

# A VISION OF AFRICA'S FUTURE

MAPPING CHANGE, TRANSFORMATIONS  
AND TRAJECTORIES TOWARDS 2030

edited by **Giovanni Carbone**

introduction by **Paolo Magri**



ISPI



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**MAPPING CHANGE, TRANSFORMATIONS  
AND TRAJECTORIES TOWARDS 2030**

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**ISPI**

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# Introduction

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Exploring Africa's futures means telling a story of recent and ongoing fast-paced transformations. In recent years, economic, socio-political and technological changes have been thriving throughout the continent. This picture of Africa steadily distanced the continent from images of poverty, conflict, passivity, and paved the way for the "Africa rising" narrative. While the challenges impeding development and progress are still many, the opportunities the continent offers are greater than ever, for locals and foreigners alike.

African institutions and citizens are assertively taking control over such opportunities by increasingly tackling issues pertaining to Africa, from security to development, from innovation to governance. Far gone are the days in which the role played by African actors on the international stage was non-influential. In a global context where the hegemony of traditional powers is challenged by emerging ones, Africa's participation in global affairs is finding new spaces for enhancing its bargaining power. This applies to trade as well as aid, in sectors as different as agriculture and green technologies, education and infrastructure and so forth.

In this context, traditional foreign actors and emerging ones have showed (renewed) interest in Africa, attracted not only by the region's wealth of natural resources, but also by Africa's one billion consumers' untapped potential. The shift from aid to investment – with foreign direct investment currently exceeding aid – is an indicator of how the balance of power between Africa and the rest of the world is levelling out, reducing the divide in global dynamics.

Transformations have involved virtually every field, as Giovanni Carbone puts it in the opening chapter of this volume. From demographic expansion and fast urbanisation to economic development, from social progress to environmental challenges, from technological innovation to continental integration, from political change to migratory pressures. And they are likely to continue at an even more accelerated pace over the next decades. By revealing why they matter for Africa's futures, this volume focuses on seven major trends: Africa's population, urbanisation, growth trajectories, continental economic and political integration, technological innovation, political stability, and migration.

Africans quintupled from 229 million in 1950 to 1.2 billion today, and are expected to double to 2.5 billion in 2050, making up a quarter of the global population. Africa's young social fabric (in 2050 the continent's median age will still be under 25, projected to hit 35 only in 2100) will be hungry for energy and resources, and will act as one of the drivers of global consumption. It will be increasingly occupying urban areas, which have been expanding (and are expected to keep growing) at an annual rate of 3% from 2015-2020. This population flow into cities will translate into the emergence of megacities with more than 10 million citizens and a plethora of medium-sized urban centres, with rural areas becoming less central to Africans' lives. However, although urban living correlates positively to development, more than half of Africa's urban population currently lives in slums (projected to triple in size by 2050), showing that population increase only partially relates to wealth increase.

In the period from 2000 to 2015, as Carbone notes, African economies grew at an unprecedented average annual rate of around 5%. The positive trend involved many countries: those that were already on track toward development, and those that weren't. It also involved a variety of sectors, not only energy and mineral commodities but also ICTs, agriculture and more. This growth slowed down after 2015 due to the fall of commodity prices but also climate-induced events such as droughts and



reduced agricultural production. Country trajectories started to diverge, with some countries continuing to grow fast (i.e. non-oil economies such as Cote d'Ivoire, Ethiopia, Kenya, Mali, Rwanda, Senegal and Tanzania), while others have been experiencing a slowdown (i.e. regional giants Nigeria, Angola, South Africa, but also smaller economies such as Equatorial Guinea, Zimbabwe, Burundi). Against this background, Thang Nguyen-Quoc, Arthur Minsat and Rodrigo Deiana, challenge the belief that Africa as a whole is (still) rising. They argue that while in 2017 economic recovery began (at the continental level), and the next 5 years should see a further slight increase in growth, Africa's development will be unequal across sub-regions, with overall slower continental growth, if compared to the previous decade. This, in turn, will make it unlikely for the continent as a whole to meet the targets set by Agenda 2063 in its first 10-year implementation plan (2013-2023). However, ten of the world's top twenty economies that are expected to record the highest growth rates between 2018 and 2022 are in sub-Saharan Africa.

The lack of uniformity in development paths has had an impact on regional and continental efforts to enhance economic and political integration, such as the creation of Regional Economic Communities (RECs) and the African Continental Free Trade Area (AfCFTA), resulting in a rather uneven integration progress across Africa. While African leaders reached a consensus on the importance of integration to achieve growth and development, Brendan Vickers argues that for integration to work, it is not sufficient to make declaratory statements and regulate tariffs. It is instead necessary to tackle on-the-ground constraints, such as infrastructure shortcomings and governance obstacles, which impair daily operations as well as Africa's regional and global competitiveness. In addition, effective implementation of regional and continental trade areas may increase intra-African trade by an estimated US\$35 billion per year by 2022. This would be even more likely to occur if international development partners, including the EU, supported

the continent through trade, investment and aid, especially “Aid for Trade”. Other challenges include a lack of political goodwill, overlapping trade rules and practices due to multiple memberships in different RECs and the absence of adequate infrastructure to support trade in goods and services.

This last deficiency does not merely concern physical trade but also the digital, i.e. e-commerce and e-services, thus placing emphasis on the technology gap between Africa and the rest of the world. In his chapter, Michael Minges explains that advanced digital technologies, such as the internet, still only impact a small percentage of the African population, due to limited accessibility and affordability. However, less advanced technological innovations (mobile-related rather than smartphone-related) have actually acted as game-changers for Africa. Thanks to private and foreign investments in telecommunications – higher than in any other infrastructure sector in the region – mobile penetration reached 78% in 2017. This success was linked to the fact that mobile phone technology (*vis-à-vis* smartphone technology which requires the internet to exploit the devices’ full potential) was not merely used for basic voice communications and text messaging, but for service delivery in sectors as different as banking and health, electricity and agriculture. Mobile money, in particular, is contributing significantly to generating innovation and boosting incomes even among small traders and farmers.

Political transformations have also taken place, with multi-party elections on the rise, at times strategically used by non-democratic parties to hold on to power, at others signalling genuine democratic processes. Also growing, however, has been political violence. After the progressive stabilisation that Africa experienced in the 1990s, since the 2000s and in particular since 2010 an increase of political violence was observed. Clionadh Raleigh presents the forms of violence that are proliferating on the continent and the factors that led to this increase. While interstate wars were the norm in previous decades, more recently violence is taking the form of protests and

riots and violent extremism by terrorist and non-state armed groups. Raleigh argues that the vulnerability of domestic political processes, and the fragility of political elites' competition have been the main underlying causes of violence, in both authoritarian and democratising regimes. The majority of armed conflicts increasingly clustered in a T-shaped area stretching west-east through Nigeria, Mali, South Sudan and Somalia, and north-south through the Democratic Republic of Congo, the Central African Republic and Burundi. While the presence of external actors to oversee peace and security is large, African countries have also reacted to this trend by creating ad hoc military coalitions such as the G5 Sahel Force in the Sahel and the Multinational Joint Task Force in the Lake Chad basin.

Political instability, together with the previously mentioned demographic expansion, are partly perceived to impact migratory trends. In the sixth chapter, however, Richard Mallett emphasises that demographic factors and conflict account for only a minor share of cross-border movement. Indeed, population pressure (especially from young cohorts) has been proved not to rank as a primary driver of migration outside the continent, and 86% of international migration in Africa is not related to conflict. Similarly, poverty – frequently considered a core driver of international migration – matters but not in the way often assumed. The poorest countries have very low levels of emigration rates. These start to increase as they become wealthier, and revert back to low rates once they reach a relatively advanced stage of development. Instead, crucial drivers known to matter in the context of African migration trends are the actions and behaviours of destination states. Their public and economic policies, such as access to education and labour market opportunities in host countries, outweigh their migration-specific regulations.

Sara de Simone also looks at people's mobility in her chapter. But she does so from the angle of human development, showing how education has an impact on one's aspirations and capabilities, like the ability to grasp employment opportunities and

act on one's freedom to move. Despite the increase of primary education enrolment rates in Africa since the 1990s, secondary and tertiary education did not grow. This led the African population to increasingly acquire literacy and numeracy skills, but not much else, such as problem-solving and the entrepreneurial skills necessary to translate knowledge into productivity and economic diversification. Despite this shortcoming, higher levels of primary education enrolment alone did enhance people's freedom of choice, including the choice to move toward better life opportunities, i.e. work, education, family.

Finally, Giovanni Carbone and Tiziana Corda present an overview of Italy's priority areas in its engagement with Africa, which mainly revolve around economic growth, peace and security, and human development. While for geographic and historical reasons North Africa and the Horn have been preferential areas for Italian economic activities, the outreach grew significantly in the past decade, as Italy's total investment value doubled, reaching US\$40 billion in 2016. Small- and medium-size enterprises, together with large Italian multinational corporations are currently tapping into Africa's transformation dynamics. Italy's security presence on the continent stepped up in the past few years, with more troops deployed and specific training delivered with the aim of better controlling migration and human trafficking routes, via land and sea. A number of Italian civil society organisations and governmental agencies are contributing to Africa's human development in areas as different as health and space, education and business development. While human development has always been a core area of engagement between Italy and African countries, it was re-focused more recently to address the drivers of African migration.

The development path that African countries are taking is certainly full of challenges but equally full of opportunities. African actors and institutions, as well external partners, are contributing to laying the foundations for the continent to become an integrated, peaceful and prosperous place by 2063 – as outlined in the African Union's development blueprint

document, “Agenda 2063” – driven by its own citizens and representing a dynamic force in the international arena. Whether this vision will become true remains to be seen.

*Paolo Magri*  
*ISPI Executive Vice-President and Director*



# 1. Mapping Change in Africa

Giovanni Carbone

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Africa is a large and complex continent made up of fifty-four sovereign states, including some island countries, extending over a land area one hundred times the size of Italy. Major cities such as Rabat in Morocco and Antananarivo in Madagascar, or Cape Town in South Africa and Cairo in Egypt are separated by 7,000 to 8,000 kilometres and wildly different political, social and economic histories. Yet there is no lack of aspects that different countries – or groups of countries – in the area share. Some have to do with their pasts, some with their current trajectories, and others with a foreseeable common future. The latter include the many opportunities and challenges that multiple processes of fast change are generating across the continent.

This chapter offers an evidence-based overview of the major transformation processes presently underway in Africa: from demographic expansion and fast urbanisation to economic development, from social progress to environmental challenges, from technological innovation to continental integration, from political change to migratory pressures.

## Demographic expansion and fast urbanisation<sup>1</sup>

Prompted by longer life expectancy and just a marginal decline in fertility rates, Africa's population is set to double in the next three decades, accounting for more than ¼ of the world population in 2050. This growth will mostly involve urban centres,

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<sup>1</sup> All data were retrieved from United Nations Population Division Department of Economic and Social Affairs, *World Population Prospects: The 2017 Revision* and *World Urbanization Prospects: The 2014 Revision*, unless otherwise stated.

whose population will outpace the rural by the late 2030s.

**Africa's population is increasing sharply.** The continent has a lower population density (40 people/km<sup>2</sup>) than the EU (125), China (147) or India (445). Yet looking at population growth rates, with the highest rate of annual expansion (2.7%) Africans quintupled from 229 million in 1950 to 1.2 billion in 2015, and will drive world population growth in the coming decades, contributing to 56% of global population growth in the next 35 years. Today's 1.2 billion inhabitants are expected to double to 2.5 in 2050 and close the gap with Asia (4.5) by 2100. Today's demographic powerhouses in the region are Nigeria, Ethiopia and Egypt, but by 2030 other African countries will have grown impressively: Congo-Kinshasa will have a population of 125 million, Tanzania 87 million, small-sized Burkina Faso 28 million.

**The main drivers behind this trend are manifold.** Among them, the sharp drop in infant mortality rates (from 180 deaths per 1,000 live births in 1990 to 78 in 2016<sup>2</sup>), still stubbornly high fertility rates (despite slightly declining, they will remain above 3 children per woman until 2050), and longer life expectancy (60 years in 2015, 10 years more than in 1990<sup>3</sup>). With an astounding average of 7.6 children per woman – the world's highest fertility rate – Nigeriens will triple to almost 70 million in 2050.

**As a result, sub-Saharan Africa's age structure is young** and is set to remain so for years to come. Until 2035 the under-20 (today 51.3%) will still account for more than half of Africa's population, whereas until 2050 Africa's median age will remain under 25, and will hit 35 only in 2100, still the lowest in the world.

**Africa also leads the world with the highest urban growth rate** (3.42% in 2015-2020). In 2035 the urban population will have caught up with the rural. Moreover, by then Africa will

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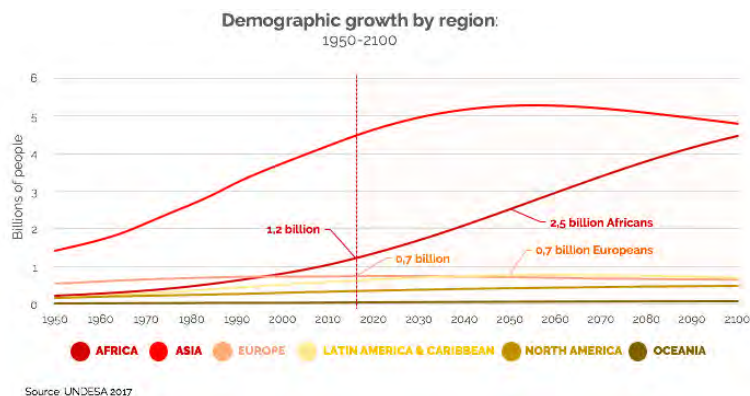
<sup>2</sup> World Bank, World Development Indicators (accessed 2018).

<sup>3</sup> *Ibid.*



have six of the world's top megacities with over 10 million citizens each (Cairo, Lagos, Kinshasa, Luanda, Dar es Salaam, and Johannesburg), yet most of the urbanisation process will take place in mid-sized urban centres<sup>4</sup>. Finally, while urbanisation can also be viewed as a boon for economic development, it is estimated that, in sub-Saharan Africa alone, the urban population living in slums (today around 62%) may triple in size by 2050.

FIG. 1 - DEMOGRAPHIC GROWTH BY REGION (1950-2100)



Source: UNDESA, 2017

## Political change and democratic renewal

Multiparty elections are today the rule across much of Africa. While in a number of countries they are strategically used by non-democratic parties to hold on to power, in several states they have allowed a degree of political renewal and more genuine democratic processes.

<sup>4</sup> AfDB, OECD, UNDP, *African Economic Outlook 2016: Sustainable Cities and Structural Transformation*, Paris, OECD Publishing, 2016, p. 148.

**Electoral politics is the new normal in Africa.** African politics and regimes made significant democratic progress beginning in the early 1990s. After three decades during which authoritarian rule was largely coupled with widespread corruption and economic failures, the continent replaced virtually all its military and one-party systems with multiparty regimes. In the new millennium, elections have been the new normal in Africa. South of the Sahara, Eritrea and Somalia have remained exceptions in not allowing their citizens to vote. Some North African countries tried to take a similar path more recently, but the so-called Arab Spring did not bring about real and stable political openings beyond Tunisia.

**Military interventions in politics are not yet a thing of the past in Africa,** as demonstrated by the coups in Egypt, Burkina Faso and Zimbabwe in recent years. But the frequency of African coups has seen a steep decline. During the 1980s, 17 coups accounted for about 51% of all leadership turnovers. The frequency of coups subsequently shrank, although they certainly did not disappear. In the decade and a half since 2000, soldiers seized power on twelve distinct occasions in nine states (Guinea-Bissau and Mauritania suffering two coups each). Moreover, after every recent takeover, the military hastened to promise that they would hold fresh elections within a relatively short time and mostly did so within one or two years.

**The actual depth and meaning of multiparty politics and elections varies wildly across the continent,** however. Unchallenged hegemonic-party rule prevails in the likes of Algeria and Ethiopia, Togo and Angola, as well as in many other places where political and voting processes are controlled by ruling parties to make sure they remain in office. Violent repression of dissenting voices is occasionally part of the picture. Yet in other parts of Africa multipartism opened up unprecedented avenues for political change. Across the continent, opposition parties won office at the ballot box as many as 40 times in 1990-2015 – more than once in places such as Ghana and Kenya, Benin and Senegal – as against just three times over the previous

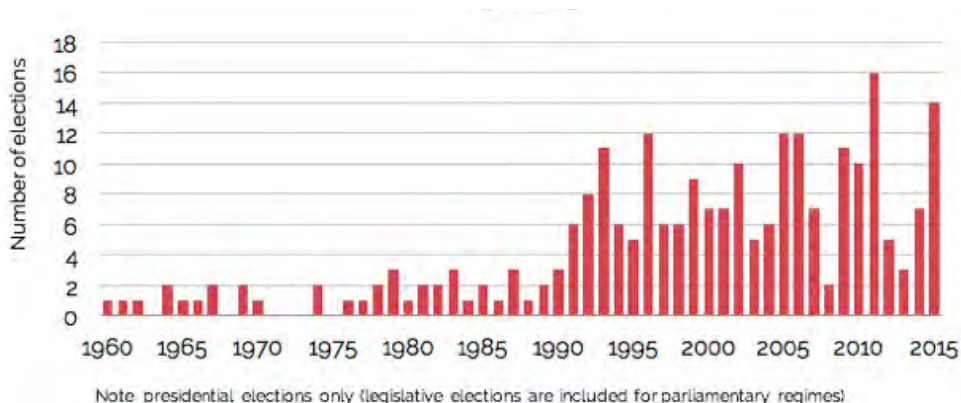
thirty years. Short of opposition victories, constitutional term limits often helped ensure a degree of rotation in office by presidents hailing from the same ruling party, a softer kind of succession in office that occurred on 37 occasions (1990-2015), both in countries deemed democratic (South Africa, Namibia and Botswana) and in countries that are not (in Mozambique and Tanzania, for example, and most recently also in Angola).

**Respect, or lack thereof, for constitutional limits to presidential mandates** has become one of the most contentious political issues in the new millennium. During their transitions to multipartism, many countries introduced a two-term limit to eschew the president-for-life syndrome that had affected part of the region in the past. A majority of African leaders did subsequently abide by this provision. And when the incumbent leaders of Cameroon, Burkina Faso, Uganda, Rwanda, Togo, Chad, Burundi and other countries approaching the end of their mandates were allowed to stay in office, they had to steer through controversial constitutional reform bills that eventually permitted them to retain power.

## **Growth performances and economic transformations**

After unprecedented economic growth during the first decade and a half of the new millennium, Africa as whole was hit by a slowdown in 2015-2016 due to changed global economic conditions. In the current scenario, country trajectories are becoming more diversified, with growth prospects remaining strong for some nations while other economies struggle to keep pace.

FIG. 2 - MULTIPARTY ELECTIONS IN AFRICA (1960-2015)



Source: ALC database

**Emerging Africa: a new narrative of the continent's prospects.** African economies grew at an unprecedented average annual rate of around 5% in the 2000-2014 period (5.5% for sub-Saharan countries). Rooted in the political and economic reforms of the 1980s and 1990s, as well as in a favourable commodities super-cycle, growth was not only sustained over a significant period of time, but also largely cut across countries and sectors. It was not just Angola or Ethiopia, but also Chad, Rwanda or Sierra Leone; not just energy and mineral commodities, but ICTs, agriculture and other sectors too. The impressive growth rates fed into a new “Africa rising” narrative and image emphasising dynamism and opportunities.

**Less favourable international economic conditions in 2015-2016 led to the emergence of a new multi-speed growth scenario.** A partial slowdown and rebalancing in China caused a fall in the demand and price for a number of commodities. Africa's exports to China decreased by about 40% in 2015, a decline that continued through 2016. In 2015 Africa's oil exports dropped by some 41% from the previous year, the major such

contraction since 2000<sup>5</sup>. Hard-hit countries included regional giants Nigeria, South Africa and Angola as well as much smaller economies such as Equatorial Guinea, Zimbabwe or Burundi. Meanwhile, average public debt in sub-Saharan Africa went up ten percentage points to 42% of GDP between 2014 and 2016, becoming an issue in places such as Ghana, Zambia or Mozambique. At the same time, other countries – particularly non-oil economies such as Côte d’Ivoire, Ethiopia, Kenya, Mali, Rwanda, Senegal and Tanzania – showed impressive resilience, displaying good growth performance and prospects<sup>6</sup>. This resulted in a situation in which growth paths are less homogeneous than they had been in the recent past. A situation variously described as “two-speed growth” or “multispeed growth”<sup>7</sup>: Africa’s economic trajectories are becoming increasingly diversified.

**Economic recovery will stabilise at more moderate growth levels, the result of heterogeneous growth performances.** After hitting the lowest point of economic growth in 2016 (1.3% for sub-Saharan Africa), 2017 was a year of economic recovery (2.8% for sub-Saharan Africa). Nigeria, the largest market on the continent, was in full recession at -1.5% in 2016, with a modest rebound to 0.8% in 2017. Slower continental growth is the result of increased heterogeneity in growth performances. Some countries will continue struggling to achieve high growth rates, others will head onward at full speed. Ten of the twenty economies that are expected to record the highest growth rates over the five years 2018 to 2022 are in Africa (all of them south of the Sahara). Many are small markets, but they also include Ethiopia, Côte d’Ivoire, Ghana, Tanzania, Senegal and Uganda<sup>8</sup>.

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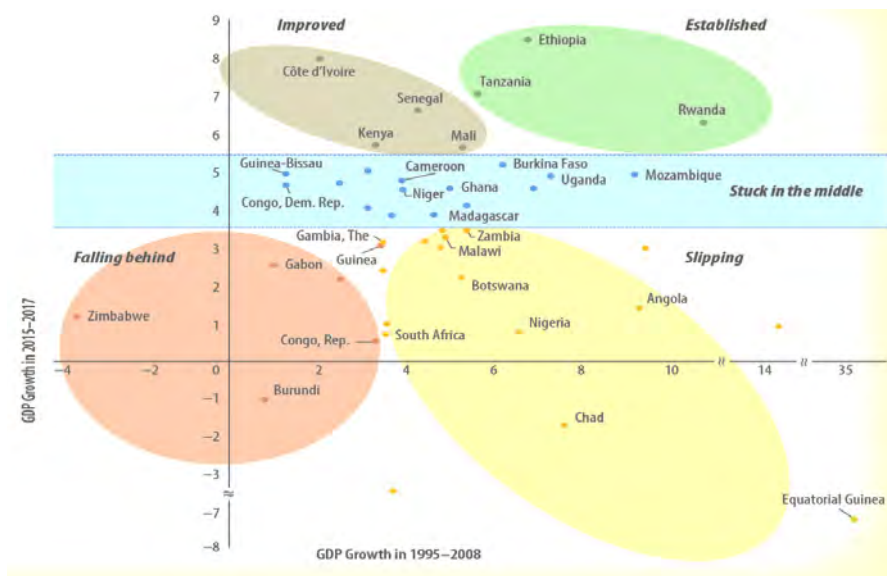
<sup>5</sup> AfDB, OECD, UNDP, *African Economic Outlook 2017: Entrepreneurship and industrialisation*, Paris, OECD Publishing, 2017, p. 77.

<sup>6</sup> World Bank, *Africa’s Pulse*, vol. 15, Washington D.C., World Bank Group, April 2017, p. 21.

<sup>7</sup> “The Great Growth Divide”, *Africa Confidential*, vol. 58, no. 12, June 2017; and Ernst & Young, *Connectivity redefined*, 2017.

<sup>8</sup> IMF, *World Economic Outlook Database*, October 2017.

FIG. 3 - AFRICA'S HETEROGENEOUS GROWTH TRAJECTORIES



Source: World Bank, *Africa's Pulse*, 2017

## Technological innovation

Despite lagging behind advanced and other emerging countries, Africa is finding its own ways of benefitting from the technology revolution, and this is increasingly happening by skipping inefficient or costly solutions and directly adopting the more technologically advanced.

**The digital-divide challenge for Africa.** The revolution of connectivity and the digital transformations that swept through advanced economies sparked early fears of a widening digital divide, with developing countries struggling to keep pace with fast technological innovations. Poorer individuals, peoples and societies did not simply risk being left behind, they risked being left out altogether. The “digital divide” duly became real. As the fourth industrial revolution blurred boundaries between

manufacturing and services, even the notion that rising wages in emerging economies would lead to a relocation of manufacturing towards Africa was questioned. As global value chains are transformed, jobs may be transferred to robots rather than to Africans.

**Africa is taking part in the technology revolution.** Alongside the many challenges, the new technological transformations are also showing unforeseen and massive potential as positive game changers for Africa's economic and social development. The disruption brought about by "successive waves of the ICT revolution (PC, online, mobile, social) have democratised data, empowered consumers and citizens and spawned scores of new industries. The impact of this disruption has been felt nowhere more than across Africa"<sup>9</sup>. If part of the continent was indeed left out, another part joined the revolution, and on occasion even plays a leading role. The African Union, for example, has adopted Rwanda's rapid digitalisation strategy as a model for the whole continent<sup>10</sup>.

**Africa's leapfrogging opportunity.** As the rapid spread of mobile phones demonstrated an unanticipated capacity for bypassing old and dysfunctional landlines, giving hundreds of millions of Africans their first access to communication networks, the potential for new technologies to help leapfrog inefficient solutions became apparent. Mobile penetration rose by more than forty-three times between 2000 and 2016, from 1.7 to 74 subscriptions every 100 people, with peaks in countries such as Egypt, Tunisia, Nigeria, Kenya, Senegal and Ghana<sup>11</sup>. It offered immense opportunities for virtually every activity and situation, from businesses to migrants, from rural farmers to urban services. In a similar way, the introduction of "mobile money" allowed Africans to perform financial transactions and

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<sup>9</sup> Ernst & Young (2017), p. 21.

<sup>10</sup> Infrastructure Consortium for Africa, *Infrastructure Financing Trends in Africa 2016*, Abidjan, 2017, p. 21.

<sup>11</sup> J. Pushter, *Smartphone ownership and internet usage continues to climb in emerging economies*, Pew Research Center, 22 February 2016.

services without waiting for the development of physical banking infrastructures.

**The multiplication of creative, innovative and diverse development initiatives.** Opportunities for applying innovative, technology-based strategies to solving development problems are multiplying and becoming ever more creative. Africa's costly and unreliable provision of electricity through traditional power grids, for example, is being gradually challenged by mini- or micro-grids. Cheaper solar panels make the technology increasingly affordable for poor rural households. Other experiments seem to point up how innovation can help bypass additional infrastructure bottlenecks such as the scarcity of paved roads. Drones, for example, are used for on-demand deliveries of blood for transfusion to hospitals across Rwanda as well as for mapping and monitoring "precision farming" in Côte d'Ivoire. Big data and crowdsourcing are also increasingly used in very diverse fields, from traffic congestion monitoring to the quick reporting of crisis situations and the mapping of violence in conflict areas.

## Infrastructural development

Infrastructures have historically been a major bottleneck in Africa's development. From transportation to energy, from water distribution systems to ICT grids, the deficit of Africa's infrastructures almost systematically hinders economic activities and social progress in the continent, despite important intra-regional variations. Yet important infrastructure projects reshaping Africa are on the rise.

**A solid infrastructure system is at the core of economic and social development, but requires massive investments.** According to the World Bank, bridging Africa's infrastructure gap with the rest of the developing world would raise Africa's per capita GDP by 1.7% per year<sup>12</sup>. Yet Africa still performs poorly in infrastructure. On the positive side, since 1990 some progress

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<sup>12</sup> World Bank, *Africa's Pulse...*, cit.



has been made in telecommunications coverage and in access to clean water. However, over the past decade Africa's infrastructure gap not only with advanced economies but also with the rest of the developing world has widened. Its performance in transportation and in energy supply dropped respectively by 6% and 3%<sup>13</sup>. Road density is lower than in the 1990s, only 37.4% of sub-Saharan Africans have access to electricity<sup>14</sup> and Africa consumes only 3.3% of global primary energy despite having 16% of the world's population<sup>15</sup>. Similarly, gaps with other world regions in the ICT sector have worsened, especially regarding broadband connections and prices. Only one African in five has regular internet access<sup>16</sup>. Clearly, there are huge intra-regional variations – Africa's 16 landlocked states lag much behind South Africa in terms of infrastructures – but even the continent's top performers are still unable to catch up with international standards.

**Financial limits remain the most serious constraint to infrastructure development**, but regulatory restrictions can likewise represent important obstacles. In 2016 total funding in Africa's infrastructure decreased by 21% compared to the previous year<sup>17</sup>. According to estimates, Africa would need an annual outlay for infrastructure ranging from US\$120 billion to US\$174 billion (at 2015 dollar rates). But recent years' commitments only averaged around US\$74-83 billion yearly in 2012-2015, before slipping to US\$62.6 billion in 2016. More than half of infrastructural commitments in 2016 (58%) were allocated by external finance (Infrastructure Consortium for Africa (ICA) members 29.8%, Arab funds 8.8%, China 10.3%), leaving to African national governments 42% of overall commitments. The downward trend of 2016 was in line

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<sup>13</sup> World Economic Forum, *The Africa Competitiveness Report*, 2017, p. 12.

<sup>14</sup> World Bank, World Development Indicators..., cit.

<sup>15</sup> African Development Bank Group, ICA, UNEP, and Sustainable Energy Fund for Africa, *Atlas of Africa - Energy Resources*, 2017.

<sup>16</sup> World Economic Forum, *The Africa...*, cit..

<sup>17</sup> All data in this paragraph are from Infrastructure Consortium for Africa (2017).

with a global economic slowdown and, in particular, reflected a reduction in Chinese funding, halved in comparison to an annual average of US\$12 billion in 2011-2016. Still, China led the way in supporting infrastructural development in a number of African countries. Ethiopia<sup>18</sup>, for example, recently inaugurated a 750km new cross-border railway from Addis Ababa to the Djibouti port on the Red Sea, a US\$3.4 billion project largely financed by China. Data also show that Africa's infrastructure needs are only marginally addressed by public-private and private sector investments, even less so in 2016 when the latter's participation declined by 49%. Overall, the sectors that benefited the most were transports (39.2%), energy (31.9%) and water (16.9%), but significant variations occurred in regions of destination too. Despite declining, South Africa alone collected 9.4% of total infrastructure financing in 2016, almost as much as the rest of southern Africa (10.4%). Still, West and East Africa topped the beneficiaries, receiving respectively 26.1% and 21% of total funding.

**To solve Africa's infrastructural deficit, regional approaches are on the rise.** The African Union adopted a common infrastructural development agenda (Programme for Infrastructure Development in Africa, PIDA). The initiative, which is jointly managed by the African Union Commission, the New Partnership for Africa's Development (NEPAD) Secretariat and the African Development Bank, sets out a vision particularly in the sectors of energy, transportation, ICTs and trans-boundary water resources. The aim is to foster infrastructural progress for regional integration and socio-economic development via a series of national, sub-regional and continental projects to be realised by 2040. A number of giant infrastructure projects are already underway such as, for example, the rehabilitation and upgrade of around US\$12 billion worth of roads and railways in south-eastern Africa<sup>19</sup>; port expansions and construction

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<sup>18</sup> *BBC News*, "Ethiopia and Djibouti launch first fully electrified cross-border railway in Africa", 4 October 2016.

<sup>19</sup> <https://www.icafrica.org/en/topics-programmes/north-south-corridor/>

in Djibouti, Tanzania and Kenya; urban development plans around capital cities; new dams, among which the Grand Ethiopian Renaissance Dam.

## Social progress

Demographic expansion and fast urbanisation offer both opportunities and challenges. Among the latter, the risk of growing unemployment and poverty. Yet one of Africa's positive stories in the past few decades has been precisely social progress. Human development indicators such as life expectancy and low infant mortality rates have improved, but some divergent trajectories across the continent depict a blurred picture of Africa's social progress.

**Africa's social progress shows both encouraging and unsatisfactory trends.** In 1990 sub-Saharan Africa's extreme poverty share of total population amounted to 54.4%<sup>20</sup>. In 2013, it dropped to 41%, but in terms of absolute numbers it increased from 278 million to 390 million, making Africa the only developing region falling short of halving extreme poverty as set by MDGs targets. As Africa's population grows faster than per capita economic growth, the absolute figure for extreme poverty (less than US\$1.90/day) is likely to continue increasing.

This contrast between absolute and relative numbers also stands out in non-economic poverty indicators in sub-Saharan Africa. Health, nutrition and education have improved over the past twenty years, as adult literacy increased from 51.1% in 1996 to 60.9% in 2016, youth literacy from 66.7% to 75.4%, gross primary school enrolment from 73.4% to 98.7%, life expectancy from 50 to 60 years, whereas the prevalence of child malnutrition dropped from 46.2% to 34.1% and the infant mortality rate from an average of 170 children per 1,000 live births to 78<sup>21</sup>. However, such numbers are still among the worst

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<sup>20</sup> World Bank, World Development Indicators..., cit.

<sup>21</sup> Data on literacy and malnutrition are from UNICEF databank, while data on primary school enrolment, life expectancy, and mortality rates are from the

in the world. Moreover, large swathes of Africa are still occasionally on the verge of famine. In early 2017, South Sudan declared famine – the first ever since 2011 in Somalia – and over the year at least 28 million people in East Africa<sup>22</sup> and 8.5 million in the Lake Chad region<sup>23</sup> have been in need of humanitarian assistance.

Geographical divergences also concern inequality. Rural areas are still much poorer and unequal than urban centres, although the gap shrank from 35% in 1996 to 28% in 2012<sup>24</sup>. Moreover, inequality, as measured by the Gini index, is higher in southern Africa than the rest of the continent. Overall, Africa hosts 7 of today's 10 most unequal countries<sup>25</sup> but, apart from them, the region's inequality performance is consistent with other developing regions in the world.

**Africa's demographic expansion poses a major challenge to its labour market.** Today 8% of Africa's labour force is unemployed and vulnerable employment concerns 62.5% of total employment<sup>26</sup>. As a result of population growth, Africa's working-age population (15 to 64 years) is set to increase dramatically. To capitalise on this increase and translate it into a demographic dividend that can foster growth, sub-Saharan Africa alone will have to create around 20 to 30 million jobs per year until 2030 to absorb the youth cohort annually entering the working-age group<sup>27</sup>. By then, sub-Saharan Africa will have added 378 million young people to its workforce, that is, more than today's North American population, and by 2050 they will represent two-thirds of global workforce expansion.

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World Bank.

<sup>22</sup> WorldVision, East Africa hunger, famine: Facts, FAQs, and how to help.

<sup>23</sup> *Nigeria Northeast: Humanitarian Overview*, Reliefweb, Report from UN Office for the Coordination of Humanitarian Affairs, September 2017.

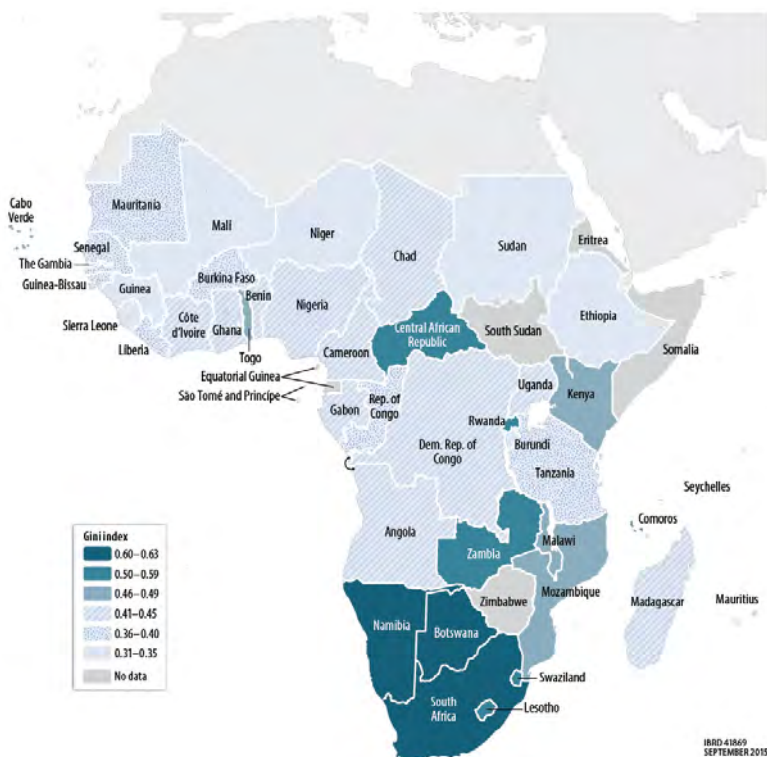
<sup>24</sup> K. Beegle *et al.*, *Poverty in a Rising Africa*, Washington, D.C., World Bank, 2016, p. 10.

<sup>25</sup> *Ivi*, p. 15.

<sup>26</sup> ILO, *World Employment Social Outlook*, Trends 2017, 2017, p. 16.

<sup>27</sup> FAO, Rural Africa in Motion, *Dynamics and drivers of migration South of the Sahara*, 2017, p. 20.

FIG. 4 - INEQUALITY SHOWS A GEOGRAPHICAL PATTERN



Source: World Bank, *Africa Poverty Database*, 2015

## Migratory pressures

The demographic and socio-economic transition that is currently underway in sub-Saharan Africa weighs on migration trends. Migration is influenced by a complex range of factors. Vulnerability to conflicts, poverty and adverse environmental conditions (forced displacement) does play a role, yet African migration mostly comes down to individuals' deliberate choices in search for better life opportunities.

**Structure, evolution and management.** Africa's recent demographic and socio-economic transformations are set to make migratory pressure structural. The growing African youth cohort, underpinned by new technologies and social media, has high expectations which have not been met by jobless growth in recent years or by the modest growth of sub-Saharan Africa's average per capita GDP over the past 40 years (today US\$1,632), which diverges sharply from the EU average (US\$35,632)<sup>28</sup>.

African countries often consider their people's mobility as a development strategy, to decrease unemployment, generate remittances and decrease dissatisfaction. In this direction, arrangements such as visa removals to facilitate intra-regional free movement of peoples have been introduced by several African regional organisations.

**African migration is no exception to global trends and is mostly intra-continental.** In Africa the absolute number of international migrants increased from 21.5 million in 2000 to 32.6 million in 2015 as a result of population growth, yet its share of the total regional population remained stable at around 2.6% between 2000-2015, dropping from 3.2% in 1990, and lower than the world average (3.3% today). Moreover, 50% of Africa's international migrants (and 67% of the sub-Saharan) move within Africa, mostly to neighbouring countries in the same sub-region<sup>29</sup>. This trend also concerns forced displacements: being both a source and destination region of refugee flows, sub-Saharan Africa alone hosts more than 26% of the world's refugees<sup>30</sup>. Finally, regarding internal migration within national boundaries, more and more people, especially the young, are leaving rural areas to move to more attractive urban centres. Internal migration accounts for half of total migration trends in Kenya and Senegal, but it goes up to 80% in Nigeria and Uganda<sup>31</sup>.

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<sup>28</sup> World Bank, World Development Indicators..., cit. Per capita GDP in dollars (2010 constant prices).

<sup>29</sup> G. Carbone (Ed.), *Out of Africa. Why People Migrate*, Milano, Ledizioni-ISPI, 2017.

<sup>30</sup> <http://www.unhcr.org/africa.html>

<sup>31</sup> FAO (2017), p. 22.

**The migration hump, or the migration-development nexus**, counters common perceptions that see migration as a development failure. Lack of economic development does not necessarily provide incentives for people to move. Quite the opposite: long-distance migration requires financial and human resources. Empirical evidence suggests that higher levels of extra-continental migration occurs in countries with better access to infrastructures, higher GDP per capita, higher educational levels, and that are in advanced stages in the demographic transition<sup>32</sup>. Therefore, it is those with better income and education that are more likely to move. Pouring in economic aid or investments just to raise Africans' wellbeing and stem migration flows may lead to unexpected effects. As the chart of the migration bump explains, only after a certain level of development (over US\$5,000 GDP per capita) do the incentives to migration decrease.

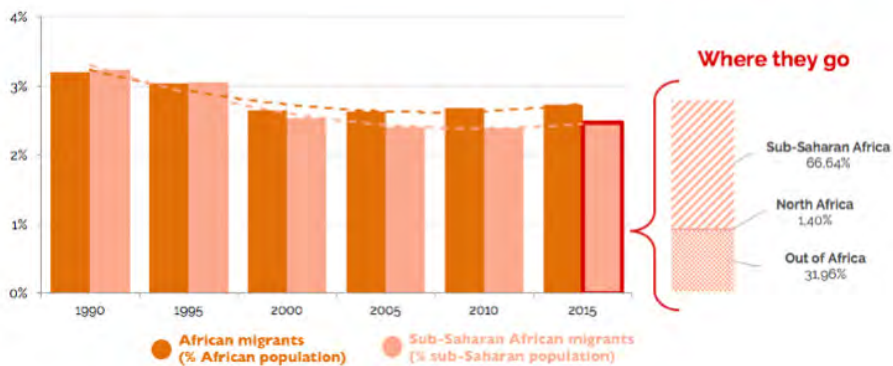
## **Security: conflicts, terrorism, and violence**

Africa is currently witnessing a series of conflicts, terrorist attacks and episodes of violence that apparently contradict the image of a new Africa rising. Yet a comprehensive portrait of Africa's security landscape needs to include the full evolution in time, space and nature of political violence in the continent, including such unexpected and promising developments as the new peace deal recently signed by Ethiopia and Eritrea. Following the voluntary resignation of prime minister Hailemariam Desalegn, aimed at easing Ethiopia's domestic tensions, the country's new leader Abiy Ahmed Ali immediately reached out to the government in Asmara. He promised an unconditional handover of the disputed border town of Badme and paid a historic visit to the Eritrean capital, thus paving the way for the formal peace agreement signed in Jeddah (Saudi Arabia), in September 2018.

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<sup>32</sup> M.-L. Flahaux and H. de Haas, "[African migration: trends, patterns, drivers](#)", *Comparative Migration Studies*, vol. 4, no. 1, 2016.

FIG. 5 - HOW AFRICANS LEAVE THEIR COUNTRIES  
(% TOTAL AFRICAN POPULATION)



Source: G. Carbone (Ed.), *Out of Africa. Why People Migrate* (2017)

**Patterns of political violence in Africa have varied over the decades.** Post-colonial Africa suffered relatively few interstate wars. Civil strife has often been the norm. The post-Cold War period saw the highest levels of fatalities from political violence in independent Africa, peaking in 1992-1994 when nearly 1/3 of the regional countries were involved in civil wars. Since the 1990s there has been a progressive stabilisation, sustained by peacekeeping missions and external interventions. At least until 2010, when, in a partial turnaround, incidents of political violence in Africa started increasing dramatically again, although fatalities have so far remained subdued compared to 1990s levels<sup>33</sup>. The region has also witnessed a change in the nature of violence, with the rise of jihadist movements and riots. The latter – violent forms of predominantly urban demonstrations – along with non-violent protests reached 36% of total political violence and protest events in 2016. Yet compared to conflicts

<sup>33</sup> Armed Conflict Location & Event Data Project (version 7) data.



proper, their scale of fatalities is overwhelmingly smaller and their drivers are frequently democratic causes. Finally, conflicts between farmers and herders have been a recurring plight in some African countries.

Over the long term, the geographical dimension of conflicts has also evolved, as instability is today mostly clustered in a T-shaped area across the core of the continent, which involves an arc ranging from West Africa to the Horn (Mali, Nigeria, South Sudan, Somalia) and the African Great Lakes region (DRC, CAR, Burundi).

Despite the numerous ongoing conflicts, military expenditure in sub-Saharan Africa decreased by 3.6% in 2015-2016 (US\$19.2 billion in 2016), but it is still 8.5% higher than in 2007<sup>34</sup>. This recent downward trend was steered by economic cuts in oil-producing countries, whereas in conflict-torn countries there has been a slight increase, albeit significantly lower than in previous years.

**The spread of violent extremism by terrorist and non-state groups** plays a substantial role in the recent increase in political violence. In Africa the number of terrorist events grew dramatically from 104 in 2004 to 3,418 in 2014. Such a twenty-fold increase brought a parallel surge in the number of victims (from 525 to 14,455), which subsequently contracted but stayed much higher than in previous decades (7,908 in 2016). The deadliest terrorist groups include Boko Haram in north-east Nigeria, the jihadists in the Sahel (AQIM and others), and the al-Shabaab in Somalia.

Deprivation, marginalisation and weak governance are reportedly the primary drivers or incentives of youth's journeys into violent extremism in Africa<sup>35</sup>. Better economic prospects and state capabilities might be the right answer to violent extremism. Yet African countries have mostly reacted to it by creating *ad hoc* military coalitions – such as the G5 Sahel Force in

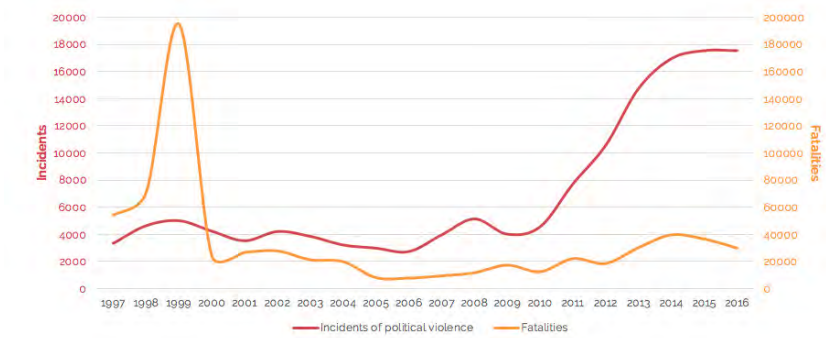
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<sup>34</sup> Nan Tian *et al.*, *Trends in World Military Expenditure, 2016*, SIPRI Fact Sheet, April 2017.

<sup>35</sup> UNDP, *Journey to extremism in Africa*, 2017.

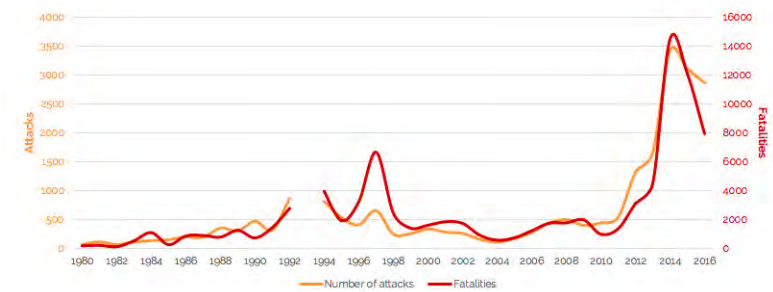
the Sahel and the Multinational Joint Task Force in the Lake Chad basin – whereas attention to the development dimension of security challenges still lags behind.

FIG. 6 - POLITICAL VIOLENCE IN AFRICA (1997-2016)



Source: ACLEDv7

FIG. 7 - TERRORISM IN AFRICA (1980-2016)



Source: Global Terrorism Database

## Environmental challenges

Africa is rich in natural resources, diverse ecological systems, varied agricultural production, but at the same time afflicted by land and resource degradation, high geographical exposure to natural disasters, limited productivity. Environmental changes, combined with pre-existing vulnerabilities, can magnify challenges and inequalities that may lead to political unrest or population movements.

**Africa faces numerous environmental challenges.** Natural resources are key assets for social development and economic growth, particularly for the agricultural sector, but are subject to climate-related threats, land degradation, mismanagement. All African regions, although in heterogeneous ways, are among those most adversely affected by climate change and other environmental stressors, because of high geographical exposure to natural disasters, demographic pressure, pre-existing vulnerabilities exacerbated by short-sighted development policies. The Sahel is the most affected region and has been dubbed “ground zero” for climate change<sup>36</sup>. Climate change projections show a cross-regional increase of temperatures in coming decades but a geographically varied impact on rainfall regimes across Africa. Intense rainfall and flash floods are expected to increase by 20% in West Africa in the next decade.

**Environmental disruptions weigh heavily on the economy and the employment sector**, considering that around 65% of Africa’s labour force is estimated to be involved in agricultural activities and their output accounts for around 32% of Africa’s GDP<sup>37</sup>.

**Significant progress has been made but there is much more untapped potential.** While agricultural output increased by 160% in the last three decades, Africa still has 60% of the world’s uncultivated arable land and remains a net importer of

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<sup>36</sup> G. Carbone (2017).

<sup>37</sup> S. Whitfield, *Environmental and social sustainability in Africa*, Italy-Africa Ministerial Conference 2016, p. 4.

food<sup>38</sup>. Moreover, due to the expansion of agricultural production into low productivity land, Africa's land degradation has worsened and today affects 75% of the continent, whereas two-thirds of its lands are either desert or dry<sup>39</sup>. As a consequence, droughts and famine cyclically upset the region. Although malnutrition rates have declined from 28% in 1990-1992 to around 20% in 2014-2016, they are still the highest in the world<sup>40</sup>.

**Africa has taken up these challenges.** The African Union's 2063 Agenda draws on the 15th Sustainable Development Goal of the 2030 Agenda devoted to land degradation neutrality by voicing support for environment protection and climate resilience. In practical terms, these challenges are being countered by technological innovations in agriculture; more sustainable land and water management based on improved situational analysis and practices; investments in climate-smart strategies (techniques and tools that can bolster resilience in agricultural practices)<sup>41</sup>; and environmental adaptation strategies, including through migration. Indeed, far from being only a regrettable consequence of climate change, population movements have long been a strategy for adapting to rainfall's seasonality and periodic droughts.

## Towards regional integration

African nations entered the XXI century by re-stating their strong commitment to the creation of economic and political integration on the continent. Progress has been uneven, with some Regional Economic Communities leading the way and others struggling to integrate member countries.

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<sup>38</sup> W. Plaizier *2 truths about Africa's agriculture*, World Economic Forum, 22 January 2016.

<sup>39</sup> UNCCD, *Regional implementation annex for Africa*.

<sup>40</sup> FAO, *The State of Food Insecurity in the World*, 2015, p. 8; "2018 World Hunger and Poverty Facts and Statistics", Hunger Notes.

<sup>41</sup> S. Whitfield (2016), p. 7.

**Africans share a common vision and strategies for the economic and political integration of the continent.** The African Union (AU), established in 2000, most recently articulated its vision with “Agenda 2063” (2015), setting out transformation strategies that aim at making progress towards a united, inclusive, peaceful, prosperous and sustainable Africa over the next 50 years. Real progress, however, has been uneven. AU institutions remain in their infancy and political unity is mainly a faraway horizon. Important steps are being made in terms of economic integration. Intra-African trade is on the rise and expected to reach US\$180 billion in 2017. The historic launch of the African Continental Free Trade Area (AfCFTA), in March 2018, is meant to further boost intra-regional integration and trade. Yet, at just about 19% of the continent’s \$930 billion total trade<sup>42</sup>, it remains much lower – for example – than intra-EU trade in goods (63% of all trade in goods by EU countries in 2015)<sup>43</sup>.

**Strengthening the building blocks: Regional Economic Communities (RECs).** Sub-regional integration via officially recognised RECs is not only the foundation of Africa’s roadmap towards continental integration – as foreseen by the 1994 Abuja Treaty – but also a strategy for expanding, diversifying and strengthening economies that are too fragmented, often small in size, and in many a case landlocked. The RECs roadmap envisages the elimination of internal tariff and non-tariff barriers, the creation of Free Trade Areas and Customs Unions, the establishment of an African Common Market with free movement of people, capital and goods, and the final goal of Pan-African Economic and Monetary Unity.

**Individual RECs are making very uneven progress<sup>44</sup>.** The East African Community (EAC) is leading the way, but significant steps forward have also been made by the Economic

<sup>42</sup> *FDI Spotlight*, fdispotlight.com, 2017.

<sup>43</sup> Eurostat, *Intra-EU trade in goods - recent trends*, January 2017.

<sup>44</sup> UNECA, AUC, AfDB, *Africa Regional Integration Index Report 2016*, Addis Ababa, 2016.

Community of West African States (ECOWAS), the Southern African Development Community (SADC), and the Common Market for Eastern and Southern Africa (COMESA). COMESA, EAC, and SADC also launched a Free Trade Area project that will comprise 26 states, a combined 625m population and a GDP in excess of US\$1 trillion<sup>45</sup>. Other RECs – the Economic Community of Central African States (ECCAS), the Community of Sahel-Saharan States (CEN-SAD), the Inter-Governmental Authority on Development (IGAD) and the Arab Maghreb Union (AMU) – are lagging behind. Differences are found inside individual RECs too, with some member states more clearly committed to implementing integration measures than others.

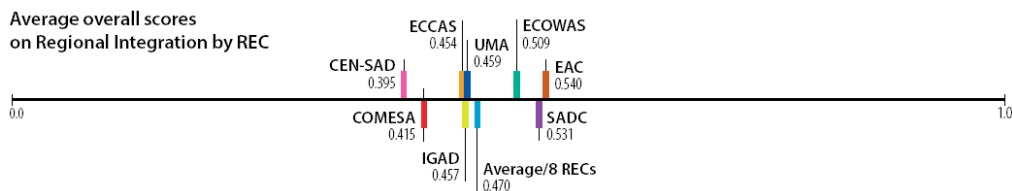
**Economic corridors are gaining pace as a platform for co-operating on shared problems.** Corridors help establish a platform through which different African countries come together to address common infrastructure, transport and logistic challenges. Early experiences include the Northern Corridor (from Bujumbura, in Burundi, to Mombasa in Kenya), established in 1986, but the continent is today criss-crossed by at least two dozen corridor initiatives, including the North-South corridor (linking the port of Durban in South Africa to the Copperbelt in Zambia and the DRC) or the Dakar-Abidjan-Lagos corridor project. Individual states retain responsibility for implementing measures linked to the development of a corridor, implying important capacity gaps. Yet corridors are a crucial opportunity for regional integration, particularly for landlocked Africa, i.e. 16 countries comprising a population of over 200 million and distances to ports of 1,000 to 1,500 km<sup>46</sup>.

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<sup>45</sup> *FDI Spotlight*,...cit.

<sup>46</sup> UNECA, AU, AfDB, *Harmonizing Policies to transform the Trading Environment*, Assessing Regional Integration in Africa VI, 2013.

FIG. 8 - THE REGIONAL INTEGRATION INDEX 2016



Source: UNECA, AUC, AfDB.

## Foreign powers and Africa

Africa's ongoing transformations have been both the cause and the consequence of growing international interest in the continent. The China-in-Africa story is only the best-known part of recent external involvement in the area. Advanced economies (France, the US, Germany and many others) as well as emerging economies (India, Russia, Turkey and the like) have competed to expand their political and economic footholds in Africa.

**Drivers of foreign involvement (I): economic opportunities.** The expansion of international trade and foreign direct investments in Africa testifies to key economic motives behind foreign linkages with the region. African countries mostly export natural resources, with a strong role for energy and mineral products that are highly valued by advanced and emerging economies, particularly China. But the image of one-way trade through which rich and emerging countries drain Africa's resources is incomplete. African imports are an important part of the picture, with emerging and frontier markets on the continent increasingly attractive for governments and businesses from the global North as well as from Asia.

**Drivers of foreign involvement (II): geopolitical interests.** European and American concerns with combating international terrorism and managing migration processes strongly

contributed to a resurgence of Western interest in Africa. The stabilisation of crises or ungoverned areas and, in particular, the control of national borders and migration flows is driving much of the EU's foreign policy towards Africa, including the EU Emergency Trust Fund for Africa and the EU External Investment Plan. But other players also show a keen geopolitical interest in the region. China, for example, regularly takes part in UN peacekeeping missions and recently opened its first ever overseas military basis in Djibouti; the United States over the past decade established a new military command entirely devoted to Africa and adopted its first "*US Strategy toward sub-Saharan Africa*"; Turkey had then prime minister Recep Tayyip Erdoğan visit war-torn Somalia in 2011, the first head of government to do so in more than two decades.

**The new toolkit for strengthening relations with Africa.**

Traditional tools have been employed to build and nurture close relationships with African partners. From raising development aid levels to the multiplication of diplomatic missions or that of airline destinations. But new strategies have also rapidly gained use. Several countries, in particular, followed the example of France and China in hosting large conferences in which to dialogue with African countries. Japan gathered 35 African heads of government and state in Nairobi for the 6th Tokyo International Conference on African Development, in 2016. The previous year, China itself disproved all ideas that it was taking a step back by pledging US\$60 billion over three years for the continent at the Forum on China-Africa Cooperation, in Johannesburg. In the decade prior to 2017, Brazil, South Korea, France, India, Turkey, the Arab states, the United States, and Italy also held similar meetings or summits.



## 2. Africa's Multi-Speed Growth Prospects: Diverging Policy Options?

Thang Nguyen-Quoc, Arthur Minsat, Rodrigo Deiana

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### Key facts

- **Growth slowed down to 3% in 2015-17 after strong growth at 5.6% in 2000-08 and post-global crisis resilience, with 4.5% in 2009-2014.** Natural resource-rich countries experienced strong growth deceleration while growth in non-resource rich countries is more stable.
- **Consumption has been driving growth** – contributing 3.5 percentage points to GDP growth a year.
- **Investment contributions to GDP growth between 2015 and 2016 decreased** to -0.2 pp per year in resource-rich countries and 0.7 pp in non-resource rich countries.
- **External financial flows reached 8.8% of GDP** between 2009 and 2015, **driven by remittances (2.6%), FDI (2.5%) and ODA (2.4%).**
- **Only 20 out of 52 African countries**, where data is available, have **managed to diversify their export basket** by increasing the number of export products.
- **The demographic dividend can contribute 1.2 percentage points to Africa's annual per capita growth in 2015-45, but requires creating productive jobs**, investing in human and physical capital, decreasing fertility rates, and developing the formal financial sector.

## Introduction

The African continent has experienced strong growth since the turn of the century, leading to the narrative of “rising Africa”. Africa, in particular, recorded 5.6% annual growth between 2000 and 2008. This growth performance was better than that of Latin America and the Caribbean (LAC) at 3.6% but lower than Asia’s average of 8% for the same period. Strong global demand for commodities, improved macroeconomic management and reduced debt servicing thanks to debt cancelling initiatives are among the key drivers behind this strong performance. African economies have also shown resilience to the global financial crisis as growth only dipped to 4.5% in 2009-14. A number of African countries have been able to utilise their fiscal space to invest in large-scale infrastructure and social expenditure. Consequently, per capita GDP grew by 3.1% in 2000-08 and by 2.9% in 2009-14. This performance contrasted with the 1990s when Africa’s per capita growth was negative.

Growth has slowed down since 2015 and the medium-term prospect does not look as promising as before. Annual growth in the region decelerated to 3% in 2015-17 due to lower commodity prices that significantly reduced the export income of the biggest economies in the region. Droughts and unfavourable weather events have also reduced agricultural production in a number of low-income countries. In the next five years growth in the continent is projected to rebound slightly to 3.9% annually thanks to improved commodity prices. At the current pace of growth prospects, Africa is unlikely to meet the 2023 targets of Agenda 2063’s first 10-year implementation plan. In the first half of the plan, 2013-17, Africa’s real GDP grew at a rate of 3.4% a year, compared to a target of 7% a year.

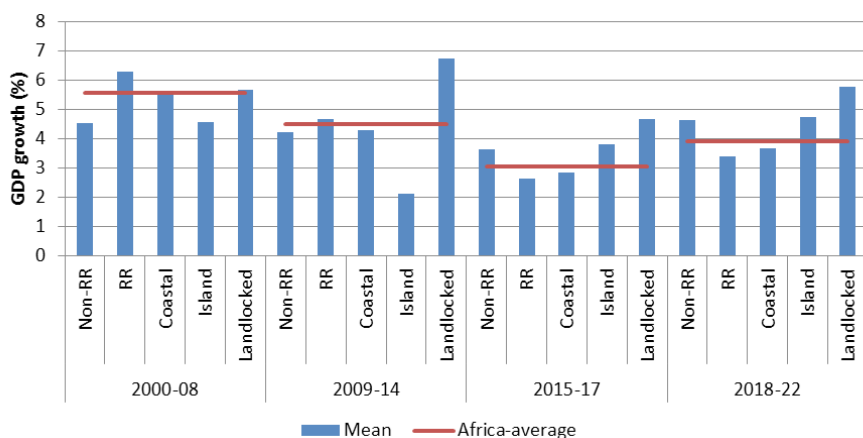
This chapter aims to highlight the diversity of growth challenges in the region. It first discusses three key issues: the short-term growth prospects, Africa’s integration into the global economy and the long-term growth drivers. It then highlights four main policy areas to make growth more inclusive, and proposes five questions for discussion.

## Africa is facing slower growth prospects

Growth is heterogeneous across countries, and resource-rich countries face volatile growth

The growth performance is highly heterogeneous across different African economies (Figure 1). Resource-rich (RR) countries achieved very high growth at 6.3% annually in 2000-08 thanks to higher export prices for raw metals and hydrocarbons. They also suffered the most from the slump in commodity prices where growth dropped to 2.6% in 2015-17.

FIG. 1 - EVOLUTION OF ANNUAL GROWTH IN 2000-2022



Source: Authors' calculations based on the IMF's *World Economic Outlook* (2017)<sup>1</sup>

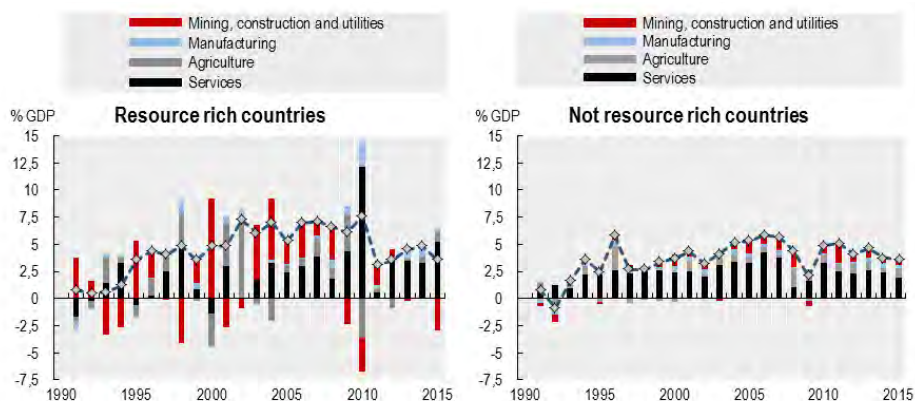
<sup>1</sup> Resource-rich countries are defined as any country with at least five years for which resource rents excluding forest rents was at least 10% of GDP. The 17 resource-rich countries are: Angola, Congo, Dem. Rep. Congo, Rep. Algeria, Egypt, Arab Rep. Gabon, Guinea, Equatorial Guinea, Liberia, Libya, Mauritania, Nigeria, Sudan, South Sudan, Chad, Togo, and Zambia. The 16 landlocked African countries are Botswana, Burkina Faso, Burundi, Central African Republic, Chad, Ethiopia, Lesotho, Malawi, Mali, Niger, Rwanda, South Sudan, Swaziland, Uganda, Zambia, and Zimbabwe.

In contrast, non-RR countries have maintained stable growth since 2000, hovering around 4% annually. Strong agricultural and services sector growth has driven GDP growth in many of these countries. Moreover, as net fuel importers, they also benefit from the recent low energy prices and smaller import bills in general.

Growth also varies across coastal, landlocked and island economies. The landlocked economies have registered better performance than the continent's average, thanks to rapid growth of several countries such as Burkina Faso, Ethiopia, Rwanda, and Zambia. In Burkina Faso, Ethiopia and Rwanda, the agricultural sector, heavy investment in infrastructure, rapid demographic and urban growth, the implementation of development strategies and strong ODA inflows have sustained high growth rates. In contrast, island and coastal economies show lower and more volatile growth rates during the period.

The services sector has been the main growth driver in recent years, especially in resource-rich countries (Figure 2). In resource-rich countries, the services sector contributed 4.5 pp annually to GDP growth, or about 92% of growth, in 2009-14. In 2015 and 2016, services became an even more important component, contributing 5.2 pp to GDP growth. Services now account for the lion's share of GDP at 56.6%, up from 40.3% in 2009. In non-RR countries, the services sector also drives growth, and at a more stable level. The services sector contributed 2.5 pp to annual GDP growth, or 60% of growth in 2009-14, and it has maintained a similar contribution since then. Dependence on natural resources exposes RR countries to high growth volatility. The resource-rich countries enjoyed stronger terms of trade and have managed very strong growth at more than 6% a year during the early 2000s due to high commodity prices, especially for fuel (petroleum, natural gas and coal) and metals.

FIG. 2 - EVOLUTION OF ANNUAL GROWTH IN RESOURCE-RICH AND NON-RESOURCE RICH AFRICAN COUNTRIES (1990-2015)



Source: World Bank's *World Development Indicators* (2017),  
and IMF's *World Economic Outlook* (2017)

In 2009 the mining, construction and utilities sector accounted for 25.4% of GDP. In 2015-16, as commodities decreased by almost a third in their prices, the mining sector shrank significantly by 3% of GDP a year. The mining, construction and utilities sectors shrank to 13.5% of GDP from 25.4% in 2009.

Sustaining current level of investment is difficult, especially due to weak private investment and limited public revenues

Growth composition by expenditure shows that private consumption has been the main driver on the demand side (Figure 3.A). More importantly, the contribution of private consumption to economic growth has increased progressively and reached 3.5 pp of GDP per year over the period 2009-2015. This contribution to GDP growth is comparable to the level in China and other developing Asian countries. However, as a share of total growth, it accounted for 69% of annual growth

in Africa during the 1990-2015 period – much higher than the equivalent share in China, other developing Asian countries and LAC. The rapid growth of private consumption is related to the rapid urban growth of African economies (leading to greater demand for food and other consumption goods), to demographic growth, and to the relatively higher purchasing power of an emerging African middle class.

External balance varies across countries, with commodity prices playing an important role. Non-RR countries were in trade deficits in 2000-08 and 2009-14 as higher commodity prices increased the cost of imported fuels and infrastructure investment, which led to importing a large amount of capital and intermediate goods. RR countries, in contrast, experienced a trade surplus in 2000-08 thanks to higher commodity revenues. In 2009-14, the global financial crisis reduced the demand for their exports, leading to negative net exports. Since 2015, the drop in commodity prices has significantly reduced the import bill for non-RR countries yet it also decreased the resource revenue for RR countries. Consequently the two groups of countries face a reversal in fortune: external balance contributed positively to growth in non-RR countries and negatively in RR countries.

Between 2000 and 2014 African countries were able to accelerate growth through expanding investment, especially in non-RR countries. Gross fixed capital investment expanded fast, and its contribution to non-RR African countries' growth reached 1.9 pp per year over the 2000-08 period before slowing to 0.9 pp per year in the period from 2009-14. Similarly in RR African countries, investment's contribution to growth reached 1.1 pp per year before decreasing to 0.6 pp per year. Many African governments took advantage of their fiscal buffer and of available liquidities to invest in large infrastructure projects. These policies notably aimed to fill the infrastructure gap and counter the negative cycle of the global economic crisis.

Maintaining the current level of investment is challenging. Slower economic growth, lower natural resource rents, natural disasters such as the Ebola epidemic and civil conflict have

reduced public revenues in many resource-rich countries. Tighter global financial conditions will also raise the cost of borrowing for governments in low-income countries. The number of low-income countries in debt distress or facing high risks of debt distress increased from 7 in 2013 to 12 in 2016. Almost all African countries with credit ratings have been downgraded to below investment grade<sup>2</sup>. Several countries, especially resource-rich countries including Angola, are planning to consolidate their fiscal balance by cutting down on capital investment. Investment growth has lagged behind overall GDP growth, and thus its contribution to growth was negative at -0.2 pp per year in RR countries over the period 2015-16.

Private investment is relatively weak. Annual private investment stands at 14.2% of GDP, significantly smaller than developing Asia's average of 24%. The majority (55%) of African entrepreneurs are now working in the retail trade, hotel and restaurant sectors. These businesses typically have a relatively quick turnover and do not require long-term investment. In the context of dwindling public investment, encouraging private investment becomes ever more important.

A number of factors explain the lack of private investment. High constraints on the business environment, a lack of long-term certainty for investors, lack of credit to the private sector and lack of infrastructure are important though not sufficient explanations. The majority of African firms are micro-enterprises and SMEs with little capacity to move out of informality. Limited access to good marketing networks and reliable demand make it difficult for informal firms to maintain profitability levels, or to innovate through product improvements. Even the most productive informal firms face these constraints. For example, in Ethiopia's manufacturing sector, the largest informal firm, with a median capital stock of 16,425 birr (about US\$600), earns a marginal return to capital of only 1%,

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<sup>2</sup> IMF, *Seeking Sustainable Growth: Short-Term Recovery, Long-Term Challenges*, World Economic Outlook, Washington, D.C., October 2017.

whereas a formal firm with comparable capital stock earns at least 16.5% (table 4 in Siba, 2015).

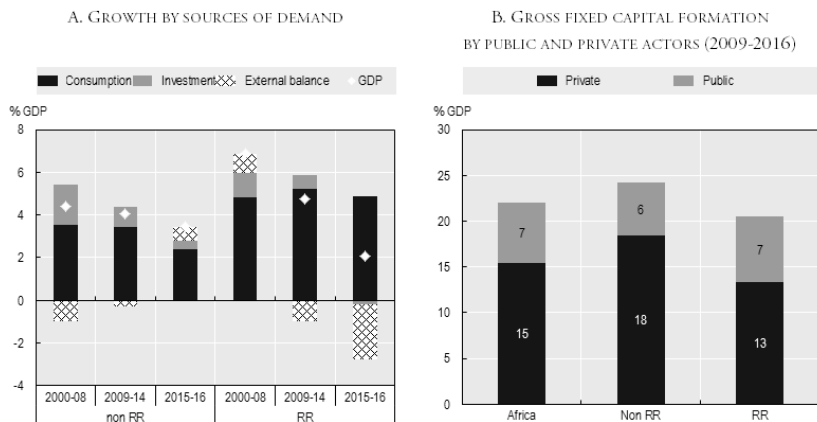
Capital deepening has boosted economic growth, yet productivity growth remains weak

The supply side composition of growth shows that capital has become the main driver for Africa's economic growth. Capital service has overtaken labour as the major driving force behind GDP growth (Figure 4.A). Its contribution to GDP growth has been increasing since the early 2000s. For instance, capital increases greatly contributed to the rapid growth of several African countries such as Burkina Faso, Ethiopia, Ghana, Senegal, Tanzania and Uganda. Interestingly, the contribution of capital to annual growth increased from 2.4 pp in 2000-08 to 3.1 pp in 2009-14 in non-RR countries, while the contribution of capital to annual growth in RR countries declined from 3.1 pp to 2.6 pp for the same periods.

Capital deepening has boosted labour productivity. While Africa's amount of capital growth was as low as in Latin America in 1992 when it grew by 2.5%, it has quickly accelerated since the mid-1990s and reached 6.6% in 2009, a level similar to Asia's capital expansion (Figure 4B). Adjusted for rapid labour expansion, the capital to labour ratio in Africa has also increased steadily since 1998 and has attained a similar growth rate as in LAC at about 1.3% a year. This rapid expansion of capital allowed Africa's labour productivity to increase by 2.1% a year between 2000 and 2010.

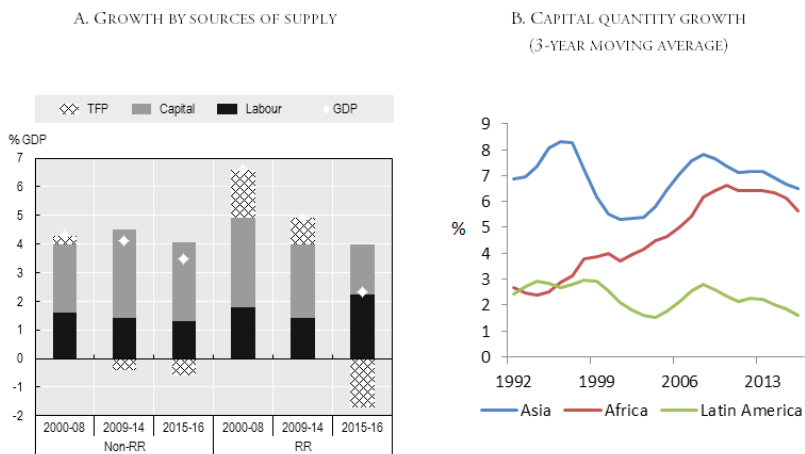


FIG. 3 - COMPOSITION OF GROWTH IN AFRICA  
FROM SUPPLY AND DEMAND SIDE (2000-2016)



Source: World Bank's *World Development Indicators*, and IMF's *World Economic Outlook* (2017)

FIG. 4 - COMPOSITION OF GROWTH BY SUPPLY FACTORS



Source: Authors' calculations based on data from The Conference Board (2017)

However, the recent growth in total factor productivity (TFP) is weak in both RR and non-RR African countries. Total factor productivity measures how efficiently the economy uses capital and labour. It is calculated as the gain in output that is not accounted for by the change in the stock of capital and labour. For the 2009-16 period, TFP growth contributed 0.2 pp to GDP growth in RR countries and 0.0 pp to GDP growth in non-RR countries. This average hid the high volatility and diversity in TFP growth however. In RR countries, TFP grew quickly during the 2000-08 period when commodity prices skyrocketed, especially among oil exporters such as Angola and Nigeria. As average energy commodity prices more than halved between 2012 and 2016 and the production of the extractive sector dropped in Botswana, Equatorial Guinea and South Africa, TFP growth turned negative and contributed -1.7 pp to annual growth between 2015 and 2016. In many non-RR countries and especially in agriculture-based economies, TFP growth is dependent on agricultural commodity prices and climatic conditions. During the 2015-16 period, Ethiopia, Malawi, Namibia, and Zimbabwe experienced droughts or floods that reduced agricultural output and led to negative TFP growth.

The weak total factor productivity growth despite capital deepening suggests investment inefficiency. Weak governance of public investments has led to cases of wasteful public spending, financial mismanagement and insufficient maintenance<sup>3</sup>. Infrastructural bottlenecks also reduce the capital utilisation rates. For instance, frequent electricity outages have prevented factories from working multiple shifts. Investment inefficiency may also stem from the low supply capacity of the economy. For example, agricultural productivity grows at 3.4% a year in Africa, only roughly half of the average rate of developing countries, because of the lack of skills and support services to utilise and adapt the imported capital to Africa's context<sup>4</sup>.

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<sup>3</sup> International Monetary Fund, *Seeking Sustainable Growth: Short-Term Recovery, Long-Term Challenges*, Washington, D.C., World Economic Outlook, October 2017.

<sup>4</sup> A. Nin-Pratt, *Inputs, productivity, and agricultural growth in Africa South of the Sahara*,

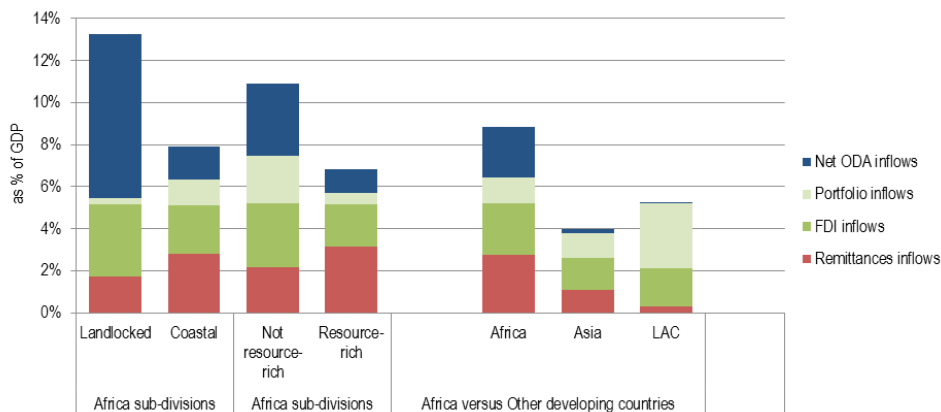
## **Most African countries have not utilised the full benefits of global trade and investment**

African countries are highly integrated into the global economy. External financial inflows account for a much higher share of GDP in Africa than in Asian and Latin American countries. Imports and exports of goods and services represented about 50% of Africa's GDP in 2015-16, which is similar to Asia, and much higher than in the LAC region (44%). Similarly, Africa is the third world region most connected to Global Value Chains (GVCs), right after Europe and Southeast Asia, and more than in Latin America and the Caribbean (LAC). Both trade openness and GVC participation increased throughout the early 2000s. However, as the next two sections will show, African countries have not benefitted enough from their trade and investment linkage with the world.

External financial inflows play an important role in Africa's economies

External financial inflows play an important role in Africa's economies. Total financial inflows (remittances, FDI, portfolio inflows and net ODA) into Africa reached 8.8% of GDP between 2009 and 2015. This level is significantly higher than the average for Asia (4.5%) and LAC (6.9%) (Figure 5). In absolute amounts, total inflows to Africa increased from US\$103 billion in 2005 to US\$183 billion in 2015. Financial inflows into Africa between 2009 and 2015 were much more heavily skewed toward remittances and ODA than on other continents. These inflows amount to 2.7% and 2.4% of Africa's GDP respectively. Private financial flows have increased over the last decade. Foreign Direct Investment (FDI) to Africa in particular represented 2.5% of GDP in 2009-15.

FIG. 5 - TOTAL FINANCIAL INFLOWS AS % OF GDP (2009-2015)



Note: LAC: Latin America and the Caribbean

Sources: Authors' computation based on IMF's World Economic Outlook database<sup>5</sup>, OECD's DAC data (2017)<sup>6</sup>, UNCTAD's FDI statistics (2017)<sup>7</sup> and World Bank's WDI (2017)<sup>8</sup>

The importance of financial inflows varies across the different sub-groups in Africa. Total inflows stand at 10.9% of GDP in non-RR countries compared to 6.8% in RR countries. Remittances remain an important source of finance for both groups of countries at 2.2% and 3.2% of GDP respectively. Non-RR countries have been more successful in attracting FDI to the tune of 3.1% of GDP, especially to countries such as Sierra Leone (19%), Ghana (8%), and Lesotho (5%).

In the short term, the volatility of financial inflows poses various challenges. This is particularly pertinent for portfolio investments and ODA. Portfolio investment is particularly

<sup>5</sup> IMF, *Seeking Sustainable Growth...* cit.

<sup>6</sup> OECD-DAC, *International Development Statistics* (database), 2017.

<sup>7</sup> UNCTAD, *World Investment Report 2017*, United Nations, 2017.

<sup>8</sup> World Bank, *World Development Indicators 2017*, Washington, D.C., World Bank, 2017.

volatile, reaching 1.5% of GDP in 2010 before decreasing to 0.6% of GDP in 2016.

In the medium and long term, using external inflows for sustained economic diversification is important. Foreign direct investments into Africa accounted for 2.4% of GDP between 2009 and 2015, but they were concentrated mostly in the extractive sector with limited spillovers into the local economy. In particular, the coal, oil and gas industry absorbed 76.2% of all greenfield FDI into Africa between 2007 and 2016, while 37.4% of the total went to extraction activities alone. Therefore, the spillovers have been limited and these flows have not attracted more private investment or created many jobs. More recently, however, FDI into Africa has diversified and now targets industries such as ICT, food and financial services. Econometric analysis shows that the most significant determinants of FDI in Africa's manufacturing sector are domestic market size and infrastructure (e.g. ports, rail and road networks) to access natural resources. These two factors explain 28% of variations in FDI attraction to Africa<sup>9</sup>.

Remittance inflows have mostly served domestic consumption. Remittances have increased more than four-fold since the early 2000s, and reached US\$65 billion by 2015. These inflows seem to have led to a degree of informal redistribution between countries, since countries with high volumes of remittance inflows in Africa tend to have lower inequality and poverty<sup>10</sup>. At the same time, however, remittances may have supported household consumption rather than private investment, partly due to underdeveloped formal saving mechanisms for remittance recipients. In such cases, remittance inflows can also increase social inequalities in countries where emigrants belong to higher income households<sup>11</sup>.

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<sup>9</sup> AfDB, OECD, UNDP, *African Economic Outlook 2016: Sustainable Cities and Structural Transformation*, Paris, OECD Publishing, 2016.

<sup>10</sup> A. Shimeles and T. Nabassaga, *Why is inequality high in Africa?*, African Development Bank Group, Working Paper Series, no. 246, January 2017.

<sup>11</sup> J.C. Anyanwu, *Determinants of Foreign Direct Investment Inflows to Africa, 1980-2007*,

Africa has diversified its trade partners  
but not its export products

Africa has managed not only to increase its trade but also to diversify its trade partners since the turn of the century. The continent's trade with the rest of the world rose threefold, from US\$276 billion in 2000 to US\$806 billion in 2016. Over the same period, Africa also diversified its trading partners, moving from the traditional to engaging with countries such as China, India and other emerging partners. This is true both for African exports (51% of the total in 2016) and imports (46% of the total in 2016).

However, Africa has not been able to diversify its export basket. Most Africa countries export only a few products with Revealed Comparative Advantage (RCA), mostly hydrocarbons, minerals or agricultural products. This is shown by their position in the bottom left corner of Figure 6A. Moreover, few countries have been able to increase types of export products with RCA, as most of them fall below the diagonal line (indicating no change in the number of export products with RCA). Some have seen a rising concentration of exports such as Burkina Faso, South Africa, and Zimbabwe.

Diversification of export baskets can also be an important driver of sustained economic growth regimes. More diverse product baskets lead to more stable export earnings over the long run, reducing macroeconomic uncertainty and encouraging more investment in the economy. Increases in export diversification are associated with subsequent increases in growth. Adding new products to countries' export baskets strongly correlates with cumulative long-term growth of per capita GDP<sup>12</sup>.

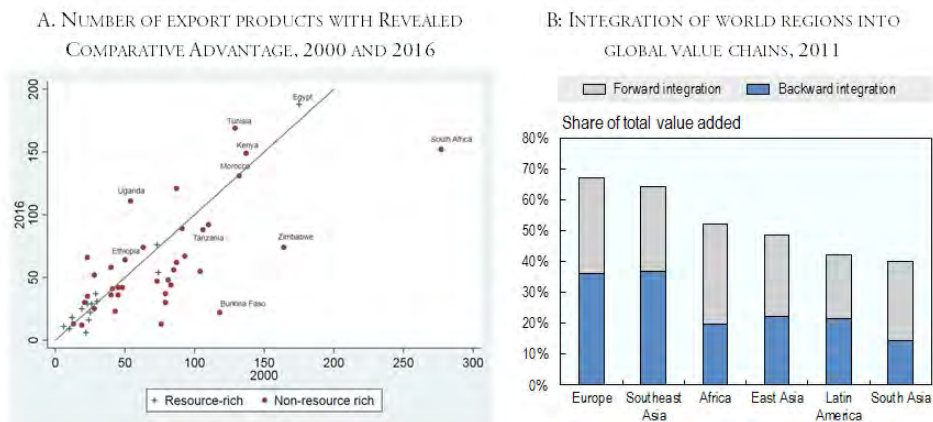
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African Development Bank Group, Working Paper Series, no. 131, September 2011; R.H. Adams, Jr., A. Cuecuecha, and J. Page, *The Impact of Remittances on Poverty and Inequality in Ghana*, Policy Research Working Paper 4732, The World Bank Development Prospects Group, Development Economics Department & Africa Region, September 2008.

<sup>12</sup> B. Klinger and D. Lederman, *Discovery and Development: An Empirical Exploration of New Products*, World Bank Policy Research Working Paper 3450, November 2004.

The skill-learning processes and cumulative know-how of local actors simplify the redeployment of production factors into higher value-added “nearby” activities<sup>13</sup>.

FIG. 6 - AFRICA'S INTEGRATION INTO GLOBAL TRADE



Notes: Definitions (OECD, 2013; AfDB/OECD/UNDP)<sup>14</sup>: *Backward integration* is the share of foreign value-added products in a country's exports.

It looks back from the perspective of a country's exports through foreign inputs into local production; *Forward integration* is the share of a country's value-added exports that are embedded in the exports of other countries. It looks forward from the country's perspective at the flow of its exports around the world; specifically, those that other countries use to produce their own exports.

Source: Authors' calculations based on TRADEMAP (database) and the EORA data

Upgrading to higher value-added products remains challenging for many African countries. Africa is the world's third most connected region to GVCs, right after Europe and Southeast

<sup>13</sup> R. Hausmann, J. Hwang, and D. Rodrik, “What you export matters”, *Journal of Economic Growth*, Springer, vol. 12, no. 1, pp. 1-25, March 2007.

<sup>14</sup> AfDB, OECD, UNDP, *African Economic Outlook 2016: Global Value Chains and Africa's Industrialization*, Paris, OECD Publishing, 2014, p. 137.

Asia, and higher than in LAC (Figure 6B). But Africa has been locked into commodity exports without being able to diversify into manufacturing exports, or into sectors with larger spillovers and dynamic externalities. The large role of mining and hydrocarbon products in exports undermines a shift in production towards strategic activities such as manufacturing, construction, and transportation. Africa still relies on raw minerals and agricultural commodities as its main export products. Dependence on resource-extraction means that export baskets for some African countries largely concentrate around a capital-intensive sector that employs relatively few workers, while productivity growth in agricultural exports remains low.

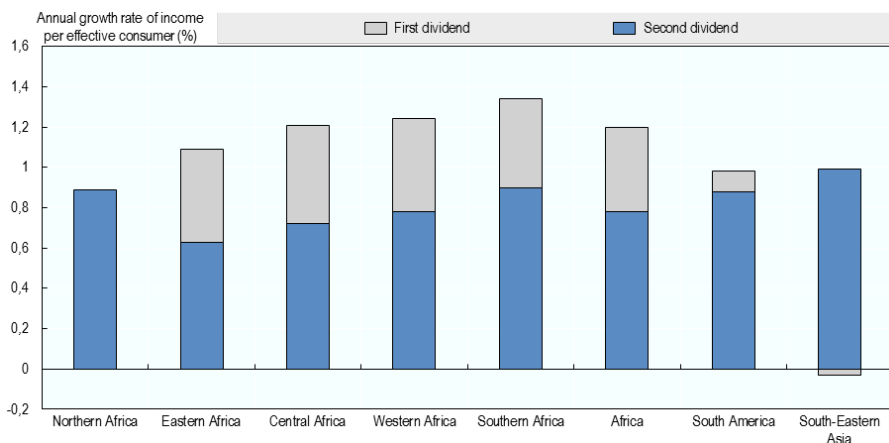
### **The demographic dividend is an important driver of long-term growth**

Africa is going through important demographic changes that will become an important driver of growth in the long run. The demographic dividend may contribute 1.2 percentage points to Africa's annual per capita income growth in 2015-45. The change in fertility and mortality rates leads to two potential demographic dividends. The first dividend comes from the concentration of working-age populations, which increases the effective labour supply per consumer. This first dividend is expected to add 0.42 percentage points to per capita income growth in 2015-45. The accumulation of savings also enables greater investments in physical and human capital, particularly children's health and education, which translate into long-term productivity growth. These investments can enable a second dividend which is expected to add 0.78 percentage point to Africa's per capita income growth in 2015-45.

However, African countries are at very different stages of the demographic transition and thus the demographic dividends vary significantly. African countries can be classified into three groups, according to their current fertility levels (defined as average live births per woman):



FIG. 7 - DEMOGRAPHIC DIVIDEND BY AFRICAN REGIONS,  
SOUTH AMERICA, AND SOUTHEAST ASIA (2015-2045)



Source: Authors' elaboration based on A. Mason *et al.*, *Support Ratios and Demographic Dividends: Estimates for the World*, UNDESA Technical Paper No. 2017/1, 2017

- *the low fertility* (LF) group, with a fertility rate of up to 3 live births per woman, comprises nine countries (Algeria, Botswana, Cabo Verde, Libya, Mauritius, Morocco, Seychelles, South Africa and Tunisia);
- *the medium fertility* (MF) group, with a fertility rate between three and five children per woman, includes 26 countries (Cameroon, Comoros, Congo, Djibouti, Egypt, Equatorial Guinea, Eritrea, Ethiopia, Gabon, Ghana, Guinea-Bissau, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mauritania, Namibia, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, Sudan, Swaziland, Togo and Zimbabwe);
- *the high fertility* (HF) group includes countries with fertility rates above five live births per woman (Angola, Benin, Burkina Faso, Burundi, Central African

Republic, Chad, Côte d'Ivoire, Democratic Republic of the Congo, Gambia, Guinea, Mali, Mozambique, Niger, Nigeria, Somalia, South Sudan, Uganda, United Republic of Tanzania and Zambia).

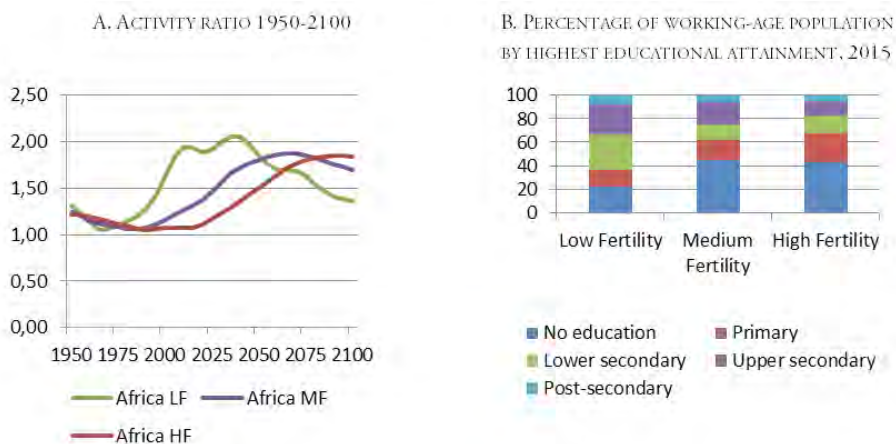
High fertility rates are somewhat persistent in time: over half of the countries in the MF and HF groups combined will still have fertility rates of more than 3 children per woman in 2050. Eight countries will remain in the same fertility grouping (MF): Cameroon, Congo, Liberia, Mauritania, Sao Tomé and Príncipe, Senegal, Sudan and Togo.

Reaping the benefits from the demographic dividend requires absorbing youth into productive employment. The urgency of the problem varies across the three groups of African countries. This can be measured by the activity ratio, which is the ratio between the working-age population (roughly defined as 15 to 64 years old) and the population outside this age bracket. Low fertility countries are on track to reach the peak of their activity ratio (at 2.05) in the next two decades, thanks to a much faster growth of their working-age population (Figure 8A). In these countries, youth unemployment is a severe concern. In many LF countries such as Botswana, Morocco and South Africa, skill mismatch has led to young people being overqualified for the jobs available. By contrast, for MF and HF countries, this increase is both more protracted in time (to last at least another 45 years) and projected to reach lower peaks at 1.87 and 1.85, respectively. It is important to send girls to school and further decrease fertility ratios in these countries, in order to continue to change their age structure more favourably.

Extending the length of the demographic dividend requires sustained investment in education and health – especially in medium and high fertility countries. The working-age populations in these countries are expected to expand by 220% and 280% by 2050, respectively. Equipping these future entrants into the labour market requires improving educational attainment from now on. Over 40% of the workforce in medium and

high fertility countries has not obtained primary education. Low fertility countries do significantly better in this department since only 22.5% of workers have not obtained primary education.

FIG. 8 - ACTIVITY RATIO AND PROJECTED WORKING AGE POPULATION IN AFRICA (BY FERTILITY) (2015-2050)



Source: R. Deiana, A. Minsat, and T. Nguyen (forthcoming)

## Policy options and prospects

Development strategies are diverging across African countries

African governments have been highly engaged in policy reforms so as to reduce the time and cost of interactions between businesses and governments. Since 2010 Africa countries have regularly been among the ten best reformers globally. Many initiatives have taken the form of regulatory reforms, for instance by making it easier to start a business and by using digital technologies to make public administration more efficient, thanks to

better management of time and human resources. For instance, over the period 2015-16, 17 African countries simplified their legal framework for conciliation procedures, dispute resolution processes or debt clearance procedures for small companies in financial difficulties. Some other countries introduced technological innovations in their administrative procedures such as establishing a new credit registry bureau (Tanzania), digitalising land records (Mauritius) and creating an online platform for registering company names (Morocco).

*Doing Business* reforms have not proven efficient to boost productive investment. Strengthening business regulatory frameworks can attract more productive investment, in addition to the administrative reforms currently underway. Despite progress in business regulatory frameworks, regulatory uncertainty remains a big risk for investors in Africa. Ensuring tax certainty by making tax systems more predictable, transparent, and fairer is often more important for attracting long-term investments. Furthermore, helping African firms catch up with the global frontier will require additional policy support, beyond the usual business reforms that reduce start-up costs. Most African firms still lag far behind the productivity frontier for developing countries, even after accounting for factors such as the business environment (AU/OECD, forthcoming).

Many African governments have concentrated their investments into Special Economic Zones (SEZs) to attract FDI. Unlike *Doing Business's* broad-based agenda, cluster policy allows governments to coordinate their investments for private enterprise growth by tackling multiple binding constraints simultaneously and concentrating resources. For budget-constrained countries, clusters can help focus resources into "pockets of infrastructure" or "islands of excellence" where economies of scale can be reaped. More recently, several African countries such as Morocco and Ethiopia have identified Special Economic Zones (SEZs) to attract FDI firms and create manufacturing jobs. Rising labour costs in China have also sparked enthusiasm for industrial reallocation from China to Africa. FDI can also

help with technology transfer, in the form of production techniques, management, or marketing practices.

While such islands of excellence can bring many benefits, relying solely on SEZs cannot provide enough jobs and productivity spillovers for at least four reasons.

1. For a start, leading firms in SEZs often demand higher skills and quality levels than most African firms and labour pools can provide. Therefore, attracting global FDI firms into SEZs can create isolated growth enclaves without sufficient production linkages or technology spillover to the local economy.
2. The export focus of these SEZs can exclude certain domestic enterprises that also need to operate on domestic markets. In certain cases, policies of fiscal exemptions can preclude firms in SEZs from producing for local markets. This conditionality, de facto, cuts opportunities for potential domestic markets.
3. Thirdly, SEZs alone will not create enough jobs for the incoming youth bulge in Africa. According to a survey of 91 SEZs in 20 sub-Saharan countries, SEZs account for approximately 1 million jobs, or 0.2% of national employment<sup>15</sup>.
4. Finally, high labour costs and low productivity hinder many African countries from attracting low-skill industries<sup>16</sup>. At a comparable income level, competitiveness rating, and labour force size, only countries such as Congo DR and Ethiopia have a labour cost per manufacturing worker that is comparable to Bangladesh.

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<sup>15</sup> D.W. te Velde and C. Kingombe, *Structural transformation and employment creation: the role of growth facilitation policies in Sub-Saharan Africa*, ODI Research reports and studies, December 2012.

<sup>16</sup> A. Gelb *et al.*, *Can Africa Be a Manufacturing Destination? Labor Costs in Comparative Perspective*, Center for Global Development, Working Paper 466, October 2017.

While rising wages in China have raised hopes of mass industrial reallocation from China to Africa, this is unlikely to be a game changer in the short term. Many low-skilled jobs in manufacturing could be automated, reducing Africa's attractiveness as a destination for manufacturing investment. In a recent survey of Chinese manufacturing firms, most would respond to labour shortages by investing more in capital equipment rather than by moving production out of China. When they do, African economies face stiff competition from other actors such as countries from the Association of Southeast Asian Nations (ASEAN). The ASEAN countries enjoy several advantages over Africa in attracting Chinese FDI: established global production networks, physical and cultural proximity to China, and better competitiveness especially in infrastructure and human capital.

Implementation is the key to the success of regional integration

Presently, the vast majority of African policy-makers are signalling a strong commitment to regional integration. On 21 March 2018 in Kigali (Rwanda), the heads of 44 African countries signed the Continental Free Trade Area (CFTA) Agreement. More are expected to sign in the coming months (AUC/OECD, forthcoming).

The new Continental Free Trade Area offers an important step towards tapping domestic markets. The CFTA aims to achieve four main objectives:

- create a single continental market for goods and services, with free movement of business persons and investments, and thus pave the way for accelerating the establishment of the Continental Customs Union and the African Customs Union;
- expand intra-African trade through better harmonisation and coordination of trade liberalisation and facilitation regimes and instruments across regional economic communities (RECs) and across Africa in general;
- resolve the challenges of multiple and overlapping

- memberships and expedite the regional and continental integration processes;
- enhance competitiveness at the industry and enterprise level by exploiting opportunities for scale production, continental market access and better reallocation of resources.

The experience of RECs in Africa shows that implementation is the most important determinant for the outcome of free trade agreements. Having regional integration agreement *per se* does not automatically translate into stronger trade flows or regional value chains. Cross-border exchanges within the East African Community (EAC) are found to be five times larger than average trade flows within Africa, while in the West African Economic and Monetary Union (WAEMU), they are about three times larger. At the same time, the Economic Community of Central African States (ECCAS) region continues to exhibit low levels of integration, with only 1.3% of total trade being intra-regional. This is mainly due to limited complementarity between countries' trade profiles and underdeveloped trading infrastructure.

Regional integration has great potential to strengthen ongoing dynamics in favour of Africa's growth:

1. Fully liberalising trade in goods could boost Africa's GDP by 1% and total employment by 1.2%. Intra-African trade could grow by 33% and Africa's total trade deficit could be halved<sup>17</sup>.
2. Africa's regional demand is increasingly favourable to growth. The middle class, defined as those spending between US\$5 and 20 a day, increased from 108 million persons in 1990 to 247 million by 2013. Both food and non-food markets, excluding oil products, are more dynamic than the global averages.

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<sup>17</sup> UNCTAD, *African Continental Free Trade Area: Challenges and Opportunities of Tariff Reductions*, Geneva, 2018.

3. Africa's business opportunities are now attracting international investors far beyond the continent's endowment in natural resources: the potential of domestic and regional markets motivated about 53.4% of new FDI projects to Africa in 2013-17 (FDI markets database, accessed in February 2018). This share is similar to Asia's level (55.7%), and ten points higher than in LAC (44.8%).
4. Recent progress in reducing administrative procedures and the cost of starting and doing business has made the business environment more attractive: 29.5 % of foreign investors cite this improvement among the main motivations to invest in Africa, compared to 12% in 2003-2007.

Financing infrastructure may become more challenging

Africa still faces a significant infrastructure deficit despite the spike in recent investment (see above). Over 645 million people do not have access to electricity; 39% of formal businesses see lack of access to electricity as a major constraint<sup>18</sup>. More than 30 African countries report regular power outages that result in loss of working days. Road transport is the main transport mode in Africa, carrying over 80% of goods and passengers, yet less than 53% of the roads are paved. Port facilities are estimated to add up to 40% to the cost of traded goods in Africa. Rapid urbanisation, population and economic growth will further increase demand for infrastructure in Africa. For instance, two-thirds of Africa's urban infrastructure is yet to be built between now and 2050<sup>19</sup>.

Africa faces a high funding gap for infrastructure. Recent estimates put total annual infrastructure investments at US\$77

<sup>18</sup> AfDB, OECD, UNDP, *African Economic Outlook 2017: Entrepreneurship and Industrialisation*, Paris, OECD Publishing, 2017.

<sup>19</sup> AfDB, OECD, UNDP (2016).



billion<sup>20</sup> and US\$81 billion<sup>21</sup>. This leaves a considerable financing gap of US\$55 to 60 billion per year. The Africa Infrastructure Country Diagnostic (AICD) (2011) estimates a funding gap to the tune of US\$31 billion a year, after addressing inefficiencies such as institutional bottlenecks and avoiding future rehabilitation needs which could help save US\$17 billion a year.

In the short to medium term, Africa can benefit from multiple sources of funding to finance its infrastructure. In 2015, total commitments from all sources analysed by the Infrastructure Consortium for Africa reached US\$83 billion, a 12% increase from the previous year. Africa's national governments accounted for the largest share at 34% of total commitments. However, the projected slowdown in growth and smaller fiscal space available to African governments means African governments are unlikely to increase public investments. China (15%) and the Infrastructure Consortium for Africa (ICA) members are also important funders of infrastructure on the continent. Other sources of funding include private sectors (9%), the Arab Coordination Group (5%) and other bilateral/multilaterals (3%).

In the long run, the mobilisation of domestic resources – especially domestic savings – will be necessary for infrastructure investment and maintenance. On average in Africa, domestic savings represented an annual amount of \$US412 billion over the 2009-16 period, which is 19.4% of the continent's GDP. The top 10 largest African economies had savings rates ranging from 44.5% of GDP in Algeria to 11.9% in Sudan. Yet lower commodity prices and slower economic growth may limit public revenue and spending in the short- and medium-term. Mobilising the fiscal space wisely can support productive investment.

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<sup>20</sup> Africa50's website <https://www.africa50.com>.

<sup>21</sup> IMF, *Sub-Saharan Africa: Staying the Course*, IMF Regional Economic Outlook, Washington, D.C., October 2014.

Many African governments will face difficulties in sustaining current progress in poverty reduction

Many African governments will need to push further with their poverty reduction efforts, due to at least three main reasons.

1. First, about half of the countries (27) still have poverty rates above 25%. Resource-rich African countries in particular have only managed to decrease poverty rates by 5 pp, from 41% in 1990 to 36% in 2013, despite strong growth in the early 2000s. Combined with the demographic growth over the past decades, the number of poor people living with under US\$1.90 a day increased from 288 million in 1990 to 395 million of people in 2013.
2. Second, the debt relief from the Heavily Indebted Poor Countries (HIPC) Initiative has helped 30 African countries to increase their social spending during the early 2000s<sup>22</sup>. Because they are completing the HIPC programmes, they will need to find new approaches and sources of financing for poverty reduction programmes.
3. Third, another 45% of the population still live with between US\$1.90 and US\$5.50 a day – meaning that they remain in poverty or are vulnerable to falling back into poverty. Further effort in boosting their income and social protection will be needed to move this group firmly out of poverty.

Social protection is a vital policy instrument to eradicate poverty, increase economic resilience and facilitate human development. Social protection systems can protect poor and vulnerable households from external shocks by finding more stable livelihoods and by giving them cash or in-kind transfers. When

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<sup>22</sup> The programme has decreased recipient countries' debt services by about 1.5 percentage points of GDP between 2001 and 2015.

done right, social protection can help poor households invest in education, health and economic activities. Agenda 2063 highlights social protection as a crucial instrument to ensure that no citizen is without access to a basic income or essential healthcare.

A number of African governments have managed to reduce inequality via their fiscal systems, but lower growth in the short term may create budget pressures on these programmes. South Africa in particular has developed a progressive tax and social protection system that reduces the Gini coefficient by 18 points, from 77 to 60 – which is the highest reduction among a sample of 29 developing countries in the Commitment-to-Equity database.

Scaling up social protection systems will be a big challenge for policymakers. Today more than 40 African countries implement unconditional in-kind transfers and public works programmes<sup>23</sup>. The number of countries implementing a cash transfer programme more than doubled between 2010 and 2014. However, these programmes tend to be small and fragmented. Many rely on external resources such as ODA. Lower growth in the short term will create budget pressure on these programmes. Successful social protection systems have to address multiple interlocking challenges over the long term, including facing high informality, confronting the challenge to employment from the upcoming youth bulge, and adapting social protection to rapid urbanisation and climate change<sup>24</sup>. Gender aspects also need to be incorporated to increase access to social protection for women and girls, who often constitute a disproportionate share of the poor.

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<sup>23</sup> World Bank, *The State of Social Safety Nets 2015*, Washington D.C., World Bank Group, June 2015.

<sup>24</sup> AfDB, OECD, UNDP (2017).

## **Five questions for discussion**

1. How can the different African countries adjust to the general growth slowdown and smaller public revenue in many countries? How are development partners equipped to address the heterogeneity of growth challenges and drivers across Africa? How can Italy-Africa relations pave the way to increased (and more diversified) investment and growth in Africa?
2. How can African governments and regional economic communities realise the ambition of the Continental Free Trade Agreements? What lessons can be drawn from European integration (and from Italy as an EU founding member), notably with regard to the free movement of African people?
3. How can Africa finance its infrastructure development? What is the role for donors and particularly the EU (given the recently launched External Investment Plan) in filling the gap?
4. How can African governments support the structural transformation process? What reforms in terms of social development, security and rule of law are to be coupled with economic development policies? How can European countries strengthen the role of the African diaspora in promoting Africa's structural transformation? What can Italy do to support economic and social development in Africa, particularly given its history of promoting SMEs?
5. How can African governments continue reducing poverty? What can development partners do as most countries are completing the HIPC Initiative? What strategies can be undertaken by a country such as Italy, which has recently scaled up its international development efforts?

### 3. Sub-Regions First: The Role and Evolution of Regional Economic Communities in Africa

Brendan Vickers

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#### Key facts

- To unlock the continent's vast potential, **African governments are working together to implement a threefold “developmental regionalism” agenda:** market integration, industrialisation and infrastructure. Effective regional integration is more than simply removing tariffs – it is about addressing on-the-ground constraints that paralyse the daily operations of ordinary producers and traders.
- **Intra-African trade in goods is low** when compared to other regions of the world, accounting for around 20% of Africa's total trade in 2016. However, intra-African trade is also more manufacturing-oriented than Africa's commodity and mineral exports to the rest of the world. There are enormous untapped opportunities for growing trade, especially in food products, basic manufactures and services.
- **Levels of intra-regional trade vary among the Regional Economic Communities (RECs) in Africa.** The Southern African Development Community (SADC) has the highest share of intra-regional exports, while the 2016 African Regional Integration Index ranks the East African Community (EAC) as the highest performing REC on the trade integration indicator.
- In March 2018, **44 African countries launched the world's largest FTA for number of contracting parties, the African Continental Free Trade Area (AfCFTA).** Effective implementation of the AfCFTA could increase intra-African trade by an estimated US\$35 billion per year by 2022.

- **Poor infrastructure impairs Africa's regional and global competitiveness and raises trade costs.** The World Bank has estimated that sub-Saharan Africa's infrastructure deficit is US\$93 billion per year, with power generation being the largest infrastructure challenge.
- **The EU and EU member states are extensively supporting the regional integration process in Africa.** Africa continued to receive the largest share of EU Aid for Trade in 2015, with the highest disbursement to southern Africa. However, there is room for all international partners to improve their trade, investment and aid policies to better support Africa's "developmental integration" agenda, especially linking to existing initiatives like the AU's *Agenda 2063*, the *Action Plan for Boosting Intra-African Trade*, the *Programme for Infrastructure Development in Africa*, and the *Action Plan for Implementation of the Accelerated Industrial Development of Africa*.

## Regional integration for growth, development and poverty reduction

On 21 March 2018, at the Extraordinary Summit of the African Union in Kigali, Rwanda, 44 of the 55 AU member states signed the Agreement Establishing AfCFTA along with three Protocols: Trade in Goods, Trade in Services and Rules of Procedures for the Settlement of Disputes. At a time of integration fatigue in some parts of the world, including the European Union, and protectionist tendencies across the Atlantic, African countries are forging ahead and have launched the world's largest FTA for number of contracting parties<sup>1</sup>. The AfCFTA follows short on the heels of another major milestone in African integration, the Tripartite FTA (TFTA). The TFTA, launched in June 2015, links 26 countries from Cape Town to Cairo through their membership of three Regional Economic Communities (RECs), namely the Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC) and

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<sup>1</sup> The AfCFTA will enter into force once 22 states have ratified it, which the Summit has hinted may happen within a year.

the Southern African Development Community (SADC).

The decision to launch the TFTA, fast-track the AfCFTA and improve the connectivity and mobility of African citizens<sup>2</sup> reflect a renewed political consensus among African leaders on the importance of deeper integration to achieve growth, development and poverty reduction. These objectives are outlined in the AU's *Agenda 2063: The Africa We Want*, which sets out the priority areas for Africa's development over the next fifty years. Indeed, effective implementation of the AfCFTA<sup>3</sup> could increase intra-African trade by an estimated US\$35 billion per year by 2022, particularly if complemented by effective operationalisation of the AU's Action Plan for Boosting Intra-African Trade (Annex 1) and other trade facilitation and infrastructure plans at the regional level. Operationalising these initiatives offers enormous untapped opportunities for growing intra-African trade, especially in food products, basic manufactures and services. However, despite African leaders' strong declaratory commitments to regionalism, and the recent signing of the AfCFTA, there remain many political, economic and institutional challenges to deeper integration and effective implementation of regional trade agreements<sup>4</sup>. International development partners, including the EU and its member states, can support and help drive Africa's integration agenda through trade, investment and aid, especially more targeted and focused Aid for Trade. The focus of this chapter is to identify some of the main issues, opportunities and challenges confronting Africa's integration agenda, and to propose some options for international development partners to assist this process.

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<sup>2</sup> At the Ordinary Summit of the AU on 28 January 2018, African leaders launched the Single African Air Transport Market, where the 23 participating countries cover more than 70% of air travel in Africa, and concluded a protocol to facilitate the free movement of persons in Africa.

<sup>3</sup> The AfCFTA will be implemented over 10 to 15 years and cover around 90% of total product lines.

<sup>4</sup> B. Vickers, *A Handbook on Regional Integration in Africa. Towards Agenda 2063*, Commonwealth Secretariat, London, 2017.

## **The dynamics and drivers of economic integration in Africa**

Regional integration has been a major objective of African governments ever since African countries gained their independence in the 1960s. Regionalism in Africa has historically been pursued for two main purposes. The first is to enhance political cooperation and unity at the pan-African level, including through the Organisation of African Unity (OAU) between 1963 and 2002, and its successor, the African Union<sup>5</sup>.

The second is to foster economic growth and development. Regional integration is not an end in itself, but a means to achieve particular outcomes. For example, defragmenting Africa's small markets is the key to attracting more investment and boosting intra-African trade, which will help achieve inclusive economic growth, eradicate extreme poverty, ensure food security and provide better access to essential services such as health and education.

In the first two decades of the post-independence era, the focus of regional integration in Africa was more on political cooperation rather than economic integration, as African leaders sought to rid the continent of the vestiges of colonialism. Since the 1980s efforts have been made to shift the focus of regional integration from political cooperation to economic integration, as evidenced by the emphasis on economic issues in the Lagos Plan of Action (1980) and the Abuja Treaty (1991)<sup>6</sup>. Since 2000, there have been vast improvements in Africa's growth

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<sup>5</sup> The Assembly of Heads of State and Government of the OAU adopted the Constitutive Act of the AU in 2000 and established the Union the following year.

<sup>6</sup> The Abuja Treaty lays out a roadmap to establish the envisaged African Economic Community (a monetary and economic union) through six stages extending over a period of 34 years, up to 2028. It was envisaged that the AEC would be achieved through the co-ordination, harmonisation and progressive integration of the activities of the eight identified RECs. The AfCFTA is the trigger for progressing to the fourth phase, namely an African customs union by 2019, which appears to be unrealistic and would be extremely challenging to achieve.



and development prospects. African leaders adopted the New Partnership for Africa's Development (NEPAD) and subsequent AU plans, policies and strategies to boost intra-African trade, promote industrial development, invest in cross-border infrastructure and economic corridors, and fast-track the establishment of the Continental FTA. In January 2015, the AU adopted *Agenda 2063: The Africa We Want*, which sets out the priority areas for Africa's development over the next fifty years. *Agenda 2063* has set the target of growing intra-African trade to half of the continent's world trade by 2045.

Regional integration in Africa has tended to be viewed cynically because most AU member states belong to multiple RECs, creating a "spaghetti bowl" effect of overlapping trade rules and priorities.

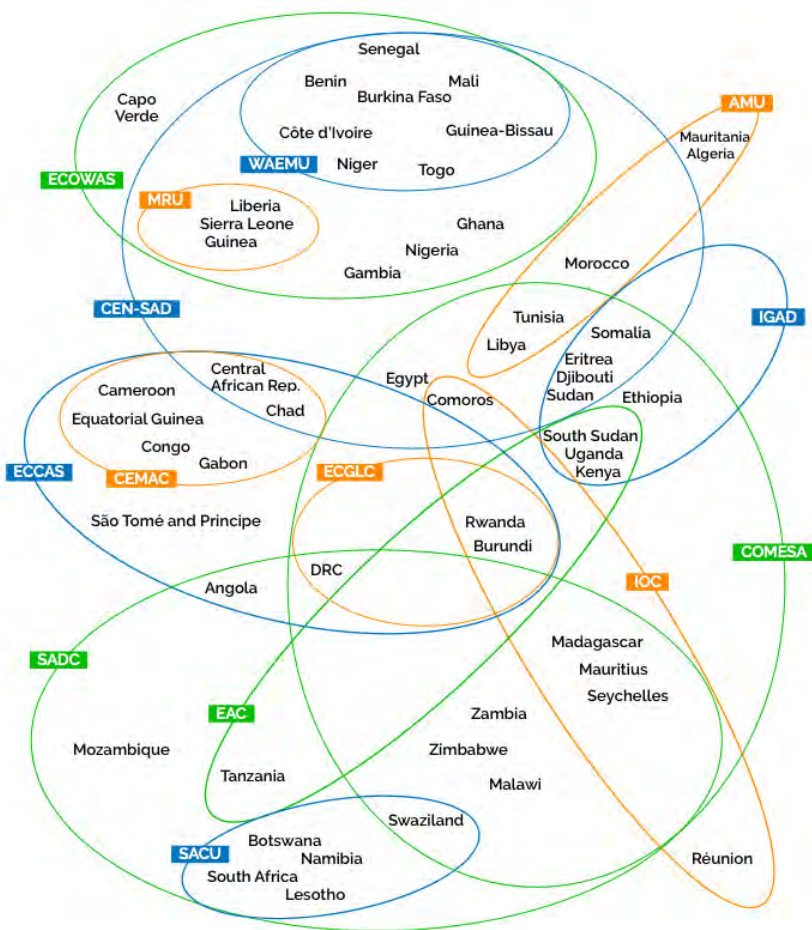
Africa has the highest number of regional organisations in the world: 14 RECs at various stages of progress and integration, and as many related associations dealing with sectorial issues such as standards or intellectual property. However, the AU recognises only eight RECs as the building blocks of the envisaged AEC, namely:

- Arab Maghreb Union (AMU)
- Common Market for Eastern and Southern Africa (COMESA)
- Community of Sahel–Saharan States (CEN–SAD)
- East African Community (EAC)
- Economic Community of Central African States (ECCAS)
- Economic Community of West African States (ECOWAS)
- Intergovernmental Authority on Development (IGAD)
- Southern African Development Community (SADC)

All AU member states are members of at least one REC, and most are members of two. Multiple memberships of different RECs create a "spaghetti bowl" effect of overlapping trade rules and regulations, which may be confusing and costly for business

(Figure 1). Some of the integration priorities and ambitions of the different regional blocks may also diverge or conflict. Rationalising the number of RECs is therefore a long-standing priority in Africa.

FIG. 1 - THE “SPAGHETTI BOWL” EFFECT OF MULTIPLE REC MEMBERSHIPS IN AFRICA



Source: Updated from B.Vickers (2017)

However, Africa's small domestic markets and competitiveness challenges makes deepening regional and continental integration indispensable for achieving economic growth, development and poverty reduction.

Although Africa is home to more than one billion people, the continent is a patchwork of 54 sovereign states (plus Western Sahara) with "thick" national borders acting as barriers to intra-regional trade, investment and the movement of people. Fragmentation of the continent also means many sub-Saharan African countries have small domestic markets that undermine the potential for economies of scale and building export competitiveness, while arbitrarily drawn national borders during the colonial era pay little heed to the distribution of resources and natural endowments.

Sixteen sub-Saharan African countries are landlocked, raising their trade costs, while poor transport infrastructure to connect people and markets in the world's second largest continent – road, rails, ports – hinders competitiveness. For example, it takes an average of 38 days to import and 32 days to export goods across borders in sub-Saharan Africa – two of the longest wait times in the world. This is almost twice as long as in other regions such as Latin America, the Caribbean and Southeast Asia. In fact, it costs more to move a container from Kenya to Burundi than from Belgium or the United Kingdom to Kenya. Regional integration to overcome these market constraints and costs will allow producers, traders, investors and consumers to tap into their continent's vast economic potential.

A larger and more integrated regional market may also attract more Foreign Direct Investment (FDI) inflows and trigger a trade-investment nexus that supports Africa's structural transformation objectives. In addition to traditional mining and extractive industries, attracting greater domestic and international investment into Africa's industrial and services sectors, as well as economic infrastructure, would contribute to building more diversified country and regional productive capacity. It is estimated that by 2025 Africa could almost double its current manufacturing output to US\$930 billion, with three-quarters

of this growth triggered by intra-African demand and substituting imports of manufactured goods<sup>7</sup>. With 7 to 10 million young people entering the continent's labour force each year, productive jobs and livelihoods for Africa's young people will need to be delivered by the manufacturing and modern services sectors, rather than traditional primary exports.

## The performance and composition of intra-African trade

Intra-African trade still remains low, but there is considerable potential to grow trade in goods and services among African countries. For 2016, intra-African trade was around 20% of Africa's total trade with the world, compared with 62% within the EU and 23% within the Association of Southeast Asian Nations (ASEAN), while intra-regional trade in southern Asia is even lower than that of Africa<sup>8</sup>. The overall figure for intra-regional trade could well be much higher if the substantial informal trade in goods and services that takes place in Africa was included in official statistics. For example, in SADC, informal cross-border trade generates US\$17.6 billion per year, representing 30 to 40% of total intra-SADC trade<sup>9</sup>.

Intra-African trade is more manufacturing-oriented than Africa's commodity and mineral exports to the rest of the world, including the EU. Manufacturing represents 67% of intra-African exports compared to 32% of exports to Europe, 18% to the US and 14% to China<sup>10</sup>. It also has a higher intensity of services components. There are enormous untapped opportunities for growing intra-regional trade, especially in food products, basic

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<sup>7</sup> McKinsey Global Institute, *Lions on the Move II: Realizing the Potential of Africa's Economies*, McKinsey Global Institute, September, 2016.

<sup>8</sup> R. Berahab and U. Dadush, *Will the African Free Trade Agreement Succeed?*, OCP Policy Brief, April 2018.

<sup>9</sup> B. Vickers (2017)

<sup>10</sup> C. Lopes, *We cannot afford to fail on the Continental Free Trade Area*, The Former Executive Secretary's Blog, UNECA, 24 May 2016.

manufactures and services<sup>11</sup>. Africa's households are projected to spend US\$2.1 trillion by 2025, offering promising business opportunities in various consumer-oriented industries from housing to healthcare and leisure<sup>12</sup>. Services are the backbone of connectivity – “facilitating” the physical movement of goods and people (transport services) and the exchange of knowledge and information (communications services) – and many business and professional services are now vital inputs for a competitive manufacturing sector.

The performance of the services sector matters for economic growth and the overall productivity of the economy as a whole. However, data limitations hinder meaningful analysis of services in Africa and their contribution to the continent's growth and development<sup>13</sup>.

## **Levels of intra-regional trade and integration also vary among the RECs**

In terms of regional integration, COMESA, EAC and ECOWAS have all launched customs unions, to be implemented in a phased process. SADC, in contrast, has not been able to achieve its customs union target (2010) or progress to a common market (2015) owing to various political, economic and institutional challenges.

In terms of intra-regional trade, SADC has the highest trade intensity, with South Africa generating about 60% of intra-regional exports<sup>14</sup>, while the ECCAS has the lowest. The EAC is the second highest performer in terms of intra-REC

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<sup>11</sup> Services comprise a wide variety of economic and social activities, embracing communications, transport, finance, energy, distribution, construction and business services, as well as final demand services such as tourism, recreation, education, health and environmental services.

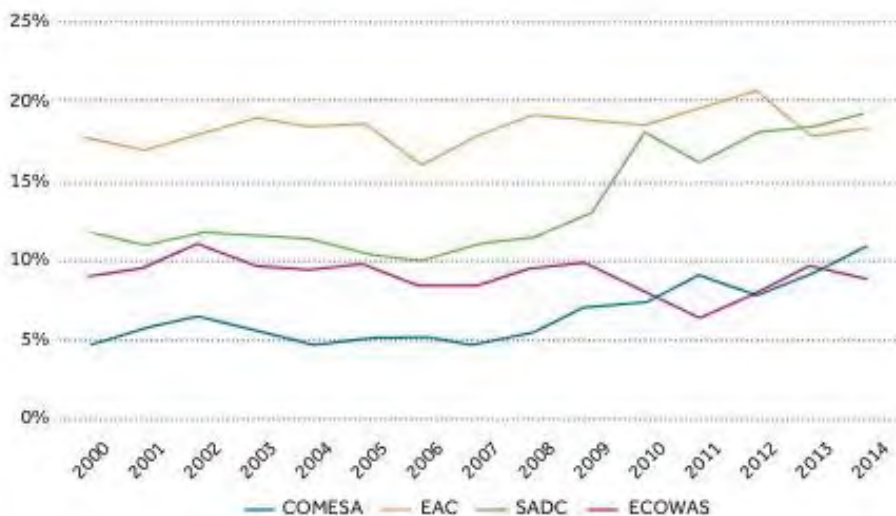
<sup>12</sup> McKinsey Global Institute (2016).

<sup>13</sup> N. Dihel and A. Goswami (Eds.), *The Unexplored Potential of Trade in Services in Africa*, Washington D.C., World Bank Group, 2016.

<sup>14</sup> ICTSD, *African Integration: Facing up to Emerging Challenges*, Geneva, 2016.

trade intensity, although its share of intra-regional exports has remained relatively flat since 2000 (Figure 2). Overall, however, the 2016 African Regional Integration Index ranks the EAC as the highest performing REC on the trade integration indicator<sup>15</sup>.

FIG. 2 - TRADE INTENSITY FOR SELECT AFRICAN RECs (2000-2014)



Source: ICTSD (2016)

The 2016 African Regional Integration Index finds that the EAC is the overall top performing REC, followed by SADC and COMESA. EAC has higher than average scores across each dimension of regional integration, except for financial and macroeconomic integration. SADC and ECOWAS have higher than average REC scores on regional integration overall. SADC has higher than average REC scores across the dimensions of regional infrastructure, free movement of people, and financial

<sup>15</sup> UNECA, AUC and AfDB, *Africa Regional Integration Index. Report 2016*, Addis Ababa, 2016.

and macroeconomic integration. ECOWAS has higher than average REC scores across the dimensions of free movement of people and financial and macroeconomic integration. The Index findings show that each REC, and each country, score higher than average on at least one priority area of integration. This is a strong basis for each region to build on and for sharing lessons and insights to encourage greater policy reforms across the continent<sup>16</sup>.

## **Promoting “developmental regionalism” in Africa**

In Africa, the main focus of regional trade initiatives has been on liberalising trade in goods and promoting investment. Not enough attention and resources have been directed to addressing the underlying productive and supply capabilities of countries to compete regionally and globally. This partly explains the low levels of intra-regional trade.

Developmental regionalism recognises that the barriers to intra-regional trade in Africa are less to do with tariffs and regulatory constraints and more to do with poor infrastructure and undiversified production structures. This approach calls for policy action at three levels:

- effective market integration (e.g. reducing tariffs, addressing non-tariff barriers and facilitating trade, including by establishing one-stop border posts);
- cross-border infrastructure development (e.g. economic development corridors, like the Maputo Development Corridor or the North-South Corridor, and special economic zones);
- industrialisation (e.g. use of industrial policies at national and regional levels to trigger value chains in agriculture, manufacturing and services).

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<sup>16</sup> Ibid.

The leather and leather products (LLP) industry provides a good illustration of the opportunity for sub-Saharan Africa to form regional value chains and, in the process, create more added value in exports and generate higher employment. In one estimate, removing tariffs on LLP could almost quadruple average annual intra-regional trade in these products from US\$245 million to US\$997 million, whereas removing all non-tariff barriers could boost this figure tenfold<sup>17</sup>.

But boosting trade competitiveness requires greater attention to behind-the-border issues. Many of the RECs are starting to address services trade and other “behind-the-border” issues such as investment, competition, standards and regulations and the movement of businesspersons. Establishing regional rules in these trade-related areas will help boost intra-African trade and investment and improve sub-Saharan Africa’s ability to competitively produce goods for regional and world markets. The second phase of the AfCFTA negotiations will develop protocols on investment, competition and intellectual property.

## **Obstacles to deeper economic integration in Africa**

There is an extensive literature on the obstacles and challenges for Africa’s trade integration agenda. These reports and studies propose a range of concrete measures and action plans to ensure more effective integration in Africa. The following is a stylised summary of some of the major obstacles to deeper economic integration:

- lack of political will to advance integration, including concerns about loss of sovereignty, policy space and tariff revenue;
- overlapping memberships of RECs, with different rules of the game, which can be extremely confusing and

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<sup>17</sup> R. Banga, D. Kumar, and P. Cobbina, *Trade-led Regional Value Chains in Sub-Saharan Africa: Case Study on the Leather Sector*, Commonwealth Trade Policy Discussion Papers 2015/02, Commonwealth Secretariat, London, 2015.



- costly to business (e.g. tariff reduction schedules, rules of origin and ambition regarding regional integration);
- failure to respect and implement regional trade agreements and their obligations;
  - high tariffs on intra-regional exports and tariff peaks in many sectors, even though the total elimination of tariffs on goods is foreseen in almost all RECs;
  - persistence of NTBs that impede trade, due to import licenses, additional fees and surcharges, to stringent sanitary and phytosanitary measures;
  - inefficient and corrupt customs and border management;
  - restrictive policies in regional services markets, ranging from nationality requirements to regulatory heterogeneity for licensing, qualification and educational requirements;
  - lack of adequate infrastructure, from transport to ICTs, to support both physical and digital cross-border trade in goods and services<sup>18</sup>;
  - lack of robust dispute settlement on issues pertaining to obligations under regional trade agreements, including legal remedies for private traders and service providers when their rights are violated;
  - lack of support for entrepreneurship, private sector development and export competitiveness, especially for small and medium-sized enterprises (SMEs).

## **The role of external dynamics, like the EU Economic Partnership Agreements (EPAs)**

Besides advancing the continental integration agenda, African countries are also deepening trade and investment relations with their established partners, such as the EU, Japan and the US, and emerging economies, especially China and India.

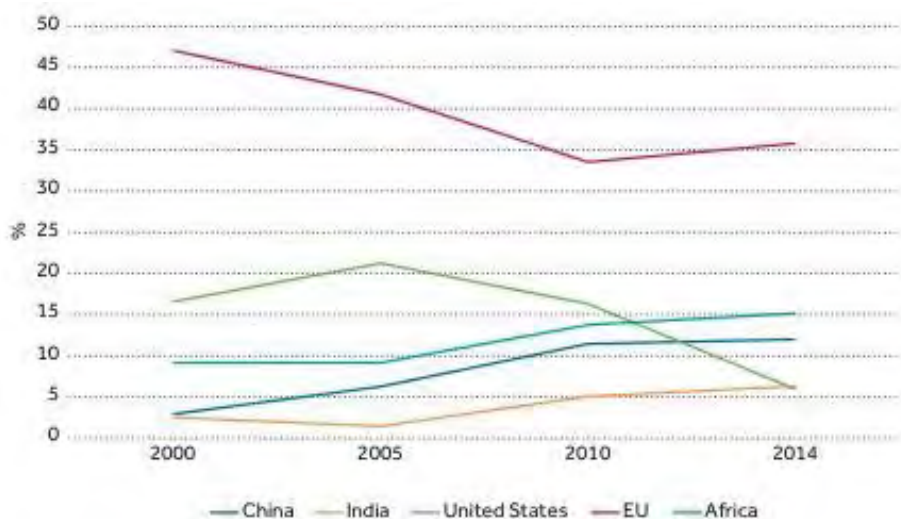
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<sup>18</sup> The World Bank estimates that sub-Saharan Africa's infrastructure deficit is US\$93 billion per year, with power generation being the largest infrastructure challenge.

Distinct shifts in trade flows are taking place in which the relative significance of trading with developing country partners has increased remarkably.

China now accounts for 12% of Africa's total goods exports to the world, although the bulk of these exports are commodities and minerals. India has doubled its share, from 2.5% in 2000 to just over 6% in 2014. By comparison, the shares of the EU and the US have both declined over this period. The EU's share of Africa's world exports fell from 47% in 2000 to 36% in 2014, while the share of the US contracted from 16.5% in 2000 to just under 6% in 2014 (Figure 3).

FIG. 3 - SHARE OF MAJOR PARTNERS IN AFRICA'S EXPORTS (2000-2014)



Source: B. Vickers (2017)

African countries have long raised concerns that external dynamics, including the EPAs, could undermine regional integration initiatives in Africa.

The EPAs are reciprocal but asymmetrical agreements between the EU and five sub-Saharan African regional groupings:

Central Africa, EAC, Eastern and Southern Africa (ESA), SADC and West Africa. Most of these groupings and their member states do not correspond to the official AU RECs, thereby undermining regional integration. The SADC EPA was implemented in October 2016, while four other EPA groups are at varying stages of finalisation or signature. Some interim EPAs are being provisionally implemented, although there is uncertainty about whether or not full regional EPAs are indeed feasible or desirable.

Under these agreements, the EU undertakes to immediately grant 100% duty-free market access to sub-Saharan African countries (with the exception of South Africa), whereas African economies are required only to progressively make duty-free not less than 75% of their imports from the EU. The agreements are expected to deliver benefits to both sides but the gains for Africa are expected to be concentrated in just a few non-industrial sectors (e.g. rice, milk, sugar and meat) and to accrue mainly to Africa's more developed countries. Gains for the EU would be more generalised, largely owing to initial asymmetrical protection structures. The projected increase in Africa's exports to the EU would also come at the expense of intra-African trade, and African governments would suffer a sharp drop in tariff revenues. Compensation to African countries under the EPA Development Programme is expected to offset at least some of the possible costs of the agreement's reforms.

There have recently been calls for the "smart sequencing" of the EPAs and the AfCFTA, allowing time for African countries to fully implement the AfCFTA before opening up on the scale envisaged by the EU<sup>19</sup>.

In other words, a "standstill" in the implementation of the EPAs may be necessary in order to strengthen intra-African trade. Brexit – the UK formally leaves the EU on 29 March 2019 – also raises implications for the EPAs, since the balance

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<sup>19</sup> UNECA, *Economic Report on Africa 2015: Industrializing through Trade*, Addis Ababa, 2015.

of liberalisation commitments may be upset by the departure of the EU's second largest economy, especially for some sub-Saharan African countries that send most of their exports to the UK.

## **Policy options**

Tackling the political economy obstacles to integration

Despite African leaders' strong declaratory commitments to regionalism, and the recent signing of the AfCFTA by 44 AU member states, there remain many political, economic, structural and institutional challenges to deeper integration and effective implementation of regional trade agreements. Despite its leading role in driving the AfCFTA negotiations, Nigeria did not participate in the Kigali Summit and did not sign the agreement because of the need for further consultations with domestic stakeholders.

In all regional arrangements around the world, there are concerns about the "winners" and "losers" from deeper integration. Presently, seven African countries account for about 60% of total intra-merchandise exports, while the majority account for the remaining 40%. It is important to identify possible policy measures or mechanisms to promote a more balanced distribution of the benefits of regional integration. For example, consideration could be given to funds to compensate potential "losers"; to flexibility in reducing tariffs or excluding sensitive sectors or products; to regional industrial strategies promoting inward investment and regional value chains; to regional cross-border infrastructure development programmes; to regional services cooperation agreements; and to transit trade arrangements, especially to link landlocked countries to regional and global markets.

Overall, there may be lessons to be drawn from the EU's European Regional Development Fund (ERDF), which aims to strengthen economic and social cohesion in the EU by

correcting imbalances between its regions. International donors could also refocus their efforts towards helping countries understand the political economy behind resistance to integrative reforms.

### Harnessing international support for regional integration

International development partners, including the EU and its member states, can support and help drive Africa's integration agenda through trade and investment policies that support the building of production capacity and regional value chains in goods and services. For example, trade agreements and trade preference schemes should aim to:

- align with the AfCFTA and existing REC strategies, plans and priorities;
- offer 100% free market access for all least-developed-country (LDC) exports of goods and provide preferential access for services and service suppliers in line with the World Trade Organization (WTO) waiver;
- extend product coverage to include agro-processing products and manufactured goods for non-LDC African countries that are outside of the EPAs;
- relax and simplify rules of origin, and eliminate unnecessary non-tariff barriers;
- integrate and mainstream development-friendly trade rules.

Aid for Trade (AfT)<sup>20</sup> is increasingly important for reducing trade costs and increasing trade capacity. For example, it could be used to support implementation of the WTO's Trade Facilitation Agreement and regional trade facilitation programmes, invest in trade-enabling infrastructure, and

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<sup>20</sup> AfT consists of the following categories: technical assistance for trade policy and regulations; building trade-related infrastructure; building productive capacity; support with trade-related adjustment; other trade-related needs.

help micro, small and medium enterprises (MSME) – especially women and young entrepreneurs – improve their trade competitiveness.

This type of aid can be disbursed through bilateral or regional projects and programmes, or through multilateral channels such as the African Development Bank, the World Bank and the International Development Association (IDA). Both the traditional and emerging donors are extensively engaged in supporting the regional integration process in Africa, including through institutional support to the RECs and financing cross-border infrastructure and other projects.

The EU and EU member states are the world's leading providers of AfT, with 29% of the global total<sup>21</sup>. In 2015, the EU and its member states committed €13.2 billion to AfT, an increase of 5.5% from 2014. Three donors accounted for 75% of these commitments: Germany (€5.1 billion), France (€2.6 billion) and the EU institutions (€2.4 billion). By comparison, in 2015, Italy provided €166 million in AfT, which was more than double its 2014 contribution; in addition, Italy also tripled its trade-related assistance to just over €90 million, which mainly supported trade development activities. The EU's AfT commitments in two categories – i.e. trade-related infrastructure and building production capacity, which are major priorities for the AU's *Agenda 2063* – represented more than 97% of global AfT commitments in 2015.

Africa continued to receive the largest share of EU AfT in 2015 (36% of total AfT). The highest disbursement went to southern Africa (€916 million in 2015), followed by West Africa (€865 million), the EAC (€810 million), East Africa minus the EAC (€764 million) and Central Africa (€187 million)<sup>22</sup>.

If appropriately used, aid can play an important complementary role in assisting developing countries achieve trade-led

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<sup>21</sup> The second largest provider in the world is Japan (€10.6 billion in 2015), followed by the World Bank (IDA) (€6.8 billion) and the United States (€3 billion).

<sup>22</sup> TAC Economics, *Aid for Trade Report 2017*, Review of progress by the EU and its Member States, 2017.

sustainable development. However, there may also be an economic pragmatism for EU member states in extending bilateral aid, which could help boost jobs and exports in the donor country. For example, in 2014, the UK gave US\$5.9 billion in direct bilateral development assistance, making it one of the largest individual aid donors in the world. This generated an increase in UK exports of US\$0.22 for every US\$1 of aid spent, increasing trade revenue and providing an estimated 12,000 more UK jobs<sup>23</sup>.

### Strengthening the role of the RECs

Progress in advancing continental integration through the AfCFTA, and plans to establish its own Secretariat in the future, raise questions about the role and importance of the current RECs.

As the building blocks of the AEC, and with more ambitious liberalisation timeframes and targets compared to the AfCFTA, the RECs do retain a significant role. In fact, the RECs have played an instrumental role in supporting the continental integration process.

Valuable experiences and lessons at the REC-level have been practically transferred to higher-level processes, whether inter-REC with the TFTA or continentally with the AfCFTA.

The RECs also tend to advance more swiftly in developing integrative trade practices at the sub-regional level compared to the more cumbersome AU process that involves 55 countries.

In addition to being learning organisations, the RECs are increasingly pioneers in developing regional governance frameworks for many new trade issues. This again provides a valuable opportunity for cross-learning and replication at the continental level. For example, COMESA is currently prioritising digitisation to adapt to the challenges – but also the opportunities

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<sup>23</sup> M. Mendez-Parra and D.W. te Velde, *Aid, exports and employment in the UK*, ODI Briefing Note, May 2017.

– of the technology-driven Fourth Industrial Revolution<sup>24</sup>.

This all means that international partners should continue to support the RECs and help strengthen their institutional capacity.

The EU's European Development Fund (EDF) has provided important institutional support to the RECs, while some members and their aid agencies also have their own bilateral support programmes. The 11th EDF (2014-2020) supports the RECs, as well as regional economic integration, trade and the private sector, through three Regional Indicative Programmes for Eastern Africa, Southern Africa and the Indian Ocean (EASA-IO), Central Africa and West Africa.

Some RECs have been criticised for being overly dependent on non-African donor funding. To ensure sustainable financing for the AU, a decision was taken in 2016 to implement a 0.2% levy on eligible imports from outside the continent.

### Increasing EU support for AfCFTA implementation

Europe has a vital economic and security interest in a stable and increasingly prosperous Africa. Africa's population is projected to reach around 2.5 billion people by 2050, presenting promising trade and investment opportunities as the world's last remaining frontier market, but also raising critical challenges regarding security and stability. Since the AfCFTA will boost intra-African trade, create jobs and incomes and improve welfare, supporting the implementation of this pan-continental trade deal should be a major priority for the EU and its member states.

The Joint Africa-EU Strategy could provide a basis to extend support for the AfCFTA. At the 4th EU-Africa Summit in Brussels in April 2014, African and European heads of state and government adopted the *Roadmap 2014-2017*, which included support for "sustainable and inclusive development and growth and continental integration". The EU initially offered capacity support for the AfCFTA negotiations. The focus should now

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<sup>24</sup> F. Mangeni, "[Regional economic communities vital lessons for CFTA](#)", East African Business Week, 21 February 2018.



turn to technical support for implementation, including domestic reforms like trade adjustment and revenue planning, and preparing for the second phase of the negotiations. The EU and its member states could consider establishing a dedicated EU-AfCFTA Implementation Fund, if appropriate.

The EU is already a major donor supporting Africa's integration process through facilities like the European Investment Bank, the 11th EDF (2014-2020), the EU-Africa Infrastructure Trust Fund (EU-AITF) and the EPA development programmes. The total EU-AITF resources amount to €812 million, of which €647.7 million come from the EDF and the remaining funds from EU member states participating in the Trust Fund<sup>25</sup>. These facilities should all practically support and complement the AU's *Agenda 2063, the Action Plan for Boosting Intra-African Trade, the Programme for Infrastructure Development in Africa, and the Action Plan for Implementation of the Accelerated Industrial Development of Africa*.

## Five questions for discussion

1. There are still many political, economic, structural and institutional challenges to deeper integration and effective implementation of regional trade agreements in Africa. What are the most binding constraints to deeper integration and how could the EU and its member states help address these challenges (e.g. infrastructure development through public-private partnerships, domestic reforms to improve competitiveness, building production capabilities by integrating and upgrading African economies into EU goods and services supply chains, etc.)?
2. The AfCFTA is a major milestone in Africa's integration process towards the envisaged AEC, but there will

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<sup>25</sup> European Commission, International Cooperation and Development, EUAfrica Infrastructure Trust Fund.

be serious implementation challenges and adjustment pressures. What support can the EU and its member states provide to help implement the AfCFTA and assist African countries in improving their trade competitiveness to take advantage of the new export opportunities, especially among women and young entrepreneurs (e.g. Aid for Trade, EU-AfCFTA Implementation Fund, ITC's *SheTrades* initiative, etc.)? What role can digital trade and the digital economy play in boosting regional trade and integration in Africa?

3. Levels of economic and trade integration differ among the RECs. How can the EU and its member states better support the AU Commission, including designing interventions to help implement its *Action Plan for Boosting Intra-African Trade*, and strengthen the institutional capacity of the RECs where practical integration is happening more swiftly than at the continental level?
4. A major political economy constraint to integration is balancing the costs and benefits of integration. What lessons, if any, could Africa draw from the European integration experience, especially the use of structural funds, to ensure a balanced distribution of the benefits of integration?
5. International development partners can better use their trade, investment and aid policies to support Africa's "developmental integration" agenda. What improvements to existing or new initiatives are necessary to support effective African integration (e.g. Joint Africa-EU Strategy, targeted Aid for Trade, review of the EPAs, etc.)? And how can traditional donors better engage and partner with emerging donors, like Brasil, China and India, in supporting Africa's development priorities?

## 4. Faster Than Expected? Technological Progress and Connectivity in Africa

Michael Minges

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### Key facts

- **There has been a massive increase in digital technology in Africa, particularly mobile connectivity.** In virtually all countries in Africa, there is today a higher level of mobile phone ownership than electricity. The gap in mobile phone penetration between sub-Saharan Africa and the rest of the world dropped from 99% in 1989 to 23% by 2015.
- **Mobile connectivity is being leveraged to support the delivery of services** such as banking, electricity, health and agriculture. For example, mobile money has spread throughout the continent enhancing financial inclusion<sup>1</sup>. Pay-as-you-go models have emerged for buying solar panels to overcome the lack of grid connections in rural areas<sup>2</sup>. Health advice is texted to target groups such as HIV patients in Kenya<sup>3</sup> and diabetics in Senegal<sup>4</sup>. Farmers and traders in Niger use mobile phones to reduce market information asymmetry<sup>5</sup>.
- The rapid growth of **submarine cables in sub-Saharan Africa is an area where there has been astounding leapfrogging.** Before 2009,

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<sup>1</sup> MNS Consulting, *Mobile Money: An Africa Success Story*, 2017.

<sup>2</sup> B. McKibben, “The Race to Solar-Power Africa”, *The New Yorker*, 19 June 2017.

<sup>3</sup> A. Patel, et al., “Economic evaluation of mobile phone text message interventions to improve adherence to HIV therapy in Kenya”, *Medicine*, 2017.

<sup>4</sup> UN-OHRLS, *Leveraging Investments in Broadband for National Development: The Case of Rwanda and Senegal*, 2017.

<sup>5</sup> J. Aker, “Information from Markets Near and Far: Mobile Phones and Agricultural Markets in Niger” *American Economic Journal: Applied Economics*, 2010.

there was only one monopoly-controlled cable on Africa's west coast. The deployment of cables on Africa's east coast in 2009 led to a surge of undersea fiber optic networks. By 2016, all coastal sub-Saharan countries except Eritrea and Guinea Bissau were connected to submarine cables and seven were connected to three or more.

- More so than any other infrastructure sector in the region, there is a **high degree of private and foreign investment in the telecommunication sector** with varying levels of competition.
- **Despite these digital gains, penetration of more advanced digital technologies lags.** While mobile penetration was 78% in 2017, fixed broadband penetration was only 0.4% and internet was used by just 22% of the continent's population<sup>6</sup>. This is **holding back** the advancement of services such as e-government and e-commerce and **their potential contribution to economic growth and development**.

## ICTs and Africa's development

Information and Communication Technology (ICT) is wield-ing greater influence as it evolves in speed, from narrowband to broadband, and in scope, from connecting just humans to connections with machines. The economic impact of different ICTs varies, with broadband internet having a bigger effect than traditional fixed landlines and mobile phones<sup>7</sup>. Broadband internet is a General Purpose Technology (GPT) cutting across all sectors to deliver efficiency and productivity gains<sup>8</sup>. Reasons for the impact are due to the rapid decline in the cost of digital technologies, particularly the internet, which have dramatically reduced transaction costs. This benefits economic development

<sup>6</sup> <https://www.itu.int/en/ITU-D/Statistics/Pages/stat/default.aspx>.

<sup>7</sup> C. Qiang, C. Rossotto, and K. Kimura, "Economic impacts of broadband", in *Information and Communications for Development 2009: Extending Reach and Increasing Impact*. Washington, D.C., World Bank, 2009.

<sup>8</sup> G. Clarke, C. Qiang, and L. Xu, "The internet as a general-purpose technology: firm-level evidence from around the world", *Policy Research Working Paper*, Washington, D.C., World Bank Group, 2015.

in three ways<sup>9</sup>. First, the internet helps overcome information asymmetry by better linking sellers and buyers. Second, lower transaction costs enabled by the internet raises productivity in businesses. Third, the internet triggers innovation characterised by new business models, customisation of services and industry disruption. However, the dividends from digital technologies lag, particularly in developing regions like Africa. One reason is the digital divide in internet access. Nevertheless, adoption alone is insufficient to benefit from ICT. Countries also need to work on *analog* complements: strengthening competition, adapting workers' skills and ensuring that institutions are accountable.

There are important trade-related aspects of ICT relevant for developing nations in a globalised economy. A reciprocal relationship exists between trade and ICT<sup>10</sup>, as an enabling trade environment facilitates development of ICT while ICT fosters and enables goods and services trade. Three dimensions characterise ICT-related trade: trade in ICTs themselves (e.g. international communications), trade in ICT-enabled services (e.g. business process outsourcing) and ICT as a facilitator of other types of trade (e.g. electronic commerce). Barriers that impede the development of ICT-related trade such as insufficient investment can be addressed through trade commitments.

The international development agenda stresses the importance of ICT infrastructure for achieving Sustainable Development Goals (SDGs). The ninth SDG calls for building “... resilient infrastructure, promote sustainable industrialisation and foster innovation”<sup>11</sup>. The importance of infrastructure investments for development is linked to their crosscutting nature. SDG Target 9c has the following goal: “significantly increase access to information and communications technology

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<sup>9</sup> World Bank, *World Development Report 2016: Digital Dividends*, 2016.

<sup>10</sup> TMG Inc., *Trade in Information and Communication Services: Opportunities for East and Southern Africa*, 2007.

<sup>11</sup> United Nations, Industry, Innovation and Infrastructure, *Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation*, 2016.

and strive to provide universal and affordable access to the internet in least developed countries by 2020". Though the target refers specifically to the least developed countries (LDCs), it is highly relevant for Africa since 33 of the 47 LDCs are on the continent. It is also significant that the emphasis is firmly on access to the internet.

Europe has had a long historical relationship with Africa. Today this relationship is manifested through digital technologies. The vast majority of Africa's internet traffic passes through Europe (Figure 1). Additionally, France's Orange is a major investor on the continent with operations in over a dozen African countries<sup>12</sup>, while the United Kingdom's Vodacom – supported by the Department of International Development – played a role in the rapid spread of mobile money on the continent, doing pioneering work which resulted in M-Pesa in Kenya (see below) and eventually spread throughout the region<sup>13</sup>.

## Technological change and connectivity in Africa

Mobile communications is the one ICT where Africa has been closing the gap with the rest of the world. The speed of mobile evolution, policy reforms and the ways of financing investment are unique among other infrastructure sectors in Africa<sup>14</sup>. Though fixed telephone networks have been around since the early 1900s, access was always limited in sub-Saharan Africa to less than 2% of the population (Figure 2, left).

Once the first mobile networks were launched in sub-Saharan Africa in 1989, they grew rapidly. The gap between sub-Saharan Africa and the rest of the world dropped from 99% in 1989 to 23% by 2015 (Figure 2, right).

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<sup>12</sup> <https://www.orange.com/en/Group/Orange-in-the-world>

<sup>13</sup> M. Joseph, *M-Pesa: the story of how the world's leading mobile money service was created in Kenya*, 2017.

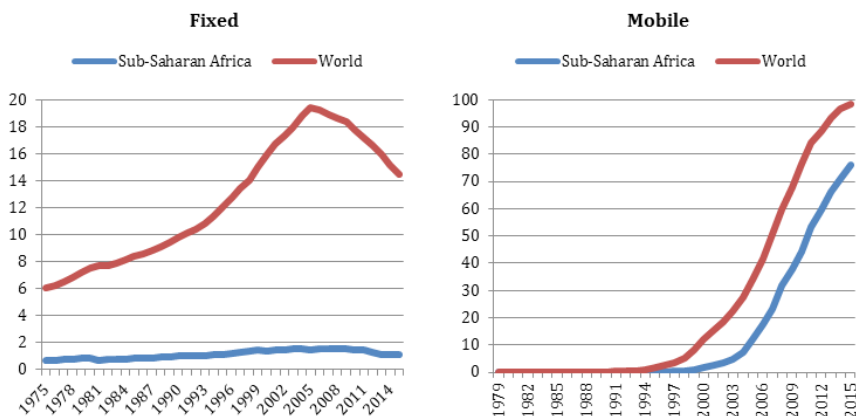
<sup>14</sup> M. Williams, R. Mayer, and M. Minges, *Africa's ICT Infrastructure: Building on the Mobile Revolution*, Washington D.C., World Bank, 2011.

FIG. 1 - MAJOR INTERNATIONAL INTERNET ROUTES IN AFRICA, 2015



Source: P. Christian, “International Bandwidth Trends in Africa”, in *The African Peering & Interconnection Forum*, Maputo, 25-27 August 2015

FIG. 2 - TELEPHONES PER 100 PEOPLE



Source: Adapted from World Bank

The reason for the popularity of mobile in Africa is largely contextual: an ineffective monopoly of landline operators that did not pose a strong competitive threat to new mobile operators, the lower investment costs of greenfield wireless networks, huge pent-up demand due to a lack of landlines, and the prepaid model that fit the region's economic circumstances. Availability and quality of service have increased and prices gone down, but it is largely sector reform that has driven this radical change: markets have been opened and regulatory agencies created, resulting in competition spurring investment. The region has skipped fixed telephone lines and jumped into mobile technology<sup>15</sup>.

In Africa, cellphones are used for more than basic voice communications and popular activities such as sending text messages and taking pictures. Mobile money is also increasingly common and mobile networks are generating innovation and

<sup>15</sup> Pew Research Center, *Cell Phones in Africa: Communication Lifeline*, 2015.



boosting incomes, with farmers using cellphones to check market prices and traders accepting payments in mobile money<sup>16</sup>.

Some sub-Saharan countries stand out for mobile connectivity on a par with developed nations, for the application of mobile communications in other sectors and for innovative approaches to mobile broadband network deployment:

- **South Africa** was notably one of the first sub-Saharan countries to introduce competition to its mobile sector. Today cellphones are as common in South Africa as they are in the United States, with 89% of adults having one<sup>17</sup>. Although South Africa had an analog mobile network in the 1980s, it was essentially restricted to the well-off due to high costs and low coverage. The launch of second-generation mobiles and the introduction of competition between the two private companies MTN and Vodacom in 1994, transformed the industry. South Africa joined Guinea as the only two sub-Saharan African countries open to competition at the time. By the 2001 census, almost a third of households in South Africa had a cellphone, by the 2011 census the number grew to almost nine in ten and, by 2016, cellphones were almost ubiquitous, with 96% of households having one (compared to less than ten percent with a landline), a figure higher than the United States. Today there is widespread mobile broadband coverage with a 3G signal reaching 99% of the population and 4G/LTE covering over three quarters of the country's inhabitants, the highest levels in sub-Saharan Africa. Additional competition through the market entry of Cell C in 2001 and the incumbent fixed line operator Telkom in 2010 has sustained this growth. MTN and Vodacom have also been instrumental in introducing cellphones to other sub-Saharan countries<sup>18</sup> with subsidiaries in 19 markets in the region.

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<sup>16</sup> "Mobile phones are transforming Africa", *The Economist*, 10 December 2016.

<sup>17</sup> Pew Research Center, *Cell Phones in Africa*..., cit.

<sup>18</sup> W.A. Mbarika and I. Mbarika, "Africa Calling", *IEEE Spectrum*, 2006.

- **Kenya** is a trendsetter in the application of mobile to the financial sector. In 2007, Safaricom launched M-Pesa, the first mobile money service in Africa. Its popularity exceeded expectations and today Kenya has one of the highest rates of mobile money penetration in the world, strengthening financial inclusion in the country. The percentage of the population aged over 15 with an account rose from 42% in 2011 to 75% in 2014<sup>19</sup>. One success factor is the light-handed regulatory approach banking officials took in allowing mobile money<sup>20</sup>. Mobile money has spawned add-on applications such as links to savings and insurance and payments for e-commerce. One triple-play example combines cellphones, mobile money and off-grid electricity: M-Kopa Solar<sup>21</sup>. It produces solar panels to cater to the huge demand for electricity in rural areas<sup>22</sup>. One challenge is that most rural dwellers cannot afford the outright purchase of a panel so M-Kopa Solar provides a solution by charging a small daily amount with payments made using mobile money. Once the panel is paid for, it belongs to the purchaser. To ensure compliance, the panel circuitry is remotely controlled over the mobile network.
- Being a landlocked, least developed country has not stood in the way of **Rwanda's** aspirations for the ICT sector. One innovative government-led initiative is the adoption of the world's first wholesale-retail model for a fourth generation mobile network. KT Rwanda Network (KTRN), a joint venture between Korea Telecom and the government, was established in 2013 to, among other things, deploy 4G technology. KTRN, which builds the network and acts as a wholesaler

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<sup>19</sup> World Bank, Financial Inclusion Data / Global Findex, *Kenya*.

<sup>20</sup> S. Burns, "Finance for All: Kenya's M-PESA", *Alt-M*, 28 June 2016.

<sup>21</sup> <http://solar.m-kopa.com/about/>

<sup>22</sup> According to a 2015 survey, only 16% of rural households had electricity. See: NMCP, KNBS, and ICF International, *Kenya Malaria Indicator Survey 2015*, 2016.

selling capacity to existing mobile operators and ISPs<sup>23</sup>, launched the 4G network in 2014 with the target of covering 95% of the population by 2018. One reason for this model is that the government wanted to accelerate the rollout of superfast mobile technology. The existing mobile operators were hesitant to deploy 4G until they had recovered the investment in their 3G networks.

The rapid growth of submarine cables in sub-Saharan Africa is another area where there has been astounding leapfrogging. Before 2009, there was only one monopoly-controlled cable on Africa's west coast (Figure 3, above). The deployment of cables on Africa's east coast in 2009 led to a surge of undersea fiber optic networks. By 2016, all coastal sub-Saharan countries except Eritrea and Guinea Bissau were connected to submarine cables and seven were connected to three or more (Figure 3, below). The growth has been stimulated by a combination of rising demand for internet capacity, open-access submarine cables, pan-African telecom groups and assistance from the development community. One study covering a dozen countries found large positive effects on employment rates since the arrival of submarine internet cables<sup>24</sup>. The cables enabled faster internet to drive applications such as cloud-based supply chain solutions for linking tea factories to farmers in Kenya or online trade declarations in Ghana.

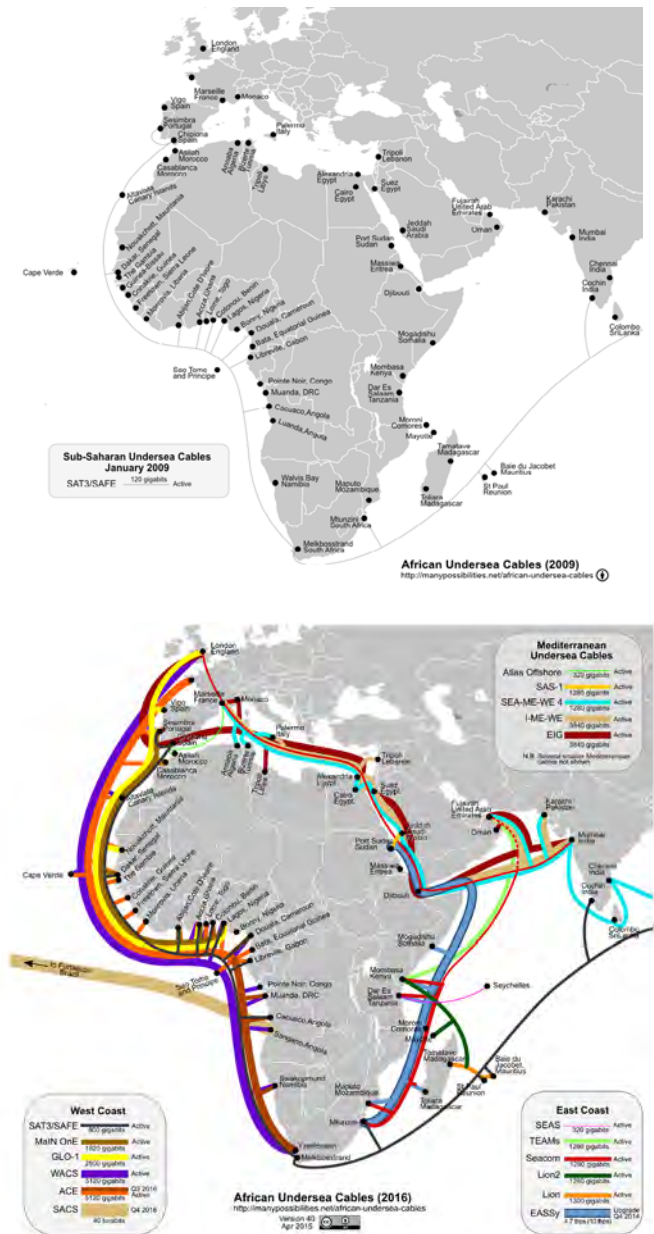
This recent growth in high-speed connectivity is driving the uptake of digital services in Africa. As in the rest of the world, social media use is growing rapidly in the region and emerging as a popular way for citizens to communicate with governments and obtain information from other sources. The impact of social media during the Arab Spring in North Africa was notable not only for coordinating demonstrations but also for

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<sup>23</sup> UN-OHRLS, *Leveraging Investments in Broadband for National Development*..., cit.

<sup>24</sup> J. Hjort and J. Poulsen, *The Arrival of Fast Internet and Employment in Africa*, NBER Working Paper, 2018.

FIG. 3 - UNDERSEA FIBER OPTIC CABLES IN AFRICA, 2009 AND 2016



Source: <https://manypossibilities.net/african-undersea-cables/>

communicating what was happening on the ground to the rest of the world<sup>25</sup>. Governments in the region have an uneasy relationship with social media. On the one hand, they use them, such as Facebook pages, for government agencies or tweeting important information. On the other, they are worried about information flows they cannot control and sometimes shut off access, particularly during elections or periods of political disturbance<sup>26</sup>.

E-commerce is nascent in the region. Less than four percent of sub-Saharan Africans bought something online in 2017<sup>27</sup>. Numerous challenges inhibit the adoption of online shopping, including poor legal frameworks, payment obstacles, limited internet use, low incomes and undeveloped logistics. However, the opportunity is immense, with over a billion potential consumers. Jumia, an e-commerce platform, operates in more than a dozen African countries and is the region's first "unicorn", a startup valued at over US\$1 billion<sup>28</sup>. The spread of mobile money also provides a payment alternative to the low penetration of credit cards.

Though Africa has made impressive progress in expanding digital connectivity over the last few years, there is still further to go to increase broadband infrastructure, lower costs and leverage benefits more fully<sup>29</sup>. Despite the steady gains, the region continues to lag behind all others in access to digital technologies. This is partly due to the link between per capita income and telecommunication access. However, in many cases the market is not functioning as well as it could. This is sometimes related

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<sup>25</sup> H. Brown, E. Guskin, and A. Mitchell, *The Role of Social Media in the Arab Uprisings*, Pew Research Center Analysis, 28 November 2012.

<sup>26</sup> C. Cross, "African Governments Versus Social Media: Why the Uneasy Relationship?", *The Conversation*, 6 March 2017.

<sup>27</sup> The Global Findex Database 2017 at <https://globalfindex.worldbank.org>

<sup>28</sup> J. Bright, "An E-Commerce Challenge in Africa: Selling to People Who Aren't Online", *The New Yorker*, 30 June 2016.

<sup>29</sup> M. Minges, *Rapid desk based study: summary of the main constraints to increased digital connectivity in Sub-Saharan Africa, Evidence on Demand*, Department of International Development, Gov.UK, 1 January 2016.

to exogenous factors such as poor governance, lack of electricity, the high cost of doing business and a low level of digital skills. Other factors are internal to the sector and include imperfect competition, a lack of open access to fiber optic backbone networks and constrained spectrum allocation. Government strategies to narrow the digital gap through universal service funds have been largely ineffective throughout the region. Solutions to these challenges require a top-level multi-sector approach. They can be alleviated through a more competitive market environment including embedding open access principles in sector regulations, support for training regulators, more efficient and speedier spectrum allocation, improved universal service programs and initiatives for promoting mass digital literacy.

## Policy options and prospects

ICT is an important sector in its own right and with impacts across other sectors. Growth within the sector is dependent on a proper regulatory environment to stimulate competition and investment. The impact of digital technologies on other sectors is dependent on regulations as well as knowledge of how to apply ICTs in areas such as finance, agriculture, health, education, etc.

African countries need the right enabling framework for stimulating telecommunication infrastructure development including creation of a sector regulator, introduction of competition and private sector investment. The World Trade Organization (WTO) Reference Paper outlines six basic principles for an appropriate regulatory environment to foster a vibrant telecommunications sector<sup>30</sup>. Though published over twenty years old, the paper remains applicable today.

The principles include **competitive safeguards** for anti-competitive behavior such as cross-subsidisation and control over key bottleneck facilities such as towers and fiber optic

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<sup>30</sup> WTO, *Negotiating group on basic telecommunications*, Telecommunications Services, Reference Paper, 24 April 1996.

backbones. Some governments have separated their incumbents into wholesale and retail companies to minimize subsidisation. This is the case of Botswana where the incumbent was split into Botswana Fiber Network (BOFINET) and Botswana Telecommunications Corporation Limited in 2012.

A second principle is **interconnection**, referring to the physical connection of different operator networks. The lack of interconnection rules for transparent cost-based wholesale pricing has often resulted in the use of multiple SIM cards since it is cheaper to call on the same network (on-net) than to make calls across networks (off-net). A number of African regulators have established cost-based wholesale prices for mobile voice and text.

The principles recognise the right of countries to adopt **universal service** mechanisms administered in a transparent, non-discriminatory and neutral manner. This is particularly important for sub-Saharan Africa where there is a wide gulf between ICT facilities and access in urban and rural areas. Many countries in the region have struggled with the design of effective universal service programs. Often the type of universal service initiative has not had widespread impact, resulting in an ongoing digital divide between urban and rural zones. While many African countries collect funding for universal service through a levy on operators, they have not always been effective in dispersing the money. One study found that most universal service funds in the region had “deficiencies in fund structure, management and operation” requiring “significant reform and restructuring in order to be transformed into functional and effective investment support vehicles for unserved and underserved areas”<sup>31</sup>. Contributions to universal service funds combined with other sector specific taxes are burdensome in some countries, diverting money from investment and raising prices for consumers<sup>32</sup>.

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<sup>31</sup> GSMA, *Sub-Saharan Africa – Universal Service Fund study*, 2014.

<sup>32</sup> M. Rogers and X. Pedros, *Taxing mobile connectivity in Sub-Saharan Africa: A review of mobile sector taxation and its impact on digital inclusion*, GSMA, 2017.

Rules about **licensing** requirements for market entry are not always transparent. This includes distinguishing between types of licenses, when they are needed and publicly available information about licensing criteria (i.e. period of time required to reach a decision, terms and conditions, etc.). One challenge is pricing licenses correctly in order to attract strong players while, at the same time, not charging so much as to discourage market entry or result in higher prices for consumers.

The establishment of an **independent sector regulator** is another key principle. The regulatory agency should be separate from suppliers of telecommunications services. The decisions of and the procedures used by regulators should be impartial with respect to all market participants. While most African countries have established an ICT sector regulatory agency, in practice some struggle for independence due to the continuing government ownership in incumbent operators.

Finally, in the African context where most access is through wireless networks that require frequency spectrum, efficient mechanisms and transparent procedures are needed for the **allocation of scarce resources**, such as frequencies, numbers and rights of way. This is related to the licensing issue, as frequency is sometimes offered at unsustainable prices that affect proper market functioning<sup>33</sup> or there is no strategic impetus to develop an efficient spectrum allocation mechanism, resulting in bottlenecks in the deployment of frequency-hungry mobile broadband networks.

Besides these principles, effective ICT strategies are vital to providing guidance and accountability as well as to describing how digital technologies fit in with overall national development plans. The most effective ICT strategies are those with realistic targets and corresponding budgets and mechanisms for monitoring and evaluation. Ongoing multi-year plans offer some predictability about the government's direction for the sector, providing reassurance for the private sector.

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<sup>33</sup> UN-OHRLLS, *Leveraging Investments in Broadband for National Development*..., cit.



The **quality of competition** also appears to matter. The strength of telecommunication operators, their experience from operations in other countries and scale seem to make a difference. This is the case in Mali, which saw mobile penetration rise to over 100 subscriptions per 100 people due to intense competition between two powerful operators, subsidiaries of France's Orange and Morocco's Telecom with extensive operations in sub-Saharan Africa<sup>34</sup>.

Moreover, digital **skills** across various domains are essential for sub-Saharan Africa to successfully exploit ICT opportunities. Governments need the right skills to create policies and regulate the sector. Technical skills are needed across sectors to develop ICT applications and services while digital literacy is essential for citizens to make productive use of the internet. The transition to internet is a challenge because it requires a higher level of skills than simply making telephone calls or sending text messages. Rwanda has launched an ambitious target of providing digital literacy to five million citizens over four years through a digital ambassador program that sends young people around the country to provide the training<sup>35</sup>. If the initiative is successful, it could boost internet penetration to 85% and serve as a model for other countries in the region.

Finally, the need to stimulate **innovation** is critical for triggering new uses for ICTs that benefit the economy and society. Most innovation frameworks are based on top-down theories. These models see innovation output reflected by patents, trademarks, and scientific journal citations and driven by National Innovation Strategies with emphasis on large scale Research and Development (R&D). The difference between top-down R&D-based innovation and the generation of bottom-up ideas is particularly important in emerging economies where "innovation in developing countries is more incremental than radical

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<sup>34</sup> "Télécoms: match serré entre Orange et Sotelma", *Jeune Afrique*, 20 October 2010.

<sup>35</sup> ITU, ICTs, LDCs and the SDGs: *Achieving universal and affordable internet in the least developed countries*, 2018.

and takes place in an informal setting more often than it does in formal R&D laboratories.”<sup>36</sup> Innovation in developing countries is often “under the radar” of traditional indicators such as patents and R&D<sup>37</sup>. Almost 80% of firms surveyed in Ghana reported introducing some form of innovation between 2011 and 2013<sup>38</sup>. Their biggest external constraints to innovation were markets dominated by large enterprises and institutional inflexibility regarding regulations and standards. As the 2015 *Global Innovation Index* notes, governments need to encourage disruptive innovation that challenges traditional industries: “To succeed in innovation, nations need to do more than merely enable some value-added innovation to supplement what is already going on in other, leading economies. They need to enable disruptive innovation, which is often generated by new market entrants, especially those emerging in their own economies”. In Africa, thousands of entrepreneurial innovators have clustered in tech communities across the continent. A laissez-faire attitude to bottom-up innovation has created the space for communities of entrepreneurs to experiment that likely would not have evolved so easily if there was direct government involvement in the ecosystem itself<sup>39</sup>.

Governance is a major challenge in the region and is an enormous factor for the impact ICT can have on development. Good governance generates the impetus to drive nations forward through clear and transparent strategies and policies. This is particularly relevant in the ICT sector where many African

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<sup>36</sup> Cornell University, INSEAD and WIPO, *The Global Innovation Index 2015: Effective Innovation Policies for Development*, Ithaca NY, Cornell University, 2015.

<sup>37</sup> G. Zanella, X. Fu, and G. Essegbey, *Innovation Under the Radar in Low Income Countries: Evidence from Ghana*, presented at UNU-WIDER Conference: “L2C - Learning to Compete: Industrial Development and Policy in Africa”, Helsinki, Finland, 24-25 June 2013.

<sup>38</sup> X. Fu *et al.*, *Innovation in low income countries: A survey report*, Growth Research Programme, November 2014.

<sup>39</sup> R. Firestone, *The Importance of Mapping Tech Hubs in Africa, and beyond*, Washington D.C., World Bank, 24 August 2016.

governments have played a passive role. This has resulted in a mindset that licensing infrastructure providers is an end in itself and that impactful services and applications will magically follow. However, unless governments take a more active part, this is unlikely to happen. As a result, while the infrastructure is there, the gap in usage challenges the “build and they will come” theory<sup>40</sup>. At the same time, the foremost change affecting governance has been advances in the use of information and communications technology. The internet, mobile communications and social networking have facilitated the transformation of public administration in some countries, and triggered a shift in the relationship between citizens and governments in others<sup>41</sup>. This has transformational potential for Africa if it can be properly leveraged<sup>42</sup>.

## Five questions for discussion

1. Africa’s success with digital technologies has mainly revolved around narrowband mobile technologies. Mobile money or text-based agricultural information for farmers are cases in point. Some argue that this is a good example of an appropriate technology where most users have basic phones. Others feel that the popularity of narrowband mobile is holding back the adoption of powerful technologies such as fourth- and fifth-generation wireless technologies and the Internet of Things (IoT) that could have a huge development impact for the region. What are the strengths and weaknesses of these viewpoints?
2. Digital entrepreneurship and innovation are growing on the continent with a number of “Made in Africa” success stories such as mobile money and pay-as-you-go solar.

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<sup>40</sup> UN-OHRLS, *Leveraging Investments in Broadband for National Development*:..., cit.

<sup>41</sup> UNDESA, UNDP, and UNESCO, *Governance and Development*, 2012.

<sup>42</sup> DANIDA Study, *Using ICT to Promote Governance*, 2012.

This needs to be fostered. Is the laissez faire government attitude helping the tech ecosystem or the lack of government support hindering it by not fostering the necessary enabling environment that would make it more attractive to venture capital?

3. African governments are adopting ambitious ICT sector plans and some are creating software parks. Do such top-down solutions foster development of the digital economy best? Or is bottom-up innovation to be encouraged?
4. Government support for rural connectivity has been largely unsuccessful in Africa, where experiences with universal service funds have often been disappointing.<sup>43</sup> What models might reduce the digital gap between urban and rural areas?
5. Social media applications are popular due to the relatively low level of skills needed to use them, but impactful services such as online public services and e-commerce<sup>44</sup> are lacking. One challenge is that the dominant platforms owned by huge global tech companies are increasingly monopolising services and applications. On the one hand, it makes it difficult to compete with these platforms, while on the other myriad obstacles block the region from leveraging these platforms. How can Africa's growing ICT infrastructure benefit from these dominant platforms?

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<sup>43</sup> GSMA, *Sub-Saharan Africa – Universal Service Fund Study...*, cit.

<sup>44</sup> AliResearch, *Inclusive Growth and E-Commerce: China's Experience*, 2017.

## 5. Peace and Security Challenges in Africa

Clionadh Raleigh

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### Key facts

- **Political violence and protest are increasing and shifting forms across Africa.** Compared to rates in 2000, riots and protests have increased by 16%, while bombings and battles increased by 11% and 5% respectively. Attacks on civilians have increased by 8%.
- **Political instability increased while wars decreased for two reasons: domestic politics and political elites.** Civil wars (defined here as activity by rebels) have decreased, suggesting that the overthrow of state power, political exclusion and poverty are not the key motivations for armed groups. Rebel activity has decreased by 50% (down to 17% of all reported events in 2018, from 34% in 2004). In many countries violence is the manifestation of competition among powerful elites (including regional powers, splintered military, fragmented internal regime competition, or established non-state groups). There is no “end game” in these conflicts outside of power redistribution between a small cohort and violent stakeholders.
- **Differences in a country’s conflict type and intensity are motivated by patterns of governance within a state.** The two most important characteristics in modern African conflicts are that multiple forms of violence occur simultaneously within a country but have a low level of spatial overlap. The type of governance practiced by regimes, including representation and treatment of different groups, is closely associated to the form of political violence that emerges therein. As government structures shift towards or away from democracy, decentralisation, or devolution, the type of conflict that emerges also changes. Civil war

violence often emerges from exclusive political environments, where large sections of the population are disenfranchised or marginalised. However, in transitioning and democratising states, violent competition often revolves around negotiating “who sits at the table” and “who gets what”. Clear cases of such violence are evident in Kenya, South Sudan, and the Democratic Republic of Congo.

- **Even within major conflicts, multiple local forms of political violence proliferate.** Violence has become more decentralised, at both state and non-state levels. Many sub-conflicts emerge from intersecting and volatile motivations and opportunities. The most common are political militias attacking civilians. This has several repercussions: civilians in the developing world are currently attacked by an increasing number, and type, of groups. For example, in the Congo-DRC, the likelihood that two attacks are perpetrated by the same organisation is 1 in 10 (down from 1 in 6 during the “war” period), despite the millions of dollars poured into “post-conflict” management.
- **Conflict adapts to new circumstances.** Conflict agents are actively adapting to incentives and to changes in their political, economic, social, and physical environments. Because many distinct, and discrete, conflict forms co-occur, groups “brand” themselves to create an identity that will incorporate the highest number of possible supporters and financiers. Jihadist groups and associated ‘terrorism’ across Africa emerged in cases that feature two dominant characteristics: states that already had conflict and other, more typical, conflict-support identities (ethnic, regional, tribal) are already activated. Political Islam allowed for a new cross-cutting identity to emerge and challenge existing cleavages.

## Introduction

Compared to the general decline experienced in the 1990s, there has been a recent increase in disorder and insecurity across the world. Over the last 15 years, 53 countries have been, or currently are, affected by some type and level of political violence; their aggregated population is 3.34 billion or almost half

of the world's population. Africa is one of the most affected areas for conflict. Almost every African country is affected by some form of political violence and disorder. One out of two people have been affected by, or live in proximity to, political violence.

Peace is not the absence of violence. Conflict and peace tend to coexist with different levels of intensity in Africa, even after the formal end of a conflict. Living within a conflict-affected country does not mean that each and every community is directly impacted by the same form of violence. There is tremendous subnational variation in conflict dynamics and patterns, and countries can be affected by a multiplicity of them, simultaneously. For example, forms of "terrorism" or extremist acts against civilians feature in many types of conflict. Terrorism occurs far more often in already conflicted areas than outside these zones; and the majority of victims of terrorism are those living in conflict-affected states.

One of the reasons that conflict has increased is that efforts to quell violence often focus on the wrong elements of unstable societies. Labelling a state "fragile" does not provide any insight into how the politics of that country creates an environment in which conflict flourishes. Often, explanations for violence are retroactive, as the international community looks for grievances, poverty or many apolitical explanations (e.g. resources, climate, etc.).

It is vital for policy makers to understand that conflict is the result of political competition. The strongest and most powerful in society contest each other, and often the state, to create advantages. Identifying the beneficiaries of such violence is crucial to understanding how to end conflict. Further, states and regimes are not neutral, or absent, in governance and conflict; strong states – such as the Ethiopian government, at least until the recent leadership change – have often used violence strategically to further entrench power. Weak central states – such as the Central African Republic – are often one violent agent among many equals creating conflict for political survival.

This perspective emphasises that grievances are widespread, but they do not necessary lead to violence. Grievance-based explanations for violence centre on exclusion and marginalisation.

In turn, efforts to promote inclusion are often presented as a “fix” to solve political problems in developing countries. But inclusion can lead to elite competition over access to power and state resources. In short, politics causes political violence. International community actions that legitimate political elites and political settlement often reinforce the “benefits” of violence for the strongest elites.

But development and violence are not mutually exclusive. In many lesser-developed states, income growth occurs during unstable periods. Periods of economic growth, albeit volatile, are occurring in the Democratic Republic of Congo and Kenya, Nigeria and Ethiopia. But countries that experienced both civil/transnational wars and political instability often did not meet globally agreed upon development goals or significantly advance towards those goals in the past decade. These bleak facts suggest that it is difficult, if not impossible, to “develop out” of conflict.

## **Drivers of conflict and violence**

Political violence is a result of domestic politics

The driver of political violence is domestic politics, including representation, identity politics and state capacity. Regimes are not neutral actors: how governments govern their territories makes different subnational groups more or less likely to contest the state. Before the recent government change, the situation with the marginalised Ethiopian Oromo, compared to their favoured Tigrayan neighbours, was such a case in point. However, conflict can also come from competition within the regime between strong members: consider the beginning of the South Sudanese war, the tensions in Zimbabwe during elections, or the violence in Libya as strongmen sought to replace Ghaddafi. Current research on the dynamics of exclusion and inclusion, patronage, resource revenues, competition, corruption and elites argue that it is not only the fact of being *excluded*



that correlates to higher violence, but also the nature and terms of *inclusion* itself, which can be conflict-generating.

A “national” approach to governance suggests that civil wars are less likely to occur in democratic and autocratic states and far more likely to occur in countries with transitioning institutions<sup>1</sup>. Political repression and exclusion in autocratic regimes can drive civil war<sup>2</sup>. Recent events, including the Arab Spring, have shaken conventional wisdom on autocratic stability. Autocrats’ attempts to suppress rebellion may also backfire when the state’s capacity is weakened (in times of budgetary crisis) or repression takes the form of violence<sup>3</sup>, and generally, political change heightens the risk of civil war and domestic political instability<sup>4</sup>. Other forms of conflict – such as competitive

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<sup>1</sup> J. Goodwin and T. Skocpol, “Explaining revolutions in the contemporary Third World”, *Politics and Society*, vol. 17, no. 4, 1989, pp. 489-509; M. Krain and M. Edson Myers, “Democracy and civil war: A note on the democratic peace proposition”, *International Interactions*, vol. 23, no. 1, 1997, pp. 109-118; H. Hegre *et al.*, “Toward a democratic civil peace? Democracy, political change, and civil war, 1816-1992”, *American Political Science Review*, vol. 95, no. 1, 2001, pp. 33-48; N. Sambanis, “Do ethnic and nonethnic civil wars have the same causes? A theoretical and empirical inquiry”, *Journal of Conflict Resolution*, vol. 45, no. 3, 2001, pp. 259-282; M. Reynal-Querol, “Ethnicity, political systems, and civil wars”, *Journal of Conflict Resolution*, vol. 46, no. 1, 2002, pp. 29-54; J. Fearon and D. Laitin, “Ethnicity, insurgency, and civil war”, *American Political Science Review*, vol. 97, no. 1, 2003, pp. 75-90.

<sup>2</sup> T.R. Gurr, “Why minorities rebel: A global analysis of communal mobilization and conflict since 1945”, *International Political Science Review*, vol. 14, no. 2, 1993, pp. 161-201; Idem, *Peoples versus states: Minorities at risk in the New Century*, Washington D.C., United States Institute of Peace, 2000; L.-E. Cederman, A. Wimmer, and B. Min. 2010, “Why do ethnic groups rebel? New data and analysis”, *World Politics*, vol. 62, no. 1, 2010, pp. 87-119.

<sup>3</sup> A. Wimmer, “Who owns the state? Understanding ethnic conflict in post-colonial societies”, *Nations and Nationalism*, vol. 3, no. 4, 1997, pp. 631-665.

<sup>4</sup> S.P. Huntington, “Democracy’s third wave”, *Journal of Democracy*, vol. 2, no. 2, 1991, pp. 12-34; S. Tarrow, *Power in Movement: Social Movements, Collective Action and Politics*, Cambridge, Cambridge University Press, 1994; Y. Sahin and J.J. Linz, *Between State: Interim Governments and Democratic Transitions*, Cambridge, Cambridge University Press, 1995; M. Bratton and N. van de Walle, *Democratic Experiments in Africa: Regime Transitions in Comparative Perspective*, Cambridge, Cambridge

militia violence – are more common in democracies<sup>5</sup>. But the expansion of democracy has not resolved conflict-generating processes in fragile and developing contexts.

Increasingly, the terms of inclusion within transitioning government – the distribution of positions, authority, and resources among *included* elites – incentivise domestic political instability across states<sup>6</sup>. Members of groups included in regime hierarchies are more likely to engage in domestic political instability, and members of politically irrelevant communities typically engage in local, community-based violence<sup>7</sup>.

The expansion of democracy has not resolved conflict-generating processes in fragile and developing contexts<sup>8</sup>. Power distribution across parliaments, judiciaries and the military and decentralisation and election monitoring increase the number and power of non-regime elites shaping government policy. In turn, this leads to high levels of elite competition and fragmentation over access to state resources and power across African states in particular<sup>9</sup>. Within systems where political office has

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University Press, 1997; H. Hegre *et al.* (2001).

<sup>5</sup> H.J. Choi and C. Raleigh, “Dominant forms of conflict in changing political systems”, *International Studies Quarterly*, vol. 59, no. 1, 2014, pp. 158–171.

<sup>6</sup> A.M. Fischer, *Resolving the theoretical ambiguities of social exclusion with reference to polarisation and conflict*, Social Exclusion DESTIN Working Paper, January 2008; S. Lindemann, *Do Inclusive Elite Bargains Matter? A Research Framework for Understanding the Causes of Civil War in Sub-Saharan Africa*, Crisis States Discussion Paper, 15 February 2008.

<sup>7</sup> C. Raleigh, “Political hierarchies and landscapes of conflict across Africa”, *Political Geography*, vol. 42, 2014a, pp. 92–103.

<sup>8</sup> M. Bratton and E.C.C. Chang, “State building and democratization in sub-Saharan Africa: Forwards, backwards, or together?”, *Comparative Political Studies*, vol. 39, no. 9, 2006, pp. 1059–1083; D. Branch and N. Cheeseman, “Democratization, sequencing and state failure in Africa: Lessons from Kenya”, *African Affairs*, vol. 108, no. 430, 2009, pp. 1–26; C. Raleigh, “Pragmatic and promiscuous: Explaining the rise of competitive militias across Africa”, *Journal of Conflict Resolution*, published online ahead of print, 2014b, DOI: 10.1177/0022002714540472.

<sup>9</sup> A. Lijphart, *Democracy in plural societies*, New Haven, Yale University Press, 1977; D. Brancati, “Decentralization: Fueling the fire or dampening the flames of ethnic conflict and secessionism?”, *International Organization*, vol. 60, no. 3, 2011, pp.

redistributive implications<sup>10</sup>, incumbents and opponents have incentives to design forms of violence to assure access to power. Hence, using violence to secure a position in government is an effective tool for competing elites (including members of government) where the stakes of competition are exceedingly high.

Periods of specific political competition can incentivise violence: elections can be a testament to the participatory nature of democracies, but electoral violence is disturbingly common. Election violence is common in African states<sup>11</sup> and transitioning democracies more generally<sup>12</sup> because it often benefits the organizers, who do not suffer significant consequences<sup>13</sup>. Many agents in new democracies depend on violence to create cleavages in society that elites can manipulate.

Democratic competition, electoral politics and political settlement negotiation may instead lead to new manifestations of violence, as elites adapt familiar tactics and strategies (of a violent nature) to negotiate and improve their position in competitive politics. Mounting domestic political instability is associated with the proliferation of violent actors such as political militias. Militias use violence as a means to shape and influence the existing political system, but do not seek to overthrow national regimes. They often operate as armed gangs for different

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651-685.

<sup>10</sup> A. Schedler, *Electoral Authoritarianism: The Dynamics of Unfree Competition*, Boulder, CO, Lynne Rienner, 2006; J. Gandhi and E. Lust-Okar. "Elections under authoritarianism", *Annual Review of Political Science*, vol. 12, 2009, pp. 403-422; L.R. Arriola and J. Chelsea "Electoral violence in democratizing states", 2012.

<sup>11</sup> P. Collier and P. Vicente, "Violence, bribery, and fraud: the political economy of elections in Sub-Saharan Africa", *Public Choice*, vol. 153, no. 1, 2012, pp. 117-147; U.E. Daxecker, "All quiet on election day? International election observation and incentives for pre-election violence in African elections", *Electoral Studies*, vol. 34, 2014, pp. 232-243.

<sup>12</sup> E.M. Hafner-Burton, S.D. Hyde, and R.S. Jablonski, "When do governments resort to election violence?", *British Journal of Political Science*, vol. 44, no. 1, 2014, pp. 149-179.

<sup>13</sup> S. Brown and C.L. Sriram, "The big fish won't fry themselves: Criminal accountability for post-election violence in Kenya", *African Affairs*, vol. 111, no. 443, 2012, pp. 244-260.

political elites, including politicians, governments, and opposition groups<sup>14</sup>. These violent competitions are still based on community grievances (perceived or real), problematic and inconsistent governance and limited economic development.

Therefore, conflict adapts to political contexts. Different political structures across countries or in the same country over time are more likely to give rise to specific forms of conflict. A country that develops from an autocracy to a democracy will be less likely to experience civil and transnational war and more likely to incur domestic political instability<sup>15</sup>. Hence, democratisation processes do not eradicate political violence. Instead, they can give rise to more forms of conflict (other than civil and transnational war).

### Capable states, incapable regimes

Much of the evidence on intra-state conflicts explains local differences in violence as a result of state capacity vacuums<sup>16</sup>, weak legitimacy<sup>17</sup> regime characteristics<sup>18</sup> or a breakdown of order<sup>19</sup>. Increasingly, subnational analysis reveals that the presence, depth and actions of government vary across the state. Significant evidence suggests that the power, reach, capacity and type of governance differs within and across countries and creates variable levels of political power, livelihood vulnerabilities

<sup>14</sup> C. Raleigh (2014b).

<sup>15</sup> H.J. Choi and C. Raleigh (2014).

<sup>16</sup> D. Sobek, "Masters of their domains: The role of state capacity in civil wars", *Journal of Peace Research*, vol. 47, no. 3, 2010, pp. 267-271; C. Hendrix, "Measuring state capacity: Theoretical and empirical implications for the study of civil conflict", *Journal of Peace Research*, vol. 47, no. 3, 2010, pp. 273-285; C. Thies, "Of rulers, rebels, and revenue: state capacity, civil war onset, and primary commodities", *Journal of Peace Research*, vol. 47, no. 3, 2010, pp. 321-332.

<sup>17</sup> C. Clapham, *Africa and the International System*, Cambridge, Cambridge University Press, 1996; P. Englebert, *State Legitimacy and Development in Africa*, London, Lynne Rienner, 2000.

<sup>18</sup> See H. Hegre *et al.* (2001).

<sup>19</sup> W. Reno, *Warfare in Independent Africa*, Cambridge, Cambridge University Press, 2011.

and collective action capabilities. States are non-neutral actors, who can be intentionally incapable of governing across their territories and institutions, deny their responsibilities to the public and use political disorder or absence as a form of politics<sup>20</sup>.

Where states have failed to govern effectively, due to incapacity or challenge, local political elites become significant loci of power, capacity, influence and support. In fragile situations, hybrid or parallel structures operate. They can be forces of deep repression and violence, to the detriment of local populations; governments may also be a force for good, providing much-needed services<sup>21</sup>. Conflicts such as the one in the Lake Chad Basin<sup>22</sup>, the Ituri conflict in Congo<sup>23</sup> and the northern Mali pre-crisis in 2011 all share a similar logic: the withering away of the state, allowing local elites to replace state authority<sup>24</sup>. As a result, there is little evidence of “ungoverned spaces”

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<sup>20</sup> R. Batley, “Engaged or divorced? Cross-service findings on government relations with non-state service-providers”, *Non-state Provision of Basic Services*, vol. 26, no. 3, 2006, pp. 241-251; A. Joshi and M. Moore, “Institutionalised co-production: Unorthodox public service delivery in challenging environments”, *The Journal of Development Studies*, vol. 40, no. 4, 2004, pp. 31-49; C.J. Scott, *Seeing Like a State: How Certain Schemes to Improve the Human Condition Have Failed*, New Haven, Yale University Press, 1999; S. Unsworth, *An Upside Down View of Governance*, Brighton, Institute of Development Studies, 2010; P. Chabal and J.-P. Daloz, *Africa Works: Disorder as a Political Instrument*, Oxford, James Currey, 1999.

<sup>21</sup> K. Ananth Pur and M. Moore, “Ambiguous institutions: Traditional governance and local democracy in rural South India”, *Journal of Development Studies*, vol. 46, no. 4, 2010, pp. 603-623; A. Joshi and M. Moore (2004); R.C. Crook and D. Booth, “Conclusion: Rethinking African governance and development”, IDS Bulletin no. 42, 2011, pp. 97-101; Z.C. Mampilly, *Rebel Rulers: Insurgent Governance and Civilian Life during War*, London, Cornell University Press, 2011.

<sup>22</sup> J. Roitman, “New sovereigns? Regulatory authority in the Chad Basin”, in T. Callaghy, R. Kassmir, and R. Latham (Eds.) *Intervention and Transnationalism in Africa Global-Local Networks of Power*, Cambridge, Cambridge University Press, 2001, pp. 240-263.

<sup>23</sup> K. Vlassenroot and T. Raeymaekers (Eds.), *Conflict and social transformation in Eastern DR Congo*, Gent, Academia Press, 2004.

<sup>24</sup> P. Justino, *Nutrition, governance and violence: A framework for the analysis of resilience and vulnerability to food insecurity in contexts of violent conflict*, HiCN Working Papers 132, Households in Conflict Network, 2012; P. Justino, T. Brück, and P.

in fragile states because those areas are where local governance is stronger than national governance<sup>25</sup>.

Economic marginalisation, uneven development and a country's geography can increase the feasibility of collective action and armed strategies

The causal relationship between poverty, grievances and inequality constitutes the most significant debate in development and conflict research. Poverty has an inconsistent relationship with conflict. Some evidence shows that violent conflict is most likely to break out in low-income areas, even if the state is not, overall, particularly poor and in areas that diverge significantly from national income averages<sup>26</sup>. Poorer areas are more likely to experience increased conflict-related deaths<sup>27</sup>; higher levels of poverty lead to higher rates of homicide<sup>28</sup>. Some studies have found a close relationship between certain forms of conflict

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Verwimp, *Research and policy implications from a micro-level perspective on the dynamics of conflict, violence and development*, HiCN Working Papers 139, Households in Conflict Network, 2013; S. Kalyvas, "The ontology of 'political violence': Action and identity in civil wars", *Perspective on Politics*, vol. 1, no. 3, 2003, pp. 475-494; Idem, "Ethnic defection in civil war", *Comparative Political Studies*, vol. 4, no. 8, 2008, pp. 1043-1068.

<sup>25</sup> C. Dowd and C. Raleigh, "The myth of global Islamic terrorism and local conflict in Mali and the Sahel", *African Affairs*, vol. 112, no. 448, 2013, pp. 498-509.

<sup>26</sup> H. Buhaug *et al.*, "It's the local economy, stupid! Geographic wealth dispersion and conflict outbreak location", *Journal of Conflict Resolution*, vol. 55, no. 5, 2011, pp. 814-840.

<sup>27</sup> Q.-T. Do and L. Iyer, "Geography, poverty and conflict in Nepal", *Journal of Peace Research*, vol. 47, no. 6, 2010, pp. 735-748.

<sup>28</sup> D. Soo Chon, "Contributing factors for high homicide rate in Latin America: A critical test of Neapolitan's regional subculture of violence thesis", *Journal of Family Violence*, vol. 26, no. 4, 2011, pp. 299-307; W. Pridemore, "A methodological addition to the cross-national empirical literature on social structure and homicide: A first test of the poverty-homicide thesis", *Criminology*, vol. 46, no. 1, 2008, pp. 133-154; C. Moser and C. McIlwaine, "Latin American urban violence as a development concern: Towards a framework for violence reduction", *World Development*, vol. 34, no. 1, 2006, pp. 89-112.

(for example, lower-intensity conflict) and poverty<sup>29</sup>; as well as variations in the significance of poverty at various stages of conflict<sup>30</sup>.

The poorest neither motivate nor participate in most conflicts. Transient poverty can play a role in conflicts where high levels of grievances pre-exist. Chronic poverty, however, decreases the likelihood of conflict by reducing the mobilisation capacity of the poorest groups. Political inequalities remain a persistent problem where “excluded” groups experience relative deprivation, in contrast to the favoured position of ‘included’ communities. This results in differential access to and exercise of power, with consequences for government policies, and related socio-economic inequalities<sup>31</sup>. Economic exclusion leads to limited access to public offices<sup>32</sup>, poorer levels of health and education, greater income inequalities<sup>33</sup>, and limited public good provision<sup>34</sup>)<sup>35</sup>.

<sup>29</sup> See on conflict in Indonesia: M. Pradhan, P. Barron, and Kai Kaiser, *Local conflict in Indonesia: Measuring incidence and identifying patterns*, Washington D.C., World Bank, 2004.

<sup>30</sup> See on conflict in Colombia: S.M. Murshed and S. Gates, *Spatial Horizontal Inequality and the Maoist Insurgency in Nepal*, UNU-WIDER, Research Paper no. 2003/43, 2004.

<sup>31</sup> F. Stewart, “Inequality in political power: A fundamental (and overlooked) dimension of inequality”, *European Journal of Development Research*, vol. 23, no. 4, 2011, pp. 541-545.

<sup>32</sup> Y. Bangura, *Ethnic inequalities and public sector governance*, Basingstoke, Palgrave, 2006.

<sup>33</sup> F. Stewart, *Horizontal Inequalities and Conflict: Understanding Group Violence in Multiethnic Societies*, Basingstoke, Palgrave Macmillan, 2008.

<sup>34</sup> R. La Porta *et al.*, “The quality of government”, *Journal of Law, Economics and Organization*, vol. 15, no. 1, 1999, pp. 222-279.

<sup>35</sup> Contrary to perceptions of state inclusion, favouritism, and nepotism, communities with co-ethnics in power do not consistently have disproportionate access to powerful positions or public goods over other areas without such standing (K. Kasara, “Tax me if you can: Ethnic geography, democracy and the taxation of agriculture in Africa”, *American Political Science Review*, vol. 101, no. 1, 2007, pp. 159-172; L.R. Arriola, “Patronage and political stability in Africa”, *Comparative Political Studies*, vol. 42, no. 10, 2009, pp. 1339-1362; P. Francois, I. Rainer, and F. Trebbi, *The dictator's inner circle*, NBER Working Paper no. 20214, Issued in June

The ability to finance a conflict is different from the role poverty plays in motivating conflicts. Access to resources is important as an enabling factor by making violence more feasible, but it is not a cause. Early research focused on natural and precious resources, while recent research has considered both criminal resources and aid as contributions to income. Narcotics production, as research confirms, is boosted by armed conflict, and the resulting drug trade enables insurgents to finance their struggle. Homicides, however, are higher in countries that serve as money-laundering sites rather than drug-producing and transit countries (many West African and Sahel states are ready examples of this phenomena). Foreign aid has a complex relationship with violence: aid has been found to increase the attraction of the state to rebel competitors. At the same time, it is plausible that aid increases a state's capacity to repress any competitors and opponents.

An abundance of natural resources influences violence patterns: opportunities to loot and exploit resources increases the feasibility of civil and transnational wars<sup>36</sup>. Without the ability to loot/predate or finance, sustained rebellion may not be feasible. This finding is questioned, however, particularly at the subnational level. The presence of oil or other precious resources can increase the risk of civil wars, while others find that the "greed" narrative for resource wealth tends to obscure the impacts of inequality<sup>37</sup>. Yet there is a widening understanding of what can be used as violence financing, which has led to a focus on aid, illicit goods and the links between organised crime and political violence.

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2014). Hence, the "exclusion" argument can be quite difficult to prove.

<sup>36</sup> P. Collier and A. Hoeffler, *Greed and Grievance in Civil War*, Working Paper No. 2355, World Bank, Washington D.C. 2000; P. Collier and A. Hoeffler, *Greed and grievance in civil war*, Oxford Economic Papers, 56, 2004, pp. 563-595; P. Collier, A. Hoeffler, and M. Söderbom, "On the duration of civil war", *Journal of Peace Research*, vol. 41, no. 3, 2004, pp. 253-273; P. Collier, A. Hoeffler and D. Rohner, *Beyond greed and grievance: Feasibility and civil war*, Oxford Economic Papers, 61, 2009, pp. 1-27.

<sup>37</sup> M.E. Sorli, N.P. Gleditsch, and H. Strand, "Why is there so much conflict in the Middle East?", *Journal of Conflict Resolution*, vol. 49, no. 1, 2005, pp. 141-165.



Demographic and environmental factors can create trigger conditions for violence. Empirical studies on the relationship between climate and conflict do not confirm a causal link between the two, despite the co-occurrence of these problems within developing states. There is little evidence of a direct relationship between climate variability and violent conflict; any effect of climate is mediated through pre-existing violence and social conditions that produce conflict. Trends in the geography of violence emphasise that urban areas are an increasingly crucial site of political contestation and violent confrontation, while rural, peripheral areas experience lower levels of violence as a consequence of the decline of civil wars.

## **Data and trends analysis**

The patterns noted below are generated from the Armed Conflict Location & Event Data Project (ACLED). This is a disaggregated conflict collection, analysis and crisis-mapping project. ACLED collects the dates, actors, types of violence, locations and fatalities of all reported political violence and protest events across Africa.

“Political violence and protest” includes events that occur during civil wars and periods of instability, public protests and regime breakdowns. ACLED’s aim is to capture the forms, actors, dates and locations of political violence and protest as it occurs across states<sup>38</sup>.

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<sup>38</sup> ACLED has collected Africa data since 2001. The details of the collection are available at [acleddata.com](http://acleddata.com). All the details of the collection methodology, sources and collections can be found at [acleddata.com/resources/general-guides/](http://acleddata.com/resources/general-guides/) and [acleddata.com/resources/methodology/](http://acleddata.com/resources/methodology/). All historical and real-time data can be downloaded at [acleddata.com/data](http://acleddata.com/data). ACLED altered its collection methodology in 2010-2011, which (along with increasing availability of sources) increased the number of events collected. However, despite the increase based on source availability, there is clear evidence that the number of events, controlling for the number of sources, have also increased. This is particularly true for rioting and protest demonstrations.

## Conflict and protest numbers

Evidence from the ACLED dataset demonstrates that conflict in Africa increased from 2010-2011. *Several forms* of political violence are included in this count, not just interstate or civil wars (Figure 1).

Civilian targeting has become more prevalent, largely as a result of violence perpetrated by political militias (actors not included in most conflict datasets). Tactics of remote violence (i.e. bombing, which is not specifically coded by most conflict datasets) have become more prevalent and lethal and are now at their highest reported levels. Meanwhile, every type of actor has reportedly committed violence more frequently in recent years.

TAB. 1 - 2000-2018 EVENT COUNTS AND PROPORTIONS

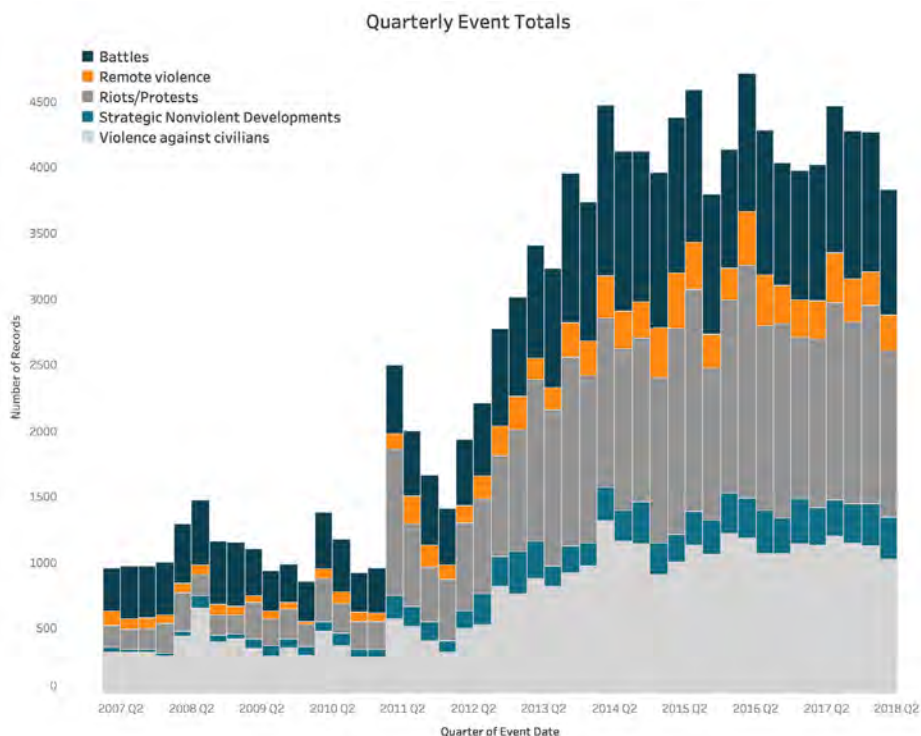
Event types	Count	Proportion
Battles	42,782	29.5%
Remote violence	9,786	8%
Violence against civilians	41,835	29%
Riots/protests	41,348	28.5%
Strategic nonviolent developments	9,467	7%

The rising number of violent incidents across the continent over the last several years is largely driven by violence in four countries, namely Nigeria (especially Boko Haram's terrorist activity), Libya (increased use of remote violence tactics), Somalia (where Al Shabaab violence persists), Congo-DRC and South Sudan (Figure 2)<sup>1</sup>.

<sup>1</sup> Whether increases in conflict event numbers are a function of reporting is taken into account here. Any disaggregated conflict data project should be clear about sourcing, levels of change in source materials, scales of sourcing, and reliability. ACLED has produced two working papers on this subject (G. Duffy, [Central African Republic, ACLED Country Report](#), January 2015) to conclude

In selected cases, conflict has become less deadly (with each conflict event resulting in fewer fatalities): the ratio of events/fatalities has decreased in several countries that were particularly violent (e.g. South Sudan, Somalia, Sudan, the Central African Republic, and the Democratic Republic of Congo). There are, however, exceptions to this trend: the ratio of events/fatalities has nearly doubled in Nigeria and more than doubled in Libya.

FIG. 1 - OVER TIME PATTERNS, 2007-2017



that while the number of available local and national sources has increased, this alone cannot account for the increases in events. This trend is largely driven by the increase in riots and protests that have been reported in recent years.

Civilians are most at risk in Somalia, Burundi, South Sudan, Nigeria, Sudan and DRC, where 400 instances of violence against civilians (per country) were reported in 2017. Civilian targeting accounted for more than half of the reported, organised, armed conflict events in Burundi (96%), Sudan (68%), Kenya (59%) and Nigeria (51%)<sup>2</sup>. Violence against civilians was also responsible for significant shares of organised armed violence in DRC (41%) and Somalia (30%).

### **Fatality data and different ways to gauge intensity and frequency**

ACLED has several rules about fatalities numbers, sourcing and reporting: ACLED does not have a fatality threshold for event inclusion. This means that conflict and demonstration events in ACLED do not have to produce any fatalities in order to be included as a valid event. No arbitrary number of deaths defines a conflict. ACLED reports fatalities only when a reputable source has relayed that information. Further, researchers seek out information to triangulate – where and when possible – the numbers from any report. ACLED uses the most conservative estimate available, and will revise and correct the totals – upward or downward – when better information comes available. *ACLED advises caution in using all fatality numbers from its, or any other conflict data source. Fatality information is the most biased, and least accurate, part of any conflict report and extreme caution should be employed when using any fatality number to show patterns.*

As shown in Figure 3, militias and state forces are more responsible for attacks than rebels and international forces. The presence of militias and state forces suggests that decentralised violence is proliferating against civilians and multiple diverse, localised militias attack civilians more than coordinated groups.

<sup>2</sup> Organised, armed violence refers to battles, remote violence, and violence against civilians, specifically; riots and protests are not accounted for in these totals.

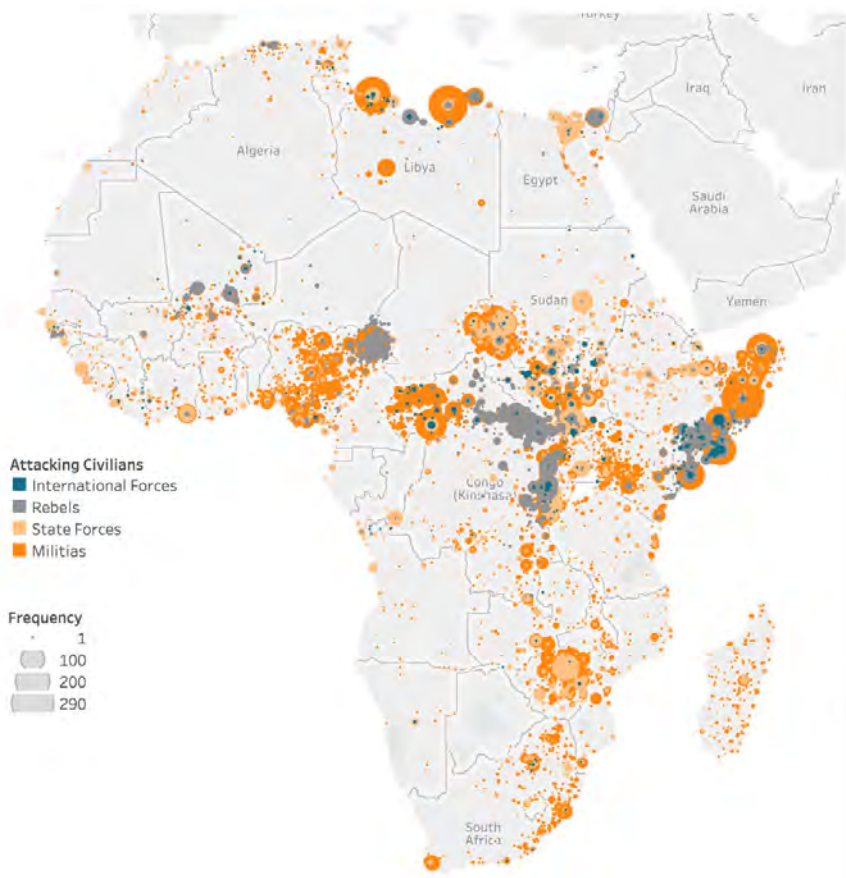
FIG. 2 - TOP 15 STATES WITH ARMED ORGANISED VIOLENCE  
ACROSS AFRICA

## Agents of violence

Since 1997, the profile of perpetrators of political violence on the African continent has changed. While a variety of actors has engaged in violence over recent years (Figure 4), political conflict is perpetuated, primarily, by political militias and governmental armed forces. The results show a steady rise, over time, in the number of incidents attributed to political militias<sup>3</sup>.

<sup>3</sup> Militias use violence as a means to shape and influence the existing political system, but do not seek to overthrow national regimes. They often operate as armed gangs for different political elites, including politicians, governments, and

FIG. 3 - MAP OF CIVILIAN ATTACKS



Fatalities related to such attacks increased dramatically from 2009 to 2014 (from 3,190 fatalities in 2009 to 21,154 fatalities in 2014).

Political militias have been the most active armed groups over the last ten years and account for over 36% of all political violence in 2017, decreasing from 41% in 2016<sup>4</sup>. Their engage-

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opposition groups (Raleigh, 2014b).

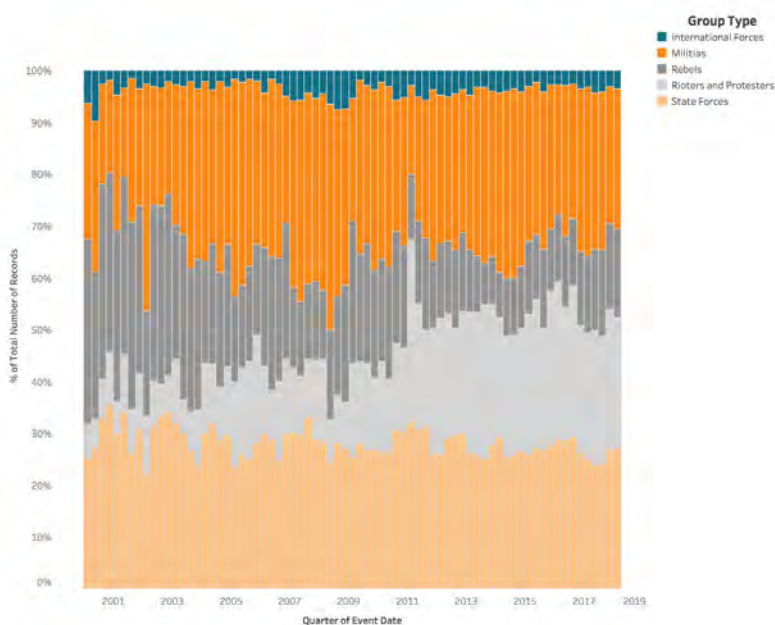
<sup>4</sup> Rioters and protesters are excluded for this tally as a) they involve civilians and

ment in violence surpassed that of rebel forces (in 2001) and of government forces (in 2014) – although state forces have rebounded.

In 2017, political militia activity largely involved targeting civilians and battles with government forces. Civilian targeting accounted for over half of all political militia activity (63%) resulting in almost 6,000 fatalities (1,500 more than in 2016). Meanwhile, political militia actions against government forces decreased from 3,800 in 2016 to 2,700 in 2017.

Furthermore, as Figure 4 shows, although all groups increased their engagement in violence, militias show the greatest proliferation (among armed, organised groups).

FIG. 4 - GROUP TYPE PROPORTION ACTIVITY



are not armed, organised violence and b) their inclusion can distort the patterns of overt violent activity.

FIG. 5 - CHANGES IN GROUP ACTIVITY TYPE



## Islamic extremism

Islamist activity across Africa has received considerable attention. Violent political groups across Africa are increasingly assuming a motivation in political Islam; coupled with the growth of Islam across African states and the marginalisation of many Muslim communities, this has proved a potent combination. Recent high-profile conflicts (including in the Sahel, Somalia and northern Nigeria) are mobilised around Islamist or “extremist” ideologies and accompanied by the widespread use of terrorist tactics. The mobilisation of conflict around these ideologies reflects key shifts and adaptations in conflict forms in recent years. Violence under similar ideologies may be relatively



new in some contexts, but the underlying drivers of conflict are no different from previous instances of violence in the same context<sup>5</sup>. What is different about violent Islamist groups is their ability to mobilise a larger number of fighters under a broader Islamist identity, rather than a narrower communal or ethnic identity. This has, in turn, improved their ability to draw financial, logistical and troop support for violent Islamist struggles around the world. Also, they can point to opportunities to create alternative governance structures under Islamist rule in collapsing or profoundly fragile contexts (including in Somalia).

There are two main dimensions to the Islamist threat. The first concerns areas of opportunity for Islamist groups to emerge, i.e. poor governance and external interests<sup>6</sup>. The second is that multinational groups (al-Qaeda and Islamic State) actively recruit smaller, local groups into a “franchise movement”. These groups – especially al-Qaeda – act as mediators among these community-based groups. This allows internationally active groups to be present and active in several countries. While the threats of IS and al-Qaeda are publicly known to be embedded in conflicts across Nigeria and Somalia, the threat of these groups is less understood, but it is, arguably, as deadly and dangerous across the Sahel.

A recent report by ACLED reveals the networks of Islamist and non-Islamist groups operating in the Sahel. These networks demonstrate the successful co-optation by Islamist organisations of both sympathetic and non-ideological groups. This trend is significant because of the inability of national governments to successfully co-opt and operate in areas that are effectively overtaken by Islamist networks. This is not a result of “ungoverned territory”, but rather the absence of a national government and the proliferation of other forms of subnational

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<sup>5</sup> C. Dowd, “Cultural and religious demography and violent Islamist groups in Africa”, *Political Geography*, vol. 45, 2015, pp. 11–21.

<sup>6</sup> See C. Dowd, “Fragmentation, conflict, and competition: Islamist anti-civilian violence in sub-Saharan Africa”, *Terrorism and Political Violence*, 2016, DOI: 10.1080/09546553.2016.1233870.

authority, as shown in Figure 6<sup>7</sup>. Islamist violence may be particularly difficult to address with current peacebuilding policies, as a negotiated political settlement may not be an aspiration for violent Islamist groups in some contexts.

## Riots, protests and remote violence

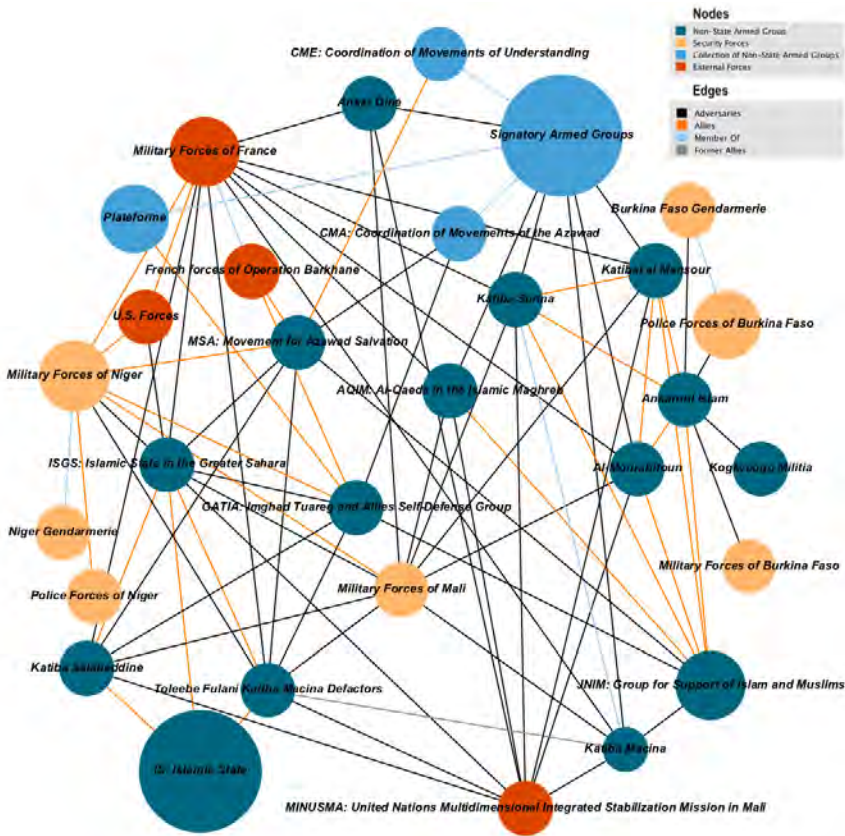
The most evident changes in the modalities of conflict across Africa are in remote violence (bombing), and riots and protests<sup>8</sup>. The use of remote violence is becoming more common and deadlier in conflict zones around the world, and Africa is no exception<sup>9</sup>. Remote violence is defined by ACLED as a violent event where a spatially removed group determines the time, place and victims of the attack using an explosive device. In these types of events, engaging in conflict does not require the physical presence of the perpetrator, since the job is carried out through bombings, improvised explosive device (IED) attacks, missile attacks, etc.

<sup>7</sup> For further notes and a table of alliances, see <https://www.acleddata.com/2018/03/21/targeting-of-the-islamic-state-in-the-greater-sahara-igs/>. Map by Melissa Pavlik and content by Heni Nsaibia.

<sup>8</sup> Theorists argue that tools of remote violence are symbolic weapons, which can be used to demonstrate a regime's vulnerability to violence or a government's inability to protect its citizens (G.H. McCormick and F. Giordano, "Things come together: symbolic violence and guerrilla mobilisation", *Third World Quarterly*, vol. 28, no. 2, 2007, pp. 259-320). By targeting agents of the state, civilians, popular monuments, or symbols, conflict actors can use these weapons to undermine confidence in the government and coerce public opinion and government policies (A. Merari, "Terrorism as a strategy of insurgency", *Terrorism and Political Violence*, vol. 5, no. 4, 2007, pp. 213-251). For non-state actors such as political militias that are weaker than government forces, remote violence is an ideal tactic to either damage state forces with minimal risk or to coerce the state without controlling it. This tactic also fits into a strategy of groups resorting to so-called "weapons of the weak" after losing territory and influence, which has been observed in numerous settings, including Afghanistan (J. Denselow, "Reclaiming the humanitarian space", *The Guardian*, 7 August 2010).

<sup>9</sup> ACLED, Version 5 Data, 2015, <http://www.acleddata.com/data/acled-versions-1-5-data-1997-2014/>.

FIG. 6 - NETWORKS OF ARMED ORGANISED AGENTS ACROSS MALI



As governments consolidate their control over the territory and as credible attempts to usurp state power decrease, remote violence might become a more frequent element of African conflicts, as it removes the state from direct combat. There are two additional reasons for the increase in remote violence. The first is the recent proliferation of state-based conflicts in North Africa, where the capacity of regimes is higher and mirrored by the capacity of the non-state agents. The second is that external agents have increased their role in African conflicts and are often much better equipped with new technologies.

Remote violence constitutes 7% of all reported events, but these events are clustered in a few countries: Somalia (where half of all remote violence occurred), Libya, Egypt, Mali, Nigeria and Tunisia. Governments are increasingly using these tools. International agents constituted approximately 3-4% of all the organisations active in conflict across Africa in the past five years. Within that period, over 40% of their activity was remote violence, while that period's average rate of remote violence was 11%. That means that international agents are four times more likely to use remote violence than any other armed, organised agents across Africa. International agents were most active in Somalia and Mali.

Besides remote violence, riots and protests also played an important role. According to the ACLED dataset, riots and protests amounted to 34% of disorders since 2012. Riots and protests are a manifestation of unrest with the potential to further destabilise a political system and ultimately lead to physical insecurity and overt conflict. Riots can be deadly, and events that begin as protests can evolve into riots or battles or result in violence against civilians<sup>10</sup>.

Nearly half of the riots and protests observed across Africa are concentrated in three countries: Egypt (18%), South Africa (17%), and Nigeria (11%) (Figure 7). In Egypt, these events were largely triggered by the continued fallout from the Arab Spring (an example of which is the Egyptian protest law<sup>11</sup>). In South Africa, rioting and protesting was associated with general elections competition and mobilisation around national issues, such as corruption and service delivery<sup>12</sup>. In Nigeria,

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<sup>10</sup> A riot is defined as a violent disturbance of the public peace by three or more persons assembled for a common purpose and can be either spontaneous or organised. Protests are defined as nonviolent, spontaneous organisations of civilians for a political purpose. If violence occurs during a protest as a result of protesters' actions, it is categorised as a riot and not a protest. If violence is committed against protesters, without any violence by protesters in return, the event is deemed an instance of violence against civilians.

<sup>11</sup> Amnesty International, *The Arab Spring: Five Years On*, 2013.

<sup>12</sup> W. Hartley, "Funds needed to control protests", *Business Day Live*, 8 September 2014.

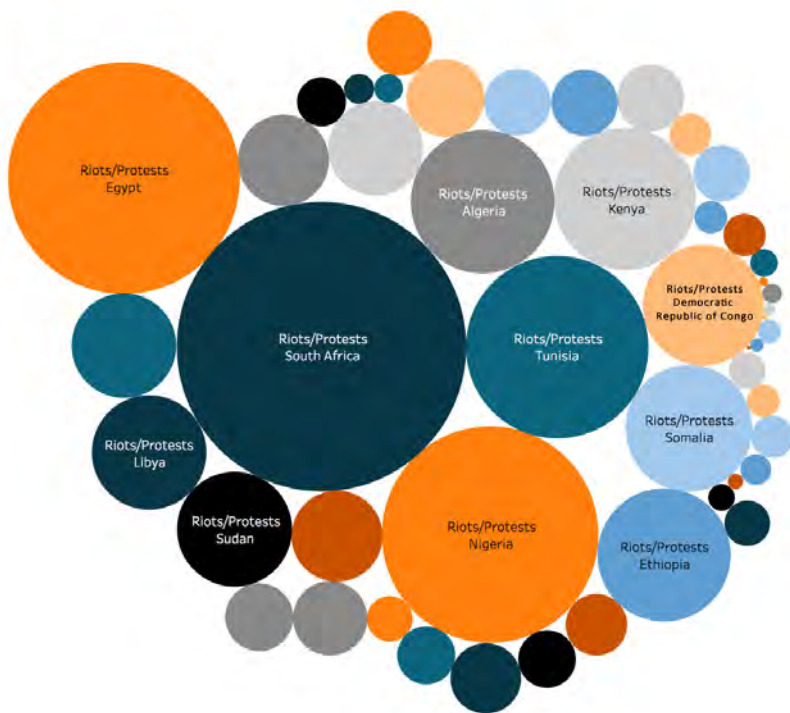
the dominant reasons for rioting and protesting included Boko Haram and the oil industry. Figure 7 shows that countries plagued by other forms of conflict (armed, organised violence) are also sites of mass protest and demonstrations. Often, African states experience divergent, parallel and diametrically opposed forms of disorder, with little evidence that there are shared goals, agents, support groups or locations. The issues that give rise to both forms of disorder are co-occurring but not overlapping. This means that governments govern and respond differently to populations that present various threats or risks to regime consolidation and continuity.

Where are conflict and violence most pronounced, and how does this differ from the past?

In the mid-to-late 1990s, the most significant and widespread political violence occurred in West Africa's Mano river region, Central Africa and East Africa. Since then, there has been a notable decrease in violence levels in Angola, Southern Africa and the Mano river region.

On the other hand, there has been a distinct increase in violence in North Africa, the Sahel, and East Africa. The emergence of high-intensity violence in new areas reflects the fragility of political competition in many poor states and the vulnerability of political processes in new states. Countries such as Egypt, Libya and South Sudan have undergone dramatic transitions of governance in the wake of regime change, and/or state creation. Finally, the fact that violence is re-emerging under new forms in historically conflict-affected contexts reflects its cyclical nature. Violence frequently re-adapts to new modalities where political settlements, peace processes and institutional change have either been insufficient to address the underlying causes of violence or have reinforced conflict-generating inequalities, grievances and divisions.

FIG. 7 - RIOTS AND PROTEST MAGNITUDE



Recycling elites and armed groups' leadership often facilitates this, wherein leaders and combatants participate in multiple, armed, active groups over the lifespan of a conflict or re-emerge as militia leaders or politicians when the institutional and political environment incentivise different forms of action. Examples include the reconfiguration of violent conflict in a violent Islamist disguise in northern Mali, persistent cycles of war and state fragility in the Central African Republic and cyclical violence in the Democratic Republic of Congo.

The locations and prevalence of violence and protest events across Africa from 2010 to 2018 suggest that conflict is not concentrated only in expected clusters (e.g. T bar, conflict arcs, etc.). These are insufficient to describe the actual patterns of

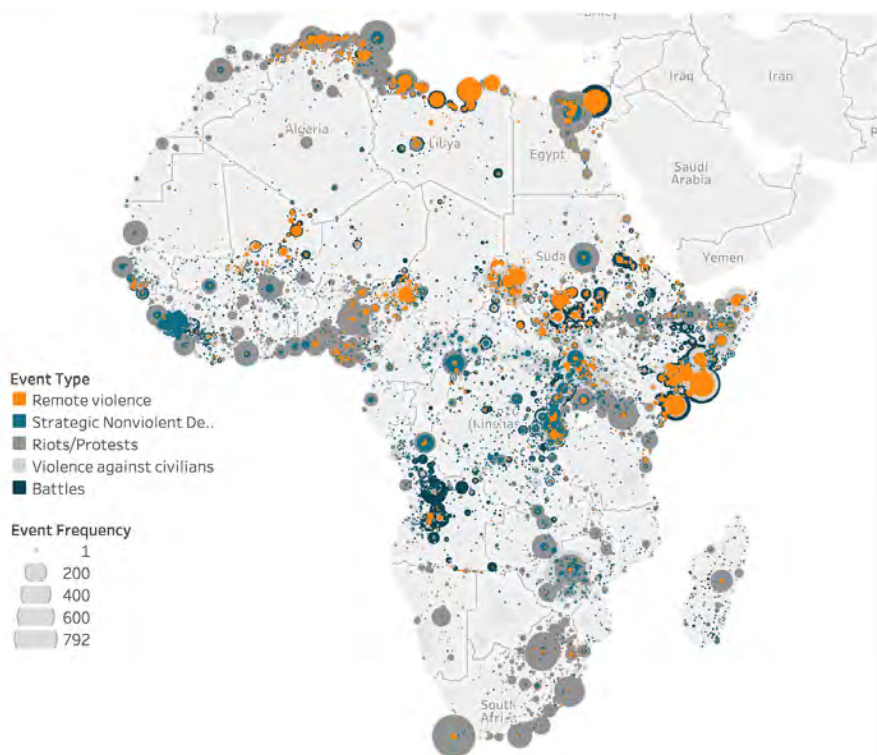
instability across Africa. Conflicts and protests are widespread, volatile and motivated by domestic governance practices and domestic politics (Figure 8) rather than a manifestation of a diffusing regional conflict pattern.

## **Policy options and prospects**

International policy responses to conflict and violence have primarily focused on creating institutions and implementing specific guidelines to stem large-scale violent conflict. However, while these policy responses have been effective in some circumstances, they can also have indirect and unforeseen consequences, as violence and conflict adapt to changing circumstances. Domestic institutional changes aimed at addressing a specific type of conflict create opportunities for other forms of violence and conflict to emerge or persist, including domestic political instability and large-scale social violence. International policy responses, and associated institutions, are generally poorly equipped to address alternative manifestations of violence.

Tailoring an international policy response means recognising the political nature of violent conflict, the conditions in which social violence occurs and the opportunities seized by actors to leverage changing political and social conditions to perpetrate new forms of conflict and violence. It is crucial for policy to incorporate knowledge of the domestic political cleavages, agendas and agents in order to comprehend the likelihood of violence, anticipate unintended consequences and generate better risk analysis and mitigation policies.

FIG. 8 - LOCATIONS OF CONFLICTS



Success in international policy responses has often come from the adoption, by donors, of a simultaneous approach of subnational analysis to understand domestic politics and regionalisation by gathering regional powers to mitigate neighbouring disorder. Subnational analysis can uncover how multiple violent agents interact to produce continuing conflict or “areas of peace”; it is also imperative to understand why and how some areas of a country are violent while others are not. A common trend in conflict management is to generate responses and policies that seek to join regional and larger bodies to promote stabilisation and longer-term security management systems. Violent agents and dynamics exhibit clear patterns of regionalisation,



presenting particular challenges to siloed approaches to addressing violence (country-specific and sub-regional). At the operational level, one trade-off is that regional bodies often face resource constraints compared to their bilateral or multilateral donors, causing them to rely heavily on donor assistance. Regionalised approaches also risk placing too much emphasis on top political levels, ignoring the modalities through which actors at lower levels (including diasporas and civil society) influence a conflict resolution process. Regionalisation involves local communities, and thus, interventions with a regional focus should not come at the price of local-level engagement.

Key frameworks for international policy response to conflict and violence include state building and peacebuilding, the creation of political settlements and a stabilisation approach applied in contexts of civil/transnational wars. While these approaches represent a welcome focus on the political nature of violence and conflict, they come with a number of trade-offs and risks.

As far as it concerns peacebuilding and state building, these approaches have contributed, over the last decade, to creating politically resilient regimes at the cost of social resilience to political shocks and stresses. The New Deal program by a coalition of Western states through the Organization for Economic Cooperation and Development (OECD) was created to overcome challenges associated with a lack of contextual understanding of existing local power dynamics, conflict drivers and networks. Nonetheless, the approach presents a number of trade-offs. For one, peacebuilding agendas shift externally defined goals in state building and peacebuilding onto developing states, despite these states being less able to deliver on many aspects of government stability and consolidation. The responsibility of donors to provide aid in ways that are most effective and helpful to recipient countries remains a second order priority. Relatedly, donors often operate under liberal peace-based assumptions with reference to the types of institutions and priorities that *should* be present in partner countries rather than acknowledging what is present. As a result, existing formal and informal governance

structures are often negated or even replaced. Another central challenge for the international community lies in striking a balance between the primacy of national agency and ownership, and donor demand for accountability, transparency and results.

Concerning the creation of political settlements, in recent years there has been growing commitment to building political settlements that are legitimate, inclusive and credible. However, political settlements are not a conflict management tool per se. They are rather a representation of power distribution and operate to “balance power” between elites and potential spoilers. Irrespective of the growing attention paid to political participation and inclusiveness for the management of conflict, there are also risks associated with an excessive focus on political settlements. In building elite coalitions, other legitimate voices may be obscured. Entry into, or “renegotiation” of, elite bargains and settlements can be violent, costly and persistent in developing states. The framework risks incentivising violence among elites, leading to high rates of domestic political instability.

Finally, as far as it concerns stabilisation, its goal is to facilitate integrated security and development approaches across departments and agencies that combine planning and activities related to conflict prevention, early diplomacy, peacebuilding, peace enforcement, early recovery and state building. The shift towards stabilisation comes with a number of trade-offs. First, stabilisation approaches are largely reactive rather than preventative. Second, despite a trend towards comprehensive governmental approaches, stabilisation is predominantly designed by the ministries of defence in order to fulfil a security agenda. This can result in particular attention paid to immediate manifestations of violence rather than to underlying processes that drive conflict. A stabilisation approach can also risk blurring the distinctions between security and development priorities. Across development actors, approaches to conflict management have been characterised by a growing preoccupation with countering violent extremism and anti-radicalisation, with a clear impact on highly securitised aid.

The takeaways from this perspective on violence include a number of acknowledgments. Solutions for violent domestic politics are to be found beyond elections, forced democratisation and inclusive politics. Elites manipulate and abuse the “rules of the game” for their own purposes, rather than playing their “games within rules”. Such ambitions can, however, be hindered by open media, independent election commissions, judiciaries, civil services, and so forth. It is necessary to stop being blinkered by “identity labels” (such as Islamism, ethnicity or nationalism), used by groups to gain attention and support. Violent “labels” are used by groups to distinguish themselves in a crowded field of competitors. What matters are the incentives for violence that emerge during political competition and where the threats to regimes and citizens come from. Finally, an understanding of domestic politics of states, elites, and recent histories cannot be substituted for institutional approaches, which include elections, national level democratic reforms or open markets. Developed world intransigence and active lowering of humanitarian responsibilities will continue to have devastating consequences for those near and far. It is hubris to think that Europe will remain unscathed or unaffected by spreading disorder.

## **Five questions for discussion**

- How does the Sustainable Development Goal #16 (SDG) (“Promote peaceful and inclusive societies for sustainable development”) aim to lessen the risk of conflict for communities? Is the proposed theory of change likely to deal with all manner of conflict equally?
- How does the international community evaluate its own conflict mitigation work across Africa, given the rise in violence?
- If inclusion (democratisation, elections, and corrupt practices) increases violence, why are exclusion and poverty the focus in many international conflict programs (N.B. these factors are closely associated with the

rise of civil wars, but are not associated with state violence, militia violence, riots, protests or violence against civilians outside of civil war contexts)?

- If “Islamist” violence mainly occurs in places where (1) previous political violence was common; (2) the relationship between local, possibly Muslim, communities and the government is very poor; and (3) there are multiple conflict risks from several, non-Islamist, armed groups, then how can the international community address the problem and growth of these groups?
- This analysis suggests that conflict is not about the breakdown of state authority and power, but a feature of competition between politically strong actors within states. Hence, the “state failure” debate is based on incorrect assumptions. What does conflict programming look like if it is based on mitigating “strategic conflict” instead of “weak state conflict”?

## 6. Exploring Intra- and Extra-Continental African Migration: Trends, Drivers and Policy Options

Richard Mallett

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### Key facts

- **The bulk of cross-border African migration is intra- rather than extra-continental** – that is, international flows are primarily contained within the continent. However, trends over recent decades indicate that **the gap between the two is gradually shrinking**.
- **Although** there has been significant **growth in emigration rates** from many countries in sub-Saharan Africa – particularly since the early 2000s – **Africans continue to be under-represented in the global migrant stock**.
- Changes in African **migration trends are poorly explained by demographic factors, and conflict accounts** for just a fraction of cross-border movement.
- There is strong evidence that as countries develop and grow, **emigration** expands as people's aspirations and capabilities to migrate strengthen. This process **starts to reverse once countries transition to upper middle-income status, but that stage is decades away for most places in sub-Saharan Africa**.
- The prevailing **European orthodoxy of deterrence-centred migration policy is both expensive and largely ineffective**. This is supported by a growing body of evidence. It is time to urgently rethink policy options for managing migration better and to pursue innovation within the boundaries of political possibility.

## Introduction

Africa is often presented as a continent in a permanent and increasing state of exodus – one driven by abject poverty, acute demographic pressure, and the dislocating impacts of endemic conflict. From a European perspective, such framings are used to justify and promote deterrence-based policy responses that involve curtailing freedom of movement and containing African populations in their countries- and regions-of-origin. While this approach gained particular currency in the early 2000s, since the recent onset of Europe's so-called "migration crisis" it has only solidified and deepened.

But how accurate is the depiction of an Africa consumed by poverty- and conflict-driven mass movement, to what extent is current policy effectively managing the continent's migration flows, and what are some of the areas in which future policy could be usefully focused? This overview chapter sets out to shed some light, drawing on the latest and most up-to-date evidence to put forward a constructive analysis of these questions.

Three sections follow. The first describes recent and current trends in African cross-border migration – building a picture of changes in both intra-continental (mobility between African countries) and extra-continental (mobility beyond Africa) migration – before analysing a series of factors that might be considered core drivers of that movement. In light of this evidence, the following section then discusses the character and limitations of the current policy orthodoxy, and explores viable options for alternative responses. In the final concluding section, five key questions that emerge from the chapter's analysis are put forward in an effort to stimulate constructive debate about the future of policy in relation to African migration.

## **An overview of African migration: trends and drivers**

This section is split into two parts. The first covers recent and current trends in African cross-border migration in both an intra-continental and extra-continental sense. The second part uses the latest evidence to put forward an account that helps us understand what has been driving this movement, with a particular consideration of the roles that demography and development may (or may not) play.

What is happening? A picture of recent and current trends

**In recent decades, the bulk of cross-border African migration has occurred within the continent.** An influential analysis of the dynamics of African migration over recent decades shows that, between 1960 and 2000, most Africans who participated in cross-border movement did so within the continent<sup>1</sup>. In other words, over this period rates of intra-continental migration outweighed those associated with extra-continental migration.

Within the category of intra-continental migration, the bulk has occurred between neighbouring countries. This suggests that, in initial terms at least, African migrants tend to make relatively short journeys within their regions-of-origin, rather than embarking on long migrations (e.g. to Europe) from the outset. What this partly reflects is the fragmented nature of many people's migration journeys, which involve jagged movements from one place to the next over gradual periods of time, often in a relatively non-linear fashion<sup>2</sup>.

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<sup>1</sup> This section draws extensively, at points, on M.-L. Flahaux and H. de Haas (2016). Their analysis is highly relevant to the discussion presented here, and thus merits considerable inclusion.

<sup>2</sup> M. Collyer, "In-between places: trans-Saharan transit migrants in Morocco and the fragmented journey to Europe", *Antipode*, vol. 39, no. 4, pp. 668-90, 2007.

We have also seen an increasing concentration of African migrant populations in particular countries or particular clusters of countries within the continent. The overall pattern, particularly since post-independence, is one of coast-bound migration from more marginal inland countries, urbanisation, and growing rural-urban mobility. We have thus seen increasing movement from primarily agricultural, inland areas to sites in mainly coastal countries. Prime examples – or important migration ‘hubs’ – include Djibouti, Gabon and Libya.

Other analyses both confirm this overall picture and add a little more detail. For example, data presented by the International Monetary Fund (IMF) shows that, in 2013, the largest “host” countries of sub-Saharan African migrants were Côte d’Ivoire, South Africa and Nigeria (2.3 million, 2 million and 900,000, respectively)<sup>3</sup>. These substantial migrant stocks appear to be associated with two key factors. First, the relatively large and diversified nature of these countries’ economies. And second, the presence of pre-existing migration corridors – for example, between Burkina Faso and Côte d’Ivoire, and between Zimbabwe and South Africa. Cultural and linguistic affinities are at play here. The IMF’s analysis also suggests that the main “sending” countries to these African destinations tend to be geographically proximate, lacking in decent economic opportunity, and prone to instability (linked to either natural disasters or political violence).

Even more recent data support the notion that African migration continues to be both largely contained within the continent and geographically regional in nature<sup>4</sup>. The following examples are illustrative: in 2017, the share of international migrants from East Africa still residing in East Africa was 65%, for those from Central Africa it was around 50%, and for West

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<sup>3</sup> J. Gonzalez-Garcia *et al.*, “Sub-Saharan African migration: patterns and spillovers”, Spillover note 9, Washington, D.C., International Monetary Fund, 2016.

<sup>4</sup> A.S. Abebe, “Understanding the patterns and causes of African migration: some facts”, in *Foresight Africa: top priorities for the continent in 2018*, Washington, D.C., Brookings Institution, 2018.



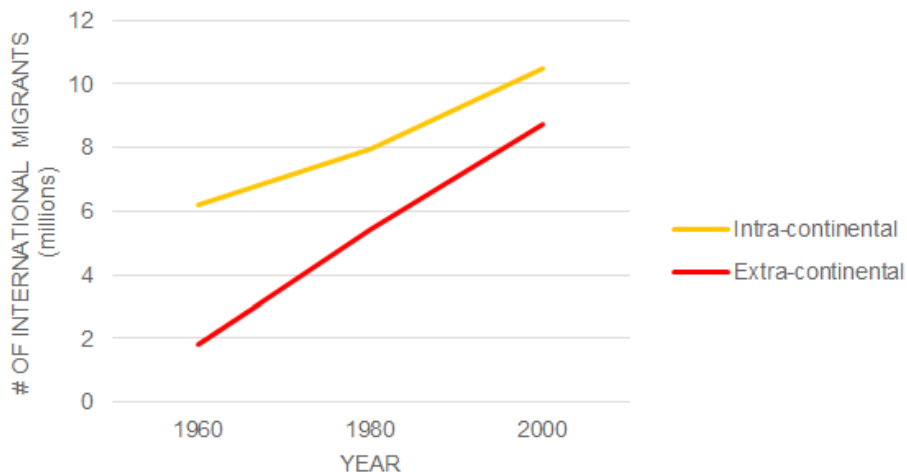
Africa it was 86%. The only region with a higher proportion of its migrants moving beyond the continent was North Africa, at around 50%. It bears noting here that, despite these comparatively higher rates, half of all international migration from North Africa still occurs within the continent – even if just a fraction of that is contained within the region itself (roughly 14%). Indeed, movement *between* regions more generally – for example, from west to south – has been increasing over recent years and looks set to continue this way, as processes of economic growth unfold and infrastructural developments accumulate<sup>5</sup>.

**The gap between intra- and extra-continental migration is narrowing, and the geographical distribution of African migration is diversifying.** Although intra-continental migration has historically outpaced extra-continental migration, since 1960 the gap has been steadily closing. As Figure 1 below shows, the numbers of both intra- and extra-continental African migrants simultaneously increased between 1960 and 2000 – from 6,176,385 to 10,500,000 and 1,830,776 to 8,734,478, respectively. But the rate of growth has been uneven, with extra-continental migration catching up in relative terms.

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<sup>5</sup> M. Awumbila, *Drivers of migration and urbanization in Africa: key trends and issues*, Paper presented at the UN Expert Group Meeting on Sustainable Cities, Human Mobility and International Migration, New York, Population Division, United Nations, 2017.

FIG. 1 - THE NUMBER OF INTERNATIONAL AFRICAN MIGRANTS HAS BEEN INCREASING IN ABSOLUTE TERMS SINCE 1960, IN BOTH AN INTRA- AND EXTRA-CONTINENTAL SENSE



*Source:* Information drawn from M.-L. Flahaux and H. de Haas (2016)

Estimates of “emigration intensity”, which represents the share of any given country-of-origin population that have become international migrants, can be used to highlight this<sup>6</sup>.

Calculations show that, over the time period in question, the average intensity of intra-continental migration declined from 2.1% to 1.3% (i.e. in 1960, 2.1% of country x’s population resided in another African country, while by 2000 this share had fallen to 1.3%). At the same time, the average intensity of extra-continental migration increased from 0.6% to 1.1%, a shift that can largely be accounted for by generally increased emigration rates from North African countries, which have been noticeably greater than other regions.

<sup>6</sup> M.-L. Flahaux and H. de Haas (2016).

Putting these variations to one side for a moment, what is also interesting is that between 1960 and 2000, the overall intensity of African emigration – that is, taking cross-border movement both within and beyond the continent into account – actually declined. Although in absolute terms the volume of African international migrants expanded over this period, in relative terms the intensity fell from 2.8% to 2.3%. More recent estimates for 2015 suggest that this continues to be the case, with little indication of any major reversal having occurred<sup>7</sup>.

These various shifts in intensity have been accompanied by geographical diversification in extra-continental migration. While in 1960 most African migrants went to the UK and France – highlighting the significance of the colonial link – by 2000 we were seeing an increase in those migrating both to other European countries (Germany, Holland, Italy, Portugal, Spain) and countries even further afield (Australia, Canada, USA).

So too has there been diversification in regions-of-origin. Within the category of African migration to Europe, North Africa has long been over-represented. This still largely remains the case, but, according to data from the Country-to-Country (C2C) project administered by the Determinants of International Migration (DEMIG) initiative, between 1975 and 2011 there was a noticeable increase in the share of West Africans migrating to Europe. It is now the case that migrants from West and North Africa account for more than 80% of the European flow, something Flahaux and de Haas ascribe to proximity on the one hand, and to historical labour recruitment practices on the other (particularly with Mali, Senegal, and several countries in the Maghreb).

**The most recent estimates point to growth in African migration, particularly beyond the continent.** Coverage limitations aside, the latest UN<sup>8</sup> data helps us sketch out a “big picture” of the current situation. According to this data, in

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<sup>7</sup> G. Carbone and T. Corda, “Conclusions: policy implications for the EU”, in G. Carbone (Ed.) *Out of Africa: Why People Migrate*, Milan, Ledizioni-ISPI, 2017.

<sup>8</sup> UN (2017).

2017 there was a total of 258 million international migrants worldwide. Of that figure, 106 million were from Asia, 61 million were from Europe, 38 million were from Latin America, and 36 million were from Africa (Figure 2). This means that, proportionally speaking, African international migrants are *under-represented* in the global migration stock. Looking more specifically at countries of origin, of the top 20 “contributing” countries in 2017, just one was in Africa (Egypt). Eleven were located in Asia, and six in Europe.

FIG. 2 - OF THE 258 MILLION INTERNATIONAL MIGRANTS WORLDWIDE, JUST 36 MILLION ARE OF AFRICAN ORIGIN



Source: UN (2017)

A similar dynamic exists in relation to global flow trends over the last 15 years or so. Of all international migrants added to the global migration stock between 2000 and 2017, Asia contributed 30 million, Europe 22 million, North America 17 million, and Africa 10 million.

However, these absolute figures conceal important changes in emigration *growth* trends across different regions. Recent analysis of the UN data by the Pew Center<sup>9</sup> reveals that, between

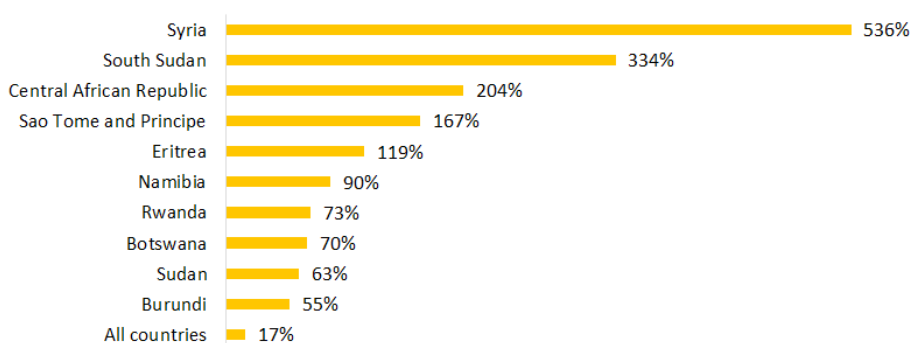
<sup>9</sup> P. Connor, “[International migration sub-Saharan Africa has grown dramatically](#)

2010 and 2017, the total volume of international migrants from sub-Saharan African countries grew by 31%. By contrast, emigration from the Asia-Pacific region and Latin America rose by 15% and 9%, respectively. Only the Middle East-North Africa (MENA) region experienced faster growth, at 39%.

Moreover, growth in African emigration has been ramping up over recent decades. According to the data, the emigration growth rate for sub-Saharan Africa during the 1990s stood at just 1%, before climbing rapidly to 25% in the 2000s and 31% in the 2000-2017 period. A variety of similar trends took place over the same time period, with the number of North Africans living in EU countries, for example, rising from 3 million in 1990 to 5.2 million in 2017.

As things now stand, of the ten countries with the highest growth in emigration rates in 2017, nine are in sub-Saharan Africa (the one non-African country, Syria, tops the list with a 536% growth in emigration between 2010 and 2017 – see Figure 3). And, in line with the work of Flahaux and de Haas, this latest data confirm that African migrants are increasingly going extra-continental: while the bulk of African migration is still contained within the continent, this share fell from 75% in 1990 to 68% in 2017.

FIG. 3 - BETWEEN 2010 AND 2017, NINE OUT OF THE TEN FASTEST GROWING EMIGRATION RATES WERE FOUND IN SUB-SAHARAN AFRICAN COUNTRIES



Source: Pew Center analysis of UN data (P. Connor, 2018)

## What is driving change in African migration trends? Demography, development, and state policy

To recap the major trends in contemporary African migration, over the last few decades we have seen: 1) an increase in the overall volume of cross-border migration, with particularly expansive growth occurring since 2000; this is despite the fact that Africans continue to remain proportionally under-represented within the global stock of international migrants; 2) a steady closing of the gap between intra- and extra-continental migration, although the bulk of cross-border migration continues to remain intra-continental; 3) a geographical diversification in the composition of both flows and destinations.

In this second part of the section, attention is turned to some of the main factors that appear to have driven such changes. Although migrations are complex phenomena, irreducible to a single cause, the intention here is to focus on a few selected sets of drivers that are relevant to ongoing policy debates, drawing on the latest evidence to explore the role they may or may not play.

**Demographic factors play less of a role than we might expect.** In the context of African migration, demography and conflict are frequently framed as the core drivers of cross-border mobility, which is in turn facilitated by the apparent porosity of national borders within the continent. To what extent does this framing hold up in the face of recent academic research? One new study by de Haas and Fransen<sup>10</sup> uses data from the UN's latest Global Migration Database to analyse how different dimensions of social transformation shape international migration trends and patterns. Demography features as one such dimension – alongside economic, technological, political and cultural factors – which the authors gauge through four proxies: share of young people aged between 15 and 35 relative to overall population (as a measure of the “youth bulge”); percentage of people living in urban areas; rate of urban population growth; and speed of economic modernisation. Using data that

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<sup>10</sup> H. de Haas and S. Fransen, *Social transformation and migration: an empirical inquiry*, Paper 141, Oxford, International migration Institute Network, 2018.

cover bilateral country-to-country estimates of migrant stocks for *all* countries in the world between 1990 and 2010, the authors conclude that “one of the most striking findings is that the relative size of the population aged 15-35 does not have a significant effect on emigrant rates” and that “demographic factors are unlikely to have a *direct* relation to emigration”.

Research into African migration more specifically appears to corroborate this view in relation to that particular context, showing that higher rates of extra-continental migration tend to be associated with countries that are relatively more advanced in their demographic transition, as indicated by lower mortality and fertility levels<sup>11</sup>. In other words, population pressure – particularly from young cohorts of society – does not appear to be a primary driver of international migration outside the continent.

These findings raise questions of traditional transition models, which have tended to assert a kind of “demographic determinism” in relation to migration. They suggest we need to be careful about assuming that particular demographic structures or shifts automatically lead to particular changes in migration flows, and that we should acknowledge there may be other factors which mediate or override the role of demography.

### **Development matters, but not in the way often assumed.**

If demographic factors play, at best, an indirect role in shaping emigration rates, what else might matter? As mentioned above, conflict and violence are often a core feature of narratives concerning the so-called “African exodus”. This is despite the fact that 86% of international migration in Africa is *not* related to conflict<sup>12</sup>. Moreover, even in sub-regions where conflict and violence have been particularly prevalent (such as the Great Lakes region of central/eastern Africa), evidence suggests that while conflict is likely a partial driver of mobility, it would be “wrong to neglect the ongoing, perhaps mundane social processes that

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<sup>11</sup> M.-L. Flahaux and H. De Haas (2016).

<sup>12</sup> UNHCR, [Statistical yearbook 2010](#), Geneva, 2011.

drive mobility, such as the search for an education, a spouse or a better life in the city”<sup>13</sup>. Again, this is a caution against “exceptionalising” certain factors that often feature centrally in popular representations of African migration.

Another such factor, commonly assumed to be a primary driver of international migration, is poverty. It is widely believed that a lack of development and economic growth fuel emigration, as poor individuals seek better opportunities in far-off places. Such thinking gives rise to ideas such as the “brain drain”, where talented people in low-income countries transfer themselves, their capacities and their contributions to wealthier countries.

There is now quite a substantial body of evidence refuting the linear logic that poverty breeds emigration. A 2014 study directly addressed the question – i.e. “does development reduce migration?”<sup>14</sup> – and, after surveying 45 years’ worth of literature on the topic, found that emigration generally rises with economic development until countries reach upper-middle income status. Broadly speaking, the poorest countries have some of the lowest levels of international emigration, but that changes as they start to become wealthier. Emigration rates then rise until countries reach a relatively advanced stage of development, at which point they begin to fall back. Thus, although we need to be careful about generalising too far or ignoring the possibilities that future scenarios may present, much of the evidence supports an “inverted-U” model of the relationship between economic development and emigration (Figure 4).

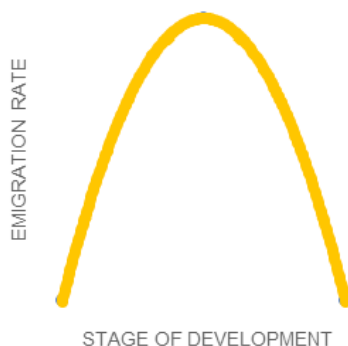
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<sup>13</sup> O. Bakewell and A. Bonfiglio, *Moving beyond conflict: reframing mobility in the African Great Lakes region*, Working paper 71, Oxford, International Migration Institute, 2013.

<sup>14</sup> M. Clemens, *Does development reduce migration?*, Discussion paper 8592, Bonn, IZA, 2014.



FIG. 4 - EMIGRATION RATES TEND TO INCREASE AS POOR COUNTRIES DEVELOP, BEFORE FALLING AS THEY REACH UPPER MIDDLE-INCOME STATUS



Situating the question in the African context, the aforementioned work of Flahaux and de Haas<sup>15</sup> is supportive of this conclusion. Based on their analysis of the World Bank and DEMIG datasets, they sum up as follows:

There seems to be a rather clear relation between levels of socio-economic development and the volume and geographical orientation of African emigration. More marginal, poorer or landlocked countries tend to have lower absolute and relative levels of extra-continental migration, and their migration is primarily directed towards other African countries.

By contrast, African countries with higher levels of extra-continental migration tend to be more urbanised, have higher rates of per capita GDP growth, and occupy coastal locations (which is helpful in terms of overcoming geographical barriers to movement). This is all in line with migration transition theory, which has been well tested using historical and contemporary data sources. At the root of this theory is an association between development and migration that is based on an understanding

<sup>15</sup> M.-L. Flahaux and H. de Haas (2016).

of migration as a function of people's *aspirations* and *capabilities* to migrate. That is, as developmental processes unfold, people's access to material resources, social networks, education, media and knowledge expands. In parallel, development-related improvements in infrastructure and transport systems mean that travel becomes less expensive and less risky. As such, policy efforts to curb international migration from poor countries by increasing their levels of development are only likely to be playing into this well-established process – that is, until such countries reach the income-status point at which emigration begins to fall once again (which in many cases will not be for several decades).

**The actions and behaviours of states shape migration flows, far beyond the implementation of migration-specific policies.** Before turning attention to policy options in light of this evidence in the next section, it is worth offering a brief consideration of other drivers known to matter in the context of African migration trends. One area of particular interest that has been receiving growing attention is the role of state policy in shaping migration flows. Typically, the focus has been on the actions, laws and policies of traditionally defined “destination countries”, such as those in Europe, with a particular emphasis on (im)migration-specific policies. These can be thought of as targeted measures that are expressly designed to directly affect or regulate migration in one sense or another, and include things like visa requirements, border controls, and selective restrictions on the entrance of labour migrants.

The latest evidence suggests that while migration-specific policies such as these can play a role in shaping flows, they are generally less influential than we might expect – and certainly could not be classified as a core driver. For example, drawing on asylum application data from 20 OECD countries between 1985 and 1999, Thielemann<sup>16</sup> finds that measures specifically

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<sup>16</sup> E. Thielemann, *Does policy matter? On governments' attempts to control unwanted migration*, CCIS Working Paper 112, San Diego, CA, University of California, 2004.

designed to deter “unwanted” migration have often been ineffective: destination choice, he explains, tends to be driven by factors well outside the remit of asylum policy. Multi-site qualitative work by Hagen-Zanker and Mallett<sup>17</sup> in Europe adds narrative depth to these findings. Their research suggests that where policy does come into the migration decision-making process, the role of public policy and economy more broadly – e.g. access to education and labour market opportunities in potential “host countries” – appears to outweigh any effect of migration-specific regulations and controls. (Interestingly, the perceived “pull” of European welfare systems were rarely part of interviewees’ narratives, reflecting a wider body of research that finds very little evidence to support the so-called “welfare magnet” hypothesis<sup>18</sup>).

These various analyses generally align with the quantitative findings of Czaika and de Haas<sup>19</sup>, which show that although migration policies have the potential to alter the character of migration flows – in the authors’ words, they can create a number of “substitution effects” in relation to geographical trajectory, composition of flows, and the timing of migrations – they are relatively incapable of controlling the overall volume of migration. One good illustrative example would be the significant rise in European visa requirements after 1985, which Flahaux and de Haas<sup>20</sup> connect to the geographical diversification of African migration away from the former colonial powers of France and the UK in the period that follows.

Only because a government’s migration-specific policies appear to exert limited effects on flows, however, this does not

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<sup>17</sup> J. Hagen-Zanker *et al.*, *Migration from the margins: mobility, inevitability and vulnerability in mid-western Nepal and north-western Pakistan*, Report 5, London, Secure Livelihoods Research Consortium, 2014.

<sup>18</sup> C. Giulietti, *The welfare magnet hypothesis and the welfare take-up of migrants*, World of Labor Article, Bonn, IZA, 2014.

<sup>19</sup> M. Czaika and H. de Haas, “The effectiveness of immigration policies”, *Population and Development Review*, vol. 39, no. 3, 2013, pp. 487-508.

<sup>20</sup> M.-L. Flahaux and H. de Haas (2016).

mean that states play no role in migration processes. In Czaika and de Haas' words, "the importance of factors such as economic growth, labour market structure, education, inequality, and conflict points to the role of non-migration policies and institutions – and, more generally, of nation-states – in shaping migration processes" <sup>21</sup>.

Significantly, this broader focus on state action and behaviour means that "sending countries" or "countries of origin" come into the equation, which has not always been the case thanks to the long hold of 'receiving country bias' on migration research. On this question, recent evidence and analysis suggests that the actions of African states can constitute powerful drivers of African cross-border migration.

The post-independence processes of African state formation have been shown to significantly affect migration flows, for example through nationalist political narratives and the accompanying dynamics of migrant scapegoating and public xenophobia, particularly during times of economic crisis<sup>22</sup>. Under certain conditions, this combination can give rise to government-imposed expulsions of migrant populations.

In addition, state-imposed restrictions on people's livelihoods can help drive onward movement. Evidence suggests, for example, that many Eritreans flee their country in order to escape compulsory national service, and then continue to pursue secondary migration beyond the immediate region, partly as a result of their legislated exclusion from the formal labour market in neighbouring countries<sup>23</sup>.

Finally, a substantial five-year study conducted by the OECD<sup>24</sup>, drawing on a huge body of mixed-methods data from ten developing countries, found that domestic sectoral policies can affect the decision to migrate in a number of ways. In

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<sup>21</sup> M. Czaika and H. de Haas (2013).

<sup>22</sup> M.-L. Flahaux and H. De Haas (2016).

<sup>23</sup> R. Mallett *et al.*, *Journeys on hold: how policy influences the migration decisions of Eritreans in Ethiopia*, Working paper 506, London, ODI, 2017.

<sup>24</sup> OECD, *Interrelations between public policies, migration and development*, Paris, 2017.

relation to the economy, for example, when vocational training programmes fail to meet the demands of the domestic labour market, emigration tends to increase. On the other hand, public investment in social protection can both curb emigration and encourage the permanent return of migrants living overseas. This is not to say there is a perfect menu of public policies that can be put in place to seamlessly regulate migration, but rather that, depending on the *way in which* certain policies are designed and implemented, migration flows may be indirectly affected.

### Policy options: in search of viable alternatives

Popular representations of African migration imply a continent caught up in a permanent and increasing state of exodus – one driven by abject poverty, acute demographic pressure, and the dislocating impacts of endemic conflict. This narrative both encourages and legitimises a kind of policy response that is ultimately at odds with the realities of how and why African migration is *actually* occurring. As a result, the core issues and problems, which we continue to learn more and more about thanks to important research-based advances, continue to go improperly addressed.

The bulk of the orthodox policy response to African migration in recent decades has centred on curtailment and containment, something which has only become more pronounced against the backdrop of Europe's so-called "migration crisis". A regime of deterrence has emerged front-and-centre, grounded in a logic of preventing people from reaching and accessing European territory. Deterrence policy takes a number of forms, ranging from heavily funded border controls and strict processing procedures to the implementation of information campaigns and livelihood interventions in "countries/regions of origin"<sup>25</sup>. While the specific theory of change varies depending

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<sup>25</sup> J. Carling and M. Hernandez-Carretero, "Protecting Europe and protecting migrants? Strategies for managing unauthorised migration from Africa", *British Journal of Politics and International Relations*, no. 13, pp. 42-58, 2011.

on the type of measure put forward, the intention of migration control is a shared objective.

The real question is whether such an approach actually works. Going by much of the latest evidence, the answer is that it does so only to a very limited extent. In line with the aforementioned research that casts doubt on the impacts and “directness” of migration-specific policies, deterrence measures generally appear capable of altering the dynamics of migration decisions and flows, but not of halting movement altogether. This is partly because such attempts fail to address the real drivers of international migration, and partly due to flaws in their design and implementation. Policies designed to curb migration by improving development outcomes, for example, are based on a misinformed understanding of the relationship between poverty and mobility. Recent studies have also shown that measures such as livelihood programming (e.g. micro-credit, vocational skills training) and information campaigns often fail to engage with the structural factors that really drive people’s aspirations for onward migration<sup>26</sup>.

What would a more sensible and appropriate policy response look like? In their recent paper, *Can development assistance deter emigration?*, Michael Clemens and Hannah Postel<sup>27</sup> make the important point that “because successful development goes hand in hand with greater migration, aid agencies seeking to affect migration must move beyond deterrence”. At the basis of their argument are ideas about migration transition theory, which were introduced in the preceding section – that is, as poor and low-income countries develop and become wealthier, greater numbers of people acquire the aspirations and capabilities to migrate. And while the intensity of emigration tends to slow as

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<sup>26</sup> R. Mallett *et al.* (2017); MMP, “How powerful is policy? The role of policy in shaping migrant decision-making”, Feature article, Mixed Migration Platform, 2017; D. Schans and C. Optekamp, “Raising awareness, changing behaviour? Combatting irregular migration through information campaigns”, Cahier 2016-11, Ministerie van Veiligheid en Justitie, 2016.

<sup>27</sup> M. Clemens and H. Postel, “Can development assistance deter emigration?”, Brief, Washington D.C., Center for Global Development, February 2018.

countries continue to grow, as Clemens and Postel make clear, most of today's low-income countries will not reach the stage of developing past middle-income status for several decades.

None of the latest evidence we have suggests that international migration from Africa is going to slow or stop any time soon, even with new forms of prevention and deterrence in place. The sheer inevitability of this trend demands urgent policy innovation, or at least some degree of deviation away from the current orthodoxy. Continuing to push and prioritise the mantra of deterrence-based migration and development policy will not only constitute a waste of public spending, but will also force increasing numbers of migrants into precarious and clandestine migration channels. A recent and growing body of evidence describes and explains this process, demonstrating how a lack of safe and legal pathways is often outweighed by the strength of people's aspiration to move, through whatever means available<sup>28</sup>. The result is that migration for many is becoming a far more expensive and violent process than it otherwise would be, with migrant mortality rates on a steady rise in recent years<sup>29</sup>. Based on International Organization for Migration (IOM) data<sup>30</sup>, global rates of migrant mortality during travel have increased in the past few years, from less than 1% in 2015 to 2% in 2016 to 3% in 2017. And although not perfectly comparable, ODI calculations indicate that the rate for January 2018 was around 10%<sup>31</sup>.

While in many countries the politics of abandoning or deprioritising deterrence-based policy will be difficult to manage – this kind of approach often serves a significant performance function in relation to domestic politics – there are a number

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<sup>28</sup> H. Crawley *et al.*, “[Destination Europe? Understanding the dynamics and drivers of Mediterranean migration in 2015](#)”, Final report, MEDMIG, 2016; H. de Haas *et al.* (2018); J. Hagen-Zanker and R. Mallett (2016).

<sup>29</sup> J. Brachet, “Manufacturing smugglers: from irregular to clandestine mobility in the Sahara”, *Annals of the American Academy*, no. 676, 2018, pp. 16-35.

<sup>30</sup> IOM, “[Missing migrants project](#)”, Geneva, 2018.

<sup>31</sup> Internal calculation, ODI.

of options and alternatives available. Three broad categories are identified.

### Beyond an intervention-based approach

It is not possible to regulate migration at 100% effectiveness, but it is possible to shape the conditions under which it occurs. Many measures attempt regulation by targeting elements of the migration decision-making process that are either marginal or irrelevant. For example, European funds continue to support information campaigns that are designed to deter migration by raising would-be migrants' awareness of the perils of irregular travel. However, a recent study of 33 such campaigns clearly shows how ineffective this approach is: the information provided is often distrusted, already known, or essentially useless<sup>32</sup>. Similarly constrained are livelihood programmes attempting to discourage mobility by improving people's capabilities, capital and wellbeing. These kinds of interventions tend to address only the symptoms of problems rooted in deeper, more structural issues (such as restrictions on the right to work or inequality and discrimination in the marketplace).

Based on the evidence presented in this paper, one sensible option would be to move away from intervention-based approaches to regulating migration (which are not capable of addressing root problems and structures) and to think beyond migration-specific policies (which play a far less powerful role than state action more generally). Part of this would involve paying detailed attention to the character and behaviour of African states, and thinking about what – if anything – might be done to help form more inclusive and equitable social contracts. It would also involve a diversion of funding away from one-off programming efforts towards a broader investment in public policy and public goods (for example, helping to build up social protection systems, which have been shown to curb emigration, or supporting economic processes of inclusive

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<sup>32</sup> D. Schans and C. Optekamp (2016).



structural transformation). This requires thinking about policy in non-migration-specific terms, and a willingness to engage in broad-based rather than migrant-specific policy action. For ideas about how this might be realistically pursued, the expanding literature on “thinking and working politically” in international development – which includes several concrete case studies of how donors have supported public policy reform through “politically savvy” approaches<sup>33</sup> – would be useful.

One other option within this category would be to concentrate greater efforts and resources on strengthening regional mobility blocks. Economic unions such as the Economic Community of West African States (ECOWAS) potentially have a much larger role to play in regulating regional and international migration. While good on paper, however, they are often weakly implemented, with a thin presence “on the ground”. Developing the capacity of such bodies to broker and manage deals that could have a serious effect on migration flows could thus be a wise use of resources.

### Continue the push for safer migration and more legal channels

While Africa does not accurately fit the popular “continent in exodus” narrative, there is no reason to believe that the current flows are going to suddenly dry up (particularly in light of the latest estimates of substantial emigration growth amongst certain countries in sub-Saharan Africa). Hence the need to think about new ways in which the international community might better manage migration in order to improve the quality of movement, reduce the high levels of risk and threat so many migrants are exposed to, and reduce the importance of the role currently played by (often violent and exploitative) migration

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<sup>33</sup> D. Booth, *Thinking and working politically*, Professional Development Reading Pack 13, Birmingham, GSDRC, University of Birmingham, 2015; D. Booth and V. Chambers, *The SAVI programme in Nigeria: towards politically smart, locally led development*, Discussion Paper, London, ODI, 2014; J. Sidel, *Achieving reforms in oligarchic democracies: the role of leadership and coalitions in the Philippines*, Research Paper 27, Birmingham, Developmental Leadership Program, April 2014.

“middlemen” or brokers – a group of actors whose creation and prominence has been a direct result of European migration policy since the early 2000s<sup>34</sup>.

Under this category, several concrete options can be considered. At the more politically challenging end of the spectrum lies advocating for an expansion of refugee resettlement quotas and an easing of existing migration restrictions, such as border controls. These, however, are likely to be difficult to push through. Potentially more manageable is the implementation of targeted schemes and initiatives that would create safer migration opportunities for a more limited number of people. The following measures might be considered:

1. Schemes to encourage circular migration. Evidence suggests that by facilitating certain types of cross-border movement, migrants are more likely to engage in return and circular migration. By contrast, when more restrictive migration policy gets implemented, migrants are less likely to return “home” as a result of the increased difficulty of re-gaining entry, and thus tend to stay put in “receiving countries”<sup>35</sup>. Collaborative arrangements that seek to encourage bilateral circular migration have already been put in place in some contexts: Spain’s partnership with Colombia to facilitate the cyclical movement of agricultural workers is one such example<sup>36</sup>. From the host country perspective, the added advantage of this kind of approach is that workers from overseas can be usefully brought in during periods when labour shortages occur in particular sectors.

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<sup>34</sup> J. Brachet (2018)

<sup>35</sup> M-L. Flahaux, “The role of migration policy changes in Europe for return migration in Senegal”, *International Migration Review*, vol. 51, no. 4, 2017, pp. 868-92.

<sup>36</sup> IOM, *Temporary and circular labour migration: Experiences, challenges and opportunities*, Geneva, 2009.

2. “Humanitarian visas”<sup>37</sup>. This approach, which allows people living in situations of humanitarian crisis to temporarily move to safer countries, has been championed by the likes of Alexander Betts. In his words, “small consular outposts could be created outside the European Union, in places like Bodrum in Turkey or Zuwara in Libya [...] At these transit points people could be quickly screened and those with a plausible asylum claim would be allowed access to Europe”. We are beginning to learn more about the significant returns achieved by such approaches. As one example, Clemens and Postel<sup>38</sup> recently examined a US-led initiative to provide a limited number of Haitians with temporary work visas following the devastation of 2010’s earthquake. Their findings, in the words of *The Economist*<sup>39</sup>, are “mind-boggling”: temporary migrants participating in the scheme earned a monthly income 1,400% higher than those back in Haiti. The article went on to say that the study’s findings “match those for a similar scheme that offered temporary agricultural work in New Zealand to people from Tonga and Vanuatu”. That policy was assessed by economists at the World Bank as “among the most effective development policies evaluated to date”. It is worth noting that the economic benefits of such initiatives are not limited to participating individuals: large shares of migrant earnings are typically remitted, supporting not only immediate household members but also the local economies of areas struggling to recover after conflict. Furthermore, the

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<sup>37</sup> This paragraph is based on R. Mallett and A. Pain, “Post-war recovery and the role of markets: policy insights from six years of research”, Global Policy, forthcoming.

<sup>38</sup> M.A. Clemens and H. Postel, *Temporary work visas as US-Haiti development cooperation: a preliminary impact evaluation*, Policy Paper 101, Washington D.C., Center for Global Development, 2017.

<sup>39</sup> “Visas as aid”, *The Economist*, 26 January 2017.

potential recovery effects of labour migration and remittance-sending are not necessarily limited to economic revitalisation: recent research from Mali shows that, when collectively organised, remittances from Malians living in France contribute substantially towards the provision of schools, health centres and water facilities in “villages of origin”<sup>40</sup>. The impacts on processes of recovery are thus potentially multidimensional.

3. Worker / employment initiatives. Of a nature similar to the schemes outlined above, there are also options to proactively target labour migration in particular. Initiatives such as the regional labour mobility programmes recently trialled in Brazil – geared towards Colombian refugees residing in Ecuador – can both facilitate economic integration and reinforce the principle of fair sharing on a regional basis<sup>41</sup>. These are unlike traditional resettlement programmes insofar as they instead focus on the resettlement of entrepreneurs and those “able to work”, providing them with access to jobs as well as short-term financial assistance. The detail of design matters very much in this instance: a recent analysis of 231 legal pathway interventions (linked to livelihood support) found that such programmes are far more likely to be effective when they proactively respond to the demands of local labour markets<sup>42</sup>. Whilst perhaps not surprising, this principle does not always feature in programme formulation. The report also found that impacts can be maximised when cross-sector collaboration (e.g. between different elements of the

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<sup>40</sup> L. Chauvet et al., “Migrants’ home town associations and local development in Mali”, *The Scandinavian Journal of Economics*, vol. 117, no. 2, 2015, pp. 686-722.

<sup>41</sup> C. Montenegro, “[Social protection: A fourth durable solution?](#)”, *Forced Migration Review*, no. 51, 2016.

<sup>42</sup> ISE and ODI, *Creating livelihood opportunities: a review of the design and effectiveness of legal pathways for migrants*, Capstone report, London, 2018.

public and private sectors) and offer support beyond simple access to the labour market (e.g. language training, ongoing mentorship).

### Maximise the developmental gains of migration

Following on from the previous category of options, the starting point here is inevitability: international migration within and from Africa is likely to continue, so why not make the most of this natural process? Rethinking migration as a process of development – as opposed to it being a failure of development – allows policy makers to more freely explore the potential wins involved. Currently, regimes of deterrence intentionally create barriers to migration, thus rendering it more dangerous and more costly: not only do preventative measures cost European taxpayers money, they also undermine the returns and contributions that migrants themselves can make. So, given the political will, what might be done? Again, a number of options are available:

1. Improving the right to work. In many countries, both in Europe and Africa, migrants are barred from entering the labour market on legal and formal terms. The UK, for example, does not permit those waiting on asylum decisions – the vast majority of which take in excess of six months' worth of processing – to work. This then creates situations of adverse dependency: newly arrived individuals, who in many cases are capable of applying their skills and contributing to the public purse, end up relying on state support just to survive. The same can be said of many African states that ban refugees' legal entrance into the labour market, thus encouraging dependence on humanitarian structures. This is a lost opportunity for all parties involved.
2. Reducing the costs of remittance-sending and labour recruitment. Recent research by the ODI showed that

members of the African diaspora paid an intermediation interventions involve cost of 12% on a US\$200 remittance transfer – almost twice the global average<sup>43</sup>. It also estimated that by reducing this “tax” to 5%, transfers would increase by US\$1.8 billion annually, equivalent to the sub-Saharan African cost of paying for the education of 14 million primary school age children. Along similar lines, migrant recruitment agencies find themselves in an easy position to extract substantial profits from those seeking to work overseas<sup>44</sup>. Tighter regulation on such organisations would equally help bring down the costs incurred through international labour migration.

3. Integration support. So much more could be done to facilitate the social and economic integration of people arriving in European countries from overseas. Currently what we see is a raft of measures designed, under the logic of deterrence, to incapacitate migrants upon arrival. One example would be the Swiss government’s decision to seize assets from asylum seekers up to the value of 1,000 francs. Such an approach reduces the ability of new arrivals to get by and increases their dependency on the state. Repealing legislation like this would undoubtedly enhance the potential of migrants and refugees to settle into their new “homes”. More proactively, and as noted by Hagen-Zanker and Mallett<sup>45</sup>, integration packages that include language lessons and work skills training – tailored towards the economic needs of particular host countries – could potentially: a) ease the transition of new arrivals; b) increase their capacity to support themselves (as most aspire to); and c) help fill job gaps in European economies. Of course,

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<sup>43</sup> K. Watkins and M. Quattri, *Lost in intermediation: how excessive charges undermine the benefits of remittances for Africa*, Report, London, ODI, 2014.

<sup>44</sup> J. Hagen-Zanker *et al.* (2014).

<sup>45</sup> J. Hagen-Zanker and R. Mallett, *Journeys to Europe: the role of policy in migrant decision-making*, Insights paper, London, ODI, 2016.

there would be an initial upfront cost in delivering such support, but this is a short-term expense that would be offset by the subsequent tax revenue generated.

When it comes to the question of actually implementing any of the above, much will depend on the conditions of possibility within any given policy environment. With migration, or at least certain types of migration, continuing to constitute an extremely politically sensitive issue in many countries, some policy options will simply be too difficult to push through. Thus, while efforts to alter public perceptions and narratives of migration may help stretch the conditions of possibility over time, in the immediate term it is important to be both strategic and realistic about policy selection. What is politically viable? Is enough of the right kind of capacity in place to ensure proper implementation? These are the sorts of questions that must be asked ahead of key policymaking decisions.

## **Five questions for discussion**

This short chapter has described and examined recent and current trends in African cross-border migration. Drawing on the latest evidence and some of the most reliable and up-to-date data sources, it started by showing how the contours of Africa's migration flows have gradually been shifting over the past few decades, before moving on to an analysis of core drivers. It then asked what this all means for the future of policy making in this area, putting forward three sets of options to support the design of an appropriate, evidence-based and fit-for-purpose policy response.

To bring this chapter to a close, below are five key questions arising from the material presented above, which are intended to stimulate conversation and debate about the future of policy in relation to African migration.

1. What main migration policy options are politically and financially viable in the current climate? What are the potential trade-offs involved with the various approaches, including in an ethical sense?
2. Should there be interest in, and potential for, a collaborative migration agreement – in relation to circular migration, a humanitarian visa scheme, or temporary worker initiatives – between Italy and one or more particular countries or regions, with whom it is most likely to be implemented and what would some of the key design considerations be?
3. What might it take to shift the domestic political narrative regarding migration in a direction that opens up space for more innovative policy making?
4. What is the role of research-based evidence – relative to domestic politics, electioneering, cultural framings, and so on – in that process?
5. Thinking about scale, at which levels of governance and authority – for example, central government, municipal, community – exists the greatest potential for experimentation and innovation with policy? Where is the most political possibility located, and how might that best be taken advantage of?



## 7. Human Development, Education and Mobility

Sara de Simone

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### Key facts

- **Africa experienced sustained economic growth** in the early years of the new millennium. Despite a slowdown since late 2014, an average growth rate of 3.2% is expected in 2018 and 3.6% in 2019. **Nevertheless, thirty-one African countries**, including those with the highest growth rates, **rank low in the Human Development Index**.
- **Improving education is one of the outstanding human development challenges** that African countries face. Primary education enrolment increased from 59% to 79% between 1999 and 2012, but **secondary and tertiary education** enrolment remains significantly lower.
- Even **though unemployment in sub-Saharan countries is comparatively low** with respect to other regions, **more than two-thirds (68%) of the working population occupies vulnerable positions** (self-employed workers, contributing family workers, workers with high levels of precariousness)<sup>1</sup>. Furthermore, **a significant number of people remain underemployed** (people employed in lower-level positions than they are qualified for, people forced to work reduced hours, or earning less than the minimum wage)<sup>2</sup>. This severely affects

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<sup>1</sup> ILO, *World Employment Social Outlook – Trends 2017*, 2017.

<sup>2</sup> A study on working conditions in West Africa estimated 67% of the working population in the region to be underemployed. See: F. Roubaud and C. Torelli, “Employment, Unemployment, and Working Conditions in the Urban Labor Markets of Sub-Saharan Africa: Main Stylized Facts”, in P. De Vreyer and F.

individuals' access to income and represents a lost opportunity in terms of economic growth and societal improvement.

- **One out of eight Africans with a university degree lives in Organization for Economic Co-operation and Development (OECD) countries**, reducing the overall human capital of African emigration countries.
- Remittances to Africa increased from US\$8.8 billion in 1990 to US\$69.5 billion in 2017, significantly exceeding Official Development Assistance (ODA) flows. **Remittances are improving the living conditions of millions of households and individuals** across Africa, contributing to the **improvement of human development indicators**.

## Introduction

As a concept, human development has been circulating since the 1990s. It first became central to policy-oriented and academic debates, and was then adopted in development practice through the Millennium Development Goals (MDGs), launched in 2000, and subsequently with the Sustainable Development Goals (SDGs) agreed upon in 2015.

Notwithstanding progress in the realisation of human development goals and the significant economic growth rates achieved by many African countries, the continent still lags behind and suffers from large inequalities in several key dimensions of human development, such as healthcare and, particularly, education.

Education is a key component of human development, both for its intrinsic empowering potential and for its instrumental importance in enhancing human capital and promoting economic growth. While African countries have achieved great results in terms of primary school enrolment rates, more efforts are needed to develop relevant post-basic education and training

curricula and improve overall education quality. Despite the shortcomings in post-basic education, improved access to primary education and rising human development levels contributed to increased mobility within and from African societies: more resources and higher expectations for the future trigger a higher propensity to migrate.

Acknowledging the relationship between human development and mobility is of vital importance in the process of establishing development partnerships with African countries. While the idea that international migrations – including of skilled migrants – can have an immediate impact on the economic development of their home countries in terms of GDP growth is a matter of debate, there is considerable evidence that education and mobility can yield important improvements at the community, household and individual levels in terms of access to education, healthcare, better housing, recreational facilities, etc.<sup>3</sup>. While support for reforms addressing structural constraints to development – such as political instability, misguided macro-economic policies, tenure insecurity, corruption and lack of infrastructures – remains essential, international partners should also acknowledge the importance of improvements at the micro-level as a first step to make sure that the human face of development is not lost in the quest for economic growth, and that Africa's development really results in more opportunities for people to choose how to live their lives.

## **Human development in Africa: evolution and trends**

The concept of *human* development was disseminated via the first Human Development Report (HDR), published by the United Nations Development Programme (UNDP) in 1990. Before then, since the 1950s, development had been

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<sup>3</sup> H. de Haas, *Mobility and Human Development*, Human Development Research Paper, UNDP, 2009.

predominantly conceived in *economic* terms. With the notion of human development, the attention of development discourses and practices shifted towards a more people-centred approach in which people's wellbeing became the ultimate goal of development. HDR 1990 defined development as "a process of enlarging people's choices", with particular regard to the possibility of leading a long and healthy life, being educated and enjoying a decent standard of living, but also including political freedom, guaranteed human rights and self-respect<sup>4</sup>. This new conceptualisation of development emphasised the enlargement of a set of substantive freedoms upon which human capacity for making choices is based.

Amartya Sen, the most prominent scholar behind the theorisation of human development and crucial advocate for its adoption by the UN, used the concept of *human capabilities* to define the set of freedoms that people need in order to lead lives that they have a reason to value.<sup>5</sup> Not only are capabilities instrumentally important for economic progress, but they also have an intrinsic value: by enhancing people's agency (versus their passivity in development processes), they contribute to an equal, efficient and sustainable development path<sup>6</sup>.

In order to implement the concept of human development, the UNDP conceived the Human Development Index (HDI). The Index breaks down into three indicators: life expectancy; the average years of schooling for adults, and expected years of schooling for children; and per capita Gross National Income (GNI). The first gauges the capability of living a long and healthy life, the second the capability of accessing knowledge, and the last one the capability of having a decent standard of living. These indicators and their trends were subsequently

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<sup>4</sup> UNCTAD, *Human Development Report 1990*, New York-Oxford, Oxford University Press, 1990.

<sup>5</sup> A. Sen, *Development as freedom*, New York, Anchor Books, 1999.

<sup>6</sup> S. Alkire, "Human Development: Definitions, Critiques and Related Concepts", Background paper for the 2010 Human Development Report, OPHI working paper no. 36, 2010.

quantified through the Millennium Development Goals and the Sustainable Development Goals as a shared guide for international efforts to promote and sustain development worldwide.

Since 1990 Africa has made significant progress in human development, and remarkable improvements have been achieved in key sectors of human development such as under-5 mortality rates, access to safe drinking water and literacy rates. Nevertheless, sub-Saharan Africa still lags behind any other region of the world in several of the areas mentioned, resulting in lower overall rankings in the Human Development Index (Figure 1). The 2016 Human Development Report<sup>7</sup> estimated that, for sub-Saharan countries to meet SDG #1, i.e. eliminating extreme poverty, the poverty reduction rate should stand at 10% a year between 2015 and 2030, or at 13% a year starting from 2018 (Figure 2).

At the same time, the significant improvements achieved are unevenly distributed across different social groups. The Inequality-adjusted Human Development Index<sup>8</sup> shows that the human development ranking of sub-Saharan Africa has to be adjusted to -32% due to inequality in the distribution of capabilities, access to basic services and opportunities.<sup>9</sup> The Gender Development Index<sup>10</sup> shows that many of these inequalities are gender-based.

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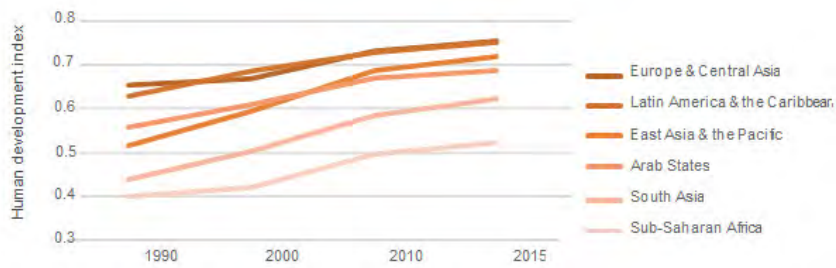
<sup>7</sup> UNDP, *Human Development Report 2016. Human Development for Everyone*, 2017.

<sup>8</sup> The IHDI combines countries' average achievements in health, education and income with their distribution among its population, "discounting" each dimension's average value according to its level of inequality. The more unequal the country, the lower its IHDI when compared to its HDI.

<sup>9</sup> World average loss is of 22%.

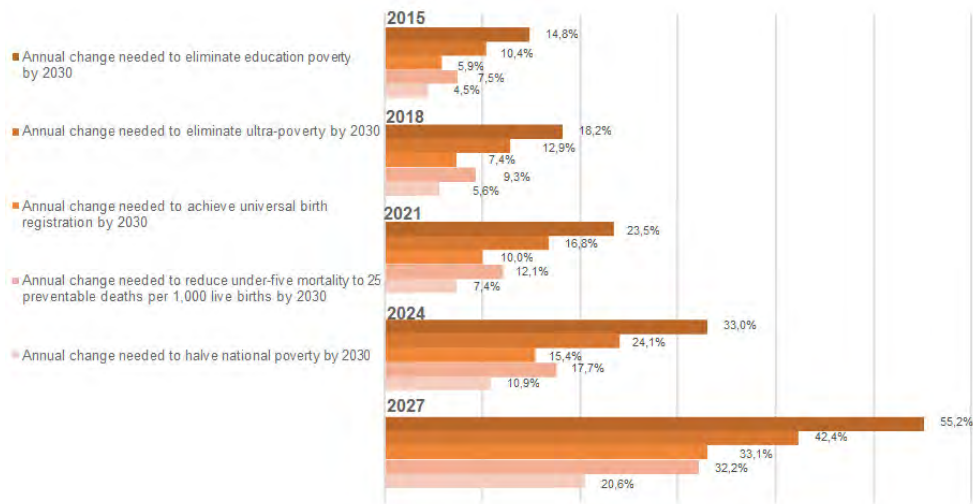
<sup>10</sup> The Gender Development Index measures gaps in human development achievements (health, education and income) between women and men.

FIG. 1 - HUMAN DEVELOPMENT TRENDS WORLDWIDE



Source: UNDP, *Human Development Report*, 2016, p. 27

FIG. 2 - RATES OF PROGRESS NEEDED TO ACHIEVE SDGs  
IN SUB-SAHARAN AFRICA



Source UNDP, *Human Development Report*, 2016, p. 162

While two out of three HDI dimensions, i.e. life expectancy levels and per capita income, have experienced significant progress, improving education remains particularly challenging. Data from the United Nations Educational, Scientific and Cultural Organization (UNESCO) show an average primary Adjusted Net Enrolment Ratio (ANER)<sup>11</sup> increase from 59% to 79% between 1999 and 2012, but also warn about the uneven distribution of this growth among sub-Saharan countries. In 2012, the African Learning Barometer<sup>12</sup> found that, across 28 African countries, some 17 million children out of approximately 128 million were not attending school. In these countries, a child spends an average of 4.7 years in school, with significant differences from country to country. For Mozambique the figure is 1.2 years, whereas the Seychelles reach 9.4 years. Comparatively, the average in East Asia and Latin America is of 7.2 years and 7.8 years respectively. The quality of education also remains an issue. In seven of the countries surveyed by the African Learning Barometer in 2012, about 40% of children attending school were not reaching the minimum standard of learning.

Due to short education careers and poor education quality, African pupils rarely acquire skills that go beyond literacy and numeracy. This causes a dire lack of more advanced problem-solving and entrepreneurship skills, usually acquired through secondary education. The level of human capital remains therefore relatively low, even though the continent is experiencing a demographic transition with a growing number of young people entering the labour market and with decreasing numbers of dependent population (that is, individuals under 14 or above 65 years of age)<sup>13</sup>. Proper investment in human

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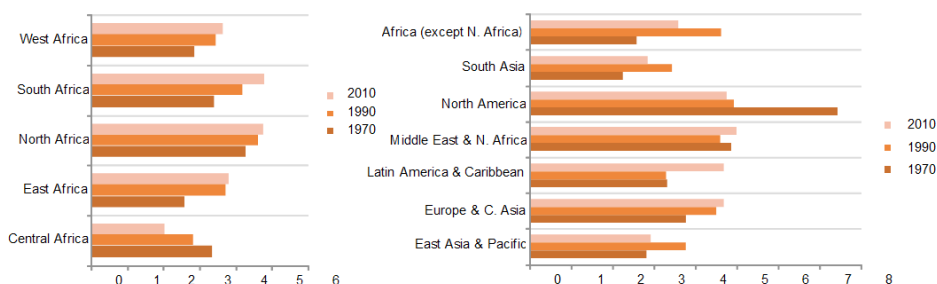
<sup>11</sup> ANER is the total number of students of the official primary school age group enrolled at primary education, expressed as a percentage of the corresponding population.

<sup>12</sup> J. van Fleet, K. Watkins, and L. Greubel, *African Learning Barometer*, Washington D.C., Brookings Institution, 2012.

<sup>13</sup> AfDB, OECD-DAC, UNDP, ECA, *African Economic Outlook: Structural*

capital development could spur productivity and economic diversification. So far, however, structural constraints to development such as political instability, macro-economic policies, tenure insecurity, corruption and poor infrastructures have limited the success of investments in this direction. Even though many African countries are spending a higher share of GNI on education than East and South Asia (Figure 3), secondary and tertiary education opportunities as well as the productivity of graduates from secondary and tertiary education institutions remains low, with most people employed in agriculture, low value-added jobs and the informal sector. This is possibly due to the lack of a conducive environment for investment and the creation of qualified job opportunities, a mismatch between skills taught and labour market demands, and the poor quality of the services delivered in the education but also in the health sector – poor healthcare lowers people's physical and cognitive development as well as adult labour productivity<sup>14</sup>.

FIG. 3 - EDUCATION SPENDING AS A SHARE OF GNI (%)



Source: OECD, *African Economic Outlook*, 2013

*Transformation and Natural Resources*, 2013.

<sup>14</sup> D.E. Bloom and D. Canning, "Population Health and Economic Growth", Working Paper no. 24, Washington D.C., World Bank, 2008; D.E. Bloom, D. Canning, and J. Sevilla, "The Effect of Health on Economic Growth: A Production Function Approach", *World Development*, vol. 32, no. 1, 2004, pp. 1-13.



## **Education as an enabling capability**

Two approaches to education have characterised development orthodoxies over the past fifty years. The first draws on human capital theories, based on the idea that investments in human capital – i.e. knowledge, habits, expertise, social and personality attributes, etc. – provide the labour force with the skills required to foster economic growth.

The second approach is human rights-based, and sees education as a basic human right. This perspective became popular in the 1990s, when the concept of ‘development’ was broadened following Sen’s approach. Sen did acknowledge the key instrumental value of education in supporting livelihoods and generating income. However, in contrast to human capital theories, he considered the acquisition of knowledge and access to education a form of freedom-enhancing human capability that can be valued in and of itself. Education can provide access to other capabilities that make a dramatic difference in empowering people by enhancing their capacity for making autonomous choices<sup>15</sup>. Human capital theories were thus sidelined and primary education as a right for all was privileged, based on the assumption that this would alleviate poverty through a redistributive effect and improve social welfare, including for women and other vulnerable social groups.

The new approach was reflected in MDG #2, “Achieving Universal Primary Education for All”, which conceptualised education as a right and as a route out of poverty. Global education policies originating from this approach inevitably, and significantly, trickled down to influence national education policies in African low-income countries. The results in guaranteeing free primary education to a growing number of children were remarkable. However, poverty rates did not decline as quickly as expected. Between 1990 and 2012, the percentage of people in sub-Saharan Africa living below the poverty line

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<sup>15</sup> A. Sen (1999).

(raised to US\$1.90 since 2015) only decreased from 57% to 43%. Due to population growth, this decline did not prevent an increase in the total number of people living in poverty, which went up dramatically from 288 to 389 million over the same period.

Youth unemployment also remains extremely high, averaging 15% across the continent (with some countries surpassing 30%) (Figure 4). Despite the rising rates of enrolment in secondary and tertiary education (a trend that also applies to poorly-funded schools/areas), many people are unable to find jobs, are employed in vulnerable positions or are underemployed in the informal sector (Figure 5). This makes Africa the continent with the highest number of working poor, which in turn raises security concerns. In several cases, youth unemployment turned into a “ticking time bomb”, as pointed out by former Zambia Finance Minister, Alexander Chikwanda, and resulted in serious political instability and social unrest<sup>16</sup>.

FIG. 4 - YOUTH UNEMPLOYMENT RATE IN SUB-SAHARAN AFRICA  
(1991-2017)



Source: World Bank data, 2018

<sup>16</sup> K. Ighobor “Africa’s jobless youth cast a shadow over economic growth”, *African Renewal*, 23 February 2017.

The post-2015 debate shifted the focus back on human capital theories: secondary and post-basic levels of education and training became crucial instruments for equipping low-income-country citizens with skills for participation in the “global knowledge economy”<sup>17</sup>.

Several African countries had already started elaborating on this. Ghana, Kenya and South Africa look at poverty reduction as a matter of employment creation, and therefore emphasise the role of skills development and higher education. South Africa launched the Accelerated and Shared Growth Initiative for South Africa (AsgiSA) in 2005, with the aim of halving unemployment and poverty and accelerating employment equity and black economic empowerment. Other countries conceived and implemented similar strategies, though generally investing less than South Africa. This allowed Africa to achieve the highest growth in levels of higher education enrolments and number of graduates over the past ten years. This positive trend remains extremely unequal from a gender perspective, with only 38% of female enrolments in post-primary education in sub-Saharan Africa<sup>18</sup>. Students successfully completing secondary education are also increasingly encouraged to pursue higher education degrees in European and North American countries, as well as in non-traditional destinations like China and Malaysia, through both national and international scholarship programmes, which also contributes to the growing number of tertiary education graduates.

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<sup>17</sup> L. Tilky and A.M. Barret, “Social justice, capabilities and the quality of education in low income countries”, *International Journal of Educational Development*, vol. 31, no. 1, January 2011, pp. 3-14.

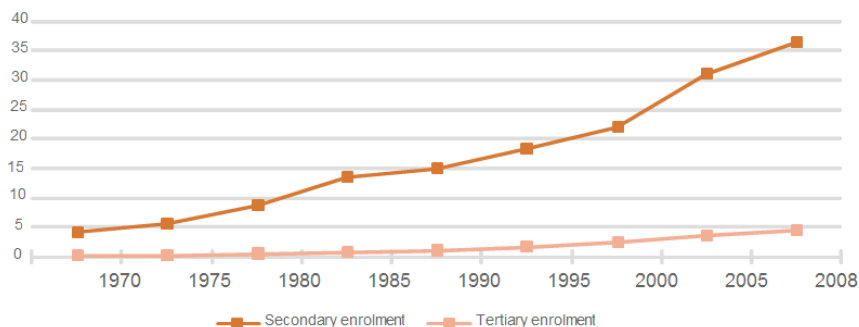
<sup>18</sup> T. McCowan, *Can higher education solve Africa's job crisis? Understanding graduate employability in sub-Saharan Africa*, British Council, 2014.

FIG. 5 - UNEMPLOYMENT, VULNERABLE EMPLOYMENT AND WORKING POVERTY TRENDS AND PROJECTIONS IN AFRICA (2016-2018)

Country/region	Unemployment rate, 2016-2018 (%)			Unemployment, 2016-2018 (millions)		
	2016	2017	2018	2016	2017	2018
Africa	8.0	8.0	8.0	37.1	38.3	39.4
Northern Africa	12.1	12.0	11.9	9.0	9.1	9.2
Sub-Saharan Africa	7.2	7.2	7.2	28.0	29.1	30.1
South Africa	25.9	26.0	26.3	5.4	5.5	5.6
	Vulnerable employment rate, 2016-2018 (%)			Vulnerable employment, 2016-2018 (millions)		
	2016	2017	2018	2016	2017	2018
Africa	62.6	62.5	62.4	268.2	275.7	283.3
Northern Africa	32.4	32.1	31.8	21.2	21.5	21.7
Sub-Saharan Africa	68.0	67.9	67.8	247.0	254.2	261.6
	Extreme working poverty rate, 2016-2018 (%)			Extreme working poverty, 2016-2018 (millions)		
	2016	2017	2018	2016	2017	2018
Africa	29.3	28.2	27.1	125.3	124.1	122.8
Northern Africa	5.3	5.3	5.2	3.5	3.5	3.5
Sub-Saharan Africa	33.6	32.3	30.9	121.9	120.6	119.2
	Moderate working poverty rate, 2016-2018 (%)			Moderate working poverty, 2016-2018 (millions)		
	2016	2017	2018	2016	2017	2018
Africa	28.3	28.7	29.0	121.2	126.4	131.6
Northern Africa	18.6	18.4	18.0	12.2	12.2	12.3
Sub-Saharan Africa	30.1	30.5	31.0	109.0	114.1	119.4

Source: ILO Trends Econometric Models, November 2016

FIG. 6 - SECONDARY AND TERTIARY ENROLMENT IN SUB-SAHARAN AFRICA (THOUSANDS)



Source: T. McCowan, *Can higher education solve Africa's job crisis? Understanding graduate employability in sub-Saharan Africa*, British Council, 2014.

The said shift back to human capital theories is currently widely accepted globally. Clear evidence is the move between MDG #2, focusing on “Achieving Universal Primary Education”, and SDG #4, stressing “Quality Education”<sup>19</sup>. The latter conceives the development of useful skills for seeking decent work in a much broader sense, ranging from universal pre-primary education to technical-vocational training.

FIG. 7 - MDG2 AND SDG2

### MDG 2: Achieve universal primary education



Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling

### SDG 4: Quality Education



4.1 Universal Primary and Secondary education



4.2 Early childhood development and universal pre-primary education



4.3 Equal access to technical/ vocational and higher education



4.4 Relevant skills for decent work



4.5 Gender equality and inclusion



4.6 Universal youth literacy



4.7 Education for sustainable development and global citizenship

Evidence of the impact of education on a country's development is still limited, with assumptions often made about its potential capacity to foster national economic growth<sup>20</sup>. What seems to be clearer is the positive impact of education on human development for individuals and communities. Despite

<sup>19</sup> Enrolment in primary education in developing countries has reached 91% (UN, “[Quality education: why it matters](#)”, 2015).

<sup>20</sup> T. McCowan (2014).

the emphasis that recent global education policies placed on the instrumental value of education (i.e. as a tool to nurture the skills necessary to foster economic growth and development), it is important to retain a human development perspective according to which education is an intrinsic, valuable capability that contributes to expanding people's freedom of choice.

The kind of freedom of choice fostered by human development includes mobility choices. Mainstream notions of development biasedly assume that people want to achieve a better quality of life at home, and portray migration as an indicator of the impossibility or failure to do so. Such partial understanding of migration dynamics is the result of an exclusive focus on national economic growth rather than a broader perspective accounting for the individual dimension of development. Empirical evidence, however, points to a relationship between higher levels of human development and increased mobility<sup>21</sup>.

People do not simply leave their home place as a result of a lack of development.<sup>22</sup> Mobility is a more deliberate choice than may at first appear, and typically requires a few necessary pre-conditions to be in place. In particular, people must possess or have access to a basic set of resources, including the capability to exercise the freedom to move<sup>23</sup>. The United Nations High Commissioner for Refugees (UNHCR) estimates that only 14% of the total number of African international migrants are fleeing natural or man-made disasters. The rest deliberately choose to move in search of better life opportunities. Reasons to move include family, work and education<sup>24</sup>.

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<sup>21</sup> H. de Haas (2009).

<sup>22</sup> O. Bakewell, "Keeping Them in Their Place": the ambivalent relationship between development and migration in Africa". *Third World Quarterly*, vol. 29, no. 7, 2008. pp. 1341-1358.

<sup>23</sup> It can be argued, however, that the freedom of choice is never completely real. De Haas (2009) suggests speaking about degrees of constraint that range from total lack of freedom in situations of conflict or natural disaster, to situations of poor employment opportunities where migration is the best but not the only option to improve one's situation.

<sup>24</sup> UNHCR, *Statistical Yearbook 2010*, Geneva, 2011.

Evidence also shows that increased income, income differentials and associated relative deprivation, as well as improved access to information and education, tend to increase people's capabilities and aspirations to move<sup>25</sup>. This is confirmed by the fact that wealthier societies tend to be more mobile than poorer ones. Higher income and education levels are also related to higher aspirations, more sophisticated capabilities and thus increased mobility. Skilled people's<sup>26</sup> migration rates appear to be particularly high in Africa, with one out of eight African university graduates living in OECD countries. This has spurred debates about a "brain drain" depriving sending countries of qualified workforces, and thus negatively affecting a country's service delivery capacity and development. From a state-centric perspective, migration would thus be a zero-sum game in which low-income countries lose human capital to the benefit of better-off countries. To mitigate the negative consequences of this flow, the introduction of measures such as the "Bhagwati tax"<sup>27</sup> has been discussed as a way to partially compensate sending countries.

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<sup>25</sup> H. de Haas (2009); G. Carbone, *Out of Africa. Why People Migrate*, Milan, Ledizioni-ISPI, 2017, p. 16.

<sup>26</sup> The OECD definition of highly skilled people includes individuals who have completed tertiary education, which in most countries corresponds to a university degree. It is, however, common to consider that nurses, IT professionals, schoolteachers and students are also skilled migrants. Such a notion is driven by market demands for a small number of profitable skills and it excludes others, such as those for graduates in humanities or fine arts. Personal characteristics such as gender, refugee status or place of origin also influence who is seen as a skilled labourer and who is not, as in A. Freitas, A. Levatino, and A. Pécoud, "Introduction: New Perspectives on Skilled Migration", *Diversities*, vol. 14, no. 1, 2012, pp. 1-7.

<sup>27</sup> The economist Jagdish Bhagwati suggested that poor countries could benefit from skilled emigration by taxing skilled people's income up to 10% of their revenues net of the host country's taxes for a maximum of ten years. Critics of the Bhagwati tax argue that the sending country does not suffer any real loss, but only an "unrealised potential gain" that might have not been realised even if the skilled person had stayed.

In the 1990s, together with the emergence of the idea of human development and consistent with a development paradigm that valued the role of knowledge and human capital, a more optimistic understanding of migration came to the fore. Multiple arguments rose in support of this thesis. First, remittances – which are often invested in education, healthcare and recreational facilities – are likely to have a positive impact on the human development indicators of origin countries as a whole<sup>28</sup>. Africa has been widely benefiting from an impressive increase in remittances, from around US\$10.7 billion in 2000 (and similar volumes for every year in the preceding decade) to about US\$69.5 billion in 2017, amounting to three times the value of Official Development Assistance to low-income countries. These figures are likely to be highly underestimated, as a huge portion of remittance flows is thought to transit through informal channels. Second, since it is often relatively educated people who migrate, the prospect of migrating can increase the domestic demand for education and training in sending countries with the idea of increasing one's human capital for a future successful migration process. The increase in education expenditures for people in the country of origin becomes possible also thanks to remittances from those who have already migrated. However, since only a small percentage of people in low-income countries has the opportunity to migrate, this can cause so-called “educated unemployment”. Third, skilled migration can benefit the sending region through return or circular migration. Migrants who return home bring with them stronger skills and expertise developed through qualified employment in receiving countries. Circular migration can be a response to the labour demands of a global market by alleviating unemployment in low-income countries, fulfilling industrialised countries' short-term labour needs, increasing remittance flows and, at the same time, allowing the circulation of skilled and

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<sup>28</sup> UNDP, *Overcoming barriers: Human mobility and development*, Human Development Report, 2009.



experienced workforces. In this sense, the migration of skilled labour can represent a triple-win situation, with a “brain gain” for sending countries and receiving ones, as well as an improvement of individual living conditions<sup>29</sup>.

Both these perspectives – i.e. the pessimistic view and the optimistic – are problematic when it comes to empirical evidence. There is very scarce evidence that the alleged “brain drain” hampers a country’s possibility of developing rather than perpetuating the status quo. De Haas, for example, argued that qualified workers who migrate would very likely not have been able to use their skills in their country of origin in the absence of appropriate policies, adequate infrastructures and conducive legislative frameworks<sup>30</sup>. Their productivity can only be tapped in places where such conditions are met. It also appears, however, that skilled emigration may have at least some negative collateral effects on sending countries, including an “inverted technology transfer” between sending and receiving countries; the deterioration of certain public services such as health, education, research and technology; and economic and financial losses in terms of fiscal revenues, and so forth<sup>31</sup>.

Migrants’ capacity to trigger national economic development remains questionable. There seems to be relative agreement on the idea that “despite their development potential, migrants and remittances can neither be blamed for a lack of development nor be expected to trigger take-off development in generally unattractive investment environments”<sup>32</sup>. The lack of structural conditions, including economic and political stability as well as infrastructures, goes beyond individual influence and has rather to do with a state’s investment capacity. Moreover, contrary to the mainstream migration and development discourse, migrants do not usually transfer skills to origin countries. This is mainly due to a so-called “brain waste”

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<sup>29</sup> A. Freitas, A. Levatino, and A. Pécoud (2012).

<sup>30</sup> H. de Haas (2009).

<sup>31</sup> A. Freitas, A. Levatino, and A. Pécoud (2012).

<sup>32</sup> H. de Haas (2009).

or “brain abuse”, namely the employment of skilled migrants in un-skilled or low-skilled job positions in the host country. Such undervaluation is the result of discrimination in favour of national workers or of the non-recognition of educational qualifications<sup>33</sup>. This is a very common situation in the Italian labour market, for example, where migrants often find themselves underemployed or employed in the informal sector<sup>34</sup>.

At the same time, it is demonstrated that migration improves living standards at household and community levels in their home countries through better housing, sanitation, food, clothing, electronic household appliances, as well as better access to education and health made possible by remittance flows and the circulation of new ideas and knowledge<sup>35</sup>.

Overall, human development outcomes, understood as increased capabilities for individuals living in a given area, are extremely heterogeneous and depend on specific circumstances. When people move under severe circumstances, such as wars, mobility will likely result in a loss of capabilities. In other situations, migrants may gain individually from their mobility choice but not be keen to invest in their country of origin due to the prevalence of unfavourable conditions, such as corruption, political or economic instability. In Somalia, for example, diaspora remittances significantly improved the quality of life of many households, but the overall lack of security and the essential absence of a central government offer little chances of a broader national development.

Evidence also suggests that micro-level positive effects are more frequently the result of South-North migration, even though the latter only represents a limited percentage of worldwide migration. South-South migration can be a way to enhance livelihood security through income diversification, but the welfare gains it

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<sup>33</sup> A. Freitas, A. Levatino, and A. Pécoud (2012).

<sup>34</sup> A. Stocchiero, *Learning by Doing: Migrant transnationalism for local development in MIDA Italy-Ghana/Senegal programme*, CesPI Working Papers Series, Rome, Centro Studi di Politica Internazionale, 2008.

<sup>35</sup> H. de Haas (2009).

generates are relatively small when compared to those associated with migration to Europe or other advanced economies. At the same time, migration to the North tends to be a more selective process, mostly benefiting the better-off segments of society. For this reason, it has been argued that skilled migration from sub-Saharan Africa can reinforce inequalities unless social networks within the country of destination are established through friends and relatives who have already migrated. These provide a safety net that, to some extent, reduces the cost of migration in terms of the efforts and resources needed to adapt in the country of destination. On the other hand, there are indications that migration can contribute to poverty reduction at a micro-level, as relatively small increases in remittance income can lift people out of poverty. This is true also for remittances deriving from South-South or internal migration, which are less selective and therefore more equally distributed in society<sup>36</sup>.

Remittances are often directed to consumption expenses (such as housing, food, sanitation, clothing, electronic household appliances, healthcare and education) that, even though they are not directly linked to productivity, can have a multiplier effect, greatly enhancing people's wellbeing and human capital. Moreover, migrants frequently establish hometown associations to promote development projects in their communities of origin. "Collective remittances" are very limited compared to individual remittances, but such initiatives have the potential of overcoming at least some of the structural obstacles to development, such as lack of roads and potable water distribution systems<sup>37</sup>, and enhance human development in sending communities.

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<sup>36</sup> Ibid.

<sup>37</sup> A. Stocchiero (2008).

## Policy options and prospects

The economic development prospects of African countries rest on their capacity to address broader structural constraints, including economic and political instability. Nevertheless, a number of possible steps can help match individual with macro-level development needs by tackling current human development challenges in the African continent.

### (a) Improving education in sending countries

From a human development perspective, education has an intrinsic value because it empowers people with critical cognitive capacities, much needed to lead independent lives. Over the last twenty years, the focus on primary education led to expanding people's basic skills and capabilities. At the same time, education also has an instrumental value in enhancing people's capacity to access valuable job opportunities, increase their income, improve household- and community-level wellbeing, and possibly provide the human capital needed for development. Accordingly:

1. *Investment in post-basic education training should be increased, matching the education offer with labour-market needs.* Such post-basic education should not be limited to university level education: many countries in Africa actually face mass unemployment and underemployment among the highly skilled. Vocational training and technical skills development should also be encouraged. Expanding access to secondary education, however, is also likely to result in higher expectations and an increased mobility of individuals both within a country (from rural to urban areas) as well as towards wealthier countries.
2. *For this reason, the urban bias of post-basic education policies should be addressed* by paying more attention to policies in support of micro- or small-enterprise development, including small farms. This would encourage

entrepreneurial development in rural areas, bringing rural business activities out of the informal economy and providing aspiring rural entrepreneurs with the necessary skills to improve management, offering viable livelihood alternatives to migrating to urban areas. However, since urban migration is often fostered by the expectation of gaining access to better services, service provision in non-urban areas in other key sectors such as healthcare must also be addressed.

3. *Education quality should be improved*, as it has been demonstrated that it can matter more than education quantity for economic success. Education quality does not only refer to curricula development, which needs to be context-specific and respond to particular labour market needs, especially for vocational training and tertiary education. It must also concern the process of imparting knowledge and learning, of transferring crosscutting skills and abilities that are necessary for workers to be productive. A study conducted by DfID (Department for International Development) in 2014 found that the skills African graduates lack have more to do with personal attitudes than with technical knowledge, and include critical thinking, reliability, problem-solving capacity, proactivity, flexibility, leadership and self-awareness. Improving teachers and lecturers' preparation, as well as the broader learning environment, may greatly contribute to enhancing these kinds of skills.

(b) Making migration work as a vehicle of development

Migrations have a major potential for improving human development conditions at household and community levels, with possible positive effects, under the appropriate structural conditions, also in terms of macro-economic growth. African governments and their international partners must strive to make

sure such conditions are in place. Destination countries play a crucial role in creating an environment that favours positive returns from migrations for sending countries. Not only would such an environment enhance the conditions necessary for human development in the countries of origin. It would also maximize the benefits that skilled migrants can bring to receiving economies. Accordingly:

1. *Policies reducing brain waste should be promoted in hosting countries.* Brain waste is one of the major constraints on migrants' capacity to contribute to hosting economies, and to transferring skills back to their countries of origin. Policies should address the practical impediments related to the recognition of educational qualifications obtained in countries of origin, but also the cultural attitudes discriminating against immigrants based on their country of origin, religion or gender. Skills should also be recognised and enhanced in the case of vulnerable categories such as refugees and women, avoiding victimising discourses.
2. *Circular mobility options should be enhanced and encouraged,* making sure they remain one of the options available to migrants. This could help reconcile the aspirations of migrants and labour needs in host countries, while reducing the latter's concerns over the social implications of permanent immigration. A system of temporary work permits such as the one employed among the member states of the Mercosur (an economic and political bloc comprising Argentina, Brazil, Paraguay, Uruguay, and Venezuela) would also facilitate the transfer of knowledge to sending countries and thus strengthen their human capital. At the same time, however, the choice of circular mobility must be real, so as not to force people into permanent settlement for fear of being expelled from a host country. In practice, it might take some time before migrants acquire the necessary

financial, social and human capital to be able to establish a developmentally valuable relationship with their community of origin. Access to multiple choices would provide migrants with the necessary conditions to maximise the opportunities for mobility-related development in origin communities.

3. *Increased legal channels, also for lower-skilled migration* could decrease the costs and, hence, the selectivity of migration, with a limited but potentially positive impact on poverty reduction and redistribution in origin countries. Indeed, evidence shows that returns for origin communities are higher in the presence of South-North migrations. Currently, restrictive immigration policies and the marginalisation of regular and irregular immigrants not only raise the risks and sufferings for migrants, but are also likely to have a negative impact on the poverty- and inequality-reducing potential of migration.

(c) African countries with high rates of skilled emigration should be supported in engaging diasporas for development

The experiences of some Asian countries point to many creative solutions – including the establishment of ministries, centres and even virtually independent foundations – to engage their diasporas in coordinating migration policies and addressing migrants' demands. The search for the right institutional arrangements requires a careful analysis of diasporas' needs, wants and potentials, as well as a clear and transparent strategy for how to engage with them. Diaspora people often have little trust in their own government and perceive it as corrupt and ineffective. Trust needs to be built in order for policies and institutional solutions to gain legitimacy and succeed in catalysing the development potential of migrations.

## **Five questions for discussion**

- How can stronger education systems contribute to addressing structural human development constraints?
- The mismatch between skills that are taught at post-basic education level and labour market demands is a serious problem. What country-specific data are available or could be made available to orient more effective education policies?
- What kinds of measures are currently being implemented to reduce the gender gap in secondary and tertiary education enrolment? What are the most successful approaches and how could they be strengthened?
- What are the policy options for reducing the 'brain waste' of skilled migrants in EU countries?
- How should African governments engage their diasporas for development purposes? How can international partners support these efforts?



## 8. Conclusions and Policy Implications

Giovanni Carbone, Tiziana Corda<sup>1</sup>

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### Transforming Africa

Change has been ongoing in Africa for the better part of the continent's recent past. This took a wide range of different forms, from demographic expansion and fast urbanization to economic development, from social progress to environmental challenges, from technological innovation to continental integration, from political change to migratory pressures. An overview of these changes was offered in the Report's opening, with subsequent chapters going more into depth in detailing and examining selected dimensions of change.

Only time will tell where exactly the major and complex transformation processes currently underway will lead, and how they will shape the Africa of tomorrow. But five key features will most likely characterise the continent in the coming future, namely: an archipelago of heterogeneous growth trajectories; the leapfrogging of some development stages; regional integration relying primarily on sub-regional processes; the clustering of violent conflicts mainly around some of the continent's inner areas; and rising migration pressures not just towards the outside, but predominantly within Africa itself.

Multi-speed growth will make Africa resemble an archipelago in which areas of fast and sustained development co-exist with others where slower growth prevails. Differences in growth paths and development achievements across Africa concern not

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<sup>1</sup> The authors would like to thank Marta Sachy for researching part of the materials used in this chapter.

only the trajectories of individual states, but also of regions, cities and towns, as well as coastal as opposed to landlocked areas. The differences behind these trajectories are due to drivers that are not only economic (such as oil or mineral wealth) but also political (including domestic stability as opposed to the presence of conflicts).

Technological change and connectivity in Africa have been showing the potential for acting as key game changers and triggers of largely unanticipated leapfrogging processes. The disruption brought about by technological innovation is nowhere more evident and consequential than in Africa. The way mobile phones allowed Africans to by-pass dysfunctional landlines was only a starting point. Mobile money empowered them with a new capacity for financial transactions in the absence of physical bank infrastructures. Off-grid solar energy plants, drones, e-commerce and crowd data collection also have a similar potential to help by-pass development bottlenecks.

Progress has been made to foster Africa's regional integration initiatives, with some sub-regions leading and speeding up the process. African countries have long aimed to integrate economically and politically under the African Union and its predecessor organisation. The recent, momentous launch of the African Continental Free Trade Area (AfCFTA) testifies to a broad consensus on the goal of integration. Yet some of the so-called Regional Economic Communities (notably the EAC, ECOWAS, and SADC) are developing faster than others, and they are increasingly likely to gain more prominent roles than continent-wide arrangements.

Persisting instability across Africa will increasingly concentrate around the continent's core – if with inevitable approximation and over time variations – following a T-shape clustering of the main conflicts in the region. With some exceptions, violent conflicts in contemporary sub-Saharan Africa increasingly tend to concentrate along a west-east arc of instability – from the Sahel to the Horn of Africa – as well as a central north-south axis (western Sudan, South Sudan, Central Africa and DRC).

These core areas will likely be slower to reach stability and prosperity, with radical jihadism having a role in a number of them. Besides lasting conflicts and new crises, however, African governments also autonomously embarked in important peace initiatives, as most remarkably demonstrated by the sudden and dramatic rapprochement between Ethiopia, under Abiy Ahmed Ali's new leadership, and Eritrea. After two decades that had begun with open war and continued with border skirmishes and intense mistrust, the resumption of bilateral relations and the rapid attainment of a formal peace deal bode well for the gradual stabilisation of the complex Horn of Africa region.

Finally, growing numbers of Africans will be on the move. Africa's extra-continental migration will continue to be shaped by demographic processes and development progress – including human development at large, as with education –, whereas intra-continental migration – representing about two-thirds of international mobility south of the Sahara – will be deeply affected by the increasingly-divergent growth paths of countries across the region.

## **Italy's priority areas in Africa**

Recent years have seen unprecedented attention from Italy towards Africa. A relative latecomer to realizing that change was taking place on the continent, Italy swiftly tried to adapt and adopt new measures. In late 2013, the Ministry of Foreign Affairs launched the Italy-Africa Initiative, a comprehensive framework within which a variety of initiatives would take place. In 2014, the overhaul of the country's development aid system got underway with the passing of an overdue reform that finally established an autonomous aid agency. Meanwhile, after the long decline that had prevailed since the 1980s, Italy's Official Development Assistance (ODA) slowly began to recover, almost doubling from 0.15 % of GNI in 2004 to 0.29% in 2017<sup>2</sup>.

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<sup>2</sup> OECD Development Assistance Committee, 2018.

With the aim of promoting Italy's international trade and investments – within a post-global-crisis and increasingly competitive economic context – two successive Prime ministers carried out four trips to the region over four years (2014-2017), visiting as many as ten distinct countries (Angola, Congo-Brazzaville, Côte d'Ivoire, Ethiopia, Ghana, Kenya, Mozambique, Nigeria, Senegal and Tunisia). The trips and their frequency were both extraordinary and clearly showed the region's increased importance for Italy. The number of embassies in Africa grew from 24 to 27: the Somali office was re-opened after twenty-three years, and new diplomatic missions were inaugurated in Niamey (Niger) and Conakry (Guinea). Italian trade agencies and institutions also showed renewed interest. The new ICE/Italian Trade Agency expanded its presence beyond the Johannesburg office with a new network stretching across the region, from Maputo (Mozambique) to Luanda (Angola), from Addis Ababa (Ethiopia) to Brazzaville (Congo) and Accra (Ghana). SACE, which works partly as an Ex-Im Bank, launched its "Frontier Markets" programme, which aims at helping Italian companies identify emerging and unexplored markets. The programme's first publication – a guide for companies – was entirely devoted to sub-Saharan markets.

By 2016, the first ever Italy-Africa Ministerial Conference was convened in Rome, and the subsequent year 'Africa' was made a crosscutting theme at the G7 summit hosted in Taormina, Sicily. The Italian Ministry of Foreign Affairs also hosted an additional meeting between African and G7 Think Thanks. A comprehensive and ambitious piece of legislation, dubbed as the "Africa Act"<sup>3</sup>, had also been proposed by the ruling party, though then mostly shelved. The bill singled out infrastructure, agriculture, energy and transportation as key sectors of concern, whereas North-Eastern Mediterranean countries (Morocco and Tunisia) and the Horn of Africa were identified as the main areas of interest for Italian businesses.

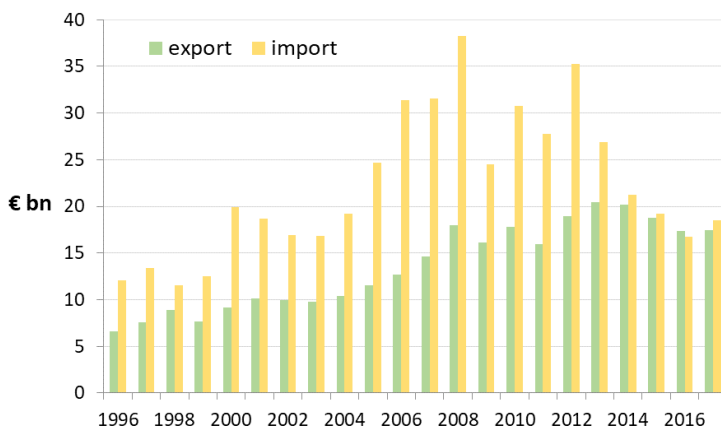
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<sup>3</sup> M. Cappellini, "Investire in Africa, pronto il piano italiano", *IlSole24Ore*, 19 September 2016.

Meanwhile, Europe's so-called migrant crisis, beginning in 2015, further raised Rome's awareness and interest towards Africa. A government proposal for a "Migration Compact" contributed to shaping the EU's 2016 Partnership Framework on Migration. Meanwhile, much of the €200 million that the Italian government had allocated to Italy's newly-created Africa Fund – originally part of the "Africa Act" – to beef up the resources of the national aid agency, were swiftly re-directed towards migration policies. While Tunisia and Libya were key fronts to try and control migration routes, Italy went deeper into the continent and planned to deploy a military-assistance mission in Niger between late 2017 and early 2018. The initiative was, however, later abandoned.

Governmental initiatives were sided by a growing number of non-governmental ones. New media outlets were launched in Italy, specializing on emerging economic opportunities in the region (notably *Africa & Affari* and the related *InfoAfrica* services). Prominent law firms, tertiary education institutions and international fairs (such as those hosted by MacFrut, FederLegnoArredo, Marmomacc and Fiera del Levante) similarly began to eye and promote business relations with Africa. It had been long since the continent was the subject of such attention, in Italy.

FIG. 1 - ITALY'S TRADE WITH AFRICA, 1996-2017



Source: Istat, Coeweb

## Economic growth

A new era clearly started. Italy was able to show an unprecedented degree of leadership and political continuity in its relations with Africa, increasingly seen as a growing priority but also an opportunity – rather than a place to steer away from. A consequence of such renewed interest was that economic ties between Italy and African countries expanded significantly. Italian trade with the continent doubled, up from an average of about €20 billion a year (€6.6 billion for sub-Saharan Africa) in the late 1990s to some €40 billion (€12.5 billion) a year in 2013–2017, with southward exports increasing their share of the total value of trade<sup>4</sup>. A moderate decline after 2014 was followed by the rebound currently taking place (Figure 1). Investments were similarly on the rise. In 2016, Italy was Europe's largest investor in Africa with some 20 FDI projects and investments reaching a total value of \$4 billion (China topped the ranking with \$36 billion, followed by the United Arab Emirates' \$11 billion and Morocco's \$4.8 billion).

The previous year, Rome had come out top of the worldwide ranking, with \$7.4 billion investments (\$6 billion alone for ENI's Zohr natural gas field in Egypt's Mediterranean waters), ahead of both the US (\$6.9 billion) and China (\$2.3 billion)<sup>5</sup>. For geographical and historical reasons, North Africa and the Horn have long represented privileged areas for Italian economic activities. Yet Italian trade and investments have featured significantly also in countries outside these regions, from South Africa to Nigeria, from Ghana to Mozambique or Angola.

Africa's recent economic dynamism thus appeared to offer plenty of opportunities for Italian businesses. But Italy also has a lot to offer to Africa. For a start, small and medium enterprises (SMEs) played a major role in shaping Italy's development path and remain the backbone of the country's economic system.

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<sup>4</sup> Istat, Coeweb, accessed on 28 May 2018.

<sup>5</sup> Ernst & Young, *Staying the course*, 2016, p. 22.

In this sense, Italy can boast know-how and expertise, which can be shared with African partners for sustaining growth on the continent. Similarly, the Italian experience with industrial districts and cooperatives may represent a suitable model to fulfil Africa's development needs. From a sectorial perspective, in addition, the Italian success in fields such as agriculture and agribusiness, industrial machinery and equipment, industrial and transport vehicles, or construction is also a major asset. Italian manufacturers can provide African countries with the tools necessary to gradually expand and modernize agriculture, as well as add value to agricultural production, i.e. small- and medium-sized processing plants, packaging, refrigeration technology and the likes (for which Italian manufacturers are renowned world leaders).

An established Italian presence in Africa is that of giants ENI (in the oil and gas sector) and SaliniImpregilo (in the construction sector). State-controlled ENI operates primarily in Libya, Egypt, Angola, Nigeria, Algeria, Congo-Brazzaville, Ghana and Tunisia, with important recent developments also in Mozambique, Kenya and South Africa. In many places, oil and gas operations have often been complemented by initiatives aimed at supporting agricultural growth, economic diversification, job creation and local development. SaliniImpregilo is one of the world's largest construction and civil engineering companies. Following the construction of the Kariba dam back in the 1950s (the first great dam on the Zambesi river), the group continued its expansion with dozens of large infrastructure projects on the continent, including the Gilgel Gibe III and Grand Ethiopian Renaissance Dam in Ethiopia, the Trans-Gabon and the Trans-Cameroon railways.

CMC has also been active for a long time in Africa's construction sector. It gradually expanded from Mozambique (where CMC Africa Austral is the country's largest civil contractor) to other twenty countries across the continent, including South Africa, Egypt and Algeria, but also Somalia, Eritrea and Swaziland. The company builds roads and railways, dams

and irrigation systems, individual buildings and housing projects, and underground mines and tunnels.

More recent initiatives range from fisheries to legal services, to renewables. Over the past decade, Sicilian fisheries (Distretto Produttivo della Pesca, Mazara del Vallo) established cooperative links with half-a-dozen African countries, from Algeria to Mozambique, with a focus on developing the “blue economy” through research cooperation, know-how transfer, and value-chain integration. A Blue Sea Land expo is also annually organized to bring together actors operating in the field. In the legal sector, BonelliErede law firm, one of Italy’s largest players, positioned itself as the country’s most prominent provider of legal services for Italian and international companies and investors targeting African markets. It established partnerships with a network of local law firms, opening offices in Cairo, Addis Ababa and – with the aim of intercepting Far East investors into Africa – Dubai. Assafrica & Mediterraneo of Confindustria (i.e. the confederation of Italian manufacturers) also supports companies approaching African markets, particularly in North Africa but also in Ethiopia and other sub-Saharan countries. In the telecommunications sector, Telecom Italia Sparkle – the international arm of Telecom Italia – established a series of local partnerships that boosted its continental presence. The group now operates in 18 distinct African countries, where it offers a broad range of telecommunications and IP services. In the energy sector, Enel Green Power (EGP) is another large-scale player that eyed Africa’s huge potential – water, wind and solar – for developing the renewables’ sector (some 600 million Africans still lack access to electricity). The group has projects in strategic locations such as South Africa (with 5 large solar plants and two wind farms), Morocco, Ethiopia, Senegal and Zambia. EGP’s CEO doubles as president of Res4Africa (*Renewable Energy Solutions for Africa*) and Res4Med (*Renewable Energy Solutions for the Mediterranean*), two parallel platforms for enhancing dialogue, strategic partnerships and capacity building among their over twenty partner countries. Ethiopia and Kenya are at the centre of Res4Africa’s activities, as are notions of sustainability and know-how transfer.



## Peace and security

Despite the continuous alternating between achievements and pitfalls, Africa made substantial progress towards stabilisation since the early 1990s, when much of the continent was embroiled in a peak of widespread violence. Governance structures were renewed – if in a highly imperfect way – with the widespread introduction of elections during the past 25 years. Yet areas of instability persist – parts of the Horn are a notable example – with new ones emerging in recent years. Besides, a number of reformed political systems found themselves on the bumpy road towards consolidation. Public and political polarisation around the term limits issue (i.e. whether incumbent presidents' constitutional term limits should be maintained or removed), placed a lot of strain on domestic stability in a number of countries.

Improved governance and gradual political stabilization have been part of Africa's progress over the past two decades. Italy played its role with occasional, yet specific, initiatives. This was notably the case with the mediation role played by the Sant'Egidio Community in conflict resolution during the Mozambican conflict in the 1990s, in Algeria (though with less success), and in the Central African Republic in 2017. Since 2017, the Sant'Egidio Community has also run a humanitarian corridor pilot project for refugees from the Horn. The Italian government, meanwhile, has systematically supported multi-lateral efforts undertaken by the international community to address conflict situations. Since 2013, a permanent naval basis has been established in Djibouti – called BMIS (*Base Italiana Militare di Supporto*) – where 90 Italian troops are stationed for logistical support to operations in the Horn, primarily anti-piracy maritime operations.

In 2018, Italy committed new resources to five new/enlarged African missions, part of the notion of an “expanded Mediterranean” that reaches southward as far as the Sahel and

the Horn of Africa<sup>6</sup>. Bilateral missions include the increase of training and capacity-building, coastguard support in Libya, and a planned initiative in Niger (the latter's deployment, however, was put in stand-by since the Nigerien authorities expressed concern). These initiatives - together with the NATO mission in Tunisia (yet to be deployed), and the Safe Sea maritime-security operation (now extending to Libyan territorial waters) - are indicative of Italy's concerns over the control of migration and human trafficking routes, and over terrorist threats. The Sahel region and the southern Libyan border are of particular worry. The Italian government continues to support and participate in the United Nations Mission for the Referendum in Western Sahara (MINURSO), and in the European Union military training mission in the Central African Republic (EUTM RCA). Overall, Italy's military missions in Africa were granted an increased operational budget (plus 7%). Troops deployed in Afghanistan, Iraq and Kuwait were recalled to allow for the enlargement of Italy's presence in Africa. Data from the IISS Military Balance+ show that, in 2017, the 5,000-plus military personnel Rome deployed in peace and security missions (i.e. in Africa and beyond) amounted to significantly more than Germany's 3,800 or Spain's 1,700<sup>7</sup>. Whether this represents a sustainable new trend, however, will largely depend not only on budgetary constraints but also on the approach adopted by the newly-installed government (mid-2018).

## Human development

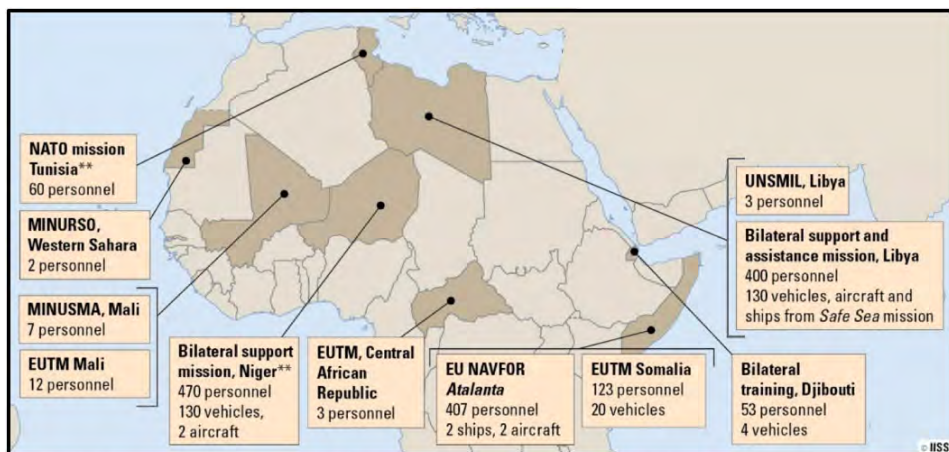
Africa has historically been at the centre of Italy's development assistance strategy. Italian aid went through a long period of decline since the 1980s, and was further reduced in 2008-2012 as a consequence of the global financial crisis.

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<sup>6</sup> This paragraph partly draws from A. Lapo, *Italy: renewed focus on overseas deployments*, London, International Institute for Strategic Studies (IISS), 9 April 2018.

<sup>7</sup> Ibid.

FIG. 2 - ITALIAN MILITARY DEPLOYMENTS, ONGOING AND PLANNED



\*Progressive withdrawal: Jan–Mar minus 250 personnel (180 withdrawn from Mosul), Jun–Sep minus 450 personnel. \*\*Planned

Source: A. Lapo (2018)

However, since 2012, aid levels increased significantly, reaching 0.29% of the country's GNI in 2017, and making Rome the sixth largest donor – among OECD-Development Assistance Committee (DAC) members<sup>8</sup> – with disbursements amounting to \$5.7 billion. Such shift in the aid budget was partly due to a decision to strengthen Italy's development effort in supporting poor countries. And partly – primarily – as a consequence of ODA-reportable costs of hosting refugees in Italy. These skyrocketed from \$221m in 2012 to \$1.8 billion in 2017, accounting for 31% of Italian ODA<sup>9</sup>. Funds for development programs have also been on the rise, if less dramatically, and so has the budget for the newly-established Italian Agency for Development Cooperation (AICS), which pledged to disburse \$569 million in 2018. The key thematic areas targeted

<sup>8</sup> The data in this paragraph are mainly from: *Italy. Donor profile*, Donortracker.org, 2018.

<sup>9</sup> Ibid.

by AICS are 1) economic development; 2) human development; 3) environment; 4) rural development and food security; 5) emergency and fragile states<sup>10</sup>. Italy, where the Food and Agriculture Organization (FAO) is headquartered, also leads the international agenda on agricultural development, food security and nutrition. For instance, Italy put these issues on the agenda during its G7 chairmanship in 2017, and at the Global Nutrition Summit.

Traditional development concerns have recently been re-focussing on migration issues. Italy aims at addressing the drivers of African migrations while encouraging European and G7 partners to also do so. In 2016, the government put forward a proposal dubbed “Migration Compact” that, by cajoling African states into cooperating with the EU, aimed at increasing the capacity to control migration. In 2017, the Italian Ministry of Foreign Affairs reserved some €200 million of ODA to an “Africa fund” specifically devoted to enhancing local development and stability in migration-transit countries<sup>11</sup>. However, the underlying assumption – i.e. that improving life conditions and opportunities in Africa will reduce the numbers of those willing or trying to leave their home countries by embarking on perilous migration journeys – has been widely questioned.

A number of Italian civil society’s organizations also play an important role in supporting African development. Among many deserving examples, CUAMM – Medici con l’Africa (“Doctors with Africa”) stands out for its work (carried out since the 1950s) on supporting and improving the health sectors of a range of African countries, including Angola, Ethiopia, Mozambique, Sierra Leone, South Sudan, Tanzania and Uganda. The Istituto Zooprofilattico di Teramo specializes on tropical diseases and has cooperated with African countries, in health knowledge and technology transfer, for 25 years. SILAB is one of its latest creations exported to Africa: a software

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<sup>10</sup> [www.aics.gov.it](http://www.aics.gov.it).

<sup>11</sup> [https://www.esteri.it/mae/en/sala\\_stampa/archivionotizie/approfondimenti/2017/02/cooperazione-il-decreto-fondo-per.html](https://www.esteri.it/mae/en/sala_stampa/archivionotizie/approfondimenti/2017/02/cooperazione-il-decreto-fondo-per.html)

devised for the management of diagnostic activity. In 2017, the Italian Ministry of Health and the World Organization for Animal Health (OIE) launched the Enhancing Research for Africa Network (ERFAN).

In the education sector, an ambitious project was launched in 2010 by the Milan-based Università Cattolica del Sacro Cuore: Entrepreneurship4Impact (E4impact). The initiative reaches out to business education institutions in Africa and offers, in alliance with local partners in seven sub-Saharan countries (Kenya, Ghana, Sierra Leone, Uganda, Ivory Coast, Senegal, Ethiopia and Rwanda), a Global MBA in Impact Entrepreneurship. During the programme students receive training and guidance for the creation and implementation of their business project. Prodit Engineering, which designs and develops education equipment and buildings, established a partnership with the Luanda government in 2013 for the modernization of the Angolan technical and tertiary education sector, part of the country's plan to diversify its economy away from oil. This led to the opening, in 2017, of a new Centro Integrado de Formação Tecnológica (Cinfotec) in Luanda. High-level cultural initiatives also include the activities of Goppion S.p.a., an Italian company charged with the provision of museum installations at both the Biblioteca Alexandrina in Egypt and the Tlemcen Musée du Mechouar in Algeria.

Finally, the Agenzia Spaziale Italiana also fruitfully cooperates with African countries on scientific and technological initiatives revolving around the “Luigi Broglio” Space Centre in Malindi (Kenya). A recently renewed bilateral agreement with the Kenyan Ministry of Defence, in particular, includes technical training and educational initiatives as well as plans for supporting the Kenyan National Space Agency, the establishment of a regional centre for Earth observation, access to Earth observation and scientific data, and telemedicine<sup>12</sup>.

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<sup>12</sup> Cf. [www.asi.it](http://www.asi.it)

A wide variety of exchanges – ranging from business ventures to no-profit initiatives, from military assistance to cultural projects – shape the relations between Italy and the African continent, which have grown significantly over the past five-to-ten years.

## Policy implications

The chapters in this Report introduced and discussed a number of policy options, specific to each of the key areas of transformation examined, and assessed the related benefits and disadvantages. The following policy recommendations emerged:

- in order for population growth, in Africa, to translate into a “demographic dividend” in the medium and long term (i.e. economic growth potential), **investments are needed in human and physical capital as well as in infrastructure development, in economic diversification and value-addition, and in the creation of productive jobs.** Due to the continued weakness of private investments and limited public revenues in African countries, international partners – including Italy and the EU – have a clear role to play in sustaining investments through external financial flows towards the region.
- **Italy should take the lead in those sectors where it has already proved to be willing and able to play a crucial role.** For example, Italy should find ways of translating its own economic model – characterized by the centrality of SMEs – into support for economic and social development in Africa. This is particularly true at a time when demographic change, economic expansion and regional integration put pressure on African informal businesses to adopt a more formal structure.
- **external actors can support the transformation processes currently underway in Africa by providing technical support or funds while evening out the**

**imbalances they create.** Yet, areas such as Information Technology and telecommunications have benefited from a laissez-faire approach that encouraged bottom-up innovation and entrepreneurial experimentation.

- concerns over the Italian and European economy and security result into an implicit interest in the stability and prosperity of southern neighbours. Evidence of such interest is the backing of Africa's regional integration processes. In addition to existing facilities supporting the continent's integration, **the EU and its member states should now prioritize the implementation of the newly-created AfCFTA.** Lessons can also be drawn from the European promotion of socio-economic cohesion, by looking at the tools and strategies adopted. Moreover, the EU should consider establishing an EU-AfCFTA fund to favour better distribution of the costs and benefits of Africa's regional integration. The EU should also keep guaranteeing its support in responding to requests of technical assistance for the next phases of the negotiations and for domestic reforms. Beyond the AfCFTA, Europe should support Africa's broader integration agenda through trade and investment policies that help build production capacity and regional value chains in Africa.
- **international partners can help Africa mitigate the spread of violence by recognising its political nature, the conditions in which it takes place and the agendas of the actors involved.** This often requires addressing domestic/local-level issues and the broader regional context simultaneously. Addressing conflicts also implies facing a number of trade-offs, such as the need to strike a balance between the primacy of national agency and ownership, on the one hand, and donor demands for accountability, transparency and results, on the other.
- **the EU and its member states should acknowledge that migration deterrence policies have only**

**succeeded to a very limited extent.** Border control and strict processing procedures do have an impact on flows and decisions, but can hardly stop Africa-to-Europe migration and may be counter-productive, leading more migrants towards more dangerous and expensive routes without reducing their aspiration to move. Europe should push for safer and more legal migration channels – including schemes for circular migration, temporary humanitarian visas, or employment initiatives – while also maximising the gains of migration processes (i.e. by improving the right to work, reducing the costs of remittance-sending, facilitating integration). There is also a need to think beyond migration-specific policies and look at broader issues such as the nature and inclusiveness of African states (for example, helping to build up social protection systems, which have been shown to curb emigration, or supporting economic processes of inclusive structural transformation).

- **the potential for migration to improve human development conditions must be maximized.** Italy and the EU should favour this goal through (a) *policies reducing brain waste in hosting countries* by allowing migrants to transfer skills back to their countries of origin; (b) making *circular mobility options* available to migrants; and (c) *increased legal channels, also for lower-skilled migration*, to support the poverty – and inequality-reducing potential of migration.



## List of Acronyms

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3ADI	African Agribusiness and Agroindustry Development Initiative
ACLED	Armed Conflict Location & Event Data
AEC	African Economic Community
AfCFTA	African Continental Free Trade Area
AfDB	African Development Bank
AfT	Aid for Trade
AICD	Africa Infrastructure Country Diagnostic
AICS	Italian Agency for Development Cooperation
AIDA	Accelerated Industrial Development of Africa
AITF	Africa Infrastructure Trust Fund
ALC	Africa Leadership Change
AMU	Arab Maghreb Union
ANER	Adjusted Net Enrolment Ratio
APCI	African Productive Capacity Initiative
AQIM	al-Qaeda in the Islamic Maghreb
ASEAN	Association of Southeast Asian Nations
AsgiSA	Accelerated and Shared Growth Initiative for South Africa
AU	African Union
AUC	African Union Commission
BOFINET	Botswana Fiber Network
C2C	Country-to-Country
CAR	Central African Republic

CEN-SAD	Community of Sahel-Saharan States
CFTA	Continental Free Trade Area
COMESA	Common Market for Eastern and Southern Africa
DEMIG	Determinants of International Migration
DRC	Democratic Republic of Congo
EAC	East African Community
EASA-IO	Eastern Africa, Southern Africa and the Indian Ocean
ECCAS	Economic Community of Central African States
ECOWAS	Economic Community of West African States
EDF	European Development Fund
EGP	Enel Green Power
EPAs	Economic Partnership Agreements
ERDF	European Regional Development Fund
ERFAN	Enhancing Research for Africa Network
ESA	Eastern and Southern Africa
EU	European Union
EU-AITF	EU-Africa Infrastructure Trust Fund
EUTM RCA	European Union Military Training Mission in the Central African Republic
FAO	Food and Agriculture Organization (United Nations)
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GNI	Gross National Income
GPT	General Purpose Technology
HDI	Human Development Index
HDR	Human Development Report

HF	High Fertility
HIPC	Heavily Indebted Poor Countries
HIV	Human Immunodeficiency Virus
IBM	Integrated Border Management
ICA	Infrastructure Consortium for Africa
ICT	Information and Communication Technology
ICTSD	International Centre for Trade and Sustainable Development
IDA	International Development Association
IED	Improvised explosive device
IGAD	Inter-Governmental Authority on Development
IHDI	Inequality-adjusted Human Development Index
ILO	International Labour Organizaton
IMF	International Monetary Fund
IOM	International Organization for Migration
IoT	Internet of Things
ISTAT	Istituto Nazionale di Statistica (The Italian National Institute of Statistics, Italy)
ITU	International Telecommunication Union
KNBS	Kenya National Bureau of Statistics
KTRN	KT Rwanda Network
LAC	Latin America and the Caribbean
LDC	Least-developed-country
LF	Low Fertility
LLP	Leather and leather products
MDG	Millennium Development Goal
MF	Medium Fertility

MINURSO	United Nations Mission for the Referendum in Western Sahara
NEPAD	New Partnership for Africa's Development
NGO	Non-governmental organization
NMCP	National Malaria Control Programme
OAU	Organisation of African Unity
ODA	Official Development Assistance
ODI	Overseas Development Institute
OECD	Organisation for Economic and Co-operation Development
OECD-DAC	Development Assistance Committee (OECD)
OIE	Organization for Animal Health
OPHI	Oxford Poverty & Human Development Initiative
PIDA	Programme for Infrastructure Development in Africa
R&D	Research and Development
RECs	Regional Economic Communities
RR	Resource-rich
SADC	Southern African Development Community
SDG	Sustainable Development Goal
SEZs	Special Economic Zones
SMEs	Small and medium-sized enterprises
TFTA	Tripartite Free Trade Area
UN	United Nations
UNCCD	United Nations Convention to Combat Desertification
UNCTAD	United Nations Conference on Trade and Development

UNDESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNHCR	United Nations High Commissioner for Refugees
UN-OHRLLS	UN Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States
UNU-WIDER	United Nations University - World Institute for Development Economics Research
US	United States
WAEMU	West African Economic and Monetary Union
WB	World Bank
WTO	World Trade Organization



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