



## MEMORANDUM N° 101/2011

13-06-2011

### SUMMARY:

- ONE) – **EC DRAFTING PROPOSALS TO OBLIGE COMPANIES TO PUBLISH INFORMATION ABOUT THEIR ACTIVITIES IN DEVELOPING COUNTRIES** – *Page 2*
- TWO) - **ASSUMPTIONS ABOUT THE POTENTIAL ROLE OF AID REMAIN EXAGGERATED** – *Page 2*
- THREE) - **ACTION PLANS SET OUT THE FUTURE OF UK AID** – *Page 2*
- FOUR) - **AFD PLEDGES NEARLY €459M IN NEW SUPPORT FOR DEVELOPMENT** – *Page 3*
- FIVE) – **DUTCH MINISTRY TO SCRUTINISE DEVELOPMENT ORGANISATIONS MORE CLOSELY** - *Page 4*
- SIX) – **G8 AND AFRICA: SHARED VALUES, SHARED RESPONSIBILITIES** - *Page 4*
- SEVEN) – **LAND GRABBING COULD CAUSE RIOTS AND UPRISINGS** - *Page 5*
- EIGHT) – **SOUTH AFRICA'S MANUEL OPTS OUT OF IMF CONTEST** - *Page 5*
- NINE) – **COTE D'IVOIRE: CHALLENGE OF RESTORING SECURITY** - *Page 6*
- TEN) – **BUSINESS DEVELOPMENT, DEVELOPMENT BUSINESS** - *Page 7*
- ELEVEN) – **CAMEROON: EU-FUNDED FCFA 6.4 BILLION DEVELOPMENT PROGRAMME LAUNCHED** - *Page 7*
- TWELVE) – **SOUTH SUDAN ACCUSES NORTH OF AIR ATTACK ON VILLAGE** – *Page 7*

## ONE) – EC DRAFTING PROPOSALS TO OBLIGE COMPANIES TO PUBLISH INFORMATION ABOUT THEIR ACTIVITIES IN DEVELOPING COUNTRIES

The [proposals will be put forward in October](#) as a way to ensure a fair distribution of domestic resources in Africa, European Commission President José Manuel Durão Barroso said following the annual the [African Union-European Commission college to college meeting](#) held from 31 May -1 June in Brussels. The [Joint Declaration](#) adopted at the end of the meeting covering the eight specific partnerships of the Joint Africa-EU Strategy which sets out the overarching joint policy framework between the two continents - ranging from peace and security and democratic governance and human rights to trade and regional integration and infrastructure – acknowledged the importance of good governance in the tax area and support initiatives that will lead to more transparency of payments, including payments to governments by the extractive industry. The two sides also agreed to strengthen cooperation on raw materials. On trade, they also called for an increased pace of the negotiations in view of concluding Economic Partnership Agreements. The Commissions called for greater involvement from Member States and other stakeholders in the implementation of the partnership and also addressed the issue of securing adequate and predictable resources for the effective implementation of the Joint Strategy. A paper on the [governance of natural resources](#) has since been published and a meeting on [human rights](#) held.

## TWO) - ASSUMPTIONS ABOUT THE POTENTIAL ROLE OF AID REMAIN EXAGGERATED

This is particularly the case in donor countries, according to the recently published [OECD evaluation of the Paris Declaration on Aid Effectiveness](#). While the principles and commitments in the Declaration have almost all proved relevant to improving the quality of aid and of the partnerships needed to make it work according to the report, expectations for rapid, fundamental reforms by partner countries have also been unrealistic and unreasonable. A wider perspective and a sense of proportion will be needed to carry aid effectiveness reforms to their full potential. Both partner countries and donors will also need to foster and harness better the many more powerful forces and policies for development that lie beyond the realm of aid according to the evaluation. The evaluation also calls for the principles of aid effectiveness to be applied in other forms and flows of cooperation beyond the current scope of the Declaration. The [Overseas Development Institute is hosting an on-line event](#) on 15 June with the evaluation's author. The OECD Ministerial Council on 26 May adopted a [vision statement](#) which includes a new paradigm for development. It includes ensuring that broader policies pursued by governments are coherent with the desire to promote development, innovative sources of growth, and mobilization of domestic resources for development. The revised draft [narrative for an outline of the Busan High Level Forum Outcome Document](#) was also published at the end of May.

## THREE) - ACTION PLANS SET OUT THE FUTURE OF UK AID

The British Government set out in detail how it will change the lives of millions of poor people around the world. The full release of the operational plans – [available to download here](#) – map out the results UK aid will achieve over the next four years in every country DFID works in.

The set of plans show exactly how Britain's aid programmes will deliver results and measure progress up to 2015, including:

- In Ethiopia, providing basic healthcare for 7.5 million people
- In Pakistan, getting more than 4 million more children into school
- In Democratic Republic of Congo, protecting 15 million people from malaria
- In Uganda, getting access to contraception for 1.35 million more women
- In Zambia, supporting more than 3 million people to vote in the next elections
- In Sierra Leone, ensuring 1 million people get access to drinking water

The plans follow a series of comprehensive aid reviews undertaken earlier this year to make sure Britain's aid budget is as focused and effective as possible.(DFID)

## FOUR) - AFD PLEDGES NEARLY €459M IN NEW SUPPORT FOR DEVELOPMENT

AFD's Board of Directors approved funding totaling nearly €459m for 10 projects to support development at its meeting on 26 May 2011. African projects were

### ***Tunisia: supporting employment and the financial sector***

€185m loan to the Republic of Tunisia to support the employment and financial sector components of its Economic Stimulus Plan.

The economic and social situation in Tunisia is marked by a high unemployment rate, particularly for youth, and by a lack of diversity in financing mechanisms to support investment and job creation. The Tunisian transition government has taken action by designing a four-pronged Economic Stimulus Plan (PAR): governance; employment and vocational training; infrastructure for cities and disadvantaged areas; financial sector.

AFD's funding will be earmarked for the AMAL ("hope" in Arabic) program in order to give young graduates better access to employment. This program will make it easier to help graduates find jobs by providing additional vocational training. Alongside its support for the employment-training component, AFD will be helping to build the capacities of Tunisia's economy. The aim is to address the structural difficulties of the financial sector and foster SME start-ups and development by promoting microfinance and private equity investment.

### ***Kenya: upgrading informal neighborhoods***

€70m in funding (two €35m loans) to the Republic of Kenya for its national programs to upgrade informal neighborhoods in urban municipalities and support municipalities.

Kenya's cities are marked by their huge slums, which are among the largest on the continent and where 73% of the population is living below the poverty line. Urban issues took center stage following the post-electoral violence in 2007/2008, which was triggered by several cities. The launch of two national programs to upgrade informal neighborhoods in urban municipalities and support urban municipalities is the result of the government's growing awareness of this situation. The project aims to reinforce land tenure security for slum dwellers, while also developing basic infrastructure (drinking water, electricity, roads, sanitation, drainage...) and improving access to essential services. It will also give the different stakeholders the resources they require to sustainably face urban growth.

With a total cost of USD165m, these programs are tackling the country's major challenges on a large scale and will have unprecedented economic and social impacts.

### ***Senegal: developing tourism in Saint-Louis***

€23.5m in funding (€22.5m loan and €1m grant) to the Republic of Senegal and two grants for trade capacity building (€725,000 to the Republic of Senegal and €280,000 to the Saint Louis Tourist Office) to develop tourism in Saint-Louis and its region.

The Land Use and Sustainable Tourism Development Plan for the northern part of Senegal aims to turn the Saint-Louis region into a fully-fledged tourist destination by protecting and developing its natural and cultural heritage environments. Several French local authorities will be taking part in the implementation of this plan. The aim is to make the City of Saint-Louis and the Djoudj and Guembeul nature reserves more attractive by diversifying and improving both tourist services and craft activities, developing an exceptional cultural heritage and mitigating nuisances and unhealthy conditions.

The program includes actions to improve conditions for fishing activities, which play a major role in the economy but contribute to the degradation of the urban environment and to the unhealthy conditions.

It will enhance the image of the city and its region and will help ensure the site holds on to its UNESCO World Heritage Site status, which is a core feature of its attractiveness. In addition to economic impacts, the program will directly improve living conditions for inhabitants and the local environment.

### ***Senegal: rehabilitating the power sector***

€60.6m in funding (€60m loan and €600,000 grant) to the Republic of Senegal to help rehabilitate the country's power sector.

The National Electricity Company (Senelec) has experienced a sharp deterioration in its financial and operational situation. Governance in the sector has, however, seen a clear improvement and the authorities have been working on a recovery plan since 2010. This plan aims to upgrade the entire operational fleet, which will allow between 61 and 81 MW to be rapidly recovered and 252 MW to be secured. Consumption metering will be improved and peak demand will be reduced by installing three million low-consumption light bulbs in households. The program has received technical approval from EDF, which will be helping the authorities to implement this plan.

### ***Africa: vocational training***

€150,000 grant to the French Council of Investors in Africa (CIAN) to help improve employment and training.

The project aims to evaluate training systems in Africa, as well as factors that can help better match training to employment. The total cost of the study is estimated at €300,000 and will be shared with the Ministry of the Interior (€65,000) and CIAN (€85,000).

This project will provide a comprehensive review of vocational training systems in French-speaking Africa. It will also identify training operators that have a capacity to become excellence hubs and the priority sectors and will put forward concrete ways to meet needs.

### ***Tanzania: drinking water and sanitation***

€40m loan to the Republic of Tanzania to improve access to drinking water and sanitation in the cities of Bukoba and Musoma.

In 2010, the drinking water supply rates stood at 68% in Dar es Salam, 54% in secondary cities and 57% in rural areas. In addition, less than 20% of the population was connected to a sanitation network. The urban areas of Bukoba and Musoma, whose populations will reach 135,000 and 215,000 inhabitants by 2015, are two medium-sized cities located by Lake Victoria from which they withdraw all their water resources. Their facilities are highly insufficient and they do not have a collective sanitation system.

The project aims to improve both living and sanitary conditions for these populations by increasing drinking water supply, improving on-site sanitation and building the capacities of the service.

## **FIVE) – DUTCH MINISTRY TO SCRUTINISE DEVELOPMENT ORGANISATIONS MORE CLOSELY**

“Society and politics justifiably demand that we know exactly how development agencies spend aid money. This requires clear rules on evaluation and accountability. But strict rules can also lead to unnecessary paperwork and bureaucracy. Therefore, the right balance between less red tape and good accountability is always necessary.” Ben Knapp, Dutch state secretary for development, said this in response to a survey conducted by Actal to control pressure inside the MSF II grant program. “It is important to reduce red tape in development. This report makes a contribution. I therefore welcome the report and I will examine it closely,” said Knapp. The Ministry of Foreign Affairs will soon send a detailed response to Actal. In order to reduce the regulatory burden, Knapp recently gave the administrative department of the Ministry of Foreign Affairs the task to critically examine development organisations’ work. MSF II is a framework that grants 1.885 billion euros to cover a period of 5 years. (Dutch Foreign Ministry)

## **SIX) – G8 AND AFRICA: SHARED VALUES, SHARED RESPONSIBILITIES**

The Group of 8 (G8) and Algeria, Egypt, Ethiopia, Nigeria, Senegal, South Africa and the African Union (AU) Commission have adopted a joint declaration on “Shared Values, Shared Responsibilities,” addressing sustainable development, energy access, investment and agriculture. The leaders met in Deauville, France, from 26-27 May 2011, where they highlighted the importance of an enhanced partnership between the G8 and Africa. In the resulting joint declaration, the G8 and Africa: express determination to further promote together shared values, notably peace and human rights, democratic governance and sustainable development; and endorse their respective and shared responsibilities in this regard, in a spirit of mutual accountability. In the section on Economic Development and Environment, the

G8 and Africa express concern at limited access to energy, particularly electricity and cooking fuels, as a key bottleneck for economic development and poverty reduction in Africa, emphasizing the need to ensure access to sustainable energy services, with a particular focus on renewable energy sources. The G8 express willingness to continue to support projects for access to energy, both decentralized and centralized, especially those with a regional dimension and a sustainable development perspective, as well as cross-border trade and capacity-building initiatives on energy. Leaders note that the Action Plan of the AU and New Partnership for Africa's Development (NEPAD) and the Programme for Infrastructure Development in Africa (PIDA) constitute appropriate frameworks to mobilize foreign direct investment, and they stress the need for institutional and regulatory reforms to attract increased investment, particularly from the private sector. Noting that agriculture in Africa can serve as an important driver of broad-based sustainable economic growth and development, and that sustainable increases in agricultural productivity and production offer ample opportunities to attract private-sector investment and leverage private sources of capital, create jobs, raise income of farmers and stimulate inclusive growth in rural Africa, the leaders commit to improving food security in Africa by enhancing cooperation among the G8 and Africa through the L'Aquila Food Security Initiative and the Comprehensive Africa Agriculture Development Programme. (French G8 Presidency)

## SEVEN) – LAND GRABBING COULD CAUSE RIOTS AND UPRISINGS

Activities of hedge funds and other foreign speculators are increasing price volatility and supply insecurity in the global food system, according to a new series of reports published by the Oakland Institute. The [“Understanding Land Investment Deals in Africa”](#) reports reveal that largely unregulated land purchases are resulting in virtually none of the promised benefits for the local population – such as job and income creation – but instead have rather negative consequences. In order to make room for export commodities, including biofuels and cut flowers, investors force millions of small farmers off their land and farms with their deals. Besides the environmental risks this entails, land grabbing can also drive up food prices. “The same financial firms that drove us into a global recession by inflating the real estate bubble through risky financial manoeuvres are now doing the same with the world’s food supply” the executive director of the Oakland Institute said, and warned that land grabbing might result in political instability, such as the food riots that preceded the spring uprisings in Northern Africa.

## EIGHT) – SOUTH AFRICA'S MANUEL OPTS OUT OF IMF CONTEST

South Africa's Trevor Manuel ruled himself out of the race for the IMF's top job on Friday, making French finance minister Christine Lagarde an even firmer favourite although the threat of a judicial inquiry remains. Emerging market powers like Russia, India and China have declared they want an end to Europe's grip on the top job at the international lender, calling time on a pact that puts the IMF in European hands and the World Bank run by an American. "It is important to understand that decisions take place in the context of world politics. Against that backdrop, I have decided not to avail myself," Manuel, a respected former finance minister, told a news conference. He said it would be "most unfortunate if we end up with a European who is bound by the EU". The United States and Europe hold 48 percent of votes at the International Monetary Fund, emerging nations just 12 percent. With Lagarde lobbying African officials in Lisbon over her candidacy and the window for nominations closing on Friday, Emerging Markets magazine had earlier reported that South Africa would nominate Manuel for the job. Manuel, who handled Africa's biggest economy deftly for a decade, has long been touted as an ideal developing-world candidate and many had seen him winning more support than the only other declared rival to Lagarde, Mexican Central Bank chief Agustin Carstens, whose policy views are viewed as too conservative by many of his emerging market peers. Lagarde, an adept negotiator with hands-on experience in the euro zone's debt crisis, is seen as the clear favourite despite a legal investigation into her role in a 2008 arbitration payout that will hang over her candidacy. Lagarde has flown to Brazil, India and China to tout her merits for the IMF job, and carries on her tour to Saudi Arabia and Egypt this weekend. On Thursday she spent an hour tweeting with the general public over her candidacy. **BRICS STILL DIVIDED** The African Union said on Thursday it wanted to see a non-European in the job but emerging market powers have failed to coalesce behind one candidate to challenge Europe's traditional grip on the job. "Lagarde is still the favourite," said Jacques Reland of the Global Policy Institute. "The BRICS are still quite divided and I don't think a new candidate from South Africa can threaten her candidacy given the importance of the European and U.S. vote." The

Fund will name its new managing director on June 30. A Reuters report that Secretary of State Hillary Clinton has been in talks about leaving her job next year to head the World Bank made it look even more likely Lagarde will get the IMF job, reaffirming the tradition of a European at the Fund and an American at the World Bank. Four of the IMF's 10 managing directors since 1946 have been French but Lagarde, 55, would be the first woman in the job. A medal-winning former synchronized swimmer and high-flying corporate lawyer, she has played a key role in Europe's battle to recover from economic crisis and is France's G20 negotiator on economic issues as it holds the year-long presidency. Carstens has an economics PhD from the University of Chicago, a haven for proponents of deregulation and laissez-faire economics (Reuters)

## **NINE) – COTE D'IVOIRE: CHALLENGE OF RESTORING SECURITY**

In a shelter covered by a tattered blue tarpaulin, Ibrahim Traoré sits beside his militia commander to hear complaints from residents of the Abidjan neighbourhood of Abobo-Avocatier.

"We get between 10 and 15 complaints a day," said Traoré, "from people who have been attacked in their homes or in the street by armed men. The problem is that wearing combat fatigues and carrying a weapon has become commonplace, so it's difficult to distinguish between a thug and one of our own. So we are accused every time there is an incident."

Traoré is a member of the Republican Forces - a coalition of armed groups known by its French acronym, FRCI - which backed Alassane Ouattara in his struggle for power against former president Laurent Gbagbo following disputed elections in November 2010. The FRCI swept south through the country in late March and April to seize Abidjan, the economic capital; since then, elements of the FRCI have been visible patrolling many neighbourhoods.

At the end of May, Joseph Akichi, a retired teacher in Abobo, was visited twice by armed men in uniform. "The first time, they took my savings of 300,000 francs CFA (around 600 dollars). The second time, they took everything, even the furniture," he said.

"With the police station being closed, I came here each time to explain my problems, but I've got nothing to show for it," said Akichi, still fearful at the prospect that his assailants will return.

In Marcory, in the southern part of the city, Fabrice Mensah, who runs a business selling auto parts, the victim of a hold-up on May 26, during which armed men took away three of his company's vehicles. The uniformed bandits returned two days later, and this time made off with eight million FCFA - 40,000 dollars - intended to pay his 15 employees.

"I opened my shop again three weeks after the post-election crisis was resolved. There were encouraging signs, so I wasn't expecting to suffer a blow like this so quickly," Mensah said. Following his misfortune, the 35-year-old says, he and other businesses in the area have decided to close again, temporarily laying off their employees while they wait for an improvement in the security situation.

Traoré condemns the attacks. "There are many fighters who are still out of control," he says, "and the climate of insecurity that they create could get worse if the process of bringing them into barracks and disarming them continues to lag."

He told that he and his fellow FRCI fighters are waiting to be integrated into the new army. "They'll have to offer a payout to combatants before they'll give up their weapons and military equipment."

The Ivorian president, Alassane Ouattara, formed his first government - comprising 36 members - on Jun. 1. One of its principal tasks, he said, is to improve security in the country over the next few weeks and to restore confidence among business owners, which suffered greatly during the crisis. The Business Confederation of Côte d'Ivoire estimated losses to the private sector during the post-election crisis at around two billion dollars.

But nearly two months after Gbagbo's surrender on Apr. 11, restoring security remains a challenge, even in the medium term, say observers.

"We have entered the most delicate phase after the crisis, because many individuals - combatants as well as prisoners freed during the conflict - have light arms or heavy weapons and are using them against the population," said Armand Obou Kessié, a former police officer, now an expert in security in private practice. The country has still not returned to stability; in many cities, including Abidjan, police stations are still occupied by elements of the FRCI, he said.

"Where the FRCI combatants have allowed the return of security agents to their offices, they refuse to allow them to go out into the field (alongside the militia) on patrol. Yet, without training in security and maintaining public order, the fighters are not suited to this task and frequently commit abuses," says Kessié. But a combatant called Commandant Soum said: "For the moment, the police and gendarmes have

not completely returned to work; so we are doing it with our own forces. After the registration of combatants (in the new army), we will hand over to them..."

#### TEN) – BUSINESS DEVELOPMENT, DEVELOPMENT BUSINESS

Recommendations on how donors can more effectively engage the private sector in public-private collaboration in Least Developed Countries are presented in a [new joint study](#) published by Bertelsmann Stiftung, the UN Global Compact, and UNDP. The study takes stock of existing donor programs aimed at involving the private sector by examining best practices and identifying shortcomings. Applying a business perspective, it recommends that one approach to make public-private collaboration better is "to become more strategic, e.g. by reflecting the special challenges of LDCs and matching the priority development areas of countries with those of companies, both domestic and foreign".

#### ELEVEN) – CAMEROON: EU-FUNDED FCFA 6.4 BILLION DEVELOPMENT PROGRAMME LAUNCHED

The Minister of Economy, Planning and Regional Development Minister, Louis Paul Motaze and the European Union Head of Delegation, Raul Mateus Paula on May 30 in Mbengwi, Momo Division of the North West Region launched the FCFA 6.4 billion North West Development Programme that aims at strengthening socio-economic infrastructure, providing long lasting support to the economy and improving capacities and incomes. Based on a May 6, 2010 agreement between the two sides, the programme is expected to provide solutions to major problems such as poor access to basic services, low incomes, financing of income-generation micro-projects, construction of rural roads and schools, improvement of potable water schemes and public health facilities, etc. Funded by the European Union and intended to last four years, the programme covers 15 North West communities in the Momo, Donga Mantung and Menchum Divisions and Akwaya Subdivision of the South West Region. (AllAfrica/Cameroun tribune)

#### TWELVE) – SOUTH SUDAN ACCUSES NORTH OF AIR ATTACK ON VILLAGE

South Sudan's army on Friday accused Khartoum of bombing a southern border village, and said southern forces were preparing to defend against any possible ground attack. The south is preparing to secede on July 9 and fears of fresh fighting between the two long-standing rivals grew after the north seized the disputed Abyei region on May 21. Northern forces and southern-aligned armed groups have also been fighting for nearly a week in northern-run oil state Southern Kordofan, which borders Abyei and southern Unity state. Philip Aguer, spokesman for the south's Sudan Peoples' Liberation Army (SPLA), said the northern military was trying to occupy areas near the border whose exact position is yet to be decided. A spokesman for the northern army was not immediately available to comment. (Reuters)

Fernando Matos Rosa

Brussels

