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ONE) – MAKING SENSE OF GREENFIELD PROJECTS IN AFRICA

According to the African Development Bank, "...Africa's absolute and relative lack of infrastructure points to the existence of untapped productive potential, which could be unlocked through scaling up investments in the sector."

[Nigeria](#) currently generates about 4 000 megawatts or about 2% of the electricity needed for its population of 150 million. Going by the world standard of one megawatt per a population of 1 000, Africa's biggest oil producer would need over 100 000 megawatts now or in the future. Consequently, there is about \$100-\$150-billion worth of Greenfield power projects that need to be built over the next several years. The situation in Nigeria repeats itself in all African countries.

[Africa Infrastructure Country Diagnostic](#) estimates that to close the infrastructure deficit gap, the continent needs \$90-billion per year. The question is: where will the funds come from? Are private equity companies as interested in greenfield projects as they are in existing and performing ones?

Greenfield projects may not be as attractive to private equity investors in developed economies. But in Africa, the majority of investments in the foreseeable future will be greenfield. Success stories can be found in the telecommunications sector, where investors have proven that greenfield projects are profitable and make a lot of sense in a market that is essentially unexploited.

Early greenfield entrepreneurs had a hard time attracting the needed financing, as described by Sudanese businessman, Mo Ibrahim, in an interview with [Wall Street Journal](#). Ibrahim founded Celtel, one of Africa's first mobile networks, and later sold his company for \$2.5-billion in 2005. Other early birds include South African company, MTN, in Nigeria and recently Bharti Airtel, which earned \$13-billion in 2010.

Africa lacks adequate investment in all the economic sectors and consumers are overpaying for everything. For instance, people pay up to \$500 per night for a hotel room in Nigeria while the average phone user spends over 10% of their monthly income on wireless service.

Building greenfield projects often gives the investor a first mover advantage and companies that are not investing in greenfield projects are missing out. The process of making money in such projects is the same as in existing businesses – you perform due diligence and hire the best management team.

Addax Bioenergy recently signed a US\$388-million loan agreement to develop a [new renewable energy and agricultural project](#) in Sierra Leone, illustrating the need for greenfield investments. Judging by the heavyweight investors who put the package together (the African Development Bank, Emerging Africa Infrastructure Bank (EAIF), German Development Finance Institution and South African Industrial Development Corporation), it seems there is a shift in the investment landscape. This particular deal did not manage to attract the traditional private equity companies.

Another notable greenfield project that attracted funding from [Satya Capital](#), a private equity fund backed by Mo Ibrahim, is satellite telecommunications satellite company, [O3B](#) (Other 3 Billion). Google, Internet search provider North Bridge Ventures and HSBC Principal investments are some of the equity investors in the \$1.2-billion deal. Other investors provided debt facilities.

Said an article published by [Infrastructure Investor](#): "The deal highlights the different risk-return profiles that drive infrastructure investment in emerging versus developed markets...In developed markets, such as the USA and UK, infrastructure investors tend to back mature, cash-flowing assets such as roads with 40 years' worth of operating history. But in places like Africa, where much of the infrastructure needed to support the continent's roughly one billion people still has to be built, infrastructure projects often don't have a rich history of revenues from which to benchmark future performance."

Even Mark Rigolle, the chief executive officer of O3B Networks acknowledges that the company is several years pre-revenue.

'We've got a developmental mandate, so we were prepared to take risk that commercial entities won't,' said Nick Rouse, whose London-based capital markets consulting firm, [Emerging Africa](#), committed \$12-million of the \$145-million mezzanine debt facility.

If private equity companies are seeking only mature industries to invest in, they will be sitting on their funds for a long term. Africa is all green. Unlike developed economies that have many deals to choose from and adequate public information to work with when analysing the companies, Africa has only 1 500 publicly traded companies. And most of them are not eager to display information about their performances - the Nigerian Securities Exchange recently suspended 25 companies for failure to file 2010 financial reports. Private equity companies need to seek ways of investing in greenfield projects that can give them the return they seek without compromising their investment objectives. One can partner with experienced entrepreneurs, who are starting a new project, or governments through public private partnerships.

TWO) - INVESTORS REPORT IMPROVED BUSINESS CLIMATE IN 29 COUNTRIES IN AFRICA

Sudanese-born billionaire entrepreneur, Mo Ibrahim once said that the perception of Africa's business climate is much worse than the reality and that whenever there is a gap between perception and reality, there is a fantastic business opportunity. In the 1990s, he struggled to build his mobile phone company, Celtel, because banks wouldn't lend him money to invest in a 'lost' continent. Ibrahim later sold Celtel for \$3.4bn. Not all investors know that many African countries are making notable progress in removing barriers to doing business. As Neville Isdell writes, it will take the continued commitment and conversion of goodwill into practical action in order to achieve the reforms needed to enable businesses to thrive. Democracy and a vibrant free enterprise are growing, making Africa a promising emerging market. Governments are shifting the negative international perception by improving the business climates. The continent is known for its abundance in natural resources, which include 90% of the world's platinum, 50% of the world's gold, 70% of the world's coltan (which the majority of cell phones around the world use) and 30% of the world's diamond reserves. It is also the second largest and second most-populous continent. Africa is by no means as 'lost' as is occasionally stated. This is already revealed by the growth rates of the past decade but also by several recent studies, which demonstrate that Africa has enormous potential. Having lived and worked in Africa for much of my life, I have witnessed, first-hand, Africa's entrepreneurial spirit, which is visible in any African marketplace. I have also encountered the obstacles that make doing business on the continent an uphill struggle. Registration of businesses is one of the first barriers encountered by most investors in Africa, whether foreign or national.

This is an important barrier that needs to be tackled as it plays a catalytic effect on enterprise formalisation to private sector development, job creation and poverty reduction. Some governments have recognised the importance of improving the business registration procedure in order to position their countries appropriately in the current shifting landscape. Some countries are taking proactive actions.

To provide some illustrations of the effectiveness of the [Investment Climate Facility](#) (ICF) approach: in Burkina Faso, business registration now takes just three days rather than 18, costing \$106 rather than \$350. In 2007, there were 13 procedures involved in registering a company in Rwanda. It would take over 30 days at a cost of \$400. Today, two procedures are involved that are processed within 24 hours at a cost of \$43. In Liberia, the number of procedures to register a business has been reduced from 12 to 5, the time it takes from 68 to 20 days and the cost of registering a business from US\$819 to US\$119.

For the first time, in these countries, entrepreneurs can register a business without being impeded by prohibitive times and costs. These reforms were implemented in partnership with ICF and are immensely beneficial to the growth of businesses and support formalisation of enterprises.

ICF focuses on delivering tangible and sustainable changes that are required to build a more conducive investment climate. Across the continent, ports, judiciaries, customs and taxation systems, land and business registries are all undergoing reforms to remove red tape, streamline procedures and automate processes. Businesses of all sizes are reporting immediate and tangible improvements to the ease of doing business in the 29 countries that ICF works.

The World Bank's Doing Business 2011 report revealed that [a record number of African countries](#) have significantly improved their investment climate. High performers include Rwanda, Burkina Faso, Mauritius, Zambia and Senegal, and reforms are snow-balling at a rapid pace. ICF responds quickly to funding requests. The entire process from project application to agreement generally takes fewer than six months and ICF can provide green lights to projects that meet its selection criteria within weeks. Projects focus on delivering practical, results-orientated solutions in as short a time frame as possible.

The results achieved in fewer than four years of operation are testimony to the validity and effectiveness of ICF's strategy, and heralds a new proven model for aid, with private-public collaboration at the heart.

It is as a result of this continued commitment and conversion of goodwill into practical action, and public-private collaboration that Africa and businesses in Africa will continue to grow. We will all benefit from a more prosperous and economically stable Africa.

THREE) – GDC KENYA SEEKS INVESTORS FOR GEOTHERMAL PLANTS

Kenya's [Geothermal Development Company](#) has invited applications from investors interested in setting up eight power plants to plants to produce a total 800 megawatts in the country's Rift Valley.

The state-run firm said in a newspaper advertisement it planned to drill 200 wells from next January on the Bogoria-Silali Block.

'The investors' role will include financing, design, construction, operation and maintenance of the power

plants. In addition, GDC will require the selected investors to partner in financing steam development,' it said.

Geothermal power comes from steam made from water heated by the earth's core and used to spin turbines.

Kenya has potential to produce 7 000 MW from the vast heat reserves under the Great Rift Valley. It is targeting at least 5 000 MW of geothermal by 2030. GDC said studies showed the Bogoria-Silali block had a potential to produce 3 000 MW. The 800 MW would be produced in an initial phase ending by 2017, and another 1 200 MW would be rolled out in three 400 MW phases ending in 2023.

The company said interested parties would have to prove they could raise at least \$400-million for each 100 MW development, supported by letters from credible financiers.'The expected capital structure for the power plant is at least 25% equity and 75% debt,' GDC said, adding that the government would not provide any sovereign guarantees.

Kenya, which relies heavily on hydropower, is increasingly turning to geothermal energy to increase power production. Businesses say frequent blackouts increase the cost of doing business in Kenya. Peak power demand stands at 1 200 MW and is expected to grow to at least 17 000 MW in 20 years.

The GDC has pledged worth \$400-million, 40% of the amount it needs for a 10-year plan to produce 2 000 megawatts (MW) of steam. (Reuters)

FOUR) - KENYA SEEKS PARTNERS FOR E-SERVICES ROLL-OUT PROJECT

Kenya is seeking an investor to roll out e-government services. The project, which is a public private partnership, will include motor vehicle registration, pension services and land registration.

The project aims to improve on service delivery. The ICT sector has registered substantial growth because of competition introduced in most market segments by the industry regulator, the Communications Commission of Kenya. The operators and service providers represent a significant investment in the economy and are big employers of ICT staff and major contributors to the GDP. Competition has raised quality of services though cost remains high. However, the cost of computer hardware and software has dropped over the years, and the sector is among the top on the list of government's priorities for achieving economic growth.

FIVE) – EGYPT: LABOUR UNIONS SHAKE OFF OLD MASTERS

The trade union federation that ex-dictator Hosni Mubarak used to repress labour movements and mobilise regime support for sham elections during his 30-year rule has been disbanded, striking a powerful blow to the old order.

Egyptian Prime Minister Essam Sharaf ordered the executive board of the Egyptian Trade Union Federation (ETUF) dissolved to comply with a court ruling that stipulated that the board was illegitimate because it had been selected through fraudulent elections. Labour activists say the board was stacked with loyalists of the now-defunct ruling party, who used their position to control the labour body's 3.5 million members. "Since it was created in 1957, ETUF has been an arm of the regime... that has carried out the government's policies when it should have been looking after the interests of workers," says Tamer Fathy, a spokesman for the Centre for Trade Union and Workers' Services (CTUWS), a local labour rights group. Under Mubarak, draconian labour legislation required all unions to be part of ETUF, and generally prohibited strikes or collective bargaining unless approved by its syndicate heads.

Fathy says the federation propped up the regime by preventing workers from holding strikes or taking any action that challenged the state or its economic policies. It also mobilised large numbers of workers for pro-government rallies and bussed them to polling stations during elections to vote for the ruling party.

"Dissolving ETUF's board was a serious blow to the remnants of the regime," he says.

According to cabinet sources, the prime minister's order to remove ETUF's leadership aimed to enforce a 2006 court ruling that invalidated the federation's board after determining its leaders had rigged their own election the previous year. The former government had ignored the ruling.

The decision to carry out the court order just weeks ahead of scheduled board elections that would have brought in new leadership appears prompted by evidence that ETUF leaders paid and organised workers to attack peaceful protesters during the 18-day popular uprising that ended Mubarak's rule. There were fears the federation's member pool could be hijacked again for fraud and thuggery in upcoming parliamentary

and presidential elections.

ETUF's disbanded board lashed out at the cabinet for what it described as a conspiracy to undermine the rights of Egyptian workers. Former officials argued that the 2006 court order was issued against the committees of the 24 syndicates that form the federation, not the board itself. They vowed to take legal action to have their positions restored. This was an illegal (action)," said one former board member, who declined further comment.

Mohamed Trabelsi, a regional specialist on union activities at the International Labour Organisation (ILO), says ETUF's power had been on the wane for years. A wave of wildcat strikes that began in late 2006 had stirred Egypt's long-quiescent working class, challenging the federation's authority and spawning the youth movements that played a decisive role in toppling the Mubarak regime.

The state-controlled labour body also faced a growing challenge from independent unions. Property tax collectors were the first to defy ETUF's monopoly on organised labour activity, declaring an autonomous union in 2009. Since then, dozens of worker and professional groups have organised themselves into independent unions.

Most of these associations have gathered under the umbrella of the Egyptian Federation of Independent Trade Unions (EFITU), a parallel labour body that has cannibalised the membership of its state-controlled rival. Its members, estimated to number over 500,000, include postal workers, hospital staff, fishermen and transit employees.

Labour minister Ahmed El-Borai, an outspoken proponent of independent unions, hastened the official federation's downfall by cutting off its financial support. In March, the minister cancelled all state subsidies to unions, stripping ETUF and its subsidiaries of nearly 15 million dollars a year. He also declared an end to mandatory syndicate fees, stating that union membership should be voluntary.

The official federation had languished since Mubarak's departure amid calls for the impeachment of its leaders on charges of corruption and misappropriation of funds. Fathy says the decision to dissolve its board was "the final nail in the coffin."

With ETUF's apparent demise, there was speculation that the mantle would pass to EFITU. El-Borai, however, has given assurances that the mammoth organisation would not be scrapped. Instead, he wants it reformed and given a fresh mandate to support Egyptian workers under new elected leadership.

The minister has appointed an interim board comprised of former ETUF officials, opposition members and labour activists, to manage the federation's affairs until a new board can be voted in. "We will hold off on board elections until we have new legislation that organises trade unions according to international conventions," said El-Borai. "I expect this draft law to be passed in less than a month."

Fathy says the decision to restructure and reform ETUF makes sense. While EFITU has made impressive strides, building a trade union federation from scratch is a monumental task.

"Workers want to elect their representatives and will follow them to the collective bargaining table to get better salaries and bonuses, but only a few activists have the ambition to build a trade union federation," he explains. "With ETUF you have a structure that already exists."

SIX) – MALAWI: SHIRE-ZAMBEZI WATERWAY PROJECT

Malawi's Shire-Zambezi waterway project aimed at linking the country to the Indian ocean offers a lot of investment opportunities. The country is seeking investors to construct the second phase of the Nsanje port, which includes a proposed port city.

The Shire-Zambezi Waterway project entails the construction of a world inland free port that will provide a direct waterway transport system between Nsanje in southern Malawi and the port of Chinde in Mozambique, around 238 kilometres away. The harbour will have a minimum lifespan of 50 years and has been designed to handle different types of vessels with a carrying capacity of up to 48 containers of 20 feet each. On completion, the the port is expected to handle 10,000 containers annually, thereby reducing transport cost for Malawi's exports and imports. The government has been granted a trial license by Mozambique for sailing through the Shire-Zambezi Waterway.

The Malawi Investment promotion Agency (MIPA) is now looking for investors to inject US\$3.925-billion over a five year period to facilitate the next phase of the port project.

Phase 2 of the project involves:

- Acquisition of port handling equipment and container yard
- Truck packing, railway siding for container terminal;
- Fuel farm, RO-RO
- Passenger facility.
- Construction of port office complex and staff, houses and warehouses
 - The waterway is expected to reduce the cost of Malawi's imports considerably, and will enable the country, Mozambique and Zambia to make a cumulative saving of \$250 million on transport costs.
 - The project will provide Malawi with a multi-modal transport linkage through the rehabilitation of the rail line from Nsanje through Blantyre to Chipata in Zambia, and through Dona Ana to Sena in Mozambique.
 - At project completion, Malawi will cease to be "landlocked" within the conventional definition.

Other opportunities in the Shire Zambezi waterway project and Nsanje inland world free port include construction of:

- Oil pipeline and refinery
- Storage facilities and warehouses
- Hotels
- Shopping complexes
- Boats and barges
- Real estate developments

SEVEN) – **NAMIBIA: NO OPTION BUT TO ADAPT TO A CHANGING CLIMATE**

Extreme weather conditions predicted because of climate change in Namibia are likely to have a tremendous effect on the 70 percent of the country's people who live in rural areas and depend heavily on agriculture. According to experts in climate change, Namibia has no option but to adapt to the changing climate as radical changes in weather, such as extreme dry spells and exceptionally heavy rainfall, are forecast for the southern African country.

The heavy rainfall has already started: this year's flood levels in the Cuvelai Basin in north-central Namibia were eight centimetres higher than the 2009 flood season. This is a new record for the area where almost half of Namibia's 2.1 million people live.

At least 21 school children were reported to have drowned since the beginning of the floods in early February. Extensive damage was also sustained on Namibia's roads, buildings and other infrastructure, and thousands of people were displaced.

In a country where some of the biggest contributors to the national economy – namely agriculture, fisheries and eco-tourism – are dependent on natural resources, the ever-increasing change will require substantial adaptation.

If adaptation is not possible, poverty, a lack of income and employment opportunities will increase the vulnerability of households, says Ephraim Nekongo, the chairperson of the Oshana Regional Youth Forum. Namibia already has unemployment figures of about 50 percent.

"The environmental consequences of climate change, both those already observed and those that are anticipated, such as (rising) sea levels, changes in precipitation resulting in flooding and drought, more intense hurricanes and storms, heat waves and degraded air quality, will both affect human health directly and indirectly," said Nekongo, speaking at the Namibia Climate Change Adaptation Youth Conference (NYCCC) on Jul. 29 to 30.

The country's economy is directly reliant on the environment for up to 30 percent of its gross domestic

product (GDP). This is according to experts and technical advisors of the Africa Adaptation Project (AAP), a United Nations Development Programme initiative supported by the Japanese government that assists 20 African countries in implementing adaptation actions and plans to deal with climate change. Initial research has indicated that the impact climate change will have on natural resources could reduce Namibia's GDP by up to six percent, about 30 million dollars, over the next 20 years.

As Namibia is a vulnerable country that contributes fairly little to greenhouse gasses (GHG), its first priority in climate change responsibility must be adaptation, says Namibia's Minister of Environment and Tourism Netumbo Nandi-Ndaitwa.

According to the technical advisor of AAP Namibia, Johnson Ndokosho, Africa is responsible for a mere three percent of GHGs in the atmosphere. North America and Western Europe combined are responsible for 75 percent and their total population is roughly the same as that of the whole of Africa. "The government of Namibia is committed to developing its evidence base to take long-term actions for climate change adaptation and mitigation and has commissioned climate projection studies to learn more about climate change effects," says Nandi-Ndaitwa. She says that young Namibians are already taking the lead to build the country's economy and focus, not only on the challenges, but also on the opportunities presented by climate change.

One of the projects that does this is the Urban Indigenous Poultry Project, funded by AAP.

Nelson Haulamba, a young farmer who is part of the project, says that the aim is to adapt to climate change, generate an income and offer a platform for those interested in agriculture. People involved with the project farm the Boschveld Chicken, a cross of three indigenous chicken breeds in Africa: the Venda, Matabele and Ovambo. "It is the only synthetic indigenous chicken breed in Africa. It is a no-fuss breed that can survive harsh conditions," he says.

The Boschveld Chicken can allegedly survive on "what nature can provide". It therefore needs very little maintenance. They can also, according to Haulamba, withstand the varying climatic conditions of Africa and produce a good amount of eggs in free-range conditions.

Due to low rainfall, generally poor soil quality and high rates of evaporation, Namibia is better situated for livestock than crop production, says Haulamba.

"In order for Namibia to achieve food security in terms of poultry, we should use high quality breeds that can adapt to the different climatic conditions of Namibia."

The country is expected to face an absolute water scarcity, which is when the annual water supply drops below 500 cubic metres per person, in nine years.

"Decreased rainfall and increased evaporation can lead to a decrease in surface water and the recharging of groundwater. Already as it is, Namibia is projected to face absolute water scarcity by 2020. This is a situation where Namibians will need more water than the country can supply," says Ndokosho.

But the sea will flood some parts of the country within the next 100 years. According to Ndokosho, sea levels along the Namibian coastline may rise 30 to 100 cm within the next 100 years. This increase is projected to flood significant parts of Walvis Bay and other coastal towns.

Experts say the ability of African countries to build climate resilience into their national development plans will be a major factor in their efforts to achieve and sustain the Millennium Development Goals to reduce hunger and poverty, reduce the spread of contagious diseases, achieve environmental sustainability and increase levels of education.

Potential measures needed in order to adapt to climate change in Namibia include the protection of wetlands and the vegetation that grows at the mouth of streams and rivers. "Wetlands are like sponges," says Ndokosho. "They absorb water, act as buffers against storms and are sources of fresh water."

He says that beaches and sandpits need to be replenished. According to him beach replenishment is important because it increases the size of the beach and reduces flooding on coastal developments.

Other risks, he says, can be overcome by initiatives to generate income and diversify livelihoods while creating learning platforms in both agriculture and climate change adaptation.

Investments in renewable energy sources will have to be made in order to adapt to a possible energy crisis. It is important to become less dependent on trees, Ndokosho adds.

EIGHT) – SOMALIA: CAPITAL CITY STILL IN NEED OF THOUSANDS OF TONNES OF AID

The shelling and gunshots, once a common sound in Mogadishu, no longer ring out in the city's streets. The surprise withdrawal on Aug. 6 of the Islamist extremist group Al Shabaab from their stronghold in Mogadishu has meant that people now move about the city, for the first time in two years, without fear of constant attack. Though many are weary that the peace that prevails loosely over the city may not last for

much longer as the group has vowed to return.

The end of fighting in the capital city, half of which was controlled by the Somali government with the aid of African Union peacekeepers, has yet to make a difference to famine relief efforts in the city. The withdrawal came as thousands, driven by drought and famine in southern Somalia, flock to the city in search of food, water, medicines and shelter.

The East African country is in the midst of a drought, which affects almost 11 million people in the Horn of Africa. Somalia is the hardest hit with the United Nations (U.N.) declaring famine in parts of southern Somalia.

However, aid agencies are yet to venture into areas previously under control of the Al-Qaeda linked militant group, and continue to work in the parts of Mogadishu controlled by the Somali government. Also, government has warned residents to stay away from places that the Islamists fighters vacated as the radical group could have planted bombs there.

But doubts remain if the retreat by the extremist group, which until recently banned international aid agencies from working in areas under its control in south Somalia, will make aid delivery to the needy any easier in the long haul. "Only time will tell if the group is finished or just badly bruised. But their disappearance could at least help the humanitarian effort to aid the drought and famine victims in the short term," said Mohyadeen Abdi, a political commentator in Mogadishu.

"The withdrawal, if genuine, is a welcome move for the efforts to reach the thousands of hungry people who (fled) to Mogadishu. But if fighting and violence continue in another form, that is not going to help the situation," said Ibrahim Yahya, a humanitarian adviser for local non-governmental organisations in Mogadishu.

The U.N. estimates that almost 100,000 people who fled the drought and famine in southern Somalia have arrived in Mogadishu over the past two months, with almost 1,000 people arriving daily.

Aid efforts have now picked up in Mogadishu as international humanitarian agencies, and some donors from the Arabian Gulf and Turkey, began airlifting aid into the city. But local aid workers say the supplies are not enough to meet the huge demand in Mogadishu.

"Now that the Islamists are at least out of sight and out of the way, for the most part, why are aid agencies spending a fortune just to bring in a few tonnes of aid by planes when they can (ship in aid)? Only shiploads of aid will meet the huge and ever-growing demand for assistance," said a local aid worker who sought anonymity.

"Here people are dying and agencies are just trickling aid in by planes when what we need is hundreds of thousands of tonnes to feed the hungry and treat the dying. Believe me, people are still dying in the camps when the aid agencies are just talking and talking," the local aid worker added. The Islamist group is reportedly preventing people from leaving drought-stricken areas under their control to search for aid in camps in neighbouring Kenya and Ethiopia and even in Mogadishu. "I don't have the exact figures but I am aware that the flow of refugees into camps outside Al Shabaab's territory has now been falling. We know the group has always been opposed to people leaving to seek help from what they see as the 'enemy' (western aid agencies)," Yahya said.

Meanwhile, residents in Mogadishu have largely welcomed the departure of the feared radical group. A number of families who fled the city two years ago when the insurgency began went back to visit their former homes. "The place was very different. Grass and bushes grew all around homes, including ours. Some are now partly or completely destroyed, explosives are everywhere and that poses a danger to our children if we have to return here. I don't think I will bring my family back here soon," said Jama Hassan, a father of five.

His family now lives on the outskirts of Mogadishu along with 1.5 million of the city's residents who sought refuge from the violence in the capital. Experts here agree that in the coming weeks Al Shabaab will launch terrorist attacks on the city. "I think Al Shabaab ... will continue carrying out attacks. I am not sure how strong or how deadly they will be, but the group has hard core fighters who may be willing to make the ultimate sacrifice for their wicked cause," Mohamed Awal, a political analyst in Mogadishu told IPS. Spokesman for Al Shabaab, Ali Mohamoud Rageh, said in the early hours of Aug. 7 after the group retreated, that the withdrawal was a tactical move and they would return. "We have not gone. We will be back," Raageh, told a pro-Islamist radio station.

Somali President Sheikh Sharif Sheikh Ahmed, however, was quick to claim that his forces and AU peacekeepers defeated the group in Mogadishu and said they would pursue them in their own territory. The U.N. envoy to Somalia, Augustine Mahiga, in a statement on Aug. 6 said the group should not be underestimated.

"It is important that we acknowledge that real security risks, including from terrorist attacks, remain and

must not be underestimated," Mahiga said in the statement.

NINE) – SWAZILAND: DISAGREEMENT ON HOW SOUTH AFRICAN LOAN SHOULD BE SPENT

Despite the 2.4 billion emalangeni (342 million dollar) loan from the South African government to its cash-strapped neighbour, Swaziland is sinking deeper into debt.

While the money is yet to be given to Swaziland, the first instalment will be paid at the end of August, various institutions and organisations disagree on what government should do with the money.

Most of the Swaziland government's business creditors feel the money should be used to pay them, while others believe it should go towards the country's education institutions. The country's only university and public schools have closed because of a lack of funds.

By the end of May government owed independent businesses 1.4 billion emalangeni (200 million dollars). Businesses feel that their debt should be paid first once government receives the first instalment of about 800 million emalangeni (114 million dollars).

South African Minister of Finance Pravin Gordhan said the loan will be released in three instalments – at the end of August, October and February 2012. "A lot of companies are closing down because government has not paid them," said Hezekiel Mabuza, vice-president of the Federation of the Swaziland Business Community (FESBC). "We hope government will use the loan from South Africa to pay us, otherwise more businesses will close down."

FESBC has a membership of 500 small and medium businesses, and so far over 50 have closed down because government has failed to pay them for supplied goods and services. "What's worse, we can't get stock on credit from South African suppliers because we have outstanding debts," said Mabuza.

The country's cash flow problems started in 2010 when Swaziland received 60 percent less of what it used to get from the Southern African Customs Union. The regional customs union used to contribute more than half of Swaziland's national budget, but the revenue dropped after the global economic meltdown.

But the country's education sector has also suffered a severe blow because of the lack of funds.

The reopening of the University of Swaziland (UNISWA), the country's only university, has been put on hold because government does not have adequate funds for scholarships, which are awarded to all students who get accepted to the university.

According to UNISWA registrar, Siphosiphile Vilakati, the institution's budget for this academic year is 241 million emalangeni (34 million dollars). Government has not paid a cent towards the institution so far and the university, which was supposed to reopen on Aug. 08, after the holidays, is yet to begin lectures. "The date for the start of lectures this academic year is yet to be decided by the (university) senate," said Vilakati.

Staff salaries have not been paid in recent months because of the lack of adequate funds. Public schools also had to close prematurely on Aug. 5 because government has not paid fees for orphans and vulnerable children and for ordinary pupils under the Free Primary Education Programme (FPEP).

Out of the 148.5 million emalangeni (21 million dollars) owed for orphans and vulnerable children, government was only able to pay schools 37.7 million emalangeni (5.3 million dollars). For the FPEP, which caters for grades one to three in all public schools, government owes schools an estimated 47.7 million emalangeni (6.8 million dollars).

Government is also yet to pay the Examinations Council 3.7 million emalangeni (528,000 dollars) for exam fees for orphans and vulnerable children. "Unless we get the money to run schools, there is no way we'll reopen for the third term," said president of the Swaziland Principals' Association, Charles Bennett.

Education is not the only sector affected by the economic crisis.

People Living with HIV/AIDS feel the money should be directed to the health sector, particularly to ensure that the country has adequate supplies of ARVs and services of HIV-positive people, such as home-based care. "Government has repeatedly said the health sector will be prioritised, yet we see it crumbling because there are no drugs in hospitals and boycotts by staff have become the order of the day," said president of the Swaziland National Network of People Living with HIV/AIDS, Vusi Nxumalo.

In July people living with HIV/AIDS took to the streets after the country's buffer stock of ARVs fell below the prescribed three-month supply.

Since the loan was announced on Aug. 3, the Swazi government has remained silent on how the money will be used.

Instead, Prime Minister Barnabas Sibusiso Dlamini commended King Mswati III for obtaining the loan, further fuelling fury among progressives who had called on South Africa to withhold the loan to force Swaziland to democratise. The southern African country is ruled by the monarchy and political parties are

not allowed to contest power.

"It goes to show how undemocratic some governments that appear to be democratic on the surface can be," said Institute of Democracy in Africa programme manager Thembinkosi Dlamini, referring to South Africa. Also furious about this loan is the Congress of South African Trade Unions whose spokesperson Patrick Craven said workers were disappointed at the vague conditions attached to the loan.

Annually, the Swazi government hosts the Smart Partnership Dialogue where the king and citizens from different sectors of society discuss development issues. However, political parties are excluded from these discussions.

The conditions by the South African government included broadening the dialogue to include all stakeholders and citizens guided by the Joint Bilateral Commissions for Co-operation agreement, which promotes democracy and the respect of universal human rights. "So long as there are no strict conditions to compel the regime to concede democratic reforms and to share the country's wealth among the people, the loan will simply be used to maintain the status quo," said Craven.

And without the conditions for regime change attached to any loan, Swaziland will continue asking South Africa for more money, said secretary general of the Swaziland Federation of Labour, Vincent Ncongwane. "Without fixing the loopholes, this loan is not going to help us," said Ncongwane.

Swaziland approached South Africa for the loan after the African Development Bank refused to award Swaziland a 1.2 billion emalangeni (171 million dollar) loan because the country failed to meet the International Monetary Fund (IMF) recommendations.

The IMF advised the Swazi government to reduce public servants' salaries by 4.5 percent and politicians' salaries by 10 percent to save government 240 million emalangeni (24 million dollars) a year. However, salaries remain untouched after trade unions opposed the move.

The IMF will return to the country at a date yet to be confirmed to further assess the fiscal situation.

TEN) –TUNISIA: WAR STRANGLES LIVELIHOODS ON THE BORDER

Tunisia's border with Libya has been a major lifeline, keeping residents in Ben Guerdane economically afloat - so when the vital trade route is blocked by the municipality or by protestors, tempers flare.

Located some 580 kilometres southeast of the capital Tunis, the Ras Ajdir border crossing - linking the small coastal town of Ben Guerdane to the Libyan capital Tripoli - was closed in early March due to fears that conflict rather than goods would be exported across Tunisia's border. "When the war started it hit us hard because many companies shut down so family members who worked in Libya lost their jobs and returned home," said Montassar, a local merchant who trades across the border. "Libya imported a lot of merchandise from Turkey and China. Tunisian merchants were able to make profit by reselling those goods they purchased in Tripoli on the Tunisian market at very cheap prices," Montassar said. "Closing the border meant another source of income had dried up but luckily things have definitely improved since then."

Before Libya's civil war erupted, more than 10,000 Libyans and Tunisians accessed the Ras Ajdir border crossing daily - generating an annual profit of nearly 2.5 billion dollars through reciprocal trade. The border is a major transport hub for fuel, food and goods. "Driving taxis all day long for very little money is all there is at the moment in terms of work," said Fathi, a mini taxi driver. "At least trade with Libya has returned to normal because at the beginning of the war many of us suffered financially." "I need three dinar from each of you," Fathi told his three passengers. "But before we head off I need to wait for one more person so that I can at least make some profit."

Already in the car were two Tunisian street vendors. Many street vendors have flocked to the Shousha refugee camp to set up a mini souk on the side of the road in front of the sprawling tent city to sell tea, sandwiches, non-food items and cigarettes to the camp inhabitants. The third passenger was a Catholic priest from France.

In late May, just as business seemed to be picking up, inhabitants of the nearby Shousha refugee camp blocked the flow of traffic on the main highway in protest over their slow resettlement process.

The move sparked outrage among local Tunisian residents who retaliated by attacking the camp with gunfire, knives and iron clubs. Reportedly, at least six refugees were killed, dozens wounded, and nearly half of the camp was destroyed. "Several cars pulled up to the camp filled with hundreds of Tunisians who started attacking women, men and children, robbing their belongings, shooting and burning the tents," said 20-year-old refugee Mowahab Abdullah Noor. "Many of my relatives were injured and one was killed." "At one point 20 Tunisian men started attacking one Eritrean man with knives and rocks until they killed him. During this time I was collecting all the children to get them out of the sun and to safety, and at some point I tried to go to get milk for them because they started crying from hunger, but a Tunisian man attacked

me with a knife," Noor said. "The people no longer trust the military because we witnessed some men removing their military uniforms and putting on civilian clothes and attacking people."

"Can you blame us?" Fathi asks. "Many businesses, taxi drivers and hotels lost money that day. It wasn't right for them to block the road because our livelihoods are tied to that border... I don't understand why they would do this. They have a place to sleep and food to eat. What more do they want?"

Despite a recent spike in cross-border trade, due to a rising Libyan demand for fuel and basic food commodities, local residents have called for several demonstrations in the past month over the lack of development, alternative employment opportunities, and fears that future border closings could threaten their economic stability.

Three weeks ago, shop owners staged a general strike by shutting their doors for one day and submitted a petition with their demands to the municipality's headquarters. One of the demands was for the local governor to resign. "Everyday our hotel is filled with Libyans who stay in town for one or two nights so there has been some level of economic growth," said Abdel Nasser, the receptionist at Hotel Edhiafa here.

"However, I ask the new government in Tunis to build factories and create a variety of jobs for young people in Ben Guerdane because we want to achieve the goals of our revolution."

Fernando Matos Rosa

Brussels

