AFRICA CONFIDENTIAL

www.africa-confidential.com 28 June 2019 - Vol 60 - N° 13

BLUE LINES

The best construction that can be put on the return of the Zimbabwe dollar and the ban on foreign currencies is that its authors wanted to rein in inflation and crack down on the currency trading rackets that gave politically connected businesses access to cheap US dollars. But it won't fix either problem.

The ban on the use of the US dollar, South African rand and other foreign currencies announced on 24 June will drive the foreign exchange trade further underground. Already, small-time traders in the centre of Harare are being harassed by police while favoured business people who can organise their trades at arm's length suffer no sanction.

The premise for the reintroduction of the national currency– that there is enough local confidence in it to sustain its official rate of US$1=Zim$5.2 – is palpably false. Before the ban on the US dollar was introduced, the Zimbabwe dollar was trading at half that level and it has fallen further this week.

Neither is there any sign that the return of the Zim dollar will cut inflation, now nudging 100%. As shops repriced their goods in Zim dollars, crossing out the US dollar pricing, customers complained the goods were even more expensive.

Both the main opposition Movement for Democratic Change and the trade unions reject the move and look set to organise protests. The IMF, with which the government has just signed a monitoring agreement, maintains a diplomatic silence.

EAST AFRICA

Singing from the same spreadsheet

Despite growing fears about rising debt levels, the region's finance ministers have unveiled a series of expansionary budgets

The four major players in the East African Community completed the annual ritual of unveiling their national spending plans on 13 June. 'Transforming lives through industrialisation and job creation for shared prosperity' was the theme for the budgets of **Kenya**, **Rwanda**, **Tanzania** and **Uganda**.

The headline growth forecasts paint an equally optimistic picture: East Africa is the fastest growing sub-region in Africa, with an estimated growth rate of 5.9% in 2018 up from 5.3% in 2017, largely on the back of strong performances by the agricultural sector in Kenya, Uganda and Rwanda. The African Development Bank reckons growth in the region will hit 6.1% in 2019 – compared to 4% across the continent – driven by manufacturing sector growth (AC Vol 60 No 3).

All four governments continued to follow a recent pattern of presenting expansionary budgets with ambitious revenue targets that, say most local economists, are almost certain be missed. The result is likely to be more borrowing and ever-rising concerns about debt distress. That has been the case for the previous five years, with Kenya, Uganda, Rwanda and Tanzania all going for a mix of infrastructure investment with protectionism to promote domestic industrialisation (AC Vol 55 No 14 & Vol 57 No 13).

Nairobi's budget is actually slightly smaller – down to $27.5bn from $30bn in the 2018/19 financial year, while Uganda has increased its spending by around 20%*. Rwanda also unveiled a hefty budget increase to $3.16bn in 2019/20 from $2.87bn.

None of these are pre-election giveaway budgets motivated by short-term political gain. With the exception of Tanzania's President **John Magufuli**, who faces elections next year, none of the governments are going to the polls any time soon. But they follow the traditional pattern of government spending in the 'good times' – few tax hikes other than higher 'sin levies' on alcohol, gambling and tobacco (with the exception of a capital gains tax increase in Kenya, and the Tanzanian government's planned 25% tax on imported wigs and hair extensions), and a focus on more efficient tax collection to raise revenues.

LEGACY HUNT

But while spending is slightly down in Kenya, Treasury Cabinet Secretary **Henry Rotich**'s grandly titled 'Creating Jobs, Transforming Lives – Harnessing the Big Four Plan' is about legacy rather than concerns about austerity. Out of the $4.5bn allocated to President **Uhuru Kenyatta**'s 'Big Four' agenda, $3.3bn has been ear-marked for 'critical infrastructure'.

Locally made and grown products will be given priority in public procurement, while government authorities agencies will be required to provide exclusive preference in procurement of motor vehicles and motorcycles to domestic assembly plants.

In Uganda, Finance minister **Matia Kasaija**'s Ush40.487trn ($10.8bn) budget

AFRICA CONFIDENTIAL
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Tel: 44(0)20 7831 3511
Editor: Patrick Smith
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Published fortnightly since 1960
25 issues per year
www.africa-confidential.com
Proprietors: Asempa Ltd. ISSN 0044-6483

focuses on funding increased spending on military, public administration and infrastructure spending.

East Africa's third-largest economy plans to borrow more from local and foreign sources with the Uganda Revenue Authority expected to increase its tax take from around $4.3bn to $4.85bn.

Kenya, the region's biggest spender, unveiled a $27.5bn budget, that involves plans to borrow $5.9bn to cover a 5.7% deficit. A hefty hike on capital gains tax from 5% to 12.5% is the only major tax rise in the budget, although the government expects the Kenya Revenue Authority to continue improve its efficiency in collecting taxes – the tax take has doubled under the Kenyatta government. Rotich argues that public debt is within sustainable levels, and that the burden is projected to decline – he has promised to cut the budget deficit to 3% by 2022/23, though most analysts are sceptical that this target will be met.

'We shall continue to remain on the planned path of reducing the fiscal deficit in the medium term in order to create more fiscal space and reduce the public debt,' he said.

But that claim doesn't sit comfortably with the fact that it has increased from 39.9% of GDP in 2011 to the present record high of 59.2%, and although Kenya's budget deficit is on a downward trend, expected to drop to 5.6% of GDP from 6.8% in 2018/19 and 7.4% in 2017/18, 60% of revenue is currently being spent on servicing debt.

The Parliamentary Budget Office has warned that Kenya is slipping into debt distress unless the country adopts careful management strategies. 'Debt-sustainability concerns in the medium term arising from a risk of debt distress have been raised from low to moderate,' said the PBO.

Yet while the government's appetite for new debt is causing plenty of consternation among domestic analysts, there is little sign yet that financial markets are overly perturbed by Kenya's economic credibility.

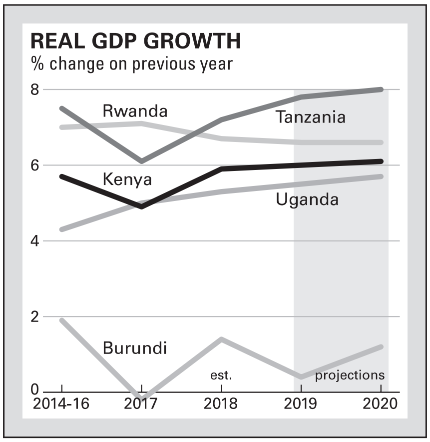
Kenyatta's government recently agreed a $750m loan from the World Bank which followed an oversubscribed $2.1bn Eurobond issue in May, both to contribute to Big Four spending.

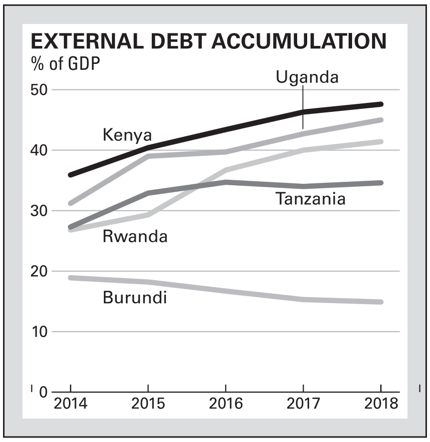
The government is also set to make peace with the International Monetary Fund after signing a deal with selected banks to release close to $10bn in loans to the private sector that appears to have persuaded the Fund to renew its $1.5bn standby credit facility.

In Rwanda, where Finance Minister **Uzziel Ndagijimana** unveiled a $3.16bn budget, the government has had to borrow aggressively in recent years to fund growth. Rwanda recorded the highest GDP growth rate in the region at 8.6%, and its budget assumes real GDP growth of 7.8% for 2019/20, in line with the recent forecasts from the African Development Bank and the IMF.Ndagijimana's new budget represents an 11% hike from the $2.7bn for the 2018/19 fiscal year.

Although the IMF's analysis suggests that Rwanda remains a low debt-risk economy – its debt burden of 32.9% of GDP is one of the lowest in sub-Saharan Africa – concessional loans stood at 63% of the debt stock at the end of 2018. Even so, Ndagijimana points to a Debt Sustainability Analysis conducted in April which confirmed the sustainability of his country's debt in the medium and long term.

FIRING UP THE ENGINES





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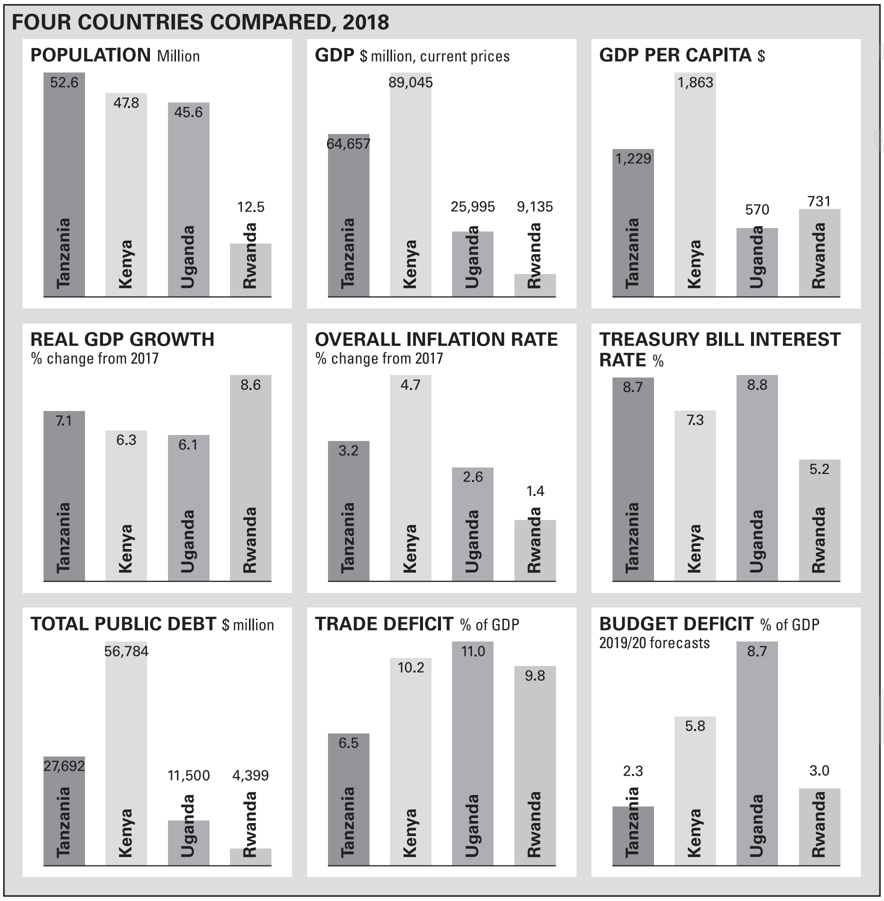


Sources: African Development Bank; KPMG

Tanzania is the only EAC state that plans to keep its budget deficit below 3% in 2019/20, with President Magufuli pushing a non-donor-dependency programme, perhaps mindful of the threats of aid suspension from a handful of European countries and the European Union (AC Vol 60 No 3).

Finance Minister **Philip Mpango**'s $14.3bn budget plans to grow the economy at 7.1% this year, largely on the back of infrastructure investment in the Standard Gauge Railway and Stiegler's Gorge hydropower project, but that also means projected national debt will rise in the coming fiscal year.

Intra-EAC trade is the highest among all regional economic communities in Africa – above 20% of exports and significantly higher than the continental average. That, in turn, makes the region likely to be one of the main beneficiaries from the recently ratified African Continental Free Trade Area, if and when it becomes reality.

But there are headwinds on regional trade (AC Vol 60 No 7). The escalating diplomatic row between Uganda's President **Yoweri Museveni** and Rwandan counterpart **Paul Kagame** is almost certain to weigh heavily on Rwanda's and indeed the region's growth in 2019, even though both countries have sought to offset the damage by improving trade relations with other regional partners (AC Vol 60 No 6).

Burundi has also joined in the spending, proposing a 7.2% increase from the 2018/19 budget of $676m to $725m, although, in his case, Finance Minister **Domitien Ndihokubwayo** plans to fund at least 88% of the budget from domestic revenues.

While the World Bank has been relatively sanguine about Kenya and Tanzania ramping up infrastructure investment on the grounds that it was long overdue, the continued, and, in many cases, growing appetite of foreign investors to push their money into the region is another reason for leaders' optimism.

The latest World Investment Report 2019 by the United Nations Conference on Trade and Development (UNCTAD) shows that despite flat growth in FDI in the wider East African region, which remained largely unchanged at $9bn due to contractions in Ethiopia, the East African Community partner states recorded impressive growth.

In Uganda, inflows reached a historic high, increasing by 67% to $1.3bn, while Kenya posted 27% growth to $1.6bn and Tanzania an 18% increase to inflows to $1.1bn.

Aside from the yet-to-be imposed discipline of the financial markets, it is hard to see what other tools can rein in growing debts and deficits. The East African fiscal convergence framework requires EAC members to keep public debt below 50% of their GDP in Net Present Value Terms and maintain reserves of at least four and a half months of imports as precondition for entry into a planned monetary union by 2024, modelled on the European Union's Stability and Growth Pact. The EU's fiscal rules were happily flouted by many of its member states for over a decade until the double dip recession caused by the 2007-08 financial crash prompted a sovereign debt crisis. East Africa's leaders will hope that is not a portent for the future but it serves as a reminder of the economic pain that comes when the good times suddenly come to an end. ●

CONGO KINSHASA

Mbororo conundrum

Fulani herders – already involved in clashes in the Sahel – are being targeted by unscrupulous politicians and the dangers levels are rising

In Congo-Kinshasa's Haut Uele province, which borders **South Sudan** and **Central African Republic** (CAR), inflammatory rhetoric from the authorities and civil society against the nomadic, cattle-herding Fulani (or Peuhl), known locally as the Mbororo, is reaching becoming dangerous heights, just as the United Nations prepares to take its forces out of the province.

The Mbororo crossed into Congo-K from CAR over a decade ago, having quit **Chad** for CAR during the 1970s. They appear to have prospered during recent years from good grazing in Haut and Bas Uele provinces (AC Vol 52 No 19). The Mbororo community numbers less than 20,000, while their cattle total around 900,000. They are present in five of Haut Uele's six territories and in the neighbouring provinces of Ituri and Bas Uele too.

In Haut Uele, conservationists are increasingly anxious that the Mbororo, many of whom are feared to be armed, are heading for Garamba National Park, one of the continent's oldest wildlife reserves. The conservationists are trying to persuade the Mbororo to change course but if they keep going in their current direction they will approach the Kibali gold mine operated by Barrick Gold, currently one of the most productive and profitable gold mines on the continent.

MONUSCO MOVES

The United Nations Organisation Stabilisation Mission in the Congo (MONUSCO), is closing its base in Dungu, which will mark the end of its presence in Haut Uele province. As part of the same process of reducing the mission, MONUSCO is also closing its base in Kisangani.

Congolese opposition to the Mbororo's presence is growing increasingly vociferous. In March, all the Catholic bishops of the Kisangani region – which takes in the whole of the former province of Orientale – denounced the 'expansion' of the Mbororo, accusing the herders of being Muslim and a terrorist threat.

On 5 June, civil society organisations in Faradje, Haut Uele, threatened to launch a campaign of 'fiscal disobedience' if no action was taken to remove the herders, and on 16 June, groups in the provincial capital Isiro launched 'Operation Zero Mbororo', saying the herders were doing massive environmental damage and demanded that all of them 'leave immediately'. The Isiro organisations accused the national government of being 'lax' and the international community for 'criminal complicity', adding ominously that if this did not change within 30 days, they would revert to 'self-defence'.

The newly-elected Haut Uele governor is **Christophe Baseane Nangaa**, the brother of **Corneille Nangaa**, the head of the country's electoral commission, who has been sanctioned by the **United States** government for his role in the December 2018 election (AC Vol 60 No 6). Christophe Nangaa has been supportive of Operation Zero Mbororo and took to national radio to urge the Mbororo to 'go back home now'. Nangaa met Mbororo leader **Mohamed Tchad** in Isiro on 18 June, where Tchad promised to take his people out of the province as soon as river levels subsided, which would allow their cattle to cross them. Nangaa said publicly that he was not convinced by that and wanted the Mbororo to leave immediately.

Another powerful and prominent

supporter of the campaign to drive the Mbororo from Congo-K is the outgoing defence minister, **Crispin Atama Tabe Mogodi** (AC Vol 58 No 11). Atama is a signatory, along with the entire caucus of National Assembly deputies from the two Uele provinces, to an angry statement dated 28 May rejecting the idea of cohabitation with the Mbororo.

The statement was issued one day into a week-long meeting in Kinshasa of the United Nations Standing Advisory Committee on Security Questions in Central Africa, which meets twice a year at ministerial level. The committee's official position is that pastoralists contribute to the economy of the sub-region and that the 'challenge' of the Mbororo should be resolved multilaterally between Congo-K, South Sudan and CAR. Yet even if the Congo-K government were genuinely to seek interlocutors on the Mbororo issue, it is by no means clear that the governments of CAR and South Sudan would be capable of playing their part.

Atama and the other deputies said in the statement that they vigorously reject the conclusions of the UN Committee as 'foreign interference'. Additionally, it is the committee's appeal for cohabitation and dialogue that appears to have inspired Isiro civil society to raise the issue of international criminal complicity.

Despite all the rhetoric, there have been only a few isolated skirmishes between local Congolese and Mbororo, and few lives have been lost. More attention, rightly, is currently focused on the rapidly deteriorating situation in the Djugu, Mahagi and Irumu territories of Ituri province where there are ongoing clashes between Hema and Lendu armed groups and the national army, *Forces Armées de la République Démocratique du Congo* (FARDC). All three are said to be raiding villages, displacing hundreds of thousands of people. Haut Uele is currently far more peaceful than Ituri, but this could change if Isiro's civil society delivers on its threat of 'self-defence', supported – openly or covertly – by the provincial administration and the national minister of defence. If that happens, armed conflict seems inevitable with Mbororo herders, who will not concede easily. Observers also point out that military solutions to the presence of Muslim herder communities have been repeatedly tried and have failed across the region, with radicalisation often the result.

With Nangaa, Atama and the other Ueles' national deputies adopting such a gung-ho stance, and with MONUSCO pulling out of the region, decisive intervention from the national government will be needed to calm things down. The problem, however, to everyone's increasing unease, is that there is still no new government. ●

SOUTH AFRICA

Ace helps his allies

As President Ramaphosa purges corrupt politicians from the cabinet, Zuma supporters are grabbing key appointments in parliament

Opponents of South African President **Cyril Ramaphosa** in the ruling African National Congress have opened a new front in the ruthless campaign to remove him from office by 2021 or at least ensure that he does not serve a second five-year term. Tactics similar to those used to remove former President **Thabo Mbeki** before the end of his second term and are now being deployed behind the scenes by a committed group of senior ANC officials loyal to discredited former President **Jacob Zuma** (AC Vol 60 No 12).

There is a limit of two five-year terms for the national President but no formal limit on the terms an ANC President can serve, although the two positions usually coincide.

No sooner had Ramaphosa won the fight with pro-Zuma ANC Secretary-General **Ace Magashule** over the independence of South Africa's central bank, the SA Reserve Bank, than Magashule and his allies selected some of the most corruption-tainted pro-Zuma loyalists, many of whom had been dropped from the Ramaphosa cabinet, as chairs of the powerful parliamentary portfolio and cabinet committees.

The committee chairs, as part of their function overseeing and driving legislative work in Parliament, have the power to change legislation in the drafting process and even to discipline ministers if they are seen to be working against ANC policy directives.

But reformist presidents – such as Mbeki and Ramaphosa – often find that their agendas are at odds with populist party resolutions and try to maintain a gap between party policy and that of the government (AC Vol 49 No 19).

MAGASHULE'S CHAIRS

Magashule used his power to push through a batch of committee chairs that read more like a who's who of state capture and graft than a team to assist Ramaphosa with his programme to end corruption, create jobs and restore economic growth. The announcement of the new committee chairs followed a week of horse-trading which Magashule described as 'collective action' but Ramaphosa supporters branded as attempted sabotage. However, they failed to capture the chair of the Justice parliamentary committee, which could have given important support to corrupt ANC members fighting to avoid prosecution.

Magashule insists that no-one is guilty until convicted in a court of law and the new appointees are therefore fit for public office.

Leading the list of appointees is corruption-tainted former deputy finance minister **Sfiso Buthelezi**, now chair of the key appropriations committee which oversees allocations for the country's US$128 billion (1.83 trillion rand) budget.

Bongani Bongo, a former Security Minister who was sacked by Ramaphosa and faces corruption allegations, is now chair of the home affairs committee which oversees laws on immigration.

Faith Muthambi, another Zuma-appointed minister who leaked confidential information to the Gupta brothers, was sacked by Ramaphosa and continues to be at Zuma's side during his court appearances on multiple fraud charges, is now the chair of the co-operative governance committee which oversees the increasingly important realm of provincial and local government.

Mosebenzi Zwane, former mineral resources minister appointed at the request of the Guptas to facilitate massive gains for the **Indian** brothers in the coal industry, now chairs the transport committee in Parliament.

Tina Joemat-Pettersson, former energy minister who lobbied for Zuma's potentially crippling $75bn (R1trn) nuclear deal with **Russia** and presided over the clandestine sale of the country's precious oil reserves, is now chair of the police committee on parliament. Ironically, she lost her job for failing to help push through the nuclear deal.

And **Joe Maswanganyi**, heads the all-important standing committee on finance which oversees accountability for public expenditure and acts as a watchdog on excessive government spending, such as occurred during the Zuma decade that crippled state-owned enterprises.

Delivering his third state of the nation speech in 18 months last week President Ramaphosa sought to straddle the widening chasm in the ANC and soothe a troubled nation looking for hope. Less a victory speech and more a personal manifesto, it was high on vision and low on specifics as to how he was going to achieve his dream of a developmental state embracing cutting-edge digital innovation and bullet trains and smart cities 'like they have in **China**'.

Ramaphosa's central dilemma is that as he makes gradual but steady headway in the fight against corruption, the economy is buckling under the weight of youth unemployment exceeding 50% in some provinces, as the last ratings agency just holds off from downgrading the country to junk investment status.

If Moody's downgrades South Africa to 'subinvestment' or junk status in November, as seems likely, it would trigger a major outflow of global institutional investment.

Some analysts argued that although Ramaphosa experienced some earlier setbacks in the rhetorical battle with the militant Economic Freedom Fighters over land redistribution and the unattainable goal of free education for all, he has succeeded in kicking these controversial issues into touch following the election.

As well as killing the crucial Reserve Bank issue, Ramaphosa has also damped 'Radical Economic Transformation' expectations in favour of the more incremental National Development Plan, which was previously discredited by the same forces that supported Ramaphosa in the leadership campaign.

He referred to 'tough choices' which would have to be made to achieve efficiency and the levels of economic growth needed to reverse unemployment. 'Now is the time to focus on implementation,' he said, without providing a detailed road-map.

It is these 'tough choices' that will test his relationship with the South African Communist Party and the Confederation of South African Trade Unions (Cosatu), as he seeks to strengthen bonds outside the ANC's comfort zone, in business, civil society and even the parliamentary opposition which now collectively accounts for 42% of the vote.

Ramaphosa said a broad-based social compact between government, labour, business and civil society was needed to overcome the formidable challenges facing the country.

COOL RECEPTION

The speech received a cool reception from investors who did not see much light at the end of what they perceive as a long and hard tunnel to achieve higher economic growth.

Ramaphosa's announcement that he would speed up the R230bn, 10-year plan to bail out the ailing electricity utility Eskom by bringing forward some of the funding was criticised for not detailing plans to split up and reform the utility and put it on a steadier footing. Investors are not convinced that the 10-year scenario is feasible and fear the impact on political stability of repeated electricity price hikes and further power-cuts. The R69bn of bailout funds over three years promised in February were welcomed, but despite the R23bn portion to be disbursed this year, it is feared that Eskom will run out of funds by October. It currently has debt of over R400bn.

'Overall we don't see economic sentiment shifting higher after the speech until actual implementation is begun,' said **Peter Attard Montalto**, head of capital markets research at Intellidex. Political analyst **William Gumede** said that the Ramaphosa era is going to be characterised more by provincial and metropolitan power blocs and special interest groups than by ideological and organisational constituencies. 'The success of the Ramaphosa Presidency will depend on the extent to which he is able to balance these regional and special interest groups,' Gumede said.

But he warned that Ramaphosa had only six to nine months to assert his authority in the party if he wanted to achieve his objectives of containing public sector corruption, improving efficiency and cutting costs.

'The longer Ramaphosa postpones the inevitable battle with the Zuma-ite populists, the more his powers will wane because of constant attacks on him,' said Gumede. ●

NIGERIA

The rise of Godwin Emefiele

As the country awaits a new government, four months after elections, the Central Bank Governor has stamped his authority on economic policy

The importance of **Godwin Emefiele**, governor of the Central Bank of Nigeria, to President **Muhammadu Buhari's** plans was clear as he set out his agenda for the next five years in Abuja on 24 June. His key message was that the bank would continue to manage the value of the naira and has no plans to abandon its system of multiple exchange rates, as the International Monetary Fund has advised (AC Vol 60 No 9). This month, the IMF said it was considering a tougher stance towards countries, such as Nigeria and **Venezuela**, which operate multiple exchange rates.

The IMF says the system deters foreign investment and ties up the central bank in complex administrative operations, distracting it from the demanding task of regulating the country's fast-growing financial sector. Nigeria, with some 160 million mobile phone subscribers, is on the brink of a revolution in digital banking which the traditional banks are trying to keep up with.

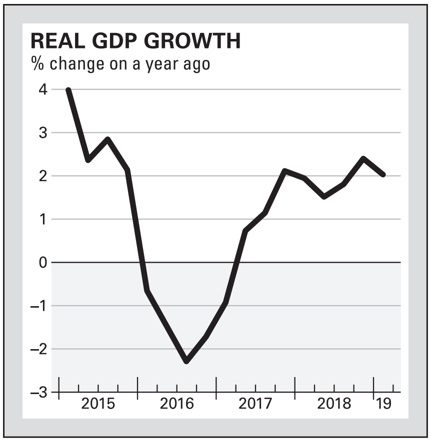
The multiple exchange rate system also allows arbitrage deals between the official rate of US$1=N306 (for official government purchases and fuel imports) and the 'Investors and Exporters' rate' of about US$1=N360. There is also a parallel rate, offering about a 20% discount on the official rate. Local critics say that officials and their business allies with access to foreign exchange at the cheaper official rate are making hundreds of millions of dollars every year from round-tripping deals.

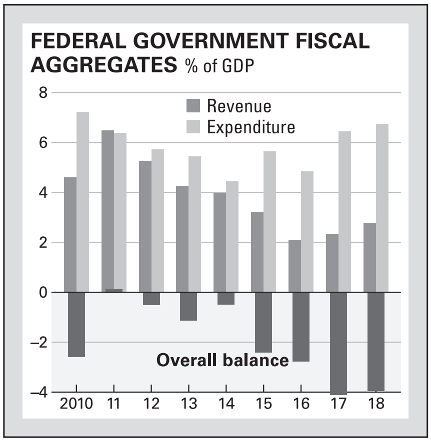
Bankers say that a good part of the $14 billion reported capital inflows into the country in the first five months of 2019 are the proceeds of round-tripping deals. Given the opacity of these transactions, it's an assertion that's almost impossible to prove.

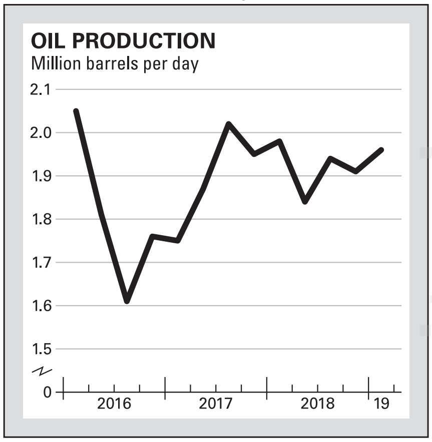
Governor Emefiele's argument is that the managed float regime has reduced the effect of market volatility on the country's economy. It has brought down inflation to 11% from 18% in 2016, he added, and laid the foundation for double digit growth within the next five years. For now, Nigeria's performance, averaging 1.9% in 2018, makes it one of Africa's slowest growing economies, along with South Africa (AC Vol 60 No 3).

Referring to the bank's $45bn of reserves, Emefiele reiterates that the government will be defending the naira at the official rate of $1=N306. However, economists say the $45bn figure overstates the reserves once foreign

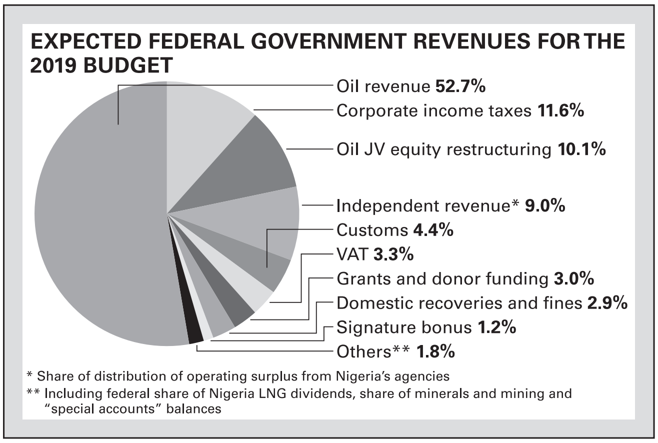
NIGERIA: GROWTH FLUCTUATES, UNEMPLOYMENT RISES

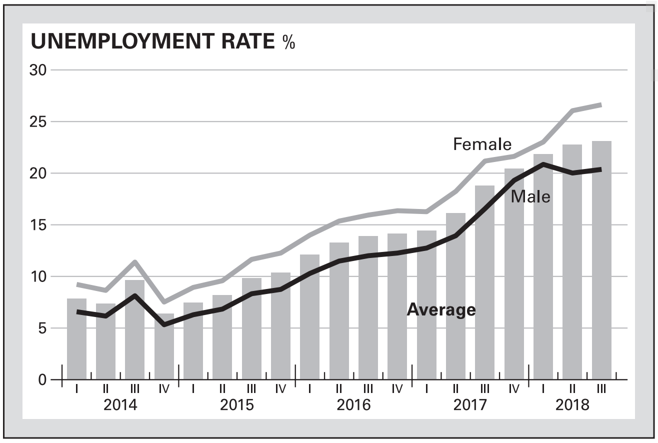






Sources: IMF; Federal Ministry of Budget & National Planning; National Bureau of Statistics





exchange liabilities and commitments are deducted.

Emefiele's stance has the full backing of President Buhari and his advisors, although it is less popular with the ministers he appointed to lead on economic policy in his first term (AC Vol 60 No 9).

Occasionally, a chink of light shows through. Earlier this month, the central bank stopped publishing the official naira exchange rate on its website, saying the exchange rate would be market determined. And **Yewande Sadiku**, head of the Investment Promotion Commission, said the central bank was in talks with other departments to move towards a single rate.

Whatever the government's plan in the medium-term, Emefiele wants to halt speculation about any moves towards a single exchange rate. Many bankers are convinced that the central bank will unify the rates in the next year but is yet to choose the timing, probably linked to an improvement in foreign receipts.

INVESTMENTS

The latest central bank report records a massive jump to $7.1bn of portfolio investments and that foreign remittances, mainly from Nigeria's growing diaspora, have hit $7.6bn. Non-oil exports are reported to be up by 65% for the first five months of this year, compared with last year's out turn.

With the spot price for Nigeria's Brent crude oil down to an average of $65 a barrel, barely over the minimum price on which the 2019 budget is based, the short-term finances look difficult.

Meanwhile, Emefiele, backed by Buhari, is doubling down on the bank's interventionist role: those firms importing any of the 43 items ineligible for foreign exchange at the official exchange rate are now to face some form of regulatory sanction. He also wants to step up cheaper loans for agricultural and processing operations from the commercial banking sector. For now, Nigeria's banks find it far more profitable to lend to government via Treasury bills and other instruments.

Emefiele also announced plans to recapitalise the banking sector by stepping up capital requirements, probably leading to more consolidation of the sector.

Buhari is yet to announce whether **Zainab Ahmed**, from Kaduna State, will be reappointed as finance minister in his second term. On 25 June she told an emerging markets conference in London organised by Bloomberg News that she hadn't discussed the issue with Buhari.

The government had a revenue not a debt problem, said Ahmed in response to questions that over 50% of government revenues were being used to service debt. Its tax-raising campaign would intensify, she said, including a hike of value added tax to 7% from its current level of 5%.

Also important in the economic team is **Okechukwu Enelamah**, former Industry, Trade and Investment Minister, from Abia state. However, he wasn't backed up after he announced that Nigeria would soon join the African Free Continental Trade Area, whose founding agreement Nigeria is yet to sign. Buhari said in mid-June that he was studying the conclusions of a report commissioned last December on the effects of a no-tariff regime on Nigerian manufacturers (AC Vol 59 No 18).

GROWING GAP

Budget and National Planning Minister **Udo Udoma's** public presentation of this year's budget on 28 May, in the wake of Buhari's belated signing of the budget, pointed to a growing gap between planned federal expenditures and revenues.

Udoma forecast that some 10% of revenues this year could come from a restructuring of joint ventures between the Nigerian National Petroleum Corporation and the international oil companies. The state's NNPC is to cut its stake to 40% in many of those companies (AC Vol 59 No 6).

Although the N8.9 trillion ($29bn at the official exchange rate) budget, passed by Buhari last month after protracted negotiations over pet spending projects with the House of Representatives and Senate, remains modest – it is under 7% of the country's GDP– its viability is vulnerable to recent weaker oil prices.

Udoma projects that combined recurrent expenditures and debt service payments could account for close to 70% of budget spending, which is almost 90% of projected federal revenues this year. The forecast budget deficit of N1.9trn for 2019, less than 1.5% of GDP, looks an under-estimate, especially if the government is to meet its ambitious plans for capital spending.

MORE BORROWING

The budget deficit will require more funding, and probably more borrowing on present projections. Wary of escalating debt servicing costs, the Debt Management Office in Abuja wants to boost the share of concessional financing and cheaper external debt. That would mean recourse to the World Bank and the International Monetary Fund, which would include policy conditions in the loans.

Government departments differ on whether Nigeria will float another Eurobond this year although most bankers think it likely, even if it is less than the $2.8bn issuance last November. It would also bolster Emefiele's reserve firepower in the central bank.

Recent releases from Nigeria's National Bureau of Statistics suggest the country will struggle to meet the IMF and World Bank's growth projections of just over 2%, which would be negative in per-capita terms. Although, according to the NBS, Nigeria's agricultural output is growing, there are concerns about the slowdown in the manufacturing sector, and even contraction in the oil sector.

Beyond the arguments over exchange rates and targeted lending, it must be those growth figures, and the consequences for unemployment now running at 23%, that will give the government most concern this year. ●

NNPC CHANCE FOR REFORM

President **Muhammadu Buhari's** appointment of **Mele Kyari**, petroleum engineer and former head of marketing, as group managing director of the Nigerian National Petroleum Corporation (NNPC) is his second major economic appointment a month into his second term.

It comes as the NNPC plans to sell off equity in its joint venture companies and the ruling All Progressives Congress, with its clear majority in both houses of the National Assembly, should find it easier to push through its preferred version of the Petroleum Industry Bill, the long-delayed reforms of the oil and gas sector. With President Buhari having secured his preferred candidates to head the Senate and House of Representatives it's probable that the positions of the legislature and the executive on the reforms will be better aligned (AC Vol 60 No 13),.

International oil companies claim that delays in passing the bill – which remains divided into its governance, fiscal, administrative and host communities parts – have held up some US$40 billion in new investments, although Abuja officials are more sceptical (AC Vol 59 No 17). They point to the willingness of companies such as **France's** Total to go ahead with the massive Egina project on current fiscal terms. Whenever the revised bill goes through the legislature, there will be calls for far better fiscal terms for Nigeria, given revenue shortfalls and industry trends.

The government wants to review offshore oil production-sharing terms, as well as a settlement of its claims that international oil companies have failed to remit billions of dollars of local taxes.

Kyari, who is well known to Buhari but not related to his chief of staff **Abba Kyari**, will lead that tougher stance on investment terms. Including Kyari, five of eight new senior NNPC appointments – including its chief financial officer and chief operating officers for three NNPC divisions – hail from the North East, North West, or the North Central region. Only one senior appointee comes from the South South oil-producing region.

Kyari's predecessor, **Maikanti Baru**, supported Buhari's personal preference to explore for oil in the Chad Basin, in the North East, where he also hails from. Industry experts, however, doubt this is worth while. ●

ETHIOPIA

The politics behind the putsch

The most serious attack so far on Abiy Ahmed's premiership signals how difficult his reforms will be to achieve

It was a deadly *coup de théâtre*. The simultaneous slaying of the premier of the Amhara regional state, the second most populous in the federation, and the Defence Force Chief of Staff on 22 June was a broadside against Prime Minister **Abiy Ahmed** and the federal government.

Late that evening in camouflage fatigues, Abiy cut an uneasy figure in a television broadcast assuring Ethiopians that it was under control. The plotters, he insisted, were power-hungry and not driven by ethnic motives. It was very different from the confident leader who had faced down a pay demand from armed soldiers in his own office six months ago.

Abiy was right to take the attempted putsch seriously. The first target was the Amhara region premier **Ambachew Mekonnen**, and two of his advisers, at their offices in Bahir Dar, the regional capital. Ambachew, deputy leader of the ruling Amhara Democratic Party, was a key ally of Abiy's as he tries to enact political reforms ahead of national elections due next year.

The issues in Amhara region have their parallels across the country. The government's ethnic federalism is sprouting challenges. A crop of newly legalised ethno-nationalist parties has arisen to argue in their groups' interests. They want greater regional autonomy.

Others go in the opposite direction, and want a strengthened centre. This agenda is more popular in mixed urban areas, but away from the cities ethno-nationalism still holds sway. In the multi-ethnic south, groups are pursuing constitutional demands to carve out their own ethno-regional states.

Abiy wavers between the two camps. He has opened up politics, allowed dissidents to return and freed much of the media, although some of the returnees are lambasting Abiy for his policy ambiguities. Although he is himself a product of the federal system, Abiy doesn't seem to favour it. By creating political space for all he has by default encouraged ethno-nationalists to pursue their agendas.

Abiy will have to woo some of the dissidents if he wants to steer the ruling Ethiopian People's Revolutionary Democratic Front to another victory in the coming elections. Abiy and allies reportedly want to turn the EPDRF into a national party instead of an alliance of four political parties: the ADP, the Tigrayan People's Liberation Front (TPLF), the Oromo Democratic Party and the Southern Ethiopian People's Democratic Movement.

Such a new national party would likely be dominated by activists from the Oromo and Amhara regions to the detriment of Tigray, which has already lost power in the party, federal government, and security, although Tigrayan officers still populate the military top brass and the south. Despite his history – his father, who recently died, was Oromo and his mother is Amhara – Abiy's political skills would be put to the severest test to organise such a party, let alone lead it.

Many members of the EPRDF sympathetic to the ethno-nationalist cause might resist, or jump ship for one of the new regional parties if they calculate that the centre can no longer hold.

The failed putsch casts some light on the government's dilemmas on reform.

Behind the attack, say officials, was Brigadier **Asaminew Tsige**, who had been jailed with other officers in 2009 and charged with coup-plotting as a member of the Ginbot 7 opposition group. Released last year in amnesty just before Abiy took over as prime minister, Asaminew was appointed security adviser to the Amhara regional government in November.

Asaminew's appointment may have been a bid to win over ethno-nationalists in Amhara to the regional government. If so, it backfired spectacularly.

Asaminew may have been secretly working with the National Movement of Amhara (NaMA) which has been demanding a redrawing of borders with Tigray and involved in tensions with Oromo (AC Vol 60 Nos 3 & 12). Last month, At least 200 people died in clashes in the borderlands of Amhara and Benishangul-Gumuz region, and there was violence involving fatalities, for which Asaminew was partly blamed, in an Oromo district of Amhara the month before.

Abiy's aides say that Asaminew was directly involved in the killing of the regional premier in Bahir Dar but had also orchestrated the murder of Defence Chief General **Seare Mekonnen** and his adviser Major General **Gizae Aberra**. The official account is the two were killed by one of Seare's bodyguards, who was part of a bigger plot.

Officials said Asaminew was killed two days later. If the government version is correct, it seems likely that he used some of his old military contacts for the operation, which raises concerns about security and political sentiments in the army. Last year, Abiy, who had been a lieutenant colonel specialising in communications and cyber security, restructured the armed forces and intelligence services. He brought in some close allies but made new enemies.

Just hours before the putsch on 22 June, **Debretsion Gebremichael**, acting Premier of Tigray region, warned that any delays to elections next year would create political ructions. Now delay to the electoral timetable looks certain, as do more ructions. ●

MAURITANIA

Ghazouani's modest mandate

Ex-President Abdel Aziz has smoothly slipped his placeman into his old job while a reinvigorated opposition failed and the world turned away

Opposition leaders were left with much to ponder after the 22 June presidential election handed **Mohamed Ould Cheikh el Ghazouani** outright victory on the first ballot with 52% of the vote. Anything other than victory for the chosen successor of President **Mohamed Ould Abdel Aziz** would have been astonishing – and it was certainly no surprise when the electoral commission announced that Ghazouani had cleared the 50% hurdle.

Ghazouani did not wait for the full figures to be collated, proclaiming his triumph to supporters at dawn on Sunday, alongside Abdel Aziz, just a few hours after the polls had closed. Inevitably, opponents cried foul, disputing the results and complaining about Ghazouani's early claim of victory.

There was no international election-monitoring operation, making it hard to test the claims of fraud against the advantages of incumbency, such as the political machine of the ruling *Union Pour la République* (UPR), a compliant public administration and supportive local notables.

Opposition parties did manage to collect copies of most local vote declarations but neither they nor civil society organisations, nor the independent local media had developed a parallel voter tabulation (PVT) to check the official results.

There was little external pressure from either regional neighbours or Mauritania's key European partners and the **United States** – who were simply relieved, above all, that Abdel Aziz had resisted pressure from his supporters to tinker with the constitutional limit of two consecutive terms. This matters, at a time when **Togo**'s **Faure Gnassingbé** is fiercely resisting suggestions that he should quit in 2020 or even 2025, and **Guinea**'s **Alpha Condé** appears to be preparing to amend the constitution so that he can run for a third successive five-year stint in office.

But beyond the headline result, the detailed figures carry important lessons for both Mauritania's new ruler and his opponents. Even taking the official result at face value, Ghazouani's 52.01% falls far short of a crushing mandate, especially when allowance is made for the overwhelming advantages he enjoyed. The new president has not been granted a honeymoon of popular goodwill and will be under pressure to deliver tangible improvements in public services and citizens' material wellbeing.

MOOD FOR CHANGE

There are clearly many Mauritanians who want to see significant change and are dismayed or disappointed with Abdel Aziz's record. That is reflected in the strong 18.58% second place score for the outspoken campaigner for the Haratine (descendants of slaves) **Biram Ould Dah Abeid**, and the 8.71% notched up by **Hamidou Baba Kane**, also appealing primarily to black Mauritanians.

Meanwhile, the Islamist party *Tawassoul* signalled that it remains a force to be reckoned with despite Abdel Aziz's overt hostility and its failure to progress in last September's legislative polls. With a healthy 17.87% third place score for the candidate it backed, former prime minister **Sidi Mohamed Boubacar Bousalaf**, the party reaped the fruit of its community engagement and youth appeal.

Most disappointed by the results was **Mohamed Ould Maoulould** (2.4%), standard bearer of the progressive secular camp. Despite commanding wide respect as an individual, he was completely marginalised by the stronger identity politics appeal of the other opposition candidates.

Ould Maouloud accused the regime of 'an electoral coup d'état' aimed at destroying his *l'Union des forces de progrès* (UFP) party, which has been allied to **Ahmed Ould Daddah**, traditional leader of the hard-line opposition and brother of Mauritania's first president, **Mokhtar Ould Daddah**.

But Ould Maouloud's poor showing this time also shows how hard it will be for the opposition to mobilise the public over policy issues rather than falling back on sectional bases of support.

Ghazouani enters office with some room for manoeuvre, and following last September's legislative, municipal and regional polls, the electoral calendar now provides him with time to show what he can do.

OPPOSITION BOOST

Meanwhile, after the disappointment of last September, the strong results in defeat in the presidential contest should serve as a morale booster for opposition, who are getting better at working together (AC Vol 59 No 17). When the security forces ransacked the offices of Abeid and Kane this week, they united to issue a joint condemnatory response.

But in the absence of any significant nationwide electoral contest for more than four years they now have to work out other ways to make their substantial electoral support count for something. They govern few local councils and have only a small minority of seats in the national assembly. Any popular dissatisfaction with the government will probably be expressed on the streets – as it already has been, briefly, with protests and barricades in opposition-supporting districts of Nouakchott since the election result.

This discontent is a reminder to Ghazouani that there are serious development challenges to be tackled, particularly if the government wants to keep youth discontent in check. As Abdel Aziz recognised, alongside security, social and economic programmes have to be part of the strategy for countering any resurgence in the appeal of jihadist extremism.

Ghazouani will also have to manage the evolution in expectations from family, tribal and business vested interests. And he will face pressure to deliver money and jobs to the allies of his ruling UPR, such as the *Alliance populaire progressiste* (APP) of former parliamentary speaker **Mohamed Ould Boulkheir**, *Karama*, led by **El Ghacem Bellal**, mayor of the fishing and iron ore export port Nouadhibou, and the *Union pour la Démocratie et le Progrès* of social affairs minister **Naha Mint Hamdi Ould Mouknass**.

Future gas revenues will provide some extra margin for spending, but not until 2021 at the earliest, and initially not in large volume. Abdel Aziz did much to cultivate regional relations, particularly through the G5 Sahel grouping and rejuvenated economic links with the Economic Community of West African States (ECOWAS). Ghazouani now has a personal diplomatic profile to establish, a priority if he is to be regarded both by Arab governments and his West African neighbours as more than his predecessor's protégé. ●

TUNISIA

Nobbling Nabil

The establishment has taken fright at popular new politicians, and is trying to kill off genuine challenges to the president and ruling party

A political class absorbed by the painfully long run-up to parliamentary elections on 6 October and the presidential poll on 17 November has suddenly found itself with a surprise outsider to contend with. Tunisians have been wondering whether local media magnate and television 'champion of the poor' **Nabil Karoui** could emerge as a **Donald Trump** figure, leveraging his celebrity to take over the presidency, for which he is one of the few candidates to have declared (AC Vol 60 No 3). Or whether **Olfa Terras** – married to **French** hedge fund millionaire and philanthropist **Guillaume Rambourg** – could be the candidate to channel a movement partly inspired by *La République En Marche*, which brought **Emmanuel Macron** to the French presidency. Both have found the limelight leading civil society associations, rather than conventional parties. Now, the parties have struck back.

Established parties led by President **Beji Caïd Essebsi's** *Nidaa Tounès* (NT) and the Islamist *Hizb Ennahda* are rattled. Lawmakers passed an amendment to the 2011 post-Ben Ali electoral law in early June banning heads of charitable associations from standing in elections. The overtly political move only serves to deepen Tunisians' alienation from politics.

From a Bizerte family, Karoui and his brother **Ghazi** have developed a rare cutting-edge North African media business. For more than 20 years, the Karouis have cultivated top international media partners to build their business. As well as the candidate's Karoui & Karoui World (KKW) group, their Nessma TV boasts among its shareholders Mediaset, owned by **Italian** ex-premier **Silvio Berlusconi** – the very model of a media magnate turned populist politician – and veteran film producer **Tarak Ben Ammar** (nephew of Tunisia's founding President **Habib Bourguiba**). A founder member of NT – whose successful election campaigns KKW promoted in 2014 – Karoui split from the President when preference for his ambitious son **Hafedh Caïd Essebsi** alienated swathes of NT members. His relations with the authorities have since soured, and Nessma TV was ordered off-air for alleged infractions of the broadcasting code; it has since returned.

Karoui emerged as a star in his own right via a popular show on Nessma TV, *Khalil Tounès*, personally distributing largesse on air to poor Tunisians. While local polls are not the most accurate, they give Karoui 25% and potentially more of the vote among a generally apathetic electorate. Karoui has been planning to create a party to run in October's parliamentary polls before he stands for president in November.

DISRUPTERS

Former London-based derivatives trader Terras and her co-leader in the 3ich Tounsi movement, **Selim Ben Hassen**, have travelled from being comfortably off Franco-Tunisian activists to disruptive players in domestic politics. The movement got a lot of publicity when it paid for giant screens for football fans to watch the 2018 World Cup in down-at-heel towns like Rejim Maatoug, Mellassine and Kef, which are habitually ignored by administrations in Tunis.

At the core of 3ich's appeal has been its polling of ordinary citizens to hear their concerns, and then to turn these grievances into a political programme.

Even if Terras doesn't currently seem to have Karoui's heft among ordinary Tunisians (and she has yet to say if she will stand), 3ich and its 'collective project' has already shown up the established parties.

Their reaction was speedy: the amendment to the electoral law forbidding individuals who have received or provided charitable donations to Tunisians within the past year from standing in elections was passed by 128 to 30 votes, with 14 deputies abstaining. Karoui stood down from his charity, also called *Khalil Tounès*, after the legal change. Also affected is *Parti Destourien Libre* leader **Abir Moussi**, who called the move 'a joke'.

Will it be business as usual when elections are held? *Ennahda's* veteran leader **Rachid Ghannouchi** has said he will not compete in the presidential poll (AC Vol 57 No 11). *Ennahda* is biding its time; its Shura Council met in mid-June but failed to name a candidate. Other contenders are expected to include Prime Minister **Youssef Chahed**, who has built support for his new *Tahya Tounès* (TT) party. Chahed has yet to confirm he will stand, but TT secretary-general Selim Azzabi says the party – which he says has over 80,000 members – will field a candidate.

None of the established parties is doing well. *Ennahda's* vote is tumbling. A *Sigma Conseil* poll gave the Islamist party only 24.7% of the vote – ahead of NT with 20% and TT with 11.9%. After another discouraging Sigma poll in early May, Ghannouchi observed that 'Ennahda has gone from 33% voting intentions to 18% in a single month. We are wondering what disaster struck the political landscape to cause such a reversal?'

Part of the answer lay with Karoui; in a more recent poll, conducted by Emrhod Consulting before the ban, he scored 26.5% compared with Chahed on just 5.8% and others doing even worse. No wonder voters haven't been rushing to register. In what is often called the only democracy to survive the 'Arab Spring' uprisings, politics has not provided the answer for millions who might instead prefer to put their trust in reality TV. ●

KENYA

'Rot' in the Commission

A parliamentary probe into the management of the 2017 elections found serial irregularities and recommends possible criminal charges

When, in April, the Kenyan parliament's Public Accounts Committee (PAC) delivered its report on the Independent Electoral and Boundaries Commission's performance during the 2017 elections, it found the Commission guilty of a host of sins, including mismanagement of the elections budget.

'During our inquiries, it was clear right from the outset that prudent management of public resources by the IEBC had been sacrificed at the altar of self-aggrandisement. Speculators and wheeler-dealers had a field day as internal controls, where they existed, failed or were made to fail spectacularly,' wrote the PAC chair, **Opiyo Wandayi,** an MP for **Raila Odinga**'s Orange Democratic Movement (ODM).

Among those censured – including former IEBC chief executive, **Ezra Chiloba**, the six other commissioners, including the chair, **Wafula Chebukati**, and senior staffers, notably IT team leader **James Muhati** and head of the legal division **Praxedes Tororey** – was the **French** security printing company, IDEMIA, which supplied the technology for the elections.

The PAC report, whose inquiries were triggered by the Auditor-General's audit of the IEBC, provides a glimpse of what it describes as 'the rot that has come to be associated with the IEBC'. The similarities with parliament's report on the IEBC's performance during the 2013 elections are many: a mess of inflated bills, technology failure and malfeasance at senior levels. In that report too, IDEMIA (then known as Morpho SAS) had supplied technology systems that failed.

The Auditor-General noted that the Commission had costed the election at 2,540 shillings per voter (US$25.40), five times the global average of $5 and several times more expensive than other African elections during the same period and, after Papua New Guinea, the world's most expensive (AC Vol 58 No 21). The AG also noted that Chiloba had signed Ksh12.2 billion ($122 million) worth of contracts that were unsupported by mandatory performance security bonds.

TECHNOLOGY

Specifically linked to IDEMIA is one of the two 'keystone contracts': the acquisition of technology. (The other was the controversial contract to supply ballot papers, which went to the Emirati printers, Al Ghurair – AC Vol 58 No 15).

Chiloba, who was sacked in October after refusing to appear before the IEBC's disciplinary board, is accused of at least twice wilfully ignoring the IEBC's plenary resolutions that, for cost-saving purposes, it would lease Electronic Voter Identification systems from an African country – **Nigeria**, **Ghana** and **Ivory Coast**, all of which had recently conducted 'electronic elections' were mooted – rather than going for the more expensive option of upgrading the Commission's existing systems. Citing time pressures, the secretariat opted instead to directly procure EVID as well as Biometric Voter Registration equipment from Safran Identity & Security (SIS), even though several other elections technology bidders had lodged successful appeals against the tender award at the Public Procurement Appeals Regulatory Board (PPARB).

Eighteen months later, the Commission is saddled with a $39m debt, several lawsuits from unpaid suppliers, and discredited sitting commissioners, all of whom parliament has recommended for dismissal and possible criminal and civil charges. Just as crucially, in adopting the PAC's report, parliament banned IDEMIA from doing any business with the government for 10 years (AC Vol 60 No 8). The House chose to cite IDEMIA for operating in Kenya without having been registered locally, a legal loophole that judiciously deflects any political shrapnel that would implicate the ruling Jubilee party in the chaotic August 2017 election. IDEMIA executives told the PAC they had fulfilled their obligations, did not need a local office, and still had a number of contracts with the government.

The immediate fate of the Commission, while uncertain, is not as dire as it could be because the politics of the Kenyatta succession is being played out elsewhere, leaving establishment interest in the Commission low. Going by the post-2013 activism against the Commission, which ultimately resulted in that Commission's demise less than a year before the 2017 elections, the seeds of a future crisis have already been sown. With the national census slated for later this year, alongside an electoral boundaries reviews, the IEBC will have to be reconstituted before either exercise can be carried out, meaning it will probably be done hurriedly and chaotically.

IDEMIA still has a relationship with the Commission and the executive. Last year the Jubilee government quietly commissioned IDEMIA to supply 35,000 BVR kits at a cost of $59m for its intended digitised national ID project, *Huduma Namba* (AC Vol 60 No 8). Parliament's April resolution barring IDEMIA from doing business with the government seemed to put the validity of the entire exercise in question. However, the cabinet's Information Communications, and Technology secretary, **Joe Mucheru**, has since argued that the ban against IDEMIA was only imposed after the government had made the order, and so it could not be applied retrospectively.

Addressing the PAC during the IEBC hearings, IDEMIA's executives explained that the firm had met all its obligations as far as the 2017 elections were concerned. They also pointed out that they had not been fully paid on their 2017 contract. Insiders speculate that these pending bills may have been smuggled into the *Huduma Namba* BVR contract.

The government has been determinedly opaque, both about the *Huduma Namba* contract and the status of monies owed to IDEMIA. Despite the lack of establishment interest in the PAC reports, the investigations into financial improprieties at the Commission have shone a light on how the Kenyatta administration, its enemies say, 'captured' the Commission and secured its second term.

Last year, one of the bidders for the 2017 election technology contracts, Kanuri Ltd, took the IEBC and IDEMIA to court. A Kenyan technology company, Kanuri had partnered with the French security printing firm Gemalto to bid for the Kenya Integrated Electoral Management System tender. After the IEBC announced that it had awarded the tender to SIS, as IDEMIA was previously known, Gemalto appealed to the PPARB, arguing that the award of the tender was irregular since the Tender Committee had earlier disqualified SIS on technical grounds. The Board upheld Gemalto's petition. So, the Commission changed tack and, in contravention of its internal provisions, directly procured SIS's services.

MANUAL DRIVE

In early October 2016, Chiloba made a presentation at the National Security Council, the country's top security supervisory organ, during which he expressed fears about the passage in parliament of a bipartisan electoral reform law that exclusively adopted an electronic election management system, excluding the possibility of a manual count. It was only after he was invited to re-present his concerns at the NSC six weeks later that, apparently, the full implications of what he was saying were understood. Weeks later, in mid-December 2016, Parliament was recalled from its Christmas break and, amid chaotic scenes, an amendment was passed to the reform law allowing for manual counting of ballots.

Correspondence seen by *Africa Confidential*, part of the annexes of a tender complaint launched by Dittel Technologies, a local company that was bidding for the IEBC technology tender, alleges that the Commission's secretariat had approached SIS as early as September 2016 (before the passage of the electoral reform bill) to design its own terms of reference for the 2017 elections technology tender. In the MS Word document *AC* has seen, two SIS officials changed the original terms of reference 45 times in an apparent effort to tailor the tender to SIS's purposes. However, the Kenyan company that had originally lodged this complaint against the Commission, Dittel Technologies, later withdrew the complaint.

In the end, it was the Commission's failure to secure a back-up that cost it, and Uhuru Kenyatta, the August 2017 elections during the Supreme Court of Kenya case. Demands from the Supreme Court to 'open the servers' for scrutiny could not be met in a timely fashion and, as such, the true results of the August 2017 elections have never been made public. 'It is safe to conclude that…the true cost of the August 2017 General Elections and the repeat October 2017 presidential election may never be known,' says the PAC in its report on the IEBC, 'But one thing is clear: it is a cost that was highly inflated and the taxpayers did not get value for their investment.' ●

POINTERS

Mali

MILITIA STARTS SCARE

At first sight, it looked like ethnic cleansing by communiqué. The predominantly Dogon militia *Dana Ambassagou*, led by **Youssouf Toloba**, issued a statement on 17 June to the effect that all Fulani (or Peuhl) and those speaking the language should leave the town of Bandiagara, in Central Mali, within three days (AC Vol 60 No 8).

A police statement said doctors, imams, community leaders and bankers were leaving the town. *Dana Ambassagou* was formally disbanded by the government after it was held responsible for a killing spree in March in Ogossagou that left at least 160 dead. It ignores the ban and has taken to issuing statements from the capital, Bamako, including one denying that it had ever ordered the Fulani out of Bandiagara.

Confusion has engulfed Central Mali, with neither the army nor the United Nations Multidimensional Integrated Stabilisation Mission in Mali (MINUSMA) able to contain the violence between Dogon and Fulani. MINUSMA'S mandate comes up for renewal at the UN on 29 June.

On 19 June, the UN Secretary General's Special Representative for Mali, **Mahamat Saleh Annadif**, announced an increase in patrols in the troubled zone. A day later, President **Ibrahim Boubacar Keïta** announced the appointment of former interim President **Dioncounda Traoré** as Presidential High Representative for Central Mali, although it is unclear what his mandate is. Most Malians remember the charisma-free Traoré for being chased out of the presidential palace by a mob in 2012 (AC Vol 53 Nos 11 and 25).

These initiatives seem desperate to knowledgeable observers. They depend on the good will of armed groups that have never signed the central plank of government and MINUSMA actions: the 2015 Algiers Peace Accord.

Burkina Faso

GAG ON SECURITY REPORTING

Burkina Faso's National Assembly voted in a new law on 21 June heavily restricting freedom of speech. Human rights organisations and press freedom advocates are up in arms. Under Article 312 of the new penal code, sanctions will apply for acts aimed at 'demoralising the *Forces de défense et de sécurité*' (FDS, the national army). It also promises to punish any action that could 'compromise' FDS anti-terrorist operations, and criminalises the distribution of images and video of a terrorist incident in the absence of prior official authorisation. Fines of up to 10 million CFA francs ($17,000) and jail terms of between one and five years could be imposed.

The protestors are in no doubt that the restrictions are meant to prevent any independent reporting of incidents similar to the government's claimed 'neutralisation' of 146 'terrorists' in a northern village in February. Human rights organisations believe it was in fact a massacre of Fulani (or Peuhl) herders (AC Vol 60 No 4).

Local journalists told *Africa Confidential* that the new measures effectively make it illegal for them to cover their country's anti-terrorist efforts and aims to protect the FDS from scrutiny. The new code, they say, will also have a chilling effect on the kind of investigative journalism that made the late **Norbert Zongo**, killed by the clan surrounding former President **Blaise Compaoré**, a national hero and forged Burkina Faso's high reputation for reporting in Francophone Africa (AC Vol 40 No 20).

The country awaits the return of ex-president Compaoré's younger brother, **François**, who is widely blamed for Zongo's murder, now that **France's** highest court has given clearance for his extradition. This could embarrass the current government, including president President **Roch Marc Christian Kaboré**, who was a pillar of the Compaoré government for 25 years.

Mozambique

FRELIMO ON A ROLL

Voter-registration has been hijacked by the ruling *Frente de Libertação de Moçambique*, which is blatantly inflating the electoral roll with ghost voters in order to win a clear majority in parliament and minimise the chance of the presidential contest going to a second round, observers claim. The elections are due in October. Opposition strongholds have lost parliamentary seats in the registration exercise while Gaza province, where Frelimo expects a firm win, has been allocated nine additional seats by the electoral commission, the *Comissão Nacional de Eleições* (CNE).

The authorities report that 90% of voting age citizens have registered, but local transparency watchdog the *Centro de Integridade Pública* (CIP) spotted massive anomalies.

In an article for local think-tank, the *Instituto de Estudos Socias e Economicas*, this month, academic **António Francisco** observed out that while the 2017 national census found that 47% of the population was over 18, in Gaza, according to CNE figures, it was 80%. Thus, the 1,166,000 people that CNE says have registered in Gaza is 161% of adults identified in the 2017 census. This could give President **Filipe Nyusi** an extra 307,000 votes, CIP says. Zambezia province's population, where support for Frelimo is generally lower, was declared to be only 41% adult.

The poorly organised main opposition party, the *Resistência Nacional de Moçambique* (Renamo), would be unlikely to win, even on a level playing field, pundits say (AC 57 No 10). But Frelimo is afraid of a protest vote boosting Renamo and diverting votes to smaller opposition parties. A two-round presidential election could result in President Nyusi losing.

Meanwhile, Frelimo has been making a show of being tough on corruption while not acting over the $2bn hidden loans scandal. Several high-profile party members have been arrested, but little real action taken.

Algeria

ROUNDING UP UNUSUAL SUSPECTS

Once, four-time premier **Ahmed Ouyahia** was seen as a possible successor to President **Abdelaziz Bouteflika**. Likewise, Boutef's campaign manager and ex-premier **Abdelmalek Sellal**. With the trust of the ex-president and the security services behind them, they looked unbeatable. Now, they are in prison. The remnants of the old guard running Algerian politics, led by Lieut-Gen **Ahmed Gaïd Salah**, have imprisoned them to convince the sceptical *Hirak* protest movement that it can carry out a clean sweep. Neighbouring cells in El Harrach civil and Blida military prisons are inhabited by more and more 'oligarchs' who got rich from their connections to the Bouteflika clan.

Ouyahia was arrested on 12 June, Sellal the next day. A Supreme Court judge is investigating Sellal's alleged links to the imprisoned oligarchs **Ali Haddad** and the Kouninef brothers. Investigators are swarming over the previously untouchable Ouyahia's affairs. Also under the judicial microscope is fast-rising businessman **Ayoub Aissiou**, whom *Hirak* members are linking to his fellow **Kabyle Ouyahia**.

Behind them all was presidential brother **Saïd Bouteflika**, also in prison. *Hirak* claims that Saïd pushed Ouyahia to back Aissiou's Atlantis Motor Company, a vehicle assembly project with Ford which opponents of the ancien régime regard with great suspicion.

Many more arrests are likely. Among others nabbed in latest sweep were bankers **Achour Aboud** and **Omar Boudiab** and *Groupe Sovac* head **Mourad Eulmi**. Gaïd Salah's former friends in the business elite have been warned.