AFRICA YEARBOOK

Politics, Economy and Society South of the Sahara in 2007

Edited by

Andreas Mehler, Henning Melber, Klaas van Walraven

4

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Volume 4

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ANDREAS MEHLER
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SUB-EDITOR

AMIN KAMETE

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Preface

In May 2003, the Africa-Europe Group of Interdisciplinary Studies (AEGIS) encouraged some of its member institutions to publish an *Africa Yearbook* with a wider international appeal. As a joint undertaking, the African Studies Centre in Leiden (ASC), the Institute of African Affairs in Hamburg (IAA) and the Nordic Africa Institute in Uppsala (NAI) – all very active AEGIS centres sharing similar profiles – accepted this challenge and their joint efforts first bore fruit in the initial volume of the series in 2004. In 2007 the Dag Hammarskjöld Foundation in Uppsala (DHF) became the fourth institutional partner in this international project and Amin Kamete joined the three existing editors as a sub-editor on behalf of NAI, assuming responsibility for the Eastern Africa section. The basic format has remained the same from year to year, although an overview chapter dealing separately with the United Nations and Africa was subsequently added.

The country-specific articles cover domestic politics, foreign affairs and socioeconomic developments in the states of sub-Saharan Africa during the calendar year under review. While we recognise the impossibility of finding fully objective indicators for the relative importance of each of these states, the length of the country-specific articles aims to reflect the approximate weight of each country. The four sub-regions are also introduced by means of an overview article. Further overviews summarise general continental developments, European-African relations and the United Nations and Africa.

The *Yearbook* is based on scholarly work, but oriented towards a wider target readership, including students, politicians, diplomats, administrators, journalists, teachers, practitioners in the sphere of development cooperation as well as business people. Thanks to the support of the four partner institutions, the volume can be offered at a price attractive to this broad readership. Without forcing the individual contributions too much into a straight jacket, the volume is primarily concerned with providing factual (though not necessarily neutral) information. Each issue, in focusing almost exclusively on developments during the particular calendar year, provides a completely fresh annual overview of events and thereby adds to the cumulative record of ongoing developments.

We wish to express our gratitude to all the contributors for their collaboration in this endeavour; to the partner institutions in AEGIS for encouraging us to embark on this ambitious project; to Peter Colenbrander for his meticulous language editing; to Sylvia Steege for her unfailing coordinating assistance; to Rolf Hofmeier for his unfailing advice and practical back-up; to Brill Publishers for taking such professional care of publishing

matters; and last but not least to our four institutions for providing the necessary support and opportunities to allow us to turn this idea into reality.

The Editors
(Hamburg, Leiden and Uppsala, June 2008)

List of Abbreviations

ABN	Autorité du Bassin du Niger (Niamey)
ACP	African, Caribbean, and Pacific Group of Countries (Lomé/Cotonou Agreement)
ADF	African Development Fund (Abidjan)
AfDB	African Development Bank (Tunis)
AFD	Agence Française de Développement (Paris)
AGOA	African Growth and Opportunity Act
AI	Amnesty International
APRM	African Peer Review Mechanism
AU	African Union (Addis Ababa)
BCEAO	Banque Centrale des Etats de l'Afrique de l'Ouest (Dakar)
BEAC	Banque des Etats de l'Afrique Centrale (Yaoundé)
CAR	Central African Republic
CBLT	Commission du Bassin du Lac Tchad (N'Djaména)
CEEAC	Communauté Economique des Etats de l'Afrique Centrale (Libreville) = ECCAS
CEMAC	Communauté Economique et Monétaire de l'Afrique Centrale
CEN-SAD	Community of Sahel-Saharan States (Tripoli)
CEPGL	Communauté Economique des Pays des Grands Lacs (Gisenyi/Rwanda)
CFAfr	Franc de la Communauté Financière Africaine (BCEAO; BEAC)
COMESA	Common Market for Eastern and Southern Africa (Lusaka)
CPLP	Comunidade dos Países de Língua Portuguesa
DAC	Development Assistance Committee (Paris)
DDR	Disarmament, Demobilisation and Reintegration
DRC	Democratic Republic of Congo
EAC	East African Community
ECA	Economic Commission for Africa (United Nations; Addis Ababa)
ECCAS	Economic Community of Central African States (Libreville)
ECOWAS	Economic Community of West African States (Abuja)
ECOMOG	ECOWAS Ceasefire Monitoring Group
EDF	European Development Fund (Brussels)
EIB	European Investment Bank (Luxemburg)

EPA	Economic Partnership Agreement
ESAF	Enhanced Structural Adjustment Facility (IMF)
EU	European Union (Brussels)
FAO	Food and Agricultural Organisation (Rome)
FTA	Free Trade Area
GDP	Gross Domestic Product
HIPC	Heavily Indebted Poor Countries
HRW	Human Rights Watch
ICG	International Crisis Group
IDA	International Development Association (Washington)
IDP	Internally Displaced Person
IFAD	International Fund for Agricultural Development (Rome)
IFC	International Finance Corporation (Washington)
IGAD	Intergovernmental Authority on Development (Djibouti)
ILO	International Labour Organisation (Geneva)
IMF	International Monetary Fund (Washington)
IOC	Indian Ocean Commission (Quatre Bornes)
IORARC	Indian Ocean Rim Association for Regional Cooperation (Port Louis)
MDGs	Millennium Development Goals
MRU	Mano River Union (Freetown)
NEPAD	New Partnership for Africa’s Development (Midrand)
NGO	Non-Governmental Organisation
OECD	Organisation for Economic Cooperation and Development (Paris)
OIC	Organisation of the Islamic Conference (Jeddah)
OPEC	Organisation of Petroleum Exporting Countries (Vienna)
PALOP	Países Africanos de Lingua Oficial Portugesa
PRGF	Poverty Reduction and Growth Facility
PRSC	Poverty Reduction Support Credit
PRSP	Poverty Reduction Strategy Paper
PTA	Preferential Trade for Eastern and Southern African States (now COMESA)
SACU	Southern African Customs Union (Pretoria)
SADC	Southern African Development Community (Gaborone)
SAF	Structural Adjustment Facility (IMF)
SDR	Special Drawing Right (IMF)
TI	Transparency International
UAE	United Arab Emirates
UEMOA	Union Economique et Monétaire Ouest-Africaine (Ouagadougou)
UMA	Union du Maghreb Arabe
UN	United Nations (New York)

UNCTAD	United Nations Conference on Trade and Development (Geneva)
UNDP	United Nations Development Programme (New York)
UNEP	United Nations Environment Programme (Nairobi)
UNESCO	United Nations Educational, Scientific and Cultural Organisation (Paris)
UNHCR	United Nations High Commissioner for Refugees (Geneva)
UNICEF	United Nations Children's Fund (New York)
USAID	United States Agency for International Development (Washington)
WFP	World Food Programme (Rome)
WHO	World Health Organisation (Geneva)
WTO	World Trade Organisation (Geneva)

Factual Overview (as of 31 December 2007)

West Africa

Country	*Area (in sq km)*	*Population (in m)*	*Currency*	*HDI*	*Head of State*	*Prime Minister*
Benin	112,622	8.4	CFA Franc	0.437	Boni Yayi	
Burkina Faso	274,122	13.7	CFA Franc	0.370	Blaise Compaoré	Tertius Zongo
Cape Verde	4,033	0.5	Cape Verdean Escudo	0.736	Pedro Pires	José Maria Pereira Neves
Côte d'Ivoire	322,462	18.9	CFA Franc	0.432	Laurent Gbagbo	Guillaume Kigbafori Soro
Gambia	11,295	1.6	Dalasi	0.502	Yahya Jammeh	
Ghana	238,500	21.2	Cedi	0.553	John Agyekum Kufuor	
Guinea	245,857	9.2	Guinean Franc	0.456	Lansana Conté	Lansana Kouyaté
Guinea-Bissau	36,125	1.7	CFA Franc	0.374	Nino Vieira	Martinho N'Dafa Kabi
Liberia	111,370	3.3	Liberian Dollar	n.d.	Ellen Johnson-Sirleaf	
Mali	1,240,000	14.3	CFA Franc	0.380	Amadou Toumani Touré	Modibo Sidibé
Mauritania	1,030,700	2.9	Ouguiya	0.550	Sidi Mohamed Cheikh Abdallahi	Zeine Ould Zeidane
Niger	1,267,000	13.7	CFA Franc	0.374	Mamadou Tandja	Seyni Oumarou
Nigeria	923,768	144.7	Naira	0.470	Umaru Yar'Adua	
Senegal	196,192	12.2	CFA Franc	0.499	Abdoulaye Wade	Cheikh Hadjibou Soumaré
Sierra Leone	71,740	5.5	Leone	0.336	Ernest Bai Koroma	
Togo	56,785	6.4	CFA Franc	0.512	Faure Gnassingbé	Komlan Mally

Central Africa

Country	*Area (in sq km)*	*Population (in m)*	*Currency*	*HDI*	*Head of State*	*Prime Minister*
Cameroon	475,442	18.2	CFA Franc	0.532	Paul Biya	Ephraim Inoni
Central African Republic	622,984	4.2	CFA Franc	0.384	François Bozizé	Elie Doté
Chad	1,284,000	9.8	CFA Franc	0.388	Idriss Déby	Delwa Kassiré Koumakoye
Congo	342,000	4.2	CFA Franc	0.548	Denis Sassou-Nguesso	Isidore Mvouaba
DR Congo	2,344,855	60.6	Congolese Franc	0.411	Joseph Kabila	Antoine Gizenga
Equatorial Guinea	28,051	0.5	CFA Franc	0.642	Teodoro Obiang Nguema Mbasogo	Ricardo Mangue Obama Nfubea
Gabon	267,667	1.3	CFA Franc	0.677	El-Hadj Omar Bongo Ondimba	Jean Eyeghé Ndong
São Tomé and Príncipe	1,001	0.1	Dobra	0.654	Fradique de Menezes	Tomé Vera Cruz

Eastern Africa

Country	*Area (in sq km)*	*Population (in m)*	*Currency*	*HDI*	*Head of State*	*Prime Minister*
Burundi	27,834	8.2	Burundi Franc	0.413	Pierre Nkurunziza	
Comoros	2,166	0.8	Comoran Franc	0.516	Abdallah Sambi	
Djibouti	21,783	0.9	Djiboutian Franc	0.516	Ismail Omar Guelleh	Dileita Mohamed Dileita
Eritrea	125,000	4.4	Nakfa	0.483	Isaias Afewerki	
Ethiopia	1,121,900	81.0	Birr	0.406	Girma Wolde-Giyorgis Lucha	Meles Zenawi
Kenya	582,646	36.6	Kenyan Shilling	0.521	Mwai Kibaki	
Rwanda	26,338	9.2	Rwandan Franc	0.452	Paul Kagame	Bernard Makuza
Seychelles	444	0.1	Seychelles Rupee	0.842	James Michel	
Somalia	637,657	8.5	Somali Shilling	n.d.	Abdullahi Yusuf Ahmed (Somaliland: Dahir Riyale Kahin)	Ali Mohamed Gedi
Sudan	2,505,805	31.7	Sudanese Dinar	0.516	Omar Hassan Ahmad al-Bashir	
Tanzania	945,087	36.6	Tanzanian Shilling	0.467	Jakaya Kikwete	Edward Lowassa
Uganda	236,036	29.9	Ugandan Shilling	0.505	Yoweri Kaguta Museveni	Apolo Nsibambi

Southern Africa

Country	*Area (in sq km)*	*Population (in m)*	*Currency*	*HDI*	*Head of State*	*Prime Minister*
Angola	1,246,700	16.6	Kwanza	0.446	José Eduardo dos Santos	Fernando da Piedade Días dos Santos ("Nando")
Botswana	581,730	1.9	Pula	0.654	Festus Gontebanye Mogae	
Lesotho	30,355	1.9	Loti	0.549	King Letsie III	Bethuel Pakalitha Mosisili
Madagascar	587,041	19.1	Malagasy Franc	0.533	Marc Ravalomanana	Charles Rabemanan-jara
Malawi	118,484	13.6	Kwacha	0.437	Bingu wa Mutharika	
Mauritius	1,865	1.3	Mauritius Rupee	0.804	Sir Anerood Jugnauth	Navinchandra Ramgoolan
Mozambique	801,590	21	Métical	0.384	Armando Guebuza	Luisa Dias Diogo
Namibia	824,292	2.0	Namibian Dollar	0.650	Hifikepunye Lucas Pohamba	Nahas Angula
South Africa	1,121,038	47.9	Rand	0.674	Thabo Mvuyelwa Mbeki	
Swaziland	17,363	1.1	Lilangeni	0.547	King Mswati III.	Absalom Themba Dlamini
Zambia	752,614	11.67	Kwacha	0.434	Levy Patrick Mwanawasa	
Zimbabwe	390,759	13.2	Zimbabwe Dollar	0.513	Robert Gabriel Mugabe	

I. Sub-Saharan Africa

The positive macroeconomic trends for many – particularly resource-based – economies continued due to the high world market prices for most exported raw materials (notably oil). On the downside, food prices and inflation rose, while poverty alleviation and the achievement of the MDGs remained a remote goal. Global competition for African resources fuelled the export-oriented economies and resulted in a further increase in foreign direct investment. Competition for access to natural resources by countries such as China enhanced the room for political manoeuvre available to many African governments. The EU further lost credibility through the attempted imposition of Economic Partnership Agreements (EPAs) on sub-regional configurations, and African countries were defiant of intentions to ban Zimbabwe's President Mugabe from the EU-Africa summit in Lisbon. Meanwhile, the AU achieved few results in conflict resolution but was mainly preoccupied with financial constraints and discussions over a pan-African governing structure, while NEPAD and its peer review mechanism made no significant progress. Conflicts remained endemic in large parts of the continent and AIDS and malaria robbed more than 2.5 million people of their lives. Too much or too little rain resulted in floods or droughts, which continued to affect the livelihoods of many people.

Africa in the Global Economy

GDP growth continued its robust trend for a fifth year, extending the improvement in the continent's economic situation. Indeed, by year's end it had proved to be a **record performance**. The World Bank forecast GDP growth for sub-Saharan Africa at 5.3%, but in its April 2008 regional economic outlook the IMF reported GDP expansion of 6.6%. Sub-regional breakdowns had forecast of 5.9% for West Africa, 5.2% for Central Africa and 5.8% and 6.1% for Eastern and Southern Africa respectively. Much of the growth was driven by oil production and the boom on the commodity market. According to the IMF, GDP growth for oil-exporting countries reached 8.8% and that for oil importers 5.6%. Apart from oil, several mineral resources continued their upward trend, including gold, uranium and bauxite, as did non-mineral commodities.

With HIPC-induced cuts and the additional scrapping of debts decided at the G8 summit at Gleneagles in 2005, **debt** levels became sustainable and dropped further. Several countries reached the HIPC completion point. Yet, with many countries now free of old debts, international financial institutions feared several would take on new loans, especially those of the sort offered by Asian partners without political conditionality. **Foreign investment** focused particularly on resource extraction and infrastructure, but also targeted banking, telecommunications and tourism. Private capital flows into sub-Saharan Africa rose to $ 53 bn, i.e., four times more than in 2000. Of this, foreign direct investment (FDI) remained stable at approx. $ 15–21 bn. Its distribution continued to be uneven, with ten countries receiving nearly 90% of the total.

Nevertheless, with Africa’s share of global trade at a mere 1.5%, its share of FDI represented only 4% of the world’s total. With the upward trend in oil prices, inflationary pressures persisted and intensified. Food price inflation alone reached double digits in many countries, continuing a trend from earlier years. While economic growth of at least 7% was required to start eroding **poverty**, only eight countries reached that rate in 2006. Consequently, the prospect of achieving the MDGs, such as halving poverty by 2015, was as remote as ever. UNDP’s Human Development Report for 2007–08 suggested no radical departures from previous years, although UNICEF reported that distribution of mosquito nets, the most effective tool in the fight against malaria, had increased substantially.

The **World Bank** was cast in a negative light. While its president, Paul Wolfowitz, had made a name for himself as a corruption fighter the previous year, he was now accused of favouritism towards his girlfriend, a Bank employee. Although African governments did not favour his dismissal, European and Asian countries forced him to step down. His successor, the American Robert Zoellick, quickly won favour with African finance ministers, however. The year’s principal challenge was replenishing the Bank’s soft-loan arm, the IDA, with at least $ 25 bn in donor money, or $ 31.8 bn for three years as of July 2008. IDA lending to sub-Saharan Africa increased by $ 1 bn in the fiscal year ending on 30 June 2007, notably targeting infrastructure, for which funds totalled $ 2.4 bn. The replenishment exercise, however, was hindered by the fall-out from the Wolfowitz affair, even if the IFC, the Bank’s private sector affiliate, expanded its African operations considerably. At the end of the year, the IFC’s new African projects numbered 52, with its total African commitment valued at $ 2.7 bn. The Africa Catalytic Growth Fund, introduced in 2006, financed projects that addressed constraints on the achievement of MDGs to the value of $ 148 m.

The problems at the World Bank put the spotlight increasingly on the **AfDB**. Exceptionally, but with a strong hint of symbolism, it held its annual board meeting outside Africa, in Shanghai, marking the growing importance of ties with China (16–17 May). As the sixth largest lending institution working in Africa (its lending portfolio in 2006 was $ 3.4 bn), the AfDB collaborated with the AU towards establishing an African Petroleum Fund to help oil-importing countries withstand the effects of rising prices. The development of local bond markets and the introduction of a Pan-African Infrastructure Development Fund were other objectives.

Although the G8’s earlier pledges to cut or scrap debts were kept, in other respects the reputation of the G8 for unfulfilled promises was consolidated. **G8 aid** to Africa, rather than increasing to an annual $ 50 bn by 2010, as promised at Gleneagles, fell in 2006 by more than $ 1 bn. Core aid decreased by 5%, and it became clear that official development assistance from OECD countries had been stagnating since 2003. Although Japan and the UK kept most of their promises, an additional $ 6.2 bn would be necessary to enable the G8 to meet its target by 2010. While there was some progress in the fields of sanitation, child mortality and HIV/AIDS, no improvement could be reported in primary education, since G8 countries failed to deliver a promised $ 500 m for this purpose. The annual G8 summit, held in the German coastal resort of Heiligendamm (6–8 June), simply reiterated the Gleneagles pledges and ostensibly agreed to spend $ 60 bn on the fight against AIDS (no hard commitment), $ 1 bn on malaria prevention and $ 500 m on primary education through the Fast Track Initiative, a G8 programme to realise universal primary education. G8 countries criticised Asian aid donors for not including political conditionality and the principles of sustainable debt and transparency in their aid policies.

Although **China** showed more diplomatic caution vis-à-vis human rights offenders such as Sudan and Zimbabwe, the Asian drive into Africa continued. China's Exim Bank, which had more than 250 African projects running, resolved to finance new projects worth $ 20 bn, making it the largest funding agency in Africa. By comparison, Taiwan's pledges to its five African allies (Swaziland, Burkina Faso, São Tomé and Príncipe, Malawi and Gambia) at the First Taiwan-African heads of state summit on 9 September were dwarfed. The loans of Beijing's Exim Bank, though concentrated in a few countries, already totalled an estimated $ 12 bn and were specifically geared towards infrastructural development – especially power generation, increasingly faltering under the weight of economic growth. China's experience in infrastructural development now enabled its companies to bid successfully on half of all contracts for public works. On 30 January, President Hu Jintao went on a tour of eight countries on the continent. The pledge to double Chinese aid, made at the Sino-African summit in 2006, was reiterated, and at the AfDB meeting in Shanghai the Chinese prime minister defended his country's entry into the African market, promising a more collaborative approach and a reduction of import tariffs. With total Sino-African trade standing at $ 55 bn – a tenfold increase in a decade – and an estimated 750,000 Chinese working in Africa, the Chinese were called on to be more mindful of local sensitivities, including the need to use more African labour.

The WTO's **Doha round**, suspended in 2006 after failing to end Western protectionist policies in the agricultural sector, was revived after bilateral talks between the US, EU and important agricultural exporters such as Brazil. Uganda was selected to lead and coordinate the delegation of African countries to the WTO. Most African governments failed to sign EPAs with the **EU** before the expiry in January 2008 of the non-reciprocal trade preferences, which gave privileged access to African economies to the EU but were deemed to be in contravention of WTO regulations. Fears about a flood of European imports played a role in the delays, and negotiations ensued for bilateral accords.

Illegal immigration continued, principally to Europe but also to Yemen, which experienced a rising tide of East African and Somali migrants, many of whom drowned in the attempt to cross the Gulf of Aden. UNHCR counted more than 120,000 migrants in Yemen at year's end, most of them Somalis escaping the continued fighting in their country. Despite stricter immigration policies in Europe (notably in France, where President Sarkozy provoked the ire of African youths after trumpeting the need for a more selective government approach), the annual migrations persisted, following different routes, including Malta, the Italian island of Lampedusa and the Greek and Canary Islands. In the first half of 2007, migration via Spanish beaches dropped more than half compared to the same period in 2006, but Human Rights Watch criticised Spain for the abuse of immigrant children. Conditions in Greek detention centres were singled out as appalling.

African Union

This was a **poor year** by any standards. The agenda was dominated by two issues, the reform of the Commission desired by outgoing president Alpha Konaré, and a debate on the establishment of (supranational) continental government. Even if the latter was utopian, it managed to thwart meaningful attempts to address Africa's worst conflicts, such as Somalia and Sudan, or the selection of a new Commission president. By way of compensation, at year's end African leaders made a show of solidarity by rallying in defence of Zimbabwe's attendance at the EU-Africa summit in Lisbon.

The ambitious, outspoken Commission president, whose disappointment with the AU led him to decide in 2006 not to seek re-election at the end of his term (mid-2007), argued for an overhaul of the **Commission**'s structure and powers. The head of the Commission should enjoy a seven instead of four-year term, which should not, however, be renewable in order to insulate him from pressures from member states. The president should have a say in appointments of commissioners and the distribution of portfolios, notably with respect to the vice president in charge of budget matters. There was some evidence of malaise among Commission personnel, fuelled by dissatisfaction over Konaré's constant travels, tension between veteran staff and later appointees and frustration over housing difficulties.

Neither the first nor the second AU Assembly summit, held in Addis Ababa and Accra on 22–24 January and 1–3 July respectively, managed to resolve these issues. The presentation to the Accra summit of the model of the new $ 150 m AU headquarters to be built by the Chinese proved poor consolation. The first problem to be addressed at the Addis summit was the election of a **new Assembly chairman**. Omar al-Bashir, passed over in 2006 because of Sudan's role in Darfur amid vague undertakings for 2007, was again snubbed, even though he had threatened to withdraw from the AU if he was rejected a second time. The heads of state opted for Ghana's President John Kufuor instead. Notwithstanding this, South Africa had to step in to calm tempers when Chad, involved in hostilities with Sudan, launched a violent tirade against the Sudanese leadership.

Budget problems continued to hamper the organisation's functioning. By June, more than $ 100 m remained to be paid up – a staggering amount given a total budget of $ 132 m, of which $ 96 m is provided by member states, with the remainder to be secured from foreign donors. Even if five major players (Egypt, Algeria, Libya, Nigeria and South Africa) had agreed in 2005 to shoulder 75% of the regular budget, with a share of 15% each, this year 21 member states out of 53 were at least one year in arrears while another 25 had not paid this year's dues. Of the 2007 budget, $ 6 m was earmarked for the Pan-African Parliament, which got help from a new trust fund sponsored by Nelson Mandela in alleviating its financial difficulties.

Only three hours could be devoted to the crisis in Darfur, Somalia, Côte d'Ivoire and the Comoros, though to the satisfaction of Western powers and Konaré the Assembly adopted an African Charter on Democracy, Elections and Governance, to be duly signed and ratified by member states and enshrining the importance of free and transparent elections. The summit expressed reservations about the UN Declaration on the Rights of Indigenous Peoples in view of the impact on territorial integrity. Member states appointed the members of a **new mediation organ**, the Panel of the Wise, among whom was Salim Ahmed Salim, former OAU secretary general.

At the suggestion of outgoing Nigerian President Obasanjo, it was decided to devote the second summit to the question of pan-African government. Rather than signifying genuine support, this decision had more to do with dissatisfaction over the AU's institutional difficulties and Africa's economic progress. Senegal, the principal proponent of **supranational government**, argued for the establishment of a pan-African administration, with ministers responsible for all spheres of government, including foreign affairs. It was supported by Libya, which was accused of buying countries outside the conference hall to back the idea. While smaller countries followed sub-regional leaders, opposition came especially from South Africa, which favoured the strengthening of the sub-regional economic communities, Algeria, Ethiopia and Kenya. As Nigeria's new president Umaru Yar'Adua sided with this camp, the outcome was a foregone conclusion. After heated exchanges, it was decided in typical AU fashion to defer the matter and to strike a ministerial committee, composed of countries in favour and against, to study the project's feasibility. The final declaration also called for the strengthening of the sub-regional economic communities, while Konaré's Commission reform proposals were buried by the call for an institutional audit of the executive council. Member states also failed to agree on a successor of Konaré, who accepted an extension of his mandate till year's end.

The result was that the AU devoted little of its time to Africa's conflicts. With only about 7,000 men on the ground in **Darfur**, the peacekeepers of AMIS (AU Mission in Sudan) had little if any impact. On 22 June, the Peace and Security Council extended AMIS's mandate until year's end, ahead of the UN Security Council's decision on 31 July to 'rehat' the mission with UN blue helmets (United Nations and African Union Mission in Darfur, UNAMID) by January 2008. In Accra, Konaré openly questioned the commitment of the Sudanese government to peace in Darfur. Chronically underfunded, AMIS was already reported to be near to collapse before a major attack by rebels on one of its bases on 30 September, which left at least 12 peacekeepers dead and several more wounded. Seven men had been killed earlier in the year. Africa's other headache, **Somalia**, fared little better. AMISOM (African Union Mission in Somalia) was boosted with Ghana's decision to send a battalion. AMISOM was supposed to have a strength of 8,000, but despite various pledges only 1,600 Ugandans were in place by year's end, in addition to 100 Burundians. Somaliland, which applied for AU membership in 2006, got support for its quest for international recognition from several member states, among them South Africa, Kenya, Rwanda, Libya, Ethiopia and Ghana.

The Accra summit expressed support for the Ouagadougou Peace Accord of 4 March aimed at restoring peace in **Côte d'Ivoire**. The AU extended the sanctions against the leader of the Comoran island of Anjouan that had been imposed in October the previous year when the latter had rebelled against the elected government of the **Comoros** federation. Calls from the federal president for the use of force against Anjouan fell on deaf ears. In contrast with the AU's own meetings, African delegations to the **EU-Africa summit** in Lisbon (8–9 December), fuelled by the confidence gained from China's growing interest, were united and defiant in the face of the renegotiation of the trade regimes with the EU and the issue of Zimbabwe's attendance.

NEPAD

Originally welcomed and embraced by Western donor countries and the G7/8 as a paradigm shift towards good governance, NEPAD, from its headquarters in Midrand, South Africa, was increasingly confined to a role as the economic branch of the AU. Officially supported by the UN as the economic development programme for Africa, NEPAD had mainly focused on major infrastructural projects in the agricultural sector, sub-regional transport routes and infrastructure, information technology and IT-based education. It introduced a cluster system involving nine different activities with different focuses with the aim of enhancing efficiency. However, at their meeting in Addis Ababa on 10–11 October, only limited progress was documented by the ad hoc expert group that has the mandate to review UN system-wide support for implementing NEPAD. The group's final report noted that the cluster system intended to concentrate on activities in particular sectors functioned in only a limited way: heads of agencies failed to attend meetings, the coordination mechanism was inefficient, communication between UN agencies and the NEPAD secretariat was weak and the AU Commission did not participate in meetings. Capacity constraints also limited the ability of sub-regional organisations to attend meetings. This was a **sobering assessment**, which further contributed to the already considerable loss of enthusiasm for and legitimacy of the initiative.

Since its inception in 2003, a total of 27 countries had signed up to the African Peer Review Mechanism (APRM). Progress was much slower than originally anticipated. The majority of countries had not yet started the implementation process. The APRM secretariat faced technical capacity problems for the review process, while countries were slow in drafting their blueprints for development. Twelve countries were at the pre-take off stage and six countries (Tanzania, Mozambique, Zambia, Malawi, Burkina Faso and Senegal) had entered stage 1 by providing a background situational report and undertaking a self-assessment. Uganda, Lesotho and Nigeria were in stage 2, the in-country consultations by the APRM review team. Mauritius and Benin had advanced to stage 3 with the panel of eminent persons preparing the draft report to which the governments would respond. Algeria and South Africa were in stage 4, during which the heads of state or government reviewed the country report and programme of action in the APRM Forum. Kenya and Rwanda were implementing the final stage, stage 5, with the widespread dissemination of the final report. Ghana has become the showcase for the **peer review mechanism**, as it is the only country to have completed all the stages. The implementation of the Kenyan judicial review during June was considered a success, though the unrest following the elections at the end of the year indicated that an almost completed APRM was not necessarily a sign of good governance and political stability. Twenty-three APRM signatory states participated in mid-May in a conference with development partners in Accra. It emerged that financial constraints hampered the implementation process and that confusion reigned as to what commitments were taken on by the states that signed on to the APRM. It was noted that most member states assumed that the initial payment of $ 100,000 for the APRM would be one-off and that further annual payments were not required.

The 7th Summit of the **APR Forum** in Accra (1 July) brought together 18 heads of state and government and was chaired by Ethiopian Prime Minister Meles Zenawi. The Forum conducted the peer reviews for Algeria and South Africa. In his lengthy response to the presentation of the Country Review Report on South Africa, President Mbeki disagreed with some of the critical findings and conclusions, including the crime statistics, the issue of floor crossing in parliament and the prevalence of xenophobia. Discussion of the progress reports on the implementation of the programmes of action of Rwanda and Kenya, considered to be as important as the country review reports, was postponed to the next summit of the APR Forum in early 2008. At the Forum, Djibouti became the 27th country to accede to the APRM and remained the only newcomer during the year.

Peace and War

While in recent years, quantitative studies have given a positive picture of the dynamics of global security, including in Africa, researchers working on a new report entitled ‘Peace and Conflict 2008' issued in 2007 found a slight upsurge in violent conflict globally, beginning in 2005. The report noted that 28 African states were in the high-risk category, "leaving just seven states on the entire continent qualifying at the lowest level of risk". However, during the year under review at least the Southern African sub-region was spared civil war, although this did not mean that politically motivated violence was completely absent. The peace agreement in Côte d'Ivoire in March constituted a major step forward in one of West Africa's most important countries. Developments in Chad and Kenya, however, as well as the continuing conflict in Darfur, Somalia and eastern DR Congo, contributed to a negative picture.

The larger Horn of Africa area, including Sudan, remained the sub-region most affected by war and other forms of violence. Most attention was on **Darfur**. In July, the UN Security Council authorised a 26,000 strong joint UN/AU peacekeeping force. The government in Khartoum accepted the mission reluctantly, stalling its deployment. Khartoum and N'Djaména accused each other of supporting different anti-government rebel forces. The Comprehensive Peace Agreement (CPA) between Sudan's central government and the southern-based Sudan Peoples' Liberation Movement (SPLM), signed in 2005, began to crumble. One of the bones of contention was the oil-rich region of Abyei on the frontier between North and South. Having walked out of the government of national unity in October, the SPLM agreed to return in December. Intra-organisational divisions and several further conflict zones complicated the political situation. The risk of a new conflict erupting in the central region of Kordofan was considerable as Darfuri rebels expanded their network to local groups in the north of that region. The Nuba Mountains Agreement of 2002 (Southern Kordofan) between SPLM and the central government also looked shaky.

Ethiopia's intervention in **Somalia** failed to stabilise the country, since Addis Ababa did not act as a neutral arbiter. Throughout the year, fighting in and around the capital Mogadishu continued. Somalia's Ethiopian-backed Transitional Federal Government engaged in outright war with the Union of Islamic Courts, identified as a terrorist organisation by the US. The US air force launched air strikes in the south in January. In March, the first contingents of an AU peacekeeping force arrived, but by year's end the numbers fell far short of the planned strength of 8,000 men, as only 1,600 Ugandan and 100 Burundian troops were deployed. A reconciliation conference held in July did not stop the fighting. According to UNHCR, there were about one million IDPs in Somalia (600,000 alone as a result of fighting in Mogadishu). The self-proclaimed independent Somaliland and the autonomous region of Puntland became embroiled in skirmishes, resulting in 50,000 refugees by November. The conflict in Somalia was affected by rivalry between **Ethiopia and Eritrea** as well, with the latter also backing the Ogaden National Liberation Front (ONLF) in its struggle for the independence of the Ogaden region from Ethiopia.

While the Sudanese government backed rebels fighting the regime in N'Djaména (and vice versa), internal factors played a significant role in the renewed civil war in Chad. Among the rebels fighting the central government were a number of former associates of

President Déby, whose support seemed to diminish further. Intense fighting in December resulted in numerous casualties and 30,000 refugees crossed the frontier into Darfur. N'Djaména counted on the support of France, as did the Bozizé regime in neighbouring **CAR**, which confronted rebels in the northeast of the country, paving the way for a vague peace agreement with one of the rebel movements active there. However, fighting in the north continued. The UN Security Council established a United Nations Mission in the Central African Republic and Chad (MINURCAT) and authorised an EU mission with a robust mandate. By the end of the year, this mission was not yet deployed. Few EU member states were disposed to commit troops alongside France's for what was denounced by opponents of the Chadian and CAR regimes as a neo-colonial venture.

Further to the west, **Niger** faced a new Tuareg rebellion in which several dozen people were killed and thousands of civilians displaced. The prospect of higher uranium profits possibly contributed to the escalation of tensions between disaffected Tuaregs and the central government. During the summer, the government declared a state of alert. In neighbouring **Mali**, limited hostilities involving Tuaregs resurfaced and were to an extent related to the developments in Niger. **Guinea** experienced social unrest. The disproportionate use of force by army troops left over 180 protesters dead. The appointment of a consensus prime minister in March was meant to defuse tension, but the country looked particularly vulnerable when compared with Liberia, Sierra Leone and **Côte d'Ivoire**, where rebel leader Guillaume Soro and President Laurent Gbagbo signed a peace agreement brokered by Burkina's President Blaise Compaoré. Ivorians for the first time looked forward to the advent of real peace, although many thorny issues remained. As the accord increased the availability of arms and combatants for other conflict zones, its potential effect upon neighbouring states was not immediately positive. In the long-run, however, the prospect of peace in one of the more dynamic economies in West Africa is likely to benefit the sub-region. In Nigeria's **Niger delta**, violent confrontations continued. The Movement for the Emancipation of the Niger Delta was conspicuous in attacking police stations and oil pipelines. Election-related violence was responsible for a further 200 deaths.

Burundi's peace process experienced a setback with renewed skirmishes between the army and the remaining 'Forces Nationales pour la Libération' (FNL) rebels, despite the existence of a ceasefire agreement. New talks took place in Bujumbura in June and July but ended in a walkout by the rebel delegation. The prospects for re-establishing peace looked even dimmer with the emergence of new splits in the rebel camp and factional fighting that broke out in the second half of the year. The authoritarian conduct of President Nkurunziza helped to alienate Burundi's political elite. In **DR Congo**'s North Kivu province, government forces fought the troops of renegade Gen. Nkunda. The battles caused an additional 400,000 people to flee their villages. The upbeat mood that followed the more or less acceptable elections the previous year had already evaporated. In November, the governments of Rwanda and the DR Congo reached agreement to fight Rwandan Hutu rebels jointly and organise a peace conference for the Kivus. Peace talks between the government of **Uganda** and the Lord's Resistance Army gained momentum and led to two interim agreements on development and on reconciliation and accountability. By year's end, prospects for a comprehensive settlement were still unclear. Post-electoral violence in Kenya, unrelated to events in Somalia and Uganda, broke out during the last days of the year and continued into 2008.

Elections

Compared to previous years, only a handful of national elections were of great moment: presidential elections in Nigeria, Sierra Leone and Mauritania that resulted in new heads of state and general elections in Kenya that turned violent at the very end of the year.

In **Nigeria**, incumbent President Obasanjo had originally wanted to stand for a third term, but was barred when efforts to change the constitution failed. The remarkable fact that this was the first time in the country that a civilian leader had succeeded another elected president was overshadowed by a long series of irregularities that tarnished the image of Nigeria's political system. The new president, Umaru Yar'Adua, credited with 69.8% of the votes, therefore got off to a problematic start, not least because of criticism by Western governments. The change in power in **Sierra Leone** was historic. As in Nigeria, incumbent Tejan Kabbah could not stand for a third term and his vice president lost to opposition candidate Ernest Koroma in the second round of voting. Although challenges to the post-conflict order persisted, this election gave grounds for hope that a functioning democratic government would emerge. **Mauritanians** elected a new (civilian) president, Sidi Ould Cheikh Abdallahi (with 53% of the votes). The conduct and outcome of the elections, coming in the wake of the 2005 coup d'état, were seen as a good start to a more stable era in a country with an established record of coups and army rule. Finally, in **Kenya**, the outcome of the general elections held on 27 December was first unclear and then immediately disputed. Early results from some provinces gave challenger Raila Odinga the lead, but contrary results in favour of the incumbent quickly came in. Based on unconfirmed results, President Kibaki was hastily declared winner on 30 December and sworn in. This only exacerbated tensions, resulting in wide-scale violence.

A number of elections solidified the rule of incumbent presidents. This was the case for **Senegal** and **Mali** where Abdoulaye Wade and Amadou Toumani Touré were respectively re-elected without major problems. Both secured an equally clear majority in parliament, although turnout rates were low. The island republics of **Seychelles** and **Madagascar** held legislative elections that resulted in clear majorities for the ruling parties. In **Benin**, with its highly fragmented party system, legislative elections produced a relative majority for the alliance of 66 groups backing President Yayi Boni, forcing him to rule through ad hoc coalitions. A number of less democratic regimes also held parliamentary polls. Those in **Togo** were deemed the fairest in the country's history, but produced a new majority for the party in power. In Burkina, Cameroon, Congo and Gambia, long-time ruling parties easily secured support, thanks to the skewed playing field. Early legislative elections were held in **Lesotho** after 18 MPs broke away from the ruling Lesotho Congress for Democracy (LCD). The LCD's reduced majority was confirmed in the elections, but was boosted by the 21 seats won by an allied party.

A constitutional referendum was held in **Madagascar** at the instigation of President Ravalomanana. The constitution was approved by over 75% of the votes and reinforced the president's position, providing him with additional emergency powers, in addition to adopting English as the third official language and allowing for the redelineation of the country's administrative divisions. The referendum also eliminated the separation of church and state. Considerable concern was expressed at the shortness of notice for the referendum and there were charges in opposition circles that some of the results were fraudulent.

Coup Attempts, the Struggle against Terrorism, Piracy

The Comoran island of **Anjouan** made international headlines when the island's president, Mohamed Bacar, refused to step down after the expiration of his mandate and make way for the chairman of the Assembly, Houmadi Caambi. Peace talks followed between the Comoran central government and the Anjouan administration and an agreement was reached to hold free elections in which Bacar could stand. When the central government postponed the polls, Bacar unilaterally printed ballots and held an election, winning over 90% of the votes. He subsequently declared Anjouan independent, triggering further international action to isolate him.

Although no other comprehensive coup attempt was recorded in sub-Saharan Africa, several violent incidents took place related to discontent within security forces or representing more politically oriented acts. Acts of insubordination took place in DR Congo and CAR. A serious mutiny erupted in **Guinea**. Military personnel looted Conakry and other garrison towns across the country in May, demanding back pay. Several civilians were killed. The defence minister was forced from office.

Unidentified gunmen killed the former head of **Guinea-Bissau**'s navy, who had supported the overthrow of President Vieira in 1998. The convoy bearing **Benin**'s President Yayi Boni through the northern part of the country was shot at by anonymous assailants. The president escaped unhurt, but intimated that political motives lay behind the attack. Analysts believed that he was the accidental target of highway robbers active in the region. An attack on the aircraft of ex-rebel leader and now Ivorian Prime Minister Soro in Côte d'Ivoire's rebel-held region was certainly no accident, but those responsible could not be identified. While Soro survived, four of his entourage were killed.

No single sub-Saharan state was the target of major attacks by international **terrorist groups** during the year. This did not mean that groups commonly viewed as having terrorist leanings were inactive. Early in the year, the 'Groupe Salafiste pour la Prédication et le Combat' (GSPC) that merged with al-Qaida in 2006, changed its name to al-Qaida in the Islamic Maghreb (AQIM). AQIM employed suicide tactics in Mauritania. Thus, in December, four French tourists were killed and a military checkpoint attacked by AQIM. Two trials involving individuals accused, in the one case, of having ties to AQIM and, in the other, of complicity in the 2005 GSPC attack on a Mauritanian military base, led to the acquittal of most of the defendants for lack of evidence and to moderate prison terms for the others. Western missions warned their citizens, particularly those involved in the petroleum industry, of AQIM activities.

Various violent acts in **Nigeria** were attributed to so-called 'Nigerian Talebans'. On 12 November, the authorities announced the arrest in three major northern cities of ten suspected terrorists with alleged ties to AQIM. Five were charged with conspiracy and planning to commit a terrorist act. Two were also charged with attempted murder. However, the Sultan of Sokoto, the supreme Muslim authority in the country, stated that "[t]here [was] no AQ cell of Taliban in Nigeria". It was unclear whether this issue was being exaggerated and, if so, as a result of domestic power struggles or the US war on terror. US reports alleged that Hezbollah was active in fundraising, notably in West Africa. In parallel, the US State Department noted that many African governments improved their cooperation with the US and strengthened their counterterrorism efforts. Both the AU and African sub-regional organisations continued their initiatives to improve counterterrorism cooperation and information sharing.

The US air force launched an **air attack** near Ras Kamboni in the border area between Somalia and Kenya on 8 January with a view to killing a major al-Qaida suspect, Fazul Abdullah Mohammed, allegedly a mastermind in the 1998 Nairobi embassy killings. While Somali government officials initially confirmed his death, the US ambassador to Kenya denied Mohammed had been killed in the airstrike. The gunship attack resulted in the deaths of at least 70 civilians, with many more being wounded. One of Mohammed's wives was captured along with her children while trying to escape to Kenya. There were media rumours in Madagascar that Mohammed was hiding there.

Islamist militants attacked government and Ethiopian targets in **Somalia**. An explosion near a football stadium in February was blamed on 'terrorists'. In June, a suicide bomber drove a vehicle packed with explosives into the residence of the Somali interim prime minister in Mogadishu, killing ten people. Prime Minister Ali Mohamed Ghedi, however, escaped unhurt. Further acts could be seen as typical of asymmetrical warfare. When AU peacekeepers were attacked by Islamist insurgents with machineguns and grenades in November, it was termed a terrorist attack, but the event bore little resemblance to the suicide attacks common in the Middle East. As if to underscore the contentious nature of the concept of terrorism, in May the **Zimbabwean government accused Australia** of funding violence in an attempt to remove President Mugabe from power. In an interview, Information Minister Sikyaniso Ndlovu asserted that Canberra was financing "terrorist activities" by channelling money to aid groups.

There was a significant upsurge in **piracy** along the Somali coast. Twelve ships were seized by pirates during the year, while another eight were the target of pirate attacks. In most cases, ships and crew were released after a ransom had been paid. Some of the hijackings involved ships hired by WFP to deliver food aid. The episode that attracted most attention was the hijacking on 28 October of the Japanese tanker MV Golden Nori while it was transporting toxic benzene gas. USS Porter destroyed the pirate ship, which was being towed behind the tanker, but tanker and crew were only released on 11 December. Despite a massive presence of NATO ships deployed as part of 'Operation Enduring Freedom', the pirate attacks could not be halted. In 2006, the number of attacks declined through the action of the then ruling Union of Islamic Courts, but they rose again after the Union's defeat by the Ethiopian army.

The limited number of events that could be categorised as truly terrorist did not hinder the **US administration** from stepping up its plans under its Trans-Saharan counterterrorism programme established in 2005. By April, Mauritania, Mali, Chad, Niger, Nigeria and Senegal had formally adhered to the programme. Burkina Faso submitted a request to the US government to train part of the president's security force as its 'antiterrorism' unit. The US administration had to adopt a more modest approach on its planned Africa Command (AFRICOM) following a series of inconclusive consultations with leaders of various countries. With the exception of Liberia, no government showed interest in hosting the organisation. The more or less negative response may have reflected governments' fears of provoking terrorist attacks after entering into such an agreement. According to media reports, State Department officials discovered to their surprise that the US had a severe image problem in Africa, with a good number of governments distrusting the US. As a consequence, a senior Pentagon official told the press that AFRICOM's purpose would be humanitarian assistance, civic action, training African soldiers, and assistance with border and maritime security. It was decided to retain the headquarters in Stuttgart, Germany, for the time being.

Epidemics and Disasters

UNAIDS estimated the number of people living with **HIV** worldwide at 33.2 million (in a range of 30.6 to 36.1 million), a decline of 16% compared to the previous year's estimate. In Angola, Kenya, Mozambique, Nigeria and Zimbabwe estimates of infection rates were revised downwards. While improved data collection was the major reason given for the corrected figures, there was increasing evidence in both Kenya and Zimbabwe that part of the decline was attributable to a reduction in the number of new infections. This could not, however, be interpreted as an overall change or as the beginning of the end of the pandemic, particularly as more than three-quarters of global AIDS deaths continued to occur in sub-Saharan Africa and two out of three adults and nearly 90% of the world's children infected with HIV live in the region. Southern Africa remained the sub-region most heavily affected, with close to a third of all new HIV infections and AIDS-related deaths worldwide.

"Free Africa from **Malaria** Now!" was the slogan for the Malaria Day initiated by WHO. While HIV/AIDS has over the years gained the reputation of being Africa's biggest health problem, this campaign tried to draw attention to a disease that was held responsible for holding back the development of an entire continent. Malaria-related deaths in sub-Saharan Africa were put at 900,000, against an estimated 1.6 million people killed by AIDS.

While in 2006 the **avian flu** virus of the H5N1 subtype reportedly spread rapidly to poultry farms in several countries after its first detection in northern Nigeria, just one case of avian influenza was reported in southern Nigeria in 2007.

The worst large-scale disaster took place in September when numerous countries in West and East Africa, including the Sahelian countries, Liberia, Ghana, Togo, Ethiopia and Kenya were struck by **torrential rains** and **floods** that destroyed hundreds of thousands of homes. Seventeen countries in total, including Chad in Central Africa, were affected. Precise casualties could not be determined, but it was clear that some of the most fertile farmland had been washed away. An upsurge in water-borne illnesses followed. The **cyclone season** in Madagascar led to substantial crop losses, with the last two storms alone affecting 190,000 people and killing 150 in March and April. On 5 November, the FAO warned of an outbreak of desert **locusts** in Sudan. Around five million people faced severe **food shortages** following poor harvests in Southern Africa. Lesotho, Swaziland and Zimbabwe were the hardest hit. In contrast, in the Sahel region harvests were above average.

Andreas Mehler, Henning Melber & Klaas van Walraven

II. United Nations and Sub-Saharan Africa

The new UN secretary general, Ban Ki-moon, declared Africa, and in particular the crisis in Darfur, as a priority on his agenda. He made his first trip in office to the AU summit in Addis Ababa in January. The appointment of Asha-Rose Migiro as the deputy secretary general on 5 January was a significant sign in itself. The former Tanzanian foreign minister became the second woman in history in this position and the highest-ranking woman at the UN. Another high-profile appointment took place in July: Eritrean Haile Menkerios, former senior Department of Political Affairs (DPA) official for African affairs, assumed the position as assistant secretary general for political affairs.

Partnerships continued to be a buzzword. For instance, the Security Council stressed the importance of boosting the resources and capacity of the AU after a meeting organised on the initiative of South Africa, as part of its proactive approach to holding the presidency of the Council during March. Nonetheless, mutual understandings and clarity with regard to duties and responsibilities remained weak. The secretary general removed the **Office of the Special Advisor on Africa (OSAA)** in July. The office had been leaderless since 9 February, with the resignation of Legwaila Joseph Legwaila, the special advisor on Africa appointed by Kofi Annan. The OSAA mandate was consolidated with the office of the high representative for the Least Developed Countries (LDC), Landlocked Developing Countries (LLDC) and Small Island Developing States (SIDS). Cheick Sidi Diarra was appointed as high representative for this merged office. Some members of the African group feared a loss of focus on African issues other than as an object of humanitarian aid and peacekeeping missions. It was also noted that both the posts of special representative of the secretary general in Sudan and Côte d'Ivoire went unfilled for most of the year.

Peace and Security

In a joint communiqué on 16 June, the UN Security Council and the AU Peace and Security Council agreed to strengthen cooperation. Participants at a top-level Security Council meeting on 25 September resolved to bolster the cooperation between the UN and the AU. Some interesting institutional and personal interaction developed, furthering the working relationship. The UN and AU special envoys for Darfur, Jan Eliasson and Salim Ahmed Salim respectively, displayed united and combined UN-AU action over the political process in Darfur.

The Security Council debated on 6 November the **role of regional and sub-regional organisations** in maintaining international peace and security. The secretary general declared that the joint peacekeeping force and political mediations over Darfur with the AU were a demonstration of UN commitment to cooperating with regional organisations. However, concrete and long-term financial support packages, the key issue for African delegations, remained unresolved. The permanent representative of the AU and observer to the UN strongly signalled the need for a stable and reliable funding mechanism, the lack of which, the statement said, had caused damage to the "partnership" over Darfur and over the AU Mission to Somalia (AMISOM).

In November, the Fourth Committee (Special Political and Decolonisation) held its comprehensive **review of peacekeeping operations**. A new department of field support was created, to provide expertise in the areas of personnel, finance and budget, communications, information technology and logistics. The committee stressed that greater coordination and communication between the Security Council and the secretariat and troop- and police-contributing countries would be necessary, including the so-called 'capstone doctrine' as a guiding principle for UN peacekeeping. Many developing member states felt that consultations with the Security Council and the secretariat had been insufficient, especially since the non-aligned movement provided more than 80% of peacekeeping personnel in the field. Many non-aligned countries were unhappy with the 'capstone doctrine' draft's formulation "restraint in the use of force" as a substitute for the traditional wording, "non-use of force except in self-defence" and the fact that developing countries remained underrepresented at UN headquarters, particularly at senior level. The Sudanese delegate said that the rise in the number of peacekeeping troops over the years, and the approximately $ 7 bn spent on peacekeeping operations in one year, seemed to indicate an "increased militarisation" of the UN. Instead, more resources could be invested in preventive diplomacy.

The UN remained active in **Burundi** mainly through the establishment of the UN Integrated Office in Burundi (BINUB), as well as the AU special task force. The Council welcomed the appointment of a government of national unity on 14 November. It emphasised the need for the UN system and the Peace Building Commission (PBC) in particular to maintain their support for peace consolidation and long-term development. The Council also encouraged the full implementation of the comprehensive ceasefire agreement signed on 7 September 2006 between the government of Burundi and the Palipehutu-FNL ('Parti pour la Libération du Peuple Hutu – Forces Nationales pour la Libération'). They further welcomed the signing of a framework agreement on the establishment of a tripartite steering committee for national consultations on transitional justice mechanisms on 2 November. The Council extended the mandate of BINUB until 31 December 2008.

Humanitarian agencies struggled to reach the up to one million people affected by violence and tensions among CAR, Sudan and Chad. In a December report, the secretary general noted that preparations for the UN-mandated, multidimensional presence in **eastern Chad and northeastern CAR** – including EU military forces – were on track. MINURCAT, as this force is known, was established by the Security Council on 25 September for an initial period of one year. It was mandated to protect civilians and to facilitate humanitarian aid. The first officers from the UN standing police capacity arrived in November and started training recruits for a specialised Chadian police unit to assume responsibility for providing security to the approximately 300,000 IDPs.

In **Côte d'Ivoire**, 11,000 French and UN peacekeepers protected a fragile ceasefire between a rebel-held north and government-run south. The buffer zone between north and south was scrapped and mixed units of the Ivorian army and the 'Forces Nouvelles' planned to take over from the peacekeepers. In a resolution on 16 July, the Security Council endorsed the agreement signed by President Laurent Gbagbo and Guillaume Soro on 4 March (the Ouagadougou Political Agreement), and supported Soro's appointment as prime minister. The Council paid tribute to the chairperson of ECOWAS, President Blaise Compaoré, for his facilitation of the inter-Ivorian direct dialogue. The mandates of the United Nations Operations in Côte d'Ivoire (UNOCI) and of the supporting French forces were renewed until 15 January 2008 to support free, open, fair and transparent elections within the timeframe set out in the agreement. On 9 February, the outgoing UN Côte d'Ivoire envoy, Pierre Schori, recommended in his end-of-assignment report that peacekeepers be taught how to treat women better. Women were largely excluded from peace processes in conflicts around the world, a matter also raised in the UNICEF 2007 report "State of the World's Children". In contrast, there was an increasingly widely held view that peacekeeping requires the presence, expertise and knowledge of women as heads of mission, military personnel and civilian police.

On 21 November, the Security Council commended the recent agreement between the **DR Congo** and **Rwanda** to work together against threats to peace and stability in the region, calling it "an important milestone towards the definitive settlement of the problem of illegal armed groups" operating in the turbulent far east of the DR Congo. A new military operations centre for the FARDC (DR Congo's armed forces) was inaugurated in Goma in North Kivu province on 29 December. The centre was built by the UN mission in the DR Congo, MONUC, and illustrated the support to FARDC. This collaboration continued to attract criticism from human rights groups and humanitarian organisations. The robust co-deployment efforts of MONUC and FARDC into rebel-held areas appeared to put the UN's stamp of legitimacy on FARDC. Within FARDC, significant disciplinary problems remained. At the Department for Peacekeeping Operations (DPKO) there was scant enthusiasm to see MONUC as a precedent for other UN peacekeeping missions, though MONUC condemned FARDC when appropriate. On 26 December, MONUC expressed its deep concern about the humanitarian consequences of the combat between Nkunda's rebels and FARDC in North Kivu. MONUC also deplored the persistence of human rights violations in the DR Congo, calling on the Congolese government to "imperatively" put an end to this violence and to bring the authors of these crimes to justice. William Lacy Swing, head of mission for MONUC for four years, left in December. He pointed out the need for continued support to the DR Congo's army along with the obligation to protect civilians according to the MONUC mandate. On 21 December, MONUC's mandate was extended for another year until 31 December 2008. Up to 17,030 military personnel, 760 military observers, 391 police trainers and 750 personnel of formed police units will continue to be deployed and will give highest priority to the crisis in the Kivus.

On 30 July, the Security Council extended the mandate of the UN Mission in **Ethiopia and Eritrea** (UNMEE) for six months until 31 January 2008. The Council called on the parties to remain fully committed to the agreement on cessation of hostilities and to de-escalate the situation, including by returning to the 16 December 2004 levels of deployment and by avoiding provocative military activities. It demanded that Eritrea immediately withdraw its troops and heavy military equipment from the Temporary Security Zone (TSZ) and called on Ethiopia to reduce the number of additional military forces recently introduced in certain areas adjacent to the TSZ. Concerned about the stalemated situation, the Security Council urged Ethiopia and Eritrea on 13 November to implement without delay a 2002 ruling on the delimitation of their common border. A meeting of the two parties with the Eritrea-Ethiopia boundary commission in The Hague in September had failed to resolve the impasse over the demarcation of the boundary.

On 7 November, numerous West African officials and the chiefs of defence staff of ECOWAS gathered in Liberia. The senior UN envoy to the country, Alan Doss, stressed the importance of effective regional collaboration. In September, the Council extended the mandate of the UN's mission in Liberia, UNMIL, by one year until 30 September 2008.

The mandate of United Nations Integrated Office in Sierra Leone (UNIOSIL) was extended for a further nine months until 30 September 2008 to continue peace building assistance to the government and to assist in preparing for the local elections in June 2008. The Council welcomed the holding of peaceful and democratic parliamentary and presidential elections in August and September, and stressed that the wide acceptance of the local elections would be another important milestone in consolidating a sustainable peace.

On 4 January, the secretary general welcomed the deployment of African states to **Somalia** as decided upon by IGAD and the AU, and called on the Transitional Federal Government (TFG) to reach out to the other groups, and on all neighbouring states to respect Somali sovereignty. On 5 January, the international contact group for Somalia met after a week of heavy fighting between the TFG – backed by Ethiopian troops – and the Union of Islamic Courts (UIC). In a communiqué, the group welcomed a commitment by Somali President Abdullahi Yusuf to inclusive governance and the prevention of resurgence of warlord activities. On 9 January, the secretary general expressed concern over US air strikes in Somalia, highlighting the humanitarian impacts of such attacks, while the AU remained woefully silent on the matter. Soon thereafter and under pressure, the secretary general retracted his statements regarding US air strikes, stating he understood the "necessity" for them – they were aimed at suspected al-Qaida targets – but that he was concerned at the humanitarian situation and reported loss of civilians and felt that diplomatic efforts must be redoubled. The chairperson of the AU Commission on 4 August requested the secretary general for a meeting of experts from the AU Commission and the UN secretariat to discuss further support to AMISOM. The AU effectively called for a UN-led peacekeeping operation. The UN, however, held that such an operation was unrealistic given the country's security situation and the lack of progress towards political reconciliation.

The most protracted peacekeeping challenge was the joint AU/UN operation in **Darfur** (UNAMID), a region where fighting had, according to UN estimates, killed more than 200,000 people and displaced 2.5 million others. UNAMID was eventually authorised on 31 July and began its mandate by 31 December. Under chapter VII of the UN Charter, it was mandated to take the action necessary to support the implementation of the Darfur Peace Agreement (DPA), as well as to protect its personnel and civilians, without "prejudice to the responsibility of the Government of Sudan". On 26 November, Chinese and Bangladeshi units arrived to form part of UNAMID. Despite numerous fragmented and disunited high-level attempts, the lack of consent from the Government of Sudan (GoS) to the deployment remained far from being resolved. On 18 December, Rodolphe Adada, the AU-UN joint special representative for Darfur and the head of mission at AU mission in the Sudan, AMIS, appealed to all sides to cease their hostilities on the eve of the deployment of UNAMID. UN officials cautioned that troops as well as some critical equipment to support the troops, such as air assets, helicopters and ground transport units, were lacking. During the second half of the year, more inclusive talks were held between the warring parties on the ground, including GoS, Darfuri civil society and regional parties such as Chad, Egypt, Libya and Eritrea. Jan Eliasson and Salim Ahmed Salim led this process, assisted by the AU's Sam Ibok and the head of the UN team in Sirte, Tayé-Brook Zerihoun.

The security challenges facing **Southern Sudan** related in particular to the disarmament, demobilisation and reintegration of former combatants, as well as de-mining and other security sector issues. On 31 October, the Security Council extended the mandate of the UN Mission in Sudan (UNMIS) by six months, urging all parties to fully implement the 2005 comprehensive peace agreement. It urged the parties to prepare for the conduct of free and fair elections. Throughout the year, there was delay in the full and verified redeployment of forces by the parties. On 20 February, in collaboration with the Government of South Sudan (GoSS), UN agencies and international and local NGOs, UNMIS organised a workshop on sexual exploitation and abuse in Southern Sudan. GoSS Vice President Riek Machar confirmed the government's commitment to protecting vulnerable women and children but added that GoSS had been caught unawares by the recent allegations of sexual misconduct by UNMIS staff. Subsequently, UNMIS reaffirmed that the UN policy of zero-tolerance on sexual abuse meant “no complacency and no impunity”.

Governance, Economic Performance and Development

NEPAD continued to attract support from UN member states. On Africa Day (25 May), the secretary general recognised the many positive institutional developments in Africa such as NEPAD and its peer review mechanism. The adopted African Charter on Democracy, Elections and Governance was also applauded. The UN Assembly adopted a resolution on the progress in implementing NEPAD and stressed the need for the international community to support it by honouring commitments on African economic and social development. On 29 March–1 April, the conference of African ministers of finance, planning and economic development took place in Addis Ababa. It recommended that **ECA** be strengthened by establishing sub-regional consultation machinery to complement the UN regional consultation mechanism and by better including the AU and African regional economic communities.

The UN’s 2007 update on Africa and the MDGs reported on 6 June that Africa was not on track to achieve any of the **MDGs**, but that these could still be achieved through a concerted global partnership for development. On 2 July, Deputy Secretary General Migiro praised the collaboration between the AU and the UN in promoting development. The General Assembly held a three-day ministerial-level dialogue to review anti-poverty pledges by world leaders in the development financing partnership known as the Monterrey Consensus and to lay the foundations for a conference on financing for development to be held in Doha, Qatar, in the second half of 2008. There was a view that existing commitments to finance development, if implemented, would be enough to achieve the MDGs in Africa, but each side of the partnership would have to deliver. The challenge remained establishing a transparent, stable and predictable investment climate to promote foreign investment. On 14 September, an MDG Africa steering group was established comprising leaders of the major multilateral and intergovernmental organisations working for development in Africa.

African delegations reacted with impatience and disappointment. According to some, Africa had demonstrated its commitment to agreed political, economic and corporate governance values. The onus was now on the international community to meet development commitments without delay. In particular, G8 countries were called on to keep their promise made at the Gleneagles summit in 2005 to double aid to Africa by 2010. They also called for the Doha round of the WTO to be concluded swiftly so that the results in relation to agriculture that were central to achieving food security in Africa could be achieved. Several speakers called for a newly-strengthened OSAA, with the post of special advisor to be filled at undersecretary general level. On 18 October, African leaders warned the

General Assembly that rich countries had failed to live up to their promises to open their markets to African goods and provide adequate resources in a predictable way so that African governments could make the most of dwindling donor assistance. They suggested that the main problem for African development was inadequate resources and means, not failures by African leaders.

The head of WFP, wrapping up a four-day visit to Senegal and Mali, warned on 15 November that Africa's **rural poor** needed concerted action from the international community to overcome the challenges of rising food prices, climate change and population growth. Similarly, in December the FAO appealed for swift action to help poor nations suffering from food crises resulting from dramatic increases in the price of basic commodities. Natural disasters such as floods had caused further deterioration in the already vulnerable situation in many countries, such as Burkina Faso, Djibouti, Ethiopia, Mauritania, Uganda, Ghana, Nigeria and Mali. The FAO's November issue of "Food Outlook" estimated that the total cost of imported food for low income food-deficit countries was 25% higher than in 2006. In December, FAO reported that nearly a dozen African nations had joined forces to participate in a UN-backed programme to bolster education and training in rural areas. FAO estimated that rural people comprised approximately 70% of Africa's total population. Education and training for rural people was therefore identified as a key tool in sub-Saharan Africa's fight against poverty, hunger, malnutrition and illiteracy.

Humanitarian Assistance

The **Humanitarian Appeal 2007** – 13 consolidated appeals for specific crises – sought $ 3.9 bn to help 27 million people in 29 countries. Throughout the year, aid agencies in Africa provided safe water and sanitation to 455,538 IDPs in Somalia; cared for 240,000 Sudanese refugees in eastern Chad (providing emergency education to 62,000 refugee children); delivered food to 2.2 million Zimbabweans; provided temporary shelter and basic household items to 193,000 people affected by conflict in CAR; contained 131 epidemics in the DR Congo (boosting vaccination coverage for measles in the eastern part of the country); and drilled over 300 boreholes to provide water in Uganda. The humanitarian community boldly pointed to the necessity of humanitarian work to end complex conflicts. The end of Burundi's long civil war, for instance, was attributed to concerted efforts arising from nine consecutive consolidated appeals for Burundi, of which 2007 was to be the last. Similarly, the effects of protracted conflicts in the Republic of Congo and Liberia were said to have been alleviated to the point that aid agencies could now focus on recovery and a transition to development. Thus, humanitarian aid was framed not only as a way of saving lives and alleviating suffering, but also as a good investment for a peaceful world. Challenges, the appeal stated, continued in Somalia, Sudan and the DR Congo and could destabilise neighbouring countries such as Chad and the CAR, fuelling internal conflicts there. Moreover, floods, hurricanes, cyclones and drought struck regularly in 2007. The report drew attention to the fact that most of these disasters were climate-related. At mid-year, funding for the appeal amounted to 43% of requirements, only a slight improvement on the mid-point in previous years.

In November, the top UN humanitarian official John Holmes went on a nine-day mission to Ethiopia, Sudan and Kenya. On 6 December, he reported that the **grave humanitarian conditions** in southeastern Ethiopia, Darfur and Somalia could substantially worsen in the months ahead. He estimated that in Somalia an estimated 1.5 million people needed aid. Sudan and Darfur, in particular, saw the year's largest relief effort in the world, with some 4.2 million people being assisted. At the end of December, child malnutrition rates reached their highest level in three years in Darfur, namely 16.1%, according to the food security and nutrition assessment carried out by the WFP, FAO and UNICEF, along with the GoS. The Office for the Coordination of Humanitarian Affairs (OCHA) lamented that access to those in need was too often compromised by violence against civilians and aid workers. More than 13,000 humanitarian workers were deployed in Darfur, including staff from 13 UN agencies, the Red Cross/Red Crescent societies and some 80 international NGOs.

Refugees

At the beginning of the year, the longstanding refugee crisis in the **Great Lakes region** had eased after tens of thousands of people had returned home in 2006. However, serious challenges remained in what was now a complex two-way pattern of movement. The biggest UNHCR operation in the region remained in the DR Congo, where the agency helped more than 26,000 Congolese returnees as well as over 13,000 of the nearly 220,000 refugees sheltered there to return to neighbouring countries. A draft tripartite repatriation agreement between UNHCR, DR Congo and Burundi was struck to formalise the repatriation process. The agency has similar accords with the DR Congo on the one hand and Sudan, Zambia, Republic of Congo, CAR and Tanzania on the other.

More than 1,400 people lost their lives while illegally crossing the **Gulf of Aden**. That is, one of every 20 was killed by smugglers or drowned at sea, while over 28,300 people made it ashore. The UNHCR ran a campaign in the Horn of Africa to highlight the dangers of this voyage. The advocacy campaign, to be extended to south/central Somalia and Ethiopia, informed asylum-seekers from nearby countries that they could seek asylum directly in Somalia. More constructively, UNHCR stepped up its work in Yemen as part of a $ 7 m operation that involved additional staff, an increased field presence, more assistance, additional shelter for refugees in Kharaz refugee camp and training programmes. UNHCR acknowledged that in this region the distinction between migrants and refugees – between those who leave their homes out of fear and those who chose to seek a better life across borders – was becoming increasingly hard to make, presenting a big challenge for a UN agency not set up to deal with migrants.

On 9 January, UNHCR reported that inter-communal fighting in eastern Chad had uprooted another 20,000 Chadians, bringing the number of IDPs to over 100,000, in addition to more than 220,000 Darfur refugees. The Darfur refugees resided in 12 UNHCR-run camps in eastern Chad, and there were 46,000 refugees from the CAR in southern Chad. This **refugee crisis** continued to deteriorate over the course of the year. In December, two NGOs were attacked and OCHA reported that banditry was impeding the efforts of humanitarian workers to deliver much-needed relief in eastern Chad. The ongoing insecurity led to the partial relocation of aid workers to areas deemed to be safer. WFP, UNICEF and other organisations curbed their use of local roads to transport relief items.

In November, UNHCR expressed hope that one of Africa's most protracted refugee situations could be close to resolution. It signed an accord with **Mauritania and Senegal** that allowed an estimated 24,000 Mauritanians in northern Senegal to return home to their former communities. More than 60,000 Mauritanians had fled their homeland in 1989 after a longstanding border dispute between Mauritania and Senegal.

Human Rights

In the Third Committee (Social, Humanitarian and Cultural), the representative of Gabon introduced a **moratorium on the use of the death penalty**. The committee voted on a draft resolution on 15 November requiring the General Assembly to call for a moratorium on the use of the death penalty – with 99 countries voting in favour, 52 against and 33 abstentions. Gabon's delegate saw this as a matter fundamental human rights and not of unwarranted interference in a state's domestic jurisdiction. Not all African countries agreed: Botswana expressed concern over the lack of international consensus on the matter while Nigeria added it retained the death penalty for national security reasons. In contrast, Rwanda declared it had abolished the death penalty in spite of its recent history.

Draft resolutions to have the General Assembly address the human rights situations in three member states – Myanmar, Iran and the Democratic People's Republic of Korea – were approved by the Third Committee in November by a slim majority. There were objections by many African delegations, arguing that the Human Rights Council (HRC) was the most appropriate forum to address such concerns. Angola, speaking on behalf of the African group, said the committee should be a forum for dialogue, not country-specific criticism. Sudan stated that the HRC should work in a spirit of dialogue and non-confrontation in applying the guidelines and methods governing the universal periodic review mechanism, and should avoid meddling unduly in the internal affairs of sovereign nations.

The secretary general expressed his commitment to the Responsibility to Protect (R2P) framework, adopted by the World Summit in 2005. These ideas, including the need for peacekeepers to protect civilians facing imminent threat to their survival, are of great importance for ongoing conflicts in Africa. Against this background, it was significant that on 29 May Sudanese diplomat Francis Deng assumed the role of the new UN special advisor for the **prevention of genocide and mass atrocities**. He signalled the need for confidence-building measures, including outreach activities to explain to states what R2P meant in practice. His home country Sudan was increasingly critical of the framework, noting that the R2P language had been abused to justify the Western-led invasion of Iraq.

The HRC concluded its sixth session in December, with Sudan dominating its agenda. It extended the mandate of the special rapporteur on the status of human rights by one year. HRC's **group of experts on Darfur**, comprising seven independent rights experts, was established in March. It voiced concern that Sudan had not implemented many of their recommendations and urged them to do so without further delay. In particular, HRC noted that perpetrators of past and ongoing human rights violations and violations of international humanitarian law in Darfur had not been brought to justice. In 2007 alone, the International Criminal Court probed four situations in Africa: Darfur, northern Uganda, the DR Congo and CAR.

The 2006–07 programme of the Africa unit in the Office of the High Commissioner for Human Rights (OHCHR) focused on the rule of law and administration of justice, human rights and development, discrimination, institutional capacity-building, trafficking, slavery and civilians in armed conflict. It hailed the African Charter on Human and Peoples' Rights and its two protocols relating to the establishment of an African regional court and to the rights of women. However, OHCHR noted that while most African countries had ratified the core international human rights treaties; few had ratified the various optional protocols. The incorporation of **human rights standards** into domestic law, reporting on how the treaties are applied and implementing treaty recommendations remained inadequate. Additionally, few countries had permitted visits by the special procedure bodies. On 3 December, OHCHR and the Senegalese government signed an agreement to set up a regional office in Dakar, expected to be in operation in early 2008. This office, created as part of the OHCHR's strategic management plan to boost its field presence, is the fourth of its kind. Other offices exist in Yaoundé (Central Africa), Addis Ababa (Eastern Africa) and Pretoria (Southern Africa).

The General Assembly on 13 September adopted the **Declaration on the Rights of Indigenous Peoples**, an important although non-binding declaration that brought to an end nearly 25 years of contentious negotiations. The Assembly deferred consideration of the text late the preceding year at the behest of African countries, which raised objections about language on self-determination and the definition of 'indigenous' people.

Environment

The **UN climate change conference** was held from 3–14 December. On 3 December the African group stated that new agreements on climate change would only work if developed countries honoured past commitments made since the climate change convention and protocol came into force many years earlier. The group observed that Africa was at the receiving end of the impacts of climate change due to the continent's vulnerability. For instance, the fourth assessment report of the Intergovernmental Panel on Climate Change (IPCC) noted that climate change would expose between 75 and 250 million Africans to increased water stress by 2020. The African group further argued that adaptation and mitigation strategies in Africa had not been implemented owing to inadequate capacity building and because climate change activities had not been adequately addressed.

The **Nairobi framework**, a collaborative effort initiated in 2006 by UNDP, UNEP, the secretariat of the United Nations Framework Convention on Climate Change (UNFCCC), the World Bank and the ADB, began building capacity in those developing countries that had not yet accessed the Kyoto protocol's Clean Development Mechanism (CDM). CDM's allow industrialised countries to generate credits through investment in emission reduction projects in developing countries, but they have not yet reached all developing countries equally. While nearly 900 such projects were in existence in 49 developing nations, a mere 2.6% were in Africa. The UN is partnering with the International Emissions Trading Association (IETA) to kick-start the spread of CDM projects by opening a new carbon forum in Senegal in September 2008.

Experts held a two-day meeting in Addis Ababa in May to prescribe the activities necessary for the development of benchmarks and indicators for **land policy and land reform**. This meeting grew out of the recommendations of a consultative meeting in March 2006 in Addis Ababa and was made possible by a grant from UN-HABITAT and co-hosted within the framework of the AU, ECA and ADB land policy initiative. The experts highlighted the need to look closer at issues of customary tenure, high levels of poverty, the status of the poor and marginalised, Africa's slums and rapid urbanisation and ad hoc land policy.

Linnea Bergholm

III. African-European Relations

The record of African-European relations in 2007 was mixed. On the one hand, the first Africa-EU summit in seven years took place, but on the other there was mounting dissatisfaction among African leaders with EU policy – not least on trade – and with what was denounced as the EU's "patronising attitude". There was a renewed geostrategic interest in Africa on the part not least of China and the US – but also increasingly by India and others. These changes in Africa's global importance had an impact on European-African relations by increasing the policy space available to African leaders. Pressure was mounting on Europe to (re)direct its policies.

Africa and the EU signed a strategic partnership covering a range of topics, which were enshrined in an action plan. The topics included, among others, foreign and security policy, governance, development, climate change and cultural cooperation. These topics came as no surprise and differences remained in a number of areas. Even so, a new quality in relations among the parties was emphasised. For the G8 summit at Heiligendamm, invitations were extended to an outreach group comprising China, India, Brazil, Mexico and South Africa, as well as the then AU president, Ghana's President John Kufuor; the head of the AU Commission, Alpha Oumar Konaré; and Nigeria's new president, Yar'Adua (6–8 June). Although the Heiligendamm Process fell short of an institutionalised enlargement of the G8 to a G13, the G8 under German presidency created through that process an institutionalised dialogue with the so-called Outreach-5, including South Africa. That country continued to be viewed with high hopes as an economic and political anchor within its region and for Africa as a whole.

Bilateral Relations between Africa and European States

Africa featured higher on the agenda of European leaders than in previous years, in part because of the increasing attention paid to Africa by other world powers such as China and the US, and to a lesser extent by India and other emerging powers.

With the presidential change in **France** in May, a fundamental shift in French Africa policy was expected. Nicolas Sarkozy, who took office in May, was said to be the first president of the 4th Republic without personal links to African elites, unlike his predecessors of all political persuasions, such as Valéry Giscard d'Estaing, François Mitterrand and Jacques Chirac. Sarkozy appointed Jean-Marie Bockel as junior minister of cooperation in

June, an appointment that reinforced the fears of the new president's African counterparts. Bockel, a member of the Socialist Party, was an explicit critic of 'la Françafrique', the concept of politically interlocking French and African elites. This policy approach – while often denounced as neo-colonial – continued to be defended by a number of African leaders, among them President Omar Bongo of Gabon. It had, however, lost appeal for numerous other African countries and had lost ground in France. In July, Sarkozy visited Senegal and Gabon (26–27 July). This brief and somewhat awkward trip was widely interpreted as underscoring the absence of the announced renewal of France's Africa policy, since no countries besides these two close French allies in Africa were visited, even though Ghana, South Africa and DR Congo had been previously discussed as additional destinations. Sarkozy's **speech to the University of Dakar** was particularly ill-received and attracted the most attention. The speech was viewed as maladroit, to say the least. During the speech, Sarkozy spoke of the "traditional African" as someone who "never launched himself towards the future. The idea never came to him to get out of this repetition and to invent his own destiny". The Senegalese media harshly criticised the speech for its patronising clichés and insulting observations.

In June (9–11 June), French Foreign Minister Bernard Kouchner visited **Chad and Sudan** for talks on the civil war in Darfur. France was pushing hard for international troops to protect Darfurian refugees in neighbouring countries (see below). EU engagement in the crisis was also on the agenda of Kouchner's visit to the AU Commission on 26 July. France was active in the Sudan contact group, which held meetings in Paris (25 June), but was unable to mediate an end to the conflict. More prominent on the French foreign minister's agenda was the Middle East and the crisis in Lebanon. Trips to African states were mostly left to the French junior minister for development cooperation. Brigitte Girardin, 'ministre délégué' under Chirac until May, visited several West and Central African countries (Mali, Benin, Guinea, Congo, DR Congo, Sudan) as well as the Indian Ocean island states of Mauritius and Seychelles in the first half of the year.

As a political statement on the successful integration of migrants into French society, a number of posts in the new cabinet were given to first- or second-generation French citizens (as Sarkozy himself is), including a young female politician of Senegalese origin, Rama Yade. Ms. Yade was appointed junior minister of external affairs and human rights. However, much of France's policy on Africa was interpreted as loosening (if not cutting) ties to African ex-colonies. This fear of **French 'disengagement' from Africa** was not new, for it had been voiced for more than a decade. However, it took on a new character that was particularly reflected in the contentious debates on the controversial topic of **migration**. The French National Assembly adopted a draft law on immigration that permits DNA tests on applicants for visas of more than three months on for the purpose of family reunification (19 September). The French national consultative ethics committee for health and life sciences expressed "concern over the abnormal burden of proof weighing on the applicant" (4 October). After several amendments – providing for matrilineal genetic checks only and the coverage of costs by the French state, not the applicant – the law was finally approved by the French parliament (23 October). This tightening of rules, together with a broader European policy of 'selective migration' (already advocated by Sarkozy during his term as minister of the interior in 2006) led to further African frustration over France's policy towards the continent

A case of child trafficking to Europe from Chad met with fierce criticism from the African media and severely damaged the reputation of European humanitarian aid initiatives. The French-based humanitarian organisation '**l'Arche de Zoé**' claimed to be evacuating 103 war orphans from Darfur to foster parents in France. It turned out, however, that not all the children were orphans or from Sudan. Apparently, Chadian children had been disguised as wounded victims of conflict. After being convicted of abducting children in December and sentenced to eight years of forced labour, the French citizens involved were repatriated to France to serve out their prison sentences there (29 December).

Germany's international activities were marked by the country's 'double presidency': As had been the case with the UK in 2005, Germany was simultaneously chair of the G8 and held the EU presidency for the first half of the year. Not least because of this double incumbency, high-level German political engagement with Africa was more pronounced than in previous years.

President Horst Köhler continued his '**Partnership with Africa**' discussion forum, initiated in late 2005, with a second meeting in Accra (Ghana) in January (12–14 January). The meeting brought together 'young leaders' from Germany and Africa, and formed part of an early state visit to celebrate Ghana's 50th anniversary of independence. A third meeting took place in Germany, near Frankfurt, in autumn (2–4 November), to discuss future challenges of globalisation. The presidents of Botswana, Benin, Madagascar, Mozambique and Nigeria also participated in these discussions along with intellectuals, business leaders and policy-makers from Germany and Africa. Soon after this forum, President Köhler visited Mauritania (14–15 November), one of the new 'democratic hopefuls' in Africa. He was accompanied by Germany's minister of cooperation and development, Heidemarie Wieczorek-Zeul.

German Chancellor Angela Merkel visited Africa from 4–7 October on a trip that included the AU headquarters in Addis Ababa, a state visit to South Africa and a stopover in Liberia (4–7 October). As head of the G8, Merkel acknowledged the positive developments that had occurred since the creation of the AU, highlighted Germany's interests in a 'partnership for reforms' with the continent and reconfirmed the G8's commitments to Africa. Germany's predominant interest in **South Africa** was in fostering cooperation in matters of global governance, not least conflict prevention and resolution in Africa. South Africa was one of the regional powers involved in the 'Outreach-5' programme of the G8, along with China, Brazil, India and Mexico. **Liberia** was of interest due to its current reconstruction after the long civil war under the political leadership of Ellen Johnson-Sirleaf, the first elected female African president. During her trip to Africa, Merkel, accompanied by Wieczorek-Zeul, also sought support for the Africa-EU summit in Lisbon in early December. Wieczorek-Zeul had earlier visited the DR Congo and AU headquarters (4–6 May) with a view to preparing for the G8 summit in Heiligendamm (6–8 June). During her visit, she highlighted positive political developments on the continent. Foreign Minister Frank-Walter Steinmeier visited Ghana and Nigeria (1–3 August), particularly stressing German engagement in conflict prevention and resolution during his visit to the Kofi Annan Peacekeeping Training Centre in Accra. Ghana both held the presidency of the AU and had a seat on the UN Security Council in 2007. A particular focus of Steinmeier's speeches was **cultural exchange**: the German Foreign Office had recently increased its funding for foreign cultural policy, for example for student programmes or the Goethe Institute.

In the **UK**, Prime Minister Tony Blair left office after ten years in 10 Downing Street. As a token of his visible engagement with Africa, Blair handed over power to his successor, former Chancellor of the Exchequer Gordon Brown, only after the Heiligendamm G8 summit. Blair visited **Sierra Leone** (30 May), where British troops had been deployed since 2000 and had played a role in the return of the elected government to power. Blair later visited **South Africa** (31 May–1 June), partly for preparatory talks for the Heiligendamm summit and partly to bid farewell to African politics, which had featured high on his foreign policy agenda. Best remembered was Blair's Commission for Africa of 2005, in preparation for the G8 Gleneagles summit, and the summit's pledges to double aid to Africa.

The new UK government (after 27 June) was mostly focused on internal UK business, such as constitutional reform or a possible snap election in autumn (which did not transpire). Brown attended the **Commonwealth's heads of government meeting** in Kampala, Uganda, accompanied by new Foreign and Commonwealth Secretary David Miliband and the junior Minister for Africa Mark Malloch Brown (23–5 November). The meeting focused on education, an issue Brown had already promoted during his term as chancellor of the exchequer. Zimbabwe had withdrawn from the Commonwealth in 2003, so there was no risk that Brown would have to meet Robert Mugabe. Also present in Kampala was the new UK Secretary of State for International Development Douglas Alexander, who afterwards also visited department for international development-sponsored projects in Kenya and Tanzania. Alexander's first visit to Africa was to Sudan, during which he travelled to El Fasher, capital of North Darfur, where he met women and tribal elders as well as representatives of refugees (23 July).

Institutional Development in the Regions – EU and AU

None of the EU reforms since 2001 had directly touched the **Cotonou Partnership Agreement** and its first official review in 2005 brought no fundamental changes either: it continued to be the legal basis for European financial engagement and is to remain in effect until 2020. However, in the past many arrangements involving the EU and African states and organisations had worked around the agreement. Increasingly, the main focus of action lay elsewhere, though this may have been the result of the completion of the planning phase of the 9th European Development Fund. It seemed that the political hotspots were to be found outside the Cotonou framework, be it the joint EU/AU activities in security matters or the negotiations between the EU and regional economic communities on Economic Partnership Agreements (EPAs). Finally, the joint EU-Africa strategy of 2005 – despite explicit reference to the Cotonou Agreement – has further weakened that agreement politically.

The key political event in African-European relations was the **Africa-EU summit** in Lisbon (December). The summit was generally viewed as a success, albeit on rather modest grounds. The first of these was that it took place at all, after years of stand-off between Europe and Africa over the participation of President Robert Mugabe of **Zimbabwe**. Given the changes in international politics, Mugabe did participate, despite European concerns. In the end, UK Prime Minister Gordon Brown was the only head of government to boycott the meeting over Mugabe's participation. The second reason for the perceived success of the summit was the fact that Mugabe's participation did not completely overshadow the event. In fact, there was barely any African defence of Mugabe's positions, which he voiced towards the end of the meeting. Not one of his fellow African heads of state stood up to back him during the meeting. Debates at the summit focused on the refusal by the African side to have its composition dictated by the Europeans, i.e., Mugabe's participation remained a matter of principle rather than the expression of solidarity with his policies. The strongest public statement in defence of Mugabe came from President Wade of Senegal, who stated that Chancellor Merkel's criticism of the situation in Zimbabwe was ill-informed. Surprisingly little media attention was devoted to the participation of President Omar al-Bashir of Sudan, despite the fact that the war in Darfur featured prominently in political itineraries and in the politics of security and in humanitarian missions in Brussels.

Despite the unusually short "Lisbon Declaration", there was more substance to the meeting than appeared at first glance. The declaration is a one-pager, acknowledging change in Africa through the creation of NEPAD and the AU, but also change in Europe with its substantial enlargement beyond the former Iron Curtain. No mention was made of the main bone of contention, the EPAs.

In addition to this statement of goodwill, however, both sides also agreed on a first **action plan** (2008–10) embracing eight areas of partnership and priority action. Issues on the agenda included some familiar topics, including peace and security, democratic governance and human rights as well as trade, regional integration and infrastructure. Other topics were new, such as the explicit reference to the Millennium Development Goals (MDGs) (instead of the usual 'socioeconomic development'). Climate change also became a separate partnership area, as did migration, mobility and employment, not to mention energy. Also new on the agenda was science, information, society and space. These eight points were defined by a common rationale, objectives, expected outcomes and activities. Actors were named for delivery and sources of finance. All in all, the action plan did not, however, provide much focus. In financial matters, only the responsible institutions were identified, but no details on sums were given. Even so, the action plan should not be dismissed simply as a shopping list. Given its diverse focus, it did capture some interesting points. Activities under the eight headings included enhanced political dialogue between AU and EU institutions, something not indicated in previous EU cooperation programmes.

Under the heading of **peace and security**, these intercontinental consultations naturally included the AU Peace and Security Council and the EU Political and Security Committee, as well as support for African peace and security architecture, but they also explicitly targeted dialogue between EU and AU international mediators. **Governance** included support for the Extractive Industries' Transparency Initiative (EITI) and the Forest Law Enforcement Governance and Trade (FLEGT), as well as support to the African Peer Review Mechanism (APRM). With respect to the latter, improved support for the implementation of APRM recommendations in member countries appeared to be the key. In the past, EU states had been somewhat hesitant to provide funding for that purpose as questions remained about the APRM's role in relation to other instruments, for example, PRSPs. Under the heading of governance, African states had put cultural goods on the agenda, arguing for the need to return illegally acquired cultural goods. This issue remained contested and was likely to remain difficult between Europe and Africa, as it has been between European states themselves.

Under **trade and regional integration**, the issue of **EPAs** was explicitly dealt with – notwithstanding the summit's short declaration. The document once again lists all the high aspirations associated with EPAs – supporting regional integration; creating synergies between regional economic communities; including all stakeholders, not least, informal actors, etc. – without all African states having committed themselves to the EPA process. The key element in this chapter was acknowledgement of the need for enhanced convergence with AU Commission policy.

Infrastructure referred to an earlier EU-African partnership on infrastructure, signed on 24 October in Addis Ababa, which, like **energy**, was to draw on the infrastructure trust fund the EU had discussed and decided upon the previous year. This partnership was explicitly to support NEPAD infrastructure initiatives. The chapter on the **MDGs** embraced overall funding for the achievement of MDGs, renewing Europe's commitment to the ODA funding quota of 0.7% of GNI by 2015. Under this heading, the document also listed specific activities on health, education and food security. Here again, more coordination between the EU and the AU was promised. Most of Africa remained largely off-track with regard to achieving the MDGs.

Climate change has become a new area of cooperation between Europe and Africa. Partnership in that field was mostly aimed at supporting African adaptation to changing environmental conditions. Africa contributes the least CO_2 emissions but is likely to suffer most from climate change. Furthermore, the partnership targeted early agreement on positions for multilateral rounds between Europe and Africa, namely the post-Kyoto agreement to be achieved by 2012. Efforts to combat desertification (both land degradation and increasing aridity) were also included.

Migration included follow-up activities from the international conference in Tripoli in late 2006. In this area, however, neither AU nor EU had strong competency, although the EU policy on migration is broadening. Migration remained a source of tension in African-European relations. An Italian NGO – Fortress Europe – estimated that 1,861 migrants had died in the attempt to reach European shores by sea. Although this was only slightly lower than the 2006 figure (2,088), the issue no longer made European headlines. The Africa-EU summit documents did not include a definitive statement on the role of and positions on migration in the relationship between Europe and Africa. While migration was described as a "largely positive phenomenon", the text drew attention to trafficking in human beings and illegal migration. Interpretations of what constituted trafficking varied, however, and fishers from Italy and Tunisia faced allegations of trafficking when rescuing illegal migrants at sea. The EU had earlier decided to make European maritime border controls permanent. The patrols were in response to persistent Spanish demands that the burden of border patrols be shared. The controls were coordinated by the EU border security agency, Frontex, operational since October 2005 and based in Warsaw.

In the eighth partnership area, **science, information society and space**, issues discussed under NEPAD were taken up. Cooperation under the heading of 'space' was explicitly placed in the context of supporting sustainable development and monitoring climate change. Largely because of the demands from Africa, this section was more ambitious than in the previous EU-Africa strategy, which had mostly focused on academic exchanges.

The **new treaty for the reform of the EU** (signed on 13 December) was meant to replace the European constitution that had been rejected in referendums in both France and the Netherlands in the summer of 2005. The new so-called Lisbon treaty is to facilitate decision-making in a number of policy areas by providing alternatives to the strict unanimity rule. It would particularly strengthen EU coordination in external relations. The 'EU foreign minister' in all but name (High Representative for Common Foreign and Security Policy) would become 'double-hatted': he or she would be appointed by the Council and also become vice president of the Commission. It was hoped that these steps would lead to greater coherence between the mostly inter-governmental foreign policy branch and the institutionally more integrated external relations branch. The latter had to date mostly provided aid to partner countries. The inclusion of the Commission's limited external relations portfolio into overall EU foreign policy created fears among some development activists that development policy within the EU would be relegated to a more subordinate position.

With the Lisbon treaty, however, development policy goals have been included in the EU's overall foreign policy goals and have thereby been legally 'upgraded' in the treaty.

The key issue to be resolved in the coming year will be the setting-up of a **European External Action Service**, a sort of European diplomatic service in waiting. In terms of the Lisbon treaty, this new institution would be staffed by both Commission officials and diplomats from member states. It remained unclear what role this new institution would play in and attribute to development policy. As a first step in implementing a joint European External Action Service immediately after the Africa-EU summit, the **EU appointed a representative to the AU** (6 December). What was particularly remarkable was that Koen Vervaeke was appointed to represent the entire EU as both the special representative of the Council and as head of the European Commission's delegation to the AU in Addis Ababa.

Conflict and Security

The EU continued to be engaged in **Sudan** by providing humanitarian assistance in Darfur and by giving financial and logistical support to **AMIS**, the AU mission in Sudan. Negotiations with the government in Khartoum on the delivery of humanitarian aid and on reinforcing the overstretched AMIS troops had been difficult challenges from the start, as Khartoum appeared to obstruct international engagement wherever possible. In April, the Council appointed Torben Brylle as the EU's special representative to Sudan (19 April), He was later charged with laying the groundwork for an EU military mission to Chad and Central African Republic (CAR) with the mandate to protect the mainly Sudanese refugees in the border regions in the two neighbouring countries. AMIS was hampered by an unclear mandate that seriously overstretched its troops in Sudan. The government in Khartoum blocked a UN operation on its territory and only hesitantly agreed to a **hybrid UN-AU military mission in Darfur** (12 June). Critics viewed this agreement by the Bashir regime as a tactical move to delay deployment of troops as much as possible, as there was no precedent for a hybrid mission. Many legal and practical questions remained to be solved before the ambitious plan, which foresaw the deployment of 20,000 soldiers by 2008, could be implemented.

In neighbouring Chad and CAR, the humanitarian and military engagement of France was to be replaced by – some critics said, was turning into – a European endeavour. After the UN Security Council approved the establishment of a UN mission in the countries bordering on Sudan, the EU Council appointed Lieut. Gen. Patrick Nash (of Ireland) as commander of a future **EUFOR mission to Chad and CAR** (15–16 October). This EUFOR mission was created as a bridge for a later UN mission and it was mandated to improve security in Darfur's neighbourhood so as to enhance delivery of humanitarian assistance to the 450,000 Sudanese refugees in both countries. More specifically, EUFOR was to:

(a) help protect civilians in danger, particularly refugees and displaced persons; (b) facilitate delivery of humanitarian aid; and (c) help protect UN personnel, facilities, installations and equipment. The mission, however, was slow to get off the ground. Deployment was originally scheduled in November, but the EUFOR mission had to be postponed and would not be able to commence before early 2008. This was because of the dangers to the mission posed by the instability of the regime in N'Djaména and the fighting in Chad. Additionally, and linked to the internal insecurity, the mission's planning was hampered by lack of equipment and soldiers, not enough of whom were being provided by EU member states. From the start, large EU member states such as the UK and Germany had made it clear they would not contribute to the mission. France announced that it would provide half the troops for the 4,300-strong mission. Other troops were supposed to be provided by Ireland (350), Sweden (200), Austria (160), Poland (150), Romania (120), Belgium (100), Spain (80), Finland (40) and the Netherlands (not specified). Concern was expressed that the EU mission **might be drawn into partisan French policies in Chad** arising from France's support for one party in the civil war. France had long supported the regime of Idriss Déby and has in effect maintained military bases in Chad since the 1980s (as part of its 'Operation Epervier').

In the previous EUFOR mission to **DR Congo** in 2006, the EU had been accused of backing the government in Kinshasa, mostly under French pressure. While EUFOR had indeed managed to guarantee a relatively peaceful vote in mid-2006 and had fulfilled its limited mandate (30 November 2006), opposition leader Jean-Pierre Bemba was forced out of the country by incumbent President Kabila a few months after the EUFOR troops had left (11 April) and while there was still a EUPOL mission in DR Congo (until June). EUPOL had been followed by a European mission to support police reform, **EUPOL DR Congo**, whose initial term was planned for 12 months. EUPOL DR Congo had a staff of 39 EU experts (1 July).

EU Development Cooperation

Over many years, the EU has emphasised the need for complementarity in its development cooperation, which has been a shared responsibility from the very start of the EU. Despite these urgings, coordination was reduced to a minimum or occurred in forums beyond the EU, such as donor-sector coordination roundtables in recipient countries. While this approach was in line with the Paris declaration on aid effectiveness, signed in 2005 by many donors – including most EU states – and developing countries alike, the Union did not play a particularly active role in coordinating aid programmes. In May, the EU signed a **code of conduct on division of labour**. The document was intended to resolve the deadlock in coordination – or what some experienced as 'overkill in coordination' at country level. The code does not define who should be active in which country or which sector for at least two reasons. First, this was not deemed feasible, given the particular interests of some European countries (France, UK, Portugal and others) in African states. Second, it could have been interpreted by observers as a reincarnation of the Berlin Conference of 1884–5. More sensibly, the code lists 11 principles for improving the division of labour among ODA donors in-country, across countries and across sectors.

Among other things, the EU agreed to focus aid. Each member state committed to reducing the number of its partner countries, with a view to reducing the duplication of effort within recipient countries with sometimes small amounts of money and little impact. In addition, within partner countries each EU member state is to focus most of its activities on no more than three sectors. By implementing these commitments – agreed on a voluntary basis – the EU aimed to be engaged in all key sectors in any given country and to reduce the number of 'aid orphans', countries receiving little or no aid despite the obvious need if MDGs were to be met. It was agreed that the European Commission should remain active globally, but should focus its activities in specific countries on no more than two sectors plus possible budget support: this had already been stated in the European consensus on development of November 2005. The **challenges in** implementing this code were plentiful, ranging from geostrategic considerations (colonial history, energy supply) through over-dependency on experience and expertise in selecting particular sectors of cooperation, to political pressure by national populations to become engaged in specific sectors alongside other donors (governance, health). However, the code of conduct was regarded as a feasible step – if not the only one – in a policy area with shared competencies between member states and the Commission and great reluctance by member states to view the Commission as the political centre for development policy.

As a member of the OECD's Development Assistance Committee (DAC), the Commission's development activities have been subject to DAC scrutiny since the Maastricht treaty. The European Commission's development cooperation was once more subjected to **DAC peer review in 2007**. The report, published in July, looked particularly into the policy reform process and changes in aid delivery. DAC concluded that the European Commission has strengthened its policy framework and had moved "towards a more proactive and strategic European vision for development co-operation". In some areas, such as budget support, the Commission had become one of the key drivers of the political debate on implementing the Paris agenda on aid effectiveness. On the negative side, the Commission still had "a reputation for bureaucratic complexity" arising from its institutional set-up, not least the division in policy-making between Directorate-General (DG) Development and DG External Relations, even though implementation has been administratively 'unified' in the hands of EuropeAid (or ECHO in the field of humanitarian assistance). Overall, the DAC review was much more positive than the earlier reviews in 1998 and 2002. For the future, DAC called for the focus to be on the delivery of promises.

Trade and Development

As expected, tensions rose over the finalisation of **Economic Partnership Agreements (EPAs)** towards the end of the year. On 31 December, the WTO waiver for non-reciprocal preference for states of the ACP group expired. The waiver was deemed to be inconsistent with WTO principles, as it in effect discriminated against non-ACP developing countries purely on basis of geography (or rather, post-colonial ties). Negotiations were tough and privately concerns were raised that the stance by DG Trade was negatively impacting the good relationship between Europe and Africa. Thus far, European policy on EPAs has been a failure, as none of the goals could be attained. The declared aim of EPAs was to foster regional integration by concluding regional agreements and by creating mutually binding partnership agreements that included trade in services. The only **regional interim agreements**, apart from the regional agreement with the Caribbean and the Pacific states, were signed with the **East African Community** and **most of the SADC** (with the exception of Angola and South Africa). The latter, in any case, was not to become party to an EPA but has a separate Trade and Development Cooperation Agreement (TDCA) with the EU.

A key problem in the EPA negotiations with most African states was the lack of clarity on how the benefits of an EPA would outweigh the risks of opening markets to a much stronger European competitor: in short, it was largely a matter of incentives. Apparently, most ACP states could not be persuaded about these, not least because the Everything-but-Arms (EBA) initiative counteracted the EPAs' incentives. EBA granted tariff and quota-free access to goods from LDCs from 1 January 2008. Possible incentives beyond EBA lay in a much more favourable deal on rules of origin or more assistance with sanitary and phyto-sanitary (SPS) standards, since the European Commission had declared it would not lower consumer protection standards. Consequently, interim EPAs were signed only by non-LDCs that would otherwise have had to fall back on the less favourable General System of Tariff Preferences (GSP+) and feared a resultant loss of market access to the EU. Those countries that signed interim EPAs were **Ghana and Côte d'Ivoire** in West Africa and **Cameroon, Congo and Gabon** in Central Africa. **Nigeria** ruled out interest in an EPA at this stage: the country is not a LDC and exported predominantly oil.

The discussions on an African-EU strategic partnership were also affected by the fierce struggle over EPAs. As Senegalese President Abdoulaye bluntly stated: "The Lisbon summit acknowledges the will of African states not to sign the EPAs". At first glance, this pronouncement seems surprising, as the need for EPAs (or an alternative never fleshed out) was enshrined in the Cotonou agreement signed by all parties in 2000. Presumably these sentiments can be explained in part by different economic dynamics: Africa had, on average, experienced economic growth of around 5% per annum since 2000, not least owing to soaring world market prices for its raw materials. And an **increasingly active and self-assertive China** had become a new factor in world politics and trade. Other non-OECD countries, such as India, have also geared up their investments in Africa. China, however, often appeared the most attractive of the new players. Not only could China offer pariah regimes international protection through its veto power in the UN Security Council (even though it was learning to deploy this power more selectively, by, for instance, not vetoing the hybrid mission in Sudan or by stopping visits by high-ranking officials to Zimbabwe), but also Chinese investments were going into long-ignored high-risk countries, as there was often state backing for such investments (DR Congo, for instance, being classified as the worst business environment in an international ranking). Not least, the high level of state involvement in the Chinese economy made barter trade possible, such as infrastructure projects against oil delivery.

In the view of many Africans, Europe regarded Africa as a region of war and crisis and did not really deliver on its promises, while China focused more on opportunities and 'mutual benefits' and was a quick mover. This is obviously a simplification, as it ignored growing dissatisfaction with the conduct of Chinese businesses, for example, in Zambia or the mounting pressure on the Chinese government to revise its policy on Sudan. The EU, not least the European Commission, recognised the opportunities and risks for Africa's development arising from Chinese activities. The EU had repeatedly expressed interest in trilateral **EU-China-Africa** cooperation. As a start, the continent featured on the agenda of the EU-China meeting in Beijing on 28 November.

Sven Grimm

IV. West Africa

With Ghana marking its 50th anniversary of independence, the sub-region gave off mixed signals of political maturity. Nigeria held elections disfigured by violence, intimidation and rigging. The belligerents in Côte d'Ivoire's civil war signed a peace accord giving rise to cautious optimism that the sub-region's other dominant power would finally enter a post-conflict phase, even if crucial problems as disarmament, voter registration and the organisation of presidential elections were still to be resolved. Niger confronted a new rebellion by Tuaregs that had ramifications for neighbouring countries, notably Mali. Most of West Africa's southwestern forest zone continued to be relatively quiet. Sierra Leone organised successful presidential polls leading to the peaceful victory of the opposition contender. Social unrest in Guinea, however, exploded, leading to a violent response by security forces, which killed numerous civilians, and forcing

President Conté to make concessions. Political instability also wrecked neighbouring Guinea-Bissau, which emerged as the sub-region's hub in the cocaine trade. While drug trafficking increased significantly across the sub-region, US military involvement received a boost with the formation of a new Africa Command. Though growth figures continued to impress, people everywhere suffered under the rising cost of living. Real GDP growth was forecast at 5.9%.

Politics and Elections

More than half the sub-region's countries faced electoral contests, which led to a genuine surprise in only one of them – Sierra Leone. Most attention was focused on the chaotic series of polls conducted in **Nigeria**, starting with elections for state assemblies and governors and culminating in the voting for the National Assembly and the country's president (14 and 21 April). Although incumbent President Obasanjo was constitutionally barred from standing for a third term, manoeuvres against his vice president, who ran on another party ticket, were seen as benefiting Obasanjo's presumptive successor and the presidential contender for the ruling People's Democratic Party (PDP), the northerner Umaru Yar'Adua. The elections were plagued by logistical difficulties, not least the updating of the electoral register. Though Yar'Adua won by a comfortable margin, numerous aspects of the polls made this a Pyrrhic victory, certainly for the Nigerian political system. Independent observers disputed the electoral commission's turnout figure, estimating it at a low 20% rather than 55%. Those from Western countries were scathing about the handling of the polls and the widespread intimidation of voters, seizure of ballot boxes, violence and organised rigging, concluding that the presidential elections lacked all credibility. Commonwealth monitors were less critical and the 150–200 person ECOWAS observer team managed to conclude that, compared to the state and gubernatorial elections, those for the president and National Assembly passed off in a "relatively more secure environment". Admittedly, Yar'Adua's victory represented the first time in the country's history that an elected government had taken over from a previously elected one, but even ECOWAS deplored the "serious logistical problems and sporadic violence and thuggery" that, according to an ECOWAS press release, marred the state assembly and governors' elections. It also listed numerous shortcomings in the general logistics and called for "major electoral reforms", including ensuring the independence of the electoral commission. Although Western powers decided to work with him, Yar'Adua could do little more than publicly acknowledge the shortcomings of the electoral process, promising that in future it would be up to international standards and establishing an electoral reform committee for this purpose. Typically for Nigeria, courts and election petition tribunals subsequently busied themselves with petitions for annulments and related legal battles. Nevertheless, Yar'Adua's PDP, in power since the return to civilian rule in 1999, consolidated its grip. Nigeria's geopolitical zones all gained a degree of representation in the political system, securing a balance of power in the federation. Both old and new figures gained entry into the new cabinet, but the security apparatus was subjected to a shake-up.

Similarly, **Senegal** held a series of three elections that reinforced the position of the parties backing incumbent President Wade, who defeated his rivals in the first round of the presidential polls by a large margin. No irregularities on the scale of Nigeria's occurred and turnout for the presidential elections was a high 70%, though it plummeted to an all-time low for the parliamentary ones that followed later. **Malian politics** were also dominated by presidential and parliamentary elections. President Touré secured a second term, winning a landslide in the first round against contenders who, for the first time, included a woman. Turnout, however, was low and the playing field was tilted to the advantage of the incumbent. In **Sierra Leone**, opposition candidate Ernest Koroma defeated Vice President Berewa, contender for the ruling party, in a run-off on 8 September. Dissatisfaction over the government's inability to fight corruption and boost employment played an important role, as did the rallying of another opposition contender to Koroma's side. The outcome of the legislative elections reflected the same balance of forces as before. Some incidents took place but observers deemed the polls credible. More importantly, it was the first time that a president whose party had been defeated peacefully handed over to the winning candidate from another party. Finally, **Mauritania** held presidential and (indirect) senatorial elections to clinch the return to civilian rule after the coup d'état in 2005. As the head of the junta had declared that he and his men would not stand, the playing field was open, forcing a run-off between the two leading contenders. The ultimate victor was Sidi Ould Cheikh Abdallahi by a margin of 53% to 47%. Turnout figures were high, 70% and 68%, and foreign observers deemed the contest free, fair and transparent.

Several countries held elections for their National Assemblies, the most important of which took place in **Togo**. The election on 14 October was possibly the fairest and most peaceful electoral contest in the country's history and opened the way for the resumption of donor aid after more than a decade of interruption because of dictatorial government and widespread human rights violations. The electoral code was amended to introduce an independent electoral commission, thereby sidelining the partisan interior ministry, and voter registration passed off peacefully. The result was considerably reduced electoral lists, which had been inflated in the course of the rigged 2005 presidential contest. With soldiers in barracks and a special police force, trained with outside help, deployed across the country, campaigning and voting took place with only minor incident, certainly insufficient to affect the result. Despite a massive turnout of 85%, the ruling party managed to win an absolute majority – essentially because of the geographical bias in the electoral system discriminating against the densely populated southern constituencies, the opposition strongholds. Although the opposition parties accepted the result, they were excluded from the new cabinet, thus postponing the crucial test for the transition process to the presidential elections of 2010.

Parliamentary elections also took place in Benin, Burkina and Gambia. In the last two cases, they fully consolidated the position of the incumbent president. Gambia's ruling party crushed the opposition parties, which failed to unite, while in Burkina President Compaoré's ruling party secured a comfortable margin in the assembly but fell short of a two-thirds majority. As in Gambia, the opposition forces were splintered. Rather than fraud, it was the organisation of the constituency system, which discouraged nationwide opposition parties, that contributed to the government party's victory.

As an outgrowth of the Ouagadougou Peace Accord in **Côte d'Ivoire**, the leader of the rebel 'Forces Nouvelles' was appointed prime minister in a new transition government. A task force and mobile courts were established to conduct the identification of voters – one of the most contentious issues in the civil war and one that had held back the organisation of presidential elections, given the large number of disenfranchised immigrants. While under the peace agreement this identification process was to have been completed by August, the electoral commission did not expect elections before October 2008. In **Cape Verde**, the National Assembly adopted a new electoral code providing the electoral commission with more autonomy and calling for a new electoral census, which, however, had not been conducted by year's end due to disagreements among the political parties that delayed the exercise and pushed back the calendar for the municipal elections scheduled for 2008. **Ghana** and **Niger** saw political manoeuvring ahead of electoral contests in 2008–09. This led in the former case to a fierce battle to succeed outgoing President Kufuor as the candidate of the ruling party, while in the latter it complicated the development of an effective political response to the Tuareg rebellion.

Human Rights and the Rule of Law

West Africa's human rights record proved to be a mixed bag: there were **court cases** against war criminals, anti-corruption campaigns, media harassment and a few more serious cases of civil liberty violations. The special court for Sierra Leone handed down its first verdicts against members of the forces that had fought in the civil war. Three army commanders were sentenced to long prison terms for crimes against humanity and for war crimes, while two members of the militias established to fight the rebel Revolutionary United Front (RUF) received shorter sentences. On 4 June, the court began the trial of former Liberian President Taylor, the case taking place for security reasons at the International Criminal Court in The Hague. Taylor had been indicted for supporting the RUF's bloody campaign and flown to the Netherlands after his extradition by Nigeria in 2006. The trial was immediately adjourned for procedural reasons and had not restarted at year's end. Senegal, home to exiled former Chadian President Habré, adopted a law permitting prosecution of crimes against humanity, even those committed outside the national territory, in order to allow Habré's prosecution as mandated by the AU. In Mali, President Touré planned the abolition of the death penalty but was forced to postpone the bill in response to public pressure.

In Guinea, security forces went on the rampage after the president declared a state of siege, leading to the raping and robbing of civilians. In the course of massive social protests, many **civilians** were **killed**, often shot by security forces at close range. The UN special rapporteur on **torture** concluded that torture and maltreatment were part and parcel of police practices in Nigeria. Kano state government admitted to extrajudicial executions the previous year. In Mauritania, five of 14 suspected members of the 'Groupe Salafiste pour la Prédication et le Combat' were sentenced on lesser charges, while the remainder were acquitted. It was alleged that confessions had been extracted under torture. Finally, in Niger Human Rights Watch and AI reported on widespread rape and extrajudicial killings, as well as the torture and execution of civilians caught up in an engagement between Tuareg rebels and the military on 9 December.

As in previous years, **media harassment** continued, although it further decreased in Nigeria. The worst offenders were Niger, Gambia and Senegal. In Niger, harassment took place in the context of the Tuareg rebellion and developed into a total clampdown, resulting in the detention of several journalists, foreign and national. One allegedly received a death threat from the army chief of staff. Numerous journalists in Gambia were the object of harassment, notably through court action. A US-based Gambian journalist was detained by her country's intelligence agency on the charge of offending the president, while the government twice failed to appear before the ECOWAS Community Court of Justice, where a complaint was lodged by the Media Foundation for West Africa on behalf of disappeared journalists. In Senegal's heated electoral climate, several journalists were arrested on charges of offending the president or endangering security, while others were threatened by government officials. Similarly, in Mali journalists were arrested for reporting on a secondary school assignment involving an essay about a president and his mistress. Lesser incidents took place in Mauritania and Guinea-Bissau, where the director of state television was dismissed for failing to report on a presidential speech.

Child trafficking and labour attracted considerable attention in Ghana, where another problem – domestic violence – led to the adoption of a bill by parliament. However, the debate on decriminalising homosexuality continued when the government declined to take action. Cases of rape gained publicity in Liberia where a British charity reported that 40% of Liberians had suffered sexual abuse during the civil war, including children. Women in Sierra Leone marched through the capital protesting against violence against their sex. Later in the year, parliament enacted new laws expanding women's rights to cover protection against domestic violence, forced marriage and the inheritance of property. This contrasted with Liberia, where problems surrounding land reform continued, despite the establishment of a government commission to fill the vacuum left by the courts, which were still in a state of disarray. Finally, a new labour code was enacted in Cape Verde that improved conditions for workers.

In many countries, **anti-corruption campaigns**, sometimes forming part of political manoeuvres, continued. In Benin, where an important report was published on corruption in the public sector, the president took part in a 'Green March' against bad governance. Even in better-off Cape Verde, an audit uncovered various irregularities in public spending, though not on the scale of plundered Liberia, where several major political figures were charged with embezzlement. An accusation, however, by the auditor general that the country was far more corrupt than in the past appeared over-hasty. The government made progress in developing donor-initiated financial control mechanisms. Similarly, in Nigeria a former state governor was sentenced for money laundering while several others, including senators, were arrested and charged after a series of investigations codenamed Operation Hawk. Corruption in Côte d'Ivoire's cocoa sector, an important source of funds in the civil war, remained out of control and was the subject of a report by Global Witness. Perhaps not coincidentally, the national audit office in Guinea-Bissau, a country which this year earned notoriety as the sub-region's narco-state, began inquiries into self-enrichment practices. Corruption remained one of the principal concerns in Sierra Leone as well, while the fight against self-enrichment suffered a blow in Ghana when a court ruled that an investigative body had overstepped its powers.

Conflict, Instability and Violence

As in previous years, **Nigeria** was West Africa's most violent country by far, although this circumstance had few repercussions for the sub-region. Different forms of violence, with political, religious, sectarian or criminal motivations, rocked almost all parts of Nigerian society. Intimidation and violence against voters were widespread in the general elections. The north stood out for the violent actions by Islamist militants as well as sectarian clashes between Sunni Muslims and sympathisers with the Iranian revolution. In total, dozens of people were killed there and hundreds displaced. The Niger delta, however, continued to be the country's most volatile region, marked by shoot-outs between militias and military personnel, robbery and kidnapping for ransom. Nigerians as well as expatriates (mostly working in the oil business) fell victim to this. Several dozens of people died. Almost 100 policemen were killed in Nigeria in the course of duty, excluding those who fell in the Niger delta and during the elections. As a graphic indication of the violent nature of Nigerian society, contract killings targeting politicians and businessmen increased.

The **Ivorian civil war**, with relatively few casualties but with significant repercussions for the sub-region, appeared to be winding down further. The Ouagadougou Peace Accord of 4 March, brokered by Burkina's President Compaoré, provided for a unified army command and a power-sharing agreement between President Gbagbo's party and the rebel 'Forces Nouvelles', whose leader Guillaume Soro was appointed transitional prime minister. The UN- and French-patrolled buffer zone separating the northern rebels and the government's forces in the south was abolished, but doubts about the disarmament of both sides persisted. With the civilian opposition parties in disarray, rumblings of discord were heard in both the rebel and government camps. An attempted assassination of rebel leader, now Prime Minister Soro, was followed at year's end by fighting between different rebel forces, raising doubts about the future and stability of the peace accord.

Another conflict, similarly characterised by a low level of violence, was the **new Tuareg rebellion** in Niger. With the government refusing to negotiate but unable to neutralise the rebels, several dozen people were killed, government soldiers taken hostage and thousands of civilians displaced. The rebel force had some, albeit unclear, links with Tuareg fighters confronting the government in Mali, where a truce established in 2006 broke down. Several people were killed there and dozens of soldiers taken hostage, while a US military plane bringing in food supplies was hit by gunfire. There were no signs of ties with Islamist groups in the Sahara or North Africa. Allegations of Libyan involvement on the side of the Nigérien rebels were not substantiated.

Politics in **Guinea** were exceptionally violent. Security forces clamped down on social protest and on 22 January killed over 180 people marching to the presidential palace. President Conté was shaken, and he was forced to make concessions. Besides appointing a new prime minister who had the confidence of the population, the military hierarchy was reshuffled after a mutiny over back pay. The government also promised a commission of inquiry into the January massacre, but by year's end this had not materialised and Conté was back at his old game of weakening the cabinet by sacking a widely respected minister. In neighbouring **Guinea-Bissau**, the political year opened with an assassination that added to the country's instability. Unidentified gunmen killed the former head of the country's navy, who in 1998 had supported the overthrow of President Vieira. Rumours circulated about the involvement of Vieira, back in office since 2005, and when former Prime Minister Gomes, leader of the largest political party, publicly added his voice to the gossip, the government issued an arrest warrant for libel. Gomes fled to the local UN building and the international contact group on Guinea-Bissau mediated a truce, though by December the libel case appeared to be still alive.

In the only episode of its kind in the sub-region, the convoy of President Yayi Boni in **Benin** came under attack by gunmen on 15 March, with the head of state escaping unhurt. Although he intimated political motives, nothing further could be established. **Burkina** was rocked by social unrest and strike action in various sectors.

Socioeconomic Developments

Growth continued to be high, although in most countries it remained significantly below the 7% required to reduce poverty. Real GDP **growth** in 2007, according to the IMF's April 2008 regional economic outlook, varied from an exceptional 9.4% for Liberia (other estimates, although lower, were still a respectable 7.9%) and high rates for Cape Verde (6.9%), Ghana and Nigeria (both 6.4%), to a dismal 2.1% for Togo, 1.6% for Côte d'Ivoire and 1.5% for Guinea. Such figures, however, said little about the **distribution of wealth**. Thus, a GDP growth rate of 6.5% in Sierra Leone did not alter the fact that two-thirds of the population was un- or underemployed. On UNDP's Human Development Index for 2007–08, oil-rich Nigeria occupied the 158th position on a list of 177 countries. Rocketing oil prices, however, enabled its government to accumulate foreign reserves to the value of $ 50 bn, despite the upheavals in the Niger delta. It could settle its debts with the London Club of creditors. In contrast, a report by Ghana's statistical service indicated that the overall incidence of poverty had fallen from 51% in 1991 to 28% to 2005 – a significant reduction.

Throughout the sub-region, however, people were confronted with the rising **cost of living** as a result of the steep increase in petrol prices. People in Guinea were again confronted with a deterioration in living standards. Average salaried Guineans – a minority of people but supporting a large group of extended kin – saw their purchasing power reduced by three-quarters during the three preceding years. Towns in Mauritania were hit by violent protests as food prices climbed to record heights. Imported wheat rose in cost by 75%. Protests also took place in the Senegalese capital Dakar, where people suffered particularly as a result of the rise in rice prices. The removal of street vendors to improve traffic circulation led to violent riots that were in part fed by dissatisfaction over deteriorating conditions. As the exception in the sub-region, Cape Verde expected its transition from least-developed country (LDC) to a medium-developed country (MDC) to be completed by year's end.

Several countries were hit by torrential rains and **flooding**. In Burkina, some 40,000 people were left homeless; in Mauritania two-thirds of the dwellings in the southeastern Tintane region were destroyed; and in Niger a dozen people were killed. The floods threatened cereal production in several areas in Mali, where cereal and rice production had risen substantially over the 2006–07 season, though projections for the 2007–08 season were modest. Despite the floods, the **harvest** in Burkina was satisfactory overall, as in Niger where, however, isolated pockets of food shortage remained – a problem shared by most countries in the Sahelian zone. An official of the 'Club du Sahel' reported that redistribution of regional cereal production remained one of the main problems of food provisioning.

Oil exploration and production were on the whole disappointing. No news could be reported from Niger, where several companies were active, while production of oil and gas in Nigeria fell as a result of the chronic insecurity in the Niger delta. Despite the announcement of a significant offshore oil discovery in Ghana (estimated by the president at three billion barrels), Mauritania's much publicised Chinguetti field disappointed, with production not exceeding a daily 18,000 barrels instead of the estimated 75,000. A British company considered ending its operations and also reported that finds in Guinea-Bissau remained below recoverable standards.

In contrast, gold production and exploration continued unabated, benefiting state coffers in Ghana, Niger and Burkina, where a new mine went into operation. The exploration of uranium expanded in Niger, where numerous new licences were given out and the French Areva company lost its decades-long monopoly. In Guinea, too, a find of uranium was announced, though it was especially bauxite and iron ore that continued to attract foreign investors, despite the country's instability. Mauritania announced an export deal with China for iron ore. Iron ore **mining** was the subject of an important review of contracts in Liberia (among others with Arcelor Mittal) signed by previous corrupt administrations. In Sierra Leone, the incoming president announced that contracts for mining rutile and bauxite would also be renegotiated, with higher taxes. Also in Liberia, the government repossessed some of the rubber plantations occupied by ex-combatants. Liberia was admitted to the Kimberley Process certification scheme to combat the marketing of so-called blood diamonds, thereby clearing the way for the government to lift its self-imposed ban on mining. The UN Security Council lifted its embargo on exports. However, since the mining is alluvial, smuggling continued, as was the case in neighbouring Sierra Leone. Finally, Togo's major export earner, phosphate, benefited from soaring global demand, with the retail price doubling by year's end. During the previous decade, production had plummeted as a result of poor terms of trade and poor management.

Developments in the **fisheries sector** were unsettling. With governments having oversold fishing rights to foreign trawlers from the EU, Russia and China, stocks declined further. Several species had already disappeared from Senegalese and Mauritanian waters, and according to some this situation has encouraged the illegal migration of youngsters to Europe. While the EU pointed to the responsibility of West African governments, and NGOs and African fishermen blamed the EU, Guinea-Bissau entered a new fisheries treaty with the EU for 2007–11. The country lacked the resources to patrol its waters and protect stocks against unlicensed fleets from East Asia, among other places. The EU nevertheless announced help in replacing the wooden 'pirogues' (canoes) in Senegal, accounting for 80% of the nation's yearly catch, with glass fibre ones. Although income per canoe in Sierra Leone was halved, its government entered into new agreements with Russian, Chinese and Egyptian trawlers, even though it lacked the resources to patrol their activities or prevent illegal fishing.

Cotton production continued to suffer as a result of US subsidies to American farmers, which, although declared illegal by the WTO, decreased by only 10%. The president of Benin wrote to the US Congress on the subject. USAID provided little solace by signing a $ 27 m deal to help improve production, quality and marketing in Benin, Burkina and Mali. Faced with losses, many farmers reduced production and switched to other crops. Production in Burkina, accounting for about 60% of national exports in 2001–05, dropped substantially, as it did in Mali and the rebel-controlled areas of Côte d'Ivoire. In Benin, however, government-paid prices went up, boosting the yield in a sector that touches the lives of 40% of the population. Togolese production also increased because of higher state payments. The **cocoa** sector continued to struggle in a volatile market, affecting the lives of farmers in Côte d'Ivoire, who were already suffering under excessive taxation, Ghana and Nigeria.

There were outbreaks of avian flu of the deadly H5N1 variety in Togo and Benin. HIV/AIDS increased in Ghana, with the highest rate of infection in the east and the lowest in the north, but with an overall rise from 2.7% to 3.2%. The spread of AIDS continued in Nigeria, affecting four million people, in addition to an increase in tuberculosis. Half a million people infected with HIV/AIDS lived in the Lagos area, of whom 100,000 were children. Benin distributed 1.4 million nets to prevent malaria among pregnant women and children under five. The government in Mali also began a major campaign to distribute nets, with the ultimate goal of reaching 80% of pregnant women and children under five, in addition to vaccination campaigns against measles and polio. There were isolated cases of polio in Niger, due to its proximity with Nigeria, where, despite an 80% decrease in new cases, the government had to confront an outbreak of a rare vaccine-derived form of the **disease** that struck 69 children in the north. This only fuelled the deep-seated suspicion of immunisation, motivated by religious considerations but also arising from a flawed anti-meningitis drug trial that had resulted in the deaths of several children in 2001 and was still the subject of lawsuits against pharmaceutical company Pfizer.

Illegal migration to Europe was subject of discussions in ECOWAS at a meeting on 14 June. It was estimated that the sub-region harboured 7.5 million migrants from other countries. The meeting pleaded for freer intra-regional movement as one measure to counter the illegal and dangerous voyage to Europe. In July, another meeting was held in Senegal to raise awareness of the dangers involved. A common approach to migration, an issue dear to President Touré of Mali, was pursued at the ECOWAS-EU meeting in Ouagadougou in mid-October. An EU delegation had visited Senegal shortly before. France signed bilateral accords with Benin in this area, selling Sarkozy's new policy on immigration as a measure against West Africa's brain-drain. Spain opened an embassy in Guinea-Bissau and provided extra aid to stem the flow of jobseekers, while also entering into discussions with Mauritania and signing an agreement with Senegal regulating limited migration.

Latin American cocaine dealers boosted their presence, using various ports in the sub-region as entrepôts on the route to Europe, in particular the Ghanaian ports of Tema and Takoradi. They also favoured the coast of Guinea-Bissau, which was ideal for smuggling because of its numerous islands. There was concern about the stability of Guinea-Bissau, where corrupt members of the military and government continued to develop ties with the Colombian **drug** barons who had established themselves in the country. Guinea-Bissau's only prison had been destroyed in the civil war earlier in the decade, weakening the authorities' law enforcement abilities and contributing to the total impunity enjoyed by drugs dealers. The UN studied ways to raise funds for the reform of the security sector. More generally, representatives of ECOWAS member states' inter-ministerial drugs committees met in Ouagadougou on 3–5 September to discuss money laundering, other drugs-related issues and a report of the West African Joint Operations (WAJO), an initiative in police cooperation with a secretariat based in Lagos. Cocaine seizures increased significantly across the sub-region and more than half of all seizures on the continent were now made in West Africa. Army officers in Guinea and Gambia, a major entrepôt on the route to Britain, were reported to be involved in the trade, while seizures were made in numerous countries, including Mauritania, Senegal, Burkina, Nigeria and Cape Verde. The Sahel zone continued to be vulnerable to the trafficking of hashish, as a cannabis seizure in Niger demonstrated. The use of cocaine and crack cocaine in the sub-region itself went up, including in Sierra Leone, Cape Verde, Guinea and Senegal. Heroin use also increased, a development with potential repercussions for the spread of HIV/AIDS.

Sub-regional Organisations: Cooperation and Conflict

The **institutional reform** of **ECOWAS** led to the remodelling of the secretariat into a 'Commission' headed by its old executive secretary, now called 'president', the Ghanaian Mohamed Ibn Chambas. The Commission is composed of the president, a vice president and seven commissioners, who started work in February. The vice president was provided by Burkina. The commissioner for administration and finance came from Nigeria and for trade, customs, industry and free movement of persons from Sierra Leone. Niger provided the commissioner for agriculture, environment and water resources; Togo the commissioner for infrastructure; Côte d'Ivoire macroeconomic policy; Mali political affairs and security issues; and Senegal human development and gender. Inspired by the model of the AU, the restructuring exercise was presented as a reinforcement of the Community spirit and an effort to boost the integration process.

In addition, the regional judicial council, made up of national chief justices and set up in 2006 to contribute to the functioning of the Community Court of Justice, adopted its rules of procedure. The ECOWAS technical committee of experts on political affairs, peace and security, comprising directors of political affairs in the foreign ministries of the member states, met on 4 September and called on the Commission to prepare amendments of ECOWAS instruments in the field of **peace and security**. The committee, established as an advisory body of the ECOWAS mediation and security council, also appealed to member states to ratify the ECOWAS convention on small arms and light weapons. The ratification campaign got a boost from Burkina Faso, Togo and Mali, the presidents of whose National Assemblies and cabinet ministers declared their support for quick ratification. Niger became the first member state to ratify. A UNDP-backed forum encompassing West African civil society organisations added its voice to the campaign.

Tangible contributions to conflict **mediation** were limited and emanated from member states acting in the name of ECOWAS. The most concrete achievement came from Burkina's President Compaoré, who hammered out the Ouagadougou Peace Accord on Côte d'Ivoire. ECOWAS expressed concern about the killings in Guinea and Compaoré engaged in consultations that led to the dispatch of a one-day fact-finding mission headed by former Nigerian President Babangida on 17 February. He was accompanied by Commission president Chambas, who condemned renewed killings later in February and called on the government to implement the agreement it had reached earlier with trade unions. ECOWAS participated in a confidence-building mission of the international contact group on Guinea-Bissau at the end of March to discuss the country's chronic instability. **Election monitoring** teams were sent to several countries, including Nigeria, Senegal, Mali, Sierra Leone and Togo. In this regard, the Community acted under the provisions of the protocol on democracy and good governance, a supplement to the mechanism on conflict prevention, management, resolution, peacekeeping and security, which mandated the organisation to dispatch fact-finding missions to evaluate preparations for elections in member states. Apart from the rather optimistic judgment it gave on the Nigerian elections, ECOWAS assessed the polls in Senegal as free and fair and also lauded the organisation of the parliamentary elections in Gambia.

On 19 January, the ECOWAS heads of state and government held a **summit** in Ouagadougou, originally scheduled for 22 December 2006 but delayed on account of a mutiny by soldiers in Burkina. At the summit, President Compaoré took over the presidency of the heads of state authority from President Tandja of Niger. Like Tandja, he was also elected acting chairman of UEMOA. Illegal migration to Europe was one of the topics discussed at the ECOWAS summit as well as various security issues. A second summit was held in Nigeria's capital Abuja on 15 June.

Chiefs of **defence** staff met in Abuja on 10–12 April as members of the committee of experts on peace, formerly known as the Defence and Security Commission. It discussed a report on the implementation of the ECOWAS Standby Force (ESF) to be made up of a task force of 1,500 and a brigade of 5,000. Nigeria had earmarked land for the headquarters of its core task force. There was concern about difficulties surrounding the peace support operations logistics depot at the Hastings airstrip in Sierra Leone, handed over to ECOWAS in 2006. Training programmes were discussed, and in July officers of the ESF completed a course in Bamako given by officers from Mali, Senegal and Niger. The chiefs of defence staff met again in Liberia early in November to further discuss ESF issues. Liberia welcomed the American decision to form a separate Africa Command (AFRICOM) and offered to host the new structure. Members of the US military visited Nigeria to counter West African criticism of the establishment of AFRICOM. By year's end, no decision had been taken on AFRICOM's land headquarters, but the US navy planned to send ships to the Gulf of Guinea as part of a global fleet station, called Africa Partnership Station, in the context of oil security, anti-terrorism and drugs surveillance.

In its relationship with the **EU**, the sub-region failed to agree on a common EPA, and both Côte d'Ivoire and Ghana reached individual interim agreements with the EU on 13 December, while Nigeria applied for another status. Thirteen LDCs, including Mali, fell back on yet another type of agreement, thus giving rise to three different accords, thereby complicating, among other matters, UEMOA's internal customs union. At year's end, preparations were being made for further negotiations among all the countries of the sub-region to try to come up with a common position at a later date. West African manufacturing interests in October expressed concern about the survival of their industries.

Progress in West Africa-wide economic **integration** remained limited or non-existent. The ECOWAS summit in Ougadougou urged members to redouble their efforts to comply with the criteria for macroeconomic convergence. With the objective of approaching a single West African currency through a two-track strategy, the convergence council of the West African monetary zone, consisting of the non-CFAfr countries Ghana, Guinea, Gambia, Sierra Leone and Nigeria, gave approval to the reciprocal convertibility of their national currencies as a step towards the introduction in 2009 of a common currency, the 'ECO' alongside the CFA franc. However, the ECOWAS summit in Abuja questioned the feasibility of the two-track approach and on 9 October ECOWAS finance ministers and central bank governors agreed to commission a study of the most feasible option for introducing a single West African currency. The inability of member states to achieve macroeconomic stability and boost intra-regional trade has so far hampered the realisation of this objective.

Klaas van Walraven

Benin

President Yayi Boni was able to continue his policy aimed at structural economic reform, economic growth and the elimination of corruption after his political movement won the legislative elections. These had to be postponed once due to organisational problems in the electoral commission. Benin strengthened its economic structure and its economic performance improved slightly. However, some difficulties were encountered in the restructuring and privatisation of the telecom and cotton sectors. In his urgent search for economic partnerships and development funds, Yayi Boni also actively continued with his outward-looking foreign policy by increasing the number of presidential visits abroad and by receiving foreign ministers and heads of state at home.

Domestic Politics

On 9 March, 15 days before the polls, the campaigns for the **legislative elections** began. These elections followed on from the presidential polls of 2006, which were won by the independent candidate and relative outsider, Yayi Boni. The challenge for Boni was to consolidate his power base by taking control of parliament, which was dominated by an eight-party coalition linked to former President Mathieu Kérékou. The sitting legislature had been obstructing Yayi's administration because he excluded leaders from the main political parties from his cabinet. Some four million Beninese were eligible to vote for 83 seats in the one-chamber National Assembly. In the run-up to the elections, many of the alliances that had arisen during the presidential elections of 2006 were reshuffled. Twenty-six political parties and groups participated, among them 20 parties grouped together to form the ‘Forces Cauris pour un Bénin Émergent’ (FCBE), which backed Yayi Boni. The FCBE candidates were up against both the ‘Parti du Renouveau Démocratique’ (PRD), loyal to Adrien Houngbedji and loser in the last elections, and the grouping known as ‘Alliance pour une Dynamique Démocratique’ (ADD).

On 15 March, the **presidential convoy** was **attacked** by at least five gunmen some 50 kilometres south of Parakou. The attack left four security guards wounded, but the president escaped unscathed. Some days later, after six men were arrested in connection with the attack, Yayi stated there were indications this was not just an attempted robbery but that the shots had been targeted at his person as the president.

Tensions built up during the election campaign when Antonin Akpinkoun, chairman of the ‘Commision Électorale Nationale Autonome’ (CENA), was dismissed on 20 March, five days before polling day. Two **major disputes** threatened the preparations for the elections. The first concerned the per diems for local election officials. Some of them refused to hand over voter registration lists to the electoral commission until they had received their daily expenses of CFAfr 500. A spokesman for CENA stated that if the commission did not receive the lists by 22 March, the election would have to be postponed, as ballot papers still had to be printed and distributed throughout the country. The second controversy was over the printing of these ballot papers. Commission members accused Apkinkoun of overruling and of not following procedure by delegating the printing of the ballot papers to another firm, which was, some members of the election commission alleged, close to Yayi’s government. On 22 March, however, after hearing his appeal, the constitutional court reinstated Apkinkoun to his former position: “The votes of defiance and dismissal by the CENA are null and void”, the constitutional court ruled. Later that day, CENA commissioners once again sacked Apkinkoun as their president, fuelling widespread speculation that the elections would be postponed. “We have conformed to the texts which govern the CENA and we believe we have acted responsibly in dismissing the president”, a commission spokesman said. Just one day before the polls were scheduled, the constitutional court announced the postponement of the elections to 31 March. “The ballot papers were not ready, the equipment has not been transported and the poll workers have still not been trained”, a judge commented.

On 7 April, the constitutional court announced the results of the legislative elections. With voter turnout of about 59%, the pro-Yayi FCBE won 35 out of the 83 seats in the National Assembly. “The problems identified in the organisation of the election did not spoil the smooth casting of ballots and did not compromise the impartiality, reliability and transparency of the vote”, said Conceptia Ouinsou, president of the constitutional court. The result was seen as a political **gauge of the extent of the support** for Yayi Boni, who had made economic growth and the fight against corruption the major features of his campaign.

President Boni presented his **new government** on 18 June. Eight ministers out of the 26-member cabinet were carried over from the previous administration. The new cabinet was characterised as a team of technocrats, with only three ministers having clear links to political parties or groups. Yayi presented his reshuffled cabinet on 6 November One major change was that the budget minister, Albert Hougbo, left the team because the budget and economics department was merged with the ministry of finance. Furthermore, the ministry of primary education, literacy and national languages was divided into two departments, with Roger Gbégnonvi, a member of Transparency International Benin, heading the new department of literacy and national languages. According to a statement by the presidency, the new cabinet would aim to improve efficiency and ensure synergies with the executive. Its composition also underscored Yayi Boni's long-term objective of rooting out corruption in government and ensuring that government and political institutions worked smoothly.

On 7 July, Yayi Boni once more displayed his commitment to fighting **corruption** by participating in a public demonstration, dubbed the 'Green March'. Thousands of supporters marched through Cotonou, the seat of government. "The green march symbolises our fight against bad governance and corruption which are impoverishing our country", Yayi told his supporters. In November, in another move against corruption, Yayi asked for the lifting of the immunity from prosecution of two MPs from the ruling FCBE. The two had allegedly embezzled large sums of money in previous years while working on the management team of the public electricity company. In June, the government published an important report on corruption and governance with technical and financial support from the World Bank and AfDB. Corruption in the public sector was rated the fourth most serious problem encountered by households. On the Transparency International Index, Benin occupied the 118th place (against 121st in 2006).

In November, the government announced the establishment of an ad hoc committee with a mandate to devise ways to undertake **institutional reforms**. The principal institutions under investigation were the National Assembly, the constitutional court, the supreme court and the economic and social council. The communiqué noted that these institutions were replete with inconsistencies, obstacles and loopholes and were often slow and lacking in credibility.

On the 14 July, parliament voted on the bill to make military service mandatory with effect from 27 September for all Beninese (men and women) aged between 18 and 53 years and holding a baccalaureate or equivalent. The cost of implementing this law was estimated at CFAfr 5.9 bn.

Foreign Affairs

President Boni continued his new style of diplomacy by visiting many countries and receiving ministers and heads of state in Benin in an effort to obtain financial support and increase foreign investment. At the beginning of the year, the Chinese foreign minister visited Benin and signed three financial agreements. The funding Benin received through these agreements was primarily intended for the reduction of the country's debt to **China** and involved a loan of CFAfr 17.4 bn and a financial aid agreement for administrative development and the construction of roads. Furthermore, an agreement on inter-governmental economic and technological cooperation was signed.

On 9 July, Swiss President Micheline Calmy-Rey arrived for a 2-day visit (9–10 July). Four agreements intended to support the health sector, local government and the craft sector were signed with a total value of CFAfr 6.5 bn. On 29 January, **Belgium**'s minister of development cooperation summoned the ambassador of Benin to explain why a Belgian businessman was being held in custody in Cotonou without trial. Three months later, Benin bought four Agusta A109 helicopters from Belgium, worth € 2.5 m each. Two of these helicopters had already been in Benin during the past few months, facilitating the president's campaign journeys up and down the country.

In early February, the presidents of Benin, **Nigeria and Togo** inaugurated the Co-Prosperity Alliance Zone (COPAZ). "COPAZ is not a political agenda, but an economic-oriented and development-centred initiative", Obasanjo declared. Shared problems such as high levels of illiteracy, inadequate healthcare systems, underdeveloped internal and cross-border transport and communication as well as large-scale unemployment and rapid population growth were said to be on the agenda.

Within this framework, a new power connection between Nigeria and Benin and Togo was inaugurated in Cotonou on 14 February. The new facility ensured the sharing of **electricity** by Nigeria with Benin and Togo up to a total of a 100 MW (total demand for electricity in Benin and Togo was estimated at 200 MW). The Nigerian connection diminished Benin's energy crisis by reducing its dependence on the Ghanaian power supply, which suffered from intermittent power cuts due to Ghana's limited generating capacity. However, the new system also had its problems as a result of technical difficulties and power failures in Nigeria. In August, the president of Côte d'Ivoire visited Benin and declared his country would institute the necessary measures to resume power supplies to Benin and Togo. In the past, Ivorian power had met about 20% of Benin's total energy demand.

On 4 April, Benin signed a protocol with the UNCHR and Togo on the repatriation of the **Togolese refugees** in Benin. Because of the violence in the wake of the presidential elections in Togo in April 2005, 25,000 people had left the country. Most of them had already returned to Togo, but the remaining 4,700 were to return by June, when the camps were to close down.

On 21 June, French Minister of Foreign Affairs Brice Hortefeux travelled to Cotonou to explain and defend **French immigration policy**, particularly the new biometrical passport and the French concept of 'co-development'. According to her, restricting the number of Africans in France would benefit the countries of origin by curtailing the brain drain. Students and better educated professionals in particular would be allowed to gain experience in France, but would have to return to their home country after a maximum of six years to contribute to national development. On 28 November, Hortefeux returned to Cotonou to sign three agreements on (il)legal migration and co-development. Part of the deal included annual financial aid of between € 4 and € 6 m, of which € 3 m was to be spent on the health sector in Benin.

On 15 August, Yayi Boni met Brazilian President 'Lula' da Silva in **Brazil**. The two heads of state signed a number of letters of intent and cooperation in areas as diverse as politics, economy, culture and science and technology. In the field of biofuels, Brazil expressed its willingness in the short term to cooperate in the production and marketing of biofuel in Benin. Some days later, Yayi Boni opened the first Beninese embassy in Brasilia, a clear sign of the closer ties between the two countries. At the ceremony, da Silva stressed the importance of South-South relations and mentioned the common interest in more equitable world trade, particularly in cotton and other agricultural products, including biofuels. Yayi Boni thanked Brazil for its support and applauded President da Silva as a "true apostle in the fight against poverty in the world". Yayi also described 'Lula' as an important friend to Africa.

President Boni visited Libya (10 January), Botswana (14 July), Liberia (7–8 August) and the United Arab Emirates (6–7 November). Benin was visited by Idriss Déby of Chad (19 June). In mid-December, **Japan** granted Benin € 6.3 m to finance the fourth stage of a project to build schools across the country in support of Benin's policy of increasing primary school enrolment.

The government expressed strong opposition to US **cotton subsidies**, which are harmful to Benin's economy. In August, the president wrote a letter to the US congress seeking the removal of US subsidies. "These subsidies represent an injustice for poor countries and deny them equal access to world markets", the letter said. Likewise, in February the minister of commerce stressed during negotiations on the Economic Partnership Agreements (EPAs) with the EU that subsidies on cotton in the West should be abolished.

Two Beninese assumed important UN positions. UN Secretary General Ban Ki-moon appointed Luc Gnacadja as executive secretary of the UN Convention to Combat Desertification (UNCCD), while Olabiyi Babalola Joseph Yai was elected as chairman of UNESCO's executive board.

Socioeconomic Developments

An IMF mission visited Benin from 21 February to 7 March and from 12 to 26 September to conduct a second and third review respectively under Benin's PRGF arrangement (2005–08). Despite lower than expected economic growth, mainly due to a disappointing cotton harvest and heightened energy shortages, Benin's PRGF programme remained on track. There was **ongoing improvement** in public finances and increased economic growth while inflation remained low. The review also stated that government should pursue structural reforms in the cotton, electricity and telecommunication sectors, as well make efforts to enhance the competitiveness of the port of Cotonou. Real GDP growth was about 4.6%, while inflation was kept low at about 3%.

On 28 June, the World Bank indicated it had approved a $ 40 m credit to support Benin's **poverty reduction** strategy. The fourth Poverty Reduction Support Credit (PRSC4) was aimed at the development of a favourable business environment. The increased competitiveness of the economy, including improvement of the business climate and private sector development, had long been focus points in President Yayi Boni's economic policy.

In the **healthcare** sector, the World Bank approved a credit of $ 35 m to support the second phase (2006–10) of a multi-sectoral HIV/AIDS project. The project, PMLS-2, was mainly implemented through sub-projects initiated by local civil society organisations to expand and improve the coverage and use of prevention, treatment and care services. In October, the government distributed 1.4 m mosquito nets to pregnant women and children below the age of five. In December, Benin was hit by the deadly H5N1 avian flu in two places in the south. The quick response by the authorities ensured the outbreak did not spread further. In July, Benin closed its borders with Togo to poultry imports in response to an outbreak of avian flu in that country. At the end of September, more than 2,000 people were made homeless through floods in Benin's upper northeast. Many hectares of agricultural land were damaged.

On June 26, the government announced new directors-general for the Beninese electricity company (SBEE), Benin-Telecom and the national university hospital. The expectations of these officials were high. They had to deal with the bad image these organisations had gained through mismanagement, and the success of the president's mandate also depended in part on the performance of these sectors. Yayi Boni was eager to show the people as well as multilateral financial institutions that he could **reform** these organisations and make them profitable and efficient institutions.

In mid-2007, the **telecom sector** entered turbulent waters. On 12 July, the government silenced two of the four mobile phone networks due to a dispute over contracts, thereby cutting off almost a million subscribers. The 'Autorité Transitoire de Régulation des Postes et Télécommunications' (ATRPT) issued a statement that both companies would have to sign new contracts amounting to CFAfr 30 bn (a 500% rise in the operators' fees) because they had changed their names and operators without the authority's permission. ATRPT, created by President Yayi Boni, announced in May that it planned to increase operator fees from CFAfr 5 bn under the old contracts to CFAfr 30 bn under new contracts. The increase was retroactive, which meant that all companies had to pay an additional CFAfr 25 bn. The two suspended operators had not only changed their names from Areeba to MTN-Benin and from Telecel to Moov, but had also transformed the organisational structure of their companies such that there was "indeed a substitution of the operator and not a change of trading name only", according to ATRPT. The current South African-based MTN network was previously operated by Spacetel Benin under the Areeba brand and Atlantique Telecom's Moov network, previously part of the Telecel Benin group, now fell under the control of the Emirates Telecommunications Corporation (Etisalat). On 3 July, ATRPT announced that the market for mobile telecommunication would be opened up. The government called for investors to apply for licences to start up mobile phone operations in the country. After Moov and MTN were suspended, the remaining two networks, the privately owned Bell Benin and Libercom, a subsidiary of the state-owned fixed-line company Benin Telecom, did not have the capacity to meet the demand for mobile phone services. On 13 August, ATRPT granted a ten-year operating permit to Nigeria's second biggest telecom operator, Globacom. This was only one week after bidding for the licenses was launched. The speed of the tendering process and the limited publicity it was given by the government raised questions about the transparency of the process. Globacom was selected from among about ten contenders. On 6 and 15 September respectively, Moov and MTN reactivated their networks after the disputes over the increased licence fees had been settled. Both firms paid the CFAfr 30 bn, as did their Beninese and Nigerian competitors.

An important issue in the proposed structural reforms of the economy was the privatisation of the **cotton sector**. In August, authorities issued bids to privatise state-owned cotton factories, but this yielded only one credible offer, namely from the local private sector major cotton company. After irregularities had been discovered in the selection process, and to avoid creating a private monopoly in a sector touching the lives of 40% of the population, the government cancelled the bidding process in early November and postponed the privatisation procedure to 2008. In July, government raised the mandatory farm-gate purchase price for cotton by CFAfr 10 per kilogram: farmers received CFAfr 180 per kilogram for first grade cotton and CFAfr 130 per kilogram for second grade, the best prices in the West Africa. In addition, the price for necessary inputs was substantially lowered. The increase in the cotton price was consistent with the government's policy to boost its most important agricultural sector. Halfway through November, the government announced that the cotton yield was 300,000 tonnes, an increase of some 20% over the preceding year.

The government made efforts to improve the competitiveness of Cotonou's **port** facilities. While there was a steady rise in freight loaded and unloaded at the port over the preceding years, the port began to lose customers to other sub-regional ports in Togo and Ghana. Corruption, high customs duties, slow administrative procedures and limited physical distribution capacity were identified as impediments to the efficient handling of goods. Policy to improve efficiency aimed at engaging the private sector. The minister of public works and transport warmly welcomed the installation of two large cranes worth a CFAfr 4 bn by Maersk Benin in July.

The EU provided Benin with a € 40 m grant to address the infrastructural bottleneck on the northern outskirts of Cotonou. This road development project should safeguard Cotonou's role as a transit port for northbound goods. In the final week of the year, the government decided to increase the budget for 2008 by a little more than 17%. In 2007 the budget was about CFAfr 873 bn. The rise in government spending should facilitate economic growth and poverty reduction.

Laurens Nijzink

Burkina Faso

National Assembly elections, the 20th anniversary of the 1987 coup and protest rallies dominated the political scene. President Blaise Compaoré, who remained the most powerful political figure, strengthened his legal power base by winning overwhelming support in the parliamentary polls. He continued his policy of improving his sub-regional diplomatic standing and underlined his supreme power by undertaking a prudent cabinet reshuffle. However, protests by the security forces continued, further challenging the image of a neatly organised and stable society. Economic growth rates were respectable, but public perception was negative due to the rising cost of living as well as poor education and health services. The negative demographic and ecological impacts on development became more marked.

Domestic Politics

At the beginning of the year, the government tried to bring to an end the tensions resulting from violent clashes among the armed forces. The riots had been sparked off in December 2006 when special police units ('Compagnie Républicaine de Sécurité', CRS) were targeted by disgruntled soldiers. Some days after the riots, the security minister, Djibril Bassolé, who was responsible for the CRS, made mention of firmer responses to any future troubles. However, in January 2007, Defence Minister Yéro Boly announced the decision not to prosecute the **mutinous soldiers** who had participated in the protests. Instead, he promised several improvements to the soldiers' salaries, accommodation and career opportunities. A few officers were replaced, but none was prosecuted. However, dissatisfaction was deeply rooted among many ordinary soldiers, who distrusted their superiors as well as civilian politicians, so the situation remained uneasy. In October, older soldiers began to rally against early retirement and poor pensions, and continued their activities until December. Ordinarily, military personnel retire in their mid-forties, with lower ranks especially facing difficult economic circumstances thereafter. The government took the view that the protesters had become angrier in spite of further economic concessions and ordered paramilitary gendarmes to terminate a rally on 6 December by force, which they did, temporarily detaining several participants in the process. The Mogho Naaba – the highest traditional representative of the Mossi – offered his mediation services at the beginning of December and finally helped to calm a situation the government seemed to find difficult to handle.

Although the government did not remain inactive in the face of political challenges, examples of **civil unrest** occurred repeatedly throughout the year. In March, sugarcane workers stormed the SN-Sosuco production company's offices in Comoé province over general dissatisfaction with their living conditions. Yet government tried to protect the Burkinabè sugar industry, by halting imports for six months, notwithstanding the general terms of international trade conventions. In April, three branches of the civil service expressed their grievances. Prison guards went on strike at numerous locations throughout the country, foreign service employees marched in Ouagadougou on 10 April and a rally by judges was only averted by being declared illegal. Demonstrators in all three sectors complained about poor working conditions, including salaries and professional equipment, although the prime minister had announced a 5% increase in all public-sector salaries on 29 March.

From April to May, Ouagadougou **university students** boycotted courses and demonstrated for better economic support (higher grants, lower fees, better facilities) as well as against the new university security services. The 'Association Nationale des Etudiants Burkinabè' (ANEB) – known for its critical stance towards the government and for repeatedly exposing shortcomings in the education sector – viewed the special units as an indication of state suspicion. Influential reform movements in the past often arose among students and trade unions, with which ANEB had close ties. When the responsible ministry announced a significant increase of more than 15% in annual grants, the protests were abandoned (21 May).

Elections for the 111-seat single chamber of parliament were held on 6 May. The 'Commission Electorale Nationale Indépendante' (CENI) managed to organise largely unproblematic elections. Technically, the accuracy and secrecy of the elections improved because of the introduction of a single ballot paper. The previous, French-inspired system of multiple ballots made manipulation easier. There was no election observer mission from the EU. International observers from Africa arrived late and largely contented themselves with short-term monitoring. Political parties and domestic organisations also laid on observer teams, but the party observers in particular were not adequately trained.

Allegations of fraud were made by several opposition groups and civil society organisations. However the legal provisions of the **electoral system** had the more important impact on the results. In the wake of the protests provoked by the murder of independent journalist Norbert Zongo in 1998, a more proportional electoral system had been introduced for the 2002 parliamentary elections. This system contributed to a significant setback for the ruling 'Congrès pour la Démocratie et le Progrès' (CDP), which almost lost its absolute majority. However, the electoral law was again amended in 2004. Before the amendment, Burkina's 12 regions served as multi-member constituencies where seats were allocated according to a proportional representation system. The subsequent modification re-converted the 45 provinces into constituencies, reducing the median number of seats per constituency from seven to two. Moreover, the number of seats distributed proportionately to national results (the supplementary national list) was reduced from 21 to 15. Both provisions favoured the dominant ruling party and discouraged nationwide opposition parties.

Mobilisation for the polls was more successful than was the case five years before, particularly **campaigning** in the rural areas, where the ruling party is much stronger than in urban areas. CDP mobilised its economic resources and good relations with local chiefs for this purpose. Government critics alleged that the CDP profited from the support of influential donors like Oumarou Kanazoé, who owns the country's leading building company (which essentially benefits from state construction orders) and presides over Burkina Faso's Muslim association, thereby exercising important influence over the country's largest religious community. The government was also accused of illegally using public resources (cars, drivers, petrol vouchers) for the campaign.

On election day, more than 2.3 m voters cast their ballot, an increase of 34% in the absolute turnout. The CDP secured 58.9% of the votes cast, giving it a **comfortable majority** of 73 seats in the National Assembly. However, the ruling party fell short of a two-thirds majority by one seat. The ADF/RDA ('Alliance pour la Démocratie et la Fédération/Rassemblement Démocratique Africain') became the second largest party, with 10.7% of the vote and 14 MPs. The position of the party, which is usually referred to as the so-called 'moderate opposition', became rather ambiguous when it claimed official leadership of the parliamentary opposition but at the same time also decided to participate in government. Other parties clearly declared their support for the government, forming the so-called 'Mouvance Présidentielle'. These parties won 11 seats, with a 9.9% cumulative share of the vote, and re-established a common parliamentary group, the 'Coalition des Forces

Républicaines' (CFR). Of this group, the UPR ('Union Pour la République') was the largest, holding five seats. It was, thus, the third-largest party in parliament.

By contrast, the so-called '**radical opposition**' parties ruled out any cooperation with government. The UNIR/MS ('Union pour la Renaissance/Mouvement Sankariste') continued as the leading Sankarist party and took over de facto leadership of the opposition owing to the electoral failure of late Joseph Ki-Zerbo's PDP/PS ('Parti pour la Démocratie et le Progrès/Parti Socialiste'). UNIR/MS won four seats and 3.9% of the votes while PDP/PS fell from ten to two MPs and 2.5% of the ballots. Certain smaller Sankarist parties created the UPS ('Union des Partis Sankaristes') electoral alliance, and secured two members in parliament. They later announced the intention to merge into a single party, but did not bring this plan to fruition. All Sankarists referred to the progressive and popular leftist ideas of the former charismatic military ruler Thomas Sankara, who took power in a coup on 4 August 1983. However, most of today's Sankarist parties do not stand for revolution by force but prefer democratic procedures. Even so, they used the popular slogan 'La patrie ou la mort, nous vaincrons!' in their campaigns. Four more parties, which took one or two seats each, brought the total tally of seats for the radical opposition to 13 seats. On the one hand, these results led to further common criticism of the opposition for its inability to unite. On the other, had the 2002 electoral rules still applied in 2007, the results would have led, other conditions being equal, to a much weaker CDP (58 seats) and a stronger radical opposition with 27 seats, more than double what it did win.

On 10 June, President Compaoré reshaped his 35 member cabinet. There was no formal requirement to do so as the president is absolutely independent of parliament in forming his government. However, the **reshuffle** did not come unexpectedly. Three changes sent clear political signals. First, Tertius Zongo, ambassador to the US, was appointed new prime minister, meaning that one loyal technocrat replaced another. Neither incumbent Prime Minister Ernest Paramanga Yonli nor his successor was seen as a political heavyweight in the ruling party. Consequently, deputy Prime Minister ('Ministre d'Etat') Salif Diallo remained the government member with the largest personal power base. He continued to hold the important agriculture and water portfolio while at the same time being CDP's first vice president. Second, the ministers of justice and foreign affairs were replaced, having faced grievances about working conditions from ministerial personnel only a few weeks earlier. Gendarmerie Colonel Bassolé, who had tackled the problem of the mutinous soldiers with some ruthlessness, took over the ministry of foreign affairs. Zakaria Koté, a former judge and secretary-general of the government, became the new minister of justice. Third, the ADF/RDA retained two cabinet posts while the only minister from the CFR parties was replaced. ADF/RDA's chairman Gilbert Noël Ouédraogo continued to hold the transport portfolio while the chairperson of his parliamentary party continued to claim recognition as the official leader of the opposition. The latter claim was disputed by the radical opposition leader Bénéwendé Sankara (no relation to Thomas Sankara), however, supported by CDP politicians.

On 15 October, sympathisers of late President Sankara commemorated the **20th anniversary** of his **assassination**. A joint committee of the Sankarist parties organised several activities. A speech by Sankara's widow Miriam at his grave – attended by a large crowd, according to media sources – and a four-day international symposium in Ouagadougou were the major events. Most of the commemorators were too young to have any active memory of the Sankarist revolution. Hence, it was the charismatic and progressive image of the late president rather than a distinct political platform, let alone a clear political ideology, that attracted the support of dissatisfied youths.

By contrast, government supporters celebrated President Compaoré's 20 years in office, Compaoré being the political beneficiary – and alleged author – of the bloody coup against Sankara. Some weeks before, Compaoré had declared his readiness to serve another five year term as 'Président du Faso' following the next presidential election in 2010. By 2007, he was already the longest serving president of his country and one of the longest serving heads of state on the continent.

An important administrative step took place on 2 August when the 'Opération Burkina Identité' was launched. Every citizen over the age of 15 would be provided with a **standardised identity card**. The fee for people living in urban municipalities was CFAfr 2,500 (approx. € 3.80). Due to an estimated CFAfr 3 bn (approx. € 4.6 m) in foreign assistance, the costs were reduced to CFAfr 500 (approx. € 0.75) for rural citizens. The operation, conducted under the auspices of the ministry of security, was not completed at year's end. However, since the multitude of unreliable identity documents had facilitated electoral fraud in the past, the operation had the potential to improve the political process. Carrying IDs would only become compulsory in three years time.

Foreign Affairs

President Compaoré enhanced his international image as the reliable leader of a poor but stable and advancing country. Although in the past he was involved in sub-regional conflicts, particularly in Liberia and Sierra Leone as well as by supporting the Ivorian rebels of the 'Forces Nouvelles', the president managed to become a highly esteemed **international arbiter**. One example was Ouagadougou's continued mediation in Togo. Compaoré personally chaired two meetings of the 'Comité de suivi de l'Accord politique global au Togo' on 16 January and 20 July. In January, President Compaoré became chairman of ECOWAS and was elected acting president of UEMOA at the respective summits of these organisations in Ouagadougou. These meetings had been delayed as a result of the security situation in December of the previous year.

However, conflict resolution in **Côte d'Ivoire** dominated Burkina's foreign policy. Talks between Compaoré and leading actors in the Ivorian crisis were held more than once a month. President Laurent Gbagbo participated in five bilateral meetings during the year (24 January, 4 March, 13 June, 2 July, 28 November). A political agreement on future power sharing and reconciliation structures was reached on 4 March. The so-called ‘Accord politique de Ouagadougou’ provided for rebel leader Guillaume Soro to become the new prime minister of Côte d’Ivoire. As a facilitator on behalf of ECOWAS, President Compaoré became the only non-Ivorian member of the ‘Cadre permanent de concertation’ (CPC) that was created to supervise the implementation of the agreement.

Burkina’s relations with the former colonial power **France** remained good. France was the most important bilateral donor and the only foreign nation providing official military support to Burkina’s armed forces. In February, the president attended the Franco-African summit in Cannes, where he demonstratively underscored his friendly relations with outgoing President Chirac. He also attended the EU-Africa summit in Lisbon on 7–9 December.

Since Burkina Faso has diplomatic ties with **Taiwan**, Compaoré joined the small group of heads of state that met in Taipei on 9–10 September. As Taiwan’s largest ally in Africa, he proposed the formation of a Friends of the Republic of China group at the United Nations. Ouagadougou abandoned diplomatic relations with the People’s Republic of China and switched to Taipei only in 1994, mainly for economic reasons.

Relations with Libyan leader Kadhafi were maintained and strengthened. Libya visibly invested in infrastructural projects, and was supposed to be delivering weapons, too. The satirical weekly ‘Journal du Jeudi’ even printed a cartoon of Compaoré as the hand puppet of Kadhafi when Burkina Faso was on 16 October elected non-permanent member of the UN Security Council for 2008–09. However, this image exaggerated Burkina’s political dependence on Libya as relations with France remained strong and cooperation with the **United States** further deepened during the year. Most prominently, US Deputy Secretary of State John Negroponte visited Ouagadougou on 13–14 November. Bilateral topics were the Ivorian crisis, grants from the Millennium Challenge Account and military cooperation. The US continued to strengthen its military ties with Burkina on counter-terrorism cooperation and strategic interests in the Sahel. Talks were also held on the relocation of the US armed forces’ regional command for Africa (AFRICOM) from Stuttgart, Germany to African soil. A final decision had not yet been taken at year’s end.

Socioeconomic Developments

The rising cost of living was the main issue of concern. As noted above, on several occasions during the year security personnel, judges, civil servants, students and workers demonstrated their dissatisfaction with government policy, taking up the trade union slogan ‘La vie est chère’.

Although the average real GDP **growth** rate over the last five years (2003–07) was 5% and measured average consumer price inflation was a very moderate 2% p.a. in the same period (estimates for 2006 and 2007), many citizens remained highly vulnerable to price changes for specific products on the world market, such as petrol or cotton. While the petrol price further increased, the seed cotton sales price remained very low. In view of Burkina's low level of economic development, this external vulnerability complicated the transformation of respectable growth rates into noticeable gains in wealth for ordinary citizens.

A motorway interchange for the capital's fancy new suburb Ouaga2000 became a general symbol of **growing inequality**. Several quarters of Ouagadougou were still not fully connected to the power grid and ordinary people continued to wonder whether Ouagadougou needed further prestige building projects, since the elites seemed to neglect the daily problems of ordinary people. However, the interchange was delayed significantly and was not completed by year's end.

With an estimated 526,000 tonnes of seed **cotton** in the 2007–08 season, the production forecast dropped significantly from an all-time high of 760,000 tonnes in the 2006–07 season. This represented a severe setback for Burkina's economic outlook, since the production development had been favourable for several years while seed cotton prices had almost halved. Cotton accounted for about 60% of exports in 2001–05 and was one of the drivers of current economic growth. The most important customer for Burkina's cotton was the People's Republic of China. Financial support for the cotton sector came from the EU (€ 10 m grant in November) and from French and German banks (credit line of € 65 m in December). The African Development Bank decided in November to invest about € 41 m in cotton processing and finishing in four countries (Burkina Faso, Benin, Chad and Mali) over a five-year period in an attempt to generate added value and create jobs. France and the EU announced support for the creation of a cotton university in Bobo-Dioulasso in February. The facility would foster local knowledge and be helpful in processing projects.

Gold mining, which accounted for 2.9% of exports in 2001–05, developed very dynamically. Its value (est. CFAfr 9.5 bn in 2005) had already more than quadrupled during the first half of the decade due to increased production (1.4 tonnes in 2005) as well as rapidly climbing market prices. Canadian mining companies intensified their activities. On 21 May, Canada's Semafo started construction of the Mana mine in the Boucle du Mouhoun region. Semafo invested CFAfr 10 bn (approx. € 15.2 m) in exploration and planned to spend another CFAfr 35 bn (approx. € 53.4 m) on developing the mine, which was expected to produce its first gold in 2008. In October, gold production at Taparko mine started. The mine – between Kaya and Dori – was developed as a joint venture by High River Gold from Canada and the Burkinabè government. Another Canadian company, Orezone Resources, increased to 100% its stake in the Essakane gold prospect, Sahel region, paying $ 200 m to Gold Fields, the former South African partner company. The new mining projects could easily multiply Burkina's gold production in the near future.

On 26 March, Prime Minister Yonli inaugurated Burkina's **first zinc mine**, which is operated by Australia's AIM Resources. The raw materials would be processed in Brazil and Peru. Three days earlier, construction of the high-tension power line from Bobo-Dioulasso to Ouagadougou started, to connect the capital with the Ivorian grid and thereby reduce dependence on oil-price sensitive power generation with diesel generators.

On 24 April, the IMF decided, as expected, to reduce its commitments to Burkina Faso because of the benefits the country drew derived from debt relief worth 21% of GDP in the previous year and an increase in bilateral grants. Hence, the new PRGF for the 2007–10 was a so-called 'low access' arrangement only amounting to about 20% of the previous facility (SDR 6 m). However, the EU, France, Germany, Denmark, Sweden, Luxemburg, the US, Taiwan and others granted new and **extended assistance** for the development of different economic and social sectors. Budget aid donations accounted for 17.7% of national revenues in the budget, which totalled CFAfr 144.6 bn (approx. € 220.5 m). International donors welcomed Burkina's development efforts, e.g., the educational reform bill, which introduced nine years of free and compulsory schooling for every child. It was passed on 20 June. However, as in previous years, the IMF and World Bank joint staff advisory group underlined in its report of 24 May that the government's efforts "could be strengthened" and they "urge[d] the authorities to consider and implement" their recommendations in order to reach at least some of the MDGs.

On 27 November, UNDP published the 2007–08 **Human Development Report**. Burkina Faso improved its absolute HDI value to 0.370 (0.342 in 2006), but was overtaken by Mali and Niger. Hence, the country slipped two positions and was ranked 176th of the 177 countries for which there were data. Government officials immediately protested against the report, alleging that the data used by UNDP were outdated. However, since UNDP employed the same data standards for all countries, progress was obviously slower than in the neighbouring countries.

Torrential rains, which hit many African countries in the Sahel belt in mid-September, left Burkina Faso with at least 33 dead and 40,000 temporarily homeless, and flooded many areas under cultivation. Surprisingly, these downpours hardly impaired overall harvest results. The specific weather conditions, although attracting worldwide media attention, were far from being the only sign of Burkina's ecological vulnerability during the year. Global warming and high population growth (about 3%) contributed more slowly – and therefore less sensationally – to social conflict. In early August, inter-ethnic violence was reported from northern provinces. The conflict was rooted in land-use disputes between Peul herders running out of pasture and Mossi farmers fearing destruction of fields by cattle. These conflicts were different from earlier land-use clashes, since the violence escalated beyond the farmers directly concerned. Other individuals not involved in the land conflict were attacked simply because of their ethnic affiliation. However, escalation was still on a small scale and locally limited.

From 24 February until 3 March, the capital attracted international attention thanks to the 20th biennial 'Festival Panafricain du Cinéma et de la Télévision de Ouagadougou' (**FESPACO**), the largest African film festival in a Francophone country and a major opportunity to promote the ill-equipped tourism sector.

Alexander Stroh

Cape Verde

Brussels granted Cape Verde special partnership status with the EU, while the UN confirmed the country's formal graduation to Medium Developed Country (MDC) status with effect from January 2008. At home, a dispute between the ruling 'Partido Africano da Independência de Cabo Verde' (PAICV) and the opposition 'Movimento para a Democracia' (MpD) on the composition of the electoral commission delayed the electoral census. In the economy, the tourism sector continued to attract huge foreign investments and supported strong economic growth.

Domestic Politics

On 19 February, the PAICV and the MpD signed a memorandum of understanding on the creation of an inter-party commission aimed at reaching consensus on legislation that needs the approval of a two-thirds majority in the 72-member National Assembly. The principal task of the 14-member commission, composed of seven MPs from each party, was the revision of the electoral code, which that was last changed in 1999.

On 12 June, following two months of negotiations between PAICV and MpD, the National Assembly approved the **new electoral code**. The principal amendments included more institutional autonomy for the national elections commission ('Comissão Nacional de Eleições', CNE); the establishment of one single constituency for each island in the archipelago, with the exception of Santiago, the most populous island, which has two; the election of the CNE president by a two-thirds majority in parliament to make the institution more independent; and provisions for a new electoral census at the end of the year to update the voters' roll.

However, due to **disagreements** between the two parties on the composition of the new CNE, the body was only constituted on 29 November. This in turn delayed the start under the new electoral code of the electoral census, scheduled for 1 September to 31 December. Consequently, the government suggested extending the electoral census until mid-January 2008. However, on 11 December the leader of MpD, Jorge Santos, rejected the government proposal, arguing that the electoral code established a minimum interval between the census and the elections that could not be changed. The MpD leader declared that, as a result, the new date for the census necessitated postponement of the the municipal elections set for May 2008. Finally, however, the parties agreed to hold the census from 26 December to 2 March. The squabble over the census provoked the resignation of the minister of internal administration, Júlio Correia, who rejected the government's decision to negotiate an extension of the census with the MpD, since he believed that the process could be completed within the scheduled timetable.

On 20 July, government and trade unions approved a strategic accord ('Acordo de Concertação Estratégica') for the period up to the end of the legislative session in 2011. Through this deal, the parties committed themselves to resolving labour conflicts through dialogue and to cooperating in meeting the legislature's targets, particularly achieving sustainable economic growth of 10%, reducing unemployment to close to 10% and reducing poverty consistent with the MDGs.

On 6 September, the opposition MpD demanded the dismissal of the justice minister José Manuel Andrade, and his predecessor, Cristina Fontes, now the minister of state reform and defence, after an audit by the 'Inspecção-Geral das Finanças' into the use of the 'Cofre Geral de Justiça' (CGJ). This is an autonomous fund in the justice ministry, and the audit uncovered various **irregularities** for the period January 2001 to April 2007. The audit revealed total disorder in the expenditure records and more than CVEsc 1 bn (€ 9.1 m) in unlawful spending, including the purchase of furniture for the minister's official residence (which should have been financed through the national budget); illegal payment of salaries; unreimbursed funding for travel by civil servants from other departments in the ministry; the illegal purchase of gifts for foreign delegations; and numerous luncheons and dinner parties given by the minister's office without justification. However, on 18 September Prime Minister José Maria Neves refused to dismiss the two ministers on the grounds that the audit report was only provisional and explained that he had to await the definitive report.

On 21 September, the government approved the country's **new labour code** intended to improve working conditions and promote competitiveness in the private sector. Under the new legislation, temporary work contracts must become permanent contracts after five years of work for the same employer. In addition, workers can convert half their holidays into paid work and maternity leave in the private sector is set at 60 days, equivalent to the public sector. Finally, the new code for the first time regulated the work of disabled, domestic, part-time, as well as foreign wage earners.

Foreign Affairs

During a meeting in February, government representatives from Cape Verde and Portugal agreed to elaborate a plan of action with the European Commission (EC) whereby Cape Verde would achieve a special partnership with the **EU**. In May, the EC director of development, Stefano Manservisi, visited Cape Verde to discuss with government the areas of closer cooperation with the EU. Finally, on 19 November the EU's council for general and foreign affairs granted Cape Verde special partnership status. Prime Minister Neves declared the partnership would bring more European aid, finance and technology and turn the archipelago into a security shield against drug traffickers and migrants to Europe's southern borders. The special partnership, justified by reference to the archipelago's Creole culture and geographical proximity to the Canary Islands, Madeira and the Azores, reflected Cape Verde's shift in interest away from Africa towards Europe.

Cape Verde also sought to strengthen its cooperation with China. During a visit to Cape Verde in March, a Chinese military delegation signed a new technical cooperation agreement worth Renminbi (Rmb) 5 m ($ 700,000). This was for training the local armed forces and included a free supply of military equipment. On 17 May, Foreign Minister Víctor Borges visited China to promote Cape Verde as a suitable site for one of five special economic areas for the storage and redistribution of Chinese commodities to Africa. The special economic areas had been announced during the Sino-African summit in November 2006. The foreign minister also discussed Cape Verde's interest in concessional loans from China's Exim Bank to counterbalance the expected loss of concessional loans after Cape Verde's promotion to MDC in 2008. Beijing promised to finance the construction of a national stadium, an outpatient centre in Praia and another dam in the archipelago. Additionally, the Chinese government announced the cancellation of Rmb 30 m ($ 3.9 m) in bilateral debts stemming from the construction of public buildings in the 1980s and 1990s. In September, Transport Minister Manuel Inocêncio Sousa announced that a Chinese fishing company was seeking a majority stake in the local shipyard, 'Estaleiros Navais de Cabo Verde', which the government had earmarked for privatisation.

On 18 December, the WTO approved several agreements on the terms of Cape Verde's accession to the organisation. Before becoming the 152nd member state, Cape Verde would have to ratify the agreement before 30 June 2008. While **WTO membership** should encourage more foreign direct investment, it would also reduce government's tax revenues, due to the lower customs duties under the WTO trade regime.

Socioeconomic Developments

On 24 January and 21 December respectively, the IMF completed the first and second review under the three-year Policy Support Instrument (PSI) approved in July 2006. The objective of the PSI was to assist Cape Verde in the transition from least-developed country (LDC) to **MDC** projected for January 2008, a transition that would make highly concessionary borrowing more difficult. The IMF praised the country for its ongoing economic growth supported by investments in the tourism sector, its low inflation and its prudent monetary and fiscal policies. In June, the UN confirmed Cape Verde's promotion to MDC in 2008 on the grounds that it had met the three key criteria: a stable resident income, improved training of the local workforce and effective poverty reduction. Cape Verde was only the second African country to make this graduation, Botswana having done so in 1994. In the same month, Foreign Minister Borges expressed concern about his country's consequent loss of borrowing on concessional terms, which could result in a reversion to LDC status. The minister asked Cape Verde's creditors to cancel its external debts of $ 300 m, arguing that his country had been punished for its sound fiscal and economic policies while countries that pursued policies resulting in unsustainable debt burdens had been awarded debt-relief under the HIPC initiative.

On 2 February, the 'Transportes Aéreos de Cabo Verde' (TACV) **national airline**, placed for one year under private management by the US company Sterling Merchant Finance in December 2006 to ready it for privatisation, announced cost-cutting measures, including the dismissal of 20% of the 800 workers. The management agreed to negotiations with the 'Sindicato de Transportes, Telecomunicações, Hotelaria e Turismo' union for a smooth reduction of the company's workforce. However, more than 100 dismissals over the year led to deterioration in relations between management and airline personnel. In July, government postponed the privatisation, originally programmed for late 2007, until 2008 to allow management more time to consolidate the airline's operations.

On 20 March, the government put up for sale its 27.4% interest in the national fuel company 'Empresa Nacional de Combustíveis' (Enacol), which controls about half of the national fuel market on the local stock exchange, 'Bolsa de Valores de Cabo Verde' (BVC). The government sold its 285,088 **shares** for CVEsc 4,400 (€ 40) each and raised a total of CVEsc 1.25 bn (€ 11.4 m). The state kept a 2.1% interest in Enacol to allow it to participate in the company's future decisions deemed to be of national strategic importance. In addition, government sold its 51.5% interest in the 'Sociedade Cabo-verdiana de Tobacos' (SCT), the tobacco processor.

From 15 April to 12 June, in another initiative on the BVC, 'Banco Comercial Atlântico' (BCA), Cape Verde's largest commercial bank, sold debentures in the national energy utility 'Empresa Pública de Electricidade e Água de Cabo Verde' (Electra), in order to raise capital for Electra's investment plan of CVEsc 1.5 bn (€ 13.6 m). BCA had acquired the bonds from a Portuguese consortium comprising 'Electricidade de Portugal' and 'Águas de Portugal' when it sold its majority stake in Electra back to the government in 2006. Demand by local investors exceeded the bond offering fourfold, reflecting strong domestic interest in BVC-listed companies.

Tourism continued to attract the bulk of foreign investment in Cape Verde. In January, the minister of the economy, José Brito, revealed that a group from the United Arab Emirates intended to invest € 160 m in a new tourist resort in São Vicente. In March, the 'Vilas Oceânicas' company, comprising two Portuguese real estate companies, Design Resorts and Sacramento Campos Group, announced its intention to invest € 200 m in a 65 hectare golf resort at Ponta Bicuda, on Santiago near Praia international airport. The project included six five-star hotels and three residential areas with 1,300 housing units, leisure zones, services and shopping markets. On 1 July, Prime Minister Neves laid the foundation stone for the 'Pedra de Luma – Marina e Golf Resort' on Sal island, a € 290 m investment by Turinvest Holding SA, owned by the Italian Stefanina group. The investment is in two parts: a community project including the construction of 70 apartments, a school and the provision of health and social facilities, and a luxury resort with a five-star hotel, residential areas for 3,000 people, a golf course and a yacht harbour. On 19 September, the Canary-based consortium BUCAN and the 'Sociedade de Desenvolvimento Turístico das Ilhas de Boa Vista e do Maio' (SDTIBM) signed a protocol on investments worth € 220 m in tourism infrastructure on Boa Vista, including construction of two luxury hotels with a combined total of 2,500 rooms and worth € 150 m. The project would also include road construction, and investment in water supply, electricity supply and wastewater treatment for 30,000 hotel rooms and 5,000 local inhabitants.

Cape Verde's **third international airport**, located on Boa Vista and constructed at a cost of € 21 m, was inaugurated on 31 October. The airport, financed by the Portuguese 'Banco Espírito Santo' and aimed at charter flights, can process 250 passengers per hour. On 21 December, SDTIBM and the BUCAN consortium (made up of Cabocan and Riu Hotels and Resorts) signed the agreement to construct a 26 kilometre road between Boa Vista international airport and Santa Mónica e Lacação at a cost of € 7 m.

Tourism accounted for more than 90% of total foreign direct investment (FDI) and was concentrated on Sal, Santiago, São Vicente and Boa Vista. Vítor Fidalgo, head of the 'Cabo Verde Investimentos' (CI) investment promotion agency, expected approved total investments of € 600 m in 2007, which would in turn create more than 15,000 new jobs in the local economy. The main source of intended FDI was the UK, followed by France, Portugal, Italy and the United Arab Emirates.

In late May, the government revealed plans for the construction in 2008 of three **wind energy plants** on Santiago, São Vicente and Sal, with a total capacity of 20 MW. The project, involving an estimated investment of some $ 25 m, was also aimed at reducing the archipelago's dependence on oil imports for thermal energy production.

In August, the first phase of the expansion of the **port of Praia** began. It will include the reconstruction of the main breakwater, one of the quays and container processing plants.

The principal work was expected to begin in March 2008. The project is financed by the US Millenium Challenge Corporation, total financing amounting to $ 53 m.

On 27 November, the National Assembly approved the 2008 **national budget**. It totalled CVEsc 44.6 bn (€ 404 m), of which CVEsc 27.1 bn (€ 246 m) was for recurrent expenditures and CVEsc 17.5 bn (€ 159 m) for capital investment. The largest share of public spending went to education (23%), followed by health (8%). External sources were expected to finance 70% of the projected budget deficit of CVEsc 3.4 bn (€ 31 m), equivalent to 2.8% of GDP.

Gerhard Seibert

Côte d'Ivoire

At first glance, Côte d'Ivoire appeared the same as ever, stuck in an interminable peace process. President Gbagbo remained in place, presidential elections having been constantly postponed since the end of Gbagbo's mandate in October 2005, while the core issues of voter identification and of disarmament continued to be the main stumbling blocks. However, there were significant changes compared to previous years. For the first time, and despite much backtracking, the main stakeholders designed and implemented a credible exit option from the five-year political crisis. A peace accord was signed; Guillaume Soro, head of the 'Forces Nouvelles' (FN) rebels, was appointed the new prime minister; the identification of voters was commenced; political tensions dramatically decreased; the country was reunified with the dismantlement of the demilitarised buffer zone separating rebels from government soldiers; and people seemed ready to resume their lives. Nonetheless, while considerable and highly symbolic progress was made, the new political agenda remained uncompleted and clearly unrealistic, and the presidential elections planned for early 2008 seemed to be doomed to never-ending postponement.

Domestic Politics

The year started as badly as 2006 had finished. Following resolution 1721 of the UN Security Council on 1 November 2006, which approved a new one-year extension of the presidential mandate of Laurent Gbagbo but with extended powers for Prime Minister Charles Konan Banny, both heads of the executive re-engaged in their battle over their room to manoeuvre. In that context, the president sought independence from the protracted international peace mediation by means of a **peace plan** unveiled on 20 December, whose cornerstone was direct discussions with FN rebels.

The **first political act** of 2007 was a statement released on New Year's day by Guillaume Soro, head of FN and minister of state in charge of reconstruction and rehabilitation, rejecting Gbagbo's proposal. FN stressed that the process laid out by the UN Security Council in November provided the only viable framework for peace talks. The objectives of the talks, under the reinforced leadership of the interim prime minister, included reunification of the country, the conduct of a census and registration of voters, the start of disarmament, reform of the security forces and, at last, the organisation of presidential elections within the year.

The international community reiterated its commitment to the peace process on 10 January when the Security Council unanimously voted to extend until the end of June the mandate of the UN Operation in Côte d'Ivoire (UNOCI), which was also tasked with supporting the organisation of "open, free, fair and transparent elections" by 31 October 2007. This international commitment was further confirmed in the efforts by ECOWAS and the AU to continue helping the dialogue between the different political forces.

The surprise came from the FN when Guillaume Soro declared at the ECOWAS summit in Ouagadougou (22–23 January) that he agreed to the holding of **direct peace talks** with President Gbagbo, and that he had the support of "some" opposition parties. This positive move received the backing of the AU heads of state at their summit in Addis Ababa on 30 January.

After intense political negotiations, President Gbagbo and Guillaume Soro signed an agreement on 4 March in Ouagadougou in the presence of Burkina's President Blaise Compaoré, newly elected chair of ECOWAS, and Abou Moussa, the UN secretary general's acting special representative for Côte d'Ivoire. The new roadmap was designed as an Ivorian way to resolve the crisis. Gbagbo said the deal was proof that African problems could be solved by Africans themselves. The agreement provided for the formation of a new government within five weeks, progressive dismantlement of the buffer zone ('zone de confiance'), the departure of all foreign troops, notably French, and the immediate resumption of the census of voters repeatedly postponed since 2005, with the objective of organising the long-awaited presidential elections within ten months. This unexpected deal was immediately welcomed by the opposition and the international community. However, the Ivorian media expressed doubt about the political will to ensure the accord's implementation. On 13 March, talks began between Guillaume Soro and Désiré Tagro, special advisor to President Gbagbo, in the northern rebel stronghold of Bouake to discuss ways of implementing the **Ouagadougou Peace Accord** (OPA). Shortly before, Soro made a speech urging Ivorians to support the peace process. Following peace talks held in Ouagadougou over the preceding weekend, on 26 March Guillaume Kigbafori Soro was appointed prime minister, a move considered unthinkable a few months earlier. He was confirmed as the third premier of the Second Republic the day after by presidential decree and replaced Charles Konan Banny, appointed in 2005 by the international community. Gbagbo said in Abidjan that the war was over and the crisis was over, and announced a new government within the week.

Soro took office on 4 April and the government was installed on 7 April with a scaled-down cabinet of 31 members (instead of 35). Twenty-four ministers from the previous government remained in the cabinet, five of them being given new portfolios. The balance of power within this **new transitional government** remained more or less intact, with FN increasing their representation from three to seven members. The reduction in the size of the cabinet was mainly achieved through the departure of civil society members, who had made up a large part of Banny's cabinet. However, the principal ministers from the 'Front Populaire Ivoirien' (FPI, the president's party) kept their positions. Désiré Tagro, the president's special advisor, became minister of the interior and Charles Diby Koffi, a neutral technocrat from civil society circles and previously deputy minister of the economy and of finance when Premier Banny had also been in charge of economy and finance, retained that portfolio but now as full minister.

As agreed in March in Ouagadougou, the government acted quickly to dismantle the **buffer zone**. On 11 April, FN, the government, UN and French army officials all signed the document scrapping the 12,000 square kilometre zone created in 2002 and patrolled by 8,000 UN peacekeepers and from 3,000 to 3,500 French troops. It was agreed that mixed Ivorian army and FN units would progressively replace the peacekeepers and patrol the zone starting on 16 April. As planned in the OPA, President Gbagbo on 20 March created an integrated command centre, including equal numbers of government army forces (FANCI – 'Forces Armées Nationales de Côte d'Ivoire') and FN representatives, aimed at demobilising militias.

Undeterred by Amnesty International's condemnation in March of what was called Côte d'Ivoire's "climate of impunity", the president signed a decree on 16 April granting **amnesty** for crimes committed during the civil war. This measure, part of the OPA, banned ongoing or planned local prosecutions for human rights violations and other crimes committed since September 2002. However, economic crimes were not covered by the amnesty. The next step in the peace process was initiating the disarmament of militia groups. On 19 May, about 1,000 weapons were symbolically handed over to UN peacekeepers in Guiglo (West) in a ceremony attended by Gbagbo. The visible collaboration between the two heads of the executive forced other political protagonists to adapt and reposition themselves. Somewhat ironically, on 7 May Gbagbo appointed Charles Blé Goudé, extremist leader of the violent pro-Gbagbo 'jeunes patriotes' (under UN sanction since resolution 1572 of November 2004), as ambassador for reconciliation and peace. Blé Goudé visited Bouake, the capital of the rebel-controlled north, on 9 June.

All these paradoxes led to wavering on the part of the official **opposition parties**, mainly the 'Parti Démocratique de Côte d'Ivoire' (PDCI) led by Henri Konan Bedié (former president, deposed in the 1999 Guei coup) and the 'Rassemblement des Républicains' (RDR) of Alassane Ouattara, former prime minister under Houphouët-Boigny. By the end of April and in early May, the opposition accused Soro of striking a deal with Gbagbo and of softening his own position vis-à-vis the president. The president and prime minister were obliged to deny the existence of any such deal on 7 May during a ceremony bringing together fighters loyal to each of the two. On 20 May, Bédié announced from his electoral fiefdom of Daoukro in the central region that he planned to stand in the next presidential elections, which he said he awaited impatiently.

The process of **normalisation** appeared to continue when on 21 June it was announced that President Gbagbo would visit Bouake to participate in a 'flame of peace' ceremony symbolising the formal launch of general disarmament. Previously, on 18 May, the prime minister had formally reinstalled the 'prefect' (administrator) of Bouake in an event marking the launch of the redeployment of the central government to all parts of the country.

However, the peace momentum was abruptly halted with a failed **assassination attempt** against Guillaume Soro on 29 June, when his aircraft was came under rocket-fire shortly after landing at Bouake airport. Four people were killed and ten other members of Soro's delegation were injured. Responsibility for the attack was never claimed and suspicions were aroused, feeding polemics and rumours and jeopardising reconciliation efforts. Rebel supporters claimed the president's camp was behind the attack. Media reports suggested the attempt had been made by rebel hawks who disapproved of Soro's strategy, but this was denied by the FN. UN and French troops were accused of failing to react to the assassination attempt. On 2 July, Soro called for an international inquiry and tried to calm the situation by calling for an end to polemics. However, he decided to remain in Bouake for a while instead of returning to Abidjan, and announced he would convene an extraordinary cabinet meeting. On 5 July, the prime minister decided to go first to Ouagadougou aboard a UN aircraft. There he met with Blaise Compaoré and spent a few days before returning to Abidjan on 10 July aboard the Grumman aircraft provided by the Ivorian presidency. Upon arrival and before meeting with the president, Soro urged everyone to remain focused on delivering peace to Ivorians.

Astonishingly, the peace process came back on track with the first visit of President Gbagbo to rebel territory, postponed because of the earlier events. Gbagbo arrived on 30 July to participate in a rally with Soro in the Bouake municipal stadium. Facing some 25,000 people, he declared that war was over, and called on the crowd to repeat the phrase. During this flame of **peace ceremony**, at which stockpiled weapons were burnt to symbolise the start of disarmament, the president said that the objective was now to organise the presidential elections as quickly as possible. Soro said that Gbagbo's presence in Bouake was "sealing the reunification of the country". Most people viewed the event as an historic moment, with FANCI forces, former rebels and international peacekeepers jointly maintaining security in the city. However, Bédié and Ouattara decided to stay away and sent delegates instead. While these relayed the full support of PDCI and RDR for the peace process, it was evident that the opposition was sceptical about the road ahead, notably the election schedule.

While many foreign observers and the majority of Ivorians still thought that presidential elections could not be held before mid-2008 (they were envisaged for early 2008 in the OPA), on 6 August the president proposed an accelerated **timetable** and elections to be held before the end of the year. Opposition leaders reminded him that the best way to show real commitment and good faith was to firmly take the steps necessary for credible elections: disarmament and voter identification and registration. The stumbling block of who could vote remained, not least because 3.5 million people were supposed to be without official documentation. In view of this, the prime minister on 9 August set up a ten-member task force to coordinate public hearings and the reconstruction of the population register. Notwithstanding this, a more realistic forecast was given by the electoral commission on 13 September when it said that, based on the exercise to list voters, presidential elections would be impracticable before October 2008, that is, ten months after January 2008, the deadline for elections proposed in the OPA. The president finally signed the long-awaited decree on the organisation of the mobile courts ('audiences foraines'), which officially started on 25 September. Under the OPA, the identification process was supposed to have been completed at the end of July.

The political scene was marked in August and September by bustle in the **presidential camp**. This started when Mamadou Koulibaly, speaker of the National Assembly, historic figure in the FPI and one of the regime's hawks close to Simone Gbagbo, the president's wife, published an article in the daily 'Fraternité Matin' entitled "Republic's Blues" (4 August). Koulibaly, who had been unusually silent for months, openly denounced crumbling state power, growing corruption and bad governance, which he directly attributed to the logic of power-sharing initiated by the OPA. In fact, the speaker, a fierce advocate of total war against the rebels, had never expressed support for the peace deal, had openly criticised the amnesty granted by the president in April and then refused to participate in the 'flame of peace' ceremony in Bouaké. Rumours of a near rupture between Gbagbo and Koulibaly ran through Abidjan and the Assembly speaker decided to broadcast an official rebuttal on TV news on 30 August.

Tensions grew when the panel monitoring the UN arms embargo reported on 26 October that both rebels and the national army were refusing **arms inspections** "with increasing frequency". Since the imposition of the embargo in 2004 by resolution 1572, inspectors had never had access to the presidential guard. In addition, it was reported that of the 1,027 weapons destroyed in May, only 138 had been serviceable. The inspectors also expressed their concerns about increasing arms trafficking. In an attempt to foster a more positive mood, Soro's spokesperson declared on 2 November that the voter identification process was still on track, although he had to acknowledge that the three-month timetable was probably too tight.

On 28 November, Laurent Gbagbo made a second highly symbolic trip to the north, visiting Korhogo near the Mali and Burkina borders, where he met Soro. They continued to Ouagadougou where they signed **agreements complementary** to the OPA together with President Compaoré. Among the additional issues was a new schedule for disarmament of government and rebels troops, which would officially start on 22 December to be followed later by the establishment of a new national army; the redeployment of unified fiscal and customs services by 30 December and of the district and county administrations by 30 January 2008; and the organisation of elections by the end of June 2008.

On 29 November, **Mamadou Koulibaly** reappeared in the headlines when opposition newspaper reports relayed by foreign radio stations announced he had applied for political asylum in the US. A few days later, on 5 December, newspapers and 'Radio Treichville' (relaying the street gossip of this popular neighbourhood in Abidjan) alleged that the National Assembly chairman had gone into exile in Ghana. Koulibaly's reported absence from the country fed rumours about his recurrent shirking of his duties in the National Assembly, and the growing conflict with the president.

The year finished with a supposed coup attempt, denounced by Gbagbo and Soro, following **fighting among the FN** forces in Bouake on 27 and 28 December, leading to five deaths and 27 missing persons. This fighting exposed serious discord in the rebel camp, with commanders favourable to the peace process opposing others who disputed Soro's leadership and rejected the OPA as a capitulation to the government. Rumours linked the attacks to the growing activism of 'IB', Ibrahim Coulibaly, one of the leaders in the 2002 war who had been arrested in France and exiled to Benin, whose FN faction was also held responsible for the assassination attempt on Soro on 29 June.

Foreign Affairs

With the management of the peace process more or less repatriated to Côte d'Ivoire itself and political tensions decreasing, the country slowly faded from international agendas. However, Côte d'Ivoire remained an issue for the **Security Council**, even if its decisions appeared more like general follow-up and routine updates. The council adopted five resolutions related to the country in 2007 (of a total of 56), just behind DR Congo (six) and the same as on Sudan and on the Middle East. Resolutions 1739, 1763 and 1765 (respectively 10 January, 29 June and 16 July) renewed the mandates of UNOCI and French troops (the 'Licorne' forces), while resolutions 1761 (20 June) and 1782 (29 October) dealt along with resolution 1765 with the extension of the mandate of the expert group in charge of following-up on the arms embargo (resolution 1572, 15 November 2004). With around 9,100 troops and police personnel, UNOCI remained one of the main UN peacekeeping operations, accounting for 10% of the total commitments. French forces were progressively reduced from 3,500 to 2,400. At the beginning of the year, resolution 1739, which renewed the UNOCI mandate, also tasked the UN operation with supporting the organisation of elections by October 2007. The UN warned on 12 January that the peace process was in total deadlock, blaming the impasse on the attitude of the Ivorian parties. ECOWAS and AU meetings held in Ouagadougou on 22 January and in Addis Ababa on 30 January urged deeper international involvement in the peace talks.

Starting with the Ouagadougou meeting, **Burkina's President** Compaoré, the new chairman of ECOWAS, who had been requested by Côte d'Ivoire's president to act as the "facilitator of the direct dialogue" with FN rebels, became progressively more involved. Aided by his deep knowledge of the Ivorian political class and his close contacts with the rebel side, Compaoré was well positioned to act as mediator. This was also the case because the rebels had chosen Burkina as their main base since 2000 (when northerner commanders of Guei's coup had decided to go into exile), and Compaoré had long been an indirect and passive supporter of their actions.

The new UN secretary general, Ban Ki-moon, who replaced Kofi Annan in January 2007, met with Gbagbo on the sidelines of the Addis Ababa summit and reminded him of Security Council resolution 1721, which granted significant powers to Charles Konan Banny. On 7 February, Pierre Schori, the outgoing UN special representative for Côte d'Ivoire, increased pressure with an alarming statement to the media that the country was on the "brink of disaster" owing to the lack of will in the political class. In that context, the **international community** cheered the 4 March OPA. Along with world leaders, Ban Ki-moon praised the deal, while the AU Commission's chairperson, Alpha Oumar Konaré, declared the deal brokered by Compaoré would "pave the way for [a] decisive advance in the peace process". In recognition of this more promising environment, the French army announced on 22 March it would progressively reduce its contingent to less than 3,000 within the next two months. This partial disengagement was not fully compliant with the expectations in OPA, which sought the withdrawal of all foreign troops from the country. France noted, that the withdrawal of its forces, which formed part of the UN peacekeeping mission, would depend on decisions by the Security Council. However, with the new transition government battling to meet the OPA schedule, Pierre Schori, outgoing special representative of the UN secretary general but not yet replaced, and Gerard Stoudman, UN high commissioner for elections, were expelled on 22 May on grounds of excessive interference in Côte d'Ivoire's internal affairs. "The epoch of governors", Ggagbo said, "was over".

On 12 June, on his first visit to the country since 2000, President Compaoré participated in Yamoussoukro in the first 'Cadre Permanent de Concertation' (CPC) in charge of following-up on the OPA. He put pressure on the four Ivorian leaders in the CPC (Gbagbo, Soro, Bédié and Ouattara) by asking for progress in the implementation of the electoral process. In the discussions, CPC members called on Compaoré to request the UN to scrap the post of UN high commissioner for elections, which was duly effected by resolution 1765 of 16 July.

The new **prime minister**, obviously focused on the delicate and fragile implementation of the OPA, did not travel much. Unlike his predecessor, Konan Banny, who cultivated connections with foreign leaders and donors, Guillaume Soro lacked international experience and mainly limited his foreign travel to Ouagadougou. However, on 20 June, he met South African President Thabo Mbeki, former and unsuccessful AU mediator, in Cape Town.

Libya's leader Kadhafi visited Côte d'Ivoire on 27 June on his way to the AU summit in Accra. In a rally attended by President Gbagbo and Prime Minister Soro at the 'Palais de la Culture' in Treichville, with about 5,000 young people attending, he called for African unity, urging resistance against Western domination but also urging support for the Ivorian peace process.

In early September, Blaise Compaoré again put pressure on the Ivorian leaders, and a new round of talks on the follow-up to the OPA was held in Ouagadougou on 4 September. During these discussions, in which Abou Moussa, the acting UN special representative also took part, the decisive step was taken to implement the mobile courts, the first phase in the identification process.

President Gbagbo decided to attend the 62nd UN General Assembly session in New York on 22–26 September to consecrate Côte d'Ivoire's reintegration into the international community after years of marginalisation and opprobrium. He addressed the General Assembly on 26 September and held side meetings with France, the chair of the Security Council that month. However, in mid-October, UN Secretary General Ban Ki-moon expressed deep concern in his report about the failure of government and rebels to achieve steps towards peace, blaming both sides for the lack of progress that was undermining the OPA. In that context, on 29 October resolution 1782 **extended the sanctions** first imposed by resolution 1572 (15 December 2004).

President Gbagbo participated in the EU-Africa summit in Lisbon on 7–9 December 2007, confirming his comeback on the international scene.

Socioeconomic Developments

Over these years of deep political crisis, the economy remained surprisingly strong, boosted by the resilience of cocoa production and new oil exports. GDP growth for 2007 was forecast at 1.7% as opposed to 1.2% for the previous year. However, ordinary people were exhausted by the decline in their living standards and the constant uncertainty. Côte d'Ivoire was repeatedly downgraded on UNDP's Human Development Index, and now stood at 164th out of 177 countries (2006 ranking), while the poverty ratio grew from 38% in 2002 to 43% in 2006.

With the OPA supposedly changing the tide and offering new prospects, the long-awaited re-engagement of donors became a core issue. Positive signals were given at the regular spring meetings of the **World Bank** and IMF when the new Ivorian economy and finance minister, Charles Koffi Diby, reached an agreement on 16 April to facilitate the resumption of credits and grants to the country. Under the deal, Côte d'Ivoire undertook to start paying its current debt service to the World Bank while working to clear the full arrears (estimated at $ 430 m at the time) by the end of the year or early in 2008. The bank committed itself to preparing a clearance grant to fund demobilisation and reintegration, community rehabilitation and the facilitation of peace-building. Based on an agreement signed on 16 July with the World Bank, the government restarted its debt service payments. Simultaneously, it engaged in governance and public management reforms, mainly in finance, energy and the cocoa sector. It also raised a CFAfr 225 bn state loan in September dedicated to the clearance of arrears and engaged in negotiations with the World Bank and IMF for a 'bridge financing' loan to deal with the remaining gap. In October, it paid in advance the debt service owing to the World Bank and to the AfDB for the remainder of 2007. When the commitments were nearly met by year's end, the World Bank was ready to launch its economic governance and recovery grant of around $ 275 m. In parallel, the AfDB in December approved a $ 31 m grant to support a multisectoral post-conflict project.

In this positive context, many **investors** began to regain confidence in economic recovery. Foreign delegations visited the country and local players planned new investments. Nestlé, present in the country since 1959, announced $ 5.2 m worth of new industrial facilities as part of a plan to expand its activities. In November, the national petroleum company together with American investors announced the construction at a projected cost of $ 1.3 bn of a second refinery capable of producing 60,000 b/d. In December, a joint venture deal was signed between the Indian Tata Steel and the Ivorian state-run mining company SODEMI to develop the Mount Nimba iron ore mine ($ 1.5 bn of investment).

The **cocoa sector** remained chaotic. With around one-third of the population dependent on the cocoa industry, excessive taxation (export duties and para-fiscal levies) weighed heavily on farmers, who continued to receive around 35% of the FOB price (70% in other countries). The performance of the four management bodies supposedly under the control of farmer organisations did not improve. According to estimates, they had extracted $ 1 bn from the sector in the preceding years. Global Witness issued a report in June denouncing corruption and the sector's links with past war efforts. In October, there was a fresh scandal when local media reported that 'Fonds de Régulation et de Contrôle' had squandered CFAfr 100 bn to purchase a New York state-based chocolate factory that had ceased production through lack of competitiveness. This fiasco and continuing donor pressure forced

President Gbagbo on 15 October – in spite of the close links between FPI with the sector's management – to call for an inquiry. Ironically, in December workers in the hugely wealthy cocoa management bodies went on strike over pay.

The socioeconomic situation of the FN-controlled north remained difficult. Exports of **cotton** fell again, to 190,000 tonnes (from 320,000 tonnes in 2004). Rebel commanders maintained their levies, and public services – particularly health – continued to be in a deplorable state.

Bruno Losch

Gambia

In the 25 January **National Assembly elections**, President Jammeh once again scored a resounding victory, crushing a splintered and poorly financed opposition. His APRC party (Alliance for Patriotic Reorientation and Construction) won 42 of the 48 constituencies, leaving the remaining six to the opposition. Of these, the coalition among the United Democratic Party (UDP), National Reconciliation Party (NRP) and Gambia Party for Democracy and Progress (GPDP) won four, while the National Alliance for Democracy and Development (NADD) and an independent candidate secured one seat each. The APRC's victory over the opposition was made even more remarkable by the failure of Halifa Sallah, NADD's 2006 presidential candidate and a long-time representative of Serrekunda Central, to retain his seat. Hamat Bah, leader of the NRP, was also soundly defeated in his lower Saloum constituency, and a similar fate befell Kemesseng Jammeh (no relation of the president) in Jarra West.

For President Jammeh and his supporters, the defeat of Sallah, Bah and Jammeh represented the icing on the cake, because he was able to rid them of their seats not through extra-constitutional means, but by the ballot box. However, the victory of Jammeh and his party was expected and was made possible primarily because opposition party leaders failed to enter into a tactical alliance to improve their chances of winning. The bitter fall-out from the 2006 presidential election lingered long enough to intensify mutual suspicions and pre-existing divisions. The 42 seat APRC-majority in the National Assembly was strengthened further by four more members nominated by the president.

Domestic Politics

In spite of the elections, as well as the 2006 elections for the presidency, Gambia did not move appreciably closer to a more democratic political culture. The parliamentary polls resulted instead in the **consolidation of authoritarian rule** under President Jammeh and gave the ruling APRC a seeming stamp of legitimacy. Yet in spite of Jammeh's political victories, instability and regime insecurity continued to characterise Gambia's political landscape, as shown by the severe **prison sentences** imposed on accused coup plotters following the alleged foiled coup attempt of March 2006. Four senior officers, including the army's former public relations officer Captain Bunja Darboe, got life sentences. Two others received 25-year jail terms, while the remaining four were sentenced to 10 years each.

Dismissals in the civil service of key bureaucrats ensued, followed by a **cabinet reshuffle** that ended the political career of several secretaries of state. Jammeh's long-time supporter Susan Waffa-Ogoo, who for several years headed the tourism ministry and had been in the cabinet since the 1994 coup, was sacked on 20 February. Ironically, Ogoo's former English student at The Gambia College, Angella Bernadette Colley, was appointed tourism minister. Like Ogoo, Colley's appointment was not because of her qualifications but because, like Ogoo and Jammeh, she is of the Jolla ethnic group. This was followed on 18 September by yet another sacking. This time it was retired Captain Edward David Singhateh who was dismissed. Since the coup, he had held several important positions that included secretary of state for forestry and the environment as well as the position of secretary general of the APRC. Singhateh's dismissal was the consequence of years of mutual suspicion and distrust between him and Jammeh. Predictably, on 25 September both Lt. Colonel Peter Singhateh, the younger sibling of Edward Singhateh, was discharged from the army and Kebba Sanyang, who first served as attorney-general and later as secretary of state for public works, was also given the boot. On 10 November, Jammeh also sacked health secretary Dr. Tamsir Mbowe. Mbowe, who was trained in Russian, had been a staunch supporter of President Jammeh's AIDS 'cure' discovery. The sacked minister had earlier claimed that the Gambian president was in a position to cure HIV/AIDS. Thus, his sacking came as a big surprise to many. His relationship with the Gambian leader had allegedly become strained prior to his unceremonious removal. Mbowe was replaced by Dr. Malick Njie (aka Pachahh), who had served as director of health services.

On 23 February, United Nations' resident representative in Gambia, Zimbabwean-born Fadzai Gwaradzimba, was declared *persona non grata* and urged to leave Banjul within

24 hours. This occurred in the aftermath of President Jammeh's **bold claim** that he had a cure for the HIV/AIDS virus, which Ms. Gwaradzimba disputed. This latest twist came on the heels of the high profile resignations on 22 February at the national AIDS secretariat. Two top officials there, Saihou Ceesay, its director, and Ms. Aisah Baldeh, the secretariat's global fund administrator, quit following their principled defiance of President Jammeh's wish that they support his claim to have cured HIV/AIDS. Since then, Jammeh has supposedly found cures for several other afflictions, including diabetes, hypertension and asthma.

On 26 March, the US-based Gambian journalist Fatou Jaw Manneh was arrested at Banjul international airport and detained by the notorious national intelligence agency and charged with **insulting the president**. The charges were linked to a June 2004 interview given to the now-defunct private bi-weekly 'The Independent' in which Manneh severely criticised Jammeh and his government: "Jammeh is tearing our beloved country in shreds … He is a bundle of terror … Gambians are desperately in need of an alternative to this egoistic frosty imam …", she was quoted as saying. The interview was later published on several websites, including All-Gambian.net. By year's end, the case remained mired in the courts, as no magistrate wished to handle this politically charged case against a dissident.

The courts remained overwhelmed by cases brought against citizens by Jammeh's government in its efforts to silence dissent, specifically **journalists**. On 28 March, Amnesty International (AI) protested the continued closure of 'The Independent' and the arbitrary arrest and illegal detention of three members of its staff. AI called for the immediate reopening of 'The Independent' and the immediate unconditional release of Chief Ebrima Manneh, a reporter of the 'Daily Observer', whom AI considered a prisoner of conscience. On 26 September, the Media Foundation for West Africa lodged a complaint at the ECOWAS community court of justice to compel the government to release the journalist unconditionally. However, the government twice failed to appear. At year's end, Manneh was believed to be in the hands of the authorities, who would not disclose his whereabouts. Additionally, on 9 September, Malik Jones, a Gambia radio and television service radio producer, and Mam Sait Ceesay, a press officer in the office of the president, were arrested and then charged on 12 September for passing information deemed harmful to state security to a foreign journalist. Their arrest was reportedly linked to a 6 September story carried by the 'Daily Observer' and retracted on 8 September. The original story erroneously reported the replacement of a senior official at the office of the president. On 18 September, Ceesay was released on bail, and on 21 September Jones was also released on bail. Both were subsequently fired from their jobs. Journalist Yaya Dampha was also arrested without charge on 6 October and released on 12 October along with two AI researchers. Dampha was reportedly questioned separately and following his release was harassed by security forces. He reportedly went into hiding in Senegal. On June 5, Lamin Fatty, journalist for 'The Independent', was convicted of "willfully, negligently, or recklessly publishing false information”. Fatty was sentenced to an optional fine of $ 2,174 (dalasi 50,000) or a one-year prison term. After a journalists’ organisation contributed a loan to pay the fine, Fatty was released. International NGOs criticised the verdict and trial, which began in June 2006 after Fatty was held without charge for 63 days. Fatty’s appeal was still pending at year’s end.

Two suspects connected with the **2006 coup attempt** remained in detention at year’s end, Yaya Bajinka and Hamadi Sowe. The latter’s trial began on 6 December. On 6 and 7 July, Lt. Colonel (retired) Vincent Jatta, Ngorr Secka, and Baba Saho were pardoned and released before their cases went to trial over concealment of treason charges in connection with the 2006 plot. On 8 July, former Police Commissioner Ebrima Camara and army Sergeant Buba Mendy were also released without charge. Ousman Jatta, who had been in detention since September 2006, was released on 5 June. On 27 December, Foday Barry and Abdoulie Kujabi were released unconditionally and their charges were dropped without explanation. The whereabouts of former chief of defence, Colonel Ndure Cham, the alleged mastermind of the coup, remained unknown. It was rumoured that he lived in Senegal under the protection of President Abdoulaye Wade. Approximately 30 inmates in the prison system remained in detention, and some had been incarcerated for several years while awaiting trial.

The death on 9 May of Sheriff Minteh, stabbed by a volunteer security officer for allegedly resisting arrest, was yet another instance of impunity and breakdown of the rule of law. Finally, veteran journalist, Baboucar Gaye, was laid to rest at the Jeshwang cemetery on 2 November. Gaye had founded newspapers such as ‘The Point’ as well as a radio station, ‘Citizen FM’, which, as an alternative source of information, was shut down several times. As Gaye had suffered numerous arrests, the government was blamed for his untimely death.

Foreign Affairs

Relations with **Senegal** continued to occupy centre stage. Allegations in Banjul of an impending Senegalese attack and support for an invading dissident Gambian force were rife and reported by the ‘Daily Observer’ newspaper, the regime’s outlet. Relations did not improve when Senegal allegedly granted Colonel Ndure Cham asylum or sanctuary (see above). Despite reciprocal state visits by Presidents Wade and Jammeh, good relations were undermined by Jammeh’s support for the secessionist movement in Senegal’s Casamance province. Relations deteriorated further when Samsedin Hydara, a member of staff of President Wade, was assassinated on 20 December by a group of armed men who allegedly surrounded his compound at night and shot him at close range. The Senegalese government, through Air Transport Minister, Farba Senghore, all but named Banjul as responsible.

Relations with **Ghana** soured following accusations that the bodies washed ashore at a coastal village in 2005 were those of Ghanaians who were killed by the Jammeh regime out of fear that they were part of an invading force. A top Gambian police chief rejected Jammeh's claim that the 44 people whose corpses were found were murdered and dumped into the Gambia river by unknown individuals. The police official accused Jammeh of "lying to the world" by trying to cover up the atrocities committed by his hit-men. The victims were reportedly executed in cold blood on 23 July 2005 on the orders of the president. The only survivor, Martin Kyere, told the story to the outside world, something that strained Gambia-Ghana relations.

Members of the separatist movement in Senegal's **Casamance** were allegedly killed sometime in September. Ismaila Magne Dieme, the leader of one faction, was also said to have been executed by fighters from an opposing faction led by Salif Sadio.

Relations with the **Commonwealth** also worsened, partly because of the deteriorating human rights record. However, in the end the body decided not to suspend Gambia's membership. Regime paranoia and fear of a coup thereafter kept Jammeh from attending several meetings in the sub-region as well as the annual September meeting of the UN General Assembly in New York. Relations with the US, EU and international financial institutions, though improved, remain frayed, despite better macroeconomic management.

Socioeconomic Developments

Government data indicated **macroeconomic stability** with a respectable growth rate of about 6%. The dalasi continued to maintain its value (including against the US dollar, the euro and CFA franc), and its relative stability against major international currencies was attributed to an imposed exchange rate, tight controls on exchange-bureaus and the almost complete elimination of 'behind the market' unofficial foreign-exchange dealers. Consequently, the government was commended by the IMF for its good performance as well as its prudent management of the economy. The tightened monetary policy also helped to lower inflation to single digits. The IMF approved a three-year arrangement under the PRGF to further stabilise the economy. The economy also benefited from external debt relief and was poised to receive further debt cancellation as it entered the ranks of HIPC. Nevertheless, the country continued to face formidable economic challenges, including widespread poverty, vulnerability to external shocks and a heavy public debt burden.

In his 2007 budget speech on 23 December, the minister of finance conceded that this level of debt was not sustainable and that it had a detrimental impact on efforts to alleviate poverty. Mounting food and fuel **prices** reduced the standard of living further. Workers on average earned less than $ 50 a month. Tourism and private remittances, however, continued to be a major source of income.

Despite these macroeconomic improvements President Jammeh's neo-liberal strategy, called 'Vision 2020', remained ambitious and without visible positive effects on the life of average Gambians. Shady privatisation deals with Lebanese businessmen involving key government-owned enterprises such as utilities and communications could potentially affect future economic recovery.

Abdoulaye Saine

Ghana

The focal point of public discourse was the celebration of the 50th anniversary of independence on 6 March, which provided an occasion for reflection on what had been achieved and indeed whether there was anything worthy of celebration. Once the festivities were concluded, attention focused on the choice of candidates to lead the respective parties into the next election. The battle to succeed President J.A. Kufuor as leader of the New Patriotic Party (NPP) was particularly intense. All of this took place against the backdrop of a crippling energy crisis, the responsibility for which became perhaps the most hotly debated issue. As far as the economy was concerned, the power cuts, which were a consequence of the low water levels in the Volta lake, were ironically compounded by severe flooding in September. While the first took its toll on industry, the second led to falling levels of agricultural production. Although donors remained upbeat, economic targets were not met.

Domestic Politics

The year-long festivities to mark the **independence anniversary**, carried out under the 'Ghana@50' logo, became acutely contentious at the start of the year. On 26 January, the minority leader in parliament, Alban Bagbin, complained that non-NPP supporters had been excluded from the organisation. In an attempt to defuse some of the criticism, a delegation of eminent persons was despatched by Kufuor to former President Jerry Rawlings on 15 February to invite him to attend the celebrations in person. On 3 March, Rawlings finally issued a public statement to the effect that he could not in all conscience attend in view of "pervasive corruption at all levels, missed opportunities for genuine progress, nepotism, tribalism and known cases of political torture and killings".

The person in charge of 'Ghana@50', Dr. Charles Wereko-Brobby, was a controversial appointment, having been removed as chief executive of the Volta River Authority (VRA) in 2003 for under-performance (he was still fighting in the courts for compensation in February). Wereko-Brobby infuriated MPs when he refused to appear before the public accounts committee on 21 February to account for the **spending** of the $ 20 m that had been set aside for the celebrations. This followed concerns raised on the floor of parliament by Dr. Paa Kwesi Nduom, the minister for public sector reform. Wereko-Brobby accused Nduom of having brought about his downfall at the VRA and blamed him in part for the energy crisis. The chief of staff and minister for presidential affairs, Kwadwo Mpiani, had to step in to deal with parliamentary questions, but when he was unable to give a detailed account of expenditure, he was taken to task by irate MPs. Serious questions were raised about the use of the funds. In a speech on 14 February, Bagbin claimed that "contracts are flying like confetti to cronies and other party apparatchiks and hangers-on". The revelation that the organisers had ordered the commemorative cloth from China rather than supporting local industries created a storm of protest among manufacturers, trade unions and other critics of the government. The controversy took a further twist when on Independence Day Kufuor chose to wear a dull grey suit rather than a kente cloth.

The festivities passed off without incident, and were attended by many dignitaries, including eight African heads of state. Despite early indications that the National Democratic Congress (NDC) would follow Rawlings in **boycotting** proceedings, the party agreed to take part. John Atta-Mills, the NDC leader, was among those at the parade ground. But the fact was that Bagbin provided a renewed source of grievance. Kufuor made a speech that managed to praise both Nkrumah and his associates and members of the Busia/Danquah tradition. The list of heroes tactfully included people from all regions of the country.

On 23 January, the NPP continued to recover from its lacklustre form in **by-elections** by retaining the safe Fomena seat. A more interesting contest was set up when Nkoranza North fell vacant after the sitting MP was charged with drug smuggling in the US. This had been an NDC seat until 2004 and the party hoped to recapture it. On 13 March, the NPP retained the seat comfortably, although the NDC complained of voter intimidation. As nominations for the choice of parliamentary candidates to contest the 2008 elections loomed, the NPP witnessed serious in-fighting within the constituencies. In Greater Accra, two MPs were suspended from attending constituency meetings because of their alleged intimidation of executive members.

From the second quarter of the year the race for the **NPP nomination** intensified. The brother of the president, Kwame Addo-Kufuor, signalled his intention to stand, but Kufuor pointedly refused to back him. To have done so would have invited charges of dynastic ambition. Kufuor was believed to strongly favour Alan Kyerematen, although he repeatedly denied it. Kyerematen was partly Fante by origin, thereby avoiding the equally explosive charge that Kufuor was engineering an Ashanti succession. But the passage was less than smooth. Kyerematen became embroiled in controversy over his management of the ministry of trade, industry and private sector development. A petitioner to the Commission on Human Rights and Administrative Justice (CHRAJ) alleged conflicts of interest and the improper use of funds. Although Kyerematen was exonerated, the suggestion that his record was patchy provided ammunition for his opponents. On 12 June, seven NPP ministers were told that they should resign their ministerial positions in view of their intention to participate in the contest for the leadership. Nduom of the Convention People's Party (CPP) was forced to resign as well when it became clear that he intended to stand for the nomination of his own party.

In the last quarter of the year, the gloves came off as no fewer than 18 candidates traded accusations and toured the country drumming up support. Kyerematen, popularly dubbed 'Alan Cash', played on his personal wealth and largesse. His main rival, Nana Akuffo-Addo, emphasised his political experience, but even he was reported to have made significant 'donations' to potential delegates. As the owner of the 'Statesman' newspaper, Akuffo-Addo enjoyed a particular advantage. On 23 December, the NPP held its **congress**. One candidate was debarred from standing at the last minute because he had misled the party about his previous conviction for mutiny while in the armed forces. The election was won comfortably by Akuffo-Addo with 47.9% of the delegate vote, followed by Kyerematen with 32.5%. The hapless vice president, Aliu Mahama, came in third with 6.3%, but that was significantly better than Addo-Kufuor, who garnered only 1% of the delegate votes. Mahama announced his retirement from active politics, while the other defeated candidates rallied behind Akuffo-Addo. The exception was Kyerematen, who later complained of intimidation.

The CPP hoped to cash in on the independence anniversary, reminding Ghanaians on more than one occasion that it was Nkrumah that had brought independence and the Busia/Danquah tradition that had attempted to apply the brakes. But the CPP remained deeply divided, in particular over the participation of Nduom in the government. However, the latter was the clear winner in the race to lead the party when the delegates met on 17 December, and the CPP seemed to recover some confidence. On 2 December, Edward Mahama was chosen for the third successive time as the presidential candidate of the People's National Convention (PNC). The NDC had already selected Atta-Mills in 2006.

Relations between the government and the NDC took a turn for the worse on 5 February when a former Rawlings minister and sitting MP, Dan Abodakpi, was sentenced to a ten-year prison sentence for having caused financial loss to the state. His co-defendant, Victor

Selormey, had previously died in custody. The NDC held a press conference the following day during which it alleged that the trial had been politically motivated and that the judgment was faulty. The NDC immediately began a boycott of parliament, which lasted until 19 February. In July, Ghanaians came to hear of a court case in Norway in which an employee of the Scancem cement company, who was accused of stealing company funds, alleged that the money had been used to **bribe** members of the previous government, including Rawlings, Mrs. Rawlings and P.V. Obeng, who was a longstanding member of the Rawlings government in the 1980s. The NPP press jumped on the story, but the charges were never substantiated. What did emerge, however, was evidence that Ghacem, the Ghanaian subsidiary that controlled the domestic cement factory, paid money to both of the political parties before elections.

The issue of **corruption** remained a contentious one. The campaign for probity received a body blow when the findings against a former minister, Dr. Richard Anane, were overturned by the Fast Track Court. The basis was not that the initial judgment was wrong, but that CHRAJ had exceeded its powers. The judgment was upheld by the supreme court, which ruled that CHRAJ was not entitled to initiate investigations on the basis of media allegations, but was required to wait for formal complaints to be made to it. Anti-corruption campaigners regarded this as an extremely retrograde step that would hamper the efforts of anti-corruption agencies.

The 2006 report on human rights practices issued by the US State Department, was critical of deaths resulting from the excessive use of force and vigilante justice. This became an issue in 2007 after the policing of **chieftaincy disputes** culminated in casualties. Although the 1992 constitution supposedly insulated chieftaincy from political interference, the NPP was accused of meddling in succession disputes. On 14 April, a new Ga Mantse was enstooled under the title of King Tackie Tawiah III at a ceremony attended by three ministers. Many Ga maintained that the individual had no rightful claim. On 1 November, there was an outbreak of violence at Anloga, which left one policeman and five civilians dead. The spark was an attempt to enstool the regent of Anlo as the substantive Awoamefia (or paramount chief). The Fast Track Court had ruled against the installation at the last minute, following an application by the attorney-general, but the installation had proceeded anyway. The government, which imposed a curfew after the clash, was widely blamed because the police had been sent to assist with the enstoolment. The regional minister was at the centre of these allegations of interference. Rawlings waded in and accused Kufuor of trying for political reasons to impose a candidate who had no traditional claim to the stool.

During April, speculation that the US wished to establish a **military base** in Ghana provoked a vigorous public debate. Addo-Kufuor, the minister of defence, repeatedly denied that any such plans existed, but on 23 April the State Department reported that the Pentagon would make a decision about the location of the projected Africa Command in October. Ghana was apparently being considered as a possible candidate.

On 21 March, one of the great independent voices in Ghanaian politics was silenced when Hawa Yakubu, a former MP, died. She was followed four days later by the chief justice, George Kingsley Acquah. The latter was replaced by a woman, Georgina Wood, in early June. On 31 May, the former wife of Kwame Nkrumah, Fathia, died in Cairo. Her body was returned to Ghana for a **state burial**.

Foreign Affairs

On 27 January, President Kufuor attended the eighth extraordinary session of the AU in Addis Ababa. Despite a strong bid by the Sudanese head of state, Kufuor was elected **president** of the **AU assembly**. The crisis in Darfur, in which the Sudanese government was believed to be complicit, kept Kufuor busy for much of the year. At the same meeting, Ghana tabled its responses to the recommendations of the African peer review panel.

Kufuor had been widely criticised by the media for his **globetrotting**. As head of the AU, his travel schedule was greatly intensified. In the first six months, he was estimated to have made 19 foreign trips. In mid-February, he attended the Franco-African summit in Cannes. He then flew to London for a state visit (12 March); to Senegal to attend the inauguration of President Wade (3 April); to South Africa to open the 7th ordinary session of the Pan-African parliament (4 May); to Libya (14 May); to Belgium to meet with the president of the EU (21 May) and then straight on to Ethiopia to deal with AU business, to Egypt and finally to Nigeria, where he attended the inauguration of President Yar'Adua. On 3 June, Kufuor flew to Switzerland and then on to Berlin to attend the G8 summit, before continuing to France to meet with President Sarkozy. On 14 June, he attended the summit of ECOWAS heads of state, at which the **ECOWAS Commission** was inaugurated with Dr. Ibn Chambas of Ghana as the first president. The second half of the year was slightly less gruelling. On 16 August, Kufuor travelled to Congo-Brazzaville and then on to Gabon. On 22 September, he was in New York to attend the 62nd session of the UN General Assembly. On 17 October, he flew to Equatorial Guinea to participate in the commissioning of a liquefied natural gas plant. On 23–25 November, he attended the Commonwealth heads of government meeting in Kampala. Finally, on 6 December Kufuor travelled to Portugal for the EU-Africa summit.

The AU presented Kufuor with many fresh responsibilities. On 16 February, he presided over the signing of an agreement among Sudan, Chad and the Central African Republic that was designed to promote good neighbourliness. On 4 February, President Laurent Gbagbo of Côte d'Ivoire visited Ghana for consultations. Then from 1–3 July, Ghana hosted the **AU summit** at which the main item on the agenda was movement in the direction of a Union government for Africa. Whereas Libya's leader Kadhafi was, as ever, in favour of more rapid progress, Kufuor sided with the pragmatist camp. The Accra Declaration of 3 July was a cautious document that focused on strengthening the regional economic communities as a first step towards eventual union.

Kufuor also received a number of official visits in his capacity as president of Ghana. On 11 January, German President Horst Köhler came with a business delegation and took part in an international conference on partnership.

Relations with China were further solidified. On 19 April, the countries signed six agreements that included the construction of the Bui dam and debt cancellation (including the costs of the construction of the national theatre). The Chinese delegation made it clear that the one-China policy, to which the Ghana government adhered, was central to this friendly arrangement.

The government continued to promote friendly relations with other **West African countries**. Kufuor was constantly supportive of Yar'Adua, despite the doubt that was cast over the Nigerian elections. On 11 January, the border with Côte d'Ivoire was briefly closed after an armed attack on the Ivorian border post of Noe, but relations between the governments were not affected. On 8 November, the newly installed president of Sierra Leone, Ernest Bain Koroma, paid a two-day state visit. Between 13 and 15 October, the Togolese authorities closed their side of the border during the period of the legislative elections. President Faure Gnassingbé visited on 16 November to engage in discussions about closer cooperation and was congratulated by Kufuor on his success in those polls. On 2 July, delegates from Ghana and Burkina Faso met to discuss joint management of the resources of the White Volta basin in the context of their ongoing cross-border cooperation plans. The only country with which relations were somewhat strained was Gambia. The murder of 44 Ghanaians in 2005, allegedly by Gambian security forces, remained a point of friction. Many blamed the government for not doing enough to get to the bottom of the affair. On 24 August, a delegation travelled to Banjul to investigate further, but the government refrained from accusing the Jammeh regime of complicity.

Ghana played an active role in the **UN** by virtue of its position as non-permanent member of the Security Council, which came to an end on 31 December. On 23 January, Kofi Annan returned to Ghana, having served out his second term as UN secretary general, and indicated his desire to retire in the country.

Socioeconomic Developments

On 8 February, President Kufuor gave his **state of the nation** address to parliament in which he expressed pride in the robust growth rate, relatively low inflation and falling interest rates. He placed particular emphasis on agriculture and the future role of science and technology in boosting production. The local chapter of Transparency International bemoaned the fact that there was no mention of anti-corruption measures. Bagbin launched a searing attack on the state of Ghana under the NPP, presenting it as a highly divided country in which corruption was rife, justice was partial, human rights abuses were legion and social inequalities were growing. He also criticised the over-hasty implementation of the National Health Insurance Scheme (NHIS).

In his address, President Kufuor also outlined initiatives to deal with the crippling **energy shortage**. He promised short-term relief from Nigeria and Côte d'Ivoire, but this failed to materialise because both the latter faced their own energy crises. In the long term, the government placed much of its hopes in an ECOWAS-wide scheme, which enjoyed the financial backing of the IDA, to expand generating capacity at Akosombo. The completion of the West African gas pipeline project, which would be used to supply thermal energy plants, was also eagerly awaited (the first gas flowed on 20 December), as was the completion of the Bui dam. These measures could only be welcomed by industry, which complained of the debilitating consequences of load shedding and unscheduled power cuts. On 15 March for example, the VALCO aluminium smelter was forced to close. Load shedding was suspended at the time of the anniversary celebrations in March to avoid embarrassment. However, the cuts resumed as soon as these ended. The NDC seized on the government's failure to deal with the problem. On 5 April, Atta-Mills issued a statement in which he pointed out that NDC strategic plans for energy had been shelved by the NPP. The CPP also reminded the NPP of the fact that Nkrumah had embarked on plans to increase energy supply, including construction of the Bui dam, but these were cancelled by the military junta and politicians of the Busia/Danquah tradition after he was overthrown. On 18 June, a British oil exploration company, Tullow Oil, announced that it had made a significant offshore **oil discovery**, and at exactly the same time an American company announced a similar find. This led to much rejoicing in the NPP. It was estimated that the country imported $ 1.1 bn worth of oil annually. On 22 December, President Kufuor estimated the oil reserves at three billion barrels.

On 1 July, the Bank of Ghana changed the **currency**, creating the New Ghana Cedi (¢). In effect, this took one zero off the old notes. The two versions of the cedi circulated alongside one another until the end of the year, with prices being quoted in both denominations. Despite predictions of confusion, the exercise passed off smoothly.

On 2 February, the vice president of the International Finance Corporation revealed that Ghana was ranked highest among the African countries and ninth overall in the IFC-World Bank doing business rankings for 2007. However, he identified persistent obstacles such as protracted and costly start-up times and lengthy import and export procedures. When the head of the World Bank, Paul Wolfowitz, visited on 2 March he similarly praised the success of the past ten years. On 20 June, the Ghana consultative group of donors promised to increase assistance from $ 1.2 bn to $ 1.4 bn per year for the next four years. On 2 February, parliament belatedly approved the **Millennium Challenge Account** agreement that unlocked $ 547 m of American funding for agricultural development. On 7 September, the European Commission agreed to support Ghana to the tune of ¢ 92.6 m, most of which consisted of budgetary support. As of April 2007, the total foreign debt of Ghana stood at $ 2.7 bn, of which $ 1.3 bn was owed to multilateral agencies. On 21 March, the governor of the Bank of Ghana, Paul Acquah, estimated that private remittances had brought in $ 5.78 bn in 2006.

On 15 November, the minister of finance and economic planning, Kwadwo Baah-Wiredu, presented his **budget**. He estimated economic growth for the year at 6.3% rather than the projected 6.5%, due to the energy crisis and erratic rainfall. The cocoa sector was badly affected by dry weather and it was anticipated that production would fall significantly at a time of rising world producer prices. However, the minister projected a real GDP growth rate of 7% in 2008. The budget deficit for 2007 was estimated at 4% of GDP. One of the more controversial measures was the decision to tax mobile phone airtime.

Textile manufacturing had been in decline for some years. On 1 July, a Chinese company reopened the Juapong textiles mill in partnership with the state. This was somewhat ironic, in that competition from cheap Chinese imports was partly what had precipitated its closure in 2005. In April, Ghana Telecom became 100% state-owned once again after Telekom Malaysia sold its 30% stake, following a rancorous relationship. Almost immediately, 51% of the shares of the company were put up for sale and were bought by France Telecom in November. In October, the government announced the sale of 75% of the shares in Western Telesystems, or Westel, to Celtel. The latter promised substantial new investments in the ailing **telecommunications** network.

On 27 April, the statistical service released the findings of the Ghana living standards survey, earlier versions of which had been conducted in 1991 and 1999. It found that the overall incidence of **poverty** had fallen from 51.7% in 1991 to 28.5% in 2005. This enabled the World Bank country director, Mats Karlsson, to suggest that Ghana was well on the way to meeting one of the key MDGs. The one major source of concern was that that the incidence of poverty in Greater Accra had increased, confirming more anecdotal evidence such as the increase in the number of street children. A World Bank survey released in early June noted a dramatic increase in urbanisation, which was considered partly to blame for the rising incidence of urban poverty. The 2007 United Nations Human Development Index placed Ghana 136th in the world, one place higher than the previous year. The report mentioned that half of the children in the north were malnourished compared with 13% in Accra, which rather confused the poverty profile.

On 20 January, the deputy minister of **health**, Samuel Owusu-Agyei, conceded that whereas the NHIS had achieved only 30% coverage in 2006, the target for 2007 was set at 55%. The backlog in identity cards was one particular problem that the authorities promised to address. Another was the debts that were owed to hospitals. The initiative received a boost when, on 3 July, the World Bank agreed to support the NHIS to the tune of $ 15 m. A further $ 25 m was allocated to nutrition and malaria control. In early February, former US President Jimmy Carter visited to check progress in the fight against guinea worm that was being partly funded by his trust. On 30 April, the head of the national AIDS control programme noted an increase in the HIV prevalence rate from 2.7% to 3.2%, with the Eastern Region recording the highest and the Northern Region the lowest rates of infection.

The issue of **employment** was bound to feature prominently in the year before an election. On 1 March, the Ghana investment promotion centre claimed that it had overseen the generation of 53,430 new jobs connected to 1,154 investments in projects. The national youth employment programme started late in 2006 and as of May claimed to have found work for 95,000 people. However, the initiative was dogged by claims of political partisanship.

The Ghana Education Trust (GET) fund was expected to disburse ¢ 582 bn (old) for the improvement of educational infrastructure in 2007, in addition to the ministerial allocation. However, there were allegations of misuse of the money following **student unrest** at the University of Ghana, whose management maintained that students could only be admitted into campus accommodation during their first year. The NDC accused the government of having used GET fund money to bankroll its youth employment scheme, which meant there was insufficient money to build new student accommodation.

The two interrelated social problems that came to the top of the political agenda were child labour and **child trafficking**, which caused Ghana a lot of adverse international publicity. Kufuor promised tougher action as Ghana slumped in the US State Department ratings for effective measures to deal with the trafficking problem. Over the course of the year, press reports of children being freed kept the issue in the public eye. It was suggested that many of the victims of internal trafficking came from the impoverished north and were despatched to fishing and cocoa farming areas as labourers or used as servants. Human trafficking was also kept in the public eye as Ghanaians commemorated the 200th anniversary of Britain's withdrawal from the slave trade. The British deputy prime minister, John Prescott, visited in February. He expressed regret for the slave trade and lamented the current incidence of human trafficking. Meanwhile, the NPP launched the Joseph Project (the name of which referred to the story of Joseph in Genesis) from 1 August, which was designed to reconnect African Americans with their African roots. However, Kufuor was widely criticised for distancing himself from the reparations movement.

In 2006, Ghana's reputation as an emerging transit point in the international **drugs trade** was highlighted in a number of cases. This included the arrest of the Nkoranza North MP and the Tagor/Abass affair, implicating police officers, which culminated in convictions in November 2007. The case of two British teenagers of Ghanaian extraction who were arrested at Kotoka airport on 2 July in possession of a large quantity of cocaine attracted considerable international attention. The girls were found guilty. The US State Department singled out Ghana as a trans-shipment point for South American cocaine in its annual international narcotic control strategy report for 2007. On 9 February, Ghana signed agreements with the UN office on drugs and crime that were intended to bolster the capacity of the authorities to deal with drug smuggling and money laundering. The NPP promised legislation to deal specifically with the latter.

On 21 February, parliament passed a **domestic violence** bill that had been a source of controversy in the past. Women MPs of all parties regarded this as a victory. The debate about whether **homosexuality** should be legalised raged on and off during the year, with the government insisting that it had no intention of amending the law to accommodate practices it regarded as inherently un-Ghanaian. However, external pressure on the government was mounting and the issue was almost bound to provoke more debate in the future.

Paul Nugent

Guinea

2007 was one of the most tumultuous of Guinea's postcolonial history. It began in January with a 19-day general strike that turned into massive demonstrations. This popular uprising, orchestrated by trade unions, evoked violent responses from the government, whose security forces killed over 180 civilians in Conakry and other cities. However, popular protest was so vociferous and so unanimous that the president, General Lansana Conté, finally had to make numerous concessions, including naming a consensus prime minister and reshuffling the military hierarchy. These concessions led to a moderate improvement in the economic situation, but by mid-year many Guineans were already complaining that the new prime minister had effected few concrete changes. The deaths of two of the army's top generals left Conté more isolated than ever, though he remained the master of the political game.

Domestic Politics

The year was dominated by the events of January through March. In December 2006, the 'Confédération Nationale des Travailleurs de Guinée' (CNTG), and 'l'Union Syndicale des Travailleurs de Guinée' (USTG) called for a **general strike** to start on 10 January. This strike followed two that had taken place over the course of 2006, both of which were respected by an overwhelming percentage of the population. The 2006 strikes were orderly and the unions were careful to specify that they were not involved in politics but were making socioeconomic claims on behalf of their members and the wider population. As the CNTG claims a maximum of 65,000 members and the USTG 70,000, their strikes would not have had much effect if only their members had observed them.

Each successive strike was called when the promises made by the government during the last one were not honoured. However, by the time of the January 2007 strike, many Guineans were incensed by another fact, which was that Conté went personally to Conakry's 'Maison Centrale' prison to release two personal friends, Mamadou Sylla and Fodé Soumah, who had been charged with embezzling $ 22 m from the central bank. Conté added insult to injury when he reportedly told a group of business leaders soon after that "L'État, c'est moi. Le gouvernement, c'est moi. La justice, c'est moi". Guineans were incensed by this **contempt** for even the pretence of respecting the state's republican institutions, and the January strike soon took on a particularly charged flavour as a result.

The first 11 days of the strike saw Conakry and Guinea's provincial towns entirely shut down. The few taxis that ventured out in the early days of the strike were promptly pelted with rocks and youths exerted coercive pressure against anyone who attempted to do business in shops or the markets. On 19 January, President Conté sacked formerly all-powerful Minister for Presidential Affairs Fodé Bangoura. Bangoura was generally considered to be responsible for the arrests of Sylla and Soumah two months prior. While he was widely disliked and considered a key figure in the president's entourage who had blocked attempts at reform of the government, his departure did not cause a stir, probably because both union leaders and the population had set their sights on even bigger changes. On 22 January, the unions called for a **demonstration**, culminating in a march on the presidential palace. When the crowds, which were estimated to be in at least the tens and probably the hundreds of thousands, reached the narrow isthmus separating the central zone (formerly a separate island) from the rest of Conakry's peninsula, security forces opened fire on the crowd as it tried to move forward. Some 100 of the 180 or more people estimated to have been killed by the security forces were killed at this time. Doctors who saw the dead and wounded stated that their injuries were consistent with the security forces **having shot** directly into the crowd, often at close range, and not as a result of stray warning shots. Eyewitnesses confirmed this.

Although the crowd did not succeed in moving past the security forces, it was clear that the Conté government was losing control of the situation. Youths resident in the Kaloum central area had also begun to demonstrate, ending their longstanding support for the president, and soldiers from the Alpha Yaya military base in Conakry **raided the armoury**, taking all its weapons. Interpretations vary on the intentions of these soldiers, with some claiming they joined the civilian crowds with the aim of promoting a coup, and others suggesting that it was senior officers who had the weapons removed pre-emptively so that they would not fall into the hands of the rank-and-file. Either way, the government and its supporting cadre of senior officers had obviously recognised the gravity of the situation and, on 27 January, Conté agreed to delegate most powers to a consensus prime minister in order to end the strike.

He did not name the prime minister until 9 February, at which point he announced the nomination of Eugène Camara, a long-time associate not considered acceptable by any of those who had organised the strikes. On 11 February, the trade unions for the first time called for President Conté's departure, further uprisings ensued and more civilians were killed by the security forces. On 12 February, Conté announced a state of siege, with a 20-hour curfew per day and orders to shoot anyone breaking the curfew on sight. This state of siege became a kind of looting spree, with soldiers and some criminal elements going house to house, **raping and robbing** civilians and sometimes fighting among themselves. After the events of January–February, many blamed the presidential guard, identifiable by their red berets, for the worst abuses during this period. Guineans took a much dimmer view of all military after the state of siege, with taxis often refusing to stop for them and civilians insulting them on the streets.

After the first ten days of the state of siege, President Conté and army chief of staff Kerfalla Camara requested an extension from the National Assembly as required by the constitution. The request itself showed an unusual interest in constitutional process, and most Guineans and outside observers expected the **National Assembly** to comply. As only one small opposition party was represented in the legislature (the others had boycotted the last legislative elections), this arm of the government was normally little more than a cheering section for the president. However, they denied the request, seeming to recognise how abusive the security forces had been and how the legislature might be held accountable for the army's actions and could eventually find themselves the next targets of the citizens' ire.

This was a shift almost as significant as that marked by the general population's willingness to speak out against the government and to sacrifice their lives in protests. President Conté, realising that he was increasingly isolated, accepted that he would have to name a **consensus prime minister** from a list proposed by civil society leaders. Conté chose Lansana Kouyaté, a Guinean diplomat who had been flown to Guinea in Ivorian President Laurent Gbagbo's presidential jet (he was serving as the representative of the Francophonie to the Ivorian peace negotiations), and also said to be the candidate supported by Conté's first wife, Henrietta. Kouyaté graduated in the 1970s from the Guinean 'École nationale d'administration' and had served as a diplomat in the Middle East before becoming the Guinean ambassador to the UN in the 1990s. From this position, he moved into UN employment, first in the UN mission to Somalia and later as an employee of the UN's department of political affairs. From 1997 to 2002, he served in Abuja as the executive secretary of ECOWAS and from there he went to the Francophonie position in Abidjan. He was thus not tainted by the stigma of being an insider in President Conté's circle, though he had knowledge of both government and of the international setting.

Kouyaté began choosing his government in March and over the course of the following months was able to select all of the governors, prefects and sub-prefects in the country. He was the first prime minister to do so, as previously all of these choices had rested with the president. Kouyaté also lobbied donors for increased aid to Guinea to support the transition, visiting Paris, Brussels and Washington in April. The **new government** was configured differently from those that preceded it, with ministers of justice and human rights and of 'economic and financial oversight, ethics and transparency'. The government promised a commission of inquiry into the killings of January–February, though this process had not yet started by the end of the year. Many criticised Kouyaté for naming a disproportionate number of prefects from his own (Maninka) ethnic group and also for making many promises, including the provision of electricity and water within six weeks, which he did not keep.

The period following Kouyaté's nomination was punctuated by a number of events within the army. From 10 to 14 May, rank-and-file soldiers staged a **mutiny**, frightening civilians with the sound of gun shots, which killed six people, and demanding back pay they claimed had been stolen by high-ranking officers. They also demanded that army chief of staff General Kerfalla Camara and Minister of Defence General Arafane Camara be sacked, as they claimed the two had been involved in taking money that was due to the soldiers. On 12 May, Conté brought General Bailo Diallo, popular with the lower ranking officers and the rank-and-file, back as army chief of staff and promised back pay. In September, the army threatened to mutiny again, claiming it had not received the promised pay, but the situation was dealt with quietly. On 10 September, Kerfalla Camara died in France. At the end of 2007, Arafane Camara, Kerfalla Camara's former number two, lay gravely ill in hospital in Paris, leaving President Conté more isolated than ever.

Still, Conté was capable of the same **machinations** he had always used to undermine his prime ministers. At the end of the year, he sacked Minister of Communication, Technology and Information Justin Morel Junior, a widely respected and well-liked journalist, after he had criticised remarks made by members of Conté's circle that he claimed harkened back to the period before the uprisings of January–February. Conté clearly did this without consulting Kouyaté and followed this 'coup' by issuing a decree giving the secretary-general of the presidency, Sam Soumah, exceptionally strong powers reminiscent of those given Soumah's predecessor, Fodé Bangoura, who had acted as the chief strong man and gatekeeper in the fights between the presidential and prime ministerial circles. By year's end, many Guineans saw Kouyaté, who did not react strongly to either of these challenges to his authority, as holding little more power than any of his predecessors.

Foreign Affairs

Much of the diplomatic activity focused on Guinea was aimed at managing the crisis that exploded in January–February. In January, **ECOWAS** sent a mission to Conakry headed by former Nigerian head of state Ibrahim Babangida, who met with President Conté on 17 February during the state of siege and returned the following week with the president of the ECOWAS mission, Mohammed Ibn Chambas, to try to avert a catastrophe. Ahmedou Ould-Abdallah, special representative of UN Secretary General Ban Ki-moon, also flew to Conakry to assist in negotiations.

In a situation where even the trade unionists who had begun the strike claimed to have lost control of it, it was not clear how much margin for manoeuvre the diplomats had, but they did send a clear signal to the government that they would not condone the government's killing of civilians and another clear signal to the military indicating that they would not accept a military takeover. These overtures seem to have played a role primarily in convincing the Conté government to negotiate with the leaders of Guinea's trade unions and civil society. A 20 February meeting between Conté and Presidents Ellen Johnson Sirleaf of **Liberia** and Ahmed Tejan Kabba of **Sierra Leone** was ostensibly focused on sub-regional security risks posed by the uprisings, but may also have helped to convince Conté that he needed to negotiate with the trade unions and civil society.

Not all international activity at the time of the strike and uprisings was aimed at assisting the search for peace. Several sources noted the arrival in Guinea during this period of **Liberian ex-combatants** from Lofa County, Liberia. Some claimed they had been sent to support Lansana Conté's loyal troops against either the civilian population or potentially rebellious troops. Others, including a number of the Liberians themselves, said they had only come to Conakry to protect the life and property of their patron, Aisha Keita, an advisor to President Conté who was instrumental in securing Guinean support for the Liberians United for Reconciliation and Democracy (LURD), a warring faction during the course of Liberia's second civil war (1999–2003).

At the same time, international and Guinean media reported the arrival in Conakry of elite 'Aguentas' soldiers from 'Nino' Vieira's **Guinea-Bissau army**, presumably sent to support Conté, just as Conté had several times supported Vieira when he had come under attack in Bissau. The Guinea-Bissau government vehemently denied having sent troops, but most Guineans seemed ready to believe the press rather than the government.

Another actor who played an important role was **Côte d'Ivoire**'s Laurent Gbagbo, by 2007 one of Conté's two strongest allies in the sub-region, alongside 'Nino' Vieira. Gbagbo supported Lansana Kouyaté's candidacy for the prime ministerial position, flying him twice to Conakry in his presidential jet. He had come to know Kouyaté in Abidjan when the latter served as the representative of the Francophonie to Côte d'Ivoire.

International support for Prime Minister Kouyaté and his government was strong and immediate. French Minister of Foreign Affairs Brigitte Girardin was in Conakry on

1 March, the day of Kouyaté's investiture, and on the occasion France promised € 1 m of budgetary assistance for the provision of drinking water in Conakry and another € 100,000 in emergency humanitarian assistance.

Supreme Guide of the Libyan Revolution Muammar Kadhafi visited Guinea on 23–24 June, travelling across the country from the Malian border all the way to Conakry by road in a 100-vehicle motorcade. There, Kadhafi was welcomed in grand style, telling 50,000 assembled Guineans in the national stadium of his plans for a federation of united African states. Prime Minister Kouyaté returned the favour, visiting **Libya** three times over the course of 2007, including the September celebration of the 38th anniversary of Kadhafi's rise to power.

On 17 July 2007, Presidents Ellen Johnson-Sirleaf and Ahmed Tejan Kabba again visited Guinea and met Prime Minister Kouyaté in Guéckédou, in Guinea's forest region, for a summit of the **Mano River Union** leaders. This was to be Kabba's last Mano River Union summit before leaving office in September. The primary point of discussion was Guinea's occupation of a number of Sierra Leonean villages around Yenga. President Johnson-Sirleaf was to mediate the dispute, but as President Conté did not attend the meeting it was clear that there would be no quick resolution to the problem.

China maintained its strong interest in Guinea, finishing most of the work on the refurbished motorway from the airport into the city. Engineers and ministry of foreign affairs representatives visited Conakry in November to discuss the construction of a new road between Conakry and Mamou, at the base of the Fouta Djallon mountains. China remained committed to building a new stadium in Conakry and a large hydroelectric dam, financed by a loan from Chinese Eximbank.

Socioeconomic Developments

The political unrest was driven to a large extent by the **dire economic circumstances**. At the beginning of the year, the Guinean franc traded at FG 5,662 to the dollar, as opposed to 4,300:1 a year before. Fuel cost FG 5,500 per litre, and rice was selling for some FG 120,000 for one 50 kilogram sack. At the same time, stagnant wages meant that the average salaried Guinean had seen his or her purchasing power cut in four over the preceding three years. In fact, for many state employees the cost of transport to and from work every day had come to equal or outstrip their salaries. While only a fraction of Guinea's population is salaried, each such worker often supports an extended family on his or her salary. Just before the strike started in January, many Guineans spoke of eating only one meal every one or two days.

Similarly, the scarcity of **electricity** and **water** was a serious problem both in Conakry and provincial cities. **Telephone** service from either land lines or cellular networks was also among the worst in West Africa. In 2007, service improved significantly, with French-owned Orange affiliate Sonatel taking over Spacetel's cellular network in March, and Areeba introducing a fourth cellular company to the country. As capacity jumped considerably, it became possible for the first time in years to buy cell phone chips from service providers.

With the naming of the consensus prime minister, the Guinean franc jumped in value from FG 6,100 to 3,700 to one dollar. The rate declined slightly to 4,400:1 by the end of the year. Rice came down in price very briefly, but soon rose again. At the end of the year, the international financial institutions were once again pressuring Guinea to allow the **cost of petrol** to float with the world market price. While this suggestion made good economic sense (an estimated 25% of Guinean fuel was being smuggled over the borders into neighbouring countries that do not subsidise fuel), it was politically explosive, and the government resisted any such recalibration, given the possibility that it could contribute to further civil unrest.

In the wake of the January–February uprisings, the **business community** elected Youssouf Diallo to succeed Mamadou Sylla at the head of the business owners' organisation, the 'Patronat'. Sylla, close to and supported by President Conté, had been largely discredited by his arrest and imprisonment for embezzlement, while Diallo had the support of the trade unions, civil society and the new Kouyaté government. Nevertheless, Sylla still claimed to be the legitimate head of the organisation, calling Diallo a "usurper" and continuing to attend international business conferences in the name of the Guinean 'Patronat'.

The **EU** decided to support the new government by releasing the monies from the 9th European Development Funds, which had been frozen for five years because of violations of Article 96 of the Cotonou Accords. Although the final evaluation as to whether Guinea had come to satisfy EU standards for governance and respect of human rights was not to be made until 2008, the money was released, much of it earmarked for infrastructure in the forest region of the country, where the only paved road and many of the unpaved ones had become almost impassable due to washed-out bridges and potholes big enough to engulf entire lorries during the rainy season. After the naming of the new government, the EU also prepared a package along with other donors to help Guinea out of its economic impasse. EU monies were earmarked for the rebuilding of administrative buildings that had been damaged during the uprisings, and a significant package was aimed at helping to prepare the country for legislative elections in 2008, specifically for a digitised voter registration database (including a computerised voters' list, electors' cards with photos and fingerprints) and to assist the newly-formed independent electoral commission (CENI).

Muammar Kadhafi himself offered $ 500,000 to the Guinean government for a youth employment fund. **Libyan experts** who accompanied Kadhafi also proposed building a five-star hotel in Conakry and possibly also refurbishing several of Conakry's existing hotels, as well as possible mining activities.

Despite all the unrest of 2007, **foreign investment** in the country not only held steady – it accelerated. Mining giant BHP Billiton invested in Sangaredi's Global Alumina refining plant, buying a one-third stake in the project, expected to cost $ 2 bn. The Sangaredi plant was scheduled to begin production in 2010. Global Alumina co-president Karim Karjian spent the month of May in Guinea to develop the relationship between the company and the new government. BHP also continued its preparations to mine iron ore from the Guinean side of Mount Nimba, already partially exploited on the Liberian side. Meanwhile, Rio Tinto, another of the world's biggest **mining** companies, continued plans to mine the Simandou iron seam in the country's southeast. This project, estimated at a cost of $ 7 bn, is an impressive investment by any standard, but especially surprising given Guinea's political instability. It is a measure of the attractiveness of Guinea's mineral resources in the context of ever-growing Chinese demand for metals that these companies are taking such risks, presumably to stake claims that could become viable once the political situation is resolved.

Other investors were not as lucky, finding themselves subjected to increased scrutiny with the arrival of the Kouyaté government. Russian aluminium company Russal, owner of the 'Compagnie de Bauxite de Guinée' based near Kindia, had its contract with the government called into question because of doubts about the portion of the profits remaining in Guinea. American oil company SGS/Hyperdynamics also found itself subject to **contract revision**. After being granted exploration rights to Guinea's entire offshore shelf (an extremely rare monopoly agreement), the Kouyaté government suspended the agreement while it studied the terms of the contract. Hyperdynamics president Ken Watt arrived in Conakry on 10 December to try to save the deal, but even though he was accompanied by diplomat-turned-lobbyist Herman Cohen, who used his contacts in the presidential palace to gain an audience with the presidential secretary general Sam Soumah, he was not able to stop the investigation.

On 10 August, the government announced the discovery of **uranium** deposits. Australian based Murchison United NL discovered them in the Kissidougou region, while also exploring possible diamond reserves in the same area.

With the heightened scrutiny of contracts between the government and multinationals, giving effect to the World Bank's Extractive Industries Transparency Initiative, to which the government signed on in 2005, could become one of the major achievements of the Kouyaté government. It should encourage multinationals to negotiate future contracts in full **transparency** and according to Guinean law, as the risks appear significant that such companies will be asked to justify their actions in future. These monies will have to increase if the government is to become self-sustaining. Even the promise of soldiers' back pay that the government made in September would have equalled a large portion of the state's annual budget.

Mike McGovern

Guinea-Bissau

The year 2007 saw the weakening of the state president's influence, expressed in the substitution of the presidentially installed administration by an elected parliamentary government. Fundamental improvements in the basic socioeconomic situation did not occur in the period under review. The political landscape remained turbulent. Dark clouds were on the horizon: trafficking in narcotics through Guinea-Bissau threatened the country's stability and became one of the most important topics on international donors' agendas. Bilateral and multilateral financial transfers continued to be critical to Guinea-Bissau's economic existence.

Domestic Politics

The new year began with a serious incident. On 4 January, the former head of the country's navy, Mohamed Lamine Sanhá, was shot by unidentified gunmen at his house in the capital. He died two days later. His death resulted in rioting in Bissau's 'Bairro Militar' suburb. Several adolescent protestors were injured or killed by security forces. The protesters' anger turned against President João Bernardo 'Nino' Vieira, who was believed to be involved in Sanhá's **assassination**. Sanhá had previously received death threats and had been temporarily detained by the authorities. As an ally of Ansumane Mané, a former commander-in-chief of Guinea-Bissau's armed forces, Sanhá had supported the overthrow of then President Vieira on 7 June 1998, resulting in eleven months of civil war. The debate over Vieira's alleged involvement was fuelled by an interview given by former prime minister and chairman of the country's largest party, the 'Partido Africano da Independência da Guiné e Cabo Verde' (PAIGC), Carlos Domingos Gomes Jnr., a rival of President Vieira. Gomes reportedly accused Vieira of Sanhá's death. Subsequently, legal authorities issued an arrest warrant, which caused Gomes to flee into Bissau's United Nations building on 10 January. Gomes stated that he feared for his life and liberty. After interventions by the international contact group on Guinea-Bissau, made up of France, Gambia, Senegal, Guinea, ECOWAS and the 'Comunidade dos Países de Língua Portuguesa', Gomes left the UN offices on 29 January after the arrest warrant was withdrawn. Gomes was formally accused of libel against the state president by the attorney-general on 17 December.

On 12 March, the political parties PAIGC, PRS ('Partido da Renovação Social') and PUSD ('Partido Unido Social-Democrata') signed an agreement to form a new **government of consensus**. The accord brought to an end the long-contested government led by Prime Minister Aristides Gomes, who had been installed in a highly controversial constitutional manoeuvre by President Vieira on 2 November 2005. Critics accused Gomes of arrogance and of stonewalling. Many of Gomes's former supporters had already defected. Gomes, a protégé of Vieira, had drawn on a parliamentary majority made up of individual deputies (PAIGC, PRS and PUSD) loyal to President Vieira. The National People's Assembly initiated a motion of no-confidence on 19 March, with 54 deputies voting in favour of the motion, 28 against and eight abstaining, while six deputies were absent. According to the constitution, the president had 72 hours to dissolve the government. Instead, Vieira played for time and requested further explanations on 23 March. The power game between parliament and president ended on 29 March when Gomes resigned. Vieira appointed as the new prime minister Martinho N'dafa Kabi (PAIGC), who had been proposed by the coalition parties, on 10 April. Kabi is 48 years old and a professional engineer.

The head of the 'Gabinete Técnico de Apoio ao Processo Eleitoral' (GTAPE), António Indjai, announced in October that the **parliamentary elections** originally scheduled for May 2008 would be delayed until November or December 2008 as a result of the lack the logistical and financial resources required to update the electoral registers. GTAPE is the state institution responsible for the technical aspects of voter registration. The postponement was confirmed by the head of the 'Comissão Nacional Eleitoral' (CNE), Malam Mané, on 8 December. The international contact group on Guinea-Bissau had declared in September that, in addition to the holding of elections, reform of the security sector and combating narco-trafficking would be their three priority areas.

In mid-October, Certório Biote (PRS), a jurist by profession, replaced Major Baciro Dabó, an ally of President Vieira and newly affiliated with the PAIGC, as **minister of the interior**. Dabó was then appointed a presidential advisor by Vieira. On 14 December, Dabó sent a letter to the speaker of parliament, the presidency and various diplomatic missions in Bissau in which he accused Biote and an unnamed high-ranking military official of intending to assassinate him. The allegations were rejected by Biote, who in turn filed an action for an injunction.

Press freedom was dealt a blow with the dismissal of the director of the state-run 'Televisão da Guiné-Bissau' (TGB), Francelino Cunha, and his counterpart at 'Radio Difusão Nacional' (RDN), Fernando Marna, on 20 November. They were accused of not having sent journalists to cover the speech delivered by President Vieira to parliament. The dismissed directors responded by referring to their difficult working conditions, characterised by a lack of money, and claimed they had actually assigned a reporter to the event. Both journalists and the audience confirmed that the reports on the speech had been broadcast. In general, the 'Observatório Nacional dos Direitos Humanos' (ONDH) criticised the country's human rights record in December.

In December the **national audit office**, led since November by former Prime Minister Francisco Fadul, set up a commission to inquire into self-enrichment practices by politicians.

Foreign Affairs

Foreign relations were characterised by increased awareness of **drug-trafficking**. Guinea-Bissau gained a reputation as the continent's preeminent narco-state. Drugs were transported from South America to Europe via Guinea-Bissau and other countries in the sub-region. Even if smugglers were captured and convicted in court, they would usually be freed by top military officials. Security forces were not sufficiently equipped or motivated to take action. It was believed that a silent agreement existed between the army and politicians that kept the armed forces out of politics but left them to profit from drug trafficking. A successful agent, the head of the judicial police, Orlando António da Silva, was dismissed on 9 June. On 19 October, the UN Security Council expressed its concerns that drug-trafficking might destabilise Guinea-Bissau and the whole sub-region. On 9 November, former Prime Minister Aristides Gomes was interrogated on the disappearance of 670 kilograms of cocaine from the treasury in September 2006. He claimed that the drugs had been incinerated. According to the International Federation of Journalists (3 September), local reporters trying to investigate drug-trafficking, were harassed in July and August. An international conference on narcotrafficking in Guinea-Bissau was held in Lisbon on 19 December. The conference aimed at finding funds for a plan to support Guinea-Bissau's fight against drugs as developed by the UN Office on Drugs and Crime (UNODC). It was attended by government representatives from Guinea-Bissau, Portugal, Cape Verde and Angola. Following the conference, Guinea-Bissau's parliament adopted a number of international conventions relating to the fight against drug trafficking. Their adoption was required in order to receive monetary aid from the international community. Against the backdrop of the growing narco-trafficking, on 7 July the **US** reopened its **diplomatic office** in the country a decade after closing it.

In March and April, there was much speculation over the role of mercenaries or soldiers from Guinea-Bissau in neighbouring **Guinea**. They were said to be acting in favour of Guinean President Lansana Conté during the sociopolitical upheavals in that country in February and March. Various allegations were made about who was paying these forces. Conté is a long-time friend of Guinea-Bissau's President Vieira, who was supported by his Guinean counterpart in the 1998–99 civil war.

The Spanish minister of labour and social security, Jesús Caldera Sánchez-Capitán, announced in Bissau on 9 August that Spain would open a vocational training centre for 80 to 100 adolescents in an effort to limit the flow of illegal West African **boat people**. According to the minister, Spain had quintupled or sextupled its financial aid to Guinea-Bissau in the preceding three years. The opening of a Spanish embassy in Bissau in August underlined Spain's growing commitment to Guinea-Bissau.

The UN Security Council agreed on 3 December to extend the mandate of the UN **Peacebuilding** Support Office in Guinea-Bissau (UNOGBIS) until 31 December 2008. At the request of its prime minister, on 12 December Guinea-Bissau became the third country after Sierra Leone and Burundi to be placed on the agenda of the Peacebuilding Commission, a body initiated by the UN to support countries recovering from armed conflicts.

South-South cooperation also came more to the fore. On 31 January, the prime ministers of Guinea-Bissau and Cuba signed a cooperation accord covering health, education, agriculture and the exploitation of petroleum. In February and October, several cooperation accords and protocols – on, among other things, the public security sector – were signed with Angola. Cooperation with the People's Republic of China remained strong, particularly in construction projects, scholarships, direct budget assistance, investments, etc. A military agreement with South Africa was signed in Pretoria on 8 August. The agreement covered various fields and was seen as an attempt to support the EU and the US in their efforts to curb narco-trafficking.

Socioeconomic Developments

Bilateral negotiations on a new **fisheries** treaty with the EU, which commenced on 6 February, were initially stalled over financial issues. However, a new Fisheries Partnership Agreement (FPA) for the period 2007–11 came into effect on 27 December. About 45% of Guinea-Bissau's revenues came from the granting of fisheries licences. Portions of the ecologically important mangrove habitat along the coast and on the islands were protected areas. However, illegal migrant fishermen from neighbouring countries continued to set up temporary fishing camps in Guinea-Bissau. Another persistent threat to Guinea-Bissau's fisheries interests was the unlicensed fishing fleets, often originating in East Asia.

The country's authorities still lacked the necessary resources and the will to control and monitor the coastlines effectively.

The French **mobile phone** provider Orange (ex-France Telecom) announced it had acquired a licence in Guinea-Bissau through its Senegalese part-subsidiary SONATEL on 15 March. Orange Bissau launched its services on 26 May. The market currently totals 300,000 subscribers. Orange Bissau is the third operator after Guinétel, controlled by Portugal and Guinea-Bissau, and the South African Areeba-MTN group.

Cashew nuts are the country's main export, accounting for approximately 85% of exports. After the disastrous **cashew** sales of 2006, the new government decided to disregard advice to discontinue price-fixing. The price for cashew nuts was set at CFAfr 200 per kilogram (in 2006: CFAfr 350 per kilogram), based on the consensus among the government, cashew growers and traders. Many farmers depended on cashew sales to purchase rice for consumption during the dry season. However, prices on the world market were low given the increased number of exporting countries. International traders (mainly from India) complained of administrative obstacles in Guinea-Bissau and the high official price the previous year. Because international traders were forbidden from buying directly from farmers, local intermediaries – often front men for leading politicians – siphoned off the surplus. Although harvests were good, farmers in effect earned only between CFAfr 50 and CFAfr 75 per kilogram throughout the harvest period.

Given the high oil prices on the world market, staple food prices rose by 30% in the second half of the year. Payment of civil servants' salaries lagged by four to five months by the end of the year. **Social discontent** was further fuelled by persistently erratic water and power supplies to the capital, Bissau. As in previous years, unpaid state teachers went on strike (in November). The issue of the so-called 'Taliban children', also evident in neighbouring states, was increasingly brought up. These minors of Muslim background originate in other countries and are forced to work for their masters.

The **rehabilitation of roads** proceeded thanks to bilateral and multilateral agreements, partly within the framework of the Trans-West African Coastal Highway developed by the UN, the AfDB, the AU and ECOWAS. The EU continued to finance the construction of a bridge crossing the Cacheu river. During the year, construction continued on roads linking, among others, Bula-Canchungo-Cacheu and Jugudul-Bambadinca. In mid-June, Guinea-Bissau and the World Bank signed a multi-sector infrastructure rehabilitation project geared towards the rehabilitation of the country's water, electricity and roads. The project was set to run until 2011 and is co-financed by the EU and the West African Development Bank.

Enthusiasm for exploring for **hydrocarbon resources** declined during the year. Although explorations by the British company Premier Oil pointed to the existence of petroleum, both the quantity and the quality did not meet recoverable standards.

The National People's Assembly approved the **national budget** for 2008 as presented by the government. The budget was for the same amount as the previous one. The minister of finance, Issufo Sanhá, declared that only 35% of the budget (CFAfr 98 bn, approx. € 149 m) was covered by revenues. A meeting with donors was scheduled for early 2008 to negotiate funding support for the shortfall.

The EU granted Guinea-Bissau € 102.8 m in budget aid on 9 December. The funding was part of the **National Indicative Programme** (NIP) covering the period 2008–13. The aid covered five sectors: conflict prevention and security forces reforms, water and electricity supply, budget assistance, civil society and emergency food aid. The accord was signed during the Second EU-Africa summit in Lisbon (8–9 December). NIPs are drawn up by recipient governments in discussion with the EU. They aim to foster responsibility for and ownership of aid programmes by the national governments. The minister of finance indicated that an agreement with the International Monetary Fund targeting countries emerging from conflict and covering financial and technical assistance would not be concluded by the end of the year but would be ready for signing in January 2008.

Christoph Kohl

Liberia

Liberia's recovery from over two decades of political chaos and war continued to be a protracted affair. On 20 September, the Security Council extended by a further year the mandate of the UN peacekeeping mission in Liberia, UNMIL (United Nations Mission in Liberia), originally established in 2003. At the same time, the Security Council decided to reduce the 14,000-strong military force by 2,450 and cut 498 positions from the 1,000-strong police contingent. The drawdown of military and security personnel would be reviewed in 2010. In view of the fact that the incumbent president of Liberia, Ellen Johnson-Sirleaf, began her six-year term in January 2006, the decision to retain a substantial UN mission suggested that Liberia's political stability was expected to be reasonably secure for the next two or three years.

On the economic front, Liberia's future was looking more promising than at any time in the last 30 years, as high commodity prices had caused international companies to invest in Liberia's mineral and agricultural resources, holding out hopes of creating income for the government and jobs for some of the country's desperately poor population. During the year, President Johnson-Sirleaf's government was successful in securing agreement for the write-off of a debt estimated at close to $ 4 bn. This opened the way for new loans and an expansion of commerce. Some key UN sanctions on Liberia were lifted.

Domestic Politics

To a considerable extent, Liberia's politics were still overshadowed by the war that had racked the country intermittently from 1989 to 2003. On 4 June, the former president of the country, **Charles Taylor**, began his trial before the special court for Sierra Leone. He was charged with war crimes committed in Sierra Leone between 30 November 1996 and 2002, with the trial being held in The Hague, the Netherlands, for security reasons. On the opening day of the proceedings, Charles Taylor refused to appear in court. Counsel for the defence read to the court a letter in which the former president stated: "I cannot participate in a charade that does no justice to the people of Liberia and Sierra Leone. I choose not to be a fig leaf of legitimacy for this court". In effect, Charles Taylor used a threat to boycott the special court in order to obtain a significantly increased sum to pay for his defence counsel. Since Charles Taylor declared himself to be without financial means, the court was paying the expenses incurred by his defence. On 25 June, the court ordered the registrar to enable the principal defender to assemble a new team. Taylor had been commander of a rebel force that attacked Liberia on 24 December 1989, thereby firing the first shots in its civil war.

While Charles Taylor's trial concerned events in Sierra Leone rather than in Liberia itself, the latter was the subject of investigation by the **Truth and Reconciliation Commission** (TRC). This body, which was created in accordance with the 18 August 2003 comprehensive peace agreement, was tasked with investigating human rights violations that took place in Liberia between January 1979 and October 2003. The TRC was given the power to recommend amnesty for those expressing remorse for their crimes, although this provision did not apply in the case of the most serious violations. The TRC worked throughout the year gathering statements, but by 31 December it had not yet conducted any public hearings.

A further burden from the past continued to be **corruption**, for which successive Liberian governments have had an unenviable reputation. On 28 February, the former chairman of the national transitional government of Liberia, Gyude Bryant, was charged in relation to the alleged theft of $ 1.3 m of state funds during his period of service from October 2003 to January 2006. His trial had not taken place by the end of the year. The former speaker of the house of representatives (and former son-in-law of Charles Taylor), Edwin Snowe, was also charged with theft. He resigned from the post of speaker on 15 February amid considerable controversy. The accusation against him related to the alleged embezzlement of $ 1 m from the Liberia Petroleum Refining Corporation during his tenure as managing director. On 22 March, the deputy minister and an assistant minister in the ministry of lands, mines and energy were relieved of their posts for allegedly granting bogus mining licences. On 30 August, it was reported that the head of the civil service agency, William Allen, had discovered more than 7,000 ghost workers on the government's payroll, costing some $ 2.6 m per year.

All of the above events were generally interpreted as evidence of President Johnson-Sirleaf's determination to deal with the problem of corruption. However, on 12 and 18 June, the independent auditor general, John Morlu, whose post is funded by the European Commission, publicly alleged that the current government of Liberia was "three times more corrupt" than its predecessor and that "millions of dollars were unaccounted for" in the 2007–08 draft budget. During a public hearing on the draft budget on 26 June, the auditor general informed the legislature that the document did not "measure the true financial position of Liberia". Morlu provided no evidence to support his allegations. The president requested the auditor general to initiate dialogue with the relevant ministries to discuss those matters about which he had expressed concerns. The accusations were not formally resolved, but most commentators concluded that the auditor general's remarks were hasty and unproven.

Security, although vastly improved since the end of the war and the arrival of UNMIL in 2003, continued to be a cause of concern. On 17 July, George Koukou, a former speaker of the national transitional legislative assembly, and Maj.Gen. Charles Julu, a former army chief of staff and commander of the special anti-terrorist unit during the administration of the late President Samuel Doe, were arrested and charged with treason on account of their alleged connection to a plan to destabilise the government. The arrests were made after authorities in Côte d'Ivoire, Liberia's eastern neighbour, had detained a third Liberian, Colonel Dorbor: he had allegedly attempted to purchase arms for eventual transport to Liberia. The precise sequence of events remained unclear.

The concerns generated by the arrests of George Koukou and others raised questions about the progress in creating a new national army and **police force**. UNMIL achieved its initial target of providing basic training for 3,500 police officers by 30 June, by which time more than the projected number of new officers had graduated from the national police academy. The first all-female class, comprising 110 police recruits, began training on 4 June. Other training programmes for the police were also started. However, deployment of the newly-trained officers outside Monrovia continued to be delayed because of problems with funding and transport. By September, only 676 police had been deployed to Liberia's 15 counties.

Progress on the other key component of national security, the armed forces, was less satisfactory. The **new national army** has been undergoing training by two US private security companies, DynCorp and Pacific Architects and Engineers (PAE), under contract to the US government. This programme formed part of the more than $ 750 m of bilateral aid that the US had provided to Liberia since the end of the civil war in 2003. However, most of the $ 20 m earmarked for the restructuring of the armed forces appeared to have been spent on the provision of a new barracks, leaving insufficient funds for other aspects of the programme. By September, only 165 army recruits were reported to have completed their basic training. The new armed forces of Liberia would consist of two infantry battalions, an engineering unit, a military police unit, a military band and medical personnel.

Foreign Affairs

On 6 February, the US defence department announced the creation of a new command named **AFRICOM**. Its mission is to "coordinate all US military and security interests throughout the continent". President George W. Bush stated that AFRICOM would be created by 30 September 2008. He added that it would deal not only with security matters, but would "enhance our efforts to bring peace and security to the people of Africa and promote our common goals of development, health, education, democracy and economic growth in Africa". Previously, US military activity in regard to Africa had been shared among three other regional commands, EUCOM, CENTCOM and PACOM, leaving Africa without a dedicated structure of its own. The Liberian government was remarkable not only for welcoming the creation of AFRICOM, but also in being the only government in Africa to declare publicly its readiness to host the new structure. In contrast, President Bush's announcement was the subject of considerable adverse comment in the African media as it was feared that it might herald a militarisation of US policy towards the continent in general. On 25 June, President Johnson-Sirleaf issued a public statement in favour of AFRICOM. At a reception in Monrovia to mark US independence day on 4 July, she stated that "Liberia, the US historic ally, has stood resolutely with the United States, through good times and bad, and is offering its territory as it has done in the past, for the establishment of AFRICOM headquarters". Liberia's minister of defence, Brownie J. Samukai, visited the US in early September for talks about the possible siting of AFRICOM in his country.

In other respects, Liberia's foreign relations were dominated by discussions on economic cooperation and aid for development. **Chinese** President Hu Jintao visited the country briefly on 1 February and signed a number of bilateral agreements in Monrovia, pledging more aid and investment to the West African nation. The deals included the cancellation of $ 10 m (£ 5 m) of Liberia's debt to China and waiving duties on Liberian exports. President Hu also promised to help Liberia tackle malaria and to assist in education and agriculture. China continued to provide a contingent of troops for UNMIL.

On 4 October, UN Secretary General Ban Ki-moon announced that Liberia would be the fifth country to become eligible for financing from the **Peacebuilding Fund** that was established in 2006.

During the year, Liberia held the chair of the **Mano River Union**, the regional arrangement founded in 1973 that groups Liberia, Sierra Leone and Guinea. On 21 September, Liberia signed a non-aggression pact with Sierra Leone during a visit by President Ernest Bai Koroma, his first trip abroad following his election. On 7 November, Liberia hosted a conference of ECOWAS defence chiefs.

Socioeconomic Developments

Considerable progress was made on the **write-off** of Liberia's **debt**. At the beginning of the year, the country's external debt portfolio was estimated at $ 3.7 bn, equivalent to over 700% of GDP. The country's domestic debt, including salary arrears, was estimated at $ 700 m. On 27 January, the International Finance Corporation signed a $ 2 m facility with the Liberian Bank for Development and Investment to build capacity. However, the most important agreements on improving the country's ability to process loans awaited movement on the problem of outstanding debt. In this regard, an important step was the announcement by US Secretary of State Condeleezza Rice on 13 February, at the start of a meeting of the Liberia Partners' Forum, that Washington was writing off $ 391 m of bilateral debt. Thereafter, the UK and Germany made similar announcements. On 12 November, the managing director of the IMF, Dominique Strauss-Kahn, announced that the IMF had secured sufficient financing pledges from member countries to allow it to provide some $ 842 m in debt relief to Liberia. This cleared the way for the fund to agree new financing that would enable the delivery of further debt relief under the HIPC initiative. These negotiations were facilitated by the fact that both President Johnson-Sirleaf and her finance minister, Antoinette M. Sayeh, are former employees of the World Bank.

Management of the Liberian economy continued to be supervised through a programme known as the Governance and Economic Management Assistance Programme (GEMAP). This was established in 2005 on the initiative of leading donors aghast at the corruption of the transitional administration that was at that time responsible for Liberia's government. Under the aegis of GEMAP, the government made considerable progress in developing **financial control mechanisms**, notably in regard to budgeting, expenditure controls, cash management and procurement planning. On 28 April, President Johnson-Sirleaf attended a retreat with international partners to review progress in the implementation of GEMAP. This meeting produced recommendations that were subsequently accepted by the GEMAP steering committee, a body chaired by President Johnson-Sirleaf, with the US ambassador serving as her deputy. The GEMAP steering committee met monthly at the president's office, known as the executive mansion. Under the terms of GEMAP, several key state institutions continued to be under the control of foreign nationals. These included Roberts international airport, the forestry development authority, Liberia's petroleum refinery, the bureau of maritime affairs and the national port authority. The GEMAP scheme has been viewed as a possible model for similar programmes in regard to other countries recovering from war. However, some observers continued to doubt the long-term achievements of GEMAP due to its failure to ensure the mentoring of Liberian staff and the sometimes strained relations between international and local personnel, fuelled among other things by enormous salary discrepancies. Critics of the GEMAP system maintained that, despite its short-term success in improving revenue, it was not creating effective new structures for the longer term.

Nevertheless, there was no doubt that progress was made on **economic and financial matters**. In fiscal year 2007–08, government revenues showed a further increase, to some $ 200 m, compared to only $ 80 m at the inauguration of Sirleaf's administration. President Johnson-Sirleaf publicly declared her belief that revenues could potentially be further doubled. However, revenue from Liberia's famous shipping register, with 2,350 vessels the second largest in the world, continued to slip, and was estimated at $ 13 m in 2007. Economic growth, which was 5.3% in 2005, increased to 7.9%. Growth in the next five years was expected to be up to 11% per year. GDP at current prices was estimated at $ 574.5 m, with per capita income at $ 163. In August, the legislature passed a draft budget of $ 199 m. Leading donors were pleased with Liberia's progress on reconstruction and its articulation of a longer-term development agenda by means of a PRSP. The draft PRSP was discussed at the Liberia Partners' Forum in February 2007. The full PRSP process was launched in August.

There were revivals in various sectors of the economy, including notably in regard to agriculture and forestry, which account for some 95.4% of the country's export earnings. The government made progress in its efforts to revive Liberia's **rubber industry** by removing some of the ex-combatants who were in illegal occupation of some of the rubber plantations. This was most notably true of the Guthrie rubber plantation, which was recovered and placed under the management of an interim team appointed by the government. There was, in addition, an improved security situation at the Cocopa rubber plantation, also illegally occupied. However, the Sinoe Rubber Company, situated on 600,000 acres of land in the southeast of the country, continued to be occupied by ex-combatants.

The difficulties in evicting ex-combatants from rubber plantations was a reflection of a wider problem posed by the number of **former fighters**. Some 101,000 such people were registered during the disarmament process in 2003–05, although observers believe that this figure was considerably in excess of the number of actual combatants, as many fighters manipulated the disarmament process in order to increase the financial benefit they derived from it. Many former fighters have not succeeded in finding gainful employment and continue to pose a security threat. On 20 June, there were demonstrations by ex-fighters in Buchanan, Ganta and Gbarnga, and in September there was a tense situation in Monrovia when UNMIL forces confronted former members of the armed forces of Liberia. On 9 July, during a visit by the inspector-general of police to the freeport in Monrovia to investigate reports about the theft of fuel, there were violent clashes between the newly-formed Liberia national police and the Liberia seaport police, resulting in injuries to 50 people. It was noted that the freeport is a fief of Liberians United for Reconciliation and Democracy (LURD), a militia that occupied the area in 2003. On the same day, President Johnson-Sirleaf ordered that the incident be investigated by a board of inquiry. These specific incidents occurred against the backdrop of a more general problem of law and order, as cases of armed robbery appeared to increase during the year. In response, President Johnson-Sirleaf launched a public order campaign dubbed 'Operation Calm

Down Fear'. There were increased security patrols and spot-checks of vehicles in Monrovia. Another operation, 'Operation Sweeping Wave', involved an intensified programme of searches and increased day and night patrols in areas of high crime.

In addition to the problem of armed robbery, there were also some cases of **rape** that received publicity during the year. However, it was not clear whether incidents of rape were increasing as very few cases appeared to be formally reported. The British charity Merlin estimated that 40% of Liberians had suffered sexual abuse during the war. Of particular concern in this regard was the evidence that victims of rape include children.

Furthermore, Liberia's **children** continued to suffer from a great number of handicaps. The Liberia demographic and health survey conducted between December 2006 and July 2007 reported a child mortality rate of 72 per 1,000 live births in 2006–07. It also found that only 39% of children were fully immunised against major preventable childhood diseases. Nearly 40% of children under five years who participated in the survey suffered from stunting as a result of malnutrition. According to the World Health Organisation, average life expectancy is 41.5 years, and nearly one in four children dies before the age of five. The total fertility rate stood at 5.2 children per woman.

In January, Information Minister Lawrence Bropleh announced that Liberia had secured a commitment from the Arcelor Mittal corporation for an extra $ 100 m in investment, bringing the total it had undertaken to invest in **iron-ore mining** to some $ 1 bn. Bropleh's announcement concerned the renegotiation of an agreement originally signed on 17 August 2005 between Mittal Steel and the national transitional government of Liberia that had been widely criticised as inequitable. The renegotiated agreement was passed into law by the Liberian legislature in May. Under the terms of the new agreement, ownership of Buchanan port and of the railway from the Yekepa iron ore mines to the coast would also revert to the Liberian government. Nevertheless, some critics of the original agreement, such as the campaigning organisation Global Witness, continued to point to aspects of the renegotiated agreement that they believed represented exploitation of Liberia by the Mittal company.

The renegotiation of the Mittal agreement was the most important contract among a number reviewed as part of a contracts and concessions review process established by the Liberian government and GEMAP. Altogether, no less than 95 contracts signed by the national transitional government between 14 October 2003 and 16 January 2006 were reviewed. The review committee recommended approving 52 contracts, cancelling 27 and renegotiating 16. Furthermore, the public procurement and concessions commission, in collaboration with the European Commission, continued its work on upgrading government capacity in regard to financial administration by conducting a series of workshops for personnel from selected government ministries and agencies.

Another area of progress was in regard to the lifting of **UN sanctions** on key areas of the economy. These sanctions had been applied in previous years with the intention of reducing the ability of earlier governments – notably that of President Taylor, between

1997 and 2003 – to wage war. On 30 April, the Security Council lifted the ban on diamond exports that it had originally imposed in 2001. It found that the government had instituted the required measures to guarantee the transparency of these activities. On 4 May, Liberia was admitted to the Kimberley Process certification scheme, the international system designed to prevent the marketing of so-called ‘blood diamonds’. This cleared the way for government to lift its self-imposed ban on diamond mining on 28 July. In the meantime, however, widespread illegal mining of diamonds by ex-combatants, foreigners and unemployed youth continued to pose serious challenges to the government’s efforts to re-establish its authority in certain areas of the country. Regarding the earlier UN ban on timber, the Security Council lifted it on Liberia in 2006. However, on 19 December the Security Council decided to renew its sanctions on weapons as well as the travel ban on certain named persons. It also prolonged the mandate of its panel of experts reporting regularly on the implementation of sanctions in respect of Liberia.

The revival of agriculture in particular will be highly dependent on **land reform**. In this field, the government faced a massive task, as President Johnson-Sirleaf admitted in March in her regular monthly radio talk show ‘Conversation with the President’. Stating that she had received large numbers of complaints from landowners, she noted that some people in possession of land were selling the same plot to three or four persons using the same title deed. “At the end of the day”, she said, “the individual who sold the land will sit aside while those who did the purchasing go to court and spend lots of money”. Furthermore, the courts themselves continued to be in such a state of disarray that they were hardly able to deal with such matters on the required scale. The president went on to suggest the establishment of a commission on land reform. She made no suggestion as to the constitution or membership of such a commission, however.

Stephen Ellis

Mali

Incumbent President Amadou Toumani Touré was re-elected for a second term in office after a landslide first-round victory during which he secured more than 70% of the vote. Parliamentary elections in July marked the end of the consensus democracy that had characterised Mali's political life for almost five years. Three parties, the 'Rassemblement Pour le Mali' (RPM), 'Parti pour la Renaissance Nationale' (PARENA) and 'Solidarité Africaine pour la Démocratie et l'Indépendance' (SADI), assumed the role of opposition. The two main parties supporting the president during his campaign, the 'Alliance pour la Démocratie' (ADEMA) and the 'Union pour la République et la Démocratie' (URD), increased their parliamentary representation. Low turnout figures in the elections spurred debate over the state of Malian democracy.

The 'Projet de Développement Economique et Social' set out President Touré's main policy priorities, and development agreements were signed with donors to enable maximum implementation of these. However, the impact of heavy floods between July and September on the agricultural sector and the economy in general again demonstrated Mali's vulnerability. A rebellion recurred in the northern regions, but thanks to sub-regional and Tuareg mediation efforts the situation did not deteriorate further. However, by year's end more than 20 soldiers were still being held hostage by the rebels.

Domestic Politics

The year was dominated by the fourth consecutive **presidential and parliamentary elections** (April–July) since the reintroduction of multi-party politics. During the first months of the year, various alliances were initiated and launched. The first major alliance, 'Alliance pour la Démocratie et le Progrès' (ADP), had already been presented to the public at the end of 2006. It was initially a regrouping of 14 parties, including such heavyweights as ADEMA and URD, in addition to other parties of considerable size, such as 'Comité National d'Initiative Démocratique' (CNID), 'Mouvement Patriotique Renouveau' (MPR) and 'Mouvement pour l'Indépendance, la Renaissance et l'Intégration Africaine' (MIRIA). Instead of fielding candidates of their own, these parties decided to campaign for President Touré and together controlled 97 of the 147 seats in parliament. However, some party representatives, particularly within URD, CNID and ADEMA began to question the need for such an alliance, emphasising that their own parties should field candidates. Within the former ruling party ADEMA this debate was most visible: its first vice-chairman, Soumeylou Boubeye Maïga, and former ministers such as Ousmane Sy and El Madani Diallo publicly disagreed with the official party line endorsed by the majority of ADEMA branches. When the dissidents mounted a campaign in support of their position, they were suspended by the national executive committee. This decision was later endorsed by the party's national conference on 23–24 February. Recognising he had failed, Soumeylou Boubeye Maïga and his followers established their own political platform ('Convergence 2007') and he announced his candidature outside ADEMA party structures.

The second force in the country, RPM, decided not to join the ADP. Party members elected party leader (and parliamentary speaker) Ibrahim Boubacar Keïta as their presidential candidate during a congress on 27–28 January. The party thus **opposed an incumbent** president it had worked with for almost five years. On 25 February, 16 parties – of which RPM, 'Convention Sociale Démocrate' (CDS), PARENA and 'Convergence 2007' were the most prominent – signed a protocol establishing a coalition called 'Front pour la Démocratie et la République' (FDR). As they could not agree on a single candidate, they resolved to participate individually during the first round and rally behind the best-performing of their candidates during any second round in the presidential polls.

Since many deemed the number of presidential candidates in the 2002 elections to have been too high, additional (financial and political) criteria had been set out in the revised electoral law in the run-up to the 2007 polls. Only eight candidates were able to meet these criteria. Besides the incumbent and the various FDR aspirants, it is worth mentioning that Sidibé Fatoumata Diallo registered as the first ever **female presidential candidate**.

Before the campaign began, President Touré maximised the advantages deriving from incumbency. He toured the country, followed by television cameras, to start housing projects and infrastructural programmes or open hospitals in rural areas. Many civil society organisations and popular associations appeared on television to express support for

President Touré, leading to a public warning by Fodié Touré, chair of the electoral commission, that the **level playing field** was under threat. The youth branch of RPM organised a demonstration on 31 March to call for more balanced media coverage. The FDR alliance also challenged the electoral register, which allegedly failed to reflect the real number of eligible voters. A call for an independent audit of the register was, however, rejected by the authorities.

On 18 March, elections took place for **national councillors** (representatives of local municipalities and regional assemblies with an advisory mandate on local development policies). Since it is the local councillors who take part in these elections rather than citizens directly, the results could not be interpreted as a clue to the outcome of the presidential polls. Nevertheless, the mere eight out of 75 seats RPM gained (compared to ADEMA's 32) did not boost its confidence.

The **campaign** officially started on 8 April. The difference in campaign budgets and mobilisation capacity between the two main alliances was immediately apparent. Large billboards and glossy posters with a smiling President Touré were attached to every third or fourth lamp post in the capital, Bamako. None of the other candidates had the same numbers, quality or size of posters. After the first few weeks of campaigning, many Touré posters were substituted by others proclaiming 'Takokelen', a reference to a first-round victory for the incumbent. In addition to this communications strategy, Touré visited many more constituencies than his rivals.

The first-round vote took place on 29 April. For the first time in Mali, a single ballot paper was used, displaying the names and pictures of all the candidates (some with party symbols). In various polling stations confusion arose over the issue of whether votes marked on the picture rather than the adjacent voting box next should be counted. Despite various civic awareness programmes, no more than 2.5 m out of 6.9 m registered voters cast their votes, resulting in a **36% turnout**.

Touré achieved his 'Takokelen' victory by securing 71.2% of the votes. Compared to his 38% tally in the 2002 elections, Ibrahim Boubacar Keïta won a disappointing 19%. Even in strongholds such as the Kayes and Koulikouro region and Bamako, he was unable to best President Touré, who came first in all regions and achieved remarkable victories in his northern strongholds (Gao and Kidal, approx. 80%; Mopti over 85%; and Timbouctou above 90%). Almost immediately, the FDR alliance called for the invalidation of the results, despite the endorsement of the outcome by international organisations such as ECOWAS. The alliance pursued its complaints in the courts and organised a rally to exert pressure. Few people, however, took part. On 12 May, the constitutional court rejected the appeal and **proclaimed Touré** to be the next president. FDR leaders then accepted him as the legitimate head of state.

The political focus now shifted to the **selection procedures** for the upcoming parliamentary polls scheduled for July. Many candidates paid amounts of up to several thousand euros to secure a top position on a party list. They were requested to fund in large part their own campaigns, with their parties contributing only modestly. These practices prevented many people from seeking office and contributed to rivalry between candidates with personal funds invested in the campaign. They also overshadowed any policy-based discussions.

The **parliamentary elections** reinforced the position of the ADP alliance, which had contributed to Touré's re-election. Despite previous internal splits, ADEMA was able to secure 51 parliamentary seats while URD managed, despite its recent establishment, to secure a broad-based presence with 34 seats in these, its first-ever parliamentary elections. CNID and RPM disappointed with seven and 11 seats respectively, whereas Choguel Maïga's MPR showed a slight increase from five to eight seats. The candidate-selection procedure and the elections punished incumbent MPs, of whom only 16% managed to gain re-election. Another striking phenomenon was the rise in the number of independent candidates from six in 2002 to 15 in 2007. From the perspective of gender equality, the outcome of the elections was rather disappointing (4% of ADEMA MPs being women, 6% in the case of URD, none in RPM and 25% in MPR).

The national electoral commission, the constitutional court and the local NGO 'Réseau APEM' were the main national monitoring agencies, while ECOWAS, UEMOA and the Carter Foundation fulfilled this role on behalf of the international community. For the first time, political parties received assistance in training their own representatives as monitoring agents. No major incidents were reported, but in his final statement the chair of the constitutional court drew attention to the worrying **influence of money**.

Subsequent to the election of ADEMA's chairman, Dioncounda Traoré, as parliamentary speaker, **caucuses** were formed. PARENA and SADI formed a joint caucus as opposition parties, with RPM becoming the main opposition force. President Touré had already declared his intention to establish an official consultative status for the opposition leader. After the turbulent relations between opposition and government in the 1990s and the recent years of consensus democracy, more debate and increased accountability were now expected.

The low turnout in the parliamentary elections (33%, and below 10% in the capital Bamako), spurred debate over the need for reform. President Touré emphasised the need to revise the voter registration procedures. In addition to this technical approach, former Prime Minister Ousmane Maïga called on stakeholders to take part in a debate on consolidating Mali's democratic process, which was still vulnerable with turnout figures such as these. A **platform for dialogue** between political parties and the ministry of the interior was subsequently put in place.

Modibo Sidibé, a political independent, was appointed prime minister on 28 September. He appointed a team of 27 ministers, including seven women (among them presidential candidate Sidibé Fatoumata Diallo). Close allies of the president, such as Moctar Ouane, Sadio Gassama and Abou Bakr Traoré were reappointed to key positions, but a total of

16 new ministers entered the **cabinet**, including two Tuaregs. The main policy objectives of the new government were set out in the 'Programme de Développement et Economique et Social', which President Touré had presented during his campaign.

Following the small-scale but potentially ominous **revival of rebellion** in 2006, an agreement was signed in July that year between the northern rebel groups and the national government. Eight months later, on 23–24 March 2007, the 'Forum de Kidal' was established to discuss additional socioeconomic initiatives and the security situation in the north. However, the tensions that erupted in Niger also began to be felt in Mali. On 26 August, civil servants were kidnapped in the north and a few days later military convoys were attacked. On 30 August, two vehicles transporting people and cattle ran over a landmine, leaving ten people dead and others severely injured. In addition, almost 40 soldiers were kidnapped, ten of whom were later handed over to Algerian mediators and released. In addition to a military response (with help from the US), the government made use of Tuareg mediators (Iyad Ag Ghaly). By year's end, the situation seemed to have more or less stabilised.

On 22 September, President Amadou Toumani Touré indicated his wish to abolish **the death penalty**. The penalty had not been resorted to for more than 30 years and on 17 October the government presented a bill proposing its formal abolition. Public opposition to the proposed amendment was mounted through the 'Union Nationale Pour la Renaissance' and the 'Haut Conseil Islamique du Mali', which based their arguments on religious principles. When parliament was due to address the issue in December, it decided to postpone the debate until April 2008 to let emotions cool.

Freedom of expression was threatened with the arrest of journalists who had reported on a secondary school assignment involving an essay to be written by students on a president and his mistress. Apparently, the authorities took this situation personally. The journalist who had first reported the story was freed after 13 days in prison but the teacher who had set the assignment faced two months in detention. Other journalists who reprinted the article were fined and received suspended sentences. National and international press associations voiced their criticisms of the government's actions.

The 12th 'Espace d'Interpellation Démocratique' was organised on 10 December to commemorate the Universal Declaration of Human Rights and provided an opportunity for citizens to file complaints about government and address government ministers. The auditor general presented his second report in June, noting sadly that the authorities had foregone more than CFAfr 1.3 bn due to the lack of tax retrieval and **mismanagement**. The amount foregone represented almost 70% of all civil service salaries. The president indicated he would transfer responsibility for the files to the new prime minister and promised legal action. On Transparency International's Corruption Perceptions Index, Mali's score dropped slightly from 2.8 in 2006 to 2.7 in 2007.

Foreign Affairs

In addition to its political and military cooperation with Niger, Mali maintained strong ties with Algeria, which mediated in the northern conflict. During an official state visit on 24 and 25 November, President Touré thanked his Algerian counterpart, President Bouteflika, for his role in the dialogue between the government and rebel forces. Touré also visited Tripoli, Libya and agreed with President Kadhafi on a sub-regional summit on **security** in 2008. The US continued to provide support for the training of 3,000 West African soldiers in the Timbouctou area and to deliver supplies.

The conflict in Côte d'Ivoire continued to have an adverse impact on the sub-region as a whole, and landlocked Mali's trade was particularly affected. President Touré was therefore pleased to witness the '**Flamme de la Paix**' ceremony in Bouaké in Côte d'Ivoire on 30 July. However, it was feared that failure to implement the disarmament programme and prepare for the 2008 elections in Côte d'Ivoire could result in a further setback for Mali.

Thanks to **UEMOA**'s 'Programme Economique Régional', rehabilitation of the railway between Dakar and Bamako was initiated, along with improvements to the power grid linking Mali and Côte d'Ivoire.

A dominant issue on the sub-regional agenda was the Economic Partnership Agreements (EPAs) with the **EU**, scheduled to be in place before year's end. Soon, however, it became apparent that the sub-region could not agree on a settlement with the European Commission. Both Côte d'Ivoire and Ghana reached individual interim agreements with the EU on 13 December and Nigeria also failed to reach an agreement on goods and, as a non-LDC, was offered a partnership based on a revised generalised system of preference. Thirteen LDCs, including Mali, fell back on the 'Everything But Arms Agreement'. On the margins of the AU-EU Lisbon summit, Malian Minister of Foreign Affairs and International Cooperation Moctar Ouane and European Commissioner Louis Michel signed the 10th EDF agreement. The European Commission committed itself to € 533 m and an additional € 26.3 m in emergency funds for the period 2008–13. Migration was another prominent item at the summit. President Touré called for a joint approach by the EU and Mali and stressed the importance of linking development assistance to **migration**. In this context, the EU and Mali launched a pilot project by opening a 'Centre d'Information et de Gestion des Migrations'. Louis Michel and French Minister of Development Cooperation Brigitte Girardin visited Mali to discuss this proposal with Malian authorities and formal agreement was reached on 23 October. The centre aims to provide potential migrants with reliable information on the possibilities for and drawbacks of migration, to offer local micro-credit options as an alternative to migration and to provide temporary travel options for some migrants. A month later, President Touré received Brice Hortefeux, French minister of immigration, for further discussion of migration policies.

Mali also enhanced its relations with **multilateral organisations**. Touré invited WFP in November. Together with UNICEF and the UN Central Emergency Relief Fund, WFP assisted Mali during the floods in July-September, during which more than 40,000 people lost their homes. In addition, Touré personally attended a UN conference in New York on the position of children. At year's end, preparations were under way for a renewed five year cooperation agreement, worth CFAfr 24 bn, between UN agencies and Mali's authorities.

Mali signed several development agreements with **Asian countries**. Having funded prestige projects such as football stadiums and the renovation of the presidential precincts, China signed two development agreements on 18 December, the objectives of which were not disclosed. The building of a third bridge across the Niger river in Bamako was another project largely financed by the Chinese (around CFAfr 2.28 bn). After Chinese engineers had assessed the site, Chinese Ambassador Zhang Guoqing indicated that the bridge should be fully operational before Mali's 50th anniversary of independence. Mali also participated in India's 'Team 9 Initiative', a loan programme aimed at securing access to electricity from Côte d'Ivoire. An agreement to this effect was signed by Mali's minister of economy and finance in New Delhi on 14 August. Japan announced it would open an embassy in 2008 to strengthen its relations with Mali.

Socioeconomic Developments

GDP growth accelerated from 5% to 5.4%. Although fiscal revenues rose by 11%, public expenditure still considerably outstripped revenues. Public debt rose further from CFAfr 745.7 bn to CFAfr 850.8 bn (of which CFAfr 676 bn was external debt). Inflation increased from 1.2% to 1.9%.

Policy priorities underlying public spending were to be found in the president's 'Projet de Développement Economique et Social'. These aims were further clarified in the letter of instruction handed over to the prime minister in November. The main intervention areas are governance, food security and agricultural production, private sector development, the economic participation of women and youth and the social sectors. These priorities were also included in the second PRSP for 2007–12, already agreed with donors.

Apart from gold, economic performance remained dependent on **agriculture**, more than two-thirds of the labour force being active in this sector. Cereal and rice production increased significantly during the 2006–07 season (8.7% and 11.4% respectively). This translated into a 25% increase in cereal production compared to the average results for the five previous years. Initial projections for the 2007–08 season made by the minister of agriculture in June were modest, due to the lack of rainfall in many areas. Ironically, heavy floods seriously threatened production in several regions and again demonstrated the vulnerability of agriculture. Cotton production fell more than 200,000 tonnes short of the 600,000 tonnes projected for the 2006–07 season. On 12 June, the minister of agriculture announced ambitious objectives for the 2007–08 season, 560,000 tonnes. However, due to the lateness (and copiousness) of the rains, these figures were seriously downgraded by the ‘Compagnie Malienne pour le Développement des Textiles’ in October: a drop of 27% compared to 2006–07 levels was expected. By the end of the year, it was clear that even this moderate level was unattainable.

In addition to initiatives to enhance the capacity of the ‘Office du Niger’ and increase land irrigation, donors such as the Islamic Development Bank, Saudi Arabia, Libya, the EU and UN agencies financed various **agricultural projects**. Specific attention was given to revitalising the northern region and to anti-desertification projects. Iran and Mali signed an agreement to develop the hydroelectric dam at Kénie in order to increase power capacity at a time of spectacularly rising demand.

Tourism grew considerably, with about 50,000 more people visiting the country than during the preceding year. The total number of tourists was now said to be 250,000.

As in previous years, the 2006–07 school year was severely affected by teachers’ and students’ strikes and the minimum standard of 25 weeks in class a year was barely reached. The start of the 2007–08 year was complicated by the floods and lessons only began on 2 October, two weeks later than planned. The overall **educational situation** remained a source of great concern. In order to meet the MDG on primary education and gender equality, 14 bilateral and multilateral donors continued to work with the government under the ‘Programme d’appui à l’Education’ (PRODEC). On 29 March, the French government announced a contribution of CFAfr 12 bn for the second phase of the programme. In May, the World Bank provided a contribution of $ 15 m. More than half the education budget is earmarked for primary education. Despite the fact that UNESCO applauded the increased focus on education in the national budget (30% in 2007), it was estimated that Mali would achieve primary school enrolment of only 60% by 2015. In 2007, enrolment barely reached 50%.

The budget for **healthcare** has doubled in recent years, although the 2007 budget was slightly lower than in 2006. On average, only one doctor was available per 10,000 people, the situation in rural areas being significantly worse: only 30–40% of rural citizens had direct access to healthcare within a five-kilometre radius. Malaria still killed more than 100,000 citizens annually and on 9 July the minister of health announced her ambition to provide 80% of pregnant women and children below five with a mosquito net. On 17 December a large-scale campaign began focusing on distribution of mosquito nets and vaccination against measles and polio. More than 2.8 million children were to be provided with de-worming medication and vitamin A supplements. Life expectancy figures (50 years) and infant mortality rates (127 per 1,000 born) continued to demonstrate the enormous challenges ahead.

Martin van Vliet

Mauritania

The return to democratic government, which had involved a constitutional referendum followed by parliamentary and municipal elections in 2006, was concluded this year with senatorial and presidential elections. Criminalisation of slavery and a tripartite agreement on repatriation of Mauritanian refugees from Senegal were important steps in improving the country's reputation in the field of human rights. Following the successfully finalised transition process, the country was readmitted to the AU. Relations with both Arab countries and West African neighbours improved and the country's position as an important ally of the US was maintained. Poverty reduction programmes continued but approximately 60% of the population continued to live below the poverty datum line. Oil income was less than expected.

Domestic Politics

In the **senatorial elections** – held on 21 January (first round) and on 4 February (second round) – 3,688 municipal councillors elected 53 of the 56 senators for a six-year term with one-third to be renewed every two years. Three members elected by Mauritanians in the diaspora were appointed by the senate on 9 June. Of the candidates, 38 were elected in the first round. The Al-Mithaq coalition (moderate independents) won 23 seats, while the

'Parti Républicain pour la Democratie et le Renouveau', the ruling party under former President Ould Taya, won only three seats. The 'Coalition des Forces du Changement Démocratique' (CFCD) won 11 seats. In the second round, Al-Mithaq won a further 11 seats and CFCD four. Islamist parties were banned, but many Islamists were able to run as independent candidates. Politically, the result meant that there was no clear majority in the senate. However, many of the independents were generally regarded as having relatively close ties with the outgoing Vall regime. In parliament, CFDC held almost half of the seats.

The **presidential elections** on 11 and 25 March symbolised the final transition from military to civilian rule, and were the first fully democratic presidential elections since 1960. The head of the junta, Ely Ould Mohamed Vall, had declared after the coup in 2005 that he and the other members of the CMJD ('Conseil Militaire pour la Justice et la Démocratie') would not stand in the presidential polls. Nineteen of the 21 registered candidates were approved to stand for election. Eleven of these candidates were independent and eight represented political parties. No candidate received a majority of votes in the first round. Sidi Ould Cheikh Abdallahi, an independent, but sometimes viewed as 'the junta's candidate', secured 24.8% and Ahmed Ould Daddah, representing a party within the CFCD, 20.7%. In the **second round**, Abdallahi won with about 53% against Daddah's 47%. Three hundred election observers, of whom 81 were from the EU and 15 from the AU, declared the voting to be free, fair and transparent. Voter turnout was 70% in the first round and was reported to have reached 68.5% in the presidential run-off. The UN provided technical electoral assistance and $ 12 m in funds. There were 2,400 polling stations and 1.1 million people were eligible to vote.

Zeine Ould Zeidane, former governor of the central bank and one of the presidential candidates, was appointed prime minister on 21 April. The cabinet comprised 28 members, mainly technocrats. Of these, 28 had no previous ministerial experience, while three of the appointees were women. Several haratins, descendants of former slaves, secured prominent positions in the administration. The **new government**'s main challenges were the struggle against terrorism, illegal migration and repatriation of the Mauritanian refugees in Senegal. The Mauritania Vision 2030 project was launched on 12 June with the aim of strengthening strategic planning capacities within government agencies as well as in the private sector. The government also announced its determination to intensify the struggle against corruption.

On 8 August, the National Assembly unanimously adopted a law criminalising **slavery**, stipulating penalties of up to 10 years imprisonment as well as compensation payments to the victims. Slavery has existed in the country for centuries in both traditional and contemporary forms and had already been officially abolished once before, in 1981. However, Open Society Justice Initiative estimated the number of slaves and former slaves to be approximately 20% of the population. On 23 November, Finance Minister Abderrahmane Ould Hamma Vezaz announced € 19 m ($ 27.8 m) for reintegration programmes for former slaves. On 31 October, two persons were arrested in Guerrou, 1,000 kilometres from the capital Nouakchott for allegedly forcing two children to work without pay. They were the first ever suspects to be arrested on such charges. Nevertheless, it remained unclear whether the new law would suffice, one problem being the monopolisation of cultivable land by (former) masters. Anti-slavery organisations such as SOS Esclaves, which had been leading the fight against slavery in Mauritania for years, urged government to strengthen the legal definition of slavery and adopt additional measures to boost the law's effectiveness.

West Africa's development into a major hub in the **drugs** trade between Latin America and Europe was reflected in several Mauritanian press reports of incidents of drug trafficking involving both Mauritanians and foreigners. Several serious drug-related crimes were reported. Police and the **judicial system** intensified their efforts to combat trafficking. The prosecution of suspects from the 'Groupe Salafiste pour la Prédication et le Combat' (GSPC), with links to **al-Qaida**, commenced on 21 May and continued until July, resulting in five of the 14 being sentenced to imprisonment, but only on the lesser charge of forgery. Nine were acquitted of all charges relating to the deadly attacks on army garrisons in 2005. It was alleged that some of the confessions and testimonies were obtained under torture. Still, the judicial system is regarded as relatively independent and transparent. On Christmas Eve, four picnicking French tourists were killed in the south of the country, a region generally regarded as safe. The incident led to the cancellation of the Lisbon-Dakar rally scheduled to start shortly after, in January 2008. The suspected killers were linked to the Algeria-based group of Salafists. In August, an association was formed to campaign against the death penalty. On 16 December, the 59th anniversary of the World Day of **Humans Rights** was celebrated under the slogan 'To Fight Torture' within the 'Forum des Organisations Nationales des Droits Humains en Mauritanie' (FONADH).

Women were playing active roles in NGOs as well as occupying 18% of parliamentary seats, and two were appointed to ambassadorships for Mauritania on 3 August. However, women were still conspicuously absent from the judiciary and the leadership of political parties.

In the context of **press freedom**, the country ranked 50th on the list of 169 rankings compiled by Reporters without Borders. Yet, in spite of the absence of censorship, some negative incidents were reported. In August, three journalists were arrested and questioned about a report that a large sum of money had been found in the private mailbox of a police officer. The journalists were released on bail, but the prime minister stated that it was appropriate to uphold provisions against the abuse of press freedom in the form of violation of privacy, slander, defamation and baseless reporting. The 'Haute Autorité pour la Presse et l'Audiovisuel' (HAPA), founded in October 2006 to monitor public communication and ensure equal access to the state-run media outlets, in September organised a conference on regulation and pluralism in the media. The second channel of Radio Mauritania, focused on ‘programmes of proximity’, was launched on 27 November. Several foreign broadcasters also operate in the country.

Foreign Affairs

On 10 April, after the presidential elections were declared free and fair by international observers, Mauritania was readmitted to the **AU**, after being suspended in the wake of the 2005 coup.

President Abdallahi announced on 20 June a decision to invite back the 50,000 black Mauritanians who were brutally expelled from the country to Senegal in 1989. A tripartite agreement among Mauritania, Senegal and UNHCR was signed on 12 November to organise the return of about 24,000 **refugees** living in Senegal and Mali. Some 30,000 were expected to remain in Senegal and 6,000 in Mali. UNHCR invested $ 7 m in the operation, but there were serious delays in the payments. International assistance was required to build up the necessary infrastructure currently lacking in many parts of the country. Most refugees were uncertain about the status of their property in Mauritania as well as their access to land and the labour market.

President Vall participated on 28–29 March in the **Arab League** summit in Riyadh, thereby signalling Mauritania’s intention to participate actively in its activities. Mauritania, along with Egypt and Jordan, is the only Arab country with diplomatic relations with Israel, an approach heavily criticised within Mauritania. The new president, Abdallahi, was the most moderate of the candidates in his political views on the subject and the relationship with Israel remained unchanged for the time being. The president also visited Libya on 18–21 November to strengthen cooperation between the two countries and travelled to Sudan on 1–3 December. As a show of its commitment to South-South development assistance, Mauritania donated 35,000 litres of pesticide to Yemen to combat the worst plague of locusts in 15 years.

Mauritania participated in the 11th congress of Polisario on 15 December in Tifariti in the Polisario-controlled part of **Western Sahara**, but it maintained its neutrality in the Sahrawi conflict with Morocco, while continuing to participate as an observer in the negotiations under the auspices of the UN on the future of the Western Saharan territory. Some 60 Mauritanian communities were still affected by the problem of landmines that were laid during the fighting between Mauritania and Polisario in the 1970s. Mauritanian officials reported in December that all mines could be removed by 2011. An estimated $ 14 m was needed from donors for this purpose. Approximately 26,000 Sahrawi refugees live in Mauritania.

Mauritania remained one of the key transit points for African **migrants** trying to reach Europe through the Canary Islands. Intensive efforts were made in conjunction with Spain to stop the illegal migration. At the beginning of February, a group of almost 400 Asian and African migrants were taken into custody in Nouadhibou and provided with medical care while an attempt was made by Spain to negotiate the repatriation of the Asian migrants to India and Pakistan. On 24 May, Spanish Foreign Minister Miguel Angel visited Nouakchott to discuss the fight against clandestine immigration.

France continued to be an important partner. On 15–16 February President Vall participated in the 24th Franco-Africa summit in Cannes, while the new president visited France on 29–30 October. The German president, Horst Köhler, visited Mauritania on 14–16 November. Cooperation in the fields of technical aid and fishing was discussed. Conditions for new partnership agreements proposed by the **EU** were negotiated at the EU-African Union summit in Lisbon on 7–8 December.

The US Deputy Secretary of State John D. Negroponte visited Mauritania on 19–20 April. Negroponte emphasised the US's satisfaction with the progress made in democratisation and the fight against terrorism. An **American military mission** visited Mauritania in May to discuss stronger cooperation in respect of harbour security and maritime transport. In late June, Mauritanian newspapers reported the suspected existence of a secret CIA prison in Mauritania, something that was denied by government. 'L'Initiative Populaire Mauritanienne pour la Défense des Détenus de Guantanamo' organised a press conference on 10 July together with the president of SOS Esclaves, Maître El Hadj Sidi, as well as members of the families of Guantanamo prisoners in order to put pressure on the government to seek the release of the Guantanamo detainees.

Socioeconomic Developments

On the Human Development Index the country again ranked 153rd out of 177. The World Bank revised the **economic growth** rate for 2006, earlier estimated at 14.1% real GDP, down to 11.4%, following the start of oil production. Non-oil GDP growth was 4.4%. However, oil reserves were not as large as originally estimated and the growth rate slowed during 2007. Approximately 165,000 people (9% of the population) were dependent on humanitarian assistance, according to the WFP. Reportedly, 60% of people lived below the poverty datum line. The heavily populated southern regions were the most affected by malnutrition. The government reported on 4 June that the budget deficit in the first half of 2007 was, according to IMF estimates, 7.3% of GDP. As a symbolic gesture, the president and his cabinet decided on 8 June to cut their salaries by 25%. Besides the offshore oil reserves, the economy continued to depend on fisheries, livestock and the mining of iron ore, the latter accounting for 40% of export income or 11% of GNP.

Oil production at the Chinguitti fields, previously estimated at 75,000 b/d, reached only 18,000 b/d. In March, the British company, Premier Oil, considered terminating its operations in the country because of unexpected exploitation difficulties. The French company

Total continued its activities, however. Saudi Arabian Naftoil and Gulf Regal Corporation announced on 21 October that they would start oil exploration.

In November, several towns faced protests over **rising food prices**. In Zouérate in north-central Mauritania, the army was called out to halt vandalism and the burning of shops, and violent unrest also erupted in the towns of Kankossa, Wilaya, Timbedra, Djiguenny, Basiknou, Néma, Kiffa, Kobeiny, Rosso and Ayoun. Inflation, according to the Mauritanian statistics agency, reached 28% and imported wheat prices spiralled by over 75%, according to the Famine Early Warning Systems Network (FEWSNET). In August, heavy rains resulted in flooding, especially in the southeastern region of Tintane. Up to two-thirds of the local populace of 16,000 lost their homes and the WFP food warehouse was also destroyed. In June, other parts of the country suffered from a lack of water, among them the capital Nouakchott.

The **HIV/AIDS** infection rate has been relatively low, with the local press noting that the problem is less prevalent in countries marked by male circumcision. Newspapers freely reported on the use of contraceptives.

The second PRSP was jointly prepared in December by the government, World Bank, EU and UNDP. The PRGF programme continued. The IMF announced on 24 November the disbursement of $ 3.1 m, bringing the total amount of relief to $ 13.3 m. This decision was made after the IMF concluded that, despite a sharp decline in oil production, the country had been able to implement sound macroeconomic policies and structural reforms, including the enactment of a new oil-revenue management law as well as financial sector reforms in order to improve the money market situation and stimulate private sector growth.

On 4–5 December, at the 5th Mauritania consultative group meeting in Paris, international donors granted **external assistance** to the value of $ 2.1 bn to finance Mauritania's 2008–10 development plan. The Africa Development Fund on 21 March granted a loan of $ 8.9 m to finance a capacity-building project for microfinance operators. The Islamic Development Bank on 29 May provided a loan of $ 18 m as partial financing for the construction of the Atar-Tidjikja road. The Kuwait-based Arab Financing Fund on 18 March extended three loans for $ 211.8 m to finance road construction and irrigation projects in the desert and improve the supply of drinking water to the capital. The OPEC Fund for International Development on 11 December granted debt relief worth $ 10 m. Assistance from USAID for development and security totalled $ 23.7 m for 2007.

Mauritanian-Chinese cooperation projects increased. Mauritania's **mining** and industrial company ('Société Nationale Industrielle et Minière', SNIM) announced on 23 August a deal to export an annual 1.5 tonnes of iron ore to China over the next seven years. The Chinese foreign minister said on 24 September that China wanted to intensify its involvement in Mauritania's infrastructural projects and that oil exploration would continue. Saudi Basic Industries Corporation (SABIC), the Gulf's largest steel producer, announced an investment of $ 1.5 bn in an iron ore project.

Large-scale cooperation was established with Libya in the construction field and with Tunisia in the fields of technology, communication and tourism. A third generation of mobile phone networks was launched on 7 August in cooperation with Chinguitel, majority owned by Sudan's national telecom company.

Claes Olsson & Helena Olsson

Niger

Insecurity in the north, marked in previous years by occasional ambushes by armed groups with unclear political objectives, developed into a full-scale rebellion. The government's refusal to negotiate with the rebel movement, made up of Tuaregs, led to an impasse and eventually gave rise to attacks in cities in the south. Despite a media clampdown and state of alert, reports began to trickle in about a humanitarian crisis in the north. The rebellion contributed to the simmering tension between President Tandja and his prime minister, Hama Amadou, who resigned after the National Assembly passed a no-confidence vote. Amadou's resignation led to a cabinet reshuffle that left the balance of forces on the political landscape unchanged. Despite rebel actions, which also targeted mining interests, Niger benefited from rising uranium prices and growing exploration activities. The 40-year monopoly of French nuclear giant Areva came to an end, amid rising Franco-Nigérien tensions that formed the prelude to the negotiation of a better deal on the distribution of mining proceeds. While the tourist sector, centred on the northern region, collapsed as a result of the hostilities, abundant rains led to good harvests, thus limiting food insecurity.

Domestic Politics

Hostilities between government and rebel forces, interrupted since the peace agreement of 1995 that ended a previous rebellion, began with an **attack** on 8 February on an army base near Iferouâne, north of Agadez. Three soldiers were killed and two abducted by Tuareg fighters calling themselves 'Mouvement des Nigériens pour la Justice' (MJN). The MJN men appeared to be well equipped, having at their disposal satellite phones, pick ups and a website run by Tuareg intellectuals in Europe, in addition to an assortment of arms procured from neighbouring countries or further afield or captured during attacks on the military. Funding came partly from Tuareg traders in other countries. According to MJN sources, the number of fighters totalled some 700 by April, some of whom had returned from exile in Algeria or Libya (where many received training in Kadhafi's Islamic Legion). Others deserted from the army, into which 1,500 had been integrated after the 1995 peace accord.

The **MJN's demands** centred on a more equitable distribution of mineral wealth; decentralisation of government; appointment of more Tuaregs in the administration, the army and paramilitary institutions; and more jobs for local unemployed in mining companies. While the 1995 agreement promised that 10–15% of mining profits would be reinvested in the north, the MJN alleged that no new schools, hospitals or jobs had been forthcoming and that many ex-fighters integrated into the armed forces had been passed over for promotion. MJN demands included the insistence that 90% of jobs in the mining sector be allocated to locals and that mining companies invest half their revenues in development programmes in the Agadez region. The MJN also demanded recruitment of 100 youths into the gendarmerie, customs and police. The rebels, whose demands were obviously overstated, also expressed a willingness to negotiate.

While it was hard to establish to what extent funds for the north had been withheld, distrust of central government and dissatisfaction with representation and development had developed over a long time. Limited education among former fighters, which inhibits employment, has to be set against Niger's poor record on governance and transparency. The government in any case **refused to negotiate**, pointing out that decentralisation had led to councils that provided citizens a voice in governance and that not only Tuaregs were faced with poverty. The rebels were dismissed as bandits engaged in drugs and arms trafficking. If the MJN was involved in these activities, it was probably a matter of convenience rather than a core activity. The government's reaction, fed by reluctance to give preferential treatment to communities in view of the perennial number of the unemployed, harked back to its strategy of the 1990s, when it also refused to talk. The president felt constrained to allow the army to avenge itself and pursue a military solution that increased the army's powers. Tandja – himself from a military background and with a record as a hard-line interior minister at the time of the Tuareg massacre in the town of Tchin-Tabaradene in the run-up to the previous rebellion – persisted with his 'bandits' story.

On 14 April, MJN and government forces engaged each other near Tamgak mountain, close to Iferouâne. The MJN claimed to have killed several soldiers. Three vehicles were destroyed and three men killed by a landmine, a standard item of MJN weaponry, which also resulted in indiscriminate carnage among civilians and military throughout the year (the MJN claimed, somewhat dubiously, that some were laid by the army to blacken the rebels' reputation). A week later, on 19–20 April, 20 men attacked a new Areva uranium site at Imouraren south of Arlit, killing at least one of the guards and seizing six vehicles plus weapons and ammunition. The MJN staged a bold attack on Agadez airport on 17 June. **Hostilities peaked** five days later when hundreds of rebels attacked two army companies in Tazerzaït at dawn, killing some 15 soldiers, wounding several others and taking dozens of hostages (22 June). Thirty army soldiers were handed over to the Red Cross a week later. Early in July, a Chinese citizen working for one of his country's mining companies was kidnapped in the Ingal region west of Agadez, with the MJN accusing the Chinese of not employing Tuaregs and polluting the environment. The employee was released unharmed four days later. On 9 August, MJN forces staged a twin attack on Agadez and a local electricity company providing power to uranium mines further north.

In contrast to the authorities in Mali, which responded to similar problems with a mixture of armed and conciliatory responses, Niger's government refused to talk. It rejected mediation by Burkina Faso, which had played this role in the previous rebellion. In June, unescorted travel between northern towns was banned. On 24 August, President Tandja declared a **state of alert**, which was extended for three months at the end of November, provided the military with powers of arrest and barred journalists from travelling to the area or reporting on the fighting. Despite heavy-handed security crackdowns and the decision to send another 4,000 troops to the region, fighting continued intermittently. Early in September, MJN forces attacked a military outpost in the desert, capturing six soldiers and ammunition. The MJN regularly issued appeals for dialogue, probably reflecting a genuine wish for negotiations. In mid-September, following mediation by President Kadhafi, they handed over several of the soldiers captured at Tazerzaït to Libya. Both the MJN and government troops observed a truce during Ramadan.

Although it was obvious that the rebellion, with its political undertones, could not be resolved by military means, the government persisted in its refusal to negotiate. By year's end, its casualties stood at several dozen men. Possibly Tandja calculated on the MJN's fragmentation, a tendency many Tuareg movements have displayed. In April, Arab-speakers from the Azaoua region on the border with Algeria announced the creation of a 'Mouvement des Jeunes Arabes', but expressed support for the MJN. The 'Front des Forces Armées Révolutionnaires du Sahara' (FARS), a **Toubou group** active during the 1990s, which had in 2006 kidnapped a party of Western tourists near the Chadian border, in February demanded the departure of Chinese oil prospectors active in the northeast. If these actions did not herald the splintering of the MJN, they demonstrated that its efforts to present itself as a national movement had failed, despite its claim to include Peuls, Arabs and Toubous. There were no indications that there were ties with Islamist groups active in the Sahara.

MJN forces re-engaged the army after the end of Ramadan. On 25 October, a clash between MJN and army troops left at least 12 government soldiers dead. MJN troops attacked a civilian convoy with military escort on the road between Agadez and Arlit on 9 November, claiming 15 casualties among the military and the capture of four, including an army lieutenant. In an effort to increase its pressure, MJN began to expand hostilities to the south. On 10–11 December, two civilians were killed and others injured in Tahoua and Maradi when their vehicles ran over landmines. While the MJN denied responsibility, on 27 November the government foiled an attempt to blow up a fuel depot in Dosso, 136 kilometres from the capital. The **humanitarian situation** in the north deteriorated. Iferouâne, under siege by MJN forces, suffered shortages and later became a ghost town after the entire population fled, swelling the number of displaced, who totalled some 11,000 by the end of the year, not including victims of floods as a result of torrential rains. Food prices in Arlit, which received many refugees, shot up. A reported engagement between army and rebel forces on 9 December later appeared to have involved civilians, with the government admitting that seven had been caught in the crossfire. Amnesty International reported that their bodies bore the marks of torture and asserted they had been deliberately executed. Human Rights Watch, which like Amnesty condemned the MJN's use of landmines, reported that extrajudicial killings and rape were widespread.

Calls for negotiations by Niger's political opposition and civil society were drowned out in a mixture of government intransigence, muzzling of the press, growing xenophobia and manoeuvring ahead of parliamentary and presidential elections (2008–09). In spring, the leader of Niger's anti-slavery society, Timidria, called on the government to listen to Tuareg concerns. On 18 June, the president of Niger's 'Association pour la Défense des Droits de l'Homme' appealed for dialogue, pointing out the futility of dismissing the rebels as bandits and warning of the conflict's economic repercussions. Mohamed Anacko, a leader of the previous Tuareg rebellion and presidential advisor on the implementation of the 1995 accord, suggested recourse to the UN. The main opposition party, 'Parti Nigérien pour la Démocratie et le Socialisme' (PNDS), and even Mahamane Ousmane, chairman of the National Assembly and leader of the 'Convention Démocratique et Sociale' (CDS, Tandja's principal coalition partner), also expressed concern, appealing to Tandja to take up the offer of negotiations.

The government dug in its heels and on 11 August the main party in the ruling coalition, the 'Mouvement National pour la Société du Développement' (MNSD), organised a march to protest the MJN's actions. Hama Amadou, MNSD chair, called on the rebels to lay down their arms unconditionally. Even Nouhou Arzika – a towering figure in the union-consumer group 'Coalition Contre la Vie Chère' (CCVC), who had brought the government to its knees during protests in 2005 and 2006 – pledged his support for the armed forces. The opposition parties now began to rally behind Tandja. In October, the

PNDS **condemned the rebellion**, and Nouhou Arzika accused Areva and Libya of supporting the MJN, adopting a posture close to that of the president, possibly as a quid pro quo for cuts in utility prices.

Responses to the rebellion were fed by constant manoeuvring among Niger's political leaders. On 1 March, Tandja reshuffled his cabinet. The powerful minister of finance, Lamine Zeine, now had to contend with a new ministry of economic competition and the cost of living (an explosive issue), which encroached on his portfolio. The **second reshuffle** was more far-reaching, as it followed on the unexpected fall of Prime Minister Amadou. On 31 May, 62 of the 113 MPs, including those representing minor coalition parties, voted in favour of a motion of censure linked to the case of embezzlement in the educational sector in 2006 that had led to the imprisonment of the then minister of education. While Amadou was not deemed to be implicated, he was criticised for refusing to appear before a commission of inquiry. His fall had much to do with his domineering attitude, which was seen as increasingly problematic. In the end, the president decided to discontinue his defence of a prime minister with whom he had a difficult relationship, in spite of their shared MNSD membership. Tandja, who since 2006 had been building closer ties with PNDS leader Mahamadou Issoufou, main architect of the censure motion, agreed not to oppose it. As CDS leader and National Assembly chairman, Mahamane Ousmane, had arranged to be abroad, Amadou's seven year tenure came to an end.

Since Amadou continued to be MNSD chairman and had already announced his plan to run for president in 2009, political leaders were forced to continue to reckon with him. On 3 June, Tandja accepted the nomination by the MNSD of Seyni Oumarou as **new prime minister**, a choice reflecting Amadou's influence in view of the appointee's ties with the former premier. Tandja, who failed to persuade the PNDS to join a government of national unity, approved Oumarou's cabinet on 9 June. While the principal members of the previous administration were retained, such as Lamine Zeine and Minister of Foreign Affairs Aïchatou Mindaoudou (a woman with good ties with the US in addition to the Arab and Asian world), several old cabinet members were dropped. Many of these represented parties other than the MNSD and had played a role in Tandja's re-election as president and the ousting of Amadou as prime minister. The new cabinet thus also reflected the problematic position of Tandja, who now appeared to have less influence over his government and was constitutionally barred from standing for another term. In addition, the law demanding at least 25% female representation was given effect for the first time with the appointment of eight women to the cabinet.

Media harassment, a constant problem in Niger, escalated into a total clampdown, despite plans to decriminalise press offences by substituting imprisonment for libel and defamation with financial penalties. Foreign journalists were banned from travelling to the north. On 29 June, the Agadez-based 'Aïr Info' newspaper was suspended for three months for demoralising the troops, while four other papers, including 'Libération', which published statements from the MJN website, 'l'Evénément' and 'l'Opinion', received warnings from the press regulator, the 'Conseil supérieur de la communication'. Some of these papers had published photographs of rebels. On 19 July, the government suspended transmissions by 'Radio France Internationale' (RFI) for one month on account of allegedly false, biased and partisan reporting. Moussa Kaka, RFI correspondent, claimed that he received a death threat from the army chief of staff at a reception at the French embassy on 14 July. Kaka, who was accused of maintaining contacts with MJN rebels and conducting phone conversations with their leaders, was jailed on 26 September. On 6 October, a French documentary maker who had been detained for a month was expelled. A journalist on 'Aïr Info' was arrested in Agadez on 9 October. On 17 December, two French journalists who had a permit to film in central and southern Niger for a report on avian flu, were arrested and charged with collusion with the rebellion as they had actually filmed MJN men for European TV station Arte.

Union and consumer activists extracted considerable concessions from the government after the social unrest of the two preceding years. Negotiations in February and March with CCVC leader Nouhou Arzika led to an announcement on 13 March that prices for basic services and utilities would be cut by 15–60%. While the biggest cuts were made to telephone and water costs, the **price reductions** extended to fuel, education and healthcare and strengthened the position of Arzika, who may have wished to reciprocate by coming to Tandja's aid in the handling of the rebellion. The social unrest of previous years continued, though on a much lower scale. On 14 March, workers at health clinics and in schools went on strike for three days to protest salaries and living conditions, while university students in Niamey became involved in violent incidents with police a week later.

Niger witnessed the increased seizure of **narcotics**, in part, perhaps, because Moroccan efforts to clamp down on the cannabis trade had pushed trafficking networks deeper into the Sahara. By April, twice as much cannabis as for the whole of 2006 had been confiscated. Traffickers were reported to be heavily armed and to possess new Toyota jeeps and communications equipment.

Foreign Affairs

The conduct of foreign relations took place in the context of the external dimensions of the rebellion and was also characterised by the efforts – not unrelated – to redefine the relationship with France in the course of renegotiating the terms of uranium mining. Foreign involvement in the rebellion was limited to material support provided to government forces and requests to neighbouring countries to use their good offices with the rebels. **Military support** was provided by China in the form of lorries to transport troops, while the government tried to buy Russian attack helicopters to be flown by Ukrainian pilots. Although the US, which had some 'anti-terrorism' units southwest of Arlit, was concerned at the situation, its involvement did not apparently go beyond the supply of transcripts of intercepted MJN satellite phone conversations. More preoccupied with the negotiations on uranium mining operations, France, too, adopted a low-key posture. The neighbouring countries that Niger contacted regarding the rebellion included Nigeria, Chad, Mali and Algeria. On 22 July, the prime minister met Algeria's president. He also travelled to Sudan and Libya. Tandja called on Kadhafi, in his capacity as CEN-SAD mediator, to intervene with the rebels.

Although Libya played a role in the release of Niger's soldiers captured at Tazerzaït in June, indicating a certain level of influence, its role was shrouded in ambiguity. MJN equipment led to speculation about external assistance, especially after an army spokesman alluded on 10 July to unidentified foreign influences. The MJN denied this, but admitted it maintained relations with Tuaregs in Mali and that its men freely moved across international boundaries. In the autumn, Nouhou Arzika and government officials alleged that the rebels were in the pay of Libya, possibly to bolster its claims in the long-standing frontier dispute in Niger's northeast, coveted for its suspected oil reserves. However, no concrete evidence of **Libyan involvement** was provided, and the accusations seemed to point more to the government's inability to deal with the revolt. Malian involvement went deeper, both on the government and rebel side. In May, a leader of Malian Tuaregs who had co-signed an accord ending a revolt against Malian authorities in July 2006, resumed hostilities, attacking an outpost on the Mali-Algeria border, reportedly with the help of Tuaregs from Niger. Though Malian Tuaregs claimed an alliance existed with the MJN, the latter's leader denied this. While relations undoubtedly existed, their exact nature remained unclear. Niger's government, in any case, announced it would work with the Malian authorities.

More spectacular were the accusations against **French uranium giant** Areva. Tandja and Nouhou Arzika accused the company of colluding with the MJN by buying them off to discourage a repeat of attacks such as the one against the Imouraren site. It was suggested that the MJN was being encouraged to target Areva's foreign rivals. Although the company denied the charge, pointing out that money for the upkeep of guards at Imouraren had been stolen by rebels during their attack, on 27 July the government expelled its French director. However, this probably had more to do with the contract negotiations on Niger's 'yellow cake', of crucial importance to France's energy needs and nuclear arsenal. President Sarkozy phoned Tandja, and ministers from both countries calmed down the situation, leading to an agreement between Areva and Niger on 1 August. Providing the larger part of development aid, France continued to be Niger's most important partner.

Relations with **Burkina** were marred by cross-border incursions by each other's security forces, resulting in the harassment of villagers. The background to this was a simmering border dispute, which both countries agreed to submit to the International Court of Justice (ICJ) in The Hague. The ICJ's adjudication in 2005 of the border dispute between Niger and **Benin**, centring on Lété Island in the Niger river, led to Niger taking ownership in a ceremony on 14–17 February.

Socioeconomic Developments

Mining companies kept their operations going despite chronic insecurity. Uranium spot market prices had almost doubled in 2006, making renegotiation of Niger's contract with Areva, set to expire on 31 December, urgent. While one Canadian company announced the discovery of a major deposit in the north on 5 March, in January the government gave eight new prospecting licences to two other Canadian firms, reserving a 40% stake in their projects. At year's end, a total of 90 **uranium prospecting** licences had been given out, in addition to 20 for gold. Uranium production was expected to double to over 7,000 tonnes by 2011 as a result of Chinese and Areva operations, the former centring on Teguidan Tessoumt and the latter on its new site at Imouraren.

As Areva's contract price was significantly below spot market values, pressures increased for a better deal leading on 1 August to an agreement for the rest of 2007 that increased the mine gate price retroactive to 1 January by nearly 47%, still only slightly more than one-third of the spot market level. In addition, Niger obtained the right to sell 300 tonnes of uranium on the spot market, purchased for $ 41.7 m by a US company. Negotiations for the price structure for coming years continued and the foreign minister made it clear that Areva's **monopoly position** was over, although the company remained Niger's dominant partner. In August, a new mining code came into operation and a new company, SOPAMINES, was established to handle the state's shares in mining enterprises and sell its raw materials.

Early in the year, it became clear that, despite good **growth** over a number of years, this had not been enough to reduce poverty, as real GDP between 2000 and 2005 grew on average by 3.2% while the population expanded by 3.3%. The 2007 growth rate was forecast at 4.5%, but external trade was expected to worsen, despite a 22% increase in uranium-driven exports. Inflation fell below the 3% UEMOA convergence rate – a feat not seen in previous years. Having failed to attract investors, Niger abandoned its donor-inspired plan to privatise the state electricity and oil-importing companies. Despite the interest by mining conglomerates, UNCTAD reported in 2006 that Niger ranked 131 on a foreign direct investment list of 141 countries.

Rains were abundant, and floods killed a dozen people. An analysis of satellite photos pointed to the overall increase in Niger of tree coverage as a result of improved rainfall and planting by farmers. Harvests were satisfactory, even if isolated pockets of shortages remained. Cattle exports grew by 52.8% in 2006, and the government planned new abattoirs in Zinder and Niamey. Even so, **food production** remained precarious. Although the 2006 harvest turned out to be the largest ever (4.1 m tonnes), in June 2007 the national committee responsible for managing food crises reported that 1.1 million people were threatened by shortages, with some 400,000 people requiring help, especially children and those in the northern region affected by the fighting. Acute malnutrition nevertheless fell from 15.3% in 2005 to 10.3% in 2006. The fact remained, however, that one-fifth of Niger's 2.3 million children die annually, 60% as a result of malnutrition.

On 14 February, the government approved a new **population policy** aimed at reducing the growth rate to 2.5% by 2015. At the current rate, Niger would have 50 million people in 2050, a catastrophic level in view of limited capacities for food production. The government aimed to increase contraception-use from 15% to 20%, decrease the average number of children per woman and discourage child marriage. Chiefs expressed their willingness to play a role, but several religious leaders, whose protests had already delayed ratification of the AU's Maputo protocol on women's rights, were less than forthcoming.

Polio was almost eradicated, although along the country's long border with Nigeria, where vaccination is a contentious issue, a few cases were reported during the year. The issue of **uranium contamination** continued to draw attention, in part because the MJN demanded that steps be taken. Areva agreed to fund development programmes, among them health projects to the value of CFAfr 540 bn, and pay an additional CFAfr 300 m to the city of Arlit.

Klaas van Walraven

Nigeria

The April elections at federal and state levels dominated the political scene. The run-up to the elections soon became a legal battlefield, while the seriously flawed elections produced a large number of petitions before the election tribunals. Although the tribunal dealing with the petition on the presidential election had not reached its verdict by year's end, other tribunals had already declared some gubernatorial and National Assembly elections null and void. By the end of the year, there were additional indications that more governors and parliamentarians would be sacked the coming year. In the light of these decisions, the prospect that the elected president might suffer a similar fate was no longer unimaginable. Notwithstanding this situation, this was the first time in Nigeria's history that an elected government had taken over from a previously elected one, a circumstance that gave some hope of stabilising the still infant democratic system.

Domestic Politics

The salient issue over the course of the year was the **general election**, scheduled for 14 April (gubernatorial and state assemblies) and 21 April (presidential and National Assembly), and its aftermath. All eyes were fixed on the run-up to the elections, which was packed with drama. The Independent National Electoral Commission (INEC) could not meet the deadline of 30 January for completing the electoral register and had to extend the exercise for a third time, to 2 February. Eventually, the National Assembly amended the Electoral Act to allow the register, which included 61.3 million eligible voters, to be completed 60 days before the start of the elections, instead of 120 days. In addition, the amended act made it mandatory to display the voters' list 45 days prior to the election instead of 60. On 15 March, the commission disclosed the list of presidential candidates. To the consternation of his followers and the public, the list of 24 names did not include that of vice president and Action Congress (AC) candidate Atiku Abubakar, on account of corruption charges by the anti-corruption agency, the Economic and Financial Crimes Commission (EFCC). Reacting swiftly, Atiku challenged the decision in court. Earlier, on 6 January, President Olusegun Obasanjo had already reversed the sacking of his vice president, whom he had removed from his post on 23 December the previous year, on account of a pending decision by the court of appeal on the case filed by Atiku on the matter.

On 20 February, the court of appeal ruled Atiku should remain in his post despite his defection from the ruling People's Democratic Party (PDP) to the AC. The **supreme court** confirmed the verdict on 24 April, taking the view that floor-crossing, though unethical, could not be grounds for the removal of a sitting vice president. He could, in fact, only be removed through impeachment by the National Assembly. Notwithstanding this, at the 11th hour the court handed down another landmark ruling on 16 April by deciding that INEC had no power to disqualify a candidate submitted to it by a political party, thereby setting aside an earlier judgment of the court of appeal and temporarily putting the poll in doubt. However, the many more than 100 candidates who had been screened by INEC and were subsequently dropped by the parties for alleged wrongdoing were no longer able to seek redress for their disqualification because events had overtaken them.

The presidential and National Assembly elections took place as scheduled on 21 April. Umaru Yar'Adua won a **landslide victory** with 24.6 million votes, well ahead of his two main rivals: retired Maj. Gen. Muhammadu Buhari of the All Nigeria People's Party (ANPP) won 6.6 million and Atiku Abubakar 2.6 million. The PDP, which had held power since the beginning of the democratic transition in 1999, consolidated its grip on power and won two-thirds majorities in both chambers of the National Assembly. The wins for the other candidates and parties were negligible. These results mirrored the voting patterns in the earlier gubernatorial and state assembly elections on 14 April. The ANPP held on to its strongholds in five predominantly Muslim states in the far north, while PDP won all but three of the other 31 states. Interestingly, the small Progressive People's Alliance (PPA) and its gubernatorial candidates, Theodore Orji and Ikedi Ohakim, won in Abia and Imo state in the Igbo heartland, decisively thwarting the ambitions of former Biafran leader Chukwuemeka Ojukwu and his All Progressive Grand Alliance (AGPA). Last but not least, Lagos state was taken by the AC and its candidate Babatunde Fashola. However, according to independent observers, voter turnout for the presidential elections was 20%.

Even allowing a 10% margin of error, that was still 25% less than the 55% turnout claimed by INEC.

Although Umaru Yar'Adua had already been declared the winner in the presidential elections by the chairman of the electoral commission Maurice Iwu on 23 April, INEC had to organise by-elections in several states for both state and federal constituencies and these took place on 28 April. Imo state, however, was the only one in which the poll for the governorship was re-run. Most foreign observers from Europe and the US, among them former US Secretary of State Madeleine Albright and EU parliamentarian Max van den Berg, as well as domestic observers, such as the transition monitoring group, the Catholic Church and – after the poll – opposition parties, vigorously criticised the handling of the polls, which cost some 200 lives. According to them, the polls lacked all credibility. They focused especially on the gubernatorial and presidential elections, which were marred by violence, widespread voter **intimidation**, seizure of ballot boxes, procedural irregularities, **fraud** and organised **rigging**, which caused observers to call for re-runs in the worst cases. While the Commonwealth was rather cautious and ECOWAS observers even declared the polls relatively free and peaceful, the two runners-up in the presidential election rejected the results and vowed to pursue the matter in court. Western governments, however, indicated their readiness to work with the new government and invited Yar'Adua to the forthcoming G8 summit in Germany.

On 29 May, Umaru Yar'Adua was sworn in as the first president to take power from a previously elected one through the ballot box. Goodluck Jonathan became vice president. In his inaugural speech Yar'Adua at least acknowledged the lapses and shortcomings in the electoral process and promised that future elections would meet international standards. As a result, he swiftly (22 August) inaugurated the **electoral reforms** committee comprising 22 eminent Nigerians, including former Chief Justice Mohammed Uwais as chair.

To save costs and ensure speedy justice, the presidential election petitions tribunal took over the petitions of Buhari and Atiku (16 October), but later declined a request by Atiku to subpoena certain witnesses, among them civil servants, foreign election observers and media chiefs, whose evidence he described as crucial. Consequently, on 27 November, he filed an appeal on this issue with the supreme court.

While state **election petitions tribunals** annulled the election of PDP governor Ibrahim Idris in Kogi state (10 October), PDP governor Saidu Dakingar in Kebbi state (20 October) and retired vice-admiral and former chief of naval staff, Governor Murtala Nyako of the same party, in Adamawa state (15 November), the supreme court handed down two further important verdicts on the elections. On 14 June, in a constitutionally and politically highly complex issue, the court unanimously decided that the newly inaugurated PDP governor Andy Uba in Anambra state should step down in favour of his predecessor Peter Obi of the All Progressive Great Alliance (APGA). The court maintained that there was no vacancy at government house when INEC conducted the gubernatorial election in that state. The judges supported the argument that Obi's four-year term of office began with the oath of office and the oath of allegiance, which he took on 17 March the previous year. Consequently, on 19 July the election tribunal nullified the gubernatorial election. However, Obi had been impeached by the state assembly in November 2006. The high court in the state capital of Awka declared the impeachment null and void, a ruling that was upheld by the court of appeal on 9 February. Thus, the new governor Virginia Etiaba handed back power to her former boss.

On 25 October, the highest court of the land voided the governorship of Celestine Omehia (PDP) in Rivers state and ordered that Rotimi Ameachi be sworn in immediately in Omehia's stead. The court held that Ameachi was wrongly substituted by the party and that the indictment on which his disqualification was based could not be upheld in law. Moreover, the immunity clause, which Omehia clung to in order to stay in power, was considered irrelevant since the case was a pre-election matter.

On 27 April, the supreme court put an end to the **impeachment saga** of the previous year and upheld the ruling of the court of appeal (8 March), which had declared the impeachment of Plateau state governor Joshua Dariye in 2006 to be unconstitutional.

During the elections, outgoing President Obasanjo renewed the **state of emergency** in **Ekiti** state on 18 April. He extended the tenure of sole administrator, retired Maj. Gen. Adetunji Olurin, until the end of his second term on 29 May to prevent any repeat of the violence that had erupted in the state after the gubernatorial election and its spread to neighbouring states. In a nationwide broadcast, Obasanjo justified the decision and accused impeached governor Ayodele Fayose of having instigated the crisis. Despite this decision, the National Assembly turned down Obasanjo's request to endorse the extension (24 April), thereby forcing the sole administrator to hand over power to the speaker of the state assembly, Tope Ademiluyi, who thus became acting governor.

At the senate's inaugural session on 5 June, re-elected PDP-senator David Bonaventure Mark from Benue state emerged as senate president, while Ike Ekweremadu (PDP) from Enugu state was elected as his deputy. The new senate president was a retired major general who had served as military governor, minister of communications and member of the Armed Forces Ruling Council under different military regimes. Patricia Etteh (PDP) from Osun state was elected **speaker** of the house of representatives, making her the **first woman** to assume this position. Meanwhile, Babangida Nguroje (PDP) from Taraba state became deputy speaker. However, by November, both were removed from their posts following an in-house investigation which revealed they had breached house rules in awarding contracts worth $ 5 m for the renovation of their official residences and the purchase of several cars. On 1 November, Etteh was succeeded as speaker by Dimeji Bankole (PDP) from Ogun and Nguroje as deputy speaker by Usman Bayero Nafada (PDP) from Gombe state.

The distribution of power among the top three positions in the Nigerian political system was well balanced among the six **geo-political zones**. While these zones have never been formally entrenched, implicit recognition of their relevance serves as a yardstick for securing a certain balance of power. With the exception of the northwest, all the other zones were represented. However, despite the fact that 83 members of the senate and 271 of the house of representatives had been elected for the first time, some of them were well-known politicians. Seven former governors from the PDP and ANPP, who had served the maximum of two terms and had not been indicted for embezzlement at the time of nomination, used their local networks to secure election and featured most prominently in the senate: George Akume (Benue), Chimaroke Nnamani (Enugu), Ibrahim Turaki (Jigawa), Ahmed Makarfi (Kaduna), Mohammed Adamu Aliero (Kebbi), Bukar Abba Ibrahim (Yobe) and Ahmad Rufai Sani (Zamfara). Two retired senior officers, Maj. Gen. Abubakar Tanko Ayuba (Kebbi state) and Brig. John Nanzip Shagaya (Plateau state) were also elected to the senate as PDP candidates. However, the latter was one of the first members of the National Assembly, along with retired Major Satty Gogwin (AC), Ayogu Eze (PDP) and Patrick Asadu (PDP), whose election was voided in December by election tribunals.

On 28 July, President Umaru Yar'Adua swore in his **cabinet**, reappointing four of his predecessor's cabinet members. In addition, he retained the governor of the central bank, Chukwuma Soludo, chief of staff within the presidency Abdullahi Mohammed, and the national security adviser Sarki Murktar, both retired major generals. However, Yar'Adua assigned key portfolios to new staff with reasonable professional credentials: secretary to the government of the federation (Babagana Kingibe), justice (Michael Aondoakaa), finance (Shamsuddeen Usman), defence (Mahmud Yayale Ahmed), foreign affairs (Ojo Maduekwe), state security service (Afakriya Gadzama) and national intelligence agency (Emmanuel Imohe), while retaining the most important ministry, energy, for himself, the portfolio his predecessor had relinquished to Edmund Daukoru on 10 January. The finance minister, for example, was a former deputy governor of the central bank, while Kingibe was a well-known civil servant who had served under different military regimes and was the running-mate of the winner of the 1993 annulled elections, Moshood Abiola. Shortly thereafter, he changed sides and became foreign minister under military dictator Sani Abacha.

Just moments after he was sworn in, Yar'Adua replaced the inspector-general of **police**, Sunday Ehindero, with the most senior deputy inspector-general Ogbonna Onovo, an Igbo. Despite this decision, Onovo was removed three days later in favour of another deputy inspector-general, Mike Okiro from Rivers state, who soon undertook a major shake-up as a result of which at least 35 police commissioners changed positions.

The **military** also experienced far-reaching shake-ups during the year. Obasanjo had already retired 13 top-echelon officers in early May, and close to the end of his presidency he changed the command structure by promoting Lt. Gen. Owoye Andrew Azazi to be chief of defence staff and Maj. Gen. Luka Nyeh Yusuf to be chief of army staff. This action was necessary, since Azazi's predecessor General Martin Luther Agwai was about to take over the international peacekeeping force in Darfur. Both retained their new positions under the incoming government and were even promoted to general and lieutenant general respectively. Nevertheless, in late July and early August, Yar'Adua retired some 40 top brass and redeployed several key officers, such as commandants in the general command, military intelligence and logistics.

There were also changes in personnel in the **judiciary**, government agencies as well as parastatals. Idris Legbo Kutigi succeeded Alfa Modibo Belgore as chief justice on 18 January after the latter reached the mandatory retirement age of 70, and swore in 17 senior lawyers into the prestigious rank of senior advocate of Nigeria. While Obasanjo's spokeswoman Remi Oyo was appointed managing director of the news agency of Nigeria in July, the group managing director of Nigerian National Petroleum Corporation (NNPC), Funsho Kupolokun, was replaced on 10 August by one of the company's top directors, Abubakar Yar'Adua, the president's namesake, but not related.

One day before the gubernatorial and state assembly elections, the prominent Muslim cleric Sheikh Ja'afar Mahmoud Adam and two of his followers were assassinated in a mosque in Kano, the biggest northern city. He was a strong advocate of strict shariah law and fell out with the governor, sharply criticising him for his allegedly cautious approach and even resigning from his post on the Hisbah Board. On 17 April, however, in the aftermath of the killings, **Islamist militants** stormed a police station and the office of the federal road safety commission, killing at least 13 people, most of them policemen. In addition, they attacked inhabitants of Panshekara suburb. Eventually, with the permission of then President Obasanjo, Kano state Governor Shekarau requested the military to cordon off the area. According to military sources, the soldiers killed 26 militants and arrested nine. An unknown number of militants escaped. In November, the state security service arrested Islamic militants in the three northern states of Kaduna, Kano and Yobe who had been found in possession of fertiliser and bomb-making devices and were suspected of having links to al-Qaida. As in previous years, however, Nigerian authorities could not provide substantive proof of an al-Qaida presence in the country. Mayhem broke out in the local government of Tudun Wada, home to a substantial Christian minority. An alleged blasphemy against the Prophet Muhammad caused Muslim youths to go on a rampage on Friday 28 September, burning churches and shops. At least nine people died and about 600 were displaced. For the umpteenth time that incident proved that Fridays have become potentially dangerous in the north for non-Muslims, who, for years, after noon prayers, have often been targeted by militants.

The case in Kano concerning the legality of **religious marshals**, known as 'Hisbah', took a surprising twist. The previous year, Kano state government had challenged the legality of a decision by the police inspector-general to outlaw Hisbah, which had been established under state law. The supreme court, however, dismissed the suit, pointing out that it lacked jurisdiction since there was no legal dispute between the federal government and the Kano state government. The court noted that jurisdiction in any such suit lay with the federal high court in Abuja. While Hisbah was still in evidence, in contrast to previous years its members were largely confined to barracks and assigned tasks such as directing traffic and helping sports fans to their stadium seats.

The Islamic spiritual centre Sokoto, home of the sultan, saw several **sectarian clashes** between mainstream Sunni Muslims and groups sympathetic to the Iranian revolution, and wrongly called Shiites. After high-profile Sunni cleric Umar Dan Maishiyya, well-known for his sermons against the Shiites, was shot on 18 July by four gunmen, the sect's headquarters were attacked by young Sunni men, who lynched one of the suspects. Two days later, the Shiite sect's leader Kasimu Rimin Tawaye and some 100 of his followers were detained and reportedly accused of assassinating the Sunni cleric. In the wake of the arrests, the state government ordered security forces to demolish the sect's headquarters; destroy a school, a clinic and some living quarters; and charged the detainees in court. In October, another three people were killed in what was believed to be an execution killing by members of the Shiite sect. Despite the latent sectarian tensions, the ceremony to inaugurate the spiritual head of Nigeria's Muslims took place in Sokoto on 3 March, when Sultan Muhammad Sa'adu Abubakar received his staff of office, thus formalising the government's recognition of his unique position.

The **Niger Delta** was the most volatile part of the country, although several other states also experienced violence, especially bloody communal clashes over the control of land. Even the conditional release of Mujahid Dokubo-Asari (14 June), leader of the illegal Ijaw Niger Delta People's Volunteer Force (NDPVF), who had been held on treason charges since 2005, did not improve the situation. While the supreme court had dismissed Dokubo-Asari's appeal to be released on bail on 8 June, describing him as a threat to national security, the federal high court in Abuja eventually changed its mind on medical grounds. Moreover, the court adjourned the trial until the accused was ready to stand. The federal government, however, did not intervene, indicating that the previous meeting of three Niger Delta governors with President Yar'Adua had paved the way for a political deal intended to boost a nascent peace process. Consequently, Dokubo-Asari met Vice President Jonathan in Abuja on 13 July, and maintained that abductions were not part of his struggle.

Notwithstanding this, violence in the Niger Delta reached new levels. As in the previous year, the crisis at times descended into open warfare, seriously affecting oil and gas production. Shoot-outs between militias and military personnel, **kidnapping** for ransom, armed robbery, killing innocent people and blowing up pipelines became the norm in the area. In the course of the year, several dozen foreign oil workers were taken hostage. In almost all cases, the hostages were released after some days, weeks or months, usually after a financial deal had been struck, thereby fuelling further hostage-taking as a lucrative and flourishing business. The Movement for the Emancipation of the Niger Delta (MEND) was the most visible group involved in this business, a business that gave rise to the constant proliferation of small armed groups.

For the first time, Chinese, Indian and South Korean workers were targeted, reminding the Nigerian public that these countries had become major economic players in Nigeria. On 5 January, five Chinese telecommunications workers were abducted at Rumuokunde, Emohua local government in Rivers state, but released on 18 January. A few days later, nine Chinese oil workers were taken hostage in Sagbama local government area in Bayelsa state after the kidnappers broke into the offices of a Chinese oil company, seizing cash as well. The hostages were set free after 11 days in captivity. Nine South Korean workers on a Daewoo oil facility were abducted on 10 January, but regained their freedom two days later. Another three Daewoo engineering workers, along with eight Filipinos, were taken at gunpoint from the Afam power plant northeast of Port Harcourt on 3 May. On 20 January, MEND had abducted 24 Filipinos from a cargo ship in Warri Southwest local government in Delta state; they spent 24 days in captivity. Only hours after they were freed on 8 May, armed men in speedboats seized four US citizens from a barge in Delta state, but they were released by the end of the month. However, the Indonesian Indorama Petrochemical Company in Eleme local government in Rivers state was one of those worst hit. On 19 May, seven Indians were rescued by a joint task force after a distress call from the company's residential quarters, but two were kidnapped and three Nigerians killed. On 1 June, militants stormed the residential estate again, abducting ten of the **expatriate workers** and killing two policemen attached to the place. The workers were released after more than two weeks.

In total, foreigners from at least another 16 countries in Europe, the Americas, Asia, the Pacific, the Middle East and Africa, working for international oil companies such as Shell, ChevronTexaco, Agip/ENI, TotalFinaElf, ExxonMobil and others, were affected. In January, leading tyre manufacturer Michelin announced its decision to pull out of tyre production at its plant in Port Harcourt, but maintained its large rubber plantation.

Nigerians were even worse affected and several fell victim to the attackers, including policemen and soldiers. On 16 January, **gunmen** killed 12 people, including four local chiefs from the Kula kingdom in Rivers state. Late in the month (28 January), some 120 criminal suspects were sprung from two police stations by armed militants in Port Harcourt, among them Soboma George, a leading militant. There were casualties on both sides. Another prominent gang leader, Ateke Tom, however, a former ally of Dokubo-Asari, could operate almost unhindered. The attacks reached their climax when militants destroyed the house of Vice President-elect Goodluck Jonathan in Otuoke village and the police station in Ogbia in Jonathan's home state of Bayelsa (16 May). Three policemen died.

Despite the fact that the newly elected president took office towards the end of May and the conditional release of Dokubo-Asari, the overall situation did not improve. On 23 August, Emohua local government again experienced a serious incident when 20 locals were killed in Rumuekpe. On 20 October, three expatriates along with four Nigerians working for Shell were abducted in Bayelsa state, and the US company Wilbros was attacked in Bonny, Rivers state, on 27 November. Two policemen and a civilian guard lost their lives. On New Year's Eve, Ateke Tom's Niger Delta Vigilantes (NDV) geared up for another attack in Port Harcourt early the following morning.

The **counter attacks** by the military were somewhat counterproductive. Although they freed several hostages and killed dozens of militants, the military failed to ease the tensions, let alone stop the kidnappings. On 12 March, the joint task force rescued three Croatians in Ogbakiri, Rivers state. On 21 June, the task force recaptured an occupied Agip/ENI oil platform in Bayelsa state, killing 12 militants and freeing some 28 hostages. Two company staff and at least three soldiers lost their lives during the operation. In late August, 15 militants were killed in a security operation in Tombia, Degeme local government in Rivers state, and seven lost their lives after a gun battle with navy personnel on 31 October. One naval officer was killed.

The Independent Petroleum Marketers Association of Nigeria (IPMAN) announced on 5 July that it had entered into a special arrangement with vigilante groups to protect pipelines. On 22 October, Col. Nanven Rintip replaced Brig. Lawrence Ngubane as commander of the joint task force. In addition, the paramount ruler of Evo kingdom in Rivers state, Eze Francis Amadi, admitted he had paid a ransom of naira 3 m (some $ 25,000) to free his kidnapped child. For the first time, the amount of the **ransom** was publicly acknowledged.

As in the previous year, close to 100 policemen lost their lives on duty – excluding those who fell victim to the violence in the Niger Delta and during the elections and the 28 mobile policemen who died in a road crash in Benue state. On 15 November, the inspector-general of police admitted that 785 suspected armed robbers had died in encounters with police and that almost 1,600 had been arrested the previous three months. During the same period, 62 officers lost their lives. Despite this, the police retained their poor reputation, as indicated by the findings of the UN special rapporteur on torture. After a week-long visit ending on 9 March, Manfred Nowak concluded that **torture** and **ill-treatment** in police custody were widespread and that torture was part and parcel of law enforcement operations in the country. Notwithstanding this woeful conclusion, Nowak thanked top police officials for opening up police facilities to unannounced visits.

The human and **civil rights record** was again mixed, although harassment of journalists decreased further. In addition, the federal high court in Abuja granted the detained Ralph Uwazuruike, leader of the banned militia Movement for the Actualisation of the Sovereign State of Biafra (MASSOB), three months of bail to accord his late mother a fitting burial (26 October). He had been arrested in 2005 and charged with treason. Courts in Enugu and Jos had earlier (in March and July) acquitted 29 MASSOB members. On 10 December, the court of appeal dismissed an appeal by the inspector-general of police to reverse a verdict voiding a Public Order Act, which made it mandatory to obtain a police permit before protest rallies. Nevertheless, the human and civil rights record was seriously tarnished on 17 December when the Kano state government admitted that seven convicts had been secretly executed the previous year outside the state. Only a little while before, the federal government had informed the UN that Nigeria had not carried out any executions in recent years.

While highway robbery decreased slightly, the number of bank raids and raids on bureaux de change again rose, leading to the deaths of several policemen and civilians. As in previous years, Lagos was the centre of armed **robbery** and **bank raids**, and in July the new AC state government approved naira 2 bn for the immediate expansion, reorganisation and upgrading of the state's rapid response squad. However, more and more banks in urban centres in the north were also affected, namely Abuja, Suleja, Kaduna, Katsina and Kano.

Premeditated **killings and assassinations** also increased. The traditional ruler Eze Davidson Okoro Anyanwu in Ahiazu-Mbaise local government in Imo state was gunned down on 1 May. Tunde Awanebi, chief security officer of the governor of Ondo state, was shot on 30 May, just hours after leaving office. Auwalu Jibril, former sole administrator of Minjibir local government in Kano state, was murdered on 19 June, while Mohammed Rabiu Yunus, deputy general manager of Kaduna Refinery and Petrochemical, was shot dead on 15 July. Retired Col. Lawrence Balogun was killed in Lagos on 23 July, the businessman Hamza Isa Kano in Abuja on 5 August and the Dutch businessman Tony Kouwenhoven in Port Harcourt on 2 September. More was to come. Olusegun Oladimeji, PDP member of the house of representatives, was assassinated in his home area in Oyo state on 14 September. The special advisor on revenue issues to the governor of Jigawa state, Alqasim Ahmad Gwaram, was hacked to death in Kano on 2 December and a prominent Kano Islamic scholar, Sani Naiya, was murdered on 17 December. As in preceding years, most well-known national and local victims were killed for political or personal reasons by hired assassins, as evidenced by the fact that victims were not robbed, suggesting that contract killing was becoming part of political and business life. It was estimated that contract killings could cost as little as naira 100,000 ($ 800). In fact, neither police nor other security agencies were able or willing to investigate. On rare occasions, such as the death in 2001 of Bola Ige, former justice minister and attorney-general, suspects were charged but eventually acquitted for want of evidence.

In December, Transparency International classified Nigeria the seventh most corrupt country in the world. The **anti-corruption campaign** did produce some positive results and there was a small ray of hope, when, on 26 July, former Bayelsa state Governor Diepreye Alamieyeseigha was found guilty of money laundering and sentenced to two years imprisonment. He also had to forfeit property in South Africa and Abuja as well as various bank accounts and was released from prison the following day, having already spent his term in detention. The case was in line with a decision by the supreme court, which in February affirmed that the anti-corruption commission EFCC could investigate state governments, considered to be the most corrupt institutions. With this ruling in mind, outgoing President Obasanjo approved another four-year term for EFCC chairman Nuhu Ribadu. The EFCC verdict was eventually confirmed on 25 October, when the court declined to nullify the EFCC Act of 2004.

Against this backdrop, EFCC went ahead with its investigation of 15 ex-governors on 6 June and arrested several of them, including Senators Nnamani and Turaki. The second **anti-corruption agency**, the Independent Corrupt Practices Commission (ICPC) disclosed on 2 July the launching in all 36 states of investigations codenamed Operation Hawk. By the end of the year, eight governors had been charged, all but one of them being freed on bail. Despite this, it was rumoured that the new justice minister and attorney-general, Aondoakaa, was obstructing the investigations – rumours given greater credence by the alleged temporary removal of the EFCC chairman at the end of the year to go on a special training course. Interestingly, late in the year it emerged that in February Obasanjo had approved two radio and two TV licences for himself as part of a pool of 38 new licences. However, on 13 November the UN Office on Drugs and Crime (UNODC) applauded the work of the EFCC and Nigeria's participation in the UNODC and World Bank Stolen Asset Recovery Initiative (StAR).

Foreign Affairs

Nigeria maintained good relations with the US, its biggest crude oil customer, and former colonial power Britain. It consolidated its relations with China, expanded its cooperation with India and was increasingly involved in peacekeeping missions in Darfur.

The launching of the US-Africa command, known as AFRICOM, which became operational on 1 October, brought mixed if guarded reviews. Thus, the Pentagon was careful to stress that the aim of the new command was to help struggling states with training and aid. The new Nigerian government, still under internal pressure on account of the flawed elections, was backed by the **US** when the deputy secretary of state, John Negroponte, and the assistant secretary, Jendayi Frazer, visited Nigeria on their West Africa tour (12–13 November). Negroponte pointed out that Nigeria was an important strategic partner and that the US was committed to maintaining a robust bilateral partnership, a commitment reiterated by the newly appointed ambassador Robin Sanders when she presenting her credentials in early December. Shortly beforehand, on 29 November, two senior command officials, Vice-Admiral Robert Moeller, deputy commander of the military, and Mary Carlin Yates, responsible for civil-military activities, mounted a charm offensive in Nigeria to dispel misgivings about AFRICOM. These statements and initiatives and Yar'Adua's subsequent official visit to the US, where he held talks with President Bush on 13 December, silenced critics of AFRICOM inside and outside the Nigerian government.

Moreover, the Sultan of Sokoto's speech to the US Institute of Peace in Washington on Muslim-Christian relations in Nigeria (13 November) was aimed at silencing Nigerian Muslims critical of the US.

However, in its annual report on terrorism published at the end of April, the US mentioned Nigeria as a country where some individuals and groups had ties with possible **terrorists** in Sudan, Iran and elsewhere, and suggested that international terrorist groups had operated and recruited in Nigeria. Nevertheless, in May the US financial crimes enforcement network removed Nigeria from the list of non-cooperating countries in the fight against money laundering and set aside $ 15 m to support electoral reforms over a three-year period. In December, Delta Airlines started daily direct flights between Atlanta and Lagos. On 26 September, Yar'Adua gave his maiden speech at the UN General Assembly.

Chinese investments continued to increase despite the dangers for Chinese citizens in the Niger Delta. On 13 May, China Great Wall Industry Corporation, acting as the international cooperation platform for China Aerospace Science and Technology Corporation, launched into orbit Nigeria's communications satellite NIGCOMSAT-1 using a 'Long March' 3-B rocket. This was the first time that a foreign customer had purchased both a Chinese satellite and a Chinese launching service. The satellite is supposed to remain in operation for 15 years, offering broadcasting, broadband internet and phone services and control of it was eventually passed to the federal government in July. Both governments tried to strengthen military cooperation, indicated by the meeting of then defence minister Thomas Aguiyi-Ironsi with his counterpart in Beijing on 5 April. Xu Jialu, special envoy of Chinese President Hu Jintao, attended Yar'Adua's inauguration. Shortly afterwards, the new president held bilateral talks with his Chinese counterpart in Berlin on 7 June in the run-up to the G8 summit in Heiligendamm. Financial cooperation between the two partners received a boost when the United Bank for Africa, one of Nigeria's top banks, entered into a partnership arrangement with the China Development Bank in October.

Nigeria's strong orientation towards Asia was underlined by the three-day state visit of India's Prime Minister Manmohan Singh (14–16 October). It was the first time since Jawaharlal Nehru's visit in 1962 that an Indian prime minister had come to Nigeria, which is now India's biggest African trading partner. Indeed, India had become the second biggest importer of Nigerian oil after the US. Singh's address to the National Assembly highlighted the need for and desire to set the stage for an **Indo-Nigerian strategic partnership**. Against this background, the Abuja Declaration was signed. It includes several agreements, including direct flights, closer defence cooperation, double taxation avoidance, protection of investments and mutual legal assistance. In early November, the Indian Oil Corporation, the leading oil and refinery company on the subcontinent, made a request to raise Nigeria's annual crude oil export from 2 to 3 m tonnes.

To an extent, **relations with Britain** were influenced by the corruption investigations against Nigerian ex-governors who owned assets and properties worth millions of dollars, particularly in Greater London. In addition, the Nigerian government requested the return of funds looted by ex-Governors Dariye and Alamieyeseigha and still held in Britain. Former Delta state Governor James Ibori's legal battle in British courts over his assets outside Nigeria worth $ 35 m reminded the British public that Nigerians constituted by far the biggest part of the African diaspora. Africans have become Britain's fastest-growing minority and number up to one million, of whom 80% live in the London area alone. Immigrants of Nigerian origin have been by far the most successful, only slightly lagging behind those from the US, thanks to the reasonably good Nigerian education system in the 1970s and 1980s. This diaspora continues to provide a large part of the estimated $ 4 bn in annual remittances worldwide. Against this background, Theresa Nkoyo Ibori, wife of ex-governor James Ibori, was arrested at Heathrow airport on 1 November in connection with an ongoing money laundering inquiry. The information made public revealed that in the early 1990s he had been convicted in Britain of credit card fraud and fined for theft, along with his wife and then girlfriend. In April, Joyce Bamidele Oyebanjo, an accomplice of Dariye, was sentenced to three years imprisonment for laundering the proceeds of his loot.

On the political front, Prime Minister Tony Blair maintained that Britain would work with the next government of Nigeria, despite widespread rigging in April's elections, but stayed away from Yar'Adua's inauguration and sent Baroness Royall of Blaisdon instead. Earlier, on 1 February, Lord David Triesman, in charge of African and Commonwealth issues, had held talks with the Nigerian government on the forthcoming elections, in which it was maintained that the process was on course. At the end of August, Britain's new under-secretary of state for international development, Shriti Vadera, paid a two-day visit to Nigeria to assess the ambitious plans of the British government's aid agency, Department for International Development (DFID). At the Commonwealth summit in Uganda in November, the president asked new British Prime Minister Gordon Brown for help in reorganising Nigeria's police force.

Against the background of the flawed elections, the political relationship with the **EU** cooled somewhat. Several members of the EU parliament demanded that the EU freeze its aid to Nigeria until free and fair elections were held, recalling that over the past five years the EU had spent more than € 500 m on projects including good governance, water supply and health. However, the EU commission was against cutting aid, arguing that such action would harm the Nigerian people rather than the government. In November, Nigeria was accused of being one of the obstacles in the path of the new Economic Partnership Agreements (EPAs) between African states and the EU. Notwithstanding this, Yar'Adua attended the second African-European summit in Lisbon (8–9 December).

As to relations with other African states, Nigeria focused on the crisis in Darfur, the Bakassi peninsula conflict with Cameroon, the AU summit in Accra and ECOWAS summit in Abuja, both in June, and a meeting of the Gulf of Guinea commission in Abuja in July. Additionally, Yar'Adua toured **key African countries**, including Ghana and South

Africa, immediately after his election, in a shrewdly judged show of leadership in a politically crucial situation. The visits, at short notice, paid off, as indicated by the attendance of Thabo Mbeki (South Africa) and John Kufuor (Ghana) at Yar'Adua's inauguration. Their attendance helped to endorse Nigeria's leadership under the new president.

Nigeria's peacekeeping efforts in **Darfur** were recognised on 24 May when General Martin Luther Agwai was appointed as the new force commander of the AU peace mission, AMIS, and the subsequent AU/UN hybrid operation, UNAMID. Agwai had served as deputy commander of the peacekeeping mission in Sierra Leone and deputy military advisor in the UN peacekeeping department in New York. However, Nigerian forces suffered several casualties, many more than in previous years. During two attacks by rebel militias in May and September, 11 soldiers lost their lives. Despite these setbacks, another contingent of 680 soldiers left for Sudan in early October.

The **Bakassi conflict**, supposed to have been resolved the previous year, re-emerged on the political agenda. On 22 November, the newly elected senate passed a resolution repudiating the 2006 agreement between Nigeria and Cameroon, in terms of which the Bakassi peninsula was ceded to Cameroon. The senate questioned the validity of the agreement, claiming that then President Obasanjo had failed to bring the treaty before the National Assembly for ratification. It was subsequently revealed that his letter seeking ratification had been read on 14 June 2006, although due process had not been followed for either the letter or the agreement. On 28 November, Bola Ajibola, Nigeria's representative on the Nigerian-Cameroon mixed commission, countered the senate's claim by asserting that his government would not renege on the treaty and ruled out any possibility of reopening the Bakassi issue.

However, tension increased when at least 21 Cameroonian soldiers were killed in a cross-border raid on 12 November. The Nigerian military denied involvement in the attack, blaming the Nigerian militants who had also attacked Nigerian naval forces in the coastal town of Ibeka in the same area. An observer team, made up of the UN, Cameroon and Nigeria, was put together under the auspices of the UN in New York on 8 December. The team was supposed to visit the Bakassi peninsula in early 2008 to assess the challenges faced by those displaced in the wake of the International Court of Justice verdict on Bakassi.

Socioeconomic Developments

The oil price rallied to new heights and Nigeria's high quality crude rose from $ 60 per barrel at the start of the year to close to $ 100 by the end of November, before falling slightly towards the end of 2007. In spite of the permanent upheaval in the Delta region, which forced oil companies to cut oil and gas production, Nigeria accumulated more than $ 50 bn in foreign reserves by year's end. Thus, newly elected President Yar'Adua inherited the healthiest balance sheet of any new head of state since independence. This included the **annual budget**, which for the first time since 1999 was already in effect at the beginning of the financial year, which coincided with the calendar year. His predecessor and the previous National Assembly had passed the 2007 budget totalling naira 2.3 trillion ($ 18.2 bn). A deficit of naira 579 bn had been projected, based on the benchmark of $ 40 per barrel and an exchange rate of naira 125:$ 1. The naira, in fact, appreciated against the US dollar from 132:1 at the beginning to 116:1 by year's end. Security and public works got the highest allocation, 12% each, followed by education (10%) and health (7%), while power and water supply each received 6%.

Nigeria was able to settle its **debts** with the London Club of creditors. The government bought back promissory notes worth about $ 500 m, due in 2010, and settled oil warrants of some $ 400 m. Thus, the accumulated external debts owed by the federal government and the 36 federal states stood at $ 3.3 bn. Nevertheless, internal indebtedness grew to almost naira 1.9 trillion. In January, the AfDB successfully launched its first bond issue denominated in naira, with a maturity of one year. The issue had a face value of naira 127.80 m and a fixed coupon rate of 9.25%. In November, the debt management office issued new three-year and 10-year bonds worth naira 50 bn and with a yield of more than 9%.

The phenomenal growth in Nigeria's **telecommunications sector** continued as the number of subscribers skyrocketed to more than 46 m towards the end of the year. That number translated into 27 mobile phones per 100 people. Against this background, at the end of May British Telecom (BT) entered into a lucrative partnership with the Nigerian wireless telecommunication firm 21st Century Technologies, which was to manage the Nigerian end of the connection to BT's global platform for a new generation of internet protocol. Shortly before, BT pulled out of the technical services agreement with Transcorp, the majority shareholder of NITEL (Nigerian Telecommunication Limited), which had been privatised the previous year. The pull-out followed the termination of John Weir's appointment as head of the mobile subsidiary M-TEL over serious in-house disagreements over the selection of equipment suppliers. NITEL and M-TEL still had estimated debts of about naira 29 bn and a generally poor reputation, which worsened their competitiveness in an otherwise profitable market.

The **privatisation programme** slowed down again, after the local Bluestar Oil Services consortium pulled out of its purchase of 51% equity in the state-owned Kaduna and Port Harcourt refineries in July. The consortium had emerged as the preferred bidder days before the new president took power. He soon indicated that he might cancel the deal, allegedly due to pressure from labour unions. As in previous years, Nigeria depended on the importation of petroleum products because the National Petroleum Corporation (NNPC) could not revamp the four ailing refineries in order to meet the high demand, thereby causing permanent nationwide fuel shortages. In addition, the power situation went from bad to worse, even though at least $ 5 bn had been spent since 1999 to improve the sector. Licences were issued to five new independent power producers, bringing the total to 20. At the end of November, however, government agreed to review all privatisation deals approved by the former president.

On the eve of handing over power, Obasanjo increased the pump price of one litre of petrol by naira 10 to naira 75 and the value added tax from 5% to 10%. On assuming office, Yar'Adua was confronted with a **nationwide strike**, which began on 20 June. The labour unions and civil society groups under the umbrella of the Joint Action Forum wanted the measures reversed, including the sale of two refineries. After four days, the unions resolved to call off the strike after both sides agreed to fix the petrol price at naira 70, provided there were no further hikes for 12 months. The government also eventually suspended the new VAT rate.

The spread of HIV/AIDS continued unabated and Nigeria retained its position as the third most infected country, with some four million people living with the virus. The megacity of Lagos topped the infection rate with over 500,000, including 100,000 children. While, with 380,000 new cases, tuberculosis was on the increase, the fight against polio gained momentum and the number of cases decreased by 80%. In October, however, authorities were combating the outbreak of a rare vaccine-derived form of polio in the far north, where 69 children caught the paralysing **disease** from others who had already been vaccinated.

The deep-seated suspicion of any form of **immunisation** programme in the Muslim north was illustrated by two lawsuits in Abuja and Kano, in which the federal and Kano state governments sued the international pharmaceutical company Pfizer for damages and compensation for the families of those who had died or suffered serious side-effects. The lawsuits stemmed from an unregistered drug test in Kano state in 1996 during an outbreak of meningitis. Some 200 children took part in the trials of a new anti-meningitis drug. In 2001, a medical panel reviewing the drug trial concluded that the experiment was an illegal trial of an unregistered drug. According to government officials, more than 50 children had died in the experiment, while many others had developed mental and physical deformities. Pfizer dismissed those claims, maintaining that the trials were lawful and only 11 had died. In December, the $ 8.5 bn lawsuits were adjourned until February 2008.

On 3 March, Newton Aduaka's film 'Ezra' won the Yennenga Stallion prize, the top prize at the 20th Panafrican Film and Television Festival of Ouagadougou (FESPACO) in Burkina Faso, while the celebrated author Chinua Achebe was awarded the Man Booker International Prize on 13 June for his contributions to world literature. The previous week, his former pupil Chimamanda Ngozi Adichie won the prestigious Orange Broadband Prize for Fiction for her novel 'Half of a Yellow Sun'. Last but not least, Nigeria won the fourth FIFA U17 world cup in South Korea for the third time, defeating Spain 3–0 on 9 September.

Heinrich Bergstresser

Senegal

Domestic politics were dominated by no less than three elections. President Abdoulaye Wade was re-elected on 25 February, parliamentary elections took place in June and some of the members of the senate, which had been reinstated in January, were indirectly elected in August. In contrast with the presidential poll, the latter two elections were characterised by low turnouts and dull campaigns. The composition of the new National Assembly required government reshuffles and resulted in a noticeable downsizing of cabinet. Press freedom was marred by threats by high-ranking officials against journalists. Foreign affairs were dominated by the speech delivered by new French President Sarkozy at the University of Dakar, which generated indignant reactions. Repatriation of refugees from Mauritania, almost 20 years after the border conflict with that country, got off to a good start. Although the economy showed signs of recovery, food security was at risk. Deteriorating living conditions led to the most violent riots since Wade's accession to the presidency in 2000. Senegal became an important transit country for cocaine to Europe. The Casamance region of the country was relatively calm.

Domestic Politics

The official kick-off to the presidential election **campaign** was on 5 February and the campaign was scheduled to last until the eve of election day. Abdoulaye Wade, seeking another five years in office, faced 14 opponents, among them two of his former prime ministers, Moustapha Niasse, candidate of the (opposition) Coalition Alternative 2007, and Idrissa Seck, jailed for more than six months on unproven embezzlement charges and released in 2006. The latter created a new party, 'Rewmi' (The Country), although some weeks before the election he made a half-hearted attempt at reconciliation with Wade. Wade's campaign included ambitious job-creation projects to build motorways, railways, a new airport and a new capital in a bid to stop emigration by desperate young men. Wade also promised to strengthen the peace process in Casamance. In addition, he promised to build a nuclear power station in Oussouye, in the southern region. The campaign passed off with only sporadic violence. On 27 January, the government banned a march organised by opposition leaders, and security forces fired teargas into the crowd when leaders decided to go ahead anyway. Three opposition leaders, Ousmane Tanor Dieng (PS, 'Parti Socialiste'), Abdoulaye Bathily (LD/MPT, 'Ligue Démocratique/Mouvement pour le Parti du Travail') and Moustapha Niasse (AFP, 'Alliance des Forces du Progrès') spent some hours at the police station. In the week before polling, followers of a leader of the Islamic Mouride brotherhood, Cheikh Bethio Thioune, attacked supporters of Idrissa Seck as they passed in a convoy of vehicles. Several people were injured.

Ballot papers bore photos of candidates to facilitate voting by illiterate voters. As expected, the **incumbent won** the election in the first round. Voter turnout of more than 70% was unusually high. The final results proclaimed by the constitutional council on 11 March gave Wade 55.9%, Seck 14.9% and the PS leader, Ousmane Tanor Dieng 13.5%. Moustapha Niasse obtained less than 5%. Some opposition leaders rejected the results, alleging lack of transparency and irregularities. However, the constitutional council rejected the appeals and international election monitors considered voting orderly and fair. Abdoulaye Wade was sworn in on 3 April in a ceremony attended by several African heads of state.

Political activity immediately focused on the preparations for the **legislative elections**, originally scheduled for 2006 but later combined with the presidential elections before being deferred again following a decree on 12 January by the council of state. The deadline for submitting the names of candidates was set for 6 April. A few hours before the deadline, several parties decided to refrain from participation and withdrew their deposits from the treasury. These 14 parties were gathered in 'Siggil Sénégal' (Front for the Restoration of Senegal's Dignity). Having described the 25 February presidential election as a charade, they demanded a 'cleansing' of the electoral register. In addition, they criticised the distribution of parliamentary seats among departments, but their appeal was rejected by the council of state. They also opposed the recently enacted gender equality law requiring an equal number of men and women on the electoral rolls. This law, proposed by hundreds of women from all parties and civil society organisations in a letter handed to President Wade on 23 March, was denounced by the association of religious leaders, who claimed that "gender parity is not yet possible in Senegal". On 6 April, the interior ministry suspended the gender equality law, which was annulled by the constitutional council on 27 April. The campaign started on 13 May (ending on 1 June) and, in the absence of most opposition parties, passed off quietly. This was the first time since the introduction of multi-party elections in 1974, that a poll had been so massively boycotted. Turnout on 3 June was less than 35%, the lowest since independence. The results were unsurprising. 131 of the 150 seats went to 'Coalition Sopi 2007' (Coalition for Change), the parties in favour of President Wade. Other parties obtained just one seat each, with the exception of 'Rassemblement pour le Peuple' (RP), which secured two. As a result, none of the major opposition parties, including the PS, were represented in parliament. The chairman of the team of international observers, however, declared the polls fair and transparent.

On 19 August, local councillors elected 35 of the 100 members of the **senate**, which had been dissolved in 2001 as being "without interest" but reinstated on 5 January, a decision endorsed by the National Assembly on 11 May. The opposition criticised this move as hypocritical and intended to serve Wade's political friends. Consequently, the parties grouped in the 'Front Siggil Senegal' ordered their representatives to boycott the senatorial elections as well. The 'Parti Démocratique Sénégalais' (PDS) of President Wade lost only one seat to its former ally, the 'And-Jëf/Parti Africain pour la Démocratie et le Socialisme' (AJ/PADS), in the southern city of Velingara. The remaining 65 senators were appointed on 20 September. The new senators sworn in on 3 October, elected Pape Diop, former parliamentary speaker and mayor of Dakar, as their chairman, a strategically significant position, since the chair acted for the head of state in cases of resignation, incapacity or death.

The reinstatement of the senate rendered the 'Conseil de la République pour les Affaires Economiques et Sociales' (CRAES), an advisory council, obsolete and consequently it was abolished on 28 November. At its last meeting, the 39 remaining members (11 had entered the National Assembly or senate) asked the state to take over their personal bank accounts, arguing that their institution, created in 2003, was installed in September 2004 for a five-year mandate and that they had taken out loans on that basis. They also pleaded to be appointed to the future 'Conseil Economique et Social', reintroduced on 17 December.

On 19 June, to the surprise of many, Wade appointed as new prime minister an unknown specialist in public finances, 56-year-old Cheikh Hadjibou Soumaré. His **new cabinet** was sworn in on 21 June and comprised 38 ministers. His predecessor, Macky Sall, the longest-serving prime minister under Wade, had to console himself with being the chairman of the National Assembly (a less strategic position than previously, since the incumbent no longer substituted for the head of state). It was said that Macky Sall was being punished for the low turnout in the legislative elections, for which he headed the list for the Sopi coalition. The fact that he had also directed the presidential campaign was obviously less important. Two of his former friends, Aliou Sow, minister of youth, and Aïda Mbodj, minister of women, family affairs and national solidarity, also lost their cabinet positions. Soon, the new chairman of the National Assembly had to face the deterioration in the climate in the National Assembly. On 4 October, Sall summoned Karim Wade, the president's son, to testify before the Assembly on the financial management of the Dakar Islamic summit scheduled for March 2008. The president was not amused and allegedly urged MPs to sign a petition demanding Sall's resignation as Assembly chairman. Sall refused to leave, claiming there was no constitutional rule to force him to step down, but in November he was dismissed as deputy secretary-general of the PDS. On 13 December, the government announced constitutional reforms to cut the Assembly chairman's mandate from five years to one. Rumours circulated that this was related to the battle over the succession to the 81-year-old president and that Wade was grooming his son Karim to succeed him.

The new prime minister carried out several **government reshuffles**. In July, Djibo Kâ, minister of maritime economy, received a telephone call while on an official visit in France from President Wade to inform him that he had been relegated to the less strategic ministry of the environment. Kâ incurred Wade's displeasure as a consequence of the clumsily conducted negotiations over the concession for the container terminal in Dakar, and, in June, the seizure of 2.4 tonnes of cocaine. Souleymane Ndédé Ndiaye replaced him. On 12 September, the minister of sports, Elhadj Daouda Fall, was dismissed after the defeat of the national basket-ball team in the 'Coup d'Afrique'. The minister of health, Issa Mbaye Samb, took his place, and was succeeded in his former department by Safiatou Thiam. On 2 November, the prime minister announced he would downsize the cabinet to reduce government expenditure. President Wade confirmed this but also announced the tabling of emergency legislation to reduce the salaries of all civil servants, including those of ministers and his own. The reduction in the number of ministers was implemented on 12 December, when a new cabinet comprising 28 ministers, including four women, was sworn in. Ten ministers lost their portfolios. Although Wade had earlier promised a cabinet with young members, most ministers were familiar faces.

Some legal provisions continued to pose a threat to **press freedom**, in particular article 80 of the penal code that criminalised any "manoeuvre or act that might compromise public security or cause serious political disturbance". In the course of the year, four journalists were arrested for allegedly offending the president or endangering national security. On 11 September, Abdou Latif Coulibaly went on trial after publication of his book exposing the embezzlement of funds from the national lottery. On 9 October, Moussa Guèye, editor of the private newspaper 'l'Exclusif', was arrested after an article on what were dubbed the president's nightly escapades. On 8 November, Pape Amadou Gaye, editor of 'Le Courrier' was charged with inciting the army to rebellion in an article suggesting that the army was the only body able to resolve the country's economic problems. That same day, El Malick Seck, editor of news website Rewmi.com, was arrested by the 'Division d'Interrogation Criminelle' (DIC) in Thiès for posting critical comments about Wade's new limousine. Several of these journalists were later released. Finally, on 13 December, a musician from Côte d'Ivoire, Tiken Jah Fakoly, was banned from performing music in Senegal and declared *persona non grata*. Fakoly, whose music is directed at corrupt leaders, was accused of meddling in Senegal's domestic affairs by calling for Wade to step down.

Two high-ranking officials threatened journalists over certain news coverage. On 20 April, Moustapha Cissé Lô, a candidate for the ruling PDS, physically intimidated staff of the private Radio Disso over comments made on the June parliamentary election. Station director Ibrahima Benjamin Diagne summoned the police, after which Lô and a dozen of his supporters left. On 7 August, Transport Minister Farba Senghor threatened Pape Sambaré Ndour, reporter of the private daily 'Walf Grand-Place', that he would "destroy the journalist and his director". Ndour accused the minister of lying about his educational degree. On 3 December, Water Affairs Minister Adama Sall addressed a written threat to Madiambal Diagne, publisher of 'Weekend' over a story describing the alleged disappearance of equipment worth CFAfr 42.5 m.

Although the **Casamance** region was relatively calm this year, two officials involved in the peace process were assassinated. On 2 January, armed men entered Oumar Lamine Badji's home and slit his throat. Badji was the president of the Casamance regional council and a leading member of the PDS. On 21 December, Samsudeen Hydara, recently appointed as peace envoy by the government, was shot dead at his residence in the Casamance. The identity of the attackers was unknown, but they were suspected of being members of the 'Mouvement des Forces Démocratique de la Casamance' (MFDC) separatist group. The charismatic leader of the MFDC, Father **Diamecoune Senghor**, died in a Paris hospital after a long illness on 14 January. The Catholic priest had fought for the secession of the Casamance province and had spent five years in prison, but after the peace agreement in 2004 he was on friendly terms with the government, which paid his medical expenses in Paris.

Foreign Affairs

Wade visited Libya on 24 January and on 19–20 April went to Saudi Arabia and Dubai. In the latter country, he obtained funds for the Dakar Islamic summit scheduled for March 2008 to finance the construction of a five-star hotel and a hospital and to help with Senegal's debt relief. From 15–17, May Wade signed agreements with President Lula da Silva of Brazil and reiterated his desire for cooperation in the field of ecologically friendly energy, such as bio-ethanol and biogas. A remarkable visit took place from

27–29 November, when he met President Robert Mugabe in Harare, vainly offering his mediation. Wade also attended several **international meetings**: the G8 Summit in Heiligendamm, Germany, from 6–8 June; the AU summit in Accra, Ghana from 30 June–4 July; the international conference on climate change organised by the UN in New York on 24 September; and, finally, the Africa-Europe summit in Lisbon on 8–9 December. In Lisbon, he rejected the EU free trade proposals, the Economic Partnerships Agreements that were meant to replace the former Lomé and Cotonou agreements.

Numerous heads of state and VIPs were welcomed in return: China's Hu Jintao (31 May); US first lady Laura Bush (26 June) who donated more than CFAfr 22 m for educational programmes; the President of Mauritania, Sidi Mouhamed Ould Abdallahi (9–10 July), and his counterparts from Uganda (30 July), Nigeria (28 October) and Sierra Leone (3 November); and, finally, the former French president, Chirac (11 December). However, it was the two-day working visit by new French President Nicolas **Sarkozy** on 26–27 July that generated the most controversy. This arose when the French president told students that it was time Africans faced up to their problems in a speech characterised by stereotypical remarks about traditional Africa that managed to offend AU Commission chairman Alpha Oumar Konaré as well as numerous intellectuals.

Senegalese troops participated in several **intervention missions** in Africa, including Darfur, where a 500-strong contingent served as part of an AU peacekeeping force. On 1 April, five Senegalese soldiers were killed near the border with Chad and Senegal threatened to pull out its contingent. From 3–7 December, the government also hosted contingents from six ECOWAS countries for a training exercise as part of a permanent intervention force, including a strong rapid reaction unit for troubleshooting missions.

On 20 June, Mauritania's new president, Mohamed Ould Cheikh Abdallahi, invited tens of thousands of **Mauritanian refugees** living in Senegal since the 1989 border dispute to return home. Senegal and Mauritania created inter-ministerial committees to handle repatriation and on 12 November both countries signed an agreement with UNHCR to finalise the general framework for the refugees' return.

On 21 May, **Gambia**'s President Yahya Jammeh granted amnesty to five Senegalese customs officials arrested in February in Gambian waters and sentenced to 18 months in prison with hard labour. On 19 September, a Senegalese delegation was sent to Gambia demanding the release of members of the MFDC who had been secretly detained in the country's prisons. Two of them were freed on 12 October. In November, a joint Gambia/Senegal ministerial commission met to discuss issues of mutual concern, including security and defence, thereby improving relations that in previous years had been impaired by reciprocal accusations of meddling in each other's internal affairs.

The illegal migration of young Senegalese in overcrowded and rickety boats to the Canary Islands continued and impacted on international relations. Since the northern coast was better patrolled, more youths now departed from the southern Casamance and

Gambia. On 27 February, a Gambian court sentenced 37 Senegalese to a month in prison and subsequent deportation to Senegal for sailing through Gambian waters in their bid to reach Spain. In Senegal, the government and International Organisation for Migration launched an information campaign to raise awareness of the dangers and legal forms of migration. An information clip featuring star Youssou Ndour in a boat was televised for months and the national press published page-long articles to discourage youths from emigrating. In July, the women and representatives from the ECOWAS sub-region joined the campaign by holding a two-day meeting in Dakar to find new ways to curb irregular migration to Europe. The campaign formed part of a programme of international dialogue between the European Union and North and sub-Saharan Africa funded by the European Commission to the tune of about CFAfr 650 m. A European delegation visited Dakar (26–27 September) to discuss various matters with representatives of civil society and government authorities. On that occasion, Minister of the Interior Ousmane Ngom reiterated his government's willingness to collaborate with the EU. In the first week of November, Ousmane Ngom and Spanish Labour Minister Jesus Caldera signed an anti-migration deal in Dakar. Under the agreement, about 3,000 Senegalese youths would obtain work permits in Spain to work on fishing vessels or in farming. In addition, in November Senegal started a census of Senegalese students in France in order to prepare for their return to the Senegalese education system.

In order to remove obstacles to the prosecution of former Chadian dictator **Hissène Habré**, exiled in Senegal since 1990, on 31 January the National Assembly adopted a law permitting prosecution of cases of genocide, crimes against humanity, war crimes and torture, even when committed outside Senegal. The AU had in 2006 mandated Senegal to prosecute Habré, deemed the 'African Pinochet', for which purpose it dispatched a special representative to Dakar, former Benin minister of justice and foreign affairs, Robert Dossou. A commission subsequently created by the Senegalese government to examine the financial aspects of the trial, estimated the costs at € 65 m, including a proposed a new building and 15 new judges to be paid top UN salaries. However, on 12 July Minister of Justice Cheikh Tidiane Sy announced Habré would be tried before a common Senegalese tribunal instead of an ad hoc international court, a move that would halve the expenses. In July, Abdoulaye Wade called for EU assistance to prepare the trial. The EU designated a special mission comprising the registrar of the International Criminal Court, Bruno Cathala, and a Dutch professor of law, Roelof Haveman, to re-evaluate the requirements. However, on 7 December Wade indefinitely postponed the meeting with potential donors scheduled for 13–14 December. Meanwhile, victims of Habré and their supporters blamed Senegal for the lack of notable progress and pointed out that the AU's credibility was at stake. They organised a march for justice in Chad's capital of N'Djaména on 30 June.

Socioeconomic Developments

The economy showed signs of **recovery**. Real GDP was expected to jump back to 5%. This, however, was still below the 7% recommended in the MDGs to combat poverty effectively. Inflation peaked at 5.5% after averaging around 2% for several years. This increase was attributed to higher oil prices causing a spike in the general price level. The fiscal deficit was estimated to be about 4.7% of GDP. In September, the authorities announced the unpopular decision to raise electricity prices by 6% effective 1 November to bring them more into line with market conditions. The butane gas subsidy was maintained, but will be gradually phased out.

The economy's **dependence** on **donor aid** did not lessen. On 15 August, the World Bank approved 143 loans and credits totalling about $ 3 bn for projects in various sectors, including rural development, health, education and infrastructure, as well as budget support. On 3 and 4 October, Prime Minister Soumaré held a meeting in Paris with Senegal's development partners to discuss the Accelerated Growth Strategy ('Stratégie de Croissance Accélérée') and the second PRSP. He returned home with the 'jackpot'. Donors promised CFAfr 957 bn to finance the 5,000 projects proposed by the government. On 2 November, the IMF approved a three-year Policy Support Instrument (PSI) to support the country's economic efforts. PSIs are designed for low-income countries that may not need or want IMF financial assistance but still seek its advice, monitoring and policy endorsement.

Important new partners were China and Dubai. On 12 June, China granted a loan of CFAfr 24 bn to modernise the electricity network ('Société nationale d'électricité', Sénélec). Dubai was involved in three **different projects**. In the course of March and May, two Dubai companies, Damag and Limitless, concluded agreements with the government for the construction of the new capital at about 100 km north of Dakar. Once constructed, the facilities would be leased out to the Senegalese state. In June, Dubai Ports World won the battle for the concession for the container terminal at the harbour in Dakar (estimated investments, € 400 m). During the same month, the authorities granted a concession to a Dubai investor to build and operate a large special economic zone. The investor was to develop infrastructure on government-provided land and rent sites to companies. Consequently, Senegal and the US cancelled their Diamniado project, which was a carbon copy of the Dubai integrated economic zone project, agreeing to divert the funds to the construction of a motorway and for other objectives. In order to increase the accessibility of the new capital and economic zone, a new international airport, Blaise Diagne, is to be built in nearby Ndiass. This will be a public-private project with an estimated cost of CFAfr 175 bn. The first foundation stone of the new airport was laid on 4 April.

The development of Senegal and neighbouring countries into an international transit route for the **cocaine trade** continued. About 27% of all Latin American cocaine consumed annually in Europe is said to transit through West Africa. There was a grim record of drug seizures this year, and in order to fight traffickers, parliament adopted a new law on

30 November that allowed sentences of 10 to 20 years with hard labour, thereby doubling the statutory penalties.

The 'Industries Chimiques du Sénégal' (ICS) **phosphate** plant continued to accumulate losses and the Indian Farmers Fertiliser Cooperative (IFFCO) – holding 20% of ICS shares – had once more to come up with a rescue plan. On 25 December, IFFCO signed a memorandum of understanding with the government for restructuring ICS. IFFCO promised to invest $ 100 m the next three years to increase production.

The privatisation of the Sonacos ('Société nationale de commercialisation des oléagineux du Sénégal') **groundnut** marketing company took effect on 1 January. Peasant organisations criticised the move, alleging they had not been consulted and warning that groundnut producers might be tempted to sell their crop on alternative markets, such as Touba, the capital of the Mouride brotherhood. In contrast with previous years, the authorities fixed retail groundnut prices already as early as 25 June. The price was set at CFAfr 150 per kg, amounting to a state subsidy of CFAfr 4.8 bn.

In April, government announced the decision to decommission 9,000 hectares of classified **forests** and transfer them to the Khalif of the Tidjani brotherhood. The World Wildlife Fund requested Abdoulaye Wade to reconsider the environmental and social consequences of such a decision. In October, the EU announced a revolutionary measure in the **fishing** sector intended to result in the gradual replacement of traditional wooden fishing boats by vessels constructed of glass fibre. The estimated 14,000 'pirogues' account for 80% of the total yearly catch of 450,000 tonnes.

Across the country, **agricultural production** was 11% lower than the average over the last five years because of a truncated rainy season. Mango production also faced trouble when fruit flies destroyed plantations. In addition, with the country dependent on wheat and rice imports, high commodity and fuel prices put food security at risk. On 29 June, a march took place in Dakar to protest high food prices, in particular for rice, the principal ingredient of the daily meal. The same day, the authorities decided on a 10% reduction in the price of rice and a price freeze on bread. On 16 and 17 October, the national federation of bakers went on strike and sought an increase in the price of a French loaf from CFAfr 150 to CFAfr 175. The authorities acceded to the request.

On the morning of 21 November, thousands of young street vendors ('bana-banas'), joined by teachers, civil servants and other discontented citizens, burned cars, threw stones and pillaged the mayor's office in the capital. The **riots** – the most violent since Wade's accession to the presidency in 2000 – were fuelled by the decision to remove street sellers from Dakar's main roads in an effort to improve the circulation of traffic, but they were also a sign of rising dissatisfaction with deteriorating living conditions. Police responded with teargas and arrested around 200 people. The same day, government promised to open two streets for vendors on weekends and authorise a certain number to operate in three areas of the capital through a new licensing office. Some months earlier, on 20 March, teachers in elementary schools went on strike and demanded a major salary increase.

In the **health** sector, a Senegalese NGO, 'Tostan' (meaning 'breakthrough'), received the Hilton Humanitarian award of $ 1.5 m for its successful programme to eradicate female circumcision through local action and education. Over the course of several years, thousands of villages had voluntarily abandoned female circumcision and child marriage.

One of the most prominent figures in African film and literature, **Sembène Ousmane**, died at his home in Dakar on 9 June at the age of 84. The sudden death on 28 December of **Serigne Saliou Mbacke**, the caliph general of the Mouride brotherhood and the last son of the founder of Mouridism, Cheikh Bamba, left the country in a state of shock. The government declared three days of national mourning. Serigne Saliou was succeeded on the day of his burial by Mouhamadou Lamine Bara Mbacké, the first grandson of Cheikh Bamba.

Gerti Hesseling

Sierra Leone

The presidential and parliamentary elections held in August and September were the year's main event. Surprisingly, the opposition party's candidate Ernest Koroma defeated the ruling party's candidate, Vice President Solomon Berewa. In an unprecedented move, Charles Margai – leader of a party established in 2005 after he broke with the ruling party – supported Koroma in the presidential run-off. Above all, the outcome of the elections was a clear signal that Sierra Leoneans were tired of the persistent failure of the ruling party to end the endemic corruption and of its inability to translate another year of sound economic growth into jobs for the many unemployed. The special court for Sierra Leone handed down its first series of sentences on members of the former military junta and the pro-government Civil Defence Forces/Kamajors. However, another key accused, Sam Hinga Norman, ex-leader of the Kamajors, died after undergoing surgery in a military hospital before he could be sentenced.

Domestic Politics

On 11 August, **presidential and parliamentary elections** were held. In the preceding months, more than 90% of the 2.6 million people eligible to vote registered. Of the registered voters, 40% were under the age of 27, reflecting the demographic composition of

Sierra Leone and, equally, the strong interest among young people in politics. In the end, more than two-thirds of the registered voters actually cast their ballots on a rainy Saturday in August. The results of the first round showed that the opposition party, the All Peoples Congress (APC), had obtained 44% of the votes, against 38% for the ruling Sierra Leone Peoples Party (SLPP). Third placed were Charles Margai and his Peoples Movement for Democratic Change (PMDC). Margai, nephew of the first prime minister of Sierra Leone and son of the second, who had split from the SLPP in 2005, obtained 14% of the presidential votes and, in a surprise move, subsequently decided to support the candidacy of Koroma in the second round.

Tensions built up for the second round of voting and a series of **incidents** occurred towards the end of August in various centres. In Kono, rioters destroyed a house; in the capital of Freetown, hundreds of riot police were deployed and teargas was used to disperse angry supporters of the rival parties; and Kailahun town, Segbwema, Kenema and Bo also experienced violent protests. In light of these incidents, observers questioned whether it was wise for both the APC and the SLPP to employ former soldiers to head up their security sections, former junta commander Idrissa Kamara in the case of APC and former government army commander Tom Nyuma in the case of SLPP.

On 8 September, the **run-off** elections took place between Berewa and Koroma. The APC candidate won with 54.6% of the votes. A slight shadow was cast over the results when the National Electoral Commission (NEC) chairwoman, Christiana Thorpe, announced in a press conference that she had invalidated the results from 477 of the 6,156 ballot boxes, because these produced a higher than 100% turnout. The boxes with the invalidated votes had mainly been from the Bo, Pujehun and Kailahun districts – strongholds of the SLPP. Two NEC commissioners, both from these districts, left the NEC press conference and rejected Thorpe’s decision. Nevertheless, international observers considered the elections well administered and transparent and the outcome credible, despite these incidents. On 8 September, at a ceremony at state house, incumbent President Ahmad Tejan Kabbah handed over power to Koroma. One point of concern was the regional, ethnic and religious distribution of the votes, with the Temne and Limba ethnic groups, mainly Muslim and from the north and west, voting for the APC candidate and Mende ethnic groups, mainly Christian and from the east and south, voting for the SLPP candidate. However, while Koroma is of Limba and Temne descent, he is also a Christian.

No **cabinet positions** were given to the defeated SLPP and only four posts went to southerners (mainly to candidates of the PMDC, which was rewarded with a total of four cabinet posts for its support of Koroma in the run-offs). This gave rise to criticism of Koroma’s proclaimed attempt to create a government of ‘national inclusion’. Among the 20 newly appointed ministers in the president’s ‘government of all talents’, Mrs. Zainab Banguara became the new minister of foreign affairs and international cooperation. Banguara had opposed Koroma in the 2002 elections and headed the corruption-fighting Campaign for Good Governance. Underscoring his appeals to the Sierra Leonean diaspora to come home and help rebuild the country, the president appointed US-based Soccoh Kabia as the new minister of health. Samual Sam-Sumana became vice president. Other cabinet appointments included David Omatshola Carew as minister of finance and development; Alhaji Abubakar Jalloh, minister of mineral resources; Dr. Sam Sesay, minister of agriculture and food security; Benjamin O.N. Davies, minister of lands, planning and environment; Haja (Mrs.) Afsatu Kabbah, minister of energy and power; Musu Kandeh, minister of social welfare, gender and children's affairs; Ambassador Dauda Kamara, minister of internal affairs, local government and rural development; Dr. Minkailu Bah, minister of education, youth and sports; Minkailu Mansaray, minister of employment and social security; and Abdul Serry-Kamal, minister of justice and attorney-general. In addition, three resident ministers were appointed to cover the southern, eastern and northern provinces. These were respectively Musa Tarawallie, William Juana Smith and Ali D. Kamara.

Parliamentary elections were held according to a constituency-based system in which voters chose their local candidates directly, rather than through the proportional representation system that was used in the previous elections. **APC** won a **majority** in parliament with 59 of the 112 popularly elected seats (an additional 12 seats are held by paramount chiefs and are filled by means of a different election process). The SLPP won 43 seats and the PMDC ten. For the first time in the country's history, several of the candidates were persons with disabilities.

On 14 November, the inauguration ceremony took place in the national stadium. President Koroma kept a crowd of tens of thousands of his supporters – and the heads of state of ten African countries – waiting for three hours. Nonetheless, the audience was witnessing an historically unprecedented event: for the first time in Sierra Leone's history a president whose party had been defeated peacefully handed over the presidency to the winning candidate from another party. Reflecting on his business past as an insurance executive with the Reliance Insurance Trust Corporation, President Koroma proclaimed that he wanted to 'run the country like a business'.

In one of his first actions, Koroma established a transitional team of 85 experts – led by Vice President Sam-Sumana and including technocrats, lawyers, academics and civil society leaders – to carry out audits of all the government ministries and present their draft recommendations to the president, which they did in October. It was noted that some ministries were less than cooperative. In another early move, the new president sacked central bank governor and SLPP supporter James Rogers. This action provoked considerable protest in parliament since he took this step without submitting the dismissal to parliament, where he needed a two-thirds majority. Samura Kamara, the appointed replacement, was nevertheless approved by parliament (mainly because his appointment required only a majority vote).

Koroma also appointed Abdul Tejan Cole, a respected human rights activist and lawyer, as the new head of the **Anti-Corruption Commission** (ACC). A change in the regulations was suggested by Cole to allow the ACC to bring corruption cases straight before a special division of the high court, rather than having to obtain the approval of the (politically appointed) attorney-general, Abdul Serry Kamal (brother-in-law of outgoing President Kabbah). A change of this sort might persuade the UK to re-commence its financial support for the ACC, which it had withdrawn in 2006 because of the commission's poor performance. Corruption remained one of the main concerns in Sierra Leone, as was indicated by the results of a survey commissioned by the ACC – itself often accused of corrupt practices: fully 95% of respondents stated that corruption was rampant in most government departments.

Another persistent concern was the high level of (youth) unemployment. The SLPP government was criticised for doing too little about it, and for sometimes instituting measures that made the situation worse. On 18 June, hundreds of drivers of motorbike taxis – a sector providing jobs to thousands of often poorly educated young people – launched a **general strike** in the district capital of Makeni. The drivers, often past combatants, protested against the high registration and licence fees and the reluctance of government and the Sierra Leone road transportation corporation to make the application process more transparent. A spokesperson for the Makeni Bike Riders Association attributed the lack of cooperation by police and local authorities to the fact that these officials benefited from the high number of illicit drivers, since they could then take bribes from the drivers whenever they were caught.

The UN-backed **Special Court for Sierra Leone** (SCSL), mandated to try those who bore the greatest responsibility for the decade-long civil conflict, had a productive year. On 20 June, three senior commanders of the Armed Forces Revolutionary Council (AFRC), Alex Tamba Brima, Brima Bazzy Kamara and Santigie Borbor Kanu were found guilty on 11 counts of crimes against humanity and war crimes. These were the first sentences handed down by the special court. The court imposed single 'global' sentences of 50 years for Brima, 45 years for Kamara and 50 years for Kanu. The sentences were to run from the time of their arrests in 2003. The trial of the three Revolutionary United Front (RUF) commanders continued throughout the year, with the defence teams arguing their cases. However, on 2 August the court convicted the two remaining CDF/Kamajors accused. Interestingly, Justice Bankole Thompson, the only Sierra Leonean judge on the case, gave a dissenting 'not guilty' verdict, but he was outvoted. On 9 October, the court announced its sentences. Moinina Fofana, (CDF's former national director of war) was convicted on four counts of the eight-count indictment and received sentences of six years for count 2 (murder), six years for count 4 (cruel treatment), three years for count 5 (pillage) and four years for count 7 (collective punishment). Allieu Kondewa (CDF's former high priest) was found guilty on five counts and received sentences of eight years for count 2, eight years for count 4, five years for count 5, six years for count 7 and seven years for count 8 (conscripting or enlisting children under the age of 15 years into armed forces or using them as active participants in hostilities). The sentences were to be served concurrently, meaning that Fofana would serve a total of six years and Kondewa eight years. The sentences ran from 29 May 2003, the date the two were taken into custody by the special court. While the prosecution had asked for longer sentences, the court took into account several mitigating circumstances, including the role CDF played in restoring legitimate and democratically elected government.

Originally intended to finish in 2005, the court now expected to complete its activities in 2009. The trial of the former Liberian warlord-turned-president, **Charles Taylor**, indicted by the SCSL for his support to the RUF, began on 4 June on the premises of the International Criminal Court in The Hague, but under the exclusive jurisdiction of the special court. However, the trial was immediately adjourned when Taylor fired his lawyer and argued there were insufficient funds for his defence. On 3 July, Taylor briefly appeared before the court and pleaded not guilty to the 11 charges arising from accusations that he controlled and armed the RUF in Sierra Leone. The trial did not recommence during the year. As with the projected time allocation, the original budget of $ 60 m also proved too optimistic. According to the court's own most recent estimates, a total of closer to $ 200 m will be required to allow the court to complete its work.

Despite the court's repeated assertions that the trials were about punishing the violators of human rights and were not political, politics were (indirectly) introduced into the court's proceedings. Charles Margai, the PMDC presidential candidate, was leading defence counsel for Allieu Kondewa of the CDF, the faction that was highly regarded by many Sierra Leoneans for its role in the struggle against the notorious RUF. The third CDF accused, Chief Sam Hinga Norman, who was the former leader of the pro-SLPP CDF/Kamajors, died on 22 February in a Senegalese military hospital after a routine hip operation. Many Sierra Leoneans considered him a **war hero** rather than a war criminal and both his indictment and death sent shockwaves through particularly the Mende population. Indirectly, this event affected SLPP's prospects in the elections, since many Sierra Leoneans blamed the party – and the then attorney-general and minister of justice and later presidential candidate Solomon Berewa – for allowing the court to indict Norman in the first place.

Despite these initial convictions, it became clear that the hybrid special court lost much of its credibility as a new role model for international justice, since four of the ten accused died before conviction and the court both failed to meet deadlines and exceeded its budgets year after year. Interest in the court among ordinary Sierra Leoneans declined even further.

Foreign Affairs

The British-led International Military and Advisory Training Team (IMATT) remained fully operational with its 100 or so troops, but indicated it would scale down its numbers and activities in 2008. Part of its mandate was to train and monitor the national **army**, once considered a potential risk to the peace achieved in 2002. The national army also indicated that it would reduce its numbers by a further 2,000 troops, which would bring the size of the total army to around 8,500 troops. The new president gave up direct control of the defence ministry by making retired Major Palor Conteh the new defence minister, rather than the deputy defence minister, which he would have been under the previous system.

On 12 December, the Peacebuilding Commission – a UN advisory body set up in 2006 to support the consolidation of peace in post-conflict countries – and the Sierra Leonean government adopted a cooperation framework to guide the commission's work in Sierra Leone. Sierra Leone and Burundi were the first two countries to benefit from a fund that allocated more than $ 46 m in 2007 to projects in the two countries. Of the total amount allocated to Sierra Leone, $ 3 m was earmarked for Sierra Leone's Truth and Reconciliation Commission (TRC) so that it could begin with the long-awaited **reparation payments** to persons disabled during the civil war. Potential beneficiaries included the war-wounded and amputees. As the mechanism to oversee the process, the government established a war reparation fund.

Koroma had hardly taken office when he made **visits** to Liberia and Guinea and met with their presidents. He also travelled to Burkina Faso to meet President Blaise Compaoré, the chair of ECOWAS. In November, the president attended the Commonwealth summit in Uganda. He also attended a meeting in Vienna where discussions were held to restart the Mano River Union (with Liberia and Guinea). A more tangible achievement was the official reopening on 7 June of the Mano river bridge linking Sierra Leone and Liberia. Built in 1979, it had been closed for nearly a decade.

Socioeconomic Developments

This year, 2007, was supposed to be the year in which hunger would be eradicated, according to a 2002 government-initiated campaign. Unfortunately, the country did not achieve this noble aim. Part of the problem was the under-utilisation of farmland – only 15% of the 780,000 hectares of available farmland in Sierra Leone was being used for productive purposes – and the heavy reliance on imported food. Imports, mostly coming from heavily subsidised producers in the US and EU, accounted for fully 80% of food requirements, making it nearly impossible for local **farmers** to compete. The World Bank approved a $ 30 m IDA grant aimed at helping commodity producers to derive more income from their produce by undertaking more of the processing themselves. For the first time in more than 20 years, Sierra Leone exported ginger (2 tonnes in 2006). In 2007, 80 tonnes of dried ginger was expected to be exported, requiring 320 tonnes of fresh ginger. Ginger was a valuable source of income for the rural poor, particularly women.

The regular power **blackouts** in the capital continued throughout 2007 and the new president was supported by international donors in his plans to install a huge generator to the benefit of Freetown and to privatise the national power authority. The long-awaited completion of Bumbuna hydroelectric dam was again postponed and it was now projected to start operating in 2009. Despite a rainy season of six months duration, Freetown again had to contend with insufficient supplies of water, particularly clean **drinking water**. The two main dams supplying the capital did not have sufficient capacity to meet the demands of population, which had rapidly increased during the civil war (1991–2002). In addition, due to their western location, the dams failed to serve the heavily populated eastern part of the city. On 5 October, the president addressed the issue of the poor water supply in his opening speech to parliament and indicated that funds would have to be allocated to solve the problem. In early September, cases of cholera were reported across the country and claimed dozens of lives. Cholera was a recurrent problem throughout the rainy season, since the heavy flooding causes contamination of stream and wells.

In early April, thousands of women took part in a march in Freetown to protest against all forms of violence against their sex. The march blocked traffic in many parts of the capital. On 14 June, parliament enacted three laws which, taken together, significantly increased the **rights of women**. One law allowed women for the first time to inherit property, of considerable importance in a country where women make up more than 60% of the agricultural labour force. Another extended protection to young women against forced marriage by stipulating compulsory registration of customary marriages, setting a minimum marriage age of 18 years and requiring the consent of both parties. In addition, a series of issues related to domestic violence were now made illegal. While human rights activists applauded the new laws, they feared it would take a long time before customs and practices would change, especially in the rural areas.

Britain remained Sierra Leone's largest bilateral **donor**, to the tune of about £ 40 m annually, which was more per person than to any other aid-receiving country. Total British post-war aid to Sierra Leone now stood in the region of £ 250 m. The EU increased its annual financial support by another € 50 m to nearly € 200 m. Shockingly, no credible audit had been produced since 2002 (the end of the war) of how the Kabbah government had spent UK and EU money. Nevertheless, British, EU and World Bank support continued to account for about 30% of the country's national budget. In May, Germany indicated that it would cancel Sierra Leone's debt of $ 25 m but on strict condition that the funds freed-up would be used for national poverty reduction programmes. In June, the US cancelled $ 58 m of the $ 363 m worth of debt Sierra Leoneans owed to the Paris Club of creditors. The newly created Africa Catalytic Growth Fund – mandated to address specific obstacles to the achievement of Millennium Development Goals – released funds to address the country's child mortality rates. The International Finance Corporation, the World Bank group's private sector arm, announced plans to increase cellular phone access in Sierra Leone by mobilising loans to improve the country's communications infrastructure.

Despite a **GDP growth** of around 6.5% and several years and many millions of dollars of postwar reconstruction aid, two-thirds of the population remained unemployed or underemployed. Unemployment remained particular high among young people. This was not only a huge social and economic disaster but also posed a potential threat to the country's security.

In general, local **security** deteriorated, with an increase in armed robberies in and around the capital. According to witnesses, local police officers were often involved in these crimes. It also became clear that drug cartels were developing new smuggling routes to Europe and the US through West African coastal countries – including Sierra Leone. The trade is facilitated by the high levels of corruption among civil servants and the general poverty of the coastal communities, making them more willing to support the lucrative trade. This likely explained the increase in domestic **drug** use, especially of crack and cocaine.

The incoming president indicated that the contracts held by the companies mining for bauxite and rutile would be revised, and that higher taxes, better wages and social services would be demanded. On 13 December, youths stormed the site of Koidu Holdings in the Kono diamond fields. Koidu is a large diamond mining company, and the youths were protesting against what they claimed was a failure by the company to compensate families affected by its operations. Samuel Ngaujah, the spokesman for the protesters, who called themselves the Affected Property Owners, claimed that four people were shot by the police. According to the police, only two persons were killed. One of the complaints was the delay in building 350 houses for residents displaced by the company's **mining** activities. Following the unrest, a curfew was imposed. In 2006, registered diamond sales had actually fallen from $ 142 m to $ 125 m, while it was estimated that more than one-third of diamond production was still being smuggled out of the country. On 30 April, the UN Security Council voted to lift the embargo on the export of diamonds imposed on neighbouring Liberia, raising fears that smuggling from diamond-rich Sierra Leone to diamond-poor Liberia would increase. In addition to bauxite, rutile and diamonds, the restarting of iron ore mining – traditionally located in the Marampa area – was high on the agenda. African Minerals Ltd., already involved in diamond mining, was reported to have discovered new iron ore deposits in Tonkolili district.

It became increasingly clear that timber-cutting activities, mainly in the east and north, had a serious impact on the local environment. Chinese businessmen, who invested increasingly in and supplied credit to Sierra Leone, were suspected of entering into illicit logging 'contracts' with local chiefs, despite a logging and export ban. Equally alarming was the situation in the artisan **fishing sector**, which provided a livelihood to about 80,000 people. Income generated per canoe dropped to only $ 33 a day, where it had been about $ 66 before. The government stated it lacked the capacity to patrol territorial waters to prevent illegal fishing by foreign vessels – the main source of the decline in the catch – or to monitor whether Russian, Egyptian and Chinese trawlers to which the government granted fishing rights respected the 'insured exclusive zone' established to protect local fishermen. An estimated $ 29 m per year was lost to unregulated and illegal fishing.

In February and March, the capital of Burkina Faso, Ouagadougou, hosted the biennial African film festival, with the Nigerian film 'Ezra' winning the top prize. 'Ezra', depicting the life of a Sierra Leonean child-soldier during the war, was praised by the jury for the importance of the subject matter and the quality of the direction. On a sadder note, in early June 22 people died in a helicopter crash near Sierra Leone's international airport. Among the fatalities were several football players from the Togolese national team and the Togolese minister of sport.

Krijn Peters

Togo

The national reconciliation process initiated in 2006 continued. Largely free and fair parliamentary elections in October paved the way for the resumption of development aid after a 14-year of interruption because of serious human rights violations and bad governance. The economic situation gradually improved in line with the resolution of the political crisis and the positive effects of the growing competition among global players for Africa's natural resources. However, the litmus test for the sustainability of the transition process will be the presidential elections of 2010, the only process capable of correcting the remaining democratic deficit bequeathed by the coup by the ruling powers in 2005.

Domestic Politics

The early **legislative elections**, originally scheduled for 24 June, were marked by high expectations on the part of the population, political parties and the international donor community. The election of a new parliament was meant to console the feuding political camps and end 14 years of political repression and gross human rights violations. The government and the ruling 'Rassemblement du Peuple Togolais' (RPT) acted on the comfortable basis of their superior political and military power, acquired through the coup d'état of Faure

Gnassingbé, son and heir of late head of state Eyadéma, and the subsequent rigged presidential elections of April 2005.

Nevertheless, continuing external pressure from the EU and other major donors, reinforced by unrest within the ruling party and the military, forced the head of state to make concessions. These were in line with the 22 democratic commitments already made by the Togolese government to the EU in April 2004, and with the comprehensive political agreement on national reconciliation ('Accord Politique Global', APG), mediated by Burkina's President Blaise Compaoré, in Ouagadougou on 20 August 2006. Although the two major opposition parties, 'Union des Forces du Changement' (UFC) and the 'Convention des Peuples Africaines' (CDPA) remained outside the transitional government of national unity, they exerted strong influence on the negotiation process for the preparations for the coming elections. On 1 February, parliament amended the **electoral code**. The revisions allowed for the organisation and supervision of the elections by an independent electoral commission ('Commission Électorale Nationale Indépendante', CENI) composed of representatives of all major parties. Thus, the ministry of interior, castigated in the past for its bias, was sidelined. The new code also provided for a system of proportional representation with medium and small constituencies. Although it was definitely tailored to meet the interests of the ruling party, it was not openly contested by the opposition. This later proved to be a strategic mistake, but the UFC apparently was too confident of victory under free and fair elections.

In February, parliament also passed a new armed forces law restricting the military to a non-political role, in order to prevent the infamous partisan deployment of the security forces in favour of the Gnassingbé clan, as had happened during past elections. In addition, it opened the services to women. In June, Security Minister Atacha Titikpiana set up a special force of over 6,000 gendarmes and policemen, trained by the Red Cross and the UN Regional Centre for Disarmament and Peace in Lomé. The force was to be deployed throughout the country to guarantee a peaceful electoral campaign and voting process and to replace the military forces, which were meant to stay in barracks. Disagreements over voter registration were settled in March by the unanimous decision of the CENI to provide electronic voter-registration kits, used before in the DR Congo. The loan of 3,000 computers to the 279 local CENI bureaus greatly assisted the registration process in the country's 31 prefectures. In addition, the kits allowed for biometric electronic registration and the printing of forgery-proof voters' cards with digital ID photos and finger prints. These steps significantly reduced the possibilities for fraud of the sort observed in previous elections. The EU played a major role in providing **technical assistance**, finance and election monitoring and was the source of most of the € 18.3 m that the international donor community granted to co-finance total election expenses of € 25 m. The first exploratory EU mission arrived in March, followed by other technical and observer missions meant to guarantee observation of the electoral process.

During the following months, the government and ruling party at least formally tried to honour other APG obligations concerning electoral **reforms**. On 24 May, the National Assembly, dominated by the RPT, designated six new members of the constitutional court. Three others were appointed by the head of state as provided for in the constitution. However, the opposition was quick to point out that half the elected members, including the new court president, Abdou Assouma, did not match up to the criteria of credibility and impartiality demanded by article 1.2.9 of the APG. On the contrary, the appointees belonged to the outgoing court that sanctioned the putsch of the Gnassingbé dynasty, including the attendant illegal revisions of the constitution, and, finally, the outcome of the rigged presidential elections of 2005. The replacement of discredited prefects, stalwarts of the RPT regime and instigators of past repression, was effected in a similar vein (20 June). The military prefects of Middle Mono and Oti, as well as the prefects of Blitta, Soutouboua, Kéran and Zio, accused by the opposition and human rights organisations of massive involvement in fraud and violence, remained in place. Nevertheless, for the first time in history parliament adopted a law on the **funding** of political parties (27 June). It provided that all parties must obtain at least 5% in national elections and have a minimum of five elected members of parliament, or 10% of votes in local elections, in order to benefit from state funding. However, this did not apply to the upcoming parliamentary election. The results of the latter would be the basis for the allocation of funds in future polls.

In the run-up to the elections, a total of 412 electoral lists, including 32 parties, were endorsed by the constitutional court to take part in the 31 electoral constituencies. There were 5,913 polling stations and 2,150 candidates (only 142 women) for the 81 parliamentary seats in contention. Voter registration in July and August, unanimously commended by all stakeholders, yielded a total of 2,974,718 voters. This was considerably lower than the 3.5 million voters in the 2005 presidential contest, confirming suspicions of gross inflation of the electoral lists at the time. Some of the 3,500 **observers** arrived well in advance to ensure the transparency of voting, which was delayed twice until 14 October – nearly the last possible date, as the mandate of the Assembly expired on 22 October. The monitors included 794 international observers, 104 of whom were attached to the EU election monitoring mission. ECOWAS sent a force of 140 monitors, 100 of whom were drawn from military ranks.

Canvassing took place between 28 September and 12 October. All parties were able to campaign without encountering grave security problems. Even Gilchrist Olympio, who nearly died during the 1992 election campaign in an ambush laid by pro-Eyadéma soldiers, could freely address rallies, including in RPT strongholds. The **election** of 14 October was probably the **fairest and most peaceful** in Togo's history. The massive turnout of voters (85%) pointed to a desire to take part, although a remarkably high percentage (about 7%) of votes was annulled. Certainly there were still considerable shortcomings, such as vote buying, distribution of fake election cards, wilful annulment of votes, mostly to the detriment of UFC, as well as tampering with ballot boxes, notably in UFC's southern strongholds. However, these deficiencies did not affect the overall result. Judged by the distribution of votes, the two major parties, RPT and UFC, were very close, with 39.4% and 37% of valid votes respectively. The 'Comité d'Action pour le Renouveau' (CAR), led by veteran opposition leader and former prime minister Yawovi Agboyibo, trailed third with 8.2%. Other parties lagged far behind.

However, in view of the geographical **bias** in the **electoral system**, the RPT still won an absolute majority, with 50 of the 81 parliamentary seats, against 27 for the UFC and four for the CAR. The system discriminated against the densely populated constituencies and urban areas of the south – both opposition strongholds. Delimitation of constituency boundaries thus favoured the ruling party and reinforced the longstanding divide between northerners and southerners. Nevertheless, the parties accepted the results and the UFC gained representation in parliament for the first time since the abortive democratic renewal 15 years earlier.

After confirmation of the election results (30 October), the major rivals, Gnassingbé and Olympio, met their mediator, Burkina's President Blaise Compaoré, in Ouagadougou on 2 November for consultations on a government of national unity. Olympio set two major preconditions. The first was the revision of the constitutional coup of December 2002, instigated to exclude Olympio from standing in presidential elections. Second was his insistence that the UFC be consulted on all legislative procedures by RPT and the government. However, it soon became clear that the head of state was not inclined to make these concessions. On 3 December, he appointed Komlan Mally (RPT) as prime minister in succession to the interim premier, Agboyibo. Mally, former prefect of Wawa and Golf (south), aged 47 and originating from Atakpamé (the president's home town), was a member of the RPT central committee. The **new government** did not include members of the UFC or CAR. It was considerably reduced in size from 37 members (including five women) in the previous cabinet, to 22 (including two women) in the present. Fourteen ministers belonged to RPT, among others the controversial security minister, Colonel Atcha Titikpina, former chief of Eyadéma's presidential guard. In addition, three other parties gained cabinet seats, especially the 'Convention des Peuples Africaines' (CDPA), whose chairman, Léopold Gnininvi, became foreign minister. The 13 ministers who left the cabinet included Defence Minister Kpatcha Gnassingbé, hardliner and junior half-brother of the head of state, and his post was attached directly to the presidency. This was the outcome of longstanding rivalry between the 'moderniser' and 'traditionalist' wings inside the RPT.

Foreign Affairs

On 29 November, the EU announced full resumption of cooperation in view of the elections, considered to be largely free and fair by all international observers, including the EU, the Francophonie, ECOWAS and AU. On 16 November, Brussels unblocked the remaining funds of the 9th European Development Fund (EDF, € 40 m). Two days earlier, it granted two non-refundable subsidies amounting to € 26 m for institutional and urban development projects. A further € 123 m would be available under the 10th EDF in line with progress in the political arena. On 5 December, the **EU** requested revision of the delimitation of the constituency boundaries well in advance of the crucial presidential elections of 2010. According to the final report of the EU election observation mission released in December, actual boundaries were seriously unbalanced. In addition, a revision of the electoral code was called for.

In the context of negotiations on Economic Partnership Agreements (**EPAs**) with the EU, called for by a ruling of the WTO, Togo and Côte d'Ivoire were deemed to be among the hardest hit, standing to lose $ 11.5 m and $ 8.9 m respectively. In Togo, the drop in government revenue from trade liberalisation under an EPA was estimated to be nearly equivalent to government expenditure on education. On 27 September, the fifth anniversary of the start of EPA negotiations, 20 Togolese NGOs backed the so-called 'EPAs Day' organised by international NGOs to protest against the allegedly unfair treatment of African states by the EU, including the devastation expected from EU imports and obstacles to sub-regional integration.

The changing attitude of the EU vis-à-vis Lomé paved the way for other donors. Talks with the **IMF** in New York in November led to the review in December of structural reforms under the three-year PRGF by a joint IMF-World Bank mission. This could trigger additional and substantial debt relief within the framework of the HIPC initiative and the Multilateral Debt Relief Initiative (MDRI).

France, which maintained its special relationship with the Eyadéma dictatorship, was also prominent among bilateral donors. In July, it granted € 3 m for the organisation of the forthcoming elections, while in April € 2.5 m was given to modernise the justice system and for micro-projects. In February, Faure Gnassingbé attended the 24th Franco-African summit in Cannes, together with 29 other African heads of state.

Germany resumed bilateral cooperation in the wake of the Africa-Europe summit in Lisbon in early December, where Chancellor Angela Merkel met with Faure Gnassingbé. Despite its critical evaluation of Togo's human rights record, Germany's development aid never completely halted – ranging from € 7 m to € 12 m annually over the preceding six years, mostly for grassroots projects and promotion of the democratisation process.

In November, Lomé announced it would participate in the AU/UN African Mission in Darfur (UNAMID) by committing 800 troops.

Socioeconomic Developments

Western powers felt the competition from Asian newcomers. In 2004, **China** became Togo's **major partner** in consumer and capital goods imports, followed by France, with a share of 31% and 11% in 2006 respectively. Trade between China and Togo reached a volume of $ 570 m in 2005, growing by 27% within just one year, relegating traditional trading partners such as the UK and Germany to the second rank. In December 2007, China inaugurated a hospital project in Lomé, to be completed by a Chinese company in 2009. However, not everybody in Togo was pleased about these developments, which apparently had ambiguous effects. The Togolese trading elite of the famous 'Nana-Benz' (the politically influential cloth-trading women, who during the 1970s earned more revenue than the phosphate industry), expressed mixed opinions about the influx of cheap Chinese merchandise on African markets. This notably involved the central market in Lomé, a major hub not only for textiles but also informal trans-border trade in a wide range of consumer goods with Nigeria, Ghana and the Sahelian countries. A recent study revealed that Togolese business associations, which in the late 1990s invited Chinese entrepreneurs to produce low-priced copies of African wax cloth for the West African market, now wanted to protect themselves against these same imports. They called on the government to intervene and restrict Chinese dumping strategies, a demand that was explicitly backed by Togolese trade unions.

On 7 February the heads of state of **Nigeria** and **Benin** signed a memorandum of understanding with Togo envisaging the socioeconomic integration of the three nations, called the Nigeria-Benin-Togo Co-Prosperity Partnership. However, the tangible objectives behind this exercise – beyond those of the ECOWAS structures – remained unclear. Shortly afterwards, the presidents inaugurated the long-awaited power grid linking Ikeja (Lagos, Nigeria) and Lomé and including a power transformer unit at Sakété (Benin) with a maximum capacity of 600 MW. This was expected to augment the chronically poor capacity of the Togolese grid by an annual average of 80 MW. The grid was connected to a wider existing network linking Benin, Togo, Ghana, Côte d'Ivoire and Burkina Faso and thus formed a crucial step towards the creation of a West African Power Pool (WAPP), a project supported by ECOWAS. However, the new system suffered problems owing to technical difficulties and power failures in Nigeria. The West African Gas Pipeline (WAGP) meant to become operational in July, encountered technical difficulties as well. An American enterprise, ContourGlobal, invested $ 100 m to construct a 100 MW gas turbine in Lomé, scheduled to be operational by mid-2008.

On 19 September, Togo was finally linked to the SAT3 overseas submarine cable via a connection point in Cotonou (Benin), an occasion marked by a solemn ceremony at the border between the two countries. SAT3 connects Europe, Africa and Asia through a high capacity submarine network of 120 Giga bit/sec. The fibre optic cable linking Benin and Togo has a capacity of 11,240 simultaneous communications. Its implementation took 18 months, cost $ 33 m and boosted the performance of Togo's **communications network** even further. Mobile phone subscribers grew by 60% in 2006 to 708,000 and fixed-line connections by 31% to 82,100.

Despite the improvements in the country's political system and the upsurge in natural resource-induced terms of trade, the economy faced severe challenges after 25 years of decline and deterioration of infrastructure. Accumulation of debt and arrears reached unsustainably high levels. The real **exchange rate appreciation** of the CFAfr (pegged to the Euro) against the US dollar further weakened Togo's global competitiveness. The UEMOA finance ministers who met in Paris on 16 October voiced their concern about the state of the economy of the joint currency union. At the end of 2006, Togo had developed intolerable payment arrears of $ 105 m, rising by $ 2 m a month, according to the World Bank. An IMF staff monitored recovery programme (SMP), which ran for nine months until June, brought some improvement. A joint World Bank and IMF mission that toured the country in early December, however, urged the government to improve economic governance. Much depended on the solution of problems surrounding the privatisation of parastatals – which were of strategic importance to the Gnassingbé dynasty – and debt rescheduling or cancellation within the HIPC initiative.

Nevertheless, the normalisation of political relations with the EU opened the way for the negotiation in the first half of 2008 of the PRGF for the next three years. On 31 December, the **2008 budget** was voted in by parliament. It envisaged a deficit of CFAfr 42.4 bn and expenditures of CFAfr 307.6 bn (€ 469 m), which meant an 18.5% increase over the 2007 budget. This the government hoped to finance through the inflow of increased development aid. Besides, the budget proposed a 3% increase in salaries in the public sector as well as the recruitment of more than 1,000 additional public employees.

Phosphate production, Togo's major export (about 40% of state revenue), while having halved during the preceding decade because of mismanagement and adverse terms of trade, recovered on soaring global demand. Yet, at 800,000 tonnes of processed phosphate it still fell short of the 1.1 m tonnes in 2006. The retail price grew by 100% from $ 35 to $ 70 at year's end and allowed for optimistic forecasts. Although **cotton** production, another major foreign exchange earner, increased by 55% since 2006 to about 65,000 tonnes, this was essentially due to improved payment by the state-owned marketing board ('Société Togolaise du Coton' – Sotoco). Production still fell short of the 2004 level.

Despite the continent's overall high growth rate, Togo still lagged behind with a **moderate growth** of an estimated 2% in 2006. Broad money supply grew by 22% in the same year because of an upsurge in remittances and trade-related capital inflows. This was probably due to the improved political situation. Private transfers sharply increased by 17% in 2005 and 15% in 2006. The overall invisible account surplus doubled from CFAfr 36 bn to CFAfr 84 bn in 2006. Togo also profited from the continuing Ivorian crisis. The informal trade (smuggling) in cocoa from the 2007 growing season in northern Côte d'Ivoire to the ports of Tema and Takoradi in Ghana and to Lomé was estimated at about CFAfr 8 bn.

The **human rights** situation improved in line with the decrease in political tension. Of the 25,000 Togolese refugees that fled to Benin in the aftermath of the 2005 presidential elections, only 4,700 remained. Compatriots who fled to Ghana were more reluctant to return. In April, the UNHCR signed a tripartite agreement with the governments of Togo and Ghana for the repatriation of refugees in Ghana, still estimated at 12,326 (63% women) at that time. However, by the end of September only 176 had returned home, although each of the returnees was granted $ 120 in cash per adult and $ 60 per child plus equipment in kind as reintegration assistance.

According to the **Corruption** Perceptions Index of Transparency International, Togo's rating fell from 2.4 in 2006 (the first time Togo was included) to 2.3, indicating rampant corruption. This position the country shared with most other UEMOA members, with the exception of Senegal.

Dirk Kohnert

V. Central Africa

The sub-region remained as unstable as ever, with the Chad, Central African Republic (CAR) and Darfur/Sudan triangle forming a large zone of permanent insecurity. After a rather positive year in 2006, the eastern part of DR Congo was again in the news for its numerous armed encounters and human rights abuses. Economically, the year was not bad for the sub-region as a whole, as most states were oil-exporting countries and could profit from price hikes on the world market. However, the sub-region still faced serious problems related to the unequal distribution of wealth.

Elections

With the exception of Cameroon and Congo, no direct elections were held on a national level. In **Cameroon**, voter apathy was stronger than ever. Only about 60% of its citizens of voting age registered for legislative (and municipal) elections, and officially 62% of those actually voted. This meant that the real participation rate was rather low. The outcome came as no surprise: the ruling 'Rassemblement Démocratique du Peuple Camerounais' (RDPC) won 153 of 180 seats in the National Assembly. Irregularities were again widespread, but probably did not affect the overall outcome dramatically. This suggested that for many voters there were no alternatives among the opposition parties to the largely sclerotic party in power. When a discussion started in RDPC circles about possibly changing the constitution to allow President Biya to run for a third term in 2011, which would then be easy to arrange given the party's overwhelming majority in parliament, this only added to the dominant impression that the formal political process could never make possible the canalisation of the numerous popular grievances, particularly of the younger generation. This situation, instead of giving rise to admiration for the seeming stability of the country expressed by some Western analysts, should instead be a source of concern.

Similarly, in **Congo**, the ruling 'Parti Congolais du Travail' (PCT), together with its allied parties and friendly independent candidates, secured 125 of the 137 seats in the National Assembly. Two opposition parties won the remaining 12 seats. Parliamentary by-elections in **Gabon** resulted in the confirmation of the two-thirds majority of the ruling 'Parti Démocratique Gabonais' (PDG). All three countries were on the same course of cementing the rule of an authoritarian regime while playing only a formally democratic game. While in Gabon and Congo the sons and other relatives of the heads of state prepared to become the successors of the incumbent, in Cameroon a quasi-dynastic succession looked unlikely.

In **DR Congo**, a country where a dynastic succession had already taken place, the power game was far from over: in the last phase of the electoral marathon, members of the senate and provincial governors were elected on 19 and 27 January. These were indirect elections by the country's 11 provincial assemblies. Parties supporting President Kabila received only 48 of 108 seats in the senate (which also included 26 independents and 22 senators supporting opposition leader Bemba), while ten of the 11 elected governors were affiliated with Kabila.

In **Chad**, legislative elections were postponed again to 2009. The continuing civil war was officially given as a reason for not holding them.

A tally of the longevity of presidents in power paints a telling picture of Central Africa's polities in 2007: Bongo (Gabon) 40 years; Obiang Nguema (Equatorial Guinea) 28; Biya (Cameroon) 25; Sassou Nguesso (Congo) 23, i.e., 13 (1979–92) + 10 (since 1997); Déby (Chad) 16; Kabila (DR Congo) 6; Menezes (São Tomé and Príncipe) 6; and Bozizé (CAR) 4. While in other sub-regions of the continent, most of the elections proved meaningful, this assumption could be made with less confidence with regard to the Central African sub-region.

Human Rights

Human Rights Watch published a number of major reports on the sub-region. In "State of Anarchy: Rebellion and Abuses against Civilians" it accused both rebel groups and **CAR** government forces of severe human rights violations. It particularly noted that not a single soldier or officer has been held accountable for the atrocities committed in the country. In "Early to War. Child Soldiers in the **Chad** Conflict", the NGO's researchers described the use of child soldiers in the Chadian national army, village-level self-defence forces and two Sudanese rebel movements operating in Chad. "Renewed Crisis in North Kivu" (**DR Congo**) detailed crimes against civilians by Congolese army soldiers, troops of renegade general Laurent Nkunda, and combatants of the Rwandan anti-government militia 'Forces Démocratiques de Liberation du Rwanda' (FDLR). It was evident from these reports that the most severe human rights violations took place in the context of (civil) war.

The **media** was relatively better treated than in past years. However, on 3 May (World Press Freedom Day), the Committee to Protect Journalists designated DR Congo "one of the world's worst press freedom backsliders". Since 2002, the number of imprisoned and harassed journalists had increased. During the year, two media workers were killed. The government closed 38 broadcasters, most of them close to opposition leader Bemba. In Gabon, the director of the private newspaper 'L'Espoir' received a prison sentence of one month with a further five months suspended plus a fine for publishing an editorial critical of President Bongo. The private bimonthly 'Edzombolo' was suspended for several months over a critical commentary on the head of state. The president of the lobby group for private publishers in CAR was jailed for two months after issuing public statements challenging the decision to suspend a private journal. The days of prison sentences for libel and other press offences were apparently over in Cameroon, where two newspaper directors were given modest fines for publishing stories alleging mismanagement of public finances by Prime Minister Ephraïm Inoni and former Finance Minister Polycarpe Abah Abah. However, a journalist on the privately owned 'Le Messager' was attacked by police officers while covering a peaceful march by Cameroon's political opposition parties during the legislative elections.

For Cameroon, CAR, Chad, Congo, DR Congo and Gabon, the country reports on human rights practices by the **US state department** invariably stated, "the government's human rights record remained poor". Surprisingly, no such qualification was given in the case of Equatorial Guinea, even though the reported facts did not allow for any better classification (including incommunicado detention as well as harassment and deportation of foreign residents). In the report on Cameroon, the arbitrary arrest and detention of anglophone citizens advocating secession got special mention. The recruitment of child soldiers by the official security forces was particularly noted in the report on DR Congo. While a decrease in extrajudicial killings by a special police unit in CAR was recorded, the killings of civilians by the military reportedly increased sharply in the course of the government's counteroffensive operations against rebels in the north. The long list of severe human rights violations in Chad included most of the usual abuses, while in Congo "there were fewer documented abuses during the year". For Gabon, a slight amelioration was also reported. Only for São Tomé and Príncipe did the report assert that the government generally respected the human rights of its citizens.

With the **International Criminal Court** active not only in DR Congo but now in CAR as well, there was some hope that crimes against humanity would no longer go unpunished in one of the world's regions worst affected by atrocities against civilians. However, the endless proceedings in the case against Chad's ex-dictator Hissène Habré, under examination in his country of exile (Senegal), suggested that the deterrent effect of ex-post facto condemnations may still be limited. Chased from power in 1990, the prospects of Habré's facing prosecution for crimes against humanity had become more realistic with the creation of a special court on war crimes in Senegal. Authorities had been reluctant to take this step, and reacted only under pressure from both donor countries and the AU.

Instability, War and Peace

DR Congo was back in the news, garnering negative headlines. While military pressure and demobilisation efforts had some tangible effect on the disarmament of militias in Ituri, both Kivu provinces again experienced several outbursts of violence. The peace process in **North Kivu** in particular was reversed when government troops supported by the MONUC mission (and allegedly by pro-Hutu militias) first staged an offensive against the troops of renegade Gen. Nkunda and then could not resist the counter-offensive. Over 400,000 additional people were forcibly displaced by the battles.

In eastern **Chad**, besides outbreaks of interethnic clashes, heavy military confrontations resumed between the army and rebel groups. A Libyan-brokered peace agreement with most major rebel movements failed only a couple of weeks after it had been signed in November. In December, an army general died in combat as did hundreds of fighters on both sides, while civilians were forced to flee, including about 30,000 to the conflict-ridden Sudanese province of Darfur.

CAR, as weak as ever, witnessed new confrontations between government troops and two different rebel groups operating in the north and the northeast respectively. The official security forces were accused of using disproportionate violence against civilians. In both Chad and CAR, French forces lent crucial support to government troops. After a first peace agreement in April for the northeastern front, negotiations were launched to end the remaining rebellion. However, underlying local and national political problems were far from solved, as were the dilemmas associated with the selection process and the funding for the intended integration of rebel elements into the national army.

Over the year, France pushed for the establishment of a UN and later an EU peacekeeping mission to provide security to the two states bordering Sudan's Darfur province. The UN Security Council established a United Nations Mission in the Central African Republic and Chad (MINURCAT), with a limited strength of 300 police and 50 military personnel. More importantly, the Security Council authorised an **EU mission** to use force to protect civilians in accordance with chapter VII of the UN charter. In October, the EU Council decided to deploy this mission and nominated an Irish general to be the operational commander of EUFOR Chad/CAR. Gen. Nash undertook a familiarisation mission to both countries in November. However, the deployment of troops had to be postponed to early 2008 as not many EU member states were eager to join the mission.

The return of militia leader Pasteur Ntoumi to **Congo**'s capital Brazzaville – apparently with more armed followers, as previously agreed – was chaotic and gave rise to punitive expeditions by government troops to some of the city's suburbs. However, this was a rather isolated event and it appeared that the regime had found a way to co-opt the best organised opposition parties and would soon cement its hegemony.

The long-lasting low-intensity conflict on the **Cameroon-Nigeria** border, particularly for control of the resource-rich Bakassi peninsula, looked to have been definitely settled with the final agreement of the joint border commission on the modalities of Nigerian withdrawal from Bakassi. Hardly had this agreement been reached when a mysterious attack was launched on a Cameroonian garrison, killing 21 soldiers. A high-ranking officer of the Cameroonian army was later believed to have staged the attack in order to cover up the lucrative traffic of arms.

This was not the only insecure border in the sub-region. On 9 July, the UN office in CAR together with CEMAC organised a meeting in Yaoundé of the follow-up committee of the tripartite process on trans-border insecurity among CAR, Cameroon and Chad. In recent years, the activities of highway robbers ('coupeurs de route' or 'Zaraguinas') in all three countries had steadily increased. During the year, about 45,000 new refugees from CAR were stranded in northern Cameroon, mainly Mbororo-Fulbe, after fleeing from 'coupeurs de route'. More troops were deployed to the zone after security forces killed 12 'coupeurs de route' close to Tchollíré in mid-July. The meeting recommended the expansion of the current tripartite mechanism to the three other CEMAC member states. The UN's political affairs department was eager to hold a CEMAC conference on trans-border security early in 2008. On the margins of the 26th ministerial meeting of the United Nations standing advisory committee on security questions in Central Africa in Yaoundé in September, another gathering on trans-border security problems in Central Africa took place. A border crossing between Equatorial-Guinea and Cameroon, unilaterally closed by the former, was reopened after a visit by Obiang Nguema to Cameroon in March. Several incidents related to localised land and fishing rights were reported during the year, mostly in Cameroon's Northwest Province.

Socioeconomic Developments

According to the IMF in its regional economic outlook (issued in April 2008), the countries of the sub-region fared very differently in the reporting period. Equatorial Guinea, the economy in the sub-region with the highest oil production (ranked 35th worldwide), was back on the fast track of rapid **economic growth** (GDP +12.4%). Gabon (5.6%), São Tomé and Príncipe (6%) and DR Congo (6.3%) all recorded very good results for 2007, close to the 7% threshold usually assumed to allow for poverty reduction. This trend was less obvious in the remaining countries, with CAR (+3.6%), Cameroon (+3.3%) and Chad (+0.6%) all showing below-average growth rates (on an African scale). Congo even had a negative figure of –1.6%. The sub-region clearly benefited from the high prices for oil on the world market. On the other hand, prices for consumer goods were steadily rising. State revenues from the oil business did not necessarily reach the ordinary people. BEAC also warned that high oil prices could reduce the incentives to promote economic diversification. Without such moves, the post-oil era in countries such as Cameroon, Congo and Gabon, where oil production steadily shrank, looked risky. In January, the first big oil spill from the Chad-Cameroon pipeline was recorded close to the pumping station in Kribi on the Atlantic coast. The spill was apparently quickly dealt with, but highlighted the constant risk to the environment hazards associated with the business.

Countries in the sub-region also fared differently in respect to **public finances**. While Cameroon had a slight increase (about 1%) in its budget, DR Congo projected an unrealistic 42% increase. With debt relief and the announcement of higher than expected donor support, CAR's finances looked much better than they had for a long time. Congo's budget experienced a dramatic decline of over 28% in line with negative growth rates. Reduced public spending and buying back debts at market value resulted in healthier public finances in Gabon. Chad's projected budget surplus diminished more and more when salary increases and exceptional defence costs had to be financed. São Tomé and Príncipe's government presented a largely donor-dependent budget. By mid-year, BEAC expected inflation to drop from 5.3% to 4.8% in the current year.

Foreign direct investment was generally concentrated on oil and mining. However, new Chinese investments were more broadly based, covering agriculture, forestry and infrastructure. Most spectacular was an agreement between the governments of DR Congo and China allowing for Chinese companies to take a 68% stake in a newly created joint venture with Congolese state companies. More importantly, four mining concessions for copper and cobalt near Kolwezi in Katanga were offered. In return, Chinese companies were to build and rehabilitate infrastructure (including 3,200 kilometres of railway, 4,000 kilometres of tarred road and a number of hospitals and schools) for a total cost of $ 6.5 bn. The visit of China's President Hu Jintao to Cameroon (and to seven other African nations, all outside the sub-region) on 30 January was only one indicator of continuing interest. In Congo, Malaysia and Korea became more active. Additionally, multi-donor efforts to improve transport infrastructure provided for more investments in a long-neglected sector. The AfDB, World Bank, EU Commission and 'Agence Française de Développmemt' all contributed funding to improve the transport corridors between Cameroon, Chad and CAR, including rehabilitation of the road from N'Djaména via Bangui to Douala and upgrading Cameroon's rail network. In fact, transport costs in Central Africa are among the highest worldwide and are considered a significant impediment to development, particularly for the landlocked countries of Chad and CAR.

The poor ratings for the sub-region in TI's **Corruption Perceptions Index** signified little change over previous years. Chad's ranking declined again from 156th to 172nd (of 179), jointly followed by Equatorial Guinea and DR Congo (both ranked 168th). CAR declined dramatically by 32 ranks to 162nd position. Cameroon, 138th (constant) and Congo 150th (–8), as well as Gabon, with a relatively positive rating (ranked 84th, +6) did not move dramatically. São Tomé and Príncipe, rated for the first time, received a medium rating and was ranked 118th. In Cameroon, the members of a national anti-corruption commission were finally appointed after much delay. Several former high-ranking officials were targeted and even sentenced to long terms of imprisonment for embezzling public funds. The existing law requiring public officials to declare their assets before they took office was, however, not enforced and the credibility of the government in combating corruption was at best limited.

Gabon (ranked 119th) was the best performing country of the sub-region on the UNDP's Human Development Index. Together with São Tomé and Príncipe (123), Equatorial Guinea (ranked 127th), Congo (139) and Cameroon (144), it shared the 'medium human development' classification, while DR Congo (168), Chad (170) and CAR (171) still figured in the 'low' category. **Poverty** was a sadly persistent feature in the entire sub-region, with some notable extremes: Chad declined to 108th out of 108 countries on the Human Poverty Index (HPI-1), while CAR (98) and DR Congo (88) also fared worse than in last year's edition. Only São Tomé and Príncipe (39) and Gabon (49) achieved a relatively good status. The UN-sponsored MDG monitor painted a moderately optimistic picture for Equatorial Guinea and Gabon and both were considered 'on track' for most of the seven goals while in all but DR Congo at least the goal to achieve universal primary education (goal 2) by 2015 was seen as realistic. For many other MDGs, the information was deemed insufficient to draw clear conclusions. The MDG monitor appeared to shy away from the qualification that a country was 'off track'.

The joint UNAIDS/WHO **AIDS epidemic update** for 2007 complained that in Cameroon and CAR HIV surveillance was inadequate to allow for accurate assessments of epidemic trends, but noted that in DR Congo and Gabon improved HIV surveillance activities would enable a more precise understanding of the situation. Of all countries in the sub-region, CAR was believed to be worst affected.

While to the east and the west, many economies were heavily hit by torrential rains and floods in September, only Chad was affected in the sub-region. This was believed to have resulted in the increased incidence of malaria there. Overall, harvests were comparatively good, leading to greater food security, including in Chad.

Sub-regional Organisations

The eighth ordinary **CEMAC** summit, originally scheduled for 16–17 March, was postponed at the request of Presidents Bongo of Gabon and Sassou of Congo. It was finally held on 25 April in N'Djaména, and was attended by the presidents of Chad, Congo, Gabon, CAR and Equatorial Guinea. Cameroon's Paul Biya, absent from most sub-regional meetings, was represented by Prime Minister Ephraim Inoni. As the summit had been widely expected to focus on the profound restructuring of CEMAC institutions, great discrepancies between some members had already developed prior to the meeting. The committee charged with accelerating the process to reform CEMAC presented its report to the heads of state, identifying various institutional problems and proposing reforms. The report described CEMAC as paralysed, poorly governed and lacking in necessary resources. A central issue was the distribution of major posts among member states, as various members, mostly Equatorial Guinea, had complained of an imbalance in power within the community. On the basis of the committee's report, a series of important institutional reforms were initiated but other proposed changes were held over for further consideration. Agreement was reached on expanding BEAC's top management by appointing three directors-general alongside the governor, whose position would be furthered weakened by the requirement for joint decision-making among them. Equatorial Guinea's President Obiang had advocated for the rotation of the BEAC governorship, but the summit could not achieve consensus on this. The executive committee was transformed into a Commission, comprising one commissioner per state and a president, who replaced the former executive secretary, assisted by a vice president.

A rather unexpected consequence of the reform programme was the dismissal of the **BEAC governor**, Felix Mamalepot (Gabon), who had been in office for 17 years. Obiang Nguema had been insisting on Mamalepot's replacement for a long time. His post was filled by Gabon's Philibert Andzembe, who took office on 12 July at BEAC's premises in Yaoundé. CEMAC's Executive Secretary Jean Nkuete (Cameroon), whose mandate had regularly run out, was replaced by former Cameroonian Minister of Finance Antoine Tsimi as president of the Commission, with Jean Marie Maguena (Gabon) as vice president. This meant that all top positions remained in the hands of Gabon and Cameroon. The presidency of CEMAC was taken over by Paul Biya for 2007–08.

In parallel with the official reform agenda, the summit also addressed the current security problems in the region. This exchange took place behind closed doors. A special declaration was made, condemning attempts to destabilise Chad and CAR and their 'democratic' institutions.

The establishment of the sub-regional airline **Air CEMAC** was again on the agenda. As certain member states have refused to delegate their air traffic rights to the community and private investors in the region have shown little interest in acquiring shares in the company, the feasibility of the project continued to be doubtful. The heads of state therefore decided to change the business model: only 16% (instead of 52%) of the shares were to be held by private African investors, while each of the six member countries would hold 5% of the shares and the technical partner 46%. After some controversy, the summit officially chose the Belgian national carrier SN-Brussels as the strategic partner for the airline, but discussion of the financing of the operation proved inconclusive. Even so, according to CEMAC vice president Jean-Marie Maguena, himself a former official of Air Gabon, the first flights were expected in March 2008, a projection that sounded over-optimistic. Small – more or less private – national companies, such as Toumaï Air Tchad (2004), Air Congo Express (2006) and National Airways Cameroon (NACAM, 2000), have recently sprung up.

CEMAC's role in **sub-regional peacekeeping** again came under review. The multinational force operating in CAR (FOMUC) had its mandate extended in July. A joint technical assessment mission comprising the EU, Council of Europe and AU visited CAR from 8–15 November to discuss a further extension and strengthening of its mandate. One plan foresaw the establishment of a base in Paoua (north) with EU support. The deployment of 120 soldiers from Cameroon was another option discussed. In parallel, the possible transfer of the operational responsibilities of the force from CEMAC to CEEAC was advocated. This was logical, as both the Gabon-inspired early warning mechanism (MARAX) and conflict prevention mechanism (COPAX) were CEEAC-related and CEMAC had no clear mandate in the field of security. It would also mean that countries with less direct links to France could become more involved, particularly Angola (which is a CEEAC member country, although located in Southern Africa).

The **CEEAC council of ministers** gathered in Brazzaville on 4–5 June, mainly to focus on the free movement of goods and persons in the sub-region. Whereas the representatives of Congo, Chad, Cameroon and CAR preferred quick progress, Angola and Gabon felt the issue was premature. Another outcome of the meeting was Rwanda's announcement of its withdrawal from the community. Kigali explained this long-expected decision in terms of its difficult geographical position, involving multiple economic regions and concurrent membership in multiple regional organisations. Integration into EAC was Rwanda's preferred option.

On 30 October, the ordinary **CEEAC summit** was held in Brazzaville in the presence of the heads of state of Congo, Gabon, DR Congo, CAR and São Tomé and Príncipe. The loaded agenda resulted in a number of declarations (for example, on violence against children, an integrated management scheme for water resources in Central Africa and on the development of the electricity sector in the sub-region) and decisions (such as on the creation of a unit to coordinate the fight against human trafficking). The donor-supported 'Commission des Forêts d'Afrique Centrale' (COMIFAC) and the much less active 'Comité Régional des Pêches du Golfe de Guinée' (COREP) were incorporated as 'specialised organisms' into CEEAC, attesting to the new-found vitality of the sub-regional organisation. The main outcome of the meeting was the choice of Jean Ping, Gabon's long-serving foreign minister, as Central Africa's candidate to become the new president of the AU Commission. (In December, he was officially put forward as the sub-region's choice for this important position.) In addition, DR Congo's President Joseph Kabila was designated the new president of the CEEAC, taking over from Sassou Nguesso.

Also on the agenda was the question of trade with the EU and a potential **EPA**. This was a thorny issue, as many points remained apparently unresolved during the year and the pressure to act was building. In July, the EU commissioners for trade and for development aid, Peter Mandelson and Louis Michel respectively, met with CEMAC trade ministers to discuss a number of structural issues. CEEAC indeed had a less prominent role in the negotiations than CEMAC. In the specific context of the EPA negotiations, the Central African group comprised the six CEMAC countries plus DR Congo and São Tomé and Príncipe. The difficulty facing the three non-LDC CEMAC countries (Cameroon, Gabon and Congo) was that non-signature of the EPA by end of the year would make them subject to a trade regime less favourable than their current status for certain products (while LDCs would still fall under the 'everything but arms' stipulation that guaranteed at least moderately favourable status). The governments of these three countries therefore advocated extension of the waiver covering the Cotonou preferences. This proposal was consistently rejected by the Europeans as not in conformity with WTO rules. By the end of the year, the envisaged agreement could not be signed for the entire region. Cameroon instead decided to sign a so-called 'interim EPA' (on 17 December) and was heavily criticised in the sub-region for not showing the requisite solidarity. Another complicating factor was that DR Congo was negotiating its EPA with the EU in parallel both in the Central African and in the COMESA context. A Belgian advisor to the government in Kinshasa recommended that the country should not agree to anything before it had sufficient expertise itself, which was currently not the case.

Andreas Mehler

Cameroon

The position of President Paul Biya, who celebrated his 25-year hold on power during 2007, was reinforced by the overwhelming victory of the ruling party in the July legislative and municipal elections. There was growing evidence that he might use the ruling party's two-thirds majority in parliament to enact constitutional amendments to remove the two-term presidential limit, thereby allowing himself to stand for another term of office. While his government succeeded in meeting most of the quantitative targets under the current PRGF, especially those related to fiscal performance, it failed to fulfil the heightened popular expectations for an improvement in the precarious living conditions following last year's substantial debt relief.

Domestic Politics

The major event on the political scene in 2007 was undoubtedly the **legislative and municipal elections and by-elections** held on 20 July and 30 September respectively. In the lead-up to the elections, only 5.3 million citizens registered to vote out of a potential electorate of more than 8.5 million. Most observers attributed this striking shortfall to various government tactics to disenfranchise assumed opponents of the regime and to widespread voter apathy – a clear indication that many citizens no longer believed elections could be effective in bringing about political change. Actual turnout was a bone of contention between the government and the opposition. The latter disputed a government claim that 62% of registered voters had cast their votes, suggesting that voter participation was closer to 30% in the main urban centres.

Forty-five parties took part in the elections, but only five managed to secure parliamentary representation. As in previous polls, the ruling party, 'Rassemblement Démocratique du Peuple Camerounais' (**RDPC**), won a landslide victory. It increased its representation in the 180-seat National Assembly from 149 to 153 and succeeded in winning all the seats in four provinces, namely Centre, South, East and Adamawa. Its predominance was further boosted in the municipal elections: it took control of 310 councils out of a total of 363, 41 more than in the previous poll. The party's growing domination of the country's political system led to accusations that the country was reverting to the one-party status that had prevailed before the advent of multi-party politics in the 1990s.

The main opposition party, the Social Democratic Front (**SDF**), which used to win most of the Anglophone vote as well as the votes of many of the Francophone opponents of the regime, proved to be the biggest loser of the elections. Its parliamentary representation dwindled from 22 to 16 seats, and it even lost its pre-eminence in North West Province, its traditional stronghold. Among those who lost seats were several party heavyweights and close advisers to John Fru Ndi, the party's longstanding chairman. For most observers, the party's declining support was mainly the result of internal infighting. At the party's primaries, many who failed to win nomination accused the party leadership of unduly influencing voters and some switched to the RDPC, taking their followers with them. In addition, barrister Bernard Muna's faction, which had broken from the party in 2006, ran under the banner of the Alliance of Progressive Forces (APF), a merger of four opposition parties. Although the APF failed to win any seats, it siphoned support away from the SDF.

In addition to the SDF, three other opposition parties achieved parliamentary representation. The 'Union Nationale pour la Démocratie et le Progrès' (**UNDP**), which had been a coalition party of the RDPC-led government since 1992, won six seats compared to only one seat in the 2002 elections, reflecting greater support in its stronghold in the northern part of the country. Second, the 'Union Démocratique du Cameroun' (**UDC**) won four seats, one less than in the previous poll. Finally, the 'Mouvement Progressiste' (**MP**) led by Jean-Jacques Ekindi – a former RDPC heavyweight – secured the final seat.

In his address to the nation on 14 August, President Biya acknowledged some difficulties in the **management of the elections** but insisted that these had not influenced the outcome. The election monitoring body, the 'Observatoire National des Élections' (ONEL), supported him by declaring the elections free and fair. In sharp contrast, the SDF and other opposition parties accused the Ministry of Territorial Administration and Decentralisation

(MTAD), responsible for organising the polls, of partiality, disorganisation and massive fraud, all of which ensured victory for the RDPC. SDF stressed that the government had failed to entrust responsibility for organising and monitoring the elections to the independent electoral body, Elections Cameroon (ELECAM), created in December 2006. The party also claimed that MTAD had refused to register and provide voting cards to ethnic groups suspected of supporting the opposition or to prevent people from multiple voting. The opposition's allegations about several election irregularities were confirmed by national and international observers. In a press release on 9 August, the National Episcopal Conference of Cameroon (NECC) noted that though the twin elections had apparently been more peaceful than the 2004 presidential elections, many irregularities had been recorded and Cameroon's democratic process still had a long way to go. The NECC had deployed 1,600 observers, trained by the Justice and Peace Commission and accredited by MTAD to monitor closely the twin elections throughout the national territory. In a joint statement on 16 August, the embassies of the US, the Netherlands and the UK raised serious concerns about the conduct of the elections and expressed regret that the government had failed to restore credibility to the electoral process by putting ELECAM in place.

Soon after the elections, on 7 September, President Biya undertook a major **cabinet reshuffle**. By reappointing Ephraim Inoni as prime minister, he renewed his trust in the Anglophone politician and ended rumours that he would break the unspoken rule that the prime minister always be chosen from the Anglophone community. He also tried to maintain as best he could the existing Beti-Grand North hegemony in the cabinet. Obviously, these appointments ensured a degree of continuity in the cabinet. The cabinet reshuffle also had some strikingly unexpected features. First, the Bretton Woods institutions had regularly expressed concern at the 'exorbitant' number of cabinet members. Nevertheless, President Biya again increased the size of the cabinet. For instance, he split the ministry of economy and finance into two ministries, the ministry of finance and the ministry of economy, planning and regional development. Second, in his address to the nation on 14 August, after the elections, the president implied that he would co-opt members of the opposition parties into the new cabinet, as he had done since 1992. However, the new cabinet included members from only two political parties, the RDPC and its northern ally, the UNDP. The 'Union des Populations du Cameroun' (UPC) and the 'Mouvement pour la Défense de la République' (MDR) were dropped from government after their leaders failed to win re-election in the poll. Last but not least, the president failed to reappoint several heavyweights from his own ethnic group, the Beti, including the minister of economy and finance, Polycarpe Abah Abah, the minister of foreign affairs, Jean-Marie Atangana Mebara, and the minister of health, Urbain Olanguena Awono. Although they were mainly replaced by members from the same region, the removal of these important personalities was interpreted by some as a means to reassure politicians from other regions, especially the north, that the president did not intend to appoint his successor from his own region.

This action also removed potential adversaries who might challenge his possible bid for re-election in 2011.

On 6 November, President Biya celebrated 25 years in power, congratulating himself on the progress made in maintaining peace and stability. The 25th anniversary celebrations gave rise to a large increase in motions of support for the head of state and renewed public announcements by officials of the ruling party in favour of a **constitutional amendment** to remove the two-term limit on the presidency. This would allow Biya to stand for re-election in 2011 when his current seven-year term expires. In an interview with French television after his meeting with President Sarkozy on 26 October, President Biya again evaded the subject by stating that the 2011 elections were still distant and that his priorities in the meantime were to solve some of the country's social and economic problems. However, in his nationwide end-of-the-year address on 31 December, he seemed to back the opponents of term limits by arguing that such constitutional limitation was out of tune with the very idea of democratic choice.

Starting in June, apparently in an effort to demonstrate government's persistent commitment to its **anti-corruption campaign**, several high-ranking officials in state corporations were sentenced in a series of high-profile trials to long-term imprisonment for the large-scale embezzlement of public funds. Several organisations, including the IMF, nevertheless claimed that the government's anti-corruption campaign had faltered after the country obtained debt relief, suggesting that political commitment to institutionalising the anti-corruption campaign remained weak. These organisations pointed out that the new law requiring public officials to declare their assets was not enforced after the double elections and the cabinet reshuffle. In the new Corruption Perceptions Index of Transparency International published on 26 September, Cameroon ranked 138th out of 180 countries, as it had in 2006. In its general report on global corruption, TI asserted that the country's judicial system was the most corrupt in Africa.

Despite some progress, **the human rights situation** in the country remained a matter of concern. Although the new Criminal Procedure Code finally came into effect on 1 January, it failed to bring an end to arbitrary arrest and detention, to better protect human rights during criminal proceedings, to curb judicial delay and to ensure the rapid execution of judgments. Human rights organisations and opposition parties severely criticised the country's security forces for using excessive force in handling public protests. Violent repression of public demonstrations over the extended interruption of the electricity supplies in Abong Mbang in the East Province on 17 September and Kumba in the South West Province on 9 November led to two deaths in each location at the hands of security forces and numerous injuries. On 16 October, security forces killed two motorbike taxi drivers in Bamenda, the capital of the North West Province. The SDF chairman, John Fru Ndi, strongly condemned the shootings and described the security forces as reckless and irresponsible. The taxi drivers had been part of a group protesting the detention of one of their colleagues, who had been badly beaten while under arrest.

One continuing worry for the Biya regime was the determined struggle of the **Anglophone secessionist movement** to establish an independent state in Anglophone Cameroon, the former British Trust Territory of Southern Cameroons. During the year, several Southern Cameroons National Council (SCNC) activists were arbitrarily arrested and harassed by security forces for allegedly holding illegal meetings. On 20 January, heavily armed police disrupted a massively attended SCNC press conference in Bamenda and arrested several of its leaders and members, including its vice-chairman, Nfor Ngala Nfor. While in detention in Bamenda central prison, they went on hunger strike to protest the harsh and life-threatening prison conditions and the persistent violations of their fundamental human rights. Notwithstanding an administrative ban on SCNC activities and heavy troop deployments during the celebration of Southern Cameroons independence day on 1 October, SCNC activists once again hoisted both their own flag and that of the UN in several Anglophone towns. On the 64th anniversary of the UN on 24 October, SCNC appealed to the organisation to adopt a resolution urgently for the complete decolonisation of its ex-trust territory, including the designation of a UN peacekeeping force. During a consultation meeting in Johannesburg in November, Professor Carlson Anyangwe, one of the founding fathers of both the SDF and the SCNC, was elected head of state of the Southern Cameroons.

Foreign Affairs

Relations between Cameroon and **Nigeria** improved considerably in the aftermath of the 2006 Greentree agreement on the modalities of Nigerian withdrawal from the Bakassi peninsula. This improvement was evident on 11 May when the Cameroon-Nigeria border dispute commission finally reached agreement in Abuja on the maritime boundary between the two countries. However, the Bakassi issue threatened to strain mutual relations again on 12 November, when unidentified assailants attacked a Cameroonian military post on the peninsula, killing 21 Cameroonian soldiers and wounding many others. The Cameroonian authorities immediately held the Nigerian army responsible for this attack, but the Nigerian government denied involvement in the incident. Both countries promptly agreed to work together to identify the attackers. Before long, evidence emerged that the attack might have been engineered by high-ranking officers in the Cameroonian army, who were apparently engaged in trafficking arms and ammunition in the area. In this connection, the commander of the Cameroonian armed forces on the peninsula was dismissed on 30 November and arrested on 13 December. An initiative by the Nigerian senate a few days after the attack soured relations between the two neighbours even more. On 21 November, it passed a motion requesting government to stop the transfer of territory on the Bakassi peninsula to Cameroon. Even more importantly, it called for a review of the Greentree agreement on the handover of the disputed area, alleging that former Nigerian President Olusegun Obasanjo had failed to bring the agreement before the National Assembly for ratification, as required by the Nigerian constitution. In reaction, the chairman of the Nigerian delegation on the Cameroon-Nigeria border dispute commission, Prince Bola Ajibola, assured the Cameroonian authorities on 29 November that Nigeria had no intention of revoking the transfer of the Bakassi peninsula to Cameroon.

Cameroon also tried to mend its relations with another neighbour, **Equatorial Guinea**. These had been strained by regular accusations about the mistreatment of the large Cameroonian migrant community in this oil-rich country and outstanding border disputes. On 12 January, both countries signed a cooperation agreement to export natural gas from Cameroon's oilfields to the liquefied natural gas (LNG) facility about to be completed by US-based Marathon Oil on Bioko Island. On 30 March, President Teodoro Obiang Nguema Mbasong of Equatorial Guinea visited Cameroon. His main objective was to enlist President Biya's support for his proposals to reform CEMAC's institutions. Both presidents seemed to be eager to reduce Gabon's dominance in sub-regional institutions. His visit was also an opportunity to improve bilateral relations. After his visit, President Obiang announced the reopening of the border crossing at Kyé-Ossi, unilaterally closed by Equatorial Guinea in December 2006 in response to allegedly rampant crime by Cameroonians in the border area. Tensions between the two countries resurfaced on 5 December when Equatorial Guinean security forces suspected Cameroonian officials of an armed robbery at two major banks in Bata. This gave rise to a xenophobic hunt for Cameroonian migrants and a massive pillage of their possessions by security forces and the local population. Many among the Cameroonian migrant community sought refuge in Cameroon's embassy and consulate. Approximately 600 were detained in a military camp. The next day, irate students at the University of Buea in Anglophone Cameroon, assisted by some residents in the university neighbourhood, retaliated by attacking an estimated 50-plus students of Equatorial Guinean origin. Only the timely intervention of the police saved them from being lynched. On 14 December, the Cameroonian government intervened by repatriating a number of Cameroonian migrants by air. A somewhat uneasy peace was restored after the bank robbers and their accomplices were identified as Equatorial Guinean citizens.

Cameroon's relations with the sub-regional organisation, **CEMAC**, were marked by unusually intensive diplomatic initiatives. Cameroon took over chairmanship of the organisation at its summit in N'Djaména on 24–25 April. On that occasion, Cameroon's former minister of finance, Antoine Ntsimi, was chosen as the new CEMAC executive secretary. In its capacity as chair, Cameroon played a lead in the ongoing negotiations between CEMAC and the EU on the gradual liberalisation of trade. The EU had set a deadline of 1 January 2008 for CEMAC members to sign the Economic Partnership Agreement. Since CEMAC failed to reach a unanimous decision on the issue, the Cameroonian government concluded an interim bilateral agreement with the European Commission on 17 December to protect its agricultural export interests.

Cameroon continued to express support for the work of **continental and international organisations**. President Biya attended the AU summit in Accra on 1 July where he cautioned the organisation's leadership against the precipitate realisation of its objectives and recommended more profound study of the continent's future institutions. In his speech to the UN General Assembly in New York in October, he confirmed his country's support for the planned UN regional peacekeeping operations in neighbouring Chad and CAR. Finally, in his address to the 34th general conference of UNESCO in Paris on 24 October, he pleaded that the organisation continue as the flag-bearer of solidarity between North and South and the defence of cultural diversity in the world.

Cameroon's relations with **Western countries**, the major providers of debt relief and development aid, were generally good. Most Western countries continued to believe that they could exert a positive influence on good governance and democratic reform through cooperation. France, which President Biya visited twice, remained Cameroon's foremost ally in the West. His first visit was to attend the 24th Africa-France summit in Cannes on 15–16 January. His second visit was generally considered of greater importance since it included a meeting with the new French president, Nicolas Sarkozy, on 26 October. Discussions centred on the implementation of the new 'contract of debt relief and development' (C2D) and the security situation in the Central African region. Sarkozy had severely criticised his predecessor for using his personal friendships with African heads of state, including Paul Biya, as a basis for conducting diplomatic relations in the region. However, relations between the two countries were expected to remain close because France continued to be the main provider of development aid to Cameroon and French business interests still controlled key sectors of its economy.

Cameroon also sought closer ties with other partners with a growing interest in the country's rich natural resources, notably the US and China. Assessing the increasing **US investment** in Cameroon on 7 June, the US ambassador, Niels Marquardt, announced that two US mining companies were about to make huge investments in the country's mining sector. One of them, Grovic, was to invest an estimated $ 3 bn in the exploitation of cobalt and nickel resources at Lomié in East Province, a project that could become the largest cobalt mine in the world. The other, Hydromine, was interested in exploiting important bauxite reserves in Minim Martap and Ngaoundal in Adamawa Province at an estimated cost of $ 6 bn.

To promote **China's investment** in Cameroon's oil, mining and forestry sectors, Chinese President Hu Jintao visited the country on 30 January. He was warmly received by President Biya, who described his visit as evidence of the growing economic and political ties between the two countries. During his stay, Hu Jintao offered Cameroon $ 100 m in grants and concessional loans. The Chinese president's visit fuelled intense debate about the real benefits to the local population of the growing Chinese investment and presence in the country. On 7 February, for instance, the SDF national executive committee strongly condemned the influx of Chinese traders and petty-traders into the country, claiming they were driving their Cameroonian competitors out of business.

Socioeconomic Developments

IMF missions visited Cameroon in June and September to conduct the third and fourth reviews of the country's **economic and fiscal performance** under the three-year PRGF. They expressed general satisfaction with the government's macroeconomic performance, which was supported by fiscal consolidation, generous debt relief and the implementation of structural reforms. For largely similar reasons, Standard and Poor's had already decided at the end of February to upgrade its long-term credit rating for Cameroon from 'B-' to 'B' and its short-term credit rating from 'C' to 'B', and to give both variables a stable outlook. The IMF missions, however, also highlighted certain persistent weaknesses in the government's reform efforts.

The first of these was the **difficult business environment** in the country that continued to constrain private investment. This weakness was confirmed by the World Bank's comparative study 'Doing Business in 2008'. According to this report, Cameroon had failed to improve its business environment in 2007. In fact, it had dropped two positions to 154th out of a total of 178 countries, compared to the ranking achieved the previous year. Both the IMF missions and the World Bank report agreed on the main constraints on private-sector development: the red tape involved in obtaining licences and opening a business, high taxation and, above all, the poor enforceability of contracts.

The second weakness was the **slow progress in the privatisation** of certain key state enterprises. This prevented government from making substantial fiscal savings and improving economic efficiency. Only one major privatisation occurred in 2007. On 4 October, the ministry of finance announced that the Moroccan water company, 'Office National de l'Eau Portable' (ONEP) had won the privatisation tender for the Cameroonian national water distribution company, 'Société Nationale des Eaux du Cameroun' (SNEC). Moreover, the decision of government to re-launch the tender for the national airline, the Cameroon Airlines (Camair), without publicly announcing the reasons for cancelling the previous one, cast doubts on the transparency of the process.

The third weakness was the government's **insufficient mobilisation of non-oil resources**, especially in the agricultural and industrial sectors. Cameroon had failed to take greater advantage of the current high prices for most agricultural commodities on the world market. This was due to a drastic decline in cash-crop production, resulting not only from the long absence of public incentives but also from the growing fear of the producers – banana producers in particular – that trade preferences in the EU, the main market for Cameroon's agricultural exports, would gradually erode. In addition, many manufacturing industries continued to suffer as a result of increased competition from cheap Asian goods and smuggling across the country's borders. The decline in agricultural and industrial production was largely responsible for the fall in the GDP growth rate from 3.2% in 2006 to an estimated 2.9% in 2007, barely above the population growth rate and too low for sustainable economic growth.

On 28 April, Cameroon commemorated the first anniversary of reaching the **completion point** under the enhanced HIPC initiative. Buoyed by regular government announcements that 2007 would witness 'great achievements', ordinary Cameroonians, who had made enormous sacrifices for the country to attain the completion point, expected to reap the first fruits of massive debt relief in terms of socioeconomic amenities, employment and purchasing power. By the end of the year, most of them had lost faith that their precarious living conditions would improve in the near future. Widespread disillusionment and even despair were reflected in increased strike activity in various sectors of the economy.

On 16 November, Prime Minister Inoni presented the **budget for 2008**, amounting to CFAfr 2,276 bn, an increase of only CFAfr 25 bn over the 2007 budget. The budget aimed at real GDP growth of 4.5%, anticipated an average inflation rate of 3% and sought to consolidate government's tight fiscal policies as stipulated in the three-year PRGF arrangement. According to the prime minister, the main objectives of the new budget were to mobilise non-oil revenues; to introduce new tax measures to improve the country's business environment and stimulate agricultural growth; to intensify the fight against poverty, corruption and custom fraud; and to provide more socioeconomic services to the suffering masses as prescribed by President Biya during a crucial cabinet session on 12 September.

Businesses and households continued to be dissatisfied with the American electricity company, **AES-SONEL**, because of frequent power blackouts. Although the company claimed to have invested over $ 200 m since privatisation in 2001, it was still struggling to improve service quality and satisfy the growing demand for energy.

The forestry sector was one of the major sources of export revenue but continued to be plagued by **illegal logging**. The financial loss from such activities was estimated at CFAfr 50 bn. In a meeting with EU ambassadors on 17 September, the minister of forestry and wildlife, Elvis Ngolle Ngolle, proposed setting up an independent committee to devise strategies to intensify the fight against illegal logging in the country.

The controversial **Chad-Cameroon pipeline**, the World Bank's highest profile project in Africa, made headlines again in mid-January when a local leak was discovered at the Kome-Kribi terminal. It was not immediately clear how much oil had leaked into the sea, for how long and what its impact was on the environment and livelihoods. According to local NGOs, the accident exposed weaknesses in Cameroon's crisis-management ability and that authorities had still to devise an emergency plan of action in the event of a major spill.

There were several ethnic clashes throughout the country caused by **disputes over farming and territorial rights**. The most serious clash occurred in early March when tensions between the Bawock and Bali-Nyonga ethnic groups in the North West Province erupted in violence. Bali-Nyonga warriors reportedly burned down some 500 houses, destroyed farms and killed livestock belonging to their adversaries.

One of the **most dramatic events** took place on 5 May when a Boeing airliner belonging to Kenya Airways crashed soon after take-off from Douala airport, killing 114 persons. The government's slow reaction to the disaster and its apparent lack of concern shocked many national and international observers.

Piet Konings

Central African Republic

The imminent deployment of Western peacekeepers to neighbouring Sudan attracted more attention than ever to the permanent crisis in the CAR. This attention translated into more development assistance, debt rescheduling and diplomatic activities. Rebels in the northeast attacked the provincial capital Birao but were pushed back with French support. The government signed two separate agreements with rebel groups. However, in the north a less well organised rebellion continued in the form of sporadic attacks, resulting in brutal retaliation by the army.

Domestic Politics

It became ever more evident that Bozizé relied heavily on **personal relations** and even family bonds to control strategic sectors of the state. Shady incidents included the awarding of a diamond concession to a Doha-based holding that would develop the infrastructure on an island on the Oubangui river, a project supported by the minister of tourism, Yvonnne Mboissona, who is a cousin of the president. In the first of a series of **cabinet reshuffles**, the president's nephew, Mining and Energy Minister Sylvain Ndoutingai, was also given the finance and budget portfolio, hitherto Prime Minister Doté's responsibility (16 July).

In response to donor criticism, Bozizé felt obliged to change tack on 8 October, giving the post to Emmanuel Bizot. The interior ministry went from Michel Sallé to the prefect of Ouham-Pende, General Raymond Ndougou (18 July). He had negotiated the peace agreement with one rebel group. A few days later, Bozizé sacked his justice minister, Paul Otto, without naming a replacement. This action resembled the sacking of Communications Minister Karim Meckassoua on 19 May for showing a film of the assassination of Burkina Faso's Thomas Sankara. This action, Bozizé explained, could jeopardise relations with the current president, Compaoré.

A peace agreement between the government and two rebel movements was signed in Syrte in the presence of Libya's President Kadhafi on 2 February. On the margins of a CEN-SAD summit on 28 January, Bozizé for the first time met rebel leaders. Abdoulaye Miskine, a warlord once in the service of former President Ange Patassé, signed on behalf of his 'Forces pour la Démocratie du Peuple Centrafricain' (FDPC) and in parallel for the 'Union des Forces Démocratiques pour le Rassemblement' (UFDR). This action was rejected by exiled UFDR leaders Abakar Sabone and Michel Djotodia. Since the FDPC had hardly been in action since 2006, the impact of the peace agreement seemed limited. During a second trip to Libya on 26 February, Bozizé invited Miskine to convince the UFDR leaders to accept the agreement.

The UFDR's leading figures were former supporters of Bozizé, who had been disappointed about the spoils granted by their patron. UFDR support among the Gula, the ethnic group straddling the border with Sudan, increased after the violent reconquest of Birao in 2006, which had resulted in numerous civilian casualties. The UFDR attacked Birao a second time on 3–4 March and took control of the airport. The government 'Forces Armées Centrafricaines' (FACA) embarked on a brutal orgy of destruction. After the rebels' defeat, local UFDR commander Zacharia Damane agreed to negotiate a peace agreement. This was signed in Birao on 13 April and stipulated the integration of UFDR combatants into the army. A vague reference was made to "the participation of the UFDR in the management of state affairs, in a spirit of reconciliation and in conformity with the Constitution". A bag of money changed hands and allowed for the payment of CFAfr 50,000 per combatant. The UFDR respected the agreement by confining its combatants and mounting joint patrols with FACA. In July, Bozizé named Miskine and Damane as presidential advisors. Miskine declined the offer, pointing to non-fulfilment of some of the agreement's provisions, while Damane did not take up his post either.

Former Patassé officials were probably the masterminds behind the 'Armée Populaire pour la Restauration de la Démocratie' (**APRD**), the main rebel movement in the north. An APRD attack on Patassé's hometown of Paoua in January was followed by army reprisals against the civilian population. In mid-April and mid-May, the APRD launched attacks on Ngaoundaye on the frontier with Chad, killing the local district officer during the second incident. Again, retaliation by the army was excessive and included the destruction of food stocks. A volunteer from 'Médecins sans Frontières' (MSF) was shot dead by APRD rebels in June, apparently accidentally. MSF temporarily suspended its activities in the northwest. On 13 September and 27 November, new confrontations took place between FACA and APRD forces in the Bocaranga region and around the border town of Bang.

The Syrte agreement was brokered by Pastor Isaac Zokoué, who was initially charged with preparing a comprehensive **political dialogue**. When Zokoué met Patassé in Lomé (Togo) on 23 February, apparently without Bozizé's consent, he fell from grace. A panel of wise men nevertheless submitted a report calling for dialogue. Bozizé consulted the constitutional court, the National Assembly and various political parties. One of his advisors held talks with armed groups, including the Zaraguinas (highway robbers). Negotiations ensued on the composition of a preparatory committee for the dialogue process and resulted in a list of 23 members. These names were finally accepted by the main alliance of civilian opposition parties, the 'Union des Forces Vives de la Nation' (UFVN), which included two former government parties. The committee comprised five representatives each of the presidential majority, the civilian opposition, civil society and public authorities (National Assembly, president's office, government) and only three for the main rebel groups. The head of state appealed to APRD on 6 November to join the dialogue, apologising for acts of violence committed by the army. Talks between government and APRD were held on 10 December (after further armed clashes). APRD wanted the dialogue to take place in Libreville under the auspices of Gabon's President Bongo, while government insisted on Bangui as the venue. On 7 December, the UFDR rejected the committee's composition. Bozizé had finalised the committee by decree only a few days earlier, adding two more positions for the civilian opposition outside the UFVN and entrusting its presidency to a Swiss NGO. The UFDR leader (Djotodia) and spokesman (Sabone) continued to be held in detention in Benin. In mid-February, Zokoué had declared that the authorities had lifted the demand for their extradition and prosecution. As they did not support the Birao agreement, however, Bozizé asked Benin to keep them in custody. By year's end, it was unclear whether the dialogue would proceed any time soon.

Numerous **human rights violations** were committed by rebels and state agencies. The government rejected a report by Human Rights Watch as grotesque and untrue. While the report noted human rights violations by the rebels, its criticism of FACA and the presidential guard was harsher and well documented. An AI report focused on the plight of the civilian population in the north, accusing the presidential guard of brutality and exposing the government's inability to protect Mbororo children from abduction by bandits. The office of the prosecutor of the ICC decided to initiate investigations into alleged crimes against humanity in May, including numerous cases of sexual violence. Bozizé assisted in the opening ceremony of the local ICC office in Bangui on 18 October. In this context, the Central African Human Rights League (LCDH) criticised the return as a free man of rebel leader Abdoulaye Miskine to Bangui in February, even though he was believed to be responsible for several of these crimes. It was feared that peace agreements would lead to impunity for war criminals. One reason cited by Miskine for not taking up the position of presidential advisor was the absence of an amnesty for his acts.

Foreign Affairs

Relations with **Sudan** remained problematic. On 26 May, the government protested against the presence of "armed men", apparently Arab militias from Sudan, on its territory. About 2,500 refugees from Darfur had fled to CAR. Relations improved when Bozizé visited Khartoum on 29 August. The common border (closed since April 2006) was reopened, a symbolic gesture as only two regular customs posts exist along its undemarcated 1,200 km length and there is little cross-border trade. Visiting Kinshasa on 23–24 August, Bozizé declared his country would persist with its case against **DRC**'s opposition leader Jean-Pierre Bemba in the ICC for the crimes against humanity perpetrated by his 'Mouvement de Libération du Congo' when it intervened in CAR on the side of Patassé in 2002. The border between both countries was reopened. **Chad**'s President Déby visited Bangui on 9–10 November. In a communiqué, both heads of state admonished nationals who had fled to the other's country to respect the law, an allusion to a number of deadly incidents involving Chadian nationals in Bangui. A group of 400 **Ugandan rebels** of the Lord's Resistance Army (LRA) reportedly entered the CAR in February over its border with the DR Congo. When Bozizé travelled to Uganda (22–24 August), he denied any LRA presence in his country.

UN Secretary-General Ban Ki-moon recommended the deployment of a UN **peace-keeping mission** to the border triangle between Chad, CAR and Sudan (23 February). While the Chadian government disapproved, Bangui appeared to be in favour. During the summer, France pushed for the organisation of an EU-led operation with a UN mandate. In June, a second UN assessment mission toured both countries and on 10 August the secretary-general unveiled a revised concept, including the deployment of an **EU military mission**. On 25 September, the Security Council decided on the establishment of the United Nations Mission in the Central African Republic and Chad (MINURCAT), with a one-year mandate to protect civilians with the support of EU forces. On 15 October, France secured joint action of the EU Council in nominating an Irish commander, but it had difficulty in persuading its European partners to commit troops. By year's end, concrete preparations for the multinational mission were under way.

Louis Michel, the **EU** commissioner for development and humanitarian aid, visited Bangui and the war-affected town of Kaga-Bandoro (6–8 March). He signed an agreement, *inter alia*, to finance a road infrastructure project connecting Bouar (west) with Garoua Boulai in Cameroon. In late October, Bozizé participated in a donor round-table in Brussels. The EU's high representative for foreign affairs, Javier Solana, urged Bozizé to speed up reforms in the security sector and announced European assistance in this field.

Relations with **France** became more difficult. Without massive French help, it would not have been possible to hold Birao in March. However, the regime had several issues with the French firms Total and Areva, the nuclear energy company. The Quai d'Orsay invited CAR to join the Extractive Industries Transparency Initiative (EITI), a hint that Paris suspected government corruption in this sphere. Bozizé had a working visit with the new French President Sarkozy on 18 November. France's military support mission to CEMAC peacekeepers, 'Opération Boali', initially mounted to protect French and other nationals after the 2003 military take-over, was more firmly established, with a full colonel in command of a 200-strong detachment, but the mission was criticised at home. French media complained about the news blackout on the major Birao operation, during which six Mirage fighter jets, helicopters and an additional 100 elite troops stationed in Gabon were used. UN coordinator Toby Lanzer visited Birao two weeks after the French raid and reported that few of its 14,000 inhabitants had returned to their homes. Of the houses, 70% were destroyed. Human Rights Watch accused French soldiers of standing by as state security organs committed human rights violations. Paris invoked the bilateral defence agreement to justify its engagement. **South African** specialists were brought in to form Bozizé's presidential guard. In August, about 50 South African military personnel arrived. Later, Paris and Pretoria began to harmonise their involvement in CAR's crisis.

China's foreign minister, Li Zhaoxing, visited Bangui on 5 January, offering a debt write-off (€ 8.4 m) and tax exemptions for CAR exports. He declared Bozizé a "big friend of China" and CAR "an important country playing a role of weight in international and regional affairs". The visit came shortly after the inauguration of a Chinese-built sports stadium in Bangui.

Socioeconomic Developments

Late in 2006, the IMF cleared the way for a three-year **PRGF** of $ 54.5 m. The Fund concluded article IV consultations in October. The government had fulfilled the requirements to reach the decision point under the enhanced HIPC initiative, thereby qualifying for new debt relief. Critical remarks were made about the broadening of the tax base by eliminating exemptions and improving taxation in the mining and forestry sectors. The Fund also urged improved transparency of revenues from natural resources, a reference to presidential favouritism. In June, the IMF managed to convince authorities to stop the intended tapping of the regional financial market through issuing bonds on commercial terms to finance higher expenditures of about € 69 m.

The **Paris Club** completely rescheduled the country's bilateral debt in April. This amounted to $ 36.1 m, of which $ 28.4 m were arrears and interest. At the **donor roundtable** in Brussels on 26 October, the government received more aid promises than expected, i.e., $ 600 m for the next three years. Donors accepted the PRSP for 2008–10 issued in September. It envisaged a reduction between 2003 to 2010 of the population living in poverty from 67% to 58%. GDP improved by around 4.4%.

Salary arrears continued to bedevil the public sector. In September, civil servants received their salaries for December 2006. The six union federations called for joint strike action in late September for eight months of pay, a call strongly heeded, especially in the education sector, leading to a late start for the school year. Promises were made to reduce the arrears gradually. Cumulative arrears from the Kolingba and Patassé eras amounted to 24–36 months and new arrears continued to mount up. The strike was called off after the government paid salaries for two consecutive months. At the University of Bangui, professors went on strike from August to October demanding arrears in allowances and overtime, and took strike action again in December after the promised payments were not made.

The humanitarian situation remained chaotic. The number of **refugees** and IDPs continued to rise. In August, UNHCR started an initiative to help 26,000 refugees, mainly Mbororo who had crossed from Cameroon to escape abductions of children by bandits intent on ransom. Later, this number increased to 45,000. In September, UNHCR estimated that more than 290,000 people had been uprooted (212,000 people internally displaced: 80,000 as refugees from Chad, Cameroon and Sudan's South Darfur region). In October and November, Zaraguinas attacked and burnt down villages on several occasions, leading to new waves of displaced people.

Canadian UraMin bought 97% of the shares of the Bakouma uranium mine in 2006 and sold it to Areva in July for $ 2.5 bn. The government declared that this transaction required its approval and complained it had not been informed. Areva's predecessor, French state-owned Cogema, worked the mine before it was considered unproductive. At that time, few precautions were apparently taken to protect workers and the local population from radiation. This accusation was made by the mining and energy ministry in reference to similar allegations against Areva in Niger. Areva's vice president visited Bangui but could not resolve the impasse. Sources hinted that authorities were holding out for an undisclosed sum before they would approve the deal. It was revealed only at this time that UraMin had transferred CFAfr 1 bn to the government the preceding year. Local media doubted that those funds had been used appropriately and asked for full disclosure of the earlier deal with UraMin. In October, the government asked UraMin to pay CFAfr 800 bn as compensation for the 'illegal' transfer of Bakouma to Areva. The desire by producing countries to capitalise on rising uranium prices by renegotiating contracts formed the backdrop to these events. In the oil sector, the government tried to split up local petrol distributor SOGAL, 51% of which is owned by Total. The World Bank, Gabon's President Bongo and others were called in to mediate.

In the **cotton** sector the government aimed to give production a new impetus by creating the 'Société des Fibres Centrafricaines' (SOFICA), with the state holding 96% of shares. From 12,500 tonnes for the current season production should rise to 30,000 tonnes in

2010. The new company replaced the former ‘Société Centrafricaine de Développement des Textiles’ (SOCADETEX). Plans were also put forward to revive coffee and tobacco production.

Andreas Mehler

Chad

The Darfur conflict and the chaos in the Central African Republic (CAR) continued to spill over into Chad, leading to an increase in the number of refuges and IDPs. Despite several agreements between Sudan and Chad and between the government of Chad and the armed opposition within the country, fighting continued and the security situation deteriorated, hampering relief efforts for the Darfurian and CAR refugees and Chadian IDPs. Economic growth slowed down and remained largely dependent on revenues from oil and agriculture. On the international front, the deployment of the joint peacekeeping mission planned by both the UN and the EU suffered delays because of Chad's initial refusal and EU member states' hesitation in allocating troops and equipment. Relations with France became strained at the end of the year because of the 'Arche de Zoé' affair, in which a French NGO allegedly tried to abduct 103 children.

Domestic Politics

The year saw a steady increase in **conflict and insecurity** in the whole country, though most worrisome were the situations in the east and the south of Chad. The year started calmly, compared to the situation at the end of 2006, when eastern Chad was the scene of rebel attacks and a deteriorating security situation, increasing numbers of IDPs, etc., and reduced activities by humanitarian organisations. Militarisation of refugee camps was reported as they became a refuge for rebels from Sudan. The relative lull in confrontations was partly the result of a peace deal between the main insurgent movement, the 'Front Uni pour le Changement' (FUC) led by Mahamat Nour Abdelkarim, and the Chadian government at the end of 2006. On 4 March, this former rebel was appointed minister of defence as part of a **cabinet reshuffle**. Nouradine Delwa Kassiré Koumakoye, a former rival of President Idriss Déby Itno, who had come second in the presidential elections of May 2006, was appointed prime minister on 26 February, succeeding Adoum Younousmi, who had served briefly as interim prime minister after the death of acting Prime Minister Pascal Yoadimnadji. Yoadimnadji had suffered a heart attack on 21 February and died of a brain haemorrhage two days later in Paris. Adoum Younousmi returned to his post as minister of state and infrastructure.

After this relatively quiet start, east and southeast Chad again became the scene of increasing conflict and insecurity. **Interethnic clashes** in the east became more prevalent. During the first weekend of April, two villages were attacked in eastern Chad. Janjaweed militia were allegedly involved in both attacks, which left 70 people wounded and 65 dead, making these the worst incidents in nearly six months in the region. These attacks marked the start of a new round of violence. The regions most affected were the southeast and the Tama region, around Guereda, and most of victims were in the areas of Dar Silla, Dar Assongho Daadjo and Massalit. Arab groups were increasingly affected because of the retaliatory attacks by groups of sedentary farmers in eastern Chad. At the beginning of January, the sultan of Dar Silla, Said Brahim, who had played an important role in efforts to reconcile Arabs with the sedentary Daadjo, surrendered his position of sultan to his son. The departing sultan had come under pressure from the Chadian government because he opposed the policy of arming Daadjo militias to fight Arab militias from Sudan and Chad. Later in June, Dar Silla province was almost deserted as a result of fighting between local Arabs and Daadjo militias and raids by Janjaweed militias from Sudan. In Tama prefecture, clashes between Zaghawa and Tama became more frequent. The Tama had always been hostile to the Chadian government dominated by the Zaghawa of President Déby, and the area is the homeland of the FUC. These events led to an increase in the number of IDPs in Chad to 140,000, and 30,000 Chadians sought refuge in Darfur.

Clashes between rebel groups and Chadian government forces continued. In early February, rebels attacked Adre, a border town in eastern Chad. The 'Armée National Tchadienne' (ANT) drove them back into Sudan. In the same period, a convoy en route from Libya and contracted by the World Food Programme was attacked and a driver was kidnapped. In May, humanitarian aid workers again came under attack. The violence was no longer confined to the east. In the capital N'Djaména, foreigners were also attacked and some neighbourhoods were de facto no-go areas for expatriates. In the course of the year, humanitarian agencies and human rights organisations on several occasions voiced their concern at the deteriorating security and human rights situation in eastern Chad. On 16 October, the state of emergency in the east and the north was re-established (in the regions Ouaddai, Wadi Fira, Borkou-Ennedi-Tibesti/BET) and the city of Abeche (east) came under curfew from 6.30 pm. Fighting in Goz Beida increased: for instance, on 25 November armed bandits attacked the town of Koukou Anganena south of Abeche.

On 4 October, a preliminary and on 25 October a so-called final **peace agreement** was signed between the Chadian government and the four main rebel groups: 'Union des Forces pour la Démocratie et le Développement' (UFDD) led by Mahamat Nouri; 'Rassemblement des Forces pour le Changement' (RFC) led by Timane Erdimi; 'Concord National Tchadien' (CNT) led by Hassan El Djinedi; and 'UFDD-Fondamental' led by Abdelwahid Aboud. This peace agreement was brokered by Libya. For the government, Adoum Younousmi took part in the negotiations. The deal foresaw an immediate ceasefire and the integration of the rebels into the national army. The so-called Sirte accord did not hold. Conflict again erupted a month later, on 26 November, with heavy fighting in the east leaving hundreds of fighters from the armed opposition and the Chadian army dead or wounded. By the end of November, hospitals in N'Djaména and Abeche were filled with military casualties and were closed to civilians. By the beginning of December, fighting had spread throughout the east and southeast of Chad. Aid workers encountered increasing difficulties in carrying out their work. Army General Abdoulaye Kebir was killed in the southeast and a UN aid worker on 6 December in southern Chad. Insecurity and banditry were increasing in the rest of the country, since 90% of the army was concentrated in the east and did not control the rest of the county.

Following this unrest, relations between President Déby and Defence Minister Mahamat Nour soured. The agreed integration of the former FUC rebels into the Chadian army did not occur because of the continued fighting between the army and FUC rebels in the Tama region. When fighting resumed in November and December, the two leaders lost confidence in one another and President Déby fired his defence minister on 1 December. Mahamat Nour took refuge in the Libyan embassy. The remnants of the FUC joined the ranks of the other armed opposition movements.

The pressures on the government came not only from the armed opposition but also from **social unrest** among the population. The lack of any improvement in day-to-day living conditions in addition to the political tensions and military threats to the regime made life simply unbearable. On 2 May, 32,000 civil servants went on strike. Government-run schools, hospitals and clinics were closed and most administrative services ground to a halt. The unions demanded that oil revenues be used to raise public service salaries. Government argued that increased salary costs would deprive other sectors and that the Chadian population would have to make a sacrifice for civil servants. The strike was suspended on 27 August pending arbitration by the International Confederation of Free Trade Unions in Geneva. In June, during the negotiations, Déby offered civil servants a 15% increase in salaries, plus a CFAfr 2,000 increase in pension benefits. However, according to the IMF the government did not have a great deal of room to meet the unions' demands as it spent around 12% of GNP on the military.

Parliamentary elections were again postponed (as in 2006) for lack of funds and were put off until 2009 following an agreement on 17 August between the ruling 'Mouvement Patriotique pour le Salut' (MPS) and the opposition after six months of negotiations. The official reason given for the postponement was the continued unrest and civil war in the east of Chad.

Foreign Affairs

Tension between **Sudan** and Chad remained high during the year, despite various mediation efforts by Libya and Saudi Arabia. N'Djaména and Khartoum continued to accuse each other of supporting rebels in their respective countries. In an attempt to chase off Chadian rebels, ANT clashed on 9 April with Sudanese government forces, inflicting 17 casualties on the Sudanese. Following this incident, Chad's Foreign Minister Ahmat Allam-mi flew to Sudan in an attempt to ease the tensions. Several mediators, among them President Thabo Mbeki of South Africa, called on both parties to seek rapprochement. On 3 May, an agreement brokered by Saudi Arabia was concluded between Chad and Sudan, following two earlier peace deals mediated by Libya. Both governments promised not to shelter the other's armed opposition groups, to respect each other's territorial integrity and not to interfere in each other's affairs. Chadian rebels immediately announced that they would continue fighting the regime of President Déby. One of the rebel leaders, Mahamat Nouri (UFDD), was said to have cordial relations with the Saudis, so there was considerable doubt about the solidity and durability of the accord.

Throughout the year, there was intense diplomatic activity over the **Darfur** conflict. Libya continued to play a role as mediator. In advance of peace negotiations in Libya, President Déby organised a preparatory meeting in N'Djaména in an attempt to forge a united position among the increasingly splintered Sudanese rebels. However, over the course of the year peace talks yielded no results. The Justice and Equality Movement (JEM) more and more appeared to be the strongest and best organised rebel group and began to play a role in Chadian politics as well by becoming a close ally of the regime in N'Djaména.

In light of increasing international concern over the **deteriorating situation in the Chad-CAR-Sudan triangle**, the president of the UN Security Council issued a statement on 16 January authorising the immediate return of a technical assessment mission to finalise the recommendations on the size, structure and mandate of a peacekeeping force in Chad and the CAR. The initial plans foresaw a total military contingent of almost 11,000 troops to be deployed in eastern Chad and northwest CAR. Initially, Chad opposed a military force, seeking rather a contingent of police and gendarmes. Given the logistical and security challenges, it was clear from the outset that such a large military mission would also be very costly and too great a burden on the capacity of the already hard-pressed UN to manage peacekeeping missions around the world.

In early June, French Foreign Minister Bernard Kouchner proposed the creation of a secure aid corridor to be protected by French and European troops to ensure the flow of humanitarian assistance to the hundreds of thousand of refugees and IDPs in eastern Chad. The Chadian government instantly rejected the proposal, as it had not been consulted beforehand. NGOs and Chadian rebels also criticised the idea because they doubted the neutrality of an intervention force spearheaded by the former coloniser, France. To facilitate a prompt start, the EU offered to provide a 12-month initial mission to prepare a bridgehead for the deployment of the peacekeeping force. After very complicated discussions, President Déby agreed to allow a **UN mission** on his territory in June. On 25 September, security council resolution 1778 paved the way for the establishment of the United Nations Mission in the Central African Republic and Chad (MINURCAT), with a one-year mandate to select, train, advise and facilitate support to elements of the Chadian police; to liaise with ANT, gendarmerie and police forces, the nomad national guard, judicial authorities and prison officials; and thereby to contribute to the creation of a more secure environment. Furthermore, MINURCAT – with a strength of 300 police and 50 military liaison officers – was to liaise with government and UNHCR in support of their efforts to relocate refugee camps that were close to the border, and to provide UNHCR, depending on availability and on a reimbursable basis, with logistical assistance for that purpose. In parallel, the UN security council authorised an **EU mission** to use force to protect civilians in terms of chapter VII of the UN charter. On 15 October, the EU Council decided to deploy this mission and named Irish Lieut.Gen. Patrick Nash as commander. France agreed to contribute half the troops (of a total of about 4,300), with other European countries providing smaller contingents. The composition of the EU mission called into question its neutrality, since France had been a staunch supporter of the Déby regime in past military confrontations. After the outbreak of fighting in November, Chadian rebels warned the EU force they would be viewed as hostile forces and foreign occupiers if they sided with the government. Lack of enthusiasm among the European partners, the unclear security situation in eastern Chad and northern CAR, the shortage of transport helicopters, the extremely long provision lines and lack of infrastructure meant the mission had still not been deployed by year's end, even as the security situation deteriorated by the day.

Relations between France and Chad were further complicated by the **'Arche de Zoé' affair**. On 26 October, six French aid workers, plus a number of Chadian and Spanish accomplices, were arrested in the eastern town of Abeche for allegedly trying to abduct 103 children to France. The six were employees of 'Arche de Zoé', an aid organisation that purported to rescue children from Darfur. They were arrested while preparing to transport the children, all supposedly orphans from Darfur, to France for adoption. However, upon closer inspection, most of the children apparently had come from villages in eastern Chad, not Darfur, and most were not orphans. There was much speculation about the role of the French government in the affair, as it seemed inconceivable that the NGO would be able to transport so many children to France without the prior knowledge of the French embassy and without clearance from French immigration authorities. On 4 November, French President Sarkozy himself had to fly to N'Djaména to calm the infuriated Chadian authorities. Six of the organisation's workers were tried in a Chadian court and found guilty on 26 December. They were sentenced to eight years of forced labour in Chad and to pay compensation for each of the 103 children (CFAfr 40 m = € 61,000).

The security situation in the CAR as a result of armed rebellion and banditry led to a number of new arrivals of Fulani herdsmen with their families in southern Chad.

Socioeconomic Developments

Reliable figures about the Chadian economy proved increasingly elusive. Most international agencies relied on estimates, and often their statistics lagged years behind. However, after several years of extremely rapid growth of the economy in the immediate aftermath of the opening of the Chad-Cameroon pipeline, the economy seemed to slow down. Growth rates were estimated to be around 1.5%, indicating that with rising oil prices, non-oil GDP was on the decline. Inflation was moderate, around 3–4%. Disaggregated figures for specific economic sectors were not available.

The **food situation** at the beginning of is the year was generally satisfactory because of the good harvest in 2006, which was higher than in preceding years. In addition, the harvest of flood-retreat sorghum looked promising. Nevertheless, the food situation in the conflict areas in the east, the refugee camps and in the traditional deficit areas such as the Kanem region remained precarious. Following the harvest of flood-retreat sorghum, cereal prices declined somewhat. With the rains approaching, the number of food-insecure people increased in deficit areas such as Kanem and some areas affected by flooding in 2006 in the south. Food prices remained fairly stable throughout the country.

Rainfall was good during most of the **agricultural season** with 2,615,109 hectares of land planted to crops and a low level of pest-damage to the crops. Abundant rains at the beginning of August caused flooding around Lac Lere, in the Salamat region of the southeast, Mayo Kebbi and Tandjile in the south, in the Lake Chad zone in the west and in Hadje Lamis in the north central region. In early September, heavy rains caused floods in the east, especially between Abeche and Farchana and around Goz Amir. Because of the floods, the incidence of malaria increased sharply. The rains also brought about a lull in the fighting between government troops and armed rebels. The harvest was above consumption requirements in most regions and for the country as a whole. Only in the Kanem region and three regions in the south (Moyen Chari, Logone Occidental and Logone Oriental) was food production insufficient. However, in the south, production of groundnuts and cotton increasingly eclipsed cereals, despite the fact that the cotton sector was in grave crisis.

The food situation in the **refugee camps**, with approximately 200,000 refugees from Darfur in the east and some 50,000 refugees from the CAR in the south, was under control by the end of the year, due to the fixed ration of Kcal 2,000 per capita per day. The surrounding populations were also able to profit to some extent from the presence of refugee camps. The situation was much more difficult for IDPs, as they were much more mobile and not accommodated in camps. Moreover, some of the areas where they resided were inaccessible because of security problems. The unrest in the Dar Tama region made it difficult to deliver sufficient aid to refugee camps in that region. The availability of water in the refugee camps remained a worry, with average rations not reaching the minimum standards.

Grave concerns persisted over the way government managed the state budget and direct oil revenues, which are the subject of an agreement with the World Bank. **Oil production** remained well below expectations, despite additional measures by the oil consortium to hasten production and the drilling of additional wells. Revenues remained high, however, because of the increase in oil prices. Production was now estimated at 135,000–155,000 b/d.

Activities to monitor the **execution of the oil project** halted when no more funds were allocated and personnel were withdrawn. The petroleum-sector-management capacity-building project financed by the World Bank came to end, despite the offer of renewal by the World Bank. Moreover, the 'Collège de Contrôle et de Surveillance des Ressources Pétrolières' (CCSRP) reported after much delay on the spending of oil revenues. The report indicated a considerable decline in budgeted spending on development, giving rise to an unaccounted gap between allocated and actual budget expenditures. CCSRP promised to investigate what happened to this money, but took no immediate action. On 2 May, parliament enacted a new petroleum code permitting government itself to engage in oil production and to raise royalties on oil to 16.5%, up from the 12.5% and 14.5% in earlier contracts.

The **budget** showed a surplus of CFAfr 229 bn on total revenues of CFAfr 918 bn and projected expenditures of CFAfr 689 bn at the start of the year. Of this budget, CFAfr 102.8 bn consisted of direct royalties and CFAfr 218 bn of corporate income tax, making direct oil revenues covered by the agreement with the World Bank only a small part of the total. Despite this, 70% of the total was destined for priority sectors such as infrastructure, health, education, rural production and the environment. Most money went to infrastructure, education and health, leaving rural production severely underfunded, as exemplified by the decline in cotton production to 98,000 tonnes on the 245,000 hectares planted. This trend could not support the declared intentions to diversify the economy away from oil production. Furthermore, the budget had to be adjusted during the course of the year. Revenues were somewhat lower because of lower than planned direct oil revenues. However, more importantly, expenditures rose because of the higher salaries for civil servants, exceptional spending on defence (including an order for five combat helicopters) and the reconciliation payments to integrate former FUC fighters into the Chadian army. The failure of this initiative raised the question of what the money was spent on. As a result of all these circumstances, the projected budget surplus dwindled to CFAfr 55 bn.

Mirjam de Bruijn & Han van Dijk

Congo

The year was marked by five salient domestic developments: legislative elections in July–August; the consolidation of the alliance between the party of former opposition heavyweight Bernard Kolélas and the presidential majority; the deaths of several members of the political elite; the failed political comeback of opponents who had returned from exile; and two cabinet reshuffles. Bilateral relationships between Congo and France fluctuated between hot and cold. Brazzaville hosted some important international meetings. China, Korea, Malaysia and Brazil showed continued interest in the resource-rich country, but the growing Chinese presence was not always well-received. Initial projections for the state budget had to be revised under pressure from the Bretton Woods organisations.

Domestic Politics

Tensions persisted between government and opposition over the organisation of the **legislative elections**. On 28 April, parliament approved the creation of the 'Commission Nationale des Élections' (CONEL), whose members were to be named by presidential decree. This institution was charged with overseeing the follow-up to the elections: it was to guarantee that the counting of the votes went smoothly, by processing and consolidating the results coming from the local commissions. During the debates in parliament, amendments suggested by the opposition to reinforce the commission's independence or its role in pre-electoral activities – e.g., during the preceding census and the compilation of voters' lists as well as the redrawing of new boundaries for constituencies – were rejected by the majority. Angered by this defeat, opposition MPs walked out of the National Assembly. In the end, the law establishing CONEL was adopted by 72 votes to one (with three abstentions). Under the electoral law, the counting of votes in the electoral centres under CONEL's authority was not enough to validate the election. The final results would be proclaimed by the minister of territorial administration after they had been transmitted by CONEL to him. The suspicion was that this procedure would allow too much room for manoeuvre. Henri Bouka was named president of CONEL.

As a consequence, the opposition called for a **boycott** of the elections and reproached the government for its refusal to comply with the democratic standards set by the AU and by the charter of the Francophonie signed in 2002 during the Bamako Conference. The Bamako charter addressed the introduction and development of democracy, conflict prevention, the rule of law and humans rights. However, on the eve of the elections, some opposition parties reconsidered their decision to boycott them. Such was the case of Pasteur Ntoumi's 'Conseil National Républicain' (CNR): he returned his party to the political arena two days before the first vote.

The first round was held on 24 June and the second on 5 August. Imperfection and dysfunction marked polling day. In fact, the organisation of the first round was a fiasco even in the eyes of CONEL. In some districts, abstention rates reached the record figure of 45%–50%. This situation obliged the administration to re-run the elections in several districts of Brazzaville and Pointe-Noire and in other places on 8 and 15 July. Competing for 137 seats were 1,021 candidates. According to the **official results**, the 'Parti Congolais du Travail' (PCT) and its allied parties walked away with 125 of the 137 seats (47 went to the PCT, 41 to its allied parties, including 11 to the 'Mouvement Congolais pour la Démocratie et le Développement Intégral' – MCDDI), with the remainder (37) going to 'independent' candidates close to the presidential majority. Only two opposition parties won seats: the 'Union Panafricaine pour le Développement Sociale' (UPADS), which took 11 seats, and the 'Union pour la Démocratie et la République' (UDR-Mwinda), which took the sole remaining seat. Upon closer examination, some results at constituency level proved notable. The infamous 'militiaman' Willy Matsanga was elected as MP. Justin

Lékoundzou, leader of the 'rénovateurs' (renewer) wing of the ruling PCT and critic of President Sassou Nguesso, retained his seat in the first round. This result was the more surprising as he had not even campaigned, since he was living in France for medical reasons. Once constituted, the parliament elected Justin Koumba (PCT) as National Assembly chair and François Ibovi (PCT) and Bernard Tchimbambelela (MCDDI) as vice-chairs.

The conduct of the legislative elections did not satisfy national and AU observers. Even the president of CONEL admitted that the elections had been flawed. As a consequence, Baboutila Armand, CONEL's general manager of electoral affairs was suspended on grounds of 'negligence'. Nineteen **electoral disputes** went before the constitutional court. The proceedings before this court constituted a first in Congo. On 26 October, the constitutional court invalidated four results in constituencies won by the PCT.

Over the course of a few months, several senior officials and well-known members of the political community died. The most significant **deaths** were of the following former prime ministers: Claude Da Costa (1992–3) on 1 May, André Milongo (1991–2) on 23 July, Stephane Bongho Nouara (1992) on 7 October and Ambroise Noumazalaye (1966–8) on 17 November. The latter had held important official positions until his death: he was chairman of the senate and both interim chairman and secretary general of the PCT. His funeral took place on 24 November and three days of national mourning were declared. It is important to stress that these deaths were natural and primarily due to old age: members of this generation of politicians had often died in much more brutal ways before (as a consequence, for instance, of a coup d'état). Their deaths signalled a change of generation in the political leadership of the country. Whether this transition would also mark a change in the dominant mode of authoritarian politics was, however, unclear.

The series of **returns by political leaders from exile** started on 10 August when former President Joachim Yhombi Opangault came back to the country after ten years abroad and was cordially welcomed by the militants of his 'Rassemblement pour le Développement et la Démocratie' (RDD), one of the parties that had boycotted the elections. One month later, on 10 September, Pasteur Ntoumi, still controlling a militia in the Pool area, wanted to stage a comeback. He was to return to Brazzaville to take up his post as "general delegate of the president of the republic, in charge of peace promotion and of the repair of war-related damages". This position also gave him the rank of junior minister. Curiously, 15 kilometres away from Brazzaville city, his convoy made a U-turn. Late in the afternoon, shots were heard in Brazzaville and gendarmes and the military police entered the districts where Ntoumi's headquarter were about to be established. Accounts of these events were contradictory. Sympathisers of Ntoumi blamed the soldiers for the disorder, while government charged Ntoumi with responsibility for the unrest as he wanted to return to the capital without the prior agreement of various players and with an escort of almost 300 followers instead of the 100 agreed upon earlier.

Two cabinet reshuffles took place during the year. The first, on 3 March, led to the creation of two more ministries, thereby increasing the number of ministers from 35 to 37. The former director of the presidential cabinet, Aimé Emmanuel Yoka, was named minister of justice. The second, rather technical cabinet reshuffle, occurred on 31 December. The number of ministers was further increased, from 37 to 38. Of the 37 existing ministers, 29 were retained. Notable, however, was the departure of François Ibovi, the minister of territorial administration who had been in charge of the bungled elections. Some claimed his departure was a punishment. However, Ibovi was 'recycled' because, in the meantime, he had been elected vice president of the National Assembly. Two ministers were drawn from the MDCCI of former militia leader and former Prime Minister Bernard Kolélas: Guy Brice Parfait Kolélas and Hellot Mampouya Matson. The cabinet reshuffle and the new composition of the National Assembly indicated the consolidation of relations between PCT and MCDDI. Moreover, Kolélas, MDCCI president, continued to pursue his policy of collaboration very openly. On 24 April, he concluded a pact with the president on both the legislative elections in July-August 2007 and the presidential elections scheduled for 2009. By this pact, the two parties were to join forces to secure victory in the elections. In effect, the pact undermined the competitiveness of the elections, since by forming a powerful alliance the parties aimed to secure comfortable and stable majorities at all levels through the various legislative, local, senatorial and presidential elections.

Foreign Affairs

Two events heightened the existing tensions between **France** and Congo. First, in January, the '**missing people of Brazzaville beach**' affair gained renewed prominence. In 1999, about 350 returning Congolese refugees had disappeared and were probably murdered after being detained. The French court of appeal reversed a November 2004 decision by a lower court to halt the investigation into the alleged involvement of two accused Congolese officials (with residence status in France). Indeed, the first complaint relating to this issue had been made in France in December 2001. The complainants unceasingly denounced the pressure exerted by government officials on the judiciary. Indicative of this collusion was the direct intervention by the French presidency in April 2004 to release François Ndengué, the director of the Congolese police force, who had been placed in pre-trial confinement. The court of appeal also rejected the lawsuit that had proceeded in Congo in 2005 to try to stop the French appeal procedure. The latest decision allowed the investigations to re-commence.

Secondly, a report by the 'Comité Catholique Contre la Faim et pour le Développement' (CCFD), a French NGO, made serious allegations of embezzlement. It took to task several African presidents, among them Sassou Nguesso, for diverting public funds for their **personal profit**. The report claimed that the Congolese president had put aside more than $ 700 m of Congolese oil money and particularly noted that he had a private mansion and an apartment in Paris. In its report, CCFD asked for the seizure of these properties. Radio France Internationale (RFI) relayed this information on 29 March in its Africa programme.

Adopting a militant stance, on 19 June three associations based in France – Survie, Sherpa and the Congolese Federation of the Diaspora (FCD) – laid a complaint with the office of the prosecutor in Paris charging Presidents Sassou Nguesso and Bongo (Gabon) of concealing their private assets. This complaint was considered to be admissible and a preliminary investigation into President Nguesso's real property in Ile-de-France (Paris area) was launched.

While the bilateral relationship between France and Congo seemed tense as a result of these judicial developments, the leaders of both countries took action to reinforce the mutual bonds. From 21–23 March, the French junior minister of cooperation, development and Francophonie, Brigitte Girardin, made an official visit in Congo. On 22 March, a **partnership agreement** was signed between the two countries. Valued at approximately € 100 m and covering the period 2007–11, it gave priority to three sectors (environment, education and health) and foresaw action in other sectors (including water supply, governance and local development). More importantly, on 5 July Sassou Nguesso was welcomed by the recently elected French president, Nicolas Sarkozy. Earlier, Sarkozy had promised to break with the discrete 'Françafrique' networks and "to put an end" to the system of "personalised relationships". Receiving Sassou Nguesso so soon after he had done the same for Omar Bongo of Gabon (at the end of May), indicated that the French president could not so easily break with past French Africa policy.

International organisations held several important meetings in Brazzaville. The Congolese capital hosted the 42nd ordinary session of the **African Commission of Human and Peoples' Rights** from 15–28 November. The session celebrated the 20th anniversary of this organisation. Most of the speeches had a political slant and presented a very positive assessment of the commission's achievements over the past two decades. In addition, the speakers stressed that values of democracy and good governance had flourished in Africa and had contributed to the promotion of peace and respect for human rights. At the margins of this session, the 'Fédération Internationale des Droits de l'Homme' (FIDH) had asked the authorities to permit a ceremony at Brazzaville port in memory of the disappeared people of the beach. Initially granted, the authorisation was then withdrawn at the last minute. The government ascribed to the FIDH the intention to disturb law and order by holding such a demonstration. The reversal of the authorisation reflected the persistent sensitivity surrounding the issue.

From 5–10 March, the International Committee of the Red Cross organised a training seminar on international human rights for legal advisers within the Congolese Armed Forces (FAC). This training was the first of its kind in Central Africa and aimed at reinforcing the capacities of FAC and at establishing within it a permanent framework for field officers in human rights issues.

The government strengthened its cooperation with **Brazil**. President Lula da Silva came for a 24-hour official visit on 16 October, thus becoming the first Brazilian president to visit Congo. The two countries signed agreements on trade, health, diplomacy and sports.

Socioeconomic Developments

The council of ministers adopted the **budget** on 31 March and parliament and senate approved it in April. It represented a 28.4% reduction over the previous budget from CFAfr 1,921 bn to CFAfr 1,376 bn (more than € 2 bn). This dramatic decline was due to the fall in oil revenues. Debt servicing of CFAfr 286.7 bn represented roughly one-fifth of national expenditure (against one-third in 2006). Capital expenditures rose to CFAFr 400 bn (€ 609 m) an increase of 19%. The budget had been prepared over several months. The initially projected amount was higher than the previous year's budget. However, the government submitted it to the Bretton Woods institutions (IMF and World Bank) within the framework of the negotiations for reaching completion point in the HIPC initiative. After examination, the Bretton Woods institutions rejected the projected budget, obliging government to devise a second draft. On 15 November, the London Club of private creditors rescheduled Congo's debt (from $ 2 bn down to $ 500 m; or CFAFr 1,197 bn to CFAFr 278 bn).

The most important economic contract of the year was signed on 10 October in Seoul between Congo and the **Congo-Malaysia-Korea Consortium** (CMKC). The consortium is to build new railway lines to connect, on the one hand, Brazzaville with Ouesso (in the northwest), passing through Djambala (in the centre), and, on the other, Pointe-Noire with Djambala. As compensation, the consortium is to profit from a 15-year concession on the railways and on forest exploitation in the **Ouesso** area, while also being able to exploit resources (iron, manganese, etc.) located near these railway lines. The project was linked to activities in such sectors as forestry, agriculture, hotels, mining, insurance, etc, and is intended to benefit all the regions. Additionally, the contract included eight heavy infrastructure projects, among them the building of a second deep water port in Madingou-Kayes; exploitation and valorisation of Congolese gas in Kouilou; building a cement factory in Madingou in Bouenza district; rehabilitation of the ironworks at Dolisie in Niari; as well as the upgrading of timber exploitation and processing in the Cuvette and the Cuvette-West areas.

Chinese economic operators increased their presence even in secondary cities, notwithstanding the fact that local populations had ambivalent feelings towards them. On the one hand, their recognised ability and competence was acknowledged. On the other, some Congolese accused Chinese employers of disregarding workers' rights and the labour code. Only very low salaries were offered. The cement factory at Loutété (Bouenza region, in the south), owned by the state of Congo and the 'Société Nouvelle des Ciments du Congo' (SONOCC), best illustrated these tensions. The factory, entirely rebuilt in 2003, produced 300,000 tonnes of cement and was seen as the symbol of the economic rebirth of the entire area. For months, however, Congolese employees were in open revolt over the management of social affairs. Under pressure from the Congolese state, one of the shareholders of SONOCC, the management of the cement factory management had signed contracts with the 200 employees for a basic salary of CFAfr 46,799 (€ 72) in 2006. However, many employees did not receive this sum in full. Indeed, most of them received monthly less than half, and in addition they were not entitled to medical care or paid leave. Additionally, the managers prohibited the establishment of trade union representation in the factory.

The agents in charge of implementing the NPDDR (National Programme of Disarmament, Demobilisation and Reintegration) issued forge-proof biometric identity cards to the ex-combatants. The cards were introduced in response to a World Bank requirement for the **traceability of financial flows** in favour of verified recipients. In the end, 17,000 of 30,000 declared ex-combatants were properly identified. The real value of this operation was financial: through the ex-combatants, the NPDDR envisaged injecting more than CFAfr 2 bn into the economy. The deadline for the distribution of allocated funds was set for January 2009, at which time unallocated funds are to be returned to the IDA at the World Bank.

Rémy Bazenguissa-Ganga

Democratic Republic of Congo

Following last year's elections, a democratic government under the leadership of Prime Minister Antoine Gizenga was formed. Lacking coherence and vision, the unwieldy government remained paralysed and failed to take steps to consolidate the hard-won progress in the DR Congo over the preceding two years. The year was characterised by two major setbacks: first, the heavy fighting in the capital of Kinshasa in March between troops loyal to President Joseph Kabila and the guards of former Vice President Jean-Pierre Bemba. In the wake of the Kinshasa battle, Bemba fled into exile. The second setback was the resurgence of war in eastern Congo's North Kivu province between the government army and the armed group of former rebel commander Laurent Nkunda. It ended in a humiliating defeat for the army and the displacement of 400,000 civilians in North Kivu.

Domestic Politics

Following Kabila's victory in last year's presidential elections and the appointment of the leader of the 'Parti des Lumumbistes Unifiés' (PALU), Antoine Gizenga, as prime minister, it took weeks of bargaining before the formation of the **new government** was announced on 5 February. The new administration comprised six ministers of state, 34 ministers and 20 deputy ministers. While PALU secured seven ministerial posts, the rest went to the more than two dozen parties that were part of the pro-Kabila 'Alliance pour la Majorité Présidentielle' (AMP). Kabila's own party, the 'Parti du Peuple pour la Réconstruction et la Démocratie' (PPRD) dominated the new cabinet by taking a third of the posts, including interior and security (Denis Kalume Numbi) and defence (Chikez Diemu). Mbusa Nyamwisi, a former rebel leader from Butembo and president of 'Forces du Renouveau', was appointed minister of foreign affairs and regional cooperation. Other noteworthy appointments included Olivier Kamitatu, a spokesman for the AMP, who took over the ministry of planning, and Nzanga Mobutu, a son of former President Mobutu and leader of the 'Union des Démocrates Mobutistes', who became the minister of agriculture. No ministerial posts were offered to parties other than PALU and the members of the AMP. This was not surprising, given that the spoils of the electoral victory had to be shared among a large number of parties and individuals. For example, this logic was evident in the sphere of finance and reconstruction, which was divided among three ministries (planning, finance, infrastructure and reconstruction). As with the other new institutions (senate, National Assembly), the representation of women in the government was low (9 out of 60). On 24 February, parliament adopted the government programme for 2007–11, which reflected some of the alleged priorities identified in the country's PRSP of 2006 and the governance compact that was annexed as a 'contrat de gouvernance' to the programme.

By year's end, however, the government's lack of capacity to formulate and implement policies was no longer in doubt. Comprising more than 30 parties, the broad and unruly coalition government lacked even a minimum of cohesion and common vision. It was widely believed that significant tensions existed between the PPRD and PALU specifically, and that these were exacerbated by the suspected weakness of Gizenga's leadership. Both Gizenga and Kabila hardly ever expressed themselves publicly, thus contributing to the widespread impression that the government lacked leadership and direction. However, the dismissal of Gizenga by Kabila, allegedly demanded by some Kabila allies and foreign donors, did not eventuate. Kabila could hardly risk such a move, not least because Gizenga commanded a large number of followers in Kinshasa and Bandundu where Kabila had fared poorly during the elections. Anti-Kabila sentiments in the western part of Congo were further strengthened when the lion's share of the most important political offices were awarded to representatives from eastern and southeastern Congo (the Kivus, Maniema, Katanga).

On 25 November, a **cabinet reshuffle** was announced aimed at both strengthening the influence of the Kabila camp and imposing more cohesion on the government. With some portfolios being merged into a single ministry, the number of ministers was reduced to 46. Most of those who lost their jobs belonged to smaller parties, whereas Kabila's PPRD and its close allies secured most of the new appointments, including André Futa (economy and trade), José Endundo (tourism and environment) and Adolphe Lumamu, who took the newly created relations with parliament portfolio. Some analysts saw the creation of the new ministry as an attempt to bolster presidential control over parliament. Augustin Katumba Mwanke succeeded Futa as secretary general of the AMP. While the reduction of portfolios was a welcome sign, the appointment of Endundo, who had been dismissed as minister of public works in 2005, and Mwanke raised some concerns. Mwanke in particular was a controversial figure. In a 2002 report by the United Nations panel of experts on the illegal exploitation of natural resources, he was identified as a key actor in the shadowy Congolese-Zimbabwean elite networks involved in stripping Congolese state assets, including mineral resources. It remained to be seen whether the downsizing of the cabinet would have a discernible impact on the performance of the government. Notwithstanding political issues, severe structural constraints limited the capacity of government to rebuild the country. These included non-existent or barely existing state institutions and infrastructures and a lack of resources.

Senate elections were held on 19 January, when the country's 11 provincial assemblies elected the 108 members of the senate. Those elected included Yerodia Ndombasi and Jean-Pierre Bemba, two former vice presidents during the transition period (2003–06), and Leonard She Okitundu, Kabila's former chief of staff. The pro-Bemba alliance 'Union pour la Nation' (UPN) won 22 senate seats, including 14 by Bemba's own political party, the 'Mouvement pour la Libération du Congo' (MLC), while the PPRD and its affiliates won 48 seats. This was short of a simple majority. The senate also comprised 26 senators elected as independents. On 11 May, they probably played a decisive role when Kengo Wa Dondo, himself elected as an independent, won a victory in the elections for the senate president over She Okitundu, the candidate of the splintered AMP coalition in the senate.

On 27 January, **elections of governors and vice governors** by the provincial assemblies took place, though elections in Kasai Oriental and Kasai Occidental were deferred to 15 February. Candidates of the government coalition won ten of 11 governorships, although the pro-Bemba UPN, which won Equateur province, had received the majority vote in three provincial assemblies. Thanks to corruption and vote-buying, the AMP won the governorships in Bas-Congo, Kinshasa and Kasai Occidental. Candidates in nine provinces filed appeals in the courts but all of them were thrown out by the supreme court. In Bas Congo, the fraudulent gubernatorial elections led to demonstrations by members of the 'Bundu dia Kongo' (BDK) political-religious movement, whose leader, Ne Muanda Nsemi, had failed to be elected as vice governor on the opposition ticket. On 29 January, clashes between BDK supporters and the Congolese armed forces and police resulted in the deaths of at least 105 people, including six police officers and four soldiers. In a report published in July, UN High Commissioner for Human Rights Louise Arbour stated that government forces had used "excessive and indiscriminate lethal force" against BDK sympathisers, who in some cases were summarily executed. A parliamentary report published in June blamed the BDK for the massacre.

The most serious incident occurred on 27–28 March in what appeared to be a replay of the **Kinshasa fighting** that had taken place in August 2006 between Bemba's remaining troops and Kabila's presidential guard. The renewed fighting was linked to the unresolved question of former Vice President Bemba's security detail. Whereas Bemba insisted that an agreement with Kabila, dating back to the post-election violence of August 2006, guaranteed him appropriate protection, Kabila's army chief issued a deadline (15 March) for Bemba's 600 soldiers to integrate into the new national army ('Forces Armées de la République Démocratique du Congo', FARDC). More than 400 soldiers and civilians died in the fighting in Kinshasa. Following the surrender of his men, Bemba fled to the South African embassy. On 11 April, Bemba was allowed to leave the country for Portugal. The same day, the national prosecutor called on the senate to lift Bemba's immunity in order to charge him with high treason.

The violence in Kinshasa and Bas Congo sparked a **wave of repression and intimidation of the opposition**. Dozens of opposition figures were arrested, but the brunt of government repression was directed at the MLC. Its headquarters as well as the radio and television stations owned by Bemba were looted and ransacked. Perhaps in part due to international though often muted criticism, the government took a more conciliatory stance in subsequent weeks. The president of the National Assembly, Vital Kamerhe, started negotiations with the opposition, which resulted in a number of concessions. As a result, the opposition was given the chairmanship of the political, administrative and legal commission in parliament.

Following the resumption of opposition participation in the National Assembly, which the MLC had suspended following the wave of harassment against it, the National Assembly passed a law on the status of the parliamentary opposition. In theory, this law provided for basic political freedoms, including freedom of expression and fair access to the media. Yet, concerns about the willingness of the government coalition to respect the opposition remained. With the departure of Bemba into exile, the opposition lost its strongest leader. It remained unclear whether the MLC or indeed Kengo Wa Dondo would be able and willing to exercise their parliamentary roles. There appeared to be little international pressure on the government to allow Bemba to return to the country. In early September, EU Development Commissioner Louis Michel facilitated talks between Bemba and Vital Kamerhe in Portugal, but Bemba had not returned from his Portuguese exile by year's end.

On a more positive note, parliamentary work took on a semblance of normality. The cabinet passed on draft laws on decentralisation and on the establishment of a new independent electoral commission to parliament. Parliament also adopted a number of laws, notably the 2007 budget law, and voted in favour of several treaties, including the pact on security, stability and development in the Great Lakes region. Some observers noted tacit signs of parliamentary independence.

Logistical and financial difficulties marred the work of the **new institutions on the provincial level**. This was in large part due to the pending process of decentralisation.

For example, the provincial assemblies adopted budgets that were largely virtual, to the extent that they were simply enacted in financial limbo. Contrary to provincial expectations, the government was not willing to enact article 175 of the constitution immediately. This clause stipulates that the provinces will retain 40% of the revenues they generate. In a show of force, the presidents of ten of Congo's provincial assemblies signed the **Matadi declaration** on 20 May, requesting the immediate implementation of article 175. Subsequent negotiations between government and national and provincial legislators led to an agreement whereby the implementation of financial decentralisation was postponed until early 2008 to allow more time for appropriate financial and regulatory frameworks to be devised. The reluctance of the government to transfer 40% of revenues to the provinces was backed by several donors. The IMF in particular was concerned about the impact of decentralisation on macroeconomic stability.

Pervasive security problems in the country went unresolved as there was little if any progress either in the field of security sector reform or in the **disarmament, demobilisation and reintegration process** (DDR). By November, 165,687 former combatants had been processed, 62,929 of whom were integrated into the army. Some 80,000 combatants were still awaiting registration for participation in DDR. A further 20,000 combatants, mostly members of various Mai Mai groups, remained outside the DDR process since they were not signatories to the 2002 peace accords. It was increasingly evident that the willingness of tens of thousands of combatants to disarm was not even remotely matched by national and international responses. The social and economic reintegration aspect of DDR was especially poorly conceived and financed and the lead agency, the World Bank, came under fire for lacking capacity and competence to manage the process. Only half of all combatants (55,000) were targeted for longer-term reintegration projects, while the other half benefited from little or no support at all. The situation contributed to rising levels of crime and unrest across the country. For example, in November in Mbandanka, the capital of Equateur province, local authorities imposed a nightly curfew to curb rising crime. A report by the UN secretary general noted "a gap in time between demobilisation and reintegration, often caused by financial constraints" which risked "compromising the entire effort, with serious consequences for security" and called for a comprehensive review of DDR programmes in the DR Congo.

Over the course of the year it also became evident that the **reform of the security sector**, i.e., the formation of integrated national police and military forces, was still in its infancy. By December, 15 integrated brigades had been nominally formed and trained. In reality, even these brigades were just a loose aggregate of various former armed groups with little training (45 days) and even less military capability, as their humiliating defeat at the hands of Nkunda's militia attested (see below). In addition, and as in previous years, the undisciplined rag-tag army was a major source of human rights violations. Numerous problems persisted, such as divided political loyalties among soldiers and insufficient logistical and financial support by the government. One report noted that 30,000 of the estimated 150,000 members of the army were older than 60 years, but the actual strength of the FARDC was still unknown. As a result of the power-sharing agreement, 70% of the army claimed to be officers while only 30% were simple soldiers.

Various projects run by donors and the UN to bolster security sector reform seemed to be a drop in the ocean, but lack of political will and cooperation on the part of the Congolese authorities was also to blame. For example, a project by the EU's advisory and assistance mission for security reform in the DR Congo (EUSEC) to streamline the administration of the armed forces made little headway because political and military authorities benefited financially from the ongoing disarray in the security sector. As a result, even the largely technical reform process pursued by EUSEC was deadlocked by the end of the year. In summary, the government did not see the reform of the security sector as a priority. In July, the minister of defence finally presented a broad outline for the structure of the army, which allegedly did not find the support of Congo's foreign partners. Neither apparently did the work of mixed sub-commissions of Congolese and foreign experts that were to identify specific programmes for which multilateral or bilateral support could be proposed. As a result, a round table of the Contact Group to consider a road map for the reform of all three sectors (defence, police and judiciary) and associated international support was deferred to 2008. In the absence of a road map and a broader framework for security sector reform, the United Nations Mission in the Congo (MONUC) started short-term three-month training programmes for 11 brigades (2 July). Focusing on discipline and conduct as well as on enhancing operational capacity, human rights and international humanitarian law, the training programme was to be completed by September 2009.

The overall lack of significant progress and post-election dividends for the general population, as well as the government's lack of activism and even communication with the public also alarmed the national conference of Congo's bishops. In a message to the nation (7 July), the bishops warned that the Congolese house "is burning", citing increased insecurity, impunity and the ongoing exploitation of natural resources. They also denounced widespread **attacks on civil and political freedom** across the country. This was confirmed by independent NGOs. The local organisation 'Journalistes en Danger' (JED), for example, reported 163 attacks on the freedom of the press in 2007, the highest number of violations since 1998 and a staggering increase of 30% compared to 2006. Nearly 60% of the violations took place in the capital Kinshasa alone and these, as with other human rights violations, were committed by the military and various security agencies of the state, notably the 'Garde Républicaine' (presidential guard) and the 'Direction des Renseignements Généraux et Services Spéciaux de la Police' (DRGS). Human rights watchdogs denounced the institutional culture of impunity that was epitomised by the debilitated state of the judiciary and the lack of control over the disturbing number of security agencies with unclear chains of command and jurisdiction.

The confrontations that had resumed in November 2006 between FARDC and the troops of former 'Rassemblement Congolais pour la Démocratie' (RCD) general and renegade commander Laurent Nkunda escalated into outright **war in North Kivu**. This followed a short-lived agreement that had been signed by representatives of General Nkunda and Kabila's envoy General John Numbi in Kigali on 4 January. Mediated by the chief of staff of the Rwandan army, James Kabare, the agreement stipulated a ceasefire and the formation of mixed brigades (a process called 'mixage') by which pro-Nkunda and government elements were nominally brought under FARDC command in North Kivu without being fully integrated into the armed forces. This process was completed in late March. However, the details and political implications of the Kigali agreement had not been properly spelt out. According to the International Crisis Group, Nkunda operated on the assumption that the mixed brigades would not be fully integrated into the army until they had disarmed the Rwandan Hutu rebels of the 'Forces Démocratiques pour la Libération du Rwanda' (FDLR) and once the Congolese Tutsi refugees in Rwanda could be encouraged by the government to return to DR Congo. Government, on the other hand, seemed to entertain the false hope that the deal would somehow weaken Nkunda's control over his troops once these were mixed with the FARDC. Starting in mid-May, the mixed brigades moved against the FDLR in the territories of Masisi and Rutshuru, but failed to deal the militia a serious blow. A band of various Mai Mai groups known as 'Patriotes Résistants du Congo' (PARECO) entered the fray and allied with the FDLR. Some 120,000 people were displaced by the fighting amid grave human rights violations against civilians. In short, 'mixage' turned out to be an unmitigated political, military and humanitarian disaster, and was denounced by virtually everybody.

On 11 May, the government declared an end to 'mixage' and called for the proper integration into the army of all mixed brigades. Days before (5 May), Nkunda had declared that the 'mixage' process had failed because the government did not abide by its part of the deal, i.e., to provide logistical support to the mixed brigades, bring Congolese refugees back home and withdraw the arrest warrant against him. In hindsight, it is unclear whether either of the signatories had any serious commitment to peace. In the weeks and months following the end of 'mixage', the mixed brigades effectively fell apart and both Kabila and Nkunda used the lull to bolster their military strength. Kabila brought in tonnes of ammunition, part of which was reportedly handed to the FDLR and Mai Mai groups. The government also assembled parts of its 'Garde Républicaine' and other military units from across eastern Congo in North Kivu. In view of this military build-up, MONUC and Western governments claimed later to have urged Kabila to avoid a military solution. Attempts by MONUC and the US to mediate between the two sides were unsuccessful. The US repeatedly suggested that Nkunda go into exile.

Full military confrontations between the estimated 4,000 troops of Nkunda and the government began in August. Nkunda accused FARDC of conducting joint military operations with the FDLR against his troops. During a three-day visit to Goma in September, Kabila set 15 October as the deadline for Nkunda's soldiers to disarm and integrate into the army. In mid-October, Kabila extended the deadline by three more weeks and instructed the army to suspend operations. He also called upon the PARECO Mai Mai to surrender, which they did on 27 October. In early December, the by now 25,000-strong army launched its long-expected offensive against Nkunda's 4,000 soldiers and initially gained some ground. Reports of looting and rape indicated, however, that the army was behaving like an occupation force. On 5 December, FARDC entered the village of Mushake (Masisi). The army celebrated the takeover as major victory, but it quickly transpired that it had succeeded only because of a tactical withdrawal by Nkunda's men. A week later (11 December), the rebels mounted a counter-offensive, easily retaking Mushake and other villages in the area. They drove the fast collapsing government brigades and the 'Garde Républicaine' back to Sake, in the process capturing tonnes of ammunition. The humiliating defeat at Mushake effectively ended the government's military campaign against Nkunda.

It was also a blow for **MONUC**. The mission had massively supported the FARDC offensive, flying troops and tonnes of food and ammunition to North Kivu as well as flying reconnaissance missions in the area. While MONUC's support for the army was consistent with its mandate to help the elected government to "expand state authority", the military cooperation with the government and the army remained fundamentally problematic, even if it stopped short of fighting alongside FARDC. By supporting the military campaign in North Kivu, MONUC associated itself with a humanitarian catastrophe that could have been avoided, not to mention foreseen, since it was obvious that the campaign to flush out the rebels had always had limited prospects of success. The protection of civilians, a major part of the mission's mandate, had been all but ignored. The fighting in 2007 produced more than 430,000 displaced persons in North Kivu, bringing the total estimated number for the entire province to 800,000. Moreover, credible reports about the alleged cooperation between the army and the FDLR risked compromising the mission.

The worsening of the humanitarian crisis exacerbated the **anger of the local population** in North Kivu. In early November, protestors in Rutshuru demonstrated against the lack of protection and humanitarian assistance. In the course of the demonstration, which ended in front of a MONUC compound, 27 blue helmets were injured. The police killed two civilians. Popular anger was also directed against humanitarian organisations, which were unable to muster an adequate response to the renewed emergency in North Kivu, partly as a result of the post-election shift from emergency relief to development projects. MONUC and international NGOs were also at the receiving end of violent protests in Moba, Katanga (1 August). Unfounded rumours that UN organisations would repatriate Congolese Tutsi refugees to the area ushered in a day of rioting, assaults on UN personnel and the ransacking of UN buildings. The incident was the most serious anti-Rwandophone manifestation during the year.

Following his victory in Mushake, Nkunda was in a position of strength and demanded negotiations with the government. On 17 December, the government announced the organisation of a **peace conference on North and South Kivu**. Several hundred delegates (local and national government officials and legislators, civil society, representatives of ethnic communities) and all armed groups active in the Kivus, except the FDLR, were to be invited to Goma. In a remarkable statement, Vital Kamerhe explained the inclusion of armed groups in the conference: “We can only make peace with those who wage war”. The conference was rescheduled to 6–14 January 2008 by Apollinaire Malu Malu, the president of the organising committee, to provide more time for resolving disputes about the designation of delegates.

The crisis in North Kivu dealt a severe blow to the authority of President Kabila, as senior politicians and military leaders allegedly blamed him for the devastating defeat of the army at the hands of the rebels. Likewise, some considered the decision to start negotiations in Goma, even though they were not direct negotiations between the government and Nkunda, as an embarrassing sign of weakness. Kinshasa was rife with rumours about Kabila’s possible overthrow.

Elsewhere in eastern Congo, political stabilisation made little or uneven progress. In **South Kivu**, FARDC operations, supported by MONUC, against armed groups reportedly contributed to a reduction in violence. However, operations against the ‘Rastas’, a group of former FDLR and Mai Mai elements, led to retaliatory actions by the militia against civilians. In May, for example, this resulted in the death of 18 villagers. In South Kivu’s plateau area, Banyamulenge militias that refused army integration continued to roam. In **Ituri district**, the security situation improved when longstanding attempts to deal with the remaining armed groups finally appeared to yield results. Through a mix of military pressure and political inducement, Peter Karim (‘Front des Nationalistes et Intégrationnistes’, FNI) and the remnants of the ‘Mouvement Révolutionnaire Congolais’ (MRC) agreed to disarm. However, less than 2,000 fighters turned in their weapons. In early November, Karim Cobra Matata, leader of the FNI, and Mathieu Ngudjolo (MRC) along with 16 of their officers flew to the Kitona army base in Bas Congo in preparation for their integration as army officers into the FARDC. Two weeks before, Matata’s former close collaborator, General Germain Katanga, the former chief of staff of the FNI, was transferred from Kinshasa to the International Criminal Court (ICC) in The Hague where he stands charged of crimes against humanity and war crimes. Katanga had been in prison since his arrest by Congolese authorities in March 2005. He was the second Congolese war crimes suspect to be transferred to the ICC. The trial of Thomas Lubanga, another militia leader from Ituri, was to begin in early 2008.

Foreign Affairs

At least on the basis of their declarations, Congo and **Rwanda** improved their bilateral relations. This was highlighted by the signing of the so-called **Nairobi agreement** on 9 November in the Kenyan capital by the foreign ministers of both countries, Mbusa

Nyamwisi and Charles Murigande. Facilitated by the UN secretary general's special envoy, Haile Menkerios, and US special envoy Timothy Shortley, the focus of the agreement was the FDLR, the Rwandan militia group based in eastern Congo. The agreement was a major diplomatic victory for Rwanda inasmuch as it implicitly recognised that the FLDR was at the heart of the problems between the two countries. The Nairobi agreement described the FDLR as a "genocidal military organisation" and the Congolese government committed to take verifiable steps to disarm the FDLR by force, with help from MONUC. As a first step, the Congolese government was to present a detailed disarmament plan by 1 December. Rwanda, for its part, pledged to prevent cross-border movements by armed groups and committed itself to abstaining from supporting the militia of former RCD general Laurent Nkunda. It also promised to publish a list of wanted genocide suspects in order to provide those not wanted an incentive to leave the FDLR.

At year's end, the prospects for the implementation of the Nairobi agreement were doubtful. This was underscored by the largely failed **Addis Ababa meeting** of the Tripartite plus Joint Commission composed of Burundi, Rwanda, Uganda and Congo (4 December). Chaired by US Secretary of State Condoleezza Rice, it was attended by Presidents Kagame (Rwanda) and Museveni (Uganda), Pierre Nkurunziza (Burundi) but not by Kabila (who was also absent from the EU-Africa summit in Lisbon, 8–9 December), who was represented by Foreign Minister Nyamwisi. However, Congo and Rwanda decided to re-establish the moribund joint verification commission to investigate reported security transgressions along the common border. The meeting in Addis was one of several signs of the newfound **US** preoccupation with the ongoing conflict in the region. Also in December, the US embassy in the DR Congo opened an office in Goma. On 16 December, a meeting of Congolese, Rwandan, UN and European officials in Goma resulted in the creation of a task force to work on the follow up to the Nairobi agreement. American officials also announced that American instructors might be sent to Congo to train rapid reaction units of the FARDC.

Relations with **Uganda** were strained after the Ugandan government claimed that its troops had killed 40 rebels of the Allied Democratic Forces (ADF), based in Congo. At a meeting between the army chiefs of both countries in Kampala (27 April), Congo's Kisempia Sungilanga promised that the army would rout the ADF. During the meeting, which was also attended by Babacar Gaye, MONUC's force commander Kisempia further promised that FARDC, with support from MONUC, would verify the movement of the Congo-based Lord's Resistance Army, Ugandan insurgents who were to assemble near the Congolese-Sudanese border as part of an agreement with the Ugandan government. However, skirmishes between Congolese and Ugandan troops followed in August on Rukwanzi Island on Lake Albert. It was widely believed that the prospect of oil exploitation in the area was at the root of the clashes. A meeting between President Kabila and his Ugandan counterpart Museveni was held under the auspices of Tanzanian President Jakaya Kikwete in Arusha (8 September), during which both sides pledged to cooperate on the border dispute and on the activities of Ugandan rebels on Congolese soil.

Congo's relations with its closest regional ally, **Angola**, soured in February after a dispute over the Kahemba district in Bandundu province. The Angolan government argued that the district was part of Angolan territory, a claim refuted by a commission of inquiry of the Congolese parliament in July. The same month, tensions further escalated when Angola expelled tens of thousands of Congolese diamond miners back to Katanga and the Kasais, bringing the total number of Congolese miners forced out of Angola since 2006 to 43,000. During a visit to Luanda, Presidents Kabila and Eduardo Dos Santos pledged to resolve the border dispute with the assistance of their former colonial masters, Belgium and Portugal (30 July). In June, President Kabila travelled to Pretoria to address the **South African** parliament. On 21 August, President Thabo Mbeki arrived in Kinshasa with a strong delegation of ministers and entrepreneurs for a meeting of the binational Congolese-South African commission.

The fighting in the Kivus and the inability of FARDC to defeat the insurgents had highlighted the limited progress of the reforms in the security sector and the precarious security situation in the eastern DR Congo. As a consequence, in its **resolution 1794** (21 December) the **UN Security Council extended MONUC's mandate and capacity** for another year until 31 December 2008 and authorised the continued deployment until that date of up to 17,030 military personnel, 760 military observers and 391 police. It also requested MONUC to "attach the highest priority to addressing the crisis in the Kivus in all its dimensions, in particular through the protection of civilians and support for the implementation of the Nairobi Joint Communiqué". In other words, at least for the time being the Kivu crisis had dispelled Security Council hopes that the post-election situation in Congo would allow for the gradual drawdown of MONUC. In resolution 1756 of 15 May, the Security Council had requested Secretary General Ban Ki-moon to submit to it a report setting out **benchmarks and an indicative timetable for the gradual drawdown of MONUC**. In response, the secretary general, in his report of 14 November, sketched out the preconditions for downsizing MONUC: the disarmament of Congolese and foreign armed groups to the extent that they no longer posed a threat to peace in the DR Congo; that FARDC and police achieve sufficient capacity to take over MONUC's current duties; and the successful holding of local elections. The report conceded that given the scope of the challenges facing the DRC, "achievement of these broad benchmarks, as well as of certain specific indicators, is beyond the capacity and mandate of MONUC alone. The overarching benchmarks themselves are unlikely to be achieved during the life of the Mission. Progress will require sustained support from many actors, including the Government and its bilateral partners, the neighbouring States and the wider international community".

In May and July, the UN confirmed that investigations were under way into the misconduct of UN peacekeepers. It confirmed allegations that a contingent of Pakistani blue helmets had supplied weapons to militias in Ituri in return for gold in 2005 and 2006. A separate investigation was examining allegations that Indian peacekeepers had traded gold with the FDLR in North Kivu.

In October, the UN announced a change of leadership in MONUC. Alan Doss, the special representative of the UN secretary general to Liberia, would succeed William Swing as the head of MONUC in January 2008. Swing had served as secretary general's special representative to DR Congo since July 2003.

By resolution 1771 of 10 August, the UN Security Council renewed the **arms embargo** (in place since 2003) until 15 February 2008. Given the existence of the newly elected government, the decision was somewhat controversial. It came on the heels of three reports by the group of experts who monitored the embargo in the eastern DR Congo, in particular in the Ituri district and the two provinces of North and South Kivu. The group confirmed that the most profitable source of financing for armed groups remained the exploitation, trade and transportation of natural resources and found violation of the arms embargo by armed groups to be endemic. It further noted that sanctions were rarely enforced and that, partly as a result, "few sanctioned individuals and entities have demonstrably modified their activities". The group also emphasised the government's responsibility for combating the ongoing illicit trade in mineral resources and arms. In remarkably frank terms, the experts noted that the Congolese authorities "can no longer attribute lack of capacity to their inability to manage properly the needs of the country. There is an abundance of potential international assistance that includes advice and funding for technical and administrative improvements…" The experts continued: "The Government is now in a strategic position to choose between addressing the country's ills in an effective manner or allowing violence, corruption and the absence of rule of law to continue to hinder the country and the development of its population".

Socioeconomic Developments

Due to the heavy fighting in North Kivu, the number of **internally displaced persons** rose from 1.1 million (2006) to 1.4 million. According to the UN, the repatriation of some 400,000 Congolese refugees from neighbouring countries, including 45,000 Congolese Tutsi in Rwanda, did not advance significantly. However, in the first six months of the year about 21,000 Congolese refugees returned home, mainly from Tanzania, the Republic of Congo and Zambia.

Congo's **macroeconomic performance** was deemed broadly satisfactory by donors, but large fiscal slippages were reported during the final months of the year, partly as a result of unplanned military spending, but also partly as a result of persistent weaknesses in public financial management. Real GDP growth was estimated to be 6%. However, these estimates had to be treated with the usual caution as production figures across sectors varied widely. The production of diamonds and cobalt increased modestly to 30.5 m carats and 114,000 tonnes respectively. Copper production rose by 20,000 to 150,000 tonnes. However, the good performance in the mining sector was tempered by a slowdown in manufacturing and construction. The official inflation rate was 17%, though some observers estimated it to be nearly twice as high. Compared to 2006, the value of the Congolese franc (CDF) was fairly stable. For most of the year, the exchange rate was below CDF 500 to $ 1.

After the economically damaging spending spree of the electoral period, the government made apparent attempts to re-establish fiscal and monetary discipline in order to regain **IMF** support. As a first step, the government sought a new three-year arrangement under the PRGF, which would also permit DR Congo to reach the completion point under the Enhanced Heavily Indebted Poor Countries Initiative. At the consultative group meeting in Paris (29–30 November) between the DR Congo and its international partners, the government reiterated its commitment to implementing sound economic policies and structural reforms as one of its priorities. The meeting yielded donor pledges of $ 4 bn for the 2008–10 period, i.e., $ 1.3 bn annually. However, disbursement of this new aid hinged on the resumption of support from the IMF and the implementation of a new PRGF. In December, it became clear that the IMF was not yet prepared to sign a new PRGF with DR Congo, despite significant pressure from the EU, UN and World Bank. Partly as a result, the government's budget proposal for 2008, which foresaw a 42% increase over the previous year's to $ 3.3 bn, was seriously underfinanced and hence unrealistic.

In February, the government issued what it called a '**contrat de gouvernance**', which set out the government's professed vision for the recovery of the country. However, it was unclear if these were really the government's priorities, since the document was nearly identical to the so-called Governance Compact, a document in which various donors had unilaterally decided their priorities for the Congo during a meeting in Brussels in the spring of 2006. Indeed, relations between donors and the new government were ambivalent. It was unclear to what extent the government was willing and able to drive policy, but donors were also to blame for the lack of coherent priorities. This was notably true of the World Bank, which was accused of not living up to its role as a coordinator on the donor side. At any rate, a number of plans were approved in which government sketched out its alleged objectives for 2007–10 and the complementary actions by donors in support of them. These included the 'Programme d'Actions Prioritaires' (PAP), the Country Assistance Framework (CAF) and the 'Document de la Stratégie de Croissance et de la Réduction de la Pauvreté' (DSCRP) and the PRSP. In other words, donors seemed intent on closer coordination and harmonisation.

The World Bank and the EU's commissioner for development, Louis Michel, aggressively advocated for strong **donor engagement**. In December, the bank's executive board discussed the Country Assistance Strategy (CAS) for 2008–11. This implied that the bank would reclassify DR Congo from its post-conflict status to that of a regular recipient of support from the International Development Association basket, and thus move its from its post-conflict emergency phase (Transitional Support Strategy) to a long-term approach (i.e., CAS). To some extent, this move and the new pledges of the consultative group meeting in Paris were a response to **China**'s spectacularly increasing engagement with DR Congo. On 17 September, the Congolese government signed a memorandum of understanding with China. Under the plan, Chinese companies would build and rehabilitate infrastructure, including the 3,200 kilometres of railway linking Katanga to the port of Matadi, 4,000 kilometres of tarred roads (from Katanga via Kivu to Kisangani) and dozens of hospitals, health centres and schools for a total cost of $ 6.5 bn. In return, three Chinese companies would receive a 68% stake in a newly created joint venture with Congolese state companies. They would obtain four mining concessions for copper and cobalt near Kolwezi in Katanga, in which they were to invest $ 3 bn. The deal with China alarmed not only Western donors, who warned of all manner of negative impacts, but also the foreign mining companies active in Katanga, for rumours persisted that they would lose some of their concessions to the Chinese.

These anxieties arose in part from the announcement by the new government on 20 April of the creation of a **inter-ministerial commission** to 'revisit' 61 mining contracts between private companies and the state or public enterprises, 31 of them signed by the state-owned mining company 'Générale des Carrières et des Mines' (Gécamines). Over the past ten years, large parts of the country's mineral wealth had been given away to companies under opaque contracts. The announcement followed revelations that the World Bank, which had brought in a consultancy to manage Gécamines, ran the risk of being compromised due to the ongoing lack of transparency in the mining sector. In early November, a leaked preliminary draft report of the commission concluded that none of the reviewed contracts was in line with legal and transparency requirements. It also recommended that 37 contracts should be renegotiated and 24 others should be cancelled. The government denied these allegations and hastened to reassure the mining companies.

The **forestry sector** also came under scrutiny. Various reports indicated that commercial logging had led to the large-scale and unsustainable exploitation of Congo's forests with no regard for social and environmental standards. As in the mining sector, the reports were particularly damaging for the World Bank, which had moved into Congo in 2002 to help reform the forestry sector. Environmental groups accused the bank of promoting industrial logging to contribute to the Congo's economic recovery at the expense of social and environmental safeguards. One report found, for example, that in the Ituri forests over 60% of companies surveyed were operating without timber permits. The mining economy in Katanga seemed to operate under similar conditions.

As a result, the regulatory authority of the state was virtually non-existent. Even so, what seemed to be a case of state failure was to a very large extent a manifestation of 'successful failure' to the extent that significant benefits accrued to representatives of the state. This was obvious not only in relation to patterns of state spending, but also revenue collection. Outside mining and development assistance, **custom duties** collected by the

'Office des Douanes et Accises' (OFIDA) were the largest source of state revenue (36%), but also of revenue losses. At the port of Matadi, for example, 22 different customs services were operating although only four were officially recognised. The revenues generated by OFIDA may have accounted for only 20–40% of the custom duties that should have been collected. In eastern Congo, it was estimated that 30–40% of custom duties legally collected by the state services were pocketed by state agents.

Denis M. Tull

Equatorial Guinea

The political scene was already dominated by the upcoming legislative election in 2008 and the presidential poll in 2009. Although the government showed signs of enhancing the country's democratic credentials, free and fair elections seemed to be only a remote possibility. Diplomatic activities were mainly directed towards the sub-region. Relations with Gabon hit a new low due to an unresolved maritime border dispute, whereas relations with Angola, Zimbabwe and Cameroon showed marked improvement. With respect to the economy, high oil prices and robust growth in the production of oil and gas made for continuously high GDP growth rates. Socioeconomic development remained far below the potential created by the country's oil wealth.

Domestic Politics

In a move to demonstrate his good health and in parallel with an increase in public investment in economic infrastructure, President Obiang went on a **demanding four-week tour** to all the districts of the country's mainland, starting on 20 February. While no official reason for his tour was given by the authorities, the opposition spoke of a pre-electoral act.

In mid-October, Obiang invited exiled opposition leaders to return to the country and the ruling 'Partido Democrático de Representantes del Pueblo' (PDGE) commenced another pre-election campaign by touring the country in December ahead of the legislative poll, which was expected to take place in the second half of 2008. Earlier in the year, on 22 June, the minister of the interior, Clemente Engonga, held discussions with several political parties, including the main opposition party, the 'Convergencia por la Democracia Social' (CPDS). The **moderate opening up of political space** was the stated objective of these talks, which were to be continued. Another indicator of the slight improvement in the political scene came in early September, when Plácido Mico, the head of the CPDS, the only opposition party represented in the National Assembly (with two seats), got away unharmed with publicly accusing the government of making little progress with its anti-corruption campaign. On prior occasions, Mico had been arrested several times. However, Obiang's actions at the end of December did not bode well for free and fair elections in 2008: he charged the ministry of planning and development rather than an independent electoral commission with **revising the electoral register** used in the last legislative poll in 2004.

The UN Human Rights Council working group on arbitrary detention, which visited in July, reported **slight improvements in the country's dismal human rights record**. Although the mission highlighted several areas of concern with respect to the rights of prisoners, including the continued imprisonment of political prisoners and reported mistreatment, observers noted that Equatorial Guinea was only the second African country after South Africa to allow such a team to visit the country.

A **raid on two banks in Bata** on 5 December, during which the equivalent of $ 2.2 m was stolen by armed gunmen, who took off in speedboats, revealed the lack of capacity of the security forces stationed in the immediate vicinity and gave rise to a major public outcry against Cameroonians. At first sight, this outburst was reminiscent of the unilateral expulsion of 1,500 Cameroonians in 2004 after an alleged coup attempt in March of that year. As it turned out, the raid initially linked to Cameroonian criminal groups had more to do with the employees of one of the two banks. However, this insight came too late for over 4,000 Cameroonians who were forced to seek shelter in their diplomatic missions in Malabo and Bata. The first few days after the bank robberies saw systematic looting of the property of Cameroonian citizens. However, and in contrast to the handling of the 2004 expulsions that led to the temporary recall of the Cameroonian ambassador, both sides quickly tried to **de-escalate tensions**. President Obiang openly criticised the actions of security forces for not only failing to protect the property of Cameroonian citizens living in Equatorial Guinea but for allegedly participating in the looting. Fifty police officers were arrested and President Obiang publicly promised exemplary punishments for them. Meanwhile, the Cameroonian authorities agreed to the repatriation of 500 people living in Equatorial Guinea without valid residence permits. The underlying problem remained. Due to the country's oil wealth, Equatorial Guinea had turned into a magnet for immigrants from West and Central Africa over the last decade, thereby exacerbating latent xenophobic tendencies in the country.

Foreign Affairs

In foreign affairs, activities were mainly directed at improving relations with neighbouring countries. The careful handling of bilateral tensions with **Cameroon** in early December paved the way for a second meeting to demarcate the maritime boundary between the two countries in mid-December. Earlier in the year, on 12 January, Equatorial Guinea's national gas company had signed a cooperation agreement with the Cameroonian state oil company to export natural gas from Cameroon's oilfields to the liquefied natural gas facility on Bioko island.

In contrast to the progress made with Cameroon, relations with neighbouring **Gabon** were hampered by the unresolved **maritime border dispute**. On 12 April, Equatorial Guinea's minister of foreign affairs, Pastor Micha, accused the Gabonese authorities of blocking the resolution of the dispute by failing to attend important meetings organised under the auspices of the UN. Pastor Micha also reiterated the decision that Equatorial Guinea would not accept the Gabonese proposal of a joint-development zone to exploit the area's potential oil wealth. Tacitly backed by Spain, Equatorial Guinea has adopted a hard stance on the issue, provoking increased tensions between the two countries over the last few years.

Returning an unofficial visit by Zimbabwe's President Robert Mugabe in early March, President Obiang went **to Zimbabwe** from 28–31 August. He allegedly asked his Zimbabwean counterpart, in exchange for providing oil to Zimbabwe on concessional terms, to press for the extradition of Simon Mann, the suspected mastermind behind the 2004 coup attempt, who had been jailed in Zimbabwe since his conviction in 2004 for seeking to buy weapons. Back in 2004, the Zimbabwean intelligence services had alerted their counterparts in Equatorial Guinea to an imminent coup attempt to be carried out by foreign mercenaries. In mid-December, President Obiang's visit was followed up by a visit of his eldest son and minister of agriculture, Teodoro Nguema Obiang Mangue, 'Teodorin', to Zimbabwe. It was announced that an agreement had been reached for Equatorial Guinea to provide oil to Zimbabwe.

In mid-February, **Angola**'s President dos Santos, paid an official visit to Equatorial Guinea. Both countries followed similar development paths based on rapidly increasing oil production and on the construction of economic infrastructure helped by generous credit lines from China. From Equatorial Guinea's perspective, good relations with Angola were seen as a possible counterweight to Nigeria's predominant role in the region.

Nevertheless, bilateral relations with **Nigeria** improved when the deputy minister of defence, Lieut.Gen. Antonio Ndong, visited Nigeria in August. The discussions concerned military cooperation between the two countries, notably by establishing joint patrols in the

Gulf of Guinea. Whereas Nigeria and Angola seemed to oppose an increased US military presence in the Gulf of Guinea, Equatorial Guinea's armed and naval forces – the latter were created with support from Nigeria in the mid 1980s – were receiving support from US sources. From the country's point of view, more balanced naval cooperation with the neighbouring heavyweight promised a steadier guarantee of security.

Relations with **Spain**, the former colonial power, benefited from the slight improvement in the domestic political climate in Equatorial Guinea. Whereas diplomatic rifts were a common theme in the past, a visit by the foreign affairs commission of the Spanish parliament in June produced a declaration by commission members in which they talked about a better human rights situation in the country and urged Equatorial Guinea to continue with further improvements in this area. President Obiang, in turn, asked for technical support and human support in the preparations for the forthcoming elections.

Socioeconomic Developments

Forecasts for **GDP growth** showed robust rates of 10.6% in 2007 and 11.7% for 2008 as production from new oil- and gas fields reached full capacity, before falling to 2.6% in 2009, with no new projects coming on stream and in line with a possible contraction of the world economy. Meanwhile, higher oil production and international oil prices were expected to widen the **current account surplus** from an estimated 4.8% of GDP in 2007 to 10.7% in 2008. **Oil and gas production**, accounting for well over 90% of GDP, was estimated at 394,000 b/d in 2007 rising to 440,000 b/d in 2009, not least due to the commencement of exports from the liquefied natural gas plant on Bioko in May. Inflationary pressures were up as high oil prices and rising production drove rapid increases in consumer and government spending, while the **fiscal surplus** of the government was estimated at 23% of GDP. The **inflation rate** continued to stay above 5% in 2007. The **budget** for 2008, approved by the government in July, foresaw a slight decline in domestic revenue due to lower oil price forecasts and a lower level of production retained by the state. Recurrent and capital expenditure was expected to rise marginally, with capital spending continuing to account for more than 70% of total expenditure. The budget surplus, in the range of CFAfr 1,017 bn, was earmarked for debt repayments, the intergenerational equity fund and the purchase of assets owned by the state. Due to its oil wealth, Equatorial Guinea's deposits represented more than 50% of the regional central bank's total resources.

The ministry of mines, industry and energy announced the **results of oil block bidding** on 14 September after several delays and extensions earlier in the year. Although only seven t of the 24 blocks offered were expected to be allocated, new players from India and Nigeria entered the race. Chinese national oil companies, however, did not participate in this bidding round. Meanwhile, several new discoveries during ongoing explorations highlighted the potential for increased oil and gas production over the medium term.

As a typical snapshot of the country's persistently **appalling social situation**, and in sharp contrast to its apparent oil wealth, Equatorial Guinea's ranking in UNDP's latest Human Development Index fell by another seven ranks for the year 2005, highlighting the poor state of the country's education and health situation. Although literacy rates and gross school enrolment ratios remained unchanged, whereas life expectancy improved from 43 to 50 years, the fall in the ranking was mainly caused by lower real per capita GDP due to the sharp rise in prices over the last few years, a factor that was taken into account for the first time in the PPP calculations. Equatorial Guinea's ranking remained 50 positions below of what it should have been given its relatively high per capita income.

On 14 September, Minister of Information Santiago Nsobeya issued a **ban on log exports** from Equatorial Guinea. Although he failed to give an exact start date for the ban, the move was clearly intended to create more jobs and manage the country's natural resources more wisely, as it would force timber companies to establish processing facilities. Prior to the onset of the oil boom, timber exports, along with the production of cocoa, had been the country's main export earners. Logging, however, was carried out with little or no respect for environmental concerns.

In February, Equatorial Guinea made a formal **request to join the WTO**. Thus far, the country had held observer status in Geneva as a Least Developed Country and would therefore benefit from simplified accession procedures. However, lengthy negotiations paralleled by substantial reform of trade legislation and tariff levels now lay ahead.

The **article IV consultations with the IMF** in March produced no tangible results, given the government's declared intention of not signing a staff-monitored programme with the Fund. Given the oil wealth, Equatorial Guinea was in no need of submitting to economic and financial conditionality. Relations with the IMF were limited to technical assistance from two IMF experts. The salaries of both, however, were paid by Equatorial Guinea.

On 30 July, President Obiang announced a **second national economic conference** to take place in November. The first conference was held in 1996 shortly after oil production began. As a result of the conference in November, a **medium-term economic programme** was announced under which the government intended to spend $ 12 bn over the next five years on infrastructure programmes, mainly in transport, social infrastructure and energy, such as an oil refinery and hydroelectric and gas power stations. Due to insufficient transparency in procurement processes and without clearly defined sectoral strategies, the effectiveness of investments in infrastructure had been in doubt over the last few years.

Cord Jakobeit

Gabon

On 2 December, President **Omar Bongo Ondimba** celebrated his 40th year in power, making him the longest-serving African head of state and second-longest in the world (after Fidel Castro). Having skilfully eliminated political opponents through a combination of cooption and repression, and installing a dozen of his family members in key government posts, Bongo ran the country as a neo-patrimonial regime. His numerous offspring, the result of several marriages, are each positioning themselves for dynastic succession in the event of his departure from office. However, Bongo, 71, appeared to be in good health and there was no indication he would be handing over power before his term expires 2012.

Domestic Politics

In keeping with his political strategy of regularly appointing and replacing those directly below him to prevent anyone else from becoming his equal, on 20 January Bongo **reshuffled the cabinet** under Prime Minister Jean Eyeghe Ndong. **Legislative elections** in December 2006 had provided his ruling 'Parti Démocratique Gabonais' **(PDG)** with an unbeatable majority coalition in parliament. Opposition parties held only 14 of 120 seats (12%) in the National Assembly. Consequently, the cabinet reshuffle did nothing to threaten the power of either Bongo or the ruling PDG. Nevertheless, on 10 June special by-elections were held for 20 seats where elections had been invalidated by the constitutional court because of serious 'irregularities', including 100 counts of 'vote-buying'. The constitutional court's 1 April decision censured powerful regime figures such as former Prime Minister Jean-François Ntoutoume-Emane: never before had a court challenged so many PDG candidates. However, the results of the by-elections were less than the opposition hoped for: The biggest winner was the PDG itself, which actually won an additional 11 seats, leaving it with a **two-thirds majority** (69%, 83 seats).

Six other seats in the June special elections went to parties from the 'presidential majority', such as the second-largest party, 'Rassemblement Pour le Gabon' (RPG), led by the former-opposition-leader-turned-Bongo-loyalist Paul Mba Abessole, which now controlled seven seats. Pierre Mamboundou's opposition group, 'Union du Peuple Gabonais' (UPG) managed to hold on to six seats, making it the third-largest party. Meanwhile the 'Union Gabonais Pour la Démocratie et le Développement' (UGDD), led by the other opposition leader, Zacharie Myboto, a former 'baron' of the regime who took third place to Bongo in the 2005 presidential elections, only managed to hold on to three seats.

There was no **democratic opposition** that could successfullly challenge Bongo. Mamboundou, who came second to Bongo in the 2005 presidential elections, had assumed a leadership role in what remained of the political opposition. However, in a pattern of chronic patronage and betrayal, he drew increasingly close to Bongo and was coopted in 2007. Local newspapers published a few days before the June by-elections reported that he had accepted $ 23 m from Bongo to develop Ndéndé, Mamboundou's home area in the southern Ngounié province.

Domestic politics presented the spectacle of republican institutions in which the president carefully appointed members of Gabon's 40 **ethnic groups** to various government offices. Several of Gabon's smallest ethnic groups, such as the Pygmies, are currently disappearing. The more numerous groups, however, such as the Fang (26%), the Eshira-Punu (24%), the Nzabi (12%) and the Mbédé (8%) received administrative appointments and representative offices in proportion to their electoral clout and support for the ruling party. In this approach to government, an unwritten tradition holds that the prime minister of Gabon must be a Fang (as the current one is).

The marginalised southern Eshira-Punu have organised viable opposition parties, have provided anti-regime politicians of national stature and have staged the dramatic moments of civil unrest in the southern oil city of Port-Gentil in 1990–91. On 16 July, an Eshira of Punu ancestry, Louis Gaston Mayila, long-time Bongo supporter, officially announced the creation of a new political party, '**Union Pour la Nouvelle République**' (UPNR). That very day, President Bongo removed Mayila from his post as vice prime minister of social affairs. However, Mayila said his new political party, which draws its support from the Eshira (a Bantu subgroup which includes the Punu, Massongo, Loumbou, Babuissi, Varama, Ngowe and Voungou tribes) of the Ngounié province, would remain loyal to the president's parliamentary majority. Mayila's departure may be a stratagem by President Bongo to give the appearance of democratic opposition after the cooption of Mamboundou.

Bongo remained a neo-patrimonial ruler. Not only did he personally rule the country, but he maintained his **family members** in key government posts. In 2007, one of his sons, Ali Bongo, was defence minister. Another son, Landry Bongo, was a PDG deputy in the National Assembly. Jeff Bongo was a high-level civil servant in the finance ministry. His daughter Pascaline Bongo was his cabinet secretary in the presidential palace, while her husband, Paul Toungi, was finance minister and her former companion, Jean Ping, was foreign minister. The numerous grandchildren of his legal and customary wives were integrated into the various ministries in Libreville and the current first lady, Edith Bongo (daughter of President Sassou-Nguesso of neighboring Congo), with ambitions of her own, was bringing up the latest generation of the Bongo clan. High politics in Gabon could be described as neo-patrimonial palace politics. All eyes were fixed upon the death of the president-for-life, and upon his succession.

Foreign Affairs

Bongo's relations with the **United States** remained very good. In February, for example, President Bush approved a plan by the US department of defence to set up a command centre for AFRICOM on the continent, which would include a small logistics centre in Libreville to support American military operations in the region in the future. However, the most important foreign partner remained **France**, which continued to dominate its extractive industries (through investment, trade, aid and monetary policy), perpetuate a francophone culture (through the French language, media, education and law) and maintain a dependent regime (through paratroopers and military cooperation accords).

In a highly symbolic 'first official visit' to Africa, the new French president, **Nicolas Sarkozy** traveled to Libreville on 27 July to meet with his counterpart Bongo. All French presidents since Pompidou have made this trip. Asked by French journalists why he chose to visit Gabon after running his presidential campaign on the promise of change, Sarkozy replied "because Gabon has been a privileged partner of France since 1967", because it is a base for "850 French soldiers" and because "Omar Bongo is the doyen of African heads of state, and in Africa, the doyen . . . that counts!"

Certainly the timing of Sarkozy's visit could not have been better for President Bongo, who had by then been undergoing a **criminal investigation** in France for scandalous corruption related to the enormous estates and vast wealth he had amassed in metropolitan France over four decades of corrupt rule. Two French non-governmental organisations, 'Sherpa' and 'Survie', pushed French magistrates to open this investigation into how Bongo had financed his many high-priced Parisian properties. When asked by journalists to comment on this affair, Sarkozy evasively declared that the investigation should not affect diplomatic relations between Paris and Libreville. On 23 November the case was closed, with magistrates stating there was "insufficient evidence" of any wrongdoing.

On 5 July, Gabon's foreign minister, Jean Ping, and France's new minister of immigration and co-development, Brice Hortefeux, signed an accord on **migratory flows** between the two countries. In terms of the agreement, France engaged to provide two-year multiple-entry visas to holders of an ordinary Gabonese passport and also allow Gabonese students in France to seek employment in the area of their competency. In exchange, Gabon agreed to cooperate in the struggle against clandestine immigration, accepting a readmission clause that allows French authorities to return any persons who transited through Gabon to arrive in France illegally. Apart from its migratory flows to France, Gabon is one of the principal host countries for inter-African immigration. Its political stability and relative prosperity have resulted in 25 of every 100 persons living in Gabon being of foreign origin. Expatriates from neighboring countries (Congo, Cameroon and Equatorial Guinea) naturally topped the list, but the number of expatriates from West Africa (Mali, Benin, Togo and Nigeria) was equally important.

Relations with neighboring **Equatorial Guinea** remained poor. In mid-April, that country's foreign minister, Pastor Micha Ondo Bile, blamed Gabon for creating deadlock in talks concerning the long-disputed Mbanie, Conga and Cocotiers islands. Gabonese Foreign Minister Jean Ping replied on 14 April that Ondo was irresponsible and "lying". In November, Equatorial Guinea's President Teodoro Obiang Nguema invited new French President Sarkozy to mediate the longstanding border dispute over these purportedly oil-rich islands with his loyal francophone ally Bongo.

Socioeconomic Developments

For many decades, the Gabonese government has suffered from high **indebtedness** caused by poor management of mineral revenues, irresponsible lending by creditors and a rentier mentality. Here, Bongo's longevity has allowed him to learn from past mistakes. His government's fiscal priority has been to get out of debt, made possible by high oil prices and reduced public spending. By year-end, debt-to-GDP ratio was 28%, with a healthy fiscal surplus of 10% of GDP. Bongo concluded a Paris Club agreement in July whereby 86% of all of its outstanding debt to club members was bought back by Gabon at a 15% discount on its face value. The buy-back, which had an equivalent value of around $ 1.5 bn, was financed through a combination of Gabon's own resources and debt issuance, the most significant of which was the 5 December issuing of a **10-year $ 1 billion Eurobond**. High per capita income figures, relatively abundant mineral wealth and prospects for economic growth resulted in a **BB-/B credit rating** by Standard & Poor's. This 8 November rating was based on the government's commitment over the past four years to economic and financial reform (as shown by progress on major state privatisations, fiscal consolidation and better debt management practices) underpinned by two IMF programmes.

Given the current world context of high commodity prices, it is important to note that Gabon's economy was still essentially an extractive one, dependent on foreign firms exploiting its **forests, mines and oil**. The 2007 UNCTAD report on 'Transnational Corporations, Extractive Industries and Development' showed that 100% of Gabon's metals production was in the hands of foreign firms. The French companies Rougier Gabon and Leroy Gabon predominated in the forestry sector; the French 'Compagnie Minière de l'Ogooué' (COMILOG) predominated in the manganese sector; and the French national champion Total Gabon (formerly Elf) predominated in oil and gas.

Yet attention increasingly focused on **Chinese** companies, such as those that have acquired enviable rights to exploit the huge **Belinga iron deposits** of northeast Gabon. These deposits are the last great unexploited iron reserves in the world, with over 1 bn tonnes of high grade ore. The deal was negotiated in 2005, originally with Brazilian partner CVRD, later displaced by the Chinese (see Africa Yearbook 2006). Costly rail links were needed to reach the Belinga reserves in the tropical rainforest, as well as a deep-water port and a hydroelectric dam. This infrastructure work had been expected to get under way in 2006 but had been put off several times, raising doubts about whether the project would ever get off the ground. Following an official visit by three top Gabonese officials to Beijing in August, the Gabonese government unveiled a long-awaited timetable for essential infrastructure. Production was expected to start in 2011. Richard Onouviet, minister of mines, announced a legal framework for the operation and said that the Chinese had designated the constituent companies and their financial organisation. Whereas in previous press conferences the government had announced that China National Machinery Equipment Import and Export Company (CEMEC) was the operator, Onouviet explained that the Chinese will control 85% of a new joint-venture company – Comibel – named to oversee the project, and Gabon will hold a minority 15%.

President Bongo has heralded Belinga as the biggest project of the century, but in terms of long-term benefits for Gabon senior Western diplomats doubted that the project would create employment among Gabonese. The process will be largely Chinese-owned and operated and the extraction and transportation of iron ore will be for use in Chinese industrial development. However, it should be recognised that much of the concern generated about Chinese activity in the country stemmed from other foreign market players, notably the French, whose entrenched commercial and geostrategic interests were being threatened. Foreign Minister Ping gave the assurance that China would never replace France.

Although it only provided a little over 2% of GDP in 2007, the **forestry sector** was the second largest employer in Gabon (after the state). Over 60% of timber exports went to Asia, with China alone estimated to receive approximately half. For example, 58.6% of okoumé wood exports went to China. Okoumé is a type of mahogany softwood that has traditionally been the benchmark species for the country. Only four sawmills operated in

Gabon, so the bulk of wood was exported raw; particularly to China. There has been a huge increase in the activities of Chinese companies in the forestry industry in Gabon over the last 20 years. According to Global Timber, a UK-based NGO, 20% of Chinese forestry contracts were operated under conditions damaging to the forest and 80% of China's wood imports from Gabon were in disregard of the law. In its 'China: Illegal Imports and Exports', the NGO reported that tax was evaded on 66% of the areas allocated to the Chinese as forest concessions.

The **petroleum sector** continued to be the most important source of exports, national income and government revenue. Oil production was 245,000 b/d. According to Total Gabon (a subsidiary of the French major), the selling price of the crude oil (Mandji and Rabi Light) marketed by the company averaged $ 61.84 per barrel in the first nine months of the year. Prices for Gabonese crude remained below the benchmark Brent crude, for reasons having to do with privileged contracts and low taxes. On 5 July, the company's set-up agreement was renewed for a further 25 years, and defined the legal and tax system governing its concessions, operating licences and crude transportation installations. This will ensure the company's fiscal regime long after the departure of President Bongo. Total continued to implement a major reservoir study and development programme that mainly covered the fields in the Mandji crude-producing area. The company also pursued drilling in its Anguille field.

Prime Minister Ndong, in a communiqué published on 25 August, rejected the persistent demands by the 'Publish What You Pay' (PWYP) initiative to create a new national oil company to replace the old one, PETROGAB, which had been liquidated in the 1980s following chaotic mismanagement. "The negative experience drawn from the former national oil company led the state to *not* favorably respond to calls by civil society to create a new company". Gabon has adhered to the Extractive Industries Transparency Initiative (EITI) since 2002, and according to EITI's most recent report, published by Ernst & Young in 2007, Gabon has proven its determination to ensure transparency in the petroleum sector.

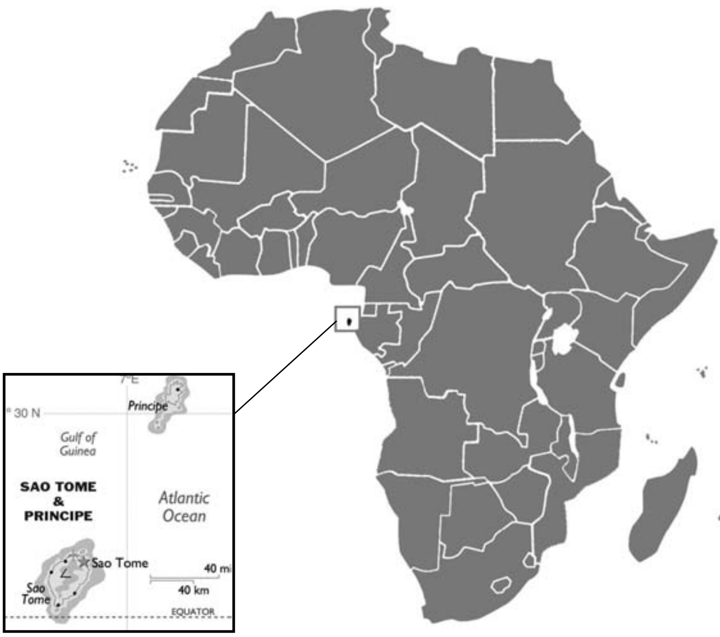
Ever since the closing of the 'Compagnie des Mines d'Uranium de Franceville' (COMUF) eight years ago, French mother company Areva has feared the negative publicity from the **health impact** on the local population of the Mounana uranium mine. Despite rehabilitation work undertaken by Areva under the aegis of the IAEA and the EU, a report published in April by 'Médecins du Monde' revealed that between 1958 and 1999 COMUF workers and their families were negligently exposed to radioactive materials, without any protection or even medical check-ups. Mounana's mayor, César Opiangah, sounded the alarm: "We were the first to invoke the cases of respiratory illnesses, but nobody took us seriously". To silence its critics, Areva immediately announced the creation of a monitoring facility for detecting illnesses among retired uranium miners and their families.

On 2 March, South African Airways initiated a **direct flight** to Libreville, after another South African carrier, Inter Air, started running weekly flights between the two countries.

For its part, the newly formed **Gabon Airlines** promised to schedule flights to Johannesburg. Gabon Airlines is entirely owned by private banks and investors and headed by Christian Bongo, another of the president's sons. It replaced Air Gabon, the former state airline, which went bankrupt after years of corrupt mismanagement and was dissolved in 2006.

Douglas Yates

São Tomé and Príncipe



Debt relief by IMF, World Bank and the Paris Club did not result in immediate economic recovery. On the contrary, a shortage of food imports and consequent skyrocketing consumer prices provoked widespread dissatisfaction with the government. Both the opposition parties and President Menezes accused Prime Minister Vera Cruz and his ministers of being incapable of solving the problems. A revolt by the Rapid Intervention Police (PIR) in October further weakened the position of the prime minister, who was finally forced to reshuffle his cabinet. The economy continued to be marked by declining production and exports, while the existence of the country's commercially exploitable offshore oil reserves remained to be confirmed.

Domestic Politics

Important decisions inside the main political parties dominated much of the public debate. At an extraordinary party congress of the opposition 'Movimento de Libertação de São Tomé e Príncipe/Partido Social Democrata' (MLSTP/PSD) on 24 February, Rafael Branco defeated the sole competitor António Quintas by securing 675 votes, as against Quintas's 221, and became the new party president. At the convention of the 'Movimento Democrático Forças da Mudança' (MDFM) in May, Prime Minister Tomé Vera Cruz was re-elected as secretary general. At the same time, delegates elected President Menezes as chairman of the MDFM, although the country's constitution does not allow the head of state to exercise other public functions. Nonetheless, Menezes accepted the position, but declared he would not to assume it publicly as long as he was head of state. At the 5th party congress of the 'Partido de Convergência Democrática' (PCD) on 25 November, Albertino Bragança was elected the new party president, replacing Leonel Mário d'Alva, while the minister of public works, Delfim Neves, became secretary general of the party.

In early September, President Menezes publicly criticised the performance of the minority government of Tomé Vera Cruz (MDFM-PCD), whom he blamed for the **precarious economic situation**, which was marked by a shortage of food imports. Due to the scarcity of rice, its price had increased fivefold. Prime Minister Vera Cruz refused to comment on Menezes's allegations and initially rejected any cabinet reshuffle. On 16 October, hundreds of people participated in a protest demonstration demanding the dismissal of the government because of the increasing cost of living.

On 8 October, some 30 members of the **PIR**, nicknamed 'ninjas', seized the police headquarters and held hostage about two dozen policemen, including the commander, Gilberto Andrade, for one day. The 100-man PIR unit, created after the 2003 military coup to prevent future military rebellion, had already staged a revolt in January 2006. The 'ninjas' demanded the payment of outstanding subsidies of Dobra (Db) 50 m ($ 3,670) each, allegedly promised by the government during their nine-month training in 2003–04, which included four months in Angola. On 17 October, the 'ninjas' rejected a government ultimatum to leave the police headquarters and threatened to defend themselves if attacked by the military. Finally, on 20 October the government and the rebels signed an agreement mediated by the speaker of the National Assembly, Francisco Silva. In terms of the deal, government would fix a timetable for the bonus payments within 15 days, while the policemen who had participated in the mutiny would be dismissed. Then, on 2 November, the 'ninjas' again seized police headquarters and demanded payment of the subsidies within three days, accusing the government of not having met the 15-day deadline. On 4 November, the **armed forces occupied the police headquarters**, detained ten rebel leaders and demanded that the escaped rebels give up and surrender their arms the same day. During the action, one unarmed PIR woman was killed and two other rebels received bullet wounds.

The revolt further weakened the position of Prime Minister Vera Cruz. On 14 November, the council of state presided over by President Menezes to discuss the future of the government **forced Vera Cruz to reshuffle his government**. Six days later, Vera Cruz presented his new cabinet. Four ministers, Cristina Dias (economy), Fátima Leite (education and culture), Maria dos Santos Tebus Torres (planning and finance) and Gustavo dos Anjos (foreign affairs) were dismissed. The newly appointed government members, who were sworn in on 22 November, included the ministers Valdemira Tavares (economy), Mariana Rute Leal (education), Arlindo Afonso Carvalho (planning and finance), Ovídio Pequeno (foreign affairs) and Argentino Pires dos Santos, who was appointed secretary of agriculture, fishing and rural development. The culture portfolio was integrated into the ministry of territorial administration, headed by Armindo Aguiar. The 'Acção Democrática Independente' (ADI) refused to join the government, which controlled only 23 of the 55 parliamentary seats, because it included the ministers Delfim Neves and Ovídio Pequeno, both of whom the party associated with corruption scandals.

In early June, the attorney-general filed an appeal in the supreme court against a decision by the court to stall the proceedings against the ex-prime minister, Maria das Neves, and the former minister of commerce, Arzemiro dos Prazeres, due to a lack of evidence. Both politicians had been accused of embezzling funds from the Gabinete de Gestão de Ajudas food aid agency in 2004, accusations that had led President Menezes to dismiss Maria des Neves as prime minister.

Foreign Affairs

Foreign relations were marked by a strengthening of ties with neighbouring **Equatorial Guinea**, while frequent visits by US navy vessels reflected the **increased military cooperation with the United States**.

In March, 30 **French soldiers** based in Gabon held joint one-week manoeuvres with 75 local military in São Tomé to train the local armed forces to serve in a French-financed peace maintenance unit in Central Africa. More important were military relations with the US. On 8 March, during a four-day visit by the guided-missile frigate USS Kaufman, President Menezes was flown by helicopter to the ship and briefed on the Automatic Identification System (AIS) that identifies and locates ships. During the visit, sailors from the frigate held joint exercises with São Tomé's coast guard. In May, during a visit to São Tomé, Vice-Admiral John Stufflebeem, commander of the US Sixth Fleet based in the Mediterranean, promised American support in monitoring the country's waters. On 14 September, Commodore John Nowell arrived in São Tomé on the USS Doyle to inaugurate the local coast guard's new boat ramp, which had been built by the US navy's construction battalion. In mid-October, the guided-missile destroyer USS Forrest Sherman paid a visit to São Tomé to strengthen military cooperation between the two countries.

Relations with Washington were further strengthened in the **economic field**. On 9 November, representatives of São Tomé and Príncipe and the United States signed a two-year $ 8.7 m Millennium Challenge Corporation (MCC) threshold programme aimed at improving tax and customs revenue collection and reducing the time required to start up a business.

Since the departure of Nigerian President Obasanjo from office, Equatorial Guinea's **President Obiang** has become President Menezes's **closest ally in the region**. On

25 May, President Obiang arrived for a three-day visit in São Tomé to strengthen the bilateral cooperation between the two neighbouring countries. In a lecture given during his visit, President Obiang stressed the potential advantages to São Tomé if it replaced the Dobra with the CFA franc. On 3 August, President Menezes participated in the celebrations of the 28th anniversary of Obiang's coup in Malabo. Upon his return on 18 October from another three-day visit to Malabo, President Menezes announced that Equatorial Guinea had granted food aid and a loan of € 1 m to help solve the crisis in the country. In addition, President Obiang participated in the celebrations for São Tomé's 32nd anniversary of independence on 12 July, held for the first time in Porto Alegre in the impoverished Caué district. The event was also attended by presidents Omar Bongo of Gabon and Sassou Nguesso of Congo Brazzaville and Taiwan's foreign minister, James Huang. In his speech, President Menezes advocated a major economic integration of his country into the Central African region.

From 17–23 August, Cape Verdian Prime Minister José Maria Neves paid an official visit to São Tomé to strengthen bilateral cooperation in education, health and public administration and to discuss with the local authorities the problems affecting the local Cape Verdian community, estimated at 6,000 people.

On 9 September, President Menezes participated in the first **Taiwan-Africa leadership summit** in Taipei, his 6th visit to Taiwan. Before his departure, he assured his hosts that during his mandate São Tomé would not cut its ties with Taipei. The country is one of the last five African countries to side with the smaller Chinese republic. However, Menezes used pressures from Beijing to reestablish diplomatic relations to seek more Taiwanese aid. In response, Taiwan promised São Tomé an additional $ 15 m for the construction of a new thermal power station. In return, on 26 September, in his speech at the 62nd General Assembly, Menezes demanded the readmission of Taiwan to the UN.

On 13 December, following the EU-Africa Summit in Lisbon, President Menezes declared that his country would not sign the **Economic Partnership Agreement (EPA)** with the EU before it had established a monetary agreement with either the CFA franc or Euro zone to reach fixed parity for the local currency.

Socioeconomic Developments

In March 2007, the National Assembly approved the delayed **2007 annual budget** of $ 96 m, of which 81% was externally financed. The budget included repayment of three credits totalling $ 15 m to Nigeria. On 19 July in the National Assembly, 27 deputies from the opposition.

ADI and MLSTP/PSD voted to defeat a supplementary budget of about $ 10 m presented by the government of Prime Minister Vera Cruz for infrastructure projects financed by Taiwan. The MLSTP/PSD opposition accused the government of irregular spending of funds prior to budget approval and of not having included all the funds from Taiwan in the supplementary budget,arguing that some of the funds had been embezzled.

Finally, on 16 March the IMF and the World Bank announced the long awaited **debt cancellation** of $ 317 m under the Enhanced HIPC Initiative, since the country had met the economic reform targets. On 24 May, Paris Club creditors agreed to write off bilateral debts of $ 24 m in nominal terms, thus reducing to $ 0.6 m São Tomé's debt to Paris Club creditors. On 21 August, Germany cancelled bilateral debts of € 4.6 m as part of the Paris Club agreement.

Following the satisfactory completion of the third, fourth and fifth review (in January, June and December respectively), of São Tomé's performance under the three-year PRGF arrangement signed in August 2007, the IMF released a total of $ 1.9 m, bringing the total payments under the arrangement to about $ 4 m. The IMF claimed that São Tomé had made significant progress in macroeconomic stabilisation with regard to GDP growth and lower inflation. In addition, on 21 December, the IMF disbursed HIPC assistance of about $ 1.4 m.

As part of the economic policies, energy prices were adjusted to reflect the real costs. On 4 September, the government increased the prices for petrol, diesel and kerosene by 25%, 14% and 23% respectively due to the oil price hike on the world market. The fuel company ENCO claimed to have incurred debts of Db 90 bn ($ 6.6 m) as a result of the differential between the purchase price and the resale price in the country. In October, the energy utility EMAE increased the **electricity tariffs** by 68%, the first increase in two years. The state-owned company, which produces 80% of energy from thermal power, accumulated debts of some Db 50 bn ($ 3.7 m) with ENCO. Because of the unsettled debts, in September, ENCO discontinued fuel supplies on credit to EMAE, which resulted in frequent power cuts. On 16 October, the two companies reached a deal to settle the debts. EMAE agreed to reimburse ENCO the monthly amount of $ 147,000 over 25 months.

Oil exploration activities almost came to a standstill, since only a few minor developments occurred in the oil sector. On 6 March, Addax Petroleum and the Chinese Sinopec announced they would drill five exploration wells in Blocks 2 and 4 of the Joint Development Zone (JDZ) from 2008–13 at an estimated cost of $ 74 m. After re-evaluating the seismic survey data of the country's Exclusive Economic Zone (EEZ) produced by the Norwegian PGS a few years ago, in early July British Geological Service announced that 18 locations with **potential hydrocarbon reserves** had been identified in 2,400–3,000 metre-deep waters, with a probability of 8.36% for commercially exploitable oil production.

On 25 September, Addax Petroleum acquired ExxonMobil's 40% stake in JDZ Block 1 for $ 77.6 m and 2% of Addax's share of profit oil produced in Block 1. At the same time, it became known that Chevron had assigned 5.1% of its original 51% stake in Block 1 to the South African Sasol.

In March, the Nigeria-São Tomé joint ministerial council increased the annual budget for the Joint Development Authority in Abuja by 44%, from $ 9 m in 2006 to $ 13 m in 2007. This significant increase was justified by the need to settle past debts.

Attempts to improve air transport and air traffic control proved only partly successful. On 12 February, the newly established STP Airways inaugurated a twice-weekly direct flight to Lisbon, operated by TAAG Angola Airlines. However, flights ceased in June when the European Commission banned TAAG from operating in Europe. On 2 July, the government sold stakes in STP Airways for $ 2 m to TAAG (40%) and the Portuguese EuroAtlantic (25%).

After investing $ 1 m in the modernisation of the airport's control tower, on 5 July the National Aviation and Air Security Company (ENASA) assumed responsibility for the control and **commercial exploitation of the country's air space** that, due to lack of technical capacity, had hitherto been controlled by Ghana. In mid-August, the president of ENASA's administrative board, Jorge Coelho, resigned following accusations of mismanagement by the company's workers' union.

In March, São Tomé signed a new **four-year fishing agreement** with the EU that became effective on 1 June. In return for € 663,000 annually, 43 boats from Spain, France and Portugal were permitted to fish in the country's waters.

On 11 July, President Menezes inaugurated the new Côco Côco market building in the capital, financed by Taiwan to the tune of $ 2.4 m. It replaced the old Feira do Ponto market, which no longer met public health standards and was demolished.

Gerhard Seibert

VI. Eastern Africa

The situation in the sub-region remained largely unchanged, with most external attention again focused on the continuing armed conflicts in the Darfur region of Sudan and in Somalia, while other conflict zones (Eritrean-Ethiopian border, northern Uganda, Comoros) received comparatively less attention and a new crisis in Kenya emerged only in the last days of the year in the aftermath of crucial elections. The Darfur and Uganda conflicts also overlapped with the Central African sub-region (Chad, Central African Republic, DR Congo).

There were no changes in the domestic political situation of any of the sub-regional countries. In the almost complete absence of elections (apart from Kenya) all incumbent power holders retained their positions. The only national elections, for the Seychelles parliament, confirmed the long-ruling party, and in Comoros elections were held for the presidencies of the semi-autonomous islands, not for the national presidency.

The sub-region was generally spared major catastrophe and climatic extremes, such as the drought in the preceding year. Macroeconomic growth was by and large reasonable and better than it had been for years. Only three countries had GDP growth rates of less than 5% (Burundi, Eritrea, with Comoros the only country with a slightly negative growth rate), while Ethiopia and Sudan were the best performers, achieving rates above 10%.

Burundi and Rwanda were admitted as full members of EAC in July, whereas no significant changes took place in other sub-regional organisations. The controversial negotiations with the EU over EPAs remained inconclusive and had to be extended.

Political Developments

Sudan continued to experience horrendously violent conflict in Western Darfur, now in its fifth year. There were also persistent uncertainties about the durability of the two-year old peace agreement that had ended the long civil war in the South and made possible the installation of a new semi-autonomous Government of Southern Sudan (GoSS). Despite these challenges, the central government in Khartoum, on the back of an oil-driven economic boom and with international support mainly from China, felt sufficiently secure to persevere with its confrontational course against domestic adversaries and to obstruct international efforts to stop the fighting and human suffering in Darfur. The AU peacekeepers continued to be far too weak to protect the civilian population effectively or to reduce the level of hostilities. The planned deployment of a larger hybrid AU-UN peacekeeping force, mandated by the UN Security Council, encountered delaying tactics from Khartoum and did not get under way before year's end. Various new peace talks proved fruitless, due both to the intransigence of Khartoum and the utter, and ever more confusing disarray among the many Darfur rebel groups, with repeated splits by various leaders, at times more for criminal gain than for political goals. No political solution was thus in sight. New strains between Khartoum and GoSS in Juba, specifically over the demarcation of the North-South boundary, which had implications for control of important oil-producing areas, seriously threatened the 2005 peace agreement. In October, the Southern leadership withdrew from the national government, but rejoined in December after some progress was made in the tough negotiations on the key sources of discord. In the North, tensions grew among the major political parties in advance of crucial elections scheduled for 2009.

The generally repressive political situation in **Eritrea** remained largely unchanged and even deteriorated further. There was no escape from the pervasive militarisation of society, and the population suffered many human rights violations at the hands of the regime. The exodus of young Eritreans to neighbouring countries increased. External opposition groups remained weak and without realistic chance of changing the current situation. All hopes of gradual democratisation appeared as illusory as they had been for years. The military regime was internationally isolated and continued to focus primarily on its confrontation with Ethiopia.

Ethiopia's domestic situation saw only slight improvement with the release of most leaders and supporters of the political opposition that had been jailed after the highly controversial 2005 elections. However, this in no way hindered the ruling Ethiopian Peoples Revolutionary Democratic Front and Prime Minister Zenawi in maintaining full control over the entire political landscape. No meaningful reconciliation between the ruling elite and its opponents was initiated. Expressions of social and ethnic unrest continued in various parts of the country, in particularly violent form in the Ogaden region. The ruling party was generally able to monopolise the political space at the national level, while opposition forces remained weak and internally fragmented. The authoritarian regime showed no indication of moving towards gradual political liberalisation.

In **Djibouti**, the ruling multiparty alliance of President Guelleh remained in full control, with no serious challenges from the notoriously weak political opposition. Scheduled parliamentary elections in early 2008 presented no foreseeable problem. The mini-state enjoyed a continued influx of foreign investments and an improved economic situation, and it also benefited from the presence of French and US military bases.

The three distinct parts of **Somalia** experienced widely differing political developments during the year, and, as a result, drifted further apart in respect to their general socio-political situation. **Somaliland** had all the features of a fairly stable independent state and was able to consolidate its political institutions and the economy further, but remained internationally ostracised, with no formal diplomatic recognition by the rest of the world. The semi-autonomous **Puntland** region also largely managed to keep out of the violent conflict in southern Somalia, although it became embroiled in a brief and violent border conflict with Somaliland. Moreover its institutional arrangements were less secure and it faced greater economic problems. **Southern Somalia** continued to endure unabated political conflict and turmoil, with violent insurgency campaigns being mounted by different regrouped Islamist factions opposed to the struggling Transitional Federal Government, which was unable to exert its full authority throughout its territory, despite strong protection from Ethiopian forces. No political solution that would enable the re-establishment of viable state institutions was in sight.

Parliamentary elections on the tiny island state of **Seychelles** confirmed the political situation that had emerged since the return to a multi-party system in the early 1990s. The ruling Seychelles People's Progressive Front, already in power without interruption for 30 years, was again victorious, but had to acknowledge the continued existence of a significant opposition. There was some optimism for better cooperation between the two camps, since both had learned to accept the underlying differences in Seychellois society.

The unity of the notoriously fragile island state of **Comoros** was again seriously threatened by a conflict over the elections of the presidents of the three semi-autonomous islands that make up the Union. While orderly elections were held in June on two islands and brought new leaders to power, this was not the case on Anjouan. Incumbent Anjouanese President Mohamed Bacar refused to accept a ruling by Union President Abdallah Sambi and engineered his own re-election in the absence of any opponents. The ensuing conflict between Union and island authorities escalated sharply over the balance of the year. Several external mediation attempts proved unsuccessful. Fearing another de facto secession by Anjouan, Sambi adamantly demanded support from the AU for the forceful removal of Bacar's authoritarian regime. By the end of the year, this prospect appeared to be almost imminent.

The political landscape in **Kenya** was characterised throughout the year by constant infighting, mutating alliances and various questionable manoeuvres across the gamut of political actors in the run-up to crucial presidential and parliamentary elections on 27 December. Eventually, a pattern of confrontation emerged between two major multi-faceted political camps, one led by incumbent President Mwai Kibaki and the other assembled around veteran politician Raila Odinga, with a third camp as the obvious outsider. As usual in Kenya, ethnic mobilisation played a major role during the heated election campaign, which by and large unfolded smoothly, but not without violent incident. Although the result was generally expected to be close, there were no serious warnings of possible problems and election day itself remained rather uneventful. This situation changed dramatically with the announcement on 30 December of a narrow Kibaki victory in the presidential elections, while a clear lead for Odinga's camp in the parliamentary race had already been established and generally accepted. Suspecting deliberate fraud by the incumbent political authorities, immediate protests by opposition followers turned violent and plunged the country into entirely unexpected turmoil that escalated into an orgy of violence over the following weeks. The year thus ended with widespread desperation over the turn of events and with Kenya confronting its most fundamental crisis since independence.

By contrast, neighbouring **Tanzania** had an uneventful year with the long-ruling dominant party remaining in full control without serious challenge from weak opposition forces. President Kikwete, in his second year, further consolidated his power over the party machinery during a party congress. Some public disappointment over the government's performance and revelations of apparent high-level corruption did not seriously undermine the political stability that has long characterised the country. Even semi-autonomous **Zanzibar** experienced much less open antagonism between the ruling party and the main opposition than in the recent past. The political climate was calm and largely collaborative, while both sides continued their rather secretive negotiations to overcome their past confrontations. Although promised, the results of the talks were not made public before the end of the year.

After the controversial elections in 2006, **Uganda** experienced only its second year as a relatively unrestricted multi-party political system. President Museveni and his National Resistance Movement were still absolutely dominant and held all the reins of power largely unchallenged, but the opposition was now far better able to express public dissent and to play a notable role in parliament. An active, lively civil society contributed to a fairly liberal political climate, but without endangering the real and long-entrenched power-holders. All hopes of a definite end to the two-decade-old civil strife in the north were again disappointed when the drawn-out peace negotiations with the Lord's Resistance Army (LRA) rebels dragged on into 2008.

Rwanda's domestic political situation remained practically unchanged. President Kagame and his ruling Rwanda Patriotic Front continued in full control and clearly dominated the political landscape, leaving very limited space for other political forces and the weak civil society organisations. In view of the parliamentary elections in 2009, there was no indication of any challenges to the well-entrenched and stable, but authoritarian set-up, despite the lifting of a ban on party structures and activities at local and district level.

Neighbouring **Burundi**, by contrast, had a rather tumultuous political year, which raised serious doubts about the stability and authority of President Nkurunziza and the ruling 'Conseil National pour la Défense de la Démocratie-Forces pour la Défense de la Démocratie' (CNDD-FDD) that had so convincingly won the multi-party elections in 2005 after 12 years of civil war. The powerful party chairman, Radjabu, was removed from office in February and subsequently imprisoned and charged with treason. This led to a serious split in the party, including among CNDD-FDD's parliamentarians. For most of the year the government was left without a working majority in a blocked parliament that was unable to pass any laws. It was only in November that a new coalition government was put together after lengthy negotiations with the country's two major traditional parties, while the internal split in CNDD-FDD persisted and the general political situation remained shaky. No breakthrough was achieved in the peace negotiations with the last active rebel group 'Forces Nationales pour la Libération' (FNL), and violent rebel ambushes on a limited scale were still recorded.

In the **Eastern African sub-region**, there have been virtually no changes in 2007 in respect to **Freedom House's** widely used but not undisputed annual assessment of political rights and civil liberties. For civil liberties, all country ratings remained unchanged, whereas the political rights index for both Comoros and Kenya was lowered from 3 to 4 (on a scale of 1 at the top to 7). While none of the twelve sub-regional countries rated as 'free', the top category, four countries (Somalia, Sudan, Eritrea, Rwanda) remained in the 'not free' category. Somalia, Sudan and Eritrea were among the lowest rated countries worldwide, while Rwanda was given a positive trend indicator. The remaining eight countries (plus Somaliland) were categorised as 'partly free' (with both political rights and civil liberties in the 3–5 index points range). Among these, Seychelles was judged the best, followed by Kenya and Tanzania (tied) and then Comoros and Somaliland (tied).

Transparency International's Corruption Perceptions Index for 2007 also revealed wide discrepancies between countries of the sub-region. Among 179 countries listed, Seychelles again easily achieved top position with an overall rank of 57 and a score of

4.5 points (out of 10) as proof of some improvement since the preceding year. By contrast, Somalia was listed as the worst country, ranking 179 and scoring 1.4 points) while Sudan was ranked 172 with 1.8 points. The remaining countries, like most other African countries, ranged between 3.2 and 2.1 points: Tanzania (rank 94), Djibouti (105), Eritrea, Rwanda and Uganda (all ranked 111), Comoros (123), Burundi (131), Ethiopia (138) and Kenya (150).

Similar divergences between countries were discernible in regard to press freedom, as expressed in the 2007 Press Freedom Index by **Reporters Without Borders**. Of 169 listed countries, Eritrea for the first time took last position (score 114), behind even North Korea. Somalia (ranked 159), Ethiopia (150), Rwanda (147) and Sudan (140) were also judged to be general offenders against the principle of freedom of the media. The relatively best marks for press freedom went to Tanzania (ranked 55), Kenya (78), Comoros (96) and Uganda (96), while Seychelles (104), Burundi (127) and Djibouti (132) comprised an intermediate group.

A similar ranking system for general **human rights** in different countries has not yet been attempted, since the fairly wide range of relevant phenomena cannot easily be compressed into a quantitative scale. However, based on regular reporting by AI, Human Rights Watch, other NGOs and the US State Department, the worst politically motivated offences against human rights occurred once again in Sudan, Eritrea, Ethiopia and Somalia. Serious human rights violations were also recorded in practically all the sub-regional countries, but not on the same scale and often arising from uncontrolled interventions by state security agents, without a specific political agenda, and from deplorable prison conditions.

Transnational Relations and Conflict Configurations

The precarious domestic political situation in **Sudan** continued to have important direct or indirect repercussions on relations with most neighbouring countries. This was particularly the case in eastern **Chad**, where the conflict in Darfur had a noticeable spill over effect due to close ethnic linkages across the border and the constant influx of refugees into the relative safety of the camps on Chadian territory. As in previous years since the Darfur rebellion began in 2003, each government accused the other of actively interfering in its affairs by supporting rebels and permitting them to operate across the common borders. Bilateral relations remained strained throughout the year. In April, the Chadian army pursued rebels across the border and engaged in battle with the Sudanese army. In January, Chad threatened to withdraw from the AU if the Sudanese president was chosen as the next AU chairman, as was expected. Since 2006, northeastern **Central African Republic (CAR)** has also been affected by cross-border refugee and rebel movements stemming from the Darfur conflict. New French Foreign Minister Bernard Kouchner almost immediately proposed an initiative to establish militarily protected humanitarian corridors in the affected areas, but was rebuffed on all sides. He then mooted the deployment from November of an EU military mission, EUFOR, to protect the refugee camps in Chad and CAR. The response by other European countries was lukewarm and the operational start had to be postponed until early 2008.

The Government of **Southern Sudan** had in mid-2006 begun facilitating a cessation-of-hostilities and peace process for the long and devastating rebel war involving the Lord's Resistance Army (LRA) in northern **Uganda**. LRA rebels had in previous years been able to retreat on to Sudanese territory and to largely avoid open confrontation with the much better-equipped Ugandan army. GoSS no longer permitted the use of its territory as a safe haven and was determined to put an end to the LRA as an active force. LRA movements and activities had already been severely curtailed, and it had also been forced to retreat into the territories of neighbouring **CAR** and **DR Congo**, where no state security authorities existed. The peace negotiations in Juba, formally chaired by GoSS Vice-President Riek Machar, dragged on inconclusively throughout the year, since LRA leader Joseph Kony remained elusive and would not allow his negotiating team to sign a peace deal.

Sudanese relations with **Eritrea** had considerably improved in 2006 after years of tension and remained positive and stable throughout the year. This was largely due to the 2006 peace agreement between Khartoum and the Eastern Front opposition that had been active in the border region with Eritrea. The rapprochement between the two governments threatened to make the activities of Sudan-based Eritrean opposition groups much more difficult.

There was again no progress towards a lasting solution of the border conflict between **Eritrea** and **Ethiopia** that had been simmering ever since the Algiers peace agreement of 2000 after two years of war. Despite further verbal belligerence on both sides and intermittent fears of renewed full-scale war, only a few minor skirmishes occurred in the border areas. The vicious accusations both governments exchanged were further fuelled by the fact that each of them supported opposing sides in the conflict in **Somalia**. As one consequence, Eritrea in April gave notice suspending its membership in IGAD, the sub-regional organisation of countries in northeastern Africa.

Ethiopia's military invasion of **Somalia** in December 2006 had created a new element of insecurity and confrontation with far-reaching implications for much of the sub-region, since all IGAD member states were forced to take positions on the highly complex situation in Somalia. This scenario persisted throughout 2007. Ethiopian troops stayed on in Somalia to prop-up the shaky transitional federal institutions in Mogadishu that could not have withstood attacks by Islamist forces without them. The initially defeated Union of Islamic Courts (UIC) militia forces, on the other hand, supported by **Eritrea**, regrouped in new guise and mounted increasingly successful guerrilla attacks against the transitional government in various parts of the country, including Mogadishu. In September, Eritrea hosted a major congress of Somali opposition leaders in Asmara. **Djibouti** initially showed sympathy for the UIC, objecting to the Ethiopian invasion and trying to mediate among the opposing Somalian groups, but after some months was forced to accept the geopolitical realities of Ethiopia's dominant position, backed up by the US. The **Somaliland** authorities refused to be drawn into the latest round of internecine Somali conflict, by and large successfully. **Uganda**, a member of IGAD, was the first (and until December only) country to send troops for a AU peacekeeping mission in Somalia.

Inter-state relations in the **Great Lakes region** showed further improvement, as they had in 2006, but remained somewhat precarious, with the sudden resurgence of tensions always a possibility. The installation of a new government in Kinshasa after the national elections in **DR Congo** in 2006 gave new legitimacy to Congolese state institutions, but did little to reduce serious conflict in much of the eastern provinces of DR Congo, bordering on Burundi, Rwanda and Uganda. As had been the case for years, various cross-border linkages and movements were inevitable. Compared to previous years, both **Rwanda** and **Uganda** refrained from openly interfering in local political events in the DR Congo and established regular, albeit sometimes acrimonious, contacts with all levels of the Kinshasa government. The Uganda-DR Congo border area along Lake Albert witnessed some military skirmishes as a result of unclear boundary delimitations in an area where oil exploration was just commencing. Rwanda remained chiefly concerned about the presence of anti-government rebel movements (Democratic Forces for the Liberation of Rwanda, or FDLR, and others) on Congolese territory and demanded serious efforts by Congolese authorities to finally neutralise and demobilise them.

Under the US-facilitated **Tripartite Plus Joint Commission** (Burundi, DR Congo, Rwanda, Uganda), meetings involving diplomats and security personnel were held to find solutions that would address the insurgencies and armed militias in the Great Lakes region. In principle, there was agreement that 'negative forces' threatening the security of any member state should be disarmed and demobilised, but there was no consensus about what groups and individuals to include on the list. Nevertheless, important progress was made at a commission meeting on 17 September and with the signing of a joint communiqué in Nairobi on 9 November. This was further confirmed on 4 December at a meeting of the presidents of Burundi, Rwanda and Uganda and the Congolese internal affairs minister with US Secretary of State Condoleezza Rice in Addis Ababa. The agreement stipulated that signatories would demobilise the identified 'negative forces' (with most attention on the FDLR) by 31 March 2008, but there was immediate scepticism about the realism of this target.

No tangible progress was made in **Burundi** to conclude a peace agreement between the government and the FNL rebel group, despite pressure from neighbouring countries and South Africa (the official mediator) to reach a compromise in the protracted negotiations that had started in 2006. Violent attacks by small FNL groups still occurred, but were much reduced. Tanzania was determined to achieve quicker repatriation of Burundian refugees from the camps on its territory, despite opposition from the Bujumbura government. FNL groups were still able to retreat into neighbouring DR Congo when pursued by the Burundian army.

The political crisis in **Comoros** over the Anjouan elections again prompted repeated mediation efforts under an AU mandate by sub-regional actors led by South Africa, but to no avail. As in previous years, Comoros remained a little-noticed test case of the AU's ability and commitment to contribute significantly to the resolution of a (relatively minor) political conflict in a member country.

UN peacekeeping initiatives in the sub-region again ran up against severe constraints and obstacles in their attempts to at least contain the worst violence in the many instances of intra- or inter-state confrontation. In **Burundi**, the UN military mission closed in December 2006 after playing an important role in the political transition, while further support for that process continued at a much reduced level. The continued presence in the Eastern Congo of the large UN Mission in the **DR Congo** (MONUC) had some effect in containing the overspill of rebel activities into neighbouring East African countries, but could not prevent this completely. The UN Mission in **Ethiopia** and **Eritrea** (UNMEE) encountered even greater problems than in the past in monitoring the fragile ceasefire along the contested border between the two countries, and in December was practically immobilised when Eritrea refused further diesel supplies. The UN Mission in **Sudan** (UNMIS) was considerably expanded and continued to monitor the implementation of the precarious peace process in southern Sudan without major confrontations, but in an atmosphere of growing concern during the last quarter that the whole process would collapse. Nearly two years of diplomatic wrangling to find a generally acceptable UN role in the **Darfur** conflict was finally concluded in late July by a Security Council resolution to create a hybrid AU-UN force (UNAMID) with an intended strength of 26,000 military and police, the biggest-ever peacekeeping mission. This mission was to build upon and greatly enhance the existing AU Mission to Sudan (AMIS), but deployment had to be postponed to 2008 because of delaying tactics by the Sudanese government and problems in mobilising the required contingents and equipment from supplier countries. Again, no UN peacekeeping role was even contemplated for the raging conflict in **Somalia**.

The **AU** continued to struggle within its limited resources to play an effective role as peacekeeping and monitoring agent in Darfur, Somalia and Comoros. AMIS in **Darfur** remained underfinanced and underequipped in relation to its enormous task and the size of the territory, thus greatly limiting its impact as a protection force for the suffering civilians. A new AU Mission in **Somalia** (AMISOM), created in lieu of a proposed IGAD mission, faced the same serious problems and was barely able to move beyond its bases in some areas of Mogadishu and had practically no stabilising influence. In **Comoros** a 'Mission d'Assistance Electorale et Sécuritaire de l'UA aux Comores' (MAES) was initially deployed to safeguard public security during elections, but then stayed when a new crisis developed on Anjouan.

The **International Criminal Court (ICC)** finally succeeded in April in issuing arrest warrants for two Sudanese leaders, from a much larger list, for serious human rights violations against civilians in Darfur. It had proven extremely difficult to assemble enough evidence against individuals to warrant starting international prosecutions. There was, however, no chance the Sudanese government would arrest the wanted persons and hand them over for trial. In Uganda, the issuance in 2005 of ICC warrants against five LRA leaders continued to be a major stumbling block in the peace negotiations between the government and the LRA, since no way could be found to circumvent the warrants.

The sub-region continued to be more severely burdened by **refugees** and **IDPs** than almost any other part of the world. Sudan had by far the highest number of IDPs as a result of the dual conflicts in the south and in Darfur. However, IDPs were also much in evidence in northern Uganda and Somalia, while Tanzania still hosted the greatest refugee population by far. In response to the new post-conflict situations in Burundi and DR Congo, substantial repatriations had commenced, but refugees were likely to remain a burden for some time. Kenya and Uganda also hosted substantial numbers of refugees, and many civilians from Darfur took refuge in Chad.

Socioeconomic Developments

The countries of the sub-region again showed rather divergent but moderately satisfactory **macroeconomic performance**, although generally still not enough to overcome structural poverty and lay the foundation for dynamic and sustainable growth. Only two countries, the same two as in 2006, achieved markedly higher **GDP growth** than the average of 6.6% for all of sub-Saharan Africa (according to preliminary 2007 figures): Ethiopia had a fourth exceptional year with 11.4% growth, made possible by weather favourable to agriculture, and Sudan achieved 10.5% growth as a result of further expansion in its booming oil sector, despite political turbulence in Darfur and the south. Tanzania (7.3%), Kenya (7%), Uganda (6.5%) and Rwanda (6%), the core countries of EAC, performed relatively close to the sub-Saharan average and maintained the generally satisfactory growth pattern of the last few years. The small economies of Seychelles (5.3%) and Djibouti (5.2%) showed considerable improvement as result of determined government policies, whereas the reverse was true of Burundi (3.6%) in a disappointing year without clear governmental directive. Again, the least satisfactory results were for Eritrea (1.3%) and Comoros (–1%), in both cases largely the result of adverse political conditions and civil conflict. No figures were available for Somalia.

Most countries continued their cautious monetary policies and contained **inflation** at comparatively modest levels, markedly lower than in Africa during earlier periods. Only Ethiopia (17%) had exceptionally high inflation as a result of years of unrestrained economic growth. Comoros (3%), as usual, experienced the lowest inflation due to its firm institutional ties with the Franc zone. All other countries had average price increases of between 5% and 9.8%.

All countries of the sub-region (bar Comoros) had a negative **balance of payments on current account** (including grants), in contrast to a practically balanced African average of 0.1% of GDP (due to the substantial surpluses of the major oil and mineral exporters). The largest deficits were recorded in Seychelles (–38.7% of GDP), Djibouti (–25.2%), Burundi (–12.4%) and Sudan (–11.8%, despite soaring oil revenues), while Comoros even experienced a small surplus (1.9%) and the remaining countries had smaller deficits ranging between –3.5% (Kenya) and –9.2% (Tanzania).

Sub-regional countries also differed markedly in their capacity to raise **government revenue** domestically to carry out state functions. The ratio of government revenue (excluding grants) as a percentage of GDP (sub-Saharan average 23.4%) fluctuated between 49.3% for Seychelles and only 12.1% for Comoros, 12.4% for Rwanda, 12.8% for Ethiopia and 13.5% for Tanzania and Uganda, with the rest around 20%.

UNDP's 2007 **Human Development Index** (based on 2005 data) clearly pointed out wide variations in the sub-region. Only Seychelles attained the high human development category and ranked 50 out of 177 countries. Comoros (ranked 134), Sudan (147), Kenya (148), Djibouti (149) and Uganda (154) appeared in the lower half of the medium category, with index values somewhat above the sub-Saharan average, while the other countries remained in the low human development category, with Burundi and Ethiopia almost at the bottom, ranking 167 and 169.

Sub-regional Cooperation and Sub-Regional Organisations

The long-awaited enlargement of **EAC** became effective on 1 July when Burundi and Rwanda became full members after signing the accession treaties on 18 June during the EAC summit in Kampala. This was the culmination of protracted negotiations and the beginning of another lengthy period as both new member states adjust to the historically well-evolved integration and sense of identity among the three original countries. This presented a major challenge, but also offered opportunities for a larger EAC.

The presidents of the five member states met at two extraordinary **EAC summits in 2007**, the latter on 20 August in Arusha. It was agreed in principle that the top leadership positions in the EAC secretariat should not be altered due to the enlargement, but that procedures should be adopted for the equal rotation of top positions among all member states. The Arusha summit discussed the reports from the wide-ranging consultations with the general population undertaken since October 2006 about fast-tracking the integration process and creating a political federation. While East African public opinion supported the idea of federation in the medium-term, considerable scepticism and fear had been expressed in Tanzania in particular. Against the wishes of Kenya and Uganda, but responding to Tanzanian and Rwandan reservations over the lack of compensation for unequal economic development processes, the summit decided to shelve fast-tracking for the time being. However, the secretariat was mandated to make suggestions for a structural fund, and the consultations confirmed the need to re-brand EAC more vigorously in the eyes of the public.

After years of discussion, an EAC Partnership Fund, conceived as a basket for the joint financing of technical cooperation projects by donors, became effective on 1 July. In December, a new EAC Development Fund was approved by the council of ministers. This was intended to facilitate the financing of regional infrastructure projects and investment ventures, including measures to compensate for regional imbalances. The approved EAC budget for 2007–08 rose considerably to $ 28.3 m, of which 76% was expected to come from partner states' equal contributions and the rest from external donors. Delays in the disbursement of national contributions continued to hamper the functioning of the secretariat. A proposal for a new funding formula, based on an integration tax commensurate with the relative strength of national economies, was still under discussion.

In the **EAC Customs Union**, in force since 2005, several changes and adjustments were made to the common external tariffs in response to requests from national governments and specific industries. Despite competing interests, compromises were generally agreed much more easily than initially anticipated.

On 27 November, trade ministers of the EAC states signed an interim framework agreement for an **EPA** with the EU. This had been negotiated under extreme time pressure only after the EAC summit in August had stressed the sub-regional identity and decided to pursue a separate EPA, whereas until then Tanzania had participated in the EPA negotiations within the SADC grouping and the other four countries within the Eastern and Southern Africa (ESA) configuration under the coordination of the COMESA secretariat. In the absence of a full EPA before the end of the year, the interim agreement provided a general framework for trade between the EAC and EU over the next 25 years. The EPA decision was not intended to affect existing memberships in different sub-regional organisations, but again underlined the inconsistency of overlapping memberships in potentially competing organisations (EAC, COMESA and SADC). Tanzania, largely for political reasons, showed no intention of leaving SADC, while some business interests continued to lobby for rejoining COMESA.

The members of the Second **East African Legislative Assembly (EALA)** were only sworn in on 5 June, although the term of the preceding First EALA had already lapsed on 29 November 2006. This delay arose from a dispute over the legality of the selection of the nine members from Kenya that had been challenged in the **East African Court of Justice (EACJ)** by a Kenyan MP. Contrary to the regulations, the Kenyan EALA members had originally not been elected by the national parliament but nominated by political parties. The EALA opening was thus delayed by about six months until Kenya had held a proper election. While Rwanda subsequently elected its nine EALA members, the Burundian parliament in November failed to muster a quorum and the election was postponed until 2008.

On 1 July, **EACJ** was expanded to consist of two chambers, one with the same duties as before and the other to serve as a court of appeal. Each chamber was to comprise five judges, nominated by the national governments.

COMESA held its 12th summit (22–23 May) in Nairobi, again confirming its intention to create a customs union for its 19 member states by December 2008. In advance of that goal, a common external tariff with a four-band category of raw materials was adopted. The parallel COMESA business forum (18–19 May) underlined the importance of promoting private business initiatives. Enhanced cooperation with other regional economic communities (particularly EAC, IGAD and IOC) was stressed. Harare was chosen to host the 2008 summit.

In March, the Eastern and Southern Africa Trade and Development Bank (**PTA Bank**), in recognition of the return of peace to Burundi, opened an office in Bujumbura which had originally been chosen as the bank's headquarters, but had never become operational. The longstanding temporary premises in Nairobi were nevertheless retained. The bank's authorised capital was raised fourfold to $ 2 bn during its annual meeting in Mauritius in June, making it the second-largest development bank in Africa after AfDB.

An extraordinary **IGAD** summit on 28 January in Addis Ababa, on the sidelines of the AU summit, was convened in response to the further heightened crisis in Somalia following the Ethiopian invasion. Regional leaders, except Eritrea's, called for support of the Somali transitional government and endorsed the creation of an AU peace mission (AMISOM) to stabilise the country, given that earlier ideas of an IGAD peace mission to Somalia had proved unfeasible. The situations in Somalia and southern Sudan also dominated the 26th IGAD council of ministers meeting on 13 April in Nairobi. On 21 April, the Eritrean government gave notice of suspension of its IGAD membership, which was expected to lapse one year after the notification. This step was in protest at IGAD's position on Somalia and in reaction to Eritrea's increasing isolation in the sub-region. In contrast to previous years, IGAD no longer played an active mediation role in ongoing conflicts.

IGAD had initially been mandated to coordinate the establishment of the **Eastern Africa Standby Brigade (EASBRIG)** as one of five sub-regional components of the AU's envisaged African Standby Force. However, on 17 August sub-regional defence ministers announced the creation of EASBRIG as an independent institution for 13 participating states, with headquarters in Addis Ababa and a coordination and planning secretariat in Nairobi. On the same date, a SADC Brigade was launched in Lusaka with parallel participation by some countries (e.g., Tanzania) in both brigades.

The 23rd council of ministers meeting of the **Indian Ocean Commission (IOC)** was held on 3 April in Mauritius, with the rotating presidency for the following year passing to the foreign minister of Seychelles. Extraordinary council meetings were convened on 10 and 30 October to discuss the lack of progress in EPA discussions with the EU. It was decided to create a separate sub-group of the IOC member states (without France) within ESA to underline the specific interests of the island countries.

On 7 March, the 7th council of ministers of the **Indian Ocean Rim Association for Regional Cooperation (IOR-ARC)** met in Tehran (Iran) ten years after the creation of this geographically vast organisation. With 18 members from Africa, Asia and Oceania, it had lost most of its momentum and was in need of new initiatives to remain meaningful.

The new permanent secretariat of the 11-member **International Conference on the Great Lakes Region (ICGLR)** was launched on 3 May in Bujumbura during the first meeting of the regional inter-ministerial committee. By year's end, seven countries had ratified the relevant protocol, thus needing one more for it to come into force. A first parliamentary ICGLR meeting on 26–28 February in Kinshasa stressed support for the aims of the underlying security, stability and development pact.

The '**Communauté Economique des Pays des Grands Lacs**' **(CEPGL)** comprising Burundi, DR Congo and Rwanda was officially re-launched on 17 April in Bujumbura by a council of ministers meeting with the active support of the EU's development commissioner, after it had been dormant for several years. The expected revival of infrastructural and technical cooperation with Kinshasa was seen as perpetuating some of Burundi's and Rwanda's long-established links with the DR Congo despite their new integration into EAC.

Water ministers from all ten riparian states of the Nile basin (Eritrea only as observer) met on 24–25 June for their 15th council of ministers meeting as part of the **Nile Basin Initiative (NBI)** at the NBI secretariat in Entebbe. Considerable progress had been made in the negotiations for a new cooperative framework to replace old colonial-era treaties (from 1929 and 1959) giving Egypt veto rights over upstream water utilisation by other countries and to enable the transformation of the NBI into a Nile Commission. A text had practically been agreed, but Egypt and Sudan held out against one contentious article. This deadlock was likely to be resolved only at the highest level by heads of state.

Rolf Hofmeier

Burundi

The recent trend towards increasing authoritarianism in the government continued. Corruption at high levels remained a source of internal and external friction. The most decisive political event was the deposition and **arrest** of the **president of the ruling party, Hussein Radjabu**, which precipitated a deep split in the 'Conseil National pour la Défense de la Démocratie-Forces pour la Défense de la Démocratie' (CNDD-FDD). This left the **country's president, Pierre Nkurunziza, without a majority in parliament** for most of the year, since both main opposition parties 'Front pour la Démocratie au Burundi' (FRODEBU) and 'Union pour le Progrès National' (UPRONA) refused to support him and boycotted the government. The virtual political standstill was only overcome by the creation of a **coalition government** in November. Although the ceasefire agreement with the **last remaining rebel movement** 'Parti pour la Libération du Peuple Hutu – Forces Nationales pour la Libération' (Palipehutu-FNL) remained in force, no final peace agreement was reached and the resumed negotiations remained inconclusive. Burundi's admission into the EAC offered a new foreign policy perspective. The economic performance remained unsatisfactory and disappointed all expectations of improvement in socioeconomic conditions.

Domestic Politics

Reacting to the increasingly acrimonious disagreements within the **CNDD-FDD** leadership, Nkurunziza at short notice convened an **extraordinary party congress** on 7 February in Ngozi. Radjabu declared this congress to be illegal, stayed away and called on his supporters to do the same. During the congress, the overwhelming majority voted to **depose Radjabu**. Colonel Jérémie Ngendakumana, a loyal supporter of Nkurunziza and Burundi's ambassador to Kenya, became his successor. Nkurunziza's majority removed not only Radjabu but also his entourage from the party leadership. The president appealed, however, for Radjabu's achievements for the CNDD-FDD to be respected and for dialogue with the opposition. In the aftermath of the congress, **Nkurunziza** also quickly **sacked Radjabu's main allies** from key government positions. As a first step, the second vice president, Marina Barampana, was ejected for irresponsibility, charged with fraud and arrested. In an extraordinary session on 12 February, the National Assembly elected Gabriel Ntisezerana (CDNN-FDD) as her successor. The president then purged the cabinet of several other Radjabu supporters and persuaded parliament to strip Radjabu of his immunity from prosecution. Parliament passed the necessary resolution on 27 April and Radjabu was immediately arrested. This move had become possible after Immaculée Nahayo, president of the parliament and ardent Radjabu supporter, was voted out of office on 16 March by a clear majority and replaced by Pie Ntavyohanyuma.

Early in the year, there had been rumours, including in the local media, of Radjabu starting to establish an armed militia and of planning to overthrow Nkurunziza or to destabilise the country. Although he publicly denied these accusations on several occasions, **Radjabu** was eventually **accused of a coup plot** and was held in custody in Mpimba prison in Bujumbura. The supreme court prolonged his detention several times, and Radjabu was kept in prison for months without court proceedings, which finally commenced on 5 December. This delay was widely believed to be caused by the lack of evidence sufficient to secure a conviction and by the fact that the government still regarded Radjabu as a genuine threat. An acquittal would have strengthened his position and been regarded a serious blow for Nkurunziza.

Radjabu's removal was widely perceived as a promising **step towards a more inclusive political agenda**, since he was considered a potential spoiler in Burundi's fragile political environment. Surprisingly, considering the country's recent bloody history, this sweeping political purge was executed without violent repercussions. The circumstances of the detention of Radjabu and the others nevertheless remained unclear. It also became apparent that despite formal democratic structures, constitutional mechanisms mattered very little in cases of swift political change. Since three high-ranking female politicians were replaced by men, this purge also reversed recent measures to achieve a greater gender balance in politics. Furthermore, the move had a devastating internal effect on the ruling party by

splitting CNDD-FDD's parliamentary group into two factions, the majority supporting Nkurunziza, but about one third of the 64 MPs remaining loyal to Radjabu. This friction was immediately apparent in February when the latter group of MPs signed a memorandum condemning the Ngozi congress and reiterating their support for Radjabu. The threatened creation of a new party by the breakaway group did not, however, materialise.

As a **consequence of CNDD-FDD's split**, Nkurunziza lost a working majority in parliament. Although the opposition parties did not support Radjabu, they made it clear to the president that he could not count on their support. The government looked highly vulnerable and Nkurunziza attempted to win back some of the Radjabu supporters. On 13 July, he named a new government, but 40 of the 118 MPs boycotted the swearing-in ceremony. From his prison, Radjabu also rejected the new government's legitimacy. This was a clear sign that both the breakaway CNDD-FDD faction and the opposition parties did not accept the administration's legitimacy. The main opposition parties, FRODEBU (predominantly Hutu) and UPRONA (mainly Tutsi), had all along opposed Radjabu, accusing him of being violent and autocratic. However, they did not support Nkurunziza: instead they supported the dissident CNDD-FDD faction. This position led to the **government remaining effectively stalemated in parliament** after February. The opposition parties' reaction was largely unrelated to the events surrounding Radjabu's sacking. Rather they expressed their discontent at poor governance and corruption and specifically with the fact that they had not been allocated the correct number of cabinet positions after the 2005 elections. As a consequence, for months very little was debated or voted on in the National Assembly. A supplementary budget for 2007 could not be approved. The budget had initially made provision for substantial pay increases for civil servants who had threatened strike action. Even after they were given additional posts in the new cabinet in July, FRODEBU and UPRONA did not change their attitude: both rejected the new government and initiated disciplinary procedures against their own members who joined it.

A further **important change to the government** was the mid-year replacement of Finance Minister Denise Sinankwa (CNDD-FDD) by Clotilde Nizigama (CNDD-FDD). Sinankwa, who had only been appointed in September 2006, was accused of financial wrongdoings. The same happened at the ministry of commerce, where Estella Nicayenzi replaced Donatien Nijimbere (both CNDD-FDD). Both new ministers were left with the task of re-establishing the government's credibility, especially in light of increasing donor weariness.

An important step towards ending the political deadlock was Nkurunziza's announcement on 27 September that he had reached a **power-sharing agreement with FRODEBU**. In return, FRODEBU was assigned the number of cabinet seats it was entitled to under the national constitution, based on the 2005 elections. FRODEBU's president, Léonce Ngendekumana, stated that if the agreement was implemented, his party would restore its support for the government, thereby ending the legislative stalemate.

After power-sharing agreements had finally been agreed with both FROBEBU and UPRONA, Nkurunziza was able to **name a new coalition government** on 14 November. Both parties made their support conditional on greater representation in the cabinet. FRODEBU finally got four ministerial and three deputy ministerial posts. UPRONA was allocated two ministerial and a deputy minister's post and kept the important first vice-president's position for Yves Sahinguvu, after Martin Nduwimana had been sidelined in an internal power struggle and forced to resign. FRODEBU and UPRONA MPs quickly used their newly won influence to critically discuss and influence public tendering procedures and the protracted peace process with Palipehutu-FNL. In the latter case, they insisted on the issuing of an ultimatum until the end of 2007 to the rebels to rejoin the joint verification and monitoring mechanism or else to face sanctions. In view of the next elections in 2010, FRODEBU already started to position itself as being visibly separate from CNDD-FDD.

On 15 January, the high court, showing an unexpected degree of independence, passed the long-awaited verdict in the **controversial treason trial** of Domitien Ndayizeye (FRODEBU), Alphonse Kadege (UPRONA) and two other opposition politicians and found them **not guilty** on the grounds that there was insufficient evidence for a conviction. By contrast, Alain Mugabarabona of the 'Forces Nationales pour la Libération-Incanzo' (FNL-Incanzo) and Tharcisse Ndayishimiye were found guilty and sentenced to prison. Their conviction was based on a previous confession to the alleged treason conspiracy. Mugabarabona, however, subsequently claimed that his confession had been extracted after the intelligence service had threatened him and his family. Accordingly, the alleged involvement of the accused in the so-called Kampala Club – a regional union of Burundian, Rwandan and Ugandan politicians, businessmen and military men supporting Laurent Nkunda's takeover of power in the DR Congo – was found by the court to be far-fetched. The court's rulings were a setback for Nkurunziza, who insisted the evidence against the accused was sufficient. It was generally considered that Radjabu had initially been responsible for these accusations and this was thought to be one reason for Nkurunziza's turning against Radjabu. The detention and trial had been criticised internationally, with the government being accused of paranoia and dictatorial tendencies. The acquittal of Ndayizeye and Kadege, respectively Burundi's former president and vice president, was widely welcomed.

In spite of these releases, Burundi's **human rights record** was strongly criticised by international and local human rights organisations, including AI and 'Ligue Burundaise des Droits de l'Homme' (Iteka), the country's main human rights organisation. The high expectations, raised after the 2005 elections, went largely unfulfilled. Cases of arbitrary arrest and detention, torture, extrajudicial execution and the pursuit and murder of suspected Palipehutu-FNL supporters by the authorities undermined the credibility of the government's commitment to respecting human rights. Furthermore, the government was accused of harassing journalists and the media. Rape was still alarmingly widespread, without adequate responses from the police and judiciary. According to Iteka, cases of banditry and murder were generally on the rise. Nevertheless, the fact that the judiciary took an independent stance in a number of trials was seen by Iteka as a positive development.

Several cases of **harassment of opposition politicians** added to the heightened political tension. On 19 August, the house of Leonard Nyangoma, the prominent president of the 'Conseil National pour la Défense de la Démocratie' (CNDD) who had returned from exile in July, was attacked with a grenade. The same happened to the houses of other opposition politicians, among them Frédéric Bamvuginyumvira, FRODEBU's vice-chairman. Nobody was killed during these attacks and the government denied all allegations that it was responsible for the attacks. In October, security officials arrested FRODEBU's spokesman on charges of infringements of the president. Although Ngendekumana strongly criticised this action, he maintained that his dialogue with the government would continue.

The **conflict with the last remaining rebel group** Palipehutu-FNL continued throughout the year, though the September 2006 ceasefire was largely respected until late 2007. However, no peace agreement was reached. A temporary success in the peace negotiations was the release of six rebels from prison on 12 February into South African custody. The rebel group had demanded this release as a condition of its participation in the joint verification commission intended to oversee the ceasefire agreement. In response to an AU request, South Africa deployed 1,100 troops to Burundi to guarantee the safety of Palipehutu-FNL leaders and fighters. However, negotiations of the commission were suspended on 27 March over the conflicting aims of the rebel representatives and the government. These differences related to the future participation of rebel members in the political arena. In compliance with the constitution, ex-rebel members were expected to be integrated into non-elected positions in the military and the civil service. However, in the absence of elections, they could not just be appointed as members of the National Assembly or government. A South African leader of the mediation team, Kingsley Mamabolo, convinced Palipehutu-FNL leader Agathon Rwasa, who fled to Tanzania over security concerns, and Nkurunziza to meet personally and discuss all outstanding matters. This meeting took place in June in Dar es Salaam, but very little information was made public. In view of their conflicting interests and the confined room for manoeuvre, it was apparent that no substantial agreements were reached between the two parties. Nkurunziza stated after the meeting that the principal points of discussion had been cleared, but without giving details. He obviously did not offer the Palipehutu-FNL any seats in parliament or government. Without such an offer, it was difficult for Rwasa to convince his fighters to lay down their weapons unconditionally.

After this meeting, rebel representatives did resume participation in the joint verification commission in Bujumbura to oversee the implementation of the ceasefire. However, on 23 July the **Palipehutu-FNL delegation disappeared** mysteriously, prompting immediate fears of renewed armed struggle. It transpired they had gone underground to protest the restrictions imposed on their movements by AU guards. They reappeared in Dar es Salaam, accusing both government and South African troops of serious harassment. They also demanded the removal of Charles Nqakula, the South African minister of safety and security, who was the lead facilitator in the peace talks between Palipehutu-FNL and the government. The rebels accused him of being biased against them and of not being able to put pressure on the Burundian government. Nqakula insisted he would not abandon his post until regional heads of state told him to do so. The Tanzanian government also put similar pressure on Palipehutu-FNL to conclude a comprehensive agreement by the end of the year: otherwise its leadership would be expelled from Tanzania.

The apparent **breakaway of a new dissident faction** challenged the Palipehutu-FNL leadership further. Several clashes between this faction and fighters loyal to Rwasa resulted in thousands of civilians being displaced. Palipehutu-FNL accused the national army, 'Forces de Défense Nationales' (FDN), of secretly supporting this new faction, an accusation FDN denied. On 3 June, the police announced the arrest of **Jean-Bosco Sindayigaya**, leader of another breakaway faction, who had often been accused of being supported by Nkurunziza in an attempt to divide and weaken Rwasa's movement.

In early January, the **high court released three journalists** who had been detained in November 2006. They were accused of reporting information that could endanger public security. The journalists from 'Radio Publique Africaine' and 'Radio Isanganiro' had broadcast information that raised doubts about the government's allegations of a coup plot. Due to a lack of substance in the charges, the court decided to release the journalists. Their detention, however, showed that the situation of outspokenly critical journalists and private persons was still precarious.

Towards year's end, the general **security situation deteriorated**, particularly in Bujumbura. In reaction to an upsurge of criminal violence in the country, the government imposed a curfew on the capital in late November. Many residents believed, however, that the police were involved in some of these violent acts.

On 1 May, Nkurunziza promised civil servants a substantial pay rise of 34%. This increase had not been budgeted for, and an IMF delegation visiting in October adjudged the promise far too lavish, thus obliging the president to announce that pay could not increase until public finances improved. In reaction, the two main civil service unions organised a **week-long strike** in early December. Similar action was taken by teachers, but this was resolved with special financial assistance from the French government.

By the end of 2007, a total of 23,185 **ex-combatants had been demobilised**, including 3,041 children and 506 female ex-combatants. Of these, 20,144 received reinsertion payments and 13,030 participated in reintegration activities such as income-generating activities or training. In addition, the 'Secrétariat Exécutive/Commission Nationale de Démobilisation, Réinsertion et Réintégration' (SE/CNDRR) began to prepare for the demobilisation of Palipehutu-FNL fighters, although, in the absence of a final peace agreement, no start was made on actual demobilisation. Long-term reintegration as well as the completion of disarming and dismantling all militias remained a challenge. Civilian disarmament and downsizing the FDN was another important task that was far from complete.

In a second discussion round in March, the UN and the government again failed to agree on the terms for a proposed **Truth and Reconciliation Commission** (TRC) and a special tribunal for Burundi. The UN made a strong demand that the power of granting mass amnesty not be granted to the TRC and insisted on independent commissioners, who should not be appointed by the CNDD-FDD alone. These demands were rejected by CNDD-FDD, whose members were presumably implicated in massacres during the civil war. CNDD-FDD also wanted immunity for government members from prosecution by the special tribunal, a position opposed by the UN. These differences strained relations between the government and the 'Bureau Intégré des Nations Unies au Burundi' (BINUB), which began its work in January but subsequently moderated its planned interventions. At the end of May, the UN Human Rights Commissioner Louise Arbour persuaded Nkurunziza to reverse his stance. In November, Nkurunziza finally launched the committee responsible for establishing the TRC and the special tribunal. It comprised representatives from government, the UN and Burundian civil society.

Foreign Affairs

During the annual donor conference in May, **external donors pledged more than $ 650 m** in aid over the next three years. The World Bank especially highlighted the need to disburse the funds in a transparent and accountable manner, without continued acts of detention and harassment of members of the political opposition. However, very little of the money was disbursed until October. Most donors remained uncertain about the government's stability, highly critical of the poor record on governance and very sceptical about its human rights record. After the installation of the new government in mid-November, several donors confirmed they would honour their pledges. The EU and the US signed additional aid agreements.

The 'Opération des Nations Unies au Burundi' **(ONUB), which had had a strong mandate, was terminated** on 31 December 2006. It was succeeded by BINUB, headed by Youssef Mahmoud, a Tunisian diplomat. Initially, its mandate was to end in December, but was later extended to December 2008. BINUB's tasks, in close cooperation with UNDP's office in Bujumbura, were focused on reconstruction, reform of the security sector, capacity building and development. As ONUB troops were completely withdrawn, a **South African military contingent remained** under an AU mandate to oversee the demobilisation process and to protect returning Palipehutu-FNL politicians. Beyond this crucial military engagement, South Africa also continued to play an important **diplomatic role as the key**

facilitator in the protracted peace negotiations between government and Palipehutu-FNL. South Africa's Safety and Security Minister Nqakula was entrusted with this difficult task and himself faced severe criticism for his alleged lack of neutrality in the peace process. Uganda's President Yoweri Museveni continued as chairman of the sub-regional grouping of countries monitoring this process.

In late December, after considerable delay, Burundi started **deploying** an initial small **military contingent in Somalia** in support of the grossly under-resourced AU mission. Its strength was to be increased to 850 troops in January 2008. This move was greatly welcomed by AU, Ethiopia and Uganda and was explained as a token of gratitude for the AU's role in assisting Burundi during her crisis years. It also marked a renunciation of the diplomatic contacts with Islamic governments in Africa that had previously been pursued by Radjabu.

After attending the **Commonwealth summit** in Kampala in November as an observer, the government indicated its wish to join the Commonwealth. This signified a possible turning away from Africa's Francophone countries, which was already evident in neighbouring Rwanda. However, no formal membership request was submitted to the Commonwealth by year's end. Of far greater significance was Burundi's full **admission to the EAC** on 1 July, which offered prospects of much closer integration with the country's East African neighbours, but also serious challenges for Burundi as by far the poorest country of the five EAC member states. An attempt to elect Burundi's nine members of the East African Legislative Assembly (EALA) failed because there was no parliamentary quorum and these elections had to be postponed to 2008.

During his visit to Burundi in June, **Tanzanian President Jakaya Kikwete** announced his intention to **expel** from Tanzania by the end of the year **all the Burundian camp-based refugees** who had arrived after 1993. He emphasised that this decision was not taken by his government alone: UNHCR, the Burundi government and Tanzania had all agreed that the time was ripe for the return of the refugees. UNHCR expected 60,000 of the remaining 153,000 Burundian refugees still living in Tanzanian camps to return in 2007 on a voluntary basis. As an inducement for the refugees to return, UNHCR in July announced a cash payment of 50,000 Burundian francs ($ 46) for those who returned. Payment of this sum in Burundi was promised, as was the distribution of a package of household items and food rations. It was foreseeable that the many returning refugees, in addition to thousands of returning IDPs, would put further pressure on already scarce arable land. A December meeting among UNHCR, the Burundian and Tanzanian governments ended in disagreement. Tanzania insisted that all remaining Burundian refugees (about 120,000) would definitely have to leave by June 2008, even in the face of opposition from the Burundi government.

In April, a delegation from the **UN Peace Building Commission** visited Burundi. There was agreement that the promotion of good governance, security sector reform, transitional justice, reconstruction and socioeconomic recovery were the key issues to be jointly pursued in the future. Another visit in September (the fourth within a year) provided a first-hand view of the political and security situation on the ground. The aim was to identify ways in which the commission could help end the political stalemate and the resumption of the negotiations with the Palipehutu-FNL.

Socioeconomic Developments

The **economy performed generally poorly** in comparison to 2006, the year of initial recovery after years of civil strife. The deterioration in most economic indicators was largely due to the prevailing political uncertainties and the lack of determined reform-oriented leadership on the part of government, but it also stemmed from difficult climatic conditions, which mainly affected the important coffee sector. The **GDP growth rate** was only 3.6%, against a target of 5–6%. **Inflation** went up to 8.4%, mainly because of higher food prices and steep fuel and transportation costs. The **exchange rate** of the Burundi franc (FBu) remained relatively stable against the dollar and **foreign exchange** reserves even rose markedly to $ 164 m by December ($ 131 m in 2006) due to substantial aid inflows. The **trade balance** deteriorated significantly, with a 24% fall in export receipts and a concurrent 13.4% surge in the import bill, with exports equivalent to only one-sixth of imports. The **current account deficit** was estimated at about 12.5%.

Burundi remained one of the **absolutely poorest countries in the world**, in last position on the Global Hunger Index and ranked 167th (out of 177) on UNDP's Human Development Index. Per capita GDP in 2005 was given as $ 106 in absolute terms ($ 699 in PPP terms), showing Burundi to be very last among all listed countries.

Increased **external aid support**, continued access to **IMF facilities** and belated inclusion in the HIPC debt-relief programmes were, therefore, desperately needed for any improvement in the socioeconomic situation. However, throughout most of the year donor institutions remained sceptical on account of the tense political situation and held back on the release of large amounts of the promised funds and on project implementation. A **donor conference** on 24–25 May in Bujumbura pledged total funds of about $ 650 m over a three-year period (about $ 175 m in the form of general budget support). In December, with renewed confidence after the formation of the new coalition government, several important donors (EU, US) reconfirmed their support and signed new aid agreements.

A much-delayed final **PRSP** had been completed after a participatory consultation process in September 2006, but was only released to the public in January. Four strategic priority axes were outlined: improvement of governance and security; equitable and sustainable growth; developing human capital and improving the quality of the social services; and the fight against HIV/AIDS. The approach was generally welcomed by the **IMF** and the **World Bank**, although several critics noted the lack of clear priorities and the diluted comprehensiveness of the stated goals. During a visit in March, World Bank President Paul Wolfowitz endorsed his institution's support and promised further commitments.

The **IMF** in March completed the fifth review of the ongoing **PRGF** (approved in January 2004, with a value of $ 110 m). The review noted that the macroeconomic programme and the 2006 fiscal performance had been largely "on track", but also noted the negative impact of the political turmoil and the fact that all targets for structural economic reform had been missed. On 20 September, the IMF granted a requested extension of the PRGF's completion date, resulting from the unstable government situation, thus postponing the finalisation of the sixth review (undertaken in early November) until January 2008. It was, however, apparent that the PRGF performance had worsened during 2007. No formal discussions for a new PRGF were immediately under way, and progress was still not made in reaching the HIPC completion point, which would finally make possible badly needed debt-reduction.

Despite criticism from MPs, on 28 December the **2008 budget** was approved by parliament without major changes. It foresaw a 12.9% revenue increase (over the original 2007 budget) to FBu 485 bn and an expenditure increase of 16.9% to FBu 520 bn (with a 42% share for capital expenditures), thus significantly increasing the expected budget deficit. Of the total, 10% was allocated to the military and another 6.5% to police and other security organs. Based on experience in 2007, however, it was unlikely that budget targets would really be met. During the first three-quarters of 2007, only 79% of the budgeted sum had been spent, both as a result of lack of implementation capacity and of the slow disbursement of expected donor funds. Total domestic revenue was expected to be around 18% of GDP, somewhat below target. No supplementary budget was passed during the year because of the deadlock in parliament. Nkurunziza tended to make populist promises (such as the 34% pay rise for civil servants) that were not budgeted for and contravened the goals of fiscal discipline. In February, he quickly intervened and cancelled the dramatic tariff hikes for electricity and water that the energy parastatal had announced to alleviate its precarious financial situation.

The poor performance of the **agricultural sector** highlighted the continued heavy structural dependence on farming and on weather conditions. Early in the year, there were concerns about a serious food crisis. In February, according to the WFP, at least 800,000 people were in need of food aid. An extremely poor coffee harvest had a major impact on export earnings. Hardly any progress was made with the promised liberalisation of the coffee and tea sectors and more generally in the **privatisation** of parastatal institutions. The necessary adjustments to conform to the many EAC regulations, particularly the trade-related procedures of the **EAC customs union**, got under way only slowly and represented a major future challenge for public institutions.

Friederike Fuhlrott & Rolf Hofmeier

Comoros

The delicate politico-institutional set-up of the ‘Union des Comores’ was once again thrown into turmoil when a dispute over elections for the island presidency on **Anjouan** in June led to a **new political crisis**, potentially provoking another secession attempt similar to the one in 1997. In contrast, new island presidents were elected on Ngazidja/Grande Comore and Mohéli without similar controversies. Despite considerable international efforts to bring about a national reconciliation, no tangible results were achieved and by the end of the year a future military confrontation with the Anjouanese regime appeared more likely. Under these circumstances, any expectations of substantial socioeconomic improvement remained largely illusory.

Domestic Politics

The year 2006 had ended with a rupture in the dialogue between **Union president Ahmed Abdallah Sambi** and the presidents of the **three semi-autonomous islands** over the continued problem of their respective competencies and the applicability of the relevant organic laws. More specifically, there was an open confrontation between Sambi and **Anjouan’s president, Colonel Mohamed Bacar**, over the presence of the ‘Armée Nationale de Développement’ (AND) on Anjouan. Sambi was strongly opposed to the acquisition of heavy arms by the island-based 'Forces de Sécurité Intérieures' (FSI) and insisted on the undisputed national role of the AND. Political tensions rose further in the run-up to **elections for the island presidencies**, whose current mandates were due to expire on 14 April.

A new electoral law was passed by the Union parliament on 15 January and a new 10-member electoral commission (CENI) was constituted to oversee the elections, originally scheduled for March. But in view of the protracted political manoeuvring and fears about election security, Sambi did not convene the electoral college until March, fixing the two-round election dates for 10 and 24 June. A wide-ranging **reshuffle of Sambi's cabinet** in late March was seen as indicating his frustration with the limitations imposed on the Union government's authority. In a hard-hitting radio interview on 20 April, he sharply criticised the "absurd" constitutional situation, the permanent quarrelling over competencies and the lack of cooperation from the island presidents, especially Bacar. In March, another conflict over the composition of the constitutional court arose after a majority of its seven members, with Sambi's apparent backing, removed its president (appointed by Bacar). This dubious manoeuvre left the court without the required number of judges.

As a consequence of the delayed election date, Sambi in mid-April ordered the sitting island presidents to step down upon the expiry of their terms and appointed interim caretakers. Bacar, however, refused to resign, backed by a decision of the Anjouan court of appeal, which was in turn overruled by the Union constitutional court. This **political confrontation** then degenerated into a **short-lived military encounter** on 2 May when AND soldiers based on Anjouan tried to take control of government buildings in Mutsamudu, but were overwhelmed by FSI and Anjouanese gendarmerie. Two AND soldiers lost their lives in the engagement. Nevertheless, under international pressure, mainly from the AU and UN, Bacar on 11 May agreed to resign, but appointed a caretaker president of his own choice. The AND commander, Colonel Said Hamza, was quickly relieved of his duties and replaced by Salimou Mohamed Amiri (formally appointed on 20 July). To ensure public security during the upcoming elections, the AU Peace and Security Council (PSC) on 9 May mandated a **'Mission d'Assistance Electorale et Sécuritaire de l'UA aux Comores' (MAES)** until the end of July. It was to be composed of about 200 policemen from South Africa plus 80 from Indian Ocean neighbours. This force was quite inadequate to its intended task.

On **Ngazidja** and **Mohéli**, the **elections** were held as scheduled, without major problems and with voter participation rates of around 60%. Among the 18 Ngazidja candidates, outgoing President Elbak achieved third place only and did not qualify for the run-off. This was won by Mohamed Abdoulwahab, with 57% of the vote, against Said Larifou, for years a leading opposition figure and leader of the 'Rassemblement pour une Initiative de Développement pour une Justice Avertie' (RIDJA). Abdoulwahab had been Sambi's first cabinet director in 2006. Of the five Mohéli candidates, the outgoing president, Fazul, managed to secure second place, but lost the run-off with 43% of the vote against Mohamed Ali Said, a prominent businessman. Both new island presidents were not as strongly anti-Union as their predecessors, thus opening up the prospect of more harmonious cooperation among their respective administrations. By the end of June, Abdoulwahab and Said were officially inaugurated and formed their new island governments without recourse to old party stalwarts. Fazul was in August convicted and sentenced to an 18-month suspended prison term for election-related fraud. While this action was portrayed as a convincing anti-corruption operation, it was regarded by others as a vicious attack on a political opponent.

On **Anjouan**, the scheduled **elections** led to a major political confrontation, subsequently triggering a **fundamental institutional crisis** that threatened the very existence of the Union. Three days before the set date, Sambi ordered a one-week postponement in reaction to several instances of campaign violence and intimidation and in order to allow for the deployment of MAES units to the island. Bacar and his stand-in interim president, however, rejected this order and proceeded with the elections on 10 June without reference to CENI and using locally produced ballot papers. The five originally registered opposition candidates boycotted the polls, but Bacar went ahead under dubious circumstances and was declared the winner (with officially 73% of the votes and an alleged 42% participation rate). On 14 June, **Bacar inaugurated himself** for a second term and as a clever tactical measure included a number of his former opponents and some prominent political figures (such as former Union vice president Caabi Elyachroutu) in his island government. This election and its aftermath were not only condemned as illegal by the Union authorities, but also unequivocally by various international actors (see below). For the rest of the year, Bacar rejected all calls for new elections and for international mediation attempts, insisting on the need for domestic solutions and on – if absolutely unavoidable – the holding of simultaneous new elections on all islands. The short-lived interim Anjouan president appointed in April by Sambi, Kaambi Hamadi, announced the creation of an Anjouanese 'liberation government' based on Ngazidja, but to no practical effect. Despite all the condemnations, Bacar was not entirely isolated, as was evidenced, for instance, by Abdoulwahab's October visit to Anjouan.

The main adversaries in the **increasingly hostile conflict** were **Bacar** and **Sambi**, despite the fact that Sambi had in 2006 been elected Union president as the representative of Anjouan on the rotating presidency principle. On 5 June, he was even prevented from landing on Anjouan to attend a family funeral. The celebrations on 6 July commemorating 32 years of independence took place in rather dejected circumstances. In mid-August, a petrol bomb attack on a dispensary run by the Catholic relief agency Caritas raised renewed fears of a possible further wave of Islamic radicalisation. During the election campaign, concerns had already been expressed over Sambi's declared preference for closer ties with Iran, while in the past most support had come from Saudi Arabia. In support of Sambi's difficult role of upholding the national presidency against the centrifugal island forces, a new ‘Mouvement des Citoyens pour la Justice et le Progrès’ was formed in August and was deliberately not constituted as a conventional political party. Sambi on various occasions expressed his hope of international support for his insistence on the need for proper new elections on Anjouan, and rejected the direct negotiations demanded by Bacar. In a speech to the nation on 19 November, Sambi showed signs of resignation due to the lack of support, but again castigated Bacar for his authoritarian rule (with human rights violations and torture of opponents) and for the lack of socioeconomic improvements on Anjouan. In December, the old **quarrel about the respective competencies** of the governments of the Union and of Ngazidja and Mohéli once again intensified, with the island presidents showing growing opposition to Sambi’s socioeconomic reform agenda.

The year ended on a note of **rising tension** and uncertainty about the Anjouan problem. While the AND chief had ruled out a quick military solution and the political opposition had on 5 December warned against a **military invasion of Anjouan**, such a course of action was no longer viewed as entirely avoidable. In September, AND had received new weapons from Iran, Libya and Morocco, but its strength was still thought to be inferior to Anjouan’s FSI. Although new elections for the Union and island parliaments were scheduled for March/April 2008, their fate remained unclear, given the prevailing circumstances.

Foreign Affairs

As in previous years, the **AU** continued to be closely involved in the unfolding events of Comorian politics. In particular, it attempted to mediate in the renewed Anjouan crisis and to bring about a lasting solution to the notorious instability of the Comoros. A sub-regional group of countries (under the leadership of **South Africa**) took the lead in dealing with the problems, while Francesco Madeira (from Mozambique) continued as long-serving special AU representative. As early as January, AU and Francophonie representatives were able to bring some calm to the issue of competencies and to ensure some progress in the preparations for the scheduled (but delayed) elections.

Bacar’s self-proclaimed reinauguration as Anjouanese president forced the **AU** to assume a more **active role**. A sub-regional ministerial meeting on 19 June in Cape Town condemned the situation, declared the elections null and void and demanded the holding of new elections under AU supervision. However, it refrained from providing the MAES contingent with an enhanced mandate. On 24 June, an AU ministerial delegation led by South Africa’s foreign minister visited the Comoros, but failed to break the deadlock. To Sambi’s disappointment, strong pressure was not applied to Bacar. In a speech at the AU summit in Accra (13 July) Sambi tried to solicit more active support from his presidential peers. On 8–9 July, direct negotiations between Union and Anjouan representatives took place in Pretoria under the AU’s aegis, with the AU again insisting on new elections. On 24 July, the results of this meeting were personally conveyed to Bacar in Anjouan by an international delegation, which met with an outright refusal to comply. It was now clear that stronger measures were needed to secure progress.

On 13 August in Addis Ababa, the **AU PSC** decided to extend the MAES presence until the end of the year and warned of possible further enforcement measures, including targeted sanctions and even a military solution. One further step was taken on 10 October when the PSC announced **personal sanctions** against 145 Anjouanese leaders (travel restrictions and blocking bank accounts) and issued a 45-day ultimatum for the holding of elections. In November, a **partial naval blockade** of **Anjouan** was also mounted. In the absence of a response, on 26 November the ultimatum was extended another 60 days. A stronger MAES mandate remained, however, controversial, and the decision to participate in an enforcement mission was left to individual AU member states. Union authorities were disappointed about the repeated hesitancy of the AU, although a further stepping-up of pressure now seemed possible. Bacar and his supporters, however, remained adamantly separatist and even evoked illusory dreams of an association with France, such as that during the 1997 secessionist movement.

On 27 September, Sambi used the UN General Assembly as a forum to appeal for more forceful international support in the conflict with Anjouan, but also raised the unresolved problem of **Mayotte**, the fourth island of the Comoros archipelago that had in recent years gradually become more and more fully integrated into France under a unique administrative arrangement. The government maintained its formal claim to Mayotte as an integral part of the country and wanted to bring this matter to international attention once more. However, it was careful to avoid confrontation with France, which has long been a crucial source of external assistance. This was much in evidence during Sambi's meeting with French President **Sarkozy** on 28 September in Paris. The Mayotte question was again raised, but without any practical changes or consequences for the status quo. Measures to facilitate the movement of persons and goods between the Comorian islands and Mayotte were envisaged. As in previous years, there was concern about the many people who drowned while attempting illegal crossings to Mayotte in small unseaworthy boats (particularly from Anjouan).

On 3 June, Comoros became a member of the Libyan-dominated **CEN-SAD** regional organisation during its 9th summit in Syrte, clearly in the expectation of attracting more aid from Libya. Sambi's personal links with **Iran** led to further consolidation of bilateral relations with that country, but also raised concerns about the possible growing influence of the Shia faith.

Socioeconomic Developments

All hopes of revitalising the economy and improving the population's social condition were again shattered by the effects of the political crisis and the uncertainty. The country in effect experienced a **further economic slowdown** and **fiscal deterioration**. GDP growth was estimated to have slowed to 1%, the lowest figure in many years. Preliminary figures showed a substantial worsening of the trade balance, with much reduced exports of $ 9.5 m and unprecedentedly high imports of $ 140 m, thus indicating an extremely unbalanced import-export ratio. Because of the membership of Comoros in the franc zone and the continued pegging of the Comorian franc (FC) to the euro, inflation was kept at a low 3.7% and the exchange rate relatively stable. The negative current account balance continued its long-noted growth and reached $ 18.4 m, a new high. External debt of around $ 280 m (equivalent to 72% of GDP) had clearly become unsustainable. The government budget deficit (inclusive of 27% of revenue provided by external aid) had reached FC 11.8 bn in 2006, equivalent to 7.4% of GDP, a much higher ratio than before. This was expected to become significantly worse in 2007.

Despite this unsatisfactory economic performance, which had been the trend for a number of years, the Comoros were still listed in the **medium human development category of the Human Development Index** and ranked 134th, well above many other African countries. For 2005, the per capita income was given as $ 645 (or $ 1,993 in PPP terms). In the composite Human Poverty Index, the country ranked 61st among 108 developing countries, again better than the African average. Nevertheless, 37% of households (45% of the population) were thought to live below the national poverty line.

No progress was made in finalising a **PRSP**. This continued to prevent the country from obtaining much-needed debt relief under the HIPC and Multilateral Debt Relief Initiative and from qualifying for PRGF. An **IMF mission** in March reviewed the performance of the staff-monitored programme that had ended in December 2006. It noted a serious shortfall in fiscal targets, but some progress on new institutional arrangements and general economic policy directions. Any PRGF arrangement was, however, declared to be contingent on agreement to clear accumulated external arrears. A scheduled mid-July Paris Club meeting was then postponed due to the Anjouan political crisis. A **donor conference** was finally convened on 28 November in Paris. Comoros was classified in the post-conflict category and agreement was reached to cancel 70% of the outstanding debt of $ 32 m to the AfDB. Total aid disbursements for 2007 were estimated at $ 44 m, 40% coming from France. In December, the government signed an interim EPA with the EU in the absence of a concluded sub-regional EPA.

The **overall economic outlook** for the country remained **extremely precarious** at the end of the year, with low receipts from the few traditional agricultural exports, no prospects for new investment from outside and a slackening in tourism (despite new hotel plans). As a result of the political crisis, there was also a general **paralysis** in the Union government's **fiscal and economic policy reform ambitions**. Sambi still faced stiff opposition from the island governments to any moves to down-size the extremely bloated civil service, privatise public-sector institutions and fight corruption more vigorously.

Rolf Hofmeier

Djibouti

President Ismail Omar Guelleh and his long-ruling **'Rassemblement Populaire pour le Progrès' (RPP)** continued in undisputed control of all levels of political life. Weak opposition groups were subjected to various forms of intimidation and harassment. The initial run-up to the parliamentary elections in early-2008 presented no serious challenges for the government. Ongoing crises in the sub-region demanded a delicate balancing act from the mini-state, whose security continued to be bolstered by French and US military bases, although relations with France became more strained as a result of an old judicial dispute. Progress was made on several ambitious economic projects aimed at boosting Djibouti's position as a regional hub and service centre.

Domestic Politics

Controversial local and regional elections in March 2006, boycotted by the main opposition bloc 'Union pour une Alternance Démocratique' (UAD), had further strengthened the **RPP's domination of the national political arena**, particularly in view of the poor showing of its main partner 'Front pour la Restauration de l'Unité et de la Démocratie' (FRUD) within the ruling electoral coalition, **'Union pour la Majorité Présidentielle' (UMP)**. This dominance by the RPP, primarily representing the interests of the ethnic Somali Issas, held true throughout the year, whereas **FRUD** continued to represent the Afar interests as a junior partner in the government coalition. Although Prime Minister Dileita Mohamed Dileita and certain other important ministers were Afars, Issas were generally perceived to have a clear edge in political and economic leadership positions.

In the 65-member **parliament**, both ethnic groups were, however, equally represented. Only RPP and FRUD were constituted as separate parliamentary groups, while the minor UMP partners, ‘Parti National Démocratique’ (PND) and ‘Parti Populaire Social Démocrate’ (PPSD), had only a few individual MPs. There has been no parliamentary opposition since the 2003 elections, in which the UAD, with 37% of the votes, failed to secure a single seat. RPP held its 9th congress since its foundation in 1979 (as sole legal party from 1981 to 1992) on 4 March in the full confidence that it still held the reins of power. The 3rd FRUD congress on 30–31 May stressed the need for reform and renovation, but confirmed its allegiance to the UMP, and to Ali Mohamed Daoud as its leader.

Towards the end of the year, political discussions started to focus on the **next legislative elections**, scheduled for 8 February 2008. The UMP would again present candidates on a single list, drawn from the five constituent parties (RPP, FRUD, PND and PPSD, with ‘Union des Partisans de la Réforme’/ UPR as new member). The UAD opposition camp, composed of three separate parties – ‘Alliance Républicaine pour la Démocratie’ (ARD), ‘Mouvement pour le Renouveau Démocratique et le Développement’ (MRD) and ‘Union Djiboutienne pour la Démocratie et la Justice’ (UDJ) – had still to decide on its participation in the elections, given the prevailing overwhelming preponderance of governmental powers and the experience with previous elections.

In the aftermath of the 2006 local elections, there had been some **growing disaffection among Afars** over the disappointing FRUD results and the party’s continuing adherence to the UMP coalition arrangement. Attempts by disgruntled elements to mobilise a civil disobedience campaign in late 2006 attracted little attention and only demonstrated the **general weakness of the political opposition**, which had been left without strong leadership since the death of Ahmed Dini in 2004. Dini, the first prime minister after independence in 1977 and later head of FRUD’s militant faction until the formal 2001 peace accord ended a decade of civil strife, had founded the ARD in 2002 and was the undisputed leader of the UAD opposition bloc. No equally imposing figure has emerged to follow in his footsteps.

A few isolated **incidents with armed Afar rebels** in the north of the territory recalled the years of armed insurrection in the 1990s. However, they posed no significant threat to the state and were easily contained by the security forces. Some exiled opposition groups, mainly in Belgium and France, continued to have limited success in influencing European policy-makers through their demands for genuine political reform and liberalisation. Djibouti’s major external backers, US and France, were above all interested in the geo-strategic value of the country and refrained from openly criticising the **authoritarian domestic political situation**, although they did apply some gentle diplomatic pressure in the background.

The political situation was generally characterised by intermittent acts of **intimidation and harassment** by state authorities against groups and personalities perceived to have the potential to destabilise the almost complete control over all aspects of public life exerted by Guelleh and his ruling inner circle. Intimidation and harassment were, however, fairly subtle, falling short of outright suppression and dictatorial high-handedness. In a mini-state with only a small elite, such tight control was relatively easy to enforce. In mid-May, the only **private newspaper**, the weekly 'Le Renouveau Djiboutien', was closed down, ostensibly over an article accusing a senior official of corruption. The continued closure was later justified by Guelleh on the grounds that the paper's director (and leader of the MRD) was no longer a local resident but had found political refuge in Belgium. This left Djibouti as one of a handful of African countries with no private and opposition press organs. On several occasions, a number of journalists and leading opposition politicians from the MRD were arrested briefly, but were always quickly released. Such actions created a general climate of intimidation, as did the harassment of newspaper street vendors and some trade union activists. On 9 March, Jean-Paul Noel Abdi, leader of the 'Ligue Djiboutienne des Droits de l'Homme' (LDDH) and also Amnesty International's local representative, was arrested and charged with disseminating false information. On 11 April, he was sentenced to one year in prison, but was released after two months on account of poor health and allowed to go to Europe for medical treatment.

On 27 June, Guelleh and the government were able to celebrate **30 years of independence** in the full confidence of complete control over the domestic political scene and of the country's situation as a well-secured island of stability in a conflict-ridden sub-regional environment. The president also proudly defended the RPP's record of having steered the country on a new course of modernisation, making it a quite different place from the sleepy tropical backwater it had been at the time of independence. Other successful mini-states like Dubai, Singapore and Mauritius served as longer-term points of orientation, although any close resemblance was still a rather far-fetched dream.

Foreign Affairs

By far the most important foreign policy concerns were connected with the ongoing **crisis in Somalia**, not least due to the close ethnic bonds with Djibouti's Issas, and with Djibouti's important relationship with neighbouring **Ethiopia**. In early-2007, the government was initially quite openly opposed to the Ethiopian military intervention (with US support) in Mogadishu in December 2006 and showed some sympathy for the Union of Islamic Courts (UIC) that were driven out by the Ethiopian forces, but which enjoyed some support from Eritrea. For awhile, Guelleh unsuccessfully tried to play a role as mediator between the warring Somali factions and their respective backers. He was, however, eventually forced to accept the new sub-regional realities and to back the stronger powers, fearing isolation if he persisted with his UIC-support. So, at the end of March he changed his position and supported Ethiopia's move as justified by its security concerns, at the same time calling on all Somalis to accept the Transitional Federal Government (TFG) that had been installed under Ethiopian protection in Mogadishu. Another attempt in early September to facilitate reconciliation talks between the TFG prime minister and UIC representatives in Djibouti proved fruitless.

After Djibouti fell in line over the Somalia issue, bilateral relations with **Ethiopia** remained close for pragmatic reasons and were strengthened through a number of agreements on joint economic undertakings. About 80% of Djibouti's port traffic was connected with its land-locked neighbour, which depended heavily on Djibouti as its major outlet to the outside world. In view of the continued Ethiopian-Eritrean hostility and of the resurfacing of domestic disaffection among some Afars (with links to Asmara), relations with **Eritrea** were delicate, but did not reach the point of serious breakdown.

Relations with the **Somaliland** authorities, who still enjoyed no formal international recognition, continued to be somewhat strained after Somaliland's unofficial diplomatic representation in Djibouti was terminated in late December 2006 over a dispute apparently arising from the rivalry between the ports of Djibouti and Berbera. After Saudi Arabia lifted its five-year ban on the import of livestock from the Horn of Africa, both ports competed vigorously for a share of this important export market. Berbera was also occasionally mooted as a potential alternative port for Ethiopia. Despite these frictions, Djibouti remained Somaliland's main link to the outside world.

Throughout the year, Guelleh made a point of demonstrating Djibouti's **international presence** by personally attending many meetings of organisations of which Djibouti was a member (such as AU summits, the Franco-African summit in Cannes in February, the Arab League summit in Riyadh 28 March, the AU-EU summit in Lisbon in December, etc.). In November 2006, Djibouti had hosted the 11th **COMESA** summit and held the chairmanship of this sub-regional organisation until the Nairobi summit on 22–23 May. The **IGAD** secretariat continued to be based in Djibouti, but was again severely handicapped in its practical operations by the hostilities between most of its members, hostilities that were exemplified by Eritrea's decision in April to suspend its membership.

The **French and US military bases** bore witness to the significant geo-strategic importance of Djibouti to the security interests of these Western powers in much of north-eastern Africa and the Near East. The French garrison, with about 2,800 personnel, remained the largest French military facility on the African continent. The US military base at Camp Lemonier (with about 1,800 personnel) served as the headquarters of the Joint Task Force – Horn of Africa. The camp had been established in 2002 and in October there were plans to expand it further. The bases provided the state with secure rent revenue of about € 30 m annually each (on top of other indirect economic benefits and substantial US aid funds) and gave the government a strong bargaining position vis-à-vis its Western partners. A small German naval force, forming part of Operation Enduring Freedom, has also been stationed at the port since 2002.

The relationship with **France**, the former colonial power, was ambivalent. The long-established cultural and economic links were still close and France (in tandem with the US) was the most important donor for aid projects. However, a festering judicial dispute over the alleged murder (or suicide) in 1995 of a French judge, Bernard Borrel, tended to overshadow and poison official governmental relations, especially as Guelleh and two senior public functionaries had been implicated in the episode during the lengthy, independent French judicial investigations. International arrest warrants had been issued for the two persons in 2005 and the French judiciary even attempted to summon Guelleh as witness while he was attending the Franco-African summit in Cannes in February (he was protected by his presidential immunity). Guelleh and the government felt unfairly persecuted as a result of the drawn-out proceedings and were displeased when new French President Sarkozy did not intervene to stop them. A clarification was sought by referring the case to the International Court of Justice in The Hague. At the end of October, mass demonstrations in Djibouti-Ville and several smaller towns were instigated to express public anger at the French judiciary. Against this background, Guelleh's visit to Paris and a meeting with Sarkozy on 11 December was handled with utmost discretion and minimal publicity.

On several occasions and in interviews, Guelleh expressed disappointment at the apparent lack of interest among French and other European political and business leaders in playing an active role in Djibouti's development. He contrasted this with the strong interest shown by **investors from the Arab world** (particularly Dubai and the United Arab Emirates) and from **Asia**. One consequence of this was a gradual linguistic shift from the traditional French and a stronger orientation towards English. Guelleh's development vision for the mini-state in the middle of a conflict-prone region was clearly geared towards diversifying the spectrum of external partners as much as possible. The existence of the military bases was undoubtedly helpful in boosting investor confidence in the stability of the country.

Socioeconomic Developments

Macroeconomic development experienced some acceleration, with **GDP growth rates** rising from 4.8% in 2006 to 5.2% in 2007, largely due to substantial foreign investments and ambitious construction projects. Nevertheless, growth was below the government's target of 7%. Inflation was well contained at 3% and the currency remained stable (Djiboutian francs 177.7 per $ 1) thanks to a currency board arrangement. The current account balance plummeted into to a substantial deficit (25% of GDP according to IMF) as a result of a huge traditional trade deficit, only partly compensated by a surplus on services. In the UNDP's Human Development Index (HDI) for 2005, Djibouti was ranked 149th of 177 countries, at the bottom of the medium HDI country category but well above its immediate neighbours and slightly better than the sub-Saharan average. GDP per capita (2005) was $ 894 ($ 2,178 in PPP terms), but most social indicators were still quite low. For the first time, Djibouti was included in TI's Corruption Perceptions Index and ranked 17th out of 52 African countries (score 2.9 points).

An **IMF** mission visited Djibouti for Article IV consultations from 7–21 January and concluded the discussions in April. The IMF's last staff monitored programme (SMP) had expired in December 2006 with only mixed success, and the IMF insisted on the need for further economic reforms and remained critical of the government's continuation with an expansionary fiscal policy (likely to reach a 3.4% of GDP deficit in 2007). The IMF also expressed dismay at the generally poor availability of statistics and the late preparation of the public budget. The award of a new PRGF was to be contingent on further progress with the SMP goals and the preparation of a full PRSP in 2008. Another IMF mission (24–30 November) again stressed the need for a more coherent medium-term development strategy. The **2007 budget** envisaged total revenues of Dfr 52 bn (63% from local sources, 23% from military bases, 14% from grants) and expenditures of Dfr 57 bn, an increase of 11.5% over the preliminary estimates of actual 2006 performance. Dfr 18.5 bn was budgeted for capital expenditures, with 80% to be foreign-financed. The 2008 budget, submitted in December, foresaw total expenditures of Dfr 61 bn.

Repeated government appeals for external food aid to counter the effects of **drought** on the poorer segments of society met with only a reluctant response from donor countries, mainly because of frustration over the lack of clear reform policies. With the **agricultural sector** accounting for less than 4% of GDP, less than 10% of food consumption was met from local sources. Ambitious agricultural programmes were severely hampered by a structural water deficit. Livestock exports (mainly to Saudi Arabia), an important source of revenue, were given a strong fillip with the inauguration of an export centre with modern veterinary controls at Damerjog in late 2006, thus ending a five-year Saudi import ban for fear of diseases. The **economy** remained almost totally **service-oriented**, with ambitious plans for manufacturing activities and the creation of a Free Trade Zone (FTZ) still in their infancy.

In January, the government launched a new **'Initiative Nationale pour le Développement Social' (INDS)**, a medium-term framework that placed specific emphasis on practical training and better job creation opportunities for the younger generation, modelled on experience in Tunisia. For its implementation, two existing institutions were merged into a new 'Agence Djiboutienne pour le Développement Social' (ADDS), to become operational in January 2008.

Foreign direct investment had quadrupled in 2006 to $ 108 m and was expected to reach about $ 135 m in 2007, most of it from Arab and other Asian countries. By far the most ambitious project was the new $ 300 m **Doraleh container terminal**, expected to become operational in late 2008 as a joint venture between the government (66.7%) and Dubai Port International (33.3%). It followed on a $ 100 m oil terminal that had been opened in 2006. **Many other projects** (airport expansion, FTZ, refinery, pipeline to Ethiopia, power station, desalination plant, geothermal power exploration, etc.) were in various stages of planning. A Saudi investor from the Bin Laden family mooted an ambitious 28 kilometre bridge to link Djibouti and Yemen across the Red Sea. In July, a contract was signed with a Kuwait company to modernise the dilapidated **railway line** to Addis Ababa (presently carrying only about 5% of Ethiopian transit traffic) after the 2006 agreement with South African operator Comazar had collapsed. In September, contracts were also signed to interconnect the electricity networks of both countries. These agreements were part of a 20–year multi-modal transport agreement between Djibouti and Ethiopia signed in early 2007 after considerable delay. Given all these new activities, largely geared to the wider COMESA markets, more foreign banks showed interest in setting up subsidiaries.

Rolf Hofmeier

Eritrea

The general situation in Eritrea deteriorated further. Political repression and human rights violations continued unabated. Militarisation of the society persisted and unlimited national service led to a mass exodus of young people. The humanitarian situation remained worrying and the scarcity of basic consumer goods increased. The economy was under the firm grip of the ruling party. There was no solution to the conflict with Ethiopia, while US-Eritrean relations reached an historic low, with the US administration threatening to put Eritrea on its list of state sponsors of terrorism because of its support for the Islamic opposition in Somalia.

Domestic Politics

There were no changes in Eritrea's political system. The **People's Front for Democracy and Justice** (PFDJ) remained the sole legally permitted party and no elections were held. The National Assembly did not convene. In mid-April, Osman Saleh, the then minister of education, was appointed **minister of foreign affairs**. The post had been vacant since August 2005 following the death of his predecessor, Ali Said Abdallah. The governor of Zoba Ma'akel (Central Zone), Semere Russom, was appointed minister of education. There were no further changes in the cabinet.

The **judicial system** remained in a poor state: arbitrary arrests were commonplace and there was a complete lack of due legal process. The **political dissidents** (G15) and the journalists of the free press arrested in 2001 remained in custody without trial. Journalist Fessehaye 'Joshua' Yohannes, formerly publisher and editor of the weekly journal 'Setit', died in prison, reportedly in January. Paulos Kidane, journalist for the state media, died in October during an attempt to cross the border to Sudan. Since the defection of popular staff members of state-owned EriTV in 2006, journalists had been subjected to temporary detention and intimidation. In March, the US state department added Eritrea to its list of the seven worst human rights violators in its annual human rights report. On 16 October, Reporters Without Borders released its annual **press freedom** index, ranking Eritrea last of all countries worldwide. According to the International Press Institute, at least 20 journalists were held in detention. On 11 July, the 'Guardian' reported that two local employees of the British Council had been arrested after an attempt to instal a secure satellite communications system. A British diplomat involved in the process was temporarily denied permission to leave the country.

On 13 October, an **assassination attempt** was made on the vice-head of internal security, Colonel Simon Ghebredengel. The colonel was wounded in a shooting but survived, according to a statement by Information Minister Ali Abdu. While the government did not reveal further details, opposition websites reported that the incident was related to a conflict between **opposing factions within the military and police** apparatus. Prior to the attack on Colonel Simon's life, a wealthy businessperson named Fiqre had died in prison under undisclosed circumstances. Colonel Simon was in charge of investigating his death. According to opposition websites, the incident could be traced back to rivalry between two factions in the military: one, headed by General Gerezghier Andemariam (aka 'Wuchu'), dominated the police, and the other, led by General Filipos Weldeyohannes, dominated the national security apparatus. Each of these generals commanded one of the four military operation zones in the country, commands that conferred substantial political power, as they are superior to the civil administration. The event was followed by police raids, leading to the arrest of General Wuchu's driver and several other persons, while a certain Samson, a contractor with close ties to the general, was reportedly shot while trying to hide in a monastery. The government did not comment on the reasons behind the assassination attempt, nor did it disclose the names of the persons arrested. It was the first time that splits within the power apparatus of the political system, which is strongly interwoven with the military system, became visible.

The persecution of members of **minority churches** continued. On 12 August, Pastor Leul Ghebreab of the Apostolic church disappeared, while from late May to the beginning of June, 20 members of the Kale Hiwot church in Dekamhare were arrested. The dismissed patriarch of the **Orthodox church**, Abune Antonios, remained under strict house arrest and was reportedly denied medical treatment. In mid-August, the government confiscated

Catholic institutions such as schools, clinics and orphanages. On 11 November, it expelled 13 Roman Catholic missionaries from several countries, including Italy, Mexico, Kenya and the Philippines. These events could be related to ongoing conflicts between the government and the **Catholic church**, which refused to send members of its clergy to do military service, as the government demanded, and to the general suspicion towards foreigners working for non-governmental organisations. The Vatican did not officially comment on these events.

The **'warsay-yikealo' development campaign**, which kept the majority of the population aged between 18 and 40 in an indefinite military and national service programme, continued. In July, the 21st batch of conscripts started military training at the Sawa military camp, which also served as the place where all students had to complete their last year of secondary school education. As a result, the **mass exodus** of young Eritreans trying to escape to neighbouring countries, mainly Sudan and Ethiopia, increased in intensity. Owing to improved relations between Sudan and Eritrea, conditions for Eritrean refugees in Sudan became harsh. Reportedly, several thousand of them were picked up by the Eritrean government with with the consent of the Sudanese authorities. Most of the refugees were captured in the Eastern Province of Sudan, adjacent to Eritrea, which can be freely entered by Eritrean militia. During the year, the government conducted a mass mobilisation project within Eritrea and among the diaspora communities, the so-called 'Hzbawi Mekhete' (popular resistance) campaign. The main objective of the campaign was fund-raising for defence and development purposes.

The **Eritrean Democratic Alliance (EDA)**, an umbrella organisation of the exiled opposition, held a six-day congress in Addis Ababa, Ethiopia, from 16–21 February. The aim of the congress was to map out a strategy to dismantle the government in Asmara. However, the organisation split into two factions as a result of internal political divisions. There was controversy over the re-election of Hussein Khelifa, vice-chairman of Eritrean Liberation Front (ELF), as the head of the EDA, leading to the formation of two separate blocs. **Bloc one** includes the Eritrean Liberation Front-Revolutionary Council (ELF-RC); the Eritrean Democratic Party (EDP), an organisation founded by PFDJ dissidents and ENSF (Eritrean National Salvation Front); SeDeGe (Eritrean Revolutionary Democratic Front); and Eritrean People's Movement (EPM). **Bloc two** comprises ELF; Eritrean Islamic Party for Justice and Development (Alkalas); Eritrean Islamic Islah Movement; Eritrean Democratic Front (Sagem); the Democratic Movement for the Liberation of the Eritrean Kunama (DMLK); and the Eritrean Federal Democratic Movement (EFDM). This development once again demonstrated the deep divisions in the opposition and the inability of its leaders to overcome personal differences. It also demonstrated the opposition's failure to develop functioning democratic procedures. On 19 December, Eritrean Solidarity, a network of US-based diaspora civic organisations, held its founding conference in Alexandria, Virginia.

All government restrictions on the **UN's Mission to Eritrea and Ethiopia (UNMEE)** remained in place and relations continued to be frosty. In January, the number of peacekeepers was cut from 2,300 to 1,700. In March, the government expelled UNMEE's manager of the Mine Action Co-ordination Centre (MAC) because of alleged violations of Eritrean laws and regulations. From 1 December, the day after the official dismissal of the Eritrea-Ethiopia Boundary Commission (EEBC) (see below), UNMEE was denied access to fuel by the government, thus impairing its mobility and jeopardising the safety of its personnel stationed in remote areas of the country.

Foreign Affairs

Eritrea's already bad relations with the **United States** worsened due to the engagement of both countries in the Somalia conflict. Eritrea supported opposition groups that emerged from the ICU (Islamic Court Union), while the US backed the Transitional Federal Government of Somalia (TFG) and Ethiopia's military engagement on the side of the TFG. In early August, the Eritrean consulate in Oakland, California was closed by US authorities in retaliation for Eritrea's treatment of US diplomats who had been denied visas.

The Eritrean government held the US responsible for the lack of progress in demarcating its border with Ethiopia and blamed it for openly siding with the Ethiopian government in the conflict. On 12 April, Yemane Gebremeskel, speaker of the president's office, accused the US of blocking the implementation of the 2002 EEBC ruling. In April, the US assistant secretary of state for African affairs, Jendayi Frazer, accused Eritrea of supporting the Islamist insurgency in Somalia. In July, the UN monitoring group released its report that claimed the Eritrean government was violating the arms embargo and was deliberately attempting to hide this involvement from the international community. From mid-August, the US considered placing Eritrea on its **list of state sponsors of terrorism**, along with Iran, North Korea, Sudan and Syria. The warning was given by Jendayi Frazer at a press briefing on 17 August and was confirmed when the Somali opposition leaders held a congress in Asmara in early September (see below). Inclusion on the list would result in sanctions such as a ban on arms-related sales, restrictions on US aid and US opposition to IMF and World Bank loans to Eritrea. As Eritrea had already terminated USAID activities in 2005, did not participate in IMF programmes and had turned down fresh World Bank projects, inclusion would have been a more or less symbolic threat. **Jendayi Frazer**, who is known for her sympathies towards the Ethiopian government, was the driving force behind this initiative, which did not, in the end, come to pass. Her position became somewhat more shaky after former US ambassador to the UN, John Bolton, revealed in his memoirs published in November that Frazer had wanted him to reopen the final and binding 2002 EEBC decision, "which she had concluded was wrong, and award a major piece of disputed territory to Ethiopia". On 19 September, US ambassador-designate to Eritrea, Ronald McMullen, stated before the senate foreign relations committee that he strongly believed that "the national interests of both the United States and the State of Eritrea would benefit from a return to the more cooperative bilateral relationship that characterised the early years of Eritrean independence". He was appointed to his post on 8 November. His predecessor, Scott H. DeLisi, had left his post on 2 June, criticising the government for its violations of human rights, civil liberties, economic freedom and democratic principles.

There was no progress towards a resolution of the **conflict with Ethiopia**. On 30 July, the UN Security Council extended the mandate of UNMEE until 31 January 2008. On 1 September, President Isaias warned of a renewed crisis if Ethiopia continued with its refusal to implement the EEBC's decision of 2002. From 6–7 September, the **EEBC** held a meeting in The Hague with both parties, where, as usual, no progress was made. Ethiopia stated that demarcation of the border was impossible given Eritrea's violation of the Temporary Security Zone (TSZ) and its restrictions on UNMEE's operations, and accused it of "belligerent behaviour" and engagement in terrorist activities against Ethiopia. The Ethiopian foreign ministry had warned on 25 September that it was considering suspending the Algiers Agreement. Ethiopia, when asked by EEBC representatives about its willingness to demarcate the border in the event Eritrea met its preconditions (demilitarisation of the TSZ and free movement for UNMEE), declared that in this "hypothetical case" it was ready to engage in discussions on the demarcation process, but would not accept physical demarcation. On 27 September, the Eritrean foreign minister sent a letter to the UN secretary general protesting against Ethiopia's warning about suspending the Algiers Agreement and pointing out Ethiopia's repeated violations of the agreement. The foreign minister concluded by urging the UN Security Council to enforce the EEBC's border decision. On 11 October, following a military build-up along the border and reports of shooting incidents, **UN Secretary General Ban Ki-moon** expressed concern over the rising tensions between the two countries and urged them to exercise utmost restraint. A few days earlier, Ethiopia's President Girma Wolde Giorgis had called upon parliamentarians to boost the military in the face of an allegedly growing threat from Eritrea. On 26 October, the Eritrean government warned of a planned invasion by Ethiopia backed by the US administration. In early November, a report prepared by the International Crisis Group warned that "the risk that Ethiopia and Eritrea will resume their war in the next several weeks is very real". On 13 November, the UN Security Council urged both parties to implement the EEBC boundary decision and refrain from using force. On 27 November, Ethiopia's Prime Minister, Meles Zenawi, told parliament that the defence budget would be increased by $ 54 m in light of a possible resumption of hostilities with Eritrea. The apparent volatility of the situation may be attributed to the **decision of the EEBC to dissolve itself** on 30 November, leaving the border delimitated on paper only (this has also been referred to as 'virtual demarcation'), as physical demarcation had proved to be unrealisable. The commission confirmed that the delimitation decision of 13 April 2002 continued to be the only legal description of the boundary. In terms of this decision, Ethiopia illegally occupies territories awarded to Eritrea, including the starting point of the border war, the town of Badme. In spite of mutual accusations about plans to resume war, verbal aggression and the build-up of about 250,000 troops along the border, there was no outbreak of hostilities, with the exception of small-scale **border skirmishes**. On 25 December, there was a shooting incident, confirmed by UNMEE, at the border near Tsorona. While the Ethiopian government initially denied the incident, Eritrean state media presented two prisoners of war they claimed were taken during the event and spoke of a small-scale attack initiated by the Ethiopian army. **UNMEE** was not able to give exact information about the incident because of the **restrictions** on free movement imposed by the Eritrean government in 2005. Moreover, from 1 December, following the dissolution of the EEBC and the virtual demarcation of the border, Eritrea denied diesel supplies to UNMEE troops, thus immobilising the mission and hindering it from exercising its functions. This development was not publicly announced by the government, nor did the UN make it public before January 2008. The decision of the government seems to be related to the fact that it attributes the failure to implement the EEBC decision to the UN, which has not put pressure on Ethiopia to evacuate the territory awarded to Eritrea.

The conflict between Eritrea and Ethiopia found further expression in the engagement of both parties in the **conflict in Somalia**. Ethiopian troops had entered Somalia in December 2006 in order to stabilise the provisional government. They remained in the country throughout 2007, albeit without much success, as the Islamic forces turned to guerrilla tactics. Eritrea had sided with the **Union of Islamic Courts (UIC)**, but denied military involvement in the conflict. In July, a UN monitoring group claimed that Eritrea had sent large quantities of arms to Somalia, using false flight plans to cover its activities. The Eritrean government repudiated the accusations, which they claimed were a cover-up for “the illegal, dangerous and destabilising military adventurism perpetrated against Somalia by the regime in Ethiopia and its handlers [the US]”. In the field of **diplomacy**, Eritrea openly supported the UIC and hosted Somali opposition leaders in exile. From 6 September, a 10-day congress on liberation and reconstitution was held in Asmara, attended by 350 representatives of the Somali opposition. Among the most prominent participants at the congress were Sheik Sherif Sheik Ahmed, chairman of the UIC; Hussein Farah Aideed, former deputy prime minister of the provisional government, who had changed sides and accused Ethiopia of ‘genocide’ in Somalia after having been sacked from his post in May; and Sheik Hassan Dahir Aweys, who was on the US list of al-Qaida suspects and had not appeared in public since the end of 2006. The US government interpreted the presence of Aweys as further evidence that Eritrea was giving sanctuary to terrorists. Representatives of the UN, France, Israel and the European Commission attended the congress as observers. The congress formed a new opposition coalition, the **Alliance for the Re-Liberation of Somalia**, chaired by Sheik Sherif Sheik Ahmed, with the aim of forcing Ethiopian troops to withdraw from Somali territory. On 1 April, **Uganda's** President Yoweri Museveni met with President Isaias in Massawa to discuss the situation in Somalia.

Ethiopia also accused Eritrea of supporting the Ogaden National Liberation Front (**ONLF**), which is operating in Ethiopia's Somali National State, inhabited by ethnic Somali, and is considered a terrorist organisation by the Ethiopian government. On 21 April, Eritrea withdrew from Intergovernmental Authority on Development (**IGAD**), the regional organisation of northeast African states, in protest at IGAD's plans to support foreign peacekeepers in Somalia and to mediate in the Eritro-Ethiopian conflict, thereby contradicting Eritrea's position that there should be no more discussion of the border issue. Kenyan President Kibaki, then chairman of IGAD, urged Eritrea to rejoin the organisation.

Eritrean relations with **Sudan** remained positive and stable throughout the year. The Eritrean government was actively involved in diplomatic activities relating to the **Darfur conflict** and the Eastern Sudan Front. In spite of his country's growing international isolation, the Eritrean president was able to gain some recognition for his role in mediating the Darfur issue. The Eastern Front held a meeting in Asmara on 12 February at which it expressed its readiness to implement the agreement it had reached with the Sudanese government. On 22 March, President Isaias met with the UN secretary general's special envoy on the Darfur issue, Ambassador Jan Eliasson, who emphasised his readiness to cooperate with Eritrea on the Darfur conflict. Isaias stressed that the conflict could not be resolved through military threats and economic sanctions against the Sudanese government. On 14 July, five Darfur opposition groups formed a United Front for Liberation and Development (UFLD) after six weeks of discussion in Asmara. The initiative was supported by Libya and Chad. The UFLD held another meeting there in mid-October, in an attempt to overcome internal divisions. On 14 November, President Isaias met with delegations from Libya, the UN and the AU to discuss the Darfur peace process, and on 11 December with the joint military and security committee of Eritrea, Sudan, Libya and Chad. The good relations between the Eritrean and Sudanese governments, especially the close cooperation between Sudan's Eastern Province government and Eritrea resulted in deterioration in the situation of the many **Eritrean refugees** in neighbouring Sudan, most of whom had escaped the system of unlimited national service. According to opposition websites, almost 4,000 Eritreans were deported back to Eritrea, where harsh prison sentences awaited them. On 4 May, President Isaias was received by the **European Union development commissioner**, Louis Michel, who lauded his diplomatic efforts over Sudan and Eritrea's ban on circumcision of girls (see below). The commissioner was criticised by human rights organisations for failing to mention Eritrea's poor human rights record.

Eritrean relations with **Libya** remained cordial, with frequent visits by President Isaias to Muammar Kadhafi throughout the year. In May, he travelled to Dubai to strengthen ties with the **United Arab Emirates**. In early July, a delegation from Abu Dhabi visited

Asmara for talks on developing bilateral cooperation. In November, **Sri Lanka** and Eritrea established formal diplomatic relations. On 27 November, Foreign Minister Osman Saleh met the **Iranian** ambassador to Sudan, Reza Ameri, who is also accredited ambassador to Eritrea, and stressed that his country supports Iran's nuclear activities. Official diplomatic ties between the countries were established in 2006. From 6–8 December, President Isaias attended the second EU-Africa summit in Lisbon. During the summit, EU Commissioner Louis Michel met again with Isaias and stressed that the EU was ready to enhance cooperation with his country.

Socioeconomic Developments

Due to the ongoing economic crisis and the government's reluctance to accept foreign aid, the **humanitarian situation** in the country remained poor. As usual, statistical data were hard to obtain, as the government did not release a budget or data on the annual harvest. There was a further decline in the availability of basic consumer goods. In Asmara, the capital, people had to wait in queues for hours to receive small quantities of bread, while milk was hardly attainable. According to UNICEF, malnutrition rates in children under five years were over 10%, while in the Gash Barka region the rate was over 20%. Only 58% of the population had access to clean water. There were still 22,300 **internally displaced persons** living in camps, a consequence of the unresolved border conflict with Ethiopia.

On 31 March, the government banned the widespread practice of **female circumcision**. The ministry of information announced that anybody involved in female genital mutilation would in future be punished by fine and imprisonment. The government had opposed the practice since the days when it was still a liberation movement, albeit without much success – more than 90% of female Eritreans are circumcised.

The **educational system** continued to display a militarised character, with all students being forced to take their final exam at the Sawa military camp. The University of Asmara remained closed. On 16 March, Eritrea and **Cuba** signed an agreement on technical cooperation in several fields, including public health and agriculture. Fifty-nine Cuban doctors were present in Eritrea in 2007. Following the expulsion of most international **NGOs** from the country in previous years, among the very few international charities still operating in the country were CARE UK and Oxfam UK. Development activities were constrained by a severe **lack of fuel** in the country. The **International Development Association** (IDA) planned to provide interest-free credit worth $ 42 m to be focused on integrated rural development. This loan was, however, not accepted by the government. As usual, President Isaias stressed the necessity for the **self-reliance** of his country. On 22 June, he told the UN special humanitarian envoy to the Horn of Africa, Kjell Magne Bondevik, during the latter's visit to Asmara, that UN collaboration should not be confined to emergency assistance, confirming his objections to food aid, while the envoy cast doubt on the availability of sufficient food in the markets to feed all Eritreans. In an interview he gave to IRIN (the UN Integrated Regional Information Network) on 1 October, Isaias claimed that Eritrea had no humanitarian problems and had reached a level where it no longer needed outside food aid. He stated that the economy was performing well – not in terms of statistics, but in terms of "changes in the quality of life of people".

According to statistical data, the economic growth rate was estimated at 2%. The current account balance was minus $ 347 m, and foreign exchange reserves were $ 22.2 m. The IMF estimated the inflation rate at 25.6%. The **foreign exchange crisis** worsened, and most business enterprises were non-operational because of the lack of imported materials. For the first time since independence, Asmara brewery, which had been highly profitable, could not produce beer, because of the dearth of imported barley and of fuel shortages. There were not only severe restrictions on imports of basic goods, but local production was severely hampered, too. In November, there were reports that all private grain sellers were supposed to close their shops, while farmers were obliged to sell their harvest to the government at a fixed price.

Following the general African trend, Eritrea awarded exploration licences to two **Chinese companies** in October, namely Beijing Donia Resources Company and the Eritrea-China Exploration and Mining Share Company, a joint venture involving both countries, in the fields of iron and base metals and gold. The Eritrean president planned to make China the major trading partner of the country. The value of trade between the two countries had increased by 369% to $ 38.7 m from 2005 to 2006. In January, a Chinese delegation led by the minister of foreign affairs, Li Zhaoxing, signed cooperation agreements, including the partial cancellation of debt and the introduction of zero tariffs on Eritrean exports to China. On 23 July, both countries signed two more agreements to strengthen economic cooperation. China also extended technical assistance, primarily in the health sector.

Eritrea's **mining sector** has thus far been dominated by several **Canadian-based companies**, most prominently Nevsun Mining Corporation. They have been involved in exploring for gold, copper and zinc. In November, Nevsun confirmed that the Eritrean government had purchased an additional 30% interest in the company's Bisha gold mining project at a price of $ 6 m. Interestingly, this amount was lent to Eritrea by the China Import-Export Bank. Nevsun and the Eritrean ministry of energy and mines formed the Bisha Mining Corporation, a joint venture in which the Eritrean government now held a 40% share. On 12 December, an agreement on the issuance of a mining licence was signed. Nevsun had faced many setbacks during the exploration process, causing a delay in the exploitation of the gold mine, one of Africa's largest undeveloped gold and metal deposits.

On 1 October, the administrator of Massawa announced, without giving further details, that several investors were headed for the **free economic trade zone** established at the port city. She admitted that commercial activities had yet to start. The free zone was announced in November 2006 with the aim of attracting foreign investors, an apparently doubtful prospect, given the restrictions placed on business enterprises and the authoritarian political climate. There were reports that the Eritrean **fishing industry** and the export of fish had almost ground to a halt due to the fuel shortage in the country, which severely restricted cold storage capacity. Against this background, the benefits flowing from the upgrading of the ports of Massawa and Assab that took place during the year seemed uncertain. On 23 June, an Eritrean cargo ship owned by the PFDJ-controlled Red Sea Trading Company, sank in the Arabian Sea. The ship, one of five owned by the company, all of them old and in poor shape, was carrying fuel oil.

Nicole Hirt

Ethiopia

This year saw the Ethiopian millennium. Ethiopia's domestic and international situation remained highly unstable and was marked by violent tension. The political space was monopolised further by the ruling party, the Ethiopian Peoples Revolutionary Democratic Front (EPRDF), while the fragmented opposition was further undermined. The government released major opposition figures from prison after a questionable trial but made no further meaningful 'reconciliation' moves. Domestic ethnic and social dissent persisted, sometimes in violent form. The EPRDF continued to organise among the rural population, co-opting them into party structures. In the wake of Ethiopia's 2006 invasion of Somalia, a protracted terrorist campaign was mounted by remnants of the defeated Islamic Courts Union, targeting Ethiopian troops, Somali civilians and government officials. The redistribution effects of economic growth were limited and poverty remained widespread. Spiralling inflation severely affected the poor and middle class. There was drought, especially in the south. There were no solutions to the structural problems of the rural economy, climate change and the ecological crisis. The US and China provided international support for Ethiopia, while the EU continued to provide development funds. Relations with Eritrea were poor, with no headway being made in the border conflict, while the proxy war in southern Somalia and elsewhere intensified. Ethiopia's relations with its other neighbours were mainly stable.

Domestic Politics

The ruling EPRDF continued to dominate **Ethiopian politics**, with no rapprochement with the internally fragmented opposition parties, which were further undermined. The EPRDF used its majority in parliament to push through its political programmes. The parliamentary opposition had no impact on policy, its spokesmen even admitting they had only a symbolic presence.

General **political life** in Ethiopia remained volatile and hazardous. Close associates of opposition leaders were frequently harassed, killed or made to disappear. Opposition parties could not function properly, with offices being closed and members persecuted, while membership in them was often seen as a 'crime', notably in the countryside. The Oromo opposition party, Oromo Federalist Democratic Movement (OFDM), was also frequently harassed.

The **CUD's (Coalition for Unity and Democracy)** former **party name** was assigned by the government-dominated national electoral board to a splinter 'CUD' group close to the government. The original core membership (people like Birtukan Mideqsa, Berhanu Nega, Mesfin Wolde-Mariam, Muluneh Eyoel, Yaqob Hailemariam, Hailu Araya and Hailu Shawel) was left to try to found a new movement.

One positive event was the release in July of 35 major opposition (CUD party) leaders and supporters, jailed since late 2005. They were acquitted of charges of genocide and incitement to violence, but convicted of the attempted overthrow of the constitutional order. They were sentenced to life imprisonment. However, after mediation by a group of 'elders' (including Ethiopian-American Professor Efraim Isaac) and donor country diplomats, they were pardoned on 20 July, but only after signing an admission of 'partial responsibility' for the post-election violence in 2005. This conditional release was curious, seemingly intended to humiliate the opposition. The case had always been political and none of the charges was convincing. The government appeared to respond to pressure from donor countries and the diaspora to release the prisoners but used the occasion to reassert control. On 11 July, an ex-TPLF (Tigray People's Liberation Front) senior leader, Siye Abraha, was also released, for lack of evidence, after six years in jail.

The government continued to take risks by neglecting the domestic constituency, showing no interest in building political consensus and inclusiveness beyond the ruling party cadres, and enforcing its policies on the basis of its 'party vanguard ideology' and the attempted cooption of the masses.

While **dissatisfaction with government policies** remained high, as confirmed in a July 2007 Gallup poll, anti-government protests were sparse and declined during the year due to repression and preventive action by the well-developed security services. The general population, meanwhile, realised that the window of opportunity provided by the 2005 elections – relatively free and promising but closed down and 'won' by the government – had been shut. The regime had chosen, instead, to consolidate its power, privilege and exclusive rule. There were no indications that this would soon change. Local elections were postponed to 2008.

The **independent mass media** shrivelled further. The private press did not recover from the government assault during the post-2005 election crisis, when most independent media had been forced to close and only a few papers continued under precarious conditions. The only other survivors were state or party papers. Self-censorship continued, and several editors were again arrested, with others still languishing in jail. People in rural areas did not gain access to independent information, a deficiency the government had no interest in remedying. Uniquely in Africa, the state has complete control over internet provision and telephone services (with some 900,000 cell phones in use). Academic freedom was also subject to government interference and control.

Criticism by the diaspora of the Ethiopian government continued. The government took diaspora community debates and websites very seriously, especially where they were likely to impact host country politics, as in the case of US Congress resolution HR 2003 (Ethiopian Democracy and Accountability Act). No independent Ethiopian websites were favourably disposed to the government and many of the most critical sites remained blocked by the state-controlled Ethiopian Telecommunications Corporation, the sole internet provider in the country. Ethiopia lagged further in the ICT revolution in Africa: the network expanded, but the internet was not an open or reliable source of information.

Not surprisingly, the **human rights record** of Ethiopia remained very poor. Violent and unpredictable actions by the police, army and secret services led to insecurity, fear and self-censorship. Human rights organisations, domestic observers as well as the human rights bureau of the US State Department reported dozens of extra-judicial deaths as well as beatings disappearances, and many cases of intimidation and threat. For example, security forces killed Gemechu Bencha (16) in Gue (Wollega) on 3 January for alleged Oromo Liberation Front (OLF) sympathies. Degaga Gebissa, a United Ethiopian Democratic Front (UEDF) party sympathiser, was killed by police in Meta-Robi. On 5 March, Tseggaye Ayyele, an opposition Ethiopian Democratic Party (EDP) member, died in Debre Marqos prison after being tortured.

This type of incident deterred people from becoming politically active or standing up for their constitutional rights. All independent observers expressed serious concern about the political process. Government paid only lip service to the rule of law and respect for citizens' rights. The government and/or dominant party (they overlap in all significant respects) proceeded with the **large-scale cooption of the rural population** into the ruling party, evidently to increase control and ultimately forestall a repeat of the free choice in the 2005 election, which had taken the regime by surprise. The structure used was, from the top down: the regional state; the zone; the 'woreda' (district); and the 'qebele' (local community), which was further divided into the 'nu'us-qebele', the 'gott'' and finally the 'mengistawi mewwaqir' (comprised of 4 or 5 families, of which one reported to a higher-level party representative). In schools, the civil service and other institutions, regular briefing sessions, supposedly administrative but really largely party-political, were held to 'instruct' employees on correct policy, with no opportunity for debate or opposition activity. Consequently, Ethiopian political culture did not change much, except for the reinforcement of autocratic rule. It seemed unlikely that democracy would soon be achieved.

The **Ethiopian millennium** (2000 EC, Ethiopian calendar) was celebrated on 12 September in Ethiopia and among Ethiopian diasporas around the world. Despite this major symbolic national occasion, there was a feeling of malaise and gloom among the general population and the fragmented and weakened opposition parties. Pessimistic jokes and anecdotes circulated about the missed chances of this millennium as well as the high cost of living associated with it: it was often nicknamed the 'minim-yellem' ('there is nothing') millennium. Official pronouncements about the number of foreign guests expected – up to 400,000 – were widely off the mark. At most, some 40,000 people, mainly diaspora Ethiopians, arrived. The celebrations were low-key, and there was no public debate about the history of Ethiopia and the challenges facing it in the new millennium. Indeed, the programme along these lines envisaged by scholars at Addis Ababa university was cancelled. The main 'attraction' was the appearance on 12 September of international pop star Beyoncé Knowles and other foreign singers for a crowd of young people. Her audience with the patriarch of the Ethiopian Orthodox Church was highly contentious among many believers. Many Ethiopians noted the irony of foreign stars being invited to take centre stage by the government-appointed Ethiopian millennium committee for the unique Ethiopian millennium, instead of Ethiopian artists. Ethiopia's most popular singer, Teddy Afro, chose to give his millennium concert in Jimma (Oromiya region). In the context of the millennium, the release of opposition figures was one good sign, but was not aimed at promoting national reconciliation or reinstating the prisoners to their elected positions. For instance, economist Berhanu Nega, voted in as mayor of Addis Ababa in 2005, was denied his position, as regime cronies had filled the vacancies.

On 9 December in the southern town of Awasa, the millennium celebrations took the form of a 'Nations, Nationalities and Peoples' Day'. This well-organised national event was meant to showcase the country's ethnic diversity and official state versions of ethnic harmony and identity. Dozens of ethno-cultural groups performed, and high-level politicians spoke of the benefits of the federal constitution and the ideals of a multi-ethnic Ethiopia.

There were still too few judges, and too few experienced ones in the **legal sector**. An unsuccessful attempt was made to reform the parallel structure of federal courts and regional state courts. Commercial law was still underdeveloped or poorly applied, for example, in the very weak protection of property rights. Court orders to release suspects were frequently ignored by the federal police. Some progress was made in the legal sector but the pace was very slow and important judicial decisions on political issues, land and other national policy matters were still influenced by government. Indeed, after the 2005 elections, the street violence and the mass arrests of opposition politicians and other civic activists, the tendency by government was to tighten its grip on the major federal courts and their judges. Many senior judges followed informal party directives in their verdicts. A general popular complaint was that "there is no law". On 11 January, after a 12-year trial, former President Mengistu was sentenced to life imprisonment for 'genocide' and other crimes. The state prosecutor lodged an appeal. There were few developments in cases involving past government human rights abuses, imprisonment without charge and political killings.

While the ethno-federal political system recognised local ethnic identities as politically relevant, it also encouraged lower-level **'ethnic' or communal conflict**. As in previous years, there were under-reported but violent clashes that left scores of people dead, often in the same areas: for example, the conflicts between the Guji and the Koré and Buiji continued, as did those involving the Suri-Dizi in the southwest and those between Oromo and Somali. In early February, clashes, apparently arising from cattle raiding between Gabra and Borena pastoralists in Oromiya region, resulted in at least 16 deaths. Tensions in Gambela (Anyuwa/Nuer) remained strong. Some clashes had roots in the past or were related to natural resource competition. The government was unable to contain the violence or offer solutions, except to repress the worst outbursts militarily.

In general, communal relations were marked by a further drawing of lines. For instance, the Silt'i people (a Gurage-speaking group) were no longer part of the 'Gurage' cluster, but separate. This process of independent-identity construction in this case went hand in hand with Islamisation aided by foreign funding.

From May to November, Ethiopia's central statistical authority undertook a national population census (the first since 1994), the results being expected in 2008. While primarily meant to yield data for policy purposes, it was expected to have clear political implications in respect of the relative 'strength' of ethno-linguistic groups.

Regional and ethnic **insurgent movements** were active, including the Oromo Liberation Front (OLF) (in west and east Oromiya region), with its leadership in exile: the low-key Ethiopian People's Patriotic Front in the north; and the militant Ogaden National Liberation Front (ONLF), which adopted all-out terrorism. It made its presence felt in March with two bombings in Jijiga and Dhagabur, with 17 civilians killed, including children, and on 24 April with an ill-advised attack on an oil exploration site in the east: nine Chinese and 65 Ethiopians (labourers, cooks, guards, villagers) were killed in a calculated massacre. Whatever the 'political' motivation for this action, the result was that ONLF lost any goodwill it might have had. The incident also effectively broke up the so-called Alliance for Democracy (AFD), formed in 2006 between the OLF, the ONLF, part of the diaspora-CUD and two other minor fronts. After the attack, the AFD was no longer heard of and will have little further impact on Ethiopian politics. The Ethiopian government response to the April attack was predictably harsh: a massive search-and-destroy clamp-down on the Ogaden and the rooting out of ONLF units and their presumed supporters. As the sparse reporting from the area made clear, this resulted in human rights violations against the civilian population, including destruction of villages; arbitrary arrests and abuse; road blocks; and restricted access to pastures and wells, which led to a humanitarian crisis. At year's end, this campaign was still in full swing, with the ONLF suffering major blows. Some commentators reproached the ONLF for taking such a 'criminal risk': they knew that retaliation against the Ogadenis would follow and would expose the civilian population (including many non-Ogaden clan Somalis) to a military campaign.

Religious relations were stable, but dangerous tensions continued under the surface. The three main denominations remained Orthodox Christianity (45%), Islam (38–40%) and Protestant-Evangelical Christianity (about 10%). Evangelist-Pentecostal Christianity and Islam continued to grow. The number of people subscribing to traditional religions declined, although these did revive modestly as part of political, ethnic-nationalist movements in some places, for instance the 'Waqefeta' belief among certain Oromo groups in central Ethiopia. Tensions between the religious communities increased where largely foreign-sponsored Islamist ('Wahhabi' and other) networks and groups that deliberately advanced a confrontational Islam were active. Evangelical-Pentecostal Christians also spread their message but in less overtly political and aggressive ways. They were notably active among Ethiopian Orthodox believers. The new Islamists and new Christians continued to agitate against time-honoured local cultural traditions – part of a long-term process of confrontation – and this might lead to major clashes in the future, endangering the Ethiopian model of religious coexistence. On 26 March, a Christian evangelist was beaten to death by militant Muslims in Jimma, an area of major clashes in 2006.

An audible sign of the growing religious competition and intolerance was the 'urban sound wars' as mosques, prayer houses and churches of various denominations tried to create the loudest soundscape in town and thus disturb the public peace. As in other spheres, the government was reluctant or uncertain about how to tackle the threat of religious radicalisation. It was aware of the sensitive issue of growing religious clashes, due in part to its invasion of Somalia (Somali radicals may have built connections with Ogaden-Somali rebels), although allegations by radical pro-Islamists and Somali nationalists, and some Western journalists, that 'Christian Ethiopia' was fighting 'Muslim Somalia' were wide of the mark. A policy of public debate, education and targeted measures against intolerance and militants to counter this 'radicalisation' was not pursued.

Foreign Affairs

The main issue was **Ethiopia's involvement in southern Somalia** to buttress the internationally recognised Transitional Federal Government (TFG) against a coalition of

Islamist militant forces. This situation went from bad to worse. Prime Minister Meles Zenawi admitted in press interviews that the intervention was perhaps mistaken, because the weakness of the TFG had been underestimated, as had the extent of 'guerrilla' activity by the Islamist movement. Remnants of the Islamic Courts Union regrouped under the Alliance for the Re-liberation of Somalia, based in Asmara, Eritrea, and also comprising assorted hard-core Islamists, moderate groups and diaspora elements opposed to the TFG and the Ethiopian presence. However, in a media interview on 6 September, Zanawi called the invasion "a tremendous success". He would not say when the Ethiopian forces (15,000–18,000 in number) would leave. Apparently, as long as the Islamists – with their close ties to Eritrea and other international connections – are perceived as a national security risk for Ethiopia, the Ethiopians will not leave Somalia alone. The conflict was asymmetrical, with Islamists avoiding frontal attacks but engaging in hit-and-run attacks on police stations and army check points and bomb attacks on markets, cinemas, and government offices and personnel. Possibly hundreds of Ethiopian soldiers were killed during the year. Islamist groups also carried out targeted killings of community leaders, elders, employees of foreign NGOs, TFG administrators and Somali women activists, with many bystanders as victims. After terror attacks, Ethiopian forces indiscriminately returned fire on a massive scale, in the process often killing yet more non-combatants. As in other cases of asymmetrical warfare, the distinction between innocent civilians and combatants became more blurred. The AU, in one of its greatest ever failures, could not muster the agreed-upon modest stabilisation force of 8,000 people (itself 20–30,000 troops too few) to help TFG extend its authority. Only 1,400 Ugandan troops and a Burundian force of 800 were in place. Most Ethiopian troops, while battle-hardened, hated being in Somalia, and often took out their anger over Islamist violence and instability on the population and its property. Many gross abuses were reported, although independent verification was difficult. Amnesty International's reports on human rights abuses in Somalia had a basis in fact, but were often too hasty and backed by insufficient information. The Ethiopians did their best to support the TFG to extend its powers and bring stability, but could not prevent the slow slide into what the population perceived as 'nationalist resistance'.

There was no improvement in **Ethiopian-Eritrean** relations. Mutual vilification, with the Eritrean president playing a major role, continued, and no normalisation was attempted. The Ethiopia-Eritrea boundary commission completed its work on 30 November, and, exasperated at both parties, declared that, in the absence of demarcation on the ground the border described on paper in its hotly contested 2002 arbitration decision would be the actual border, This was an unprecedented and questionable move. The Eritreans, meanwhile, continued to undermine and push out the UN Mission in Ethiopian and Eritrea (UNMEE) mission. While the border situation remained tense, no hostilities erupted. With the ending of the boundary commission, however, the threat of conflict has grown. The Eritrean leadership demanded that the world community put pressure on Ethiopia to recognise the border. This did not happen, as the Eritrean leadership remained highly unpopular because of its untactical, autocratic and dogmatic approach.

Relations with other neighbours (Sudan, Kenya, Djibouti and Somaliland) were stable. On 12 September, Ethiopia announced it was willing to deploy 5,000 soldiers as part of a joint UN-AU peacekeeping force in Darfur.

Most **Western donor countries** displayed their usual indifference to the actions of the Ethiopian political elite and events in Ethiopia, and did not push forward the democratisation agenda, apart from their usual weak pronouncements. On 6 July, a committee of EU parliamentarians criticised the "massive human rights violations" in the country. In August, Ethiopia suddenly ordered Norway to recall six of its eight diplomats, because Norway allegedly had leaned too much towards Eritrea in mediating the border dispute. In response, Norway said it would cut its aid to Ethiopian by a third.

However, **international development aid** continued to flow (some $ 1.2 bn in 2007), and the trappings of development – more schools built; economic growth in the form of more roads, offices, commissions, agencies, development projects and buildings (including condominiums in Addis Ababa's poorer neighbourhoods, which are not much liked by the urban dwellers because of their poor quality and uncertain services) – lulled donors' doubts about the reality of the growth.

Consistent with the decision by the **World Bank** and donor countries in 2005–06, aid flows were directed to local authorities instead of the federal government. This intensified the government's efforts to recapture and control local authorities and make them more dependent on federal structures, thereby countering the intent of the World Bank and donor countries.

Further support for Ethiopia came from **the US**, which provided political cover for Ethiopia's actions against the Islamist threat in Somalia and the threat of terrorism in the Horn in general. The ONLF attack in April on the oil exploration site in eastern Ethiopia reinforced the US's determination to support the Ethiopian government as an important ally in the global fight against terrorism. In the US Congress, however, there was criticism of US government support for a regime that was provoking more and more enmity among its own population and was so heavily reliant on force to contain challenges to its rule. Debate on the critical house resolution (HR 2003, Ethiopian Democracy and Accountability Act) took place, but the resolution was not brought to a vote in the senate. Though the resolution was fairly modest, calling on Ethiopia to respect its constitution, be transparent and accountable in governance and respect the human rights of citizens, it was forcefully opposed by some prominent Republicans, particularly Senator James Inhofe.

China was also a major source of support**,** by extending economic aid and project support at discounted prices. A Chinese industrial park of $ 500 m was planned near Dukem.

Socioeconomic Developments

GDP was about $ 17 bn, substantially up on 2006. According to IMF figures, Ethiopia registered 5.5% growth, but the ministry of finance and economic development talked of 10.9%. As population growth was 2.5%, real growth was about 3%. This was evident in the construction boom; the expansion of roads, telecom, educational facilities; and agricultural investment. Much of the growth came from donor funds and from foreign investment in the booming flower industry and in mining. Export of flowers netted $ 168 m. However, not enough derived from increased agricultural productivity or industrial investment. The prime minister claimed in December that the 16.7% increase in the defence budget would not harm growth.

The chief factor in growth was, as always, the natural conditions affecting the performance of the **agrarian sector**. The main harvest was above average, although rainfall sharply declined towards the end of the year. Coffee production was down, but revenue from coffee exports was some $ 410 m). Negotiations with the US Starbucks chain resulted in the certification of certain Ethiopian coffee brands, allowing for higher prices. However, neither stability in the agricultural sector, the stated aim of the government since 1991, nor food security was attained. Ethiopia's agricultural economy (60% of export revenues, 49% of GDP, 80% of employment) remained vulnerable to drought and was beset by issues of state ownership of land and land scarcity.

The growth in **the construction sector** was fed by overseas remittances (amounting to $ 591 m in 2007, or 4.4% of GDP) and the smart use of local banks, which deployed domestic savings on which interest below the inflation rate was paid to account holders as loans to investors enjoying state support (and often political allies of the government). Virtually all growth in the sector was thus based on credit and not on productive long-term investment. The building boom led to a shortage of building materials and cement. A large new cement factory was opened in Dire Dawa. In August, Malaysia's Petronas finally signed a deal with the government to develop the **natural gas reserves** of eastern Ethiopia.

The World Bank, through the IDA, maintained one of its largest programmes in Africa in Ethiopia, with 24 active projects worth more than $ 2.3 bn (including $ 800 m in grants). Based on evidence provided by the Ethiopian government, the World Bank claimed that efforts to improve basic services were showing results, with primary school enrolments and the percentage of people with access to clean water increasing and child mortality going down. Also, the percentage of Ethiopians living in **poverty** was said to have decreased to 39% of the total population (78 million). This is at variance with the perceptions of ordinary people, who often said they had never seen such poverty. This reflects the huge and growing gap between rich and poor.

The state budget in 2007 (the budget year is from 7 July to 7 July) was ETB (Ethiopian birr) 45 bn, approximately $ 4.4 bn. State revenues were $ 2.9 bn and expenditures $ 3.7

bn. The current account deficit was $ 1.85 bn. Public debt was somewhat up, reaching 55% of GDP. Of this, external debt was almost $ 3.8 bn.

The rate of tax revenue to GDP was about 15–17%, a low ratio below the African average, but up from previous years. The efficiency of the tax regime left much to be desired and can only be improved if the big party-affiliated companies are more efficiently taxed and as more informal sectors of the economy are brought into the formal sphere.

The **trade deficit** increased 15% to $ 1.3 bn. Imports rose to $ 4.5 bn. (mainly because of higher oil prices). Exports rose 0.7% to $ 1.2 bn. Declining coffee exports were offset by higher sales of flowers, pulses, oilseeds and khat. In February, Russia announced the cancellation of Ethiopia's remaining debt of $ 161 m.

Corruption, lower than in other African countries, was growing and was evident up to the highest levels in business, the civil service and the administration. According to the Corruption Perceptions Index, Ethiopia took 138th place (out of 179), one place lower than last year. A national ethics commission tried to keep track of the worst offenders, but the problem was endemic.

The positive words by the international financial institutions came at a time when **food security** was as remote an ideal as ever. The situation was not substantially different from that under the previous two regimes and indicates that only some sectors benefited from the economic growth. Again, millions of people were in danger of famine, a danger government policy could not substantially alleviate. The successes claimed by donors probably arise from their focus on what was happening in the cities (road construction, several new enterprises), not on the average people and economic conditions in the countryside, where progress is slow and misery unabated.

Ethiopia was still negotiating with the WTO for membership, a difficult process, because government was reluctant to allow the penetration of foreign capitalism and competition into the banking and other key sectors. For this, they probably had good cause – the competition would seriously dent domestic banks and other interests.

Ethiopian **social and educational conditions** remained critical. On the UN's Human Development Index Ethiopia took 169th place (out of 177). According to official figures, mass poverty declined somewhat due to economic growth, but was still rampant, and social inequality increased significantly. The number of beggars did not decrease. The hugely wealthy elite of political and economic entrepreneurs ('developmental capitalists', or in Amharic 'limatawi balehabtoch') became more pronounced. The local view was that in principle such a class could and should not emerge, because development with largely foreign funds should not lead to private wealth. While the new elite were building huge villas and ordering Hummer vehicles for private use, much of the rural and urban population continued in grinding poverty, with unemployment and social welfare issues inadequately addressed.

Slow progress was registered in the education sector, where expansion in the number of primary schools could be claimed as a success. Here, the Ethiopian government was on course to meet the Millennium Development Goals. As in previous years, the quality of education faltered, and was seen as secondary to numerical expansion. The expansion of ‘universities’ in many small provincial towns continued, but they had sub-standard facilities, student dormitories and services, no proper libraries or laboratories, and insufficient qualified staff. The government’s focus on numbers, which looked good to donor institutions and representatives, damaged the quality of education and will have little long-term effect.

The **health sector** also **saw** some investment, with more rural clinics built and new plans launched, and many more people gaining access to clean water. However, this could hardly keep up with rapid population growth or make major inroads into existing public health problems such as HIV/AIDS (a stable 4.5–5% infection rate, or approx. 1.6 million people), TB, malaria, typhoid and other infectious and diarrhoeal diseases. Urban healthcare was further bifurcated, with private hospitals for the rich and understaffed and badly paid state hospitals for the rest of the population. Doctors complained of low salaries and long working hours but got short shrift from the prime minister, who, in a statement viewed with disbelief by many, claimed that doctors could go anywhere they wanted and that healthcare workers were more important. Most Ethiopian doctors already work abroad and there is only one qualified doctor in the country per 36,000 people. Prostitution remained widespread, notably in Addis Ababa and provincial towns. Thousands of girls turned to it as a last resort. In addition to the domestic market, demand from Arab sex tourists was also large. Prostitution was a major public health issue due to the high HIV/AIDS infection rates.

Urban unemployment remained high, and was conservatively estimated at 40%, mainly youths. Workers’ rights were poorly protected under the 2004 labour law, and sudden dismissal without compensation or right to other employment was frequent. The only labour union, Confederation of Ethiopian Trade Unions (CETU), remained under government control and was not heard from in 2007. Civil servants were still legally barred from membership in unions.

In several areas (Afar, Wolayta, Tigray, Amhara), **floods and landslides** occurred, displacing tens of thousands of people and killing dozens. Several of these disasters resulted from overexploitation and erosion in areas of overpopulation. Various UN agencies and NGOs provided emergency aid. Victims of the 2006 floods in southern Ethiopia complained they had received insufficient aid to rebuild their livelihoods.

Environmental deterioration, including loss of wildlife areas and biodiversity, continued virtually unabated and was the focus of no major policy initiatives. Bunding, reforestation and terracing occurred, but on a modest scale. More land was cultivated, more forest was cut down. Only 2.5% of the country is now covered by forest, compared to about 35% 50 years ago. Erosion increased, and was very visible to the casual traveller. As a result, the long-term livelihood of the rural masses was further jeopardised.

Internal and external **migration patterns** changed little. There were population movements into and out of the country. An estimated 6,000 Eritreans fled across the disputed border to Ethiopia to escape military service and repression. Camps in the north (e.g., Shimelba) contained 15,000 to 20,000 Eritrean refugees. There were still some 68,000 Sudanese refugees and displaced people in Ethiopia, but thousands were repatriated. The fighting in southern Somalia led to an influx of 50,000–80,000 Somalis into Ethiopia. The government continued its population resettlement schemes from drought-prone to 'underutilised' areas in the southwest (at the expense of local communities).

Ethiopia also remained a major source country for international migration. This included brain-drain migrants as well as the outflow through human trafficking and adoption (the distinction is sometimes blurred). Political refugees and labour migrants also left the country. Large numbers of Ethiopian women went to Middle Eastern countries, despite warnings, and ended up in Lebanon, Egypt, Saudi Arabia, Yemen, Sudan, Djibouti or South Africa as domestic servants. Abuse was frequent, and several girls ended up as prostitutes. Within Ethiopia, many rural children migrated to the cities, often to work as domestic servants for relatives (usually they also got primary education while in town). Internal displacement due to 'ethnic' conflicts occurred in various places in the south and east of the country.

Many Ethiopians tried to cross the Red Sea, for example, via the Puntland port of Bosasso. Here, human traffickers transported people for a high price in unseaworthy vessels, the frequent result being shipwreck or people jumping overboard when the coast guard approached. On 12 February, one such boat capsized as it approached the Yemen coast and at least 30 Ethiopian and Somali migrants were drowned. On 16 February, another vessel capsized, with 112 people drowned. More such incidents followed throughout the year, raising the death toll to 600–700.

Jon Abbink

Kenya

Presidential, parliamentary and local elections took place during 2007. At the beginning of the year, it was unclear which candidates would stand against President Kibaki or for which party Kibaki would himself stand. Political strategising culminated in a race that erupted into serious violence by year's end, claiming hundreds of lives amid accusations of election fraud. President Kibaki, praised for the economic recovery and for providing free education, was hurriedly reinstated for a second term. The world watched in disbelief as Kenya was engulfed by flames.

Domestic Politics

By early 2007, politicians were hinting at a heated **general election campaign**, with Vice President Awori warning that political temperatures would rise to an all-time high. Opposition leaders, using the slogan 'change', promised that once in power, they would bridge the widening gap between rich and poor, end corruption, shun tribalism and deliver a new constitution. Raila Odinga announced that 2007 would be the year of 'Kibaki Toka' ('Kibaki out', as opposed to his 2002 slogan 'Kibaki Tosha', 'Kibaki fit to lead'). Kibaki, meanwhile, underlined economic growth and his provision of free education.

The alleged main contenders, National Rainbow Coalition-Kenya (NARC-Kenya) and Orange Democratic Movement-Kenya (ODM-Kenya), still had to sort out their **candidates**. President Kibaki was on the wish list of the ruling National Rainbow Coalition (NARC), the Democratic Party (DP) and NARC-Kenya, Kibaki having campaigned for NARC-Kenya candidates during a by-election in 2006. However, political heavyweight George Saitoti had joined NARC-Kenya by early 2007 and eyed the interim chairmanship, held by Trade and Industry Minister Mukhisa Kituyi. Both men, along with Kipruto arap Kirwa and Kivutha Kibwana, respectively ministers of agriculture and the environment, were viewed as possible 'running mates' for Kibaki.

There was a battle over the presidential candidacy within ODM-Kenya, an alliance of the Liberal Democratic Party (LDP), Kenya African National Union (KANU) and the Labour Party of Kenya (LPK). ODM-Kenya hopefuls were William Ruto, Najib Balala, Musalia Mudavadi, Joseph Nyagah, Kalonzo Musyoka, Nazlin Omar and Raila Odinga (all LDP), Julia Ojiambo (LPK), and Chris Okemo and Uhuru Kenyatta (KANU). Kenyatta was also fighting another battle with MP Nicholas Biwott over the KANU leadership. A December 2006 opinion poll had indicated that Kibaki would easily triumph without ODM-Kenya unity and that Musyoka was clearly ahead of the other aspiring leaders. The party's ability to attract heavyweights from throughout the country proved to be a mixed blessing and opinions differed even on how to select the candidate, Musyoka favouring election by ODM-Kenya delegates and Odinga preferring selection by consensus. There were further problems and delays over the selection of delegates. At a retreat in January, it was finally agreed that each constituency would have a fixed number of 2,000 delegates. Meanwhile, Musyoka was away campaigning and appearing on television, thereby signalling the growing rift between himself and the other key contender, Odinga. New polls showed Odinga overtaking Musyoka.

On 10 March, the ODM-Kenya's London branch organised a 'fundraising' dinner. All the leadership aspirants bar Omar were invited, but only Odinga showed up, along with Joseph Nyagah (Embu), who aimed to support ODM-Kenya in Kibaki's stronghold. Ruto was denied a British visa because of corruption allegations, while the rest stayed away apparently because they feared a ploy by Odinga supporters to select the ODM-Kenya presidential candidate by consensus.

The 17 March wedding of Odinga's son to Veronica Ng'ang'a, a distant relative of the Kenyattas, was viewed as a political marriage between Odinga and Uhuru to undermine the initial Musyoka-Odinga 'love affair'. Musyoka's supporters made it clear that if their candidate was denied the top position they would support Kibaki. On 21 May, they very nearly ousted Peter Anyang' Nyong'o, secretary general of ODM-Kenya, accusing him of siding with Odinga. A week earlier, ODM-Kenya lost Joseph Kamotho, a prominent Kikuyu politician, to Kibaki.

The foremost ODM-Kenya Kikuyu, Uhuru Kenyatta, could not decide whether to submit his nomination by 26 May or focus on his leadership of KANU. During June, there were growing indications of trouble within ODM-Kenya. First, Uhuru Kenyatta walked out of a meeting after asserting that KANU would field its own parliamentary and civic candidates. He also did not show up for the 8 July ODM-Kenya 'unity' meeting in Mombasa. Then on 11 July, Kenyatta stated KANU would remain within ODM-Kenya only on terms that allowed for KANU's continued existence and proposed a new power-sharing formula. ODM-Kenya leaders, including KANU's Ruto, promptly dismissed these demands, reiterating that parties joining ODM-Kenya should disband. After a series of meetings with ex-President Moi, Uhuru began to threaten to break away from ODM-Kenya and started discussions with his KANU rival Biwott on ways to reunite KANU. On 19 July, Moi visited President Kibaki about a possible link between the Kibaki and Uhuru camps. The LPK too wanted its own candidates. Finally, on 26 July, KANU withdrew from ODM-Kenya.

A week earlier, a new poll showed that Kibaki was still the most popular with 45%, followed by Odinga (25%), and Musyoka (14%), while the others (Mudavadi, Kenyatta, Ruto and Balala) scored only 1–3%. The poll strengthened Odinga's aspirations and on 21 July he publicly stated he would be the best ODM-Kenya presidential candidate, with Musyoka as vice president and Ruto as prime minister. Dismissing the poll, Musyoka took his campaign to Central Province and announced he would be Kibaki's key opponent. He also said he wanted to remain the president's friend because they both loved the country. This 'soft talk', political observers claimed, was Musyoka's undoing, since many young Kenyans preferred a firm challenger to the elite of former presidential families and financial strongmen surrounding Kibaki.

Three weeks later, Musyoka and Odinga parted ways, despite Ruto's last-ditch attempts at finding a compromise. The split left Musyoka and Ojiambo with ODM-Kenya while Odinga, Ruto, Mudavadi, Balala and Nyagah grouped under the ODM banner. Omar decided to stand on a World Congress Party ticket. With Uhuru and Musyoka out, the Odinga team realised that the chances of securing votes in Central and Eastern Province had diminished. Consequently, they welcomed the move by Health Minister Charity Ngilu to join them. Ngilu, critical of the government she was part of, was jailed for 10 hours on 3 August after attempting to release woman's rights activist Anne Njogu from police custody. Njogu had been arrested for protesting the huge pay rises for MPs. On 1 September, ODM named Odinga its political leader and presidential aspirant.

Meanwhile, in NARC-Kenya there had been much infighting in June and July. Tension had been building the preceding months and the chairmanship was hotly contested. New aspirants, including former 'Mungiki' leader Ndaru Waruingi, felt disadvantaged compared to the NARC-Kenya affiliated ministers. By early July, grassroots elections were held to create a network of party cells but also saw losers switch to DP and Forum for the Restoration of Democracy-Kenya (FORD-Kenya). Fears that this might recur at the national level prevented NARC-Kenya from holding a national election.

DP, FORD-Kenya and FORD-People tried unsuccessfully to revive NARC. Charity Ngilu, the official chairperson of NARC, was unwilling to lead the party and be used again by Kibaki. By mid-July, observers believed that Kibaki might seek re-election along the lines of his last two years in office, through a government of national unity formula. On 16 September, Kibaki launched the Party of National Unity (PNU) and announced his move from NARC to the new PNU alliance comprising NARC-Kenya, DP, FORD-Kenya, FORD-People, KANU and Shirikisho Party of Kenya.

On 29 September Kibaki kicked off his presidential campaign under the slogan 'kazi Inendelee', 'let the work continue'. That same day a new poll indicated that for the first time Odinga was ahead of Kibaki (47% against 38%), with Musyoka trailing at 8%. A little later, on 22 October, Kibaki formally dissolved parliament and on 26 October the Electoral Commission of Kenya (ECK) announced that the general elections would be held on 27 December. On 14 November, the ECK approved nine candidates for the presidential race.

With respect to the ECK, in January, Kibaki had unilaterally appointed nine new commissioners to the ECK and just ahead of the 27 December elections he replaced more members except its chairman Kivuitu. Kibaki also pledged to crack down on politically instigated violence. As early as January, political violence had resulted in deaths in the Rift Valley and in the Kibera slum in Nairobi. Thereafter at least 20 people died, mostly during political rallies.

Both top contenders were at pains to stress a national outlook. Odinga surrounded himself with the so-called Pentagon (Ruto-Rift Valley, Mudavadi-West, Ngilu-East, Nyagah-Central, Balala-Coast). Kibaki, on the other hand, had more difficulty convincing Kenyans his was not just a grouping of Kenya's presidential families and well-off members of the Kikuyu business elite. By 13 October, Odinga widened his lead to 53% with Kibaki falling to 37%. A day later, another minister, John Koech, left PNU to join ODM, along with three assistant deputy ministers and an MP. Then ODM damaged their national image by reviving the sensitive 'majimbo' debate, which they explained as a devolution of power, including the transfer of 60% of the national resources to the regions for autonomous budgeting, as a means to bridge the gap between the rich and poor districts. PNU and ex-President Moi, however, were quick to claim that ODM actually meant tribalism, leading to ethnic clashes and evictions, claims that ODM had a hard time in countering. ODM was also hurt by its memorandum of understanding with the National Muslim Leaders Forum. A fake copy of the MoU was circulated by Kibaki supporters that suggested (incorrectly) that Muslim communities on the Coast and in North Eastern Province would get far-reaching autonomy, including the introduction of sharia law.

By late October, Odinga's support had dropped to 50% against Kibaki's 39%. A month later the scores were 43.6% and 43.3% respectively, with Musyoka at 11.4%. In a last poll eight days before the elections Odinga had a narrow 2% lead: Kenyans were clearly headed for a close contest.

Soon after Kenyans had cast their votes, ECK Chairman Kivuitu announced Kibaki had been re-elected. In less than an hour, he was reinstated at State House on 30 December, and was soon congratulated by Uganda and the US. He was given 4,584,721 votes against Odinga's 4,352,993. The parliamentary vote was not yet concluded but at least 100 seats had been won by ODM and only 35 by PNU. Many of the old guard did not make it back to parliament, including Vice President Awori and 15 cabinet ministers. In Rift Valley, former President Moi's sons Gideon, Jonathan, Raymond and his long-time ally Biwott also lost. Other big names (Julia Ojiambo, Wangari Maathai, Gor Sunguh, Joseph Kamotho, Chris Murungaru, Paul Muite) also lost or had failed in the November primaries.

Odinga rejected the presidential results, citing mass fraud in at least 48 of the 210 constituencies. Violence erupted in several parts of the country leading to the deaths of several hundreds of people and the destruction of property. International observers cast doubts on the results as did the ECK chairman himself, stating that he actually did not know who had won.

There were a number of other events of note during the year. In spite of the arrest of hundreds of '**Mungiki**' ('crowd of ordinary people') members in 2006, including its suspected leader John Njenga, and the arrests of a further 500 'Mungiki' in April 2007 by a special police squad, the group made several headlines during the year. In May, clashes between minibus operators and the outlawed sect, mainly drawn from the Kikuyu community, over refusals to pay daily protection money of Kenyan shilling (KSh) 200 per vehicle, led to six beheadings. The group, championing traditional Kikuyu values including female circumcision, also shot dead two policemen. On 30 May, politicians George Nyanja (Limuru), Adolf Muchiri (Kasarani), Mwandawiro Mghanga (Wundanyi) and William Kabogo (Juja), three of them allied to the present government, were charged with being 'Mungiki' associates. They were released on bail. Three days before, Kabogo secretly met the press and claimed that his political rivals, including Internal Security Minister John Michuki, were trying to silence him. Michuki, in turn, accused opposition politicians of financing 'Mungiki' activities to undermine their political opponents. On 20 June, Odinga demanded in parliament that ministers Michuki, Karume and Kamanda be arrested, and claimed that he and another MP Gideon Moi were being targeted for elimination by the sect. This statement came one day before Njenga was sentenced to five years imprisonment for illegally possessing a firearm and for drug trafficking. The same day 'Mungiki' struck again in Othaya, President Kibaki's home, raping a woman and attacking the widow of an assistant chief killed with four others three weeks earlier. Other people, reputedly either 'Mungiki' deserters or supporters of the ruling regime, were beheaded during June and July.

The 'Mungiki' threats and actions provoked fear in Kenyan society. Calls for dialogue were ignored by Justice Minister Karua and Security Minister Michuki. Instead, police killed at least 25 alleged 'Mungiki' members in July in Murang'a. Human rights groups and church officials voiced concern that innocent people were also rounded up and shot in police custody. In August, police captured Njoroge Kamunya, another suspected 'Mungiki' leader, who was held responsible for killing at least 15 policemen and 27 civilians. The police crackdown netted 112 people. On 5 November, the Kenya National Commission on Human Rights reported that during the June-October crackdown the bodies of some 500 young men, all bearing evidence of execution, were deposited by police at various mortuaries and in Kiserian and Ngong forests south of Nairobi. An investigation was demanded. Police denied the accusations.

Some claim the 'Mungiki' see themselves as the heirs of Mau Mau who were cheated at independence and now want to take by force what their forebears were then denied. This explains why well-off Kikuyu are also targeted, especially those whose families belonged to the 'home guards'. Their loyalty to the British had led to high-ranking positions and land acquisitions. In February, President Kibaki unveiled a bronze statue of Mau Mau leader Dedan Kimathi in honour of thousands of Kenyans who died during the uprising against the British in the 1950s. In June, Ramogi Achieng Oneko passed away. The last of the six freedom fighters convicted in Kapenguria in 1953, he had also served in the first Kikuyu- and Luo-dominated cabinet under Prime Minister Jomo Kenyatta.

On 18 April, an arms amnesty expired in the **Mount Elgon** region in western Kenya, which is experiencing a violent **land dispute** that has its roots in colonial times. Attempts to settle the disputes have caused more bad blood over the years, resulting in the creation of the Sabaot Land Defence Forces (SLDF). No weapons were handed over. Instead, SLDF militiamen continued burning houses and killing beneficiaries of a 2006 resettlement scheme that displaced squatters belonging to the Soy clan of the Sabaot (aka Mount Elgon Maasai). The police were accused of aggravating the conflict and of torturing SLDF members. In August, the Kenya Red Cross estimated that 116,220 persons had been displaced and 184 killed with guns, knives (including chopped-off ears) and fire. At Tana river, three people were killed and hundreds displaced after fighting erupted between two pastoralist communities on 17 April.

The controversial **Media Council of Kenya Bill** was further debated in 2007. Media stakeholders sought to convince parliamentarians to drop or amend the bill, which Odinga claimed was meant to stifle opposition politicians and the press. Journalists would be forced to name sources, making it difficult to expose corruption within government. Hundreds of journalists demonstrated near parliament, their mouths sealed with tape. On 22 August, President Kibaki rejected the bill, saying it threatened recent democratic gains. The bill was then returned to parliament.

Tranparency International reported that Kenya had dropped from 142nd to 150th out of 180 countries listed in its Corruption Perceptions Index, below Tanzania, Uganda, Burundi and Rwanda. In October, the **Kenya Anti-Corruption Commission** (KACC) stopped a KSh 1 bn contract between the Kenyan Ports Authority and an Italian company for port cranes. KACC acted just days before parliament amended and passed the Statute Law Bill 2007, which President Kibaki refused to sign into law. This would have prohibited KACC from pursuing graft cases committed before 2003. The initial support from almost all parliamentarians was for a 2006 amendment by Paul Muite, providing an amnesty to all those implicated in Goldenberg and other major scandals. The sudden support came barely a week after the leaking of a report by the British **Kroll Associates** implicating former President Moi, his family, business and political partners. It detailed assets all over the world, acquired in questionable circumstances using Kenyan state revenues totalling $ 2 bn. The 110-page report, released one week after Moi announced his support for President Kibaki, had been commissioned by the government soon after Kibaki took office in 2003: the aim was to identify and recover stolen state property. However, after reading a draft version, Kibaki and Justice Minister Murungi decided not to pursue the matter.

In July, the high court stopped KACC from seeking the true identity of First Mercantile Securities Corporation, one of the **Anglo Leasing** firms based in Switzerland. Earlier, in May the high court had blocked the anti-graft agency from revoking the Kenyan passports of two businessmen, Deepak and Rashmi Kamani. The brothers, said to be in India, were at the heart of investigations into the Anglo Leasing scandals, in which millions of dollars were paid to shadowy firms for security contracts. The power to prosecute lies solely with the attorney-general. KACC director Aaron Ringera has argued that this has been the main obstacle to KACC's tackling corruption. Others have pointed out that Ringera is a former business partner of Minister Murungi, who appointed the KACC director. In January, KACC cleared Awori, Murungi and Mwiraria of any Anglo Leasing-related offences.

Foreign Affairs

Relations with foreign donors remained cool. The UK extended last year's travel ban on former President Moi's sons Gideon and Philip and 22 others under investigation by KACC, to include Environment Minister David Mwiraria, MP Nicholas Biwott and two businessmen involved in a tax evasion scandal, Sanjay and Manoj Ramniklal.

On 1 July, Burundi and Rwanda became full EAC members creating a market of about 120 m people and a combined GDP of $ 41 bn. EAC has had a customs union since 2005 and plans to introduce a common market by 2010 and a monetary union and a political federation by 2013. However, there is reluctance to cede sovereignty to EAC and intra-regional trade is still low. Tanzania especially persists in protecting its manufacturers against Kenyan and Ugandan competitors. The newly appointed governor of the Kenyan central bank, Njuguna Ndung'u, stated that differences in determining macroeconomic indicators such as inflation and problems associated with currency conversion have also hindered progress.

Late in 2006, the East African Court of Justice rejected Kenya's nine nominees to the East African Legislative Assembly. The decision, arising from a feud among Kenya's political parties, paralysed the assembly for nine months. Kenya corrected the nomination process and the same nominees were sworn in June.

Socioeconomic Developments

Real GDP growth was 6.9%, up from 6.1% the previous year, and the highest in over three decades. As in 2006, agriculture (+7.6%) and tourism (hotels and restaurants +12.6%) were the key drivers of the economy, but manufacturing (+8.3%), building and construction (+10.3%) and financial services (+7.9) also showed higher growth rates. The Economic Recovery Strategy came to an end in December, after which government budgeting will be guided by Vision 2030, a 25-year economic strategy.

The government's **budgetary operations** resulted in a lower budget deficit of KSh 21.6 bn or 1.2% of GDP in fiscal year 2006–07 compared with KSh 51.5 bn or 3.3% of GDP in 2005–06. There was significant growth in tax collection and expenditure was lower than budgeted. In his **2007–08 budget speech**, Finance Minister Amos Kimunya outlined spending plans for the highest ever budget ($ 10.2 bn), mainly on free secondary education, teacher salaries and roads. Because the revenue target was set at $ 6.29 bn, compared to $ 5.53 bn realised last year, one of the highest budget deficits (5.3% of GDP) was foreseen. Foreign budget support, hardly used in last year's budget, was looked to for bridging this gap. In April, the IMF had agreed to disburse a $ 56 m credit. In July, Standard & Poors rating agency was invited to issue a fresh credit rating because the Kenyan government planned to raise money internationally through a bond issue of $ 150 m to fund infrastructure.

Inflation increased, although not as much as anticipated. By December, overall **inflation** stood at 12%, down from 15.6% in 2006. Average annual inflation stood at 9.8%: early 2007 showed figures of around 5–6%. The increase since June was mainly caused by higher food and energy prices that especially hit the urban poor. Wealth in Kenya is distributed unequally with 46% of the population living below the $ 1 a day poverty level. Against the dollar and euro respectively, **the Kenyan shilling** traded at the beginning of the year at KSh 69.9 and KSh 92.35 and at year's at 64 and 94.2. The shilling gained against the Ugandan currency from USh 24.8 up to USh 26.2 at year's end, while the Tanzanian currency was stable at around TSh 17.5.

Over the year, **public debt** rose from $ 10.72 bn (49.8% of GDP) to $ 13.48 bn (43.5% of GDP). Kenya's **overall balance of payments** improved to a surplus of $ 882 m ($ 675 m in 2006) thanks to an improvement in the capital and financial account surplus of $ 2,038 m (up from $ 1,204 m), which offset the $ 1,155 m deficit in the current account balance. The latter account widened following a worsening trade deficit from $ 3,830 m to $ 4,910 m, the result of a 22.6% increase in imports (mainly machinery and transport equipment, petroleum, chemicals, manufactured goods) to $ 8,989 m. Kenya's main source for **imports** remained the UAE (14.8%). India (9.4%) and China (7.6%) jumped to second and third place, overtaking the UK, South Africa, Japan and the US.

Export earnings grew on higher export volumes (horticultural products, tea, coffee) and/or higher prices (coffee). The value of Kenya's exports rose to $ 4,080 m, an increase of 16.5% on 2006. Coffee and tea exports increased by 20.3% and 5.6% and stood at $ 166 m and $ 693 m respectively. The value of horticultural exports increased by 25.1% to reach $ 637 m. Manufactured goods also performed well, up 21.6% to $ 513 m, while re-exports declined to $ 193 m from $ 316 m in 2006. Kenya's exports to African countries recovered and rose from 42.7% to 45.1%. Uganda (12.2%) remained the main destination for merchandise exports. Other major destinations were the UK (10.5%), Tanzania (8.1%), and the Netherlands (8%).

The outbreak of Rift Valley Fever in northeastern Kenya in December 2006 spread as far south as Tanzania, killing livestock and people (155 deaths were reported in Kenya between 30 November 2006 and 12 March 2007) and seriously affecting the **livestock trade** in the first half of 2007. Beef prices skyrocketed from KSh 140 to 200 per kilogram of beef, leading to an upsurge in illegal hunting for bush meat.

Agriculture, forestry and fishing remained the most important economic sector (over 25% of GDP) and grew substantially by 7.6% thanks to better infrastructure and favourable weather. All the main agricultural sub-sectors recorded improved growth. **Tea** production increased by 19% to 369,606 tonnes, at an average export price of $ 1,800 per tonne by year's end. Worldwide overproduction, exacerbated by a strong shilling, might offset further gains. The Kenyan tea sector lost its position as the largest exporter of black tea to India and China and tried to respond by moving from bulk exports to value-added products, including special green tea for Far East markets. **Coffee** output increased 3.4% to 52,268 tonnes due to good weather and higher prices ($ 2,860 per tonne as compared to $ 2,649 in 2006). However, despite the recent licensing of more marketers and a coffee fund to help achieve former production levels, coffee is still the sick man of agriculture.

Like tea, **horticulture** export volumes recovered from a bad year in 2006 and increased by 17.7% in 2007 to 192,187 tonnes. The improvement in vegetable exports (+39.1%) was especially notable, with fruit exports up 1.7% and flowers 5.5%. Flowers fetched KSh 43.1 bn, vegetables KSh 25.4 bn and fruits KSh 1.7 bn. The November opening of a 230-tonne cold storage facility at Eldoret airport and the planned upgrading of Jomo Kenyatta airport to allow for direct flights to the US will help a sector facing increased competition from Ethiopia and Egypt. Challenges include the strong shilling, depletion of water sources and attempts by local councils to tax farm profits.

In 2007, all **manufacturing** sectors recorded positive growth. Sugar production bounced back to achieve 9.3% growth, with 520,100 metric tonnes of processed sugar.

Soda ash gained 3.4% to 386,598 tonnes; beer increased 35.3% to 379,485,000 litres; milk climbed 18.7% to 423,542,000 litres in 2007; and cement production increased 6.5% to 2,314,236 tonnes. In mid-2007, the two largest cement producers, Bamburi Cement and East Africa Portland Cement, handed in a merger proposal to the Kenyan government. This would create a regional giant controlling 55% of the East African market and better positioned to fend off Asian and Middle East import competition.

Electricity generation increased by 8% in 2007 to 6,287.7 m KWH while demand increased by 8.1% to 5,125.8 m KWH, reflecting an increased customer base and higher economic activity. Hydropower increased by 18.9% and accounted for 57.1% of total generation, geo-thermal generation (15.8%) decreased by 5.2%, while thermal generation (27.1%) decreased by 2.9%. Plans were announced for a new power company to focus on geothermal resource assessment and development. The government released over KSh 8 bn to speed up its rural electrification programme to ease pressure on wood fuel.

Hopes of becoming an oil-producing country experienced a setback when the China National Offshore Oil Company (CNOOC) handed back four of the major exploration blocks in northern Kenya that had been allocated in 2006. The Chinese kept two blocks and announced they would drill for oil in the Lamu basin in 2009. Earlier in the year, European companies had protested when CNOOC tried to sell the blocks it had received for free. Kenya started negotiations over the four freed-up blocks with companies from South Korea, Taiwan and Europe, and in October an agreement was signed with the Swedish company Lundin.

There were problems with **petroleum production**. Three Western multinationals (BP, Shell, Chevron), shareholders in Kenya Petroleum Refineries (KPR), decided not to upgrade the Mombasa plant. The multinationals questioned its viability, insisting on converting the refinery into a terminal for imported products. Kenya, however, decided to retain its 50% stake in the upgrading project, with a total estimated cost of $ 322 m, and seek other investors. Companies from the Arab world showed interest and in late January press reports indicated Kenya had signed a secret $ 300 m deal with Tamoil, a Libyan state-owned company, to upgrade the refinery and build a LPG storage facility. It would also allow the Libyans to supply oil products to Kenya. In June, President Kibaki signed an exclusive trade pact in Tripoli that should boost Libyan investment in oil, telecommunications and tourism in Kenya.

The **telecommunications sector** continued its impressive growth. Mobile telephone subscribers increased above 9.3 million from 7.3 million. Excise duty on airtime collected by the Kenya revenue authority increased 28.6%, inclusive of inflation, to KSh 5,962 m in 2007. New services were offered by the mobile operators. For example, Safaricom launched the first mobile money transfer service in Africa, M-Pesa, in early March. A new generation SIM card allows subsribers to transfer money, benefiting the more than 80% of Kenyans who do not have bank accounts. Safaricom, with an estimated 75% market share, was the country's most profitable company. In June, it announced profits of $ 256.5 m and in September it invited Chinese phonemaker ZTE to provide 200,000 low-cost mobile phones to attract more customers. In December, ahead of a long-awaited Initial Public Offer (IPO), the company was valued at $ 3.45 bn. If successful, the Kenyan government should be able to raise $ 859 m from its 25% equity share. Another shareholder, Vodafone (UK) tried to raise its stake from 40% to 49% in return for agreeing to the planned IPO. In another sale, France Telecom paid $ 269 m for a 51% stake in fixed-line operator Telkom Kenya, the largest state-owned company in Kenya.

South Africa-based Econet Wireless finally obtained a licence from the Communications Commission of Kenya (CCK) after paying $ 12 m, thus ending a three-year battle to become the third player in the mobile market. To secure market share, Econet will seek 'number portability' from CCK to enable consumers to retain their existing numbers. Sharing of basic infrastructure is another key issue.

In late 2006, a court prevented CCK from awarding a licence to Vtel, a Dubai-based consortium, as a **second national operator**. Early in 2007 it was revealed that Vtel had offered the Kenyan government $ 169 m, the single largest potential inflow of foreign direct investment into Kenya in many years. CCK stated that Vtel had not formally applied for a licence. Subsequently, Reliance Communications of India was given the opportunity to raise the same amount of money. The deal fell through when Reliance allegedly demanded too many privileges.

Submarine optical fibre connectivity was predicted by 2008. In April, the financially troubled Eastern Africa **Submarine Cable** System (EASSy) moved forward when the World Bank approved $ 114.4 m to Kenya. Stakeholders had disagreed over ownership of the programme intended to bring high-speed broadband to capitals and major cities in up to 23 countries in East and Southern Africa, the only region in the world not yet connected to the high speed global network. The nearly 10,000 kilometre line runs from Mtunzini, in South Africa, to Port Sudan. In March, ownership and management wrangles were solved. A supply contract was struck with Alcatel-Lucent and construction started in December. Alcatel-Lucent was also a partner in a rival network, the East African Marine Systems (Teams), to run from Mombasa to the UAE. In December, the Kenyan government announced it would halve its share to 20%. A third line would run from South Africa to India and France and would include Kenya and other East African countries. In July, Kenya turned down a 'co-build' arrangement offered by Seacom. For the national network about 5,000 kilometres of terrestrial broadband fibre cables are to be constructed by French, Japanese and Chinese companies for $ 62.5 m: they will link Kenyan regions to international lines.

Cargo throughput by the **Kenya Ports Authority (KPA)** increased by 10.7% to almost 16 m tonnes. KPA completed the modernisation of handling equipment as part of a 25 year KSh 16 bn master plan funded by Japan to double container handling capacity. Mombasa port is in urgent need of upgrading, which was three years behind schedule, as it could be forced to close if it fails to meet global standards. The volume of petroleum throughput increased by 3.6% to 3.96 m cubic metres.

Rift Valley Railways (RVR), granted a 25-year concession to operate both Uganda and Kenya Railways, came under fierce criticism. A Kenya Railways Corporation assessment released in April stated RVR had failed to provide its investment plan and had yet to purchase new equipment. Moreover, 6.5% fewer goods were transported in the first three months since the handover. Shippers and importers complained of cargo piling up at Mombasa, publicly decrying poor operations and multiple derailments. In September, parliament wanted government to terminate the contract. RVR responded that it handled only 15% of the containers, too many of which lacked proper papers. It mentioned the poor condition of and lack of spare parts for locomotives and wagons. Moreover, it was rumoured that sacked Kenya Railways workers sabotaged the railway line and that road freight companies, fearing RVR competition, possibly caused the derailments, as rail transport is six times cheaper. In October, RVR announced a five-year project to replace the railway track from Mombasa to Nairobi at a cost of over KSh 8 bn ($ 130 m). The project will also involve refurbishing and replacing equipment.

Air passengers through Nairobi increased by 2.9% to 702,186 people in the first half of 2007. Even so, Kenya Airways posted an 18.8% drop in pre-tax profit to KSh 2.8 bn ($ 40.29 m) due to rising costs, currency appreciation and increased competition. Virgin Atlantic, for example, made its maiden flight on 2 June. Owner Richard Branson promised daily flights bringing in a quarter more visitors and carrying Kenyan agricultural produce to the UK. On 5 May, a new Kenya Airways 737–800 crashed in bad weather shortly after leaving Douala, Cameroon, killing 114 people.

Tourism continued its strong growth (9.9% to 1,048,732 visitors). Tourists from Europe accounted for 55.1% of arrivals, Africa 20.3%, America 12.3% and Asia 9.9%. In 2006–07, cumulative earnings from tourism were estimated at $ 805 m, up from $ 608 m. The Tourism Trust Fund claimed that 88% of tourism earnings remained in Kenya. Critics argued most tourists are not ‘walk-in’ tourists, but rely on overseas wholesalers who take 60–80% of the revenues. A report by the Kenya Community Based Tourism Network (KECOBAT) showed that communities earned little from tourism, while international tour operators pocketed huge profits.

Marcel Rutten

Rwanda

The political climate continued to be strongly influenced by security developments in the region and the complex internal situation. Reforms and institution-building played a key role in the government's efforts to manage the precarious balance between survivors and perpetrators of the 1994 genocide and society-at-large in order to achieve reconciliation and post-conflict rehabilitation. The year was dominated by the massive operation of the 'gacaca' courts, which were supposed to wind up the trials of more than 800,000 suspects from the genocide period. The international community continued to give recognition to the development efforts of the government and increased aid, but continued to be critical of the circumscribed political pluralism. Rwanda became a member of the EAC, continued to have frosty relations with France and applied to join the Commonwealth. The 9 November agreement in Nairobi on the situation in DR Congo was an acknowledgement of the Rwandan view of the need to disarm the Democratic Forces for the Liberation of Rwanda (FDLR). Per capita growth improved slightly in 2007, but poverty remained widespread and deep.

Domestic Politics

The government persisted with its policy of **strengthening Rwandan institutions** on the basis of home-grown solutions and ownership. The official foundation of government policies continued to be power-sharing and the pursuit of solutions through dialogue and consensus-building with the aim of building a united, prosperous and democratic nation. Decentralisation efforts remained a cornerstone of government policies. Political debate on these policies and on the character of the regime continued to be intense, not the least among the diaspora. The president held monthly press conferences, fielding direct questions from journalists. Participation by the president or high-level officials in live talk shows or TV debates was not unusual and neither was criticism in the media of the government and its policies.

The **parliament** was weak, but on several occasions exerted a greater influence over the executive, even though the latter continued to dominate. One example was when Prime Minister Bernard Makuza was summoned to the National Assembly in late February to answer questions on security following the murder of four genocide survivors in Southern province. Another was when the senate standing committee on foreign affairs, cooperation and security presented a report on 5 April on the operations of the national security service. On that occasion, the senate vice president, Prosper Higiro, argued that no area of state activity should be a 'no-go' zone for parliament, including the security and intelligence sector.

Civil society and political parties other than the ruling Rwanda Patriotric Front (RPF) continued to be weak. The debate on 'political space' went on. In part, the term came to be associated with the organised opposition in the diaspora, not least the FDLR, linked to the government that perpetuated the genocide in 1994. FDLR's demand was that it would disarm only if it was allowed to participate as a political party within Rwanda, – instead of being demobilised – and that suspected organisers of and participants in the genocide within its ranks should be exempted from trial in a 'gacaca' court. International human rights organisations and the weak opposition media also raised concerns about the 'limited political space'. The government was criticised for using the Forum for Political Parties as an instrument to control political parties. The official aim of the Forum was to promote dialogue among political organisations operating in the country and to build the capacity of political parties. Editor Charles Kabonero in 'Rwanda Newsline' 10–17 January, claimed that the Forum had been created by the ruling RPF to "neutralise other parties and muzzle their divergent views before they are made public". On 3 March, the Forum re-elected François Ngarambe, national secretary general of RPF, as its spokesperson.

According to the constitution, no political party was allowed more than 50% of the positions in cabinet after an election. As a result, five of the seven political parties are in the ruling coalition. The opposition parties are represented at the highest executive and legislative levels: for example, the chairman of the Liberal Party (LP) was the minister of commerce, industry, investment and tourism and the chairman of Social Democratic Party

(PSD) the speaker of the senate. Critics claimed that RPF dominated the weak opposition parties. This was strongly denied by RPF as well the president, for instance in a speech in July. The parties could organise meetings and undertake other related activities without hindrance, it was claimed. The constitution, however, prohibits political parties from basing themselves on “ethnic group, race, tribe, clan, kinship or region or any other factor that may give rise to . . . divisionism”. This loosely defined claw back clause has, according to human rights organisations and opposition media, at times been used to limit the activities of political parties, the media and civil society organisations.

On 1 June, a new law was passed lifting the **ban on political party** structures and activities at **village, cell, sector and district levels**, and was a step forward in the opening up of political space. According to this new dispensation, all registered parties were allowed to establish organisations on all administrative levels. On 8 July, RPF became the first political organisation to hold **elections for cell- and village-level representatives**. These representatives later elected representatives at the sector and district levels. The PSD held local elections in Eastern Province in September.

At the **LP congress** on 5 August, Protais Mtilali, the minster of commerce, industry, investment and tourism took over as new chairman from Higiro Prospere, the senate vice president, after a hotly contested election. Equally hotly contested was the position of first vice president of the party, with the president of IBUKA, the genocide survivors’ umbrella organisation, losing to Senator Odette Nyiramirimo, the party’s secretary general. The election set off a turbulent power struggle in the party, with the losing factions accusing the winners of bribery, dominating political reporting over several months and seriously testing the robustness of internal party structures and several political institutions.

President Kagame continued to take a tough stand on **governance issues** and in the **fight against corruption**. This policy had strong public support and played an important part in strengthening the legitimacy of government. A broad inquiry was launched into misuse of public funds in 46 governmental institutions. Several top leaders were questioned and some appeared in court on corruption and embezzlement charges. The newly elected LP president came under suspicion and was questioned on 14 August for authorising tenders in 2006 without due respect for the law. Finance Minister James Musoni was among those quizzed in the same case. The cabinet decided on 2 November to fire 127 policemen for various forms of misconduct, 63 of them having been accused of corruption. Transparency International (TI) released its 2007 annual **Corruption Perceptions Index** on 26 September. Rwanda scored 2.8 marks out of 10, up from the contested 2.5 in 2006. Rwanda ranked 111 out of 180 countries with regard to corruption perceptions, and was perceived to be less corrupt than all neighbouring countries except Tanzania.

On **human rights**, Rwanda was still in transition after the 1994 genocide, a situation that most international actors acknowledged, even if they had concerns about ‘political space’ and the ‘democratic deficit’. International human rights organisations continued to be critical of the **political climate** in Rwanda, not least the limitations on **freedom of**

the press. Even though press freedom was guaranteed in the constitution, vaguely defined laws made possible government interference. In addition, most papers had extremely limited distribution – and capacity. The government denied it opposed press freedom, but said it would not accept biased or poorly researched reportage. Criticisms of policies, bad management and corruption were acceptable, as long as they were based on facts, not on ethnicity, 'divisionism' or defamation. In a live debate in September, four cabinet ministers stated that some media organisations were serving the interests of "negative forces" and were enemies of the state. Charles Kabonero, editor and managing director of the Rwanda Independent Media Group (RIMEG), the largest opposition media house, on 24 October suspended all publication until government explained his alleged assistance to these negative forces. The 'New Times' published an article claiming that RIMEG's poor finances and court cases might be the main reason for the suspension. Publication resumed later in the year. In early October, the prosecutor general dropped defamation charges against Kabonero and the managing director of 'Newsline', Didas Gasana. The decision was welcomed as a step forward for press freedom and the independence of the judiciary.

The liberal **Freedom House** ranked Rwanda as 'not free' in its report on freedom in sub-Saharan Africa for 2007, which was released on 17 July. Political rights were ranked lowest in the region (scoring 6 out of 7), along with the DR Congo. Critiques of this sort were strongly questioned by the government, which argued that, in the fragile national and regional situation after the Rwandan genocide, everything should be done to prevent a recurrence. Thus, political mobilisation or the moulding of public opinion that could result in ethnic mobilisation had to be carefully monitored, with the aim of building a favourable democratic climate and strong institutions. The government stated that much had been done to create democratic institutions, including an independent judiciary and a multiparty parliamentary system, and that press and political freedom had gradually improved.

One major societal process in 2007 was the massive operation of the **'gacaca' courts**, now in their final year. The aim of these courts was to achieve truth, justice and reconciliation. The 'gacaca' law was amended in May 2007 to increase the number of courts to speed up the trial of the estimated 818,000 persons accused of genocide. The categorisation of crimes was changed to enable more suspects to be referred to 'gacaca' jurisdictions, rather than conventional courts. Up to the end of 2007, the 'gacaca' courts had tried nearly 1.06 million people, a tenth of the Rwandan population, in more than 12,000 courts. The 'gacaca' system faced a number of challenges. A report by the senate's standing committee on political affairs in April pointed to a lack of resources in the 'gacaca' system that could delay the scheduled conclusion of the trials. International human rights organisations highlighted the lack of legal aid as one of the weakest points in the system. That criticism was dismissed by the executive secretary for the courts, Mrs. Mukantanganzwa, on the grounds that "defence rights are guaranteed by the 'gacaca' courts insofar as any person who wishes to speak in favour of a defendant has the right to do. So the defendant is defended by more than one lawyer”. A more serious challenge was the killing and intimidation of witnesses and judges. Sixteen Genocide survivors were killed in different provinces of the country. On 15 October, a ‘gacaca’ court president and the vice president of the genocide survivors group were murdered. Another challenge was corruption. On 7 December, IBUKA accused the ‘gacaca’ judges of corruption and ineffectiveness, especially in category II trials. IBUKA noted the intimidation of prosecution witnesses, imprisonment of survivors and the protection of accused officials, intellectuals and wealthy persons. It also decried the “great interference by officials of the National Service of Gacaca Courts in the course of the trials” and the “many cases of pretences to legal procedures”. The minister of justice strongly rejected the allegations of interference by the authorities in the ‘gacaca’ courts and the executive secretary revealed that nearly 56,000 ineffective or corrupt judges had been removed from their positions. On 23 December, Mrs. Mukantanganzwa suggested the ‘gacaca’ courts should try crimes of genocide committed by the nearly 8,000 classified in category I, the planners and organisers of genocide.

The **International Criminal Tribunal for Rwanda (ICTR**) handed down only three judgments in 2007. By the end of the year, 29 individuals were on trial, six were awaiting trial and six had lodged appeals. With a cumulative budget of over $ 3 bn over the past ten years, the ICTR has so far completed only 32 cases, five of which were acquittals. ICTR’s annual budget exceeds by far the total budget for the whole Rwandan justice system, including the ‘gacaca’ tribunals. Rwanda is a leading candidate to take over the cases that are not addressed by the backlogged UN tribunal when it closes by the end of 2008. The capacity of the Rwandan justice system to meet international standards was questioned by certain alleged organisers of the genocide during the trials as well as by human rights organisations such as AI (2 November) and Human Rights Watch. The Rwandan government responded that far-reaching reforms of the justice system had been undertaken and special new prison facilities had been built, thus making it possible for the country to meet all the requirements for free and impartial trials. The government made efforts to have the major figures involved in the genocide who were at large in US, Europe and neighbouring countries extradited to Rwanda for trial. The **death penalty** was abolished on 1 June. This was one condition for ICTR to hand over to Rwanda part of its uncompleted caseload when its mandate expires.

On 9 February, **9,276 prisoners were released**. The public, particularly survivors, raised concerns about the activities of certain of the released prisoners, who were blamed for the murder and harassment of genocide survivors, ‘gacaca’ witnesses and judges. The minister of justice promised that released prisoners should be reintegrated into their respective societies, starting with training in solidarity camps controlled and monitored by local government officials. **Pasteur Bizimungu was released** 6 April, one day before the 13th anniversary of the 1994 genocide. He had been the country’s first post-1994 president and had been imprisoned for 15 years in 2004 for treason.

Prisons continued to be overcrowded. In July, the number of prisoners had reached 98,000, the result of the ongoing 'gacaca' trials. The 'gacaca' law of 1 March moved less severe genocide cases from prisons to the 'gacaca' courts and tens of thousands of convicted prisoners who confessed to participating in the genocide were sent home on condition that they performed the community service stipulated in their sentences and served the remaining prison time later. At the end of the year, the number of prisoners had declined to 58,598.

On 10 October, the cabinet set up an independent **commission of inquiry** to investigate the circumstances under which the plane carrying former President **Juvenal Habyarimana** had crashed in April 1994.

Foreign Affairs

The relative détente in the region since the peace pact was signed in December 2006 was threatened by the deteriorating security situation in North Kivu in March. Clashes among elements loyal to renegade (Banyamulenge) commander Laurent Nkunda and the armed forces of the Democratic Republic of the Congo (FARDC) troops, Mai Mai groups and the Democratic Forces for the Liberation of Rwanda (FDLR) – with roots going back to the government and militias that perpetrated the genocide in Rwanda – increased tensions between Rwanda and DR Congo. Thousands of people were displaced and some fled to Rwanda. Two minor FDLR bomb attacks on Rwanda from DR Congo territory added to the nervousness in Rwanda. Rwanda suspected that FDLR were supported by sections of the DR Congo government and that factions of FDLR forces had been integrated into FARDC to fight Nkunda, while there were suspicions in the DR Congo that Rwanda was supporting Nkunda. Both the Rwandan and DR Congo governments refuted these allegations, played down the regional dimension of the crisis and pledged to work through existing mechanisms, a marked difference from earlier years. A series of meetings were convened by the **Tripartite Plus Joint Commission (TPJC)** and bilateral meetings took place between heads of state, ministers and chiefs of defence, as well as within the sub-regional and regional groups established through the Pact on Security, Stability and Development in the Great Lakes Region in December. The TPJC met five times, with the US facilitating and with the UN's mission in DR Congo (MONUC) attending as an observer. Agreement was reached on joint action to address **the root causes of conflict** in the Great Lakes region on 18 April. On 28 August, chiefs of defence met to discuss strategies to deal with FDLR. These were subsequently reviewed, along with directives for follow-up, at a ministerial meeting in Kampala on 17 September. It was decided that the DR Congo government should prepare a detailed operational plan for possible military operations against FDLR, to be conducted jointly with MONUC and possibly with additional support from other countries. DR Congo pledged to submit the plan to the tripartite ministerial meeting in January 2008.

On 2 September, the foreign ministers of the DR Congo and Rwanda discussed the ongoing tensions in North Kivu and the continued presence of FDLR in both provinces. They agreed to reactivate the **joint verification mechanism** (JVM) and decided that the AU and MONUC should be asked to support a secretariat in Goma, and for MONUC to intensify border surveillance. At a meeting on 1 October, TPJC chiefs of defence endorsed the structure, organisation and operating procedures of the joint planning cell and discussed JVM and other procedures for the management of cross-border incidents.

On 9 November, representatives of the governments of the DR Congo and Rwanda met in Nairobi and signed the **Nairobi communiqué** pledging "a common approach to address the threat posed to our common security and stability by the ex-FAR/Interahamwe". The agreement was facilitated by the UN and witnessed by the US and the EU. The accord represented a comprehensive and constructive point of departure that could pave the way for an end to the armed presence of the ex-Forces Armées Rwandaises (FAR) and Interahamwe in eastern DR Congo. Rwanda was to compile a list of genocide criminals among the rebel ranks. In return, DR Congo would have them handed over to face justice, which Kigali says is the basis for lasting regional stability. On 1 December, DR Congo submitted to Rwanda a detailed plan to disarm the ex-FAR/Interahamwe, including the launching of military operations. As a first step, the government of the DR Congo initiated sensitisation efforts among the ex-FAR/Interahamwe to encourage voluntary repatriation. Rwanda compiled a list of 6,945 individuals in DR Congo suspected of having been part of the genocide.

The Nairobi communiqué was regarded as a great diplomatic success for Rwanda. At the **TPJC heads of state summit** in Addis Ababa on 5 December, facilitated by US Secretary of State Condoleeza Rice, the need to strengthen the DR Congo's state institutions, particularly those charged with security, in order to find durable solutions to the insecurity in eastern Congo was reiterated. The TPJC countries recommitted to not harbouring or supporting negative forces in the region and agreed on the urgent need to implement existing agreements between member states. These agreements dealt with the disarmament and repatriation of ex-FAR/Interahamwe. The Nairobi communiqué was strongly supported by UN Security Council resolution 1794 (2007), adopted on 21 December.

Rwanda's **membership in the EAC** became effective on 1 July. Rwanda gained access to a market of 100 million people and could become the distribution hub for goods to and from EAC to the DR Congo. EAC will contribute to political stability in the region and improve access to energy. The challenges were the difficult regional environment and the extent to which Rwanda, with its weak infrastructure and weak industrial and human capital base could compete with EAC members. It was feared in Rwanda that the customs union could lead to revenue loss and overwhelming competition for production structures and could affect household expenses. The parliament passed a bill on 28 September for elections to the East African Legislative Assembly.

On 17 April, the sub-regional Economic Community of the Great Lakes Countries was reactivated. President Paul Kagame attended the 12th **COMESA summit** on

22 May in Nairobi. The East African Business Council admitted Rwanda and Burundi as members at its annual general meeting in Nairobi on 8 June.

Rwanda played an active role in the **AU**. The country contributed 2,556 of the 6,000 peacekeepers to the United Nations Mission to Sudan (UNMIS). In August, Rwanda offered another battalion of 800 troops for the new hybrid UN-AU peacekeeping mission in Darfur. In September, Rwandan Major General Karenzi was appointed deputy joint force commander of the 26,000 AU-UN hybrid force (UNAMID) to be deployed in the Sudan in 2008.

Relations between Rwanda and **Uganda** steadily improved, but with ups and downs, depending on developments within the regional security complex as well as the tense personal relationship between the two presidents. The two countries cooperated closely in a number of regional mechanisms and institutions. Rwanda's entry into the EAC strengthened economic, political and security relations. Senior government officials from Rwanda and Uganda met in Kigali on 19 March to discuss a number of issues, including border disputes and illegal immigrants. In August, about 2,600 Rwandan refugees were repatriated to Rwanda. Some of those who chose to remain were believed to be suspects in the 1994 genocide. Relations with **Burundi** continued to be cordial. Burundian President Pierre Nkurunziza made a three-day official visit at the end of March, accompanied by five senior cabinet ministers. It was the second such visit in less than two years. Nkurunziza expressed interest in emulating some of the reforms undertaken in Rwanda.

Rwanda made strong and successful efforts to build its **diplomatic networks** during the year and to establish itself as a centre for international conferences and workshops. Relations with the **UK** were further strengthened. In July, Britain's Conservative Party chairman David Cameron and 40 members of the party, including eight MPs, visited Rwanda in July. In early November, President Kagame made a state visit to the UK, by far Rwanda's largest bilateral donor. Rwanda also developed its relations with **the US, Belgium, the Netherlands, China, Japan and India**.

The president of **Liberia**, Ellen Johnson-Sirleaf, visited Rwanda on 21 February and a Cuban delegation arrived in April. The president of the **Swiss confederation**, Micheline Calmy-Rey, journeyed to Rwanda in July. Kagame, for his part, paid a state visit to **Malawi** in early September. He also made a speech at the 62nd session of the **UN General Assembly** in New York on 26 September.

Relations with **France** continued to be frosty, but thawed towards the end of the year. In April, the Rwandan government filed a complaint against France with the International Court of Justice regarding the warrants of arrest for nine senior officials, including the president, issued by French Judge Jean-Louis Bruguière in November. This action had led to the cutting of diplomatic relations with France. The Rwandan government commission of inquiry into France's role in the genocide, led by former Justice Minister Jean de Dieu Mucyu, established after interviewing former French and Rwandan officials and military personnel, UN peacekeepers, witnesses etc., that France was deeply involved not only in supporting the government that perpetrated the genocide, but also in training the army and the Interahamwe militias. French military personnel had been seen to be present when genocidal activities took place, and possibly even to have had an active role in them on occasion. It was also established that France allowed the genocide to continue in the areas where it had established control during Operation Turquoise. France rejected the commission's request to send an investigative team to the country, claiming that the commission lacked legitimacy. The Mucyu report was presented to cabinet in November. In September, France sent a diplomatic mission to Rwanda to explore possibilities for restoring relations. The French authorities also arrested a number of long-wanted genocide suspects at large in France. The report was never made public, which was seen as a concession to France. Subsequently, on 6–7 December at the **Africa-EU summit** in Lisbon, Kagame and the French President Sarkozy held discussions.

Several successful large conferences were organised as part of Rwanda's strategy to be a **hub for services, trade and financial transactions** in the region. The 2007 HIV/AIDS implementers' meeting under the US President's Emergency Plan for AIDS Relief (**PEPFAR**) from 16–19 June was attended by more than 1,500 delegates. The **African heads of state Connect Africa summit** was held in October. The summit was a major initiative to lay down strategies on accelerating broadband and wireless connectivity in Africa. Ten African heads of state participated in the conference. **The 14th session of the ACP-EU meeting** was held in Rwanda at the end of November. The adopted Kigali declaration called on the EU to give ACP countries time to negotiate new terms for economic partnerships with Europe.

In Kampala, Kagame addressed the **Commonwealth** business forum, which is associated with the Commonwealth summit. Rwanda's application to join the Commonwealth, supposed to be discussed at the 2009 summit in Trinidad and Tobago, was not intended to cut the country's historical links with the Francophone community, but was a response to its growing English-speaking population. Several Rwandan NGOs participated in the Kampala Commonwealth People's Forum (CPF).

Socioeconomic Developments

Rwanda's national human development report for 2007, released on 27 July, concluded that although Rwanda had progressed in education, gender equality and democratic governance, the recent growth had bypassed the rural poor. Wealth was concentrated at the top of the income distribution bracket and "soaring inequality was threatening poverty reduction and economic growth". The report provoked a huge controversy. The cabinet refuted it and the minister of finance, who had chaired the report's steering committee and signed the foreword, was criticised on the grounds that the report exaggerated inequality in Rwanda and rested on the analysis on insufficient facts. The report's authors were blacklisted from further work for the government and the ministry of finance official who had made the statistics available was reprimanded.

The **MDG country report** 2007, by the national institute of statistics, was presented at the meeting of development partners on 25–27 November. The report noted that while poverty had declined in terms of the national average from 60.4% in 2001 to 56.9% in 2006, the number of people living in poverty had increased from 4.8 million to 5.4 million in 2006 and as much as 36% of the population still lived in hunger. Advances had been made in education, health and gender equality since the base year 2000. For example, primary school enrolment improved from 72% to 95% and the primary school completion rate increased from 22% to 51.7%. A number of challenges persisted and Rwanda was unlikely to reach the MDG targets to halve poverty and on health, but was well on track with respect to the targets for education, gender equality and global partnership.

Real **GDP growth** reached 6% in 2007, exceeding expectations, and mainly reflecting growth in construction and services. Inflation declined to 8.7%. A challenge was the drastic increases in oil prices and the underperformance of agriculture in general and coffee in particular. **Macroeconomic policy** implementation was broadly on track, notwithstanding the tardy disbursement of some donor funds. Structural reforms advanced, albeit with some delays due in part to capacity constraints. Exports increased from $ 175 m in 2006 to $ 212 m in 2007. Foreign direct investment resulted in 27 new operations valued at $ 202 m, compared with $ 92 m the previous year.

The rapidly growing population put strong **pressure on land, water, energy and other infrastructure**. Water and electricity shortages and power rationing disrupted economic activities. Rwanda had one of the lowest per capita energy consumption and production rates in Africa, a huge impediment for diversified economic development. The long-discussed methane gas project did not take off during the year. Dane, the company that had held the contract since 2004 to build an extraction plant and had promised to supply 35 MW by March 2007, did not deliver and was taken to court for breach of contract by the government on the basis of an audit by Ernst & Young. One of Africa's largest **solar-energy** generation sites was inaugurated north of Kigali in July as part of Rwanda's strategy to develop and produce sustainable energy.

Increased global food prices in combination with increased energy and transport costs led to rapidly **increasing food prices** in Rwanda at the end of the year. Particularly the urban poor were severely hit. The crisis in Kenya at the end of December added to food, transport and energy costs in the landlocked country.

After yearlong preparations, consultations and delays, the new **Economic Development and Poverty Reduction Strategy (EDPRS) was finally launched** in December. The focus was on reducing poverty by preserving macroeconomic stability; removing impediments to growth, such as further expansion in the social sector, including education and health; easing infrastructural bottlenecks; and modernising agriculture.

Rwanda continued to be **assessed by donors** as an efficient reformer and manager of aid. The European commissioner for development and humanitarian aid, Louis Michel, announced in November that the EU considered Rwanda to be one of the three most effective users of its development assistance among ACP countries, and promised to increase EU aid to the country by 30% as a result. The UK continued to be the largest bilateral donor followed by the US, Belgium, Netherlands and Sweden. EDPRS gained broad approval, and in late October 2007 the ADB delivered a $ 50 m grant in budget support to help to finance it.

The **budget** for the **2008** fiscal year was passed by legislators on 17 December after a lively debate. It represented an increment of 18% over the 2007 budget, up to Rwandan franc (Frw) 623 bn, roughly $ 1.2 bn. The budget focused on improving infrastructure, education, agriculture, energy and health in line with the EDPRS and Vision 2020 programmes. Agriculture received an increment of 37%, from Frw 19 bn in 2007 to Frw 26 bn in 2008. Local government received a 37.5% increase, to Frw 49.5 bn, as part of ongoing decentralisation programme. Donors were expected to finance 46% of the budget.

Jonas Ewald

Seychelles

The uninterrupted 30-year **political dominance** of the **Seychelles People's Progressive Front (SPPF)** was again consolidated in parliamentary elections, giving added authority to **President James Michel**, while dashing all hopes for further gains by the opposition. The results confirmed the fairly stable coexistence of two distinct blocs in politics and society, with indications for a less confrontational style between them than in the recent past. Foreign policy objectives were pursued with new vigour. The economy performed well for a second consecutive year, a result of the continuation of a prudent course of socioeconomic reforms and liberalisation.

Domestic Politics

The year began with the continued **parliamentary boycott** by the opposition **Seychelles National Party (SNP)** as a protest against the heavy-handed breaking up of a demonstration by SNP in front of parliament on 3 October 2006 by a paramilitary police unit. On 26 January, SNP leader **Wavel Ramkalawan** demanded several changes in the electoral laws from Electoral Commissioner Hendricks Gappy as a precondition for SNP's participation in the elections due in December. In March, these demands were more elaborately formulated in a SNP document 'Overcoming the Obstacles to Democracy in Seychelles', but without any visible consequences.

On the occasion of the annual speech to the nation on 20 March, Michel unexpectedly announced the **dissolution of parliament** and set an **early election date** in May. He apparently hoped to wrong-foot the opposition and benefit from the improved economic situation. Government cleverly focused public attention on the simultaneous presentation of a key new government document 'Seychelles Strategy 2017' (see below). Despite no changes to the electoral laws, the SNP nevertheless quickly decided to participate in the poll, since a promised independent inquiry into the October 2006 events (chaired by an Irish judge) was about to get under way and a new consultative council on law and order (with the attorney-general, police chief and two bishops as members) had also been constituted. The SNP formed an **opposition alliance** with the small **Democratic Party (DP)** in which the country's first president, James Mancham (1976–77), still played a backstage role. On 27 March, SNP and DP agreed on a single opposition list, with four DP candidates standing in constituencies without any real chance of success. The SPPF had already nominated their candidates in 2006, but now made several changes to its final line-up.

The **election campaign** was generally low-key, but with clear advantages in terms of media coverage and public presence for SPPF and Michel as their leader. For the first time since the 1993 adoption of the constitution, the contest for the 25 constituency seats was between only two lists, without any other candidates. The **elections on 12 May** (starting on the outer islands on 10 May) saw a high participation rate of 86% of the almost 65,000 registered voters, demonstrating the keen interest among the population. The outcome was practically unchanged from the previous parliamentary and presidential elections: SPPF retained 18 seats with 56% of the votes, while SNP-DP kept 7 seats with 44% of the popular vote (with some shifts in the constituencies won by either side). An additional nine seats were then allocated on the basis of proportional representation (one for every 10% of votes) to party-nominated persons (SPPF 5, SNP-DP 4). The result was a clear disappointment for the SNP and Ramkalawan. They had not been able to make any further gains since their emergence as a credible challenge to the SPPF in the 1990s.

Michel announced a somewhat restructured **new cabinet** in 2 July. The number of ministries was reduced from ten to eight, with some reshuffling of responsibilities, but no new faces were brought in and important ministers kept their portfolios (Danny Faure, finance; Patrick Pillay, foreign affairs; Jacquelin Dugasse, restructured national development). Some restructuring was also declared for the small defence forces. SPPF's top leadership in parliament underwent some changes. Following on his own 2006 presidential election, Michel's authority as undisputed leader of the country had been clearly underscored by the election success, but his long-serving predecessor France Albert René continued to exert an important background influence as full-time SPPF chairman (in office until 2010). In the aftermath of the election, a sizeable **restructuring** of much of the **public sector**, with hundreds of dismissals of civil servants (with exceptions only for the education and health departments) was initiated quietly without official announcement, but obviously with a view to improving public sector efficiency and cutting down on government's recurrent expenditures. SNP attempts to mobilise protests over these layoffs went almost unnoticed and a demonstration on 1 September proved to be a flop. The government intended to place more emphasis on empowering the districts, while cutting back on the functions of the central administration.

A **congress of SNP** in November re-elected Ramkalawan as undisputed leader and Roger Mancienne as the party's secretary general, almost at the same time as the **alliance** with the **DP fell apart** as a consequence of various disputes over policy issues. After the election, one of the non-constituency seats of the alliance (formally under the SNP banner) had been allotted to a DP member, but now Ramkalawan replaced him with a member from SNP, thus precipitating procedural confusion. While the move was permitted under the constitution and the new MP had already been accepted by the speaker of parliament, DP leader Paul Chow obtained an injunction from the chief justice to reinstate the DP member as MP. All trust between SNP and DP had been lost. The SNP leadership had been concerned that the DP might side with the SPPF and thus help it to just secure a two-thirds majority in parliament, needed to change the constitution. This left the DP somewhat in limbo, but efforts were commenced to resurrect it as a third political force.

Irish judge Michael Reilly handed in his **commission report** on the **October 2006 disturbances** to Michel at the end of October. It was subsequently published and had a positive influence by improving the political climate between government and opposition, since it concluded that the special police unit had indeed used excessive force and should be dissolved and integrated into the defence forces. The officers responsible had in fact been suspended. The report also contained recommendations (such as the creation of an independent human rights commission, freeing the Seychelles Broadcasting Corporation (SBC) from government control, easing the procedures for holding public meetings, etc.) that were all gladly welcomed by the opposition. This clearly **eased the existing tensions** between the political parties, and Michel and Ramkalawan met privately for the first time in years and decided to hold similar meetings regularly. One result of this change in tone in the political arena was that in December, for the very first time, SNP voted to support the government's 2008 budget. It seemed that both camps had concluded that closer dialogue between them was needed in the best interests of the country. However, this did not alter the continued dominance of SPPF in practically all public affairs.

The country's ranking in TI's **Corruption** Perceptions Index improved considerably (score 4.5) to fourth position in sub-Saharan Africa, probably a result of the greater transparency that had gone hand in hand with the wide-ranging economic reforms in recent years. No real progress was, however, made in respect of the unsatisfactory **media** situation. The SNP-leaning weekly 'Regar' newspaper was still unable to resume publication, since a judicial appeal against an extremely stiff 2006 libel fine was further delayed. The new fortnightly ‘Vizyon Magazine’ served as only a poor substitute. The DP-leaning ‘Le Nouveau Seychelles Weekly’ had no local printer and was incurring high costs for production in Mauritius. The sole daily, ‘Seychelles Nation’, was practically a mouthpiece of government, as was the SBC.

Foreign Affairs

Since taking office, Michel had been advocating a more **proactive and dynamic foreign policy**, aimed at re-energising international relations with other states, multilateral agencies and NGOs. New embassies were opened in Beijing, Pretoria and Rome and plans were under way for another in New Delhi. Foreign Minister Pillay presented an outline of the foreign policy directions to a conference of the honorary consuls of Seychelles (with 53 of 77 present) on 23–25 October. On 3 April, Seychelles assumed the annually rotating IOC chairmanship with the ambition of further strengthening cooperation among Indian Ocean countries. Readmission to SADC (after the unilateral 2003 withdrawal) had been sought in 2006, but was deferred and no conclusive decision was reached in 2007 (despite contrary announcements). The government now expected to be readmitted during the 2008 SADC summit in South Africa (with the appropriate membership contribution still to be determined), thus creating possible problems for the country’s existing membership in COMESA. The government on various occasions expressed keen interest in active participation in international bodies, specifically to seek cooperation with other small island developing states. More visibility among the country’s African neighbours was also a stated goal. In late 2006, practically all outstanding debts, for several years a serious structural impediment for the country, had been cleared, both with multilateral financial institutions (IMF, World Bank, AfDB, EIB) and with commercial lenders. This enabled significantly improved relations with the multilateral agencies and encouraged initial steps to secure new loans, although the government felt disadvantaged at not being able to obtain concessionary terms, due to the country’s high income level.

Chinese President Hu Jintao’s stop-over in February at the end of an eight-nation African tour was seen as an expression of China’s growing strategic interest in the Indian Ocean region. Until then, it had mostly been the US and India that had shown interest in Seychelles’s geostrategic location. Hu Jintao was the highest-ranking visitor ever to have come to Seychelles. Later in the year, several Chinese firms obtained contracts for investment ventures. One of these was for a power extension project in the south of Mahé island financed by a $ 26 m loan from China’s Exim Bank. Botswana’s President Festus Mogae was the official guest at the national day celebrations on 18 June. This was a visible signal of the government’s intention to reverse the decision to cut links with **SADC**. Already in January a cooperation agreement had been signed with South Africa as an indication of the growing economic exchanges with the Southern African sub-region. The arrest of a dubious Czech businessman with Seychelles citizenship in April in South Africa was a reminder of the controversial policy in the mid-1990s of offering passports against substantial financial contributions. Currently, the government offered only five-year residence permits for foreign investors, while some investor interests demanded permanent resident status.

Socioeconomic Developments

After several years of economic stagnation and severe foreign-exchange shortages, the economy has recently regained considerable momentum, with **GDP growth rates of 5.3%** in both 2006 and 2007. This was all the more impressive, given the low population growth rate of only 1%. In the UNDP's latest Human Development Index, Seychelles was ranked in 50th position, the only sub-Saharan country (except for Mauritius) to be included in the **high human development category**. The nominal GDP per capita in 2005 was given as $ 8,209 and the PPP equivalent as $ 16,106. The **structural features** of the small island economy inevitably remained **extremely lop-sided**, since practically all goods had to be imported, while services were absolutely dominant and a highly negative current account was counterbalanced by a very large inflow of foreign direct investments (FDI). The economic decision-makers were faced with the intricate problem of balancing the requirements for both external and internal resource equilibrium. The unemployment rate in December was only a negligible 1.9%. There was a continued need to utilise foreign workers for certain types of work.

Contrary to the earlier socialist welfare orientation of Michel's predecessor René, a number of liberal reform measures had been gradually and carefully introduced since 2003 and were now bearing fruit. This ongoing approach was given a new focus with the launch of a key government document, '**Seychelles Strategy 2017**' on 20 March, which outlined the basic elements of the government's medium-term development policies and set an ambitious target of doubling GDP over a ten-year period (requiring a consistent annual growth rate of 8%). Tourism, fisheries and financial services were identified as the key economic sectors to be promoted. The private sector was expected to be the main engine of growth, with the state acting as facilitator, but no longer as implementer, as in the past. In this vein, the need for new investment legislation was acknowledged. Concrete steps regarding the implementation of the strategy were, however, left somewhat vague.

The **correction** of the long-defended **politically motivated overvaluation** of the Seychelles Rupee (SR) had begun quietly in October 2006, and was pursued with more vigour. Within a year, the currency was allowed to depreciate by 43% to SR 8 per $ 1 in October, when the government declared a temporary end to the adjustment. There was still a discrepancy with the parallel market rate (SR 10). As a further step towards liberalisation, government also promised to rescind the illegality of foreign currency holdings by Seychellois citizens. The currency alignment that had long been demanded by the IMF allowed the tourism sector to become more competitive, but inevitably had a noticeable inflationary effect. The average **inflation rate** for the year went up to 5.7%, with a steep rise in the last few months. The **foreign exchange** reserves, after some improvement, again slipped considerably during the year's second half to a low of $ 42 m (equivalent to four months of import coverage). The **current account deficit** surged significantly to 38.7% of GDP (IMF estimate), largely due to a steep rise in imports and despite strong tourism growth.

In August, the government arranged another $ 30 m **sovereign bond** on the international capital market (with a high 9.125% interest rate), but in November Standard & Poor's lowered the Seychelles long-term outlook downward due to higher debt servicing risks, while maintaining the current B rating. **FDI** had in 2006 jumped to a record $ 146 m and were expected to be higher again in 2007. These inflows were overwhelmingly connected to new **tourism** projects, which, however, faced increasing labour and construction material constraints. Visitor arrivals increased by 15% to a new record of 161,000 tourists, thus reinforcing the sector's role as mainstay of the economy with a direct contribution of over 20% to GDP. In March, the Seychelles tourism board introduced the new international marketing slogan, 'The Seychelles Islands, Another World'.

The government continued to pursue, albeit with difficulty, its ambitious **fiscal policy** goals of achieving substantial budget surpluses with the aim of reducing the high public debt (from 167% of GDP in 2007 to 60% by 2016) that had accrued under René's long rule. While the government actually ran a deficit for the first eleven months of the year, the finance minister on budget day on 14 December announced a **2007 budget surplus** of 3% of GDP (against an original target of 7%), apparently due to unbudgeted non-tax funding. The expected revenue was given as SR 2.61 bn (8% above budget projections), with expenditures of SR 2.45 bn (17% above the budget figures). The new **2008 budget** again (for the fifth consecutive year) aimed to achieve a surplus of 5% of GDP (revenue SR 2.55 bn, recurrent expenditure SR 2.03 bn, capital expenditure SR 0.25 bn). Power tariffs were to be raised from January 2008 (for the first time since 1996) and were to be reviewed every six months, to contain the heavy burden of subsidies. Petrol prices had already been liberalised and rose significantly in the third quarter as consequence of the new economic realism.

Continued privatisation of parastatals was promised, but no major deals were struck during the year. Some optimism surrounded the intensified oil exploration in Seychelles maritime waters. More land reclamation was planned to overcome the land shortage confronting new investors. A new initiative was started to create a national university.

Rolf Hofmeier

Somalia

The three parts of Somalia – Somaliland, Puntland and Southern Somalia – drifted further apart in their economic and sociopolitical development, with ongoing insurgent war in Southern Somalia and armed border conflict between Puntland and Somaliland and different political trajectories. Somaliland, the most stable of the three, saw further institutionalisation and economic growth. Puntland, while fairly stable politically, struggled with financial and economic problems, including drought and the flow of (mostly Ethiopian) migrants through Bosasso port, while Southern Somalia sank further into dismal violence between Islamic Courts-affiliated Islamist groups and the Transitional Federal Government (TFG) and its allies, the Ethiopians. Avoiding open battles they could not win, the Islamists used terrorist tactics against Ethiopian and TFG forces, while in retaliating the TFG and Ethiopians often perpetrated their own human rights abuses. The humanitarian situation in Southern Somalia dramatically worsened. Living conditions in Mogadishu were especially appalling. Refugee and IDP flows of hundreds of thousands of people were the result. In Southern Somalia, the TFG failed to establish administrative structures or make its authority felt. The Islamic Courts forces, while internally divided, made a slow comeback in certain rural areas. International NGOs and several UN agencies tried to alleviate the overall crisis by providing emergency aid and services, but international interference (Ethiopia, Eritrea, Egypt, global jihadi networks) contributed to keeping the area a violent disaster zone, with little prospect of a turn around.

Domestic Politics

After defeating the Islamic Courts alliance (officially called the Supreme Council of Islamic Courts or **SCIC**) with the help of Ethiopian troops, the TFG in January moved to Mogadishu, although the 275-member parliament stayed behind in Baydhabo (Baidoa). TFG President Abdullahi Yusuf Ahmed (in the job since 2004) entered the capital on 7 January and moved to the Villa Somalia presidential residence, built into a defensive fortress.

However, Southern Somali society saw no peace. A **violent insurgency campaign** was started by defeated Islamists (called the 'wadaado, the 'believers') and the country remained riddled with internal tensions and antagonistic relations between regional and clan-based groups. The large clan-families themselves, such as Darod and Hawiye, were also deeply divided. The instability made the country a danger zone to its own population as well as to foreigners, aid workers, officials, etc. Political authority was visible and acknowledged in the state of Somaliland and to a lesser extent in autonomous Puntland, but in Southern Somalia it was up for grabs. Massive human rights abuses were perpetrated by all the parties involved: mostly by SCIC-affiliated groups, but also by re-emerging clan militias (e.g., in the Lower Juba area) and by the TFG, the legitimate, internationally recognised but very weak government and the Ethiopian forces supporting them.

The SCIC had regrouped early in the year and sought confrontation instead of negotiation with the TFG and all those perceived as supporting it: the campaign showed that theirs was indeed a violent agenda to establish an Islamist state. Terrorist actions were carried out notably by the 'Hizb al-Shabaab' (Party of the Youth) militant faction, which had global jihadi links and was led by uncompromising radicals such as Hassan Abdullah Hersi 'al-Turki', Muktar Robow 'Abu Mansour' and Ahmed Abdi Godane; some notorious ex-war lords, such as Yusuf Mohamed Siyad 'Indha'Adde'; and others, such as the younger militant Aden Hashi Farah 'Ayro'. Many of them were from the Hawiye/Habr Gidir/'Ayr clan. The 'al-Shabaab' were unresponsive to clan elders. They also intimidated and targeted civil society organisations and independent journalists, killing eight of them.

The attacks generated counter-violence by the TFG and the Ethiopians, who carried out regular house-to-house searches, neighbourhood sweeps and targeted actions against suspected militant areas, in which non-combatants also died and human rights were abused. The focus of the violence was Mogadishu, where most of the militants had gradually converged again after their routing in December 2006. They, however, also kept smaller units in the countryside, notably near the Kenyan border, the Puntland border and in Hawiye clan areas. The ex-'Al Ittihad al-Islami' leader Hassan Dahir Aweys (also from the

Hawiye/Habr Gidir/'Ayr clan) remained the main political mentor of the radical militants, and together with other Islamist leaders categorically refused negotiations and compromise with the TFG.

On 14 September, a new 'front' organisation emerging from the Islamic Courts movement was formed in Asmara, Eritrea, and called the **Alliance for the Re-Liberation of Somalia (ARS)**. Its chairman was Sheikh Sharif Sheikh Ahmed, who comes from the more traditional Somali-Muslim 'Ahlu Sunna wal Jama'a' movement and studied in Libya and Sudan, and who had also led the 'shura' of the SCIC back in 2006 when it was combating the TFG and conquering Southern Somalia. Incomprehensibly, Kenya had released him in late December 2006, after which he headed to Yemen and then Eritrea. The ARS was of course strongly opposed to the TFG, refusing negotiations. The Eritrean government hosted the ARS leaders and furnished them with facilities. According to a July 2007 report by the UN monitoring group on Somalia, Eritrea supplied arms and training to Islamist fighting forces inside Somalia. However, from the start, the 'al-Shabaab' leadership was ambivalent about the ARS and kept a distance: it had no controlling voice in the ARS and meanwhile pursued its own militant/terrorist agenda. The combined forces of the armed opposition were estimated at between 6,500 and 9,000 fighters.

The TFG saw its own share of internal tensions, experiencing persistent leadership problems and a lack of nationwide legitimacy or capacity to execute governance tasks. The quarrels between President Abdullahi Yusuf Ahmed (Darod/Harti/Majerteen/Omar Mohamud) and Prime Minister Ali Mohamed Ghedi (Hawiye/Habr Gidir/Abgal/Warsengeli) were only resolved with the latter's replacement on 22 November by Nur 'Adde' Hassan Hussain (Hawiye/Habr Gidir/Abgal/Wabudaan), a well-respected man, capable of compromise. He called on all parties, including the Islamists, to come to the negotiation table.

Peace negotiations had been tried earlier in the year during a Somali national reconciliation congress from 15 July to 30 September in Djibouti, but the main militant groups were not invited – and had not expressed any interest either. The gathering thus had little effect: despite a long list of decisions and recommendations, no breakthrough was achieved. Apart from different political visions, clan antagonisms and competing economic interests between the clan groups and the political formations, likely there can and will be no compromise between the people who emerged as 'strongmen', though of different stature, TFG President Abdullahi Yusuf and Hassan Dahir Aweys, the main spokesman of the radical 'al-Shabaab'-affiliated section of the Islamist opposition and ex-SCIC leader. They were opponents in the 1990s when the latter, from his home base near Galkayo, had tried to take over Puntland but was defeated by Abdullah Yusuf's forces. Neither would the constituencies of both men, based on different clan-family background as well as political ambitions and visions, accept the other. The scenario of both disappearing from the scene, however, although desired by many, was not likely in the coming years.

The underlying dynamics of conflict lay in the competing business interests of big men and in the Somali clan-system, which provided a base for continued recruitment by militias and pitted the various kin groups against each other, with traditional reconciliation mechanisms (appeal to customary law or 'xeer', and clan elders) in steep decline. Some businessmen profiting from the state's absence continued to work actively against the TFG, while others, having bet on the Islamists from the start (i.e., on 'Al Ittihad al-Islami'), supported the ARS opposition and the insurgency. The TFG, however, made some headway in installing provincial administrators, training police and security forces and creating a tax structure in some areas. It was also able to include a number of big businessmen and former warlords as allies. Still, its structural problems were not solved and its army did not exceed 5,000–6,000 men.

In the wake of mounting insecurity and lack of government, **piracy** on the southeastern Somali coast again notably increased, endangering international shipping and the transporting of relief supplies to the country. TFG and Puntland security forces were incapable of suppressing the pirates, who succeeded in extracting ransom money from various ship owners.

A precedent was the **first suicide bombing in Somalia** on record, on 26 March 2007, when a Somali militant drove into an Ethiopian military base in a truck loaded with explosives. The 'Hizb-al-Shabaab' faction quickly released a video, Hamas-style, with the bomber reading his last statement and showing the explosion from a distance. This ominous event demonstrated the extent to which Somali Islamist terrorism had entered global Islamist jihadi discourse and taken over its radical-violent symbolism in the name of 'Islam'. This was also clear from the various websites run by the Islamists that glorified the terrorist attacks and the so-called 'martyrs' in religious terms. While this kind of violent action was rejected by most Somalis, who saw it as against accepted modes of struggle, it showed that Somalia was now becoming the stage for violent jihadism that would challenge the traditional clan-group identities and transform the country's predominantly 'moderate' mainstream Islam. The role of the Somali diasporas across the world was to support various clan-based factions and local NGOs, as well as the SCIC-affiliated groups in their militant campaign against the TFG and the Ethiopians. Their funding amounted to dozens of millions of dollars. The hundreds of Somali websites contributed to vehement, often radical and inflammatory discourse on the problems of Somalia, not surprisingly often on a narrow clan basis that did not aim to overcome differences.

While in Somaliland and Puntland, Islamist groups were also present – emanating from the nationwide Islamist structure of the 1990s – and were closely watched, they did not act in the open and did not turn to jihadist terrorism. Partly this was because of efficient security services but also because of the political model followed, notably in Somaliland. This country, with a dominant Isaaq clan-family majority, had economic growth and a budding democracy, providing a stability of which Southern Somalis could only dream. However, Somaliland's leader, Dahir Rayale Kahin, and his elite kept a closed lid on political life. In July, a new political party, Qaran, was refused registration for the upcoming elections and its leaders arrested.

In general, Somalia's **sociopolitical complexities** remained a great **challenge** to all parties dealing with the country – the UN agencies, donor countries and NGOs. The UN special representative in Somalia, Ahmedou Ould Abdallah, tried to mediate among TFG, opposition and civil society but could not reach a settlement. The **AU peacekeeping mission in Somalia** (AMISOM) produced only about 2,200 of its projected 8,000 men (1,600 Ugandans and some 600 Burundians, with 250 more to come). They were located near the airport area, the presidential palace and the port of Mogadishu, but suffered from financial and equipment shortages. They did not patrol the city and had no major stabilising impact. The 'al-Shabaab' and ARS also declared them to be a target.

The three Somalias did not come closer to any sort of political cooperation, let alone union. There was animosity between the three units. With every passing year, it is more likely that **Somaliland** (3.3 million inhabitants) is moving towards independence, a fact that the international community still refused to acknowledge, despite its much-touted ideal of 'Africans solving African problems'. Here was one good example of this, but it was not recognised.

Foreign Affairs

No Somali foreign policy was conducted, except by **Somaliland**, which maintained good relations with Ethiopia, Djibouti and the EU (which gave development aid though not recognition), but not with neighbouring Puntland. In fact, on 13 January, a long-simmering border row with this region in the Sanag and Sool frontier districts – inhabited largely by the Warsangeli and D'ulbahante (Darod) clan-groups primarily loyal to Puntland – erupted in a brief **border war**, in which Somaliland forces gained the upper hand. In October, other skirmishes followed, during which Somaliland seized and occupied the important town of Las 'Anod. By the end of the year, the border problem remained unsolved, thus adding a new potential conflict zone in Somalia.

Puntland, with its regional autonomous government under President Adde Muse Hirsi, also had fairly good relations with Ethiopia (economic and security cooperation) and with Yemen, but no deal was reached on the illicit migration flows to Yemen. The US gave some covert support and training to Puntland's security apparatus.

The **US** was an active ally of Ethiopia and the **TFG**, and maintained a military presence in the area from their base in Djibouti. Their agenda remained to search, arrest or eliminate the perceived terrorist ringleaders associated with 'al-Shabaab' and the militants involved in previous terrorist attacks (Dar es Salaam and Nairobi in 1998, and Nairobi in 2002). Three al-Qaida-linked militants, Fazul Abdul Mohammed, Tariq Abdullah (Abu Taha 'al

Sudani) and Saleh Ali Saleh Nabhan (involved in the 1998 and 2002 attacks), were sheltered by Somali Islamists. Saleh was reportedly killed later in the year, while Fazul escaped a US air strike on 8 January, but his wife was arrested at the Kenyan border shortly afterwards. While the US funded many of the activities of the TFG as well as emergency aid programmes and local NGOs (as the Europeans and the Saudis did), US engagement with Somalia was primarily within the framework of anti-terrorism rather than of development aid or wider political aims, thus risking further antagonising local people. In April, **US Secretary of State for African Affairs Jendayi Frazer** visited the TFG for consultations.

Islamist groups and the ARS (see above) were supported by **Eritrea** and by several Muslim countries funding them. ARS and 'al-Shabaab' members made trips to Arab countries (e.g., the Gulf States) to raise money.

Ethiopia remained present in Southern Somalia with an estimated 15,000 soldiers (they admitted to "some 4,000 to 5,000"), buttressing the TFG and trying to secure Mogadishu, the flashpoint of the violence. They were the frequent target of hit-and-run bomb and grenade attacks and several hundred Ethiopian soldiers died. Some bodies were dragged through the street and burnt by Islamist fighters. The Ethiopian military trained TFG forces and assisted in creating a security structure. They were hampered by internal (clan) divisions within the Darod-Majerteen clan-dominated TFG, and by tensions between the prime minister and the president.

While Eritrea had already supported the emerging Union of Islamic Courts with training and weapons since early 2006, and Ethiopia had assisted Abdullahi Yusuf when he was ruler in Puntland during the battles with 'Al Ittihad al-Islami' in the 1990s and after the formation of the Transitional National Government (that issued from the Arta conference in 2000), the year saw a full-blown **proxy war** emerge between them in Somalia. Eritrea saw a chance to put pressure on Ethiopia on another front and was prepared to support a radical Islamist movement which it would combat at home – just to annoy Ethiopia, but in the name of "Somali freedom and self-defence". Ethiopia, while having underestimated the problems of Somalia and weakness of the TFG, stated repeatedly it would not withdraw before the TFG was strong enough or when a peace process was in place.

In November, a donors' consortium, the Coordination Support Group for Somalia, held meetings with Somali counterparts to discuss a five-year Somali reconstruction and development plan to the tune of $ 2.2 bn, to be finalised in early 2008.

Socioeconomic Developments

As there is no central state in Somalia, **no official and reliable figures** on government budgets, tax revenues, imports-exports, etc., could be produced. In Somaliland and Puntland, there was more information available, but the methods of collecting and screening the data were underdeveloped. **Somaliland**, the best organised political entity, showed overall stability and economic growth, in part stimulated by trade with Ethiopia, Djibouti and Saudi Arabia. The ban on livestock exports to Saudi Arabia was lifted, meaning additional revenues for producers, especially in Somaliland and Puntland. Somaliland's state budget was only about $ 40 m, most of it spent on the salaries of state employees, including those for ex-militia members. Most of the salaries went to security, army, police and the administration. Some parliamentarians called for a national development plan, which was non-existent.

Overseas **remittances** to Somalia reached an estimated $ 800 m, more than double total estimated export earnings, and were the lifeline of the country, aiding people's survival and providing for investments.

While even Southern Somalia, including Mogadishu, still 'worked', with money supply, markets, food supply and some public services, the general socioeconomic situation was very bad. **Food scarcity and record high food prices** towards the end of the year complicated the situation (e.g., the sorghum price went up 145% in the second half of the year), while crime rates remained high.

The Somali economies showed **a very mixed picture**, with stagnation in Puntland, growth in Somaliland (where the port of Berbera provided almost 80% of revenue) and a non-transparent but probably also expanding level of activity in Southern Somalia. Most of the economy was informal and unregistered. Livestock sales were estimated to constitute about 60% of export earnings, followed by bananas and other tropical fruits, khat (the stimulant leaf), charcoal, hides and fish. Industrial production was virtually non-existent, apart from some sugar refineries and textile businesses. In the Somaliland town of Burao, a large meat-processing plant and market complex was set up with donor aid money. There were small-scale artisanal enterprises catering to the local market. The economy of southern Somalia did not recover from its generally shattered state and provided no reliable tax base, but there were pockets of unfettered entrepreneurial activity, including telecom, transport, (arms) trade, crime and contraband, as evidenced by the supply of many goods in the main markets, such as Bakahaara in Mogadishu. Somalia had a community of successful large businessmen, some of them very well-established in the import-export trade. Some, like Abukar Omar Adani, Omar Isaaq, Ahmed Nur Jim'ale and Abdi Karim – and other Somalis in Saudi Arabia and the Gulf – were allegedly supporters of the SCIC and were said to have kept funding its remnants and the ARS.

The **vibrant telecommunications infrastructure** in Southern Somalia was remarkable and included VSAT (satellite phone devices) and fixed and cell phones services (despite a limited number of lines, there was 87% coverage of the entire country). The telecom system was also actively used if not dominated by Islamist and militant groups.

The **natural gas reserves** in Somalia, estimated at 5.5 bn cubic metres, were **not exploited** on account of the prevailing insecurity. The same held true for mining.

The **health situation** in Somalia remained very bad, with a lack of hospitals, doctors, nurses and supplies. In Somaliland the situation improved, but in the South it was very precarious due to the dismal security situation and resulting humanitarian problems and malnourishment. Understaffed hospitals worked overtime to treat victims of the fighting, and neither time nor infrastructure nor facilities were available to adequately treat public health problems like hepatitis, malaria, diarrhoeal disease, typhoid, HIV/AIDS and infectious diseases resulting from contamination of water and soil. Foreign NGOs like MSF were assisting the Somali heath sector. As in other sectors, foreign NGOs and UN agencies working in fields of medical and emergency aid were often subjected to extortion and threats in performing their activities, for instance, at road blocks. Many areas with people in need remained unreachable. UN agencies this year spent more than $ 300 m on humanitarian programmes, serving an estimated 1.5 million people in need.

Educational structures remained very underdeveloped and were kept running with large private input. Somaliland had primary schools serving some 40,000 children, and two private universities with a limited curriculum. In the South and in Puntland many schools were run by Islamic charities using foreign or diaspora funding. Most Somali children received no education or only went to Quranic schools. Other educational and cultural institutions were virtually absent or in serious crisis. On 12–14 June, UNESCO organised an expert conference in Nairobi to devise a strategy for cultural rehabilitation in Somalia, to be part of a post-conflict peace-building process.

Somalia's **environmental** problems, especially in the South, worsened under conditions of persistent insecurity, with illegal charcoal production, wildlife depletion (killing and sale of animals) and continuing over-fishing of its coastal waters, involving many foreign vessels. Agriculture and pastoralism were affected by drought, animal disease and by the shrinkage of usable land, which is already limited by the (semi-)arid conditions in much of the country. The pollution caused by the ongoing war also contributed to degradation. Population growth of about. 2.8% contributed to the decline in the people-to-land ratio, exacerbating the scarcity of resources. This led to frequent local conflicts.

The Somalias were a critical hub for **migration flows**, both domestically – because of the continuing fighting, drought, crop failure and food scarcity – as well as international. Some 80,000 to 90,000 Southern Somalis fled to Ethiopia, others tried to enter Kenya. Thousands of Somalis and Ethiopians attempted to enter Yemen by making the sea journey from the Puntland port of Bosasso in dangerous vessels operated by traffickers. Many hundreds of people drowned in shipwrecks or when captains put them overboard when coast guard patrols approached. The Puntland government tried to address the problem, and international organisations called for urgent attention to be paid to this situation.

The number of **internally displaced persons** increased enormously, and was estimated at 1.1 million (more than 10% of the total Somali population) at the end of the year, with several hundred thousand leaving Mogadishu during the various rounds of fighting. Some 300,000 people from the capital found temporary refuge in the Mogadishu-Afghoye corridor. Many people were also on the move in the countryside, fleeing the violence and returning when matters cooled off. These movements were in addition to the traditional transhumance movements of herders (still at least some 50–60% of the population) trekking with their livestock to different pasture areas.

Jon Abbink

Sudan

At the beginning of the year, Sudan was still experiencing regional conflicts and an unstable political situation. Important elements of the Comprehensive Peace Agreement (CPA) of 2005 had still not been implemented and a solution to the conflict in Darfur was not in sight. There was constant international pressure on the Sudanese government to be more cooperative, particularly over Darfur, where it was opposed to the deployment of UN peacekeeping forces. On the second anniversary of the CPA, the two parties blamed each other for undermining the peace agreement and threatened each other with severe consequences. The Sudanese economy continued to grow, stimulated by high oil prices and foreign investments. China assumed a dominant role in the oil sector as well as in infrastructure and hydroelectricity.

Domestic Politics

A **Darfur Peace Agreement (DPA)** signed in May 2006 turned out to be a failure. It was rejected by the National Redemption Front (NRF), which included representatives of the Sudan Liberation Movement (SLM) and the Justice and Equality Movement (JEM). The fighting, therefore, continued and there were more human casualties. The Sudanese president, Omar Hasan al-Bashir, strongly opposed a **UN plan** to create a combined force of the African Union Mission in the Sudan (AMIS) and UN peacekeepers in Darfur, claiming there was a hidden imperialist agenda behind the UN proposal and that the government could deal with the conflict itself. However, by February a small group of UN personnel were in place in Darfur as part of the first stage of deployment. The second stage was supposed to include the military personnel tasked with preparing for the final deployment of some 15,000 UN soldiers later in the year. However, opposition from the Sudanese president and the absence of a peace agreement in Darfur left the UN in a difficult situation. Appeals to India and China to put pressure on Khartoum and threats of UN sanctions had no apparent effect. At the same time, the US extended its unilateral sanctions on the Sudan, a move that affected American and Western companies more than the Sudanese economy.

Efforts to resume **peace talks** between the fighting groups continued in February, but without success, in part because of the growing fighting among the rebel groups themselves. These groups were more divided than ever, a situation that served the interests of Khartoum. For the UN, a peace agreement or at least a ceasefire was a necessary prerequisite for the deployment of a UN peacekeeping force. Meanwhile, civilians continued to be vulnerable to attacks by the Janjaweed and suffered as a result of the general insecurity of the region. Even AMIS and NGO personnel were attacked and killed, and cars, food and medicine were stolen.

In January, there were several reports of government bombings of villages in North Darfur, believed to be a deliberate attempt to inflict damage on the rebels prior to the arrival of the first contingent of UN troops. In May, the UN pledged more support for AMIS. The AU and UN appointed **a joint special representative for Darfur**, Rodolph Adada, Congo's foreign minister, with overall authority for the peacekeeping mission in Darfur. Stage two, which should have included 3,000 soldiers and police, was much delayed and stage three, the AU/UN force of more than 20,000 soldiers and police, continued to be opposed by Khartoum.

In April, Sudan finally accepted the deployment of 3,000 UN peacekeepers to assist AMIS in Darfur. This was a positive step, but the numbers were too few to make a difference on the ground. Protecting civilians and aid workers became increasingly difficult. The third phase, the so-called hybrid AU-UN force, was increased to 26,000 but its actual deployment was postponed to 2008. On 31 July, the UN Security Council passed resolution no. 1769 authorising a joint peacekeeping mission (**UNAMID**) of 26,000 soldiers and police. Shortly afterwards, some of the rebel groups came together in **Arusha in Tanzania** in order to coordinate their positions prior to renewed negotiations with the government. However, **Abdel Wahid Mohammed al-Nur**, the leader of one SLM faction and a would-be key figure in any peace talks, did not participate, a move that was seen as a serious blow to efforts to restart the peace negotiations.

In early September, after UN special envoy for Darfur **Jan Eliasson** had toured Darfur to gain first-hand knowledge of the situation, **UN Secretary General Ban**

Ki-moon met with President al-Bashir in Khartoum to discuss the deployment of UNAMID and the need for a new peace agreement. After the meeting, it was announced that new negotiations between the government and rebels would take place in **Libya** at the end of October. It was particularly important to convince those rebels who did not sign the 2006 DPA to come to this meeting. This effort was only party successful as some rebels still refused to attend (see below).

Meanwhile, fighting continued in Darfur. Increasing factionalism on all sides made it difficult to determine the conflict lines and further undermined the chances of finding rebel negotiators who could represent more than factions in the upcoming negotiations in Libya. The Darfur ‘Arabs’, who were believed to support the government, were also showing signs of internal tensions over, for instance, land and pasture and their relations with Khartoum. Thus, a further deterioration of the situation in Darfur was apparent, with the government bombing villages and intensified rebel and Janjaweed attacks on civilians, foreign peacekeepers, aid workers and NGOs. For instance, on 7 September rebels attacked the AU base at **Haskanita**, killing several people. By the beginning of October, with no ceasefire in sight, the prospects for the Libyan negotiations looked poor.

However, peace talks did in fact start in **Sirte**, Libya on 27 October, with seven rebel groups attending. JEM and two factions of the Sudan Liberation Army (SLA), **SLA-Mainstream** (Abdel Wahid al-Nur) and **SLA-Unity** (Abdullah Yahya), refused to attend. The Khartoum delegation was headed by Nafi Ali Nafi, deputy secretary general of the **National Congress Party (NCP)**, assistant to the president and close associate of the security apparatus. He announced a unilateral ceasefire in Darfur but met with little applause from the rebels. The negotiations were presided over by UN special envoy Jan Eliasson and AU envoy Salim Ahmed Salim. The negotiations did not lead anywhere and their completion date was therefore postponed: in reality, however, they were a major failure. Blame for this predictable outcome must lie both with government obstructionism and the lack of a common rebel platform. More seriously, this outcome threatened to delay the deployment of the UNAMID mission in 2008 and the first small-scale deployment scheduled for January 2008 was already in jeopardy. In Darfur, the failed peace talks led to intensified fighting and UN special envoy Eliasson was again sent to Khartoum and Darfur to persuade leaders on all sides to engage in talks.

Although the Darfur crisis was the most urgent political problem and attracted most international attention, the slow implementation of the **CPA** signed in January 2005 between the **NCP government** in Khartoum and the **Sudan Peoples’ Liberation Movement/Sudan Peoples’ Liberation Army (SPLM/SPLA)** in the South, caused some international concern. The sources of conflict were the sharing of oil revenues, redeployment of the **Sudan Armed Forces (SAF)** from the South, power-sharing arrangements and, most critically, the unresolved borders of **Abyei**, an oil-rich enclave between the North and the South. The latter point of contention put a brake on the whole demarcation the North-South boundary. As long as the president refused to accept the **Abyei boundary**

commission's 2005 findings and recommendations, the whole issue of borders remained unsettled and was left to the **North-South boundary committee** to solve. The **national census** was, therefore, postponed until 2008, with possible consequences for the elections in 2009. SPLM principally wanted to reintroduce the North-South boundaries of 1956, the year of independence, which they claimed would place Abyei in the South. However, no maps existed that could prove the exact borders between North and South, particularly in Abyei.

Preparations for the national elections in 2009 were under way but required demarcation of the North-South border and a countrywide census. New laws were introduced, for instance one that required political parties to register for the elections and gave authorities the right to dissolve parties that were not supportive of the terms of the CPA. This caused much agitation among opposition parties, notably the **Umma Party**, the **Democratic Unionist Party (DUP)** and the **National Democratic Alliance (NDA)**.

The criticism of the NCP was more serious in the South. At the beginning of the year, it became clear that tensions were growing over the slow implementation of the CPA. The Southern president, **Salva Kiir**, accused NCP of destabilising the South through its support of the militias and of depriving the South of oil revenues from Abyei by refusing to accept that the enclave belonged to the South. Many in the South suspected the NCP of undermining the SPLM and of causing major unrest so as to have a pretext for postponing the 2009 elections. On 27 January, the SPLM was launched as a national political party, "a party for the marginalised and neglected people of the Sudan", according to Salva Kiir.

The strained relations between the SPLM and the NCP were a source of concern on both sides and throughout the year meetings were held to talk things over. Both in the North and the South there were elements critical of their own leadership. Charges of corruption and nepotism were made against the **Government of the Southern Sudan** (GoSS) and against Salva Kiir, particularly by the **anti-corruption commission**. A government reshuffle in July was interpreted by many as a move to address corruption charges, but it was not enough. Salva Kiir was also criticised for not delivering, for not bringing development to the South as he had promised and for being too weak in his dealings with the NCP. In the North, the NCP proposed national reconciliation and the establishment of a **national dialogue committee** to appease its critics. The move was viewed with scepticism by the main opposition parties, Umma Party and DUP, and other parties were clearly against it. In July, a number of opposition politicians, among them **Mubarak al-Fadil**, leader of the **Umma Reform and Renewal Party**, and **Ali Mahmoud Hassanein**, deputy chairman of DUP, were arrested and accused of planning a coup. The following month, a group of Islamists said to have links with **al-Qaida** were arrested for planning bomb attacks. Mubarak al-Fadil was released in December. In September, there was another crackdown on the media and opposition groups. In general, throughout the year the NCP-dominated government intensified measures to limit freedom of the press and the activities of opposition parties, while foreigners critical of the government were routinely expelled. The government was increasingly dependent on its security organs to stay in control. It became clear that NCP did not want opposition parties and groups to undermine its political position in the lead-up to the 2009 elections. However, in February, **Hassan al-Turabi**, leader of the Islamist **Popular Congress Party (PCP)** and former ally of President al-Bashir, called for an uprising against the NCP. Normally such an act would entail imprisonment, but al-Turabi was apparently left in peace. The human rights record of the government did not improve and economic and political marginalisation continued to be a source of agitation and conflict.

At the beginning of the year the two partners in peace were not on good terms and hostile relations marked the second anniversary of the peace agreement. Each accused the other of failing to live up to its respective commitments and of deliberately delaying and even undermining the CPA. Southern president **Salva Kiir** voiced a long list of complaints. One complaint related to the redeployment of troops, which was not going according to plan. Northern troops were supposed to vacate the South and SPLA troops were supposed to leave the Nuba Mountains and Southern Blue Nile. Only troops to be integrated into the **Joint Integrated Units (JIU)** could remain at specified locations and only JIU could patrol the oilfields and installations. Instead, the **Sudan Armed Forces (SAF)** had several thousand troops deployed in the South, particularly in the oil-rich districts. The redeployment was to have been completed by 9 July, but in the disputed oil-rich Abyei region there were troops from both parties and neither wanted to withdraw: the SPLA because they saw the region (or most of it) as forming part of the South, and the SAF because they took the opposing view. Salva Kiir also accused the NCP and the SAF of continuing to support anti-SPLM armed militias in the South. Later in the year, efforts were made to integrate certain militia groups into the SAF or SPLA, a move meant to solve the problem of insecurity. The slow progress in implementing the CPA resulted in unrest in many places. This again was blamed on the unwillingness or the inability of 'the other side' to honour the agreement. The conflict over Abyei was considered to be at the root of many of the problems. The **Government of National Unity (GNU)** was totally dominated by the NCP, leaving only a minor role for its partner, the SPLM. It appears, for instance, that the SPLM had little or no influence over GNU's Darfur policy.

The UN kept close watch over the implementation of the CPA. The **UN Mission in Sudan (UNMIS)** was expanded to about 10,000 soldiers. The UN secretary general's special representative for Sudan, **Ashraf Qazi**, was in charge of monitoring the implementation of the CPA and the redeployment of military forces. In November, the **ceasefire political committee** agreed to demilitarise the oilfields in the South by January 2008 and to let the joint units, the JIU, take over the policing of the fields as specified by the CPA. The deadline for redeployment of 9 July was not met and in August Ki-moon urged Khartoum to remove its remaining troops from the South. According to 'The Sudan Tribune', SAF countered by claiming that SPLA had thousands of soldiers in the North, Southern Blue Nile (35,330), Abyei (1,237), and in the Nuba Mountains (22,601).

This deadlock led to a serious political crisis that threatened to overturn the CPA, namely the withdrawal of the SPLM ministers from the GNU on 11 October. SPLM had rejected an NCP proposal to set up a joint six-month interim administration for Abyei, fearing that this arrangement might become permanent. Instead, SPLM made several demands: that NCP accept the Abyei boundary commission proposal of 14 July 2005 so as to move ahead with the boundary issue, that redeployment move ahead, that the census be fully financed and that religion and ethnicity be included in the census form, so as to enable the more precise determination of the percentage of Christians in the country. The date for the census was postponed twice during the year, and was ultimately set for February 2008, after the borders had been demarcated.

This crisis led to intensified political and diplomatic activities and the Arab League and Egypt were particularly concerned. In December, Qazi briefed the **Ceasefire Joint Military Committee (CJMC)** in Khartoum on the situation, notably the likely impact of delayed boundary demarcation on the census and the elections scheduled for 2009. The chairman of the **CJMC, Lt. Gen. Jasbir Singh Lidder** called a meeting on redeployment on 3 December in Uganda, at which a three-stage redeployment plan was approved, with redeployment to the north and south of the 1956 border to be completed by January 2008. It was also agreed that JIU would comprise 27,000 soldiers.

SPLM rejoined the government in December after some progress had been made in negotiations with NCP on the division of oil revenues, redeployment of military units and the formation of the JIUs.

Following the signing of the **Eastern Sudan Peace Agreement (ESPA)** in 2006 between the government and the **Eastern Front (EF)**, several steps were taken towards normalisation. Work to demobilise EF soldiers started in the spring and EF registered as a political party. It was also rewarded with positions in Khartoum, such as an assistantship to the president, a junior minister and eight seats in parliament. In addition, a five-year development fund for the East was to be set up. These measures seem to have reduced the level of conflict in Eastern Sudan.

Foreign Affairs

Sudan's relations with the outside world were dominated by the unstable and often violent political situation inside the country and the very real threat of spill-overs into neighbouring countries. The US, EU and UN were also much concerned with the humanitarian situation and human rights abuses, particularly in **Darfur**. A combination of **peacekeeping forces** and economic sanctions became the main policy instruments, as well as the arrangements for peace negotiations (which also involved several neighbouring countries). The indictment of certain political and military leaders in the Sudan before **the International Criminal Court** in The Hague was also part of the package of international threats. The

Sudanese president remained uncooperative and gave in to pressure only reluctantly. One reason for his self-confidence was the support he obtained from China (a Security Council member) and to some extent from India, Malaysia and certain Arab countries.

Sudan's **relations with the UN** were rather poor throughout the year, mainly over the issue of the creation of UNAMID, the proposed 26,000-strong joint UN/AU peacekeeping force. By the end of the year, this force was not yet in place. The UN was also dissatisfied with the slow progress in implementing the CPA, redeployment of troops and the human rights situation. Several attempts were made by US, UN and EU during the year to have China put pressure on the Sudan, but with little success. As usual, **Egypt** was worried about the stability of Sudan and the steady flow of the Nile waters. When the SPLM withdrew from government in October, Egypt sent a delegation to help resolve the problems. President Mubarak had earlier in the year (May) warned US President G.W. Bush that sanctions against the Sudan would not solve the Darfur problem. He argued that dialogue was the only way ahead. Furthermore, a new peace agreement for Darfur had to be achieved before more foreign soldiers were deployed. This was apparently also the attitude of the Arab world in general, in many quarters of which Sudan was seen as an Arab-Muslim brother nation.

As is often the case, neighbouring governments support each other's rebels and there were reasons to believe that this was happening in the border areas between **Sudan and Chad**. Darfur rebels and civilians took refuge in Chad to escape the Janjaweed and the army and by so doing attracted attacks across the border into Chad. Chad had its own rebel groups, allegedly supported by the Sudanese government. Their aim was to overthrow the regime of President **Idriss Déby**. In April, the Chadian army crossed into Sudan in pursuit of Chadian rebels and engaged in a battle with units of the SAF. In May, the two presidents met in Saudi Arabia to sign an agreement that aimed at ending such incidents and cross-border support for opposition movements.

Sudan's relations with her other neighbours remained stable. In the case of **Uganda**, the rebel **Lord's Resistance Army** had for years used Sudanese territory to escape the Ugandan army. GoSS was determined to stop their destructive activities and expel them back to Uganda.

On the African arena, Sudan's relations with the **AU** were occasionally tense. During the year, several AU peacekeepers were killed in Darfur and the president was subjected to some criticism for not controlling the Janjaweed. At the AU summit in Addis Ababa in January, he was accused of being uncooperative and of not stopping the killings in Darfur. He was due to assume the leadership of AU but Chad threatened to withdraw from the organisation if that occurred. In the end, President Kufuor of Ghana was elected to the post.

In November, Sudan's relations with Britain sank to a low level after a British teacher, Gillian Gibbons, was arrested in Khartoum for offending the Prophet by allowing her school class to name a teddy bear 'Muhammad'. The teacher faced the prospect of a severe prison sentence, but was released and sent home after the president pardoned her.

The US was the Khartoum's harshest critic: it strengthened its unilateral economic sanctions on the Sudan in May, in the process mainly affecting American companies' ability to do business there. Steps were taken to exempt South Sudan from the sanctions in order not to hinder the rebuilding of the country. The **EU and UN** also supported the sanctions. The US argued for UN sanctions but China voiced its strong opposition, thereby suggesting that it would use its veto in the Security Council. In 2006 China had already made it clear it would veto any Security Council resolution allowing for deployment of foreign forces in Darfur against the wishes of Khartoum. **China** was the great beneficiary of the sanctions and embargoes. It invested heavily in the oil sector and in infrastructure, including building the Merawi Dam on the Fourth Cataract, an undertaking that forced many people to leave their villages on the banks of the Nile. China lent money to the government, continued to sell weapons to the government and bought a whole range of Sudanese commodities in addition to oil. **Amnesty International** accused both **Russia** and China of providing weapons to Sudan and its neighbours and thereby contributing to the spread of conflict. **Chinese President Hu Jintao** visited Sudan in January but it was unclear to what extent Darfur was discussed. In April, the **International Criminal Court (ICC)** ordered the arrest of two Sudanese individuals, out of a list of 51, to stand trial for war crimes in Darfur. The Sudanese government was not expected to arrest them and hand them over.

Socioeconomic Developments

Oil production and export had become the most important revenue earner for the country in 2006 and this trend continued in 2007, although growth in this sector was lower than projected. Ninety per cent of Sudan's export revenues came from the oil sector. Foreign oil companies contributed to investments in infrastructure and industrial development. Consequently, industrial imports took a large slice out of export revenues and contributed to a trade deficit. This again put pressure on foreign currency reserves, which continued to decline from 2006. In addition, the necessary reconstruction of the country required government investments that led to a more serious fiscal and current-account deficit. One source of extra capital was foreign loans and China, among others, was ready to help. In the 2007 budget, food security, health, poverty reduction, primary education and water received increased funding, and the development of non-oil resources, technology transfers and the private sector were encouraged. The budget anticipated a GDP growth rate of about 10% and an inflation rate of 8%. An increase of 6.7% in total revenue was also projected compared to 2006. These estimates boded well for the economic development of the country, but again expenditures tended to outrun revenues. Transfers to the South and to the northern states were also significant. Transfers to the South were projected to decline by 7% because of the expected fall in oil production there. On the other hand, transfers to northern states were budgeted to increase by 26%. One-third of the GoSS budget was allocated to the SPLA (salaries, etc.). In spite of this, GoSS was able to allocate some funds for infrastructure, education, health and demilitarisation, albeit not to the extent projected in the budget.

In January, the Bank of Sudan introduced a new national currency, the **Sudanese pound**, equivalent in value to 100 dinars. It was estimated that the new currency would take at least six months to be in use throughout the country. At the beginning of the year, the dinar appreciated against the dollar, largely because of strong export growth and relatively sound currency reserves. The exchange rate of the Sudanese pound (SL) was SL 2 to $ 1. Although, the Sudanese pound was allowed to float, the Bank of Sudan intervened from time to time to keep the exchange rate stable against the dollar.

The average **oil output** for 2006 was probably only 365,000 b/d, although by the end of 2006 output had reportedly reached 500,000 b/d and this level was expected to persist in 2007. Nearly a third of this volume came from blocks 3 and 7 operated by **Petrodar**, which produced a lower quality **Dar blend**. This blend fetched lower prices and generated lower revenues: it also contributed to keeping production levels down. The other limiting factor was the capacity of the Red Sea terminal. However, by mid-year a new pipeline and terminal began to operate, resulting in a substantial increase in Dar blend exports. **China National Petroleum Corporation (CNPC)** is a majority shareholder in both **Petrodar** and **Greater Nile Petroleum Operation Company (GNPOC)**. Production of the higher priced Nile blend from blocks 1, 2 and 4, operated by **GNPOC**, was slightly lower than in 2005 and 2006. China bought most of the Dar blend, and China's imports of Sudanese crude rose to 43% of total output. In the long run, Sudan hoped to process Dar blend crude locally and to export oil products, which would make more economic sense. Finding buyers other than China for Dar blend was a problem that contributed to lower than expected oil revenues.

So far, decreasing production from old fields has been offset by new concessions and the opening of new wells. Asian oil companies in particular were eager to obtain new concessions. Several new concessions were granted in the east, in the Red Sea, in Kordofan and Darfur, i.e., north of the border with South Sudan, but not outside conflict areas.

The **National Petroleum Commission (NPC)** had its first meeting in April to review the sharing of oil revenues, the awarding of concessions and the resolution of disputes. Disputes over oil blocks in the South were largely settled by the commission itself. The dispute between the French **Total** and the British **White Nile** oil companies over a concession in Block Ba (or B5 in Khartoum's language), continued into 2007 until White Nile had to concede defeat after a court decision. However, this was also a dispute between GNU and GoSS about the legality of concessions granted by GoSS in the South without the consent of GNU. In the end, GoSS won more control over granting concessions in the South and was determined to scrutinise the activities of the companies, such as **Malaysia's Petronas**, more closely with regard to environmental and local socioeconomic impacts.

In November, China's total investments in the oil sector reached more than $ 6 bn. To improve its image and counter increasing criticism, CNPC entered into an agreement in February with the Sudanese ministry of welfare and social development to set up a fund to assist the social sector.

On average in 2007, income from oil export was lower than expected. This shortfall was particularly felt in the South, where cuts in spending became necessary. In May, Sudan was invited to join OPEC but had not taken a final decision by the end of the year.

In the **agricultural sector** (35% of Sudan's GDP), good harvests were forecast: for instance, the cereal forecast was 22% higher than the previous year. Livestock production also looked promising. However, food insecurity was still apparent in certain marginal areas and among displaced people, particularly in Darfur. Thus, food surpluses in one region did not automatically benefit other areas because of inadequate infrastructure and lack of countrywide data on food production and possible shortages. A FAO/WFP report in February urged government and local institutions to take a greater responsibility for assisting people experiencing shortages, and relief agencies to target their food aid more effectively. Plans were announced to develop established and new agricultural schemes in an effort to boost agricultural and livestock production. Government support for irrigation was seen as particularly important, such as plans to expand irrigated cultivation in the Gezira scheme and in other areas. Italy and some Arab countries showed interest in developing the agricultural sector in cooperation with the Sudanese government.

Heavy rainfall and flooding affected 19 of Sudan's 26 states and six states in the South were declared disaster zones. People lost their lives, herds were lost or reduced and wide areas of farmland and crops were destroyed or damaged. Although the rains made possible the cultivation of marginal areas, this catastrophe was likely to reduce agricultural output in the autumn and winter.

Imports and exports continued to rise from the beginning of the year, with an expected trade deficit of nearly 5% of GDP. In the first half of the year it became clear that oil output, although good, was lower than projected and consequently that fiscal and current-account deficits would increase. By June, government revenues were expected to rise by 25%, but a 28% growth in spending resulted in a fiscal deficit. The trade deficit combined with higher profit repatriation by foreign companies widened the current-account deficit relative to the previous year. **Foreign direct investments** and remittances by Sudanese workers abroad could not match growing income repatriation by oil companies and rising imports. Inflation was around 10% in the early months of the year. The value of the dinar came under pressure as a result of the current-account deficit and the Bank of Sudan had to draw on its foreign reserves to bolster the currency. Finally, in May the Bank of Sudan placed restrictions on the buying of foreign currency by Sudanese citizens. In June the rate still stood at SL 2 to $ 1.

As lower-than-expected revenue became evident, the government considered increasing the VAT on commodities and services from 10% to 12% to make up for the loss. Cutting spending was also considered. However, the pressure to raise spending was strong, particularly in the North, and people everywhere wanted to see a peace dividend in their communities, i.e., positive results from the CPA. The costs of implementing the CPA were also higher than originally expected, and cuts in transfers to the northern states and the South would be painful and potentially dangerous. In April, it was announced that total GoSS revenue for the year would be about a third below the budgeted amount, largely owing to lower than projected oil revenues. Cutting spending was one solution; borrowing money abroad was another. However, the World Bank warned against the second option and offered GoSS a grant to overcome certain financial difficulties (the cost of introducing the new currency). By September, the revenue shortfall had become alarming and Kiir described budgeted revenues as “unrealistic”. Taxes would have to be raised and it was also proposed to demobilise 25,000 SPLA soldiers. However, an increase in oil output, albeit lower than expected, and rising oil prices and a better market for Dar blend in the second half of the year helped improve the revenue situation.

It was clear that the dispute over the Abyei boundary was hampering oil production in an area where some of the largest wells are situated and where daily output could easily be increased. **It was reported, for example, that the GNPOC** produced 245,000 b/d in the area. Severe flooding in June and July affected some areas in the east and slowed down oil production in blocks 1, 2 and 4.

The real figures for the Sudanese economy were, however, healthy. GDP growth was upgraded in the second half of the year to an estimated 13%, well above the estimated inflation rate. Export revenue grew throughout the year and import spending was kept under control but increased noticeably by 12% in the latter half of the year. The oil sector accounted for 16% of real GDP, but it had many positive spin-offs in other sectors. The current-account deficit widened late in the year. Sudan continued to be a debtor nation but debt relief was not forthcoming largely because of Darfur, and new loans were received from China, India and some Arab countries to fund infrastructure projects. The IMF and World Bank disapproved of this. It was clear that government spending had to be restrained and that fiscal performance had to improve. Monetary policy was managed through the issuance of Islamic financial certificates by the Bank of Sudan and by buying and selling government securities. Inflation was kept under reasonable control. The introduction of the new currency, completed by September, was a success. Sudan decided in September to convert its foreign reserves into Euros, to circumvent US sanctions, but by the end of the year, this decision had had little practical effect and the dollar was still Sudan’s main foreign currency.

Generally speaking, Sudan had reached a level of dependence on oil that threatened the stability of the country. Fluctuations in production output and oil prices had immediate effects on central and state budgets and on the numerous development projects. Borrowing money abroad to even out such fluctuations and to keep up the level of investment might be a short term solution, but mortgaging future oil revenues may be a dangerous policy, especially considering Sudan's already high level of debt.

The growth of foreign direct investments to $ 2.3 bn contributed to the economic boom that was particularly visible in the Khartoum area, where it was felt in higher housing prices, land prices and food prices, and could be seen in the many new business buildings, hotels, roads and bridges. However, in the outskirts of the capital the poor and the displaced attempted to survive by begging, informal jobs, prostitution and crime. In the rural and marginalised areas, where agriculture and animal husbandry were the source of livelihood, people had derived little or no benefit from the new wealth. Training and employment rates for Sudanese workers in oil-related industries were low. Chinese companies preferred to bring in their own workers but planned to increase the number of Sudanese employees. Liberalisation of the economy and privatisation of basic services like electricity contributed to the high cost of living.

Anders Bjørkelo

Tanzania

With no major challenges from the notoriously weak opposition forces, the second year of the **presidency** of **Jakaya Mrisho Kikwete** confirmed the continued undisputed dominance of the **ruling party**, 'Chama cha Mapinduzi' (**CCM**, Party of the Revolution). The term 'fourth phase government' denoted uninterrupted CCM rule with only four presidents over the 45 years since independence. The government continued to pursue its strategy of **cautious socioeconomic reforms**. The economy performed relatively well and there were no significant problems in foreign relations.

Domestic Politics

The situation was characterised by **increasing public frustration** over the performance of Kikwete's government, which had been elected in December 2005 with overwhelming popular support. It had generally been expected that the new government would fulfil its electoral promises and tackle the country's many problems, especially the endemic corruption and poverty and the persistent political impasse in Zanzibar. As was already apparent in 2006, enthusiasm for the government continued to dwindle and reached even lower levels during 2007. An opinion poll by a university programme, Research and Education for Democracy in Tanzania (REDET), conducted in October revealed that Kikwete still enjoyed relatively high, although decreased support, whereas there was great discontent with the performance of his administration.

After only one year in office, Foreign Minister **Asha-Rose Migiro** was surprisingly appointed **UN deputy secretary general** on 5 January. This appointment was greatly welcomed throughout the country, as she was already the third Tanzanian woman to be appointed to a high-ranking international position. On 11 January, the deputy minister of energy and minerals, **Bernard Membe**, was appointed to take over from Migiro. Membe had been working in the ministry of foreign affairs when Kikwete was foreign minister. Kikwete promoted the deputy minister of planning, economy and empowerment, Batilda Salha Burian, as minister of state in the prime minister's office (parliament), taking over from the late Juma Akukweti, who died of the injuries he sustained in a plane crash on 4 January. Further accidents involving members of the cabinet and the parliament were blamed on the poor condition of the transportation infrastructure.

Kikwete repeatedly declared he was determined to resolve the persistent **political impasse in Zanzibar**. Efforts to reach a new agreement continued behind closed doors throughout the year. Only periodically was the public informed about the ongoing negotiations. A new round of talks between the secretaries general of **CCM** and the strongest opposition party, **Civic United Front (CUF)** began on 17 January. Surprisingly, the talks no longer involved the two governments, as was the case in 2006. Apparently returning to the strategy of his predecessor Benjamin Mkapa, Kikwete focused on direct negotiations between the two rival parties. This may have been an indication that CCM Zanzibar was perceived to be the main obstacle to a lasting solution, and CCM's island-wing was no longer directly included in the talks. In mid-August, CUF Chairman Ibrahim Lipumba was quoted in the media as complaining that 18 months of negotiations had led down a blind alley. He accused CCM hardliners of obstructing any changes or amicable solutions and called for international pressure on the ruling party. Kikwete reacted promptly, stating that the joint negotiation committee had held 12 meetings since January. He explained that agreements had been reached on three of the five items on the agenda. Talks continued on 31 August after a two-month standstill. In late November, CUF Secretary General Seif Shariff Hamad called for patience and understanding among Zanzibaris, predicting that negotiations with CCM would soon be concluded. He hailed Kikwete for demonstrating unswerving commitment to resolving the long-running political crisis and promised that the results of the talks would be made public in January 2008. Despite this rather optimistic statement, it was widely believed that the CCM-CUF negotiations would achieve no substantial solution before the next elections in 2010. The **Zanzibar Electoral Commission** (ZEC) released its **report on the conduct of the 2005 island elections** in early November, stating that security forces had interfered with ZEC's operations during the polls, particularly during the registration process. It recommended that local government leaders, commonly known as 'shehas', should be vested with less power during election processes.

Dissatisfaction with the perceived inertia of government in mounting an effective campaign against **corruption** was one factor contributing to public discontent. After several months of delay, the new **Prevention and Combating of Corruption Bill** for mainland Tanzania was passed by parliament in April. The bill envisaged a revamped Prevention of Corruption Bureau (PCB), which was renamed **Prevention and Combat of Corruption Bureau (PCCB)** and provided with extended investigative powers. The establishment of a seven-member prevention and combat of corruption board was suggested in the bill to advise the bureau and to review its work. Civil society organisations, experts, development partners and MPs welcomed the bill as a good instrument in the country's anti-corruption strategy. After a heated parliamentary debate, the bill passed without the establishment of the controversial board, which was perceived as being a government tool to control PCCB's work. Doubts remained that even the new PCCB would be more a government body than a truly independent public one.

The **fight against corruption and misuse of public funds** was a major theme throughout the year. **Bank of Tanzania (BoT) Governor Daudi Ballali** had come under pressure after Finance Minister Zakia Meghji had announced in December 2006 that the government was investigating alleged financial irregularities at the central bank. In late June, allegations against Ballali emerged, including the disappearance of millions of dollars from BoT's external debt service account and inflated construction costs for its new twin tower building in Dar es Salaam. The matter was taken up by the local media, the donor community (including the IMF), civil society organisations and opposition political parties and there were calls for an immediate probe and the resignation of the BoT governor. The government eventually gave in to this multi-pronged pressure and ordered an audit to be undertaken by Ernst & Young from September to December. By year's end, rumours were circulating that Ballali had tendered his resignation from office.

Another alleged case of grand corruption came to the public's attention. In June 2006, the government had signed a contract with the US-based **Richmond Development Company** to supply power generators in an effort to solve the severe power crisis. Although the government had already made a multimillion dollar deposit, the generators were never delivered. In May, the PCB director declared that investigations into the case had revealed no indications of corruption or favouritism in the deal. The case, popularly referred to as the "Richmond-Saga", resurfaced in mid-November in parliament when legislators demanded the establishment of a parliamentary select committee to investigate the circumstances of the controversial deal. Eventually, such a committee was formed under the chairmanship of CCM legislator Harrison Mwakyembe, and was given four weeks to complete its investigations.

Opposition parties focused much of their activity on issues of corruption and misuse of funds. A working group of four opposition parties, CHADEMA (Party for Democracy and Development), CUF, NCCR-Mageuzi (National Convention for Construction and

Reform-Change) and TLP (Tanzania Labour Party) under the leadership of CHADEMA legislator Wilbrod Slaa publicised two so-called '**lists of shame**', in which numerous prominent politicians, civil servants and institutions were accused of corruption. **Government and CCM officials reacted nervously and harshly** to members of the opposition who raised corruption allegations. **Energy and Minerals Minister Nazir Karamagi** and the permanent secretary in the ministry of finance, whose names were found on the lists of shame, announced their intention to file legal suits against Slaa and other opposition leaders. In August, another CHADEMA MP, **Zitto Kabwe**, was even suspended from parliament for four months after he accused Karamagi of lying about a controversial mining contract that the minister had signed in a London hotel concerning **Buzwagi gold mine**. Kabwe had tabled a private member's motion demanding the establishment of a parliamentary committee to probe the contract between Karamagi and Barrick Gold Tanzania. After his suspension, Kabwe began touring the country and putting his case to the public, in which initiative he was supported by other members of the opposition parties. Kingunge Ngombale-Mwiru, minister of political affairs and civil society relations, then threatened to arrest Kabwe and other opposition leaders and accused them of abusing freedom of expression. CCM Secretary General Yusuf Makamba threatened to inform the public of the "misdeeds" of opposition leaders if they didn't stop their allegations against CCM. Despite these strong-arm reactions from CCM leaders, Kikwete (who is also CCM chairman) included Kabwe on a special 11-member committee formed in mid-November to **review existing mining contracts**. Kabwe's appointment to this committee indicated the president was well aware that any further moves against Kabwe could backfire for both CCM and government.

The highly controversial purchase of an expensive **radar system** in 2001 was back in the headlines following investigations by the British serious fraud office, which revealed that a Tanzanian middleman had received a $ 12 m commission in a Swiss bank account. This amount, constituting 30% of the purchase price, had been secretly paid by the UK's biggest arms supplier, BAE Systems. The radar system had been widely criticised as unnecessary and overpriced. Whereas the involvement of high-profile politicians was hotly discussed in Britain, PCB investigations centred on the role of the accused Tanzanian middleman. Demands by opposition parties to investigate the role of former President Mkapa were firmly rejected by the government and by CCM. It was obvious that the authorities were reluctant to dig too deeply into the issue and they left most of the work to their British counterparts. Tanzanian officials tried to present Tanzania as a victim misused by a rich country. Kikwete stated he would lodge claims against the British government if it was proved that the purchase price had been grossly inflated.

The common notion that high-profile politicians were not only using the taxpayers' money for their own benefit but were also treated preferentially was again fuelled by the case of **former Tabora regional commissioner, Ditopile Mzuzuri**, who had killed a commuter bus driver in Dar es Salaam in late 2006. Ditopile's case was watched closely by the media, since he had been a long-time ally of Kikwete. Originally charged with murder, Ditopile's sentence was reduced to manslaughter and he was released on bail in early March. After Ditopile's accelerated release, about 300 **remand prisoners** from two Dar es Salaam prisons **protested** against what they called preferential treatment of a prominent politician and referred to the poor conditions under which they were kept. Only one day later, about 150 inmates in Arusha region joined the protests, which quickly spread to prisons in Dodoma, Mwanza and Rukwa. The week-long protests ended on 19 March after delegations from the government, including Justice Minister Mary Nagu, met with the protesters. This was the first such strike in Tanzania.

Numerous protests and strikes indicated the discontent of wide sectors of society with their socioeconomic conditions, as well as a growing readiness to stand up for their interests. The Trade Union Congress of Tanzania (TUCTA) supported the strikes and finally pressured government to increase the official minimum wage – a rare success for this generally ineffective body. **Students** at various universities and colleges boycotted classes in January, April, June and October to **protest against reduced government loans**.

The government had also to deal with **increasingly self-confident civil society organisations**. In late January, **HakiElimu**, the NGO for the right to education, appealed against a government interdict of September 2005 which prohibited the organisation from publishing educational research materials. The government criticised posters issued by HakiElimu that highlighted existing problems especially in the primary and secondary education development programmes. Kikwete justified the ban on the grounds that HakiElimu highlighted only the shortcomings but not the achievements. When several other NGOs rallied behind HakiElimu, Prime Minister Edward Lowassa finally lifted the ban.

Elections for party leadership positions dominated the activities of **CCM**. All party members were called upon to elect their leaders from grassroots up to the national level. Because of CCM's political dominance, elections to the party's organs were of extraordinary significance for the entire country. On all levels, they were accompanied by allegations of vote-buying. Numerous party functionaries and even MPs were excluded from the process, sacked or arrested by the PCCB. Given that the next CCM elections were to be held only in 2012, whereas the next general elections were scheduled for 2010, it could not be ruled out that unwarranted corruption allegations were being used to sideline competitors. The lengthy process started with the election of CCM cell leaders in late February, followed by leadership elections at the district level in late April and at regional level in mid-October. The **eighth national congress of CCM**, held on 3–4 November in Dodoma, had to elect the National Executive Committee (NEC), the NEC secretariat, the central committee, the party chairperson and the two vice-chairpersons. About 1,900 delegates voted 85 out of 263 aspirants on to the NEC, which in turn elected 14 members to the central committee from a list of 30 that was submitted by the party chairman, Kikwete. The chairman himself and two vice-chairmen had been nominated by the outgoing central committee before the congress began and were subsequently confirmed by the full congress. The most remarkable change in the leadership was the replacement of the vice-chairman for the mainland, John Malecela, by the former long-serving parliamentary speaker, Pius Msekwa. Both were over 70 and were veteran CCM politicians of long standing. Replacing Malecela, a formerly highly influential representative of the conservative wing of the party and opponent of Kikwete, with the equally veteran but more liberal Msekwa was widely seen as an attempt to reconcile the modernising wing of the party with the traditionalist wing. Secretary General Yusuf Makamba, a strong Kikwete supporter, was also re-elected. As in previous party elections, a number of high-ranking members failed to be elected, among them several cabinet ministers. The CCM national congress was again a confident demonstration of the party's powerful position in Tanzania. Despite the appearance of intense infighting and numerous allegations of corruption and vote-buying, no deep rifts opened up between the factions and threatened to split the party. All the losing candidates accepted the outcome of the elections.

Although the space for **opposition activities** inside and outside parliament was relatively free, state authorities and CCM gave the opposition a hard time. In a number of cases, the accusation of "**abusive language**" was used to put pressure on members of opposition parties. CHADEMA MP Kabwe had been temporarily suspended from parliament on this basis, while the party chairmen of TLP and the Democratic Party (DP), Augustine Mrema and Christopher Mtikila respectively, were charged in court of this offence. In October, TLP lost its sole seat in parliament when a high court ruled that during the 2005 election campaign the legislator had defamed his CCM competitor and had thereby greatly influenced the result. The opposition camp remained generally weak and had to accept further **defections to CCM**, including several prominent politicians. Owing to the activities of their MPs, CHADEMA managed to become the strongest of the weak opposition parties on the mainland. On 10 May, four of the five **major opposition parties** (CHADEMA, CUF, NCCR-Mageuzi, TLP) signed an agreement to form a **coalition**. The alliance demanded the reform of the National Electoral Commission (NEC) as well as of Tanzania's constitution and declared it would boycott upcoming by-elections and the general election in 2010 unless their demands were met. This was the second attempt to form such a coalition since 2000, when the opposition parties had agreed to nominate a single joint presidential candidate. Based on the experience of 2000, when the coalition had quickly fragmented, it remained doubtful whether the main leaders of these four parties would really be willing to set aside their personal ambitions in the interests of a joint undertaking. On 21 December, **five smaller political parties** signed a similar political partnership agreement in the name of **Patriotic Front Parties** (PFP). None of those parties had, however, played a significant role in Tanzania's political arena. Owing to the prominence of its chairman, Reverend Christopher Mtikila, DP was the only one of the five that could claim some significance. The registrar of political parties, John Tendwa, announced in January that a **law allowing**

political parties to merge was imminent, and he welcomed the idea of party amalgamation as a step towards strengthening the fragmented opposition.

On 18 March **by-elections** were held in Tunduru to fill the parliamentary seat that fell vacant upon the death of Minister Akukweti. Two NGOs urged government to comply with a high court judgment of May 2006 allowing **independent candidates** to stand for elections. Lewis Makame, chairman of the NEC, ruled, however, that no independent candidates would be allowed to contest the by-election since the electoral laws had not yet been amended in accordance with the court's verdict. DP chairman Mtikila filed a constitutional petition in the Dar es Salaam high court seeking an order barring the holding of the elections. The petition further demanded the **updating of the permanent voters' register** in order to include voters who had been under age during the last registration exercise in 2004 but were now eligible to vote. The court rejected the petition just two days before the election, stating that postponing the ballot would cause great harm to Tunduru's population and the nation at large. The CCM candidate won the by-election against four opposition contestants. The poll was conducted peacefully but marred by irregularities. The coalition of four opposition parties went to court in October demanding that the NEC update the permanent voters' register before **local government by-elections** were held in 16 wards later that month. After the court dismissed the application, the elections took place as scheduled. CCM emerged as winner in most of the rural constituencies, whereas the opposition parties were able to win in the urban areas. In mid-November, the NEC announced it would start updating the permanent national voters' register in January 2008. In the context of the appointment of Augustine Ramadhani as new chief justice in July, promises were made to significantly improve and speed up all judicial processes as an element of better public governance.

A special committee tasked with **collecting public views** on the intended fast-tracking of the EAC into a political **East African Federation** by 2013, commenced its work on 8 January. The committee, chaired by the distinguished economist Samuel Wangwe, was also charged with sensitising, informing and educating people on the intended federation. Strong opposition came from Zanzibar. Zanzibar, constantly seeking to extend its autonomy in the Tanzanian union, strongly feared being completely submerged in an East African federation. Many Zanzibari leaders preferred the idea of joining the envisaged federation as an independent state rather than as part of Tanzania. On 13 July, the Wangwe committee presented its findings. Some 65,000 Tanzanians from all 26 regions had been interviewed, 79.9% of whom had rejected the fast-track approach. On 20 August, the idea of fast-tracking the federation was abandoned by the presidents of the five EAC member states. The whole exercise had, nevertheless, contributed to open debate and a better understanding in Tanzania of the EAC.

Tanzanian authorities were determined to accelerate the **repatriation of refugees** to their home countries, although their numbers had already significantly decreased in recent years. Kikwete even raised the issue of repatriation of **Burundian refugees** in an address to the

UN General Assembly at the end of September. More than 10,000 refugees without official status were deported to Burundi, prompting the Burundi government to protest against this action. UNHCR continued its repatriation programme. The number of camps was reduced from 11 to five and the refugee population within registered camps was reduced from 287,000 in December 2006 to about 200,000 by the end of the year. The total estimate of refugees from Burundi and the DR Congo was still 322,000 and 100,000 respectively. Rwandan officials protested at the **expulsion of about 60,000 Kinyarwanda-speaking** people from northwestern Tanzania to Rwanda since mid-2006. Tanzanian authorities insisted these were illegal immigrants who had refused to obtain residence permits or to become naturalised Tanzanians. Some of the expelled Rwandans claimed their property was illegally confiscated by Tanzanian residents and officials. Both countries formed a joint technical team to resolve the issue. The government insisted that it would close all refugee camps by the end of the 2007–08 fiscal year (the fiscal year ends on 30 June).

Foreign Affairs

Tanzania's good reputation and high international profile were reflected in the intensive travel schedule of Kikwete and members of his cabinet, as well as numerous international visits, conferences and workshops in Tanzania. In October, Kikwete was officially received by **Pope Benedict XVI.** The **frequent foreign trips** by government delegations were repeatedly criticised, even by CCM MPs. Government officials, however, justified these trips by noting they would bring more foreign investors to Tanzania. It was indeed notable that Kikwete used international relations as an instrument of investment policies.

Tanzania's two-year term as a non-permanent member of the **UN Security Council** ended on 31 December 2006. In August, Tanzania was selected as one of eight countries to test the **Delivering as One** pilot initiative of the UN family, intended to enhance cooperation among various UN agencies. Although Tanzania was generally praised as a political and economic success by **Western donors**, and relations remained excellent during the year, the government faced criticism over its handling of various corruption allegations. In several instances, Western envoys to Tanzania called on state authorities to respond to the allegations of grand **corruption and embezzlement** made by members of the opposition and in the media, particularly those against BoT. Foreign Minister Membe openly criticised the foreign diplomats and referred to the on-going investigations by the anti-corruption authority, while Kikwete repeatedly **complained that Western media** conveyed a much too negative image of Africa.

The government continued to play an active role in efforts to mediate violent conflicts on the continent. Chairing the SADC troika charged with solving **Zimbabwe**'s politico-economic crisis, Tanzania was deeply involved in numerous meetings and negotiations on this issue. Tanzania's director of intelligence held closed-door meetings with top Zimbabwean security officials in an attempt to revive an initiative led by former President Mkapa in response to a request by Mugabe to help establish dialogue between Zimbabwe and Britain. Kikwete strongly rejected European and US appeals to African leaders to take tougher steps against Mugabe and reacted outspokenly to Britain's threat to boycott the December EU-AU summit in Lisbon if Mugabe attended. In cooperation with South Africa, Tanzania continued its efforts to broker a lasting peace deal between the **Burundi** government and the one remaining rebel group, FNL ('Forces Nationales pour la Libération'). As the only African member of the international contact group on **Somalia**, Tanzania took part in several meetings of the group, one of which was held in Dar es Salaam on 9 February. A few days earlier, Tanzania had offered to train Somali government troops in the context of the AU mission to Somalia, but did not deploy any peacekeepers. Tanzania contributed 80 military police to the **UN interim force in Lebanon**. In August, all players involved in the peace process for Sudan's embattled **Darfur province** gathered for a crucial meeting in Dar es Salaam.

Apart from Zimbabwe, Tanzania sympathised with another state ostracised by Western countries. Concluding a ten-day tour to Egypt and **Iran** in late November, Vice President Ali Mohamed Shein indicated that Tanzania supported Iran's right to use nuclear power for peaceful purposes, as long as the technology was not used for the manufacture of weapons. Shein signed agreements with Iran on cooperation in agriculture, industry, science and technology and health training as well as on investments in joint ventures in the mining sector.

Regarding **regional cooperation**, Tanzania continued its longstanding double-track approach of maintaining close links with both the Eastern and Southern African subregions, most clearly exemplified in the parallel membership in **EAC** and **SADC**, despite growing pressures to choose between them in view of the formal requirements of the different economic integration schemes (see below). However, the government remained attached to the long tradition of Tanzania being a bridge between the two sub-regions. Even in respect of **military cooperation was** this the case. While participating fully in EAC military programmes, it played an active part in setting up the SADC brigade as the subregional component of the intended African Standby Force. The accession of **Burundi** and **Rwanda** as full members of the **EAC** on 1 July had particular significance for Tanzania, since both landlocked countries depended heavily on transit routes through Tanzania and were now expected to become even more closely integrated in the future.

Socioeconomic Developments

Compared to the previous year's slightly gloomy outlook, the **overall economic performance** and the prospects for the immediate future were generally considered to be highly satisfactory, at least on the basis of macroeconomic indicators. With favourable climatic conditions and an end to serious power shortages, most economic sectors showed a strong recovery. The estimated **GDP growth rate** (BoT figures) of 7.3% was slightly above the 7% target and well above the African average of 6.2%, with the final 2006 figure revised upwards to 6.7%. The average **inflation** rate for the year was contained with difficulty at 7%, considerably above the BoT target of 4.5%, with considerable monthly fluctuations, primarily due to changing food prices. The (preliminary) **trade deficit** widened further to an estimated $ 3,346 m, the result of a 26% surge in imports ($ 5,341 m), while exports only increased by 15% to $ 1,996 m. Thus only one-third of import costs were covered by export earnings. Oil products alone accounted for 30% of imports, and all capital goods for another 36%. Only 15.3% of all exports were traditional agricultural goods, while 43% were mineral products (mostly gold) and a respectable 15.5% manufactured goods. The structural **current account deficit** surged again to a new record (9.2% of GDP according to IMF, but probably higher), while foreign reserves grew by 33% to $ 3 bn by the end of December (6.8 months import coverage). The Tanzania Shilling (TSh) remained broadly stable against the US dollar until August and thereafter appreciated somewhat, but depreciated slightly against the euro over the year. Following the substantial debt cancellation obtained in 2006, the outstanding **external debt** was further reduced from $ 4.4 bn to $ 4.1 bn over the year due to further bilateral write-offs (particularly Japan in March), while multilateral debt had again increased slightly (accounting for 57% of the total). Eighty percent of debt was incurred by the central government and only 15.7% by the private sector. As a result of the write-offs, the debt service burden was very substantially reduced compared to the situation a few years earlier.

Despite all the recent macroeconomic achievements and positive acclamations from the international donor community, Tanzania remained one of the poorest countries in Africa and the world. In UNDP's latest **Human Development Index**, Tanzania was ranked slightly higher, in **position 159** (out of 177), near the top of the low human development category. The 2005 GDP per capita was only $ 316 and in PPP terms ($ 744) only three other countries had a lower average income.

On 14 June, Finance Minister Meghji introduced the **2007–08 budget** in parliament, providing an optimistic outlook for the government's budgetary operations based upon successful fiscal performance in the previous financial year. Only very minor changes to fiscal policies were felt to be necessary and were announced in the budget speech. The expenditure priorities were explained to be fully in line with CCM's 2005 election manifesto and the government's national strategy for growth and reduction of poverty (Swahili acronym: MKUKUTA), which had also been launched in 2005 as Tanzania's own second-generation PRSP.

In the 2006–07 **financial year**, the Tanzania revenue authority had once again greatly expanded its collection efforts, raising a total domestic revenue of TSh 2,739 bn (29% more than in 2005–06 and 11% above the budget provision). The national tax ratio had thus been substantially improved to 15.7% of GDP (above the target of 14.5%). Disbursed external grants of TSh 952 bn channelled through the budget, on the other hand, remained one-third lower than expected because of various delays in allocation. Total expenditures of TSh 4,475 bn were 6.5% below the budgeted figure, with recurrent expenditures practically on target, but investment expenditures were only 77% of the expected level. This situation demonstrated the continued problems government departments had in actually implementing intended programmes on time. Had there not been a need for emergency expenditures (drought and power problems), the under-performance of the government's spending capacity would have been even more visible. The overall budget deficit was estimated to be around 5% of GDP.

The **2007–08 budget** foresaw another hike (by 28%) of domestic revenue to TSh 3,502 bn and TSh 2,550 bn in foreign grants and loans (42% of expected total resources). Budgeted expenditures were set at TSh 6,067 bn, almost two-thirds being needed to meet recurrent expenditures. Of all development expenditures, 66% (TSh 2,201 bn) were expected to come from external sources. The target national tax ratio was given as 18.1% of GDP. Roughly one-third of foreign funds were expected in the form of general budget support and another 11% for sector basket funds, this apportionment being seen as proof of significantly increased trust by international donor institutions in the government's financial management. In conformity with MKUKUTA, over half of intended expenditures were to go to five priority areas (education, roads, health, agriculture, water). In October, the ministry of planning, economy and empowerment presented a comprehensive MKUKUTA implementation report for 2006–07. By the end of December, actual domestic revenue was slightly above target, whereas recurrent expenditures were 25% lower and investment expenditures 15% higher than budgeted. These were positive indications that the fiscal situation remained satisfactory.

Separate accounts for **Zanzibar** also showed improved performance by the **island economy**, with expected GDP growth of 6.6%, above the confirmed 2006 growth rate of 6.1%. Tourism, trade, agriculture and manufacturing did relatively well, coupled with further infrastructure improvements. Zanzibar's **external debt** of $ 106 m at year's end (71% with multilateral creditors), more than two-thirds of which was guaranteed by the Union government, continued as a check on more rapid economic growth. A new Zanzibar strategy for growth and poverty reduction (Swahili acronym: MKUZA) set ambitious goals for the 2007–10 period. Considerable efforts were also made to improve the government's fiscal performance.

In mid-February, the **IMF** completed the sixth and final review of the three-year PRGF that lapsed in December 2006, releasing a last tranche of $ 4.2 m and bringing total disbursements to a very modest $ 29.4 m (compared with the overall volume of aid flows). Since Tanzania no longer needed the IMF's financial assistance, a new three-year **Policy Support Instrument (PSI)** was arranged that expressed IMF's endorsement of the government's reform policies (focusing on improvement in the investment environment and the financial sector, raising domestic revenue and efficiency of public spending). In June and October, IMF missions visited Tanzania to review the PSI and expressed general satisfaction with the government's economic and financial policies. This testimonial by the IMF was invaluable in securing continued external support from a multitude of **bilateral and multilateral donors** and specifically in obtaining an increasing share of these funds in the form of budget support to complement the government's finance system (in contrast to the more usual donor-controlled specific projects). One sign of strong donor confidence was the US decision in October to award a $ 698 m package over five years under the **Millennium Challenge Corporation**.

Efforts to improve the business environment and to encourage more **private investment** were underscored by Kikwete during a second local investor round table in February in Dar es Salaam and during the sixth international investors' roundtable in mid-March in Arusha. On both occasions, promises were made to drastically reduce the bureaucratic hurdles and high fees that were deterring most investors. The latest **foreign direct investment** figures for 2006 showed a decline to $ 377 m, but were still the highest in the EAC. Almost all these investments were in large-scale mining ventures and raised questions about their limited spread effect on the national economy. The national investment ratio has gradually risen in recent years and was estimated to have reached 24% of GDP in 2007. A survey among members of the Confederation of Tanzania Industries (CTI) concluded that 60% considered the year to have been good or extremely good, while only 20% regarded 2007 as bad for their activities.

Kikwete's brainchild, the **Presidential Empowerment Fund**, popularly known as JK's billions, started its first phase in January with TSh 1 bn for each of the 21 mainland regions. The fund is managed by two banks with branch networks throughout the country. By May, over 20,000 small entrepreneurs had already benefited from this new scheme, intended to assist small economic ventures. The concepts of savings and credit cooperative societies and of providing micro-credits were also vigorously promoted throughout the year in an attempt to foster development. The national **minimum wage** was raised from November to TSh 150,000 (about $ 120) per month, despite warnings from CTI and the Tanzanian Chamber of Commerce, Industry and Agriculture (TCCIA) about serious job losses.

The cumbersome **privatisation** process for the last remaining parastatal corporations took one major step forward in October with a new beginning for the Tanzania Railways Corporation (TRC) under a 25-year lease with RITES of India. The intended sale of the National Insurance Corporation (NIC) was, however, still not concluded after years of negotiations, thus raising further doubts about government's commitment to privatisation to foreign buyers. While the 2006 electricity crisis had been largely overcome, there was considerable political hesitancy to approve the substantial tariff hikes demanded by the Tanzania Electric Supply Company (TANESCO) in its efforts to remain financially viable. TANESCO, in the largest ever corporate loan in East Africa, raised $ 240 m from a syndicate of local banks for its investment programme. No immediate remedies were at hand for solving the persistent port congestion problems, largely caused by the surge in imports.

In contrast to the drought in 2006, climatic conditions for **agriculture** were generally favourable and enabled good harvests for most crops. Some areas faced exceptionally heavy rains. By year's end the outlook for coffee and tea was very promising, but somewhat less so for cotton. Falling food prices had the effect of containing the inflation rate and in December the national strategic grain reserve reached a new record high of 142,000 tonnes. The **tourism** sector also performed fairly satisfactorily, with about 750,000 visitors and estimated revenue of $ 950 m.

Early in the year, Tanzania was the tenth country to start the elaborate self-assessment process under NEPAD's **APRM**, which was expected to culminate in a final external assessment in 2008. For this purpose, a national governing council and a secretariat were installed with an overwhelming majority of representatives being from NGOs or independent persons, without any attempt to keep the process under close government control.

Some sections of the business community with an interest in pursuing promising market opportunities continued to lobby for Tanzania to rejoin **COMESA**, but again the government took no decision. On 27 November, Tanzania joined its four EAC partner states in signing an interim **Economic Partnership Agreement (EPA)** with the EU, despite having initially participated in the EPA negotiations as part of the SADC group. However, no agreement was reached on a final EPA.

Kurt Hirschler & Rolf Hofmeier

Uganda

Though internationally of limited relevance, the major event for the country was its hosting of the 2007 Commonwealth heads of government meeting in Kampala. Interactions with neighbouring states proceeded smoothly, apart from unfriendly exchanges with the DR Congo. Internal political problems persisted, but took dramatic turns only occasionally. The economy did remarkably well, though the adverse effects of power shortages continued to an extent, and even though corruption was perceived as rampant. Calm slowly returned to the north of the country with internally displaced persons starting to go back home. Peace negotiations with the Lord's Resistance Army (LRA) dragged on inconclusively throughout the year.

Domestic Politics

Ugandan politics continued to be dominated by President Yoweri Kaguta Museveni and the National Resistance Movement (NRM), with its comfortable majority in parliament. Yet the NRM, like the other **political parties**, had its share of quarrels, MPs and cadres sporadically deploring the deficiencies in internal democracy. The first campaigners for a 'fourth term' for Museveni emerged, the next presidential ballot being due in 2011. Dr. Kizza Besigye of the main opposition party, Forum for Democratic Change (FDC), announced his decision to step down as party leader in 2010, only to backtrack shortly afterwards. The Uganda People's Congress (UPC) party president, Miria Kalule Obote, widow of former President Apolo Milton Obote, was unable to secure control of the Milton Obote Foundation and its properties, which include the Uganda House building in the centre of Kampala. Democratic Party (DP) President General John Ssebaana Kizito – notably a Protestant while the party historically has a strong Catholic background – came under pressure from the more radical Uganda Young Democrats.

Since Museveni's political reinsurance is **the army**, developments taking place in the Uganda Peoples' Defence Forces (UPDF), of which he is the commander-in-chief, are followed closely by the public. Brigadier Noble Mayombo, permanent secretary in the defence ministry, chairman of the board of the government newspaper 'New Vision', former presidential aide and former head of military intelligence, died on 1 May. His quick rise through the ranks, alleged further ambitions and wide network of contacts prompted suspicions that he did not die a natural death. Government promised an inquiry. Soldiers received a pay rise, the monthly guerdon for an infantryman increasing from 140,000 Shillings to 180,000 (about $ 110). Defence expenditure officially stood at 349 bn Shillings (about $ 210 m). Military cooperation continued with various countries, including the US and China. Germany donated a fully equipped field hospital – a 31-ton consignment – to the UPDF.

The government's relations with **the judiciary** were more uneasy than those with the armed forces. Following the constitutional court's landmark decision of 31 January 2006, when it ruled in connection with a case brought against Besigye and other defendants that a military court procedure against civilians concerning terrorism and unlawful possession of firearms was inconsistent with the constitution, the same court stated on 12 January that a court martial of the suspects was illegal. On 1 March, the high court decided to grant bail to five of the suspects after they had been held in detention for 15 months, but they were rearrested on the same day by members of the security forces who had surrounded and eventually entered the premises of the court. This interference with the independence of the judiciary led to a week-long judges' strike, which ended after the president promised that such attacks would not be repeated. Two years after the November 2005 attack by the 'Black Mamba' security forces on the high court, the East African Court of Justice decided that the action violated the rule of law and contravened the EAC treaty. The FDC scored a success when it won an election petition in the constitutional court on 3 April: the existing laws governing the election of the village-level councils were declared unconstitutional. In another development, the constitutional court ruled on 5 April that adultery should no longer be a crime under the penal code, since the law discriminated against women (making wives indulging in an extramarital affair liable to punishment but not husbands). The Law and Advocacy for Women in Uganda women's rights group, which had petitioned the court, also challenged certain sections of the Succession Act. This resulted in the court declaring unconstitutional the limitations on the inheritance rights of widows to husbands' property.

Access to **education** was eased through the Universal Secondary Education (USE) programme. This is a further step after the introduction of Universal Primary Education (UPE) ten years earlier, and makes free schooling available to all who have successfully completed primary school. The scheme does not cover boarding costs. However, UPE was plagued by a high drop-out rate. The education ministry's policy of remedying this by automatic promotion to the next class led to controversy.

Land remained a sensitive issue. This was proven not only by various local disputes involving different communities but also by two quite different controversies: one was the crisis over an intended allocation to investors of part of the Mabira forest reserve, the other the debate over a new Land Bill. The reserve, situated between Kampala and Jinja, had been gazetted as protected in 1932. The government planned to lease out almost a quarter (7,100 hectares) to the Sugar Corporation of Uganda (SCOUL), a subsidiary of the Mehta Group. Environmentalists insist that Mabira contains a rich biodiversity and constitutes a carbon sink, and is potentially a carbon-trading resource. The king of Buganda (the country's central region), Kabaka Ronald Muwenda Mutebi, petitioned the constitutional court to block the government‘s move. The opposition, notably the FDC, saw the debate as a welcome opportunity to challenge the government. On 12 April, a major demonstration was staged in Kampala to express environmental concern as well as political discontent. Participants did not agree to the route designated by the police and the demonstration turned violent. Racist overtones became evident when placards against Asians were carried (the Mehta family, which has a long tradition of involvement in the country's economy, is part of the Asian community). Asians and Asian property, as well as the Hindu temple were attacked, and an Indian citizen was lynched. Two Ugandans were fatally wounded by gunshots: a suspected looter was shot by a security guard and another person by "by unknown people", according to government. The FDC regretted the violent turn of events but insisted on its claim that the government was favouring Asians, whereas Internal Affairs Minister Ruhakana Rugunda led a delegation to India to convey the government's condolences and to reassure the business community and investors of their safety. The appointment of an inter-ministerial committee in May to look into the Mabira issue meant that the plans to give parts of the reserve to SCOUL were shelved for the time being.

Later in the year, government proposed to parliament **amendments to the Land Act** with the intention of bringing about more security for tenants. Early in the colonial period, large tracts of land, known as 'mailo land', were given to the Kabaka and his entourage as property, with tenants having to pay a now largely nominal rent. Traditionalists in Buganda saw the bill as a tool for restricting the use of the properties, if not for land-grabbing. In December, this led to an acrimonious exchange between the President and the Kabaka. Historical grievances over territory also led to bitterness between the traditional head of the western kingdom of Bunyoro, Omukama Solomon Gafabusa Iguru, and the UK, the kingdom unsuccessfully seeking redress for the injustices it had suffered during the colonial period.

With the long-standing threat posed by the **LRA** receding, people began returning home from the squalid camps for **internally displaced persons** in northern Uganda. During the previous year, 230,000 IDPs had left, but up to 1.2 million people remained in the camps. By mid-2007, the number of returnees had risen to 539,000, leaving 916,000 still in the camps, mainly in Acholiland. About 381,000 people had moved to new transit settlements close to their villages. The phenomenon of 'night commuters', children seeking protection and shelter in large towns like Gulu for fear of abduction by the LRA, vanished. The new business opportunities opening up for Ugandan traders in Southern Sudan even led to Gulu becoming a sort of boomtown.

Peace negotiations with the LRA in Juba, initiated in mid-2006 and facilitated by the Government of Southern Sudan (GoSS), were a mix of assumed progress and actual setbacks. According to President Museveni, his country in the past had not just to deal with the LRA but in fact had to fight an "inter-state war" against Khartoum. The actual strength of the LRA, however, was not known: estimates ranged from a few hundred to a few thousand fighters. In January, Sudanese President Omar al-Bashir threatened action against the LRA if a peaceful solution to the conflict was not forthcoming. The message by al-Bashir to possibly "pursue a military solution" and attacks by the UPDF were given as reason by the LRA team to disengage temporarily from the Juba talks and ask for a different venue for the negotiations, preferably Kenya or South Africa. After a meeting on 11 March in the presence of Acholi community representatives between Ugandan chief negotiator Rugunda and LRA head Joseph Kony in Ri-Kwangba in Southern Sudan, close to the DR Congo border and not far from the Garamba National Park, the LRA agreed to resume talks. Its anxiety was somewhat relieved by the enlargement of the group of facilitators through the inclusion of more African countries, namely Kenya, Mozambique, Tanzania and South Africa.

The UN secretary general's special envoy for the LRA-affected areas, former Mozambican President Joaquim Chissano, briefed the Security Council on his efforts on 22 March. The council in a presidential statement stressed its support for a negotiated settlement. At the same time, it reiterated "that those responsible for serious violations of human rights and international humanitarian law must be brought to justice", and urged "the LRA to immediately release all women, children and other non combatants". These views were reaffirmed in a press statement read out by the president of the Security Council after another briefing by special envoy Chissano on 13 November.

The support provided by the international community to the talks included contributions to the UN's Juba Initiative Project, a fund that amounted to $ 4.8 m. The allowances to the LRA Juba delegation were also paid out of this sum. While the delegation took much interest in per diems and the financing of travel to destinations in Europe where some of its members lived, the LRA leadership in Garamba continued to be largely concerned with its own security. The lifting of the arrest warrants issued by the International Criminal Court (ICC) against Kony and four other LRA leaders in 2005 was made a constant prerequisite to a final peace agreement by the LRA. The Ugandan government took a somewhat ambiguous attitude, whereas the ICC did not bow to the demands.

Week-long talks in Mombasa between the LRA delegation and a government team headed by Museveni's younger brother, Caleb Akandwanaho (aka Salim Saleh), helped to pave the way for the resumption of the Juba peace process. At a meeting between Rugunda and the LRA leadership in Ri-Kwangba on 14 April, the cessation of hostilities agreement between the LRA and the government, which had expired in February, was renewed up to the end of June (later extended until the end of July). An addendum contained the provision, asked for by the LRA, that their fighters should gather in one assembly point only, i.e., Ri-Kwangba. It was also decided to restart the Juba talks at the end of April. The demands to release women and minors held by the LRA fell on deaf ears, the LRA claiming that these were their wives and children. Parts of the LRA relocated for a while to the Central African Republic, where they caused insecurity.

On 29 June, agreement was reached on justice and accountability issues between the LRA and the government. It was anticipated that war crimes should be dealt with by national courts – possibly by a new specialised one – as well as through alternative sanctions in line with traditional Acholi reconciliation procedures ('Mato Oput'), which could be applied in place of penalties stipulated in the Ugandan penal code. Regarding the ICC indictments, the government suggested that the question should be addressed after national legal and local traditional means had been completed, whereas the LRA maintained that there would be no final accord signed unless the warrants were rescinded. Though a national approach is not ruled out by the ICC statute, domestic mechanisms would have to meet international law standards in order to be a viable alternative to ICC trials. It would be up to the judges of the ICC to decide on that.

In mid-October, the president announced the intention to launch a vast Peace, Recovery and Development Plan (PRDP) for northern Uganda to the tune of $ 600 m. Early in November, a LRA delegation for the first time went to Kampala, where it met Museveni. A result of the talks was the extension of the ceasefire until end of February 2008. Since October, it had emerged that violent disputes had been occurring inside the LRA in its refuge in Garamba over the attitude towards the peace process. Kony's deputy, Vincent Otti, prominent on the ICC's wanted list but nevertheless taking the peace talks seriously, was reported to have been killed by an uncompromising Kony. By year's end, Otti's death had still to be confirmed. The ICC's chief prosecutor expressed concern that the LRA made money out of selling the food aid it had received in order to rearm in the event of a failure in the peace talks. Some observers believed that the LRA was still receiving arms supplies from the Khartoum government, irrespective of al-Bashir's January pronouncement. By the end of the year, the future of the peace process was uncertain.

The LRA may be seen as a successor to the former Holy Spirit Movement led by Alice Lakwena, who had briefly challenged the government after Museveni's advent to power. Lakwena, reportedly a cousin to Kony, died in a refugee camp in Kenya on 17 January.

In **Karamoja**, another part of Uganda's troubled north, the situation improved to a degree. The problems were not related to LRA activities but reflected the specific situation of a traditional pastoralist society for which successive governments showed little understanding. Karamoja has the highest maternal and infant mortality rates in the country as well as the lowest latrine coverage and the highest illiteracy rate. Illegal arms have been easily available for quite some time. Attempts by the army to seize weapons from warriors engaged in cattle raids continued to produce limited results. The exercises in compulsory disarmament were, according to the Office of the UN High Commissioner for Human Rights, still marred by the use of indiscriminate and excessive force. The army refuted these allegations, pointing out that of "the about 30,000 estimated guns to be in illegal possession in Karamoja, only 1,100 were surrendered between 1 November 2004 and May 2006". For the period from November 2006 to March 2007, it recorded a total of 1,008 guns recovered, with 129 warriors and 24 soldiers killed in action. Insecurity and the effect of several years of drought led to partial dependency of the Karimojong on food aid from international agencies. WFP operations were temporarily suspended after a convoy of its trucks was ambushed in May and a driver killed.

Foreign Affairs

Forty-eight out of the 53 member countries attended the **Commonwealth** conference in Kampala from 23–25 November, 36 of them being represented by their heads of state or government. At the opening ceremony, the head of the Commonwealth, Queen Elizabeth II, addressed the meeting. Though President Museveni supported neighbouring Rwanda's application to join the English-speaking club, the meeting only agreed on criteria for membership. Until the 2009 conference in Trinidad and Tobago, Museveni will serve as chairperson-in-office of the Commonwealth. The preparations for the meeting led to a facelift for the capital, with improvements to road and hotel infrastructure. Ahead of the conference, the Queen paid a three-day state visit to Uganda, the second official visit since 1954, when she came to the then British-ruled territory and officially opened Owen Falls (now Nalubaale) dam in Jinja.

Museveni continued to be the sole political leader who apparently enjoyed cordial relations with both **US President George W. Bush –** on whom he called in Washington in October – and Libyan head **Muammar Khadafi**. Yet he disagreed with the latter at the annual **AU summit** meeting in Accra early in July over the pace of the process leading to continental unity. While Khadafi called for the instant formation of a unified government, Museveni, along with South Africa's President Thabo Mbeki and others, counselled for a piecemeal approach, including the promotion of a common market. Much in line with the interest of the US, on 6 March Uganda deployed just over 1,500 troops as part of the AU Mission in Somalia (AMISOM), but remained the only troop-contributing country until end of December, when a battalion from Burundi joined. AMISOM was placed under the command of Ugandan Maj.Gen. Levi Karuhanga. The detachment lost five soldiers to attacks by Somali insurgents. Because of Uganda's involvement in AMISOM, relations soured between Uganda and Eritrea (which supports the forces fighting the Somali interim government and the Ethiopian troops backing it).

The president held strong views on the issue of **peacekeeping**. In an interview conducted in Gulu in February and published by an UN information service, Museveni described the concept of peacekeeping as "a western concept". He criticised "UN-ism, which is simply loitering around the globe with no solutions, adding to the problems". He called for "helping the Somalis to empower themselves", comparable to the help given by Uganda to the Rwanda Patriotic Front so that "they were able to stop genocide", and to the Southern Sudanese.

At the 5th extraordinary summit of the **EAC**, held in Kampala on 18 June on the eve of the accession of Burundi and Rwanda, Museveni took over the chairmanship of the organisation from his Kenyan counterpart, Mwai Kibaki. Countries visited by the Ugandan president included Australia, New Zealand, Singapore and Germany.

In the **Great Lakes region**, the governments attempted to bring their security concerns in line. The US-facilitated Tripartite Plus Joint Commission, comprising Burundi, DR Congo, Rwanda and Uganda, continued its activities, as did its joint intelligence office, the Tripartite Fusion Cell in Kisangani. Despite a mutual understanding not to tolerate rebel groups against any of the Commission member states, conflicting views were held about the People's Redemption Army, described by the Ugandan government as a rebel force whereas Rwanda doubted its existence. Renewed unrest in the east of the DR Congo led to a summit in Addis Ababa on 4 December attended by the Presidents of Burundi, Rwanda and Uganda, the DR Congo internal affairs minister and US Secretary of State Condoleezza Rice. The need to strengthen the DR Congo's security institutions was underscored. As to the LRA, there was agreement that it should be jointly dealt with militarily if it did not accept a peaceful solution.

At the beginning of October, about 3,000 Bahutu who had fled their country in 1994 and stayed in Tanzania until 2001 were sent back to Rwanda by the Ugandan authorities. Whereas the previously strained relations with Rwanda were on the whole improving, those with **DR Congo** took a violent turn, the background being the discovery of crude oil deposits in the Lake Albert region. On 3 August, a British geologist working for the Canadian firm Heritage Oil was killed by Congolese armed forces on the lake. Despite a meeting between President Joseph Kabila and his Ugandan counterpart in Arusha on 8 September and the signing of a bilateral agreement "to strengthen bilateral efforts to eliminate all negative forces operating from the two countries" and also to jointly exploit possible cross-boundary oilfields, new clashes occurred. An incident on 24 September involving a Congolese passenger boat resulted in six deaths. There was also a territorial dispute over the tiny island of Rukwanzi situated in the southern part of the lake, belonging to Uganda but at times inhabited by Congolese fishermen. The renewed unrest in eastern DR Congo led to thousands of Congolese seeking refuge in western Uganda during the last months of the year.

Ugandan churches kept close relations with fellow Christians worldwide, especially with theologically more conservative believers. In Mbarara, a priest of the US Episcopal Church (part of the Anglican communion) was consecrated as a bishop in the Church of Uganda. He belongs to the congregations that had split from their main church over the issue of **homosexuality** and he will be in charge of these worshippers in the US. At the ceremony, Prime Minister Apolo Nsibambi, on behalf of the president, praised the stand of the country's religious leaders on homosexuals. International human rights groups branded the position of the state as well as of Christian and Muslim clerics and groups as homophobia.

The world got the chance to glimpse at Uganda's past in the **movie** "The Last King of Scotland", which was largely shot in the country. Though fictional, it is partly based on events that took place during the brutal reign of Idi Amin. The dictator was played by US actor Forest Whitaker, who won an Academy Award ('Oscar') for the best performance by an actor in a leading role. The film was internationally released early in the year, including screenings in Kampala.

Socioeconomic Developments

The **IMF** gave good marks, noting that macroeconomic performance had been "better than expected": in 2006–07 real GDP growth amounted to 6.5%. Factors were the "strong demand for Ugandan goods from neighbouring countries" and the improvement of the situation in the north. As a "consequence, the real effective exchange rate appreciated", though this did not preclude merchandise exports from growing by 42% percent in 2006–07, "the fastest rate in more than a decade – helped by an improvement in the terms of trade". Under the US African Growth and Opportunity Act, the first African exports of pure organic cotton garments to the US market (worth $ 125,000) were waved off by Museveni on 23 February.

Power shortages continued but were somewhat alleviated by the addition of new generating capacity, mainly thermal power generation. In August, work started near Jinja on the Victoria Nile on the Bujagali dam and hydroelectric plant, which is now expected to be completed in 2011. Exploration of own oil resources continued and showed more promising results, yet with no effect on the current energy crisis. In July, in the Albertine Basin in the west, deposits of natural gas were detected as well. Minister of Finance Ezra Suruma pointed out that government envisaged supporting "the development of alternative renewable energy generating schemes". Government also considered, still vaguely, ideas about a future nuclear power generating plant, using possible local uranium resources.

Finance Minister Suruma on 14 June presented the **new budget** for the 2007–08 financial year aimed at "re-orienting public expenditure towards prosperity for all". It amounted in total to about $ 3 bn (2006, $ 2.3 bn). Budget support was anticipated to decline: according to Suruma, total budget and project support from outside is supposed to finance 38.7% of the 2007–08 budget (for the 2006–07 financial year the projected rate of support of donor partners stood at 41%). Topping the priority list were investments in energy infrastructure and the development plus maintenance of transportation infrastructure.

The minister reported improved overall export performance mainly due to higher world commodity prices, especially for non-traditional exports. Earnings from fish exports increased by almost a quarter. He estimated a 22% increase to $ 1,714 m in total export earnings for goods and services in the 2006–07 financial year, up from $ 1,403 m the previous year. Given the higher demand for fuel and electricity and the pressure on costs for these items, the rate of underlying inflation (which excludes food crops) rose to an estimated 8.1%. Flows of foreign direct investment amounted to $ 307 m in 2006. Private investment continued to grow strongly and reached 17.9% of GDP. The current domestic savings ratio stood at about 10% of GDP, which was considered to be too low. Thus the culture of saving is to be promoted by the government, and it will embark on a "policy of creating a financial infrastructure throughout the country so that all our people can have access to safe financial institutions in which they can save their money".

In Suruma's budget speech, a **tax** amnesty up to the end of the year was announced. Investors engaged in the exportation of finished consumer and capital goods were given tax incentives, including a ten-year tax holiday to companies delivering value added exports. In order to encourage the "development of large scale, well-planned residential areas", the VAT on the sale of residential properties was to be reduced from 18% to 5%. Road licence fees were to be abolished, but excise duty on fuel was to be increased and a levy to be introduced on used spare parts for vehicles. In view of the negative environmental effects of widely used plastic bags, locally known as 'buveera', very thin bags were banned and an excise duty of 120% imposed on the rest.

While the decentralisation process, intended to improve service delivery, has empowered local governments, their main source of revenue, the Graduated Tax –, had been abolished in July 2005. As compensation, new taxes for local governments (local service tax and local hotels tax) were originally supposed to take effect on 1 July. Yet the operationalisation of the new taxes proved difficult, so their collection was postponed until appropriate legislation could be enacted.

Pressure on resources is accentuated by the fact that the country has the youngest **population** worldwide and the third highest fertility rate. Consequently, average farm size is declining. Moreover, according to the World Bank's Country Economic Memorandum launched in Kampala on 11 September, Uganda's dependency ratio, i.e., the number of young and old people depending on those of working age, was the highest in the world and was rising. For lack of opportunities at home, many Ugandans sought employment abroad, frequently in the US or Western Europe. Irrespective of their qualifications, they frequently do simple manual work, as the commonly used term 'kyeyo' recognises, since it literally means 'broom'. Remittances by migrants in the 2005–06 financial year stood at about $ 1 bn. At least 2,200 Ugandans worked for contractors in Iraq as guards, receiving remuneration of $ 700 to $ 1,200 per month. Hiring is done by Ugandan agencies that are apparently well connected to government. There were reports of labour migration in a reverse direction, specifically of an increase in trafficking in Asian (including Chinese) workers to Uganda.

Climate change affected Uganda as well, possibly leading to the occurrence of more natural catastrophes. In August, after a dry spell, heavy rains started in the east, eventually leading to massive **floods**, which affected up to 300,000 people. For the first time since Museveni took office, a state of emergency was declared, applying to a number of districts in the east and northeast. In December, the situation slowly returned to normal, with heavy damages remaining to be remedied.

TI's **Corruption Perceptions Index** for 2007 ranked Uganda 111th, a deterioration from 105th in 2006 (2005, 117th). The public and foreign donors became increasingly apprehensive. The most prominent case involved former Health Minister Maj.Gen. Jim Muhwezi, along with his former junior ministers, Captain Mike Mukula and Dr. Alex Kamugisha, pertaining to the scam relating to finances from the Global Fund to Fight AIDS, Tuberculosis and Malaria. They were also investigated for the misdirection of about $ 900,000 from the money provided by the Geneva-based GAVI Alliance, a public-private partnership aimed at extending immunisation coverage. On the orders of the president, the three were arrested but they were later released on bail.

Corruption had repercussions for the fight against diseases, since the Global Fund terminated two grants to Uganda after discovering that the government had not dealt seriously with known cases of previous mismanagement of funds from this source. As part of the fight against **AIDS**, a pharmaceutical factory producing anti-retroviral drugs went into operation in October.

Another **health** problem surfaced with the emergence of a rare **Ebola** strain in the western district of Bundibugyo in September. The outbreak of the haemorrhagic fever was declared to be under control by the end of the year. Thirty-five people were reported to have died, including five health workers.

Volker Weyel

VII. Southern Africa

Most of the countries in the sub-region benefited from having democratic political systems of some sort, with civilian governments controlling the military and a relatively stable and peaceful environment. Internal political turmoil and violent unrest in a few states aside, especially in Zimbabwe, but to a certain extent also in Swaziland and Angola, the sub-region continued to consolidate a rather reliable security architecture among its member states. Zimbabwe remained a cause for concern and forced SADC to acknowledge the need for negotiations. The results of these were, however, at best mixed and caused much frustration in light of the constant foot dragging by the oppressive Mugabe regime. By the end of the year, SADC had remained disappointingly passive over the crisis, which affected most of the neighbouring countries directly through the massive exodus of Zimbabwean citizens in search of shelter and survival, usually as illegal aliens. South Africa's domestic and sub-regional policies were viewed with growing concern in light of the rapid decline in the legitimacy of the office of the president.

Elections, Democracy and Human Rights

The sub-region witnessed less contestation for votes than in previous years. Not a single change of government occurred, although some shifts in political power took place that slightly modified domestic politics in several countries. In general, the political climate reflected relative sub-regional stability, notwithstanding the escalating internal unrest in Zimbabwe as well as the continued tyranny of the Swaziland monarchy and unresolved issues of political participation in countries such as Angola. Elections scheduled on short notice in **Lesotho** (17 February) prevented the political opposition from campaigning effectively and confirmed the governing alliance, while significantly inflaming the political situation. Subsequent disputes culminated in assassination attempts and a curfew in the capital in June. Despite opposition protests, the government seemed to enjoy the full recognition by and backing from its sub-regional peers. A referendum and various elections dominated politics in **Madagascar**. A far-reaching constitutional referendum was carried out in April, parliamentary elections took place in September and local elections occurred in December. At year's end, the government of President Marc Ravalomanana seemed to have consolidated its power base, though it had lost its somewhat charismatic aura. In **Malawi**, conflicts between President Bingu wa Mutharika and his predecessor Bakili Muluzi continued unabated, indeed escalated further, and marred domestic politics. The opponents showed little willingness to cooperate and sought to sabotage and sideline the other at every possible opportunity. In **Zambia**, President Levy Mwanawasa understood how to manipulate a constitutional review process, despite strong opposition, and procedural matters dominated political controversies during most of the year. In the end, Mwanawasa appeared to achieve the upper hand and was in control of the initial stages of an orchestrated process that seemed to be the first step towards the next elections in 2011.

A well-planned changing of the guard went ahead in **Botswana**, where President Festus Mogae gave his last state of the nation address and commenced his final year in office before vacating the presidency in favour of his designated successor, Ian Khama. Another succession battle, this one fiercely contested, occurred at the ANC congress in Pholokwane in December. The result shook not only **South Africa** but drew worldwide attention as well, given the country's dominant sub-regional status. In the end, President Thabo Mbeki lost out in an unpredictable and dramatic contest and had to surrender the party presidency to his former deputy president, Jacob Zuma, who faced further legal proceedings over corruption charges. At the same time, the ANC faction led by the head of state lost influence over and within the party's key organs. During the SWAPO congress in November, **Namibia** experienced an unexpectedly smooth transfer of power inside the governing party and former liberation movement from the old head of state and first party president, Sam Nujoma, to his successor, Hifikepunye Pohamba. The overall composition of the inner circle of power remained largely unchanged. New challenges to SWAPO emerged, however, when a new opposition party was formed by members of the former SWAPO leadership marginalised during the succession battle. The new party, the Rally for Democracy and Progress, changed the domestic political map significantly, although its true impact remained the subject of speculation.

Challenges to the dominant system in **Swaziland** continued to be repressed by an uncompromising monarchy that prohibited any form of organised political opposition. Parliamentary elections were announced for October 2008 with no indication that political groups would be allowed to campaign. The country remained without official parties. In contrast, the opposition in **Zimbabwe** continued to challenge President Robert Mugabe's despotic rule despite being deeply divided itself and organised in two different factions. Nonetheless, the ageing autocrat was successful in pulling the strings, and again secured for himself the candidacy for the presidential elections in early 2008, despite increased internal rivalries and power struggles within the ruling ZANU-PF. Elections in **Angola**, long overdue and already postponed several times, were again rescheduled, this time to September 2008. Meanwhile, the opposition seemed more preoccupied with its own problems than government policy. Similarly, provincial elections in **Mozambique** were postponed from December to 2009 in the absence of any challenge by the opposition in order to coincide with the next parliamentary polls.

Several **international rankings** during the year attested to the fact that the sub-region comprised both the best and worst African examples of governance. The Corruption Perceptions Index of Transparency International and the annual Doing Business report by the World Bank for 179 and 178 countries respectively gave similar rankings to the states of the sub-region, with Botswana, South Africa and Namibia as the top scorers. Angola and Zimbabwe remained among the pariahs of this world (147/167 and 150/152 respectively). Madagascar showed a remarkable discrepancy in the rankings, ranging from 94 in the TI ranking, in the middle field both generally and sub-regionally, but trailing third last in the sub-region at 149th in the WB ranking. The Mo Ibrahim Foundation for the first time issued an Ibrahim Index of African Governance, in which the overall score confirmed the good rankings of Botswana (3), South Africa (5) and Namibia (7) among the 48 sub-Saharan states that were evaluated.

The Media Institute of Southern Africa (MISA) issued a total of 181 alerts about state interference in **media freedom** in the 11 monitored countries in the sub-region. Zimbabwe was the worst offender in terms of violations of freedom of expression, but the degree of interference in Lesotho rose markedly, while Swaziland was another cause for concern and required constant attention. In Angola, state control over media remained tight. In Malawi, Namibia, South Africa and Zambia, politicians made it "a routine ritual to attack the media as unpatriotic, disrespectful of elderly statespersons and working at cross purposes with the broader national interest”. Media alerts were issued for all monitored states and the media were viewed in official circles with suspicion and threatened in verbal attacks and through the enactment of restrictive laws. Increased activities to regulate the media were registered in Botswana, Mozambique, South Africa and Swaziland. At least no journalist was murdered during the year in the execution of his/her professional duties and the broader civil society engaged more actively on media and freedom of expression issues.

While the deteriorating situation in **Zimbabwe** was met with reluctant and at best tepid responses, a former minister in the South African cabinet dissociated himself spectacularly from the dominant passivity. Veteran ANC MP and human rights lawyer Kader Asmal became the most senior ANC politician yet to criticise his government’s policy on Zimbabwe. At a public book launch in Cape Town on 4 October, he expressed remorse for not speaking out much earlier and drew an analogy between the situation in Zimbabwe and Pol Pot’s killing fields.

Socioeconomic Developments

During a speech on economic integration in the SADC given at the University of Namibia in Windhoek on 20 September, South Africa’s Finance Minister Trevor Manuel appealed to the resource-rich countries in the sub-region to take advantage of the current **commodity boom**. “The suggestion that commodity price upswings might be a curse and not a blessing is an uncomfortable reminder of our responsibility now to act wisely and prudently in the interests of future growth and not just present consumption”, he warned. Several of the SADC economies benefited from the high demand and high world market prices for uranium, diamonds, platinum, gold, oil, copper and other base metals and strategic minerals. Manuel called for an improved infrastructure and skills base, employment through industries and shared environmental concerns.

Confronted with an increasing **energy crisis** that affected the entire sub-region and dramatically hampered South African industry, the Southern African Power Pool (SAPP) decided at its 29th management committee meeting during the first week of September in the Namibian coastal town of Swakopmund to invest Rands (R) 45 bn to boost electricity generation for SADC by an additional 6,700 MW. The new investment was considered as a short-term project to enable all sub-regional power utilities to meet anticipated additional demand for the football world cup in 2010.

The Southern African office of the United Nations Economic Commission for Africa (UNECA) published several studies on sub-regional socioeconomic developments. At a meeting of experts in Johannesburg on 4–5 September, participants discussed an assessment of macroeconomic policy and institutional convergence in SADC member states. The report, subsequently published in November, concluded that the performance of SADC countries with regard to **macroeconomic convergence** was mixed. On inflation rates, all except Zimbabwe (with inflation above 5,000%) were projected to reach single digit numbers (compared to only four in 2002). Only Namibia, however, achieved the target of less than 5% ahead of the 2008 schedule. Measured against the goals set in the Regional Indicative Strategic Development Plan (RISDP), the investment rates remained generally low and no country achieved the targeted 30% of GDP. All countries except Angola, Mauritius and Zimbabwe showed an improved fiscal deficit, while Botswana, Lesotho, Namibia, South Africa and Swaziland maintained a budget deficit of not more than 5% between 2002 and 2006. There was an improvement in the sub-region's public debt ratio from 64.6% in 2002 to 44.9% in 2006, with a further projected reduction to 34.8% for this year. Overall, member states made some progress in attaining the macroeconomic convergence criteria, but the report also noted the lack of a permanent statistical monitoring system and of reliable statistics on sectoral development issues such as population, gender and poverty. Institutional issues were another constraint and included the lack of mechanisms and resources for effective planning, coordination, implementation, monitoring and adjustment of programmes on the ground. The report identified a need for a SADC central authority to oversee convergence and integration: "Such an institution should be independent of all national authorities' influences. It should have a mandate that is well anchored on the agreed key objectives, such as ensuring price stability, with sufficient authority to enforce (and possibly supervise) compliance by all members for the attainment of the shared objectives". Despite the relative harmony in the sub-region, this seemed to remain wishful thinking.

UNECA's overview of **corporate governance** and accountability noted a lack of corporate social responsibility, particularly in the extractive sector. It identified a need to strengthen corporate laws in most of the countries to compel companies to conform to internationally accepted corporate governance standards. An emphasis on profit maximisation had compromised safety and environmental standards and a lot more work was required to strengthen legislation to improve compliance with international standards. Another UNECA report on the progress and prospects for attaining the **MDGs** concluded that the sub-region's countries were likely to achieve the universal primary education goal. However, poverty, food insecurity, child malnutrition, gender inequality, child and maternal mortality, deforestation, rural water and sanitation remained major challenges. It recommended broad-based comprehensive development strategies, including agrarian reforms with land redistribution, improved agricultural productivity, environmental conservation and the creation of employment opportunities. Demands also included adequate budget support for social sectors, increased investment in water and sanitation and the provision of alternative energy sources, in addition to a need to speed up sub-regional integration, particularly in the areas of trade and investment.

A **food security** update in November predicted mixed outcomes for the hunger season. FAO/WFP assessments indicated that between mid-year and early 2008 some 400,000 people in Lesotho, 520,000 in Mozambique (mainly in the south), 400,000 in Swaziland

and 4.1 million in Zimbabwe faced or would face food shortages. Malawi, Zambia and northern Mozambique benefited from above average harvests and sizeable reserves carried over from the previous season. Malawi and Zambia had already exported significant quantities of staple food to neighbouring countries, including South Africa, but could not meet the overall grain deficit. Consequently, needs had to be met mainly through importing substantial quantities from overseas.

The rainy season once again led to **floods**, which destroyed the homes and crops of some 450,000 people in Malawi, Mozambique, Zambia and Zimbabwe. Heavy rain also caused floods and massive damage in Lesotho, northeastern Namibia and Swaziland. The threats to people living in the catchment areas with rising rivers, dams and lakes increased by year's end, with the rainy season's end still not in sight.

Projections suggested that the **HIV/AIDS pandemic** had reached a ceiling in most countries. Nevertheless, the sub-region remained the most seriously affected part of the world, accounting for 35% of the world's people living with HIV and 32% of all new HIV infections and AIDS deaths. National adult HIV prevalence exceeded 15% in eight countries (Botswana, Lesotho, Mozambique, Namibia, South Africa, Swaziland, Zambia and Zimbabwe) and considerably if not dramatically lowered average life expectancy. In Swaziland, approximately one in four adults between 15 and 49 years was HIV positive. Zimbabwe was the first country to show a declining trend in the prevalence rate, while South Africa had the largest number of HIV infections in the world. In marked contrast, national HIV prevalence was estimated below 3% in Angola and below 1% in Madagascar and Mauritius. Women continued to have a much higher infection rate and the burden of AIDS orphans increased the pressure on rural households especially.

Sub-regional Organisations and International Networks

The countries of the sub-region make up the majority of **SADC**'s members (Tanzania, Mauritius and the DR Congo being the other members). While Seychelles had applied for readmission at the previous year's summit and was supposed to have rejoined, its renewed membership remained to be approved. Despite painfully slow progress and lack of delivery (the most measurable progress was the construction of a new headquarters building in Gaborone), SADC was still regarded as the most advanced sub-regional configuration. Considerable overlap continued with other sub-regional bodies, with most SADC member states also organised in COMESA. Botswana, Lesotho, Namibia and Swaziland along with South Africa continued their membership in the Southern African Customs Union (SACU), the oldest of its kind worldwide.

The rapidly deteriorating political and economic situation in Zimbabwe, particularly state violence against the opposition, triggered an **extraordinary SADC summit** of heads of state and government in Dar es Salaam on 29 March. It also dealt with the political situation in Lesotho and the DR Congo, but affairs in Zimbabwe formed the main agenda item. The official communiqué acknowledged the "free, fair, and democratic presidential election" held in 2002 and reaffirmed the summit's "solidarity with the government and people of Zimbabwe". How, under the circumstances, both views could coexist was not explained. President Mbeki was mandated to facilitate further dialogue between the opposition and the government, and enhanced diplomatic contacts were encouraged to assist the resolution of the situation, while the SADC executive secretary was mandated to undertake a study of the economic situation in order to recommend how SADC could assist with Zimbabwe's recovery. The summit also appealed to the UK "to honour its compensation obligations with regard to land reform made at the Lancaster House" and "for the lifting of all forms of sanctions". Not surprisingly, President Mugabe returned to Harare in triumphant mood.

The 27th ordinary **SADC head of state summit** took place on 16–17 August in Lusaka, where Lesotho's Prime Minister Mosisili handed over the chairmanship of the organisation to Zambia's President Mwanawasa. President Mbeki was elected deputy chairperson, to take over the chair in 2008 at the summit in South Africa. According to the official communiqué, the negotiations in Zimbabwe "were progressing smoothly". The summit commended President Mbeki, and "welcomed the progress and encouraged the parties to expedite the process of negotiations and conclude work as soon as possible so that the next elections [would be] held in an atmosphere of peace allowing the people of **Zimbabwe** to elect the leaders of their choice in an atmosphere of peace and tranquillity". Those who had expected a clear signal from the sub-regional leaders were bitterly disappointed. Mugabe once again appeared to be in charge of the agenda and reportedly took incoming chairperson Mwanawasa to task for his earlier critical remarks. In the end, it was the SADC chairperson who backtracked. According to certain sources, he apologised during an internal session to a furious Mugabe, who accused him of being too big for his shoes. This was not the only embarrassing moment for Mwanawasa. At a media briefing after the summit, he announced that Seychelles had again become a member of the sub-regional body. Meanwhile, the official communiqué made no mention of Seychelles, as its readmission had not been decided.

After some delay, the SADC summit finally launched the **SADC brigade**. It was to be made up of military, police and civilian components from all member states and was set up under the auspices of the AU as a sub-regional standby institution to support peace operations. Angola's President dos Santos and Swaziland's King Mswati III were elected as chairperson and deputy chairperson of the SADC organ on politics, defence and security cooperation.

The **SADC People's Summit**, a forum for social movements, took place on 15–16 August in Lusaka under the auspices of the Southern Africa Peoples' Solidarity Network (SAPSN). The issues discussed included governance, democracy and human rights, youth unemployment, HIV/AIDS, health services, gender discrimination, land, debt, EPAs, Zimbabwe and Swaziland. It urged SADC governments to ratify the protocol on human rights and gender, to uphold regional integration and to respect the rule of law. It further demanded free and fair elections, de-stigmatisation of HIV/AIDS, prioritising sustainable rural livelihoods, total and unconditional debt cancellation for all countries and no entering into EPAs.

More controversially, in November Mozambique, Botswana, Lesotho and Swaziland gave in to pressure from Brussels to sign at least an Interim (partial) **Economic Partnership Agreement** (IEPA) as members of the so-called SADC minor configuration, with the last three also being members of SACU. At that time, Namibia and South Africa, the other two SACU members, had decided against an IEPA, as had Angola. Nevertheless, subsequent to the EU-Africa summit in Lisbon, Namibia signed an IEPA on 12 December, accompanied by a statement to the effect that a prerequisite for the initialling was the assurance that unresolved issues would be reopened for negotiation in 2008. While South Africa was originally excluded, it was ultimately allowed to join the EPA talks in an effort by Brussels to encourage smoother progress in the negotiations. The move had the opposite effect, given that South Africa already had a free trade agreement with the EU in place and was also negotiating as the most important member of the SACU.

Since the other (weaker) member states were hardly consulted on any South African trade and industrial policy, which had potentially far-reaching implications for revenue and development, **SACU** had to adjust to changing circumstances. An article in the South African 'Business Day' warned at the end of August that while South Africa considered sub-regional integration as a way to achieve an African renaissance "its actions [explained] why many in the region [did] not see it as a brother to lean on". The differences over the signing of an IEPA resulted on 13 December in an official statement by the SACU communications manager dismissing fears that the divisions had plunged the union into chaos. At the preceding 13th SACU council meeting in early December, the chairperson reiterated that a joint meeting of the SADC ministers of trade and finance had confirmed the road map for a free trade agreement in 2008 and a customs union in 2010. He emphasised the need for continued harmonisation of trade relations with third parties in line with the principles and obligations set out in the SACU agreement.

The **EU-Africa summit** in Lisbon in early December showed even during the preparatory stages a high degree of uniformity among SADC states with respect to the two dominant issues – Zimbabwe and the EPAs. SADC, through its chairperson, Mwanawasa, condemned efforts to exclude Zimbabwe's president and several heads of state threatened to stay away if Mugabe was denied participation. They also agreed on their critical stance on the EPA process, notwithstanding the fact that several member states had signed IEPAs for fear of losing preferential access to the EU.

This response to external factors showed that sub-regional solidarity was achievable (for good or for bad), notwithstanding the regrettable lack of concern over and determined action to alleviate the plight of Zimbabwe's citizens. The continued tolerance of gross and blatant violations of even minimum standards of legitimate rule at the expense of the majority of Zimbabweans and the neighbouring countries remained an embarrassment for the sub-region as a whole. It indicated a perverted notion of solidarity among leaders who rubbed shoulders with peers who had long since forfeited any claim to respect.

Henning Melber

Angola

The government again used the Angolan political economy to consolidate its power. The presidency continued through its vast patronage network to ensure dominance, despite little improvement in the condition of the people. Angola's massive oil revenues, high oil prices, economic growth, access to Chinese and commercial loans, invulnerability to outside or internal pressure plus good relations with the US continued to afford it a good deal of autonomy. Inflation was the lowest in decades. Angola sought to improve its world standing and overcome its reputation for lack of transparency, corruption and military meddling in neighbouring countries. It sees itself as a regional player between Nigeria and Pretoria/Tshwane. Although Angola became China's biggest oil supplier, relations with Beijing cooled off somewhat.

The government did not sign the Extractive Industries Transparency Initiative (EITI), although more data were published on oil. The trade balance was in surplus for the third consecutive year, based almost entirely on oil exports. Despite this, the country was again deemed the worst place to do business.

Domestic Politics

On 27 December, the president announced **election dates** for legislative elections (5–6 September 2008) and presidential elections (mid-2009). The registration period began in November 2006 and ended in September, with the 'Comissão Interministerial do Proceso Eleitoral' (Inter-Ministerial Commission for the Electoral Process, CIPE) making the draft electoral registers available in November. According to the head of CIPE, Virgilio de Fontes Pereira, who is also a member of the ruling MPLA ('Movimento Popular de Libertação de Angola') party's central committee, 8,091,103 people were registered. The result was accepted by the National Electoral Commission (CNE). The government budgeted kw (kwanza) 13.8 bn ($ 184 m) for the 2008 elections, which will likely be a massive exercise with rising tensions as the election campaign progresses.

The delay in calling elections suited both **government and opposition**: the governing MPLA with 129 of the 220 parliamentary seats hoped to secure a sufficient peace and development dividend. The opposition had been neutralised, bought off and divided. UNITA ('União Nacional para a Indepêndencia Total de Angola) is struggling to become a normal political party and overcome divisions, some stemming from the civil war period, although there were indications during the year that it was trying to form a united front of opposition parties. Despite the internal divisions, its leader Isaias Samukuva was re-elected in July with long-time opponent Abel Chivukuvuku being defeated. The other 'historic party', the FNLA ('Frente Nacional de Libertação de Angola') saw a new leader Ngola Kabangu being elected at a November congress to replace Holden Roberto, who died in August. It is debatable whether this change will overcome recent deep divisions. Nor will years of wrangling over a new constitution be likely to end. Despite mutual accusations of intimidation between MPLA and UNITA, the bilateral mechanism for political consultation (agreed after the end of the war between government and UNITA) agreed on 20 November on a plan of action for 2008, including disarming the civilian population and appointing UNITA officials to municipal administrations and public companies.

The long-promised elections marked President Dos Santos's 30th year in power. The **presidency** has skilfully used the intervening period and its vast patronage network to ensure a victory in both forthcoming elections. This is despite little real improvement in the condition of the people, with massive inequalities, the appalling conditions in Luanda's slums ('musseques') and possible famine in Benguela as major issues. A local newspaper survey suggested possible 22% abstention rates. There was little change in the state-within-a-state apparatus by which the president controlled most of political and economic life, with little accountability to cabinet, parliament or party, let alone the people. The president, by shifting ground on whether he would stand or not, ensured both that he retained real power and wrong-footed possible opponents, although ill-health may mean he will not stand. It was widely expected that the MPLA would have little trouble in retaining power in both elections given its patronage networks, the lack of a level playing field, its providing finance to opposition parties and its privileged access to oil and diamond revenues.

Peace in the **Cabinda enclave** – from which 60% of oil wealth derives and where the low-intensity independence struggle waged by the 'Forças de Libertação do Enclave de Cabinda' (FLEC) factions was distinct from but interwoven with the nearly 30-year civil war – remained incomplete, despite the 2006 Namibe memorandum of understanding on peace and reconciliation with the Bembe FLEC faction, and government assertions of peace and stability. Rejection of the deal by other parts of FLEC continued, notably by the larger FLEC-FAC ('Forças de Libertação do Enclave de Cabinda-Forças Armadas de Cabinda') under their president, N'Zita Henriques Tiago. Soldiers from the FLEC-FAC group, despite claimed defections, were reportedly continuing the armed struggle. There was information on tensions in northern Cabinda and attacks on army positions near Buco Zau and Belize, although there were reports of inter-faction fighting as well. The low-level conflict did not stop onshore oil drilling in the area in mid-2007 and there were reports that China would gain access to Cabindan uranium deposits. In April, the Cabinda community in Kinshasa appealed to the AU and the UN about human rights and the rights of Cabindans to control their own resources. A British human rights activist from Global Witness, Sarah Wykes, was arrested and released after some days in prison in February in Cabinda for allegedly photographing military installations, but more likely to ward off outside interest in the enclave at a time of increased onshore oil drilling and continuing internal tension. Luanda, however, continued its trademark strategy of **dividing the separatists** and destroying their military capabilities, whilst rewarding others with ministerial posts and bringing in limited autonomy to ensure control of the process. The Cabindan human rights organisation, Mpalabanda Cabinda Civic Association (MACC), remained banned but still in existence as did the Cabinda Forum for Dialogue. Speaking at a meeting in Cabinda on 27 July to mark the anniversary of the Namibe MoU, Virgílio de Fontes Pereira, minister of territorial administration, said that there was now peace, stability and security in Cabinda.

The legal system continued to lack resources, with many seats on the supreme court remaining vacant and a constitutional court first called for in 1992 not established. **Independence of the judiciary** was improved little, with supreme court judges still being appointed by the president and subject to executive dictates. Redress for forced evictions, arbitrary rule and other human rights violations seemed impossible to obtain from the legal system. A UN team touring in October pointed to serious human rights abuses, including allegations of civilians being held incommunicado at military facilities in Cabinda and not being brought before a judge.

Despite legislation on **press freedom** passed in 2006, including the elimination of the state monopoly over TV broadcasting and the incorporation of public interest principles into broadcasting, there were serious complaints over deviations from international human rights standards, such as excessive limitations on press freedom, a defence of 'truthfulness' for journalists facing defamation charges and licensing procedures for private broadcasters that were subject to government discretion. In general, the climate for freedom of expression and overcoming journalistic self-censorship remained restrictive, particularly outside Luanda. For the first time in several years, a journalist was imprisoned when the editor of 'Semanario Angolense', Felisbert da Graça Campos, was sentenced to eight months in October for allegedly defaming a former minister and current Ombudsman Paulo Tchipilika. There were reports that the Catholic 'Radio Ecclesia' had faced harassment and was still being denied a shortwave licence. The advocacy group Article 19 recommended sweeping changes to the country's media and electoral laws in order for free and fair elections to be secured.

Women were under-represented at all levels of state administration, political life and at decision-making levels in churches and NGOs. Tensions and conflicts at a local level have manifested themselves in abuses of power relations in the home, including violence against women, with sexual abuse still not recognised as criminal. The government held a workshop on finances aimed at drafting a micro-credit policy for women.

Foreign Affairs

Angola has **hegemonic regional aspirations** rivalling those of South Africa to the south. Angola's policy has been to improve its international reputation for lack of transparency, corruption and military meddling in the affairs of its neighbours. It also saw the need to increase access to foreign funding and expand its international role without giving up hegemonic notions in Central Africa, such as an increasingly warm relationship with fellow oil producer, **Equatorial Guinea**. Angola is a strong security state unlikely to succumb to any internal or regional threats. Reflecting moves towards a more united SADC, Angola continued to draw closer to South Africa, despite residual mutual suspicion. It saw itself as a regional player in between Nigeria (with which it also has warm relations) and Pretoria/Tshwane. Operation Mandumbe involving Angolan, Namibian and South African police started in October as a joint intelligence-led operation to collect and destroy small arms in Angola. Angola has not, however, joined many of the SADC economic protocols for regional free trade and customs liberalisation. Luanda hosted the US-approved Gulf of Guinea commission set up to improve relations between the nine member states in relation to cross-border issues such as petroleum and water, which opened its secretariat in April. Luanda's wishes for closer ties with South Africa might stop Angola from offering to host the US AFRICOM HQ.

DR Congo President Joseph Kabila visited on 30 July for the first time since his re-election. He is one of a number of neighbouring leaders under Luanda's hegemony. Angola is seeking to bind both the Congolese and the Cabindans into a tighter relationship, through projects such as the Kabinda bridge over the Congo river, providing technical assistance to police and army and helping to crush the militia of Kabila's rival Jean-Pierre Bemba. Relations with the Congolese had points of friction, with Angola finally admitting in the year that there was a border dispute. Kinshasa protested at various times about Angolan incursions into its territory, notably in Bandundu province, and the ill-treatment of Congolese expelled from Angola. However Angola's desire to control its own (and seemingly border areas in the) diamond sector, its massive growth and links with the US and China seem to suggest it thought itself invulnerable to protests from its client neighbour.

Relations with **Namibia** continued to be warm, as shown by the Dos Santos visit at the end of October, during which the extension of Namibian railways into Angola by 2010 was discussed and there was cooperation (as with South Africa) over fisheries. Angola remained close to Zimbabwe, although it denied in April it was sending 'ninja' security forces to its ally.

The Angolan elite remained largely immune to what international pressure there was for good governance and transparency, and avoided a deal with international financial institutions through its loan from and cooperation with China. Angola continued to have large shares of US and Chinese markets, but was keen in its foreign policy to diversify its economic relations. There appeared to be lessening outside capacity or will to induce an equitable distribution of the large oil profits or push issues of transparency. The West is aware of the need to engage with a booming economy and is keen to compete with China, which is getting the lion's share of contracts, etc., for infrastructural (re)construction.

China remains close, with credits reaching $ 5 bn to service a number of infrastructural projects involving roads, rail and housing. Angola is now China's largest provider of crude oil. The Angolan government was reported to be negotiating further lines of credit (supposedly up to £ 10 bn) but also seeking to diversify to reduce dependence on one supplier alone. There was, however, continued cooling off in the relationship with China as Angola continued to play off the Russians against them and both against the US. Unknown problems surfaced in some Chinese-funded projects, especially the Benguela railway line: credit lines were not available and various ministers had to be despatched to Beijing.

The continuing **geo-petroleum-strategic interest** of the US in the Gulf of Guinea – 'the American Lake' – and Angola in particular as alternative sources of supply to the Middle East was shown in continued good relations. There were calls in May from the influential US Council on Foreign Relations for Washington to build a high-level relationship with Luanda, including energy and security cooperation, due to its expected enhanced role on the continent and its importance for regional stability. Angola decided it would join OPEC, despite opposition from China and US and the seeming bar to ever-increasing oil production with OPEC setting a cap on future production at 1.9 m b/d. This decision should be seen as an attempt by Angola to gain wider recognition as a substantial regional and continental player. However, Luanda announced it would reject any attempt by the oil-exporting cartel to cut back production. This meant that Angola was still on course to achieve 2 m b/d by 2008 and 2.6 m by 2011. Reserves are estimated at 12.5 bn.

There were reports that Dos Santos had during his October visit to **Cuba** requested military assistance in order to deal with instability inside the ruling party. This arose from the conviction in September of former director of the External Intelligence Services, Fernando Garcia Miala, for disobeying orders, and the dismissal of the heads of the armed forces, police and air force. The view in Luanda was that he was about to publicise the embezzlement of Chinese loans by other members of the ruling group.

Angola had cordial if wary relations with most **Western governments**, including Switzerland. Relations with France, which had been cool due to the Falcone/Angolagate affair, may have improved slightly. An early indication was that Total (which had been struggling in its relations with Angola) was granted operator rights in licences in May in blocks 17 and 18, with reports that it was in discussion with the Angolans on paying substantially higher signature bonuses than the Chinese had done. French President Nicolas Sarkozy said after discussions with Dos Santos in October at the UN General Assembly that the latter had invited him to visit Angola and that "sour relations" had been overcome. However, the Angolagate trial is due to begin in 2008, which could give rise to further strains. There were rumours that British aid was to be phased out owing to high levels of corruption and because Angola is not strategic to the UK, except for British Petroleum. However, it seems that the reduced funding for the Luanda Urban Poverty Programme (LUPP) would continue into phase three of the programme. Two British trade missions visited Angola in the year. Relations continued strong with Brazil and Portugal, with increased trade and investment as well as additional funding being sought from them. There were also warmer relations with India, Germany, Japan and Israel.

Socioeconomic Developments

The Studies and Research Centre of the Catholic University of Angola presented a report on economic developments in July. It noted macroeconomic stabilisation and the control of public debt by the state, which has been able to generate savings. It commended the substantial increase in the growth rate, as well as the control over the external public debt, which was kept at a normal level. However, the report called on leaders to be aware of the need for better management, transparency, anti-corruption measures and the elimination of social inequality, given that two out of three Angolans still lived on $ 2 or less per day – the same as in 2002 – despite government claims of a 12% drop in poverty.

Angola still has a **narrow economic and skills base**, which distorts its development priorities, since human capacity and industrial development are drawn into servicing the oil sector. Extractive industries employ only 1% of the population and are massive in personnel and human capacity. Taxation comes from customs duties or oil revenues (90%)

so there is no citizen monitoring of their own money, meaning little popular pressure or, indeed, pressure through parliament, given state funding of parties and lack of direct constituency representation.

There was no deal with the IMF, although the latter continues with twice-yearly article 4 consultations, with one occurring in June. Luanda has also accepted the Fund's assistance with budget preparation, but such technical assistance is the limit of the IMF's influence. The Fund saw three key medium-term challenges facing the country: management of oil wealth before oil production matures to ensure long-term fiscal and debt sustainability; improving competitiveness; and development of the non-oil/non-extractive economy. Angola continued to rely on oil-backed borrowing, which is more expensive but carries less conditionality.

The concentration on **infrastructural improvements**, which could be justified in economic terms, was more aligned to the elite's accumulation strategy than to any anti-poverty programme. Chinese loans and labour are rebuilding railways and highways linking to the coast as well as upgrading Luanda port.

There was **strong growth**, estimated by the IMF at 24%, based almost entirely on increased oil production and prices (Angola is among the three fastest growing oil exporters in the world). Export earnings were expected to reach $ 45.4 bn. There were few linkages to the rest of the economy and little diversification and the oil industry is very dependent on imports given the poorly developed domestic sector. There are, though, some investment possibilities mainly for foreign capital and largely in construction, although iron and copper deposits are significant. The trade balance showed an expected surplus for the third consecutive year, based almost entirely on oil exports, although the government was also unable to spend more than 60% of its budget. Oil and gas accounted for over 60% of GDP and diamonds another 3%. Annual per capita income has doubled over the past five years and stands at $ 1,340 – three times higher than Nigeria, but with massive disparities in wealth and little economic diversification. The **non-oil sector** did show some growth, however, including in the agricultural sector (although only 55% of cereal requirements were met), with coffee production of 5,000 tonnes and diamonds expected to double over the next decade. There was little evidence that the much-vaunted agro-processing sector, which was strong before the war, was able to revitalise given the hard kwanza policy. Government approved in December the largest single investment in Angolan history with the Soyo liquefied natural gas plant (LNG). The gas is likely to be exported to the US. Several new deepwater oilfields came on stream in the year, including the Total Dalia field, after delays caused by among other things political differences between France and Angola. Government attempts to achieve greater diversification of oil company partners led to negotiations with the Chinese oil company Sinopec on the construction of an oil refinery. The project collapsed in March after disagreements with the Chinese, who wanted to use the refined oil solely for their home market.

There was a growing **diamonds sector**, making Angola the world's fifth largest producer, with expected output of around 13 m carats in the year, worth an estimated $ 2.2 m, although smuggling continued as a problem. The Angolan elite's determination to control supplies has effects on the control and movement of population and its ability to farm. Human rights activists expressed concern over the continuing ill-treatment of illegal diamond miners ('garimpeiros') in the northeast. Mining companies attempted to refute regime critic Rafael Marques Morais's allegations that diggers were the victims of human rights abuses at the hands of security companies in the pay of the diamond corporations. Angola remained a member of the African Association of Diamond Producing Nations (ADPA), with its headquarters in Luanda, to coordinate the policies of African producers for price protection and foreign investment and eventually gain greater profits from higher value activities such as cutting. It announced plans for a world summit of diamonds in 2008. De Beers announced in October that it would invest $ 24.4 m, including opening new mines.

According to the central bank, **inflation** averaged 12.2%, the lowest rate for decades and down 1.1% from 2006. Government continued to deny that it was pursuing a 'hard kwanza' price intervention strategy to maintain the currency at overvalued rates and thereby aid the elite with privileged foreign exchange transactions (around Kw 276.8 to $ 1). It used its international reserves to sell hard currency in order to support the over-valued currency. This enabled the regime to reduce inflation by keeping a lid on imports, which account for about 90% of Angola's goods. The policy obviously has a negative effect on the non-oil export sector and domestic import-substitution production, as well as being dependent on continuing high oil prices to provide the reserves. Luanda continued the parallel policy of fuel and food subsidies to maintain its clientilist networks: in 2006 this subsidy was estimated at 3.6% of GDP. Plans were announced in November to open a stock exchange.

The **budget** for 2007 proposed increases of 32% (largely to pay for public sector salary increases), the 2006 budget having doubled from 2005, but Angola could spend less than 50% of its 2006 public investment programme. It remained unlikely that the economy could absorb the large planned increases in public expenditure, given that, according to the ministry of finance, for the third year running government was unable to spend its entire budget. The forecast expenditure of 27% of GDP turned out to be 16%. The budget for 2008 was kw 2.5 trillion and was voted through in December. It included electoral spending, with plenty of social spending as befits an election year. Neither spending on wages nor spending on construction projects, which have 70% Chinese labour, will do much to reduce poverty or address the fact that most unskilled and semi-skilled Angolans work in the dynamic informal sector.

Concern continued over the intensive use of **Chinese labour**, which is highly productive but has little engagement with the local population, which has no involvement in the infrastructural planning. Local civil society and economists continued to express concerns that local firms would secure only 30% of construction contracts, and there were also questions about elite-linked firms getting the 30% non-Chinese component without competition. However, the low skills level in Angola raised questions as to whether local companies could find sufficiently skilled labour to fulfil the 30%. There were also some construction delays arising from Chinese financing as well as allegations about cheap quality materials and inadequate maintenance of construction projects. UNITA questioned the usefulness of some of the Chinese-run projects. The state-directed network of shops and markets to bring cheaper prices, create jobs and challenge the power of big business groups was set to expand, although with no reports on its efficiency.

Despite government promises and budgetary provision, there was little improvement in **social indicators**, with NGOs providing the bulk of health work, such as through the LUPP. There was one doctor per 13,000 people, maternal mortality was 1,800 deaths per 100,000 births and under-five mortality was 260 per 1,000 due to malaria, respiratory infections, diarrhoea, etc. Malnutrition affected almost half of the 7.4 million children. UNICEF stated, based on 2004 statistics, that Angola was the second worst place in the world to be a child. The literacy rate remained at less than 50%. In Luanda, one-quarter of households have per capita consumption of less than $ 0.75 per day. Child mortality is 320 per 1,000. Angola's population is young (60% of 16 million are estimated to be under 20 years) and is increasingly a postwar generation with a 3% growth rate, higher than most sub-Saharan countries. Five million of the estimated 16 million people live in Luanda, with estimates of 50% urbanisation. The government appeared not to have updated its report on MDGs since 2000–01, when 68% of the population was below the poverty line and 26% in extreme poverty. Despite the GDP growth, it seemed unlikely that inequality and absolute poverty had been reduced. Reports suggested that inequality had widened. Angola ranked 162nd of 177 countries on the Human Development Index.

Spending on **health and education** increased, although much spending on education was still externally funded. A massive skills deficit continued, with multiple effects on the availability and productivity of local labour and hence reliance on expensive imported labour. Lack of education also continued to affect the quality of public administration. Only one-third of children completed even primary education. The health statistics were some of worst in world, with no improvement since the end of the war, including for major killers such as malaria, diarrhoea, TB and measles. Outbreaks of cholera continued and sleeping sickness re-emerged.

The government has made some commitment to addressing **HIV/AIDS** and associated vulnerabilities. There is a great need for reliable statistics, given regional variations, increased movement of population and difficulties in accessing rural areas. The rate of infection is supposedly 3.7%, low for the region, although there is a widespread belief the pandemic is under-reported. Despite the opening of a headquarters for the national HIV and AIDS campaign, there was little sign of a coherent strategy. It seems entirely possible that the situation reported in 2004 that almost one-third of Angolans were unaware of HIV/AIDS is unlikely to have improved, despite the existence of some radio programmes on the issue. The first national meeting of people living with HIV/AIDS took place in November. On that occasion, Antonio Coelho, head of the Angolan network of AIDS service organisations (Anaso), said that with the rate of infection being under 5% there was a chance of stopping the spread of the pandemic.

Of the Luanda population, 70% is in informal housing and therefore without title rights. In theory, after the 2005 land reform law, residents could obtain paper title, but only within a three-year period. However, obtaining title is dependent on getting an identity card, entailing a two-year wait. Observers doubted the law would eliminate the possibility of **conflict over land**, given land grabs by the rich and powerful plus the complications of returning refugees and internally displaced persons (IDPs). The law contained no implementation clauses. The result was that although some foreign-funded local NGOs and the long-time international Development Workshop NGO have been attempting to register land for local communities, the process is difficult. According to local sources, it is likely to get worse, especially given the lack of knowledge in local government. As in 2006, there was conflict over **urban land** in relation to the biggest African urban project, 'Nova Cidade de Luanda', intended to house four million people as land pressure and the economy grew. Demonstrations against forcible evictions occurred, although no public inquiry was held.

Cereal production decreased and around 800,000 Angolans were expected to need **food aid**. Half of food is imported and is a huge burden on the cost of living, especially for poor people. The World Food Programme continued to provide funding assistance on education and health in conflict-affected communities, but essentially closed its operations. According to the minister of assistance and social reintegration, Joao Baptiosta Kussumua, speaking in Geneva in October, 410,000 of the estimated 600,000 **refugees** in neighbouring countries had returned to Angola. There were also reports of IDPs being forcibly returned or living in destitution.

Women and girls are particularly affected by lack of access to health, information, education and water. Angola has one of the highest maternal mortality rates in the world, low literacy among women and lower school matriculation, attendance and completion among girls than boys. Rural and urban women and girls take responsibility for water collection, which impacts negatively on health. Women as primary carers are responsible for sick family members. In urban areas, the lack of (male-dominated) formal employment possibilities has resulted in women becoming primary family breadwinners through informal commercial activity, in addition to remaining primary carers. Continuing government attempts to crack down on informal commercial activity will increase poverty levels among poor urban women and families.

Although there was continuing civil society work on **human rights and democratisation**, notably by NGOs like the Adventist Development and Relief Agency (ADRA) and

Development Workshop, there was concern that the approaching elections could harden government antagonism to NGOs, especially those engaged in civic or voter education. In June, the government accused three US based organisations – Open Society, International Republican Institute and National Democratic Institute – of interfering in local politics. The month before, the director of the technical coordination unit for humanitarian assistance said the government would purge national and international NGOs who did not cooperate with it and did not have "social impact". The Catholic bishops' conference pastoral letter stressed the importance of exercising democratic rights. The coordinator of the executive demining commission, Joao Baptista Kussuua, announced in August that it would boost its landmine clearance activities, including using Chinese loan money for the purpose. The Angolan demining institute thought it would take 50 years to clear all the mines, although Angolan figures of five million mines in the ground are disputed by some outside observers.

The main challenges remained a **fragmented national economy**, an overvalued currency damaging to productive local non-oil sectors of the economy (although it keeps prices of food imports low), a history of financial embezzlement and misappropriation of funds (allegedly including Chinese loans), a lack of international confidence and donor coordination, poor administrative capacity, a large child population at risk from disease and largely weak (or at least fragmented) opposition and civil society unable to affect social and political developments.

Luanda reinforced its independence strategy by continuing to pay off debts to the Paris Club, with a second tranche paid in January and the previous December totalling $ 2.3 bn (which left $ 1.5 bn outstanding) and to commercial debtors. The latter debts were thought to be large but were undisclosed. According to Finance Minister Jose Pedro de Morais in November, Angola was considering switching from oil being used as collateral for loans to selling bonds to foreign investors, and was considering investing its surplus money in foreign assets. Luanda continued to delay committing the government to the EITI initiative, claiming as usual observer status, which meant little without **transparency conditionality**. Over the year, the World Bank, the World Economic Forum and the Economist Intelligence Unit ranked Angola very low on, on occasion at the bottom of, lists of countries providing a welcoming business environment.

Steve Kibble

Botswana

Botswana continued to enjoy political stability. Preparations by the government and the ruling Botswana Democratic Party (BDP) to transfer power from President Mogae to Vice President Ian Khama went smoothly, while the opposition remained divided. Doubts emerged whether the government was willing to abide by the high court ruling in favour of the San in 2006, when the court had declared their relocation from the Central Kalahari Game Reserve (CKGR) to be unlawful. While diamond production remained the engine of economic growth, HIV/AIDS continued to threaten socioeconomic development.

Domestic Politics

After infighting in the BDP had faded in 2006, a major **cabinet reshuffle** on 19 January sealed the newly reached compromise in the ruling party. President Festus Mogae brought the leaders of the hitherto sidelined faction, veterans Daniel Kwelagobe and Ponatshego Kedikilwe, into the cabinet. BDP General Secretary Kwelagobe was appointed minister in the ministry of state president and now shared responsibilities with the incumbent minister, Phandu Skelemani, practically establishing two separate ministries (Kwelagobe: public services and parliament; Skelemani: justice, police and defence). Kedikilwe replaced

Charles Tibone at the ministry of minerals, energy and water resources. Widely criticised for his performance, Tibone was appointed head of a new ministry of sport.

In March and April, state and BDP President Mogae harshly criticised the conduct of BDP backbenchers who had been openly critical of government policies and had complained of limited opportunities for promotion. He repeated these comments at the **BDP party congress** on 21–22 July. These new signs of party disunity, however, did not affect the orderliness of the party congress, at which the Education Minister Jacob Nkate – one of the joint leaders of the faction opposed to Kedikilwe and Kwelagobe – was elected general secretary, a position held by Kwelagobe since 1980. As the latter was now part of the cabinet and the BDP central committee, he had been persuaded not to stand again. Yet Nkate's slim victory over the other faction's candidate, Gomelomo Matsweledi – 499 to 450 votes –indicated a party still somewhat divided along factional lines.

The party congress was most probably the last major official appearance of Festus Mogae in the BDP as both party and state president. A transfer of power to state Vice President Ian Khama was set for 1 April 2008 when Mogae is expected to step down. This move will put Khama in the favourable position of contesting the 2009 elections as the incumbent state president. This follows the example set by Mogae himself: in 1998 he had succeeded then President Sir Ketumile Masire one year ahead of the forthcoming elections. On 5 November, Mogae delivered his last **state of the nation address** before his retirement. The main topics were cost-recovery, foreign investment, macroeconomic analysis, poverty reduction and HIV/AIDS, as well as a general appraisal of Botswana's political system. While being given a warm response in most quarters of his own party, Mogae's speech and his presidency were harshly criticised by opposition MPs, who claimed that Mogae had left no legacy. Government policies were attacked, including in part by BDP deputies, especially the reintroduction of school fees in 2006 (see socioeconomic developments).

In order to allow extra campaigning time for the upcoming elections in October 2009, the BDP congress had in July also resolved to hold early primaries by the end of the year in the 13 (of a total of 44) constituencies held by opposition MPs. The primaries for the 'safe' constituencies currently held by the BDP were set for autumn 2008. On 8 October, however, without holding primaries, the BDP found consensus candidates for four opposition-held constituencies in the capital, Gaborone. In December, the primaries in the nine remaining (opposition) districts went smoothly and it was only in Letlhakeng East that there were allegations of irregularities. Protests also arose following the BDP primary for the pending by-election in the district of Palapye on 22 December. The local MP, former cabinet minister Boyce Sebetela, had resigned in November. The losing candidate in the subsequent BDP primary, Health Minister Sheila Tlou, contested the close victory by the other contestant, Moiseraela Goya (633 to 629 votes).

Opposition activities also intensified, although primaries were scheduled for early 2008 only. Generally, however, **disunity among the opposition parties** continued. In particular, problems in the Botswana National Front (BNF) – with 12 seats, the biggest opposition party – multiplied. In January, a deep rift within the BNF between supporters and opponents of the party president, Otsweletse Moupo, over his personal integrity and leadership style became evident. On 17 February, Moupo unilaterally announced a special congress in order to elect a new leadership. Quarrels were interrupted by the death on 19 March of the former BNF president Kenneth Koma, at the age of 84 after a long illness. Politicians from all parties attended the funeral to mourn the veteran politician.

The **BNF special party congress** on 19 and 20 May resulted in a crushing victory for Moupo over his deputy, Kathleen Letshabo, a University of Botswana academic. The pro-Moupo faction also swept all central committee seats. This resounding victory did not result in a strengthening of the party's position, however. BNF lost local council by-elections in July, August and September. In mid-October, Councillor Mogalakwe Mogalakwe was expelled from the BNF on charges of indiscipline following his criticism of the BNF leadership. In early November, the resignation of Obakeng Moumaka, the BNF MP for Kgalagadi North, was apparently also linked to disagreements with the party leadership.

After BNF's withdrawal from the comprehensive opposition unity talks in 2006, the remaining **opposition parties continued to seek unity**. On 14 January a new model was presented by the BPP (Botswana People's Party), which proposed a total merger with the Botswana Congress Party (BCP) and the Botswana Alliance Movement (BAM). The model was subsequently rejected by the BCP, which advocated a loose pact. This, in turn, resulted in the BPP leaving the opposition talks. BCP and BAM continued their dialogue and on 15 August formally agreed on a set of power-sharing principles and a joint manifesto for the 2009 elections. Reacting to this move, BNF leader Moupo reaffirmed in mid-September that his party would not cooperate with other opposition parties in the upcoming elections. However, on 13 November BNF and BPP confirmed rumours that new cooperation talks between the two parties had been initiated. Yet by 17 November, the exercise was already over: an extraordinary BPP conference decided not to engage in unity talks before the elections.

Doubts remained about the human rights record of the government. In November, the controversial **Intelligence and Security Service Bill** finally became law after being adopted by parliament in October. The bill had been amended and reintroduced after harsh criticism in May and August, but opposition MPs continued to express their fears that the legislation would result in spying on political opponents and they partly boycotted the debate in parliament.

Despite the high court ruling in 2006 in the case of the **San (Basarwa)** who had successfully challenged their relocation from the CKGR, the case still resonated in domestic politics. The San pressure group, the First People of the Kalahari (FPK), accused government agents of trying to undermine the court judgment. Initially, only four of 20 people were allowed to enter the CKGR in the first week of January. A new attempt on 12 January, however, was successful. On 3 September, San spokesman Jumanda Gakelebone accused government of harassing and arresting people who were hunting in the CKGR. In late-September, Survival International (SI) announced that it would resume its campaign against the government over the alleged failure to comply with the court ruling (see foreign affairs). The government, in turn, argued that it had implemented the ruling to the letter: that it applied to the applicants only and that government was not obliged to renew infrastructure and hunting licences. On 20 November, FPK threatened legal action if access to boreholes and hunting licences was not granted.

On 25 October, a **mining licence in the CKGR** awarded to Gem Diamonds, a company listed on the London Stock Exchange, raised eyebrows. Despite the large size of the CKGR – in which one diamond mine would not interfere with the presence of some 100 San – the move reignited SI's initial allegations that the Bushmen were relocated in order to make way for diamond mining.

Foreign Affairs

Just when the conflict between the government and British-based SI and other human rights organisations had cooled down on the international level, on 23 March the government invoked a **visa requirement** clause in the Immigration Act and targeted 17 individuals from the UK, the US, Australia and Canada. These rights activists, academics and journalists now needed a visa to enter Botswana. On 4 May, two individuals from the US and UK were refused entry to the country. This move was criticised by the US and other governments, but the Botswana government responded that the new regulations were for information purposes only. A meeting between foreign affairs officials and EU representatives took place on 29 August to resolve the diplomatic differences. It was triggered by the treatment of EU diplomat David White, who was mistaken for a journalist on the list of persons requiring a visa and subsequently denied entry to Botswana.

The US search for a location for its new Africa Command (**AFRICOM**) headquarters was a dominating issue in Africa and in Botswana in particular. AFRICOM will coordinate all American military operations on the continent. President Mogae confirmed on 4 September that Botswana, together with South Africa, had been approached by the US to host the command. In response to the sceptical views of several African countries and the AU, AFRICOM's commander, General William E. Ward, toured the continent. He also met with Botswana government officials, among them Minister of Justice, Defence and Security Phandu Skelemani and Botswana Defence Force (BDF) representatives, in Gaborone on the 3 December. Despite his efforts, Botswana, a close American ally, finally refused to host AFRICOM's headquarters.

Botswana's relations with **Zimbabwe** remained a diplomatic challenge, particularly in light of the inflows of illegal immigrants into Botswana. New criticism of the government's 'silent diplomacy' towards the Mugabe government erupted when reports of the arrest of

Zimbabwean opposition leader Morgan Tsvangirai became public. MPs, spearheaded by BDP's Botsalo Ntuane, rallied to launch an unprecedented attack on Botswana's foreign policy towards Zimbabwe.

New **border regulations** for foreigners wishing to stay in Botswana more than 30 days were implemented on 1 June. They must submit applications, including a fee of pula (P) 100, and wait for two weeks before entering the country. Moreover, foreigners can no longer stay in Botswana for more than three months without renewing their permits. Zimbabweans will be most affected by this new regulation, as they constitute the majority of visitors in Botswana.

Botswana was very active on the international stage. On 21 May, before the **G8 summit** in Heiligendamm, Germany, President Mogae held bilateral talks with the German minister of economic cooperation and development, Heidemarie Wieczorek-Zeul. Major topics were the status of the Economic Partnership Agreement (EPA) negotiations between Southern Africa and the EU (see socioeconomic developments) and investment opportunities in Botswana. In Vienna on 27 June, President Mogae addressed the opening session of the 7th UN forum on reinventing government.

Socioeconomic Developments

Diamond mining continued to play the dominant role in the economy despite the fact that after a substantial increase in production to 34.4 m carats in 2006, Debswana's production was expected to be lower by about 761,000 carats. Government continued to pursue its policy of establishing a local processing industry. In January, a 17-fold increase in the country's fledgling **cutting industry** within five years was envisaged. On 16 January, President Mogae announced that local cutters would be supplied directly by Diamond Trading Company (DTC) Botswana, a joint venture between De Beers' Diamond Trading Company and the Botswana government. DTC expected to supply rough diamonds worth $ 360 m in 2008, rising to $ 550 m by 2009. It is hoped that the opening of the diamond trading centre in Gaborone in 2008 will turn Botswana into an international centre for the extraction, processing and marketing of diamonds.

Other mining projects in Botswana included the launch of the P 4 bn **Botswana Metal Refinery (BMR) Activox** project, which will process copper and nickel ore. It is expected that during 2008, when the project, over 4,000 people will be employed. Further projects, which are in different stages of development, are Messina Copper and Diamonex (Botswana) in Lerala, while African Diamonds has applied for a mining licence.

Botswana's **inflation** dropped significantly from the previous year's 11.6%. The annual rate announced by Minister of Finance and Development Planning Baledzi Gaolathe was 7.1%. It was expected to decline further, following the overall trend in Africa. The **budget surplus** was estimated to be P 7.66 bn for the 2006–07 financial year, compared to the anticipated surplus of P 4.39 bn in the revised budget estimates. This was mainly attributed to the government's difficulty in spending its development budgets because of capacity constraints in both government departments and the local construction industry.

On 23 November, Botswana together with Lesotho, Mozambique and Swaziland, signed an **interim EPA** with the EU, following protracted negotiations since 2004 between the EU and SADC over EPA configurations. Under the new trade agreement, Botswana's exports, including beef, will enjoy permanent duty-free, quota-free access to the European market. The export of some textile products will also benefit.

The policy on state-owned enterprises and **privatisation** was one of the economic issues most debated in the public arena. On 5 April, parliament resolved to suspend privatisation talks between **Air Botswana** and the South African operator Airlink. Following the decision of the Works and Transport Minister Lesego Motsumi to continue negotiations with the South African company despite the motion, the BCP threatened to sue the government. After several new attempts to seal the privatisation deal with the South African airline, government finally ended the negotiations on 3 October and decided to reform Air Botswana with public funds. At the beginning of December, it announced it would spend P 100 m on recapitalising the national airline.

Botswana continued to receive **favourable ratings** as a business venue. On Transparency International's Corruption Perceptions Index, issued on 26 September, Botswana was again ranked as Africa's least corrupt country (coming 38th out of 180 countries). The country also fared well in the World Bank's 2007 report on doing business, coming 51st worldwide, although this was a slight drop from the previous year's ranking of 48th. Further, the World Economic Forum's 2007–08 global competitiveness report showed that Botswana has slipped from 72nd to 76th position, out of a total of 131 countries. Botswana's credit ratings by Moody's and Standard and Poor's remained unchanged at 'A' grading for the seventh year in a row.

Representatives of the local UN agencies agreed on 23 October that the country is well on its way to meeting the **MDGs** set at the 2000 UN Millennium Summit to combat poverty, hunger, disease, illiteracy, environmental degradation and discrimination against women. The **HIV prevalence rate** among pregnant women stood at 32.4% in 2006, whereas the national prevalence rate for the age group 18 months and above was 17.1%. In September, 90,543 patients were receiving anti-retroviral therapy (compared to 75,785 in October 2006) through 42 clinics countrywide.

The introduction of **school fees** in 2006 as part of the government's cost recovery strategy created problems when many pupils were excluded from attending school in May, when the additional grace period to pay the fees expired. Minister of Education Jacob Nkate dismissed allegations that children would be sent home if they were not able to pay, and reaffirmed the government's policy.

Matthias Basedau & Christian von Soest

Lesotho

The October 2006 breakaway of 18 MPs to form the All Basotho Convention Party (ABC) had resulted in Prime Minister Pakalitha Mosisili's calling an early **election**. Constitutionally required by May, it took place on 17 February and resulted in the return of the ruling Lesotho Congress for Democracy (LCD). However, the electoral process was attended by its usual controversy, this time because both the principal adversaries entered into alliances with minor parties in a manner that essentially subverted the spirit of the Mixed Member Proportionality (MMP) electoral system. In these circumstances, the increase of the LCD's barest of majorities (one seat) in parliament before the election to an effective 37 afterwards (a figure that included the proportional representation seats of its alliance partner) provoked post-election **disturbances**, which threatened a return to political turmoil.

Domestic Politics

The **early election**, which was set for 17 February, placed enormous pressure on the electoral authorities to update electoral registration lists. However, the greatest threat to the success of the elections as a popularly legitimate exercise was the manner in which politicians now manipulated the mechanics of MMP. This had been devised to address the disproportionate representation of the dominant party of the day, which since 1993 had swept the constituency seats, by providing for compensatory representation for competing parties through proportional representation (PR).

The **formation of party alliances** was initiated by the ABC, which, while able to put up candidates in all 80 constituencies, sensed that its prospects could be enhanced by an alliance with the Lesotho Workers' Party (LWP). The resulting arrangement was that while it was agreed that a number of LWP candidates would contest constituencies under the banner of the ABC, the reverse would occur as far as the PR roll was concerned: the ABC would not put up its own slate of candidates, but would use the LWP roll, the first three places of which were reserved for the ABC leader, Tom Motsoahae Thabane, and two of his associates. The alliance was joined by the Sefate Democratic Party (SDP). The latter's inclusion was merely symbolic in that it had gained only 0.29% of the vote in 2002. The LCD's response was to forge a similar pact with the National Independence Party (NIP). The NIP had no inherent significance except that it had done unexpectedly well in 2002 because, like the ruling party, its symbol was that of a bird (thus confusing some voters). To its own surprise, it had drained support from the LCD and gained as many as five seats. The LCD now sought to put this accident to good use.

In essence, whereas the workings of MMP in 2002 had resulted in votes cast for the LCD in the PR election being discounted to ensure overall proportionality (because the LCD had already achieved its proportionate representation via the constituencies), the **LCD-NIP pact** now effectively transformed MMP into parallel plurality and PR elections to the ruling party's advantage. Not least of the potential benefits was that, whereas constituency MPs were constitutionally allowed to cross the floor, PR MPs were not. Consequently, were the LCD to win PR seats (albeit under a different label); its majority in parliament would not be as endangered as it had been by the breakaway of the ABC. These machinations inflamed the **political atmosphere**. Other remnants of the endemically fissiparous Congress tradition scurried to form the Alliance of Congress Parties (although the rump Basotho Congress Party itself stayed out); and Anthony Manyeli, the leader of the NIP, who had refused the overtures of the LCD but had been undermined by his party executive, unsuccessfully claimed in the high court that the LCD-NIP pact was illegal. The outcome was that the lead up to the election, which was contested by a total of 14 parties and 93 independent candidates, was tense.

In the event, the voting went off smoothly and was endorsed as free and fair by electoral observers (notably from SADC). The **election results** gave the LCD 61 constituency seats and the NIP 21 PR seats, providing the pact with a comfortable majority. In contrast, the ABC won 17 constituency seats and the LWP 10 PR seats, with the remainder being shared among the other minor parties (the Basotho National Party being reduced to three seats). Inevitably, the opposition parties cried foul, complaining of numerous alleged irregularities, such as opposition voters being turned away from the polls because their names had not been found on the registration lists. After an **opposition protest** was halted by the army, the opposition parties declared a national stay-away from work in the third week of March in support of Manyeli's claim that the LCD-NIP pact was illegal. However, the government easily rode out the challenge, claiming its opponents to be in contempt of the high court. Comforted by Thabane's declarations that he would only challenge any outcome by legal means, the LCD was confident that the opposition had no real appetite for a repeat of the extended post-electoral disturbances of 1998, even though it (LCD) called upon SADC to mediate.

A key difference from 1998 was that the government was also confident of **external support**. When a series of six armed attacks upon ministers and their bodyguards rocked the capital in June (complemented by two failed assassination attempts on Thabane), Mosisili clamped down on 15 June with a week-long **curfew** on the capital and the arrest of a radio journalist who had read out a letter, allegedly written by members of the defence force, which denounced the prime minister as "the unwanted ruler of Lesotho". Significantly, on 19 June, following the announcement of the curfew, Mosisili rushed to Cape Town to meet with President Mbeki. Although there was no significant resulting communiqué regarding the political situation, the message was clear that he expected South African backing. Nonetheless, and despite Mosisili's claims to fairness, government withdrawal of advertisements from hostile media raised serious concerns about the quality of Lesotho's democracy.

Foreign Affairs

Lesotho's artificial international prominence as a plucky little state standing up to apartheid has long since faded, and the country now struggles to maintain any significant international profile. International relations were characterised by three dimensions. The first, as symbolised by the UK's transfer of its former high commission in Lesotho to the Lesotho government in June, is the **reduction of direct foreign representation** by most major countries in preference to representation from Pretoria (although the US and EU remain with offices). The second is for Lesotho's foreign relations to be increasingly defined by its dependent political relationship upon South Africa and its incorporation into SADC, as demonstrated by its recurrent tendency to turn to both Pretoria and the regional body for mediation of domestic political disputes. The third is for the **multilateralisation** of its most important international economic relations. During 2007, these revolved principally around Lesotho joining with Botswana, Namibia and Swaziland (the BLNS states), which with South Africa compose the Southern African Customs Union (SACU), in diverging from Pretoria in their relationship with the EU, which has been seeking to liberalise its trading relationship with African countries by negotiating four regional EPAs.

Lesotho has been party to the search for a **SADC EPA** (although this has involved only eight of SADC's member states, the remainder having opted to join other EPA regional groupings). This process has been enormously complicated by virtue of South Africa, the heavyweight within SACU, having signed its own Trade, Development and Cooperation Agreement (TDCA) with the EU in April 2004. This established preferential trade arrangements between the EU and South Africa with a view to progressive movement towards a FTA**.** This was hugely controversial because, although formally members of SACU are not allowed to enter such trade deals unilaterally, the four smaller economies were effectively obliged to accept a de facto free trade area, about which they had been inadequately consulted and which threatened to reduce their income severely under SACU fiscal arrangements. Now, despite their severe misgivings, the BLS members of the SADC grouping signed an interim EPA with the EU on 23 November, and were joined by Namibia (which secured specific concessions) on 12 December. Had they not done so, they risked a disruption of trade with the EU, which had warned that it would not extend its Cotonou trade preferences beyond the end of the year.

The **interim agreement** allowed for 100% liberalisation by value of imports by the EU as of 1 January 2008, with BLNS being required to liberalise by value 86% of their imports from the EU. However, although the interim agreement stated that BLNS would adopt the terms of the South African TDCA (so long as their individual concerns were addressed), South Africa refused to sign the interim agreement, arguing that it would be treated less favourably in the EU, and that this was fomenting division within the region. While Pretoria complained that the EU's onerous demands, which would limit the scope for developmental policies of regional diversification and industrialisation, were unreasonable, South Africa's previous unilateralism in negotiating the TDCA weakened its claim to be acting unselfishly in the regional interest. Negotiations between SA, SADC and the EU must inevitably continue. However, the danger for Lesotho is that it will be relegated to being a bit-part player in a game whose outcome is vital to the determination of its future well being.

Socioeconomic Developments

Minister of Finance Timothy Thahane presented a **2007–08 budget** to parliament on 30 March. It amounted to Maluti (M) 7,230 m, an increase of 26.3% from the previous year (the Maluti being pegged to the value of the South African Rand). Recurrent expenditure was projected at M 5,316 m (up 21.1%) and capital expenditure M 1,924 m (up 43.2%). The budget was to be financed by government revenue of M 6,393 (up 19.4%) and grants and loans of M 490 m (up 14%), leaving a budget deficit of M 347 m. Thahane noted that Lesotho had done well to develop its textile exports of around $ 500 m per year and to become the largest single African exporter of textiles under the US's **AGOA**, but noted that there were some 3,000 other different product lines eligible for quota-free and duty-free access to the US waiting to be exploited. Nonetheless, he also noted that the garment industry had suffered as a result of Asian competition and the appreciating value of the Rand, resulting in a drop of local jobs from 55,000 in 2005 to 35,000. The minister also indicated that Lesotho would be working with the World Bank and the US-funded Millennium Challenge Corporation to improve the ease of doing business in Lesotho.

Lesotho's economic performance gained high praise from the IMF, which noted that although the country had limited natural resources and a narrow production and export base, prudent **macroeconomic management** had contributed to robust growth, improved fiscal positions, single-digit inflation and a substantial reduction in debt level. However, while poverty had declined from 67% of households in 1994–95, it had remained as high as 57% by 2002–03, rendered worse by a high prevalence of HIV/AIDS.

During the year, Lesotho experienced its most severe **drought** in 30 years, a circumstance that on 18 July propelled the government into declaring a state of emergency and appealing for international food aid for 400,000 people (nearly 19% of its 2.1 m population). Against this background, the IMF's statement that the attainment of the sustainable, broad-based growth necessary for the improvement of the living conditions of the majority of Basotho remained "a challenge" constituted a masterly understatement.

Roger Southall

Madagascar

This was a year of elections. A constitutional referendum in April was followed by parliamentary elections in September and local elections in December. The fervent debates of the opposition parties over power, access and 'national reconciliation' became irrelevant as their leaders were forced off the national stage. Yet it became clear that long-fomented challenges from within President Ravalomanana's TIM ('Tiako i Madagasikara') party could produce significant opposition to the president's centralist approach to governance, if not his grip on power itself. At that point, the challenge was limited to intra-party politics. With opposition parties in a shambles, President Ravalomanana could move rapidly towards new parliamentary elections with high hopes of purging internal opposition and little risk of losing seats. This was a successful move, but it forced President Ravalomanana to further tie popular acceptance of his government to the success of his programmes. By the end of the year, challenges to President Ravalomanana appeared to begin permeating the public psyche. The TIM party lost the critical mayoral election of the capital, Antananarivo. Concerns about reduced transparency and less ethnic diversity in the halls of power started to enter the public discourse. By year's end, international challenges to the political process might have begun in earnest but support for Ravalomanana's market-oriented strategy was as strong as ever.

Domestic Politics

President Ravalomanana began his second **inaugural speech** on 19 January by saying: "To the opposition parties and those who did not vote for me, I invite you to now partner with me in developing Madagascar…To compete in the global market place, to win the fight against poverty, and to ensure that every child has an education – we must transform". To transform, he argued, the country must: 1) Commit to the Madagascar Action Plan (MAP). Reifying the approach, he said that in the Bible it says, " 'Where there is no vision, the people perish'. We now have vision, Madagascar Naturally and we have a plan, the MAP"; 2) Have strong and dedicated leadership. This was an important indicator of his desire to shift greater power to the executive and the most local level of governance, the 17,500 'fokontany'; 3) Build skills and capacity in government, business and civil society; 4) "[U]nleash the creativity and initiative of the private sector. The private sector is the engine of economic growth"; 5) Reform the public sector and civil service by reducing corruption and increasing efficiency and integrity; 6) Continue to cultivate relationships with international donors; 7) Decentralise, by moving more responsibilities to the 22 regions created by decree in September 2006. His speech presented an accurate roadmap of both his vision and subsequent actions.

Since 1995, article 53 of the constitution gave the president the right to name the **prime minister**. On 20 January, he replaced Jacques Sylla with former Military Cabinet Director General Charles Rabemananjara. Despite Rabemananjara's stature, the appointment came under immediate fire. Ravalomanana had made a point during his campaign of diversifying leadership, but Rabemananjara is of the same dominant Merina ethnicity as the president: there is a tradition in Madagascar of appointing a prime minister from across the large 'Merina-cotier' (people from ethnic groups along the coast) divide.

The 4 April **constitutional referendum** sought to address the second and seventh points of Ravalomanana's speech. The most important institutional change in the referendum was, *ex poste facto*, to shift the decentralisation plan from the system of autonomous provinces outlined in the 1998 constitution to the 22 'regions'. It also reduced the National Assembly from 160 to 127 seats, added English (to Malagasy and French) as a national language, and allowed the president to make laws without the legislature if he declared a state of emergency. The 'fokontany' were to be given added powers. The president saw this as an effort to implement the MAP at the local level. Opponents saw this as an effort to circumvent the legislature, provincial authorities and elected mayors at the commune level (one level of governance above the 'fokontany'). This sea-change would institutionalise parallel decentralisation and de-concentration of powers: the 'fokontany' would be added to the commune as a level in which local governance would take on responsibilities hitherto ascribed to the central government. Accountability would be downwards to their electoral base. Regions would take on power ascribed by the central government; region chiefs would continue to be appointed by the central government and be accountable upwards politically and fiscally.

There was strong criticism from civil society, including the powerful Catholic church, of the framing of the referendum and the rapidity with which it was launched. There was little time for a 'no' vote to organise. The population was required to reply 'yes or no' to the question, "Do you accept the constitution revision project for the rapid and sustainable development of each region in order to raise the Malagasy level of life?" A brief outline of the constitutional amendments was made available to the public via the newspapers, but the changes themselves were distributed only to leaders. The referendum passed by 73% to 27%. Participation rates were low, at 42%, in a country where abstention is a hallmark of dissatisfaction. Institutional reforms continued. On 16 June, the president dissolved the position of chief of staff and replaced it with three secretary-generalships and a manager of the presidential office.

On 21 July, the president exercised the power afforded him under articles 59 and 98 of the constitution to dissolve the **National Assembly**. Parties were given a deadline of 14 August – 24 days – to select their candidates and submit their dossiers. The **opposition** was still in tatters following the 2006 presidential elections: indeed of the two leading challengers, Jean Lahiniriko ('Parti Socio-Démocrate pour l'Union de Madagascar', PSDUM) lost any national stature he had and Roland Ratsiraka ('Toamasina Tonga Saina', TTS) found himself out of his job as mayor of the port city of Toamasina and in jail on fraud charges related to embezzlement. The main concern for the ruling faction of the TIM lay within the TIM itself. July saw the rise of the 'Circle of Reflection on Tanindrazantsika i Madagasikara' (CRTIM). This was essentially a group of TIM leaders disaffected with the executive. They wanted to bring about a national party convention and a change in **party leadership**, which they saw as comprised primarily of 'Tiko Boys' (politicians and high-level bureaucrats who were subordinates to Marc Ravalomanana as president and as CEO of the private Tiko Group and had moved with him to the public sector). The reduced size of the National Assembly meant that the TIM could choose not to support candidates within the party that it felt would add to CRTIM momentum or otherwise create challenges from within. In the end, the TIM endorsed only 20 of 100 former MPs. This action was perceived as a sign that President Ravalomanana and the TIM leadership saw this election as an opportunity to consolidate power and undermine budding party strength independent of the president. A Ravalomananana campaign slogan went "Tohizo ny lalantsika" ("Continuing on our path") and was matched with images of electrification, clean water, farming, health services, industrialisation, housing, football and relationships. These are all expectations the population has begun to associate with the president's ambitious state-centric MAP.

Legislative **elections** were held on 23 September. The president's TIM party won 106 of the 127 seats (84%) compared to 108 of 160 seats in the previous assembly. This included gains in the opposition strongholds of Toliara and Toamasina. Jean Lahiniriko lost his parliamentary seat to the TIM candidate by 23% to 55%. Two independent candidates joined the TIM after the elections, bringing the TIM total to 108 seats (89%) of the assembly. As a 28 September article in the daily 'Midi Madagasikara' concluded, "At present Marc Ravalomanana has all the mechanisms to do what he wants". There were no far-reaching criticisms of ballot-stuffing or other well-trodden forms of electoral malfeasance. However, there were strong criticisms that the electoral process favoured the TIM. Specifically, CNOE ('Comité National d'Observation des Elections'), a civil society group that supported President Ravalomanana's victory in the disputed 2001 presidential elections, led a long list of domestic critics of the 'multi-ballot' system. The president had been urged to introduce a 'single ballot' system in which all names are on one sheet as opposed to individual coloured ballot papers. The latter lends itself to cheating. It also marginalises the opposition, as each party must overcome financial and distribution issues to provide its ballot papers to each polling station. Voter turnout rates ranged between 10% and 30%. This indicates a worrying trend of growing disapproval in a population that saw little alternative, was becoming weary of balloting and was increasing looking for results from the MAP.

The run-up to the 12 December **local elections** was fraught with low-grade conflict. There were significant accusations of electoral malfeasance at both local and national levels leading the national electoral commission to release a call that the rule of law was to be respected. The critical contest was for mayor of the capital, Antananarivo. Beyond being the political and financial centre of the country, it is also the centuries-long centre of Merina identity and power and the office from which Ravalomanana launched his successful presidential bid in 2001. President Ravalomanana put significant resources behind the TIM candidate, Mamy Hery Rafalimanana, including appointing his daughter (and head of the Malagasy Broadcasting System) Sarah Radavidra to head the campaign. Rafalimanana was crushed by 63% to 32% by a 33-year-old advertising CEO named Andry Rajoelina (nicknamed 'Andry TGV' after the French train for his rapid rise), who ran as an independent. This was a staggering loss for the president at the end of an electoral series that otherwise consolidated his power.

By year's end a distinct pattern had emerged in Malagasy **domestic politics**. The 'old guard' opposition, such as former President Zafy Albert ('Comité de Réconciliation National', CRN) and former speaker of the National Assembly Richard Andriamanjato ('Solidarité Parlementaire pour la Défense de la Démocratie et l'Unité Nationale', SPDUN), at the margins but nonetheless powerful, were off the political map. The 'new guard' opposition, such as Jean Lahiniriko and Roland Ratsiraka, no longer held any office or commanded any following to speak of. The challengers from within the TIM, such as CRTIM founder MP Jean Theodore Ranjivason, also found themselves out of a job. Others with gentler critiques of the TIM ruling cadre, such as Senate President Rajemison Rakotomaharo, saw their stars fall. Those close to the president, such as the new leaders of the TIM, Chairman Yvan Randriasandratriniony and General Secretary Ivohasaina Razafimahefa found themselves with multiple posts and the ear of the president. In short, **power was consolidated**. The newest challenger, Andry TGV, was a young charismatic Merina, a self-made man who posed a new sort of challenge. He found himself attacked daily in the media owned by the president (MBS radio and TV), 'Le Quotidien' and 'Ny Vaovaontsika' (newspapers), and by the state media. Little of the TGV impact matters in the short-to-medium term as the challenge comes too late in the electoral cycle and TGV himself will be too young to run for the presidency against Ravalomanana in 2011.

Foreign Affairs

President Marc Ravalomanana came into power as the darling of the West and since then has been able to count on a significant reserve of goodwill from the international community. Madagascar became the very first country with a **Millennium Challenge Account compact** when it signed an agreement worth $ 110 m in April 2006 and saw the fruits of this investment in 2007. On 3 April, the World Bank finalised its unprecedented $ 1,008 m country assistance strategy, paying for 16 projects derived from two pillars that compliment the MAP efforts: removing constraints on investment and improving the scope and quality of service delivery. In a parallel and coordinated action, the EU increased its portfolio to € 428.6 m ($ 672.2 m). The IMF indicated its acceptance of the MAP by releasing it in February as a PRSP. Ravalomanana's re-election led to new funding streams from Norway, France, Germany and other supporters.

The president's trade networking, already busy, increased with efforts in Austria, Germany, Canada, Australia and, most notably, **China**. On 17 May, Ravalomanana said in Shanghai that China was "an example of transformation" and that "Africa must learn from your success". This was followed by a 27 July visit by the Chinese minister of commerce, Chong Quan, and reaffirmation by Ravalomanana of Madagascar's adherence to a One-China policy. By the end of the year, exports to China had doubled since Ravalomanana took office and imports were more than three-fold (to approximately 18%). Ravalomanana also increased his stature as an African leader during the year with a visit by NEPAD's vice president to Antananarivo (3 June) and Ravalomanana's leadership role in the African heads of state meeting on 1 July.

By mid-year, however, some **chinks in international relations** became apparent. In June and July, the IMF challenged the president's tax plan, prompting a 16 July assurance by Economics Minister Harison Edmond Randriarimanana that collaboration with the IMF will continue. The bigger challenges were not economic but political. Largest was the president's unwillingness to bow to domestic and international pressure to institute a single-ballot electoral system. The US ambassador joined a chorus making a direct plea on 4 July. On 27 August, US Ambassador Niels Marquardt said that for this reason the

US would not directly fund the legislative elections in September but would support civil society organisations instead. Both European Commission and US representatives criticised Ravalomanana's handling of the parliamentary elections, considering this a further indication of the mounting fears that governance reforms have slowed, if not been stymied. When departing Madagascar for a new post in September, the EU first secretary, Patrick Simonnet, challenged the president's commitment to the rule of law and good governance, citing difficulties with the projects he worked on, such as campaign financing, setting up a high court of justice, reforming the electoral code and separating out the national electoral commission into an independent electoral commission. The year ended with mixed news for Ravalomanana. The international community clearly was becoming weary of his political positioning, challenging his lack of progress on electoral reform, inadequate action on corruption, centralisation and decreasing diversity. Yet from the US to Europe to China, all appeared pleased to do business.

Socioeconomic Developments

Poverty in Madagascar is both broad and deep. According to a 2005 household demographic study, 78.3% of subsistence farmers live in poverty with an intensity rating of 31.4%. In all, some 68.7% of Malagasy live in poverty: 52% of the urban population and 73.5% of the rural population. Real GDP growth rose from 4.6% in 2006 to 6.5% in 2007. However, inflation also rose to 10.1% by year's end. In the year-end second and third reviews of IMF's three-year PRGF, Madagascar benefited from its growth rate as the IMF granted waivers for the country's failure to meet quantitative targets.

The critical shift in approach to poverty in Madagascar came with the introduction of Marc Ravalomanana's **MAP**. It laid out a specific state-centric policy programme for addressing the MDGs. Translated into Malagasy policy, this included raising Madagascar's HDI ranking from 146 out of 177 to 100; decreasing the poverty rate from 85.1% to 50%; reducing the fertility rate from 5.4% to 3%; increasing life expectancy from 55.5 to 61 years; increasing literacy from 63% to 80%; increasing the number of students completing primary school from 19% to 56% and secondary school from 7% to 40%; increasing the GDP growth rate from 4.6% to 19%; increasing the GDP from \$ 5 bn to \$ 12 bn; increasing the GDP per capita from \$ 309 to \$ 476; increasing Foreign Direct Investment from \$ 94 m to \$ 500 m; improving the World Bank business climate ranking from 131 to 80 and the Corruption Perceptions Index of Transparency International from 2.8 to 5.2; and, increasing the households having land title from 10% to 75%. An IMF report in July raised doubts that Madagascar would come close to meeting any of these goals save, perhaps, education.

Financing for this effort depends on **donor assistance** and private sector investment. As noted above, donor assistance has been significant. The lion's share of EU funding is in direct support of the MAP. In April, the World Bank committed $ 140 m and in July another $ 40 m in direct MAP support. Indirect efforts also support MAP initiatives, such as the 2 April IDA commitment of $ 165.5 m for a regional communications infrastructure project that includes Madagascar, a $ 5 m micro-credit programme (11 April) and support for private enterprise such as a commitment on 2 May by the AfDB to fund Dynatec with $ 150 m in support of cobalt and nickel mining in Ambatovy.

The most significant investments, however, came from the private sector, specifically **mining and oil companies**. For instance, QIT Madagascar SA (a subsidiary of the global mining giant Rio Tinto Alcan) invested $ 650 m in the southern Anosy region (near Tolagnaro) to tap into the significant ilemnite reserves. Parallel World Bank 'integrated growth pole' funding further supported these efforts. Oil is expected to be an even bigger boon. The rapid increase in the awarding of oil exploration blocs continued, with major awards to such companies as Candax Energy and East Africa specialist EAX (an affiliate of Dubai-based Black Marlin Energy). By year's end, Madagascar had awarded 19 permits for onshore exploration alone. By 2009, Madagascar is expected to be producing 60,000 b/d, adding more than 9% to its GDP. The mining and energy sector is expected to add upwards of 30% to Madagascar's total GDP. Giants such as ChevronTexaco, ExxonMobil, Total and Royal Dutch Shell saw Madagascar as a new frontier and invested significantly in bloc rights. Oil and minerals were seen as a national resource in Madagascar and the rights were managed and distributed by the Office of National Mines and Strategic Industries (OMNIS). Distribution has been broad, with no one company receiving disproportionate benefit. However, concerns have been expressed that the central operation will not proportionately benefit the populations in the areas from which the resources are extracted. Efforts, including by the government and the World Bank, have been made to mitigate such impacts and ensure parallel local social and social-economic programmes, but significant criticisms began to emerge from both international and domestic non-government organisations.

The WTO secretariat praised Madagascar and attributed economic growth to the country's trade liberalisation, holding it up as a model through the expansion of industrial activities, construction, financial services, telecommunications and transport. Yet, criticisms began to emerge of the MAP approach. However well intended, the state has proven a somewhat unwieldy vehicle for addressing localised development concerns, particularly in rural areas. Moreover, independent economists found that efficiency gains from the reformed tariff structure are more likely to be felt only by high-income households. As prices declined, poor sellers in rural areas suffered. The government will need to ameliorate these problems or risk increasing poverty even while national revenues increase. The alternative, direct transfers to poor households, appeared a political non-starter.

Richard R. Marcus

Malawi

The strained relations between President Bingu wa Mutharika and his predecessor Bakili Muluzi deteriorated further and created enormous tensions in the political arena. As before, Muluzi teamed up in parliament with Malawi Congress Party (MCP) President John Tembo to ensure crucial government policies were deliberately frustrated so that implementation was either delayed or thwarted. Mutharika had another rough year. He was accused of dictatorial tendencies, flouting the rule of law and violating the constitution. The 'Daily Times' summed up the year as one of infectious humour, nerve-shredding drama, sorrow, scandals and crises. Mutharika, however, had the final laugh. Overall, the economic and social situation, in particular food security, improved to the extent that he was voted national achiever of the year.

Domestic Politics

Politics were dominated by President Bingu wa Mutharika, who holds several portfolios and leads the Democratic People's Party (DPP); John Tembo who leads the largest and oldest opposition party, MCP; and ex-President Bakili Muluzi as the extra-parliamentary leader of the United Democratic Front (UDF). Each of them was responsible for the **deadlocks in politics** since Mutharika won the presidency. The battle between Muluzi and Mutharika, on the one hand, and Mutharika and Tembo, on the other, reached a climax during the year and demonstrated that Mutharika was no longer a pushover, as was feared during the 2004 election campaign when his predecessor campaigned for him. Mutharika won on the **parliamentary battlefield**: not only was the MK (Malawi kwacha) 172 bn national budget passed in a hostile house dominated by a powerful opposition, but also saw his MPs maintaining their seats in a highly contested and protracted wrangle over section 65 of the constitution.

It all started with the **landmark ruling** by the supreme court of appeal on 15 June validating section 65, which prevents legislators from leaving their parties to join others in the house ('floor crossing'). The background to this ruling was that the president – accused of poaching MPs from the opposition and afraid that he could lose them through the law – challenged the validity and constitutionality of section 65 of the Malawi constitution. The ruling, delivered while parliament was debating the 2007–08 budget, sent shockwaves through the ruling elite and provoked great excitement in the opposing camp. That it came during the national mourning period following the death of Mutharika's wife Ethel (28 May), was an additional blow to Mutharika. Chaos reigned on the first day that parliament reconvened after a one-month national mourning period. The government prioritised the national budget on the agenda, while the opposition was keen to start debating the landmark ruling, which would see large numbers of MPs, mostly on the government side, losing their seats, should the speaker use his powers. Sensing that they would lose their seats, 41 parliamentarians on the government side, led by a Zomba parliamentarian Yunus Mussa, obtained a **high court injunction** to stop the speaker of the National Assembly from declaring their seats vacant. A culture of injunctions and counter-injunctions developed on both sides, creating more chaos as well as anxiety about the fate of the national budget, which was hailed as pro-poor. In his state-of-the-nation address, Mutharika put forward 13 reasons to justify why the house should debate and pass the budget, including infrastructure development and poverty alleviation. The campaign against the budget was led in earnest by the MCP and UDF, the major opposition parties in parliament, who had lost some of their MPs to Mutharika's DPP when in February they rejected a mid-term budget, arguing that government had not given a detailed expenditure account for the previous budget. Government published in the newspaper the names of those who had rejected the mini-budget, sending the message to the masses that the opposition was sabotaging the welfare of the people and the nation.

The **national budget versus section 65 stalemate** created great commotion and elicited mixed reactions from people in all walks of life. The need to pass the budget first and deal with section 65 later had overwhelming support from civil society organisations, including religious organisations, chiefs, rural masses and university students, since, among other things, the budget was crucial for health, education and social services. Additionally, the budget included enhanced wages for public servants and chiefs and had provisions for the development of social and economic infrastructure. It is no wonder, then, that several pro-budget protests took place in different parts of the country. Both in and out of parliament, harsh words and threats were traded by both camps, and the president called on chiefs, the clergy and even God (through national prayers) to intervene, threatened to run his government without parliamentary budget approval and even to close down parliament altogether. **Progress on the budget** became part of an agreement that saw the government pledging to proceed with section 65 once the budget was passed. On the other hand, the mounting pressure on and criticism of the opposition by many sections of the Malawi's society who favoured a budget now and section 65 later, signalled the need for the opposition to rethink its stance. When the budget was passed on 21 September after 78 days, the president did what the opposition had feared he would: he prorogued parliament and accused the opposition of being irresponsible and a liability, thus leaving the future of section 65 in limbo.

Though parliament was suspended, the **problems in the legislature** continued. In October, the speaker of parliament, Louis Chimango, had submitted a bill for Mutharika to sign without obtaining parliamentary approval. This bill had to do with the interconnection of Malawi's electricity infrastructure with that of Mozambique and would have allowed government to borrow from the World Bank to fund the project. The move provoked a public outcry over the lack of democratic processes. The speaker was quick to accept the blame, and apologised for the "anomaly" when Mutharika asked for his resignation. The opposition was not convinced that such an act could have been a mere oversight.

Ever since the President Bingu wa Mutharika took over government from Bakili Muluzi, rejecting the national budget had become an anticipated occurrence, premeditated and systematically executed by the all-powerful opposition forces. Critics said the opposition was abusing its numerical strength by irresponsibly using its political muscle to elbow out critical government policies, cripple a popular administration and render it unstable in the eyes of the voters. There were also others who felt that Mutharika has become too despotic, reserving decision-making for himself, hiring and firing, arresting and denouncing the opposition, proroguing parliament unilaterally and failing to use democratic skills such as negotiation and compromise.

On 11 May, Mutharika contradicted himself when he appointed a **42-member cabinet**, which included nine deputy ministers, by saying Malawi's 15 million people needed a large cabinet, when all along he had promised a lean 20-member cabinet. Critics, who included civil society organisations, the MCP and UDF, accused Mutharika of failing to honour his pledge to have a lean cabinet, and argued that the cabinet lacked merit, as most of its members were picked on regional lines.

The appointment of members of the **electoral commission** by Mutharika during the year was another area of controversy. In a move to depoliticise commissioners, he appointed nine people based on their professional and technical competence, as opposed to party representation. The opposition protested and took the matter for judicial review. They based their challenge on the fact that they were not consulted and alleged that appointees were Mutharika's cronies, mainly from the southern region. The consequence was a delay in conducting by-elections in constituencies whose members had died. It also made complicated the conduct of local government elections, although this situation also arose in part from parliament's inability to amend section 147 of the constitution to allow for the holding of elections outside the normal election period.

Former President Muluzi stunned the country when in March he stood up in Kwacha Freedom Park to tell the country that he would run as the **UDF presidential candidate** in 2009. This poured cold water on hopefuls such as Brown Mpinganjira, Sam Mpasu and Friday Jumbe, who believed that the constitutional provision restricting presidents to a maximum of two terms represented their best chance to campaign for the same position on the UDF ticket. This pronouncement met with a mixed reaction within the party and outside it. A case was brought before the high court to rule on the eligibility of Muluzi to bounce back as state president in 2009. By year's end, the outcome was still pending. In October, Muluzi was reported to have assembled a large team of local and international lawyers to help establish the legitimacy of his candidature. One loophole in the Malawi constitution was that it does not clarify whether the presidential limit applies to consecutive terms only or throughout a politician's lifetime. There is a general feeling among the rural masses that voting Muluzi back into office would mean a total reversal of the economic development that has occurred over the past few years on Mutharika's watch.

The **treason case** against Vice President Cassim Chilumpha dragged on. His lawyers applied for dismissal of the charges, alleging there were insufficient particulars against their client and that there was duplication of charges. The trial date was set for 16 April but was shifted to enable the high court to rule on Chilumpha's application for trial by jury, which the former minister of justice and constitutional affairs had rejected. No ruling was made during the year. Some analysts believed this was a deliberate attempt to keep Chilumpha out of the public arena and thereby frustrate his ambitions to stand as a presidential contender on the UDF ticket.

The MCP, as the **most powerful opposition party** in the country, has maintained its strength, although it suffered some harm when its vice president, Nicholas Dausi, quit the party over his allegations that the party's president, John Tembo, was dictatorial and did not have the concerns and wishes of the people at heart. Dausi immediately joined the ruling DPP, which warmly received him and later appointed him as DPP's publicity secretary and advisor to the president on national unity.

AFORD (Alliance for Democracy), a party with only one MP (who was alleged to be forming her own party) as against the 36 it had commanded in 1994, experienced political bickering and division following the death of its founding president, Chakufwa Tom Chihana, in 2006. As of 1 January, two factions existed, the one led by Chiphimpha Mughogho and the other by Godfrey Shawa. Accusations over lack of transparency and legitimacy intensified and culminated in a fight in a church during a memorial service in honour of the late Chihana. The results of the September convention, which was boycotted by key figures in the opposing camp, saw Gowa Nyasulu emerge as AFORD's new president. By year's end, a court ruling was still awaited on the legitimacy of the new executive. The court case arose from a move by some factions within AFORD to challenge the holding of the convention on the grounds that 29 members of the party had died on the eve of the convention in an accident en route to the venue.

Foreign Affairs

Malawi remained an active member of various international organisations, including SADC, COMESA, AU, Commonwealth and the UN. It continued to depend on bilateral and multilateral financial assistance for most of its national development endeavours. The past three years had been characterised by persistent donor satisfaction with budgetary discipline and expenditure targets and with the government's performance in implementing the PRGF. In 2006, this satisfaction led the IMF and the World Bank the bulk of Malawi's $ 2.9 bn external debt. Since then, Malawi has enjoyed great **goodwill among donors and support** has been pouring in. **Great Britain** is one of the largest donors in the health sector, along with Norway, the World Bank and the Global Fund. In October, the head of the UK's department of international development announced the release of MK 2.3 bn, part of the MK 6 bn for the year, to assist with delivery of basic health services and the training, recruitment and retention of health and support workers for the country's central medical stores to ensure effective delivery of essential drugs. On 3 May, the British High Commissioner Richard Wildash commended Malawi for its efforts to promote peace in Africa at a ceremony on bilateral defence cooperation. On 28 March, **Japan** wrote off $ 205 m in debt, in fufilment of the promise Tokyo had made following Malawi's attaining the HIPC initiative completion point.

At the **regional level**, Malawi enjoyed good relations with the SADC member states. On 29 March, Bingu wa Mutharika went to Tanzania for an impromptu SADC heads of state summit on political tensions in Zimbabwe and the DR Congo. In his press briefing before he left for the summit, Mutharika suggested that the grouping should find ways of persuading Zimbabwean opposition leader Morgan Tsvangirai to renounce his objection to Mugabe's leadership, as a means of creating an atmosphere for reconciliation. However, Mutharika was increasingly under pressure from civil rights activists in the region over the silent diplomacy approach his and other governments had adopted towards Zimbabwe's crisis, the economic, social and political ramifications of which could be potentially devastating for the entire SADC region. Others believed that by using his good relationship with Mugabe (who was honoured with a newly constructed highway when he visited Malawi last year), Mutharika could positively influence Mugabe.

Towards the end of the year, the decision to establish diplomatic relations with the People's Republic of **China** and abandon the 41-year relationship with Taiwan topped the agenda. This was against the backdrop of President Mutharika's passionate plea at the UN General Assembly during the year that Taiwan be admitted as a member to the world body. Economic considerations appear to have persuaded Mutharika to take the new route. It was widely reported in local papers that China had promised $ 6 bn, which the government would use to construct the Shire-Zambezi waterway linking Malawi to the Mozambican port of Chinde. Also, China was a promising destination for tobacco, Malawi's number one export, especially given that demand in traditional markets in the West was declining. Malawi's relationship with **Libya** was severed during the year. Not surprisingly, Libya abruptly abandoned construction in Blantyre of a 100-bed hospital, which, at the time of Libya's initial pledge to then President Muluzi, had been designated as a 300-bed referral hospital.

Socioeconomic Developments

Malawi's economy continues to be predominately agricultural and, depending on climatic conditions, **agriculture** usually accounts for more than one-third of GDP and over 90% of export earnings. The sector employed nearly half of those in formal employment and directly and indirectly supported an estimated 85% of the population. The country's staple crop is maize, while tobacco was by far Malawi's largest export, followed by tea, cotton and sugar. The performance of the tobacco sector was key to short-term growth, as tobacco accounts for over 50% of exports. The economy continued to depend on substantial inflows of economic assistance from the IMF, the World Bank and individual donor nations. The government faced several major challenges, including developing a market economy, improving educational facilities, environmental problems, the rapidly growing problem of HIV/AIDS and satisfying foreign donors. The anti-corruption campaign championed by President Mutharika in 2005 had helped to lay the basis for donor confidence.

The IMF revised Malawi's **economic growth** to 7.5% from 5.6%, citing the good performance in transport, distribution and the agricultural sector, sound economic policies and good weather as the major reasons for this upward revision. In March, the IMF executive board completed the third review of Malawi's economic performance under the three-year PRGF arrangement. The completion of the review enabled the release of SDR 6.7 m (about $ 10 m), bringing total disbursements under the arrangement to SDR 22 m (about $ 33 m). On 17 December, the board completed the fourth and fifth review of Malawi's economic performance under a three-year PRGF arrangement. This resulted in the release of SDR 11.45 m (about $ 18.1 m), bringing total disbursements under the arrangement to SDR 33.4 m (about $ 52.9 m).

The virtual elimination of Malawi's **external debt** under the World Bank's HIPC initiative and the gradual erosion of domestic debt have returned millions of dollars each year to the national budget. This has in turn helped release resources for infrastructural projects, including road construction throughout the three regions of Malawi and other projects that have been earmarked for construction in the near future.

Inflation decelerated to 7.1% in September, a level not seen in many years, before it settled at 7.2%. One explanation for the low rate of inflation was the bumper yield of the staple food, maize. The price of **maize** declined, enabling government to purchase strategic grain reserves and make donations to other African countries, such as Lesotho and Zimbabwe. As a result of two successive bumper harvests amounting to 3.1 m metric tonnes, Malawi had 1.1 m tonnes in excess of the national requirement. Malawi's external prospects therefore looked positive, since the two good maize harvests made possible substantial maize exports and the reserve import coverage stood at 1.3 months in the middle of the year.

The main export earner, **tobacco**, at last produced profits for smallholder farmers. In past years Malawi's tobacco had been dogged by poor auction prices, few buyers and the WHO-backed anti-smoking lobby. In 2007, there were new buyers – Alliance One, Limbe Leaf Tobacco Company, Premium Tama, Premier Leaf, Africa Leaf and Malawi Leaf. While farmers have for years protested at the low tobacco prices, this year was one of jubilation. During the first two weeks of April, tobacco fetched about Malawi kwacha (MK) 1.3 bn ($ 9.8 m) from total sales of 7 m kilograms, in sharp contrast to the first two weeks of 2006, when only 237,899 kilograms were sold for $ 266,700 (about MK 37.6 m at the current exchange rate), an average price of $ 1.12 per kilogram. The average price per kilogram for this year's two weeks was pegged at $ 1.40. Towards the end of April, the lowest price was $ 1.15 (MK 161) per kilogram while the highest was $ 2.10 (MK 294) per kilogram. President Mutharika dictated a minimum price of $ 1.00 (MK 140) per kilogram.

The **exchange rate** for the Malawi kwacha depreciated marginally against the dollar, euro and the British pound. Against the dollar, it moved from MK 139.3426/$ in December 2006 to MK 140.1291/$ as at 14 December. It nonetheless remained strong against the South African rand and Japanese yen. The preference for **second-hand goods** and the influx of counterfeit goods on to the local market stifled consumer demand for locally manufactured items such as clothing, footwear and textiles, thereby affecting the manufacturing sector, which was estimated to grow by 5.9%.

At the end of October, the **monetary policy** committee of the reserve bank of Malawi cut the bank rate by 2.5% to 15%. This followed a similar cut in August from 20% to 17.5% as a result of Malawi's lower inflation rate. Some analysts saw this move as ironical, given the mounting global inflationary trends in the wake of rising international oil prices, which hit Malawi hard. The cut was an attempt to promote economic growth through increased investment, although surveys by the Malawi confederation of chambers of commerce and industry and others revealed that poor infrastructure and the high cost of financing are big hurdles to investment.

The HIV/AIDS pandemic remained a daunting challenge. Access to clean drinking water was another major problem in both rural and urban areas, in spite of the fact that one-third of Malawi is covered by water. The fight against **corruption** continued. However, the positions of director of public prosecutions and director of the Anti-Corruption Bureau (ACB) were vacant for most of the year. Over the past two years, 900 cases have been investigated by the ACB and only 12 cases have been brought to conclusion. Transparency International angered Mutharika by awarding Malawi a score of 2.7 and ranking her 118th out of 180 countries on the corruption perceptions index. The fact that Malawi was ranked 105th out of 163 countries in 2006 and 90th out of 145 countries surveyed in 2004 implied that the perception has worsened. Given the small number of convictions, mainly from the private sector, and the handful of culprits, who are sympathisers of the former UDF government, analysts believed that while action against corruption has occurred, government's focus had been on political opponents rather than key operatives in the machinery of government. Consequently, there were repeated headlines on corruption in major newspapers, which in turn implied a never-decreasing perception of the problem.

Although macroeconomic indicators showed declining inflation and falling interest rates, for the majority of both rural and urban classes there was increasing concern over skyrocketing consumer prices, including petrol, which hit record levels by the end of the year. Salaries and wages remained low and several companies, such as Malawi Telekom, experienced **strikes** for higher wages. University of Malawi academic staff members went on strike for three weeks in November and December. They demanded a salary increase of 200% as part of an earlier demand for a 500% increase, which had yielded a 60% raise. A year earlier, Ernst & Young consultants had concluded an increase of 1,000% was needed to bring the salaries of these academic staff in line with salaries at SADC counterpart universities, to which some of Malawi's best brains are drawn. The strike, which Mutharika blamed the opposition for orchestrating in order to frustrate his administration, was concluded when government granted a 20% increase across the board.

The government's **fertiliser subsidy programme**, which had contributed to the bumper maize yields over the past two agricultural seasons, came under increasing attack, with allegations of corruption and administrative loopholes. There was no clear set of guidelines on eligibility for the coupons. Also, the distribution mechanisms were sorely lacking. Many people were arrested for selling fake coupons while others, mainly foreigners, took subsidised bags of fertiliser out of the country. There were also accusations by the opposition that several MPs from the ruling DPP had been given coupons for distribution to their supporters: particularly embarrassing for government was the report in the local papers that the minister of defence was in possession of thousands of coupons. By the beginning of November, the distribution of the coupons had yet to be made, thus creating much anxiety about the next harvest, as rains had already started in parts of the country and farmers in those areas had planted without fertiliser. In November and December, Mutharika accused the opposition of disrupting the fertiliser subsidy programme.

Lewis B. Dzimbiri

Mauritius

Mauritius remained on track with regard to its economic performance and social reforms. The political situation proved relatively stable, but three issues impacted the economy. The end of the Multi-Fibre Agreement negatively affected hitherto preferential access to large consumer markets such as the US and Europe while soaring energy prices resulted in strong inflationary pressures. However, the real shock was the reduction in the preferential sugar prices in the EU, which forced the sugar industry to readjust both quickly and thoroughly.

Domestic Politics

The announcement of the **resignation** of the finance minister and deputy prime minister, Rama Krishna Sithanen, on 15 February caused some turbulence. While Prime Minister Navin Ramgoolam was attending a meeting in France, Sithanen sent his letter of resignation to the prime minister's office. His resignation was in protest at the nomination of Ruudheersing Bheenick as the new governor of the Mauritius Central Bank. In Sithanen's view, this nomination stood in contrast to the government's plans for economic rehabilitation. According to Sithanen, Bheenick, who had been finance minister in a Labour government from 1996 until he was forced to resign in 1998, would undermine the central bank's credibility. Sithanen wanted a 'non-partisan' executive in the position and he considered the prime minister's choice to be a personal attack. Commentators pointed out that a letter of resignation to the prime minister was of no constitutional effect, since it should have been addressed to the president of the republic. There was much speculation about whether Sithanen really wanted to resign or only to send a political signal. By securing Ramgoolam's assurance that a newly created advisory board to the governor would guide the central bank's monetary decisions, he scored politically, and stayed in office.

In the second half of January, **five substantial bills** were read in parliament. A Protection of Borrowers Bill was to provide more consumer protection to private and individual borrowers. The Competition Bill set out some preliminary steps to better control monopolistic and cartelistic tendencies in the Mauritian economy. Two labour laws were also read: the Labour Reform Law, which aimed to provide greater flexibility in employment contracts, and the Industrial Relations Act, which was to replace the existing law that had been in effect for the 33 years and which contained new provisions on collective bargaining rules, facilitating and regulating strikes and regulating relations between employers and workers. Probably the most contentious law was the Sugar Industry Efficiency Act. It provided the legal basis for a series of reform endeavours in the years ahead linked to the Multi-Annual Adaptation Strategy (MAAS) that had been negotiated between the government and international donors (essentially the EU) and was discussed in parliament at the same time (further details below).

At the end of March, an **electoral dispute** from the July 2005 general election gave rise to a major domestic policy issue. The question was whether a candidate's promise of something to the electorate in a given constituency fell under the anti-bribery legislation or not (Representation of the People Act), with the implicit consequence that the results in this constituency would be null and void. The then acting Minister Ashok Jugnauth had promised a plot of land for a cemetery to his Muslim constituents and had argued that this was, administratively and politically, a legitimate action for a minister-cum-candidate to take. The Mauritian high court, however, decided otherwise and invalidated the election results for the constituency (number 8), thereby forcing government to organise a by-election. The by-election was scheduled for early 2008.

A change in the composition of the ruling majority had far-reaching personal consequences among the **opposition leadership**. The small Mauritian Social Democratic Party (PMDS) within the Labour majority coalition changed sides and joined the opposition. This did not affect the Labour coalition majority in parliament as such but MP Maurice Allet supported the Mauritius Militant Movement (MMM) and decided he would not vote for the Militant Socialist Movement's (MSM) Nandoo Botha as opposition leader. Consequently, Paul Bérenger was elected as the new leader of the opposition instead (30 September). As the previous prime minister, he enjoyed a status on par with that of Ramgoolam on the government side.

On 23 December, the question of complete **independence for Rodrigues island** re-emerged during a visit by Prime Minister Ramgoolam. Since before Mauritius's own independence, the status of Rodrigues had been a constant domestic political issue. Rodrigues had claimed compensation for its fishing sector as a result of bad weather conditions, but government had not responded appropriately, so that the independence question resurfaced once more. Although all agreed that Rodrigues could not be economically self-sustaining, some political leaders on the island continued to pursue this political goal.

Foreign Affairs

Prime Minister Ramgoolam visited **India** (28–31 January) in an attempt to reduce the pressure from the Double Tax Avoidance Agreement (DTAA), which provided Indian firms favourable tax conditions in Mauritius for various offshore finance projects in the new and prosperous **India-Mauritius-Africa** project triangle. The government continued to advocate an integrated foreign policy-cum-investment approach for this triangle. It stressed its role in COMESA for free trade in Eastern and Southern Africa and played a major integrating role in the SADC. In Mauritius's view, India's interest in raw materials and markets should be translated into a Mauritian diplomatic initiative, combining offshore banking, financial services, technical expertise and finally manpower arrangements that would serve Africa, India and Mauritius. There were, however, those voices questioning this approach and arguing that neither India nor Africa needed the island's brokerage services. At the end of December, Indian Foreign Minister Pranab Mukherjee declared during a visit that the Indian administration had strong concerns about the DTAA, which India considered to be too generous and too aggressively applied, resulting in a fiscal drain on India.

Mauritius signed an economic cooperation and partnership agreement with **Pakistan**. Improved accesses to Pakistan's market for sugar and other products and stable food (rice) imports from Pakistan were the logic behind this move early in the year. Moreover, Pakistan sought to improve its access to the African mainland market by using Mauritius as a gateway.

A third major player in Mauritius's foreign policy was mainland **China**. In order to benefit from China's economic, political and strategic stature, Prime Minister Ramgoolam visited that country from 10 to 16 July. He accepted the 'One China' principle of the Chinese leadership and was rewarded with a grant to finance infrastructure projects such as the rehabilitation of the La Bagatelle dam and a road in the Riche Terre industrial zone in Port Louis. He invited China's leadership to invest in Mauritius as a commercial and logistical hub for an emerging African market. China signed a wide-ranging **cooperation and investment protocol** at the end of November, followed by concrete steps to build the new Tianli industrial zone north of Port Louis in the Riche-Terre area and also Cyber City south of Port Louis. The first phase would comprise industrial facilities, two hotels, an international conference centre, a Tianli service tower, a Sino-Africa Fund tower and a Sino-Africa purchase centre as well as housing for the Chinese workers on this project. In addition, the China Development Board decided to open a liaison office in Mauritius and the electronic giant Huawei a regional office for Africa in Port Louis.

On 11 March, the president of **Madagascar**, Marc Ravalomanana officially visited with a large economic and ministerial delegation. During the visit, the daily 'L'Express' published a special number on Madagascar entitled "A new sunrise", suggesting better relations in the future. In fact, commercial turnover between the two countries remained far below the economic potential of either of them.

One long-term question critical to Mauritian foreign policy is the territorial sovereignty of the **Chagos islands** and **Tromlin island** in the South Pacific. According to a question by opposition leader Bérenger in parliament in November, the Seychelles was accepting France's sovereignty over Tromlin. The wording of the agreement between the Seychelles and France approved maritime cooperation between the two countries, including the islands of Mayotte and Réunion. The agreement thus considered Tromlin to be under French control and was publicly denounced by Ramgoolam in parliament. He gave the assurance that in accordance with his declaration in the UN General Assembly and a note to France (25 May) Mauritius would claim full authority over Tromlin, notwithstanding France's unilateral decision to include Tromlin in the South Pacific and Antarctic territories claimed by Paris. The subject was to be raised at the next Franco-Mauritian mixed governmental meeting. Moreover, James Michel, president of the Seychelles, declared in a letter to Ramgoolam that the agreement with France exclusively concerned the fight against illicit fishing in the economic zone claimed by the Seychelles. The question of Tromlin's sovereignty was considered by him to be a strictly bilateral affair between France and Mauritius.

Given the importance of the **European market** for Mauritian textile, sugar and seafood exports, the stalled negotiations between the EC and ACP states on creating regional markets and liberalising imports from Europe was of particular concern to the government. As Mauritius is a middle income country, exports to Europe would be subject to European taxes from 1 January 2008 if the new WTO-compatible provisions in regional Economic Partnership Agreements (EPAs) were not signed. Since most African states rejected the proposed EPA solution, the Mauritius government in December signed a **preliminary EPA** to avoid any disruption (particularly textile, fish and sugar exports) and proposed a reduced regional grouping consisting of the Comoros, Seychelles, Madagascar and Mauritius.

Socioeconomic Developments

Mauritius faced significant challenges as the country's economy transitioned from dependence on trade preferences to open competition in a global economy. The questions were how to boost economic growth through higher productivity; develop human capital through educational reforms in order to raise skill levels; and how to promote new emerging sectors and move Mauritius to a more knowledge-based economy while preserving its longstanding commitment to social welfare. In order to address these challenges, the government and the **World Bank** laid out a plan to return to a high growth path and to protect Mauritian people who were negatively affected by the transition. This reform programme focused on: (1) fiscal consolidation and improved public sector efficiency; (2) improved trade competitiveness; (3) improved investment climate; and (4) democratising the economy through participation, social inclusion and sustainability. Accordingly, a **country programme strategy** for 2007–13 was worked out and accompanied by a detailed annual business plan. The strategy was drafted in close collaboration with the EU in order to ensure that it responded to the country's emerging needs and that it reflected a coherent approach among Mauritius's major development partners.

While **sugar reform** was not an entirely new issue and had already been addressed in 2001 by the previous government in the first Sugar Industry Efficiency Act it became pressing agenda due to an agreed deadline with the EU, whose financial aid was conditional on reform being completed by 31 December. Under pressure from the WTO, the EU had decided in 2006 to reduce the reference price for sugar progressively by 36% to € 400 per tonne over the next five years, starting with 5% in 2007 and 18% in 2008. Since Mauritian exports account for about 38% of EU imports the income effect on the Mauritian economy is evident. In order to resolve the imminent economic and social effects caused by the slump in sugar production and exports the government and the EC adopted a **MAAS** as a part of the EU-Mauritius country strategy paper. This reform programme promoted the creation of sugar cane 'clusters' (production of several types of sugar, electricity, bagasse, ethanol through one process) and assured compatibility with the concept of sustainable development by making sugar production a viable long-term sector; assured the fulfilment of the country's trade commitments; and at the same time reduced the country's dependency on fossil fuels. In operational terms this meant: a) an upper limit of 520,000 tonnes on yearly production of sugar cane, b) downsizing the labour force in the sector to 8,000 people employed in the sector; c) increasing final product components in exports; d) optimising by-products such as derivates, pharmaceutical and chemical products; and e) producing energy. Sugar reform, however, proved to be not just a technical question of optimising a given production structure: it also touched on essential questions of social justice and economic power. For the first time since independence, the 'sugar barons' were forced to cede land, capital and liquidity as part of the reform package. Consequently, negotiations between the government and the Mauritius Sugar Producers Association (MSPA) ended in deadlock. Whether it was capital participation by government in electricity generation, distribution of idle lands to government for social projects, or financial compensation for workers through retirement schemes, sugar plantation owners were resistant to rapid movement towards an agreement. On land, the final agreement was reached on 5 December, only three weeks ahead of the deadline with the EU. The MSPA agreed to offer 2,000 arpents to the government (1 arpent = 3,419 sq m). While an agreement was reached on the amount of land, the mode of distribution and the location of the plots remained unresolved.

A similar conflict developed with respect to the **thermal plants** that were to be constructed in association with the concentration of the sugar refineries. The specific points of contention were share holding, capital distribution and electricity pricing. MSPA offered 30% of the capital to the government, whereas the government demanded 40% and the right to designate who should hold the capital. On 16 November, a series of meetings ended in deadlock: first an agreement was reached on 40% but no agreement on the designation. The government demanded that the Central Electricity Board (CEB) allot the quota to the state-owned Sugar Investment Trust (SIT) and the State Investment Corporation (SIC) and if necessary create a new Independent Power Producer organisation to hold the capital for the new electricity generating units. Finally, the question arose whether government should pay for the shareholding. In the past, the SIT and SIC had paid Mauritius rupees (MRs) 120 m for 22% ownership of the Bellevue thermal plant but the government now demanded that the shares should be free of charge since electricity producers had already enjoyed preferential and stable electricity revenues from the past and future capital participation had already been paid through this. "This is bolshevism and a hidden expropriation", argued the MSPA. This sugar reform issue is so painful politically because production and landownership is still concentrated in few hands and touches the social fundamentals of society. Of a total sugar crop of 73,000 ha, 50,000 ha, i.e., 68%, belongs to the sugar barons (some ten extended families), who also have capital and own land. Since independence they have been the masters of diversification and services in the industry. Consequently, the Labour Party-dominated government attached much importance to **economic democratisation** (distributive effect) in its approach to sugar reform. To alleviate the negative impact of the reforms on workers and employees, the EU allotted € 4.5 m, of which 75% was earmarked for closing refineries and 70% of this amount for early retirement schemes, but payment of these funds was made conditional on the progress in achieving the overall reform objectives. With respect to the modernisation and diversification of the industrial units, finance was provided by the European Investment Bank. Whereas these reform packages looked appropriate at the negotiation table, the harsh reality was that the units at St. Félix, Riche-en-Eau and Mon-Désert-Mon-Trésor were already closed or about to be closed, and the owners had blocked the funding for the agreed voluntary and early retirement schemes.

At the same time, ordinary citizens suffered from **socioeconomic constraints** such as rising prices for energy, particularly petrol products, cooking gas and milk products. Overall inflation was of the order of 8.8%. The official unemployment rate was 8.2%. The GNP growth rate was calculated by the World Bank at 5.6–5.8%. The lack of direct foreign investment was supposed to be surmounted through integrated resort schemes involving luxury residences and hotel compounds that would attract foreign investors. Government was unable to reduce its debt and continued to spend about 25% of its budget on debt servicing.

The **national budget** for 2007–08 was presented on 15 June with a total value of MRs 13 bn. It was characterised by Sithanen as a budget of consolidation and dynamism. He placed the emphasis on lean administration and government; simplification and reduction of levies, taxes and excises; and the introduction of a top corporate and revenue tax of 15%. The business community was taken by surprise by one of the most business-friendly budgets in many years, made possible by the expected increase in recurrent revenues of 13.5% over 2006–07 and the containment of increases in public expenditure to 6.8%. Sithanen thus aimed to keep expenditures in line with inflation. Coupled with revenue buoyancy from the expected growth rate of 5.5% in 2007–08, the budgetary figures looked healthy and public debt was consolidated downwards to 61% of GDP, close to the long-term target of 60%.

Some 800,000 tourists proved tourism to be a constantly growing sector. Open Skies policies should lead to additional transport capacity and cheaper fares and, hence, further growth. The finance sector was another prosperous branch of the economy. Four hundred and sixty offshore investment funds provided employment to 30,000 people. The government reaped the benefit of its efforts to arrange double tax agreements with emerging economies. Apart from being a logistic hub, Port Louis performed strongly as a seafood hub. With a turnover of MRs 4.2 bn and an annual increase of 17%, the fish-processing sector provided employment to 5,500 people and accounted for about 15% of exports from Mauritius's 'free zones'.

Klaus-Peter Treydte

Mozambique

Mozambique remains the donor darling, with aid rising. The economy continues to grow at more than 7% a year, but a series of reports pointed to increasing inequality and noted that growth is not reaching the poor. Floods and other disasters made their mark. Provincial elections were postponed.

Domestic Politics

Elections dominated the political scene. There should have been provincial assembly elections in 2007, followed by local elections in 2008 and national elections (for parliament and president) in 2009. However, parliament was very slow in enacting legislation and only approved new electoral legislation in different stages during March. Parliament appointed its members of the **National Election Commission** (CNE) only in May, with three members from the governing Frelimo party and two from the Renamo opposition. In June, these five selected eight further members from 62 candidates proposed by civil society organisations. The civil society members are all seen as being close to Frelimo. By law, the CNE president must be one of the civil society members and the CNE selected João Leopoldo da Costa, rector of the private university ISCTEM. The CNE serves for five years.

A revised constitution created assemblies in the 10 provinces, and they were to be elected before 19 January 2008. The date for **provincial elections** was first set for 20 December, then moved to 16 January 2008 at the height of the rainy season and finally parliament passed a constitutional amendment allowing them to take place at the same time as national elections in 2009. The electoral law required a completely new **registration** and with the very late appointment of the CNE it proved impossible to undertake this exercise in time. Registration was also extended several times, and by early 2008 more than eight million of 10 million voting age adults had registered.

International observers had severely criticised what they saw as a unique **secret vote tabulation** process, which in 2004 allowed the CNE to exclude the results of more than 5% of polling stations and change the results of others without explanation. An analysis of the election results by the London School of Economics Crisis States Programme, released in 2007, found "that ballot box stuffing, improper ballot nullification, and (intentional) organisational failure took place". Mozambique's own constitutional council criticised the lack of transparency and said the CNE had acted improperly. The new CNE has also been accused of impropriety by the local press, because it ignored the clause in the **electoral law** which stated that CNE members cannot have other paid employment, yet most civil society nominees retained their old posts. Parliament did not modify the parts of the legislation allowing for secrecy and the new CNE refused to even consider more openness. At a 27 June meeting with Foreign Minister Alcinda Abreu, donors flatly refused to fund the election without assurances of transparency and international observation. The European Commission had already set up a budget line to fund the election, but withdrew the offer. Ironically, the fall in the value of the dollar against the euro and pound meant that budget support increased by enough in dollars to pay for the election and registration. However, the issue remained unresolved.

On other issues, there was a big push towards decentralisation, built around district planning. In 2007, each of the 128 districts was given Metical 7 m (about $ 240,000) for economic development and job creation. **Local consultative councils** were set up in each district and at three lower tiers – administrative post, locality and village. The consultative councils were nominated rather than elected but must be broadly representative. They have a strong voice in the spending of the Metical 7 m and in local development plans, and thus brought at least 50,000 people into the decision-making process. The councils were also expected to monitor repayment of loans from the Metical 7 m, comment on projects by non-government organisations in their area and have a say on land and natural resource concessions. The move has involved a surprising degree of experimentation. Initially, the money was given to each district with virtually no instructions, and central government watched how it was used and how communities responded. New rules were issued, often in confusingly close succession, to stop money from being spent on administrators' cars and offices and then to direct it towards economic goals and job creation. Councils were restructured to ensure they had more women and were more representative.

The **agriculture ministry** suffered a series of traumas. Minister Tomas Mandlate was dismissed on 23 February and replaced by Erasmo Muhate. A fire destroyed a third of the ministry on 25 May, including important historic records, and pointed to the lack of fire fighting capacity. On 10 December, Muhate was sacked after he dismissed eight of his directors and deputy directors. Soares Nhaca, a former trade union leader and governor, was named to replace him.

President Armando Guebuza named Filipe Couto rector of Universidade Eduardo Mondlane, the country's oldest and largest university, against the advice of the university council. A Catholic priest who built the Catholic University, he is the brother of deputy finance minister Pedro Couto.

The Christian Council reported that in the 25 years since the end of the civil war, it has collected 700,000 guns as part of its programme to trade guns for hoes.

Foreign Affairs

Foreign affairs meant donor relations and Mozambique remained a **donor darling**. An IMF review on 2 February said: "Mozambique is a success story in Sub-Saharan Africa, benefiting from sustained large foreign aid inflows, strong and broad-based growth and deep poverty reduction". Aid continued to rise, from $ 1,228 m in 2004 to $ 1,273 in 2005 and $ 1,473 in 2006 (all excluding debt cancellation, which officially counts as 'aid'). Aid was one-fifth GDP and half of the government budget. Mozambique received 70% more aid per capita than its neighbours Tanzania and Malawi ($ 74 per capita compared to $ 44 for the other two). The largest donor is the EU ($ 174 m) followed by the US, UK and Sweden.

Nineteen donors (all the major donors except the US and Japan) are part of the **budget support group**, which now is also the major forum for policy discussion with the government. One-quarter of all aid (excluding debt cancellation) goes directly into the government budget and the donors in 2007 pledged a 10% increase in budget support for 2008, to $ 435 m. Nevertheless, there is growing disquiet. A joint *aide memoir*, agreed on 21 September, praised the government's macroeconomic successes, but threatened cuts if the government failed to act on corruption, governance and the courts. Such threats had been made in the past, but Denmark became the first country to reduce budget support (by 17%) and Germany's pledge for 2008, although still an increase, was smaller than originally announced. After two years of delay, the US Millennium Challenge Corporation on 13 July finally signed an agreement for $ 507 m for water, sanitation and roads in the north of Mozambique.

The **Cahora Bassa dam** finally reverted to the Mozambican government on 27 November, two years after the Portuguese government first agreed to sell it. Mozambique paid $ 700 m, borrowed from a consortium of banks, to Portugal for 67% of the dam. Mozambique now owns 85% and Portugal 15%. Portugal was anxious to make the deal because it needed the money to reduce its own deficit to meet EU criteria.

Mozambique's relations with its neighbours continued to be good, but the crisis in **Zimbabwe** continued to have an impact, reducing traffic through the ports and driving Zimbabweans over the border to look for work in Mozambique. Officially, Mozambique backed SADC attempts to press President Robert Mugabe to stand down. As soon as it took over the Cahora Bassa dam, government stepped up the pressure. Zimbabwe had a debt of $ 19 m for electricity from the dam, so supplies were halved in mid-December and then cut off on 28 December. Zimbabwe paid half of its debt, and some power was restored.

Former President **Joaquim Chissano** won $ 5 m over ten years and then $ 200,000 a year for life in the inaugural round of a prize sponsored by the private telecom business tycoon Mo Ibrahim. The citations mentioned his achievements in bringing peace and reconciliation after the war. The prize was only given to a president who had voluntarily stepped down in the previous three years. The citation carefully did not mention governance or corruption. Chissano did not stand in 2004 because the Frelimo party did not select him as a candidate, fearing that he would lose because the reputation of those close to him for corruption was too strong. Chissano's son Nyimpine died during the year. He had been charged with ordering the murder of Mozambique's most important journalist, Carlos Cardoso, in 2000. Chissano also served as a special envoy to the secretary general of the UN during the year, including missions to Uganda and Sudan.

Socioeconomic Developments

A string of disasters hit Mozambique. **Floods** in the Zambezi River valley in February and March were the worst since 2002 and displaced 110,000 people. A further 175,000 lost crops or saw their homes damaged. Efforts were made to encourage people to move out of high risk areas, but most people returned to their old land and ran the risk of being dislodged again. Mozambique's disaster relief agency is now well managed and maintained effective control throughout both floods. Help came from the World Food Programme and a small group of international non-government agencies (INGOs) that have a long working relationship with the government. No emergency appeal was issued for the flood, despite pressure from INGOs, which wanted to use it for fundraising and fed exaggerated stories to the BBC and other press. One of Mozambique's biggest problems was fending off agencies who sent teams to Mozambique to 'help', but who mostly caused problems.

An unusually strong cyclone, Favio, with winds of up to 180 kph, made a direct hit on the tourist city of Vilankulu on 22 February, causing major damage. Not surprisingly, **climate change** has become a prominent issue. In late March, there was unprecedented flooding of low-lying coastal areas. Although this happened during a sun-moon-earth alignment that caused very high tides, it may also have been a mark of rising sea levels. Reports by various agencies released during the year gave mixed forecasts, but all seemed to agree that the south of Mozambique was going to become even drier, putting an end to rain-fed agriculture. Speaking at the UN General Assembly on 26 September, President Guebuza said Mozambique was already feeling the impact of climate change, and he called on the rich countries to take action to reduce emissions.

On 22 March, an **explosion at a military arsenal** in the capital city of Maputo killed 103 people, injured 515 and destroyed or damaged more than 1,300 houses. The arsenal housed obsolete Portuguese weapons dating back to the colonial era and Soviet munitions from the war of destabilisation. At least 4,000 shells and rockets were hurled out by the explosion and Soviet rockets were found more than 10 kilometres away. After an explosion at the arsenal in 1985 killed 13 people, it was recommended that it be closed, but nothing was done. After a similar explosion at a Beira arsenal in 2002, Russia offered equipment and technicians to disarm and dismantle the weapons, but the offer was not taken up.

A **national census** showed a population of 20,530,714, up 28% on the 1997 population of 16,075,708. The capital Maputo now had 1,100,000 people. Matola, which adjoins Maputo, is now the second largest city, with 675,000. This means that capital zone, including suburbs, has more than two million people. Nampula is now the third largest city with 478,000 people, while Beira fell back to fourth position with 436,000. Next came Chimoio 239,000, Nacala 207,000 and Quelimane 192,000.

A detailed survey during the year revealed that there are 162,424 **civil servants**, including teachers and health workers. This first-ever survey was done by teams from the civil service commission, which went to district capitals to register each civil servant. The system used computers, and it is a mark of the underdevelopment of Mozambique that 50 of 128 districts did not have stable electricity and adequate telecommunications for the computers to be used. In these instances, civil servants had to go to the nearest district with electricity and telephone to register.

Although malaria is still the biggest killer, **HIV/AIDS** is a growing problem. By the end of the year, nearly 100,000 people were receiving antiretroviral (ARV) drugs. This is still only one-third of those who could benefit from them, and many of those using ARVs are so poor they cannot afford adequate food.

Supreme Court President Mario Mangaze reported an improvement in **prisons**. Previously, most people held in Mozambican jails had been found guilty of nothing, but were simply awaiting trial. That had been reversed. By year's end, 66% of the prison population consisted of people serving sentences, while only 34% were on remand.

The national electricity grid continued to be expanded, and by the end of 2007 had reached 70 of 128 district capitals. A study by the ministry of planning and development noted that within just a few years Mozambique will become "a highly **resource dependent economy** comparable to countries like the Republic of Congo, Gabon, Norway, Trinidad and Tobago, and Zambia." Mozambique is committed to "follow the principles" of the Extractive Industries Transparency Initiative (EITI), but there is growing concern both in the international community and civil society about the lack of transparency with respect to resource revenues. Mozambique already exports electricity and uses it to smelt aluminium. Plans are far advanced for a second dam, Mphanda Nkuwa, on the Zambezi. Prime Minister Luisa Diogo reported in November that investors were being sought for gas and coal-fired power stations as well. Gas is exported to South Africa and exploration reports indicated further gas fields off the coast of central Mozambique. President Armando Guebuza visited US oil companies in Texas in September and was told that there are probably exploitable quantities of oil in the north. Two major coal-mining projects are also under way, mainly to export coking coal for steel production to Brazil and India. The first titanium mine, owned by the Irish company Kenmare, began production in October and a second mine is planned. It is expected that Mozambique's exports will shortly be 40% aluminium, 40% minerals and energy and just 20% agricultural and other goods.

With the rapidly rising price of oil, production of **biofuel** for local consumption and export became more interesting. For several years, President Armando Guebuza has promoted jatropha, which can be grown on marginal grounds, and several small companies planned to start refining oil for oilseeds into biodiesel. In December, work began on the largest project, a sugar plantation dedicated entirely to the production of 480,000 litres per day of ethanol to add to petrol. The project is controversial, because it uses water from the Massingir dam, which, it was argued, would be better used to produce rice. The debate continued throughout the year. The government rejected other proposals from foreign investors to use large tracts of land for biofuels, and government ministers stressed fuel production should not compete with food.

Despite President Guebuza's repeatedly calling for a 'green revolution', for example at a Frelimo central committee meeting on 15 March, **agricultural development** remained very limited, with little research or investment. However, there has been interest in three traditional sectors. Tongaat-Hulett in January announced plans to spend $ 180 m on expanding their sugar plantations. Cashew production has been slowly recovering after the government reversed World Bank-imposed policies and began to support the sector. Producers marketed 76,000 tonnes of cashew in the 2005–06 season, up from 63,000 tonnes the previous season. About half of the crop was used by Mozambican processing factories and half exported to India for processing. Peasant cotton production for the 2005–06 season was the highest in 35 years.

Tobacco has become Mozambique's third most important export, after aluminium and electricity, and is more important than gas, prawns or sugar. Exports in 2006 were $ 110 m, fives time the level of just four years earlier. About 150,000 peasant families produced tobacco. Only half made a profit but the one-quarter who were the most successful growers averaged $ 900 a year of profit. Tobacco has been the only crop to raise peasant incomes and the only crop to increase fertiliser use – tobacco farmers were ten times more likely to use fertiliser on maize than those who do not also grow tobacco. Tobacco is run on a concession system, like cotton. A company is given exclusive rights to a district and provides credit and extension services to peasants in the district, who must sell their tobacco to that company. Tobacco depends on exploitation of family labour, so that tobacco farmers are less likely to send their children to school. Meanwhile, new laws came into force banning smoking in restaurants and many other public places. On 29 May, the government increased the minimum wage from the equivalent of $ 40 a month to $ 44 for agricultural workers and from $ 56 per month to $ 64 for other workers.

A report on **illegal logging** was followed up by press reports that painted a picture of incompetence and corruption that has allowed traders to strip Mozambican forests of valuable hardwoods and ship them to Asia. During the year, containers of illegal logs were seized in the ports of Pemba and Nacala.

GDP growth continued at over 7%, although inflation was 12.1%, nearly double the target of 6.4%. Food and fuel prices rose and the urban poor became poorer. Although the World Bank and IMF praised Mozambique's rapid growth, Paulo Cuinica, secretary general of the G20 NGO platform, said that on the ground people did not feel the economic growth. When President Guebuza toured the country, he faced increasing complaints about crime and of corrupt police who did nothing. As the year progressed, tensions increased in poor neighbourhoods of big cities and at least a dozen young men accused of crimes were lynched – in Maputo they used the South African technique of 'necklacing' in which a tyre is put over the victim's head, filled with petrol and set alight.

Three studies released early in the year pointed to growing differentiation and **increasing poverty**. Two studies compared rural income surveys in 1995–96, 2001–02 and 2004–05. Officially, 70% of the population was rural, so this also included people in smaller towns. There was a general increase in income between the first two surveys, but of the total increase in rural income 73% went to the fifth of households with the highest incomes and less than 3% went to the poorest fifth. For the next period, 2001–02 to 2004–05, differentiation accelerated. The poorest half of the rural population actually saw their incomes fall, while the top fifth made another large gain. Finally, the studies showed that the position of people near the poverty line was very precarious. Half of the rural families considered 'not poor' in 2001–02 had fallen back into poverty by 2004–05.

The other study, "Beating the Odds" by the World Bank, noted "the blistering pace of economic growth" but went on to say that "rural income inequality seems to be growing, and already high urban inequality persists, so that the same high growth has less of a poverty reducing effect". It added: "Continued growth after 2003 has not been trickling down to the poor". Indeed, increasing costs of living seemed to hit the poorest hardest, the report noted. A key marker is "how little children's nutritional status has changed" – economic growth was not increasing food consumption by the poor, and the poor were also less likely to use health services and send their children to school. Various studies showed that jobs were an important way to escape poverty, but in rural areas most people were too poor to hire labour. The World Bank study also noted that Mozambique had suffered from **job destruction**, shedding jobs at more than 10% a year on average as part of privatisation and restructuring. The 'mega-projects' such as aluminium and gas have created a few jobs, but not enough to compensate – so despite the rapid GDP growth, there were fewer jobs.

'**Lazy peasants**' became an issue in April. Speaking at a rally in Zambezia province, President Guebuza said, "the lack of habit of hard work is perpetuating hunger and poverty. There are too many lazybones in Mozambique. We have to admit we don't work much". This brought an angry response from the National Peasants Association, which called on government to provide agricultural credit and the fertiliser and improved seeds that peasants were too poor to buy. Just days later, the national food security unit reported that **chronic malnutrition** among children was increasing. Clearly peasants were too poor to feed their children properly and did not have enough food to work hard in their fields.

A report issued by the UNDP International Poverty Centre in Brasilia in September said Mozambique's development strategy was not pro-poor and required a "significant shift". Investment in agriculture was "extremely low" and productivity had not changed in the past decade. There was a big rise in inequality, with growth going only to consumption by the richest. The stress on the big mineral-energy projects has led to the loss of more jobs than have been created, and the "overall impact has arguably been to increase poverty". Government, it said, had "**no overarching development vision**".

Joseph Hanlon

Namibia

The year culminated with the biggest change to the national political landscape since independence, with the collapse of the official opposition party as a result of internal differences, while several high-ranking members of the former liberation movement and dominant ruling party, the South West Africa People's Organisation (SWAPO), registered their own new political party. The SWAPO congress elected the head of state as its new party president. Sam Nujoma, SWAPO president since the founding of the movement and head of state for 15 years, did not stand for election again. By year's end, Namibia's political map was both the same as before and very different.

The country's foreign policy persisted with its Look East orientation and the expansion of economic relations with new partners interested in accessing the natural wealth. In socioeconomic terms, the resource-rich country benefited from the soaring world market prices for several of its main export items, mainly in the mining sector. The annual state budget for the first time made provision for a surplus for a second consecutive year, but the mid-term perspectives remained precarious in the absence of any meaningful signs of redistribution of wealth.

Domestic Politics

In the absence of any elections, domestic politics were characterised by spectacular turmoil on the party political landscape. During its party congress on 4 and 5 May, the Congress of Democrats (CoD) became deeply divided over controversial elections for its leadership positions, elections that resulted in a **split in the official opposition** (a formal status based on the Westminster model and attached to the biggest opposition party in parliament). Both of the two leading founding members of this party, which emerged during 1999 mainly from the ranks of the former liberation movement SWAPO, had earlier been deputy ministers in the SWAPO government. At this year's congress, they were openly at loggerheads over the party's presidency, with accusations of tribalism and mismanagement being exchanged. Party President Ben Ulenga claimed re-election after winning the votes of 155 out of 309 delegates in a second-round vote against his opponent Ignatius Shixwameni, the party's secretary general. About 100 delegates supporting the latter, including three of the party's five MPs, walked out in protest. They accused the Ulenga faction of manipulating the composition of the delegates. The remaining congress participants continued with the elections and filled all the posts in the party's top structure with Ulenga loyalists. Further disputes over party property, the portion of party finances allocated by the state and the party's other assets bedevilled any efforts at reconciliation and the rivalry escalated further into irreversible rifts. The recommendations of an independent audit panel, which sought compromise solutions to overcome the crisis, were not implemented. Instead, after Ulenga announced that the dissidents had been expelled, the opponents went to court. While the matter dragged on for the remainder of the year, the opponents remained in their positions due to an interim court order. Both factions claimed to represent the legitimate CoD. In a surprise move, Shixwameni announced his resignation from the party with immediate effect on 10 December, sparking rumours that he intended to establish his own party.

Meanwhile, while the CoD unravelled, a **new opposition party** made headlines. It was the long expected result of fundamental divisions within SWAPO. These had become visible with the sidelining of the party faction that had in mid-2004 supported Hidipo Hamutenya, the former foreign minister, as possible successor to Namibia's first head of state and SWAPO President Sam Nujoma. The rift culminated with the expulsion of former Trade Minister Jesaya Nyamu from the party at the end of 2006. Both Hamutenya and Nyamu were of the first generation of exile politicians and were members of the party's inner circle. On 2 November, the Rally for Democracy and Progress (RDP) was officially registered as a new party with the Electoral Commission of Namibia (ECN) after Nyamu applied for registration in August. After months of unconfirmed speculation and rumours of a split in SWAPO, constantly denied by party officials, the news came as a bombshell. Several higher ranking SWAPO members declared their intention to join the new party. At a press conference on 8 November, Hidipo Hamutenya announced his resignation from SWAPO and as a member of parliament and his intention to join the RDP, of which he became acting president, with Jesaya Nyamu becoming acting secretary general. On 17 November, the official launch of the party took place at a public rally in Katutura, the former township of the capital Windhoek. The party seemed able to make inroads into the hitherto uncontested SWAPO strongholds in parts of the former Ovamboland in northern Namibia. The region is considered decisive to any political dominance, given that more than half of the country's electorate originates there. Historically, SWAPO grew up among contract workers from Ovamboland in the 1950s and had never lost its firm control over the area. RDP officials announced that their short-term political goal would be to break SWAPO's two-thirds majority in the National Assembly in the next parliamentary elections scheduled for late 2009, but had not spelled out their political platform by year's end. However, high unemployment; the lack of educational, health and other social services; and the unsatisfactory distribution of wealth quickly emerged as campaign issues. An initial political rally held on 9 December in the deep-sea harbour town of Walvis Bay, the only other industrial urban centre outside Windhoek and home to the fishing industry and a high number of organised workers, drew a large crowd.

Prime Minister Nahas Angula was quoted on 7 November in the state-owned daily newspaper that the RDP was a "paper party" and no threat, but would jeopardise peace and stability. He expressed concern over the security of the country since the political culture in the four north-central regions (the former Ovamboland) does not allow for peaceful political activity. The governing party reacted to the RDP with an internal campaign tantamount to a **SWAPO witch-hunt**. The director of the ECN was accused of not alerting the government or party about the registration process and was subsequently branded as a traitor and clandestine RDP follower. The party's Youth League spearheaded the internal vendetta against anyone suspected of not toeing the party line and asked for the dismissal of the ECN director. In mid-November, the party's secretary general confirmed to a local newspaper that an oath had been drafted that, once adopted, would require all party members to swear absolute loyalty to SWAPO.

The announcement of the establishment of RDP coincided with the final preparations for the fourth ordinary **SWAPO congress** since independence (27–30 November). The gathering of over 400 party delegates from all regions of the country, during which the party leadership was elected, was preceded by frantic efforts to eliminate delegates with suspected RDP leanings. As a result, several elected delegates were replaced at short notice. After much speculation about whether SWAPO's founding president, Sam Nujoma, would seek re-election and remain in official charge of the party, the party's secretary general announced on 9 November that the politburo had nominated Namibia's President Hifikepunye Pohamba for election as the party's president and the former Prime Minister Hage Geingob as vice president. Geingob had left politics temporarily after a row with Sam Nujoma and taken a position with a World Bank-affiliated Africa agency in Washington before returning to Namibian politics in 2005 as a backbencher in the National Assembly.

The party's central committee, which met on 25–26 November ahead of the congress, confirmed the nominations, while Nujoma, at the opening of the congress on 27 November, confirmed he was stepping down as party president and would not hold any other position in the party. This marked the **end of an era**, even though the congress resolved that Nujoma would retain unrestricted access to and unlimited participation in any of the party's meetings. None of the party's top positions was contested, and President Pohamba was adopted by a motion at the congress as the party's official candidate in the next presidential elections in late 2009. This ended further speculation about the future candidate and strengthened his leadership and authority. The return of former Prime Minister Geingob to the top echelons of the party sparked speculations as to whether he was being groomed as the successor to Pohamba as both head of state and party president. Current Prime Minister Angula, who had played a considerable strategic role in the process by which Pohamba had been nominated as successor to Nujoma, remained surprisingly inconspicuous and seemed to have no bright future. After 47 years as president of SWAPO, the 78–year old Nujoma was honoured at a rally in Katutura on 1 December, where an impressive crowd of several thousand cheering people paid him farewell.

Other election results from the congress indicated further **changes in SWAPO**. For the first time since independence, both the party's 21-member politburo and the 83-member central committee had no white representatives. In both organs, several long-serving, high-ranking activists and political heavyweights were eliminated. They were suspected of being not unsympathetic to the new RDP or of other critical tendencies regarding the party's dominant course. All those in the old guard considered to be reliable kept their positions. Newly elected into both influential organs was Utoni Nujoma, deputy minister of justice and son of the party's and country's first president. Losers in the elections were the women: while they represented almost half the congress delegates, only three were elected to the politburo (previously four), and only 18 (previously 19) to the central committee. The congress adopted 30 resolutions in total, dealing with various policy matters that were also of national interest. Among the contentious issues dealt with was the resolution that government establish a media council to regulate the activities and operation of the media in the country.

A topic that gave rise to heated controversy during the year was **national reconciliation** and coming to terms with the past. The unresolved issue of past injustices fuelled new debate when it emerged mid-year that the National Society for Human Rights (NSHR) had made a submission to the International Criminal Court (ICC) to investigate the responsibility of Sam Nujoma and a few other SWAPO officials for human rights violations committed in exile. The public outcry over this "felony" culminated in death threats to the director of the NSHR, who had himself been a victim of internal SWAPO repressions while in exile. Several SWAPO-affiliated bodies, including the trade union and the students' organisations, demanded publicly that unpatriotic elements such as the NSHR, some of the media as well as individual scholars be taken to task. During his speech on Heroes' Day (26 August), President Pohamba lashed out at what he called misguided individuals and organisations acting in concert to disrupt peace and stability. At an earlier public rally he had offered dissenting voices a one-way air ticket to leave the country. This stridency was in stark contrast to the soft and conciliatory messages Pohamba usually relays. Similar outbursts against voices critical of party and government policy were also evident in a series of parliamentary debates during which higher ranking SWAPO politicians did not shy away from lambasting "misguided elements".

Public criticism of government policy was also cited as justification for introducing stricter state controls over **media freedom** during debates in the National Council, the National Assembly and in the adoption of the resolution on the matter by the SWAPO congress. At a workshop in mid-September, the minister of information and broadcasting declared that freedom of expression and access to information should not be used to breed insecurity. In response to the ongoing debate and the SWAPO congress resolution, the Namibian Editors' Forum, the Media Institute of Southern Africa and other local institutions rejected all state interference in the constitutionally enshrined freedom of the media.

Foreign Affairs

Friendly relations with neighbouring countries remained a priority, although at times the differences within the sub-region were difficult to reconcile. This became evident in the case of **Zimbabwe**. President Mugabe visited on 27–28 February and signed a series of bilateral agreements. The visit was declared to be a symbol of the enduring friendship between the two countries, notwithstanding public protest by some local rights activists. Their protest over the massive outbreak of renewed oppression of the political opposition from 11 March onwards resulted in the protesters being banned from presenting a petition to the Zimbabwean high commission. An opposition party motion in parliament to discuss the Zimbabwean situation was dismissed by the SWAPO majority and the foreign minister declared such a debate would amount to interference in the internal affairs of another country. In contrast to this display of solidarity with the besieged regime, Zambian President Mwanawasa, who was guest of honour at the Independence Day celebrations (21 March), used the opportunity to make highly critical public statements about the Zimbabwean government's policy and compared Zimbabwe to the sinking Titanic. As the host country, Namibia did not dissociate itself from the guest's remarks. When, however, in August prominent government critic John Makumbe, a scholar from the University of Zimbabwe, was to give a public lecture at the University of Namibia (which had been announced publicly long before), the office of the vice-chancellor cancelled the lecture at short notice reportedly on the instruction of the former head of state, who is the university's chancellor. As a result, the lecture was held at a different venue and drew a large audience.

Relations with **Angola** remained close. The Kunene transboundary water supply project established between the two countries announced in July that the infrastructure for the supply of potable water would be established in southern Angola and north-central Namibia with financial support from Germany. The importance of the project was emphasised during Angolan President Dos Santos's visit for official talks with Pohamba (24 October). The governments signed 11 agreements in different sectors. A final communiqué by the presidents also called on Western countries to lift the sanctions against Zimbabwe. Earlier the same month, Pohamba had already made a similar statement during a working visit to Japan (13–18 October). President Mbeki underlined the good relations with **South Africa** with his state visit on 30–31 October. This followed a short meeting between Mbeki and Pohamba in Tshwane/Pretoria on 11 October. Of common concern was the severe power shortage facing both countries and the plan to establish a power plant along the Orange River, but the use of nuclear energy and the gas reserves off the coast was also explored. In a speech to the National Assembly, Mbeki noted that the common history of both countries under apartheid, an experience that cemented "ties that bind us to a common destiny".

Regional ties were also cultivated through a conference hosted by the minister of fisheries for his Angolan and South African counterparts in July as the first meeting of the tripartite Benguela Current Commission (BCC). The purpose of the meeting was discussion of common interests regarding the protection of the Atlantic Ocean biosphere. On 12 October, the three presidents of Namibia, Botswana and South Africa jointly opened the Mata Mata border post between South Africa and Namibia, which had been closed for 17 years, and the expanded Kgalagadi Peace Park. The park was expected to become a popular tourist destination, to the benefit of all three countries.

The special ties with **China** were highlighted in late September at a farewell function for the departing Chinese ambassador. The two countries had signed some 20 agreements over the past four years and trade volume had tripled to $ 250 m between 2003 and 2006. Chinese grants led to the construction of several public buildings by Chinese companies. President Hu Jintao had visited Namibia on 5 February as part of his tour to several African countries. Namibia expressed its support for the One-China policy and opposed the establishment of a Taiwan-Africa forum. Wider ties with **Russia** were initiated during a visit by Prime Minister Fradkov in March, when his delegation sought closer collaboration in energy matters (see below). Another Russian delegation of almost 30 members, led by the country's minister of natural resources, attended the two-day inaugural session of the Namibia-Russia intergovernmental commission on trade and economic cooperation (27 and 28 July) in Windhoek.

Relations with **Western countries** produced little noteworthy news. Following a cabinet decision on 11 October, two US citizens were deported from Namibia on 12 October after being declared illegal immigrants. They were allegedly trying to recruit Namibians with military training for assignments in Iraq and Afghanistan on behalf of the Special

Operations Consulting-Security Management Group company. The local branch of this enterprise was also closed. In a public statement on 30 November, the Swedish chargé d'affaires in Namibia dismissed allegations that her country had financially supported the establishment of the new RDP opposition party. As a result of bilateral German-Namibian negotiations in Bonn and Berlin (5–8 November), it was finally agreed that the special German Namibia Initiative, whose implementation was pending, would receive an additional € 20 m over three to five years. The country originally refused to sign the EPA negotiated along with the SADC minor configuration. However, under pressure from local lobby groups afraid of losing preferential market access to the EU (for beef, for instance) the government reversed its policy at short notice and entered an interim EPA with Brussels in December. Earlier, in the middle of the year, the EPA controversy had resulted in the sacking of an economist with the Namibian agency Meatco for his publicly expressed criticism of the EPAs.

At the **UN** General Assembly on 3 October, Foreign Minister Marco Hausiku delivered a speech in which he appealed for more development aid. He declared that Namibia's ranking as a lower middle-income country was misleading, since the distribution of income and assets is among the most unequal in the world. He also warned of the serious consequences Namibia faces as a result of climate change.

Socioeconomic Developments

In terms of the macroeconomic performance and corresponding indicators, this was a **sound fiscal year**. This fact was duly applauded in the IMF executive board's concluding statement on the article IV consultations for 2007. Most strikingly, the fiscal balance for the year 2006–07 (ending 31 March) had moved into surplus as a result of high SACU receipts and tighter management of expenditures. It was estimated that the fiscal surplus was 2.6% of GDP with the public debt reduced considerably, thereby meeting the government's target ceiling of less than 25% of GDP. The current account balance was estimated to have risen to 18.5% of GDP (comparing favourably with the 15.9% in 2006 and especially with the 5.5% in 2005) and international reserves (in terms of months of imports) were estimated to have grown from 2.1 to 2.8. High unemployment and poverty rates were a reason for concern, as were the continued vulnerability to economic shocks due to the dependency on natural resources and the prevailing high rate of HIV/AIDS.

On 15 March, Finance Minister Saara Kuugongelwa-Amadhila tabled the **national budget**, which was generally viewed in a positive light. For the first time since independence, Namibia's public finances were expected not to end in deficit for a second successive year. Total state income (largely from an estimated N$ 8 bn in taxes from international trade and in particular SACU revenues, as well as a projected N$ 8.7 bn from taxes on income, profits and on goods and services) was projected at N$ 18.3 bn, an increase of 13.4% over

2006. Total planned spending was N$ 17.8 bn, leaving a budget surplus of about N$ 560 m. Capital expenditure increased by almost 40%, totalling N$ 3.8 bn for 2007–08, while state debt was projected to drop by the end of the fiscal year to N$ 12.5 bn or 24.7% of GDP (as compared to an estimated 31.3% at the end of the 2006–07 fiscal year). Described as ‘pro-poor’, the budget made provision for an increase in the annual tax-free income from N$ 24,000 to N$ 36,000. Government continued, however, to refuse to institute a Basic Income Grant (BIG) as demanded by a church-led civil society coalition. The main costs remained current expenditure to finance the civil service, with the highest budget allocations going to the educational sector.

In a press release on 16 November, the **IMF staff mission** that conducted the annual article IV consultations attested to the generally favourable economic developments in the country. These, the mission stated, offered “opportunities to strengthen the economic base and reduce poverty”. It noted further that high unemployment (officially estimated at more than 35%) called for a larger contribution to growth from non-mineral manufacturing, tourism and other service activities. The natural resource-based economy was indeed a challenge if not curse, since it reinforced the export-orientation and the exploitative nature of the country’s economy without creating lasting investment opportunities in employment creation. Local investment in productive sectors was once more one of the unmet challenges, with continued capital transfer abroad.

The appetite for Namibia’s raw materials was illustrated by increased external interest in exploiting the country’s natural resources, particularly those related to **energy**. The Russian delegation that visited in March along with Prime Minister Fradkov proposed developing a medium-sized nuclear power plant fed by local uranium deposits. It also offered a nuclear-energy production ship to be connected to the national power grid. The Russian Sintez group announced in July that it planned oil drilling operations off the Namibian coast. Mid-year, Brazilian and Japanese investors joined the Chinese and Russians as relative newcomers in exploration activities for uranium, oil and gas. Meanwhile, the pressing power shortage led to renewed discussions over the potential exploitation of the Kudu gas field. Growing energy demand resulted in the decision by cabinet to consider nuclear energy as a potential medium to long-term option. As a shorter-term initiative, the Caprivi-Link project involving several neighbouring countries was further pursued towards the end of the year, when two Indian companies were contracted. The project seeks to benefit from the expansion of the Zimbabwean power station at Hwange. Plans to build a hydropower station at Baynes dam on the Kunene also remained under discussion.

With the fisheries industry further deteriorating, the **mining sector** remained the backbone of the country’s economic growth and benefited from soaring world market prices. With the planned opening of four more uranium mines by 2010, the expected output will exceed 10% of world production. At the same time, diamond production by Namdeb, jointly owned by South African mining giant de Beers and the Namibian government, resulted in increased profits during the first half of the year. The partners also agreed in January to extend their partnership until 2013 and to establish a joint Namibia Diamond Trading Company (NDTC) on an equal partnership basis for the sorting, selling and marketing of Namdeb diamonds. Copper, zinc, gold and other precious metals and minerals contributed to the economic stability, which, however, is misleading in terms of overall macroeconomic soundness (as noted above). Even more clearly, the role of these minerals reflected the dependency of the economy on a world market, which is currently enjoying a boom.

Continuing high unemployment and the gross disparities in income distribution contributed to **growing dissatisfaction** among ordinary people. The massive presence of foreign interests, not least in the construction sector in the form of Chinese firms building large-scale projects under state tenders, resulted for the first time in public criticism by the National Union of Namibian Workers (NUNW) which is affiliated with SWAPO and largely loyal to government policies. In a press conference on 22 November, its secretary general expressed concern over the importation of cheap labour from China for public construction work. He also noted that the Malaysian textile company Ramatex had begun to dismantle some of its machinery, suggesting the imminent closure of its Namibian subsidiary, which had been established with considerable support from the state and the Windhoek municipality as a source of employment for locals. While Namibia continued to enjoy a positive image abroad, increasingly this view was not shared by locals.

Henning Melber

South Africa

The bruising competition between President Thabo Mbeki and former Deputy President Jacob Zuma continued to dominate the political scene, culminating in December in a resounding victory for Zuma in the elections for the ANC presidency. This left the ruling ANC with **two centres of power**, with Mbeki as head of state and Zuma as president of the ANC and determined to become president of South Africa. The economy remained on a sound footing, but the shortage of skilled labour and the inability of the electricity company Eskom to keep up with rising demand signalled the limitations on a future growth path. According to provisional figures, GNP grew by 4.5%, but inflation is on the rise at around 6%.

Domestic Politics

After a long and bitter battle, delegates to the **ANC conference in Polokwane**, capital of Limpopo province, elected Zuma on 18 December by 2,329 votes against 1,505 for Mbeki. The president of the ANC is expected to take over as state president when Mbeki's second term ends in 2009. This overwhelming victory followed a divisive campaign that left scars in both camps, from the National Executive Committee (NEC) right down to branch level. The election process involved a massive shake-up of the ANC, as only properly constituted branches were entitled to send delegates to conferences. At least 100 card-carrying members are required to constitute a branch. The branches wielded 90% of the voting power in the leadership elections.

Zuma campaigned as the champion of change and courted the left, where criticism has been rife of ANC's policies of enriching a small black elite while the majority of blacks live in poverty. The ANC's allies in the tripartite alliance, the trade union federation COSATU (Congress of South African Trade Unions) and the SACP (South African Communist Party), were vocal supporters of Zuma, as was the ANC Youth League. While building his profile as the candidate of the left, Zuma simultaneously insisted that he would not radically change the economic agenda. He emphasised that foreign investors and local business had nothing to fear. Particularly during the last months of his campaign, he attended numerous meetings to reassure business about the future direction of economic policies. Zuma announced higher priority for the fight against AIDS and crime, issues that Mbeki had been neglecting. Zuma's victory was greeted with loud cheers, singing and dancing, after a tumultuous conference that saw several chaotic moments and manifestations of intense distrust in party structures.

Many in the ANC had attempted to avoid a showdown between Mbeki and Zuma and were searching for **potential alternatives**. Several ANC heavyweights, including Minister of Arts and Culture Pallo Jordan and former Minister of Education Kader Asmal called on the two contenders to make way for a younger generation with fresh ideas. Tokyo Sexwale, former guerrilla fighter and ex-premier of Gauteng province, let it be known that he was available. In spite of considerable pressure to declare his candidacy, businessman and former trade union leader Cyril Ramaphosa made it clear that he was not in the race. When neither Mbeki nor Zuma was prepared to budge, the scene was set for a bruising battle. The changing of the guard does not mean that power is handed over to a younger generation: Zuma and Mbeki are both 65. They had a long involvement in the ANC in exile, where Mbeki was groomed as a diplomat while Zuma rose to prominence in MK, the armed wing of the ANC. Mbeki is a British-educated academic, while Zuma had little formal schooling and acquired most of his education during his 10 years on Robben Island. In the 1990s, Zuma earned praise for his role as mediator in the intractable conflict between the ANC and the Zulu movement Inkatha in KwaZulu-Natal. In 2005, Mbeki fired Zuma as deputy president after the conviction of Shabir Shaik, Zuma's financial advisor, on charges of bribery on behalf of Zuma in the massive arms deal concluded in 1999.

In the run up to the Polokwane conference, the ANC held a series of elections in the **provincial party structures**. Mbeki carried four of the nine provinces. Zuma managed to take on board a range of very different constituencies, ranging from trade unions and youth to Zulu traditionalists. In spite of his well-publicised court case for rape, of which he was acquitted in 2006, he also won the support of the ANC Women's League. He courted alienated Afrikaners and did his best to assuage the fears of business over his leftwing populist politics. He said that land reform should continue "while maintaining a productive agricultural sector". Zuma's victory was widely interpreted as an **anti-Mbeki vote**. Although he had presided over a country with sustained economic growth and playing an authoritative role on the international and African scene, Mbeki alienated many ANC members with his aloof, autocratic style of government.

The constitution of South Africa sets a limit of two terms in office for the head of state, but the constitution of the ANC has no limits on the duration in office of the party president. Under Mandela and Mbeki, these positions were held by the same person. Now South Africa faced a situation of **two competing centres of power**. If Mbeki had been re-elected as ANC president, he would presumably have attempted to govern by remote control by putting his own candidate in the state presidency in 2009. A logical consequence of the ideological divisions in the ANC would have been the break-up of the tripartite alliance, formed as a show of strength before the 1994 elections. For some years now, it has been widely predicted that the left would break with the alliance to contest elections on its own, but so far this has not materialised. In spite of heated debates, neither the SACP nor COSATU tackled the issue.

Zuma's resounding victory was followed by a **purge of Mbeki loyalists**, first from ANC party organs and subsequently from strategic parliamentary committees. Kgalema Motlanthe was elected ANC deputy president. Motlanthe, a former political prisoner and one of the intellectuals in the leadership, is widely respected for his diplomatic qualities. The new national chairperson is Baleka Mbete, who is the speaker of the National Assembly. Gwede Mantashe, a former general secretary of the National Union of Mineworkers and chairperson of the SACP, was elected as secretary general of the ANC. The combination of his leadership of the Communist party with this strategic position in the ANC brings him into a situation of potential conflict of interest. The new treasurer is Matthews Phosa, lawyer, poet and former premier of Mpumalanga. The new National Executive Committee (NEC) also set up a committee to support Zuma in his battle with the courts on the charges of corruption and fraud. At the first NEC meeting after Polokwane, 15 members of the National Working Committee (NWC) were elected. Not all newcomers on the NWC are Zuma loyalists. Much speculation followed the election of Cyril Ramaphosa to the new NWC, suggesting that he might stand in for Zuma if the latter is paralysed by his trial. Another newcomer to the NWC, Pallo Jordan, known for his independent stance, was made responsible for the ANC's communications department. In terms of economic policy, the increased weight of the left on the NWC was expected to result in more emphasis on job creation, described by the Polokwane conference as a central objective of ANC policies.

On 28 December, only days after his election as ANC president, the National Prosecuting Authority (NPA) **formally indicted Zuma** on charges of corruption. Coming in the wake of Mbeki's defeat in Polokwane, Zuma supporters were quick to cry foul play. Charges of soliciting bribes from French arms company Thales were withdrawn in 2006 because of lack of evidence but resurrected after a judge opened the way to seek evidence from Mauritius. Zuma's lawyer Michael Hulley said that the corruption trial was expected to begin on 14 August 2008.

The South African **media** were predominantly hostile to Zuma. He had waged a relentless battle against the print media, lodging a series of defamation claims and seeking large damages. Some analysts pointed to the positive aspects of the Polokwane conference. South Africans from all camps peacefully accepted the outcome of the party contest, even though feelings had run high. Observers noted that this was the first competitive election in the ANC in 58 years and that the race for the presidency had opened up democratic space, which could be used to roll back centralising authoritarian tendencies.

As Mbeki lost his grip on the ANC, the **security apparatus** became the target of heightened political wrangling. The turf war between the police and the Scorpions, a special investigative unit with a high success rate, took on increasingly political overtones. The ANC conference in Polokwane passed a resolution that control over the Scorpions be moved from the NPA to the police. Given the prevailing paranoia, both camps were prone to see conspiracies at work to undermine them. On 25 September, Mbeki suspended the head of the NPA, Vusi Pikoli, ostensibly because he and the minister of justice had not been kept informed of the investigations into the national commissioner of police, Jackie Selebi. Mbeki appointed an acting director, Mokotedi Mpshe, as well as a committee to investigate whether Pikoli was "fit for his office". It was believed that Mbeki wanted Pikoli removed in order to protect Selebi. On 5 October, the NPA confirmed that they had obtained search and arrest warrants for Jackie Selebi, but would not act on them pending a review. The evidence against Selebi, who is reputedly close to Mbeki, had been collected by the Scorpions. He faced charges of corruption and defeating the course of justice after allegations of corrupt relations with Glen Agliotti, who is accused of murdering mining magnate Brett Kebble. Selebi has made no secret of his friendship with Agliotti, who is a convicted drug trafficker. The former head of the National Intelligence Agency (NIA), Billy Masethla, continued to be embroiled in charges of involvement in a conspiracy against Zuma. The saga of hoax e-mails allegedly planted on key ANC and intelligence staff to discredit Zuma remained unresolved. In October, Mbeki appointed Silumko Sokupa as chair of the national intelligence coordinating committee, which made him the overseer of all intelligence services. Sokupa has longstanding credentials in the ANC in exile.

In his **state of the nation** address on 9 February, Mbeki for the first time in his presidency acknowledged that South Africa faced a serious **crime problem**. He announced new measures to beef-up the police and to reduce youth unemployment. Pay and working conditions for the police were to be improved and the police force would be expanded to 180,000 members. Additional measures included the technological upgrading of forensic laboratories, intensifying intelligence work with regard to organised crime and improving crime trends analysis. The president also introduced a new initiative for better coordination between police and private security companies. Experiments are under way to integrate the communication systems of police and private operations. In terms of job creation, Mbeki announced an expanded public works programme as well as broadening opportunities in the National Youth Service and the development of young entrepreneurs. Among the high profile victims of crime was the famous Reggae star **Lucky Dube**, who was shot dead in front of his children in a botched hijacking on 19 October.

On 8 August, Mbeki dismissed the deputy minister of health, Nozizwe Madlala-Routledge, ostensibly for insubordination, as she had not obtained formal approval to attend an AIDS vaccine meeting in Spain. It was, however, widely believed that her dismissal was a consequence of her outspoken stance on the **AIDS pandemic** and her disagreements with Health Minister Manto Shabalala-Msimang. Unlike her minister, Madlala-Routledge maintained good relations with the medical profession and with the Treatment Action Campaign (TAC), an influential lobby group campaigning for the right of HIV patients to treatment with anti-retroviral drugs. TAC branded her dismissal a "dreadful error of judgment that will harm public health care and especially the response to the HIV epidemic". Madlala-Routledge remained an ANC MP and also serves on the central committee of the SACP. Tshabalala-Msimang stated that anti-retroviral drugs were now available in three-quarters of the health districts. By the end of the year, about 300,000 patients would benefit from the government's antiretroviral programme.

At the **SACP congress** in Port Elizabeth in July, a number of Mbeki loyalists were replaced by new faces, not necessarily all Zuma supporters. The party re-elected Blade Nzimande as its secretary general and Jeremy Cronin as his deputy. Charles Nqakula, minister of safety and security, was replaced by Gwede Mantashe. In the run up to the congress, the influential Gauteng region advocated a break with the tripartite alliance to enable the SACP to contest the 2009 elections in its own capacity. However, this crucial issue was once again shelved. General Secretary Nzimande had spoken out in favour of running on an independent ticket, but Cronin warned that leaving the alliance would be a "huge mistake". The SACP boasted a rapid rise in membership. According to its own statistics, membership increased from 19,000 in 2002 to about 50,000.

The ANC's leadership contest in Polokwane was preceded by a policy conference on 27–30 June, which called for alternative **economic policies** with a more interventionist 'developmental state'. The policy choice was between the current export-led industrial strategy and the left's insistence on the policies formulated by MERG (Macro Economic Research Group) in the early 1990s: a labour-intensive, low-tech, light manufacturing sector catering predominantly to the domestic market, or, in COSATU's phrase, "industrialisation with a strong redistributive thrust". However, many analysts believed that this option had since been closed off by the rapid rise of China and India as suppliers of cheap mass consumer products. As a consequence of trade liberalisation, the manufacturing sector had become less profitable, leaving South Africa heavily dependent on the export of minerals. In the end, the June conference confirmed the outlines of current policy: an export-oriented capital-intensive industry and labour-intensive industries catering for the domestic market.

Unemployment was once again recognised as a burning issue. Officially, unemployment stood at around 25%, but in the wider definition, which included unemployed who were no longer actively seeking work, it remained around 40%. In spite of years of sustained economic growth – over 4% since 2004 – unemployment remained almost as high as ever. About half a million new jobs were created per year, but this rate of job creation was insufficient to make a significant dent on mass unemployment. Total employment in the formal non-agricultural sector stood at 8.24 million people as compared to 8.22 in the last quarter of 2006. Employment would have to double by 2014 if the current goal of 14.3% unemployment in that year is to be achieved. Analysts identified the skills shortage as the main bottleneck. The problem was not a lack of investment in education, since South Africa spent 18% of its budget on education, more than most countries. However, the continuing crisis in the schools meant that most school leavers were not qualified for the labour market, while on the other hand the brain drain showed no sign of abating. The high crime rate is an important consideration for many emigrants, but many skilled young whites also cite worries about a lack of opportunities because of Black Economic Empowerment (BEE) policies.

Delegates to the June conference also pleaded for a partial rolling back of the extreme **centralisation** that occurred during Mbeki's terms as president and party leader. The ANC leadership exercises strict control from top to bottom, while local ANC party organs and local government are increasingly intertwined. Although many ANC activists resented Mbeki's authoritarian top-down leadership style, opinion polls indicated that he remained popular with many poor black people. According to a survey published by Markinor in February, seven out of ten South Africans were happy with the performance of Mbeki's government. Most of his support came from largely rural provinces such as Limpopo, Northwest, Free State and Northern Cape, while the Eastern Cape region is seen as his home turf. Government welfare policies with social grants have made most impact on the poor in rural areas.

The official opposition party, the **Democratic Alliance** (DA), on 6 May elected Helen Zille as its new leader. Zille, who stayed in office as mayor of Cape Town, succeeded Tony Leon, who stepped down after 13 years. The DA's main challenge is to shed its image as a white middle-class party and to appeal to black voters. With 12% of the vote in the last general election, the DA has 50 seats in parliament but is reckoned to get less than 2% of the black vote. Zille, who is fluent in Xhosa and Afrikaans, has working experience in African and Coloured townships around Cape Town.

The unresolved issue of **apartheid-era crimes** again came to the fore with charges against Adriaan Vlok, minister of law and order in the 1980s, and Johan van der Merwe, then head of the South African police, for the attempted murder of the Reverend Frank Chikane. In April 1989, Chikane's underwear was laced with poison that attacked his nervous system. Chikane is now a senior aide to President Mbeki. Vlok went to Chikane to ask forgiveness, washing his feet in a gesture of contrition, for which he was widely ridiculed.

On 31 January, **Adelaide Tambo** died. Born in 1929, she was the widow of longstanding ANC president Oliver Tambo. She began working for the ANC as a courier at the age of 15, and at 18 became the chair of the ANC Youth League. She married Oliver Tambo, whom she met in the Youth League, in 1956. When in 1960 the ANC was banned, the leadership ordered Adelaide to go to London while president Tambo set up office in Lusaka. For most of the next 30 years, she saw her husband only a few times a year. She raised her three children in London, working long hospital shifts as a nurse. The couple returned to South Africa in 1990, but Tambo died of a stroke in 1993.

Foreign Affairs

On 3 December, South Africa and Namibia announced, in contrast to most other SADC countries, their **objections to an interim EPA**, because it would compromise their sovereignty. The two states explained that they wanted to avoid being bound by arrangements under which they have to guarantee the EU terms equal to those in any bilateral trade deals negotiated with other parties in the future. Namibia backtracked a week later and signed its own interim EPA, while South Africa remained steadfast.

Minister of Defence Mosiuoa Lekota had been outspoken in his refusal to cooperate with **AFRICOM**, the US Africa command, which he branded as a threat to Africa's sovereignty. He stated that Africa had to avoid the presence of foreign troops on its soil. Speaking at a media briefing on 29 August, Lekota acknowledged that the US had a role to play in Africa, but "that it is better if they did that from a distance". An influx of American armed forces might affect relations between neighbouring states. He was not opposed to AFRICOM as such, but believed that it should not be located on the African continent. The visiting US deputy undersecretary for defence, Ryan Henry, emphasised that AFRICOM will focus on training and "human security" and that the US had no intention of bringing in additional US troops to Africa or to establish new bases. AFRICOM should not be seen as a purely military initiative: its commander, General William Ward, was to be supported by top civilian officials. It was precisely the wide scope of AFRICOM, combining security and development, that many analysts saw as a worrying trend towards the militarisation of development. Pretoria has been rather dismissive of the US Global War on Terrorism. It has opposed US policy in the Middle East, Iran and Iraq. Deputy Minister of Foreign Affairs Aziz Pahad voiced concern over the increasing incidence of Islamic South Africans being denied entry into the US and some European countries. He called for transparency and a multilateral system for listing suspects.

South Africa also decided to stay clear of another US initiative, the Global Nuclear Energy Partnership, under which the US promised to supply fuel for **nuclear reactors** on condition that the partner countries did not themselves produce enriched uranium. Minister of Minerals and Energy Buyelwa Sonjica stated in September that South Africa had decided to beneficiate its minerals, including the enrichment of uranium.

In December, South Africa opened a **training centre for peace missions**, based outside Pretoria. Most of the costs of equipment had been covered by the UK, the US and Canada. It is to be used to train civilian, police and military personnel before deployment on peace missions in Africa. Minister Lekota had on several occasions stated that Africa, and South Africa in particular, would be playing a bigger role in peacekeeping missions as well as post-conflict reconstruction. Lekota also spoke out against private military contractors, warning that the deployment of private military companies in conflict areas could undermine constitutional democracy.

The South African National Defence Force (SANDF) continued its involvement in **peacekeeping** in the DR Congo, Burundi and Darfur. Renewed outbreaks of fighting in Burundi caused Pretoria to extend its military presence for an indeterminate period. In Burundi, 760 South African troops served under an AU mandate, protecting VIPs and returning exiles as well as training a VIP protection unit. In the DR Congo, some 1,000 SANDF troops and 13 military observers were stationed as part of the UN mission MONUC. On a visit to Kinshasa from 20–22 August, President Mbeki signed various cooperation agreements, ranging from assistance in training the Congolese army to more resources for upgrading infrastructure and aid for renovating hospitals. Pretoria announced an increase in its contribution to the peacekeeping force in Darfur, where South Africa had already deployed 570 soldiers and 40 military observers as part of the AU mission. In February**,** Pretoria signed a defence agreement with the Central African Republic (CAR) involving military training and the supply of surplus military equipment. In September, the cabinet approved the deployment of 85 South African troops to CAR. Thus far, South Africa's policy had been that troops would only be committed under the UN or AU flag, but sending troops to the CAR in support of President François Bozizé was a unilateral intervention. In June, South Africa sent a detachment of security forces to the Comoros ahead of elections as part of a 300-man AU contingent. Analysts wondered whether the SANDF could sustain the present level of deployment. Over the past four years, South Africa has committed about 3,000 personnel, substantially more than envisaged in the 1996 defence white paper and the 1988 defence review.

Deputy Foreign Affairs Minister Pahad estimated in July that there were about three million illegal migrants from **Zimbabw**e in South Africa. In spite of repeated claims of an imminent breakthrough, Mbeki made no visible progress in his mediation attempts between Robert Mugabe's government and the opposition Movement for Democratic Change (MDC) to find common ground that would allow for the peaceful conduct of elections. The MDC agreed to changes in the constitution, but said its agreement was contingent on the inclusion of a bill of rights. With more MDC leaders in detention, on the run or in exile, raids on its offices and harassment of its supporters, the opposition movement made it clear that they no longer had much faith in Mbeki's mediation. Minister of Finance Trevor Manuel rejected proposals for a rescue plan for the Zimbabwean economy involving significant funding from South Africa. He told parliament in Cape Town in August that Zimbabwe would need to find its own solutions to overcome the crisis.

Figures for the first half of 2007 suggested that South Africa is succeeding in diminishing the trade deficit with **China**, a politically sensitive issue, with trade unions complaining that massive cheap imports threatened local jobs. According to China customs data, China imported $ 3 bn worth of goods from South Africa in the first half of the year, 65% up on a year earlier, while Chinese exports to South Africa rose 40% to $ 3.2 bn. One of China's major banks, the Industrial and Commercial Bank of China acquired a 20% share in South Africa's Standard Bank Group. For China, this will be a useful foothold for its expanding interests in Africa. Standard Bank Chief Executive Jacko Maree lauded the deal as a joining of forces of the biggest bank in China with the biggest bank in Africa. Among the planned ventures was a global resource fund to invest in mining, metals and oil and gas in emerging markets. The Chinese community in South Africa has grown to about 250,000 over the past ten years. Most Chinese are involved in private business.

South Africa remained China's most important trade partner on the African continent, accounting for almost 21% of the total volume of China-Africa trade. In 2006, China became South Africa's second largest source of imports, while China ranks sixth among South Africa's export destinations. Early in 2007, Chinese **President Hu Jintao** made an eight-state tour of Africa, assuring his hosts that Beijing had no neo-colonial intentions and would do nothing that would harm Africa's interests. He was obviously reacting to Mbeki's warning about the risk of uneven relations ending up as a "colonial relationship". If Africa was exporting just raw materials to China while importing manufactured goods, Africa would be "condemned to underdevelopment", Mbeki warned, and the relationship with China would be just a replay of the previous unequal relationship between the former colonial powers and Africa. Pretoria had also expressed concern that the availability of Chinese loans and contracts with no conditions attached would incapacitate NEPAD as an instrument for the spread of good governance on the continent. Hu's discussions in South Africa from 6–8 February centred on **economic cooperation**. China is investing massively, with a $ 2 bn investment in the steel industry to build a ferrochrome mine and smelter. Conversely, South African companies such as Sasol, South African Breweries and Naspers have invested heavily in energy, breweries and publishing in China. China and South Africa also announced more strategic cooperation in international diplomacy, notably in the UN Security Council and the WTO. In September, a South African delegation visited Beijing to discuss a broad range of common economic interests and in the hope of attracting Chinese investment that would make possible more beneficiation of raw materials. In the DR Congo, South African mining companies have encountered stiff competition from China, which announced a massive $ 5 bn loan directed at the mining sector and infrastructure in the Congo.

Pretoria signed a defence pact with **Guinea-Bissau** to assist Guinea in its fight against drug-smuggling rings. The agreement involves military training, the exchange of information, military health services and setting up a joint defence committee. Guinea-Bissau has become a transit point for Columbian drug cartels. Bulk imports into Guinea-Bissau are parcelled out into smaller quantities of cocaine for sale in Europe.

Pretoria's good relations with **Uganda** were expanded to include a project for training and arming the Uganda police force. South Africa will supply anti-riot vehicles, assault rifles, pistols and teargas. These efforts were partly geared to the formation of a special police brigade to be stationed in the new oil belt on the border of Uganda and the DR Congo.

The South African Government Employees Fund and several major South African banks became the first institutions to invest in the new **Pan African Infrastructure Development Fund**, an ambitious NEPAD scheme to renovate and expand Africa's infrastructure. Minister Trevor Manuel announced in June that a group of mainly South African investors had put $ 625 m into the new fund. Mbeki first proposed the investment of pension funds in infrastructural works at a NEPAD meeting in Algiers in 2004.

In April, South Africa and **Brazil** signed a R (rand) 1 bn deal involving the arms manufacturer Denel, for the production of the A-Darter air-to-air missile. The A-Darter will be used by the air forces of the two countries. Denel expected that export contracts worth another R 2 bn would materialise over the next 15 years.

Trade between South Africa and the **United Arab Emirate** has grown substantially in recent years. According to the department of trade and industry, two-way trade with Dubai verged on R 5 bn in 2005. Principal exports from South Africa were precious and semi-precious metals and minerals. South African construction companies have cashed in on a substantial share of the building boom in Dubai, while Istithmar, the investment arm of the Dubai government, was part of a consortium that acquired V&A Waterfront in Cape Town for R 7 bn from Transnet.

Socioeconomic Developments

On 21 February, Minister of Finance Trevor Manuel presented his **budget**, with a surplus of 0.3% (about R 5 bn). He conceded that the surplus was not all good news, as it was partly caused by lack of capacity at provincial and local levels to spend the sums allocated. South Africa emerged from the apartheid era with a budget deficit of 7%, due in part to international sanctions and large expenditures on the military and police. Manuel announced a series of tax cuts for companies and individuals in the lower income brackets, but raised taxes on petrol, alcoholic beverages and tobacco. He announced increased expenditures on social services, fighting crime and infrastructure. Most ambitious was a **social security system** that is expected to be in place by 2010. The government plans to introduce a wage subsidy for the low paid as well as a mandatory pension scheme. Opting for the theme 'human life has equal worth', Manuel emphasised the need to fight poverty and inequality. With millions of South Africans unemployed and largely unemployable, improving the skills base is urgently required both to alleviate inequality and to provide scope for further growth. In recent years, government thinking has moved to a more active state role in promoting growth with equity. Statistics SA revised its estimate for growth in 2006 upwards from 5% to 5.4% due to robust expansion in finance, real estate and business services. Municipalities will receive an extra R 5 bn for better delivery of free basic services, while an extra R 24.6 bn was to go to the provinces for improvements in health, education and welfare services. The government made another R 13.3 bn available for the **2010 FIFA World Cup**. The contribution of the national government to this event now stands at R 17.4 bn, made up of R 8 bn for stadiums and R 9 bn for transport infrastructure.

Rapid economic growth and BEE policies have resulted in a burgeoning black middle class. The extent to which the poor have also benefitted is the subject of heated debate. In his web letter on 'ANC Today' on 16–22 November, Mbeki launched an attack on the South African Institute of Race Relations (SAIRR) for reporting that **poverty** was on the increase. According to a report by the SAIRR, the number of poor (living on less than $ 1 a day) doubled between 1996 and 2005, rising from 1.9 million to 4.2 million. Poverty peaked in 2002, with 4.5 million living below the poverty line, but has since decreased thanks to the extension of the welfare system. Mbeki reacted furiously, countering "the absurd assertion that the masses of our people are poorer now than they were during the apartheid period". He pointed to the mid-term review published on 21 June, which indicated that per capita real income for the poorest 20% had risen from R 758 per annum in 1996 to R 1,051 in 2006. Using a poverty line of R 3,000 per capita per annum, the percentage of people living below this poverty line had declined from 53.1% in 1996 to 43.2% in 2006.

However, the government admitted that the rate of improvement of income for the poor had not matched that of the rich and that while income poverty was declining, **inequality** had not been reduced. Mbeki accused the SAIRR of discrediting the ANC and falsifying reality in order to undermine the national democratic revolution. Hitting back, SAIRR Director John Kane-Berman admitted that the proportion of people living in poverty had decreased, but maintained that the actual numbers of poor people had gone up. Using the government definition, the percentage of poor was much higher than under the definition used by the SAIRR, with 18.9 million people classified as poor in 1996. By 2006, their number had grown to 20.5 million. While accepting that the 'social wage' had to be taken into account, he emphasised that jobs, not welfare, were the best antidote to poverty. Boasting that 25% of the population now benefited from social grants, he warned, meant that people were being made dependent on the state. The government has consistently stressed the 'social wage' as part of its poverty alleviation strategy, pointing to housing subsidies, expansion of access to water and electricity, free education for the poor, etc.

Between 2001 and 2006, **social grants** increased by 300%: in 2007, 3.2% of GDP was spent on social grant assistance. Almost 12 million of a population of 47 million received some kind of government grant, up from 2.5 million in 1999. As of April 2007, more than eight million children under the age of 14 were benefiting from a R 200 monthly grant to caregivers earning less than R 800 per month. Women were by far the largest recipients of grants. The government has set a goal of halving poverty and unemployment by 2014 by continuing the significant economic growth and creating millions of new jobs. The cabinet was divided over appropriate policies to alleviate poverty. Minister of Social Development Zola Skweyiya argued that growth by itself would not be enough to reach the poor. His plea for a basic income grant of R 100 for every South African was, however, dismissed by other cabinet members.

Africans now constituted 59% of the middle-income group and 24% of the high income group, but **income disparity** between black and white remained highly skewed. On average, African households earn 23% of the income of white households. A survey by the University of Cape Town and TNS Research published in June revealed that the **black middle class** had grown 30% over the past year. Now some 12% of black South Africans or 2.6 million people are estimated to belong to the middle class. Spending power of the black middle class increased from R 130 bn at the end of 2005 to R 170 bn at the beginning of the year. The black middle class – defined as people who earn at least R 7,000 per month or earn less but have a tertiary education – represented more than half of black purchasing power. Amid much publicity, on 27 September Soweto opened its own consumer paradise, named after Soweto entrepreneur Richard Maponya. The giant 200-store Maponya Mall is reputedly the largest in the southern hemisphere. About 60 of the 200 stores are black-owned. The mall brought over 2,000 new jobs to Soweto, which has seen massive development over the past five years. House prices in the township, with an official population of 1.5 million, have increased markedly, while more and newer cars are on the streets.

Service delivery protests have become a permanent feature. During the winter months, a series of protests flared up in a number of townships and informal settlements. In Soweto, police fired rubber bullets into a protesting crowd. Hostel dwellers in Alexandra protested against the slow progress of housing delivery. Violent protests also occurred in the Free State and North West province. In at least ten protests, local councillors had to flee angry crowds in fear of their lives. In Metsimaholo township in the Free State, a crowd hacked a local ANC leader to death. **Urbanisation** was proceeding at such a pace that the government was unable to keep up with service provision, even if substantial progress was being made in the provision of water, electricity and housing. The massive influx of Zimbabweans into informal settlements in Gauteng put extra pressure on improved delivery to poor communities. According to official figures published in mid-June, the government had built more than two million new houses since 1994. However, over the same period the number of people living in squatter areas had risen by half. About 85% of households now had access to fresh water, up from 61% in 1994. More than 70% of houses now had inside toilets, up from 50% when the ANC came to power.

More than four million houses have received **electricity** over this period, although the price of electricity has quadrupled causing a cut off of delivery to people who were unable to pay the bills. The state-owned electricity company Eskom proved unable to keep up with growing demand, caused by economic growth and the extension of electricity to millions of poor households. After a series of announced and unannounced interruptions in the supply of electricity, the system broke down at the end of the year. Eskom stated that power supplies would be secure from 2012 when new plants would become operational. However, that is two years after the World Football Cup: 2010 is the deadline that South Africa has set itself to upgrade infrastructure and improve security.

To tackle the **energy crisis**, the government intends to give out licences for more coal mining in Mpumalanga, develop nuclear power and explore the possibilities for renewable energy. Plans to issue licences for new coal mines in Mpumalanga province met with resistance from environmental and tourism interests, which feared irrevocable damage to the lake district around Ermelo. The 270 freshwater lakes in this region have important tourist potential and serve as a catchment area for water. Drainage of acid waste from depleted mines – when pumping out water has ceased – would contaminate groundwater and lakes. The 'Mail & Guardian' reported that nearly 300 mining applications and 3,000 requests for prospecting licences had been made to the department of minerals and energy. The nuclear energy corporation expected electricity generated from nuclear energy to increase by 25,000 MW by 2030. To meet this target, South Africa will have to build about 24 pebble-bed modular nuclear reactors as well as 12 conventional nuclear power stations. The nuclear option was not the subject of much public debate, possibly because of the urgency of the energy crisis and the risks of global warming associated with carbon fuels.

The government set a target of generating 4% of electricity from **renewable energy** sources by 2013. Eskom is experimenting with wind power and a large-scale solar generator. Mobilising tidal energy could also be an attractive partial solution. The Irish company Finavera Renewables plans to build a 20 MW wave power plant in the Western Cape at a cost of $ 40 m. Thus far, the national government has seemed reluctant to commit itself to developing renewable sources, but the cabinet did approve a strategy to promote the use of biofuels, largely made from maize.

The government was worried that South Africa is not reaping the full benefits of the **mining boom**, as compared to countries such as Australia and Canada. World market prices for gold and platinum soared to record highs, reflecting the fear of a recession in the US as well as the anticipation that high energy and food prices would trigger a rise in inflation. The price of platinum rose by over 36%, largely as a consequence of high demand from China. Production problems at South African mines caused the price to rise even higher. The production of gold continued to decline, but production of platinum, chrome, iron ore and coal increased. Spurred by high gold prices, mining companies began to exploit ever deeper veins, prompting concern about the safety of miners. South African mines are already the deepest in the world. The government ordered an inquiry into mining safety following the deaths of more than 180 miners in 2007, but the report has not yet been released. The surge in gold prices also made previously marginal mines profitable again. In 2005, nine mines employing 69,000 workers were considered marginal or unprofitable but by mining deeper were making profits again. The number of workers in the goldmines has decreased sharply, from 342,439 in 1996 to 137,611 in 2005.

Mining investment, however, lagged because of a perceived **unattractive investment climate**. Announcing the preliminary outcome of a government investigation, Director General of Minerals and Energy Sandile Nogxina said in June that an estimated R 5 bn in mining investment had been lost because of negative perceptions. Mining investment fell 20% in 2004 and another 13% in 2005, coinciding with the introduction of BEE policies in the mining sector. BEE measures forced mining companies to sell 26% of their assets to black South Africans. Uncertainties about BEE, as well as transport constraints at ports and railways, have reduced investment. With electricity black-outs intensifying towards the end of year, investors had additional cause to worry. On the other hand, Deputy President Phumzile Mlambo-Ngcuka countered that the mining industry has not done enough to distribute its wealth to black South Africans. Three Italian granite mining companies filed a claim for $ 349 m against the government, arguing that legislation that makes the awarding of mine rights dependent on partnership with black-owned companies violated international treaties. The dispute was referred to the World Bank for arbitration.

Mbeki introduced a National Industrial Policy Framework (NIPF) to boost **industrialisation** and diminish dependence on the export of raw materials. A more vigorous industrialisation policy is a longstanding wish of the left allies of the ANC. The NIPF is headed by Rob Davies, deputy minister of trade and industry as well as a member of the central committee of the SACP. The department of science and technology unveiled an ambitious ten-year scheme to make South Africa a world leader in pharmaceuticals and satellite technology.

Meanwhile, the government continued to look at arms manufacturer Denel as the motor for modernisation in the **manufacturing sector**. Denel was still making losses in spite of substantial export sales. However, government procurement of Denel’s products has declined sharply since 1994. The biggest order on the home market was a R 8.3 bn contract to develop a new generation of combat vehicles for the SANDF. So far, Denel has found no buyers outside South Africa for the Rooivalk attack helicopter. A bid to supply Rooivalks to

Turkey was unsuccessful. Denel's CEO Shaun Liebenberg said in July that turnover in the past financial year had risen by R 495 m to R 3,268.1 m, but he predicted that the company would break even only in 2009–10.

The longest **public sector strike** since 1994 ended on 28 June. The 17 unions finally accepted a government offer of a 7.5% increase. COSATU's public service unions had demanded a 12% raise, later scaled down to 10%. The strike had clear political overtones, as the unions emphasised that the ANC in government had abandoned the cause of the working class. The workers' action was particularly disruptive in the education and health sectors. The labour court ruled in favour of the South African police service by granting an interdict preventing the police union POPCRU from joining the strike.

In his weekly web letter, Mbeki stated in July that most of the economy was still controlled by **whites**. Citing the 2006–07 report of the commission for employment equity, Mbeki said that whites still occupied about 75% of top management positions, with blacks filling just over 22% of those positions. New BEE codes came into effect in February, aiming to bring more black players into the economy, to increase the participation of blacks at management level, promote skills development and to prioritise procurement from BEE companies. Companies with a turnover under R5 m per year were exempted from BEE measures. However, the government sent out mixed signals on its commitment to BEE. As the skills crisis became more acute, policies appeared to become more flexible. Minister of Public Enterprises Alec Erwin told the South African Business Club in London in July that affirmative action was no longer strictly applied because of the skills shortage. South Africa was trying to tempt South Africans abroad, particularly engineers, to come back.

On 30 October, the government announced an additional expenditure of R 81.4 bn over the next three fiscal years, prioritising **human resources** and **physical infrastructure**. In the medium-term budget policy statement, the government planned to speed up delivery of houses and basic services. Public transport, with an integrated system of bus, rail and taxi systems was also to get a major boost. Apart from improved public service delivery, this policy aimed at broader participation in the economy with the creation of labour-intensive jobs.

However, ambitious schemes for infrastructural development, upgrading of facilities for 2010 and new housing development continued to run into trouble because of the **skills shortage**. The bottleneck was not lack of money, but lack of capacity to spend it. Much indignation greeted the suggestion by deputy director-general of the treasury, Malcolm Simpson, responsible for the World Cup, that it might be necessary to open the market to foreign construction companies. German companies in South Africa launched an initiative to provide training in engineering and services for 50,000 unskilled young people working in World Cup-related jobs. The companies, which included car manufacturers Daimler, BMW and Volkswagen, would fund training places in construction and transport companies as well as the services sector to an estimated total of € 30 m.

In June, the Gauteng provincial administration announced the construction of a **monorail** linking Johannesburg to Soweto. The R 12 bn ($ 1.7 bn) project was to be financed by a Malaysian investment company, Newcyc Vision, and would involve yet-to-be identified local BEE partners. The 44.7 kilometre-long monorail would have 39 stations. Initial enthusiasm from commuters who faced the daily hassle of reckless driving in minibus taxis or the derelict trains was dampened when it turned out that the national government had not been informed. Angry reactions also came from the minibus taxi industry. The project will have to be taken through a process of consultations, making it unlikely that the monorail will be in place before the 2010 World Cup.

The port of Durban, the biggest container terminal in Africa, was expected to need massive enlargement of capacity from 2010, in view of the increase in **container traffic**. Transnet began consultations on the construction of a new harbour basin for two new container terminals. The government and Transnet also promised to encourage much greater use of SA railways to reverse the trend of switching from rail to road transport. This would require substantial upgrading and extension of present capacity. The Richard's Bay coal terminal is to be expanded to boost coal exports. About one-third of the annual production of 264 m tonnes is shipped overseas.

Communications parastatal Telkom bought the internet service provider Africa Online for R 141 m from a London-based holding firm, African Lakes Corporation, giving it access to nine African countries. Telkom has had a longstanding desire to expand into the African market.

For the first time since the introduction of **land redistribution** policies, the government gave orders to seize a farm for redistribution to black peasants and farm workers. On 26 January, a large 25,200 hectare farm in the Northern Cape owned by the Evangelical Lutheran Church was possessed by the state to be redistributed to 471 local families who claimed ancestral rights. The government paid less than half the amount requested by the church. Already in 2006, Minister of Land Affairs Lulu Xingwana had announced that she was setting a six-month deadline for price negotiations with farmers, after which targeted farms would be expropriated.

South Africa performed better on Transparency International's (TI) corruption index, with a score rising from 4.6 in 2006 to 5.1. According to TI, the better results in South African as well as Botswana, Namibia and Swaziland reflected the positive progress of anti-corruption efforts in Africa.

Ineke van Kessel

Swaziland

In both political and socioeconomic terms, this was an especially **disastrous year**. The more rights-friendly constitution introduced last year notwithstanding, the monarchy continued to rule by decree. Levels of police brutality intensified, while the worst drought in 15 years and runaway fires left about 40% of the population of just over 900,000 dependent on food aid. In addition to having the world's lowest life expectancy (31.3 years according to the IMF), preliminary results of the 2006 census indicated an actual drop in the population by some 17,000 over nine years. This was in stark contrast to growth of more than 200,000 in the previous eleven years (1986–97). In an end-of-year message, the chairperson of the Swaziland Coalition of Concerned Civic Organisations (SCCCO), Bishop B.M. Mabuza, described the 2006 constitution as a "fig-leaf" and accused the government of doing nothing to protect or enforce the rights enshrined in it. He went on to describe 2007 as a year when "defenceless suspects" were "killed by the police, public meetings broken up or prevented from happening, newspaper editors intimidated, journalists threatened . . . The people . . . are in the dark about the constitution and their rights and the government seems more than happy to keep it that way".

Domestic Politics

In his new year's message, Prime Minister Themba Dlamini conceded that Swaziland's "**increasingly negative international image** was a concern" and that it was affecting levels of both foreign direct investment and international assistance. He promised to tackle those issues generating this negativity, but little was done.

A vexed area continued to be that pertaining to the right to form political parties. Despite the new constitution's guarantee of rights of association, it remained unclear whether this applied to political parties and not even the king was willing to pronounce on the issue. An appeal by civil rights groups to the courts to rule on the matter failed and it seems likely that parliamentary elections scheduled for October 2008 will again be on a 'no-party' basis. The constitution provides for 60 elected seats in a 76-seat chamber, with the king having the right to nominate the other 16 members. In his end-of-year review, analyst Richard Cornwell described the Swazi political condition as "sclerotic".

In December 2006, 15 Swazis had been arrested on charges related to bomb attacks on government installations. Bail was granted in March 2007, and it appeared that the state was having difficulty in mounting a case. That was confirmed by the fact that the case was not brought to trial in 2007. No acts of sabotage were reported. There were, however, numerous instances of **political unrest** in the country. On 12 April, in a 24th anniversary commemoration of the late King Sobhuza's abolition of the independence constitution and the banning of all political parties, members of the Peoples United Democratic Movement (PUDEMO), an anti-government political association, attempted to **blockade border posts** with South Africa. The demonstration was broken up when police attacked and dispersed the picketers.

On 8 August, public sector workers, including teachers and health workers, attempted a **two-day strike** in support of demands for, among other things, multi-party elections, democracy, an end to the taxation of benefits and consultation on issues of privatisation. The first day of the strike in the capital Mbabane had to be called off at the last minute when police refused to sanction a planned march, but went ahead on the second day in the country's second city, Manzini. With all schools and factories closed, the strike attracted considerable support and the city was brought to a virtual standstill. The police maintained a low profile and there were no reported incidents of violence.

In December 2006, mainly junior members of the Royal Swazi Police formed a trade union, which they sought to register as the **Swaziland Police Association**. They acted in the face of opposition from senior police officers, with the veteran chief of police, Edgar Hillary, describing the development as an act "of mutiny". Registration was refused in terms of the Industrial Relations Act, which prohibits members of the security forces from joining any organised labour group. Citing the freedom of association provision in the constitution, the union challenged the decision in the courts. Mid-year, the leader of the union, Buhle Dlamini, was put on indefinite suspension and half-pay for 'professional misconduct'. In October, senior police officers physically broke up a meeting of the union called to protest the failure of the courts to rule on its challenge to the state's ruling. Press reports described the tactics of the police against their colleagues as "rough". Significantly, junior members of the police refused orders from senior officers to arrest police members participating in the meeting. A simultaneous attempt by public servants to strike in support of the right of public-sector workers to form unions was blocked by court order. In the same week, the industrial court issued an interim order preventing planned strike action by employees of the Swaziland Electricity Board, a state utility.

An **international youth meeting** convened in Mbabane on 10 October by the Open Society Initiative of Southern Africa was disrupted by the police in an attempt to prevent Jan Sithole, the head of the Swazi Federation of Labour, from addressing it. The meeting organisers were also told to make a public apology for not having consulted the relevant ministry in organising the gathering and that if the meeting reconvened police officials would monitor and record the proceedings. In a clear indication of the police's growing prominence in Swazi public life and their growing sense that 'we are the law', the police interrupted the meeting while the one cabinet member invited to the conference, the minister for housing and urban development, was actually speaking. In December, the **University of Swaziland** was closed when a university building on the main Kwaluseni campus was damaged in an arson attack amid a continuing dispute over the planned restructuring of the academic programme by the university administration.

In an attack on the constitutionally guaranteed **right to free expression**, the Swazi parliament appointed a five-member select committee on 4 July to investigate Mbongeni Mbingo, editor of the Sunday issue of the largest privately owned and most widely read newspaper in the country, the 'Times of Swaziland', on a charge of contempt of parliament. This was after Mbingo had criticised the speaker and members of the house of assembly for blocking a motion seeking to discuss alleged secret meetings between the cabinet and traditional authorities pressing for the amendment of certain rights clauses in the constitution. On 10 October, the committee reported back to parliament. While it cleared Mbingo of the contempt charge, it recommended to government that it introduce for urgent debate a long-delayed **Media Council Bill**. First drafted in 1997, the bill sought to establish a media complaints commission before which members of the public could lodge complaints about reportage issues. The bill had been shelved in the face of widespread criticism and a pledge of self-regulation by the media. By the end of the year, the government had not acted on the recommendation.

Foreign Affairs

Swaziland's **relations with South Africa**, its dominant neighbour, remained low key. For the second successive year, no meetings of the joint bilateral commission for cooperation were convened and the visit to South Africa by King Mswati, delayed since 2005, did not materialise. However, deputy president of the ANC, Jacob Zuma, visited Swaziland three times. The first was to attend a book launch in Manzini in July. In August, he attended the traditional reed dance ceremony and a state banquet for the visiting Zambian head of state. On 28 October, he met with the king in what were described as "private talks".

Swaziland, along with its fellow SACU member states bar South Africa, signed an **interim EPA** with the EU. Faced with a 31 December deadline and a threat to lose all EU aid and trade concessions, Botswana, Lesotho, Namibia and Swaziland (BLNS) broke ranks with South Africa and signed up. While this may have secured BLNS's EU interests, it threatened the future of the world's oldest existing customs union, which generates considerable state revenue for particularly the BLNS states. Since the adoption in 2003 of a revised customs union agreement with a more equitable formula for the distribution of tariff receipts, BLNS revenue from the union has more than trebled – from Rands (R) 9.7 bn in 2003 to an estimated R 22.8 bn in 2006. Income from SACU in 2006 amounted to 56% of the Swazi government's total revenue resources, a dangerously high level of dependency. The possible loss of this revenue source would clearly be damaging to the local economy.

In terms of diplomatic relations, Swaziland reaffirmed its **links with Taiwan**, even as Malawi switched sides. This left it as the only SADC member not aligned with the mainland. Its 'loyalty' continued to reap it considerable rewards in terms of bilateral assistance. In January, Taiwan donated $ 2.85 m in medical aid for drought relief. In September, Swaziland established diplomatic relations with **North Korea**.

Socioeconomic Developments

The **sluggish economic performance** continued. According to the IMF, real economic GDP growth has averaged just over 2% in the last six years, well below that of other SACU members and fellow low and lower middle-income countries. The growth rate dipped to below 2%, however, and was projected at between 1.2% and 1.8%. Export earnings declined as a result of the erosion of preferential arrangements for the exports of Swazi sugar and textiles. Lower export revenues were, however, offset by record level earnings from SACU.

Food production for domestic consumption was severely affected by the **worst drought in 15 years**. The result was a food harvest for the spring-summer season of 2006–07 that was the worst since independence in 1968. By mid-year, the World Food Programme estimated that around 400,000 Swazis – just over 40% of the population – were dependent on food handouts. Compounding the food problem was a doubling in the price of maize as a result of rising fuel and transportation costs. An appeal to the international community for $ 18 m to purchase food generated only $ 3.1 m, an indication perhaps of the international community's disaffection with the domestic political situation. This approximately 16% return on the appeal compared with a 60% return on a simultaneous appeal for Lesotho. As a consequence of the drought, Swaziland was able to supply only 13% of its annual EU beef quota, while cotton production declined from 32,000 tonnes in 2006 to only 2,000 tonnes. Further exacerbating the grim economic situation was a **disastrous fire** in August, which destroyed millions of trees in the Peak Timbers forest, the world's second largest man-made timber plantation. It also destroyed hundreds of homes and killed thousands of head of cattle.

All this contributed to **higher levels of poverty**, increasing social inequalities and an unemployment rate of 30% nationally and 40% for new school leavers. According to UN data, about two-thirds of the Swazi population was living on $ 2 or less per day while a survey by the ministry of health found that over half of all Swazi children suffered from some degree of malnourishment: 39% were found to be seriously malnourished with a further 29% being classified as suffering from medium-level malnourishment. In each category, the prevalence among boys was higher than girls. Despite the above travails, King Mswati again celebrated his birthday with an elaborate ceremony. His 39th **birthday party** in April is estimated to have cost over € 2.1 m. A police spokesperson justified the cost by claiming it was a "boost to national morale".

The **HIV/AIDS pandemic** continued to wreak havoc on Swazi society. With, according to UN estimates, 33.4% of all adults between the ages of 15 and 49 HIV positive, the pandemic is having a domino effect on all aspects of Swazi life: among others, agricultural production, schooling, health care and job skills available to the economy are all being negatively affected. Particularly hard hit has been family life, with the number of orphans and vulnerable children (OVC) said to number approximately 100,000. The UN estimates that the number is rising by about 7,000 per annum and that by 2010 10% of the population will fall into the OVC category. School attendees classified as OVC qualify for government scholarships and government expenditure on school fees for OVCs has risen from $ 2.3 m in 2003 to $ 6.4 m in 2006. Even so, government acknowledged that it was not keeping up with the demand for help with school costs.

Also not coping was the **health service**. A ministry of health study of the burden on the health sector of the AIDS epidemic reported that the system was buckling under the impact. Individual doctors reported a doubling of their HIV and tuberculosis cases since 1990. Aggravating the situation is a shortage of personnel. Seven of the 21 doctors employed by the ministry to work at government hospitals resigned, citing both the work load and salary grievances. The number of HIV sufferers on antiretroviral treatment numbered just over 15,000 in July, which experts suggested was about one-third of those in need of antiretroviral therapy. Compounding government's difficulties was a marked reluctance on the part of Swazis to test. According to the head of a local NGO, "most Swazis do not know their HIV status and do not wish to know".

In 1987, Swaziland's population stood at 730,000. Ten years later a census revealed that that figure had grown by 200,000 and government estimates suggested that the population would be in the region of 1.03 million by the time of the 2007 census. Instead, preliminary results of that census revealed the startling fact of a **population decline** over a decade by about 17,000 to a level of 912,000. Commenting on these figures, Rob Dorrington, an actuarial statistician from the University of the Western Cape, stated that even with an undercount of 10%, the key fact was that the figures were down 25% from what they should have been had Swaziland maintained its population growth trajectory of the late 20th century.

John Daniel & Marisha Ramdeen

Zambia

National politics were dominated by the dispute over the constitutional review process. Internationally, in a remarkable move the government broke ranks with other African leaders on the Zimbabwe crisis. President Mwanawasa publicly criticised African quiet diplomacy as a failure before taking over the SADC chairmanship, a move that saw him come back into line. The economy continued to grow for the fifth consecutive year (by more than 4%), benefiting mainly from booming commodity prices on the world market and increasing foreign direct investment in the country.

Domestic Politics

Although the opposition had performed sufficiently well in the September 2006 parliamentary elections to achieve a strong parliamentary presence, with the ruling Movement for Multiparty Democracy (MMD) enjoying only a small majority, the new year saw the opposition parties in dire straits. Almost five years before the next elections in 2011 and with no sign of a constitutional change on a third presidential term, President Mwanawasa sparked off the **succession debate** in February. Although the party leadership tried to dismiss the issue as premature and defer it to 2010, a number of names cropped up. These included not only prominent MMD officials such as national secretary Katele Kalumba, Tourism, Environment and Natural Resources Minister Kabinga Pande and Mines and Mineral Development Minister Kalombo Mwansa, among others, but also Lusaka businessman Hakainde Hichilema, leader of the United Party for National Development (UPND), who was supported by a small group of young MMD activists. Despite Mwanawasa's plea to keep ethnicity out of the debate, later in the year the issue came into play when Lozi MMD members from Western Province called for a westerner to become the next president, because most previous presidents had 'Bemba' affiliations.

Divisions within the opposition strengthened MMD's position. In particular, the Patriotic Front (PF), the best performing opposition party, split into at least two factions: one faction comprised the old friends of maverick and populist party leader Michael Sata, with his authoritarian style of leadership, and the other included the many new members who had joined the party only before the 2006 election, among them many MPs and district and city councillors. They disagreed over the relationship with the government, with Sata declining any contact.

Already in January President Mwanawasa had invited all disgruntled PF MPs and councillors to work with government and offered them a home in the MMD in the event they wanted to leave PF or were expelled from that party. **Conflict within PF** peaked when PF city mayor of Lusaka, Susan Nakazwe, did not comply with party directives ordering all PF officials and civic leaders not to welcome visiting Chinese President Hu Jintao. When Nakazwe, in her civic capacity, together with other PF members, attended a number of state functions with Hu Jintao, she was expelled from the party and lost her office. During the last election, Sata had vigorously campaigned on the promise to expel all Chinese exploiting Zambians, and during the year he continued to denounce a "Chinese invasion" of Zambia. Other opposition parties criticised Sata for his blanket condemnation of all Chinese nationals.

The conflict within PF came to the forefront once more when Sata changed his policy in relation to the **constitutional review process**. Initially, he participated in an all-party meeting with government on the formulation of a National Constitutional Conference (NCC) bill in June. Then he began to criticise the process, even suggesting in October that PF MPs who participated in the legislative acitivities in relation to the bill were frauds. In a further U-turn, Sata agreed to participate but to fight from inside the NCC – only to boycott the process again. The dispute culminated in December, when 27 of the 42 MPs defied party directives not to join the NCC. The 27 took the issue to court when Sata threatened them with expulsion, which implied they would also lose their seats. Sata also dismissed Elisabeth Molobeka as PF parliamentary whip on 19 December and dropped her and three other defiant MPs from the party's central committee. In response, a number of PF councillors and MPs sued Sata and the party, seeking a declaratory court order that the party had no legally binding constitution, so there could be no contravention of party rules or directives, as claimed by the leadership. Their point was that the PF had never held a general assembly to bring the draft constitution into legal effect.

In January, the leader and former presidential candidate for the United Democratic Alliance (UDA), Hakainde Hichilema, who was also president of UPND, had to confess that the **alliance** was crippled by a **leadership crisis**. The crisis mainly affected the junior partners in the fragile alliance, namely the former state party, the United National Independence Party (UNIP), and in particular the small Forum for Democracy and Development (FDD), both of which had suffered dramatic losses in the last elections. When UNIP and FDD members joined UPND, some FDD leaders accused UPND of 'poaching' their members and argued for a pull-out from the alliance. Edith Nawakwi, president of FDD, even insisted that Hichilema, the leader of the strongest party in the alliance, should step down for not delivering on the chance he had been given as the alliance's presidential candidate in the last elections.

The major political issue, the constitutional reform demanded by civil society organisations since 2001, dragged on throughout the year. Finally, a major step was taken with the formal opening of the **NCC** on 19 December. The current constitution dates back to the highly controversial constitutional amendments of 1996, when the MMD commanded a two-third, majority in parliament. Yet, the debate centred not upon the content of the new constitution but on procedural matters – on how the reform could be accomplished. Civil society groups organised in the Oasis Forum (OF), together with opposition parties, had long demanded a Constituent Assembly (CA) that would formally adopt the new constitution, which would ultimately need to be approved by referendum, parliament and the president. Before the 2006 elections, Mwanawasa had acceded to these demands, but following his re-election he pursued his old idea of the NCC, which would make only recommendations, while parliament would enact the new constitution. Both approaches would, although in different degree, involve participation by and consultation of various sections of society. The government dismissed the CA as too costly and as unconstitutional, but the well-founded speculation was that it did not want to lose control of the constitution making.

On 23 June, the donor-sponsored Zambia Centre for Interparty Dialogue finally facilitated an agreement among government and all political parties on a **roadmap for the NCC** as proposed by the government. At first, only OF refused to be part of the process, but was later joined by a PF faction led by Michael Sata. A split later occurred between the OF and civil society, when a number of prominent civil society organisations did not go along with OF leadership but supported the NCC process, although they shared many of the concerns of the boycotters. On 21 August, the NCC bill passed the second reading in parliament, supported by most opposition MPs, except a few PF MPs, although most of the amendments proposed by the opposition were ignored by government. The bill was also rejected by most civil society organisations, which were hardly involved in the consultations. In the end, though, the whole process proved to be a success for Mwanawasa's political manoeuvrings and machinations: most of the major stakeholders registered for the NCC, apart from Sata's PF faction and a few organisations in OF. The NCC thus came to comprise representatives from all political parties in parliament as well as a wide range of civil society interests. Critics claimed that the high allowances offered NCC members had paved the way for the broad participation in an institution many had earlier rejected, while participants argued that involvement in the institution presented the only chance to influence constitutional reform. The rumour was that NCC delegates would get daily allowances of between € 230 and € 320 – in a country where 63.8% of the population had to live on less than $ 1 per day. Within the 502-member NCC, politicians together with civil servants commanded a two-thirds majority, while civil society organisations had only 79 seats. NCC is to submit its proposal by the end of 2008 to parliament, which will then enact the new constitution in 2009, two years ahead of the next parliamentary and presidential elections.

On 23 April, a minor **cabinet reshuffle** became necessary when Mwanawasa, after some hesitation, was forced by public opinion to sack his information and broadcasting minister, Vernon Mwaaga (11 April), a close confidant over many years. The sacking was linked to a public-relations disaster with the Republic of Congo, when the border was closed for a couple of days and the minister was sent to the neighbouring country to solve the problem (see below). Mwaaga made contradictory statements that suggested he had lied to parliament. In parliament, he denied saying that the Zambian government owed Governor Moses Katumbi of DR Congo's Katanga province $ 7 m for maize he supplied in 2001 (to be distributed just before the elections), but a video transcript indicated otherwise. In fact, the Zambian task force on corruption wanted Katumbi to be extradited to Zambia because of that deal, while Mwaaga insisted in the press that the governor was innocent. In 2002, Mwaaga had been sacked the first time, but was later reinstated and had played a key role in the MMD's 2006 election campaign. He was replaced by Mike Mulongoti, the former foreign affairs deputy minister. One month earlier, Mwanawasa had fired Minister of Lands Gladys Nyirongo, her deputy (a relative of the president) and numerous other officials in the ministry for alleged corruption: they were investigated for distributing land to themselves or their families as well as illegally to foreigners.

This apparent expression of Mwanawasa's 'zero tolerance' **anti-corruption policy** could not conceal very mixed results. In August, it was again only after public pressure that the president suspended the head and deputy head of the Drug Enforcement Commission (DEC) for alleged corruption, exposed by junior officials. Transparency International Zambia (TIZ) again raised questions about the government's commitment to fighting corruption. It was most recently prompted to do so in December, when government disclosed a behind-closed-doors deal with the governor of DR Congo's Katanga province, who had been charged of graft in Zambia over a cross-border maize deal in support of a previous MMD election campaign. As regards low-level corruption, TIZ identified the Zambian police as the most corrupt officials in the country. By the end of the year, all 40 opposition and ruling party petitions against the results of the parliamentary elections were decided by the high courts or withdrawn, while nine were appealed to the supreme court. Most cases were on grounds of ‘corruption’, meaning bribery and intimidation of voters. These relatively quick decisions on electoral petitions were made possible by the new legislation the government had enacted before the 2006 elections. According to the new rules, vote buying and voter intimidation could be challenged and petitions against results had to be dealt with within 180 days of the elections. Previously, petition cases often dragged on for years. Only one court decision required a by-election, which, however, had no effect on the composition of parliament: on 5 June MMD won the Kapoche constituency, Eastern Province, thereby retaining the seat. The same happened in the second by-election in Nchanga, Copperbelt Province, on 8 November, when PF retained the seat. The by-election had been necessitated after its MP switched to MMD. It was not in a Zambian but in a British court that the corruption case against former President Frederick Chiluba made some progress. In a civil proceeding instituted by the Zambian attorney-general, a high court in London in June ruled that Chiluba and others had conspired to defraud the Zambian state and ordered them to repay $ 57.5 m.

Foreign Affairs

After several years of a rather low-profile foreign policy, especially in 2006 when the president had been ill and faced an election campaign, Mwanawasa made an impressive return to the international stage. On 21 March, during a state visit in Namibia, Mwanawasa criticised SADC for its **policy towards Zimbabwe**: “Quiet diplomacy has failed to help solve the political chaos and economic meltdown” in the country, he proclaimed. He called for a new approach towards the “sinking Titanic” as millions fled the economic and political turmoil. He reiterated his view that the situation in Zimbabwe was a “violation of human rights”, as his foreign minister, Mundia Sikatana, had done before and would later do again in parliament. These surprising statements came in response to the recent violent clampdown on the opposition in Zimbabwe, especially the assault and detention of opposition leader Morgan Tsvangirai and his colleagues.

Mwanawasa’s statement was remarkable in two ways: he was the first to publicly break ranks with other African presidents who either showed solidarity with Mugabe’s policy or preferred a ‘quiet’ approach, and second because Zambia was due to take over the chairmanship of SADC in August. Mugabe’s confidant, Security Minister Didymus Mutasa, was sent to Lusaka to launch an official protest, but was rebuffed and failed to influence the government’s position, although he got strong support from opposition leader Michael Sata and former President Chiluba. In reaction, the infuriated Mugabe allegedly tried to block Mwanawasa’s accession to the SADC chair. However, later developments indicated a return to the previous policy or, at least, a kind of wavering. During a late April visit to Harare, Vice President Rupia Banda tried to effect a reconciliation with Mugabe by emphasising "soldarity" and praising him as a "most outstanding leader in the world". During the SADC summit in August, Mwanawasa, the host, closed ranks with the other SADC leaders by refraining from criticising Mugabe publicly. However, there were rumours of a heated and very frank exchange of words involving, among others, Mwanawasa. On 23 August, shortly after the summit, Mwanawasa sacked Foreign Minister Mundia Sikatana, officially on grounds of failing health. Sikatana, however, refuted this. Later, government sources revealed that the issue was disagreement over the Zimbabwe policy: Sitakana had insisted that Zambia should take a hard line against Harare by condemning human rights abuses. Later, in September, Mwanawasa declared that as chairperson of SADC he would not attend the EU-Africa summit in Portugal in December if Mugabe was barred. In December, however, he called on British Prime Minister Gordon Brown to speak out against the dire situation in Zimbabwe.

On 16–17 August, Lusaka and Mwanawasa took centre stage in Southern Africa by hosting the **27th ordinary SADC summit** of heads of state and government. As expected, the summit elected Zambia's president as the chairperson. At the same time, Zambian border authorities blocked 65 Zimbabwean nationals from entering the country, more than 40 of them being detained on the grounds that they wanted to cause trouble by protesting at the summit in Lusaka. The government also banned all demonstrations by local civil society during the SADC meeting.

The government's policy on Zambia's **dual membership** of **SADC and COMESA** remained unclear. It became a contentious issue when President Mwanawasa attended the 12th COMESA summit on 22 May in Nairobi and endorsed Zambia's commitment to the COMESA customs union, which is planned to become effective by 8 December 2008. Within SADC, the government committed itself to very similar aims: a free trade zone by 2008 and a customs union by 2010. In 2006, the government had announced it was studying which of the unions would best suit Zambia, and that the country would belong to only one. Overlapping memberships in regional organisations are viewed as a major hindrance to the integration of such organisations, as Botswana's President Festus Mogae pointed out at the SADC summit. The membership of COMESA (19 states) is more numerous and more diverse than in SADC (14 states): it includes not only neighbouring countries but also states as distant as Egypt and Libya, even though its headquarters are in Lusaka. While the SADC summit discussed the critical issue of overlapping membership, no decision was reached.

The two-day state visit by China's President Hu Jintao (3–4 February) reflected not only the longstanding **Sino-Zambian relations** of 42 years, but also the further expansion of cooperation in recent years. Zambia was the fourth stop on Hu Jintao's eight-nation Africa tour. The visit concluded with the signing of eight agreements covering economic and technological cooperation as well as education and culture. Under the agreements, the Chinese government cancelled Zambia's debt of Renminbi 60.3 m and $ 3 m. Part of the economic agreement was the establishment of the Zambia-China economic and trade cooperation zone, which, according to Hu Jintao, was the first of five of its kind to be established by China for Africa and would be a 'showcase' for high-level business cooperation.

While the close cooperation with China is viewed by government as a 'strategic partnership', domestically this special relationship is perceived as controversial. Because of expected protests by several hundred miners working for the Chinese-owned mining corporation, the scheduled visit by the Chinese president to the Copperbelt was cancelled on short notice. Chinese investors and employers have been highly unpopular because, according to the general secretary of the mine workers' union, they pay the lowest wages and receive "ridiculous" concessions and various tax exemptions. They have been also criticised for their poor working conditions and for neglecting safety: at the Chinese-owned Chambishi mine 46 workers had been killed in an unexplained explosion in 2005, while in 2006 six workers were shot and wounded during riots over wages. Such **anti-China resentment** was, according to local analysts, successfully exploited by the leader of the opposition, Michael Sata, during the election campaign in 2006. At the time of Jintao's visit to Zambia, Sata travelled to Taiwan whence he had allegedly received funds for his election campaign. By contrast, the government followed a strict one-China policy.

Trying to forestall such criticism before the arrival of the Chinese president, Mwanawasa had dismissed claims that China's interest in Africa was another type of 'colonialism'. One reaction to and acknowledgement of the problem came in June, when government advised Chinese investors not to siphon off their profits but plough them back into the local community for the betterment of the Zambian people. Chinese investors were also called on to abide by the local laws and respect local culture. The Chinese ambassador to Zambia, Li Qiangmin, responded that the **criticism of Chinese investors** was unjustified, since Zambia was currently among the main beneficiaries of Chinese investment. He also pointed out that Africa-China cooperation challenged the unfair and unjust international economic and political order as well as Western countries.

In mid-March, the chequered **relations with the DR Congo** again came under strain, when three major border posts were closed by the Congolese authorities, stranding 400 lorries with copper ore for processing in Zambia. The Congolese governor of Katanga claimed the DR Congo was being cheated by processing companies in Zambia. The problem was resolved within days and on 29 June DR Congo's President Joseph Kabila declared, during the opening of the Zambia international trade fair in Lusaka, that he favoured closer economic cooperation between DR Congo and Zambia.

President Mwanawasa participated in the 8th ordinary **AU summit** in Addis Ababa (29–30 January). From 15–17 February, he visited the 24th **Franco-Africa summit** in Cannes at the special invitation of President Jacques Chirac. At the end of September, he attended the opening of the 62nd session of the **UN General Assembly** in New York. As chairman of SADC, he gave a presentation on how the region is responding to the challenges of climate change. On 12 September, the government called on other African states to support the candidature of Zambia's ambassador to the US, Inonge Mbikusita-Lewanika, for the position of AU commission chairperson, for which elections were to take place in January 2008.

On 3 May, UNHCR together with the International Organisation for Migration (IOM) initiated the **repatriation** of about 40,000 of the 60,000 Congolese refugees residing in Zambia since the civil war in the DR Congo. Zambia still hosts about 42,000 Angolan civil war refugees.

Socioeconomic Developments

Zambia has achieved relative macroeconomic stability and substantial economic growth over a number of years, and the **annual budget** was presented under the promise 'From Stability to Improved Service Delivery'. It was delivered on 9 February by Finance Minister Ng'andu Magande. The budget, in line with the fifth national development plan of 2006, aimed to translate the macroeconomic achievements into an improved standard of living for the people.

Civil society organisations such as the Civil Society for Poverty Reduction (CSPR) network, comprising 140 organisations, lauded the macroeconomic success, but pointed out shortfalls in the social sectors. Two crucial aspects of poverty reduction, **health and education**, had received no relative budget increases: the share of the health budget remained at 10.7% and that of education even declined from 16.1% to 15%. More fundamentally, the 'crisis of health staff' – only one doctor for 18,000 Zambians and a shortfall of 8,000 nurses – remained unresolved. The government planned to recruit an additional 4,000 teachers, but schools and hospitals remained in a dilapidated state. While parliament voted by unanimous acclamation to extend the policy of free education to grade 12, government declined to cooperate and complained of a lack of resources. Only housing and community amenities had its share increased, from 2.9% to 6.5%. CSPR also criticised defence expenditures (the share of the defence budget increased by 0.2% in a peaceful country without external enemies) and the fact that the budget was responsive to neither gender nor children. Although the overall 'social protection' allocation was viewed positively, the increase appeared cosmetic as it was in large part aimed at pension arrears.

Most of the budget's **economic and financial targets** were achieved. Real GDP growth increased again, from 5.8% in the previous year to 6.2%, but missed the 7% target. However, it was above the average African growth rate of 5.7%. The fight against inflation remained on target, the annual rate being 8.9%, just below the 9% target, but higher than the 8.2% in 2006. The latter was the lowest level of inflation in 30 years. On the income side, the government also achieved its goals. Domestic revenue collections were Zambian kwacha (ZK) 8,522.1 bn, about 5% (ZK 405 bn) above target. According to the government, this increase was mainly due to higher company tax and VAT receipts on imports.

The economic performance was driven by the construction sector, which grew 13.3% (2006: 14.4%), tourism (+6.4%) and the manufacturing sector (+3.4%), according to preliminary budget figures. The previously booming **mining sector** experienced a setback with lower growth of only 1.5% in copper output and a 9% decline in cobalt production. Mining sector output was constrained by widespread flooding of mines caused by heavy rains and by workers' strike actions. The fuel supply was relatively stable despite the by now ritual shortage around September and October when the Indeni refinery was shut down for annual maintenance. The **agricultural sector** registered a moderate growth of 2.8%, 0.2% less than in 2006. The government attributed the performance to poor prices for tobacco and cotton. Food production, however, achieved a surplus for the second consecutive year.

The government claimed that macroeconomic stability has already had positive effects on the people's **standard of living**. According to the Living Conditions Monitoring Service, poverty levels declined to 64% from 68% in 2004; urban poverty dropped from 53 to 34%; and rural poverty by 2% to 78%, a figure that indicated a still very high level of poverty.

External economic relations remained problematic. The trade surplus declined to $ 686.4 m compared to $ 1,176 m in 2006. This surplus was mainly due to record new prices for copper on the world market (2006: $ 0.305/lb; 2007: $ 0.331/lb), which led to an 11.9% increase in export earnings to $ 4.2 bn, up from $ 3.8 bn in 2006. However, imports swelled much faster by 37.4%, up to $ 3.6 bn. After the HIPC debt relief, the overall external debt started to grow again, by 9.5% to $ 2 bn, up from $ 1.8 bn in 2006. The increase was largely due to a 16.7% growth in private sector borrowing related to investment by mining companies. The latter also were responsible for the increase in the import bill. The kwacha continued strong against the US dollar. While the **currency** had climbed to about ZK 3,500/$ 1 over 2006, it remained at ZK 3,600 on average during the year. The strength of the currency resulted from the weakness of the dollar, strong exports, donor support and substantial debt relief.

In order to encourage more direct foreign investment, in February the government officially launched the first of two **Multi-Facility Economic Zones** (MFEZ), the Chinese-run Chambishi economic zone in the Copperbelt, in which all investors will be exempted from import duties, value added taxes and from taxes on profits for five years after initial profits are made, and thereafter only in stages. The Chinese promised to invest about $ 800 m, which was ambitiously expected to create more than 60,000 additional jobs. Simultaneously, the Chambishi copper smelter was opened, and will be run by Chinese Non Ferrous Metals Corporation Mining: the smelter is supposed to increase copper production to up to 150 metric tonnes each year by 2008. The other MFEZ was planned for Lusaka West, where Malaysians together with the Japanese government offered to invest. The overall aim of the MFEZ is to diversify the economy and ultimately promote exports.

On 1 April, a **new tax regime** became effective. For personal tax, the exemption threshold was raised from ZK 3.84 m to ZK 5 m – an increase of 56%. The top tax rate was reduced from 37.5% to 35%, the lowest rate from 30% to 25%. Lower income groups (employees) were expected to benefit from the changes, which reversed the previous tax regime under which the lowest paid had to bear the greatest burden of taxation. The share of PAYE (pay as you earn) in total tax revenue was projected to decrease from 70% to 60%. To cover the revenue loss, the ministry of finance raised the mineral royalty tax from 0.6% to 3% and reintroduced the withholding tax on dividends, interest, royalties, management fees and payments to affiliates or subcontractors in the mining sector. In addition, excise and import duties on various luxury goods were increased. Overall, this indicated a significant shift in taxation and the intention of the government to cash in on increased copper revenues.

Gero Erdmann

Zimbabwe

The year was characterised by a deteriorating economy. Socioeconomic indicators did not improve over the previous year. The political scene, which started with violence against the opposition, gave way to revived SADC-mediated talks between the ruling party and the opposition. The talks gave birth to landmark amendments to the constitution and some draconian legislation. The opposition remained deeply divided, while the ruling party was riven by tension over the succession issue and President's Mugabe's bid to contest the 2008 elections. On the foreign affairs scene, relations with the West showed no improvement as major Western players continued to isolate Zimbabwe, and the government continued with its 'Look East' policy. Other key developments related to electoral issues and government's numerous attempts to revive the economy.

Domestic Politics

The ruling Zimbabwe African National Union-Patriotic Front (ZANU-PF) entered the year apparently deeply divided. This fuelled endless speculation about the **future of President Robert Mugabe**, whose plans for extending his term to 2010 had been allegedly thwarted by a powerful faction within the party. However, despite reports that he had been ruled out of the running, it became increasingly clear that he would be the party's candidate for the 2008 elections. There were reportedly **three factions** in the party ('Mugabe faction', 'Mnangagwa faction' and 'Mujuru faction'). President Mugabe secured the support of the hitherto marginalised and weakened Mnangagwa faction to back his bid for another term. On 20 February, on the eve of his 83rd birthday, Mugabe reiterated that there was "no vacancy" for the country's presidency, warning ambitious government colleagues to stop jostling to succeed him. He also made oblique remarks criticising Vice President Joice Mujuru. On 30 March, at a meeting of the central committee in Harare, ZANU-PF selected Mugabe as their only candidate for the presidential elections. The move surprised many: they had expected the other ZANU-PF factions to field their own candidates. On 12 December, the party's extraordinary congress attended by 10,000 party delegates unanimously endorsed Mugabe as ZANU-PF's candidate. Meanwhile, the opposition Movement for Democratic Change (MDC) remained deeply divided, with both the Tsvangirai and Mutambara factions digging in their heels.

In a **minor cabinet reshuffle** on 7 February, Finance Minister Herbert Murerwa was replaced by the former minister of indigenisation, Samuel Mumbengegwi. This was widely interpreted as Mugabe's siding with Reserve Bank of Zimbabwe (RBZ) Governor, Gideon Gono, who had publicly disagreed with Murerwa over fiscal policy. Sikhanyiso Ndlovu, former deputy minister of higher education, became information and publicity minister, filling a vacancy created by the death of Tichaona Jokonya. Former Economic Development Minister Rugare Gumbo was shifted to agriculture, taking over from Joseph Made, who had been appointed to the newly created ministry of agricultural engineering and mechanisation. Sylvester Nguni, former deputy minister of agriculture, was appointed the new minister of economic development. The former economic development deputy minister, Samuel Undenge, became minister for state enterprises, anti-monopolies and anti-corruption, previously occupied by Paul Mangwana, who was moved to the indigenisation and empowerment ministry. Engineer Munacho Mutezo was appointed to the new ministry of water resources and infrastructural development.

Throughout the year, there were predictions that the deteriorating economic conditions would undermine the president's position and weaken him. These speculations, mainly carried in the private media, may explain a bout of repression and political violence in the first quarter of the year. On 11 March, a coalition of 31 religious groups, civil society and opposition political parties under the '**Save Zimbabwe Campaign**' (SZC) banner resolved to hold a 'prayer' rally in the township of Highfield. The Zimbabwe Republic Police (ZRP) banned the rally, citing the potential for violence. The organisers resolved to proceed with the rally. The ZRP sealed off the venue and heavily armed police and defence forces flooded Highfield, setting up roadblocks. Because the SZC defied the ban, more than 30 of its leaders were arrested. When Morgan Tsvangirai and other MDC leaders went to the police station to demand an explanation, they were detained and severely assaulted. Gift Tandare, an opposition activist, was shot and killed by the police. The incident prompted an international outcry that was joined by some African leaders. President Mugabe defended the police action, promising that if the MDC continued to defy the police, they would be "bashed".

The subsequent SADC extraordinary summit in Dar es Salaam (29 March) discussed the crisis. It appointed South Africa's President **Thabo Mbeki as the official SADC mediator** on Zimbabwe. On 1 May, Lovemore Madhuku, leader of the National Constitutional Assembly (NCA) charged that Mbeki's involvement in Zimbabwe's dialogue process was a ploy to buy more time for President Mugabe. In mid-May, the secretaries general of the two MDC factions, Tendai Biti (Tsvangirai) and Welshman Ncube (Mutambara), met with Mbeki's representatives – Sydney Mufamadi, the minister for local government, and Frank Chikane, the director of the president's office, in Pretoria. Mufumadi later met ZANU-PF representatives, Patrick Chinamasa (legal affairs minister) and Nicholas Goche (labour minister) in Harare. On 18 May, MDC (Tsvangirai) said it remained committed to **negotiations with the ZANU-PF government** despite an intensified crackdown in which many of its members had been arrested or detained. On the same day, government said it would cooperate with President Mbeki's efforts to mediate between itself and the opposition, but would not welcome any "parallel initiatives". On 30 May, **civic groups** demanded inclusion in the political negotiations and called for an end to the crackdown on opposition activists. They demanded that the talks be extended beyond political parties to ensure broad agreement on the outcome. On the weekend of 16–17 June, the MDC factions and ZANU-PF met in Pretoria, South Africa, in preliminary talks to agree on the agenda. Civil society dismissed the mediation efforts.

The most important outcome of the Mbeki mediated talks was a constitutional deal, the **18th constitutional amendment**. On 18 September, the amendment, which had been approved by cabinet on 16 April, was cleared for a vote before parliament. Even though the opposition did not have the votes to block it, the decision not to put up a token fight was interpreted as a gesture of goodwill and an indication of progress in the interparty talks. Among other provisions, the amendment would allow parliament to nominate a successor for the president in the event the incumbent president died, left office or retired. Critics said this provision would allow Mugabe to choose his successor. The amendment also would enlarge the senate from 66 members to 84 and parliament from 150 to 210 members. Analysts argued that this expansion allowed Mugabe to put more of his people in parliament. The amendment also sought to provide for harmonised presidential and parliamentary polls and reduced the presidential term from six to five years. Cabinet had endorsed all the proposals, except the issue of whether the senate should be chosen through proportional representation or through elections, an issue that had to be finalised by the ZANU-PF central committee. On 29 September, MDC leader Tsvangirai said his party's participation in the 2008 elections would depend on negotiations with President Mugabe's government. Outlining the MDC's benchmarks for a free and fair election, he said President Mugabe must end political repression and allow millions of exiles to vote before the joint presidential and parliamentary elections could be held.

On 17 November, government published a draft bill to reform the electoral laws following an interparty agreement the previous month. The reforms amended the Zimbabwe Electoral Commission Act, the Electoral Act and the Traditional Leaders Act to make provision for various matters arising from the newly passed Constitution of Zimbabwe Amendment (Number 18) Act. Significantly, the draft **Electoral Laws Amendment Bill** 2007 contained provisions to bar military, police and prison officers from any involvement in elections beyond providing security. It would empower aggrieved candidates to demand recounts and require that the government-appointed electoral commission consult all contesting parties before marking constituency and ward boundaries. It would also compel public broadcasters to report impartially and give equal airtime to all candidates. Whereas government claimed it had made major concessions to the opposition, analysts dismissed the concessions as dealing with minor issues while eschewing important issues such as the establishment of an independent electoral commission.

Some analysts accused ZANU-PF of **negotiating in bad faith**, giving very little while extracting major concessions from the MDC factions. This was seemingly confirmed when the ZANU-PF extraordinary congress resolved on 12 December that the 2008 harmonised elections would be held in March without fail. The opposition argued this was not in the spirit of interparty talks, since the date of the election – which many expected would be well after March – was on the agenda. President Mugabe warned that contestants who were not ready by then would have only themselves to blame.

On 18 December, parliament unanimously passed **amendments to the media, security and electoral laws**. The changes were part of the interparty talks. The aim was to create an environment conducive to free and fair elections. Under the amended media laws, foreigners would be allowed to own local media. However, the ban on foreign journalists working permanently in Zimbabwe was not lifted. Under the amended security laws, political parties whose public gatherings had been banned by police would be able to appeal to a magistrate instead of the home affairs minister.

After the events of 11 March, there was a reported upsurge in what the opposition complained was **political violence, unlawful arrests and harassment**. On 12 April, MDC President Tsvangirai outlined the systematic assault that had been unleashed against the MDC and civic society by government, as well as various other activities by government. He disclosed that 600 party members had been tortured and abducted since 11 March. Over 150 members throughout the country had been hospitalised or victimised. Government claimed that the MDC members had been arrested because evidence linked them to the terror bombing of police stations and ZANU-PF offices in the aftermath of the events of 11 March. On 4 May, Alex Muchadehama and Andrew Makoni, the two main lawyers representing the incarcerated MDC activists, were taken by the police and detained at the notorious Matapi police station. According to the state, the lawyers had "lied" that the petrol-bombing allegations were stage-managed. The two lawyers, members of the

Zimbabwe Lawyers for Human Rights, were charged with obstructing justice. On 26 July, High Court Judge Lawrence Kamocha ruled that police had faked evidence against at least 13 opposition activists accused of mounting the petrol bombing campaigns and freed them after five months in jail. On 8 May, the lawyers were released on bail. On 27 July, charges against them were dropped before a plea could be entered. The opposition and regime critics claimed that the crumbling of the state's case confirmed that the arrests were part of a politically motivated campaign against the opposition. In another bout of harassment, Women of Zimbabwe Arise (WOZA) activists were arrested on several occasions in several places. On 4 June, more than 100 activists were arrested, this time in Filabusi, Matabeleland South, as they attempted to launch their People's Charter. During the year, WOZA had several violent encounters with the police when it attempted to launch the People's Charter in Bulawayo, Harare, Masvingo, Gweru and Mutare.

Controversies over the **rule of law** featured prominently in the first half of the year. In addition to assaulting opposition and civic leaders on 11 March, government disobeyed court orders and prevented lawyers from talking to detained activists and leaders. When on 5 May High Court Judge Tedius Karwi ordered the release of the two unlawfully detained lawyers, Home Affairs Minister Kembo Mohadi issued a certificate saying the 13 activists should remain in prison as they had gone to South Africa for military training and police were still investigating the case. The police disregarded the court order and continued detaining the activists. On 8 May, police violently broke up a planned march by some 50 lawyers to protest the arrest of the two human rights lawyers. Police assaulted some of the lawyers with rubber batons and pushed them from the court where they had gathered for the march, which had been planned by the Law Society of Zimbabwe.

On 19 April, former Manicaland state prosecutor Levison Chikafu was arrested on corruption charges. Chikafu spent five days in police cells, with the state taking its time to bring him to court. Then authorities said he could not be brought to court. This was seen as a continuation of ZANU-PF's **war against the judiciary** as well as a personal vendetta by the justice minister. Chikafu had previously prosecuted the justice minister for attempting to defeat the course of justice when he allegedly put pressure on a key witness in a trial against State Security Minister Didymus Mutasa. Chikafu had also called for the arrest of Central Intelligence Organisation agent Joseph Mwale on allegations of murdering two opposition officials. On 6 November, **Attorney-General** (AG) Sobusa Gula-Ndebele, an ex-officio member of cabinet, was arrested on allegations of abusing his office by not prosecuting a fugitive banker who had fled the country in 2004. Press reports had suggested tension between Gula-Ndebele and Justice, Legal and Parliamentary Affairs Minister Patrick Chinamasa. The two had clashed after the AG's office authorised the minister's prosecution in 2006 on charges of attempting to defeat the course of justice. If convicted, the AG could be sentenced to up to 15 years in prison and face a heavy fine. Analysts saw this as part of the wider ZANU-PF succession struggles: the AG was linked to the Mujuru faction, while the minister was part of the Mnangagwa faction. Gula-Ndebele was also accused in ZANU-PF circles of refusing to prosecute MDC members arrested on what were seen as trumped-up charges. He was released after a caution statement.

Apart from the events of 11 March, there were other controversies relating to **freedom of assembly and expression**. On 18 February, police defied a court ruling and prevented the MDC (Tsvangirai) from holding a rally in Harare, ostensibly to launch the party's campaign for the 2008 presidential election. There were violent clashes in Highfield when MDC activists tried to make their way to the venue. On 21 February, government announced the imposition of a three-month ban on all political activities in Zimbabwe. On 5 March, police in Harare threatened opposition party supporters who had defied the ban on rallies, amid reports of renewed street clashes between the police and opposition youths in Budiriro township in Harare and the arrest of more than a dozen trade unionists. During the preceding weekend, the government had extended a **ban on political rallies and demonstrations** to all major urban centres. Some analysts argued that this amounted to a state of emergency. On 21 February, police beat up schoolteachers striking over low salaries.

Media freedom remained under siege. On 1 April, Gift Phiri, a senior reporter for the independent British-based newspaper, 'The Zimbabwean', was picked up by police. He was allegedly tortured while in police custody. Shortly after his arrest, Phiri was accused of throwing petrol bombs at police stations but that charge was changed on 2 April to "practising as a journalist without accreditation". Phiri claimed he had applied for accreditation but had received no response from the media and information commission. Meanwhile the South African correspondent for 'Time' magazine, Alexander Perry, was arrested on 31 March for allegedly entering the country without official media accreditation.

On 17 April, it was reported that government had cancelled **licences for NGOs**, which they alleged were funded by the West. Critics regarded this as evidence of state paranoia and a strategy to silence critics. State media reported that the government had cancelled the registration certificates of the NGOs to "sift out those seeking to force regime change in Zimbabwe". Information Minister Sikhanyiso Ndlovu said all NGOs would be screened and those believed to be supporting the opposition would be closed down. On 18 April, a planned rally by the Zimbabwe Youth Movement (ZYM) in Chitungwiza was disrupted by police, who sealed off the venue and beat up anyone suspected of involvement in the rally. Some five youth leaders were arrested. Police reportedly beat up people at a nearby bar. However, the SZC prayer meeting scheduled for 14 April went ahead relatively peacefully in Bulawayo. The meeting saw the unification in purpose of clergy, civic leaders, opposition parties and the general population, with scores of local and visiting speakers.

Foreign Affairs

Relations with **African countries** and organisations remained mainly good, with most leaders supporting Zimbabwe in its squabbles with the West. Following the arrest and assaulting of opposition and civic leaders on 11 March, Jakaya Kikwete, the Tanzanian president who was also the chairman of the SADC peace and security organs, made an emergency visit to Zimbabwe (15 March). After the visit, it was announced that SADC leaders would meet in Tanzania at the end of March to discuss the crisis in Zimbabwe. In an unprecedented **condemnation** by a Southern African leader, the Zambian president, Levy Mwanawasa, described Zimbabwe as a “sinking Titanic” and called for other Southern African countries to take a different approach to Zimbabwe. On a visit to Namibia on 19 March, Mwanawasa said, “Quiet diplomacy has failed to help solve the political chaos and economic meltdown in Zimbabwe”. On 15 March, the AU chairman and president of Ghana, John Kufuor, told the international media in London, “We want the rule of law to be the main agency of governance. Violence, beating up, and using brutal force shouldn’t be the way forward. Allowing the constitution to work properly should be the way forward”. On 26 November, a top AU emissary, Senegalese President Abdoulaye Wade, arrived in Harare to kick-start the first round of AU-led talks. The mediation effort was stopped in its tracks when President Mugabe publicly pronounced that Zimbabwe would not accept unhelpful parallel initiatives from outside the SADC to resolve his country’s crisis.

On 28 March, heads of state met in Dar es Salaam for an **extraordinary SADC summit** at which Zimbabwe’s deepening political and economic crisis was discussed. In a controversial communiqué after the two-day summit, the leaders stated that they “noted and appreciated the briefing by President . . . Mugabe on the current political developments in Zimbabwe”. The summit “reaffirmed its solidarity with the government and people of Zimbabwe”. Other points in the communiqué included: mandating President Mbeki “to continue to facilitate dialogue between the opposition and the government and report back to the troika on progress”; encouraging “enhanced diplomatic contacts which will assist with the resolution of the situation in Zimbabwe”; mandating the SADC executive secretary “to undertake a study on the economic situation in Zimbabwe and propose measures on how SADC can assist Zimbabwe recover economically”; reiterating “the appeal to Britain to honour its compensation obligations with regard to land reform made at the Lancaster House”; and appealing “for the lifting of all forms of sanctions against Zimbabwe”. The communiqué disappointed many who had hoped for a resolution to the Zimbabwe crisis. BBC reporter Peter Greste summed up the cause for disappointment when he observed that the communiqué “said nothing about timelines or dates, it gave no benchmarks for progress and said nothing about what might happen if Mr. Mbeki’s talks fail”. The Zimbabwean government hailed it as a victory and a vindication of its position and actions. On 21 November, while on his way to attend the Commonwealth heads of government meeting in Uganda, Mbeki made a brief stopover in Harare to consult with representatives of the country’s major political players.

On 27 February, President Mugabe started a two-day **visit to Namibia**. He held talks with his counterpart Hifikepunye Pohamba and signed a series of bilateral agreements. Information Minister Sikhanyiso Ndlovu said the visit symbolised the enduring friendship between the two countries. Rights activist protested against Mugabe, calling him a tyrant. Mugabe repeated his accusation that the US and Britain had sabotaged the Zimbabwean economy, punishing the African nation's people for "daring to take their destiny into their own hands". He also denounced the IMF, saying that dependence on the lender and other donors was tantamount to economic slavery.

At the **annual SADC summit** in Lusaka (17–18 August), neighbouring states offered Zimbabwe a lifeline. The leaders resolved to implement an economic rescue package proposed by SADC executive secretary Tomáz Salamão. There would be no conditions attached to the bail-out. At the same summit, Mbeki reported that his mediation efforts were on track. He was commended for the progress he had made and the summit called for the dialogue to be expedited. This effectively extended Mbeki's mandate. However, in yet another indication of discord among regional leaders over Zimbabwe, President Mugabe reportedly stormed out of the summit after an explosive clash with President Mwanawasa during a closed session. Mwanawasa had proposed putting Zimbabwe on the agenda.

President Teodoro Obiang Nguema Mbasogo of **Equatorial Guinea** arrived in Harare on 28 August for a four-day state visit during which he officially opened the Harare agricultural show. Relations between Zimbabwe and Equatorial Guinea had improved since the arrest of suspected mercenaries in Harare in 2004. These were allegedly on their way to stage a coup d'état in Equatorial Guinea. Zimbabwe's growing friendship with Equatorial Guinea is widely viewed as being motivated by Zimbabwe's need for oil. In a related development, on 2 May the high court ruled that Simon Mann, the leader of the mercenaries, should be extradited to Equatorial Guinea to face charges. His lawyers contested the decision. The controversial extradition has been dubbed the "oil for Mann deal".

On 24 September, SADC states said they would boycott the **EU-Africa summit** in Portugal in December if President Mugabe was barred from the meeting. On 7 December, President Mugabe arrived in Lisbon. British Prime Minister Gordon Brown boycotted the summit in protest. President Mugabe stole the show at the summit as hordes of journalists mobbed him. German Chancellor Angela Merkel upbraided President Mugabe, accusing him of "harming the image of the new Africa". In his rebuttal, Mugabe castigated Germany, Sweden, the Netherlands and Denmark, describing them as "the gang of four which did not speak their own minds, but the mind of Brown".

Zimbabwe continued with its 'Look East' policy that aimed at increasing bilateral and trade relations with countries such as China, Japan, the Koreas, Russia, Vietnam, Malaysia, Thailand, Singapore, Iran and India. The main focus remained **China**. With the purchase of some 13,000 tonnes of tobacco, China established itself as the biggest buyer of the commodity. By June, Zimbabwe had a $ 189 m trade deficit with China. In a surprise development, on 31 August, 'The Telegraph' reported that Zimbabwe would lose vital support from China. China had reportedly told Lord Malloch Brown, the British Foreign Office minister, that it was dropping all assistance to Zimbabwe except humanitarian aid. Zimbabwe dismissed the reports as Western propaganda. President Mugabe's policy of befriending **Iran** paid off. On 6 April, it was announced that Iran would help Zimbabwe set up a new short-wave radio station to counter 'foreign propaganda'.

Relations with the West remained frosty. Government continued to blame Zimbabwe's problems on 'illegal' sanctions imposed by the West in a bid to effect regime change. On 21 February, the US condemned police crackdowns on peaceful protest in Zimbabwe and urged government to let the people exercise their political rights. In February, the European Commission announced that the EU had extended **targeted sanctions** against Zimbabwe for another year. The sanctions included an arms embargo, travel bans on top officials and a freeze on their financial assets. The target list included President Mugabe and more than 100 ministers and senior ZANU-PF officials. In April, European foreign ministers voted to expand the sanctions against the government of Zimbabwe. The European parliament urged EU member-states to carry out the measures to force President Mugabe to change his authoritarian policy. US President George Bush extended by one year a series of sanctions against Zimbabwean officials, including President Mugabe, for undermining democracy. On 17 August, in a move described as an extension of targeted sanctions, Australia announced it would deport eight Zimbabwean university students whose parents were senior members of the government. On 12 December, New Zealand imposed extra travel restrictions while continuing its condemnation of President Mugabe's government and its suppression of dissent. On 27 September, President Mugabe addressed the 62nd ordinary session of the United Nations General Assembly in New York. He attacked the US and Britain, saying Zimbabwe was averse to a world body in which the economically and militarily powerful behaved like bullies and trampled on the rights of weak and smaller states, as had sadly happened in Iraq.

Socioeconomic Developments

Economic indicators did not improve. Consumer price inflation closed the year at about 66,412.3%, up from about 1,281.1% in 2006. Estimates put the GDP at $ 1.6 bn, down from $ 1.8 bn in 2006. The decline in the real GDP slowed to –2.8%, from –4.6% in 2006. The current accounts balance deteriorated from $ 532 m to $ 639 m, while international reserves fell from $ 140 m in 2005 to $ 120 m. The total external debt rose from $ 4.7 bn to $ 5.2 bn. RBZ figures revealed that domestic debt, which had closed in 2006 at Z$ 175.7 bn, rose dramatically to Z$ 21.2 trillion. In April, government devalued the Zimbabwe dollar from Z$ 250 to Z$ 15,000 to the dollar. In September, the local currency was further devalued to Z$ 30,000 to the dollar. The parallel exchange rate at the end of the year was about Z$ 2 m to the dollar. Largely as a result of widespread power cuts and the perennial lack of foreign exchange, gold production fell by more than one-third.

On 19 December, in a new operation dubbed '**Sunrise II**', government gazetted Statutory Instrument 204 of 2007. The instrument demonetised the Z$ 200,000 bearer cheque: it would cease to be legal tender at the end of the year. In addition, government introduced a new family of bearer cheques in denominations of Z$ 250,000, Z$ 500,000 and Z$ 750,000. Gideon Gono, the RBZ governor, explained that the idea behind Sunrise II was to address “deepening cash shortages in the … banking sector”; to stem “the prevalence of covert and overt destructive speculative and illicit foreign exchange parallel market trading, and the smuggling of precious minerals out of the country on the back of cash transactions”; and to destabilise “practices of cash-hoarding by large cash movers, including, but not limited to wholesalers, retailers, fuel dealers, and … bus operators”. On 31 December, the Z$ 200,000 bearer cheque was reinstated as legal tender.

On 26 September, parliament passed the **Indigenisation and Empowerment Bill**, a law that gives black people majority control of foreign-owned companies, including mines and banks. ZANU-PF pushed the bill through parliament as opposition lawmakers walked out in protest. The law calls for indigenous Zimbabweans to own at least 51% of all public companies. Mugabe’s government introduced the bill in June as part of a drive to empower the poor black majority. Critics of the bill warned it could scare away the few foreign investors left in the country. Several foreign banks with branches in Zimbabwe said they might pull out if they lost their majority stakes. On 2 October, the bill sailed through the senate.

On 29 November, Finance Minister Samuel Mumbengegwi, presented the Z$ 7.8 quadrillion **budget for 2008** to parliament. Dubbed ‘the People’s Budget’, the budget forecast a 4% expansion of the economy, with inflation slowing to 1,987% from the official level of 8,000%. The tax-free threshold was raised to Z$ 30 m from Z$ 4 m. Education, defence and health got the biggest allocations. The budget was widely criticised as being inflationary and populist in nature. The **educational and health delivery** systems continued to experience problems of staffing, equipment and funding. Health and educational personnel made up a substantial part of the brain drain to countries such as Australia, the UK and South Africa. On a positive note, on 31 October the health minister announced that the national **HIV prevalence rate** had fallen to 15.6% compared with 18.1% in 2005 and 24.6% in 2003. On 8 March, ‘The Herald’ reported that about half the nurses employed at Harare hospitals were choosing not to report for duty because bus fares had risen sharply the previous week. Throughout the year, **electricity and water shortages** became widespread in urban areas. Power cuts were attributed to Zimbabwe being cut off by South African and Mozambican suppliers for failing to settle outstanding debts. Water shortages were attributed to shortages of purifying chemicals and ageing plant and equipment, all of which were explained in terms of a lack of foreign currency and sub-economic tariffs.

Industrial action, arising out of **salary disputes**, particularly by doctors, nurses and teachers took place throughout the year, further compromising these sectors. On 15 January, Judge President Rita Makarau urged the government to step up funding for the country’s crumbling judiciary to halt the burgeoning corruption in courts. A two-day mass action stay away organised by the Zimbabwe Congress of Trade Unions (ZCTU) went ahead on 3 and 4 April despite attempts by the state-controlled media to put a negative political spin on what the ZCTU claimed was a peaceful workers' protest. Government and organisers had contrasting views on the success of the mass action. The **cost of living increased** continuously throughout the year. By 4 January, the prices of most goods and services went up dramatically in what analysts claimed was a direct result of the previous week's increase in the cost of fuel. Commuter bus operators hiked transport fares by up to 60%, citing the escalating cost of fuel. On 8 May, figures from the central statistical office showed that Zimbabwe's poverty line had shot up by 82.9%. Soaring inflation wreaked havoc on daily life and a family of five now required Z$ 1.7 m a month to meet its most basic needs, up from Z$ 566,000 in January. On 26 June, the ministry of industry and international trade ordered companies to **roll back their prices** to the levels of 18 June, a reduction of some 50%. In a nationally broadcast speech, President Mugabe threatened to seize the assets of industries and businesses that evaded controls. As the police and youth militia raided shops and factories, enforcing the edict, and assaulted and arrested businesspeople, staple foods predictably vanished from store shelves and merchants reported huge losses. Nationwide shortages of basic commodities immediately hit the country.

Food security continued to be a problem. In January, the famine early warning system said Zimbabwe's cereal balance sheet projected an 850,000-tonne shortfall in maize, the staple food crop. Overall, the food deficit amounted to a third of the country's food requirements. Government claimed it had secured local maize purchases amounting to 164,777 tonnes "to ensure food security up-to [the] end of [the] 2007/2008 season". The perennial lack of foreign currency was cited as the key problem in importing food. By the beginning of September, Zimbabwe appeared to be on the verge of an almost total absence of food and ordinary household goods in shops as the effect of the price freeze became pronounced. According to the finance ministry, government speeded up the RBZ-supported '**Agricultural Mechanisation Programme**' and the provision of incentives in order to encourage agricultural production. By October, over 2,500 tractors and other farm machinery had been allocated to farmers under the programme. Over 70,000 ox-drawn implements were also made available to communal farmers.

Amin Y. Kamete

List of Authors

Jon Abbink, Researcher, African Studies Centre, Leiden, Professor of Anthropology at the Free University of Amsterdam, The Netherlands

Matthias Basedau, Senior Researcher, Institute of African Affairs, German Institute of Global and Area Studies, Hamburg, Germany

Rémy Bazenguissa-Ganga, Lecturer, University of Lille, France

Linnea Bergholm, Research Candidate, University of Wales, Aberystwyth, Department of International Politics, United Kingdom

Heinrich Bergstresser, Media Consultant, Freelance Research Associate of the Institute of African Affairs in Hamburg, of the Friedrich Naumann Foundation and of InWent, Germany

Anders Bjørkelo, Research Director, Centre for Middle Eastern and Islamic Studies, University of Bergen, Bergen, Norway

John Daniel, Academic Coordinator of the School for International Training's programme in Reconciliation and Development in Durban, South Africa

Mirjam de Bruijn, Researcher, African Studies Centre, Leiden, The Netherlands

Lewis B. Dzimbiri, Senior Lecturer in Public Administration, University of Botswana, Gaborone, Botswana

Stephen Ellis, Researcher, African Studies Centre, Leiden, The Netherlands

Gero Erdmann, Senior Researcher, Institute of African Affairs, German Institute of Global and Area Studies, Hamburg, Germany

Jonas Ewald, Assistant Researcher, Centre for Africa Studies, Gothenburg University, Sweden

Friederike Fuhlrott, Pedagogue, Center for Conflict Studies, Univeristy of Marburg, Germany

Sven Grimm, Research Fellow, German Development Institute, Bonn, Germany

Joseph Hanlon, Senior Lecturer, Development Policy and Practice, Open University, Milton Keynes, United Kingdom

Gerti Hesseling, Researcher, African Studies Centre, Leiden, Professor at the Study and Information Centre for Human Rights (SIM), University of Utrecht, The Netherlands

Kurt Hirschler, Freelance Political Scientist, Hamburg, Germany

Nicole Hirt, Research Fellow, Institute of African Affairs, German Institute of Global and Area Studies, Hamburg, Germany

Rolf Hofmeier, Former Director, Institute of African Affairs, German Institute of Global and Area Studies, Hamburg, Germany

Cord Jakobeit, Professor of International Relations, University of Hamburg, Germany

Amin Y. Kamete, Senior Researcher, Nordic Africa Institute, Uppsala, Sweden

Steve Kibble, Regional Advocacy Coordinator, Africa Middle East Asia, Progressio, United Kingdom

Christoph Kohl, Ph.D. Candidate at the Max Planck Institute for Social Anthropology, Halle/Saale, Germany

Dirk Kohnert, Deputy Director, Institute of African Affairs, German Institute of Global and Area Studies, Hamburg, Germany

Piet Konings, Researcher, African Studies Centre, Leiden, The Netherlands

Bruno Losch, Senior Economist, Centre de Coopération Internationale en Recherche Agronomique pour le Développement, Montpellier, France

Richard R. Marcus, Assistant Professor and Internship Director, International Studies Program, California State University, Long Beach, USA

Mike McGovern, Assistant Professor of Anthropology, Yale University, USA

Andreas Mehler, Director, Institute of African Affairs, German Institute of Global and Area Studies, Hamburg, Germany

Henning Melber, Executive Director, Dag Hammarskjöld Foundation, Uppsala, Sweden

Laurens Nijzink, Researcher, African Studies Centre, Leiden, The Netherlands

Paul Nugent, Professor of Comparative African History and Director of the Centre of African Studies, University of Edinburgh, United Kingdom

Claes Olsson, Political Scientist and Editor at Global Publications Foundation, Uppsala, Sweden

Helena Olsson, MSc in political science and staff member at the Nordic Africa Institute, Uppsala, Sweden

Krijn Peters, Lecturer, Centre for Development Studies, University of Wales, Swansea, United Kingdom

Marisha Ramdeen, Research Intern at the Human Sciences Research Council and MA student in political science at the University of KwaZulu-Natal, South Africa

Marcel Rutten, Researcher, African Studies Centre, Leiden, The Netherlands

Abdoulaye Saine, Associate Professor in Political Science, Miami University of Ohio, Oxford, USA

Gerhard Seibert, Researcher at the African Studies Centre (CEA), ISCTE, Lisbon, Portugal

Roger Southall, Honorary Research Professor, Sociology of Work Unit, University of the Witwatersrand, Johannesburg, South Africa

Alexander Stroh, Research Fellow, Institute of African Affairs, German Institute of Global and Area Studies, Hamburg, Germany

Klaus-Peter Treydte, Economist, Freelance writer and Consultant, Former (2000–2004) country representative Friedrich-Ebert-Foundation Madagascar and Mauritius

Denis M. Tull, Senior Research Fellow, German Institute for International Affairs, Berlin, Germany

Han van Dijk, Researcher, African Studies Centre, Leiden and Professor of Law and Governance in Africa, chair Law and Governance group, Dept of Social Sciences, Wageningen University and Research Centre, The Netherlands

Ineke van Kessel, Researcher, African Studies Centre, Leiden, The Netherlands

Klaas van Walraven, Researcher, African Studies Centre, Leiden, The Netherlands

Martin van Vliet, Institute of Multiparty Democracy at The Hague, The Netherlands

Christian von Soest, Research Fellow, Institute of African Affairs, German Institute of Global and Area Studies, Hamburg, Germany

Volker Weyel, Former Editor-in-chief 'Vereinte Nationen' (1977–2004), specialised journalist and consultant, Bonn, Germany

Douglas Yates, Assistant Professor of Political Science in the Department of International Affairs, The American University of Paris, France