



## **MEMORANDUM N° 147/2011**

**12/09/2011**

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## ONE) – COMMISSIONER PIEBALGS TO VISIT LESOTHO AHEAD OF NEXT ELECTIONS AND TO ANNOUNCE €15 MILLION AID FOR BETTER ACCESS TO WATER

European Development Commissioner Andris Piebalgs will arrive for a two-day visit in Lesotho on 12 September. The visit takes place in the context of the country's preparations for local and parliamentary elections while dealing with the effects of a severe fiscal crisis. Commissioner Piebalgs will also announce disbursements of €15 million that will enable the country to improve people's access to clean water and sanitation and to further its development agenda

During his visit Commissioner Piebalgs will meet the Prime Minister of Lesotho, Pakalitha Mosisili, as well as selected members of his government, the leaders of governance institutions and representatives of the diplomatic community.

Prior to his trip, Commissioner Piebalgs said: "Lesotho currently finds itself at a critical juncture with two upcoming elections in the next six months. Free and fair elections are the best guarantee for the Basotho people that the country's development will be sustainable and inclusive. I will call for deeper relations EU-between the EU and Lesotho, upgraded at a political level through regular and open political dialogue on cooperation, governance, trade relations and other topics of common interest. "

The visit recognises the solid partnership between the Kingdom of Lesotho and the European Union. Discussions with representatives of Lesotho will focus on ongoing cooperation, political relations and good governance.

The visit also confirms the EU's commitment to help Lesotho in its ambition to achieve the Millennium Development Goals, to diminish the social effects of the HIV/AIDS crisis and to recover from its current fiscal crisis. In this respect, Commissioner Piebalgs will visit two EU financed projects:

- Commissioner Piebalgs will visit the **Maseru Waste Water Project Plant jointly** with Tamsyn Barton, Director General of the EIB: this project provides improved sanitation **to more than 100 000** people in the Maseru capital and represents a **successful example of blending EU grants with an EIB loan.**
- **Apparel Lesotho Alliance to fight AIDS (ALAF)**, which supports the fight against HIV/AIDS among around 40 000 workers of Lesotho's textile industry.

### ***EU aid to Lesotho***

In the period 2007-2013, Lesotho receives bilateral EU aid from the European Development Fund (EDF) amounting to a total of €139.3 million. The EU is currently providing a large proportion of its aid in support of the National Development Strategy and the Water and Sanitation sector strategy of Lesotho. In addition, the EU provides support to institutions in the justice sector, for decentralisation and non-state actors. It also has a programme with UNICEF to provide cash grants and social support for orphans and vulnerable children to mitigate the impact of the HIV/AIDS crisis that is undermining Lesotho's development efforts. The announcement for disbursement to be made by Commissioner Piebalgs will cover €15 million from the 10th EDF.

## TWO) - KENYAN COURT SUSPENDS SAFRICA MINING COMPANY PROJECT

The Kenyan High court ordered South African company, Cortec Mining to stop prospecting for minerals at Mrima Hill near the southern port city of Mombasa, the Daily Nation reported on Thursday.

A High Court judge granted the temporary injunction after an activist group said the area was a "gazetted forest and nature reserve".

The plaintiffs said Mrima Hill was considered a sacred site for Digo people, an ethnic group based near southern Kenya.

The daily said Cortec Mining has invested 13.5 billion shillings (\$143.7 million) in the Kwale mining project. It was not clear what minerals the company is prospecting. (\$1 = 93.950 Kenyan Shillings) (Reuters)

### THREE) - KENYA REQUESTS EXTRA IMF FINANCIAL SUPPORT

Kenya has asked for extra financial support from the International Monetary Fund to cope with the impact of drought and high food and fuel prices, a request which will be considered in October, the Washington-based body said on Thursday. "The additional financing would be provided in the context of the existing three year economic reform programme supported by the extended credit facility," IMF's representative to Kenya Ragnar Gudmundsson told Reuters. (Reuters)

### FOUR) - SUDAN, SOUTH SUDAN AGREE TO WITHDRAW FORCES FROM ABYEI

Sudan and newly independent South Sudan agreed on Thursday to pull back forces this month from the disputed Abyei region, a senior U.N. official said. The decision, if implemented, could ease border tensions between the two countries. "This was agreed today in Addis this morning" by representatives of the two governments, Edmond Mulet, deputy head of the U.N. peacekeeping department, told reporters after briefing the Security Council. The Ethiopian capital Addis Ababa is the headquarters of the African Union. Sudan and South Sudan both hope to include Abyei in their territory. South Sudan seceded from the north to form a new nation on July 9 in line with the results of a January referendum held as part of a 2005 peace deal that ended decades of civil war between the north and south. A referendum was originally also planned in Abyei for its population to decide which country they wished to belong to, but it was never held. Khartoum and Juba have yet to agree on who will control Abyei, stirring fears a long-running quarrel over the region could sour the secession and spark a broader conflict. Neither side has so far withdrawn its forces. "They have agreed that between the 11th of September until the 30th of September there's going to be this redeployment or withdrawal of the troops from (the two countries' armies) from Abyei," Mulet said. He said the Khartoum government had originally said it would withdraw its forces when an administration was in place in Abyei, but had now dropped that condition. Some diplomats attending the closed-door Security Council meeting said they were encouraged by the news, but others were more cautious. "We'll see," one said. "Until it happens..." Withdrawal by the two sides' armed forces could ease the task of an all-Ethiopian U.N. peacekeeping force which has been set up to patrol Abyei. More than 1,700 Ethiopian blue-helmets have so far arrived out of a planned 4,200, Mulet said. Abyei, however, is not the only trouble spot along the border between Sudan and South Sudan. Serious fighting has also been going on between Sudanese forces and opposition groups in the Sudanese states of South Kordofan and Blue Nile. The territories are still home to tens of thousands of people from ethnic groups that sided with the south during the civil war that preceded the south's independence. "Although there are some encouraging signs, particularly the agreement that was reached today for the beginning of a withdrawal ... nonetheless we are deeply concerned about a number of issues over South Sudan and Sudan," British Ambassador Mark Lyall Grant told journalists. (Reuters)

### FIVE) – LOCATION OF NEW SOUTH SUDAN CAPITAL IS NOT A "NO MAN'S LAND"

The decision to relocate the national capital of the Republic of South Sudan to Ramciel is an informed and decisive one, congratulations and bravo to the council of ministers and President Kiir. Well done. The confirmation of this relocation is not surprising to the entire country and Ramciel's indigenous groups in particular. Ramciel is strategically the best place for all of us as South Sudanese and foreigners to dwell in. Triangularly, it shares borders with all three Greater regions -Equatoria, Upper Nile and Bahr el Ghazal and a vast land suitable for possible developmental expansions. It is good place for our security convenience and service delivery. All these attributes makes Ramciel the viable site for our city.

The choice to make Ramciel as a capital of the Republic of South Sudan is driven by its location suitability, geographical centrality, and feasibility for long-term expandable development, weather friendly environment, and peace-loving and hospitable inhabitant's people of the Ciec community. But not because of the absurd view of it being a no man's land. I am appalled and disheartened by this assertion.

Mindfully, public figures such as politicians, academics, and members of journalistic community of this newest nation should be more hesitant and disengage themselves from offensive, delusional, controversial, provocative, and sensitive comment at any cost. Whoever thinks that Ramciel is a no man's land is dumbly

wrong and I condemn him or her to hell. No single hectare of land is a no man's land in South Sudan and generally in Africa. Even an uninhabited forest of Chuol Akol that has never been occupied in our history is not a no man's land. As South Sudanese and more importantly the so called politicians should avoid notions that stir more hatred, chaos and confusion among our tribes. It is politicians' moral duty not to instigate devastating issues in the society. The tribal clashes which have been dominating our progress in South Sudan since 2005 are all traced back to politicians who have been trying to use their influences or positions in way or the other in community affairs. But we just won our long awaited and hard-won independence from North Sudan due to marginalisation and denial of basic rights among other things. It will be good enough if our leaders forge different ways of politicising issues in more open and honest manner. Even a child born in 2005 could not advise a foreigner that there is no man's land in South Sudan as a whole leave alone Ramciel.

Ramciel has never been under dispute, ever since it has indigenous occupants and it is in the centre of Ciec territory. It is their ancestral land over which they have automatically acquired ancestral rights according to the Transitional Constitution of South Sudan. County is a part of Lakes State it is crystal clear that Lakes State as a whole is the host of our capital city. But referring it as a no man's land because it is not going to be directly in your forefather's boma or payam is regretful. Obviously, Ramciel belongs to us all under the concept of South Sudanese nationhood, among Lakes State residents, greater Yirol as a whole. But there are particular clans that have been dwelling there since the early settlement before we can communally call it ours.

For instance, as South Sudanese, we call Juba our interim capital City but it belongs to Bari, Rumbek is our State headquarters as Lakes residents but it belongs to its owners, Yirol belongs to Pan Nyang likewise Ramciel belongs to Ciec and together we will call it our Capital city in the same categorical manner. Having shared borders doesn't qualify neighbours to be part of what is going on in someone house. The fundamental effect of having a national city in ones house or garden is enormous on the owner of house but not on neighbours.

The government of South Sudan is welcomed to start right procedures of relocation. Starting with correctly identifying and recognising the rightful owners of Ramciel. Acknowledgement of Ramciel natives is their inalienable right and no one even the powerful and the richest individuals can or will use his/her influence to take it away, divert it, steal it or conceal it from them. Attributing Ramciel to its rightful indigenous group will be a token of peaceful co-existent and a blessing of the capital dwellers.

Assuredly, although the government of South Sudan has been faced by lack of viable land, and aggression from Juba locals then the ROSS, potential city dwellers and investors are more than welcome to Ramciel. Ciec community will generously avail enough land to accommodate the city. The hospitality, friendliness, peaceful accommodation of strangers and unwavering loyalty that Ciec community has been exhibited since the struggle and beyond are still on display. (Sudan Tribune)

## **SIX) – SUDAN NEEDS UP TO \$1.5 BLN IN AID A YEAR**

Sudan may need as much as \$1.5 billion of foreign aid a year and plans to slash government spending by a quarter as it faces budget difficulties due to its recent split into two countries, its finance minister said on Wednesday. The North has lost 75 percent of the country's oil production of 500,000 barrels a day after South Sudan gained independence in July, thanks to a 2005 peace deal that ended decades of civil war. "According to our estimate we need not less than at least \$1 billion, 1.3 billion, 1.5 billion a year," Finance Minister Ali Mahmoud of North Sudan told reporters on the sidelines of a meeting of Arab finance ministers in the United Arab Emirates. "We are still under sanctions from the African Development Bank, the IMF... our efforts are within Arab countries and the others like China, India, Turkey," he said, adding there was no imminent agreement.

Mahmoud also said he wanted to cut budget expenditure by 'no less than 25 percent' and that the government was trying to boost hard currency revenue from other sources such as mining. "We expect some difficulties in the budget, but they are controllable," Mahmoud told Reuters earlier on Wednesday. "If any deficit, it will be limited, not exceeding 3 percent (of GDP)."

Foreign investment in the country has also been limited due to violence, mismanagement and a U.S. embargo in place since 1997, analysts say.

Mahmoud said that economic growth would be limited to about 5 percent in 2011 and that the government planned to push inflation into single digits next year from around 15 percent now. "We're expecting 6 percent (economic growth) or a little more for 2012," he said.

The secession has also disrupted the currency market, as people and businesses scrambled to buy dollars, pressuring the Sudanese pound despite the central bank's pledge to provide banks with more dollars to meet rising hard currency demand.

But Mahmoud said that this will eventually be corrected, as Sudan starts to rely more on locally produced goods rather than imports. "We are expecting the demand for the dollar will decrease, so this will stabilise the dollar against the Sudanese pound," he said. (Reuters)

## **SEVEN) – SOUTH SUDAN VOWS TO DEVELOP PRIVATE SECTOR**

South Sudan on Tuesday vowed strong support to development of the private sector, urging business people not to leave the sector it described as engine of the economic growth. Different high ranking government officials made remarks while addressing a workshop aimed at drumming up support purposely designed to stimulate and sustain economic development for the newly established Republic of South Sudan.

The workshop brought together participants from all economic sectors in the country was meant to create awareness about the Private Public Dialogue (PPD) principles, approaches and best practices with the aim of empowering the business community to participate effectively in leveraging economic growth through private-public partnerships.

Speaking at the opening workshop, Elizabeth Majok the Undersecretary in the Ministry of Commerce, Industry and Investment pledged the government's commitment to supporting the development of the private sector. There is immense political goodwill from the government for the private sector development. "The President himself is committed to nurturing the private sector; the private sector should now play its role and spur economic growth in the country", said Majok who informed participants at the workshop that four business-related bills are currently before the National Legislative Assembly.

Ms Majok, who occupies the third senior position in the ministry, explained that consumer protection, standards as well as weights and measures bills are awaiting deliberations and approval from the national assembly. "These bills, she said, when enacted, will play a major role in streamlining the business environment in South Sudan"

The official called on the business community to focus on service delivery rather than zooming too much on gains and argued that a focus on service delivery will help reduce the current high prices of commodities and services in the country.

Speaking at the same function, the Undersecretary in the Ministry of Justice, Jeremiah Swaka said the ministry has prioritised commercial laws and has facilitated the enactment of several trade laws. He reported, however, that Trade Marks and Intellectual Property laws are yet to be developed.

Swaka equally called on the citizens to engage actively in the private sector as he regretted that the business sector appears to be in the hands of the foreign nationals and enterprises. He cautioned business persons against imitating other businesses. "When one looks around we find that all business activities in Juba including water supply are run by foreigners. The foreigner nationals are taking up all commercial activities. Our people look to the government to provide everything. They expect everything to come from government", said Swaka.

He called on the business community across South Sudan to uphold ethical conduct and deliver high quality services to the citizens and the country. "The government would like to deliver quality services to the people through the private sector", he said. He also appealed to the business community to be conspicuous in facilitating the development of the business environment it desires. He called on the relevant institutions to streamline immigration through issuance of work permits to safeguard local jobs and cautioned against "briefcase businesses". He said that the ministry will soon begin inspections to confirm physical locations of businesses incorporated in the Republic of South Sudan to make sure they exist.

Akuei Deng Akuei, head of Investment directorate in the ministry of commerce, industry and trade asserted that South Sudan invites and encourages foreign investment. He called for the establishment of a centralised revenue authority to streamline taxation.

The workshop was organised by the South Sudan Business Forum (SSBF) in partnership with the International Finance Corporation (IFC) of the World Bank Group.

The SSBF Programmes Coordinator, Mr. Gabriel Aliga said that the forum facilitates private-public dialogues and has so far contributed to the development and enactment of several business laws and establishment of institutions aimed at enhancing the business environment in South Sudan. (Sudan Tribune)

## **EIGHT) – EASTERN AFRICAN ENERGY RICHES ATTRACT INTEREST**

Energy deposits located in east African nations and their offshore coastlines are increasingly drawing foreign investor interest. Recent surveys have led analysts to estimate that Mozambique has over 6 trillion cubic feet of recoverable natural gas reserves while neighboring Tanzania's natural gas reserves could exceed 7.5 trillion cubic feet.

Petroleum Development Consultants managing director David Aron noted, "The interesting question is whether there will be a (natural gas) liquefaction plant in both Tanzania and Mozambique or whether a single shared location could be developed," adding that Mozambique's natural gas from its Pande and Temane onshore fields could be exported to neighboring South Africa while Tanzanian natural gas, produced from its offshore fields, would be used primarily for power generation, allowing it to reduce its imported energy costs, Nairobi's The East African reported. Both Tanzania and Mozambique are currently plagued by indigenous energy shortages, which lead to electrical blackouts.

Tanzania, East Africa's second- biggest economy, before its natural gas fields begin production, is seeking to relieve its electricity shortages in the interim by promoting geothermal energy. Tanzanian Energy and Minerals Deputy Minister Adam Malima said, "We are moving toward more environmentally friendly sources of energy as our demand increases. We are looking to the private sector to see if there is interest in geothermal development."

## **NINE) – AFRICA MAKING PROGRESS IN COMPETITIVENESS**

While much remains to be achieved across most of Sub-Saharan Africa to make the region competitive, some countries on the sub-continent have made progress in their competitiveness fundamentals. This is according to the World Economic Forum's 2011-2012 Global Competitiveness Report released on Wednesday.

Only two Sub-Saharan African economies, South Africa and Mauritius, were in the top half of the Global Competitiveness Index rankings; in fact, among the bottom 20 economies, 13 hailed from the region. However, the report noted that some countries in the region had introduced more sustainable fiscal policies, better managed inflation, and reduced their debt. "Some have gone further, addressing fundamental structural rigidities by divesting from private-sector activity, opening up some publicly

dominated sectors - such as telecommunications - and improving market efficiency, particularly labour markets."

In this year's Global Competitiveness Index, South Africa moved up by four places to attain 50th position. "The country benefits from the large size of its economy, particularly by regional standards. It also does well on measures of the quality of institutions and factor allocation, such as intellectual property protection, property rights, the accountability of its private institutions, and its goods market efficiency. "However, in order to further enhance its competitiveness the country will need to address some weaknesses." The report said South Africa did not rank highly in labour market efficiency, with rigid hiring and firing practices, a lack of flexibility in wage determination by companies, and significant tensions in labour-employer relations.

### ***Mauritius***

Mauritius was ranked 54th this year, up one place since last year, the second-highest ranked country in the region after South Africa. "The country benefits from strong and transparent public institutions, with clear property rights, strong judicial independence, and an efficient government. However, efforts continue to be required in the area of education," the report noted.

### ***Rwanda***

Rwanda moved up by 10 places this year to 70th position, placing third in the sub-Saharan African region. "As do the other comparatively successful African countries, Rwanda benefits from strong and well-functioning institutions, with very low levels of corruption (an outcome that is certainly related to the government's non-tolerance policy) and a good security environment." Its labour markets are efficient, its financial markets are relatively well developed, and Rwanda is characterised by a capacity for innovation that is quite good for a country at its stage of development."

The greatest challenges facing Rwanda in improving its competitiveness were the state of the country's infrastructure, its low secondary and university enrolment rates, and the poor health of its workforce.

### ***Botswana***

Although Botswana fell four places to 80th rank, it remained one of the four most competitive economies in the region. Among the country's strengths were its reliable and legitimate institutions, with efficient government spending, strong public trust of politicians, and low levels of corruption. "Botswana's primary weaknesses continue to be related to its human resources base. Educational enrolment rates at all levels remain low by international standards, and the quality of the educational system receives mediocre marks. "Yet it is clear that by far the biggest obstacle facing Botswana in its efforts to improve its competitiveness remains its health situation. The rates of disease remain very high despite some improvements in recent years," the report said.

### ***Namibia***

Namibia fell nine places this year to 83rd place, with a particular weakening of the macroeconomic environment since last year, caused in large part by a significant government budget deficit in 2010. The country continues to benefit from a solid institutional environment, with well-protected property rights, an independent judiciary, and strong public trust of politicians. The country's transport infrastructure is also good by regional standards and its labour market functions fairly well. Financial markets are well developed by international standards."

With regard to weaknesses, as in much of the region, Namibia's health and education indicators were worrisome, the report added.

### ***Kenya***

Kenya moved up four places to rank 102nd this year. "The country's strengths continue to be found in the more complex areas measured by the GCI." The report referred to Kenya's impressive innovative capacity with high company spending on R&D and good scientific research institutions that collaborated well with the business sector in research activities.

Supporting this innovative potential was an educational system that - although educating a relatively small proportion of the population compared with most other countries - got fairly good marks for quality as well as for on-the-job training. Kenya's overall competitiveness was held back by health factors while the security situation in the country was "worrisome," the report found.

### ***Ghana***

Ghana was ranked 114th this year, the same as last year. According to the report, the country continued to display strong public institutions and governance indicators with relatively high government efficiency, particularly in regional comparison. Some aspects of its infrastructure were also good by regional standards, particularly the state of its ports. Financial markets are also relatively well developed.

On the other hand, education levels continued to lag behind international standards at all levels, labour markets continued to be characterised by inefficiencies, and the country was not harnessing new technologies for productivity enhancements.

### ***Tanzania***

Tanzania was ranked 120th, falling by six positions. The report said the country's performance remained quite stable and the change in rank was mainly the result of other countries improving more quickly. Infrastructure in the country, however, was underdeveloped, with poor-quality roads and ports, unreliable electricity supply, and few telephone lines. And although primary education enrolment was commendably high, providing universal access, enrolment rates at the secondary and university levels were among the lowest in the world.

### ***Nigeria***

Nigeria retained the same 127th place this year. According to the report, the country had a number of strengths on which to build, including its relatively large market, which provided its companies with opportunities for economies of scale. "On the other hand, despite a slight improvement since last year, the institutional environment does not support a competitive economy because of concerns about the protection of property rights, ethics and corruption, undue influence, and government inefficiencies. The security situation in the country continues to be dire," the report noted.

### ***Zimbabwe***

After falling in the rankings for many years, Zimbabwe, however, tentatively reversed the trend this year for the first time, moving up to 132nd place, an improvement of six places. "The assessment of public institutions, while still weak, has improved measurably. Specific areas of improvement are ethics and corruption and government inefficiency." However, the protection of property rights was a concern, reducing the incentive for businesses to invest in Zimbabwe. Weaknesses in other areas included health, low educational enrolment rates, and official markets that continued to function with difficulty (particularly with regard to goods and labour).

According to the report, the results for Sub-Saharan Africa provided cause for "cautious optimism." "Africa's competitiveness continues to lag significantly behind those of more advanced economies. It is therefore clear that much remains to be achieved to ensure that the recent strong growth continues into the future.

"The Global Competitiveness Index results indicate that among the areas most in need of improvement are upgrading infrastructure, improving educational systems, and developing the more solid institutional structures required to support rapid economic development. "Access to financing, corruption, and an inadequate supply of infrastructure are seen to be significant hindrances to doing business in Africa."

The report said these were issues that had to be tackled in order to facilitate the wealth and job creation that was still so needed in the region.

#### TEN) – TURKEY EYES EGYPT ALLIANCE

Turkey is looking to develop greater economic and strategic ties with Egypt following the Ankara government's decision last week to downgrade relations with Israel as part of the continuing conflict over the deadly Mavi Marmara raid in 2010. Prime Minister Erdoğan is expected to sign military and economic cooperation agreements during a visit to Cairo next week as part of a strategic partnership agreement with Egypt. "Along with regional issues, the talks in Cairo will focus on the establishment of a high-level cooperation council between the two countries, [as well as the] signing of a strategic cooperation accord," a senior Turkish diplomat told the Hürriyet Daily News on Wednesday.

In the Cairo talks, Turkish officials will also discuss Ankara's decision to increase the country's naval presence in the eastern Mediterranean. Erdoğan will be accompanied on his trip by a number of ministers, including Foreign Minister Ahmet Davutoğlu and Economy Minister Zafer Çağlayan. The prime minister voiced his intention to visit Gaza following his visit to Egypt, but it remains unclear if he will be able to cross into the Hamas-controlled Gaza Strip over Israeli objections. Erdoğan pledged to visit Gaza in reaction to Israel.

Erdoğan also plans to extend his trip with visits to other countries affected by the "Arab Spring" of opposition protests and revolts, including Libya and Tunisia. "The prime minister's trip to Arab Spring countries is a sign of the highest level of [Turkish] support for them," the senior Turkish diplomat said. Members of the Cabinet met at the Foreign Ministry on Wednesday to coordinate next week's trip. Davutoğlu meanwhile held talks by phone with Jordanian Foreign Minister Nasser Judeh and Deputy Iraqi President Tariq Hashimi late Tuesday. Meanwhile, Davutoğlu held talks by phone with Jordanian Foreign Minister Nasser Judeh and Deputy Iraqi President Tariq Hashimi late Tuesday.

#### ELEVEN) – MAURITIUS RUPEE SET FOR BIGGEST DROP IN THREE WEEKS VERSUS EU

Mauritius's rupee headed for the biggest drop in almost three weeks against the euro, the currency of its main trading partners. The Indian Ocean island nation's currency depreciated as much as 1.9 percent to 40.1456 per euro and traded 1.1 percent down at 39.8232 by 1:04 p.m. in [Port Louis](#), the capital, heading for the biggest decrease on a closing basis since Aug. 19, according to data compiled by Bloomberg. Versus the dollar, the rupee weakened 0.3 percent to 28.25. "Entities holding foreign currency are very cautious in selling today, adding upward pressure on the exchange rate," Fabien Gebert, treasurer at GML, which describes itself as Mauritius's largest investment company by assets, said by phone.

Europe is the largest buyer of Mauritius's manufactured goods at 65 percent, the [Central Statistics Office](#) said on Aug. 30. Tourists from Europe account for almost two-thirds of arrivals to the country, according to the Mauritius Tourism Promotion Authority. Buying prices for the dollar range ranged from 27.4027 to 27.5711 and the selling price rose to 28.8724 compared with 28.8101 yesterday, according to indicative exchange rates published today on the [Bank of Mauritius's website](#). (Bloomberg)

#### TWELVE) – CONCERNS SAHEL DESERT WILL BE WAR ZONE

The Libyan conflict has turned the neighbouring Sahel desert into a powder keg, regional powers said on Wednesday in Algiers, as Muammar Gaddafi's arsenal risks being snapped up by al-Qaeda's local franchise. "The region has been turned into a powder keg," Niger's Foreign Minister Mohamed Bazoum told counterparts from Algeria, Mali and Mauritania - the Sahel nations most threatened. The Sahel security conference, the first of its kind, was decided months ago but convenes only days after the toppling of the 42-year-old Libyan regime of Muammar Gaddafi by Western-backed rebels.

Algeria and other Libyan neighbours have expressed fears that the ousted Libyan leader's arsenal and remaining loyalists would be scattered across the Sahel, an 8 000 000km<sup>2</sup> desert area south of the Sahara.

Bazoum said half a tonne of Semtex explosives was seized in Niger in June, warning that there may have been more, as well as surface-to-air missiles. "We don't want the Sahel to become a war zone," Malian Foreign Minister Soumeylou Boubeye said. He said that reinforcing security was the region's responsibility but added that outside assistance in the fields of surveillance, intelligence and training was needed.

French, American and British delegates speaking at the conference agreed that the military effort should be led by the region. "We recognise that this effort must be led by the governments of the region," said Shari Villarosa, from the office of the coordinator for counterterrorism at the US state department.

Hundreds of former Tuareg rebels from Niger and Mali who had found refuge in Libya in recent years and fought alongside Gaddafi loyalists this year are crossing back into their countries, raising security fears. While there is no evidence of strong links between pro-Gaddafi fighters and AQIM, observers fear an influx of weapons from Libya could benefit the al-Qaeda franchise in its desert hideouts. "The danger is that the combatants returned with weapons. If they have nothing to put in their mouths they will sell these weapons or use them," said Malian political scientist Moussa Diallo. Other observers argue that has already happened.

The European Union's counter-terrorism coordinator Gilles de Kerchove warned on Monday that the chaos in Libya had given AQIM potential access to new weaponry, including "surface-to-air missiles which are extremely dangerous because they pose a risk to flights over the territory."

### THIRTEEN) – ANGOLA PRESIDENT DOS SANTOS MAY BE REPLACED BY OIL COMPANY HEAD VICENTE

Angolan President Jose Eduardo dos Santos may step down as leader of Africa's second-biggest oil producer before or after elections next year, a spokesman for the ruling party said. Dos Santos, 69, may be replaced by Manuel Vicente, chairman of the state-owned [oil company, Sonangol EP](#), said Rui Falcao de Andrade, a member of the [Popular Movement for the Liberation of Angola's](#) political bureau. "Any scenario is possible," de Andrade said yesterday in a telephone interview from the capital, Luanda. "We are talking about probabilities. No formal decision by the party has been taken."

The MPLA's [Central Committee](#) will meet in December to lay out the party's strategy for the 2012 elections and appoint a presidential candidate, he said, adding that "for now" [dos Santos](#) remains the party's nominee. This is the first time the MPLA has signaled that the 32-rule of dos Santos, the second-longest in sub-Saharan Africa, may be nearing its end. Vicente and his 45 fellow members of the MPLA's [political bureau](#) are all possible successors to dos Santos, said de Andrade.

Mena Abrantes, a spokesman for dos Santos, didn't answer five calls to his mobile phone seeking comment.

"There remains considerable uncertainty surrounding succession, whether he will indeed stand down and when," Stephen Bailey-Smith, the London-based head of African research at Standard Bank Group Ltd, said today by phone. "The heir apparent sits within our core scenario that political power will remain within dos Santos's inner circle. It's business as usual."

Economic growth in Angola, spurred by stronger [oil prices](#) and increased spending, will probably accelerate to 8 percent next year from about 5 percent this year, World Bank economist Ricardo Gazel said in an Aug. 24 interview from Maputo, [Mozambique](#). Angolan weekly Novo Jornal reported on Sept. 2 that dos Santos had picked Vicente as his successor, citing an unidentified person in the party. The Luanda-based newspaper said dos Santos will step down either before next year's general elections or a year after the vote. Vicente will quit his job as chairman of Sonangol by November and pursue a career in politics or in the private sector, Novo Jornal cited him as saying in March.

“He doesn’t strike me as major change agent and that may be part of the appeal for dos Santos,” Philippe de Pontet, a Washington D.C.-based director of Africa for [Eurasia Group](#), said in a telephone interview. Little is known about Vicente’s views on issues outside the [petroleum industry](#), which “raises some questions” about how he would try to end Angola’s reliance on oil and work on other areas of the economy that need major improvements, said de Pontet. Oil accounts for about 50 percent of Angola’s gross domestic product, 80 percent of government revenue and more than 90 percent of export earnings, according to the World Bank economist Gazel. Angola pumped about 1.7 million barrels of crude a day in July, according to Bloomberg data. Elections in Angola, the second since the end of an almost three-decade-long civil war in 2002, should take place in August or September next year, de Andrade said.

The MPLA, after winning elections in 2008 with more than 82 percent of the vote, rewrote the constitution, scrapping the presidential contest and allowing the head of the victorious party to become president. Dos Santos, who has a degree in petroleum engineering from the former [Soviet Union](#), came to power in 1979, four years into a civil war that began as Angola gained independence from Portugal in 1975. De Andrade said recent protests against dos Santos’s rule by a “small group” of Angolan youths, the third this year, have done nothing to dent the popularity of the Angolan leader. “There is no doubt in my mind that dos Santos remains popular,” he said. “If you ask the over five million MPLA militants if they want dos Santos to remain as president I’m sure they will say yes.”

Twenty-four youths were arrested by police on Sept. 3 during a demonstration by about 300 people against dos Santos’ government, power and water shortages and corruption, Radio Ecclesia reported on Sept 5. “[Angola](#) is a democracy and people are free to protest,” de Andrade said. “But a few individuals think they will become heroes by throwing stones at the police. Those people should be brought to justice.”

#### FOURTEEN) – ISLAMIC FINANCE SPREADS IN NIGERIA

Home to some 70 million Muslims, Nigeria is stepping up efforts to capitalize on the growing popularity of the one of the world's fastest-growing financial sectors: Islamic banking. Earlier this year the Central Bank of Nigeria announced a final set of regulations which introduced Islamic banking to the country.

CNN's Christian Purefoy discussed the sector's potential with Hajara Adeola, managing director of Lotus Capital, one of the groups helping to pave the way for Islamic finance in Nigeria.

Adeola says there is a growing appetite for this form of banking. "It is working in Nigeria and there is a lot of interest in doing Islamic banking, in West Africa in particular," she says. Spread across the Middle East and other parts of the world, a slew of Islamic financial institutions have been offering interest-free services that advocates say can provide a more sustainable alternative to conventional banking practices.

The industry, which exists in more than 50 countries, is estimated to be worth around \$1 trillion and has the potential to eventually be worth \$5 trillion, according to ratings agency Moody's.

Charging and paying interest is not allowed in Islamic finance because it is prohibited under Sharia law. Instead, if a bank is providing finance for an infrastructure project, for example, the bank and customer agree to share the risk of investment and divide any earnings. You would have to somehow employ that money into productive use and then you can earn a return on that money.

"One of the most well known (principles) is the lack of interest or usury, so you can't own a return simply for having money -- which is what interest is," Adeola says. "You would have to somehow employ that money into productive use and then you can earn a return on that money." Islamic banks are not allowed to trade in financial risk areas or deal in mortgage-backed securities or credit-default swaps. Investing in Islamically unacceptable businesses such as alcohol and cigarette makers, casinos and adult-entertainment companies is also forbidden. In June, Jaiz Bank International became the first group to be allowed to open a Shariah-compliant bank in Nigeria after gaining an approval in principal from the country's Central Bank.

Adeola believes Nigeria has the potential to become one of the largest Islamic banking sectors in the world. "It is a huge market," she says. "There are about 70 million Muslims in Nigeria. Research shows

approximately 30% of the Muslim population typically would be interested in Islamic finance and if you look at the projection they made for the size of the market, it is really quite tremendous -- and that's just the domestic." But the Central Bank's decision has met opposition from some Christian leaders in Nigeria, who argue that the move could increase religious violence in a country whose population is almost evenly divided between Muslims and Christians.

According to a VOA news report in mid-July, the Christian Association of Nigeria said the introduction of Islamic banking could stir up religious tensions at a time when security forces are fighting [Islamic fundamentalists](#) who want an independent state in northern Nigeria ruled by Islamic law. But Adeola says that Islamic finance is not a threat and can appeal to the country's Christian community as well its Muslims. "Islamic finance is universal," she says. "There is nothing about it that offends anyone or offends their faith or their principles. If anything, there are many Christians who like to invest with us because it's also in line with their own ethical values."

## FIFTEEN) – UN VERY WORRIED BY ETHNIC VIOLENCE IN CENTRAL NIGERIA

Le bureau du Haut commissariat de l'ONU pour les droits de l'Homme a fait état vendredi à Genève de sa "préoccupation" concernant les violences dans le centre du Nigeria, qui ont fait quelque 70 morts depuis début août. "Nous sommes préoccupés par les nouvelles violences ayant éclaté dans le centre du Nigeria ces dernières semaines qui ont fait des morts, des blessés et provoqué des dommages matériels", a indiqué à la presse Rupert Colville, porte-parole du bureau du Haut commissariat de l'ONU pour les droits de l'Homme. "Les divisions ethniques et religieuses ont touché le centre du Nigeria, particulièrement dans et autour la ville de Jos, depuis maintenant plusieurs années", a-t-il ajouté. "Un cycle de violences est apparu dans lequel chaque incident provoque presque à chaque fois des meurtrières représailles", a-t-il souligné. "Nous encourageons les autorités, tant au niveau national que local, à prendre des mesures préventives efficaces contre de telles violences... pour tenter une réconciliation entre les différentes communautés", a poursuivi le porte-parole. "Il est de la plus grande importance que justice soit rendue, et qu'on voit qu'elle soit rendue, en poursuivant les auteurs présumés des violences et en portant assistance aux victimes et à leurs familles", a-t-il relevé. La région de Jos, située au point de jonction entre le Nord majoritairement musulman et le Sud essentiellement chrétien, est secouée régulièrement par des violences à caractère communautaire et religieux ayant fait des centaines de morts ces dernières années. Le Nigeria est le pays le plus peuplé d'Afrique avec plus de 150 millions d'habitants à peu près également repartis entre les deux confessions. Les dernières violences ont eu lieu dans la nuit de jeudi à vendredi. "Neuf personnes sont mortes dans (une) attaque, huit de la même famille, un père et sept de ses enfants", a indiqué à l'AFP Pam Ayuba, porte-parole du gouverneur de l'Etat du Plateau (centre). Cinq enfants avaient moins de 10 ans, a-t-il précisé. Les meurtriers n'ont pas été identifiés. L'attaque a eu lieu à Barkin Ladi, une zone peuplée principalement par des Chrétiens et située dans la banlieue de la ville de Jos. Selon le porte-parole, cette attaque pourrait avoir été motivée par la recherche de terres de pâturage dans la région. Dimanche soir, onze personnes appartenant à des communautés majoritairement chrétiennes avaient déjà été tuées au cours de deux attaques distinctes. A Targom-Babale, au nord de Jos, un correspondant de l'AFP a vu les corps de sept personnes qui appartiendraient à une même famille. Les cadavres, parmi lesquels ceux de deux enfants, portaient pour certains des coups de machette et des impacts de balles. A Dabwak, au sud de Jos, un homme âgé, sa femme et leurs deux petits enfants âgés de 9 et 11 ans ont aussi été tués dimanche soir. "Une famille a été attaquée, un grand-père de 74 ans a été abattu avec ses deux petits enfants. Son épouse, âgée de 70 ans, a été blessée par balle et emmenée vers un hôpital où elle est morte", a indiqué à l'AFP le porte-parole du gouverneur de l'Etat du Plateau, Pam Ayuba. Samedi 3 septembre, huit membres d'une famille avaient été tués dans un village de la région. (AFP)

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