

AFRICA CONFIDENTIAL

ETHIOPIA/ERITREA 4

Force majeure

Addis Ababa's forces have taken the Asmara government by surprise with its invasion deep into Eritrean territory. Ethiopian war aims have grown exponentially. Though still formally committed to expelling Eritrea from the remaining areas it occupied in 1998, a triumphalist Ethiopia now says it wants to break Eritrea's army permanently. Having won its 30 year struggle for Independence against Ethiopia, Eritrea is unlikely to let that happen.

KENYA 5

Linking in the Luo

President Moi and his team are jubilant. They have effectively derailed the attempts by civil society to reform the constitution and are restricting the debate to parliament, where the ruling KANU party commands a majority. Key to Moi's strategy has been securing the support of his old adversary, Raila Odinga, the leader of the National Development Party, and a group of Luo intellectuals. This KANU-NDP coalition is also trying to marginalise the Kikuyu-led opposition behind Mwai Kibaki's Democratic Party.

CAR 6

Cleaning up

President Patassé has been able to persuade some donors to back his plans to restructure the army. Bangui's cooperation is needed as its international airport is to be used as a staging post for United Nations' in Congo-Kinshasa. But Central Africans are more worried about corruption.

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Africa/USA, Sudan & Sierra Leone

Duty-free; in and out;leaping not creeping.

ZIMBABWE/CONGO-KINSHASA

Glittering prizes from the war

A new mining consortium in partnership with Congo and Zimbabwe is to be launched on the London Stock Exchange

A new consortium to mine diamonds in war-torn Congo-Kinshasa, Oryx Diamonds, is to be launched on the London Stock Exchange on 13 June, in partnership with the governments of Congo-K and Zimbabwe. The launch will be a major test of market sentiment towards the **British** government's attempts to get buyers to shun 'blood diamonds' - stones mined in countries in conflict such as **Angola**, Congo and **Sierra Leone**. On 22 May, Britain's Minister of State for Foreign Affairs, **Peter Hain**, called for a consumer boycott of diamonds coming from war zones. London will be pushing the Group of Eight industrialised countries meeting in Tokyo in July to back an international scheme to outlaw 'blood' or 'conflict' diamonds.

However, many diamond buyers in London and Antwerp say the campaign against conflict diamonds won't stop them buying rough diamonds from any source they choose. The proposed directors of Oryx Diamonds say they have no involvement with conflict diamonds and dispute that their diamond concessions in Congo are in a war zone.

If successful, the Oryx deal will give a financial lifeline to the beleaguered governments in Kinshasa and Harare in their military efforts against the three **Ugandan**-backed and **Rwandan**-backed rebel movements which currently control the east and north-west of Congo. It raises other security concerns as the mining concessions are all in Kasai-Oriental, south-west of the diamond capital, Mbuji-Mayi, and have been a target for the Rwandan-backed *Rassemblement Congolais pour la Démocratie-Goma* since the outbreak of the Congo war in August 1998.

Arms for mines

The Oryx deal involves a profit-sharing arrangement with the private Zimbabwean company Osleg (Operation Sovereign Legitimacy) of which Zimbabwe Defence Force Commander Lieutenant General **Vitalis Musungwa Gava Zvinvashe** is a director. According to its partnership agreement with Congo's Comiex (a private company linked to the Presidency in Kinshasa), Osleg has: 'the resources to protect and defend, support logistically, and assist generally in the development of commercial ventures to explore, research, exploit and market the mineral, timber, and other resources held by the state of the Democratic Republic of Congo.' Military sources in Zimbabwe regard Osleg as the 'economic wing' of the ZDF. It hires **Russian**-piloted Antonov aeroplanes to move mining equipment to Kasai's diamond fields. Rebel RCD forces claim these are the same Antonovs that are used to bomb their positions in eastern Congo.

President **Laurent-Désiré Kabila**'s regime has been able to hold the Kasai diamond fields only because of military backing from Angolan and, most importantly, Zimbabwean troops. Unable to pay cash for Harare's military help, Kabila has offered mining concessions to several Zimbabwean private companies controlled by government ministers and military officers. So far, Zimbabwe's commercial efforts in Congo have yielded little besides lucrative pickings for those officers running their own informal diamond mining operations in Congo's alluvial areas. The war continues to consume President **Robert Mugabe**'s government's scarce resources: fuel shortages, mass redundancies, soaring inflation and interest rates in Zimbabwe are all blamed on the intervention in Congo.

Oryx says its rights to exploit the diamond concessions granted by Kabila's embattled regime are worth over US\$1 billion, although it calculates their real value at \$208 million, after discounting exploration costs and political risk. Oryx gets 40 per cent of the profits from the operation; 40 per cent go to Zimbabwe's Osleg; and the remaining 20 per cent go to Cosleg (a joint venture between Osleg and Congo's Comiex). Cosleg, which describes itself as an asset management company, shows the high level of commercial coordination between the Mugabe and Kabila governments: it can award 'commercial development contracts, licenses and rights.' Through Comiex it gets preferential access to mineral, timber and other natural resources in Congo.

west of Mbuji-Mayi, which were then being mined by the state-owned *Minière de Bakwanga* (Miba) in which **Belgium's** Sibeka has a 20 per cent stake. Senior Zimbabwean officials assured Oryx Zimcon that they would be able to persuade Kabila to transfer the concession rights from Miba to Oryx Zimcon. Meanwhile the ZDF built up its presence in Miba's concession, transporting earth-moving equipment in the Russian-chartered Antonovs.

Given the ZDF's key role in defending the Kasai diamond fields against rebel incursions, Kabila was inclined to listen to Zimbabwean officials' arguments to reassign a major concession from Miba to Oryx Zimcon. The arrangement nearly fell apart on 13 March this year when a Zimbabwean-registered plane was impounded by Congolese military intelligence officers at Kinshasa's Ndjili International Airport. The aircraft, carrying crates containing some \$16 mn. Congolese francs (worth about \$500 mn. on the parallel market), had been leased by Al Shanfari from **John Bredenkamp's** Breco group of companies to transport wages to Oryx's employees mining the Senga-Senga River diamond concessions, Oryx officials said. The Congolese military officers, including the director of Congo's Military Intelligence, were unimpressed by this explanation and appeared to have no knowledge of Al Shanfari's business relationship with Kabila's regime.

The Congolese soldiers arrested Al Shanfari's bodyguard and a British former Special Air Services officer, **Roy Philpot**, together with Bredenkamp's pilot and a wealthy Asian businessman based in Kinshasa, **Rasheed Patel**, and his son **Sajjid**. Rasheed was a big wheel in Kinshasa business circles: he did protocol jobs for the British Embassy and was country manager for **South African Airways**. He also worked for a Zimbabwean-based company which transported mining and military equipment in Congo-K. Rasheed remains in gaol in Kinshasa, while all the others connected with the incident were released within days of their detention.

Al Shanfari's other problem is the political row in Kasai, caused by Kabila's decree ordering the transfer of two of Miba's concessions - the kimberlite deposits at Tshibua and the alluvial deposits in the Senga-Senga River - to Oryx Zimcon. Kabila's Mines Minister, **Frédéric Kibassa Maliba**, has ordered Miba to provide all the geological documentation on Tshibua and Senga-Senga.

Miba's board of directors and 6,000 employees strongly oppose all this. The Tshibua and Senga-Senga projects - with potential to produce diamonds for decades to come - were Miba's future. The reassignment of these concessions has left Miba with a few concessions such as Disele, which has a life of no more than eight years. Even before the latest crisis, Miba was already in trouble. Its annual diamond production dropped from 6.8 mn. carats in 1998 to less than 5 mn. carats in 1999 and analysts expect a further fall to less than 4 mn. carats this year.

Asset transfer in Kasai

In Kasai, the power base of long time opposition leader **Etienne Tshisekedi wa Malumba**, the transfer of Miba's concessions has been given a political interpretation: that Kabila, who comes from Katanga, is trying to marginalise the politically and financially independent Kasaiens by transferring ownership and control of their main economic asset to an unaccountable private consortium which relies on Zimbabwean troops for security. Kabila's standing in the Kasai provinces now appears

to have hit rock bottom. This doesn't augur well for the loyalty of Kasaiens to Kabila's regime, should they be called on to defend the region against the RCD. In 1997, when anti-**Mobutu Sese Seko** rebels were moving towards the province, Kasaiens welcomed the fighters, saying they shared their opposition to the late dictator. Mobutu lost control of Kasai-Occidental and Kasai-Oriental provinces within days and almost without any fighting.

Miba's Belgian partner Sibeka is reluctant to get involved publicly for fear of reprisals by the Kabila regime. So is De Beers, which owns a 20 per cent stake in Sibeka, which has lost considerable commercial ground in Congo since Kabila came to power in May 1997. Privately, officials from both companies are dismissive of the Oryx Diamonds project. In the nature of commercial competition they are likely to be, as Sibeka and De Beers are the current losers in the power play for Kasai's diamonds. Their officials insist, though, that 'no condition is permanent' - especially in the turbulent politics of Congo.

None of this detracts from the outward confidence of Al Shanfari and his new business partner, South African-based **Adonis Pouroulis**, Chief Executive Officer of Petra Diamonds. Pouroulis says the two met in London earlier this year and that Oryx is a cash-rich company that will allow Petra to expand. Until now Petra's main operation was its 29.5 per cent of the Nabera consortium, which manages the Alexkor diamond mine, owned by the Pretoria government. It has concessions in **Botswana** and **Namibia** which it has yet to explore and all its operations in Angola were halted by the war in the diamond fields there.

Blood diamonds

Oryx Diamonds is to be launched on London's Alternative Investment Market (the second tier equities market of the London Stock Exchange), following a reverse takeover of the smaller Petra Diamonds by the bigger Oryx Natural Resources (whose shareholders will get 60 per cent of the equity in the new company, Oryx Diamonds). This is to follow a special general meeting of Petra shareholders in London on 12 June. Although they're expected to approve the reverse takeover of Petra, some key questions are being asked by market analysts about the detail. The main issues centre on Oryx Diamonds' business partners, Osleg and Cosleg, and their links to Zimbabwe's military. Linked to that are the political risks associated with the Congo war: the status of the project should the regime fall, a not improbable scenario, or the withdrawal of Zimbabwean troops, which provide much of the security for the concession area at present.

Under the Lusaka protocol signed last July, the signatories, including Zimbabwe, pledged they would withdraw their troops. Now the United Nations is under growing pressure to deploy its military observer teams to speed implementation of Lusaka. The withdrawal of Zimbabwean troops from the concession area raises security questions and might also cause the mercurial Kabila to revise his decision to offer preferential mining concessions to Zimbabwean joint-ventures such as Oryx Zimcon.

Oryx Diamonds will also have to do much persuading about the ethical issues concerning conflict or blood diamonds. Few would accept their argument that the diamond fields south-west of Mbuji-Mayi are not in a war zone. Similarly, their contention that they are working in an 'open and above-board manner with the legal government agencies' does not sit easily with the

shroud of secrecy surrounding their partner companies. The file on Oryx Zimcon is currently missing from Companies House in Harare. As AC went to press, this information was promised by Oryx Diamonds' lawyers in London. As Al Shanfari's vehicle, Oryx Natural Resources, is registered in the Cayman Islands, research on the company's ownership and performance is more or less restricted to anecdotal evidence.

Much the same was said about the first big Congo-Zimbabwe mining joint venture run by Zimbabwean entrepreneur **Billy Rautenbach**, whose own companies were controlled by a complex web of entities in the British Virgin Islands and Jersey. Rautenbach was appointed Chairman and CEO of the Congolese state owned *Gécamines* and the rights of *Gécamines'* prime mineral deposits from *Gécamines Groupe Central* were transferred to Ridgepointe and Central Mining Group, which were companies owned and controlled by Rautenbach and Congo's Mpyoyo. That project ended in failure with the dismissal of Rautenbach from all executive positions at *Gécamines* and the collapse of his Central Mining Group (AC Vol 41 No 7) and political problems between the Zimbabwean and Congolese officials involved. The question is, can Al Shanfari and Pouroulis learn from Rautenbach's mistakes?

ETHIOPIA/ERITREA

Force majeure

Ethiopia simplifies the military situation but complicates the political game

Ethiopia's war aims have expanded exponentially as its soldiers have advanced. Though still formally committed to no more than forcing Eritrea out of the remaining areas it occupied in May 1998 (AC Vol 41 Nos 7 & 8), Ethiopia, buoyed up by recent victories, also wants to break Eritrea's army 'permanently'. The latest Ethiopian tactics have taken Eritrean forces by surprise: attacking at Barentu when Eritrea expected an assault at Zalembezza. This threatened Mandefera, and gave Ethiopia two military options.

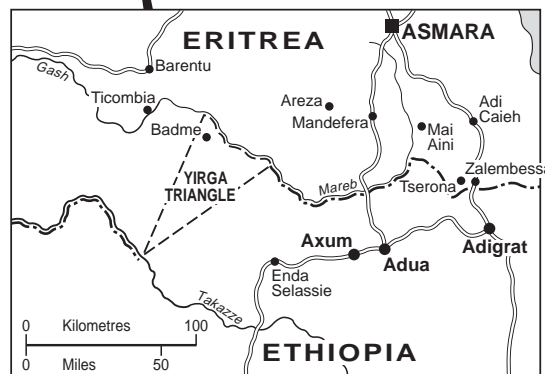
One was to push further east towards Mai Aini and Adi Caieh, cutting off the numerous Eritrean forces on the Tserona-Zalembezza front (perhaps 80,000, though they're moved around a lot); and as Eritrea prepared to face this threat, Ethiopia again surprised the Eritrean defences by launching a major cross-border attack on the Zalembezza front.

The second option, of turning north from Mandefera towards Asmara, less than 100 kilometres away on a good tarmac road, was always less likely. Addis Ababa would certainly like to see the end of President **Issayas Afewerki** but is well aware that only Eritreans can arrange that. Some Eritrean opposition leaders have suggested that Issayas, as head of the Eritrean army, should be seen as a central part of the military machine: 'destroying equipment is not enough; it needs the removal of the elements of command and control'. Ethiopia might appreciate the point but does not believe it would be either internationally acceptable or politically possible.

Ethiopia clearly hopes, however, that the opposition Alliance of Eritrean National Forces will manage to establish itself in the areas of western Eritrea that were cut off from Asmara and the government when Ethiopia seized Barentu on 18 May. The AENF's main appeal is to Eritrea's Muslim population; its support, from nine political organisations, is based on that given to the original

liberation movement, the Eritrean Liberation Front, but it also contains Islamist elements, operating out of **Sudan**. It includes both wings of the former Islamic Jihad of Eritrea, one of which now calls itself the Islamic Salvation Front.

One of the AENF's first aims is to remove the Sudanese opposition National Democratic Alliance from its bases in western Eritrea. The AENF already claims to have taken some of these camps, in places abandoned by the government, though NDA forces said weeks ago that they had abandoned many camps and gone back inside Sudan. The support for the AENF of Sudan's National Islamic Front government, like that of Ethiopia, will be discreet but the NIF would clearly benefit from the establishment of AENF control in western Eritrea and of a weakened central government in Asmara (albeit one it claims to have mended fences with). Nevertheless, as Ethiopia marched into Eritrea, Khartoum, the only beneficiary of the two-year war between its two neighbours, called for an 'immediate halt' to a war which 'affected the whole region'.



Kunama in the crossfire

Another option which would cause Ethiopia serious international problems and which it is therefore less likely to take, would be to encourage the creation of semi-autonomous regions based upon the Kunama and Afar peoples, two cross-border ethnic groups with long-standing nationalist claims of their own. The Kunama, who are represented in the AENF, live mostly between the Gash and Takazze rivers. They were at odds with both the main liberation movements (the Eritrean People's Liberation Front and the ELF) during Eritrea's Independence war, since they preferred continued association with Ethiopia. They are a Nilotic people, who think the Asmara government consists of Highland Tigrayans who despise them and who have seized large tracts of the fertile Kunama lands in Gash and around Badme. In Barentu, for example, the Kunama have as a result been largely replaced by Tigrayans from the Highlands. Now the Kunama are concerned about what might

happen after an Ethiopian withdrawal, fearing that they will be made scapegoats by what they see as a vengeful Eritrean government, which still holds many of those Kunama people detained when the EPLF came to power in Asmara in 1991. Several thousand Kunama have already fled to Sudan.

The Afar in eastern Eritrea, although not yet involved in the AENF, tend like the Kunama to be less than totally committed to the Asmara government. In the last couple of months the Ethiopian government has been hosting a meeting of Afar groups in Addis Ababa. Almost all factions have taken part, with representatives ranging from Sultan **Alimirreh**, recently returned from **Saudi Arabia**, to **Mohamouda Gaaz** of the Afar Revolutionary Democratic United Front and its *Ugugomo* militia, which has been fighting both the Ethiopian and Eritrean governments. ARDUF's aims include the creation of an Afar regional state within Ethiopia, made up of Afars from Eritrea and Ethiopia.

Since this state would include the port of Assab, the idea offers Ethiopia a strong inducement to get involved although it would still face the problem of policing any such settlement, which would be unacceptable both to the rest of Eritrea and internationally.

Patching a punctured myth

Eritrea has been trying to mobilise international pressure to stop Ethiopia advancing. It has agreed to resume peace talks 'unconditionally' but Ethiopia would insist that this must involve Eritrean withdrawal from all the territory which it has occupied. Anyway, it would not necessarily end the fighting. At the subdued celebrations in Asmara of Eritrea's seventh anniversary of Independence from Ethiopia on 23 May, a tired-looking President Issayas emphasised his determination to fight on.

Politically, Issayas needs some military success to revive his punctured myth of Eritrean invincible superiority. He is the war's main architect and his authority is damaged. Eritrea's opposition hopes that in these circumstances, action could be taken against Issayas by his critics - not those at the top of the party or government but, perhaps, by the middle ranks of the army. The AENF believes the collapse of administration in western Eritrea and the flight of government officials and troops into Sudan demonstrates the regime's weakness. The government's weakness, though, is not necessarily the AENF's strength.

The opposition still remains largely Muslim and, for many Eritreans, tainted by association with Ethiopia. It is not yet in any position to threaten Issayas' hold on power in Asmara. His leadership, of the liberation struggle and of an independent Eritrea, have demonstrated his determination and his very considerable political skills; he remains a formidable politician but he will need all those skills to regain his reputation as a winner.

As *Africa Confidential* went to press, the Ethiopian military was declaring that the war was reaching its end. The army said it was concentrating on knocking out Eritrean equipment and claimed it was not targeting Eritrean troops. The United Nations, Organisation of African Unity and European Union all condemned Ethiopia's plunge deep into Eritrea and called for a ceasefire. Since ceasefire lines depend not on borders but on where soldiers are on the ground, the imminent question appeared to be where such lines would be drawn. After that, comes the politics.

KENYA

Linking in the Luo

Government plays its ethnic card to derail the process meant to stifle such card tricks

President **Daniel arap Moi** and his team are jubilant. They have effectively derailed the broad-based constitutional review (AC Vol 41 Nos 2 & 6) which Moi was forced to accept after bloody riots against the Kenya African National Union in July 1997. The ruling KANU party has succeeded thanks to a peculiar alliance with **Raila Odinga**, leader of the National Development Party, and a group of Luo intellectuals.

On 27 April, NDP members of parliament voted alongside their KANU colleagues, creating a parliamentary majority to approve the Kenya Constitutional Amendment Report, drafted by a commission led by Raila Odinga and with Moi's full support.

The effect is to remove the constitutional process from wide public discussion and entrust it to 15 commissioners appointed by the President, with parliamentary advice. The main opposition parties, **Mwai Kibaki's** Democratic Party, **Michael Kijana Wamalwa's** Forum for the Restoration of Democracy-Kenya and **Charity N'gilu's** Social Democratic Party, boycotted the debate, insisting that an open constitutional reform process should include civic groups as well as political leaders.

At government level, deals are being done about the next move. In the past two weeks, we hear, there have been frantic private consultations between, on the one hand, Raila Odinga (titular head of the Luo people, Chairman of the NDP and son of the late patriarch **Jaramogi Oginga Odinga**), and on the other hand Moi (Kalenjin), his personal assistant, **Joshua Kulei**, and his associates - **Mark Too** and **Amos Wako**, Attorney General.

Interfaith Ufungamano

In 1997, Moi agreed that the constitutional review process should involve an all-party consultative forum including church groups, MPs and non-governmental organisations. That forum met intermittently in 1998 and 1999, at the Safari Park hotel outside Nairobi, until Moi, Raila and a group of Luo professors agreed that it might open the door to a return to power by the Kikuyu, Kenya's largest and richest people, and might also prove vindictive towards KANU's corrupt and criminal oligarchs.

The Moi-Raila discussions of the past two weeks concern three main issues. Firstly, how to encourage into the Constitutional Review Commission some senior opposition personalities (especially Kikuyu). Secondly, raising funds for a campaign to sell the anticipated results of the Commission - a ceremonial president (presumably Moi), a vice-president (from the opposition) and a prime minister (presumably Raila Odinga). Thirdly, how to weaken the *Ufungamano* (unity) coalition of religious groups - Protestant, Catholic, Muslim and Hindu - which which has already initiated its own constitutional review process, appointing a commission to hear evidence from citizens in every district. KANU ministers **Joseph Nyaga** (Information) and **Marsden Madoka** (State) have warned Anglican leaders about Moi's distaste for *Ufungamano* and the Mombasa KANU supremo, Minister of State **Shariff Nassir**, issued a warning three weeks ago that if its commissioners dared to set foot in Mombasa, blood would flow.

The KANU-NDP coalition is equally concerned about Kikuyu loyalty to Kibaki's DP. After Kibaki had led the parliamentary walkout, threatening mass action like the 1997 demonstrations, which KANU put down with much bloodshed, KANU and NDP MPs did not defend the Odinga Commission's report but vented their spleen on Kibaki and the Kikuyu. Moi's *alter ego* and Trade Minister, **Nicholas K. Biwott**, led the charge against a 'certain community' (the Kikuyu) which was fronting *Ufungamano* for 'selfish rather than national' interests. Raila Odinga attacked Kibaki for misleading the Kikuyu and for having supported the one-party system in the 1980s. Health Minister **Amukowa wa Anangwe** called Kibaki 'a coward' for having led the walkout.

The KANU-NDP coalition fears that instability could arise if the Kikuyu are left outside the new deal. The weekend after parliament adopted his report, Raila Odinga led a 40-vehicle motorcade into Nyeri District in the Kikuyu heartland, taking along the late **Jomo Kenyatta's** son **Uhuru Kenyatta**, a KANU stalwart who lost the parliamentary election to an opposition neophyte in 1997. Raila asked the Kikuyu to give his report a chance, arguing that there was more than one way to kill a cat or in other words, to rid the country of the KANU dictatorship. This did not go down well with the KANU inner circle.

Tormentor turned saviour

In the 1980s and 1990s, Raila was gaoled without trial for a total of twelve years by order of the Moi government. After five years in parliamentary opposition, he has now become his tormentor's saviour, preventing KANU from losing a no-confidence motion. Some explain the enigma by recalling 1966, when Oginga Odinga fell out with Kenyatta and the Kikuyu gained an economic head-start at the Luos' expense. The chance of another Kikuyu presidency resurfaced in the 1997 presidential election, when Kibaki ran a close second, driving Raila into the hands of Moi, who has always skilfully exploited Luo-Kikuyu rivalry. The Moi-Raila linkman was and remains Mark Too (who, wearing another hat, is also Chairman of Lonrho Kenya) but Raila is now said to have greater access to Moi than most cabinet ministers. In mid-May, he accompanied the President on a grand tour of the Luo homeland, Nyanza Province by Lake Victoria. Amidst much hugging and backslapping, Moi raised some 500,000 Kenya shillings (US\$6,740) for a Luo bursary fund and promoted Maseno University College (until recently a teachers' college) to full-fledged university. Maseno's future is dear to the professors who backed the Raila report.

After Moi fell out with the then Attorney General, **Charles M. Njonjo** (Kikuyu) in 1983, the President rallied the Luo intelligentsia to his side; his appointments to parastatal bodies included the late professors **Simeon Ominde** (ex-Chairman, Kenya Reinsurance Corporation), **Bethwell A. Ogot** of Maseno (ex-Chairman, Kenya Railways), **Francis Ojany** (ex-board member, Kenya Commercial Bank), **Shem Wandiga** (ex-Deputy Vice-Chancellor, Nairobi University), **Hastings W. Okoth Ogendo** (Chairman, National Population Council) and **William R. Ochieng** (now Permanent Secretary in the Office of the President). Ochieng, formerly Principal of Maseno, has strongly defended Moi and KANU in the press, consistently proclaiming the dangers of Kikuyu domination and advocating a Kalenjin-Luo ruling alliance led by Moi. The removal of the constitutional review process from an open forum into the KANU-NDP-run parliament was masterminded by Luo lawyers Okoth Ogendo and **Jackton B. Ojwang**, the main authors of Raila's report.

Some Kenyans suspect that Moi may ditch Raila and the NDP after the dissolution of parliament, where he is most in need of Luo support. But the alliance faces more immediate problems. We hear that Vice-President **George Saitoti** and Biwott's faction of KANU are deeply suspicious of Raila, whose future plans exclude Saitoti. The KANU-Luo alliance cannot count on a unified KANU slate for the elections of 2002. About eight KANU MPs, including **Simeon Nyachae** (Kisii), **Kipruto Kirwa** (Kalenjin/Nandi), **Kipkalya Kones** (Kalenjin/Kipsigis) and **Cyrus Jirongo** (Luhya) oppose the Raila report and have promised both to vote against it and to oppose a Moi-managed succession in 2002. They have a growing following.

CENTRAL AFRICAN REPUBLIC

Cleaning up

Donors concentrate on restructuring the army; locals worry more about corruption

President **Ange-Félix Patassé's** attempts to convince donors they ought to help him are getting a more positive reception. After Prime Minister **Anicet Georges Dologuélé's** trip this month to the European Commission in Brussels and United Nations headquarters in New York, a European Union delegation has been in Bangui this week to get a closer look at the government's plans to restructure its armed forces. The plan, which has the blessing of the World Bank and International Monetary Fund, is the next stage in the peace-building process. Following the departure in February of UN peacekeepers in the *Mission des Nations Unies en République Centrafricaine* (Minurca), the UN maintains only a peace-building office, though its presence is due to expand again when the international airport starts being used as a staging post for UN operations in **Congo-Kinshasa**.

Patassé's government is seeking circa US\$50 million of assistance for a project forecast at some \$60 mn. This includes the cost of sending thousands of soldiers back to civilian life and in theory, civilian jobs. Donors are keen to see stability restored and, in the interest of avoiding the kind of crisis now seen in **Sierra Leone** or Congo-K, may be ready to help pay for it. Things look a bit different to many people in CAR, however. A series of scandals over corruption and alleged money-laundering came to a head last month, triggering a crisis that has still not been resolved.

Members of parliament - including MPs from the ruling *Mouvement pour la Libération du Peuple Centrafricain* - have (like most civil servants) not been paid for six months. This has made them sufficiently fed up to complain of corruption at the top: not for nothing is the public sector commonly known as '*La Mangeoire*', the trough. Yet on 18 April the National Assembly refused to carry through a motion it had brought censuring the government for corruption.

Presided over by **Luc Dondon Kosnabayé**, the Assembly is dominated by Patassé's MLPC (AC Vol 40 Nos 2 & 16), which occupies 44 seats of 112 but manages to keep a majority through shifting alliances. Though tabled by opposition members, we hear the censure motion was in fact the idea of Assembly-members from the MLPC who don't come from the north-western *préfecture* of Ouham-Pendé (home to Patassé, Kosnabayé and Dologuélé). Most opposition members of the Assembly belong to the Yakoma-

dominated *Rassemblement Démocratique Centrafricain* (RDC), which under the regime of General **André Kolingba** was the only authorised party. The RDC's smaller allies are led by veterans who were also defeated candidates in last October's presidential poll, including Professor **Abel Goumba**, Colonel **Charles Massi** and **Henri Pouzère**, a lawyer. Their censure motion was introduced without objections from the MLPC.

Everything was going smoothly until Defence Minister **Jean-Jacques Demafouth Mafoutapa** alerted Patassé. The President promptly summoned his inner circle to a meeting at Bouali, 100 kilometres north-west of Bangui, and told Anicet Dologuélé to go before parliament and defuse the mounting speculation about corruption. **French** intelligence sources say that he simultaneously sent his financial advisor, **Michel Bangué-Tandet**, to Tripoli in search of petrodollars. A regular visitor to **Libya**, Bangué-Tandet was back there again last week.

Patassé also ordered his Premier to sack several conspicuous and unpopular ministers: thus before appearing before the Assembly, Dologuélé took the precaution of dismissing **Godfroy Mokamonede**, **Armand Sama**, **Aristide Sokambi** and **Victorine Songomali**. Encouraged by this, the parliamentary malcontents hoped that Dologuélé might go on to denounce his corrupt associates and resign. Yet although he gave details of several recent scandals, the names he supplied were only those of front-men who stand in for the real thieves. Facing angry questioners, Dologuélé suddenly collapsed on the floor. (He later told *Africa Confidential* that he had been affected by medicine he takes for high blood-pressure, a long-standing complaint.) Some say his sudden illness explains the members' decision, next day, to vote against the censure motion after all. Others claim the government was spared because the Libyan dollars had reached their destination.

Dologuélé said too little for MPs but too much for some senior politicians, making it harder still for the President to convince international donors that his government had turned over a new leaf. Early this year, he asked his **Gabonese** counterpart, **Omar Bongo**, to try to persuade the French government to invite him on an official visit, during which he would convince Paris that he would use his new six-year mandate to rebuild his country. However, President **Jacques Chirac**'s Africa advisor, **Michel Dupuch**, seems unconvinced that Patassé will start the conciliatory talks with his political rivals which the Elysée Palace believes are necessary for stability. Meanwhile, France's Foreign Ministry and Public Treasury do not believe that Patassé (long the object of French official scepticism) and his team can ensure regular payment of public-sector salaries, also required for stability and good governance.

Palazzolo pops in

French scepticism had been heightened last December when a **South African** delegation visited Bangui and the diamond-mines at Bria, in the east. According to French officials, the group was led by South African-based businessman **Vito Roberto Palazzolo** (AC Vol 40 No 3), who is wanted by police in his native **Italy** on charges of Mafia membership (which he emphatically denies). Sources close to Patassé say that Palazzolo was recommended for this trip by **Yan Tran Lang**, a Franco-Vietnamese who is a former member of the security staff of **Jean-Marie le Pen**, head of France's extreme right-wing *Front National*. Our sources say there were long meetings between Patassé and the diamond delegation, attended by **Gaetano**, an Italian who commutes between Bangui and Milan.

Gaetano was also at a separate meeting between Patassé and a business delegation from Milan, officially invited by Bangué-Tandet. Members of this group reportedly asked the former CAR Director at the multinational central bank for the region, the *Banque des Etats de l'Afrique Centrale* (BEAC), **Jonas Yologaza**, to present seven promissory notes worth 325 billion CFA francs (\$478 mn.) each. The Gabonese Governor of BEAC, **Félix Mamalepot**, however found out, cancelled the deal and at the end of March, sacked Yologaza from the Bank. After a board meeting in Bangui, Mamalepot announced that 'the management for the Central African Republic has committed the Bank beyond its authorised limits'. The government denied involvement in illegal financial transactions but acknowledged that the CAR management of BEAC had in 1996 issued 'a certain number of guarantees, of the order of \$500 mn. each, but on whose behalf it was not clear'. Yologaza's trial has begun.

The list of scandals is depressingly impressive and has become a major talking point. Senior government officials stand accused of trafficking munitions to **Sudan**'s National Islamic Front government, which courted Bangui in the early 1990s in its bid both to make friends with France and to use CAR as a rear-base against the Sudan People's Liberation Army. Officials in Bangui have also made deals in cotton with **Nigerian** interests, though sales of the harvest had been prefinanced from France. Furthermore, as it did under Kolingba, CAR still provides a flag of convenience for aircraft wishing to avoid various embargoes.

Central African arms hub

Zongo-Oil, too, has encountered troubled waters. This is a firm set up by businessman **Sani Yalo** (a regular visitor to the presidential office) via **Marcel Betimarace**, once presidential *Chef de cabinet*, and **Martin Dogo Nenje Bhe**, an Assemblyman who used to be Director General of the state-owned petroleum products sales and distribution company, the *Société Pétrolière de Centrafrique* (Petroca). Zongo was supposed to import duty-free oil products through Douala, **Cameroon**, for re-export to the Congo's Equateur Region, neighbouring CAR. Instead, the tax-free petrol turned up in CAR, in garages belonging to a prominent businessman and to relatives of top officials. It is estimated that this loss of petroleum duties costs the Treasury some FF CFA 7 bn. (\$10.3 mn.) annually. Yalo is now sought by the CAR authorities.

Other cross-border activities for which CAR has become a hub involve private banks, especially in Cameroon, along with an unofficial arms trade with **Chad**, Congo-K and Libya, as well as Sudan.

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'This day has been a long time coming, but it is here.' So declared US President **Bill Clinton** on 18 May, before signing the Africa Growth and Opportunity Act (AGOA). This is meant to open new opportunities for African sales in America. The main growth should be in labour-intensive clothing and textiles, where last year African clothing exporters had only about 0.8 per cent of the US market, worth US\$580 million.

The original idea, four years ago, was to boost all US trade and investment in sub-Saharan Africa. On the eve of Clinton's eleven-day tour of the region two years ago (AC Vol 39 No 6), the House of Representatives approved a bill which was then put to sleep in the Senate, after lobbying by the declining US textile industry.

Last year, a fresh bill sailed through the House but the Senate gutted it by attaching items about trade with the Caribbean and insisting that African textiles and garments should be admitted free of duty and quotas only if they were made from US yarn and fabric. Republican leaders in Congress then chimed in on behalf of banana traders and the pharmaceutical industry, which insisted that Africans should not make cheap drugs to treat HIV/AIDS.

In 1999, total US-Africa trade amounted to less than \$20 billion; 75 per cent of that was with **South Africa** and the big oil producers, **Nigeria, Angola and Gabon**. To expand trade, the new act includes the creation of a US-Africa Trade and Economic Cooperation Forum; an eight-year extension for African products admitted duty-free under the Generalised System of Preferences; the prospect of more trade in shoes and glassware; and the lifting of all existing quotas on textiles and clothing.

There will be no duties or quotas on clothes made in Africa from American or African yarn and fabric; on sweaters made from exotic yarns such as silk, cashmere and merino wool; or on exports by the poorest African countries. But if African exporters are too successful, restrictions will be reimposed. All the same, next year their sales could grow to almost \$1 bn. and by 2008, to \$4.2 bn. The big winners will be South Africa, **Kenya, Lesotho, Mauritius, Swaziland, Madagascar and Zimbabwe**. Also benefitting could be **Botswana, Cameroon, Côte d'Ivoire, Ghana, Malawi, Mozambique, Nigeria, Tanzania and Zambia**.

There's a political price-tag though: the new terms apply only to exports from countries committed to establishing a market economy free of price controls, subsidies or state ownership; which safeguard intellectual property rights and welcome foreign investors;

and which have an acceptable record on human rights and workers' rights. US business now wants more government backing for investment in Africa. Although disappointed by the restrictions on textiles and clothing, African diplomats were mostly pleased. One East African commercial attaché said: 'It gives us an opportunity to begin establishing markets, so when quotas (on textiles and apparel) are lifted in 2005, at least we will be more ready to compete.'

SUDAN

In and out

Sudan's project to make its presence felt at the United Nations continues, despite UN sanctions against it. After winning a vice-presidency of the UN Human Rights Commission in March (AC Vol 41 No 10), Sudan's **Ilham Ibrahim Mohamed Ahmed** on 16 May won the Africa group vice-presidency of the Committee on Non-Governmental Organisations, which belongs to the UN Economic and Social Council. Genuine NGOs in Sudan are few: they have a hard time surviving under pressure from the 'NGOs' created by the government to implement its policies.

The same day, human rights campaigners celebrated the withdrawal from southern Sudan of Canadian oil company **Fosters Resources** after financiers backed down amid complaints about government atrocities. One of **Fosters'** chiefs is **John McCleod**, once a leading light of **Arakis Petroleum**, which first led the consortium developing the former **Chevron** oil concession in south Sudan, now led by **Talisman**.

SIERRA LEONE

Mission leap

Britain's military and diplomatic mission in Sierra Leone is leaping rather than creeping. Among members of parliament from the ruling Labour Party side (and their Liberal Democrat allies) in the House of Commons there is plenty of backing for Britain's robust military support for the Freetown government's Sierra Leone Army (SLA) in its campaign against the rebel Revolutionary United Front (RUF). The opposition Conservative Party is voicing strong reservations about Britain's military commitment to Sierra Leone and the lack of a precise exit date but has yet to offer a clear alternative policy. Calling for an immediate withdrawal of British troops would be dangerous politically, given that public support for the Sierra Leone mission has been holding up well.

Few want a return to the old policy. Last July, Whitehall backed the Lomé peace accord which appointed RUF leader Corporal **Foday Sankoh** chairman of the National Diamond Commission, left Sierra Leone's diamond fields

under the control of RUF and sundry allies, and offered other RUF commanders and fighters an unconditional amnesty in exchange for their cooperation with a United Nations-supervised demobilisation and disarmament programme. That has failed on all counts: Britain's Minister of State for Foreign Affairs, **Peter Hain**, has said he would be surprised if Sankoh were not held to account for breaking the Lomé peace accord, a view echoed among officials of President **Ahmad Tejan Kabbah's** government in Freetown. Foreign Secretary **Robin Cook** says a clause in the Lomé accord cancels the amnesty provision if the agreement is breached.

Both Hain and Defence Minister **Geoff Hoon** have now stated Britain is to support, with logistics and intelligence, a campaign by the SLA to retake the diamond fields and bring them back under national control. The hardest part will be keeping them under the state's control - something that hasn't been achieved much in the past century - and running or regulating an accountable diamond industry.

As yet, there has been no official response about a third failure of the Lomé accord: its disarmament and demobilisation programme. Of some 10,000 children forcibly recruited by the RUF commanders, just 1,700 went to the demobilisation camps. And even before the breakdown of the Lomé accord last month, many of the 'demobilised' child soldiers returned to the RUF, some because of intimidation and some because there were no funds available for their rehabilitation.

Several RUF cadres told *Africa Confidential* about their abduction from eastern Sierra Leone and their brutalisation, prior to basic infantry training by **Liberian** soldiers. The cadres said they were then flown from Liberia to Ouagadougou in **Burkinabè** Air Force transport planes for specialised training with the 'small boy units'. RUF spokesman **SWB Rogers** commented: 'The RUF doesn't believe in using children as soldiers. When they are five or six, they are far too young to fight. We only use the older boys, from ten or eleven upwards.'

The involvement of Liberia and Burkina Faso in the recruitment, training and sheltering of RUF cadres will be as difficult to address as tackling those countries' roles in smuggling out diamonds. If Britain and the **United States** want to tackle the Burkina-Liberia dimension, they will need to get Paris on side. Not only is **France** the Western power best disposed towards Liberia's President **Charles Taylor** (he was treated to a lavish state visit to Paris two years ago) but French President **Jacques Chirac** is an enthusiastic ally of **Burkinabè** President **Blaise Compaoré**. Paris has defended Compaoré against a growing tide of accusations: that he trades diamonds for arms with **Jonas Savimbi's** rebels in **Angola** and does the same with Sankoh's RUF. It will be a major test of the *entente cordiale*, so celebrated between Britain's **Cook** and Paris's Foreign Minister **Hubert Védrine** last year, to see if Whitehall can convince the Elysée Palace and the Quai d'Orsay to rein in its allies.