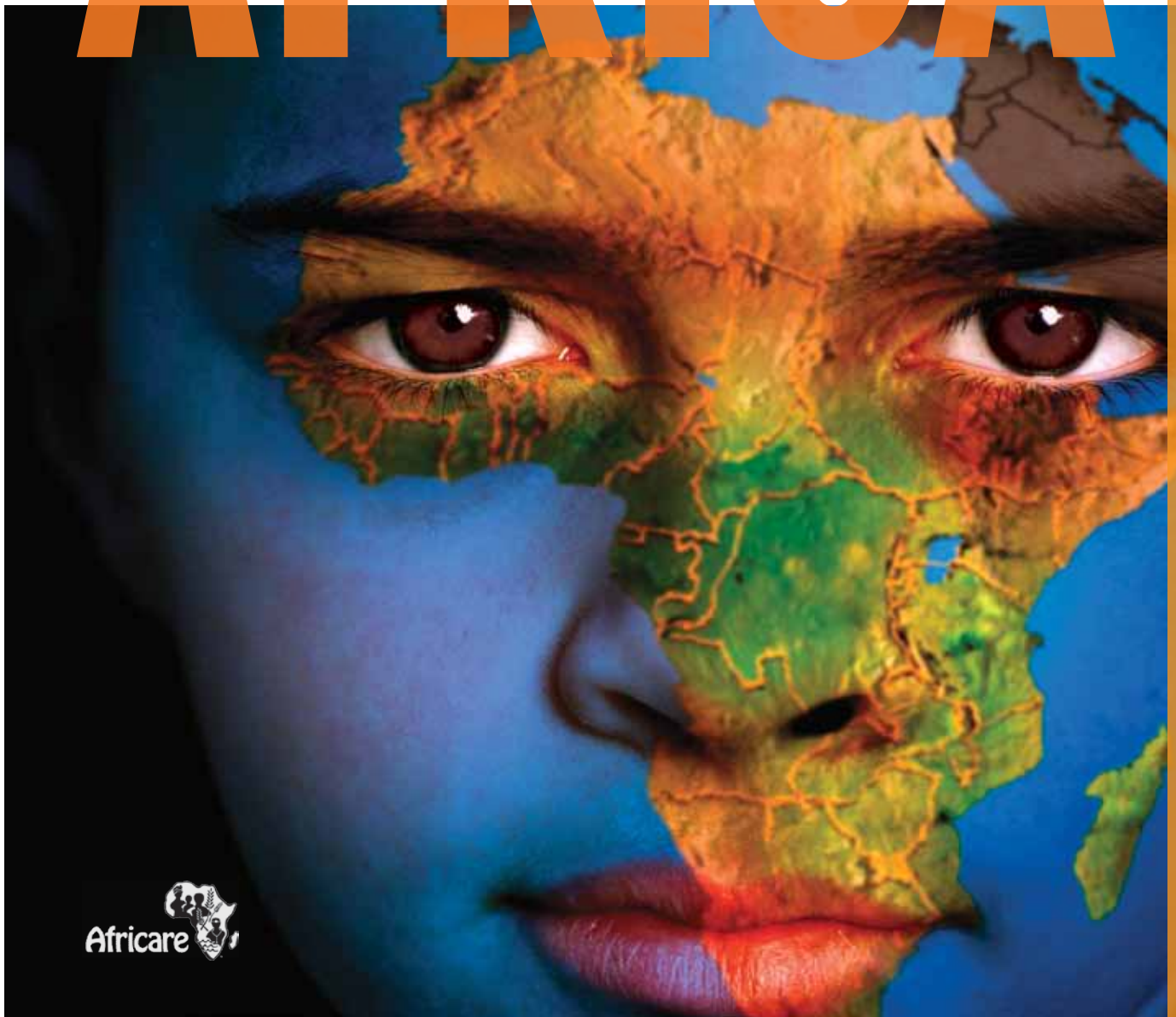


*AFTER DECADES OF POVERTY AND STRIFE,
THE CONTINENT IS REINVENTING ITSELF
BY DEVELOPING MODERN AGRICULTURAL
AND INDUSTRIAL KNOW-HOW.*

The New Face of AFRICA



Rebirth of A CONTINENT

THE STORY OF AFRICA IS SLOWLY BEING REWRITTEN. The old version—Africa as a helpless victim dependent on the goodwill and largesse of its richer neighbors around the globe—is outdated and out of touch, say the companies doing business there. The new story features a continent experiencing robust growth, driven in large part by its abundant natural resources, better economic management, and increasing trade with China, India, Brazil, and other world powers.

Portrait of resilience: Children in rural Ghana enjoy access to clean water through a community partnership with Africare.



“African countries have been crying out for better trade and investment as a way to build stronger, more sustainable economies,” says Darius Mans, president of Africare, a 41-year-old nonprofit that provides development aid to more than 25 countries in sub-Saharan Africa. “The 21st-century Africa offers great partnership opportunities with the private sector for projects that will provide tremendous long-term opportunities.”

Major multinational corporations—Vale, the Brazilian mining giant, and soft drink behemoth Coca-Cola, among them—have long understood the potential of vast markets awaiting development in Africa. With a population of 1 billion and real GDP growth estimated by the African Development Bank at 5.2% this year, the continent is poised for further expansion. Says Philippe de Pontet, director of the Africa practice at Eurasia Group, a global political risk research and consulting firm: “There are a dozen or so countries that are growing their way out of poverty through improved political leadership and buoyancy in commodity prices. Those countries can have good markets in their own right and a growing middle class.”

ATTRACTING INVESTORS

To be sure, many of the challenges that have plagued Africa—food insecurity, a shortage of clean water, and waterborne illnesses—still present serious risks. And the continent’s growth doesn’t erase the significant differences that exist between countries and regions. Yet, with increasing frequency, Zambia, the Democratic Republic of Congo, and others rich in minerals are attracting investments from corporations in China, Brazil, and other parts of Latin America.

The Heritage Foundation, a Washington, D.C. think tank, estimates that between 2005 and 2010, about 14% of China’s overseas investments went to sub-Saharan Africa. Standard Bank, Africa’s largest bank, forecasts that investments from China into the continent are likely to hit \$50 billion by 2015, an increase of 70% from 2009. All this money is helping to build the roads, rails, and ports needed for increased commerce. “The linkage between natural resources and infrastructure development is a crucially important aspect to the growth story in Africa,” says de Pontet.

Development is happening on a smaller,



A windmill pumps water to the dry regions of Namibia.

but no less significant, scale as well. Africare president Mans proudly points to a project in Zimbabwe that is enabling smaller farmers to increase soybean production through better-yielding seeds that can withstand the region’s frequent droughts. “There have been too many young people leaving to go to the cities because they see no future in agriculture,” he says.

The Zimbabwe soybean project—funded by the Rockefeller Foundation—is making a point: that with education, better farm management, and improved post-harvest storage, young men and women can run viable, sustainable, income-producing farm businesses.

KEY TO SUCCESS

The companies doing business in Africa understand that their success is intimately tied to the health and well-being of the communities they serve. The Coca-Cola Co., which started doing business in Africa in 1928, currently operates in all 56 countries on the continent. More than 60,000 people work for the company and its bottling partners in Africa. Perhaps more than any other multinational active in Africa, it understands the importance—and challenges—of safe drinking water.

That’s why, in 2009, it launched a \$30 million, six-year effort called the Replenish Africa Initiative (RAIN). The goal of the program, says Alex Cummings, executive vice president and

5.2%

ESTIMATED
GROWTH IN
AFRICA’S REAL
GDP IN 2011.

SOURCE: AFRICAN DEVELOPMENT BANK

An Iron Giant Looks to Africa



The Moatize coal mine in Mozambique will supply the Brazilian and Asian markets.

With plans to invest \$12 billion on the continent over the next five years, Brazil-based mining company Vale views Africa as a promising market. Eduardo Ledsham, head of exploration, energy, and projects management at Vale, discusses the reasons.

Why is Africa an attractive market for Vale?

The best opportunities for developing mining projects are in Africa, which is rich in resources such as copper and coal. The Copper Belt area—Angola, Zambia, and Congo—has abundant deposits. That is why Vale is willing to become a major player in this sector on the continent.

Poverty and poor infrastructure make doing business in many African countries difficult. How is Vale overcoming these challenges?

The first step is to establish partnerships with governments and local communities in order to work together on sustainable commercial

projects. For example, in Guinea, Vale is rebuilding the Conakry-Kankan railroad for passenger transport. With this investment Vale not only improves local transportation infrastructure, but also contributes to economic and social development, generating jobs in the country. We try to work in a way that can bring real benefits to the communities.

Can you describe some of Vale's biggest projects in Africa?

The Moatize coal mine in Mozambique is our largest, involving

an investment of \$1.6 billion. It will have an annual production capacity of 11 million tons of metallurgical and thermal coal destined to supply the Brazilian and Asian markets. We also have a copper project in Zambia and an iron ore project in Guinea. The Guinea project includes the development of a mine-mill complex and construction of an integrated railroad and maritime terminal on the coast of Liberia. It is scheduled to start production in 2012 and will have a capacity of 15 million tons per year.

What economic benefits is Mozambique garnering from Vale's mining activities?


In Moatize, we have invested more than \$90 million in areas such as health, agriculture, infrastructure, and education. Over 9,000 people have been involved since we started there in 2008. Our strategy is to work with the local community and local suppliers. This is a big challenge in countries where there is no tradition of mining activities and no skilled labor. So we invest in worker training. Mine equipment operators have been carrying out pre-operational activities since 2010, and most of these workers—90% of whom are Mozambicans—have done training programs in Mozambique and also in Brazil.

Looking ahead, how do you see Vale's business growing in Africa?

I'm very optimistic. Africa is a large, emerging market. Through local partnerships we can develop the mining industry, which will in turn help create jobs and provide the financial resources to fund social and education programs. We're focused on long-term prospects.



Eduardo Ledsham:
Vale's head of exploration, energy, and projects management



Vale is working
together with
Africa to build
a better future.

Future

Vale is a leading mining company, and our work goes far beyond mining. We care about the African people and contribute to the economic and social development of the regions where we are present. In Mozambique, Vale has recently launched a coal mining operation and various corporate and social responsibility projects. These include two Knowledge Stations dedicated to spreading knowledge through educational support to improve the capabilities of local companies. In Guinea, we are implementing the Simandou iron ore project, generating jobs and leading to the region's further development. A good example of this is the professional education center in NZérékoré, which will train workers for the operation of our mine. In addition, Vale is developing copper projects in Zambia, where we sponsor the Millennium Village, a poverty eradication program that's helping the country reach the Millennium Development Goals. And we do all of this by looking ahead, in order to bring a better future for Africa.

www.vale.com



Leading the LEAGUE

COUNTRIES WITH THE GREATEST PROJECTED GDP GROWTH ON THE CONTINENT IN 2011, IN PERCENT.

- 22.5 Ghana
- 9.2 Liberia
- 8.5 Botswana
- 8.4 Angola
- 8.0 Ethiopia

SOURCE: AFRICAN DEVELOPMENT BANK

chief administrative officer for Coca-Cola, is to provide at least 2 million Africans with clean water and sanitation by 2015. "Communities need strong, healthy people to thrive," he says. "And our business needs strong, healthy communities to grow and be sustainable."

The World Health Organization estimates that more than 300 million Africans lack access to safe drinking water, and millions die each year from preventable, waterborne illnesses. Two goals of Coca-Cola's water stewardship commitments are to improve water efficiency by 20% by 2012 and return to nature and communities an equivalent amount of water used in the manufacture of Coca-Cola beverages. The company also invests in community programs—42 projects in 27 African countries—that will provide residents with access to safe water.

A continent so rich in natural resources—it contains nearly three-quarters of the world's most strategic minerals—is especially attractive to a company like Vale, Brazil's largest mining company. Vale has been in Africa since 2004, when it began exploration operations in Mozambique, Angola, and Gabon.

LONG-TERM COMMITMENTS

Today, says Eduardo Ledsham, head of exploration, energy, and projects management at the Rio de Janeiro-based firm, Vale views Africa as a promising market for iron ore (the main component of steel) and copper. He says the company works hard to forge mutually beneficial partnerships with local governments in the countries in which it operates. "We are making a 50- to 70-year commitment when we go into these countries," he says. "The investments we make in social and education programs help to create a viable workforce, and that allows other

businesses to develop and prosper."

In Mozambique, where the company has its biggest project—the Moatize coal mine—Vale helped build the Tete Provincial Hospital and the Moatize Health Center. It also oversaw renovation of the Moatize Intermediate Institute of Geology and Mines so new jobs could be created around coal. "It's so important to understand and recognize the local differences between countries," Ledsham says. "Guinea is different than Mozambique and Zambia. We have to identify the needs of each and not create problems with the local suppliers already doing business in these places."

To fortify its operations in Africa, Vale uses the model that has worked so well in Brazil: Control the mine and the method of transportation—rail, truck, or ship—that will transport the end product to its ultimate customer. This method not only increases Vale's margins and reduces costs but also helps further develop the roads, railway systems, and ports of the countries where Vale has projects.

Africa's ability to take its place on the global stage will continue to depend on continuing improvement and evolution. "The humanitarian needs of Africa are so immense, and will remain so for the foreseeable future," warns Eurasia Group's de Pontet. Even so, he acknowledges the strides the continent has taken and the hopeful new direction that has been mapped out.

He points to the leadership of the new Rwandan president, Paul Kagame, as a good example of this progress. More than a decade after mass killings took place, Rwanda is being hailed as a country reborn, led by a man with a vision for economic development and the value of "law and order, and investing in the future," says de Pontet. "It's pretty amazing."

The need for more governments to "step up to the plate" when it comes to financial transparency and the role of local leaders in Africa's growth cannot be overemphasized, adds Africare president Mans. "The companies that invest and build in Africa can't do it alone," he says. "They want to know they're doing business in a place that cares about its people and the future of its communities. More and more, that's what they're finding in Africa." ●

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Building a sustainable future: African workers review project specs.





Chemists and microbiologists help direct operations at Valpré, which harvests rainwater and makes extensive use of solar for its energy requirements.

Message of Sustainability

Water from Coca-Cola's new African plant comes to market in recyclable plastic bottles made from 30% plant material.

COCA-COLA'S NEW VALPRÉ factory, arguably the greenest plant in all of Africa, is located in Heidelberg, South Africa, just southeast of Johannesburg.

When Coca-Cola broke ground on the \$60 million facility in early 2010, its goal was to serve South Africa's booming bottled water market, which is growing 20% annually. Along the way, the company accomplished something else: The Valpré Spring Water plant is currently undergoing Leadership in Energy and Environmental Design (LEED) certification, the internationally recognized benchmark for the design, construction, and operation of high-performance green buildings.

Alex Cummings, executive vice president and chief administrative officer of Coca-Cola, says the Valpré plant makes the most of water and solar energy, uses energy-efficient lighting and production techniques, and employs a "zero to landfill" target by



recycling any solid waste used in the manufacturing process.

To make things even better, all still and sparkling waters from Valpré are packaged in PlantBottle containers, the first-ever recyclable plastic beverage bottles made from up to 30% plant material. This packaging reduces the dependence on nonrenewables such as petroleum. PlantBottle reduces carbon dioxide emissions and lightens the footprint on the planet.

South Africa is the 10th market in the world to use PlantBottle, and the first in Africa. They make a big difference: Since their 2008 launch in the U.S., more than 2.5 billion PlantBottle packages have been produced,

eliminating the equivalent of approximately 60,000 barrels of oil that would have been used in the production of traditional plastic bottles.

In keeping with Coca-Cola's mission to positively impact the communities it

serves, the plant is run by a team of South African women operators.

That team reflects last year's announcement, by Coca-Cola chairman and CEO Muhtar Kent, of the company's "5 by 20" pledge, designed to empower 5 million women within the Coca-Cola system by 2020, helping them reach their potential.

Cummings, who says Coca-Cola is "focused on developing the Valpré opportunity in South Africa," is proud of the brand and what it stands for: "Out of our entire portfolio of still and sparkling beverages in South Africa, no other brand is better suited to convey our commitment to sustainability than Valpré."

In May, Monde Selection, an international body that reviews consumer products, presented Valpré with a gold quality label. Cummings says this is the first time a global water brand—either premium or mainstream—in South Africa has received the award.

The Coca-Cola Company