

# AFRICA CONFIDENTIAL

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### Whose peace bonanza?

Oil and diamonds are feeding the ruling elite, but not the hungry masses. Despite its wealth, the government is hoping for a relief effort from donors, and the World Bank is keen to come in.

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## Climbing to the summit

### Rich countries may help on peacekeeping and health but will offer little to African exporters

In **Canada's** Rocky Mountain retreat of Kananaskis, leaders of rich countries will meet on 26-27 June to hammer out an African action plan on trade, aid, security and development. Officials from the Group of 8 (G-8) say their action plan will be 'short, readable and executive', backed by a bigger document detailing commitments and time-frames. It will be the rich-country response to the the New Partnership for Africa's Development (NePAD, AC Vol 43 Nos 2 & 4), under which Africa commits itself to political and economic reforms monitored by its own institutions, while the G-8 states open their markets, boost aid and encourage private investment.

Few expect headlines from Kananaskis. Winding down expectations, Western officials insist that the real innovation is that Africa is being discussed in such detail at such a high level. Expect strong rhetorical support on health and education, peace and security but 'realism' on new aid commitments and debt relief. And expect very few concessions on trade reform. Rich countries, quarrelling among themselves about 'temporary' trade restrictions, won't offer much new access to African producers or lower subsidies to rich-country farmers. The best outcome on trade, according to one senior **British** advisor, would be 'good language' (medium-term commitments on trade by G-8 states) for use by African countries in subsequent World Trade Organisation negotiations.

Canadian Prime Minister **Jean Chrétien** and Britain's **Tony Blair** have expended time and political capital on the G-8 and African Action Plan. Their efforts will be judged firstly by what aid commitments they can persuade the richest states to make – the **United States, Germany and Japan**, secondly by what concessions they can win on opening rich-country markets. The G-8's other prime mover for Africa is **France's** newly re-elected President **Jacques Chirac**, pondering the second round of his National Assembly elections. One theme of Chirac's centre-right coalition will be reform and restructuring (meaning reduction) of foreign aid. The rise of the far-right vote in France makes Chirac even more reluctant to cut subsidies and protection for farmers.

### Between the Rockies and a hard place

Chrétien doesn't want a 'Christmas tree' summit of flashing lights and multi-coloured baubles. With world economic growth and the war against terrorism, Africa is one of the summiters' three main agenda items. As the deadline approaches, Western and African leaders have been circling each other with draft communiqués, spread-sheets and position papers. Most background papers were written some months ago. Last week in Durban, **South Africa**, 130 business leaders signed up to the principles of NePAD and a World Economic Summit. They may embrace less keenly the provisions for accountability and social responsibility that NePAD would impose on them.

This week African leaders met on the margins of the United Nations World Food Programme summit in Rome, to finalise a protocol for monitoring good governance and peer review. At the African Union summit in South Africa in July, members may sign up to its protocols on accountable, representative and honest governance. Some of them, too, may have second thoughts. The peer review mechanism is based on agreements by the Organisation for Economic Cooperation and Development and the European Union to sanction members who break rules of economic and political governance. So far, the EU has imposed sanctions (mild ones) on **Austria**, after it elected a government including members of a neo-Nazi party led by **Jörg Haider**. British officials have been summoned before the European Court of Human Rights to defend policies and actions in Northern Ireland.

NePAD's presidential architects – South Africa's **Thabo Mbeki**, Nigeria's **Olusegun Obasanjo**, Senegal's **Abdoulaye Wade** and Algeria's **Abdelaziz Bouteflika** – want African states to agree, first, on indices of good and representative governance and second, on the structure and membership of an institution to monitor good governance. SA Trade Minister **Alec Erwin** claims a monitoring system will operate in selected countries by the end of this year.

The problems are illustrated by differences about **Zimbabwe's** disputed elections in March. Parliamentarians from the Southern African Development Community found the elections didn't meet

SADC's agreed standards of probity. The Commonwealth observer team led by Nigeria's former military leader, General **Abdulsalami Abubakar**, also failed the elections and was supported by Mbeki and Obasanjo. Yet observer missions from South Africa, **Tanzania**, the African Union and Nigeria gave Zimbabwe's poll a pass mark.

Demands and counter-demands have been steadily increasing. Western governments, particularly the USA and Britain, argue that Africa's handling of Zimbabwe is NePAD's first big test. **Mozambique's** President **Joaquim Chissano** responded good-humouredly that just because one gets wet when building a shelter in the rain, one doesn't abandon the project.

The toughest bargaining will be on money not politics. There is little hope that increased aid from the G-8 will fill the resource gap of US\$64 billion a year that NePAD estimates for Africa. Yet World Bank President **Jim Wolfensohn** said that money issues should not be ducked at Kananaskis. Foreign aid to Africa fell in the 1990s from \$35 a head to \$19; prices for Africa's non-oil commodities fell by a third, wiping billions of dollars off export earnings. Like many African leaders, Wolfensohn advocates better coordination among aid givers, less tying of aid to rich-country exports and less bureaucracy to clutter the work of hard-pressed African civil servants. The Bank, itself guilty of many of these failings, wants aid to come on less irksome conditions.

Wolfensohn, with Mbeki and Obasanjo, has in recent weeks been leading the charge against the latest wave of rich-country protectionism. Most immediately damaging to Africa is a new law from the US Congress giving some \$19 bn. a year to US farmers in subsidies, an increase of 70 per cent. This in turn makes it even less likely that EU countries or Japan will cut their own even larger farm subsidies. South Africa Trade Minister Erwin quickly raised the issue with the US Deputy Trade Representative, **Peter Allgeier**, who insisted that Washington still wanted to deepen the tariff reductions under the Africa Growth and Opportunity Act (AGOA). In two years, Allgeier said, AGOA's limited liberalisation had boosted African exports to the USA by 61 per cent (from, to be sure, a tiny base).

### Trade not aid

Trade has replaced aid as the central issue, for Africans and activists alike. Yet there is disagreement about how much Africa would benefit if the West cut the subsidies to its farmers, which cost more than \$350 bn. a year. Oxfam reckons rich country protectionism costs developing countries at least \$100 bn. a year in lost trade, well over double what they receive in aid. On their recent 12-day odd-couple tour of Africa, **Ireland's** rock musician **Bono** loudly demanded market access for African exports and the end of subsidies for Western farmers, while the conservative US Treasury Secretary **Paul O'Neill** sounded apologetic as the US congress voted for more subsidies. O'Neill conceded that the trip had won his support for well targeted aid programmes.

At the UN summit on development finance in Monterrey, **Mexico**, in March, the USA pledged \$5 bn. for a millennium challenge programme. The World Bank wants half of that earmarked for Africa. It's not clear whether the US offer is an alternative or a complement to NePAD and the G-8 action plan. One G-8 official spoke of growing US unilateralism on development issues. The USA is the least generous G-8 aid giver, contributing 0.11 per cent of its gross domestic product, while the UN target is 0.7 per cent. The richest G-7 countries (G-8 minus **Russia**) would have to make big new commitments to meet the UN's millennium target of primary education for all by 2015. The target requires G-7 aid for African education to increase from about \$550 million to \$5 bn. a year to meet the UN target.

More progress is likely on big infrastructure projects, most of them public-private partnerships (toll roads and bridges etc.) bringing clear

profits to rich-country contractors. NePAD's planning team has identified some regional projects, such as hydroelectricity from **Congo-Kinshasa's** Inga Falls, supplying power as far away as **Egypt**; South Africa's electricity corporation is interested in that idea, as well as in hydroelectric projects in Nigeria. Another grand idea is a road and pipeline between Nigeria and Algeria. This reminded some of the grand projects of the 1970s-1980s.

The most radical proposal for Kananaskis is a joint Africa-G-8 action plan to promote regional peace and security. The plan, which originated in British Development Minister **Clare Short's** department, proposes more backing for UN peace-keeping; far more military and peace-keeping training; technical and material aid to enforce arms embargoes and sanctions; stricter rules on corporations operating in or near war zones; and full backing for an International Criminal Court and an African Court of Human Rights.

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## ANGOLA

# Whose peace bonanza?

## The oil and diamond boom enriches the party but doesn't feed the people

The view from the presidency at *Futungo de Belas* is bright. With peace and victory, Angola is on the path to becoming an oil- and gas-fuelled industrial economy to rival **Nigeria** and **South Africa**. Yet about a tenth of the population survives under threat of starvation and chronic disease, and millions more exist barely at subsistence level. Angola could finance development from its own resources, given enough job-creating productive investment; over 90 per cent of present investment is about pumping oil or digging diamonds. Investors are not certain that the peace is permanent and dislike doing business with the *Movimento Popular de Libertação de Angola* government (AC Vol 43 No 8).

Present oil output of 930,000 barrels per day is supposed to rise to perhaps 1.5 million bpd by 2006, then more slowly. A liquefied natural gas (LNG) plant is planned and possibly a 200,000 bpd refinery at Lobito. Sonangol, the state oil company, is better run than most ministries and its staff of technocrats is growing, though project approval can be agonisingly slow. The new peace will make little difference, as the war rarely affected the oil industry.

Diamonds are the next big earner. In many promising areas, insecurity prevented the application of modern exploration methods. A good kimberlite diamond pipe such as Catoca (now producing some US\$15 mn. per month and growing) could be as valuable as a 200-500 mn. barrel oilfield. More than 600 kimberlite pipes have been identified, though very few of them will be commercially viable. The official Ascorp diamond marketing company pays well below market prices, although its monopolistic power might perhaps soon be broken. Security and infrastructure costs are high in the wild-west diamond regions. A long history of contract-breaking has lost many investors their shirts. De Beers is taking Angola to court in London and the Hague, claiming more than \$300 mn. for broken contracts.

In other businesses, the opportunities are small and the drawbacks huge. The local market is impoverished, capital markets are tiny, infrastructure can be non-existent, labour costs are high, skills desperately short, regulatory frameworks not credible and customs inefficient (**Britain's** Crown Agents is working on that). The price of entering the market includes huge 'lobbying' costs. Shareholdings are hidden in murk, and the courts cannot enforce contracts.

## Banking on the donors

Now the war is over, Angola hopes to Hoover up easy money from donors, who pledged up to US\$1 billion at a round table conference in 1995 after the signing of the Lusaka peace accords (which then failed).

Angola hopes to organise a donor conference in October to harvest fresh relief funds, then a larger one next year to seek more money for reconstruction. It is expected to build up a dossier of superficial economic changes to boost its case for more help. Given that \$5.5 bn. bypassed the Treasury over the past five years (typically five times the value of the annual humanitarian appeal), donors are cynical. There is no sign that the parallel financing documented by non-governmental organisations such as Global Witness is stopping.

Luanda now plans a shake-up of its diplomacy, away from its recent focus on shoring up support for sanctions against the *União Nacional para a Independência Total de Angola*, towards more effective lobbying for aid. Recent statements by **Namibian** President **Sam Nujoma** urging other African leaders to 'support Angola in sensitising the donor community' are early evidence of this. In February, the government made a well publicised promise at a UN Security Council meeting of an immediate \$57 million to complement humanitarian programmes. Its short term political aims were met but the money then failed to appear and a row flared between the government, the UN and aid organisations over who should supply food to the UNITA quartering areas.

Angola has launched numerous appeals for cash to support its plans to demobilise and reintegrate UNITA soldiers, with no clear indication of how it will be spent. The World Bank, which has little recent hands-on experience in Angola (unlike the UN, International Monetary Fund and other donors, who are all trying to hold back the Bank) is expected to give Angola money for the programme, but no project has yet been approved.

Donors with a longer track record in Angola are keen to build a consensus for demanding better behaviour and better coordination from the government. Though Angola needs technical assistance, the oil-rich country has no serious financing need.

Contractors are hungry for government reconstruction contracts. Established **Portuguese** companies such as Teixeira Duarte, Mota e Companhia and Soares da Costa are entrenched in civil construction, as is **Brazil's** Odebrecht (which has just won its first big stake in Angola's offshore industry, with 30 per cent in the newly awarded block 16, alongside **Canadian** Natural Resources with 50 per cent and Sonangol with 20 per cent). **Spanish** companies have effectively sold goods. These three countries benefit from oil-backed or oil-guaranteed credit lines, which ensure that payments will be made.

Oil-backed lending has for years been the key to the Angolan market, public and private, with **Pierre Falcone** and **Arkady Gaidamak** as the intermediaries *par excellence*. Both starred in the **French** 'Angolagate' scandals and are again under judicial scrutiny in France and **Switzerland** in relation to oil-guaranteed deals on Angola's debts to **Russia** (AC Vol 43 No 2). Like Angolagate, this operation involved France's BNP Paribas bank and international commodities trader Glencore. The press reported that a Swiss judge, **Daniel Devaud**, had discovered payments totalling over \$250 mn. in the accounts of Falcone and Gaidamak; of **Elisio de Figueiredo**, an Angolan former Ambassador to France (now in **Singapore**); former Sonangol Chairman **Joaquim David**; President **José Eduardo dos Santos** and his former cabinet chief, **José Leitão**; and **Vitaly Malkin**, a Russian banker close to ex-President **Boris Yeltsin**.

Angola claims that payments for arms had to be made through private bank accounts, to bypass international financial blockades at a time of dire financial and military need. That may be so but there is zero accountability about the deals. Luanda has not revealed how much oil was earmarked to these transactions. When parliamentary spokesmen for the *União Nacional para a Independência Total de Angola* (UNITA) tried to raise the matter, Interior Minister **Fernando**

**Dias dos Santos 'Nando'** gave some limited explanations and avoided further questions through parliamentary procedure. The resulting diplomatic storm shows how little Angola's leaders understand the outside world, believing that diplomatic pressure and public threats can persuade the Swiss government to call off its judges. Some Angolans suspect that the legal proceedings are motivated by commercial rivals.

Sources in Luanda suggest that Angola wants to expand its oil-backed credit operations to a wider range of countries and companies. This could bring either fresh competition to the cartelised domestic market or a stronger grip on business by powerful people. The most influential of these are the President's daughter, **Isabel dos Santos**, and General **Helder Vieira Dias 'Kopelipa'**, head of the presidency's military office, the *Casa Militar*.

Isabel, in partnership with Portugal Telecom, has a fat stake in the Unitel mobile telephone network, whose market power allows it to sell Sim (Security Identification Module) cards for GSM (Global System for Mobiles) telephones only if the buyer also buys a \$500-odd handset. This prevents people using cheaper phones imported from South Africa. In **Congo-Brazzaville**, Sim cards cost \$8 over the counter. A rival telecommunications licence is expected to be issued soon to Mercury, a subsidiary of Sonangol which has good management, access to capital and impeccable connections. The state oil company's expansion through subsidiaries such as Mercury crowds out potential competitors in many areas and puts off investors.

### In the catering business

Kopelipa, allied with Isabel and friendly with Falcone and Gaidamak, has other interests. He has a grip on Macon Transportes, which runs 250 buses and taxi services in Luanda and is also favoured by Finance Minister **Julio Bessa** and **Antonio van Dúnem**, Secretary General of the Council of Ministers. Macon can buy equipment because it has access to some \$25 mn. worth of Brazilian oil-backed credit lines. The company recently won a tender (presented as a *fait accompli* to the Council of Ministers) to turn the Kinaxixi market in Luanda into an exclusive shopping centre and is tipped to win the capital's lottery and gaming contract.

Kopelipa's *Entrepoto Comercial* won a \$50 mn. contract to supply the quartering areas for UNITA soldiers, who have flooded out of the bush after years of war, often near death from hunger. The United Nations and other agencies claimed humanitarian access to the camps, with backing from UNITA and discreetly, from provincial governors and the *Forças Armadas Angolanas* officers who negotiated the ceasefire memorandum in good faith, promising to take care of their former enemies.

In mid-May, Kopelipa shouted down senior UN officials, insisting they should keep out of the quartering areas. A few days later, supplies arrived by sea from Brazil but there is no indication of how much of the \$50 mn. has actually been spent or why all the food should be imported from Brazil. Luanda's most ingenious conspiracy theorists claim that scarcity has been deliberately fostered in the quartering areas, to provoke disarray among the UNITA rank and file, who see their leaders comfortable in the capital, open to the MPLA's well oiled patronage networks. At worst, the MPLA could destroy UNITA by turning disciplined troops into lawless bandits.

A greater disaster in the quartering areas was averted when the relief agencies pressed ahead with supplying UNITA families, hoping that food for civilians would find its way to the soldiers. There are signs that Kopelipa was restrained by the respected former Chief of Staff, **João de Matos**, and senior FAA officers. De Matos' successor, **Armando da Cruz Neto**, appointed by Kopelipa, is said to have been angered by his superior officer's behaviour. That, at least, is a sign of hope.

## DIAMONDS

# Blood from stones

## De Beers' diamond empire wants to polish its reputation – and its product

De Beers, the company which dominates world diamonds, hopes to maintain both its share of the market and the reputation of its gems. At stake, among other things, is the prosperity of **Botswana**. The right to extract diamonds there is shared 50-50 between its government and De Beers (AC Vol 42 No 14) through the Debswana company, which produces 70 per cent of De Beers' Southern African gems, 80 per cent of Botswana's export income and half of its government's revenue. Botswana accounts for 70 per cent of the production of all De Beers controlled diamond mines; **South Africa** and **Namibia** form 30 per cent. Yearly, Botswana produces 20-30 per cent of the world total.

The reputation, and therefore the price, of diamonds is endangered by the notorious trade in 'blood diamonds', which has fuelled the civil wars in **Angola** and **Sierra Leone**. De Beers and Debswana are pushing a scheme called 'Diamonds for Development', which would operate under what they call the 'Kimberley mechanism', after the huge deposits around the South African town of that name. It would ensure that new gems should carry unforgeable certificates of origin.

The problem is that this could in practice mean a boycott of stones from uncertified mines – not just blood diamonds, but everybody else's. Moreover, diamonds from De Beers and from most other producers find their way on to the world market through the European Union. Implementing the Kimberley mechanism would require cooperation by EU member countries. De Beers is too rich a company to escape all suspicion. The **United States** accuses it of operating a cartel. The EU wants neither to anger its American friends nor to hand De Beers special privileges.

The anti-De Beers lobby is led by several non-governmental organisations, which want to kill the trade in conflict diamonds and dislike big transnational companies. The diamond traders understand how NGO pressure ruined the trade in furs and in ivory and do not want to go down that road.

Tracing diamonds back to the mine is hard. Many stones flow through mysterious channels into the vaults where De Beers stores them until supply matches demand closely enough to keep the price roughly stable. **Kago Moshashane**, Director of Mines at the Ministry of Mineral Affairs in Gaborone, wants certificates of origin to polish the trade's reputation: 'As far as we are concerned, we could be ready within two months,' he says. 'Our weakest link is in Europe. Obviously, diamonds coming from outside the EU can enter anywhere within the EU and move within the EU. And because, within the EU, you have the polishing capacity, especially in **Belgium**, you would not know how much came in and how much came out.'

Botswana's diamonds are sold mainly through **Britain**, headquarters of the Diamond Trading Corporation, De Beers' commercial arm. However, the world centre of the supply chain is mainly among Antwerp's close families of Hasidic Jews. Belgium's trade is supervised by the High Diamond Council, which argues that the true sources of diamonds can be traced only if they enter the EU exclusively through Britain and Belgium. (This, moreover, would make it possible to ensure that the traders pay the levies that finance the Council.) The Antwerp dealers claim that Belgium alone has the necessary expertise, market knowledge and statistical backing to make the system work.

The World Diamond Council represents the industry in the Kimberley discussions. The Chairman of its Technical Committee, **Mark van Boeckstal**, points out that diamond cutters transform the raw stones and that it is impossible to pinpoint the origin of a cut diamond from a parcel of stones of mixed origin. Stones from Luo in Angola may have the same physical structure as stones from **Brazil** and the almost perfect crystals from Koidu, in Sierra Leone, are very like those from the Lamir mine in **Russia**.

US interest in the debate has been revived by suspicions that diamond dealing can provide cover for laundering international terrorist funds. Some Antwerp diamond families have long-standing links with Sierra Leone's **Lebanese** trading families. The US Central Intelligence Agency has been digging in Antwerp's diamond community for links to the Islamist *Al Qaida* organisation; the Belgian daily *Nieuwe Gazet* recently claimed, quoting sources 'in the judiciary', that documents from the *Banque Artesia* showed the movement of millions of dollars into *Al Qaida*'s financial network by two of Antwerp's diamond dealers, suspected of arms dealing and money laundering. A report to the United Nations Security Council stated that Limo Diamonds, a trader, had imported US\$10 million of illicit Angolan diamonds which were falsely declared as **Zambian**.

### Fatal transactions

NGOs, including Oxfam International, campaign for a diamond certification system under the slogan 'fatal transactions'. In March, they organised a meeting at the European Parliament in Strasbourg, where a senior EU official, **Anthonius de Vries**, acknowledged that the proposed certification scheme would need verification by EU governments. One NGO, Global Witness, doubted whether some countries could control the diamond trade: 'In South Africa for example, diamond inspectors haven't been in certain mines for years. So how can they know what they export?' Consultant **Martyn Marriott** claimed that 'certification provides opportunities for laundering', especially when diamonds are smuggled out of Angola, **Guinea** and Sierra Leone. Ascorp, Angola's official supervisory organisation for the trade, strongly denies that Angolan stones are passed off as coming from elsewhere. Some Antwerp dealers allege that **Pakistani** peace-keeping troops have shifted illicit gems into the legal trading system. Independent diamond analysts say that Angolan production is regularly mixed in with South African parcels. In the past five years, the volume of diamonds going through South Africa's diamond bourse (and registered as South African) has doubled although there has been no significant increase in local production.

Traders attribute this increase to diamonds from Angola and **Congo-Kinshasa** routed through South Africa. The attraction is payment in the convertible Rand currency and instant legitimisation for the conflict diamonds once they are mixed in with local production.

Botswana's Moshashane insists that 'conflict diamonds' make up only four per cent of world trade and fears that even if the wars are truly over in Angola and Sierra Leone, the NGO campaign will still be fuelled by illicit diamonds from Congo-K. Botswanan regulators have new worries about the forgery of certificates of origin after the Kinshasa press reported that well made forgeries of Congolese certificates are circulating in the region. (Congo-K has signed Kimberley but has huge problems with basic regulation.) Botswana's bigger worry is that tougher regulation might mean more sophisticated forgeries, which pose tougher challenges to diamond police.

Another threat to Botswana's exports comes from British NGO Survival International, which campaigns to protect tribal peoples from a predatory world. It accuses Botswana's government of proposing to withdraw subsidies and hunting rights from San people (Bushmen) in

the Central Kalahari Game Reserve and threatened in February to link the two campaigns: 'The longer the government persists in not allowing the Bushmen to live on their own land, the more likely it is that Botswana's diamonds will be labelled conflict diamonds.'

'We need to be proactive,' says **Jacob Sesinyi**, Debswana's Communications Manager, supporting De Beers' 'Diamonds for Development' campaign. The company has hired US lobbyist Hill and Knowlton, which has organised jaunts for journalists, US Congress people (including a rare black Republican, **J.C. Watts**), members of the European Parliament and NGO representatives. The message is that Botswana is one of Africa's success stories, stable and democratic, with an income per head of \$4,000, fine roads and telecommunications, health services and schools – all financed from the \$2 billion revenue from 25 mn. carats of gems a year.

Diamonds don't bring many jobs, though. At the Jwaneng mine, treatment and separation are wholly automated and only 100 maintenance and security staff (of 2,000 workers in all) are allowed entry to the 'Aquarium', where stones are sorted. X-rays and lasers locate, classify and recover up to 99 per cent of the available stones, which are taken to the airport under armed escort. Visitors are subject to random checks and the penalty for unauthorised possession of diamonds is five years in gaol.

In October 1999, De Beers closed its diamond purchasing offices in the African countries where it does not control the industry – that is, everywhere except Botswana, Namibia and South Africa. Now De Beers faces a real challenge from **Israeli-based Lev Leviev**, who is the government's partner in Angola's Ascorp marketing monopoly and is building up a strong marketing position in Congo-K, Namibia and South Africa. Leviev beat De Beers to the punch in Russia, where he is politically well connected. De Beers' own stones, including those from its newly developed mines in the **Canadian** north, were the only ones it would certify as 'conflict-free'. The Antwerp and Tel Aviv dealers, and De Beers' Russian, Brazilian and Israeli competitors, suspect that this is another move towards complete domination of the market by the **Oppenheimer** family interests which control De Beers. Moreover, restricting the EU's diamond import trade to Belgium and Britain would clearly contravene the EU's free-trade principles.

De Beers aims to finalise the Kimberley certification system by 22 November. It would then, given EU cooperation, start operating at the beginning of 2003. Yet that depends on the European Commission making a proposal – it said it would do so by the end of June – for approval by the Council of Ministers, meaning the heads of EU governments. De Beers' money and Botswana's needs cannot hasten that process. The blood-diamond merchants can relax for a while.

## **CONGO-BRAZZAVILLE**

### **By other means**

#### **President Sassou Nguesso claims a mandate but has restarted the civil war**

Congo-Brazzaville's hidden conflict and flawed parliamentary elections show how thin a veneer of democracy covers recycled dictator **Denis Sassou Nguesso**. The official results from the first round of voting on 26 May awarded an overwhelming triumph to the ruling *Parti Congolais du Travail* (PCT) and its allies. The opposition parties' results were poor, even where they are usually strong.

The elections provide a democratic fig-leaf for Sassou's power, seized when his forces defeated President **Pascal Lissouba** in the 1997 civil war. He abolished the democratic constitutional

arrangements and installed himself as an authoritarian president; in January, he organised a constitutional referendum, followed by a presidential election on 10 March (he scored 89 per cent, AC Vol 43 No 6), followed by these parliamentary elections. His new political system reinforces the personal power of the president at the expense of parliament. A residence clause ruled his two best known opponents, Lissouba and former Prime Minister **Bernard Kolélas**, out of the presidential vote. The re-election of his old friend **Jacques Chirac** as **French** President will reduce Sassou's concern for human rights and transparency (AC Vol 42 No 21).

Fighting has begun again. The army is on the offensive around Kindamba, Kimba and Vinza in the north-western Pool Region. Sassou wants to stamp his authority on areas still out of his military control. At the end of May, government forces claimed to have captured Vinza, the former headquarters of **Frédéric Bitsangou**, known as '**Pasteur Ntoumi**', who leads some of the Ninja rebels who once fought under Kolélas. Sassou's soldiers are backed by around 1,000 disciplined **Angolan** troops, his most loyal allies, protecting airports and other key points in Brazzaville and the port of Pointe-Noire.

#### **Ninja guerrillas**

This is a guerrilla war. Small bands of Ninja fighters hiding in the forest launch occasional hit-and-run attacks on government positions, while the army deploys **Russian**-built Hind helicopter gunships against villages. Most attacks have been north of the railway from Pointe-Noire to Brazza, though an attack on the railway on 2 April temporarily cut the capital's lifeline to the coast, sending prices soaring.

There is no evidence that many soldiers die on either side. Experience suggests that most deaths will be among exhausted and hungry civilians forced from their homes. The United Nations estimates that close to 50,000 people have been on the move since late March. After humanitarian organisations protested, the government promised them access to the war zone but the UN World Food Programme said it could deliver aid only to Kindamba, with other areas inaccessible. The UN High Commissioner for Human Rights, former **Ireland** President **Mary Robinson**, has expressed concern about the abuse of civilians by government and opposition combatants, including rape and abduction. Some Pool residents believe the campaign is driven by hostility to the Bakongo, Congo's largest ethnic group.

Pastor Ntoumi, a mystical-military cult leader, has ignored financial and political offers from Sassou. He directly controls up to 500 Ninja fighters, though other nearby forces have differing degrees of allegiance to him. He is not a direct threat to Sassou but it will be hard to defeat him. His Ninjas are only part of the force which backed Kolélas, a Lari (a Bakongo sub-group) who does not control Ntoumi. Other Ninjas in Brazzaville and Pool disarmed under a UN-sponsored programme begun in 2000 and have largely stayed out of the present trouble.

The elections have done nothing to defuse tensions. Some 55 of parliament's 137 seats were decided outright in the first round, 29 of them for the PCT and 11 for its allies. Opposition parties got a few – Lissouba's *Union Panafricaine pour la Démocratie Sociale* (Upads) won two in Niari and former Prime Minister **André Milongo's** *Union pour la Démocratie et la République* (UDR) took two in Pool. The *Mouvement Congolais pour la Démocratie et le Développement Intégral* (MCDDI), still seen as Kolélas' party, won no seats, even in its usual areas in Pool and south-west Brazzaville. The *Rassemblement pour la Démocratie et le Développement* (RDD), founded by former President **Jacques Joachim Yhombi-Opango**, won no seats even in its usual Owando stronghold.

These official results are hard to believe. A highly questionable electoral roll combined with fear and disillusion among opposition

## Who's who in Sassou's Congo

Northerners control the army, many are ex-Cobras, President **Denis Sassou Nguesso's** militia of the mid-1990s civil war. Commanded by the respected General **Gilbert Mokoki**, the military is still somewhat fractured; Sassou has quietly built up his strongest allies, the 1,000-plus **Angolan** soldiers who have been discreet but effective in Pool.

Some ex-Cobras are more political than military. Their *Katangais* element (not from Katanga in neighbouring **Congo-Kinshasa** but from Likouala Province) includes **Ambroise Noumazalay**, veteran hard-line leader of the *Parti Congolais du Travail*; he is brother-in-law to Ninja militia leader **Frédéric Bitsangou** aka *Pasteur Ntoumi*. Mokoki is *Katangais*, as is powerful Lieutenant Gen. **Léonard Essongo**, commander of the *Zone Autonome de Brazzaville* and an ally of Interior Minister **Pierre Oba**.

Oba doesn't always agree with Mokoki, who left Brazza in April in an apparent rift with Sassou; Foreign Minister **Rodolphe Adada** coaxed him back. Other *Katangais* are Energy and Water Resources Minister **Jean-Marie Tassoua**, Forestry's **Henri Djombo** and influential army ex-Chief of Staff, Colonel **Yves Motando**. They see themselves as in a northern alliance with Sassou's Mbochi ethnic group but he doesn't entirely trust them.

The dominant Cobras are Mbochis from Cuvette, where the clans are close but can also be rivals. Most, including Defence Minister **Ithi Ossetoumba Lekoundzou** and Communications Minister **François Ibovi**, are from near Oyo, Sassou's hometown. To International Monetary Fund dismay, Sassou is building a US\$38 million international airport in nearby Ollombo with Escom, a **Portuguese** company with Angolan interests. Finance Minister **Mathias Dzon** and **Bruno Itoua**, head of the state-owned *Société Nationale des Pétroles du Congo*, are Gamboma Mbochi; Oba is from the Ollombo

clan. One conspicuous non-Mbochi is Gen. **Gérard Bitsindou**, a Lari, who is Presidency Minister heading Sassou's cabinet.

The Angolan-trained *Commandance des Unités Spéciales* (Comus) is not deeply involved in the Pool fighting. It contains many Mbochis and a few ex-Ninjas, whom Sassou may not fully trust.

On the political side, Sassou's *Forces Démocratiques Unies* coalition includes the PCT (strongest in northern Plateaux, Cuvette, Cuvette West, Sangha, Likouala). Sassou has distanced himself from the PCT, which is seen as run by old conservatives. He is helped by wife **Antoinette**, a Vili from the Atlantic coast, and daughter **Edith-Lucie**, married to **Gabon's** President **Omar Bongo**.

The main opposition coalition is the *Convention pour la Démocratie et le Salut* (Codesa) under ex-Premier **André Milongo**, a Lari from southern Pool who split the *Mouvement Congolais pour la Démocratie et le Développement Intégral* (MCDDI) in 1993 to form his *Union pour la Démocratie et la République*. Codesa's vice-presidents are **Saturnin Okabé** and retired Gen. **Anselme Makoumbou Ndouka**.

Ex-Premier **Bernard Kolélas'** MCDDI gets most support in Pool; **Michel Mampouya's** breakaway wing backs the government. Ex-President **Pascal Lissouba's** *Union Panafricaine pour la Démocratie Sociale* is strongest in Nibolek (Niari, Bouenza and Lekoumou in the south); heavyweight **Martin Mbéri** leads a breakaway faction. The *Rassemblement pour la Démocratie et le Progrès Social* of ex-PCT veteran **Jean-Pierre Thystère Tchicaya** is strongest in southern Pointe-Noire and Kouilou. The *Union des Forces Démocratiques* is led by **Charles David Ganao**, a Téké close to Bongo, though probably less close than Bongo's father-in-law, Sassou.

supporters, allowed the PCT and its allies to sweep the board. The elections could help Sassou. He owes many people for past favours, particularly a powerful group of mostly northern old-guard hardliners, many linked to the PCT. With one of the world's highest *per capita* debt and falling oil production, he cannot easily repay them, nor can he easily dismiss them or re-impose them on a cynical electorate. The partial answer was to leave the clear-out to the electorate.

One of Sassou's main campaign themes was renewal, signalling his intention to bring in a younger generation of politicians. The electoral commission barred 15 candidates from the second round, supposedly for electoral abuses. The relatively independent Finance Minister, **Mathias Dzon**, was disqualified in his Gamboma constituency, south of Oyo, for incitement to violence. The other main campaign theme was peace – a slogan that struck a chord well beyond the President's Mbochi group from northern Cuvette and helped to win his election.

The present instability may have been provoked partly by old members of the ruling clique. Conspiracy theories abound. A curious episode involves **Michel Ngakala**, Director of the *Haut Commissariat à la Réinsertion des Ex-combattants*, whose formal job is to prepare ex-fighters for normal life. He works with the powerful Interior Minister, **Pierre Oba**, who controls the feared, Angolan-trained *Commandance des Unités Spéciales* (Comus). Ngakala respects Sassou but doesn't always agree with him. On 21 March, he made inflammatory declarations about Ntoumi; a few days later, the army launched its first attacks in Pool; Ntoumi's Ninjas counter-attacked. In early April, Ngakala held a meeting with 700 previously disarmed Ninjas in Brazzaville. It degenerated into gunfire and some 80,000 jittery Brazza residents fled their homes. The incident was dubbed *Opération Portable*, as many mobile telephones were stolen, though casualties were low. Brazzaville returned to normal but after a decade of conflict, and more than ten coups and military uprisings since Independence from France in 1960, people do not feel safe.

## SOMALIA

### And the arms flow on

#### New arms imports are likely to fuel new fighting, despite the UN embargo

When international eyes focused on Somalia after the atrocities of 11 September, it looked as if the outside world might at last take the crisis there seriously. On 26 September, the **United States** listed *Al Itahaad al Islamiya* (Islamic Union) as terrorist then on 7 November, it froze the assets of the main money transfer company, *Al Barakaat*. The lack of a government and of any control over the movement of people, goods and money, were of obvious help to terrorists. So, a small naval and air force, with **British, French, German** and US contributions, was dispatched to watch Somalia's ports and prevent access by *Al Qaida* operatives. Then, nothing happened.

It didn't take politicians and warlords long to notice that this flurry of foreign anti-terrorist interest was not accompanied (as it has been in **Sudan**) by renewed interest in a political settlement or even by humanitarian concern. This has had a major impact domestically: fighting soon broke out again and arms have been flowing in faster than ever, right under the noses of the supposed Western blockade.

None of Somalia's warlords are worried by Western threats or United Nations' resolutions, such as the arms embargo declared by the Security Council in 1992 (and reaffirmed by UNSC resolution 1407 of 3 May 2002). Wry comments can be heard in Mogadishu about the fact that three of the Council's five permanent members (France, UK and USA) voted for an arms embargo and lead the coastal surveillance that fails to stop arms landing. Since the beginning of March, groups – whether the TNG or its opponents, especially those affiliated to **Muse**

**Sudi Yalahow** and **Mohamed Omar Habib** ('Mohamed Dhere') – have been importing heavy weapons and ammunition, in quantities as large as those of the height of the war in 1991 and 1992. The suppliers are the usual suspects, according to what is said around Mogadishu. Anti-TNG leaders, especially Muse Sudi, are backed by **Ethiopia**; the TNG and its allies get their guns from **Eritrea** and **Libya**, and from **Yemen**, due to the alliance between the TNG Chief of Staff, General **Ismail Qassem Naji**, and Yemen's President **Ali Abdullah Salih**.

The massive arms build-up made hostilities virtually inevitable. The TNG's most determined enemies are in northern Mogadishu, where support for TNG President **Abdiqasim Salad Hassan** (Ayr/Habr Gidir) depends largely on his perceived usefulness. On 24 May, fighters loyal to Mohamed Dhere (Warsangeli/Harti Abgal) attacked the house of **Daher Sheikh Mohamed Dayah** (Agonyere/Harti Abgal), the TNG's 'Interior Minister'. The quarrel began in early 2001, when Mohamed Dhere set up an anti-TNG administration run by Agonyere leaders in the Middle Shabelle region. In March 2002, four or five senior Agonyere officials were arrested by elders of Daher Dayah's sub-clan – also Agonyere. On their release over a month later, Daher Dayah organised further attacks in Mahaday district of Middle Shabelle. Mohamed Dhere struck back by looting the Minister's house, then on 24 May, attacked the police barracks in one of North Mogadishu's most important markets, Monopolio, where the TNG's Agonyere militiamen were assembled. The TNG could not tolerate this humiliation of its senior Abgal member and within a day, had sent reinforcements to the Minister's wrecked house.

This changed the game for two anti-TNG groups – the fighters of the Ujejen (a clan close to the Abgal) whose leader, Engineer **Mohamed Hussein Addow**, was growing closer to Muse Sudi, and Muse's group itself. They were up against TNG reinforcements in a zone they partly controlled that was outside the TNG's turf. The TNG refused to pull its men back to their previous positions and conflict began. On 28 May, fighters under Muse and Addow (a rare intellectual among the warlords) chased the TNG forces out of North Mogadishu, proving that the Abgal (especially the Harti Abgal and the Wabudhan) could beat the TNG's soldiers. This could prompt more fighting. Local alliances are unstable, as much about clan rivalries as political quarrels. The latest outbreaks resolve nothing and simply presage more fighting.

North Mogadishu, where the deeply divided Abgal form the majority, is again on the brink and all the groups involved have been Abgal. However, the third big Abgal sub-clan, the Waisle, has kept out of the confrontations, hoping to profit from them. The Waisle are not happy that Muse Sudi controls North Mogadishu's other leading market, Suq Ba'ad, and levies taxes there. Some senior Waisle might have been ready to bargain and support the TNG in exchange for arms and cash – until they saw the TNG's troops defeated: President Abdiqasim was forced to spend several nights away from his home near Kilometre Four, since he didn't even have confidence in his own guard.

Internationally, things had seemed to be going better for the TNG. The TNG's parliament contains a strong contingent of Islamists (between 25 and 50 of the 245 members, of whom 170 at most are still in town); Ethiopia warned the USA about the TNG, and Abdiqasim himself. Islamists are of course currently keeping their heads down; many pursue their agenda quietly and patiently, especially in education and the courts.

TNG leaders appear to have placated US officials on the Islamist question yet Washington refused to recognise the TNG and **Italy**, the only Western state cooperating with the TNG, announced in March that the TNG had failed and could not be considered the Somalia government. The UN had already changed its mind in February about opening a Mogadishu office. However, Eritrea recognised Abdiqasim's

team in February and he began to believe that the new weapons bought from Eritrea with Libyan subsidies could arm a new fighting force to clear the TNG's enemies out of the capital.

It will take more than that to stabilise the TNG. In the past two months two ministers, **Ali Mohamed Aralle** (Hawadle) and Energy Minister **Said Warsame Abukor** (Isaq), have resigned. If Abdiqasim handed out his new weapons to his supporters, a lot would end up on the Mogadishu arms market, on sale to both local Islamists and Ethiopian oppositionists: *Al Itahaad*, the Oromo Liberation Front and the Ogaden National Liberation Front all get light weapons, landmines and, especially, ammunition, on the Mogadishu market.

Abdiqasim might play the clan card to strengthen his uncertain support from his own Ayr/Habr Gidir – and from the Habr Gidir as a whole. That would revive the old enmity between Abgal and Habr Gidir, as in the days of the late General **Mohamed Farah 'Aydeed'**.

The Habr Gidir have of late been less inclined to warfare which they feel would only harm them. While the Abgal sub-clans fight it out in North Mogadishu, in the south, the TNG under Abdiqasim (an Ayr Habr Gidir) and the no longer imposing Saad Habr Gidir forces of **Hussein Mohamed Farah 'Aydeed'** or **Osman Ato** have avoided confrontation.

Some blame Ethiopia for Somalia's current troubles. Yet Addis Ababa has appeared less intransigent since the 14 February summit of the Inter-Governmental Authority on Development (IGAD) and is pursuing policies other than destabilisation. Its allies, though, are still spoiling for a fight. The skirmish at Bulo Hawa on 24 April was largely about rivalries within the Marehan sub-clans which control the region; it was also about the Somali Restoration and Reconciliation Council (SRRC, anti-TNG) leaders' hopes of preventing a rapprochement between Addis Ababa and the Juba Valley Alliance (not Authority, AC Vol 43 No 10) led by Colonel **Hassan Barile** (Marehan) and Col. **Yusuf Serar**. Some Ethiopian officers in the field seem to be making their own policies, including taxing border traders.

February's IGAD summit agreed to set up a technical committee with members from neighbouring **Djibouti**, Ethiopia and **Kenya**. It met on 2-5 April and 19-20 May but the main result was to expose the chasm between Djibouti's ideas and those of the others. President **Ismail Omar Guelleh's** government still backs the TNG it founded and wants negotiations between it and its opposition. The governments of President **Daniel arap Moi** and Premier **Meles Zenawi**, though, think no one should dominate as no government exists. The reconciliation conference in Nairobi which the committee is supposed to prepare has already been postponed from April to May, then, improbably, to July. Disagreements among the three neighbours are not the main cause of delay – and another delay is now expected.

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# Pointers

## KENYA

### Not yet Uhuru!

The betting is off for an historically neat succession in which President **Daniel arap Moi** hands over to **Uhuru Kenyatta** the leadership of the Kenya African National Union; Moi took over when Uhuru's father, **Jomo Kenyatta**, first President of independent Kenya, died in 1978. This rethink in the presidency reflects worries about stability during the succession and how to balance KANU's acrimonious factions. Though few believe the divided opposition could win the election, there is a chance that KANU could lose it unless it brings the factions under control.

That task might require more experienced hands than either Uhuru Kenyatta or the Western-favoured **Wycliff Musalia Mudavadi**. Economic decline continues: the freeze on aid, set to last until after the election, adds to government unpopularity. Political violence is rising again.

One State House solution would be for Moi to engineer yet another term, despite his assurances that he is really stepping down. Another would be for his close ally **Nicholas Kipyator Biwott** to run for KANU leader. After Moi, Biwott is the hardest working minister; he has strong ties to the civilian security services though he lacks support in the military.

A third option would be a political veteran whom Moi and Biwott regard as utterly reliable. Re-enter Vice-President **George Saitoti**, who was stripped of the KANU vice-chairmanship on the party's merger with **Raila Odinga's** National Development Party on 18 March (AC Vol 43 No 7). Saitoti has been inconspicuously reinventing himself; including an international tour to promote his new book, 'The Challenge of Economic and Institutional Reforms in Africa'.

He was sacked as Finance Minister in 1993 after the International Monetary Fund called for an investigation into the US\$1 billion **Goldenberg** scandal and prosecution of those found guilty of fraud or negligence. He was Finance Minister when the Goldenberg payments were made; now the IMF has quietly dropped demands for prosecutions, his position looks better.

Saitoti broke out of political purdah in early June to accuse the Constitutional Review Commission – a popular target – of confusing Kenyans by suggesting postponing the elections until it had finished its deliberations. Both Saitoti and Moi think a delay would help the opposition.

In 12 years as Kenyatta's Vice-President, Moi endured a succession of indignities, including having his house searched for weapons during a

coup plot investigation. His stoicism won out and Kenyatta endorsed him as successor, allowing him to brave the storms after *Mzee's* death. Saitoti hopes for a similar reward for his 14 years as Moi's loyal Vice-President. The more KANU barons quarrel, the better his chances.

## ZAMBIA

### Cobalt crunch

This week, Finance Minister **Emmanuel Kasonde** receives the final audit report explaining how Zambia lost at least US\$60 million in a cobalt marketing agreement with **Bahamas**-based Metal Resources Group in 1998-99. The audit criticises MRG's contract with state-owned Zambia Consolidated Copper Mines, asking why ZCCM officials agreed to such damaging terms. Kasonde will make recommendations to President **Levy Mwanawasa**: options include a police investigation of ZCCM officials linked to the contract, compensation claims against MRG and a wider investigation into beneficiaries of the deal.

The European Union, which financed the audit and is weighing future aid, is watching closely as is the International Monetary Fund, which pushed for the audit initially but is criticised for approving debt relief before the issues raised were resolved.

**Mauritian**-based auditors De Chazal Du Mée submitted their draft report last year but with elections approaching, the then government of President **Frederick Chiluba** didn't pursue it. Mwanawasa has hired investigators to track funds allegedly diverted from state coffers and claims to have linked them to the ownership of a private jet currently parked at Lanseria Airport, **South Africa**. The Pretoria government has said it will impound the jet if Lusaka can prove it was bought with misappropriated state funds.

MRG strongly denies wrongdoing. DCDM's audit doesn't allege fraud but raises awkward questions. *Africa Confidential* has obtained documents showing that on 4 October 1998, a junior ZCCM official, **Webby Wake**, signed an amendment of the marketing contract which enabled MRG to set the buying price of cobalt from ZCCM at the lowest levels during the contract period. Within weeks, cobalt prices hit a 30-year low.

When three months later it began to rise again, MRG had cornered about a third of world supply (about 30,000 tonnes annually): 5,000 tn. from Zambia and 3,500 tn. from a similar deal with **Congo-Kinshasa**, negotiated by **Zimbabwean Billy Rautenbach**. MRG also bought consignments by tender from the **United States** Department of Logistics (during the Cold War, Washington classified cobalt as a strategic mineral) and is reported to have stockpiles in Rotterdam, in the **Netherlands**, and **China**.

The cobalt market is dominated by MRG and

**Swiss**-based Glencore, a commodities company established by South African sanctions-buster **Marc Rich**. Glencore also bid for the marketing contract with ZCCM in 1998, as did **Finland's** OMG, but lost because of MRG's offer of pre-payment to the cash-strapped ZCCM. Also under scrutiny is MRG's purchase of 6,000 tn. of ZCCM's cobalt concentrate for \$12.5 mn. and its onsale to OMG for some \$55 mn.

## FRANCE/AFRICA

### Ancien régime

France may claim to have invented human rights but it has seen its role as the champion of liberty usurped by **American, British** and Scandinavian governments and private foundations.

Alarmed by the loss of France's traditional influence, the then Socialist Prime Minister, **Lionel Jospin**, persuaded his Foreign Minister, **Hubert Védrine**, to consider ways of updating French diplomatic capacity in democracy and human rights. The result is a 48-page report handed to Védrine in January by leading Africanist **Jean-François Bayart**. After surveying French activities in the field of human rights and private political foundations, Bayart concluded that Paris needed an independent think tank situated between civil society, the government and business.

The eclipse of French as a world language and of French thought as a source of prestige needs resolute action if it is to be halted. Who better to give his name to such a body than **Alexis de Tocqueville**, the great French political theorist associated for ever with the concept of democracy and admired equally by Left and Right? De Tocqueville was also passably critical of early French colonial efforts in **Algeria**, which puts him on the right side of some important debates.

The new government emerging from the current legislative elections is likely to go ahead with the Foundation, which will operate initially as a programme rather than a full-scale institution, as a partnership between the *Direction Générale de la Coopération Internationale* and the *Fondation Nationale des Sciences Politiques*.

The return of the Gaullist old guard promises interesting times. There are already signs of the revival of old networks in the search for a solution to the **Madagascar** crisis. New Foreign Minister **Dominique de Villepin** is expected to name **Pierre Bédier**, the Gaullist member of parliament and Mayor of Mantes-la-Jolie, as his Minister-Delegate for Cooperation and Francophonie, alongside his European Affairs deputy, **Renaud Donnedieu de Vabres**, keeping the same structure as Védrine. There had been speculation that Villepin, a veteran of the *Direction des Affaires Africaines et Malgaches*, would want to keep personal charge of the portfolio.