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Donor dilemma: Aid unlikely to be well-spent in the neediest countries, therefore, improve economic governance

A summary of a recent 16 page article by Paul Collier (downloads pdf)

The rationale for aid has always been straightforward: it is a transfer of financial resources from the richest societies in the world to the neediest. As more developing countries reach middle-income levels, aid will properly become concentrated on fewer countries. Among the remaining needy countries the quality of economic governance varies widely: some, such as Rwanda, have competent systems for public spending, but others exemplified by the fragile states lack such systems. This gives rise to a donor dilemma.

Increasingly, the neediest countries are those with weak economic governance, but in such contexts aid is unlikely to be well-spent. In allocating aid between countries the donor is faced with an uncomfortable trade-off between need and effectiveness.

The dilemma can be characterized as an instance of the Tinbergen Rule which sets out the fundamental logic of the attainment of policy objectives by policy instruments. It states that for objectives to be attainable there must be at least as many policy instruments as objectives. If the only donor instrument is the volume of aid then the objectives of responding to need and effective use of donor money cannot both be met. Either money can be well-used in environments which are less needy, or it can be channelled to the most needy where much of it will be misused.

In this study I propose a way out of the donor dilemma. Donors need to develop a second instrument which can improve economic governance. Of course, donors have been trying to do this for decades. But the conventional approaches of capacity-building and policy conditionality have been ineffective. In their place, this study proposes a menu of specific new organizational designs for public spending systems. These include:
- Reforming the public spending system: independent ratings
- Enhancing the delivery of basic social services: independent public service agencies
- Enhancing public investment: sovereign development funds, and
- by offering to channel aid through these systems donors could encourage their adoption.

The immediate objective of this menu is to enable donors to ensure that public money can be reasonably well-spent across a wider range of governance conditions than is currently the case. Faced with variations in both need and economic governance, the choice of organizational design would be the instrument used to achieve aid effectiveness, enabling the volume of aid to be determined by the depth of need.

This second donor instrument has potential beyond its immediate objective of escape from the donor dilemma. Over the next decade many countries which are still low income will be able to tap into non-aid sources of public finance: revenues from natural resource revenues, the taxation of remittances, and commercial borrowing. These sources of public finance will come to dwarf aid. The same instrument that enables donors to spend aid money effectively can also empower governments to spend their own money effectively. Increasingly, if aid is to remain relevant it will be because of how it is spent rather than how much of it is spent.

Localising foresight in South Africa

An article by Geci Karuri-Sebina and Lee Rosenzweig in the latest Foresight journal presents a case study on localising foresight in South Africa by using foresight in the context of local government participatory planning. According to the abstract the paper aims to present the process and results of a local-level South African action research project on introducing foresight methods into a local government planning process.

The paper outlines the evolutionary process followed, and documents the practical insights gained and lessons learnt in relation to the concept of pro-poor foresight. Findings include: Positive outcomes in the King Sabata Dalindyebo (KSD) foresight process included a high level of stakeholder engagement and senior management buy-in, supported by positive evaluations by diverse participants. The learning was subsequently incorporated into long-term development plans and proposals such as the ten-year development plan for the region. The experience yielded key lessons about the recruitment of participants, policy alignment, communication in diversity, active participation, facilitation as learning, the influence of technical inputs, and the importance of integration.

Research limitations/implications included: Further academic research could build upon this case study to investigate longer-term impacts of the initiative in KSD,
tracking replications and adaptations of the KSD experiment, comparative research between contexts where foresight is used and where it is not in development policy and planning processes, enquiry into how foresight might be formally incorporated in the routine development policy and planning processes of municipalities, and undertaking more theoretical enquiry on the “localising foresight” concept and experience, including the development of guiding criteria and indicators for procedural and outcome success.

Source: http://www.emeraldinsight.com/journals.htm?issn=1463-6689&volume=14&issue=1&articleid=17019386&show=abstract or e-mail Tanja@hichert.co.za for a pdf copy of the article.

Some practical and social implications of the case study are that the case focuses on learning in a developing world context where foresight is less advanced than in other contexts. The results of the exercise in KSD suggest that it is possible to embed pro-poor foresight in a large-scale policy programme to enhance the resilience of communities, supported by appropriate plans and budgets. The long-term nature of foresight can create a “safe” platform for an otherwise difficult engagement, as is this case where three levels of government and various segments of civil society are to be beneficially engaged. The value of the study is that it was a unique action research project in South Africa, where foresight has tended to be mainly at a top or central level – that being the level of corporate executives, national government, or national-level stakeholders.

**ECONOMIC ISSUES**

**Nationalisation Zambia style - designed to correct the rampant corruption**

[Zambia] ... is embarking on a round of nationalisation. Unlike Zimbabwe, Zambia’s plan is well thought through and designed to correct the rampant corruption that accompanied the previous administration’s privatisation deals.

If your Zambian investment was clean, you should be fine. But if your deal was dodgy, it’s time to start worrying – as the Libyan owners of Zambia’s major telecoms company have discovered. Zamtel is Zambia’s equivalent of Telkom [the South African state-owned telecoms monopoly]. Originally a state-owned telecommunications company, it has a near monopoly on landlines and is one of the biggest players in the mobile and Internet markets. But it was proving difficult for the administration of former president Rupiah Banda to run, so they did what any government buying into the global neo-liberal economic agenda would do: sell it.

A willing buyer was soon found, in the form of a Libyan company with an incomprehensible name: LAP GreenN. This company is the African telecommunications arm of the Libyan Investment Authority, the sovereign wealth fund established by Muammar Gaddafi. This fund is worth some $65-billion, and was the main way in which Gaddafi spread his influence across Africa.

South Africa was included in his largesse: Libya owns prime spots in Sandton as well as a decent chunk of the V&A Waterfront in Cape Town.

LAP GreenN bought a 75% stake in Zamtel for $257-million. This was in 2010, and since then LAP GreenN claims to have turned the company around, growing Zamtel’s subscriber base by over 600%. But that period also saw huge change in Zambia’s political situation, with Banda chuckled out in the elections of late 2011 and replaced by a very different man: Michael Sata, leader of the Patriotic Front, and a man of strong convictions and stronger will.

He was elected on a vociferous anti-corruption platform, and immediately began to make good on his promises sacking shady civil servants, prosecuting ruling party members with illicit sources of income and scrutinising government department budgets. His influence was evident even at a superficial level: several people have said government buildings were physically cleaner after a few months with Sata in charge.

At the same time, Sata’s administration began looking into the tenders and sales authorised by Banda’s officials, and claims to have found a few rotten apples. So far the biggest has been the sale of Zamtel to LAP GreenN. A commission of inquiry produced a damning report, alleging the sale was fraudulent. “The report stated that the sale of Zamtel was fraught with irregularities in the tender processes, coercion in the acquisition of Zesco’s assets, bad faith with the selection criteria, negligence in the management of the account of [government] net proceeds and a failure to monitor post-privatization,” reported the Zambian Post. Henry Banda, son of former president Banda, has also been implicated in these shady dealings, for his involvement with RG Capital, the company that organised the sale.

Sata’s government accepted the commission’s report unreservedly, and responded by taking it back. He promised to restructure ownership so Zambians would own the majority of the shares, in effect re-nationalising the company.
Unsurprisingly, the new Libyan government has had a few things to say. It find itself in a tricky position. Having just rebelled against Gaddafi, it can hardly object when another country acts to remove the remains of Gaddafi’s corruption. But it’s also now responsible for Libya’s money, a fair chunk of which is tied up in Zamtel. “Definitely this is Libyan money, and owned by the Libyan people. We will exercise all our efforts to protect this money,” said foreign minister Ashour bin Khayyal. A Libyan delegation is expected to arrive in Lusaka in the next week or two to discuss the issue, but by then it might be too late: the Zamtel board has already been dissolved and some of its top executives asked to leave the country.

In the wake of Zamtel’s de facto nationalisation, the big question is: what’s next? Many analysts are worried that the new government might try to take over the country’s lucrative copper mines, but mines minister Wilbur Simuusa denies this is on the agenda. However, he did add the government would increase its participation in the mining sector, to better spread the proceeds and ensure ordinary Zambians benefit from their mineral wealth.

Source: http://dailymaverick.co.za/article/2012-02-01-nationalisation-zambian-style-no-need-to-panic

Swaziland: Still no sacrifice from the king

King Mswati III of Swaziland has once again refused to make any sacrifice to help get his Kingdom out of the economic mire. Even though members of the government he handpicks have been forced to take 10% salary cuts and he wants all public servants, including teachers and hospital workers, to take a similar reduction, he is not prepared to take any cut himself.

Instead, details from the kingdom’s national budget show King Mswati and his royal family will continue to receive E210 million (US$27-million) a year from the Swazi taxpayer for their own use. This is the same amount they got in the financial year 2011/12 just ending, but is an increase of 23% over 2010/11 and a whopping 63% compared with what he took from his subjects in 2009/10.

Earlier this month the King’s Finance Minister Majozi Sithole in his budget speech praised politicians and royal committees ‘who have shown leadership’ by accepting a 10% cut in their salaries. Sithole made no reference to the amount the King would receive from his subjects this year. And, even though the detail of the King’s budget has been available to the media in Swaziland for two weeks none have reported it (nor are they likely to).

King Mswati’s selfishness will come as no surprise to observers. He has never done a salaried day’s work in his life, yet, according to Forbes, he has a personal fortune estimated at US$200 million. He also personally controls a trust fund set up by his father King Sobhuza II that is estimated to be worth US$10 billion. He also ‘holds in trust for the nation’ the profits of Tibiyo Taka Ngwane, an investment fund with extensive shares in a number of businesses, industries, property developments and tourism facilities in Swaziland. This money is supposed to be used for the benefit of the people but the vast majority is actually used for the King’s own personal use.

Source: http://allafrica.com/stories/201202221766.html

It is just a matter of time before Swaziland explodes or implodes. Its immediate neighbours, South Africa and Mozambique, are in no way set up to deal with the fall-out.

US$50-billion illegally exported from Africa annually

An estimated US$50-billion is exported out of the African continent illegally every year, former president Thabo Mbeki said recently. “This money is exported illegally instead of being invested in the continent,” he said. Mbeki was speaking at the launch of a United Nations Economic Commission for Africa (Uneca) high level panel in Johannesburg. The panel, chaired by Mbeki, would investigate illicit and financial flows of finance out of the continent. Mbeki said the loss needed to be addressed before it undermined the prospect of Africa’s development.

“Almost $25-billion comes in to the continent. That means it loses twice the capital it receives in financial assistance,” he said. “The panel will study the flow of money and understand how it is done. The African continent will expect the panel to provide practical measures to stop the flow.” He said it would take a year for the panel to complete...
its investigation. “This is a matter of vital importance to the continent. In the end [the investigation] should result in action taken by the continent and individual countries,” he said.

“As a panel, we have no punitive measures. The panel will make proposals to those with punitive power and explain how it [the flow of money] is done.” He said the panel would provide sufficient information about the different methods of the outflow. This would include over-invoicing and under-pricing of exports and money laundering strategies.

Source: http://mg.co.za/article/2012-02-18-mbeki-50billion-illegally-exported-from-africa-annually

Knowledge and transparency is good. However, as long as there is no willingness (Western or African) to act against despotic rulers and kleptocrats ‘exporting’ money from Africa, (see here http://www.guardian.co.uk/world/2012/feb/06/france-africa-autocrats-corruption-inquiry?newsfeed=true ) this initiative will not pass the proverbial ‘so what’ test.

### POLITICAL ISSUES

Congo: Due diligence can help efforts to end resource-fuelled conflict

By Fred Robarts, an independent consultant based in Kinshasa, who coordinated the Group of Experts on the DRC in 2011, and Gregory Mthembu-Salter, a former consultant on ‘conflict minerals’ due diligence to the Group of Experts on the DRC.

A recent EU Trade and Development Communication contains some welcome news: a commitment to make company supply chains more transparent. This provides an excellent basis for an EU strategy to help prevent natural resource-fuelled conflict in countries like the Democratic Republic of Congo (DRC).

For more than a decade companies have bought minerals from the DRC without checking whether their purchases are financing conflict. Even when faced with evidence from numerous UN and NGO reports, some companies continued doing business with armed groups, including criminal networks in the Congolese army, who use this trade to fund their fight.

In the absence of laws requiring companies to do due diligence on their supply chains, business as usual prevails, to the benefit of the men with guns and the detriment of ordinary Congolese. In the course of our research last year (the December 2011 UN Group of Experts report on the DRC), one company admitted that their idea of due diligence was to check whether they could land a plane at the supply site.

Critics have argued that the only way for companies to ensure their purchases do not fund armed groups is simply to stop buying from the DRC. This is not the case: there are many opportunities for ‘conflict free’ sourcing from the DRC. For example, a credible validation team – comprising Congolese officials, NGOs and companies – that monitored South Kivu Province throughout 2011 identified at least twenty sites free of conflict. Meanwhile, our research in neighbouring Katanga province showed no evidence of armed groups. At these sites, the military (mostly) obeyed instructions to keep out of the mines, mineral sales were tagged, diligently recorded by officials and bought by a company investing in the mines and social projects.

The truth is that due diligence works. Even in difficult, high-risk environments like the DRC. Our latest report clearly shows that in more peaceful and stable areas in the DRC where companies are carrying following this approach, mining governance is improving and mineral exports are rising.


NGO ban causes alarm in Zimbabwe

President Robert Mugabe’s Zanu-PF party has banned 30 non-governmental organisations operating in Masvingo, ostensibly for failing to register with central and local authorities. The province is a political hot spot with a history of clashes between Zanu-PF and the opposition Movement for Democratic Change. In political circles, the ban is widely regarded as a Zanu-PF tactic to stem the MDC’s apparently growing support and is the strongest signal to date that Zanu-PF is gearing up for elections, predicted to take place this year.

The party banned foreign NGOs before the March 2008 presidential elections at a time when there was a drought and severe food shortages and the move sparked a humanitarian crisis. There was also a similar ban in 2005. The latest ban, which includes Care International, the Zimbabwe Peace Project and the Community Development Programme, has fuelled...
speculation about widespread intimidatory campaigns to follow.
Source: [http://mg.co.za/article/2012-02-24-ngo-ban-causes-alarm/](http://mg.co.za/article/2012-02-24-ngo-ban-causes-alarm/)

**Ideological fixation holds SA back, despite clearer policies**

*A shortened opinion piece by veteran journalist and political commentator, Allister Sparks.*

The combination of President Jacob Zuma’s state of the nation address and Finance Minister Pravin Gordhan’s budget speech has given us a tangible policy programme for the first time in this discordant administration. Somehow Gordhan has been able to pull together various strands from the mountain of white papers, green papers and position papers produced in recent years to weave together a coherent outline of where the government wants to go.

Essentially it is an Asian “state capitalist” policy, with the state taking the lead role in implementing a R3,2-trillion (US$420-billion) spending boost on infrastructure development, which in turn is intended to create jobs and boost economic growth. Gordhan has performed a skilful task but the mountain has still produced only a mouse, projecting a piffling 2,7% growth this year, 3,6% next year and 4,2% in 2014. We need 8% a year if we are to make any inroads into our unemployment rate.

Gordhan held out the prospect of the private sector possibly playing a role in implementing the 43 projects that make up the programme, but Public Enterprises Minister Malusi Gigaba and Transnet CEO Brian Molefe have been quick to scotch that. Economic Development Minister Ebrahim Patel will doubtless join them.

Meanwhile, during the previous week’s budget debate, the Democratic Alliance’s (DA’s) shadow finance minister, Tim Harris, presented his party’s alternative budget for 2012-13, setting out details of its economic policy — essentially a liberal democracy programme also aimed at boosting economic growth but mainly by encouraging development through the private sector.

In the DA model, the role of the state is primarily to provide efficient public administration, services and utilities, focusing particularly on better education and training and citizen protection; while, on the economic front, it is seen mainly as an adjudicator, to step in when markets fail and to prevent market power from leading to monopolies. Perhaps optimistically, Harris contends his budget would produce the required 8% annual growth rate.

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So, for the first time, we have two clear policy alternatives before us, which is what democracy requires. Ideally, our public discourse should focus on the relative merits and demerits of those alternatives but, unfortunately, race and cultural identity will continue to play a dominant role, though hopefully to a diminishing degree over time. What is important is that both these policy outlines recognise the need to spend to achieve growth, particularly in this phase of global recession.

To brush aside the role business could play, with its accumulated corporate savings in the region of R479billion, makes no sense. Gordhan himself has made it clear he wants business’s participation. “From government’s side we are committed to an environment that will encourage investment,” he said in his budget speech.

But others in the Cabinet and the African National Congress’s national executive committee disagree. Their objections are plainly ideological, not rational, and Zuma is too indecisive to override them.

Some in the government accuse business of being negative and blame it for not investing more, preferring to put its savings into deposits, despite low interest rates. There is some truth in this, but it is also true that the government has not in fact created the encouraging environment Gordhan says it has. On the contrary.

From labour policy, skills shortages, excessive red tape, transport bottlenecks, uncertain electricity supplies and crippling delays of government payments to private contractors, to nationalisation scares, doubts about the Zuma administration’s attitude to the judiciary and the constitution and persistent anti-business rhetoric all combine to make the cost of doing business in SA too high and the atmosphere too discouraging.

All that needs to be reversed, but it is unlikely to happen for as long as Zuma is at the controls. So while the policies before us are clearer, life this year is unlikely to change much. We shall tootle along to Gordhan’s projected 2,7% growth, with unemployment increasing and the near certainty of another major spat with the public service unions along the way, for Gordhan says he is determined to peg public-service pay increases at 5% for the next three years, with just 1% real growth.

There is going to be a sharp rise in inflation, especially food inflation. The petrol price increases, which may rocket if the crazy brinkmanship between Israel and Iran disrupts shipping through the Strait of Hormuz, combined with the e-tolling costs for delivery vehicles and higher electricity tariffs,
will send inflation skywards. Do you expect our congenitally aggressive public-sector unions to settle for that? Stand by for another winter of discontent and disruption. Source: http://www.businessday.co.za/articles/Content.aspx?id=166130

Policy alternatives are good, and good for democracy, however, the reality of ‘muddling through’ can be dangerous given the risks of increasing populism (see here http://eurasiagroup.net/pages/top-risks-2012), especially when combined with potential instability in the region viz Swaziland and Zimbabwe.

Haiti set to join AU
It proved impossible to verify in mainstream news sources or the AU’s website, but it seems that Haiti is set to join the African Union as a member state. See here http://www.bet.com/news/global/2012/02/07/haiti-to-join-african-union.html Haiti attended the most recent African Union International Conference of Heads of State and Government, held in Addis Ababa in Ethiopia, as a member observer, but surprised delegates with the announcement that Haiti would seek full associate membership with the 54-member bloc.

The implications and consequences, if any, of such a move, are open to speculation.

Noah supports ‘natural coping systems’ – effectively caring for vulnerable children and orphans
Noah’s Ark, operates 100 centres in South Africa across Gauteng, KwaZulu-Natal and North West that support almost 20,000 vulnerable children. “Vulnerable” refers to one of a number of struggles. The children have lost one or both parents, or their parents are terminally ill. They live in child-headed households. They come from families with no income or are cared for only by frail grandparents. Many are part of South Africa’s 1.9-million Aids orphans or 3.7-million orphans.

Unaids estimates that the number of South African orphans who have lost parents from Aids increased from 580,000 in 2001 to 1.9-million in 2010. Communities have somewhat mitigated the impact. “Among the most remarkable contributions to the global response to HIV are the systems and networks, both formal and informal, that have been established to support children orphaned by the epidemic,” stated the Unaids 2010 Global Report. But the stress on these networks is increasing. “Despite the modest decline in HIV adult prevalence worldwide and increasing access to treatment, the total number of children aged 0–17 years who have lost their parents due to HIV has not yet declined.”

Noah was established to support the community networks already helping children in need. The idea came from Dr Greg Ash. In 2001, the plastic reconstructive surgeon was with his wife when they were hijacked in their driveway. He temporarily relocated to the United States, but he had already been researching the long-term effect HIV/AIDS would have on South Africa. It was orphaning a generation, but the number of street kids didn’t match the death rate. The gap left by parents who had passed away, he realised, was being filled by the community. Noah works to support these natural coping systems. Its premise is summarised in a brochure. “Our extended family system is working,” it reads. “Our communities are doing their best. Ubuntu is alive!”

Noah’s Freedom Park Ark in Soweto is made-up of shipping containers dropped in a horseshoe. They’ve been painted in bright colours and converted into classrooms. Windows have been added so sunlight fills the space and shines on artwork that’s been pinned to the wall. There’s an office, a kitchen and a basic playground.

There aren’t dorms like in a regular orphanage. The two to five-year-olds arrive at 7.30am and receive breakfast. They spend the day doing early-childhood development exercises such as singing, dancing, drawing and rhyming. Staff work hard to keep them engaged and the children are constantly guided through games that disguise their educational value. The children get lunch and afternoon tea before heading home in the afternoon. High school students arrive later for help with their homework. All 280 children that frequent the Ark receive counselling. Staff also assist their families to get ID documents and have offered parenting seminars for the community.

It’s estimated that over 20% of South African children are orphans. That’s a fifth of the country’s future who will mature in a vulnerable environment. “Their circumstances put them at high risk for exploitation and abuse, and therefore expose themselves to HIV, and lack of access to health care, education and social support perpetuates the conditions of extreme poverty,” says Noah’s provisional 2011 annual report.

The staff are community members and the first interaction children often have
with the NGO is when volunteers canvas the community for those who might be vulnerable. Everyone involved with Noah receives considerable training and some volunteers have moved to paying positions, while staff become eligible to advance in the company or move to other organisations.

Noah plans for the government to eventually take over the administration of its Arks so the NGO can focus on establishing the centres and implementing its model of network-based support. It has been hailed across the industry, has stood up to the rigorous auditing requirements of USAID and helps other NGOs develop best practices. But as yet the government hasn’t stepped in to assume responsibility for the centres.


Yet Noah, like many other NGOs, has had to refocus its model of funding. Its biggest donor, the US President’s Emergency Fund for Aids Relief, administered by USAID, is likely to withdraw R15-million (US$2-million). “They feel that South Africa has got the problem under control and they know what to do about it. (They think) we’re effectively curbing the death rates and their money could probably be used somewhere else,” said Noah’s relationship and communications manager Katie Andrews. “Corporate social responsibility budgets are getting smaller and smaller and they’re closing the gap on what they fund. At the same time they’re the ones that get most NGOs in South Africa through, and Noah itself has survived mainly on corporate funding. Very little individual funding. I would say less than 5% of our budget is made up of individuals.” Andrews has been searching for new donors and hopes to increase individual funding through their website. The international community’s funding shift isn’t just scary for the 20,000 children Noah supports, but also for the jobs the Arks create.

Moreover, African migrants and diasporas – no matter where they are – find themselves slotted in at varying points on a spectrum of skills: from the high-rolling investment bankers of Wall Street and London to the army of office cleaners you might see teeming most western cities at ungodly hours of the morning. The PhD-holding Ghanaian New York cab driver is a bit of a cliche, but the ‘brain wastage’ of high-skilled Africans – putting aside what they’ve learned at university to deploy a whole new set of skills where there’s demand – is very real.

So the returnees are a mixed bag indeed. Those from western countries may be the most visible and vocal, but they are not the most voluminous in numbers. The challenge is absorbing this mass of human resources into productive endeavour in their countries of origin. The paradox for most African countries is that those most in need of their returnees’ skills are usually those least equipped to utilize them. Institutions are weak. People hold on to positions not because of merit but because of connection. They don’t want a high-skilled returnee actually getting the job done and making them look as hopelessly incompetent as some are.

In a book of essays he edited called Diaspora Networks and the International Migration of Skills, World Bank economist Yevgeny Kuznetsov points out that barring a few notable exceptions – such as China and India (but one might add Taiwan) – most countries have so far failed to realize the promise and potential of their skilled diasporas. Apart from all the institutional and developmental challenges that make it hard for anyone – diaspora or otherwise – to be productive in those countries, the maturity of the diaspora itself is also a key factor, Kuznetsov argues.

**African Diaspora: Myths and Home-truths**

An opinion piece by Chukwu-Emeka Chikezie who is a co-founder of the African Foundation for Development (Afford), and a consultant and writer on international development

Contrary to popular myths, Africa’s migration is overwhelmingly regional – much more of a cross-border affair than a cross-Atlantic one. In truth, though, we need to unravel “the diaspora” – the term implies a homogeneity of actors, motivations and life-stages, when nothing could be further from reality.

In my view, Africa’s development isn’t a question of either home-grown Africans or the diaspora but “both and”: what we need to see is the blend of talent that works in the specific contexts of individual African countries starting from where they are. For this to happen, African countries need to pay attention to what elsewhere colleagues and I have coined the “3Rs” of retention, return, and retrieval. By far, retention is the most important – make Africa a comfortable and productive place for the citizens who live there now and very soon the news will reach the diaspora. Some will want to return (permanently) and others will offer what they have on a more flexible “retrieval” basis.

The African diaspora, for its part, can do much more to achieve effective return and
retrieval. The most important thing is to get organized, while in the diaspora, while managing the return process, and after having returned or while engaging in retrieval strategies. Nowadays, there are countless African diaspora networks with a degree of experience and maturity to offer something. But if you don’t see anything that works for you, create one. Recently, a group of returnee Sierra Leoneans has formed The Returnee Group (TRG) to help ease the transition process for returnees and would-be returnees. These are the sorts of innovations that will hopefully facilitate and accelerate the successful return of Africa’s diaspora and their contribution to Africa’s deserved place in the 21st century.


Self-organised transformation charter aims to bridge rich/poor divide

The people of Franschhoek Valley in the Western Cape, a burgeoning tourist destination that includes some of the most expensive real estate in South Africa, have pledged to work together to overcome the legacy of apartheid – the poverty gap in particular.

The Franschhoek Transformation Charter was launched in the town’s historic Dutch Reformed Church. Speaking at the launch, the initiative’s patron, Archbishop Emeritus Desmond Tutu, said the people of the valley – renowned for its fine fines and restaurants – were setting an example that the rest of South Africa should follow.

“We are not only divided, we are also unequal. Ownership of resources – especially financial ones – is heavily skewed in our community, mainly in line with ethnicity,” the charter boldly states. “We shall work together to become a more integrated and cohesive community. We will try to bridge the divisions among us, mainly in terms of ethnicity, but also in terms of language, culture, origin, religion and political affiliation.”

Franschhoek’s economic and social divisions mirror the rest of the country. The town has undergone major development, particularly tourism-related, but 18 years after South Africans voted for the first time in democratic elections most black citizens have yet to experience material changes in their lives.

“We believe that our destiny is in our own hands. In everything we do, therefore, we shall demonstrate our awareness and belief that we are a diverse but interdependent community, which shares a common environment and future destiny,” the charter states.

“We want to lie in a healthy, productive and caring community where the dignity and humanity of ALL is upheld and celebrated. We want to be free and safe and happy. We want to proclaim our membership of Archbishop Desmond Tutu’s ‘Rainbow People of God’,“ the charter concludes.

The charter was conceived and written by a diverse group of Franschhoek residents, who packed the old Dutch Reformed Church. See here http://www.iol.co.za/capeargus/tutu-is-blown-away-by-new-charter-1.1236824 for press coverage.

ENVIRONMENTAL ISSUES

South Africa to introduce carbon tax

South Africa is looking to introduce a carbon tax next year to reduce harmful greenhouse gas emissions, although nearly two-thirds of emissions will be tax-exempt until 2020 to lessen the impact on industry, the Treasury said recently.

In the 2012/13 budget, the Treasury proposes a 60% tax-free threshold on annual emissions for all sectors, including electricity, petroleum, iron, steel and aluminium. All but electricity, where state-owned power utility Eskom dominates, would be able to claim additional relief of at least 10%. Companies have said a carbon tax that places too heavy a burden on the key energy, mining and manufacturing sectors — already under pressure due to rising power and wage costs — will hit profits and wider economic growth.

It proposed a carbon tax of R120 (US$16) per ton of carbon-dioxide equivalent for emissions above the thresholds. The levy would come into effect in 2013-14, and increase by 10% a year until 2020. The Treasury said the draft policy would be published later this year.

Africa’s largest economy is also the continent’s biggest polluter and is one of the 20 biggest emitters of greenhouse gases worldwide. Nearly all of South Africa’s power is generated by Eskom’s coal-fired plants, making it impossible for companies to choose less carbon-heavy electricity. South Africa is investing heavily to diversify away from coal but it may take decades before a significant portion of its energy comes from clean sources.

Source: http://www.businesday.co.za/articles/Content.asp?x?id=165568

In a white paper issued in October last year, the South African government reviewed its
climate change policy and gave its key carbon-emitting sectors, including energy and transport, two years, to October 2013, to finalise ‘carbon budgets’. Those budgets should abide by the official objective that the country’s greenhouse gas emissions should peak in the period from 2020 to 2025, remain stable for around a decade, and decline thereafter in absolute terms. It was also pointed out that environmentally-related taxes would complement other policies to address climate change. The government has already introduced the electricity generation levy, motor vehicle emissions tax, a range of tax incentive measures to support renewable energy investments, and the proposed energy efficiency savings tax allowances.

TECHNOLOGY ISSUES

Facebook soon to be available on any phone in Africa

Much has been written about the stunning growth of mobile telephony in Africa. It is estimated that the continent will have more than 735 million subscribers by the end of 2012. However, a large percentage of the mobile phones in Africa are very basic models with no internet connectivity, and subsequently no access to social networks such as Facebook. This is set to change. Mobile operator Orange has launched a service that will allow users to access Facebook from even the simplest handsets.

"Facebook is already well established in Africa, since it already has 40 million users. On the other hand, most of these users are on fixed connections. And Facebook has made a huge priority of developing mobile users. Today the people who use Facebook on their mobiles are mainly people ... who can afford to pay the price of the mobile web."

This service is made possible through technology called USSD (short for Unstructured Supplementary Service Data), which is currently used by all GSM mobile phones to send information across a 2G network. USSD is already used on the continent for services such as account information and callback services.

Orange says that no special applications are needed to use Facebook via USSD. Users only need to type a specific code into their phone to open a Facebook via USSD session and enter a PIN code to access the service securely. According to the company, users will be able to update their status, make comments, and invite new friends.


Orange is effectively meeting a need, and matching a service to the hardware that’s available in Africa - in this case ‘regular’/non-smart phones. If Facebook-type social networking can happen via USSD as described above, then this technology can perhaps also be utilised by the development sector, activists, NGOs and such like for their purposes. Much like Mxit mentioned in previous Scans.

Angola monitoring health indicators by mobile phone

A project of indicators of the health quality through mobile phone [sic], even without using the Internet, was recently been presented in Luanda by the Angolan Government’s National Department of Public Health. This project will help early detection of levels of growth or decline of certain diseases, outbreaks, epidemics, drug stocks a certain standard and quick query of data in health centres of the cities, allowing the central structures to know what goes on in municipality centres, thus allowing prompt actions. The project will start in Huambo in June this year, with the collection of data on malaria, since this province has seen many cases of this disease. The project is to be extended to the whole country by the end of 2013.

Source: [http://www.portalangop.co.ao/motix/en_us/noticia/saude/2012/1/8/Health-service-includes-mobile-phones-system.e2bba09f-249f-48ab-ab60-12a1fba90d69.html](http://www.portalangop.co.ao/motix/en_us/noticia/saude/2012/1/8/Health-service-includes-mobile-phones-system.e2bba09f-249f-48ab-ab60-12a1fba90d69.html)

Angola’s Movicel to deploy Africa’s first 4G network

Angola’s Movicel has signed a commercial contract with Huawei to deploy a LTE FDD 1.8 GHz network in Cabinda province, the most productive crude oil region in Angola. The network will be commercialized by the end of May this year making it Africa’s first commercial LTE FDD 1.8 GHz network. According to its network developing blueprint, Movicel will provide mobile broadband services with a downlink speed of up to 100Mb/s across Angola, starting from the high-value and dense urban areas, such as the capital Luanda. According to reports, Angola has a 52% mobile phone penetration and 12% internet penetration while fixed line penetration stands at 2%.

**Africa starts crowdsourcing finance for films**

Africa has begun to join in the fun of crowdsourcing some of the funding for its feature films.

Despite Nollywood being in the top three of the largest film industries in the world, Africa’s total contribution to the international film economy is almost negligible compared to Hollywood and Bollywood. The Nigeria and the South African governments have seriously begun to think about how their film industry might start to become a significant export force. But one major challenge faced by African film-makers and producers can best be illustrated by comparing Hollywood revenue sources and expenditure to those made by Nollywood producers.

The Hollywood studios spend heavily on both production and marketing-distribution so that they can maximize a film’s performance in a relatively short period of time. In this short period covering cinema and home video release, the film will make the majority of its revenues. It is a different story with African films where cinema box office revenues are almost non-existent and where VCD/DVD releases struggle to provide the majority of revenues in Africa’s pirate infested waters. (see also story in Distribution section below).

What has changed over the last 10 years is the arrival of the Internet to help film makers. This could offer a lifeline for the African film industry, as it can positively help three of the steps needed to make a film financially successful: funding, production, and distribution. With more fibre delivery, new satellite DTH solutions and some lower priced internet broadband services becoming available across the African continent, film makers have started to use the internet to make their films a success.

Crowdsourcing allows a film-maker to pitch his or her idea and in exchange for some modest benefits to raise funding for it. This is not going to float Hollywood blockbuster budgets but for more modestly budgeted film projects, it can form one leg of a three-legged funding stool that might include donations, sponsorship and public funding. Also if you have a film idea that can raise either significant numbers of donors (however small) or significant sums of money, this might help persuade other sources of funding to come in.

In the African context, there is clearly a trust issue: sending off money to someone you’ve never heard of to finance a film sounds like the perfect Nigerian 419 scam.

But provided individuals can demonstrate that they are what they say they are, this opens a new route for film funding.

But why stop with films? Africa really needs good locally made TV programmes. These need both good creative ideas and money. Africa’s TV broadcasters are in the main risk-averse and would prefer to buy cheaper telenovelas or Nollywood than invest in their own programming. Indeed, some actually run their broadcast stations like a taxi firm: you pay for airtime to show your programme. A good crowdsourcing site outside of South Africa might raise both the level of the creative pool of ideas and finance. Any takers?


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**Africa’s Top 20 start-ups**