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SINGAPORE - AFRICA

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Review: The legacy of Lee Kwan Yew

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SINGAPORE-AFRICA
A partnership for progress

Economic ties between Africa's one billion people and Singapore's 5.4m are likely to grow, but it is to be hoped that it is a relationship that becomes increasingly bilateral, as **Neil Ford** explains.

From **Singapore** to the world

From digital services firm Tolaram and the oil sector's Pavilion Energy to agribusiness innovator Olam, Singaporean companies have established themselves as major players on the African investment scene. Providing yet another source of foreign direct investment (FDI), the country exerts an economic influence far beyond its tiny size would seem to justify, while also providing an alternative model for economic development that ignores natural resources. Given its highly strategic location, Singapore also offers African firms a starting point for their own engagement with East Asian markets. African politicians often state their desire to replicate the success of non-African economies, with regular reference to becoming 'the Dubai of Africa' or 'the Singapore of Africa'.

The former is used with reference to oil-rich countries with small populations that seek to base their entire economies on hydrocarbon exports. The latter, however, is much more interesting because it provides a model of how a country with few natural resources can generate sustained levels of strong economic growth.

Singaporean firms are unlikely ever to trade with Africa on the same scale as their Chinese counterparts, not least because Singapore does not have China's massive demand for raw materials. They can, however, play an internationally important role as trade partners and investors. Singapore's relatively small size is actually an advantage in some ways.

No African government would fear domination by, or over-reliance on Singapore, in the same way they might with regard to the US, China or their former European colonial powers. Moreover, aside from their links as former members of the British Empire, there are also ethnic links between Singapore's Chinese and Malay populations and their counterparts in South Africa that investors are beginning to

tap into.

Investments by Singaporean firms in Africa have risen by an average of 11.1% a year since 2008; and trade with Africa by 10.2% over the same period, to reach $10.9bn in 2013. This makes it the third biggest trading partner for Africa out of all members of the Association of Southeast Asian Nations (Asean), just behind Thailand and Indonesia.

In addition, Asean's trade with sub-Saharan Africa is growing more rapidly than with any other region outside Asia. Africa-Asean trade increased in value from just $2.8bn in 1990 to $42.5bn in 2012, averaging 14% a year over the 22-year period. Finally, stronger economic relations with Singapore can help to promote African ties with the whole Asean region.

A model for Africa?

Singapore's economic success has been achieved through creating a very attractive investment regime, promoting itself as a trade nexus and investing very heavily in a world-class education system. In addition, founding father Lee Kuan Yew – who died in March – was always quite open about the fact that some social and political freedoms were sacrificed in the course of promoting social, economic and political stability. The government used its overwhelming power to suppress ethnic tensions and create one of the most multi-cultural cities in Asia, while promoting the concept of small government. State spending still stands at just 16% of GDP.

Various studies rate Singapore as the least restrictive economy in the world, as well as the most favourable for investors, although state-owned companies continue to play a big role in many sectors. The nation is rated as one of the least corrupt in the world. Singapore's GNP increased 1,500% between 1960 and 1980, transforming the tiny nation from a poor outpost of the British Empire into a very modern city state. The country now has the third highest per capita GDP in purchasing power parity (PPP) terms of any economy in the world.

GDP breaks down as three-quarters service sector and one quarter industrial output, with little place for agriculture, mining or oil and gas. This is very different to any African economy. Despite its very limited land area, there is a great deal that African countries could learn from Singapore's experience with agro-technology, as it has pioneered the development of vertical farming, which employs high yield, hi-tech strategies to produce food.

The state has the second busiest container port in the world because of its importance in transhipment. It is Asia's main oil trading hub and an important refining centre, both of which have helped it become one of the three most important countries for rig engineering and ships repair on the planet.

Speaking at the Asian-African Summit in Jakarta in April, Singapore's Prime Minister, Lee Hsien Loong, said: "We've benefited from such partnerships earlier in our economic development, where many other countries provided technical assistance and helped to train Singaporeans, and got us to make the first steps in our economic development.

"So we are glad, now that we've made a little progress, we are able to do likewise for other countries."

Rwanda is the African government that has most often sought to develop itself as the African Singapore. It is broadly similar in terms of population and President Paul Kagame's desire to draw any parallels is entirely understandable given Singapore's economic achievements and success at minimising ethnic conflict.

Yet Rwanda is about as landlocked as it gets, so emulating Singapore's role at the heart of international shipping is a non-starter. Kagame hopes to overcome that obstacle by promoting information technology in Rwanda, turning it into a virtual centre. Kagame has made some headway to date in promoting a more attractive business environment; in improving education services; and in creating a tidy country. Kigali is one of the cleanest capital cities in Africa.

Investment in Africa

Apart from the many Singaporean companies that export to African markets, a recent report by IE Singapore identified 52 firms, including Olam, that have offices or other physical presence on the continent. Agricultural resources company Olam was originally set up in Nigeria in 1986 as a cotton producer. It is now based in Singapore but is still heavily involved in Africa. It trades in agricultural commodities; owns forests and farms; manufactures biscuits and sweets; and mills flour and sugar. The company has moved upstream in recent years, buying farms and plantations as it invests in a growing range of African markets.

In July 2003, the African Development Bank (AfDB) gave the Olam Africa Investment Programme an $80m loan to fund palm oil and wheat processing projects in four countries: Cameroon, Ghana, Mozambique and Senegal. The AfDB stated: "It is expected to enhance the regional food supply chain and act as a catalyst to support job creation and improve the sustainability of agribusiness sector, thereby enhancing food security on the continent."

With limited growth on European and North American air routes, Singapore Airlines (SIA) is now looking to expand into Africa, whether through partnerships or by launching its own services. The chief executive of SIA, Goh Choon Phong, said: "Singapore as a hub has its own limitations, hence the need to venture beyond Singapore to establish new hubs, [and] provide new engines of growth for the group going forward." A stock market statement by the company revealed: "Load factor improved for South West Pacific and West Asia/ Africa regions, but fell for East Asia, Americas and Europe, as demand did not keep pace with capacity changes."

Singapore's sovereign wealth fund (SWF), Temasek Holdings, holds a majority stake in SIA, as it does in many other state-owned firms. In November 2013, Temasek subsidiary Pavilion Energy bought stakes in three Tanzanian offshore oil and gas blocks for $1.3bn. Six months later Temasek itself paid $150m for equity in Nigerian firm Seven Energy. The SWF invests mainly in projects in Singapore itself and in the rest of Asia but is now beginning to expand its operations in Africa because of the commercial benefits on offer. Singapore is one of the few countries without natural resources to have developed a sizeable SWF.

Surbana in Kinshasa

In May, Surbana International Consultants was awarded a $15m contract to develop an urban development masterplan for Kinshasa. The firm will also provide a development plan for Kinshasa Province as a whole as part of the 14-month contract that was awarded following a competitive tender, plus a six month contract to help the government of Kinshasa Province build up its institutional capacity. The managing director of Surbana's African operations, Louis Tay, said: "When the masterplan is completed, there will be more transparency in investment transactions so people can make more informed decisions when investing in Africa."

Pang Yee Ean, the chief executive of Surbana, said: "This is Surbana's largest master planning project and ninth in Africa to date. We are glad that Surbana is becoming recognised as the master planning and urbanisation consultant of choice in the African sub-continent. Our track record of delivering quality and workable master plans which enable cities to grow economically and socially, is paying dividends as more and more African countries approach us to help them with their urbanisation plans. We are committed to delivering a master plan that meets the city's unique social, economic and cultural aspirations in the next few decades." The other eight urban plans were developed for cities in Angola, Burundi, Congo-Brazzaville, Mauritius, Nigeria, Rwanda, South Africa and Tanzania. Many Asian companies interested in investing in Africa now seek advice from the Africa-focused consultancies springing up across Asia, such as Greater Kingdom (GK).

The chief executive of GK, Stephen Bwansa, says: "There are a wealth of opportunities that Africa has to offer. These were the kind of opportunities available in China 40 years ago. If you go there and try to impose your own culture, you will not survive."

GK chairperson Elim Chew added: "Africa is the next frontier. It is a huge market and needs what Singapore has to offer. But Singaporeans must know the culture and the way they do business."

Above: Downtown Kinshasa

Political, economic and security instability has deterred investment by some companies from Singapore in the past but this appears to be changing. International Enterprise Singapore's (IE Singapore) director for the Middle East and Africa, G. Jayakrishnan, said: "The largest markets in West Africa including Nigeria, Ghana and Côte d'Ivoire continue to be stable… Singapore companies doing business there recognise the region's long-term potential and positive fundamentals. While political, economic and social stability prevails across most of the African continent, there may be occasional pockets of unrest. Companies looking to venture into frontier markets should assess and factor these risks into their business plans." IE Singapore has now opened offices in

South Africa and Ghana, and is considering other local operations.

Singapore is a water-stressed country that relies heavily on desalination plants. One company, Hyflux, has already constructed water treatment plants in Algeria and has signed a deal with South Africa's Murray & Roberts to jointly develop water projects on the continent. Pressure on Africa's water resources is likely to increase over the next few years but most African states have access to the sea and Singapore has shown what can be achieved with limited resources.

African investment in Singapore

Investment in the opposite direction has been limited but there are some instances of African firms targeting Singapore. Africa's biggest digital media company, Terragon Group, bought an undisclosed stake in Bizense, an advertising technology firm based in Singapore, in May. The two companies have worked together for the past three years. Apart from Singapore, Bizense has operations in India, Indonesia, Japan, Thailand and Vietnam, and plans to operate in Dubai later this year.

Terragon's chief technology officer, Ayodeji Balogun, commented: "This partnership will enable us pull resources together to innovate and provide comprehensive solutions that can be delivered to our clients at an unmatched pace. This is expected to strengthen our leadership on the African continent and extend our efforts in Asia… With our combined experience across different regions, we are pleased to have completed this investment."

South African logistics operator Grindrod and Angolan state oil company Sonangol are among Africa's other investors in the country.

Investments by Singaporean firms in Africa have risen by an average of 11.1% a year since 2008; and trade with Africa by 10.2% over the same period, to reach $10.9bn in 2013.

The chief executive of Ghanaian IT company DreamOval, Derrydean Dadzie, said: "Getting into Singapore opens other opportunities in Asia. The structures are well laid down, the foundations are well done and Singapore offers the platform to learn the ropes and easily move about in the Asian region."

Singapore's efforts to maintain good relations with the rest of ASEAN and China make it an excellent entry point for African companies into trade with the wider East Asian region. Singapore engages with Africa on a number of levels. IE Singapore is tasked with promoting companies from the country around the world, while Singapore also offers technical assistance to African countries through the Singapore Cooperation Programme.

Prime Minister Lee commented: "Speaking from an East Asian perspective, we don't understand Africa enough. So we need to work hard to appreciate this diverse, enormous and tremendously vibrant continent better. Therefore, I'm glad that with the new Asian-African strategic partnership chaired by Indonesia and South Africa, since the first summit meeting back in 2005, we are fostering greater cooperation between these two continents."

An increasing number of Singapore-Africa trade events are being held, including the Africa-Singapore Business Forum, which is now into its fourth year. Singapore is also making the most of African-Asian investment events, including the regular Asian-African Summit. The theme of this year's summit was "Strengthening South-South Cooperation to Promote World Peace and Prosperity" and it was attended by government officials from more than 100 countries.

The Asian Development Bank is keen to see trade agreements signed between Asia and Africa. The most likely first deal will be between Asean and an African trading block, such as the Southern African Development Community (SADC).

There is certainly much to be learned from Singapore's economic experience but any comparisons cannot be taken too far. Singapore is a city state with a limited population of 5.4m rather than a large country with a big population. It also enjoys an excellent location on the Straits of Malacca, through which 40% of world trade passes.

This geographic advantage helped Singapore to develop an important port and ancillary services, beginning with storage, refuelling and accommodation, before moving on to insurance and banking services.

There is some doubt over how far Lee's triple focus on authority, private enterprise and education, which stems from Confucian philosophy, can be replicated outside East Asia. For one thing, African trades unions usually play a far greater role in campaigning for workers' rights than their counterparts in Singapore. However, its recent history has shown that countries without natural resources or even agricultural land can become economically successful. ■

Trade between Singapore and Africa has blossomed in recent years, tripling over the last decade and now standing at an annual S$14bn ($10.9bn). **Julienne Chan** provides this overview.

Growing economic relations

Singapore is poised to take a significant role in Africa's development. Everyone has heard of China building a huge stake in the continent, but the island-state of Singapore is also paying close attention to fostering a strong economic partnership with Africa.

One of Singapore's key advantages is that it enjoys a very positive image across Africa. Many of the continent's leaders view Singapore's story as a development exemplar.

Last year, it was reported that there were over 60 Singaporean companies operating in more than 50 African nations.

It is generally recognised that most of the sectors in which Singapore is a world leader are in fact those sectors that Africa desperately needs to develop, such as transport infrastructure (roads, shipping, harbours, airports), power, financial services, housing and utilities.

It should also be noted that Singapore can serve as a key gateway to and from Asia for Africa. Singapore's trade with Africa has been growing relentlessly, at over 10% a year, reaching about $11bn in 2013. Singaporean FDI into Africa now stands at over $16bn.

With six of the world's 10 fastest growing economies, a population of over one billion that is expected to grow to four billion by 2100, and many other factors in its favour, Africa is poised for a breakout century.

And Singapore is poised to also seize the opportunity to establish a strong foundation for lasting partnerships.

Indeed, already a series of major Singaporean investments have been made.

Pavilion Energy, the energy arm of the sovereign wealth fund of Singapore, Temasek Holdings, has won a 20% share of Tanzania's liquid natural gas with a $1.3bn bid, signing an agreement with Ophir Energy.

This deal will help Singapore diversify its supply of LNG to further help it to become one of Asia's principal gas-trading hubs. The first deliveries of gas are anticipated to be made in 2020.

And Hyflux, a leading water solutions company, along with Olam – a global agri-business group that sources, trades and processes food and raw materials – are also among the Singaporean companies that have invested in Africa.

But it is not simply commerce that drives Singapore's relationship with Africa. Over the past two decades, Singapore has trained more than 8,000 officials from Africa, recognising that good governance also creates the environment that stimulates economic growth.

African countries such as Rwanda, Egypt, Ethiopia, South Africa and Nigeria are making it easier for entrepreneurs to set up shop, so Singaporean companies are drawn to invest in the opportunities the continent presents.

And Singapore's government is keen to sponsor this process. This year's budget introduced three schemes aimed at encouraging local companies to 'internationalise' and grow their revenues.

These measures, costed at S$240m ($181m), consist of support for SMEs rising from 50% to 75% until 2018. Finally, the government is to introduce an International Growth Scheme which will provide qualifying companies with a 10% concessionary tax rate. The scheme will expire in 2020.

As economic development takes off in Africa, so does the general standard of living in the continent. There is a growing middle-class consumer segment in Africa, and many of the world's biggest corporations are paying close attention to this trend.

As Africa and international corporations that have identified opportunities there have the advantage of hindsight gleaned from the already-industrialised nations, there is the opportunity for Africa to leapfrog in terms of infrastructure development and the installation of green technology. ■

Above: Singapore's International commercial port

Cynics often take "the next Singapore" to connote the perceived illiberal political regimes of both countries. **He Zongying** has an alternative interpretation.

Rwanda, the next Singapore?

In the 2015 press freedom index, Singapore was ranked at 153 out of 180 countries, and just a few places above Rwanda at 161. Yet, the bigger story here is that Singapore is a nation that has made it from third world to first in a little under a generation.

2014 International Monetary Fund (IMF) estimates put Singapore in third place in terms of gross domestic product per capita in a worldwide ranking.

So how close is Rwanda getting?

To be sure, there are numerous parallels between Singapore in the 1960s and the Rwanda that emerged at the turn of the century and the policy decisions they have taken since then.

While Rwanda struggled to emerge from the ruins of the 1994 genocide, Singapore in the 1960s was also undergoing its own struggles, experiencing racial riots and strife, albeit to a different degree.

The result though is that both had to be culturally sensitive and that had a tremendous effect on the crafting of subsequent policies. Adopting English as an official language required political will for both countries. English was the language of Singapore's former colonial masters at a time where regard for them was at an all-time low due to the destruction of their infallible image after the second world war.

The adoption of English by Rwanda was radical considering their numerous years as a francophone country. Both realised though that it was the dominant business language of the times, and pursued it nonetheless.

The implementing of *Umuganda*, a form of community work, in Rwanda also served to institute a sense of shared responsibility and allowed the nation to heal its divisions with amnesty reintegration programmes. Singapore had likewise placed an emphasis on racial integration by championing meritocracy over race-based politics, and implementing quotas in its public housing projects to ensure that there would not be separate cultural clusters.

Left: Paul Kagame, President of Rwanda

Investing in infrastructure

Just as Singapore focused on building its manufacturing industry, Kigali has placed its bets on the manufacturing of today – information technology. A pertinent example is how the government laid out 2,300km of fibre optic cables across the country in 2011, meant as the infrastructural bedrock upon which it would attract the growth of foreign investments and the e-commerce industry.

Rwanda also invested in its people. Rwanda is similar to Singapore in that it has no significant natural resources. Unlike oil-rich Nigeria or diamond-laden Angola, Rwanda is a land-locked country with little else going for it. Recognising that its people were its main resource was a fundamental basis on which Singapore built its policies. Emphasis on education was key to building a 'knowledge-based economy', and developing a healthcare system that was ranked by Bloomberg in 2014 as the most efficient in the world.

Rwanda, too, has instituted compulsory primary and lower secondary education and has partnered with One Laptop Per Child, a non-profit initiative to introduce technology to children from a young age.

Life expectancy in Rwanda, similarly, has risen from 28 years in the aftermath of the genocides to 65.7 this year.

Emphasis on education was key to building a knowledge-based economy.

Similar policies, such as fighting corruption, clamping down on organised crime and having strong centralised institutions, all serve to draw comparisons between the two.

While still in their initial phases of efforts to emulate the city-state, Rwanda's people must also acknowledge the less flattering connotations of the comparison – the clamping down of opposition and the not-so-invisible hand of the government in everyday lives.

Singapore today is having another look at its grow-at-all-costs policy. Economic success has not made the government immune to criticism.

The last elections in 2011 resulted in the ruling People's Action Party (PAP) having the lowest share of the vote since Independence. From society's point of view, is should be a good problem to have. It is that of a country that has enlarged the pie enough for it to step back and think about how it should distribute it.

It is an often-acknowledged fact that the government in Singapore leverages on its dominance in parliament to push through 'politically unpopular, economically efficient' policies.

This reliance on political stability should not be confused with having to have illiberal measures in place to exercise control over the populace.

The challenge, then, is to thread precariously in between the two positions and find the sweet spot.

After all, the legacy of the late Lee Kuan Yew, the former Prime Minister of Singapore, resides in him knowing when to step down, having a succession plan that bears his vision and the building of institutions that can outlast him.

There is no doubt that Rwanda has taken great strides in the last 10 years, but in a continent scarred by the actions of strongmen in recent history, Rwanda must remember that this is a marathon, not a sprint. ■

Singapore was ranked first by Accenture in their 2014 e-governance rankings based on criteria of citizen satisfaction.

Efficient **e-governance** solutions

Offering many benefits, e-governance provides convenience, easy access to information, improved customer service, reduced costs of doing business and less paperwork.

CrimsonLogic's e-judiciary system helped Singapore overcome its backlog of over 2,000 cases in 1991. The e-system now ensures that cases are heard in seven days.

The same e-judiciary system is now installed in the Namibian capital, Windhoek, as well as in Mauritius. It is more than just a website.

Transforming governance through digital tools

Beyond the acceleration of processes, inbuilt programmes can regulate and systemise the way things are done, eliminating the different functions executed by officials and reducing opportunities for rent-seeking and corruption.

E-governance can also aid the reform and transformation of government by enabling participatory governance and partnerships to improve efficiency and effectiveness.

In 2014, the UN ranked Singapore third for e-governance solutions, behind only South Korea and the United Kingdom. Singapore was ranked second for online service delivery, ahead of South Korea and Japan. The consulting firm Accenture ranked Singapore first in their 2014 e-governance rankings when 10 countries were compared based on the three criteria of citizen service delivery experience, citizen satisfaction and service maturity.

Accenture Singapore's managing director was quoted as having said that nearly 3.34 million citizens had opted for the Central Provident Fund's e-service since its launch in September 2010, which led to almost $1.15m in savings due to the reduction of printed paper statements.

Only a handful of countries are ranked highly in multi-channel service delivery by the UN's e-government survey. Available via various platforms, e-government services can be accessed using mobile apps, public kiosks and wifi.

Singapore citizens can pay their tax bill online, and receive SMS alerts when their passports or road tax are due for renewal.

Since Africa leads the world in the adoption of mobile banking, it is likely that for e-governance to take hold, online services to citizens that are also accessible on mobile phones will see greater active participation.

There is cross-agency collaboration between various government departments. For example, the Central Provident Fund is Singapore's compulsory social security savings scheme for all working Singaporean and permanent residents.

Singaporean group **Tolaram** has operated in Nigeria for the past 38 years, greatly diversifying its operations to now embrace a gamut of sectors, from manufacturing food stuffs to being involved in power distribution. *African Business* spoke to **Harish Aswani** *(opposite right)*, the company's managing director in Nigeria, about the Group's approach to business on the continent.

Understanding the dynamics of Africa

***African Business:* Where do you now operate in Africa?**

Since coming to Nigeria nearly 40 years ago, Tolaram is now in a number of countries, in Ghana, Congo, Côte d'Ivoire and Tanzania and we had an office in Ethiopia. We use them as launch pads to look at the markets, how we can do business there, to gauge the political climate, the economic climate.

We send someone there to stay perhaps for a year and then return to Singapore and tell us what they have learned about the country. But Nigeria is perhaps 80% of our business. We built the Lekki Port there, the first port in Nigeria to be privately built.

It is the country's largest port, and offers the biggest potential container footprint and accessibility facilities for larger shipping vessels, compared to any port in the region. The project is worth $1.5bn and is estimated to generate over 150,000 jobs in Nigeria.

In addition, we have diversified into road transport logistics, fast moving consumer goods such as the manufacture of noodles, infrastructure, power

Mobile apps and public kiosks

The same fund can be used to pay mortgage and healthcare needs, and can even be used for investments. As over 85% of Singaporeans live in public housing built by the Housing and Development Board, the average Singaporean uses his or her savings in the CPF to pay their mortgage. The Central Provident Fund is horizontally integrated to the Housing and Development Board.

But there are limitations to e-governance as less tech-savvy elderly can be alienated. Consequently, while Singapore's e-government services enjoy high citizen participation, e-services lack integration and adoption among senior citizens, as Eileen Yu points out in an article for zdnet.com.

In that article, Lyon Poh, partner in the advisory firm KPMG in Singapore, says that the majority of Singapore's older generation may not be sufficiently tech-savvy to make use of e-government services, and calls for more training to be provided for the elderly.

For the less tech-aware senior citizens, including those who do not use English as a first language, online services are out of reach. In such cases, social workers are deployed to fill in the gaps.

A further limitation to e-government services is the system's vulnerability to hackers. In 2013, the Prime Minister's website was hacked by Anonymous, as part of a protest against the rules introduced by the Media Development Authority.

The advantages or the efficiency that e-governance can provide, if well-strategised and well-implemented outweigh hacking risks.

In 2013, Singapore's IDA International and South Africa's State IT Agency (SITA) inked their first Infocomm Technology collaboration agreement.

Blake Mosley-Lefatola, the chief executive of South Africa's State Information Technology Agency (SITA) said:

"Singapore has a very deliberate and holistic approach to ICT as an economic enabler for the country and public services. SITA is the South African government's leading ICT agency, with a vision to expand its e-government programmes to modernise government services and its operations. Given Singapore's world-leading standing in ICT, this collaboration will add interesting dimensions to our national ICT approach and programmes."

Empowering the people

South Africa's Vision 2014 describes an inclusive information society, where people will harness the use of digital technologies to ensure access to information and knowledge that will empower them to participate meaningfully in society.

Today, it is possible to register a business organisation and submit income tax returns online in South Africa. The links to the websites of South Africa's online services are grouped under the services section of the South African government's website.

SITA was established in 1999 to consolidate and coordinate the state's IT resources in order to achieve cost savings though scale, increase delivery capabilities and enhance interoperability.

SITA is committed to leveraging IT as a strategic resource for government, managing the IT procurement and delivery process to ensure the government gets value for money, and using IT to support the delivery of e-government services to all citizens.

IDA International is a subsidiary of the Infocomm Development Authority of Singapore, and serves as the execution arm for collaborations on public service information between Singapore and countries around the world. IDA International provides services such as e-government consultancy, national master planning, industry and cluster development of public service programmes and delivery of solutions. ■

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distribution and ICT. We have a team that manages each sector.

Do you see policy consistency when governments change, such as happened in Nigeria?

I think business carries on. As long as you have been doing clean business, no one comes to disturb you. Understanding the dynamics of the country you are working in is vital. We started off in textiles, but have diversified greatly. Foodstuffs is a case in point. We introduced noodles to the Nigerian market and they were practically unknown. But they have been very successful, and we now have two mills producing the flour and we have moved into palm oil, we have our own seeds.

Some infrastructure projects take decades to develop. Can these really generate the revenues that are required?

Well, let's take the case of Lekki Port and the Special Economic Zones. The business

model is based on a landlord concept where you build the infrastructure and then put the operations out to tender. We did that and had 19 companies bidding. One won the tender. The model we had was a good one, a win-win for everyone. It was a very robust model economically, and we had financial and engineering consultants advising us.

I am interested in the way you moved from textiles to FMCG generally, to massive infrastructure projects. Was it because you experienced the constraints of poor infrastructure and identified the opportunity?

Yes, that was a great part of it. And you know ,President Obasanjo was very keen that we should develop the port. He loves Singapore. He gave us the approval and said 'build it'.

Some parts of Nigeria have been trying to replicate the Singapore model. Realistically, is that viable?

What you should do is look at the policies that Singapore adopted. Look at the free port which was built 50 years ago. If you build the infrastructure, people will use it.

Consider Nigeria's container throughput. It is just 1m units a year for a population of 160 million. That's one of the lowest per capita container throughputs in the world. Think of the potential! ■

Singapore shares many of the historical experiences of African nations, having been colonised before gaining its independence from British rule. **K. Shanmugam** (below) talked to *African Business* magazine about relations between Singapore and the continent.

Sharing the development experience

How have the bilateral co-operation and economic relations between Singapore and Africa grown over the years?

Singapore, like many African and Asian countries, gained independence from colonial rule in the 1960s. A strong sense of South-South solidarity and a keen instinct for survival has brought us together.

As a small city-state, Singapore developed quickly from third to first world. Over time, we found it valuable to share our development experience with friends and created the Singapore Co-operation Programme (SCP). To date, almost 8,000 participants from Africa have visited Singapore through the SCP to take part in programmes such as Public Administration, Information Communications Technology (ICT), Urban Planning, Good Governance, and Water and Sanitation Management.

Apart from the sharing of our experience, Singapore's relations with Africa over the past five decades have been founded on mutual economic interests. Africa's decade of growth has brought about many opportunities for trade and investment. Over the past decade, our total bilateral trade grew by 13% annually to reach $9.8bn in 2014. This is remarkable progress in terms of the rate of growth. Singapore's investments in Africa have been healthy, with cumulative investments rising by 70% to $17.4bn in 2013, from $10.2bn in 2008.

Last year, we hosted the inaugural sub-Saharan Africa High Level Ministerial Exchange Visit, which saw ministers from seven African countries (Angola, Ghana, Mauritius, Nigeria, Rwanda, Tanzania and Zimbabwe) coming to Singapore to discuss cooperation in areas such as water management, vocational training, urban planning and e-governance.

This meeting underscored the significant opportunities for Singapore companies to partner with Africa.

One area where we can work harder is air connectivity between Singapore and Africa. As a gateway to Asia, Singapore offers tremendous trade, investment and tourism opportunities for Africa. However, connectivity has to be enhanced, and it is in the larger interest of Singapore and African countries to be more closely connected.

Singapore Airlines currently has direct flights to Johannesburg, while Ethiopia Airlines is preparing to mount non-stop flights from Addis Ababa. A more liberal aviation policy among African countries will greatly benefit everyone, including the continent.

Singapore's own development in the 20th Century was rapid and driven by trade and openness to business. What lessons can African nations learn from your example?

Singapore's development in the 20th century was not achieved in isolation. In the early years after our independence in 1965, we turned to our friends in the developed world for help. For example, we sought assistance from UN Development Programme (UNDP) to develop an economic plan for Singapore, which included the creation of a one-stop investor agency – what we now call the Economic Development Board (EDB) – which proved the key to our success in attracting billions of investment dollars annually.

In setting out to achieve what we intended, it was important for Singapore to be willing to tackle competition head-on. For example, when we wanted to establish ourselves as a financial and business hub, we opened our doors to foreign investments and pursued greater connectivity.

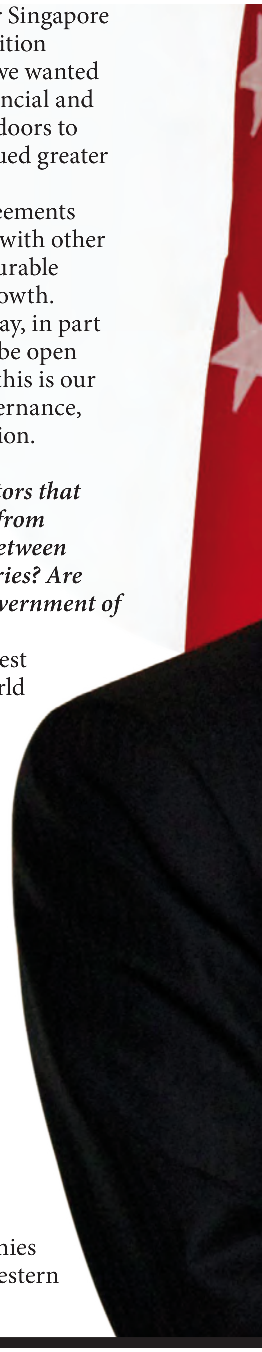
We signed Free Trade Agreements and Air Services Agreements with other countries to encourage a favourable environment for economic growth.

Singapore is where it is today, in part because of our willingness to be open and competitive. Supporting this is our relentless pursuit of good governance, meritocracy and anti-corruption.

Singapore is where it is today, in part because of our willingness to be open and competitive. Supporting this is our relentless pursuit of good governance, meritocracy and anti-corruption.

What are the commercial sectors that are best positioned to benefit from strengthening relationships between Singapore and African countries? Are there priority areas for the government of Singapore?

Last year, six out of the 10 fastest growing economies in the world were in Africa. The continent has become attractive to investors due to the growing stability and good governance structure of several African countries. As such, we are seeing greater awareness among Singapore companies of the opportunities that the continent presents. We have over 60 Singapore companies across more than 50 African countries today. Given the diverse interests of our companies, International Enterprise (IE) Singapore has opened two offices in South Africa and Ghana to provide greater support to our companies interested in Southern and Western Africa.



The sectors in which Singapore companies can add value in Africa are reflective of our own development experience. Africa's rapid development has given rise to industrial needs to which our companies can provide integrated solutions. We have limited land and natural resources, so it is important for Singapore to develop in a sustainable manner. Hence, in Singapore, you will find partners such as Surbana, Jurong International and Hyflux that can offer a range of Urban Solutions, from water, waste and energy management, to urban planning and infrastructure development.

In growing our position as a leading hub in oil & gas, and transport & logistics in Asia, Singapore companies can offer Africa relevant expertise and supporting services. We have established ourselves as a market leader for oil and gas drilling units.

Several of our companies have been working with the government of Ghana on the conversion of the Floating Production, Storage and Offloading (FPSO) units for hydrocarbons processing and storage of oil.

Our capabilities in Information Communication Technology (ICT), and more specifically in e-governance, have been recognised in Africa. Companies such as CrimsonLogic have worked with governments in Ghana, Madagascar and Mozambique to implement the Single Electronic Window system, which was pioneered by Singapore to facilitate trade and streamline customs clearance.

Our companies can also offer products and services that support Africa's growing consumer, and agriculture & agro-processing sectors. There are companies ranging from Olam International to Biomax Technologies and Asiatic Agriculture which provide green technologies. Singapore companies engaging in general trading, food & beverage distribution, automobile, textiles and garments can also help to meet Africa's demands for consumer products.


Kasiviswanathan Shanmugam
Minister of Foreign Affairs, Singapore

Singaporean companies involved in food and agriculture and in the energy sector are engaging with Africa. Where does Africa sit as part of the government's long-term strategy on food and energy security?

As a small nation with hardly any natural or energy resources, Singapore imports almost all of its fuel and food. This makes us vulnerable to supply risks. To strengthen food and energy security, we have to diversify our import sources.

Africa's oil and gas potential could fulfil both Singapore's – and Asia's – growing energy demand. The recent oil finds in countries such as Ghana and gas finds in countries such as Tanzania and Mozambique have led to renewed optimism about the sector.

With increased infrastructure investments in gas projects, Africa can present itself as a viable source of support for Singapore's energy security and growth as the region's LNG trading hub.

With 60 percent of the world's uncultivated arable land, Africa can play a role in strengthening our food supply resilience in the future. Our government agencies work closely with the relevant industries to conduct food sourcing missions to different countries, including South Africa. We import many perishables from Africa, including beans, cashew nuts, cloves, frozen fish and apples.

With the rising commercial and economic interest in Africa across the world, where do you see Singapore's relations with Africa going?

I am confident that it will go up. It is good for the people of Africa that it is rising. Across the continent, you can see countries at very different stages of development. For countries like Rwanda and Mauritius, they are small and have few resources but are strong in the services and financial sectors.

Other countries like Tanzania and Kenya are emerging economies with strong growth and a wealth of natural resources. Nigeria and South Africa compete to be the largest economy in Sub-Saharan Africa while the East African Community (EAC), as a regional community, has achieved customs union status and is gearing towards monetary union. The EAC has a vibrant and integrated market of over 140 million people, providing a strong impetus for foreign investors to explore opportunities. These are just a few examples. As you can see, the diversity and the dynamism in the continent create a lot of space that we can explore.

While some have credited Africa's potential to its abundant natural resources, I would suggest that it is equally important to acknowledge the work of well-run African governments that focus on good governance and their commitment to maintain peace and stability in their regions. This sets the foundation to attract investments that can unleash Africa's youth dividend, with almost 65% of Africans below the age of 35.

I believe Singapore can help to play a role in Africa, through sharing of our experiences, transferring relevant skills and knowledge to a young and hardworking workforce, and helping to attract value-added investments from our region to Africa. ■

International Enterprise (IE) Singapore is the government agency driving Singapore's external trade, promoting the overseas growth of Singapore-based companies. *African Business* spoke to **G. Jayakrishnan,** Group Director for the Middle East and Africa, about Singapore's relationship with Africa. Here are excerpts.

Building investment momentum

African Business: We talked with the Africa Business Group's Shabbir Hassanbhai and he described the start of the engagement between Singapore and Africa as being very much corporate-driven. There were four or five big companies that went in early and started the relationship.

Yes, I think he was talking probably about the Olams and Wilmars, because they [both multinational conglomerates] had a comparative advantage in African agriculture as they are global players. After the big corporate players you had the SMEs going in, taking advantage of African opportunities.

The Singapore SMEs tend to move quicker than the corporates, they are more nimble and they can deal with the risk of emerging markets, Africa included. They don't have investment committees, it's just the boss, he is the owner. They go on a visit and spend a week or two. They meet potential partners and clients, and within a couple of months they are making investment propositions.

And what is the situation today?

Now you have corporates going in again, a second wave of them, a lot of the larger, sometimes government linked corporates. For example, the massive investments in Tanzania made by Tamasek's energy subsidiary Pavilion Energy – in offshore Tanzanian gas fields with BG [now being taken over by Shell] and Ophir. Tamasek, the country's sovereign wealth fund, has done a couple of deals in the hydrocarbon sector. They bought into Seven Energy, Nigeria, for example.

I would also point to Sembcorp, who have bought assets in South Africa, and Tolaram which has a strong presence in Nigeria, especially Lagos State. Sembcorp is a major utilities, marine and urban development company, while Tolaram is engaged in manufacturing, food, paper, packaging and textiles, as well as energy, logistics and infrastructure businesses.

Indorama is another Singaporean corporate, and it has invested heavily in Senegal – it was around $800m late last year, last quarter. And they are looking at East Africa too. So, again these are the slightly later wave, but these are very large corporates with a very entrepreneurial spirit.

Indorama manufactures a multitude of industrial products including polyethylene, polypropylene, spun yarns, fabrics, medical gloves and fertilisers. It is the second largest producer of polyolefins in Africa and the largest in West Africa. It is also the largest producer of phosphate fertiliser in sub-Saharan Africa.

What has been your strategy in building this second wave of corporate investments in Africa?

We're doing a number of things at a number of levels. We are obviously not working in any kind of vacuum. Given how small we are as a country, Singapore has to be quite smart in how we try to leverage our partners, and other people's resources as well, within our own little base.

We work extremely closely with the Ministry of Trade and Industry and the Ministry of Foreign Affairs. The whole idea is to work with this group on some of the higher-level superstructures, or trading investment highways, as I call them!

We've done a lot of work on investment guarantee agreements and securing the avoidance of double taxation agreements putting those in place so that the corporates will get that added level of assurance to make bigger investments.

So we've been trying to sign these up quickly as we go along. Just last year we signed investment guarantee agreements with Côte d'Ivoire and Burkina Faso; and we have a double taxation agreement with Rwanda, and we have both investment guarantee agreements and double taxation agreements in the pipeline with Nigeria and Mozambique. We are really trying to roll this out quickly.

But I understand you also do a lot of work at the grassroots level.

Yes, we are working with the business community here. At one level this involves just raising awareness and a balanced mindset. We're not going to be one sided about the realities of operating in Africa. That doesn't do anyone any favours. We try to be as factual and insightful as possible, and the materials

Below:
Gopalakrishnan Jayakrishnan, IE Singapore

and information that we disseminate to the companies that are working with us is as objective as it can be.

And then again, down to the next level it's really about working in certain territories – it's a huge continent, right, 54 countries now – so we decided to be focused, to take a phased approach, focus on a few countries at first and try to push those and try to develop and build relationships with those. In the Southern region, it's South Africa, Botswana, Namibia, Angola and Mozambique. In the West, Nigeria and Ghana. To the East, Tanzania, Ethiopia.

Obviously, with other countries, we still look at opportunities, but proactively, I think we've spent more time in these markets and also in trying to bring opportunities in those markets to the investors and to the companies here in Singapore. So that's the geography.

But beyond the geography, what are the sectors you believe make a good fit?

In terms of the sectors, again, we think it makes good sense to play on the strengths that Singapore and companies have. So things that you'd expect: infrastructure – and areas like power, water, desalination.

Similarly, oil and gas. It sometimes surprises people that Singapore hasn't a drop of oil and gas but we have a very significant cluster of oil and gas players, especially in the offshore business, not just the rig builders, but all of those companies that provide the services and support to the offshore business.

We build all kinds of offshore supply vessels, the communication systems, so that's in itself a huge opportunity in both West Africa and increasingly East Africa. So, in short we're taking certain positions in the growth sectors across infrastructure, utilities, ports, transport and logistics, oil and gas and, of course, agriculture and fast- moving consumer goods industries.

I should also mention the ICT sector too, and the particular emphasis that Singapore has placed on e-government. Many African countries are looking at the World Bank's Ease of Doing Business rankings and asking how they can move up them.

A big part of that is not just software and hardware that enables e-government but using that as a catalyst to re-engineer a lot of the processes within government, for example, the customs clearance systems etc, that are an important component of the transport, logistics, ports and airports that underpin trade flows.

Singapore is an exemplar for many African countries – we think of the development models and the master plans. It is very much admired across Africa. How much does that help you when you talk to these countries?

I think the mindset of Singapore in those aspects like governance, and a very long-term view on development and planning, is that those things are quite well recognised by a number of the African governments, especially the ones that share the colonial British legacy.

We are in the Commonwealth, and within that institution there is a lot of sharing. So in those countries, I think we've had relatively easy access. They know us, they have heard of us. And they are watching what we are doing. It is slightly less easy, access in the Francophone or in the Lusophone countries, as you don't have that common heritage, but even so, these days the reputation does precede us, which we are very thankful for.

It works for us also because we're a small country and we're not big into the resource play. We're not really into the mining and extraction sectors. So, I think we're looked at in quite a positive light in Africa – and we try to share our experience in Singapore. We do spend a lot of time on technical cooperation. We host dozens of government delegations from African countries. The World Bank has a regional hub here, and we are working closely with them on these issues.

Above: Bank of Singapore is taking an interest in Africa's investment propositions.

We often think about the sheer size of the resources required to develop infrastructure. If you are a contractor from China, you don't need the financial resources, you can get them quite easily through state institutions. Singapore doesn't have that financial firepower, so how do you get into the deals? How do you complete the deals?

It is a combination of things. You're right, we don't have anything similar to an Exim Bank, but I think because we're a financial centre it makes it easier for our corporates to access finance.

Our corporates have good track records in many other parts of the world, and the bankers are aware of that track record. And the corporates have a good reputation for delivering under cost and on time. So these are all important things for the guys who work on project finance.

Our companies are in fact very open to working with financial institutions who put consortiums together, the Chinese state funds or Japanese trading houses. So it's an array of partners that they've been working with.

I would add about infrastructure that, the thing we have as an advantage and what I think we've been gaining traction with in the host countries is that we may not always be the builders of these assets, the power plants and so on, but we want to be long-term operators, managers and investors and this way I believe Singapore can make a positive difference. We run assets very well, very efficiently, and make a return from those assets, achieving a lot of turnaround cases.

That's a good opportunity, where you might have state assets that are now looking for privatisation, looking for refurbishment and then running them very, very efficiently. And that's where our systems and management practices and expertise come in. And you don't need an army of people to do that. You need good systems and processes and that's what Singapore can do quite well.

Are Singapore banks taking an interest in Africa's investment propositions?

We are having quite a number of conversations with the Singaporean banks. The three big ones are beginning to do more with their clients who have business interests in Africa. I think it's natural. As you see more companies go into Africa, they are asking their banks for support.

So what we have been doing is meeting with the banks, holding knowledge sessions and sharing our experience of the continent with them. We see opportunities where some of their clients may be in the key sectors. We have talked about oil and gas. It's very clear that that is one sector where our banks are supporting transactions.

It is still early days. But it's definitely a growth trend. I'm talking now about DBS Bank Limited; OCBC (Bank of Singapore); and United Overseas Bank, all banks that originated here in Singapore.

Does the Singaporean media cover African business stories?

Not as much as we would like them to. We do try very hard to pitch stories through the media here in Singapore, the local media. Again, just to provide a balanced view, and on the business side, which doesn't get covered as much as disasters or terrorism, but we do try to push out business-oriented stories.

Would you agree that Singapore has been very effective in developing as a hub between Asian countries?

Yes. A lot of Asian companies – there are thousands of Chinese and Indian corporates that now have regional headquarters in Singapore – are running ex-China, ex-India businesses from here, including financing businesses. So, that's a great opportunity for us from the financial structure perspective, as there is job creation with these companies from China, India and Indonesia.

Have you noticed any particular changes in the way Singaporean investors view the continent?

What I have observed in the last couple of years is the increasing understanding displayed by the investor community here in Singapore. As recently as 2013, a lot of companies looking at sub-Saharan Africa, said, 'Oh, it's Africa you know, okay, it's one big bloc,' but very quickly that has changed. Now they are much more equipped to say 'okay, this is West Africa and Nigeria is here, and this is South Africa, this is Kenya. They are different markets with different attributes'. And companies going into these markets tend to do so in partnership with local companies. That is one area that we are looking at – building private sector networks. ■

Surbana International Consultants

The masterplanner of choice in Africa

With more than 50 years of experience, creating masterplans for more than 90 cities in 30 countries around the world, Surbana International Consultants are globally recognised as experts in sustainable urban planning. The company is also credited with completing one million homes for more than 80% of Singapore's population.

Worldwide, the company's projects have enhanced the value of land amounting to more than 40 times the area of Singapore, and improved the lives of more than 100 million people.

Given the growth of Africa's urban space, Surbana International Consultants is being called on to plan and design urban built environments across Africa.

Projects have included the Royal Bafokeng Nation in North West Province, South Africa, primarily to implement land utilisation strategies for housing and its related public facilities for employment, business and recreational uses. This covered an area of 1200km2.

In Nigeria, Surbana also took on the challenge to conceive a community-centric masterplan for a new

Left: Proposed Gahanga Regional Centre

Above: Signing Ceremony of Master Plan for Kinshasa, Democratic Republic of the Congo

township on Lekki Peninsula, 35km east of Victoria Island, Lagos.

The 1,560ha township masterplan design focused on building residential neighbourhoods to accommodate a population that would service the demands of Lagos's expansion programme.

In East Africa, Surbana had completed in Rwanda, the detailed master planning of the City of Kigali. Surbana's engagement with the City of Kigali started in 2008, when the City asked Surbana to plan for its new CBD and the entire Nyarugenge District, one of the three Districts in Kigali, where the CBD is located.

In 2012, the City of Kigali commissioned detailed plans for Gasabo and Kicukiro districts to complete the Kigali City Master Plan. This also facilitates the review of the planning direction and strategies for the entire city and helps in developing a comprehensive citywide zoning plan which integrates all previous plans and policies.

In June 2014, UNDP and the Burundi government, impressed with the Kigali Master Plan, awarded Surbana the contract to develop the master plan for Greater Bujumbura 2045 covering 850km2 through the Singapore government.

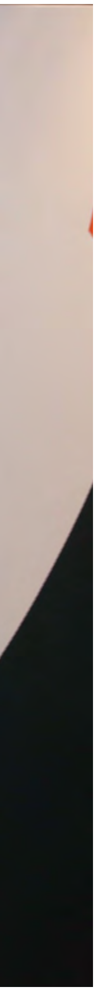
In Dec 2014, once again through the Singapore Government under another Government to Government collaboration programme, it secured from the Tanzanian government the planning of Arusha City (700km2) and Mwanza City (550km2).

Then in another major coup, on 15th May, Surbana (in collaboration with Greater Kingdom Beijing) achieved a major breakthrough when it won its biggest master-planning contract in Africa (9600km2) in a public tender to plan Kinshasa province and city.

African Business talked to André Kimbuta, Governor of Kinshasa.

What prompted you to begin this development?

The Provincial Government of Kinshasa was in search of solutions that could meet two objectives, namely: On the one hand, translate into action the vision of His Excellency, the President of the Republic, embodied by the concept of the revolution of modernity and on the other hand, at the same time materialize the aspiration of the Kinshasa people to live decently in healthy environmental conditions.



It is therefore a starting imperative: we must provide the city of Kinshasa with a real General Development Plan, a true reference planning document for a remarkable and qualitative change in the space of Kinshasa. This document and its various Development Plans should reflect, state and set the direction of the future of the city as an agglomeration and living environment which counts over 10 million inhabitants.

It's a real challenge that needs to be faced to hoist Kinshasa to the pace of a megalopolis that will play a leading role in the development of Central Africa.

What are the social and economic goals of this redevelopment project?

The overall objective of the project is the development of a general development plan for the city that provides the Provincial Executives an important instrument enabling them to master the management of the urban space and open the way for a rationalization of all its resources.

More specifically, it is to engage the City in a process of economic development, with a wealth creation pledge that addresses the multiple challenges related to the access to basic social services that are:

Above: Surbana presence in Africa

- Electricity and drinking water;
- Decent public transport for easy mobility;
- Basic health care and education at the elementary and primary level;
- Security for the people and their property;
- Convenient habitat.

Finally, the specific objective of the project is also to empower local authorities to have the faculties to control the expansion and growth of the city in a reasonable manner.

What are the attractions of Singapore's model for development?

The example of Singapore is a real miracle, a case study around the world. It is attractive for several reasons, particularly in the area of housing, spatial planning, public cleanliness, social organization and promotion of private initiatives and public services of the state. It is mainly competitiveness, rigor and discipline in the workplace that make the difference in the Singaporean model.

The city of Kinshasa firmly believes in the positivity of the Singaporean experience, in order to use it in view of ensuring a balanced development of its living space.

Why did you settle on hiring Singaporean expertise for your project?

The collaboration between Singapore and Kinshasa goes back some time. Indeed, two years ago, the opportunity was given to the city of Kinshasa to establish good and special relations with Surbana. Exchanged ideas and experiences through several working meetings helped to gauge the ability, seriousness and soundness of the work done by Surbana in Singapore and other countries.

In addition, after a rigorous selection process through an international tender for the studies for the development of a master plan launched by the city, Surbana presented a very coherent proposal, based on a innovative methodology for strategic planning and accompanied by an undeniable added value. In its proposal, Surbana did not only use a comprehensive conceptual approach, but also presented a dossier with a very substantial content. This proposal provides for three planning layers: the regional plan, the master plan of Kinshasa and the detailed master plan of 24 municipalities.

These three types of plan are developed using a methodology beyond the conventional approach of planning and are based on a strong and progressive vision. The product Surbana provides will be both a physical development plan and a roadmap for a better and prosperous future for the City to enable it to adequately fulfil the duties recognised in an urban area. ■

"We have learned how to manage the volatility and the complexities of Nigeria and we are doing fine, and the security environment has got much better," said **Amit Lohia,** MD of Indorama, in an interview with *African Business*.

The learning curve: **Investing in Nigeria**

African Business: You have been in Nigeria now since 2006, almost 10 years. What are your principal activities?
We manufacture polyolefins there with a gas cracker, which is a process to convert gas into ethylene and propylene, and then you convert that into polypropylene. The market has been growing domestically every year, year on year, for the last three years and we sell practically everything locally.

We didn't really plan to be in Nigeria, it wasn't part of our business plan, but in 2005 a trade delegation from Nigeria came to Indonesia and my father was persuaded by one of the ministers to attend a trade fair. There he heard that Nigeria was privatising a number of petrochemical companies. That sparked his curiosity and he went to investigate, not expecting anything really, but he came back very impressed with the world-class petrochemical complexes that were operating well, and he believed they would be very interesting prospects for us to look at.

There was a tendering process to privatise a fertiliser company and this gas cracker complex which we ended up acquiring. In the fertiliser complex we were very successful, and we ended up being the highest bidder and that's how we got into this business in Nigeria.

How long was the process between deciding to invest and execution?
It was a 12-month process; travelling to the country, looking at the facilities, conducting due diligence, negotiating with the vendor, then the tendering process before closing the transaction. It was not too long, 12 months is pretty quick.

This was during President Obasanjo's time and his administration was very committed to the privatisation process and executed it in a very transparent, fair way.

I believe President Obasanjo was quite a big fan of the Singaporean model anyway. He visited quite often.
I never met him personally, but I know they really were trying to do the right thing by raising these, from their point of view, "dead investments", realising their inherent value through a private operator like us.

How have you found it? Nigeria can be quite a taxing place to operate.
Like any new country, there's a learning curve. In a country like Nigeria, there's an even more difficult learning curve. The initial two years were very challenging from a security point of view, we even had a case of kidnapping in 2007, where around 10 of our senior executives were abducted. That was one of the most stressful moments, but thankfully they were released within a few weeks and no one was harmed. But, yes, that kind of illustrates that we really had a tough start but we persevered and we learned from our experiences and over the last six or seven years I think we have learned how to manage the volatility and the complexities of Nigeria and we are doing fine, and the security environment has got much better.

What are your thoughts about the presidential elections and how that might impact your operations?
In general, people are relieved in the way the torch moved to the opposition party. There were some issues here and there in the media about the election, but on the whole I think most people who are there are pleased with how it happened and it's a good sign and we should be positive about it.

Some of Nigeria's gas infrastructure has now been privatised and there's certainly a lot of investment that's supposed to be going into it. I guess you've already got all your supplies and infrastructure issues in place, so it doesn't really affect you,
We were lucky because we acquired an existing complex which had all the pipelines in place. We didn't have to build anything new and the raw materials were already coming in, so that wasn't a problem, but since we acquired this company we have new investments in Nigeria.

We're building a urea plant, a 1.3m tonne/ year world-scale urea plant with an investment of about $1.2bn. We broke ground for this project last year and the commission is planned for the beginning of next year.

We had to build a lot of the infrastructure for this plant really, including the pipeline for the natural gas and even a port to be able to ship the urea to international markets. But the fact is that we've been in Nigeria for many years and we know the environment. It is challenging, community relations and things like that are not easy, but so far so good, we are on track, on budget, on time with this project.

So the new plant is for export markets?
This will be for both domestic and export, the first new urea plant in Nigeria in decades. Nigeria is an agrarian society,

We have almost a complete package of solutions for West Africa in fertilisers and that just makes us more even more entrenched in that sector.

and they have a lot of arable land. Unfortunately, the use of fertilisers has not kept pace with what is required, which we believe is on account of a lack of good quality, local supplies. Nigeria, until now, has had to import and there are a lot of complexities and inefficiencies with the supply chain in Nigeria. So it's very promising that with our new plant coming on line, and with an abundance of natural gas, more plants in the future will be built; this will give a kick-start to fertiliser consumption and assist Nigeria's agricultural sector. So it will be both domestic and export, over time more domestic and less export, but in the beginning there will be a mix of both.

There is probably going to be more of an emphasis on agriculture in Nigeria, and that's obviously positive news for the fertiliser producers.
They have to diversify the economy, to get away from a dependence on oil and gas. Agriculture is one of the ways to achieve this. Nigeria has the resources, they have the land, they have the water, they have the labour, it's just a matter of getting all the inputs together, the knowhow together and making it happen.

The original plan was to export from the beginning, but not the urea for polyurethane?
No, it was the resins we wanted to export. Resins were being exported to Europe, South Asia mainly, but also the rest of West Africa. But that's kind of turned around now, so it's principally domestic demand that we supply, the resins being used mainly by the manufacturers of plastic household goods such as buckets, pipes, bags and even toys.

How would you characterise Nigeria's manufacturing industries?
Actually it's quite interesting because there is a large amount of medium-scaled industry in Nigeria, and plastic manufacturing is an example of that. Nigeria is still importing resins, so large is the domestic demand even with our capacity being available. The downstream consumption of these resins has grown significantly in the last 10 years.

Nigeria was your first investment in Africa, is it still your only one?
No, last year we made an acquisition in Senegal, acquiring a large phosphate fertiliser complex, one of the largest industrial complexes in the country. It is a similar story: the company wasn't operating at full capacity, it was struggling with technical issues and so we come in as an operator now and operations are back to full scale.

So your strategy is really to expand across large- scale chemical-based industries wherever a stressed opportunity presents itself?
Yes, and also there was a nice overlap with our plant coming up in Nigeria for the urea; so we'll have this urea plant in Nigeria, now we have the phosphate fertiliser in Senegal, and there are three components in fertiliser - nitrogen, phosphate and potassium. We now have two out of the three, so we have almost a complete package of solutions for West Africa in fertilisers and that just makes us more even more entrenched in that sector. ■

Lessons learned and values embraced from 25 years in Africa

Since we began in 1989 sourcing cashews from the farmgate in Nigeria, Africa has remained a key strategic thrust within our global agricultural operations, not only for exports and imports but increasingly for domestic production. Over the past 25 years, we have invested S$1.77 billion in our agricultural supply chains across the continent (up to 30 June 2014) and now have operations in 24 African countries. This long heritage of working in Africa, coupled with our global experience garnered from Asia, Europe and the Americas, has given us a deep understanding of the potential, as well as the diverse challenges presented along each part of the agricultural value chain. For anyone seeking to invest in Africa we offer these lessons…

> **"There will never be a 'one size fits all' solution in Africa, and this also applies to farming models."**

Above: Olam's rice farm with integrated mill and outgrower performance in Nasarawa State, Nigeria

Invest in local talent

In the early years it was not easy to recruit people with the right skills because of our small size, but we created a pool of locals and expats that helped us to establish the business, many of whom are our leaders today. Managing complex supply chains in challenging environments where roads may be non-existent or power intermittent is no mean feat! We remain committed towards hiring African nationals because it is a sustainable way of growing business, but it is not an easy one, especially as there is always another company looking to poach! Therefore anyone investing in Africa needs to make sure that they can offer motivating career opportunities as well as a competitive package.

Today Olam works closely with a number of institutions and business schools to recruit and develop good people, including the Lagos Business School and the University of Cape Town, as well as our own managerial programmes in countries such as Côte d'Ivoire, Ghana and Tanzania.

Add value in origin

Shortening the supply chain from farmer to processor by investing in local processing brings a host of benefits. Not only does it help to avoid transportation bottlenecks and quality deterioration, but farmers are motivated by seeing a ready market for their crops; communities in rural areas thrive through additional employment opportunities; and international customers are satisfied as traceability is strengthened and carbon footprints reduced.

Among Olam's 25 manufacturing facilities in Africa is our recently opened state-of-the -art cocoa processing unit at San Pedro in Côte d'Ivoire. The plant is contributing to the development of a wide range of employment opportunities, helping to upgrade the skills of local workers and stimulate local services and businesses, from logistics to lab technicians. This increase in economic activity is helping to justify further port and airport investments from the government which in turn enables further expansion.

Build technical knowledge at community level

Olam has over 1,000 agricultural trainers in the field who have spent years with smallholders at the farmgate, so we know that boosting productivity is quite literally a case of rolling up one's sleeves and working alongside the farmers to help them adopt better farm practices.

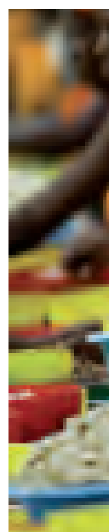
Through the Olam Livelihood Charter (OLC) we engage directly with over 280,000 farmers growing cocoa, cotton, coffee, sesame, cashew in communities across Africa, providing agricultural inputs (such as fertiliser) and agronomic services to improve farm yield and quality, as well as access to credit and markets. Literacy and business skills training for farmers is run in parallel, so that today's smallholders can become tomorrow's entrepreneurs.

The figures speak for themselves: our programmes with cotton farmers in Côte d'Ivoire have resulted in the average cotton yield doubling and farmers' profits rising 500% in five years. This has been key to transforming communities in a post-conflict zone and helping Olam to become the leading supplier of African cotton, complementing our leadership positions in Australia and the USA.

Be flexible and adaptable

There will never be a 'one size fits all' solution in Africa, and this also applies to farming models. Most notably smallholders and large-scale commercial farms can work together for mutual benefit.

Take our Nigeria rice operation, in which we have invested approximately 18 billion Naira to date. Our commercial paddy farm of 10,000 hectares with integrated mill acts as the 'nucleus', providing employment to the local community and therefore income and new agricultural skills to invest in surrounding smallholder farms. These farms also participate in an 'outgrower' scheme, meaning we provide them with agricultural inputs, micro-finance, extension know–how, and we then buy their rice at prevailing market prices to supplement the rice grown



Right: Olam has invested in cashew processing in Côte d'Ivoire providing employment and reducing transport impacts.

on the commercial farm and maximise mill capacity. Currently, we are buying from over 3,000 farmers, and expect to reach over 16,000 by 2018.

Scale up opportunity and enhance expertise with partners

Across our business, Olam takes a collaborative approach, with each party bringing something different to the table. It might be a certification body such as Rainforest Alliance with whom we have launched the world's first climate-smart cocoa, or it could be a strategic business venture partner such as Sanyo Foods, the third largest noodle company in Japan. Seeing an opportunity to capitalise on Olam's heritage and networks in Africa, Sanyo partnered with us taking a 25.5% stake in 2013 in our noodle business in Nigeria. That relationship has grown to such an extent that Sanyo now has a 25% stake in the whole of Olam's Packaged Foods Business from noodles to tomato paste. This strategic partnership is a win-win for both of us. The combined experience and expertise is helping Olam to expand the extensive distribution network in all of our key markets in Sub-Saharan Africa and further develop the deep consumer insights that we have gained over the past few years.

Develop Africa-Asia collaboration

The opportunity in Africa is clear – it is the fastest growing region outside Asia today, with GDP growth averaging 5% per annum in the last decade – but in Singapore and Asia more widely there can be a lack of business, political, social and economic knowledge about Africa to support decision making by executives and policy makers.

With the aim of building stronger partnerships between both regions, Nanyang Technological University (NTU) and Singapore Business Federation (SBF) Centre for African Studies was launched last year. Olam is proud to support this private-sector funded project, which provides thought leadership on Africa for Asian executives, entrepreneurs and policymakers, builds human capital for Africa business, and fosters an integrated knowledge network for Africa with the numerous education institutions in Singapore.

Unlock mutual value

People often ask what Africa means to Olam. The simple answer is that we believe in the future of Africa, and that it will be key to our long-term success. As we look to our next 25 years and beyond, we reflect on the lessons and values Africa has taught us – entrepreneurship, resilience, problem-solving, multi-cultural teamwork, and last but by no means least, to embrace the vibrancy and passion of its diverse nations.

"Shortening the supply chain from farmer to processor by investing in local processing brings a host of benefits."

Olam Scholarships Programme

In celebration of our 25th anniversary, we have launched a scholarships programme to support talent development in Africa. This programme is aimed at fostering leadership and governance by supporting aspiring and capable students to pursue higher education in esteemed international institutions.

Through the scholarships, we hope to play our part in developing the necessary skills and knowledge of a highly talented select group of change agents. They in turn will be able to contribute to economic transformation, provide good governance, catalyse change in their communities and help develop links between emerging economies.

Participating institutions include Lee Kuan Yew School of Public Policy, London School of Economics and Political Science, Harvard University and INSEAD. Candidates must be nationals of Sub-Saharan Africa, regardless of their current country of residence, and will need to demonstrate: academic achievement and promise; teamwork as well as personal ownership to deliver; leadership potential and entrepreneurial spirit; and a commitment to contributing to their country or region at the end of the course.

Olam Prize for Innovation in Food Security

The future of agriculture in Africa relies on human ingenuity and scientific advances. In partnership with French agricultural science organisation Agropolis Fondation, we have launched the Olam Prize for Innovation in Food Security as part of our 25th anniversary celebrations. The Olam Prize recognises an outstanding innovation for its impact on the availability, affordability, accessibility or adequacy of food.

The first edition was awarded by an international jury panel to the SRI International Network and Resources Center, based at Cornell University, in March 2015. This recognised their work promoting research and facilitating knowledge-sharing on the System of Rice Intensification (SRI), a 'paradigm-shifting' smart methodology with outstanding results for rice production in 55 countries around the world.

SRI turns traditional methods of rice cultivation on their head, requiring 80-90% fewer rice seeds, up to 50% less water and often no fertiliser. In tandem, this results in 10-20% reduction in costs to farmers coupled with 20-50% yield increases, soil health improvement and greater resilience to drought, flooding and storms.

Singapore has many things to offer to Africa but no one would have imagined one of these things may be organic fertiliser with the understanding that agriculture is not what Singapore is best known for. Nevertheless, a firm with an unorthodox business positioning, Biomax Technologies, has developed an innovative solution in producing top grade organic fertiliser that is rich in organic matter and free from pathogens and odour.

BIOMAX

Turning waste to growth

Biomax, one of Singapore's leading science innovators, came up with a breakthrough technology that converts organic by-products into 100% pure powder-form organic fertiliser in one day. Backed by years of research and development, Biomax's Rapid Thermophilic Digestion Technology (RTDT) works efficiently with its patented BM1 enzymes to break down organic waste into premium-grade fertiliser that is able to demand an attractive selling price.

BM1 enzymes are a natural cocktail of at least 10 different friendly bacteria with high heat tolerance. They act together as powerful enzymes in breaking down complex compounds into simpler molecules that are easier for plants' absorption. When combined with any type of organic waste in the digestor which provides an optimum working environment, the enzymes accelerate the decomposition and fermentation process. With this technology, Biomax Technologies supports businesses in both waste management and agriculture sectors.

The decomposition process takes place in a highly-controlled and hygienic environment at a high temperature of 83°C under aerobic condition, ensuring that no pathogens are able to survive. Moreover, the fact that wastes are treated in an enclosed system, "the digestor", means the quality of final product is independent from externalities such as weather conditions and the way raw materials are mixed, as compared to conventional composting. Produced in just one day, the fertiliser retains maximum nutrients from the original raw materials.

The feedstock in producing organic fertiliser could vary. It ranges from agricultural by-products such as sugarcane waste, grain husks, palm oil waste and fruit pulp, animal by-products such as manure and slaughterhouse waste, to even municipal wastes such as food waste, sewage sludge etc. Biogas sludge – the digestate from biogas operations that are increasingly popular in Africa's rural areas, can also be used. Regardless of the type of waste input, Biomax's in-house engineers and experts ensure that there is a good mixture of wastes to maintain consistent quality of the end product.

Biomax Organic Fertiliser contains organic matter and nutrients, beneficial in improving soil structure and increasing soil's water-retention capability which is particularly useful during dry seasons. It is also slow-releasing which minimises nutrients leaching into the soil. Suitable for a wide variety of applications, the fertiliser can be customised based on the type of crops. Applying Biomax fertiliser does not only improve the quality and yield of the crops but also brings cost savings for farmers. In addition, the fertiliser helps the soil to be sustainable and remains fertile for generations to come.

The fertiliser has already been approved by Ecocert, one of the largest organic certification organisations globally that carries out inspection in over 80 countries. The certificate attests the use of Biomax fertiliser for organic production against the most stringent regulations such as those in the US, Japan and EU.

The implications for Africa and indeed the global agriculture sector are profound. Biomax's plan for Africa requires identifying knowledgeable and reliable distributors who can promote Biomax organic fertiliser in all regions of Africa.

While the advantages of using fertilisers are well-known, the soil in Africa has become increasingly acidic and the cost of fertiliser continues

to rise. The use of organic fertilisers is not yet well-known in Africa. Nevertheless, the balanced use of organic and inorganic fertiliser is the most promising potential for the future of farming. This will prevent the contamination of ground water (and some believe the world's ocean) and the degradation of farm land.

Farmers in Asia have already started the trend of using organic fertiliser to restore and rejuvenate their soil condition. Because organic fertiliser is "food for soil", there is an increasing demand for organic fertiliser in Africa, especially in the East Africa region's organic farming community. Organic products that are exported to Europe can command appreciably higher prices.

Biomax has undertaken a field trial by an independent party to study the profit ratios of using different types of fertiliser: pure Biomax organic fertiliser, Biomax fortified fertiliser and pure chemical fertiliser. The study shows that the Biomax fortified fertiliser gives the best return on investment.

Farmers are able to fetch the highest profitability with Biomax fortified fertiliser due to lower cost and improved yield.

Biomax Technologies was founded in 2009 by Sim Eng Tong, a 61-year-old businessman; Dr Puah Chum Mok, a biochemist specialising in enzymes; and Fion Chua, an entrepreneur.

In 2009, after rigorous research and testing, Dr Puah successfully developed the technology which also proved to be commercially viable.

Dr Puah says: "Our solution is a boon for farmers and other businesses that need to dispose of biomass waste quickly. The resulting organic fertiliser also serves as nutrients for both plants and soil, offering further income for farmers and agribusiness owners."

The company has presence in 15 countries across five continents. It plans to open a subsidiary in Africa to penetrate into the continent's fertiliser market.

As business activities have increased since 2012, the company moved to a facility that is five times bigger than its original space. Subsequently, in 2004, it expanded that space by 50%. To date, Biomax has a workforce of about 30 including a R&D team of six scientists.

Dr Puah comments: "Biomax is a research and development company committed to innovate and contribute to the creation of ecologically-friendly infrastructure that enriches the quality of life for people around the world."

When asked about Biomax's future plans, Dr Puah continues, "We are constantly thinking of new ways to develop other enzymes to enhance efficiency for industrial and agricultural sectors. We will be launching new products in due time" Biomax has won numerous awards for its technology such as the Asia Pacific Technology Innovation Award by Frost & Sullivan; Emerging Enterprise Award by OCBC and the Business Times' Innovation–SME Award; and the ASEAN Business Advisory Council Awards, have all helped Biomax gain industry credibility with its commitment to create a cleaner future through sustainable technology. ■

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In the 1960s, the newly independent city-state of Singapore sought assistance from the World Bank to transit from being a developing country to a developed nation by way of stimulating human resource development. **Julienne Chan** charts the success of this bold policy.

Education and Empowerment

Without significant natural resources, Singapore's rise to become a global economic hub was made possible by deliberately introducing educational policies that produced a skilled labour force. Human resources were the driving force that attracted foreign direct investment from large multi-national corporations, many of which now have their regional headquarters in Singapore.

Having benefitted from knowledge sharing, the Singapore Co-operation Programme reaches out to countries across the world to develop bilateral educational and training-related programmes.

Singapore's educational model is based on English as the main language of instruction,
but a compulsory bilingual education policy ensures that each ethnic community retains its linguistic roots.

Maths and science knowledge

In Singapore, education is compulsory from 7 years to 17 years, and effective in the development of maths competency. Singapore consistently tops international maths and science knowledge and skills benchmarking.

Singapore has a linguistically and ethnically diverse population of about five million people: 76.8% are of Chinese heritage, 13.9% Malay, 7.9% Indian and 1.4% are made up of others.

Primary education, which usually begins at age seven, is free for all citizens. Singapore has a history of ethnic violence, with racial riots in 1964 and 1969, but racial harmony has been the basis for much of the social engineering visible in education and housing policies.

Community-based ethnic groups were set up to assist various communities in achieving a level playing field in schools.

Schools in Singapore celebrate Racial Harmony Day to reinforce the value of respecting diversity. But for all the measures taken, racial prejudice still exists at a subtle level.

Surveys conducted by the National Institute of Education (NIE) reveal that 80% of Singaporean children socialise exclusively with their own ethnic group.

Older textbook illustrations reinforce certain stereotypes, with Chinese children depicted as "diligent" while Malay and Indian children are invariably portrayed as being more "playful".

The Council for the Education of Muslim Children (CEMC) looks into the educational challenges faced by Malays to help them to gain better qualifications. Tuition, subsidies and quotas can be provided to families in need.

Human resources were the driving force that attracted foreign direct investment from large multi-national corporations.

The Singapore Indian Development Association (SINDA) addresses the issue of Indian learners who are lagging behind their peers.

For the Chinese population, associations such as the Lee Foundation, and the Shaw Foundation, take over and intervene, usually through providing scholarships.

As education materials continue to be refined, it is encouraging that Singapore's own National Institute of Education monitors teaching materials for bias.

Skills benchmarking

In 1959, when Singapore gained its independence from Britain it was decided to retain English as Singapore's first language. Lee Kuan Yew, the first prime minister and founding father of modern Singapore, was an Oxford-trained lawyer.

This decision has helped with racial integration within Singapore and economic integration with other Anglophone countries. Language is the key in business communication and with English as a first language, Singapore's workforce is capable of working with all Anglophone countries.

The Bilingual Policy was implemented to promote economic growth and the modernisation process. As J Clammer writes in his 1985 book, *Singapore: Ideology, Society, Culture,* "English is seen as the language of technology and management, and the Asian languages as carriers of cultural values."

However, Singaporeans now speak English and an Asian language, usually Mandarin, Bahasa Melayu, or Tamil, and they can act as connectors between English-speaking nations and Asian countries such as China and India.

Maths is a basic skill necessary for all trade and accounting, and forms the foundation for the scientific and financial research and development that has allowed Singapore to move up the value chain. Singapore students consistently outperform their peers from more than 50 countries in tests such as the Trends in International Mathematics and Science Study (TIMMS). These tests are used to benchmark the science and maths knowledge and skills of students internationally.

South Africa, Namibia, Nigeria from the Sub-Saharan continent, along with other countries such as Canada, the US and Libya have adopted the Singaporean approach to better their students' performance.

South African students performed less well than many of their African peers in the TIMMS test of 2007, where South Africa came second last.

South Africa's Education Minister, Naledi Pandor, responded by imposing a moratorium on Timms testing to avoid further embarrassment!

Fortunately there was another more constructive response. Adapting Singapore Math for South Africa, Jack Garb, an educator and former principal at King David Linksfield Junior, noticed Singapore's consistent top TIMMS rankings, and started a project to adopt the Singaporean mathematics syllabus for South African pupils. "The teaching approach is embedded in the materials, providing a teacher with clear guidelines every step of the way," he said.

South Africa could emulate Singapore with more stimulating educational materials and better-trained teachers supervised for effective follow-through.

By adopting methods such as making the textbooks colourful with bold fonts, students are better engaged in the learning process. Jack Garb works together with the Organisation for Educational Resources and Technological Training (ORT) of South Africa to manage this project. Zoliswa Binza, a grade two teacher at Zenzeleni Primary School in Alexandra Township in Johannesburg, who has been part of Garb's project since 2008, was quoted in *The Teacher*: "Since I became part of Singapore maths, I could see changes in the way I teach and the way learners interact with me."

The project targets pupils from grade one to grade three and has been implemented in 30 schools in Soweto, Orange Farm and Tembisa.

Since then, the moratorium on TIMMS testing of South African students' math performances has been lifted. In 2011, South Africa improved by 63 points on the TIMMS ranking.

While it is necessary to build up human capital, it is vital not to destroy all that has been established. African countries and Singapore, at independence some 50 years ago, started with similar GDP figures.

Having been able to avoid strife, Singapore has had a comparatively peaceful environment for good educational policies to take root. War, the lack of basic education and health benefits, along with autocratic dictators set many African countries back. That dark time has passed.

The blessing of natural resources, by way of oil, minerals and precious metals, became a curse in African countries, attracting companies that extracted natural resources, without creating jobs for that many Africans.

While Singapore has highly-paid politicians, the lack of corruption means that educational investments are applied effectively. With a foundation of peace in Africa, pragmatic principles of educational policies mean the future is shaped for the next generation. ■

Singapore-Africa knowledge exchange

In 2006, a group of 30 policymakers from Cameroon, Ethiopia, Ghana, Lesotho, Madagascar and Mozambique participated in a study tour to Singapore and Vietnam.

The tour allowed for the participating officials to gain deeper insights into the economic and social transformation in Vietnam and Singapore that was supported by investments in education and training.

The study tour was organised by the World Bank's Department of Human Development in the Africa Region (AFTHD), the Ministry of Foreign Affairs (MFA) and IE Singapore.

Following that, in 2008, 70 African policymakers came to study the Singapore educational model from Ghana, Madagascar and Mozambique.

The two week workshop was jointly organised by The World Bank, Singapore's Ministry of Foreign Affairs, and International Enterprise (IE) Singapore.

The Singapore Co-operation Programme (SCP) shares development experience with friends from developing countries with a focus on human resource capacity-building.

The SCP has trained over 50,000 international participants from 168 countries from the Asia Pacific, Africa, Eastern Europe, Middle East, Latin America and the Caribbean.

Formally established in 1992, SCP brings together under one framework the various technical assistance programmes offered by Singapore. The Institute of Technical Education conducted a situational analysis in Gauteng, South Africa on the gaps that needed to be bridged in the strategies and skills training of competent ICT personnel.

The Organisation for Educational Resources and Technological Training (ORT) works with Jack Garb to manage the adaptation and application of the Singapore Math curriculum for English-speaking African countries.

With the African continent growing at such a strong pace, Singaporean companies will be looking for more business opportunities with Africa.

Globalised economy, global alliances

Left: Shipping to Asia via the Suez Canal.

As the world economy enters a new era of global interdependence, companies need to find a way to have a presence internationally. That thinking is behind a strategic alliance between ship chandlers, Ghana's Vacutech and Singapore's Anchor Marine Supplies.

Shipping has always provided a cost-efficient way of bulk transport, and the sea carries over 90% of global trade. Recognising the global nature of shipping, Vacutech, a chandling business in Ghana, entered into strategic partnership at the start of 2015 with Anchor Marine Supplies, a Singapore-headquartered chandling enterprise.

Ships travelling to Asia from Europe go either by the Suez Canal, northeast towards China, Japan, and Korea or south to Australia. Singapore is a natural stopover point for all routes, where ship chandlering businesses such as Anchor Marine Supplies provide support and fresh supplies to ships that dock.

While big players in the industry have the resources to open up branches in other regions, for small and medium enterprises, strategic alliances are a way to expand across regions, to diversify risks and to have stakes in multiple markets.

Vacutech's Michael Akorful says: "We wanted to expand operations across Asia and we could not do that without forming a strategic alliance with an Asia-based company."

Vacutech identified Singapore as a strategic place to have an agent. Akorful explains, "Singapore has a stable economy, efficient infrastructure and is business friendly.

"Ship owners prefer to register their vessels under the Singapore flag, internationally recognised as a quality registry of shipping. To be aligned with this mark of quality translates into business advantage, making Singapore a strategic location to source for strategic partners."

For Anchor Marine Supplies, the strategic alliance allows for a global reach. Zack He from Anchor Marine Supplies says:

"Many owners today prefer a complete solution when it comes to shipping supplies. And while the larger international players can open up new branches and expand across major ports, the relatively smaller players like us would have to rely on strategic partners to facilitate that."

One of the advantages of having strategic partners in regions where you may have clients, is the benefit of getting important information at ground-level.

"The sharing of information when it comes to matters of credit-worthiness of clients is an essential part of the co-operation. Companies that are situated in a particular region would naturally have more access and interaction with ship owners and the like who are also situated there."

Anchor Marine Supplies Zack He avers: "Vacutech will find it easier to communicate with a Singapore-based, English-speaking strategic partner to access the Chinese or Asian market where other languages are spoken."

"With our Singapore strategic partner, we are going to access the Asian and Chinese market [and] gain a better understanding," says Akorful from Vacutech.

While big shipping players like Pacific International Lines have had a presence in Africa for many years, the smaller industry players have not expanded to the sub-Saharan companies. During the downturn in the global shipping industry, having new markets in Africa helped to cushion blows from the declining European markets.

"Singaporean companies have not been the most adventurous when it comes to setting up shop in Africa. A lot of it stems from the fear of the unknown, the unfamiliar," He, the analyst from Anchor Marine Supplies, says.

"The government has a key role to play here in bridging the information gap and facilitating the connection and communication with counterparts from over there."

Piracy is a huge challenge to the chandlering business, Vacutech says. "Piracy attacks used to be one of our main challenges in Africa and due to that, ship owners were not willing to approach Africa for business."

Over the years, the number of reported attacks by Somali pirates off the east coast of Africa has declined.

With the introduction of Investment Guaranteed Agreements underwritten by the Singapore government, the risk for Singapore businesses investing abroad in Africa will be mitigated.

As Singaporean companies look to Africa as a continent of opportunity, He says "As Africa is such a diverse continent, it would make sense to have partners in the three key regions of West Africa (where Ghana is located), the East, and the South". ■

Hyflux Ltd is a leading provider of integrated environmental solutions offering a full suite of services from research and development, design and development, manufacturing of components, systems assembly, overall project management to operations and maintenance. *African Business* spoke to **Winnifred Heap,** the group's senior executive vice-president, for this company profile.

Water and infrastructure development

Headquartered and listed in Singapore, Hyflux employs some 2,400 staff worldwide and has operations and projects in Southeast Asia, China, India, the Middle East and Africa. Hyflux is committed to providing cost-effective and sustainable solutions in seawater desalination, water recycling, wastewater treatment, including membrane bioreactor (MBR) and potable water treatment.

The company's track record includes building Singapore's first water recycling plant and two seawater reverse osmosis (SWRO) desalination plants. They have built some of the world's largest SWRO desalination plants in China and Algeria.

Hyflux has been active in North Africa since 2006, when it secured its first project to design, build, own, operate and transfer a membrane-based seawater desalination plant in Tlemcen, Algeria. This has a designed capacity to treat 200,000m3/day. It also won an international tender to design, build, own, operate and transfer a second seawater desalination plant in Magtaa, Algeria with a designed capacity of 500,000 m3/day.

Magtaa Desalination Plant is the largest seawater reverse osmosis desalination plant on the African continent and was officially opened by Algeria's Prime Minister Mr Abdelmalek Sellal in November 2014.

Above: A public water fountain in Algiers. Hyflux technologies ensure much of Algiers water supply is safe and potable.

The two plants account for close to 30% of Algeria's water supply and have concession periods of 25 years.

Hyflux has an office in Algeria to serve the North African region, and is also setting up an office in Nigeria as it explores opportunities in selected markets in Africa. The company has a twin focus in Africa, explains Winnifred Heap, the group's senior executive vice-president. "It's really water and infrastructure development, including power because increasingly, when you talk about planning – you know, urban planning or planning development – you need to think about the supporting infrastructure.

"So, we have been focusing in Africa on pockets of infrastructure development where we can provide a master plan, planning from the beginning, to provide utilities, treating waste water and recycling. In Africa we are looking at various projects in Nigeria and in Tanzania – in terms of developing a total 24/7 utility." Hyflux's award-winning Kristal range of polymeric hollow-fibre ultrafiltration membranes has applications in the treatment of aqua-based industrial waste streams, in water purification, water recycling, and seawater desalination pre-treatment.

These membranes are used in over 40% of seawater reverse osmosis desalination pre-treatment systems in the world. The UF membrane is the first certified to remove the drinking water contaminant, cryptosporidium. Heap, who also serves as Hyflux's communications director, is forthright in her appraisal of the company. She describes the company as the best in the world, and goes even further.

"In terms of technology we have the scalability. We have the cost efficiency. We certainly have the technology to be able to plan and build from conception through to completion, testing and commissioning, operations and maintenance."

The technologies have also been incorporated into a range of consumer products, from water filtration systems for homes and offices to portable filtration devices suitable for outdoor use, such as on an adventure trip, or emergency and military use. ■

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Portek is a Singaporean subsidiary of Mitsui, the Japanese industrial conglomerate. Portek has offices in more than nine countries around the world, and four major operations in Africa. *African Business* spoke to the chief executive officer, **Takao Omori** (below).

How to develop small terminals

Could you describe what a port operator is doing in a land-locked country like Rwanda?

In Rwanda we are trying to focus on developing routes to the Indian Ocean, to Mombasa, Kenya and Dar es Salaam, Tanzania. In 2009, a large entourage of Rwandan government officials visited Singapore. They wanted to co-operate with a Singaporean company such as Portek to take over the largest distribution operator, Magerwa in Rwanda.

That was really the start of Portek's initiatives to operate the inland container depot. It's not a container terminal as such, but it handles containers and various commodities to improve the country's productivity.

Rwanda said they wanted to be a "Singapore in Africa", to somehow centralise the function of their trade and the logistics of commercial transactions. They really are striving to deliver to surrounding countries.

It is located on 160,000 square meters of the land, in the heart of the Kigali capital, the largest logistics operation in Rwanda. Originally this company was established in 1967 during the term of the first chairman of National Bank of Rwanda, a Japanese seconded from the IMF. An excellent logistics facility to warehouse and transport agricultural products both within the country and for export was established. It now handles all manner of cargo, from steel products to containers to vehicles. As you know, the five East Africa Community countries have signed up to a single custom union. When importers make a declaration at the entry terminals like Mombasa, it is not necessarily to do the same at borders, as long as it is within the East African community.

We operate five warehouses and the Rwandan government is trying to push the kind of blue channel for the really reliable importers.

Our target is to revitalize middle-sized or small terminals, not really green-field projects

Right now, we are trying to convert the business, moving the emphasis downstream to handle perishables and medical supplies deliveries to customers making direct deliveries and diversifying our current business model to more of a 'final distribution' service.

You are currently in Gabon and Algeria as well as Rwanda?

Yes, these are the countries in Africa where we operate. Algeria was our first container terminal, initiated in 2004. It was a joint venture partnership with the local port authority. They had a conventional berth, but through the JV competitive refurbished equipment was installed to start container operations as quickly as possible.

We helped them improve the terminal's productivity so the shipping companies began enjoying shorter turn-around times.

In Gabon we don't really operate the terminals but we manage them in terms of berth, equipment maintenance and also some of the facilities. We brought in three mobile harbour cranes almost three years ago to improve port productivity, leasing them to terminal operators.

We always take the opportunity to choose the most economic or efficient way to operate, initially in terms of obtaining equipment, or maybe refurbishing existing equipment to economise on CAPEX, later adding more equipment and expanding the berth.

They are, comparatively, fairly small ports. I guess you are trying to make them competitive on a cost basis?

Right, and also even those small terminals are really the most important gateways for domestic imports and people who live there. Before the oil price fell sharply, although we saw a sign of fall in construction materials imports, new cargoes like precious metals and FMCGs meant the overall volumes of our terminals were retained. Although the Euro has depreciated strongly against the Singapore dollar by almost 15% during FY 2014, the bottom line in Singapore dollars was higher than the previous year thanks to the volume increase.

Are you considering any other business deals in Africa?

In Africa we are trying to replicate the business model in other markets. Our target is to revitalize middle-sized or small terminals, not really green-field projects. ■

Lee Kuan Yew, the founding father and first prime minister of Singapore, passed away this year, just a few months shy of the nation's 50th Independence anniversary. A secular, pragmatic man, he oversaw Singapore's independence from the British. He leaves behind a calm multi-racial society, and is deeply respected for having led Singapore from being a developing country to first world nation in under 50 years. Singapore has the world's most highly-paid politicians, and Lee Kuan Yew saw this as the antidote to corruption.

Lee Kuan Yew's achievements

Testimonials

BY A MINORITY RACE COMMUNITY LEADER IN SINGAPORE

"Many other colonies also gained independence at about the same time that Singapore had gained its independence. Those countries had larger populations, larger land mass and more natural resources than Singapore. However, Singapore, unlike many of these countries, under Mr Lee's leadership saw outstanding development.

"Now, we are one of the wealthiest countries in the world. Our per capita income and GDP is larger than many other countries. The main reason for this is Mr Lee's policies. Under Mr Lee's rule, Singapore had a phenomenal growth. However when he took over, the people were poor, had low levels of education and the unemployment rate was high.

"Mr Lee's government systematically improved people's lives. His government built large numbers of flats to house the people. These flats provided modern housing with water and electricity directly to the people coming from the kampongs.

"He made education affordable (and almost free) to all Singaporeans and provided adequate schools for all. As a result, Singaporeans have joined the ranks of the best educated people in the world. More importantly, he created a dynamic environment for economic development. As a result, our people, who were well educated, had well-paying jobs.

"Mr Lee's values were clear. He believed in honest, clean government. He firmly believed that everyone should be given equal opportunities. He was also firm in ensuring that no discrimination should be shown to anyone on account of differences of race, language and religion. Indeed, this was very important for the minority races.

"Even though the Indians only form 10 per cent of the population, the Tamil language remains as one of the official languages. Mr Lee, under his multi-racial and multi-lingual policy, made a provision in the Constitution to include it as one of the official languages.

Vikram Nair, Member of Parliament for Sembawang GRC

Lee Kuan Yew's quotes

BY A EUROPEAN PERMANENT RESIDENT IN SINGAPORE

"I do not regret a single day here. I read the memoirs of Mr Lee Kuan Yew a few years ago, and when I closed the book, I was so impressed I wanted to see the city, how he transformed it from third world to first world."

Mr Anthony Pain

BY PRIME MINISTER AND SON, LEE HSIEN LOONG

"He was a very strict, good father. He left a lot of the looking-after of the family to my mother because he was always busy with politics and with his responsibilities," said PM Lee. "But you knew he was there, you knew what he thought, you knew what he expected. Very strict. And if he disapproved of something, he didn't have to say a lot, you knew it."

BY AN ECONOMIST

"Economics is all about achieving the best, subject to the constraints people have to face. Lee Kuan Yew recognised and respected the constraints of the real world. Utopia had no place in his mind."

Francis T. Lui, director of the Centre for Economic Development and professor of economics at Hong Kong University of Science and Technology

BY AN URBAN PLANNER

"For example, in building trade, there is this thing called OTTV – Overall Thermal Transmission Value. It was raised by him or his Cabinet in the 70s because when the curtain wall was introduced in Singapore, a lot of sunlight was beating into the interior, raising the temperature there and so there was a need to pump in more energy to cool it down."

"Mr Lee was worried that this would consume too much energy and introduced this concept before the world talked about global warming, before the world talked about low carbon and so on. This is just another vivid example of how far ahead he thought of problems."

Mr Liu Thai Ker, Housing and Development Board

BY A WOMAN MINISTER

"Mr Lee never described himself as a feminist, yet his policies made an immense difference to women.

"Mr Lee had always valued education, ensuring that a good part of the national Budget went towards education even when our country's resources were meagre.

"This helped many women get educated and get jobs. We now see successful women in many fields.

"Women can walk on our streets without fearing for our personal safety, enjoying a degree of freedom yet to be fully realised in many other societies.

"Mr Lee's loving and lasting union with Mrs Lee has set an excellent example for many families.

"Mr Lee's basic attitude towards women was one of respect, and set the tone for gender equality in society.

"He believed that traditional notions of male dominance and men refusing to marry their equals were outdated, and must change with the times.

"Without Mr Lee, the women of Singapore would not have enjoyed so many gains in so short a time."

Sim Ann, Minister of State for Education, and for Communications and Information

ON DEVELOPMENT:

"There is no reason why Third World leaders cannot succeed… if they can maintain social order, educate their people, maintain peace with their neighbours, and gain the confidence of investors by upholding the rule of law."

ON COLONIALISM:

"My colleagues and I are of that generation of young men who went through the Second World War and the Japanese Occupation and emerged determined that no one – neither Japanese nor British – had the right to push and kick us around. We determined that we could govern ourselves and bring up our children in a country where we can be proud to be self-respecting people."

ON CHINA:
"Unlike other emergent countries, China wants to be China and accepted as such, not as an honorary member of the West."

ON DISCIPLINE:
"If there was one formula for our success, it was that we were constantly studying how to make things work, or how to make them work better."

ON LEADERSHIP AND POLITICAL SYSTEMS:
"The iron hand also lifteth."

"I am often accused of interfering in the private lives of citizens. Yes... had I not done that, we wouldn't be here today. And I say without the slightest remorse, that we wouldn't be here, we would not have made economic progress, if we had not intervened on very personal matters - who your neighbour is, how you live, the noise you make, how you spit, or what language you use. We decide what is right. Never mind what the people think."

"Mine is a very matter-of-fact approach to the problem. If you can select a population and they're educated and they're properly brought up, then you don't have to use too much of the stick because they would already have been trained. It's like with dogs. You train it in a proper way from small. It will know that it's got to leave, go outside to pee and to defecate. No, we are not that kind of society. We had to train adult dogs who even today deliberately urinate in the lifts."

"The task of the leaders must be to provide or create for them [the populace] a strong framework within which they can learn, work hard, be productive and be rewarded accordingly. And this is not easy to achieve."

"To straddle the middle ground and win elections, we have to be in charge of the political agenda. This can only be done by not being beaten in the argument with our critics. They complain that I come down too hard on their arguments. But wrong ideas have to be challenged before they influence public opinion and make for problems. Those who try to be clever at the expense of the government should not complain if my replies are as sharp as their criticisms."

ON EQUALITY:
"I started off believing all men were equal. I now know that's the most unlikely thing ever to have been, because millions of years have passed over evolution, people have scattered across the face of this earth, been isolated from each other, developed independently, had different intermixtures between races, peoples, climates, soils... I didn't start off with that knowledge. But by observation, reading, watching, arguing, asking, and then bullying my way to the top, that is the conclusion I've come to."

ON EDUCATION:
"It is essential to rear a generation at the very top of society that has all the qualities needed to lead and give the people the inspiration and the drive to make it succeed. In short, the elite... Every society tries to produce this type. The British have special schools for them: the gifted and talented are sent to Eton and Harrow."

ON LIBERALISATION:
"Political reform need not go hand in hand with economic liberalisation. I do not believe that if you are libertarian, full of diverse opinions, full of competing ideas in the market place, full of sound and fury, therefore you will succeed."

ON OUTSOURCING IN BUSINESS:
"If you deprive yourself of outsourcing and your competitors do not, you're putting yourself out of business."

Singapore's transformation from Third World to First stands out as a model to African countries. Still, there is a danger that African leaders may take the wrong lessons from Singapore's success. **Greg Mills** examines this issue.

Lee Kuan Yew's Legacy
Right and wrong lessons

Singapore's lessons for Africa

Still, there is a danger that Africans, especially their leaders, may take the wrong lessons from Singapore's success. In 2008, when I was working for Rwandan President Paul Kagame, I was asked to prepare a summary of Singapore's key lessons. It seemed the island-state, despite obvious differences to landlocked Rwanda, was an attractive development analogue.

Like its South-east Asian counterpart, Rwanda is small, densely populated and largely without resources. Both have had to confront crises. While Lee steered Singapore from the political turmoil of the failure of the Malaysian Federation in 1965, Kagame's Rwanda Patriotic Front had taken over amidst extraordinary crisis in 1994, with genocide, a terrible failure in controlling ethnic and racial diversity – a scenario that Singapore has also had to manage.

A combination of the orderly discipline of Singaporeans, their leadership and bureaucracy, with a catalytic role for the state in business, such as through the $180bn Singapore sovereign wealth investment company Temasek Holdings, potentially offered another more interventionist development route to that preferred by Western donors.

Singapore's mandatory Central Provident Fund savings scheme, promoted by Lee, enabling the construction of housing and home ownership on a grand scale, also seemingly offered a way around the chronically low savings rate in Rwanda and elsewhere in Africa.

Kagame seemed among those leaders who, admirably from this author's vantage point, like Lee, was concerned with the finest detail of government, leaving nothing to chance.

Dr Greg Mills heads the Johannesburg-based Brenthurst Foundation. He is the author of 'Why States Recover' (Pan Macmillan, 2014) and, with Jeffrey Herbst, the forthcoming 'How South Africa Works' (Pan Macmillan, 2015). In 2014, he was a Senior Visiting Fellow at S Rajaratnam School of International Studies, Nanyang Technological University (NTU), Singapore. This article was written in collaboration with the NTU-SBF Centre for African Studies at Nanyang Business School, NTU.

Certainly, there is much to learn from Singapore's rapid transition from a malaria-ridden swamp to an innovation and technology leader. By 1970, just five years on from independence, Singapore's per capita GDP had increased to $950, and unemployment was under 3 per cent. By the turn of the century, per capita GDP was $24,000; in the five decades since independence, per capita GDP has increased no less than thirteen-fold in real terms.

Danger of wrong lessons

There is, regardless, a danger that Africans may routinely take the wrong lessons from Lee and from Singapore.

The first of such "wrong lessons" would be that an authoritarian government is necessary for growth, or for difficult decisions to be made. Yes, the island, like others in the region – including South Korea, China, Indonesia and Taiwan – has modernised under a system of rigid political control. Still, Singapore has enjoyed extraordinary freedom of individual choice and economic openness, a gentle autocracy quite distinct from usually violent African eras of authoritarian rule, of which Lee himself was critical.

Moreover, while some might like Lee's "Big Man" image, the reality of Singapore is far more nuanced, involving much more than one person and fundamentally being reliant on institutions in the pursuit of development.

Although Lee presented the articulate public face and adroitly managed the politics and personalities, his was a formidable team. Lee's memoirs are

testament to how highly he regarded the opinion of his colleagues and how often there were differences of outlook within government on key issues.

Additionally, Singapore made sure that the best and brightest were attracted, that they were paid properly, and they were given full support by leadership to do their job. As Lee observed, "equal opportunities for all and meritocracy, with the best man or woman for the job, especially in leaders in government, were basic principles that have helped us progress".

With delegated power and authority went responsibility, of course. In contrast to the xenophobia and identity politics suffered in Africa, the importation of talent has been another key aspect. From little over one million people at independence, Singapore's current population stands at 5.5 million, including around 1.5 million expatriates, permanent residents and migrant workers. The injection of immigrants is part of a strategy to maintain GDP targets, and synchs with the need for Singapore's continuous innovation and efficiency.

Singapore's right lessons

Singapore is a "right lesson" also in the continuous search for competitive advantage. A very flexible labour market helps companies to withstand external shocks, changes and challenges, driven by a philosophy that "it is better to have a low-paying job than no job at all" – a political anathema in contemporary South Africa, to take one African example. In Singapore, too, a symbiotic relationship is structured between government, the unions and business.

All this has been underpinned by a drive to globalise rather than nationalise. Whereas African countries routinely make it difficult to move goods in and out, and are inherently suspicious of the motives of foreign investors, Singapore has capitalised on its strategic geographic crossroads by matching policies and the focus of institutions – there is a zero tariff on imported goods, low tax rates, a range of free trade agreements, vigorous trade and export promotion, and nearly 40,000 international corporations on the island, including 7,000 multinationals.

"One of the asymmetries of history," wrote Henry Kissinger of Lee Kuan Yew, "is the lack of correspondence between the abilities of some leaders and the power of their countries." Kissinger's one-time boss, Richard Nixon, was even more flattering. He speculated that had Lee lived in another time and another place, he might have "attained the world stature of a Churchill, a Disraeli, or a Gladstone".

In other words, it was a shame Lee had a small country. Yet it was precisely because Lee did run a small state that Singapore's transformation from Third World to First, to use the title of his autobiography, should stand out as a model of transformation for African countries, against the odds and their colonial inheritance.

Singapore has avoided trying to buck the markets or the needs and sensitivities of multinational companies and international finance. To the contrary, it has always acted to strengthen regulatory institutions to negate any perception of developing country risk.

African governments like to cite Singapore as an example in the maintenance of their own parastatals and "partystatals" (companies owned and/or run by ruling parties), both routinely notorious in crowding out private sector competition to the advantage of narrow financial and patronage interests. Again, such lessons are wide of the mark. Even though it is government-owned, Temasek's strategy and role is based on a commercial, rather than political rationale.

Forward-looking legacy

Singapore is thus a "right lesson" for Africa in leadership, planning, continuous innovation, commercial logic and using its only natural resource – its people and minds – to best effect.

By the 1990s, Singapore's per capita GDP was higher than that of its erstwhile colonial master Britain. Today, Singapore has the world's second busiest port and is the third-largest export oil refining centre. Under Lee's leadership it has shown what is achievable with better choices in little more than a generation.

A remarkable aspect of Singapore's transition is its unwillingness to look back. Whereas many African nations berate colonialism at every turn (not least since it offers the prospect of aid and of externalising problems and excusing regime inadequacies), Singaporeans seldom mention history as an excuse.

Perhaps Lee's greatest legacy was to set Singapore in a direction looking forward. In so doing, he has left an extraordinary legacy, for his own country of course, but also for others aspiring to follow a similar development path. ■


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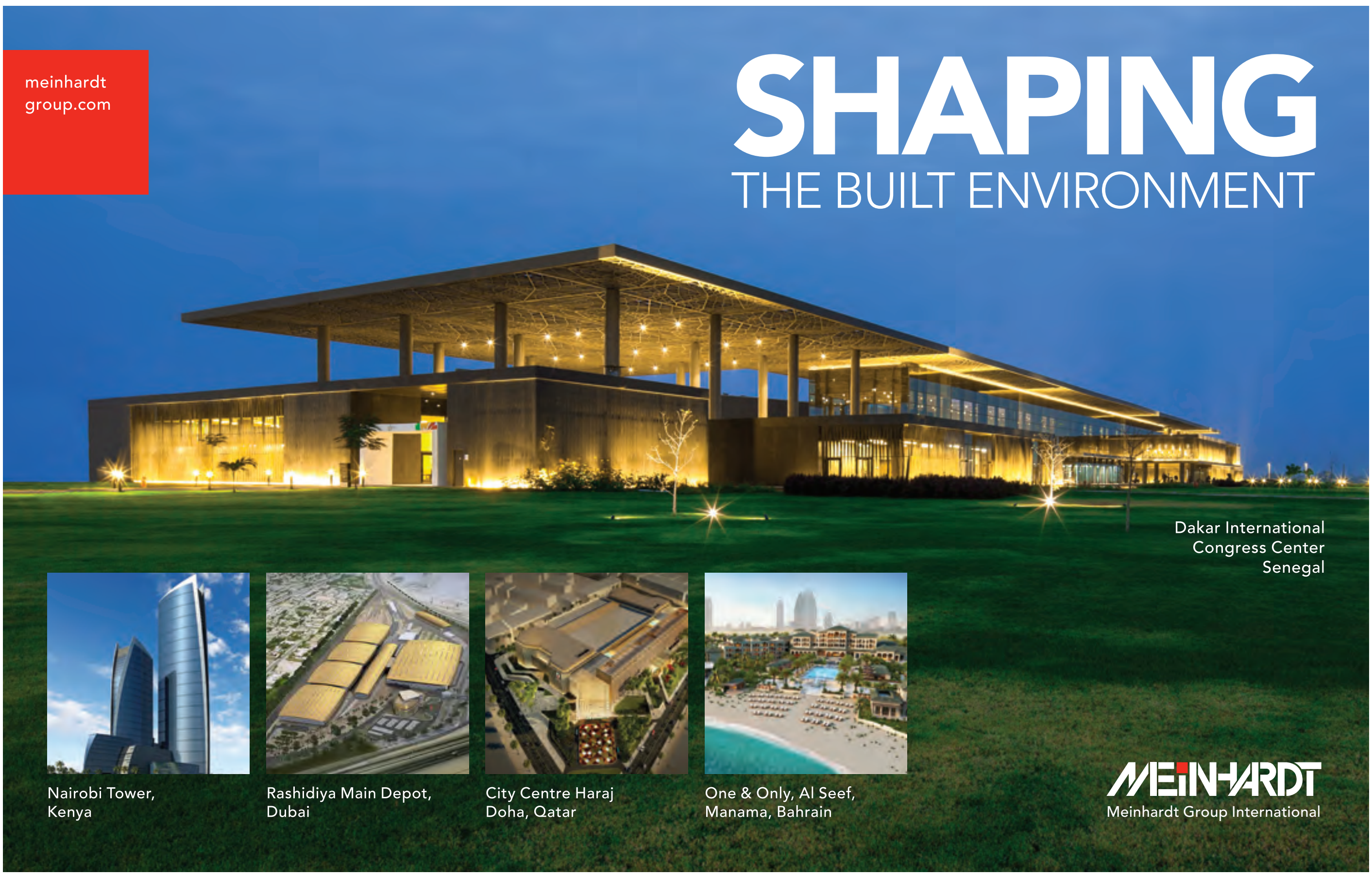
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Shumei Lam is the daughter of one of Singapore's most celebrated entrepreneurs, the late founder of Portek. She's inherited much of her father's pioneering business spirit, setting up a poultry business in Rwanda. *African Business* spoke to her about this initiative.

Shumei Lam
MD, Poultry East Africa Ltd

The whole idea of setting up a poultry business in Rwanda came from Shumei Lam's late father, Larry Lam, who was one of the first investors in Rwanda through his company Magerwa Ltd, the forerunner to Portek.

"It started from an email exchange between my father and the ex-general director of Magerwa, on how they could assist in boosting food nutrition in Rwanda, because Rwanda has very low levels of consumption of meat protein," Shumei Lam says.

She went on to explain that in Rwanda, chicken meat is typically eaten just on special occasions. That is unusual as in most parts of the world, chicken is eaten more regularly.

Following Magerwa's sale to Mitsui in 2012, Larry Lam made a conscious decision to focus on social impact projects. "He decided to try something in Rwanda's agricultural sector," Shumei says. "Initially we were looking to import animal feed, but because of the high cost of import tariffs, we decided to look at an integrated project. That gave us the idea of the poultry project."

Asked what the challenges were in establishing her business, Shumei says: "I think from day one you know there are challenges, and every day is like swimming upstream! It is a brand new idea for Rwanda – people don't really understand the concept of a modern poultry farm.

Left: Shumei Lam, pictured at her poultry business

"So I think we have really come a long way with the idea, but the cost of importing everything is expensive because of Rwanda's inland location. Not everything is available here, so when you're planning for a brand new set-up you have to be very, very detailed in exactly what you need, because absolutely everything has to be imported.

"But when there's nothing available here, the opportunity is there for investors such as myself to come in and make a difference in the economy and the lives of the people," Shumei adds philosophically.

That the nation is developing is in no doubt, but many businesspeople who come to the country still experience quite a strong culture shock. "You know, the concept of time here is different," Shumei observes.

"I guess my expectations in terms of efficiencies, also in terms of teaching my managers accountability, trying to implement processes, systems reporting – all these things are challenges because they are completely new concepts to the people here," she adds.

Shumei is busy developing the three elements of her business – a feed mill, the farm and a processing plant, all of which are quite brand new concepts for Rwanda.

"We have to basically train local managers from scratch to operate these different segments of the business," Shumei says. Scaling the business up to full capacity and other elements to the business is challenging because of the lack of available skilled labour here.

But Shumei is absolutely determined to build capacity. "We were established as a social enterprise. So, the concept is to be a commercially self-sustaining operation. We focus on social impact. Part of the plan is to eventually branch out into contract farming, giving other farmers the opportunity to own their small enterprise and also allow them the opportunity to participate in the market.

"So with contract farming we can actually grow our production and there's a lot of opportunity to expand both upstream and downstream. Utilities can be a bit of an issue, electricity and water supply are not always consistent, especially in the area that we are operating in, Bugesera, and we have issues with packaging as plastics are banned in Rwanda; also the cold chain is a huge issue.

"However, one of the good things about doing business in Rwanda is that it's organised and the government has a plan. And they are also receptive to co-operating with the private sector to draft regulations on food safety, on standards, even on tax regimes. That is a huge plus for us." ■