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Cat and mouse

Constitutionally President Moi must step down from office but he may still hold onto the levers of power

When President **Daniel arap Moi** met the President of the World Bank, **James Wolfensohn**, and the Managing Director of the International Monetary Fund, **Horst Köhler**, Kenya's stalled economic reform programme (see Box) was not the first thing on his mind. Moi's main worries were about his own exit from the presidency, due in December 2002. He had spent the morning of that Sunday, 25 February, and all the previous week, meeting tribal leaders from the poor regions that back him and his Kenya African National Union - Luhya of Western Province, Kalenjin and Maasai from the Rift Valley, Kamba from Eastern Province, and people from the Coast. They have recently, and surprisingly, found themselves in alliance with the National Development Party, led by the hereditary Luo leader, **Raila Amolo Odinga**, formerly Moi's implacable foe.

The President and his political cronies - Tourism Minister **Nicholas Biwott**, presidential aide **Joshua Kulei**, his nephew **Hosea Kiplagat** (Chairman, Cooperative Bank of Kenya) and **Mark Too** (a nominated KANU member of parliament) - have been working out how to give up office yet keep control. They differ on details but seem poised to succeed, just as they succeeded in winning the 1992 and 1997 elections. Their main assets are the always divided opposition, plus support from the police and organized KANU youth. Their main problems are KANU's own divisions, which Moi has been trying to patch up with his usual tools of cajolery, inducements and threats.

Moi spent much of February attacking the five renegade MPs he calls 'the KANU Rebels', thrown out of the party in January after defying the party line and criticising Moi and his *côterie* of wealthy party bosses. They are **Cyrus Jirongo** (Luhya, ex-Moi confidant, former head of the well-funded campaign outfit, KANU Youth '92); **Simeon Nyachae** (former Finance Minister, Kisii); **Kipkalya Kones** (ex-Minister of State, Kipsigis); **Kipruto Kirwa** and **John Sambu** (both Nandi). They represent heavily populated adjoining districts in Western Kenya which have regularly voted for Moi; their expulsion could upset his plans for a regional coalition.

Red signals

To keep the rest of its MPs in line, the party has decided to hold monthly meetings of its parliamentary group. Even so, and even with assured NDP support, KANU has failed to pass several bills or to block private members' legislation - notably the Donde bill on interest rate control.

Moi's meetings with ethnic group leaders were sparked by KANU's ongoing nightmare - shared by the NDP's Luo leaders - that the Kikuyu, the nation's largest group, might unite. Meanwhile, Kikuyu parliamentarians regularly play into their opponents' hands. Practically all of them, together with those from the closely related Embu and Meru groups, attended two meetings in February, at the Windsor Hotel and Country Club in Nairobi, to discuss reconstruction of the battered agricultural economy of the Mount Kenya region (based on coffee, tea, horticulture and dairying), and to plan for the 2002 elections.

The Windsor meetings sent out a red signal. When the Kikuyu talk of unity, their rivals recall the bloody Mau Mau rebellion of the 1950s. A newspaper column claimed that to most Kenyans, the Kikuyu has not outlived his colonial reputation as an 'incorrigible thief, robber, killer, and prostitute.' The author was **Philip Ochieng**, KANU's main defender in the press during the violent assault on the opposition of 1991-1992. Vice-President **George Saitoti** (Kikuyu/Maasai) denounced the Windsor meetings as sinister and 'tribal'. KANU's Secretary General, **John Joseph Kamotho** (Kikuyu), called them hopeless and narrow-minded.

We hear that in closed-door meetings at his Kabarak country home in the Rift Valley, Moi was busy warning the 'traditional leaders' that a Kikuyu political revival would destroy the national unity he had worked for all his life. On 17 February, he assembled at Kabarak 30 Luo, Luhya, Kamba, Kalenjin and Maasai MPs to discuss the 2002 elections, at which the main rival blocks are likely to be shaped as follows:

- Moi and the rival KANU factions. Even without the rebel MPs, KANU is deeply divided. The

Bretton Woods at Dunsinane

Kenya knew that World Bank President **James Wolfensohn** and International Monetary Fund Managing Director **Horst Köhler** wanted to meet **Daniel arap Moi** in person, with no advisors or note-takers present. The IMF's agreement with the Kenya African National Union government (AC Vol. 41 No. 18 et al) is in shreds and on 25 February, the top people from Washington wanted to know Moi's ideas for saving it.

✦ The Kenya Anti-Corruption Authority has tried to prosecute four cases involving some of Moi's closest allies; the judiciary disqualified the KACA, saying that only the attorney general may prosecute corruption cases.

● Privatisation of Telkom. The government agreed to sell 49 per cent of the equity, began negotiations with the highest bidder, then called the deal off. This bidder, the Mount Kenya Consortium, combines telecoms technocrats, **South Africa's** Eskom Enterprises, **Zimbabwe's** Econet Wireless (headed by **Strive Masiyiwa**) and the **Netherlands' KPN Telecom NV**, with financial muscle from the Hong Kong and Shanghai Banking Corporation (HSBC) and the economic and political attanae of the Consortium Chairman, **Chris Kirubi**, who heads the Industrial Credit and Development Corporation. Ethnic die-hards in KANU see the Mount Kenya Consortium as a Kikuyu outfit and therefore not to be trusted politically with telecoms (even if the leading Kenyan members backed KANU in the 1997 elections).

● The Economic Crimes Bill, imposing severe punishments for corruption, has not been presented to parliament, where KANU and the National Development Party have a majority.

● The Public Service Bill was initially accepted by the government, which then changed its mind, saying it violates the separation of powers.

● The Donde Bill, massively supported in Parliament last October:

tabled by **Joseph Donde** of the Forum for Democracy-Kenya, it would regulate bank interest rates (at present over 25 per cent), fixing rates a few percentage points above the discount rate of gilt-edged Treasury bills. The bill, wildly popular with the middle classes (including MPs), would in effect move control over monetary policy from the Central Bank to Parliament's Finance Committee, thus violating IMF conditions.

● The Dream Team: the mandate of **Richard Leakey's** team of 'incorruptible technocrats', supported by the World Bank, expires in September. MPs of all parties have criticised the team as overpaid and ineffective. We hear that members' phones are bugged and their movements monitored, lest they plug the sources of patronage. Most of them are disillusioned. Leakey himself is at the centre of an embarrassing row between Dutch bank ABN Amro and local flower exporter Rosafric. The case is now in court: ABN Amro is suing Rosafric for US\$3.4 million but Rosafric are counter claiming, alleging fraud by a former ABN Amro employee. Leakey is alleged to have intervened on behalf of ABN Amro to shore up Kenya's relations with the Netherlands but is now the target of scurrilous accusations — much to the delight of his political opponents in the KANU elite.

Moi has recently and openly castigated the IMF and World Bank for exploiting African economies. He has also assured Wolfensohn and Köhler that, once they produced the money, Kenya would fulfill all the conditions they require. They met in the room where the IMF's former Managing Director, **Michel Camdessus** (in 1995) and the Bank's former Vice-President, **Edward 'Kim' Jaycox** (in 1993) received similar assurances; they released the funds but they never saw the promised results. This time the Fund and the Bank are determined not to be outsmarted.

most ardent sycophants urge Moi to seek a third term, after a constitutional amendment sponsored by KANU/NDP; Moi remains non-committal. Another group of Moi-loyalists - **Fredrick Amukowa wa Anangwe** (Luhya, Minister of State), **Julius Sunkuli** (Maasai, Minister of State), **Kalonzo Musyoka** (Kamba, Education Minister), **Fred Gummo** (Luhya, Minister of State), plus the Luo boss Raila Odinga - wants a younger KANU/NDP coalition candidate to face off the Kikuyu; this would allow Moi and his cronies to control security and power behind the scenes through KANU, of which he would remain head. But Moi's backers cannot agree on a candidate. Last December, the NDP turned down Moi's plea to merge with KANU; Odinga and his advisers refused to disband their party unless Moi promised them the top position on the KANU ticket in 2002. Odinga might consider the number two position on a joint KANU-NDP ticket.

Keeping them guessing

The rival idea of the old KANU-B faction under Biwott and Saitoti is to seek allies among Kikuyu, Kamba, Taita and some Luhya leaders. Kamotho, the faction's spokesman, has openly opposed the idea of a KANU/NDP ticket in 2002, and scoffed at efforts for Luo-Luhya unity. Moi encourages both groups and keeps their leaders guessing. 'It is impossible to know where Moi stands', says a well-informed observer.

● The Gikuyu-Embu-Meru (GEMA) alliance. The MPs at the Windsor Hotel stressed the ruin of the economy under Moi and agreed to seek allies to oust him in 2002. They have contacted most

Kamba MPs, **Charity Ngilu** and her Social Democratic Party, and Simeon Nyachae. Yet the head of the Democratic Party, **Mwai Kibaki** (Kikuyu) could not agree with Nyachae on a common candidate, even after a full day of talking.

● The KANU rebels, led by Kirwa and Jirongo, hope to register a new United Democratic Movement, presumably with Nyachae as its presidential candidate. With the support of **Gideon Makau Mutiso**, a political scientist, Nyachae has drafted a campaign platform but failed to impress Kenyan students and expatriates in the **United States** and **Britain**. Jirongo boasts that he could bring victory to the new party, 'the same way I did for KANU in 1992'; the new party would take more votes from KANU than from GEMA.

KANU plays cat and mouse with civic and religious groups over constitutional reforms. After riots in 1997 in favour of fair elections, and pressure from donors, the party conceded an all party constitutional reform process, involving the main non-political groups. Then, with NDP support, it started a rival constitutional review within parliament, where the two parties have control and can ignore the infuriated churches and civic groups. In recent months, Professor **Yash Pal Ghai**, a noted Kenyan constitutional scholar now teaching at Hong Kong University, was brought in by Attorney General **Amos Wako** to work out a compromise all-party commission. It has made little progress, mainly because the church-led groups doubt Moi's good faith. Even if it worked, the election would be over before it could take evidence, redraft the constitution, and organise a referendum. So KANU can again do whatever it decides to do.

SENEGAL

Party games

President Wade has sacked his main ally and needs to acquire some new ones

President **Abdoulaye Wade** has shuffled the deck ahead of the legislative election that is due on 29 April. On 3 March, he sacked his Premier, **Moustapha Niasse**, whose support won him last year's presidential poll (AC Vol 41 No 7). We hear he accused Niasse of briefing against him by supporting his own candidates for the elections. The new non-party Prime Minister, **Mame Madior Boye**, is Wade's leading female technocrat, and will keep her job as Minister of Justice. Wade also sacked five ministers from Niasse's *Alliance des Forces de Progrès* (AFP), replacing them from his own *Parti Démocratique Sénégalais* and its close allies. Wade and Niasse had long disagreed

deeply about how to run the government: the question was whether Niasse would jump or be pushed (AC Vol 41 No 23).

The departure of Niasse and his colleagues ends the coalition demanding change, the *Front de l'Alternance* (Fal) which brought Wade to power in March 2000. No extra cabinet posts went to the smaller left-wing parties that made up the Front, **Landing Savane's** *And-Jëf/Parti Africain pour la Démocratie et le Socialisme*, and **Abdoulaye Bathily's** *Ligue Démocratique-Mouvement pour le Parti du Travail*; Wade was sure he could keep them on board without any reward at this stage and he kept **Haoua Dia Thiam** of the A-J/PADS at the Parliamentary Relations Ministry.

The coming elections for the National Assembly - referred to in Dakar as 'round two' of last year's presidential election - will be more difficult for the PDS. Wade beat the outgoing President **Abdou Diouf** of the *Parti Socialiste* but the PS still dominates the 120-seat Assembly and is regarded as 'wounded and dangerous'. The PS majority has given Wade a tough time over the past year but steered clear of a vote of censure, for fear of losing it. Wade now needs a working majority for his privatisation and liberalisation plans but his PDS probably cannot

Catching the boat

In Senegal's troubled southern region, the pro-independence *Mouvement des Forces Démocratiques de la Casamance* (MFDC) is deeply split it and its veteran leader, the **Abbé Augustin Diamacoune Senghor**, may have the upper hand. Optimists in Dakar feel that peace in Casamance may finally be possible after 19 years of conflict, which has wrecked the Province and left tens of thousands of refugees.

The crucial event took place over the border in **Guinea Bissau**, with the killing of the warlord and serial coup-maker General **Ansoumane Mane** after his abortive coup in late November (AC Vol 41 No 24). Mane, a key figure in Bissau's Muslim minority, had extraordinary prestige in the country's army, partly for his record in the liberation war before 1975 and also for his stand against the unpopular President **Nino Vieira**, who fell in May 1999. Mane was Mandinka, of **Gambian** origin and the patron of the hardest-line elements of the MFDC's *Front Sud*, led by **Salif Sadio**. Sadio's faction may have been helped by **Libyan** Colonel **Moammar el Gadaffi's** network, probably through Mane and Gambian President **Yahya Jammeh**, who has many connections with his Jola brothers in the MFDC.

Unconfirmed reports say that Sadio was killed on 25 February by one of his own lieutenants. Certainly he had been losing his military clout: his arsenals in the Kolda border regions and in Bissau itself were discovered 'by surprise' by Bissau forces on 'routine patrols' in Balante-dominated suburbs. The head of the MFDC's *Front Nord* (Northern Front) fighters, **Léopold Sagna**, is more pragmatic; he favours **Abbé Senghor's** strategy of negotiating as much autonomy from Senegal as possible, then pulling in aid from the United Nations, European Union and others. Sagna's group has been helped by pathfinder units from Bissau to encircle Sadio's fighters, said to number 750, in the headquarters they call *Dien Bien Phu*, after the battle in which **Vietnam** defeated **France**. Alive or dead, Salif Sadio has lost out.

Sagna's Northern Front wing of the MFDC is relatively moderate, Christianised and closer to **Abbé Diamacoune Senghor**. A younger member of the family, **Bertrand Diamacoune**, has been busily trying to persuade *maquis* units to give up but has not yet reached the units in the dangerous Kolda-São Domingos region on the border, which are thought to be at the heart of the Southern Front's cannabis-smuggling operations. The Senegalese army, by tacit agreement, has not intervened.

Representatives of all elements of the MFDC had been due to meet in Banjul in January but the meeting was postponed after the latest flare-up. Loyalist Guinea Bissau units and pro-Senghor elements of the MFDC had hoped to neutralise Sadio and some insist that reports of his death are greatly exaggerated.

President **Abdoulaye Wade** gets on well with Guinea Bissau's embattled President **Kumba Yala**, who also spent long years leading an opposition party. Yala is Balante from the south; his people dominate the army but were never important in the *Partido Africano da Independência da Guiné e Cabo Verde* (PAIGC), the liberation movement that won independence from **Portugal** but is now marginalised, with some of its senior officials accused of plotting alongside the late Gen. Mane.

There is also trust between the MFDC's Diamacoune Senghor and Senegal's Interior Minister, **Mamadou Niang**. A retired general, Niang saw service in Casamance and was head of the *Observatoire National des Elections* (Onel), the observer group which monitored Senegal's 2000 elections. However, a proposed ceasefire on 6 February was overtaken when dissidents in the MFDC's Northern Front opposed Senghor's aim to negotiate and eliminate Sadio.

Gambia's President Jammeh has flounced out of the regional diplomatic arena - at least that small part of it that worries about Casamance. He is offended by Wade's more muscular attitude to Gambian meddling there. And Wade is liable to make foreign policy gaffes; within months of winning the presidency last March, he had managed to offend the governments of both Guinea Bissau and **Mauritania**, and has since picked a fight with **Nigeria's** President **Olusegun Obasanjo**. Few blame him for taunting Jammeh; many Gambians quietly hope Senegal will help them eject their President and his ruling Jola clique.

President Yala, who visited Lisbon for medical treatment in early February, may not yet control Guinea Bissau's military policy. His announcement on 9 February that the army had killed 30 MFDC rebels was denied by his own Defence Minister, **Fernando Correia Landim**. **Abdoulaye Wade's** wife **Viviane Wade** has tried to help; at a church service in Ziguinchor in mid-February, she assured the congregation, including the influential mayor **Robert Sagna**, that her husband was 'doing everything he could' for peace. Sagna is a boss of the formerly ruling *Parti Socialiste* in Casamance, where Wade's *Parti Démocratique Sénégalais* (PDS) is strong; peace there could further boost the PDS and help *And-Jëf*, the party of Senegal's Energy Minister, **Landing Savane**, which also gets votes in Casamance.

The PDS has been lobbying local dignitaries, including the influential **Cherif Samsidine Aodara**, thought to have influence with the *maquis*. Ziguinchor is still cut off by random anti-personnel mines on the approach roads and the local economy is at a near standstill. The surface link with Dakar is an increasingly unreliable boat. Even strongly pro-independence elders are unhappy; that, and Mane's death, give Senghor the chance to turn the tables.

beat the PS by itself. President Wade's triumph, after careful drafting and planning, was the constitutional referendum in January, which reduced the presidential term from seven to five years and abolished the costly senate.

Along with the presidency, the PS has lost many local and regional dignitaries - mocked by opponents as '*les transhumants*', (here, migrants) - both to the PDS and to the *Union du Renouveau Démocratique* (URD), led by former PS baron **Djibo Laity Kâ**. He wants to fuse with his former party but the PS Secretary General, **Ousmane Tanor Dieng**, prefers *ad hoc* understandings in areas such as Linguhre, where Kâ is unassailable, and Saint-Louis, where the race is wide open. In Kaolack, a fierce three-way contest is expected; PDS recruiting drives there have led to street clashes.

Many in the PS blame Dieng for losing the presidential poll and oppose the Dieng tendency almost as strongly as they oppose Kâ. With Niasse out of the government, Tanor Dieng's supporters might be interested in a rapprochement with Wade. Dieng - humourless, autocratic and uncharismatic - remains unpopular. He was the architect of the municipal elections in November 1998, when he protected Diouf from the grubbier political operations.

Djibo Kâ, bossy and self-important, was unloved in the PS, although when he defected in 1998, he took several barons from the Fleuve area with him. His U-turn back to the PS, amid allegations of inducements, cost him credibility. He fell out with Niasse when both were young socialists in the 1970s and they've been at odds ever since; Niasse left government after slapping Kâ in a cabinet meeting in the mid-1980s. The PS may now split once more, especially if there are attempts to wrest the party machine from Dieng's faction. Kâ hopes to attract AFP voters by relentless criticism of Niasse's performance as Premier.

Dakar backlash

The PDS badly needs allies: after a year of Wade's presidency, living standards seem no higher and urban voters are growing disillusioned. In Dakar, where he won the poorer districts last year, there are signs of an anti-Wade backlash. Wade has agreed to share lists of candidates with Energy Minister Bathily's *Ligue Démocratique MPT*; Bathily would oppose any deal between Wade and the PS and had expected to replace Niasse as Premier. **Ameth Dantsoho** of the *Parti International du Travail* quarrelled with Wade and resigned, as he did from Diouf's government in the mid-1990s.

The Fal, a coalition made up of the small left-wing parties which backed Wade last year, may fall apart entirely but none of its players is expected to team up with Niasse's AFP. Fal's coordinator, **Iba Der Thiam**, remains close to Wade. The AFP will fight the PDS in key constituencies, possibly producing some surprises. Niasse himself is surprisingly unaffected by his association with Wade's unimpressive first year; together, they sidelined several PS figures, notably Diouf's last Prime Minister, **Mamadou Lamine Loum**, who was given a sinecure on the commission monitoring the **Chad-Cameroon** pipeline.

Yet the purge has been evident in the parastatal companies. The senior victim was **Pierre Babacar Kama**, sacked in August as head of *Industries Chimiques Sénégalaises* (ICS), the backbone of the export economy. His replacement, **Djibril Ngom**, is a former advisor to Wade and is especially close to the PDS number two, Minister of State **Idrissa Seck**. In collaboration with Seck's advisor **Malik Camara Ndiaye**, Ngom can in practice veto other key public-sector appointments. **Habib M'Baye** likewise was parachuted into the troubled groundnut monopoly, the *Société de Commercialisation des Arachides du Sénégal* (Sonacos).

Wade is furious at the financial mess he inherited at Sonacos, leaving a cash gap of 39 billion CFA francs (US\$55.6 million) and

thousands of unpaid farmers, many of them in PDS constituencies. It is rumoured that several senior PS figures may be prosecuted for fraud committed under Diouf.

The PS spokesperson, **Abdourahim Agne**, has repeatedly criticised Wade's liberalisation plans, which the World Bank regards as too timid; it wants rapid privatisation of the electricity giant *Sénélec* (*Société Nationale d'Electricité*), renationalised in October after Wade sacked its private managers.

Some key figures from the Diouf era have handled the change skilfully. The veteran Lebanese **Bourgi** clan still has close ties to the presidency and businessman and banker **Diagna Ndiaye** has served as Wade's unofficial envoy in the region.

Conspiracy theories surround the shooting of a student activist, **Balla Gaye**, during a demonstration at the Université Cheikh Anta Diop on 24 January. Student leaders say the police shot him but Wade, who won much student support in last year's election, claims the police were unarmed and that he has nothing to gain by turning on his own supporters. Gaye may have been killed amid score-settling among rival factions of the *Mouvement des Etudiants Libéraux* (Liberal Students' Movement), one of the increasingly militant groups which claim Wade has betrayed his election promises to students.

Senegal's electoral system, mixing first-past-the-post with proportional representation, is designed to avoid an electoral stalemate, yet stalemate seems the most likely result. If neither the PDS nor the PS wins a majority in the new Assembly, Niasse's AFP or Djibo Kâ's URD might again hold the balance of power. Or, if the majority goes to the PS, Wade could yet make peace with his sworn opponents and name a new government from their ranks.

SOUTH AFRICA

Market failure

Liberal economies aren't producing jobs or growth

Market economics is failing in South Africa. It's not producing jobs, investment or the high growth needed to finance more spending on education and health. Moreover, South Africa is on its own in the global economy. Unlike South East Asia, whose rapid economic development was fuelled by the regional sponsorship of **Japan**, underwritten by the **United States**, or South America, whose push for growth has also been underwritten by the USA, South Africa's locomotive was meant to have been Europe.

Yet instead, curmudgeonly European Union states have spent the last six years squabbling about what level of trade concession they're willing to grant South African exporters in the EU's wealthy single market. Again unlike South America or South East Asia, which built up their manufacturing and service economies behind tariff walls and subsidised loans, South Africa is tied to neo-liberal economic orthodoxy: no protection for local companies, market-driven interest rates and minimal budget deficits. That's won South Africa brownie points with the International Monetary Fund and World Bank but it hasn't helped most South Africans.

Then this week, Western pharmaceutical companies started a legal battle with the Pretoria government to prevent it manufacturing cheaper generic versions of the anti-HIV/AIDS drugs which it can't afford to buy on the international market. **Nelson Mandela** may have been an icon of the 20th century but the world isn't doing South Africa any favours. Some South Africans - especially

business-minded ones - worry that the failure of market economics will produce a backlash and push the government into a tax-and-spend strategy.

There's no sign of that yet, though. President **Thabo Mbeki** is wedded to the market-driven economic strategy. Privately and publicly, he insists there is no alternative, although he's deeply disappointed by the response of the biggest local corporations and their foreign competitors.

The country has achieved macroeconomic stability. The budget delivered on 21 February is as tough on discipline as all its predecessors have been under the African National Congress government. It aims to fuel growth by extra spending on infrastructure, plus tax cuts and incentives, with promises of regulatory reform and more privatisation.

However, the medium-term prospect still falls short of what is needed. Last year's growth of 3.1 per cent and the 3.5 per cent projected by the Treasury for this year are improvements on the years of mismanagement and corruption under apartheid but fall far short of what's needed to create new jobs. That would need growth of a stellar 6 per cent, according to the government and most private economists.

The yield on government bonds has fallen, showing that the Reserve Bank has established the credibility of its inflation target of 3-6 per cent (which is endangered by the fall in the rand's exchange rate and by uncertainties about oil prices). Stabilisation may stimulate investment without creating enough jobs and that seems to be happening. Restructuring of the economy, automation, low skills and labour laws which make business reluctant to take on workers, are probably to blame. Social problems - crime and HIV/AIDS - and lower business confidence make it harder still to push growth upwards.

Procrastination, the thief

The country is paying the price of hesitancy in implementing necessary reforms. There is plenty of rhetoric but less action, about crime, privatisation, government efficiency and reforming the labour laws. Last July, amid great publicity, the government promised amendments to labour legislation but so far no changes have come.

In his State of the Nation address in early February, President Mbeki declared a drive for faster growth and a commitment to reform, stressing plans for deregulation and greater government efficiency. 'Managed liberalisation' of the energy, transport and telecommunications sectors is designed to improve national competitiveness. The details have not been revealed but the idea is to provide a post-privatisation framework for the big utilities that the government still owns. The government also says it must address rural poverty, with better delivery and infrastructure. Nevertheless, the agencies that should do that job are the new local governments, few of which are competent to spend big money.

The budget's fiscal stance remains cautious but slightly more expansionary, partly because the Treasury believes that few state agencies could manage much more worthwhile spending. The deficit has been narrowing mainly because effective tax collection has brought in more revenue. The Treasury estimates that this year's deficit will turn out at 2.4 per cent of gross domestic product, well within the range of sound fiscal policy. The projected rise to 2.5 per cent of GDP next year is more a sign of conservative accounting than of populist policies. By 2003/04 the deficit is expected to go down to 2.1 per cent, leaving room for both poverty relief and tax cuts.

Even more intelligent

The National Intelligence Agency (NIA, for domestic intelligence) is training a special investigations unit which, its critics say, could become the political police of the African National Congress. Some 40 handpicked operatives are being trained by **French** intelligence specialists in surveillance and forensic techniques, at a secret Defence Intelligence base on the Vaal River. The course started in early January and is due to end this month.

The ostensible purpose will be to uncover corruption. We hear that operatives will investigate both political figures and government officials, reporting directly to the office of Deputy President **Jacob Zuma**. (The Agency is in theory accountable to parliament; it is uncertain how far the **Thabo Mbeki** presidency is involved.) The programme is co-ordinated and structured by the NIA's head of operations, **Peter Blose**, under the Agency's chief, **Vusi Mavimbela**. Other alleged insiders are the NIA's co-ordinator of provinces, **Daniel Olifant**, and **Jacob Madikize**, its senior officer in Gauteng. The programme includes instruction in forensic accounting and the following up of paper trails, as well as bugging and covert observation.

Other intelligence outfits wonder what is going on. The skills being developed overlap with those needed by the policing and forensic agencies of the Auditor General and by two units in the National Directorate of Public Prosecutions, the fledgling Directorate of Special Operations (the 'Scorpions') and the Investigating Directorate of Serious Economic Offences (IDSEO) - to name only those agencies that operate in public. This looks like duplication.

The NIA is mandated only to collect intelligence; it has no powers of prosecution or arrest and post-1994 legislation limits it to matters specifically requested by a designated client, usually another government agency. The office of the recently appointed Inspector General, **Faizel Rander**, has not yet started serious work and few checks and balances exist to ensure that intelligence serves public rather than sectional interests. Since the initiative is shrouded in secrecy, little seems to prevent the unit's findings being used to build power within the party or to discredit political opponents.

Privatisation receipts are not counted as revenue, so do not reduce the deficit. These receipts do, however, lower the borrowing requirement; the total financing requirement is projected in the budget to fall by almost two-thirds, which helps explain the recent rally in the bond market. Expected receipts from privatisation, put earlier at 6 billion rand (US\$780 million), are now put at R18 bn. The government clearly intends to go faster, but success will depend on the price obtained for Telkom, at a time when communications shares are in free fall everywhere. The government has not revealed its timetable for privatising the electricity supplier Eskom, South African Airways, the rest of Transnet and the arms manufacturer Denel.

For business, Finance Minister **Trevor Manuel**'s most important policy choice was to forego corporate tax cuts in favour of direct subsidies and personal tax cuts. Despite protests from business, the capital gains tax will be implemented but not until half way through the fiscal year. Business was also somewhat alarmed by the slowdown in relaxing exchange controls, with the abolition of asset swaps with foreigners and the imposition of a far slower rate at which investment institutions can invest offshore.

Little has been revealed about two likely subsidies. The Treasury has budgeted R3 bn. over the next three years, less than 1.5 per cent of total revenue, for what it calls 'strategic' industrial investment projects. The budget also includes R600 mn. for a wage subsidy to

encourage companies to take on new workers. The subsidies will not necessarily be open-ended, another display of restraint. Expansion should also be promoted by an increase in public investment spending, mostly in repairing flood damage, school buildings and rural development. Extra sums were promised to fight HIV/AIDS.

The Treasury's three-year rolling medium-term budget policy statement, presented to Parliament every October, takes the surprise out of the overall numbers on government finance. This has bolstered confidence in fiscal policy but some items remain vague. There is no open-ended commitment to expanding the health budget but nobody knows how much HIV/AIDS will cost. Furthermore, a social security system, hinted at by Mbeki, would increase the deficit.

The team that business trusts

Business people are also worried by rumours about the resignation of Finance Minister Manuel and the Director General of the National Treasury, **Maria Ramos**, a team they trust. Earlier in the year, similar rumours, firmly denied, sparked a run on the currency. Recent statements by both make it clear that they will indeed resign - one day, not now. Speculation about Manuel's possible successor leads nowhere, especially as it is unlikely that the Deputy Minister, **Mandisi Mpahlwa**, a former chairperson of Parliament's Finance Committee, will take over. Ramos's contract comes to an end in July and in a recent newspaper interview, she did not say whether she would like to renew it. Her most likely successor as chief civil servant is **Lesetja Kganyago**, a deputy director general with a union and accounting background, generally regarded as sharp: he is at present in charge of economic policy and international economic relations in the Treasury and was previously head of its unit which arranges borrowing on the markets.

Questions of confidence hang over economic policy-making. 'Foreigners are asking why we are exporting our children and our companies,' said one big corporate head. **British** education authorities and **Canadian** health authorities are eagerly recruiting South Africa's diminishing pool of qualified teachers and doctors: Pretoria's Treasury can't compete with the wages offered.

The still overwhelmingly white business elite is upset by Mbeki's failure to distance himself early from the land seizures in **Zimbabwe** and by his strange views on HIV/AIDS. White people are also nervous about the government's apparent willingness to exploit racial politics and about crime: the official crime statistics are no longer published. The government tries to woo business but the effect soon unravels. Last year, Mbeki made friendly overtures to the Chamber of Business and he regularly meets big business groups. But mistrust again arose when **Steve Tshwete**, the Safety and Security Minister, hammered the **Portuguese** community for a protest march against crime and a highly critical letter to President Thabo Mbeki.

According to surveys by the Bureau for Economic Research at Stellenbosch University, consumer and business confidence have plummeted to levels last recorded when civil war between Inkatha and the ANC appeared imminent, in the run-up to the country's historic first democratic elections in 1994. Low confidence poses a risk to growth.

The slowdown in industrial output in the main industrial countries may cut South Africa's export growth, as will the end of the world commodity boom. The hope is that tax cuts will fuel domestic demand, consumers will take on new debt and public spending will take up some slack, encouraging investment and shielding the

nation against slowing world growth. At the next elections in 2004, the ANC will face the pressure of which last December's municipal elections gave a foretaste. The government must use the rest of its term to give the economy a push.

SIERRA LEONE

The cost of Kabbah

Putting off elections for six months is delaying the evil day

That consummate survivor President **Ahmad Tejan Kabbah** has done it again. He has persuaded parliament, if not the voters, that his increasingly unpopular government should be given another six months in office because the war prevents the holding of free elections at the end of this month as the constitution stipulates. No one disputes that voting is impossible under current conditions but many question that the only option is another six months of President Kabbah, to be followed in all probability by another six months of President Kabbah, and so on. At that stage, Kabbah's most precious political asset - the shreds of legitimacy he has from winning the war-torn 1996 election - will have been spent.

The government's promises of ending the war and rebuilding the economy ring hollow. Kabbah retains his authority in parliament but is losing it outside. Many believe that his government, dominated by the Sierra Leone People's Party (SLPP) cannot be trusted to run free elections in six months' time or any time after that. Sierra Leoneans are calling for an Interim Government chosen by a national conference of the country's civil society groups and political organisations. Such a government, with representatives drawn from across the country, would have the support and legitimacy to run a post-war election, its proponents argue.

Bintumani III?

Their supporters want a 'Bintumani III' conference. The two previous Bintumani conferences of civil society groups played a major role in forcing Brigadier **Julius Maada Bio**'s military regime to hold elections and to amend the constitution. A planned demonstration in Freetown on 1 March by the Grassroots Awareness Movement to protest at Kabbah's extended term and to call for an Interim Government was halted by police. Assistant Police Commissioner **Christopher Coker** said his force would have been unable to handle a demonstration which would have attracted some 25,000 people. He added that the police had received intelligence reports about subversive elements linked to the demonstration. He said the Grassroots organisers had sent an invitation to the Revolutionary United Front commander, Brig. **Morris Kallon**, in Makeni to join the protest. Grassroots leader **Lansana Conteh** was briefly detained.

Others dispute that the Grassroots is an RUF front but concede it is strongly anti-Kabbah and has support from the government's Sierra Leone Army (SLA). The last big protest in Freetown was in May 2000, when thousands of people surrounded the house of RUF leader **Foday Sankoh** to protest at his organisation's return to war. Sankoh's bodyguards then shot dead 21 of the demonstrators. That set off a chain of events which gravely damaged the RUF's political leadership: Foday Sankoh and RUF ministers in the power-sharing government, such as **Mike Lamine** (Trade and Industry Minister) **Paulo Bangura** (Energy and Power) and Brig. **Peter Borbor**

Vandi (Lands, Housing and Country Planning) ended up in gaol.

Kabbah's answer to calls for an interim government was to reshuffle his cabinet and take advantage of the gaoling of the RUF ministers to bring in other figures outside the ruling SLPP. So **Osman Kamara**, leader of the People's Democratic Party (the third largest in parliament) gets the Trade portfolio, **Bobson Sesay** (a retired Director General of Education) gets Lands and **Chernor Jalloh** (a United People's Party MP) gets Energy.

The two significant changes were the replacement of lack-lustre Foreign Minister **Sama S. Banya** by **Ramadan Dumbuya** and the resignation of Finance Minister **James Jonah** who was replaced by **Peter Kuyembah**, currently Freetown's Ambassador to Brussels. Foreign Minister under the All People's Congress government and parliamentary leader of the National Unity Party, Dumbuya is promising a more activist foreign policy. Banya, an old friend of Kabbah's, has been appointed presidential advisor.

Banya failed to win the argument for sanctions against **Liberia** in the Economic Community of West African States: at first, **Guinean** President **Lansana Conteh**'s and Kabbah's governments were totally outmanoeuvred by Liberian President **Charles Taylor** and **Burkina Faso**'s **Blaise Compaoré** and their ally, **Malian** President **Alpha Oumar Konaré**, current chairman of ECOWAS. It was only after intervention by **Nigeria**'s President **Olusegun Obasanjo** that Konaré switched sides and supported sanctions, albeit with a two-month grace period for Taylor to comply with demands that he end moral and military support for the RUF.

New Finance Minister Kuyembah stepped into the breach after Jonah and Kabbah fell out. Jonah was uncomfortable with Kabbah's six-month extension and favoured a broader-based administration with more technocrats and fewer party politicians. After an acrimonious cabinet meeting, Jonah boarded a plane to New York, where he is to write his memoirs. He can take credit for making progress on debt relief negotiations with the International Monetary Fund and World Bank. Though it makes little sense to commit the Kabbah government, which controls less than 50 per cent of the country, to a complex list of macro-economic policy conditions. Kuyembah's first problem may be to face questions from parliament about his involvement in the 'squandergate' inquiry under President **Joseph Momoh**'s government in 1988.

Either way, Kabbah loses

Kabbah's critics say the appointment of Dumbuya and Kuyembah, previously vociferous critics of the government in parliament, is a way to silence them. Either way, Kabbah loses: appointing opposition party ministers is cooption and appointing SLPP ministers is partisanship. The central problem is Kabbah's own position. Sierra Leoneans have lost patience with his presidency, particularly its failure to win or settle the war with the RUF. Perhaps his own way to regain popular support would be to renounce his ambition to stand for a second term. Perversely, that might win him the backing to help form an interim government with perhaps a more realistic two-year remit and to free himself from charges of partisanship.

Now there is a risk that growing anti-Kabbah sentiment will damage international strategy in the country. There is growing resentment of the United Nations Mission in Sierra Leone (Unamsil), particularly since their soldiers have been used alongside local police in quelling noisy demonstrations in Freetown. Local residents say demonstrations at Sierra Leone Grammar School and the West African Collegiate school in Freetown's West End are symptoms

of growing resentment towards the local establishment. They add that Kabbah conveys the impression that without him and his international credibility, the UN and the **British** troops would leave. As these forces are seen as the main bulwark against the RUF in the Freetown area, this is a powerful argument. But it risks compromising the position of the UN and UK forces.

The stock of the British troops remains high, helped by their good working relationship with Sierra Leone's military. Yet their success is ultimately dependent on political leadership from Kabbah and the UN: that means progress in getting the RUF to demobilise and to bring the diamond areas in Kono and Tongo back under national control. Progress is still snail-like. On 1 March, Unamsil and the RUF commanders had a regional contact meeting at Mange: the UN delegation was led by the Force Commander, Lieutenant General **Daniel Opande**, and the RUF's was led by Colonel **Bai Bureh**, Third Brigade Commander at Kambia.

Elsewhere, things are slipping back. There were fire-fights when the SLA set up camp on the border of RUF-controlled areas and some take seriously the threat of an RUF march on Freetown if Kabbah doesn't back down from his six-month extension. Regionally, the RUF is under pressure because of the troubles of its chief foreign sponsor, Charles Taylor, who is trying to distance himself from RUF operations. He has expelled RUF officers from Liberia, although their 'rest and recreation' centre in Monrovia's Congo Town is open for privileged visitors. After the UN Security Council's unanimous support on 7 March for sanctions against Taylor's government, the distancing is likely to increase. Taylor has been given two months to comply with demands to stop supporting the RUF before sanctions are enforced (a grace period negotiated by Ecowas). And Taylor's war with Conté's regime in Conakry is pulling in RUF recruits from Sierra Leone.

Guinean troops and their Liberian-dissident allies have been storming western Liberia and have taken Voinjama, prompting Taylor and his Defence Minister **Daniel Chea** to call up RUF troops to defend Liberia. Across the border in the 'parrot's beak' region of Guinea, Liberian forces are still fighting alongside Guinean dissidents led by **Ahmed Touré**. Last month, UN officials reported that Touré had been spotted in Kono recruiting RUF soldiers for his rebellion in Guinea, offering up-front payments of US\$300 a soldier. So much of the horror of Sierra Leone has moved northwards although RUF-held areas in the north are now a target for Guinean troops. Human Rights Watch reports that at least 40 civilians have been killed, mainly in refugee camps, in northern Sierra Leone by indiscriminate shelling from Guinea. Sierra Leone's nightmare is now truly regional.

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Pointers

CONGO-KINSHASA

Question of survival

The arrest of Colonel **Eddy Kapend** on 24 February disturbs the uneasy transition of power in Kinshasa. This is the man who shot the man who shot dead President **Laurent-Désiré Kabila**. His victim, Lieutenant **Rashidi Minzele Kasereka**, was the President's bodyguard; Kapend, as Chief of Staff, was ultimately responsible for the President's safety. The Colonel kept his job under new President **Joseph Kabila**, in close association with the **Angolan** officers who organised the succession.

A Lunda from Katanga, Kapend was brought up in Angola among the fighters known as the 'Katangese gendarmes', who had fled across the border after the failure of their previous rebellion against the late dictator **Mobutu Sese Seko**. Kapend was trained in the Angolan army and sent home, originally to fight the Angolan rebels of the *União Nacional para a Independência Total de Angola*, who had fled across the border in the other direction. As the war spread and the Angolan government forces in Congo-Kinshasa increased to some 28,000 men, Kapend's promotion to the presidency became crucial. Now, he's accused of complicity in the murder of Kabila Senior and detained in a camp whose Congolese soldiers were trained by **Zimbabwean** instructors.

Neighbouring governments that contribute troops to the Kabila dynasty have different and sometimes rival motives. Angola seeks both to deny UNITA its safe haven and to maintain the security of the Cabinda Enclave, which produces almost all its oil and is surrounded by Congolese territory. Zimbabwe's hungry eyes are on minerals, especially those of Katanga.

Whether or not Kapend is guilty, his arrest seems sure to anger the Angolan government he served. In December, Kabila Snr.'s troops arrested one of their own generals, **Anselme Massassu Ningada**, a Banyamulenge. He died suddenly in the Lubumbashi gaol where Kapend is said to be held. Unless Luanda does a deal, no bets are being taken on the Colonel's survival.

SOUTHERN AFRICA

Acts of God

Rain, like drought, respects no frontiers. Downpours starting in **Namibia** fill **Zimbabwe's** Kariba Dam, which spills over and fills **Mozambique's** Cahora Bassa Dam, which spills over onto the fertile flood-plain towards the Indian Ocean. Though sometimes badly managed, the dams cannot alone be blamed for the resulting loss of crops and livestock; the same happens in **Malawi**, along rivers not harnessed for power and irrigation. Global warming may be a factor.

Mozambique's flooding is spectacular and

familiar. **South African** military aircraft, which formerly dropped bombs and raiders into the area, now fly food, aid workers and journalists above the stranded villagers. Most of these are settlers who moved recently onto the flood-plain; many have just returned after being flooded out last year. The floods leave wonderful soil behind them. People, pressed by population pressure elsewhere, move in eagerly now that peace is more or less established.

The United Nations World Food Programme gives away unwanted European and **American** grain to some of those who have temporarily lost their livelihoods. Aid workers and South African helicopter pilots win great publicity. The knowledge that such help is available may encourage even more settlers to move onto the fertile but risky river-flats.

The Maputo government now talks of banning such vulnerable settlements. Its worst affected areas normally support the opposition but since the government is both reasonably efficient and democratically legitimate, it may succeed. Malawi's government is both inefficient and unpopular, especially in the flooded area of Nsanje, an opposition stronghold; the victims therefore blame President **Bakili Muluzi** personally for their personal disasters. The insurance industry calls floods 'acts of God'. Yet decent governments can do a lot to ease the suffering they cause.

ANGOLA/France

Free Falcone

Luanda and Paris have fallen out over Angolagate (AC Vol 42 No 3). President **José Eduardo dos Santos** has lamented that the French justice system targeted arms dealer **Pierre Falcone**, who had made an 'enormous contribution to preserving democracy and the rule of law' in Angola. In an extraordinary speech on 26 February accepting the credentials of **Alain Richard**, the new French ambassador to Luanda, Dos Santos said that while he didn't want to interfere in internal French affairs, the Angolagate investigation had prompted a campaign of 'brainwashing and defamation' against his government.

Richard, who shares the same name as France's current Defence Minister, was a senior officer with the *Direction de la Surveillance du Territoire* (internal security) and would have been well briefed on Angolagate. Yet he has a difficult task in steering Paris-Luanda relations out of the present choppy waters. Dos Santos makes it clear that Angola is looking for the Angolagate investigation to facilitate the unconditional release of Falcone. That looks unlikely. Angolan officials insist, though, that President Dos Santos is laying down a marker for the French government: 'It is not going to treat Dos Santos and Angola the way it treated (President **Pascal**) **Lissouba** and **Congo-Brazzaville**', one said.

Apart from supplying **Russian** arms to the Dos Santos government after **Jonas Savimbi** restarted the rebel war in 1992, Falcone also helped Luanda procure two French-made surveillance systems

for satellite and cellular telephones last year - although the exports were not licensed. Also interesting are Falcone's links to Pro Dev, a **Swiss**-based oil company which was awarded a 15 per cent stake of the equity in Angola's offshore oil block 32, where the lead operator is the mainly French TotalFinaElf. Among Pro Dev's formal shareholders are two **Syrians**, **Mohammed al Dhabar** and **Barazi** (the father of **Isabel dos Santos'** friend **Juan Barazi**). Initially, Pro Dev was linked, along with Falcon oil (which holds 10 per cent of Block 32) to commercial interests in Paris. However, French intelligence sources say that the ownership trail leads back to Luanda. Perhaps Falcone will help solve the mystery.

BURUNDI

Against Arusha

Rebel militias are stepping up the pressure as Burundi mediator **Nelson Mandela** drives the peace talks forward. Some 40,000 people have fled the fighting in northern Bujumbura since the 26 February summit of the Arusha peace process, when Mandela announced a three-year plan for power-sharing between the Tutsi and Hutu political parties. We hear rebel militia representatives were not invited.

Carefully targeted rebel attacks are keeping the capital tense: even funeral parades for earlier massacre victims were fired on. Insurgents from the *Forces Nationales de Libération* (FNL) are well implanted in Kinama, where they get Hutu support, even if some of the supporters get used as human shields.

Rebels are also on the offensive in the south and the Bururi region which is the power-base of President **Pierre Buyoya** and his fellow Tutsi officers. Government forces were prepared for the attacks but it still isn't clear if the rebel campaign in the south is a bargaining ploy or a serious attempt to overthrow Buyoya, as FNL officials insist.

The 'G7' group of Hutu political parties is distancing itself from **Léonard Nyangoma's** wing of the *Conseil National pour la Défense de la Démocratie* (CNDD). Nyangoma is seen as trying to organise a freelance arrangement with Buyoya. Others, including **Terence Nsanze**, resent this. **French** officials and **Belgium's** Cooperation Minister, **Eddy Boutmans**, who visited Bujumbura last month, want a United Nations peacekeeping force. Other Security Council members do not; but there is room for bargaining, not least to shore up the battered **Anglo-French** entente on Africa policy (AC Vol 42 No 4).

There is no chance of European troops being deployed under current conditions. Buyoya's personal ambitions are central. He wants the transitional presidency and may get the reluctant support of Mandela and others if he can move the Arusha plan forward. Buyoya may prove the least unacceptable transitional leader. However, he remains in a stronger position than rivals such as Tutsi G10 leader Colonel **Epitace Bayagnakandi** or the Hutu G7 leader **Domitien Ndayizeye**.