

Siwa Sustainable Development Initiative, Egypt

Lead Partner: EQI (Environmental Quality International)

The SIWA Sustainable Development Initiative aims to direct private investment into commercial ventures for sustainable development. EQI, the main financier and catalyst in this, brings technical expertise to ensure economic development that respects the rich natural assets of Siwa, located in Egypt's remote Western Desert and revitalises its unique cultural heritage.



EQI has partnered with the local community and local authorities over the last 10 years, learning from their knowledge of the environment and cultural heritage as well as building political support for the project.

Key successes in this initiative include industry acclaimed eco-tourism and the resurrection of cottage industry engaging women in the community, revitalising Siwa's traditional embroidery techniques. The centrepiece of this initiative, however, is an ecolodge, Adrère Amellal, a low-impact structure causing minimal impact on the natural landscape of the area. Built from rock salt and mud, it uses the same traditional techniques applied in the oasis some 2,500 years ago using dilapidated Siwan

houses that have been restored and extended to build the walls.

EQI also collaborated with various partners to regenerate the marketplace and local historic sites, build Siwa's first bank, and reopen the cultural centre and public library. In partnership with the Siwan community and IFC, EQI is now extending its activities:

1) Eco-tourism: restoration of dilapidated properties surrounding the historic town centre for commercial use. Development of the two eco-lodges has benefited around 600 families through permanent jobs and the creation of income-generating opportunities in the supply of raw materials, production of furniture and handicrafts, transportation and tour operation. This next phase provides employment for an additional 22 community members. More than 45 families will be employed in the construction, earning income while acquiring the skills and techniques of traditional construction methods.

2) Expanding Artisans' workshops: Over 300 women have already been trained and their income increased. The expansion creates around 320 more job opportunities for women. The initiative has provided income-generating opportunities to women by enhancing their skills and marketing their products as high value quality items. The women now have a steady income comparable to the average earnings of men.



3) Sustainable Agriculture: Branding Siwa as a unique organic environment is expected to benefit 300-450 farmers and 50 off-farm workers. It will also add value to Siwan agricultural produce by promoting their organic farming and farm management systems compatible with international certifications.

EQI's approach throughout has been to work in partnership with the community to develop the area as a niche travel destination, adding value to the local community and to its economy.

Mozal Community Development, Enabling Business by Doing Business

Lead Partner: BHP Billiton

It would be difficult to overstate the importance of the Mozal project's accomplishments in Mozambique, a country still recovering from two decades of civil war. The opening of the Mozal smelter near Maputo created a buzz in political and business circles around the continent. Not only was it Mozambique's biggest industrial investment, it was also one of Africa's biggest direct investments, completed ahead of schedule and under budget. And this after having had to cope with delays caused by lack of public infrastructure, poor geotechnical conditions and torrential flooding in February of 2000.



BHP Billiton established the Mozal aluminium smelter in Mozambique in 2000, integrating it into the full social, institutional and economic transformation of Mozambique. The smelter investment was seen as a catalyst for development within the country. But a lot of challenges had to be overcome for this to happen. At the outset, issues such as fragile institutional structures, poorly developed infrastructure, bureaucratic and inefficient public services and few skilled people risked hampering progress. Additionally, the prevalence of HIV/Aids and widespread malaria debilitating the local community, Mozal's prospective workforce.

As a result of the investment, some 740 permanent jobs were created. Vocational training means that 93% of permanent staff now are Mozambican – and the number of indirect jobs created from the project is expected to reach 2,500. Over 5,500 Mozambicans were trained in the construction, and issued certificates to help them obtain construction work on future projects.

But with job creation and poverty relief as primary goals, Mozal had to do more. The Mozal Community Development Trust (MCDT) was established to link the smelter with its local community and enable projects to improve the quality of life of surrounding communities. 200 projects have been initiated so far, with expenditure exceeding US\$10 million. A few of these are outlined here.

This is an area where malaria is endemic, but the community does not have adequate resources to develop infrastructure and facilities to deal with the problem. Andre van der Bergh, of BHP Billiton SA, commented, "How do you operate successfully knowing the impact that malaria has on your community, as well as on your business? With particular challenges in the community, when you consider what success looks like, it is much more than simply financial success."



A practical plan was therefore put in place to tackle malaria infection. By June 2001, with a programme using controlled public health spraying techniques, average malaria infection rates had been reduced by 40-50% in treated areas. Before the programme commenced, baseline surveys showed malaria infection rates in children of up to 90% locally. The effectiveness of the malaria control programme over the next five years will be assessed by the incidence of malaria and its effect on job creation, risk perceptions and other sectors such as tourism. Upgrading local clinics also provided better healthcare in the region. A team of 50 health workers was trained in the fight against HIV/AIDS and provided with bicycles to assist in their work as community health advisers.

Despite good salaries, many employees experienced difficulty buying homes, a factor that affected the stability of the workforce. Under a Land Use Management Plan, a residential site was selected nearby and houses built on it. This was followed by support to construct a new primary and the first local secondary school using local labour and recycling materials from the Mozal smelter operation, as well as, critically, the training of teachers.



However, the real development potential lies not in Mozal's spending on social projects but in small business development and the business it offers local suppliers. So, developing a business skills training program for local traders helps local SMEs compete successfully for work and execute contracts. From a position where almost all procurement was sourced from South Africa, local procurement is slowly shifting the balance from a level of \$2m to now \$9m monthly.

Mozal's sustainability required significant infrastructure development. To meet the project's supply needs, the transport infrastructure in the area had to be improved and increased. Roads and bridges, potable water supplies, electricity supplies, telephone services, sewage treatment works, housing units and general amenities buildings have all been developed and so attract new business into the area.

This commitment to ensure the sustainability of the business and its host community has delivered significant achievements, economically and socially for the local community. Prior to Mozal coming on stream, Mozambique's annual export earnings were about \$220m. The first phase of Mozal tripled that value and subsequent expansion raised the number to \$1bn.

All these social investments will be tracked over time, to measure the business return on investment for BHP Billiton.

At the opening of the plant in 2001, Prime Minister of Mozambique, Dr. Pascoal Mocumbi, told partners involved that, "your presence here encourages us to continue our ongoing efforts to improve the quality of life of our people." Five years later, Andre van der Burgh adds: " This is not a trade off; to be successful as a business, we need to play a role in partnering with others for their benefit in the developing countries in which we operate."

The positive impact the project has had on the region might be regarded as remarkable. Quality of life has been improved on virtually every level, and in such a way that the advantages can be sustained over time.

Additional quote for part 1: " Business investment in the MDGs is pivotal to economic development in the developing world. For example, the Mozal project action on malaria control increases capacity in the healthcare sector and removes key obstacles to opening up other sectors such as tourism."

Scaling Up Allanblackia: A new non-timber forest product for positive change

Lead Business Partner: Unilever

Launched in Ghana, the 'Novella Africa' initiative seeks to extract oil from the Allanblackia tree on a commercial scale in a way that benefits the local population. This tree grows in the wet tropical forests of sub-Saharan Africa, producing pineapple-sized fruits with many seeds rich in an oil with unique properties which can be used to produce food products and soap. Local communities already use the oil but, until now, it has never been used on a commercial scale.



Together with The World Conservation Union, Netherlands Development Organisation (SNV) and The World Agroforestry Centre (ICRAF), Unilever is helping local communities and small businesses to cultivate the seeds. By creating this opportunity for rural, often remote, communities, this growing partnership will provide an additional and sustainable source of income, thus contributing to the fight against poverty.

The overall aim of the project is to contribute to the sustainable development and trade of a new forest-based commodity that can help economic development by diversifying income sources, improving livelihoods of poor rural communities and fostering sustainable tropical forest management. Specifically, the project provides mechanisms to ensure sustainable harvesting of Allanblackia and equitable sharing of benefits among stakeholders.

The initiative now operates in three countries and its impact is steadily increasing, helping to create sustainable livelihoods wherever the Allanblackia tree is indigenous. Setting up an efficient and effective rural supply chain is the core activity and challenge of the initiative. This public-private partnership was formed to do this and grow the volume.

Harrie Hendrickx of Unilever R&D, Vlaardingen in the Netherlands, commented "Normally, we want to be at the end, not the beginning, of the supply chain, but here was very good potential for a new raw material which would be of value to us and other manufacturers. To get it into a supply chain, someone had to step up to the mark to make things happen. Unilever played that catalytic role. It was an opportunity to launch things so that our African partners could develop it into a real opportunity for the continent."

By working in partnership, the quality and reliability of the supply chain can be secured. Local NGO partners ensure that the partnership operates in a participatory, transparent and equitable manner and that the rural communities receive the majority of the financial benefits and support for community development. Women, in particular, have been encouraged to participate at all levels and children encouraged to go to schools.



The project's target group include poor rural communities. As primary collectors and sellers of Allanblackia seeds, they are at the centre of the supply-chain model needed for the production and trade of the oil and the target beneficiaries of the project. Local small-scale private sector companies, haulage contractors, nurserymen, input suppliers and millers will also see benefits. The project is unusual in the way it was set up with local communities and small businesses, in cooperation with non-profit development partners and local governments, to provide an additional and sustainable source of income for rural communities.

Unilever's most important objectives in this project are obtaining a new raw material from a sustainable source, ensuring the quality of the oil and making the business profitable to all involved, especially the rural partners. Apart from taking the original

initiative for the project, Unilever is providing a market for the finished products, to be used in the manufacture of consumer products, guaranteeing long-term demand and fair prices.

Through the development of this product, the importance of biodiversity conservation for sustainable livelihoods in this area will be demonstrated, promoting environmentally friendly behaviour as a priority for local development. The project will help to achieve greater sustainability in the region by using *Allanblackia* trees where previously “slash and burn” methods have been practised. Cutting of trees will be discouraged. Communities are encouraged to harvest the wild seeds while planting new trees to create a sustainable supply of seeds and planting of other trees will be stimulated. To that end, local nurseries will be supported to raise trees.

Aware of the effects that large-scale monoculture, palm oil, plantations can have on the local biodiversity, this project has the potential to contribute to the global public good by enhancing the overall well being of the tropical forest belt in Africa.

Unilever is also looking at sustainability by ensuring the project has strong local ownership. “ We are actively looking at where the partnership needs Unilever and where it can start to become more independent. You can’t do that in a day and so we are helping grow the partnership to that stage of development.”

At a national level, developing a new export commodity like this will add value to a country’s national resources and have a significant relevance for furthering pan-African economic development through expected south-south markets, poverty reduction and sustainable forest management.

Many technical lessons have been learned as a result of this as a simple research and supply chain project, but the most important learnings have been over and above this around cross-sector partnership working: the need to spend time building the team at the outset, recognising the balance of skills and competencies that different partners bring to the table, the ability to help each other grow as equal partners and the importance of a set of guiding principles to avoid difficulties. As Harrie Hendrickx recollects:” Partnerships are complex and it is a fine line between using as few partners as possible, but as many as is necessary to work well. None of this is rocket science, but you just have to be sure you do it.”

Apart from the core-team, more than forty organisations, comprising NGOs, small African businesses, government organisations and rural African leaders, support the initiative as partners in different countries as a result of the work conducted in Ghana.

This partnership project will fight the loss of tropical forests, create jobs and develop local communities by initiating a sustainable and profitable supply chain for a novel nontimber forest product.

<http://www.allanblackia.info/>



Making an Impact and measuring it Anglo-American

Improving the management of both social and economic impacts of significant mining and industrial operations has become an increasingly important public policy issue in recent years. But, until recently, there remained many long-life operations within the Anglo American group of companies that lacked a holistic understanding of the impacts they have on their local communities.

Now, SEAT, a Socio-Economic Assessment Toolbox, provides a snapshot of the social and economic issues local to any Anglo operation. Developed to help this understanding of the extent and nature of the impact the company has on its neighbours, it also helps Anglo American build trust, be a more effective development partner and be an instrument for local accountability. It is a critical element in their sustainable development agenda.

Anglo American is a company in the natural resources business, with potentially high local impacts and long investment horizons. But it also recognises the need to ensure its business is compatible somehow with sustainable development. Anglo believes it can do this if this depletion of one resource is offset by increases in others, whether human, social or physical. SEAT creates the metrics and framework to focus on this.

Tony Trahar, Chief Executive, comments: "When we open a new operation, or carry out a major expansion, we routinely assess our social and environment impacts. But many of our operations have anticipated lives of 30 years or more and some pre-date such social assessments becoming routine. This is where the SEAT process comes in. It provides a common framework to equip an operation better to understand the dynamics of our business impacts and, having measured them, to manage them creatively."

Launched in October 2003, Anglo completed its first SEAT study in November the following year. Since then, of more than 50 studies complete or ongoing, around 30% have been conducted in Africa and enable Anglo American to be more responsive, measured and consistent in their social performance.

SEAT does this by equipping managers with a framework to understand the totality of their economic and social impacts, a key part of their risk management activities. It helps these local managers take a strategic view of interactions with communities in areas such as local employment, reducing the exclusion of disadvantaged groups, training, procurement, and community social investment.

Using a series of practical tools, SEAT places a large emphasis on stakeholder engagement and the identification of stakeholder groups. It then guides managers to understand the dynamics of a community and engage appropriately with local people. To complete the SEAT process, local management responds to the community engagement by developing plans that address their concerns. These Action Plans will often help promote local business development, assess and improve human capital, improve the quality of the company's social investment, seek to form partnerships and begin to help all plan for the social dimension of mine closure.

Local businesses are encouraged to undertake SEAT assessments on a three-year timescale, supported by ongoing dialogue with local communities. The success of their Community Engagement Plan is reviewed each year and tracked corporately.

For Hippo Valley Estates (HVE), one of two major cane growing estates in the south east corner of Zimbabwe, SEAT provided some structure to social investment plans despite the company's existing financial and technical contributions to various social investment projects in the surrounding Chiredzi district. The subsequent process illustrated how stakeholders felt HVE had contributed to the growth and sustainable development of the town but also highlighted areas of improvement that could then be addressed through implementing the resultant community engagement plan.

Integrating the SEAT process with the mainstream business operations was critical and admittedly has been a challenge. It was important that the process was linked to the core business to move local communities from any dependence on philanthropy that was so peripheral to the company's business.

Also important therefore was providing feedback and follow-up to communities and managing expectations. Better communication, or involving the community in, for example, environmental monitoring, has helped address misperceptions and lack of trust.

A good example of the benefits of a greater understanding of the needs and dynamics of communities comes from Mondi Forests in KwaZulu-Natal, South Africa. Here, against a background of tension between the company and local communities, 17 employees were trained in social development facilitation techniques. As a result of this and outcomes of a pilot SEAT study, waste wood from the plantation is now made available as firewood and for use by crafts people, who also receive help to market their wares; local people can access plantations to gather honey and mushrooms; areas have been earmarked for grazing and a number of charcoal-manufacturing businesses have been established, generating over 400 jobs to date.

Consistent themes emerging from SEAT processes include trust on environmental and health issues, transport and road safety, employment expectations, transparency around recruitment policy and the need to create supply chain opportunities for local companies. SEAT also identifies the need to manage rivalries between stakeholder groups such as traditional and democratic leaders, different communities or different generations.

SiyaQhubeka Forests (Pty) Ltd, a commercial forestry enterprise on the Zululand coastal part of KwaZulu-Natal that was the first black empowerment company (other than community trusts) to acquire shares in a significant forestry enterprise in South Africa, undertook the assessment in 2004. Amongst the learnings for the company were the positive impact of the plantation on the tourism sector and the range of nontimber products that benefit the local community but SEAT also committed company management to respond on issues such as the need for contractors to employ only local labour.

It is too soon after the launch of this tool to really see the impact it is likely to have but SEAT, and in particular the example of NGOs partnerships during implementation in Namibia, is already attracting considerable interest. Anglo American therefore have plans to publish the methodology on their website for others to use, and are learning lessons from completed assessments to refine and improve the methodology, recognising the SEAT process will best serve its purpose going forward if subject to on-going scrutiny and improvement.

“Our businesses are more likely to prosper in stable and peaceful societies and to be commercial partners and employers of choice if we are seen as dealing fairly and to make a sustainable contribution to the social development of the areas where we work. This simply makes good business sense,” adds Edward Bickham of Anglo-American.

Sekulula & Mzansi – Enabling Financial Access to the Bottom of the Pyramid

Enabling Business Partner: Visa

Africa has the world's lowest savings rate, with little capital for banks to lend to grow productive enterprise. But concerted efforts by South Africa's major banks is now providing access for all South Africans, regardless of the remoteness of their location through the development of the Mzansi card, the Sekulula card and various other satellite technologies for accessing payment systems in rural locations.

Poor infrastructure had been the main reason for banking sector's low penetration in many African countries. The unreliability of electricity and the high cost of telecommunication limited the ability to deploy cost-cutting computer technology. Now in South Africa, legislation, a Banking Charter, political pressure, new technology and real commitment from the banks have combined to stir up innovation in low-cost banking.

Sekulula means 'it's easier'. In South Africa, the distribution of pension, disability and child benefits payments is a major undertaking towards the goal of eradicating extreme poverty and hunger. Switching from a cash-based to an easier electronic payment system offers savings, safety and access to basic banking services for thousands of South Africans. Hence, the Sekulula card is used in four South African provinces to distribute benefit payments electronically so recipients can access funds without receiving it as cash. As governments in Africa begin to turn to electronic solutions for the distribution of public benefits, a new partnership between government and Absa, a leading financial institution in South Africa and Visa member bank, produced a debit card to do just that using Visa Electron.

Absa worked with the South African government's Department of Social Development to create an efficient electronic system. Accounts are automatically credited monthly with benefit funds. The new cardholder customers can then top up the funds with cash or electronic transfers. As government begins to waken up to the significance of e-payments, South Africa's social security agency has now decided to use the Sekululu system to deliver 11 million grants, worth R4.7 every day.

Sekulula shows how social grant beneficiaries benefit from the use of Visa's payment system to receive payments in a safer, more efficient way, whilst offering substantial benefits for all stakeholders. The value of convenience and safety for recipients is immeasurable. The elderly, parents and people with disabilities no longer have to wait in long queues for cash or worry about keeping payments safe from theft.

From a broader economic perspective, electronic payments have increased economic activity, specifically GDP and increased transaction transparency, reducing grey economies and increasing tax revenue. Cashless payments systems also save up to 1% of GDP, from the significant expense of transporting, securing and dispensing cash, and minimise the cost of time-consuming, paper-based administration of equivalent cash-based systems.

Importantly for the economic growth of the continent, the programme has a further key socio-economic benefit: opening up banking to many thousands of people who have never before experienced the benefits of modern financial management, 'Banking the unbanked', slowly but surely increases bank reserves and makes money available with a multiplier effect to be re-invested in the growing business economy.

Mzansi, South Africa's low-cost national bank account launched in 2005, extended banking to low-income earners and those living beyond the reach of banking services. Mzansi - a South African expression meaning 'south' - is a basic, standardised, debit card-based transactional and savings account. It has already proved to be a hit.

Convincing banks that they could profit from serving the poor required a change in industry mindset but Mzansi challenges banks to test whether they could profit from large numbers of small, low-fee accounts. Costs are kept low and the account as accessible as possible so Mzansi customers are able to save

without having their capital eroded by bank charges. Along with 'container branches' and mini-ATMs in townships and rural areas, Mzansi puts full-service banking within 15 km of all South Africans, and an ATM within 10km of their homes.

The programme was the result of pressure on the big banks sector by both government and communities to meet the needs of some 17 million of South Africa's unbanked. Instead of passing legislation, which would force companies to change, South Africa opted for a voluntary system in which industry was pressured to negotiate a charter under which they agreed to meet certain social transformation goals. Under the Financial Services Charter, the banks had to attract 8 million new customers within three years.

South Africa's 'big four' retail banks – Absa, First National, Nedbank, Standard Bank - and Postbank, launched this low-cost facility aimed at the poor, individuals entering the formal banking sector for the first time. Mzansi has shown how Visa could support member banks in fulfilling their social commitments by bringing over 3 million people into the banking system in South Africa. The racial breakdown shows account holders reflective of the country's population demographics and is consistent with banked and unbanked populations.

Visa has contributed to this development of economic infrastructure in Africa by making its payment system available to ease access to financial services. Of the branded Mzansi cards in circulation, approximately 60% are Visa cards.

But physical access to financial services means nothing if these new customers do not understand how to use this services. Hence, Visa instigated financial literacy programmes, tailored to the needs of the local population. In South Africa, taking note of the cultural context which has a strong oral tradition, this took the form of road shows, where presenting the information within a play surmounted low literacy rates.

South Africa's Deputy Finance Minister Jabu Moleketi commented in June 2006: "It is not our intention that change in the financial sector should begin and end with what is prescribed in legislation. The experience of the Financial Sector Charter is instructive in this regard. Firstly, it is a model of constructive industry co-operation on a national scale, sharing intellectual capital to find solutions to present day challenges.

"Secondly, it breaks new ground in terms of an industry coming forward voluntarily to commit itself to doing things that go above and beyond what is required in legislation. The Charter has demonstrated the power of a shared vision - one that commits to transformation not only for moral reasons, but also because it will build the foundation on which we will all benefit in the future.

"In a tangible sign of how *sound partnerships* can contribute towards transformation, Mzansi continues from strength to strength. Already it has taken significant strides in the challenge of improving access to banking services for all."

Mzansi's success is seen in how it has evolved into the establishment of an umbrella brand synonymous with access to affordable financial products and services.