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SUMMARY:

- ONE) – **EBRD TO START LENDING TO NORTH AFRICA BY MID-2012** – *Page 2*
- TWO) - **26 COUNTRIES HIT BY HUNGER, SAYS REPORT** – *Page 2*
- THREE) - **RED TAPE AND RISING COSTS IMPEDE SA'S PUSH INTO AFRICA, SAY EXPERTS** – *Page 3*
- FOUR) - **COMESA MEETING 'OVERSHADOWED' BY MALAWI, ZAMBIA TENSION** - *Page 3*
- FIVE) – **GABON ECONOMY TO GROW 5.6% IN 2012 AS BUDGET INCREASES 3.5%** - *Page 4*
- SIX) – **NIGERIA, GHANA TO STRENGTHEN TRADE RELATIONSHIPS** - *Page 4*
- SEVEN) – **NIGERIA: STRUCTURED TO FAIL?** - *Page 5*
- EIGHT) – **PIRATES CAPTURE OIL TANKER OFF-NIGERIA** - *Page 7*
- NINE) – **SOMALI PIRATES CAPTURE ITALIAN CARGO WITH CREW OF 23** - *Page 7*
- TEN) – **ITALY TO USE MILITARY TO GUARD MERCHANT SHIPS AGAINST PIRATES** - *Page 8*
- ELEVEN) – **BRITISH, U.S. FORCES FREE HIJACKED ITALIAN SHIP** - *Page 8*
- TWELVE) – **LIBERIA: "SECURITY RISK" AT IVORY COAST BORDER AHEAD OF ELECTIONS** - *Page 8*
- THIRTEEN) – **SOUTH SUDAN: THE SCRAMBLE FOR LAND** – *Page 9*
- FOURTEEN) – **EGYPT MAY BE FORCED TO SEEK \$3 BILLION IMF LOAN IT REJECTED: ARAB CREDIT** – *Page 11*
- FIFTEEN) – **ARAB LEAGUE FINISHES MINERALS STUDY ON SUDAN** – *Page 13*

ONE) – EBRD TO START LENDING TO NORTH AFRICA BY MID-2012

The [European Bank for Reconstruction and Development](#) has started talks with North African governments and private firms on aiding the region, and aims to begin extending loans by the middle of next year, the bank's chief economist said on Tuesday. The EBRD, an international lending institution which has focused on emerging European economies, announced last week that shareholder governments had backed the expansion of its mandate to North Africa. The bank is one of the tools the international community will use to supply aid to Arab governments and encourage them to pursue democratic reforms in the wake of this year's Arab Spring political unrest. "We hope to start investing by the middle of next year," Erik Berglof told Reuters in an interview. "This means we have to start building projects now." He said the EBRD had up to 100 million euros (\$135 million) to spend now on providing technical aid to Egypt, Morocco, Tunisia and Jordan -- for example, advice on establishing public-private partnerships to build infrastructure, or on increasing bank lending to smaller companies. By next summer, the EBRD aims to have a fund in place to help finance projects in those countries, including privatisations and ventures to improve energy and water efficiency in the region. By 2014 or 2015, the EBRD expects to be providing about 2.5 billion euros of new lending from the fund each year, said Berglof, an academic by training who has held his post at the bank for five years. **FOCUS ON JOB CREATION** In contrast to its work in Eastern Europe after the fall of Communism, where unemployment was not so much of a problem, the EBRD will focus in North Africa on projects that create jobs for some of the millions of educated people who have been unable to enter the permanent workforce, he said. Berglof conceded that corruption in North Africa could prove a major obstacle to disbursing aid: "A lot of investors we couldn't work with for integrity reasons." But he said the EBRD's experience with an explosion of corruption in post-Communist Eastern Europe would help it to handle this problem. **OUTLOOK** The EBRD plans in coming weeks to publish its first forecasts for growth in North African economies. Berglof said the region was "very fragile", because of the risk that national political tensions would continue for long periods, and also because of the weak global economy. "It can't be ruled out" that a possible recession in Europe could cause North African economies to shrink, he said. European banks helped to strengthen Eastern European economies with their investment and lending, but the euro zone financial crisis means this is unlikely to happen in North Africa, at least for now, Berglof said. "We thought of the financial sector in Europe as something which could play a role in the next few years. We have to have more modest expectations." (Reuters)

TWO) - 26 COUNTRIES HIT BY HUNGER, SAYS REPORT

Vingt-six pays, pour la plupart en Afrique Subsaharienne et en Asie du Sud, continuent d'afficher des niveaux de faim "alarmants", voire "extrêmement alarmants", selon un rapport de l'[Institut International de recherche sur l'Alimentation](#) (IFPRI) et de trois ONG mardi. Le rapport sur l'Indice de la faim dans le Monde 2011, signé également de l'Agence d'aide à la coopération technique et au développement (ACTED, ONG française), de Concern Worldwide (ONG irlandaise) et de Welthungerhilfe (ONG allemande), montre que "le nombre de personnes qui souffrent de la faim a reculé depuis 1990, mais pas de manière significative, puisqu'il demeure à un niveau élevé correspondant à une situation +grave+". Se basant sur des données recueillies entre 2004 et 2009, l'IFPRI a calculé cet indice de la faim à partir de trois critères : le taux de sous-alimentation, le taux de sous-alimentation infantile et le taux de mortalité infantile, avant de classer les pays dans 5 catégories: GIH "bas", "modéré", "grave", "alarmant" et "très alarmant". Au niveau mondial, le GHI 2011 a diminué de 26% par rapport à 1990, passant de 19,7 à 14,6 ("grave"), en particulier grâce à la baisse de la sous-alimentation infantile, explique le rapport. Parmi les 26 pays les plus affectés par la faim (sur un total de 122 pays pour lequel l'indice a été calculé), les quatre qui présentent un indice "très alarmant", se situent tous en Afrique Subsaharienne: Burundi, Tchad, Erythrée et République démocratique du Congo (RDC). De même, dans six pays, la faim a empiré entre 1990 et 2011: La RDC, le Burundi, la Corée du Nord, Les Comores, le Swaziland et la Côte d'Ivoire. "Le cas de la RDC ressort particulièrement", note le rapport, qui souligne que le conflit et l'instabilité politique y ont accru le niveau de faim. "La situation générale de la faim dans le monde demeure grave. La hausse récente du niveau et de la volatilité des prix agricoles constitue, comme en 2008, une menace pour la pérennité de la sécurité alimentaire mondiale et expose de nombreux foyers et groupes vulnérables à un risque accru de souffrir de la faim", note le rapport. (See [2011 Global Hunger Index](#)) (AFP)

THREE) - RED TAPE AND RISING COSTS IMPEDE SA'S PUSH INTO AFRICA, SAY EXPERTS

Rising cost structures and regulatory compliance burdens are making it increasingly difficult for South Africa's small and medium enterprises to compete in rapidly growing African markets, says a head researcher at the South African Institute of International Affairs.

Speaking at the South African Chamber of Commerce and Industry's annual convention, senior research fellow Peter Draper said an increasingly complicated labour environment, the cost of black empowerment, rising electricity prices, inflating transport costs and additional taxes were making it very hard for SMEs to move into export markets.

Nedbank chief economist Dennis Dykes said infrastructure problems and the increasingly protectionist behaviour of the South African government could further erode the country's competitiveness on the continent. He said while regions such as Europe boasted inter-regional trade of about 60%, inter-Africa trade only stood at about 7%.

Africa is second only to Asia among the world's fastest-growing regions. It is estimated that growth on the continent will average 5.5% a year, boosting trade from \$654-billion to \$1.6-trillion by 2015. Speakers at the convention agreed that it was vital for South Africa to unlock opportunities in these markets.

Larger South African companies have been quite successful in entering a number of African markets. The Department of Trade and Industry's director for trade in services, Sudhir Sooklal, said South Africa recently overtook China as the largest investor into the continent.

He said that the government was actively seeking to assist local companies, both big and small, to seize economic opportunities on the continent, but conceded that there was still room for improvement, particularly through increased centralised planning.

Sooklal disagreed with Dyke's notion that protectionism would erode the country's competitiveness on the continent, saying it was important for South Africa, as a developing country, to protect and expand its manufacturing base. "With the current World Trade Organisation negotiations we are seeing a push from developed nations for what they refer to as 'free market competition'. But one must remember that their industries are generally supported by huge subsidies from their governments, which means our most vulnerable industries would be left exposed," he said. Sooklal said the government was seeking to extend regional trade through market integration and the strengthening of cross-border infrastructure, while bolstering the country's production capacity.

He said improving trade relationships and partnerships with other emerging economies such as Brazil, India and China was essential, as it was anticipated that 61% of global growth would come from developing countries within the next three years.

FOUR) - COMESA MEETING 'OVERSHADOWED' BY MALAWI, ZAMBIA TENSION

The 15th Heads of state and government summit of the Common Market for Eastern and Southern Africa (COMESA) begins in Malawi's capital, Lilongwe today (Monday). COMESA is a regional trade bloc made up of 19 countries from eastern and southern Africa. The president of Malawi, Bingu Wa Mutharika, who currently heads the organization, is scheduled to chair the summit.

Analysts say the meeting is being overshadowed by the ongoing diplomatic spat between Lilongwe and Lusaka. This came after Zambia's new President Michael Sata turned down an invitation saying "I find it extremely difficult to go to Malawi." Mr. Sata was deported from Malawi in 2006 by the Mutharika government after visiting former President Bakili Muluzi. He wants Lilongwe's apology, ahead of today's conference.

The Zambian daily paper, the Lusaka Times, quoted President Sata as saying "I went to Malawi to visit an opposition leader and your government bundled me into a (Toyota) Land Cruiser and said I am a prohibited immigrant. Your government has not been courageous enough to apologize, and therefore I find it extremely difficult to go to Malawi."

Information Minister Patricia Kaliati denies “those rumors”, which she said suggests relations with Zambia has been strained since Mr. Sata was elected Zambia president. “The bilateral relationship between Zambia and Malawi is still intact,” said Kaliati. She blames the media for “over blowing” the situation and described the alleged diplomatic tension as unfortunate.

Kaliati adds that the media has little role in executing bilateral relations with neighboring Zambia. “If there is any issue, we know how to communicate from government to government and we have our bilateral relations through our embassies or through our foreign affairs. But also with the harnessing of technology, we have the VVIP [Very, Very Important Person], whereby heads of states can also communicate on their own,” said Kaliati. “So if there are issues, those are the areas and protocols, which we use in discussing. So the issue of neighborliness is intact and very good and if there are issues we know how to handle [them].”

Ralph Kasambara, attorney for Mr. Sata, says it is unlikely that the Malawi government will issue an apology to the Zambian leader, despite his efforts to encourage Lilongwe to do so. “So far, we have heard nothing concrete from the [Malawi] government. The government has not provided any revocation of him [Mr. Sata] not entering into Malawi,” said Kasambara.” Secondly, we also wanted to know why Mr. Sata was prevented from entering Malawi when he was declared to be an undesirable element. Again, the government has not been forthcoming on that.”

Kasambara maintains that the Malawi government “erred” by deporting Mr. Sata since, he said, citizens of both countries do not need visas to cross the border.

FIVE) – GABON ECONOMY TO GROW 5.6% IN 2012 AS BUDGET INCREASES 3.5%

Gabon expects economic growth to accelerate to 5.6 percent in 2012 from 5 percent this year as the budget in the central West African country increases 3.5 percent.

The budget will reach 2,453.1 billion CFA francs (\$5 billion) next year after 2,370.8 billion CFA in 2011, the Direction of Economy said in a press statement in the nation’s capital Libreville yesterday.

The International Monetary Fund forecasts growth of 5.6 percent this year and 3.3 percent in 2012. Director General of Economy Hamidou Okabe told reporters he believes “the IMF figures don’t include all investments Gabon has done.” (Bloomberg)

SIX) – NIGERIA, GHANA TO STRENGTHEN TRADE RELATIONSHIPS

Nigeria and Ghana are to work together for the good of both nations, it was agreed yesterday. President Goodluck Jonathan who is in Accra, Ghana to conclude 3- nation working visits to Rwanda, Ethiopia and Ghana, said both countries will continue to strengthen economic and trade relations for the benefit of the African continent. He also called on citizens and investors in both countries to explore and maximise the relationship.

Jonathan spoke yesterday at the State Banquet hosted in his honour by President John Evans Atta-Mills at the State House, Accra, Ghana. He said, "Nigeria and Ghana have lot to do together and have been playing key roles as members of ECOWAS, the cooperation between both countries will move the continent forward". He also expressed hope of Africa becoming the hub of international market like Dubai in the nearest future because of her enormous economic and trade windows.

President Jonathan said his visit was to cement the existing cordial relationship of both countries as well as strengthen the ties. He therefore urged Ghanaian businessmen and investors to take advantage and "massively invest" in Nigeria. He extolled the virtue of one of Ghana’s founding fathers, the Late Kwame Nkrumah for his resilience in the struggle for Africa’s independence which saw Ghana attain independence early.

Atta-Mills thanked President Jonathan for honouring his invitation to attend the 50th Golden Jubilee Graduation ceremony of the Ghana Institute for Management and Public Administration (GIMPA).

He praised Jonathan for fulfilling his promise to conduct free and fair elections in Nigeria, saying it has sent the "right signal to the world that Africa is ready to develop democracy".

SEVEN) – NIGERIA: STRUCTURED TO FAIL?

The nation's current political structure appears doomed and needs rethinking, writes Sunday Oguntola

Once upon a time, Nigeria was peaceful and prosperous. Its citizens walked with their heads tall everywhere in the globe. They travelled overseas without hassles. They schooled abroad and returned home immediately. There was nothing like visa scam and there was no Boko Haram. There were no bomb explosions. Nigeria had money. There was cocoa, hides and skin. Cotton was in abundance. There was groundnut, palm oil, and other agricultural products, all of which made the country one of the richest in the world. In short, Nigeria worked. And life was good.

But with the discovery of black gold, otherwise called crude oil, things have taken a full cycle. Nigerians are poorer. There is political tension. There are more bombs than foods. Nigerians fear Boko Haram more than the federal government. There is intense rivalry among the ethnic nationalities. Nigerians are fleeing the country as desperate passengers seek to get off a sinking boat. They make news for the wrong reasons everywhere in the world. No part of the country is secure and safe. The nation appears heading to disintegration. Nothing is working again.

The problem with Nigeria, political experts agree, is its faulty federal structure. Until the military struck in 1966, the nation operated a regional structure. The regions were viable. The Western region thrived on cocoa. Proceeds from its export built skyscrapers. The region offered universal free education and built the first TV station in Africa. The Eastern region worked wonders with palm oil. The North relied on groundnut and its vast agricultural products, which bought prosperity and contentment.

The premiers avoided the centre. The late Alhaji Ahmadu Bello was reported to have once wondered what he was going to do in Lagos, the nation's capital then. But now, the centre has become the centre of attraction. This, according to Senator Chris Ngige, is because "it is the only place where there is money". The federal government currently takes 52% of the nation's resources. States settle for 26.72% while the local councils make do with only 20.62%.

Insolvent states

This, Ngige said, is killing the states. "Most of our states are not viable at all," he stated last week at a public lecture in Lagos. "Without the federal allocation, they cannot survive. They rely on the crumbs from the federal government". Aliyu Musa, a human rights activist concurs. "States are nowhere to be found financially. All that accrues to them from the federal government goes to overheads and recurrent expenditures. If you minus these from what most of the governors pocket, there is little or nothing left for developmental projects".

This is why borrowing has become the order of the day in many states. Investigations revealed most states in the federation are heavily indebted to banks and other financial institutions. These loans come at heavy interest rates, which leave many states stranded financially. A top official in one of the affected states confided last week that allocation from the federation account is emptied as soon as it comes every month. "Before it even comes, the money is finished. That is why we are not doing much now in terms of infrastructural and developmental projects".

Our correspondent observed that project execution has been dismal across the states in the last few months. This, sources said, is due to cash squeeze. Senator Ngige declared, "Our states are broke." According to him, this is because most of them rely on federal allocations. "They have abandoned manufacturing and agricultural sectors. All they wait on is what comes from Abuja," he added.

Internal revenue generation has been anything but impressive in many states. This is not helped by the closing down of the few operating companies and industries. Oversized civil service made up mainly of party faithful further complicate the situation.

Moses Ogunleti, a financial expert, said "once you generate income from one source, you are bound to be broke and needy. And that is what we are witnessing in many states". Their lean resources are expended

among the army of ever increasing political appointees. From commissioners to special assistants and advisers, government officials continue to increase even when resources are dwindling.

Crippled councils

Things are worse off in the nation's 774 local government councils. Most of them only appear in paper. There are nowhere in terms of impact and effectiveness. Funding has been at the whims and caprices of governors, some of whom behave like some imperial lords. What the local councils get depends on the mood and needs of their governors. "Personally, I don't believe they (local governments) exist at all. Yes, you see their signpost and vehicles but what do they do? They only collect market and shop rents. When all is said and done, they contribute nothing to people at the grassroots," Razak Baruwa, a community leader said.

Investigations revealed that the allocations of most local governments are deducted by states. "By the time, they deduct whatever they want, we are barely existing again," one aggrieved chairman said. He disclosed that aside from the deductions, most of them are mandated to make monthly contributions in support of party activities.

He added: "You have to give a determined amount to your party otherwise you are disloyal. You have to give whatever the governor or commissioners demand for. If you subtract these from what we get, there is nothing again for governance. You only pay salaries and wait till the following month, hoping there is a little left over for one or two projects".

This perception is reinforced by the fact that most residents appeal to state governments to mend some roads that are the responsibility of local councils.

More states, more developments?

Insolvent states and crippled councils make delivery of democratic dividends almost impossible. Nigerians continue to feel alienated from governments. Failing infrastructures and worsening standards of living make them restless and disillusioned. Disenchantment sets in, forcing many to agitate for more states. Most minority groups in the country have inundated the National Assembly with demand for their own states. This stems from fear of domination by major ethnic nationalities. In 1963, there were only four regions. Twelve states were created in 1967. They increased to 19 in 1976; and grew to 21 in 1987; and by 1991 it blew up to 30 states and 36 in 1994.

Of recent, demands for new states have resurfaced. Some of the proposed new states include Ibadan and Oke Ogun states (from present Oyo); Yewa (from Ogun); Adada (from Enugu); Orashi (from Anambra/Rivers). Others are Aba (from Abia); Njaba (from Imo/Anambra) and Igboezuo (from each of the existing states in the South East) and Apa (from Benue).

Senate President, David Mark, said the demand for new states is "right, legitimate and desirable." Last year he promised that new states will be created. Already the National Assembly has constituted a joint committee for constitutional amendment. State creation is expected to be a key component of the exercise. Mark said at the inauguration of the committee "should we allow state police? Will it enhance policing duties and reduce criminality in the country? "Is the current revenue formula equitable? Will a change in favour of the States enhance the deliverables to the people?"

"Should power distribution be on the exclusive legislative list? Shouldn't states that invest in power generation be allowed to distribute? Is it necessary to create new states? Will it bring government nearer to the people and address cries of marginalisation?"

"How effective are the local governments? Should they be made to function independently of the states? Is the Joint State/Local Governments Account still necessary?"

But development experts agree that creation of new states will not necessarily lead to real development. They said new states will not eliminate fear of domination. Rather, new minorities will emerge from the new states. Few connected politicians will pocket the states and call the shots, thereby replicating the current scenario.

The restructuring Nigeria needs

According to Ngige, the way forward is true federalism through restructuring. Nigeria, he said, must rethink its current structure. He said the federal government is too powerful. "We need devolution of power because the centre is too strong," he reiterated. Auwal Raffayani, Executive Director of New Nigeria Front, Abuja, agrees. "We need to restructure. We have not moved forward with what we have so we must rethink our federation," he restated.

He called for regional autonomy as expected in a true federation. This, he said, will create healthy competition and make the federating units viable. Ngige said the current revenue formula is not development-friendly. "Allow the states to retain 50% of whatever they make and contribute 50% to the centre. You will find out they will become viable and prosperous".

He said the exclusive list is currently too strong, wondering why states cannot operate their own police and generate power. According to him, "The federating units should be equal partners with the centre. To diffuse power in the centre, there should be rotation of the Presidency among the six geo-political zones with two vice presidents, one from the zone of the incumbent who can take over in case of death, impeachment or incapacitation".

EIGHT) – PIRATES CAPTURE OIL TANKER OFF-NIGERIA

Un pétrolier a été détourné samedi par des pirates au large des côtes nigérianes avec son équipage, a-t-on appris mardi auprès du Bureau maritime international (BMI). Des pirates sont montés à bord du navire qui battait pavillon des Iles Marshall, a indiqué à l'AFP Cyrus Mody, directeur de cette organisation qui rapporte les cas de piraterie dans le monde. (AFP)

NINE) – SOMALI PIRATES CAPTURE ITALIAN CARGO WITH CREW OF 23

Cinq pirates armés ont détourné lundi un navire italien avec les 23 membres de son équipage à 620 milles à l'est des côtes somaliennes, a annoncé l'armateur du navire dans un communiqué. "A 06H44 (04H44 GMT), le [Montecristo](#) a activé son système d'alarme (...) Le dernier message reçu du commandant a indiqué que le navire avait été attaqué par un groupe de cinq hommes armés", a précisé la compagnie [D'Alesio Group](#), dont le siège est à Livourne, en Toscane, dans le centre de l'Italie, ajoutant que l'équipage est composé de sept Italiens, dix Ukrainiens et six Indiens. "Après dix heures d'attente, nous pouvons considérer (ce navire) comme capturé", a indiqué à l'AFP un porte-parole de la compagnie, interrogé au téléphone. Selon le quotidien Repubblica, le navire, un cargo vraquier tout neuf doté de cinq cales et quatre grues, était parti de Liverpool (Grande-Bretagne) à destination du Vietnam avec une cargaison de ferraille. Il avait été escorté dans le golfe d'Aden par un bâtiment de la marine de guerre japonaise et l'attaque a eu lieu quand celui-ci s'est éloigné. La compagnie "collabore activement avec les autorités italiennes et internationales pour faire face à cette situation d'urgence", indique le communiqué, tout en précisant que "les proches des membres de l'équipage sont en contact avec la compagnie pour se tenir au courant de la situation". Le ministère italien des Affaires étrangères a fait savoir qu'il suivait cette affaire et avait activé sa cellule de crise, contactant toutes les parties pouvant être concernées. De son côté, la Navfor (organisme européen de lutte contre la piraterie) a indiqué que des navires et avions militaires procéderaient à des recherches : "Nous allons procéder à des investigations aussitôt que nous pourrions avoir des moyens sur place pour tenter de localiser le navire", a expliqué le commandant Harrie Harrison. Selon Repubblica, une unité navale de l'Otan dépendant de la task force 508 engagée dans l'opération "Ocean Shield", va aussi être envoyée dans la zone "pour comprendre ce qui est arrivé au Montecristo". Au moins deux autres navires ont été séquestrés depuis le début de l'année par des pirates au large des côtes de la Somalie. Il s'agit du pétrolier Savina Caylyn capturé le 8 février dans l'Océan Indien avec les 22 membres de son équipage dont cinq Italiens et du Rosario D'Amato, un cargo retenu depuis avril dans la même zone, avec les 21 membres de son équipage dont six Italiens. (AFP)

TEN) – ITALY TO USE MILITARY TO GUARD MERCHANT SHIPS AGAINST PIRATES

Italy is to station military forces on its merchant vessels to guard against attacks by Somali pirates, shipping sources said on Tuesday, the day after another of its ships was attacked off the anarchic east African country. The sources said Defence Minister Ignazio La Russa would sign an agreement later on Tuesday with the confederation of Italian ship owners to put military guards on board vessels in the huge area of the Indian Ocean at risk from Somali pirates, who have hijacked several Italian ships. The Montecristo, an Italian cargo ship, was attacked by five men in a small boat off the coast of Somalia on Monday, its owner the D'Alesio Group said, and a pirate told Reuters by phone that it was under their control. The ship had 23 crew from Italy, India and Ukraine. Somali pirates, operating from the shores of the lawless state in the Horn of Africa, have raked in millions of dollars a year in ransoms from scores of hijacked ships from around the world, including oil super tankers. (Reuters)

ELEVEN) – BRITISH, U.S. FORCES FREE HIJACKED ITALIAN SHIP

U.S. and British forces stormed a hijacked Italian cargo ship in the Indian Ocean on Tuesday, freeing the 23-man crew and capturing all 11 Somali pirates, Italian officials said. The foreign ministry issued a statement welcoming the release which it said was carried out by forces from two naval vessels, one from the United States and one from Britain. The Italian news agency Ansa said they were special forces. The foreign ministry said the crew of the 55,675 bulk carrier Montecristo had taken refuge inside an armoured shelter on the ship when it was hijacked on Monday and had continued to control its movements, bringing it closer to an area where anti-piracy forces were patrolling. The move into an armoured shelter appeared part of new measures agreed by seafaring nations to combat Somali piracy, which costs the world economy billions of dollars each year. The ship's owners said the crew, from Italy, India and Ukraine had trained in anti-piracy drills. Somali pirates, operating on small inflatables, normally use rocket-propelled grenades and assault rifles, with no heavier armaments that would penetrate armour plating. The foreign ministry said the U.S. and Britain had operated under the orders of Italian Admiral Gualtiero Mattesi, commander of the NATO Ocean Shield anti-piracy task force. (Reuters)

TWELVE) – LIBERIA: "SECURITY RISK" AT IVORY COAST BORDER AHEAD OF ELECTIONS

As Liberia gears up for Tuesday's presidential and legislative elections, officials stationed near the border with Ivory Coast have expressed concern that insufficient border security - a problem highlighted by two recent cross-border attacks - could fuel electoral violence.

Liberian voters will go to the polls in the second election following the 2003 conclusion of a 14-year civil conflict that claimed more than 250,000 lives and brought instability to the broader region.

President Ellen Johnson-Sirleaf, 72, of the Unity Party, who jointly won the Nobel Peace Prize on Friday, is seeking a second term of office. The incumbent president is running against 15 presidential candidates, including one from the Congress for Democratic Change, which initially earned more votes than her in 2005 (she later won in a runoff).

There is no credible polling in the West African nation, but observers expect the race will be close, potentially resulting in a runoff in early November.

The campaign period has been marked with divisive rhetoric and talk of vote stealing that some observers have warned could spill over into violence depending on the result.

Last year's disputed election in Ivory Coast sparked a conflict between forces loyal to ousted President Laurent Gbagbo and his successor, Alassane Ouattara that claimed an estimated 3,000 lives and sent a flood of refugees into Liberia. Liberian mercenaries were also recruited into the fighting, and there are reports that Ivorian Gbagbo supporters have resettled on the Liberian side of the border.

Corinne Dufka, a senior West Africa researcher for Human Rights Watch (HRW), said that while she believed Liberians were committed to maintaining peace, it was important to remember the extent to which past conflicts "have reverberated across each country's porous borders, causing significant flows of arms, combatants and refugees, and untold human suffering."

Thomas Kahn, an immigration official stationed at the Behai border crossing in Grand Gedeh County, in eastern Liberia, recommended that the government double the present number of security forces in order to prevent the cross-border trafficking of small arms. He also noted that during the election some security

forces would be called away from the border to man polling stations elsewhere in the county.

"Over the past months there has been a problem in Ivory Coast, so we need more manpower at the border now," Kahn said. "It is a security risk."

Jerry Zeah, the town chief of Behai, also said he believed there was insufficient security in the area to ensure the safety of residents.

Last month, HRW documented an attack allegedly perpetrated by Gbagbo supporters based in Liberia that killed 23 people in two villages located 25 kilometres south of the Ivory Coast town of Tai. The attack was similar to a cross-border raid carried out in July that killed at least eight people in Ivory Coast.

According to HRW, the attacks are believed to have been launched by youth from Ivory Coast "who served as pro-Gbagbo militiamen during the country's six-month post-election conflict" and are now based in Liberia. The victims, meanwhile, "tended to support" Ouattara.

Women and children were among the victims in both attacks.

In a statement detailing the July attack, HRW said: "One witness described attackers sticking a gun barrel in the mouth of a man whom they'd trapped; they then shot him. A Burkinabé man living in the area was found with his throat slit."

"These armed groups appear determined to wreak havoc on a population that has already suffered greatly from Côte d'Ivoire's deadly post-election crisis," said Daniel Bekele, HRW's Africa director. "United Nations peacekeeping missions in Côte d'Ivoire and Liberia need to assist state authorities in preventing more bloodshed."

Despite this call from HRW, Napoleon Viban, the acting head of the Liberia peacekeeping mission in Zwedru, Grand Gedeh's capital, said it was up to Ivory Coast authorities to investigate the attacks – even though the perpetrators are believed to be in Liberia.

Beyond the logistical challenges of an investigation by Ivory Coast authorities, HRW said there was a chance the Ivorian armed forces would commit rights abuses during the course of an investigation, noting that torture and extrajudicial killings were "common during the conflict."

Several residents of Tai, the Ivory Coast town located near the site of the attacks, said that after the Jul. 18 attack, Ouattara forces "detained a local pro-Gbagbo village leader and fired between his legs during questioning."

"Côte d'Ivoire's armed forces must ensure that those who commit attacks, whatever their political affiliation, face their victims before a court of law, and not be subject to the summary executions that too often marked the Ivorian crisis," Bekele said.

Concerns about the tactics of Ouattara's forces resonate with Bleblocoula Sylvain, a 28-year-old Ivory Coast refugee who now lives in the Grand Gedeh town of Tuzon. Sylvain lost eight members of his family during a March raid in Diboke. He said he had no intention of returning to Ivory Coast under Ouattara.

"People loyal to him still hold arms," Sylvain said. "He's the one to rule the country, but he killed a lot of people. I don't ever think this government will maintain peace."

HRW said the border "is notoriously difficult to monitor, because of its length and the thick vegetation that marks the region." The statement noted that both the U.N. and the Ivory Coast government had agreed to send more forces to the area following the Sep. 15 attack.

Viban noted that the mission was "part of the joint border patrol." He also said that while the primary goal of the mission was to bolster the capacity of Liberian security forces, the mission "will always intervene in line with its mandate."

He said that while he believed the situation at the border remained "calm," even in light of the recent attacks, in the event of electoral violence the U.N. in Liberia will "work with the government to quickly come in when human lives are at stake."

THIRTEEN) – SOUTH SUDAN: THE SCRAMBLE FOR LAND

As the United States celebrates Columbus Day and the legacy of one of the biggest land grabs in history, another massive land grab is unfolding on the African continent, mired in secrecy and spearheaded by hedge funds, financial speculators and foreign companies. South Sudan has become one of the latest frontiers for these investors, prompted in large part by its newly found independence.

On July 9th, 2011 South Sudan became Africa's 54th nation, after the vast majority of its people voted for secession from the North. The ink has barely dried on the documents formalizing South Sudan's self-determination, but the scramble for its land is already in full swing. Over the last two years, researchers estimate that approximately 10% of Africa's most fertile land in over 20 countries, has fallen into the hands of foreign companies and speculators seeking to [exploit](#) its resources. South Sudan has simply become

one of the latest investment frontiers for foreign speculators, prompted in large part by its newly found independence.

The struggle for Southern Sudan's independence began in 1955 and cost the lives of millions, displacing many more within their own homeland. At the center of this struggle for independence was the desire for the people of South Sudan to control and benefit from their own resources and land. Yet according to a report released by the Oakland Institute earlier this year, 9% of South Sudanese land has already been bought or rather leased to foreign companies and governments.

The irony of the situation is astounding and deeply troubling. According to a [Norwegian People's Aid report](#) authored by David Deng over "28 foreign and domestic investments are planned or underway across the ten states of Southern Sudan totaling 2.64 million hectares of land in the agriculture, forestry and bio-fuel sectors alone." The total land area is larger than the entire country of Rwanda. The investors include several North American, British, Finnish, Egyptian, South African and Emirati companies. A brief history of U.S. and European involvement in Sudan's peace process can shed light on the current scramble for land. It appears the same governments--and the corporations affiliated with them--who took an interest in Sudan's peace negotiations over a decade ago, are now involved in acquiring some of the South's most fertile, oil and mineral rich regions. Before the discovery and flow of oil in Sudan beginning in 1999, the Sudanese peace process was dominated by neighboring African countries. The Clinton Administration was in fact criticized by [Jimmy Carter](#) for previously undermining the Sudanese peace process by militarily supporting Southern Sudanese rebels in an effort to destabilize and overthrow the Northern regime.

Once it became clear that 80% of Sudan's oil was located in the South, the calculus for U.S. and European oil interests and policy shifted towards supporting a peace process which would likely lead to the South's secession. Clinton-era sanctions, had previously made Sudan's oil, mineral and agricultural sectors off limits to North American and European investors. As a result, these sectors were dominated by Chinese, Malaysian and Indian companies. With the emergence of an independent South Sudan comes an opportunity for U.S., Canadian and European companies to now invest in these sectors.

The fragility of South Sudan's transitional period and the legal ambiguity that surrounds it is a big draw for investors. A recent Rolling Stone article on foreign landholders in Africa appropriately refers to them as "Capitalists of Chaos." [Phil Heilberg](#), who was interviewed for the article and now owns over 800,000 hectares of land in South Sudan through the New York based Jarch Management group speaks openly about his motivation to invest in the region. "I saw the Soviet Union split up," he recalls. "Saw it up close. I realized there was a lot of money to be made in breakups, and I vowed that the next time I'd be on the inside." "The world is like the universe – ever expanding," he adds. "I focus on the pressure points." Due to South Sudan's fragility and underdevelopment, foreign businesses that are purely profit-driven, can seize opportunities to operate under the guise of agriculture or infrastructure development while capitalizing on the nation's resource wealth. While some foreign companies are supporting the development of the new nation by building schools, roads and hospitals, others are undermining the creation of democratic institutions and laws that will protect its citizens from exploitation. A closer look at a deal struck between a U.S. based investment firm and a local cooperative three years ago, reveals these dynamics poignantly. In 2008, the Texas-based firm [Nile Trade and Development](#) and the local Mukaya Payam Cooperative negotiated one of the biggest land deals in South Sudan. "The 49-year lease of 400,000 hectares of central Equatoria for around \$25,000 allows the company to exploit all natural resources including oil, timber and minerals." According to the Oakland Institute, it also allows the company to engage in agricultural activities and to sublease the land to a third party.

A key element in this deal, as well as other similar deals, is that they all relied on one determining factor: South Sudan's imminent and inevitable independence. In February of [2009](#), two years prior to South Sudan's referendum, U.S. and British business executives co-founded Kinyeti Development a company dedicated to supporting the "emergence of the human resource, logistical and economic basis for a new South Sudan dedicated to improving the living standards of its people within a framework of civic peace, free market economies, democratic institutions, and regional cooperation." Nile Trade and Development is one of its subsidiaries.

The company's website includes maps of Sudan's oil concessions and ethnic make-up along with rather extensive biographies of its three foreign partners. In May of 2009, a delegation of South Sudanese government officials interested in developing a green economy was invited to a smart-grid fact finding mission in Texas. The effort was headed by former U.S. Ambassador at Large and Coordinator for Refugee Affairs Howard Eugene Douglas. [Douglas](#) made the seamless transition from diplomacy to international

business in the 1990s and now heads both Kinyeti Development and Nile Trade and Development. In brief, he has put years of diplomatic experience and political knowledge of the region to use in developing lucrative business ventures for prospective foreign investors in Africa's newest nation.

But contrary to its stated mission, Kinyeti Development has done little to ensure that these land acquisition ventures take place in a transparent, lawful and democratic manner. The Mukaya Payam cooperative, which originally negotiated the lease of land in Central Equatoria for instance, is said to be [fictitious](#) according to the Oakland Institute's research findings. The

[agreement](#), which guarantees the cooperative will receive a percentage of the lessor's profits, was in fact signed by 'one Mukaya Paramount Chief on behalf of the Cooperative, and witnessed by two others – a judge and a lawyer' without the knowledge or input of the community affected. The Government of South Sudan has not officially recognized the deal, which is currently under scrutiny due to pressure and protests from members of the affected community.

The Southern Sudanese government also has yet to establish land and mining laws that would protect the nascent nation from foreign resource exploitation. Most importantly, no laws have been created to ensure that the communities affected by land acquisitions and foreign investments are protected from imminent displacement. The area [designated](#) for Nile Trade and Development has a population of approximately 90,000, largely dependent on land for survival. According to the Norwegian People's Aid Report: Even if companies were to invest in a manner that does not require resettlement of local communities, such extensive development would still significantly affect patterns of land access and use for tens, or even hundreds of thousands of people.... a number of the investments are located in highly populated areas where tens or even hundreds of thousands of people rely on land and natural resources for their daily livelihoods. If the project proponents choose to deny local populations access, it could have devastating impacts on rural communities whose lives have already been sorely affected by poverty, food insecurity, and [conflict](#).'

While [Nile Trade and Development](#) agreed to finance the development of the land they leased by building roads and schools for the community, these promises have failed to materialize over the last three years. Moreover, an upsurge of post-referendum clashes between the South Sudan army and militia factions, has already led to the displacement of hundreds, in areas leased to Jarch Management. According to a [Sudan Tribune](#) article published in April of 2011, "hundreds of civilians were displaced in Mayom County as a result of clashes between the South Sudan army (SPLA) and militia loyal to Peter Gatdet, Unity state officials say." Peter Gatdet incidentally serves on the board of Jarch Management. One can only speculate about the role Jarch Management has been playing in the recent events that have occurred.

It becomes clear from these examples that some foreign interests have never been committed to true self-determination for the people of South Sudan. Instead, they supported secession in order to clear the way for resource exploitation. To recover from decades of war and promote development, South Sudan is in need of both foreign and domestic investors. But they must operate within a legal framework, which ensures that its citizens will benefit from their country's resource wealth. Without such a framework, the scramble for land and resources will continue, with potentially devastating effects on the new nation's most vulnerable communities.

FOURTEEN) – EGYPT MAY BE FORCED TO SEEK \$3 BILLION IMF LOAN IT REJECTED: ARAB CREDIT

[Egypt](#), grappling with sectarian violence, labor strikes and the highest borrowing costs since 2008, may be forced to ask the [International Monetary Fund](#) for the \$3 billion loan it spurned in June. The yield on the government's one-year treasury bills soared 328 basis points, or 3.28 percentage points, to 13.86 percent since the Jan. 25 revolt that ousted President [Hosni Mubarak](#), the highest since November 2008. The extra yield investors demand to hold Egyptian debt instead of U.S. Treasuries rose 160 basis points for the period to 421, according to JPMorgan Chase & Co.'s data. Middle East spreads climbed 128 basis points on average to 437, the data show.

"They must go to the IMF and the World Bank," [Mona Mansour](#), co-director of research at Cairo-based investment bank CI Capital, said in a telephone interview. "The government will resort to foreign borrowing because this can't continue."

Returning to the IMF risks a backlash from the activists who led this year's revolt and objected to loans from the fund and the World Bank on the grounds that they endorsed Mubarak's policies, said Raza Agha, an economist at Royal Bank of [Scotland](#). Egypt is in talks with Saudi Arabia and the [United Arab Emirates](#) for \$5 billion in loans to finance the [budget deficit](#), which the government aims to reduce to 8.6 percent of economic output in the fiscal year through June 2012. The gap was 9.5 percent in the previous 12 months.

Cairo Clashes

"If they can't get the money from the Gulf neighbors, then they could well be forced to go to the IMF again," London-based Agha said in an e-mailed answer to questions on Oct. 6. "That could lead to another confrontation with pro-democracy groups."

Egypt is also grappling with violent public outbursts eight months after Mubarak's Feb. 11 departure. Coptic Christian protesters clashed with security forces in Cairo yesterday, killing at least 24 people and injuring 272, the state-run [Middle East News Agency](#) reported, citing the health ministry.

Prime Minister Essam Sharaf said in a televised speech that the clashes were "unjustified violence" that "raised fear and concerns about the future of this homeland" and the country's transition to democracy. The clashes sent the benchmark EGX 30 stock index tumbling as much as 5.2 percent. The measure lost 2.5 percent, falling to the lowest level since March 2009, at 12:41 p.m. in Cairo.

Economic Policies

The government and the military have blamed violence and labor strikes for the country's economic slowdown. Critics say the government hasn't taken a "single meaningful economic step toward meeting the demands of the revolting Egyptians," columnist Wael Gamal wrote in the daily Al Shorouk newspaper Oct. 2, citing the lack of progress on removing energy subsidies for companies.

Protests against the government's economic policies and the planned IMF loan contributed to the departure of Finance Minister [Samir Radwan](#) after the interim military rulers forced him to turn down the IMF and trim the deficit target by reducing investments. The IMF and Radwan denied that a loan would have come with stringent conditions.

Egypt hasn't asked the fund for a loan, Deputy Prime Minister Hazem El Beblawi and IMF spokesman [David Hawley](#) said last week.

'Fairly Embarrassing'

Going to the IMF would be "fairly embarrassing politically given that they got the agreement and turned it down," said Richard Fox, the London-based head of Middle East and Africa Sovereigns at [Fitch Ratings](#). "There's no shortage of money being pledged, particularly from the Gulf Cooperation Council, and one of the problems is that it's quite difficult to know precisely what is likely to materialize."

The rating company cut Egypt's credit rating one level, to BB, on Feb. 3, leaving it two levels below investment grade. [Saudi Arabia](#) has given \$500 million in budget support.

Egypt has no "inhibitions" about IMF suggestions to aid the country, El Beblawi, who is also the finance minister, said in Sept. 22 interview in [Washington](#). Public "apprehension" about foreign borrowing is forcing the government to rely on domestic banks instead of tapping international markets "though economically speaking it might be wise," he said.

The nation's gross external debt is equivalent to 15.2 percent of gross domestic product, while the country's gross domestic debt is 68 percent of GDP, according to data on the Ministry of Finance website.

The yield on Egypt's 5.75 percent dollar bond due April 2020 fell 2 basis points on Oct. 7 to 5.96 percent. That's down from this year's high of 7.07 percent on Jan. 31. Egypt's default risk rose 5 basis points to 465,

according to data provider CMA, which is owned by CME Group Inc. and compiles prices quoted in the privately negotiated market.

19th Century Loans

Some of the misgiving from borrowing abroad can be traced to an accumulation of debt in the 19th century to finance public spending. According to F. [Robert Hunter](#) in 'The Cambridge History of Egypt,' of the total amount received by rulers such as Khedive Ismail, the "greater part was recycled to [Europe](#) in the payment of principal and interest charges." The experience, still taught at local schools, cost the country its stake in the [Suez Canal](#) before the 1882 British invasion.

"It's part of the culture in Egypt that foreign borrowing is associated with the loss of sovereignty and a negative impact on the economy," Mohamed Abu Basha, Cairo-based economist at EFG-Hermes Holding SAE, Egypt's biggest publicly traded investment bank, said by e-mail.

'Cheapest Sources'

The argument still has some resonance today. Repayments of \$24.6 billion on external debt between 2000 to 2009 show that Western loans "act to extract wealth from Egypt's poor and redistribute it to the richest banks in [North America](#) and Europe," Adam Hanieh, lecturer at the School of Oriental and Africa Studies at the [University of London](#), wrote in May in *Jadaliyya*, an online magazine specialized in Middle East studies.

Still, borrowing from institutions such as the IMF "is likely to take place," EFG-Hermes' Abu Basha said. "The IMF and the [World Bank](#) are among the cheapest sources of financing and they are more reassuring. It gives a positive message."

FIFTEEN) – ARAB LEAGUE FINISHES MINERALS STUDY ON SUDAN

Port Sudan - Arab Industrial Development and Mining Organization (AIDMO)-Arab League has finished a mineral country study on Sudan to mull appropriate approaches facilitating mineral investment in the country. The study concentrates on mining potential in gold, silver, and copper. Director-General of AIDMO Muneer Mohammad Abu Subaih stated that Sudan can be considered as the sole unexplored area in the Arab World in terms of mining, marking the country's richness in gold. Addressing a geological conference conducted in Port Sudan currently, Subaih called for encouraging mining investment in Sudan.

Minister of Minerals Abdul Bagi Al-Jaillani told the conference that mining is developing tangibly in the country, especially gold mining. He added that gold mining contributes hugely to enhancement of Sudan's exports. He pointed out that about 200 companies working in gold mining, expecting that production of current year will hit 70 tons. He stated that his ministry has installed gold sieve.

Numbering mining potentials in the country, the minister said that Arabab Company will launch copper production soon; confirming richness of the Red Sea of minerals, pointing out that chrome production exceeded 50 thousand tons last year. He explained that about 30 thousand persons in Darfur are working in traditional mining, clearing that traditional mining has contributed tangible to attraction of people from IDPs towards production areas.

Meanwhile, Eritrean Minerals Minister Ahmad Haj affirmed full cooperation between Sudan and Eritrea in terms of mining. (Sudan Vision)

Fernando Matos Rosa

Brussels

