African Union Summit in Malabo, Equatorial Guinea from 23 June to 1 July 2011, governance will once again come under the spotlight. On 29 June, the African Peer Review Mechanism (APRM) Forum of Heads of State and Government convene, where Zambia is set to become the 15th country to be peer reviewed, a revised APRM Questionnaire is being considered, and many states will report on implementing their National Programmes of Action.

Governance gaps were also considered in Midrand, South Africa on 28 June, when the APRM Monitoring Project (AMP) – run jointly by South African Institute for International Affairs (SAIIA), the Centre for Policy Studies (CPS) and the Africa Governance, Monitoring and Advocacy Project (AfriMAP) – launched its independent
assessment of governance in South Africa entitled ‘Implementing the APRM: Views from Civil Society’ (pdf).

Assembled collaboratively over the past year by several South African civil society organisations (CSOs), this report scrutinises the country’s track record in fighting corruption, managing diversity, addressing xenophobia and racism, managing elections, consolidating democracy and upholding the rule of law, as well as confronting social exclusion and effective service delivery. All of these are key priorities for the current government. The report also seeks to give voice to CSOs that felt their views were not adequately reflected in the South African APRM Country Self-Assessment Report in 2005-2006, and subsequent implementation reports published in January 2009 and January 2011. It concludes that much still remains to be done to fulfil the country’s commitments under the APRM.

The report also uses a ‘robot rating system’, assigning a green light to governance issues being managed well (only elections in this case); an orange light to areas of mixed performance (the bulk of issues fall into this category); and a red light for areas with formidable policy implementation challenges and backlogs. The seven issues that received red lights, signalling serious concern were:

1. combating corruption;
2. party–state separation and relationships;
3. cadre deployment and politicisation of institutions;
4. regulating private funding to political parties;
5. xenophobia;
6. poverty; and
7. unemployment.

Several others – including land and agrarian reform, healthcare and education – received orange ratings due to a mixture of relatively good policies but relatively poor implementation.

The report also highlights a cluster of issues related to the media, a subject generally ignored by the APRM (and for this reason, ratings were not assigned). They include threats to press freedom, especially through the proposed Protection of Information Bill and Media Tribunal; and increased harassment of journalists. The report recommends that parliament needs to be more assertive in its oversight role over the executive. Although formal channels and platforms for popular participation in policy exist, they are often ceremonial and make little difference to decisions.

The challenges of managing diversity, race and racism and xenophobia are examined and the increasing and dangerous use by politicians of rallying around race is highlighted. The report strongly emphasizes that government’s response to the increase in xenophobic violence is uncoordinated and inadequate.

Problems with quality healthcare persist despite high spending, and HIV and Aids infection rates, although stabilising, remain very high. Improved school enrolment has yet to translate into quality education, or to produce the critical skills the economy needs to make a dent in widespread poverty, inequality and unemployment.

Finally, the report also highlights the relatively low profile that the APRM currently has in South Africa, both within government and civil society. Even when reforms that it recommends are made – such as scrapping parliamentary floor-crossing – these changes are in no way linked back to the APRM. The report can be downloaded from here http://www.saiia.org.za/images/stories/pubs/books/aprm_amp_report_sa_20110628.pdf

For media coverage of the report see here http://www.sowetanlive.co.za/news/2011/06/28/sa-corruption-a-major-concern-african-peer-review

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Civil society participation and monitoring of implementation of the national programme of action (NpoA) is one of the requirements of the APRM. Hopefully, this report – through its examples, analysis and recommendations – goes some way towards fulfilling those expectations. It is now up to South Africans to use it to further their goals and aspirations, and to hold leaders to account for their promises.

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Botswana strike update

The civil service and general strike that lasted for nearly two months was suspended last week with unions saying they were going back to the drawing board to chart the way forward. They are due to hold a special congress where they will decide on the next step, which might be to resume the strike. Civil servants went on strike in April demanding a 16% salary increase but they later accepted 3%

For good media coverage of latest developments, see here http://mg.co.za/article/2011-06-17-strongman-khama-forces-union-retreat
Outside Luanda, a new city rises

In a field 30km south of Angola’s chaotic capital, a US$3.5-billion city seems to rise from nothing, a showpiece in government’s drive to build one million new homes. Dubbed the “new city of Kilamba Kiaxi”, it is the antithesis of overcrowded Luanda’s traffic-choked streets and is being built -- like so much else in Angola -- by Chinese contractors.

The first phase, due for completion in December 2012, will provide housing for 120 000 people in 710 apartment buildings rising up to 13 storeys, complete with schools, shops and parks. Colonial Portuguese planners designed Luanda for 300 000 people, but it’s now home to an estimated five million. During the country’s 27-year civil war, Angolans fled to the relative safety of the capital, which was largely spared from the violence. With peace in 2002 came economic opportunity, driven by the country’s oil wealth, which drew job-seekers from the impoverished countryside. That has created a housing crisis, where few people have decent shelter and even fewer have electricity or water.

President José Eduardo dos Santos, in power for 30 years, has identified housing as one of the country’s biggest challenges. It’s also one of the few issues that has sparked protests against his rule, demonstrations that have remained small but grown in number over the last three months.

Kilamba Kiaxi is one of seven “new cities” being built around the country. The others are smaller, with a collective total of about 45 000 homes being built, mostly around Luanda. Strategically, housing complexes are also being built in the restive provinces of Cabinda and Lunda Norte, where residents are clamouring for a greater share of the local oil and diamond wealth. Another 100 000 homes are being built under a separate real estate development scheme, according to engineers at Kilamba Kiaxi. That’s still far short of the one million mark, and glaring problems remain: there’s little transport to get from the homes in the new city to the jobs in the old one.


Urban farming takes root in DRC

Urban farming in the Democratic Republic of Congo (DRC) is providing a livelihood for thousands of city dwellers, with vegetables bringing in good money for small growers and helping to alleviate high levels of malnutrition nationally, agricultural officials say. The demand for vegetables and the high prices they command in DRC cities - up to US$4 per kilo - has pushed many jobless residents into becoming small-scale growers.

Most of the green spaces along the roadsides of the capital, Kinshasa, have been transformed into small farms. City farmers now grow 122% more produce than they did five years ago, according to the UN Food and Agriculture Organization (FAO). The FAO is supporting gardeners in five main DRC cities with a US$10.4 million [urban horticulture project](http://www.irinnews.org/report.aspx?reportid=93089) to increase their productivity and improve their farming skills.

“The programme, started as a response to mass urban migration following a five-year conflict in the eastern DRC, now assists local urban growers to produce 330000 tons of vegetables annually,” FAO said in a statement. “In addition to food, the programme has also helped provide employment and income for 16000 small-scale market gardeners.”

The urban farmers sell 90% of what they produce in urban markets and supermarkets, according to FAO, helping to feed a swelling city population as Congolese leave the countryside in search of security. Farmers have seen their incomes increase dramatically. In Kinshasa and in the town of Lubumbashi, the average annual income of each farmer increased from around US$500 in 2004 to US$2000 in 2010. In Likasi town, it rose from US$700 to US$3500. There have been similar increases in other cities, according to the FAO statement.


Good information and data about urban farming as an intervention in one of Southern Africa’s poorest, largest and fastest-growing cities.

Broken families are breaking youth

Unemployment, teenage pregnancy, crime and drug and alcohol abuse all affect South Africa’s youth. Family breakdown and the absence of fathers in particular, may contribute to these social ills. “Nine million kids with no dads” was the headline on the front page of The Sowetan on 5 April 2011. It was based on the [South African Institute of Race Relations’](http://southafricaninstitute.org/) research into family
breakdown and its harmful consequences for children.

There are exceptions, but in general the odds are stacked against South Africa’s young people succeeding. Only 68% of candidates passed their matric (final year of school) in 2010 and to pass a subject they only had to get 30% right anyway. Of those who enrolled in university in 2002, more than half dropped out. One in two young people who want a job cannot find one, and a third of 15-24 year olds are not in education, employment or training. In other words, they have nothing to do.

More than a third of the country’s prisoners are aged 18-25, whereas this age group accounts for only about 15% of the total population. Nearly 50 000 schoolgirls fell pregnant in 2007, a 151% increase since 2003. Drugs and alcohol were deemed to be easily accessible to many young people. Nearly a third of 12-24 year olds said they had easy access to marijuana and 8% had easy access to crack cocaine.

We argue that the fact that two thirds of children do not live with their parents is damaging our future workers, entrepreneurs and leaders. There is no doubt that family breakdown is part of a cycle. After all, if parents are not involved in their children’s lives, how do they know what their children are doing? How do values get imparted to young people? How do children benefit from the experience of older generations?

More worryingly, young people with absent parents, living in poverty and with few prospects in life are more likely to go on to have unplanned children or perhaps children with multiple partners, and another generation will be born without stable families.

Written by Lucy Holborn for the South African Institute of Race Relations. To read the full report, Broken Families Breathing Youth, written by Lucy Holborn, e-mail lucy@saipp.org.za

Source: http://www.ngopulse.org/article/broken-families-are-breaking-youth

**Study reveals how South Africa nearly wipes out infant AIDS infections**

According to the Medical Research Council (MRC), South Africa’s programme to prevent HIV in babies has achieved a 96.5% success rate in wiping out transmission from infected pregnant mothers. An inaugural national evaluation survey among the world’s largest Aids population tested 9 915 infants at public clinics, of whom 31.4% were exposed to the virus but only 3.5% tested positive, the government research body said on 9 June.

“This survey was the first-ever rigorous national evaluation in the nine provinces of South Africa,” said Ameena Goga of the MRC. Infection rates among mothers ranged from 15.6% in the sparsely populated Northern Cape to 43.9% in KwaZulu-Natal, which is the hardest hit region in the country. Babies aged between four and eight weeks between June and December last year were tested at 580 sites across South Africa.

The study will be repeated this year and in 2012 to evaluate transmission rates over three years and the babies will be tracked up until they are 18 months old. Last year, South Africa introduced new anti-AIDS drugs guidelines that include treatment for mothers at an earlier stage of illness. The government was previously heavily criticised for refusing to roll out the life-saving drugs, but 1.4 million people are now on treatment.


**Proven, focused interventions can make a big difference despite the phenomenon of complex, intractable problems.**

**ENVIRONMENTAL ISSUES**

**Last chance for Africa to take action on climate change before COP17**

Kenyan Nobel Peace laureate Wangari Maathai said African leaders had a last chance in the African Union (AU) summit (currently taking place in Malabo, Equatorial Guinea) to take concrete action on climate change ahead of the UN climate-change talks in Durban in December.

Durban’s 17th Conference of the Parties of the United Nations Framework Convention on Climate Change (COP17) was an opportunity for Africans to show global leadership on an issue that is critical to the future of the planet, and particularly of the region, Maathai said in a statement on 30 June.

“African leaders must use this (Malabo summit) opportunity to commit to some concrete actions that will increase the pressure on Western and other countries to accelerate their efforts to provide support to the countries that are most vulnerable to climate change,” she said. Heads of state should make every effort to reduce the vulnerability of their communities by giving them knowledge, skills and tools to adopt sustainable technologies and participate in the green economy.

Source: http://www.businessday.co.za/articles/Content.aspx?id=147159
Fast and Inclusive - That’s the goal for Climate Change Investment plans

Speed versus consultation was the main debating point during the in-country partnerships session at the Climate Investment Fund (CIF) Partnership Forum, hosted by the African Development Bank (AfDB) in Cape Town on 24 and 25 June, 2011.

On the one hand, there is the need to act and deliver on climate change as quickly as possible. But on the other hand, a wide variety of stakeholders, including the program beneficiaries, must be engaged at all levels. There is an inherent tension between speed and consultation, as the latter tends to be a lengthy process.

Mafalda Duarte, Principal Climate Specialist at the AfDB and CIF Coordinator, said there must be concerted efforts to bring stakeholders to the table. One of the main challenges in this regard is the creation of a ‘mapping system’ that ensures inclusiveness and representativeness of stakeholders in any country. Another issue is private sector engagement is how best to engage private investors in climate investment plans.

One solution is to reinforce government systems and provide better clarity from partner governments to facilitate private sector investments plans and to ensure better coordination among donors. “If countries prepare better for these new opportunities for increased climate investments, they will be better recipients of these investments and attain better results”, said Ms Duarte.

Her comments were echoed by fellow panellist, Guy Patrice Dkamela of the Network for the Environment and Sustainable Development in Central Africa. He suggested creating a common communications platform that would create clear communications rules and a strategy for consulting all actors. In the same vein, David Reed, Climate Change Consultant, argued for the creation of matchmaking agencies - national climate registries that would help match up national needs with available funding, helping to link stakeholders in the process.

Source: http://allafrica.com/stories/201106290457.html
For summaries and coverage of the CIF meetings see here http://www.iisd.ca/yimb/climate/cif/2011/

Commercial financing for renewable energy projects

Standard Bank Group, Africa’s largest lender by assets, plans to commit more than R10bn (US$1.5bn) to green energy projects (mostly wind and solar) in South Africa, its head of power finance said recently. Alastair Campbell said there was significant appetite from both local and foreign power producers for investing in South Africa’s renewable energy sector, despite the government’s delays in finalising related subsidies.

Independent power producers (IPPs) are eagerly waiting for the energy regulator to finalise proposed renewable energy subsidies, which are meant to stimulate large-scale investments. South Africa, which is to host global climate change talks later this year, aims to procure about 1 000 MW from private producers by the end of this year, but the target may be at risk given delays in finalising the tariffs. The country wants to source at least 3 825 MW of renewable energy from IPPs by 2016.

Campbell said the bank also planned to invest US$50m to US$75m in Kenya’s 310 MW Lake Turkana wind project, and would put money into Mozambique’s proposed US$3bn 1500 MW Mphanda Nkuwa hydro-power project.


Market for energy-efficient solutions to grow to US$64.9m by 2016

The South African market for energy-efficient heating, ventilation and air conditioning, as well as efficient lighting technologies is expected to expand to US$64.9million in 2016 from US$38.3million in 2009, a new study shows.

The analysis by Frost & Sullivan indicates that rising energy costs will be the main driver of the expansion, with the price of electricity having increased by an average of 32.9% between 2007 and 2010, and with further increases already approved for between 2010 and 2013. The expansion will also be underpinned by State-owned power utility Eskom’s demand side management initiatives, which have been instituted in a bid to relieve South Africa’s tight power market conditions.


Underlying the commercial activity and possibilities illustrated in the above two articles is the assumption and belief that the move to renewable energy will create jobs (and be good for the environment, of course). In a 2010 report (pdf), Greenpeace Africa estimates that renewable energy could be a major employment creator in South Africa, with a net increase of 78 000 jobs by 2030.

President Zuma highlighted the green economy in his state of the nation address earlier this year as one of six focus areas for
“People feel a lack of dignity (when they have to borrow a phone) and there’s no privacy because the phone owner can see who they’ve called. So we’re trying to ease the ecosystem and offer a solution that meets their needs. All you need to log in is a 4-digit pin code.”

Source: http://www.balancingact-africa.com/news/en/issue-no-560 and see also http://www.youtube.com/user/BalancingActAfrica#p/u/6/PmAeAdEqPc

Cloud Phone in Madagascar aimed at low-income users, and those without phones
Right at the bottom of the pyramid are phone users who can’t afford the minimum cost for a SIM to share in someone else’s phone. Tech company Movirtu has produced a cloud-based, login account which will enable anyone who has access to a GSM phone to share it but still retain their own number. The product was being tested in 2010 and started being deployed as a pilot with several operators in Africa. Two weeks ago it went live with Airtel Madagascar.

The product has two markets: low-income individuals who want access to a phone without buying a handset or a SIM card, and agents who will be able to offer access to phones and individual accounts to use them. It costs as little as US20 cents to deliver the service set-up compared to anything between US$14-21 to deliver a SIM card.

The account details are stored in the operator’s hub and each individual user on the platform gets to store contacts and can have a service which forwards missed calls to another phone for when they are not logged in. It also contains a gateway that will allow them to use m-money services like M-Pesa.

According to CEO and founder Nigel Waller: “We need the involvement of grassroots NGOs. In one country we’re working with an organisation that needs to reach 500,000 farmers and only 1 in 5 has a phone. The NGO wants to communicate with this group, including doing surveys and sending out pricing information.” The 400,000 without a phone can in many instances share with the 100,000 who do have a phone.

“It’s clear from our research that those who share phones – either with family or friends – are paying up to a 50% premium (when they pay the phone owner) for air time. With our platform, the owner of the phone gets an airtime incentive to lend the phone. There’s also a huge gender and geography disparity: 70% in this segment without a phone are women and 80% are in rural areas.”

Mobile financial services to the under-banked goes mainstream
Earlier this month Visa bought Cape Town-based Fundamo, a mobile payments company focused on emerging markets. Visa says the deal will help “accelerate the execution’ of its global strategy to provide the ‘next generation of payments solutions, allowing consumers to transact wherever and whenever they choose, using a card, computer or mobile device”. Fundamo has more than 50 mobile financial services deployments in approximately 40 countries. According to Visa, Fundamo’s platform enables the delivery of mobile financial services to billions of unbanked and under-banked consumers around the world, and services include person-to-person payment, airtime top-up, bill payment and branchless banking services.


Free mobile chat service helps learners prepare for exams
The popular South African mobile chat service MXit, often the source of controversy, is now helping learners to prepare for exams. The service has added a tutoring and quiz portal, QuizMax, for maths, physical science and life sciences learners. A group of teachers developed a suite of free mobile learning tools, including exam-level quizzes that are compliant with the National Examination Guidelines for Grade 12s. QuizMax also allows for teachers to track quizzes to monitor student progress. Over 90,000 quizzes were completed by learners on MXit in March and April alone. With a lack of learning material in rural areas cellular phones are seen as a viable means of disseminating much-needed resources.

Source: http://www.learningtothemax.co.za/product_quizmax.php