



## MEMORANDUM N° 170/2011

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## **ONE) – EUROPEAN DEBT CRISIS HAS DANGEROUS EFFECT ON AFRICA**

Europe's debt crisis and the on-again off-again fears that a member of the euro zone will default on its obligations are adding to market volatility in Africa, which in turn is contributing to the hardships of the continent's poorest. While African stock markets fluctuate up and down in response to news from Frankfurt and Brussels, currencies are also ebbing and flowing in response to European currents. When investors worry, capital flies back to home bases in Western markets, negatively affecting emerging economies. "Spillover risks from the financial and economic woes in the euro area periphery have intensified, and, with weakened growth and sluggish transition from public to private demand in the United States, there are concerns about an upsurge in financial volatility," the governor of the Nigerian central bank, Malam Sanusi, said this week. Central bank governors from Kenya, Uganda, Rwanda and Tanzania met in Nairobi on Wednesday to try and coordinate a way to tackle the twin problems of rising inflation and volatile foreign exchange markets. With the exception of Rwanda, the East African nations are all seeing double digit inflation. South Africa's rand was regaining lost ground this week, after the currency took big hits last month versus the dollar and the euro, on sentiment that Europe was moving closer to resolving some of its key problems. The rand is a particularly liquid currency by African standards and therefore can be extremely vulnerable to external shocks. The effect of the rapid movements can be devastating on the poorest in developing African countries, especially when unemployment remains stubbornly high. South Africa, the largest economy on the continent, has shed over 1 million jobs as a result of the global economic downturn and is struggling to create new work, leaving unemployment close to a shocking 26 per cent. Kenya too is struggling to create employment, as its urban slums continue to grow in size. The interest rates hikes will also make it harder for the government to borrow and finance key projects to battle poverty. Foreign investment remains crucial to Africa. Even Ghana, with one of the highest growth rates in the world - provisional estimates see GDP expanding by 13.6 per cent in 2011 - is still struggling to attract offshore purchasers for its bonds. With a steady flight to safety over recent months by foreign investors, analysts say it is unlikely that they will go long on Ghana bonds when immediate liquidity is the overriding concern. If Europe reaches a concrete deal on its debt issues, investors will be more willing to take on risk in emerging markets in Africa, they believe. On the other hand, South Africa and some other countries worry that "hot" inflows of foreign capital can create wild swings, which can also hurt the economy. (Dpa)

## **TWO) – EU DEVELOPMENT AID TO FOCUS ON DEMOCRACY**

The EU has unveiled new plans to deliver aid to developing countries, with the Guardian reporting that democracy and good governance will be at the forefront.

Development commissioner Andris Piebalgs unveiled the "agenda for change" yesterday, saying that the Brussels would seek to promote human rights through "development contracts" between the EU and recipient countries.

The paper highlights that the EU is the world's biggest donor of official development aid, and quotes Piebalgs as saying, "We will have a far stronger focus on democracy and will apply this approach more vigorously."

The Wall Street Journal notes that the 27-nation bloc provided €54b in global aid in 2010, with the EU directly responsible for €11bn.

It says that the pro-democracy uprisings in the Arab world had led to significant changes in EU development policy.

## **THREE) - EGYPT: 'INVISIBLE HAND' PLAYING WITH SECTARIAN FIRE**

Violent clashes in Cairo that left at least 25 Egyptians dead and over 300 injured on Sunday have deepened suspicions that unseen forces are manipulating the country's sectarian divisions for political gain. The clashes broke out after about 2,000 protesters, mostly minority Coptic Christians, attempted to stage a sit-in outside the state television building in downtown Cairo to protest against a recent attack on a church in southern Egypt by Muslims. Demonstrators said they were assaulted by "thugs" armed with sticks, then by soldiers who they claim fired overhead with live ammunition, then into the crowd.

Video taken at the scene shows soldiers beating demonstrators and army vehicles ploughing through the crowd at high speed, killing and injuring protesters. The violence spread as the demonstrators responded by pelting soldiers with rocks, and torching several military vehicles and private cars. Thousands of local residents reportedly joined the street battle after state media framed the clashes with a sectarian hue.

In a televised speech, Prime Minister Essam Sharaf provided no explanation for the army's brutal tactics, blasting instead unseen forces he said had instigated the violence in an attempt to derail Egypt's transition to democracy.

"These events have taken us back several steps," he said. "Instead of moving forward to build a modern state based on democratic principles we are back to seeking stability and searching for hidden hands, both domestic and foreign, that meddle with the country's security and safety."

It was a familiar refrain. Egypt's military-run government has repeatedly warned of a conspiracy to destabilise the country. Officials have accused remnants of the former regime and foreign provocateurs of manufacturing chaos and sectarian strife to undermine the army's closely guarded reputation as a protector of the people. An invisible hand is seen funding "counter-revolutionary" political groups, dispatching armed thugs to disrupt peaceful demonstrations, and infiltrating protests to direct them towards violent or destructive ends. More nefariously, it is purported to have orchestrated a string of attacks on Egypt's Coptic Christian community, which makes up about 10 percent of the population.

Youssef Sidhom, the editor of a Coptic weekly newspaper, says most of the recent attacks on churches and individuals have been blamed on Salafis, an ultra-orthodox Muslim sect. While he does not rule out the possibility that a third party is using the sect to carry out its agenda, he says the government's reluctance to pass legislation that would ease the restrictions on the construction of churches and criminalise discrimination has made Copts an easy target.

"There is no 'invisible hand' – this is just rhetoric to deceive the public," says Sidhom. "Authorities are allowing intolerance to breed, which is easily manipulated."

Political analyst Hassan Nafaa maintains that certain elements have a vested interest in destabilising the country. He says security officials, politicians and businessmen who grew fat under the former regime stand to lose their wealth and face indictment. Meanwhile, regional neighbours Israel, Iran and Saudi Arabia have reservations about a strong Egypt.

"All of these forces are against the success of the revolution and are trying to exploit whatever crisis they can to abort it," said Nafaa. "They are widely suspected of paying thugs to create chaos and to antagonise Christians, though this is hard to prove."

Just last week, loyalists of Hosni Mubarak's now-defunct political party warned of "extreme violence" if Egypt passes legislation that would prevent members of the former regime from participating in politics for at least five years. And while the country's transitional government has jailed former regime leaders and restructured its dreaded security apparatus, many former regime figures still occupy influential positions.

Yet critics of the Supreme Council of the Armed Forces (SCAF), which has ruled Egypt since removing Mubarak in February, suspect the identity behind the invisible hand may lie within the military council itself. They highlight the incongruity of entrusting the fate of Egypt's revolution to an institution whose leaders were hand-picked by Mubarak to protect his regime.

Even before Sunday's clashes, described as the worst violence in Egypt since Mubarak's ouster last February, many observers suspected the generals were exploiting the country's continuing unrest to delay promised elections and other reforms while they consolidated power. State television's skewed coverage of the clashes only heightened their suspicions.

During the clashes, state news anchors whipped up sectarian sentiment by claiming armed Copts had killed several soldiers (later found to be untrue) and by urging citizens to take to the streets to "protect the army from the Copts." Soon afterwards, bands of Muslim men carrying weapons were seen roaming Cairo streets and assaulting Christians.

Egypt's information minister blamed the inflammatory news reports on overly emotional anchors. However, one state television employee said that all news reports at state channels are fastidiously reviewed by SCAF monitors and even live news broadcasts are tightly scripted.

"How is it that the SCAF allowed state TV to broadcast these lies, while two private satellite channels streaming live video of the clashes were shut down?" asks Maged Naguib, a Copt who was caught up in the violence. He believes Egypt's generals are intent on staying in power and have borrowed a dark chapter from Mubarak's playbook. The ex-dictator is reported to have stoked simmering Muslim-Christian tensions, and may even have staged various incidents, to give the impression that without his authoritarian rule the country would descend into a bloody chaos.

"It's clear the SCAF is playing some of the politics of the old regime," remarks Nafaa. "But to play with the sectarian issue would be a very dangerous game."

#### FOUR) - IMF OPENS CENTER TO HELP BUILD CAPACITY IN SOUTHERN AFRICA

Aiming to further help African countries build capacity to design and implement reforms that support poverty reduction, the IMF opened a new southern African technical assistance center in Mauritius. The IMF's Africa Regional Technical Assistance Center South, which formally opened October 17, is the eighth center set up by the IMF around the world to transfer economic skills and best practices and to train officials—thereby building countries' policymaking capacity.

The Mauritius regional center is the fourth to be established in Africa. It joins regional assistance hubs opened in Dar es Salaam, Tanzania in 2002; in Bamako, Mali, in 2003; and in Libreville, Gabon, in 2007 in serving a total of 38 African countries. A fifth African center is planned for Accra, Ghana.

The IMF's regional technical assistance centers are widely considered a successful model for capacity building by the international community. A key component to this success is that the technical assistance delivered through these centers is demand driven, responding to the needs of countries, and is closely connected to their poverty-reducing strategies. Technical assistance services offered by the centers both complements and supplements the technical assistance provided by IMF headquarters and is coordinated with assistance provided by other donors. The centers provide a natural platform for harmonization of regulatory frameworks, and adoption of best practices, as well as overall economic integration.

The African regional assistance centers are part of the IMF's [Africa Capacity Building Initiative](#) launched in May 2002. Responding to calls from African leaders, the initiative helps strengthening the capacity of African countries to design and implement their poverty-reducing strategies, as well as to improve the coordination of capacity-building technical assistance.

The African regional centers provide technical assistance on a grant basis. They are financed by contributions from the beneficiary countries, bilateral and multilateral donors, and the IMF.

The centers support the implementation of countries' poverty-reducing strategies in the areas of the IMF's core expertise: macroeconomic policy, revenue policy and administration, public financial management, monetary policy and operations, financial sector supervision, macroeconomic and financial statistics, and macro fiscal analysis.

The governance of the centers is designed to promote ownership of, and accountability for, capacity-building programs. Accordingly, each center is guided by a steering committee for the development of technical assistance strategies and priorities. Beneficiary countries have the majority of the seats on the committee. The committee endorses the center's annual work plan and provides high-level guidance on strategic issues, such as emerging capacity-building needs in the region.

The African regional assistance centers have experience and expertise to help member countries in

- **Strengthening government institutions and central banks**, which are critical to promoting sustainable economic growth. Public financial management reforms remain important to make the use of public resources more efficient and transparent; strengthened macro fiscal analysis and reporting allow better planning and monitoring of resources available for pro-poor spending;
- **Deepening financial intermediation** to support a strong private sector. Well functioning interbank money and domestic debt markets are critical to buttress development strategies; strengthening statistical capacity promotes sound macroeconomic analysis, policy implementation, and delivery of better information to the public; timely and reliable statistical data help explain macroeconomic developments and the design of appropriate policy responses; and
- **Making progress in regional integration and harmonization**. Most African countries belong to regional organizations, which often seek to create customs and monetary unions. Regional assistance centers can assist in enabling cross-border trade, and in standardizing and harmonizing statistical data to allow comparability; they can also foster regional integration through peer review.

The Mauritius center will serve a diverse group of countries that generates about half of sub-Saharan Africa's GDP. Several of the middle-income countries in the region have relatively strong government institutions, as well as a good track record of policy implementation and lasting growth. Lessons from those

experiences could be an important input for the center's work, as well as a reference point for assessing the other countries' technical assistance needs and priorities.

## **FIVE) –THE EUROPEAN COMMISSION AND ITS HUMANITARIAN PARTNERS: COLLABORATION THAT SAVES LIVES**

For the fourteenth year in a row, the European Commission convenes its humanitarian partners for their Annual Conference in Brussels on 18 and 19 October. More than 350 participants from the partner organisations are expected to attend, making this a gathering of the world's top humanitarian professionals.

This year's Annual Conference is themed "**ECHO & Partners: helping people together**". The event is a valuable opportunity to discuss common priorities and the increasingly complex humanitarian challenges. The difficulties of delivering aid in conflict zones and the growing rate of attacks on humanitarian workers; disaster trends and innovative responses; the coordination among multiple humanitarian agencies; future food and nutrition challenges – these are some of the subjects which will be discussed at the conference.

### ***Who are our humanitarian partners?***

In 2010, the Commission helped some 151 million people around the world, many of whom needed assistance to survive. Thanks to the solidarity of European citizens, the Commission was able to spend €1.1 billion on humanitarian assistance last year - on the basis of confirmed needs and in line with the principles of neutrality and impartiality. Reaching out to millions of people and making a difference in the face of enormous challenges has been possible thanks to the Commission's collaboration with partner organisations.

The Commission works with over 200 humanitarian partners, the most professional actors in the humanitarian community. Among them are non-governmental organisations (NGO's), United Nations agencies, other international organisations as well as specialised agencies from the European Union's Member States.

From Angola to Afghanistan, Libya to Laos, Haiti to Yemen, the Commission's Humanitarian Aid and Civil Protection Directorate General (ECHO) and its partners work together to give vital aid to the victims of natural and man-made disasters.

The relations between the Commission and its humanitarian partners are outlined in partnership agreements which define the roles and responsibilities in the implementation of humanitarian operations financed by the European Commission.

### ***Allocation of funds***

In 2010, the Commission allocated funds as follows: NGOs: 50%, UN agencies: 39% and International Organisations: 11%. This diversity enables us to deal with complex needs in crisis areas around the world, in a comprehensive manner. This is why the Commission has developed close working relationships with its partners, both at the level of policy issues and of specific humanitarian operations.

The aid organisations interested in collaborating with the Commission on a humanitarian action must submit a sound funding proposal and follow strict guidelines for the project's evaluation and monitoring. The project is subjected to rigorous evaluation as well as control mechanisms to ensure viability and to ascertain that the funds have been allocated appropriately. All proposals are judged on their technical merits, in accordance with ECHO's strategy in responding to any given emergency and on the basis of the "needs" that have been identified.

### ***Monitoring and Assessment***

The European Commission wants to ensure that every euro it spends on humanitarian assistance delivers maximum value to the people who need our assistance. This is an obligation toward those we help, but also toward our taxpayers whose solidarity is translated into humanitarian assistance with the help of the Commission's partners.

How partners turn EU funding into humanitarian actions is monitored and assessed systematically in order to ensure efficiency, accountability and transparency. All projects are continuously monitored through

different control mechanisms. The so-called "Fichop" for example (*Fiche opérationnelle*) assesses the humanitarian action throughout its life-cycle and serves as a basis to evaluate the action at a later stage. There is also an annual assessment carried out for all humanitarian organisations. As a result of the annual assessment, the Commission may confirm, suspend or terminate the partnership agreement.

### **Examples of collaboration**

#### **1. Partnership with International Rescue Committee (IRC)**

**Location:** Turkana and West Pokot districts, Northern Kenya

**Type of Assistance:** Emergency nutrition

**Commission funding:** €1 million

**Number of beneficiaries:** Around 15,000

IRC is the leading agency in a joint effort with **Action Contre la Faim (ACF)** for implementing an emergency nutrition intervention in the two areas. The project is providing aid to 11,770 children under the age of five suffering from acute malnutrition and to 1900 pregnant and breast-feeding women.

This project is treating malnutrition and improving the nutritional status of vulnerable beneficiaries in communities with fragile livelihoods, suffering from drought and high food prices. By providing training on basic hygiene and nutrition practices to the beneficiaries and their families (such as exclusive breastfeeding for children below six months), the communities improve their knowledge on child health, nutrition and hygiene and lives are being saved.

#### **2. Partnership with NGO goal**

**Location:** Woreda and surrounding areas (Oromiya), Ethiopia

**Type of Assistance:** Nutrition & Food Security

**Commission funding:** €1.25 million

**Number of beneficiaries:** Around 130,000

Oromiya and Amhara regions have been severely affected by the drought that rages in the Horn of Africa. Shortages of water and pasture have become critical. Because of the drought situation, it is anticipated that seeds will be scarce in both 2011 and 2012

The intervention deals with severe acute malnutrition among children under five by using community-based therapeutic care; food security for the affected households is also covered by providing seeds and other agricultural assistance to enable the populations to re-establish their self-sufficiency for food. The funding also provides increased access to safe water, training of local staff to identify and refer acutely malnourished children, and Disaster Risk Reduction training.

Other activities include improving clean water supplies at health facilities to support community therapeutic care projects. In addition, food security is being improved through the provision of seeds and fertilisers to around 25,000 households. The main purpose of supplying emergency seeds to vulnerable farmers is to enhance their resilience to shocks

This overall operation is life-saving, especially for the severely malnourished children. Moreover, the intervention will enable people to revitalize their livelihoods and thus is crucial for the early recovery of the affected communities.

#### **3. Partnership with UN world food programme**

**Location:** Sa'ada, Amran, Sa'ana & Hajjah governorates, Yemen

**Type of Assistance:** Food Assistance

**Commission funding:** €3.2 million

**Number of beneficiaries:** 416,800

Yemen is prone to natural disasters such as droughts, irregular rainfall, epidemics and flooding. However, it is primarily the protracted conflicts and uprising in the country which have contributed to the high food insecurity. General food distribution and supplementary feeding programmes for Internally Displaced Persons (IDP's) and their host families are an essential life-line for the often desperate populations,

particularly in the north. The World Food Programme provides emergency food assistance for those affected by the conflict as well supplementary feeding rations for vulnerable children.

In this country of limited access to food, water and health services, the WFP is one of the more privileged partners regarding humanitarian access. They are well-equipped to provide life-saving assistance to those in need.

#### **SIX) – LIBYA REBELS SAY THEY HAVE TAKEN BANI WALID**

Libyan interim government forces entered the pro-Muammar Gaddafi bastion of Bani Walid on Sunday and raised Libya's new flag, a senior military commander said. "We have reached the city centre (of Bani Walid) and have raised the flag," Colonel Abdullah Naker, head of the Tripoli Revolutionist Council, told Reuters. Fighters from a brigade taking part in the assault on Bani Walid also told Reuters they had entered the town. Bani Walid is -- along with Gaddafi's hometown of Sirte -- one of only two remaining towns in Libya resisting the rule of the National Transitional Council (NTC). (Reuters)

#### **SEVEN) –KENYAN TROOPS OPERATE IN SOMALIA AFTER EUROPEANS ABDUCTED**

Kenyan troops moved over the border into Somalia Sunday, after top Kenyan ministers pledged soldiers would hunt down gunmen suspected of kidnapping four Europeans in recent weeks, including two humanitarian aid workers. Kenya's government blames the Somali Islamist al-Shabaab militia for the kidnappings. The abduction of two Spaniards working for charity Medecins Sans Frontieres (MSF) on Thursday appears to have spurred Nairobi into penetrating its neighbour's territory. Several senior Kenyan officials say their country is now at "war" with al-Shabaab, citing the right to self-defence in going after the militia. "If you are attacked by an enemy you are allowed to pursue that enemy until where you get him. We will force them far away from our border," said Interior Security Minister George Saitoti. "We are now going to pursue the enemy, who are the al-Shabaab, to wherever they will be, even in their country. We are ready to take any necessary measure to protect our territorial integrity," noted his defence ministry counterpart Yusuf Haji. Military sources quoted by local media indicated one plan being considered was the creation of a buffer zone inside Somalia. Kenyan troops, backed by aerial support, were said to have crossed 100 kilometres into the northern neighbour. In a related development, Somalian government troops and an allied militia said they took back a key border town from al-Shabaab, which has links to al-Qaeda. In recent weeks, Nairobi has deployed hundreds of troops to the border region, fearing fighting between the sides could spill over into its own territory (dpa)

#### **EIGHT) – SOMALIA'S SHEBAB THREATEN KENYAN ARMY**

Les islamistes shebab somaliens, affiliés à Al-Qaïda, ont menacé dimanche l'armée kényane, qui est entrée en territoire somalien pour poursuivre des islamistes accusés par Nairobi d'avoir enlevé des européennes au Kenya. "Le Kenya a violé les droits territoriaux de la Somalie en entrant sur notre terre sainte, mais je vous assure qu'ils repartiront en étant déçus, si Dieu le veut. Les combattants les forceront à affronter l'épreuve des balles", a indiqué à des journalistes un chef shebab Sheikh Hassan Turki. (AFP)

#### **NINE) –STANDARD BANK LEADS 'AFRICA SCRAMBLE'**

Standard Bank on Monday reported a resurgence in corporate and investment banking activity in SA and elsewhere in Africa as local and global banks scramble for deal-making opportunities in one of the fast-growing emerging economies. In an interview, the bank's CE for corporate and investment banking, Kennedy Bungane, said competition for deal-making and to raise debt and capital funding was intensifying in Africa. This was despite market turmoil from the debt crisis in Europe and the US, which Mr Bungane warned could tilt the international economy into a double-dip recession. Global companies and investment banks were setting up head offices in SA "in a big way", he said. "Unlike in 1996, when they established

offices and still maintained 'suitcase banking', this time we are seeing them maintaining a presence, including even Indian and regional banks."

SA and the rest of Africa were "the flavour of the month", he said, and SA's attraction as a springboard into Africa was the main reason for the presence of global investors and banks in the continent's largest economy.

Mr. Bungane said Standard — recognised by banking publications as the top deal-maker in Africa — was installing defensive strategies. "We are well aware of strong and resurgent competitors coming up fast behind us, ready to challenge our corporate banking franchise and our endeavours to defend and grow our vanilla lending products. "I think everyone has kind of found out our secret that Africa is in vogue and people have also established that SA is a boon for financial markets and a springboard into the continent." Standard has announced plans to consolidate its position as Africa's largest bank by assets by investing its discretionary capital to fund organic and acquisitive growth. Mr. Bungane said in addition to its strong capital position, Standard had access to the "formidable" balance sheet of its 20% owner, the Industrial and Commercial Bank of China.

Standard had already partnered with this bank — the world's largest by assets and market capitalisation — to fund projects in Africa and Brazil. Standard had maintained its leading position among advisers on mergers and acquisitions concluded in SA in the first nine months of this year. Out of deals worth \$12,4bn, Standard had advised on 10 deals worth \$5,4bn, beating nearest local rival RMB, with 13 deals worth \$2,7bn.

Mr. Bungane said investors were looking for a bank that not only had a strong balance sheet, but also the global links to tap into debt and capital markets. Standard's advantage was that it could use its South African balance sheet and that of its UK-based subsidiary, which gave it access to international financial markets.(Business day)

#### TEN) – **SWAZI LOAN NOT SIGNED YET**

South Africa's R2.4-billion loan to Swaziland was yet to be signed as King Mswati appeared to be reluctant to agree to the conditions, Business Day reported on Tuesday.

South Africa's Treasury confirmed on Monday that no funds had been transferred to Swaziland.

"The loan agreement has not been signed by the Swazi authorities and as such no money has been transferred to Swaziland," Treasury spokeswoman Bulelwa Boqwana said.

The kingdom was desperate for financial support after losing about 60% of its revenue from the Southern African Customs Union, which had slumped due to slowing trade.

The first instalment of the loan was due to have been transferred to Swaziland in August, with subsequent payments credited in October and February.

As part of the agreement, Swaziland had to align its fiscal policy to International Monetary Fund standards, allow SA experts unhindered access to improve the country's fiscal and budgetary plans, create platforms to attract foreign direct investment and institute reforms to stabilise Swaziland's economy.

#### ELEVEN) – **EXPERTS AGREE ON TRANS AFRICAN HIGHWAYS TO ACCELERATE DEVELOPMENT IN AFRICA**

Experts have adopted an action plan and a set of recommendations that will help speed up the Trans African Highways (TAH) in order to accelerate the overall socioeconomic development process in Africa.

The experts concluded on the action plan during a meeting at the United Nations Economic Commission for Africa (ECA) in Addis Ababa, Ethiopia saying the TAH implementation will help landlocked developing countries.

The experts reviewed conditions of development of road infrastructure and road transport in Africa, including issues related to design, construction and operation, particularly those on the movement between the African regional road networks, according to a statement from the ECA.

At the end of deliberations, ECA says the experts recommended the “adoption of uniform minimum continental norms and standards for design, construction, maintenance and operation of Trans African Highways” and noted the need to ensure that TAH norms and standards are fully complemented with international homogeneous and comprehensible road signs.

They further recommended the adoption of an “Intergovernmental Agreement by the Sector Ministers that will provide the legal framework to define the norms, standards and specifications for the Trans African Highways,” This, the experts agreed, will strengthen the coordination and implementation of the Trans African Highways, it added.

ECA indicated that the outcomes are expected to be considered by the forthcoming Second African Union Commission (AUC) Conference of the African Ministers in charge of Transport in November 2011. (Ghana Business News)

#### **TWELVE) – AFRICAN DEVELOPMENT BANK APPROVES \$15.7M GRANT FOR SIERRA LEONE’S ECONOMIC GOVERNANCE PROGRAMME**

The African Development Bank Group (AfDB) says its Board of Directors has approved a \$15.7 million grant to finance Sierra Leone’s second Economic Governance Reform Programme. The decision was taken in September 2011, according to the AfDB.

“The grant, from the AfDB Fragile States Facility, will be disbursed in two parts in 2011 and 2012,” said the Bank in a press release.

The Sierra Leonean programme aims to strengthen public financial management and revenue governance in the mining and energy sectors. It will also increase government’s fiscal space for pro-poor expenditure in line with the poverty reduction strategy, the AfDB indicated.

#### **THIRTEEN) – WORLD BANK WARNS RICH COUNTRIES AGAINST AID CUT TO AFRICA**

The World Bank has warned rich countries against considering cuts to development assistance for Africa especially at this time when there are growing fears over a potential global recession. “The temptation is great when a crisis looms - as it does now - for rich countries to slash development assistance. This would be a grave mistake,” World Bank Vice President for Africa, Obiageli Ezekwesili told investors in London.

She was speaking at the first-ever African investment summit organised by the London Stock Exchange (LSE) according to a press statement issued by the World Bank in Dar es Salaam yesterday.

Ezekwesili stressed that cutting aid would be a grave mistake not because Africa is desperate for aid, but because the global economy is desperate to see a high-performing Africa.

“An expansion in global prosperity and a resumption of global economic growth, she explained, really depends on Africa playing its role as a global growth pool and prospering as a robust market for global goods and services,” she said.(The Guardian)

#### **FOURTEEN) – NIGERIA TO SHUT DOWN FIVE POWER PLANTS**

The Power Holding Company of Nigeria (PHCN) has announced plans to shut down five power plants across the country, a decision that will drastically reduce the present state of power generation across the country. The announcement is expected to have an adverse effect on the Federal Government's ambition to reach a level of about 5,000 megawatts (MW) of electricity by the end of December. A few weeks ago, the government celebrated the achievement of over 4,050MW, marking the highest quantum of electricity generated in the history of the nation.

PHCN, in its latest statement, said it regretted to inform its customers nationwide of the notice received from Nigeria Gas Company Limited (NGC) of the planned shutdown of: Shell Petroleum Development Company; SPDC; Otorogun and Ughelli East Gas Plants; the Oben, Sapele and Ogharefe gas plants of Saplet; and Pan Ocean for maintenance purposes. "This will be for seven days, commencing 11 October 2011," it added.

According to NGC, the maintenance will lead to complete shutdown of Geregu, Sapele, Ughelli, Omotosho and Olorunsogo power stations throughout the period, resulting in a cut-back in generation of over 1400MW. "This loss of generation will entail minimal load shedding in many parts of the country," it said.

"We appeal to our valued customers and other stakeholders for understanding and support, while assuring them that the power supply situation will improve considerably once gas supply is restored to these stations," NGC stated.(ESI AFRICA)

#### **FIFTEEN) – SOUTH AFRICA WILL NOT DEVIATE FROM AFRICAN BLOC IN KEY CLIMATE TALKS**

South African will take an "African" position at the global climate change meeting in Durban later this year, Environmental Affairs chief negotiator Alf Wills said on Monday, while acknowledging that the continent was not united on some environmental issues. South Africa, which is the president of the Seventeenth Conference the Parties (COP 17), has key trade partners within the Brics (Brazil, Russia, India, China, South Africa) and the Ibsa (India, Brazil, South Africa) grouping of countries, as well as strong relations with the US, particularly through the African Growth and Opportunity Act.

But Wills said the country's position on climate change was aligned with the African position, pointing out that Brics was not a negotiating bloc.

Although Africa as a bloc was not as coherent as the European Union (EU), it remained the most coherent after the EU, Wills said. "There are differences in Africa, especially with regard to reducing emissions from deforestation and forest degradation, REDD, between the Democratic Republic of Congo and East African countries in terms of the use of forests in a market-based platform, while oil-rich African countries also had certain affiliations with the Organisation of Petroleum Exporting Countries."

In terms of the EU, Poland's Centre for International Relations CEO Janusz Reiter said the EU remained diverse in its views, taking into consideration the economics and culture of climate change. However, the EU's energy policy remained one around common rules and infrastructure, which is why the former Polish special envoy on climate change and ambassador to the US and Germany, believed Germany's decision to phase out nuclear energy shortly after the earthquake and tsunami that struck Japan in March, was a challenging one. "Some believe that Germany's decision is one that was irrational, but other believe it was a decision to generate pressure on Germany to develop green technologies and make their green industry more competitive," Reiter said.

He believed that Germany would try to fill its energy gap through the use of natural gas, which has political and geopolitical implications, as it also increased dependence on Russia.

Indicating that his comments were in his personal capacity, he said such thinking, even for countries in the EU, were not attractive, particularly for countries that could not transition to a low based carbon economy

and do not have the resources available to compete globally. “This raises the question of fairness within the EU,” he said.

While Poland did not have a climate change policy, it remained fully committed to the EU agenda on climate change.

The coal-dependent Poland, he said, was transitioning towards nuclear, with the intention to build two nuclear power plants. It would also invest in shale gas, but the challenge remained the strong lobbying groups against the source of energy in the EU and the US, with strong opposition from Germany, Reiter explained.

EU negotiators were currently meeting in Luxemburg to finalise its final position for the COP 17 talks.

Reiter told *Engineering News Online* that the European debt crisis could reflect itself in the conditions of the EU’s offering to reduce emissions.

“The debt crisis remains a serious issue and makes much more of a difference in how the conditions reflect the realities of the EU’s vision,” he explained.

Meanwhile, Wills called for the agreements reached in Cancun to be operationalised and that while a legally binding agreement may not be reached at COP 17, it was key to ensure that a rule-based multilateral systems is encouraged to put forward the best system that could enable a legally binding agreement.

Both Wills and Reiter believed that it was key that in driving economic growth through climate change, that Intellectual property (IP) rights should not be undermined and there should be no room for taking away incentives for innovation.

Both agreed that a mixture of trade with climate change would also lead to a “no-win situation,”

Fernando Matos Rosa

Brussels

