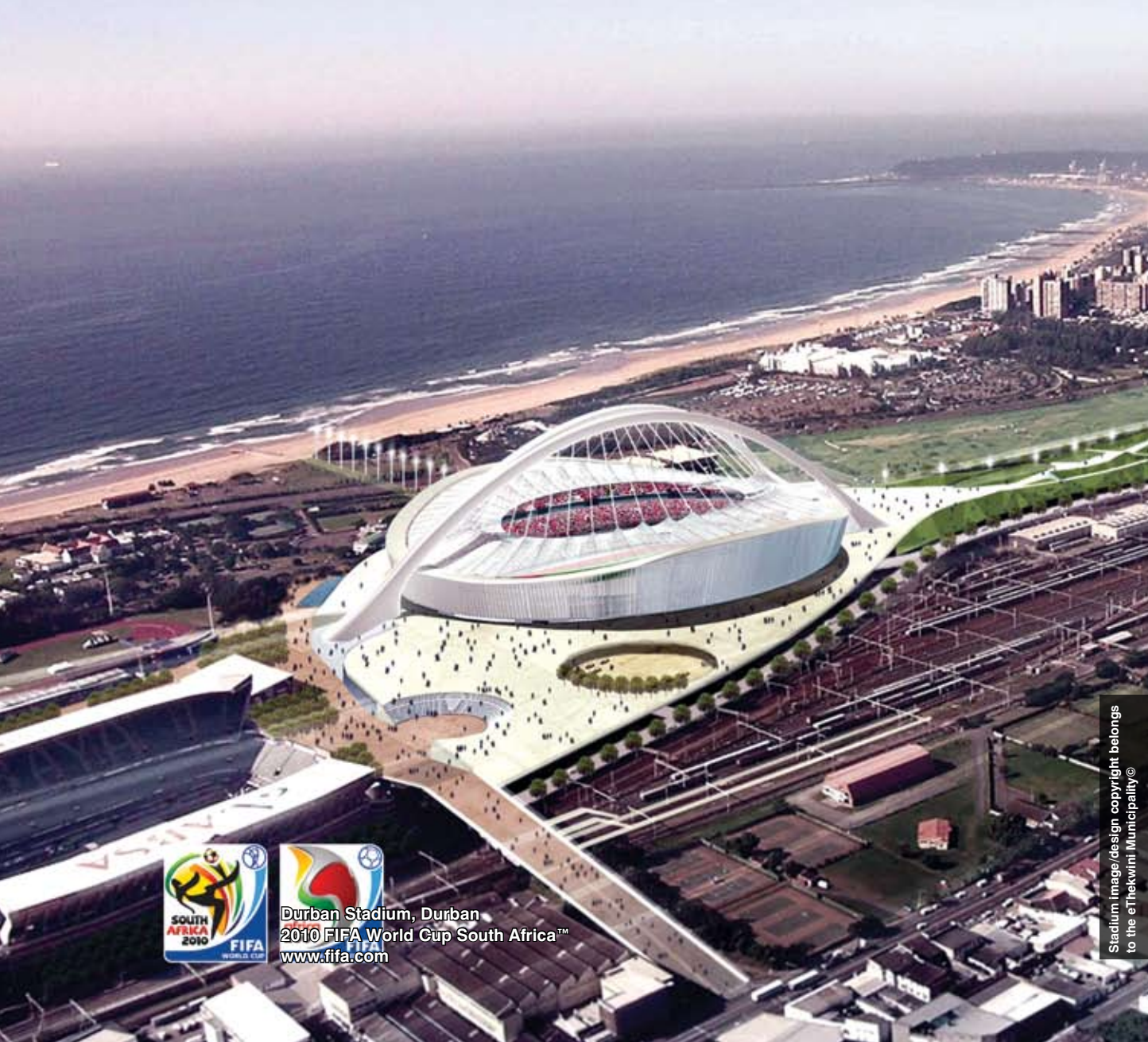


# ALL EYES ON SOUTH AFRICA

South Africa is achieving ambitious business and tourism goals as the world's gaze turns to its hosting of soccer's 2010 FIFA World Cup.



Durban Stadium, Durban  
2010 FIFA World Cup South Africa™  
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# Warming Up For The Big Event

South Africa already scores high in terms of its sophisticated infrastructure and welcoming business climate.

**W**ith a new government due to take power in 2009, South Africa is poised to benefit from the many business, investment, and tourism opportunities provided by the hosting of the world's most-watched sporting event. Recently ranked the 18th most attractive destination for foreign direct investment in the world, in a survey by strategic management consultants A.T. Kearney, the sun-soaked country's business confidence is at a 13-year high, despite current political uncertainty.

All key macro-economic indicators have continued to improve over the past decade and there has been a surge in new business registrations among its 47 million population.

Often referred to as the "Rainbow Nation," South Africa produces 18% of the continent's gross domestic product, with annual growth exceeding 4% since 2004. Tourism accounts for about 7% of total employment, a figure that is expected to grow ahead of the tournament.

## The heartland of southern Africa

The National Agricultural Marketing Council (NAMC) provides a vital link between the government and private industry in South Africa's vast agricultural sector, improving marketing efforts and business relations to "dynamicize" the sector further. Over the last 15 years, the principal products have remained fruit, wine and meat, with the former accounting for 40% of all South African exports, which are mostly exported to the E.U.

Under CEO Ronald Ramabulana, the NAMC is becoming far more proactive in terms of market and product diversification. "We have a Market and Economic Research Center to identify where we should be heading and to improve competitiveness," he says. "There are certain regions where we can compete on distance and quality, such as Iran and Kazakhstan, while also maintaining the markets where we have a stronghold."

The Agribusiness Development Department focuses on the long-term sustainability of the market through promotions, development schemes, empowerment and training. One issue central to the organization is to ensure that market access is increased for all players in the sector, ensuring, for example, that black farmers are given land and the necessary know-how and logistical assistance to use it and maximize productivity. The NAMC will also now promote a specific product and begin to export it internationally on an annual basis. The forthcoming World Cup is also seen as a great opportunity for showing off new or niche products such as cut flowers.

### National Agricultural Marketing Council (NAMC)

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Telkom National Network Operating Center (NNOC).

Rising education standards and a more highly skilled workforce have attracted foreign investors looking to take advantage of generous investment incentives funded by the government. Each of the nation's nine provinces also offers assistance to new investors, including reduced interest rates, lower rentals on land and buildings, cash grants for relocation of plant and workers, and tax breaks for facilities and transport.

Investors also benefit from some of the lowest energy and labor costs in the world, in addition to falling telecommunications prices and excellent transport links including a new high-speed train network. The Gautrain Rapid Rail Link will connect 10 stations along two routes across a 50-mile stretch of Gauteng. The massive project will link Tshwane (Pretoria) and Johannesburg, and O.R. Tambo International Airport and Sandton.

With up to 450,000 soccer supporters, media representatives, and event officials expected to arrive in the country for the 2010 tournament, analysts predict South Africa's economy will be boosted by U.S.\$7 billion.

"What this government has achieved has put us on a more sustainable economic growth perspective," Minister in the Presidency, Essop Goolam Pahad, told *Global Business*, before, in late September, he and 10 other ministers resigned along with former President Thabo Mbeki. General elections are due to be held in 2009. "We had the best-ever preliminary draw in Durban in the history of the FIFA World Cup. It was efficiently organized and everything was done properly in terms of organization and transport. The spin-off for South Africa will not be seen in 2010 but the opportunities and impact will be felt later. We still have a lot of work ahead of us."

That view is shared by Danny Jordan, who, as CEO of the 2010 FIFA World Cup Organizing Committee, is at the heart of all planning and development projects, with responsibility for an ambitious infrastructure construction program. "The bid had its origin with the 1994 World Cup in the U.S. as we saw the

impact on a country which was largely seen as a new market for soccer," he explains. "One of the arguments against a World Cup on the African continent was that it may not deliver the financial results for FIFA, but our bid was ranked as one of the best in the world. A major event provides you with a focused approach on infrastructure development while the other important issues are the increase in tourism and the creation of a more efficient business environment."

According to Jordan, the South African FIFA World Cup has already delivered U.S.\$3.2 billion to the organization. "I will not be surprised if we reach U.S.\$3.5 billion's worth of revenue to FIFA," he says. "Germany delivered U.S.\$2.8 billion and so we have already outperformed them two and a half years before the event. Our construction schedule will be completed six months ahead of the event and so we will be the first organizing committee in the history of the FIFA World Cup to complete all of our stadiums six months beforehand."

With matches to be played at 10 stadiums across South Africa, construction firms are busy building and upgrading sporting venues, hotels and roads for the influx of international visitors. Gauteng-based Rainbow Construction, a leading black empowerment construction company, is currently building a new soccer practice ground called Dobsonville Stadium and upgrading existing sports stadiums at Bloemfontein and Ellis Park. "All the work is going very well," says managing

director Errol Burman. "There is potential for problems in the preparation for these big events, but I am sure there is capacity in this country to sort everything out.

"As for our involvement in 2010, there is also the innovation of the airport, here and in Durban, that we are working on."

With a news-hungry population and a first-class communications infrastructure, South Africa's telecommunications companies are at the forefront of investment in new networks and technologies. Communications giant Telkom is Africa's largest integrated communications company with an entrepreneurial and innovative mind-set and a passion to become a world class leader in its field.

Offering business, residential, and payphone customers a wide range of services and products, Telkom is one of South Africa's largest firms and one of the continent's largest communications service providers based on operating revenue and assets. With around 4.6 million telephone access lines in service in the year to March 31, 2007, the company posted an operating profit of U.S.\$2 billion on an operating revenue of U.S.\$7.1 billion.

Telkom will be a key supporter of global broadcasts of the 2010 FIFA World Cup action as its network will provide all fixed-line telecommunications-related products and connect all tournament venues. These include the 10 FIFA World Cup stadiums, broadcast compounds, media centers, the



Soon, billions will smile, laugh and cry all at once.

From the opening ceremony of the world's biggest sporting event to its closing moments, we'll help create a sense of sheer joy for billions of people. That's why, as a proud National Supporter, we're honoured to provide the ICT infrastructure required to bring every 2010 FIFA World Cup™ match to fans around the world. Because at Telkom South Africa, everything we do revolves around people. By offering fixed-line telephony, digital video broadcasting, virtual private networks, rich broadband and an evolving Next Generation Network, we're striving to be the preferred ICT partner in Africa. Not to mention making our presence felt across the globe. For more information visit [www.telkom.co.za](http://www.telkom.co.za)



**Telkom**  
South Africa

## SAPO - South African Business of the Year 2008



**Motshoanetsi Lefoka**  
CEO, SAPO

The South African Post Office (SAPO) aims to be recognized among the top providers of postal and related services in the world, and, under new CEO Motshoanetsi Lefoka's ambitious plans and with stellar recent results, this could soon be achieved. SAPO has already been named National Business of the Year 2008.

"Our two main growth areas are the same as in the world's best postal companies, financial services and

logistics and we have evolved from being the facilitator for communications to being the connector of communications," Lefoka says. "We are a limited company, with a monopoly only over mail, which too will soon be liberalized, and in every other area are already forced to be competitive and so act accordingly in service and in products."

Last year saw profit from trading operations rise by 85% to U.S. \$59 million due to increased efficiency, take up of their Postbank's financial services which compete with the largest banks and the addition of almost 1.9 million new addresses. SAPO handles U.S. \$2.5 billion in transactions daily and its renowned parcel delivery service, XPS, moves more than 20,000 parcels per day, with the company's Speed Services, providing the most unique express delivery service



SAPO, an equal opportunities employer.

available in South Africa. However, Lefoka points out that SAPO is not merely a business interest but also has social and development responsibilities. There are public Internet terminals, planned "One Stop Centers" allowing isolated communities access to many services, and 70 post offices were opened last year.

Although SAPO already has excellent ICT infrastructure, it has partnerships with major players to bring connectivity to all regions of South Africa, its main commitment.

### South African Post Office (SAPO)

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## University of Limpopo — keeping the tradition of empowerment alive



**Prof. N. Mahlo Mokgalong**  
VC and Principal

Empowerment. This is the tradition that the South African University of Limpopo has kept alive for 50 years, from its foundation in 1959 as the University of the North, a "special tribal and racial"—read segregated—college, to the world-class African university it is today.

A hotbed of student political activity in the 80s and 90s, the struggle against the Apartheid state is remembered with pride but not lingered upon. Professor N. Mahlo Mokgalong, vice-chancellor and principal of the University, notes that the present is as challenging as the past, albeit in a different way. "The University of the North has a history of resistance, and we are proud of it. Now let us focus on excellence," he says.

This focus responds to education, research, knowledge generation and community development, providing financial assistance to students who would otherwise not have the chance of a university education and working in the rural sector to find solutions for the common problems of Africa.

The University of the North, now the Turfloop Campus of the University of Limpopo, has produced more of South Africa's political, managerial, business and professional leadership than any other single black tertiary institution. Of the University's four faculties—namely, humanities, health sciences, management and

law, and agriculture—the health department is one of Limpopo's foremost growth areas. "In a year, 210 medical professionals graduate from our university, the most of all South Africa. We are producing a number of specialists for Angola, Zimbabwe and Zambia. We plan to double our production of health professionals with a second medical training platform," says Mokgalong.

With the merger between the Medical University of Southern Africa (Medunsa), based in Ga-rankuwa near the Tshwane metropolis, and the University of the North to become the University of Limpopo, this vision is becoming a reality. Leading experts in various medical fields ensure that the education of health practitioners is sound and benchmarked to world-class best practice.

Science training is strong at the University of Limpopo, and it has been challenged to increase its science enrolment to 50%. Future objectives include increasing the number of international students, which is currently about 2% of the total, through the exchange programs it has with universities in the United States, Europe and Japan.

The priority now is to make capacity for more medical students. "I would love to see the University double the number of graduate students in the medical area. After this we can focus on the core business. We can do research, we can teach, and we can do a lot of community engagement. That is where we want to keep our energies on," says Mokgalong. Indeed, the challenge of excellence is Limpopo's current, and most feasible, goal.

### University of Limpopo

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Dobsonville Stadium - One of four Rainbow Construction projects. [www.Rainbowcon.co.za](http://www.Rainbowcon.co.za)

International Broadcast Center and the official headquarters of organizers FIFA.

Led by CEO Reuben September, who previously served as COO from late 2005, Telkom—one of the country's leading companies—has embarked on an ambitious expansion program, lengthening its reach into other African countries. It recently acquired Africa Online, an Internet service provider active in Ivory Coast, Ghana, Kenya, Namibia, Swaziland, Tanzania, Uganda, Zambia, and Zimbabwe. It also purchased a 75% stake in Nigerian telecommunications provider Multilinks.

"Telkom makes an increasing contribution to the South African economy and is seen as a national asset. We provide the communication backbone of the economy and we are the most significant infrastructure provider," stated September. "We have access to 30 million kilometers of fiber optics that cover all major cities across our country, and our global connectivity is a world-class product with a network based on global standards.

"Our plan is to target the medium-to-large business segment to meet their demands for end-to-end solutions. Major enterprises are outsourcing their entire network and delegating operations to us. We are experiencing increasing

competition but will differentiate ourselves from competitors by moving from a provider of basic voice and data connectivity to become Africa's preferred information, communications, and technology service provider, offering fully converged voice, data, video and Internet services."

Following substantial investment in its next-generation network, Telkom's main focus is to grow its data and converged Internet protocol services in all markets, and increase DSL penetration to 15%-20% of total fixed access lines by the 2011 fiscal year. Vodacom is Telkom's cellular communications joint venture with Vodafone. It is the largest cellular communications network operator in South Africa, with its 23 million customers giving it a 58% share of the market as of March 31, 2007.

Telkom is also reviewing its cellular strategy and exploring opportunities with partners to provide an integrated and consolidated service provider model across the fixed and cellular value chain, with integration capabilities into the managed hosting environment. "Communications is at the heart of the 2010 FIFA World Cup," says September. "Not only the people in the stadiums, but our global audience, will rely on communications. The network capacity,

capability, and the ability to protect that network is very important. Telkom is a transforming company, and being the information communications technology provider of choice is the passion that drives Telkom."

Nashua Mobile is the country's largest independent, and corporate-focused, cellular solutions provider. Based in Midrand, Gauteng, it has more than 100 outlets and more than 300,000 contracted cellular subscribers, giving it an estimated market share of 15%.

Managing director, Mark Taylor, says: "We are a telecom independent service provider. We are not a reseller. We do the billing, we do the collection, we do the service. Every single aspect of it other than the physical network, we do."

## The Financial Landscape

The South African banking system is well developed and effectively regulated with a mix of both large and small banking organizations run by a wide range of domestic and foreign operators.

South African Post Office (SAPO), South African Business of the Year 2008, has taken advantage of its huge infrastructure base to break into new markets such as financial services.

With an extensive branch network, SAPO is now a major player in the banking sector, handling daily transactions worth U.S.\$2.5 billion across both the commercial and private sector.

Teba Bank is the nation's ninth largest bank in terms of asset size, and has a policy of targeting the micro-finance sector, particularly blue collar workers and miners and their associated



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Teba Bank's School Benefit Program. [www.tebabank.co.za](http://www.tebabank.co.za)

communities. "An institution like ours has to be able to make dreams come true," states CEO Mark Williams. "Financial services are in many ways a key pillar for the development of the poor. We make a profit like any other bank but the difference is the profit we make we declare to a trust, which decides how to spend the money on the social good like schooling for the mineworkers' children."

The National Agricultural Marketing Council (NAMC) is the organization responsible for designing initiatives for the strategic positioning of the South African agricultural sector in dynamic global markets. The farming industry generates 8% of the country's total export revenue, with major export groups including wine, citrus, sugar, grapes, maize, fruit juice, dairy, and ostrich products.

NAMC CEO, Tshililo "Ronald" Ramabulana, says: "Our objective is to create an environment for improved marketing of agricultural products by improving relations between government and industry business structures. I think the 2010 FIFA World Cup is a tremendous opportunity and one that we could use to promote many new products within South Africa."

At almost 5.5% of GDP and 20% of total government expenditure, South Africa has one of the world's highest rates of government investment in education, with more than a million students enrolled in its education system. The University of KwaZulu-Natal is a world-class academic institution with 40,000 students and the premier university of African scholarship.

Established in 1959, the University of Limpopo, meanwhile, has produced a greater slice of South Africa's political, managerial, business, and professional leadership than any other single black tertiary institution.

Commenting on the government's education plans, Education Minister Grace Naledi Mandisa Pandor, says: "One of the challenges we face in South Africa is to eradicate illiteracy by 2015. Our target over the next five years is to address 50% of those who are illiterate, some 4.5 million individuals." ■



## UKZN: An African-led Global Player



Prof. Malegapuru W. Makgoba, Vice-Chancellor, UKZN

"Einstein would have been much happier doing his science in the midst of poets and artists, rather than the midst of other scientists," says Professor Malegapuru W. Makgoba. One of the world's most eminent scientists and scholars, Makgoba eloquently sums up the philosophy behind the University of KwaZulu-Natal (UKZN).

Makgoba, the Vice-Chancellor and Principal of what is fast becoming South Africa's most international university, believes a holistic blend of humanities and science is the way forward. "The sooner we learn that scientists need to be humanized, the better," he says. "This university is going to drive that challenge in the country. It is actually part of our strategy." This progressive outlook befits a man who began his working life as a shepherd and has become an internationally recognized molecular immunologist.

Formed on January 1, 2004, as a result of a merger between the University of Durban-Westville and the University of Natal, UKZN has become a flagship of a radical restructuring of South Africa's higher education system that facilitates coordination between strategy and operations. Its location, in one of South Africa's most important agricultural, industrial, and commercial centers, allows it to form strategic links with the local business community and create competitive advantages.

With around 40,000 enrollees, UKZN is a popular destination for international students wishing to be at the cutting-edge of change where high-tech solutions, based on in-depth research, are being developed in response to some of the world's most pressing challenges. To meet the demand for internationally recognized qualifications, UKZN has developed a comprehensive multi-disciplinary syllabus that is flexible, innovative, and responsive to students' needs. "Our accredited MBA is an excellent program led by a very skilled group of teachers," says Makgoba, "while our management studies produce some of the best accountants in the country."

UKZN has ambitions to become the premier university of African scholarship, enhancing the quality of its work and the experience of its students and staff through partnerships with institutions throughout the world. "We have a major collaborative research project for HIV/AIDS with Harvard and Oxford," Makgoba explains, "and the Welcome Trust, the U.K.'s largest bio-medical funding agency, funds our African Center."

Over the next two years, U.S. \$50 million will be ploughed into bringing laboratory facilities, lecture halls, and office space up to world-class standards, and a further U.S. \$5 million is being spent on research and teaching equipment.

As a forward-thinking, globally aware establishment, UKZN has become a symbol for the new South Africa. "This country has consciously decided to form a new society on the basis of diversity and non-racism, and that is constitutionally embedded," says Makgoba. "It is an experimental model on how to deal with, and celebrate, diversity in a modern, competitive world."

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