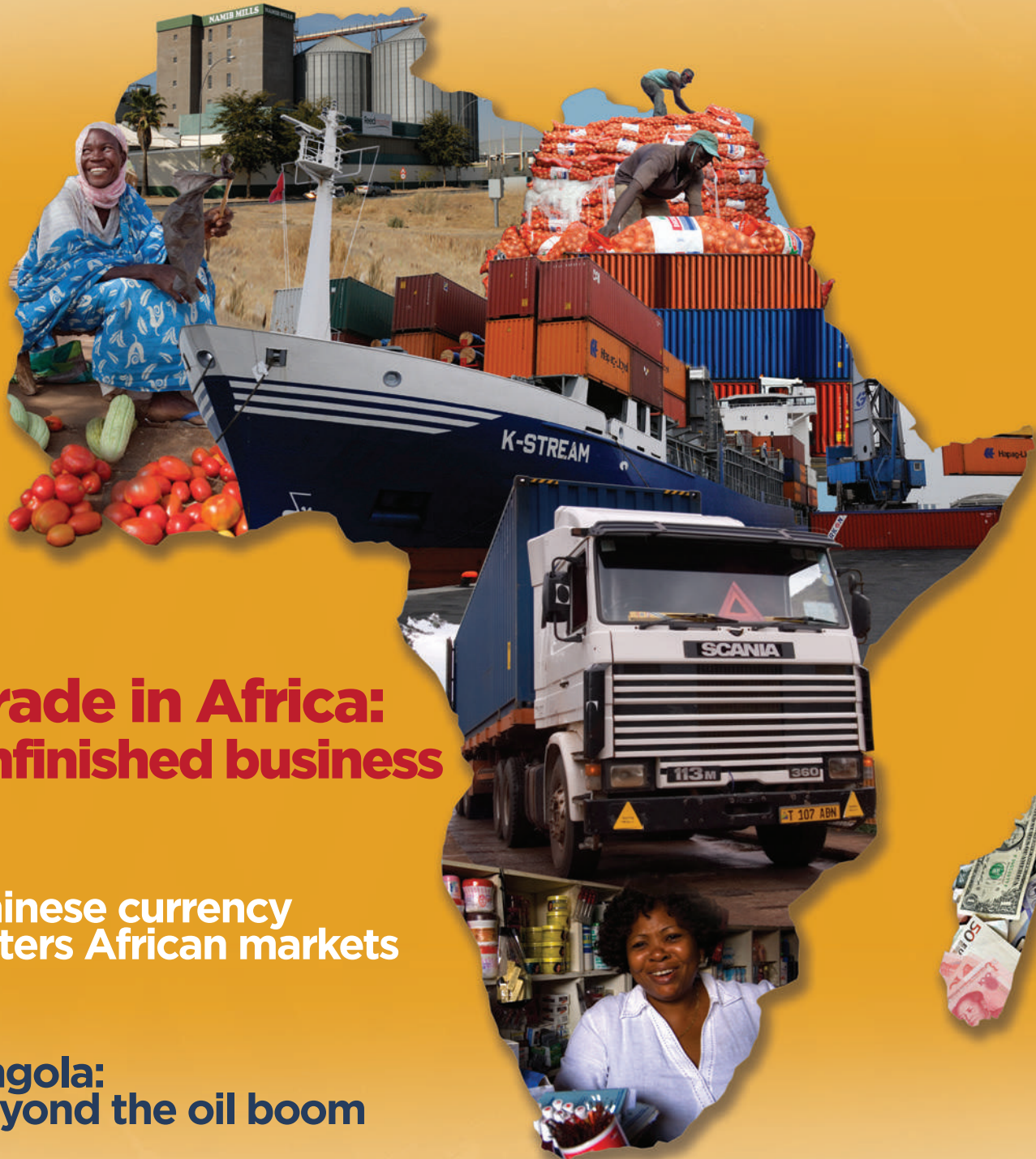


AfricaRenewal

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**Trade in Africa:
unfinished business**

**Chinese currency
enters African markets**

**Angola:
beyond the oil boom**



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A chef in a restaurant in Liberia.

UNMIL/Christopher Herwig

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As Africa confronts the challenges of a global economy, it is being forced to make tough choices in negotiating new trade agreements with its major trading partners, particularly the European Union and the US. Meanwhile, intra-Africa trade still cries for solutions.

Trade between two unequal partners

Africa and Europe search for an elusive agreement

By Kingsley Ighobor

Sixty-one heads of government and other top-level officials from African and European countries converged last March in Brussels, the de facto European Union capital, to discuss mutual relations. After two days of deliberations, they issued a 63-point agreement laced with customary platitudes such as “We take particular pride in the breadth and depth of our partnership” and “We are convinced that the growth of our two continents will be mutually beneficial.”

Although the leaders discussed such issues as the ongoing fighting in the Central African Republic, democracy, regional integration, immigration, and development assistance, the elephant in the room was the flagging trade relations between Africa and Europe. South African President Jacob Zuma, whose country is one of the EU’s most important trading partners in Africa, did not attend the summit, in solidarity with Zimbabwean President Robert Mugabe, who refused to fly to Belgium because his wife, Grace, was denied a visa. “I think that time must pass wherein we are looked at as subjects, we are told who must come and who must not come,” said President Zuma. His boycott is one of many incidents in the seemingly endless trade talks between Africa and Europe.

European Commission President José Manuel Barroso reiterated Europe’s preference for dealing with African countries as equal partners, but in reality only South Africa, the continent’s most sophisticated economy, could be considered as such, says Christoph Hasselbach, editor of Deutsche Welle, a German broadcasting organization.



TRADE
Participants at a ministerial meeting on the margins of the EU-Africa Summit in Brussels.

© European External Action Service

Trade agreement talks began actively in 2000 after Europe and 79 countries from Africa, the Caribbean and the Pacific (ACP) signed the Cotonou Agreement on trade, aid and political relations. That agreement stipulated that Economic Partnership Agreements (EPAs) had to be signed by 2008. But while the EPAs require both sides to lower tariffs on imports and exports, the negotiators cannot agree on the terms. Nevertheless, 14 countries have accepted interim EPAs, with Mauritius, Madagascar, the Seychelles and Zimbabwe the first to do so. Interim EPAs permit countries to export to the EU market duty-free while gradually allowing EU imports over 15 to 25 years. For example, Mauritius agreed to open its market to EU products over a 15-year period. To protect local industries, EPA signatories can exclude certain products.

For instance, Madagascar excludes EU exports of meat, tobacco, sugar, chemicals and other products.

Before the Cotonou Agreement was the 1975 Lomé Convention, under which the EU granted “non-reciprocal” trade preferences to ACP countries for the export of agricultural and mineral materials duty-free to Europe. Now the EU wants these agreements to be replaced with the EPAs, which are “reciprocal” instead of the Lomé Convention’s “non-reciprocal” trade preferences, so that ACP countries can equally open their markets to EU exports. But Africa is in no hurry to liberalize its markets.

Bone of contention

“African countries typically have quite high protection, so liberalizing in favour of Europe would hand Europe a terms

of trade gain,” writes Paul Collier, the director of the Centre for the Study of African Economics at Oxford University, United Kingdom. Africa is not embracing the EPAs because of fears that bigger EU companies could flood the continent with cheaper products, destroying nascent local industries. Also, cutting tariffs will lower government revenues that Africa needs to invest in areas including agriculture, health and education.

James Asare-Adjei, the president of the Association of Ghana Industries, says that Ghana relies heavily on tariff revenues to fund development, and that with an EPA, the country could lose up to \$300 million per year in revenues. Aliyu Modibo Umar, a former Nigerian commerce minister, says, “If 30 years of nonreciprocal free market access into the EU did not improve the economic situation of the ACP, how can a reciprocal trading arrangement achieve anything better?” Bingu wa Mutharika, the late Malawian president, once dismissed the EPAs as “a divide-and-rule tactic being advanced by Europe for selfish interests.”

The EU admits that the EPAs will create more jobs in Europe. But it also notes that Africa stands to benefit from improved economic stability, training opportunities and knowledge transfer, and higher export sales. It states on its website, “For over 30 years, exports from ACP countries were given generous access to the European market. Preferential access failed to boost local economies and stimulate growth.”

But provisional implementation is allowed

The EU is also promoting the World Trade Organization’s Trade Facilitation (TF) agreement, reached in Bali, Indonesia, last year. Trade facilitation focuses on lowering the cost of doing business by minimizing regulations and procedures required to move goods and services across borders. The Bali TF agreement—an offshoot of the inconclusive 2001 Doha Round of talks—urges countries to adopt fast and efficient customs procedures.

Africa is not convinced of the purported benefits of the TF agreement. The continent’s trade ministers have agreed to implement the TF agreement provisionally, which is allowed by a clause in the Bali deal. But the EU would prefer a full—not tentative—implementation and is determined to twist arms to have its way.

EU trade negotiators who were in Malabo, Equatorial Guinea, during the African Union (AU) summit in June mounted pressure on African leaders to change their stance. An AU official was quoted as calling their approach “an unprecedented power game rarely witnessed at an African heads of nations meeting.” Angered by such arm-twisting, Nigeria, Africa’s biggest economy, and Mauritius, one of its fastest-growing economies, announced they might renege on their provisional acceptance of the TF agreement.

But Africa may not hold the line for long, facing both EU threats to cut off aid and the US’s warning that it could allow the expiration of the Africa Growth and Opportunity Act (AGOA), a US law enacted in 2000 under which Africa can export certain goods to the US duty-free. Unless renewed, AGOA expires in 2015.

Cracks in Africa’s position

The WTO is also pushing for total implementation of the TF agreement. Director-General Roberto Azevêdo has warned that provisional implementation could mean less development aid. “All of the Bali decisions—every single one of them—would be compromised.” And Angelos Pangratis, the EU envoy to the WTO, says, “The credibility of the negotiating function of this organization [WTO] is once again at stake.” But Nelson Ndirangu, director for economics and external trade in the Kenyan foreign ministry, questions why the EU opposes Africa’s proposal “to

implement the trade facilitation agreement on a provisional basis” as allowed under the Doha Declaration, adding, “Clearly there are double standards.”

At the end of the Malabo summit, divisions appeared in Africa’s position. “We never said we will not implement the TF agreement, but we don’t know how to implement this agreement,” says Mr. Ndirangu, bouncing the ball back to EU’s court. But South Africa, Uganda, Tanzania and Zimbabwe have urged Africa to implement the TF agreement only after Europe demonstrates its commitment to providing development aid through action, not just words. The snag is, under the Bali TF agreement, a commitment to provide aid is not binding.

Asia’s trade surge

Africa’s growing trade with Asia, especially China, is of concern to Europe, says Mr. Hasselbach. Africa’s share of global trade has increased steadily, from \$277 billion (2.3%) in 2001 to about \$1 trillion (4.6%) in 2011, according to the UN Conference on Trade and Development. While Europe is still Africa’s largest trading partner, Africa’s trade with Asia grew by 22% during that time, while trade with Europe grew by only 15%. In addition, Europe’s contribution to Africa’s manufactured imports declined from 32% in 2002 to 23% in 2011, while Asia’s share increased from 13% to 22% during the same period.

Some African trade experts have said that fears surrounding the TF agreement may be exaggerated. Patrick Kanyimbo and Calvin Manduna, trade experts with the African Development Bank, argue that a TF agreement will improve burdensome border operations and complement “a lot of the infrastructure investments that are being undertaken across the continent, particularly in the transport sector.”

More twists and turns are likely to take place in EU-Africa trade relations before 2015, when TF agreement implementation should commence. Big economies like Nigeria and South Africa are talking tough, but others are more circumspect. Rashid Pelpuo, Ghana’s minister of state for public-private partnerships, warns that trade agreements are always tied to “aid, technical and political assistance... It will be too costly not to sign.” Only time will tell if—or when—Africa will accept the trade deals. 🇳🇮



African leaders at the AU Summit in Malabo, Equatorial Guinea. © African Union Commission



TRADE

Reliable road networks are essential to trade.  World Bank/Arne Hoel

Intra-Africa trade: Going beyond political commitments

Africa and Europe search for an elusive agreement

By Masimba Tafirenyika

\$40bn

Amount per year Africa needs to spend on infrastructure

Among Africa's policy wonks, underperforming trade across the continent is a favoured subject. To unravel the puzzle, they reel off facts and figures at conferences and workshops, pinpoint trade hurdles to overcome and point to the vast opportunities that lie ahead if only African countries could integrate their economies. It's an interesting debate but with little to show for it until now.

The problem is partly the mismatch between the high political ambitions African leaders hold and the harsh economic realities they face. Case in point: they have set up no less than 14 trading blocs to pursue regional integration. Yet they have shown "a distinct reluctance to empower these institutions, citing loss of sovereignty and policy space as key concerns," says Trudi Hartzenberg, executive director at the Trade Law Centre (TRALAC) for Southern Africa,

an organization that trains people on trade issues. As a result of this reluctance, she says, "Regional institutions remain weak, performing mainly administrative functions."

Trade flourishes when countries produce what their trading partners are eager to buy. With a few exceptions, this is not yet the case with Africa. It produces what it doesn't consume and consumes what it doesn't produce. It's a weakness that often frustrates policy makers; it complicates regional integration and is a primary reason for the low intra-regional trade, which is between 10% and 12% of Africa's total trade. Comparable figures are 40% in North America and roughly 60% in Western Europe. Over 80% of Africa's exports are shipped overseas, mainly to the European Union (EU), China and the US. If you throw into the mix complex and often conflicting trade rules, cross-border restrictions and poor transport networks, it's hardly surprising that the level of intra-Africa trade has barely moved the needle over the past few decades.

Not everybody agrees intra-Africa trade is that low. Some experts argue that a big chunk of the continent's trade is conducted informally and at times across porous borders. Most borders, they point out, are often poorly managed or informal trade statistics are simply not included in the official flows recorded by customs officials. "We don't have a way of capturing these types of activities because they're informal," said Carlos Lopes, the head of the UN Economic Commission for Africa, in an interview with *Africa Renewal*. The ECA, he explained, is planning to plug this information gap with a more precise picture of economic activities in Africa and give economic planners a better data set with which to work.

Regional economic blocs

To accelerate regional integration, the World Bank is advising African leaders to expand access to trade finance and reduce behind-the-border trade restrictions such as excessive regulations and weak legal systems. Nevertheless, saddled with weak economies, small domestic markets and 16 landlocked countries, governments believe they can achieve economic integration by starting at the regional level and working their way up, merging all the regional trading blocs into an African Free Trade Area. But with 14 different trading blocs, critics say that's just too many. Some blocs have overlapping members and many countries belong to multiple blocs.

Yet, the challenge is not simply the number of trading blocs, experts say, but their track record. Governments need to implement their trade agreements. On this score, African countries perform poorly despite their strong political commitment to regional integration, notes Ms. Hartzenberg in her report, *Regional Integration in Africa*, published by

the World Trade Organization, a global body on trade rules.

“In some cases, the challenge is that there may still not be a clear commitment to rules-based governance in African integration; [not] taking obligations that are undertaken in international agreements seriously,” says Hartzenberg in an email responding to questions from *Africa Renewal*. “Some argue that [African governments] need policy space to address the development challenges they face – but this does appear inconsistent with the signing of many regional agreements.” Lack of capacity to implement their obligations, she adds, is also to blame.

The African Development Bank (AfDB) shares this view. Its analysis of regional integration and intra-trade in Africa imputed slow progress to “a complex architecture of regional economic communities.” While this arrangement has yielded positive steps towards common regional targets, says the bank, “progress has been disappointing.”

Ms. Hartzenberg gave the example of the 15-member Southern African Development Community (SADC), a regional economic group, which launched a Free Trade Area in 2008. Despite SADC’s decision to remove trade restrictions, she says, some countries have not eliminated tariffs as stipulated by the agreement. Worse still, in some cases countries that removed the tariffs have since reinstated them.

To be fair, the SADC Trade Protocol has a provision that allows exemptions from phasing out tariffs. Some countries have applied for such exemptions, the TRALAC executive director said, but others have simply reintroduced the tariffs or alternative instruments such as domestic taxes. “This can be argued to demonstrate a lack of political will to implement agreed obligations. It could well be that some member states recognise belatedly the implications of the agreements they have

signed and no longer want to be bound by these obligations.”

Poor infrastructure

Lack of progress in implementing agreements along with the absence of reliable transport, energy and information and technology infrastructure make the journey towards regional integration long and arduous. “Road freight moves incredibly slowly, while major ports are choked for lack of capacity,” observes the AfDB.

Even with the current gains Africa is making in upgrading regional infrastructure, Ibrahim Mayaki, the head of the New Partnership for Africa’s Development (NEPAD), the African Union’s development arm, finds the continent still faces serious infrastructure shortcomings across all sectors, both in terms of access and quality. NEPAD has just completed a 30-year plan that focuses on regional trans-border projects like the 4,500-km highway from Algiers in Algeria to Lagos, Nigeria.

Africa requires huge investments to develop, upgrade and maintain its infrastructure. The AfDB estimates the region would need to spend an additional \$40 billion a year on infrastructure to address not only current weaknesses but also to keep pace with economic growth.

Sophisticated protectionism versus EPAs

Many of the trade deals Africa signs with its partners ignore the continent’s efforts to promote intra-Africa trade, according to trade analysts. Nick Dearden, a former director of the Jubilee Debt Campaign and now with World Development Movement, a global advocacy group on poverty, accuses the West of pushing for free trade models that benefit their interests, not Africa’s. He complains that many African countries are “locked into trade agreements which keep them dependent on one or two commodities.”

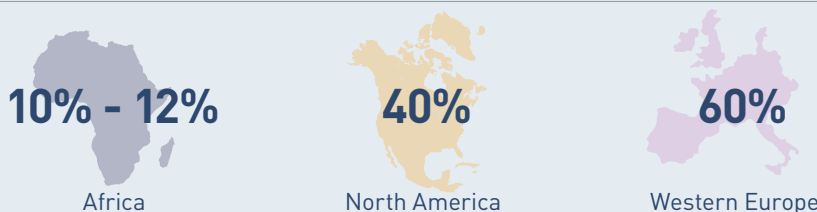
Writing on his blog hosted by *The Guardian*, Mr. Dearden says the EU is attempting to foist Economic Partnership Agreements [EPAs] on African countries. EPAs require EU trading partners to lower their tariffs on imports and exports on a reciprocal basis. Mr. Dearden warns that EPAs thwart Africa’s integration efforts and he instead advises African leaders to follow South Korea’s example of using a “range of government interventions” to boost trade. These include, among others, protecting industries, controlling food production and banking, and passing strong regulations to ensure people benefit from trade and investment.

Mr. Lopes of the ECA makes the same point. “Protection is not a bad word,” he asserts. He favours what he calls “sophisticated protectionism” but cautions African leaders to “do it with sophistication, which means you need to strike the right balance.” The ECA boss views sophisticated or smart protectionism not as a choice between state and market as if they “were two opposites.” His argument is that there cannot be industrialization without some form of smart protectionism; and without industrialization, Africa’s efforts to integrate its economies and increase intra-regional trade are less likely to succeed. Free trade enthusiasts, however, argue that protectionist policies could shrink the size of the global economy, create few winners and leave everybody worse off.

Beyond commitments

There is much that African countries need to do to increase intra-regional trade. For instance, they need to reduce dependence on commodities by expanding the services sector, including telecommunications, transport, educational and financial. They need to increase investments in infrastructure. And they need to eliminate or significantly reduce non-tariff barriers that are major roadblocks to intra-African trade. The list of non-tariff barriers is as long as it is comprehensive, ranging from prohibitive transaction costs to complex immigration procedures, limited capacity of border officials and costly import and export licensing procedures. For this to happen, it will take much more than political commitments; it will require practical steps on the ground even if they come with some costs. 🗺

AVERAGE LEVEL OF INTRA-REGIONAL TRADE PER YEAR



Africa needs both aid and trade

— Arancha González



TRADE

Arancha González, Executive Director, International Trade Centre. International Trade Centre

The International Trade Centre (ITC), a subsidiary of the United Nations Conference on Trade and Development (UNCTAD) and the World Trade Organization (WTO), provides technical assistance on global trade to businesses in developing countries. Arancha González, the ITC's executive director, sat down with *Africa Renewal's* Nirit Ben-Ari and Kingsley Ighobor to talk about the centre's activities and Africa's growing influence in the global marketplace. These are excerpts from the interview.

Africa Renewal: What does ITC do in Africa?

Arancha González: Over half of our activities are in sub-Saharan Africa, where we address the need for skills, access to capital and improved competitiveness. For example, we provide training on how to access finance for trading.

How do you work on the ground?

We provide expertise to local partners. There are thousands of companies that could benefit if we build capacity locally. The expertise that we provide for mango producers in Senegal, for example, will also benefit pineapple or poultry producers there.

Where else in African countries are you providing expertise?

We have a project with spice traders in Zanzibar, Tanzania. We found out that producers can obtain up to 20 times more revenue by branding and packaging the product attractively.

How do you promote trade within Africa?

We promote trade by supporting the African Union's goal to make the continent a free trade zone, because we think that part of the difficulties is that local markets are too small. Our key objective is to remove obstacles to trade.

What are the obstacles?

The new obstacles are non-tariffs barriers, such as regulatory constraints. Other non-tariff barriers are technical regulations and safety standards.

How do you reduce trade barriers?

We survey companies and ask them what the barriers to export and import are. Once we map these barriers, we sit down with the companies on one side, and the government and regulatory agencies on the other and help them identify obstacles to trade and what has to be done to tackle them.

Tell us about your Aid for Trade programme.

Aid for Trade is the name we give to development assistance that builds the productive capacity of countries and companies to trade.

What does Africa need more: aid or trade?

It would be a simplification to make countries choose between aid and trade. The reality is that both are needed. The question is not whether to choose between aid or trade, but how to balance the two.

Do you believe that trade agreements tend to favour developed economies at the expense of weaker ones?

No, because that statement presupposes that African countries are incapable of negotiating profitable trade pacts. And I don't think this is true.

From a position of weakness, African countries can't be very assertive at the negotiating table.

I have seen African countries negotiate bilaterally and within the WTO. African countries come to the WTO prepared and defend their interests with vigour. They will not sign an agreement until their interests have been taken into account.

Do you expect EU food subsidies to be removed soon?

African pressure has led the EU to rethink part of its agricultural subsidy programme. And now the EU is offering to eliminate export subsidies. That's a victory for Africans who have said, "We will not negotiate an agreement with you because you are dumping food products in Africa." 🇳🇬

Raw deal for African women traders

Unfriendly trade policies cripple progress

By Nirit Ben-Ari



A woman selling agricultural produce in Kenya.  Africa Media Online/Karin Duthie

Daily, millions of women in Africa are engaged in one form of trade or another, either within their countries or across national borders. They buy and sell everything, from agricultural produce to manufactured products. It is mostly women who conduct cross-border trade, delivering goods and services, reports the World Bank. They also run the majority of agricultural small landholdings. Indeed, women traders' contribution to national economies has become essential in boosting trade in Africa.

However, trade policies in the region are not necessarily favourable to women, because men have better access to resources. If anything, the constraints women face undermine Africa's efforts to realize its full trade potential. These constraints include non-tariff barriers that impinge on trading, notes a World Bank 2013 study titled *Women and Trade in Africa*. For example, lack of access to finance, information and formal networks often pushes women into the informal economy, where their capacity for growth is limited.

Cross-border trade and the informal sector

Women's participation in informal trade is often not fully appreciated. Their involvement in informal cross-border trade hardly draws attention in international trade circles, says a paper by the United Nations Inter-Agency Network on Women and Gender Equality, an advocacy group. Informal trade, which women dominate, is a major source of job creation in Africa, providing between 20% and 75% of total employment in most countries, according to the interagency network. For example, within the Southern African Development Community region, informal cross-border trade, mostly in processed and unprocessed food, constitutes between 30% and 40% of the total trade volume annually.

TradeMark East Africa (TMEA), an organization that promotes cross-border trade in the subregion, reports that women conduct up to 74% of the informal trade along Rwanda's borders with its neighbours—Burundi, the Democratic Republic of the Congo, Tanzania and Uganda. Cross-border trading is the only

source of income for the majority of these women. However, TMEA is concerned that this form of trade is predominately in low-value and low-profit products, such as fruits and vegetables, livestock, meat and dairy products.

Women's lack of knowledge about their rights under trade treaties and protocols exacerbates the problems they face in cross-border trading. In some cases women are forced to pay bribes or subjected to harassment by customs and immigration officials. To help them deal with these problems, TMEA started a project in 2012 that facilitates women's cross-border trading activities in East Africa. It provides free legal services to small-scale traders, mostly women, who, often unaware of their rights, use illegal routes to cross borders to avoid harassment by customs officials. TMEA teaches them to exercise their rights in cases of arbitrary arrest or illegal application of rules by officials. As a result, many women traders in the region now spend less time at the borders figuring out the right procedures to follow. In addition, TMEA has helped organize

them into cooperatives to strengthen their collective bargaining powers.

But more policies are required to encourage informal trading by women, experts say. They are more than likely to benefit from policies that address problems associated with access to credit, social safety nets, transport, foreign currency exchange, storage facilities, health care and sanitation.

Women and trade liberalization

Although trade liberalization began in the 1990s and in some cases has increased the competitiveness of African traders, when it comes to women, the UN Inter-Agency Network on Women and Gender Equality says it has had the opposite effect. The network says women have been badly affected by these policies because of gender biases in education and training, inequalities in the distribution of income and resources, and unequal access to credit, land and technology. In Africa, “women receive 7% of the agricultural extension services and less than 10% of the credit offered to small-scale farmers,” according to the network.

But some experts urge opponents of trade liberalization to consider the other side of the coin, which is that these policies encourage eliminating tariffs and consequently reduce the price of goods. Trade liberalization critics counter by saying that if women have no access to credit, technical knowledge or international markets, they have trouble competing internationally even if the markets are opened up.

A major aspect of trade liberalization is the opening up of labour markets to international manufacturing and apparel jobs, as was the case in the tiny Southern African nation of Lesotho. A 2012 study on Lesotho by the UN Conference on Trade and Development (UNCTAD), *Who Is Benefitting from Trade Liberalization in Lesotho? A Gender Perspective*, found that liberalization has expanded trade in that country over the last 30 years, especially in labour-intensive exports such as clothing. It also led to an increase in the number of women employed in the formal sector.

Lesotho's example

How did Lesotho do it? First, it imposed import quotas on clothing originating from markets in Asia, the US and the European Union; second, Lesotho's

textile products are a major beneficiary of the Africa Growth and Opportunity Act (AGOA) of 2000, a law that allows African exports into the US duty-free; and third, Lesotho increased its exports to the US by taking advantage of a clause that permits AGOA-eligible countries to source fabrics from third-party countries such as China. These policies have had a major positive impact on Lesotho's women traders.

The clothing industry is Lesotho's biggest employer, with women making up the bulk of the work force. “Trade-led developments have created a large number of new jobs for underprivileged, relatively unskilled women who would otherwise have little chance of being formally employed,” says UNCTAD. Basotho women holding formal jobs have access to health programmes, and those living with HIV receive free care and treatment.

Yet while Lesotho's garment sector is providing jobs for women, it is also contributing to new patterns of inequality and vulnerability. Wages in the textile and apparel sectors are low. Workers earn only between \$5 and \$100 per month, despite having access to medical benefits. In the face of the high cost of living, these wages are enough to cover only the basic necessities, and do not enable workers to save for small business activities.

Also, Basotho women are particularly vulnerable to external shocks and changes in the international trade system. If the apparel factories were to shut down, it would be disproportionately difficult for women workers to relocate. This is because women tend to face more obstacles in labour mobility due to discriminatory social and cultural practices such as limited access to education, technology and financial resources, according to UNCTAD.

Towards a gender-sensitive trade policy

Economies that depend on a single commodity are vulnerable to external shocks, which in turn affect women. UNCTAD says oil-producing countries have not diversified their economies. For instance, Angola's economy, which is primarily extractive, has not created enough jobs to absorb the female work force. According to the UN trade agency, a lack of progress in diversifying the

Angolan economy has confined women to low-productivity jobs.

Unlike in Lesotho, trade liberalization in Angola has not produced export-oriented manufacturing jobs, and hence few women have joined the manufacturing sector, where they make up only 17% of the total work force.

To improve the plight of women, African governments must enact policies that remove the constraints they face as traders, experts advise. The UN Inter-Agency Network on Women and Gender Equality proposes three such policies. First, governments must provide female workers with the necessary skills and access to information. Second, they must pass legislation on labour standards and working conditions to eliminate the exploitation of female workers. And third, they must formulate social and labour policies that support equal household responsibilities.

There is no doubt that significant gender gaps exist in many sectors. UNCTAD recommends using trade as an “enabler” for future development. With the right policies, women traders could be motivated to contribute even more towards Africa's development. 🌍

By the numbers



74% Percentage of informal trade conducted by women along Rwanda's borders

20% - 75% Percentage of job creation that informal trade provides in Africa

\$5 - \$100 Approximate wages earned in the textile and apparel sectors in Lesotho



TRADE

Arid soils in Mauritania are some of the effects of climate change. © Oxfam/Pablo Tosco

Africa's trade under a cloud of changing climate

Worsening climate change could affect the region's economy

By Richard Munang and Jesica Andrews

The devastating effects of climate change are already being felt across the planet, including in Africa. The 2011 drought-induced famine in the Horn of Africa affected more than 10 million people, claimed 257,000 lives and cost over \$1 billion in damages. The recent *Africa Adaptation Gap Report* by the UN Environment Programme warns that climate change could reduce total crop yields in sub-Saharan Africa by as much as 20% by 2070. Worse still, it could begin to affect Africa's trade potential. For example, a projected sea-level rise in Tanzania of 70 centimetres by 2070 could devastate the port city of Dar es Salaam, its largest and richest city and a major player in East Africa trade, and cost the country about \$10 billion in property damages and related losses. Environmentalists warn that rising sea levels could cause severe flooding, submerge land and destroy coastal ecosystems.

Is Africa under a climate change siege? Can the region expand its trade under current conditions? Experts say yes to both questions, but, in addition to reducing barriers to new and existing trade, countries will have to use their ecosystems to protect the continent's productive sectors from the negative

impact of climate change. Resilient ecosystems are required to promote the wise use of biodiversity and natural inputs; such wise use will preserve the natural environment from degradation and ensure that it remains productive and continues to contribute to economic development.

Barriers, blocks and blows

With the World Bank stressing that food production for rapidly growing urban and rural populations will be the largest growth opportunity for African farmers, the agricultural sector must come up with climate-proof strategies. While Africa currently produces staple food worth \$50 billion per year, the bank has found that the region could add an extra \$20 billion annually if it dismantles trade barriers in agriculture. For example, West Africa could cut its transport costs in half in less than a decade if its agricultural trade policies were designed to serve as building blocks rather than as roadblocks to economic growth, says the bank.

Additionally, as climate change worsens, industries and agriculture will need to respond. Experts recommend increased production of Environmental Goods and Services (EGS) as a viable option. The

\$50bn

Value of Africa's current production of staple food per year

EGS are benefits that can be derived from healthy ecosystems and include clean air, fresh water, purification of air and water from forests, pollination of crops and groundwater recharge through wetlands. Valued at \$690 billion in 2006, increasing global demand for EGS could be worth \$1.9 trillion by 2020, according to UNEP. To boost trade, therefore, experts stress the need to diversify exports beyond commodities and for governments to initiate policies that allow more people to participate in trade. But does sustainable use of ecosystems accomplish this goal?

Boosting trade through ecosystems

“Rethinking possibilities” is the phrase development experts use to reinforce the point that it is possible to use natural resources as productive assets. By using ecosystem services properly, Africa could protect its natural resources and increase its trade volume within the continent and with the rest of the world. And such protection comes with minimal or no additional costs.

A few ecosystem approaches, such as the use of “native pollinators,” are already gaining popularity. Also referred to as “the farmer befriending the bee,” this approach presumes bees’ habitats are protected when farmers minimize tillage, allow crops to flower, plant hedgerows or windbreaks with flowering shrubs, reduce or eliminate pesticide use and work with surrounding land owners to protect natural areas. By investing in the protection of bees’ natural habitats, farmers are investing in their crops. Bees and the sustainable use of other management techniques can increase crop yields by as much as 5%, according to the *Proceedings*

B journal, published by the Royal Society of Biological Sciences.

Moreover, these techniques reward farmers with better-quality produce to sell. For example, in Burkina Faso, where shea nuts are the second-most-exported cash crop (after cotton), ecosystem-based techniques could improve the quality of shea nuts and ensure sustainable production methods. This was the case recently when one ecosystem-based approach (EbA) project trained 120 women to produce high-quality shea butter, which led to increased sales and an extra \$18 per month for each woman on average. An EbA is a farming method that promotes conservation and sustainability through integrated management of land, water and living resources. The women now have an even greater motivation to protect their five hectares of shea trees and associated ecosystem (which is part of their production chain) from destruction and deforestation.

Across West Africa, between 4 million and 5 million women depend almost entirely on shea nuts for their livelihood, according to the Food and Agriculture Organization. Applying EbAs widely could increase production for local consumption and for exports.

Increasing trade in Africa

In a number of ways, Africa could boost trade by exploiting its vast natural resources using ecosystem-based approaches. First, EbAs can increase agricultural trade volumes through higher crop yields. In Zambia, farmers increased crop yields by 60% by switching from monoculture practices to intercropping and other sustainable methods. Second, greater use of EbAs will encourage a shift from traditional to sustainable farming

methods because the global market for EGS is growing rapidly. EbA practices could potentially help Africa reap the benefits of EGS.

Third, due to the diverse crops being produced, EbAs will provide Africa with access to new markets. Through agroforestry (intercropping, barrier crops and nitrogen-fixing crop use), smallholder farmers can produce more diverse crops. And finally, better-quality or more environmentally friendly products will give Africa access to higher-quality markets. As with the shea butter project in Burkina Faso, EbA products can enter “sustainable” markets, where they fetch higher prices.

Introduce trade reforms

Even if Environmental Goods and Services lead to increased trade opportunities, barriers to trade in Africa will persist. The World Bank’s primary recommendations are reforms in the trade sector and the strengthening of institutions that design and implement regulations. The bank wants African countries to reduce the cost of trading across borders. According to the bank, costs associated with trading in sub-Saharan Africa are twice as high as those in East Asia and the Organization for Economic Cooperation and Development (OECD) countries. It advocates for the removal of a range of non-tariff barriers to trade, including restrictive rules about origin of goods, import and export bans and costly licensing. In the sub-Saharan African region, notes the bank, it takes an average of 38 days to import and 32 days to export goods across borders—two of the longest wait times in the world. However, while new EGS products may get caught up in these barriers, experts believe that mobile banking and other innovative cross-border systems could improve the situation.

Already environmentalists are saying that ecosystem services should cease to be seen as free and limitless; rather, they should be protected against the effects of climate change. The consensus, however, is that EGS in African economies could bring greater economic, social and environmental benefits to the continent. This is the triple win. 🌱

Dr. Richard Munang is UNEP’s Africa regional climate change coordinator. Jessica Andrews is an ecosystem adaptation officer with UNEP’s regional office for Africa.



Women selling mango jam in Senegal. 📷 UN Photo/Evan Schneider



TRADE

Maged Abdelaziz, UN Secretary-General's Special Adviser on Africa. © Africa Section / Bo Li

Africa wants equal partners

— Maged Abdelaziz

In 2012 the United Nations General Assembly created a mechanism to monitor commitments made by African countries and their partners to improve Africa's economic development. The Office of the Special Adviser on Africa (OSAA) is the secretariat for the mechanism, and works with other UN agencies to track progress on these commitments. In an interview with *Africa Renewal's* Kingsley Ighobor, Maged Abdelaziz, the secretary-general's special adviser on Africa, explained what the UN hopes to accomplish with the monitoring mechanism. The following are excerpts.

Africa Renewal: How would you assess the pace of Africa's economic development?

Maged Abdelaziz: There is a lot of potential in Africa. Six of the 10 fastest-growing economies in the world are from the continent, a region with a lot of natural and human resources. But what is required is

a transformative agenda, one that is now appearing in different documents that have been approved by the African Union. It will be crowned when Agenda 2063 [the AU's 50-year development plan] is adopted at the next AU summit in Addis Ababa. Many commitments and plans have been made. What we need now is to decide

what will be the short- and medium-term objectives and what we can leave for future generations.

The problem has never been a lack of ideas or frameworks or agendas or blueprints. The problem has always been implementation. What has changed this time around?

What I can say is that this transformative agenda is turning into concrete steps that can be implemented. This direction is towards industrialization, and that is very important. Inclusive growth, meaning that every person in Africa should benefit from its natural resources. It should also benefit the poor.

That's the ideal. How do you ensure compliance?

I trust that when African governments make commitments, they mean good for their people and that they will implement those commitments.

So your hope is based on trust?

Do I have a choice? I have no enforcement mechanisms, neither has the UN or the AU, to compel any president or prime minister to do anything.

Do you have a feeling that there is more seriousness now than before?

Yes. What makes me think that way is the spirit of regional integration that is happening now. Each subregion now has an integration plan, beginning with a free trade area in 2017, a monetary union by 2034 and eventually an overall African customs union. You will ask me if this is realistic. I will tell you: let's try to achieve it. If we don't, we will give it two or five more years, but let's try. Then there is the linkage between peace and security and development. You can't implement a transformative agenda when there is no peace and security.

Your office is setting up a monitoring mechanism to track commitments made towards Africa's development. Why such a mechanism?

In 2008, the General Assembly adopted a resolution on Africa's development with specific commitments to be implemented by the African countries themselves and others by their development partners. Unfortunately there was the financial

crisis of 2008 that made it difficult to implement many parts of the declaration. In 2010 the assembly requested, and the secretary-general proposed, a mechanism to check progress on the implementation of the commitments in that declaration and those made at other main UN conferences on Africa. The resolution was very clear: it said that the new monitoring mechanism would build on existing ones. We counted 52 existing mechanisms! So we are not reinventing the wheel; we will rely on the information from other mechanisms.

Are you going to analyze commitments made over the past decade or so?

No. In each report we will concentrate

“I trust that when African governments make commitments, they mean good for their people and that they will implement those commitments.”

on four or five relevant issues that will be considered by the UN in the next two years, beginning September 2014. This year’s report will concentrate on accelerating the implementation of the MDGs, climate change, good governance, as well as agriculture and food security.

Which means you are tracking commitments and their impact on the ground in Africa.

Absolutely, and proposing alternatives that could be taken.

When you say “commitments,” what do you really mean?

These are commitments on aid, trade, FDI [foreign direct investment], the movement of labour between countries, human rights, good governance, combating corruption, etc.

Is there a way to ensure that these commitments are followed through?

No. But our work on the monitoring mechanism is done in consultation with the AU and African countries on one hand, and with donors and development partners on the other. We also work with the OECD [Organisation for Economic Co-operation and Development] countries, the World Bank and other international institutions.

Some OECD countries are going through tough economic times. How do you get these countries to increase or implement their commitments?

Our task is not to have them increase their commitments; our task is to track the implementation of what has already been agreed to by member states.

Your report will encourage implementation of commitments?

We are following a nonconfrontational approach. Our task is not to name and shame, that is, to single out countries that are implementing commitments and those that are not. We will give the analyses without getting into the polemics of who

did what, who did not and why.

So how does your report assist in having these countries fulfill their commitments?

It will provide an honest assessment of everybody, including African countries, in a way they will find themselves morally obliged to implement or consider the report’s recommendations. By speaking out on climate change, on the commitments that have been made in Copenhagen, in Mexico, by pointing out the percentage of the promised funds Africa receives and the levels of

implementation by African countries, we will be able to provide the full picture to policy makers.

So this is fully an advocacy task?

We are here to advocate for Africa. Aren’t we? Why am I here, the only special adviser for a specific region! We are consulting with everybody as we draw up our report, particularly experts in those four or five areas we are reporting on.

You will be dealing with African governments and non-governmental organizations?

Yes, it’s part of the deal. NGOs are allowed to participate as equal partners.

How would you respond to those who say that focusing on commitments, including aid, reinforces the notion that Africa is dependent on foreign assistance?

No. Africa is searching for equal partners, not partners coming to exploit Africa. That’s why I like very much the review of partnerships that was ordered by Chairperson Nkosazana Dlamini-Zuma of the African Union Commission. Let’s have a review of our partnerships with India, with China, with the US, with the EU, with the Arab League. Let’s see what’s in it for us and what’s in it for them.

What is your idea of success with this monitoring mechanism?

My idea of success is convincing member states to take additional measures to ensure they implement their commitments or bridge the gaps that we will identify in our reports. 🌍




A ship loads goods at an African port. © World Bank/Arne Hoel

Chinese yuan penetrates African markets

Could it be the next global reserve currency?

By Tonderayi Mukeredzi



The Chinese currency, the yuan.  Africa Renewal/Bo Li

In March this year Zimbabwe joined a growing list of countries in Africa and the world using the Chinese currency, yuan, also known as renminbi (RMB), as one of its official currencies after its central bank added the RMB, the Japanese yen, the Australia dollar and the Indian rupee to the existing basket of currencies.

Zimbabwe abandoned its currency in 2009 when it was rendered worthless by excessive inflation. Since then, it has been using a basket of currencies dominated by the US dollar. In announcing the decision to adopt the yuan and other currencies, the then Reserve Bank of Zimbabwe acting governor, Charity Dhliwayo, said that the southern African country's trade and investment with China, India, Japan and Australia "had grown appreciably."

China is Zimbabwe's third largest trading partner after South Africa and the European Union, and until recently was the biggest buyer of its tobacco. In 2013, trade between China and Zimbabwe amounted to \$1.1 billion.

Gift Mugano, a trade expert and executive director at the Nelson Mandela Metropolitan University's Africa Economic Development Strategies, told *Africa Renewal* that the addition of the RMB to the basket of

currencies would only consolidate Zimbabwe's bilateral relations with China rather than boost trade, and help China's quest to make its currency popular.

He added that RMB was not expected to address liquidity challenges as enunciated by the Reserve Bank of Zimbabwe in its January 2014 monetary policy because the level of trade between the two countries had not yet reached a level where enough critical mass could be built to flood RMBs into its market and Africa at large.

"Very interestingly, currency issues are so psychologically influenced, economic agents may not be comfortable to just accept one currency overnight when they were used to the US dollar. This is a complex matrix which the RMB will face in Africa," Mr. Mugano said. South Africa is Zimbabwe's biggest trading partner, accounting for at least 40% of its exports and 60% of imports, he said, but despite this, the rand, the South African currency, has failed to dislodge the dollar as the dominant currency because of its volatility.

Wang Yi, a commercial consular with the Chinese embassy in Harare offered a different opinion on the prospects for acceptance of the RMB in Zimbabwe. In an interview with *Africa Renewal*, he said the

\$1.1bn

Value of trade between China and Zimbabwe in 2013

adoption of the Chinese currency by Harare would positively influence investments from China to Zimbabwe, which amounted to about \$600 million last year.

“It’s an option that will increase trade between the two countries, as well as lower the cost of doing business. Chinese businesses have welcomed this action but its success also depends on how local companies embrace it,” he said.

With a new report from the International Comparison Program, a World Bank-affiliated global statistical initiative, suggesting that this year China could depose the US as the world’s largest economy, Mr. Wang said many more countries will use the RMB to avoid foreign exchange losses when trading with China.

Zinanayi Steve Zhao, the deputy chairman of the newly-launched Chinese Federation of Zimbabwe, a lobby group for Chinese companies in Zimbabwe, said while the use of the RMB was still minimal, it would be a convenient trading tool for the Chinese. Mr. Zhao told *Africa Renewal* that the RMB was a strong currency that is used by many countries in Asia for daily business transactions. “China has only recently come into Africa. The RMB would need time. The more trade there is, the more popular it will be.”

In 2012, the deputy governor of the People’s Bank of China, Li Dongrong, told a business forum in Beijing that China would promote the RMB for settlement and investments with Africa as the demand for the currency was increasing at a time when the continent’s economy was expanding.

A number of countries in Africa, among them the Bank of Ghana, are using the RMB as part of their settlement and reserve currency. Early this year, the Nigerian central bank reportedly announced that it planned to shift more of its foreign reserves into yuan from dollars as the RMB gains greater traction in global trade. About 85% of Nigeria’s reserves are held in US dollars. In March last year, the South African Reserve Bank signed an agreement with the People’s Bank of China to invest in China’s bond market.

Mauritius is one of the countries where a growing demand for the Chinese currency has been reported. And while the Bank of Zambia has not yet included

“ Total trade between China and Africa reached \$210.2 billion in 2013

the RMB in its reserves, it has pledged to increase its use for trade settlements with China. During his visit to China in August last year, Kenyan President Uhuru Kenyatta promised to host an RMB clearing house.

As Sino-Africa ties continue to outperform, a number of African central banks are applying to the Chinese Central Bank for currency swap, which is the exchange of a loan in one currency for

another and the placing of a share of their reserves in the RMB. China has remained Africa’s largest trade partner since 2009. Total trade between China and Africa reached \$210.2 billion in 2013, up 5.9% from the previous year, according to the data from the China Chamber of International Commerce.

Mr. Mugano said the global economic crisis motivated China’s move to internationalise the RMB. Since then, Beijing has encouraged the use of its currency in international trade, swap arrangements between central banks, bank deposits and bond trades.

“It [Beijing] signed several bilateral currency swap agreements, expanded settlements of cross-border trade transactions in RMB and allowed new forms of RMB operations in the Hong Kong offshore market,” he said.

Mr. Mugano noted that the main obstacles to the further internationalisation of the Chinese currency included the lack of exchange rate flexibility and limited access to capital markets. This, he said, would constrain the RMB as a widely used vehicle currency like the US dollar, which plays a unique role in the world of international finance – as the world’s reserve currency, which is used to settle most international transactions.

“Most global central banks hold their reserves in US dollars. In addition, many smaller countries choose either to peg their currency’s value to that of the dollar or forgo having their own currency, choosing to use the dollar instead as is the case in Zimbabwe. This contributes to the dollar’s status as the world’s most important currency,” said Mr. Mugano.

According to Swift RMB Tracker, the RMB is already being transferred over Swift by more than 1,000 banks in 85 countries. Swift, or Society for Worldwide Interbank Financial Telecommunication, is a global transfer system used by companies for financial transactions. Recent data by Swift shows that the growth in the use of the RMB in traditional trade finance has propelled the RMB to the second most used currency in the market.

China’s rapidly increasing trade with Africa provides fertile ground and demand for cross-border RMB settlements. While its use is still limited, the currency is gradually penetrating the African market. 🇳🇬



A customer examining the quality of towels imported from China in a shop in Kampala.

📷 Panos/Sven Torfenn

Peace in South Sudan critical to regional stability

Continued fighting worries regional leaders

By Raphael Obonyo

Despite two ceasefires, thousands of lives lost and over a million and a half civilians displaced, fighting continues in South Sudan, pitting government troops against opposition forces. The latest ceasefire – the second since violence erupted in December last year – was signed in May between President Salva Kiir and his former deputy, Riek Machar.

Flagging commitment by the two leaders to resolving their political differences peacefully is putting to the test the ability of mediators to broker an effective ceasefire. But ever since the fighting started, it has become clear that the world's newest nation was born with many internal institutional weaknesses. If left unaddressed, political analysts say, it could lead to a complete rewrite of the political and economic landscape of the entire region.

The spark for the current fighting can be traced back to July 2013, when President Kiir fired Mr. Machar and his entire cabinet after a protracted power struggle within the ruling Sudan People's Liberation Movement (SPLM). Upon his dismissal from the government, Mr. Machar announced he would run for the presidency in elections then scheduled for 2015.

On 15 December 2013, after days of rising tension over political issues, various elements of the Presidential Guard started fighting in their barracks in the capital, Juba. The fighting quickly spread to the general headquarters of the Sudan's People Liberation Army (SPLA) and to other military installations. By 16 December, it had spilled out of the barracks into residential areas of the capital, pitting rival supporters and resulting in large-scale killings and human rights abuses. Since then, this picture has been replicated in most parts of the country.



Soldiers in South Sudan guarding the airport in Juba. © Raphael Obonyo

A ceasefire reached in January quickly fell apart days later as fighting resumed, with each party accusing the other of violating the ceasefire. After months of intense peace talks and external pressure, a second ceasefire was signed in May but it too has been ineffective as violence continues unabated. Political experts say the current conflict is part of a political tug of war between Mr. Machar and President Kiir. The president has accused his former deputy of attempting a coup d'état while Mr. Machar is convinced the president is assuming dictatorial powers.

While some analysts maintain that the violence is political not tribal, it is of concern that the conflict has been running along ethnic lines with the Nuers backing Mr. Machar and the president receiving his main support from the Dinkas, the largest ethnic group in the country.

George Omondi, a research fellow at the Kenya-based Africa Research and

Resource Forum, is among those who dispute the view that the fighting has tribal origins. In an interview with *Africa Renewal*, Mr. Omondi said it appeared that Mr. Machar and his group feel that the president is consolidating power around himself and are therefore determined to stop him.

"They want to stop Kiir from becoming like many African leaders who, after independence, forgot the national agenda," he said. The current fight is not new, he continued, especially if one looks at the history of SPLM when in August 1991 Mr. Machar attempted to overthrow John Garang, the late founder of South Sudan's liberation movement. An estimated 2,000 civilians were killed in the fighting that ensued.

The expectation among analysts was that the second ceasefire would create conditions for the two parties to start discussions on a transitional government

of national unity. But those hopes are now fading in the face of ongoing violence, raising fears of more deaths and destruction in one of the poorest countries in the world.

Even as regional leaders strive to bring peace, the two sides continue to accuse each other of escalating the war. Majok Gunadong, South Sudan's ambassador to Kenya, says his government has only been fighting a defensive war. He told *Africa Renewal* that his government was "committed to peace and it requires the support of everyone to realize this goal," adding that South Sudan was engaging the rebels only "as a matter of self-defense."

South Sudan's strategic importance in East Africa has added a sense of urgency to regional efforts to end the war. There are fears that the war could degenerate into a regional conflict if left unresolved, as evidenced by the presence of Ugandan troops fighting on the side of the government. Meanwhile, South Sudan's relations with its northern neighbour Sudan have been less than cordial since Sudan was split into two. The two ceasefire agreements, brokered by international mediators, including leaders of the Intergovernmental Authority on Development (IGAD) and supported by the United Nations and the African Union, have so far been unable to stop the fighting.

"African countries have a responsibility to take swift and decisive action to solve the crisis in South Sudan," says Mr. Omondi. "However, the world must also realize that South Sudan is not different from African countries that have engaged in the fight against authoritarianism."

South Sudan's "man-made crisis" has created a humanitarian disaster. "The South Sudanese people are bearing the brunt of the failure to stop the fighting," said UN Secretary-General Ban Ki-moon in a statement on South Sudan's national day. "They are living in squalor, their livelihoods have been lost and they are plagued by hunger, disease and insecurity." About 100,000 civilians have sought shelter at UN bases around the country.

The conflict has also put at risk the ongoing regional integration efforts and joint infrastructural projects in the region. But according to Mr. Gunadong, the crisis will have only a temporary effect on the admission of South Sudan into the East African Community (EAC),

a regional economic group comprising Burundi, Kenya, Rwanda, Tanzania and Uganda, because an agreement has already been reached to start negotiations in October 2014.

But Mr. Omondi disagrees, arguing that even before the current crisis, it was clear South Sudan had not achieved the minimum requirements needed to join the EAC, such as building democratic institutions. Civil society groups in South Sudan have asked the EAC not to admit South Sudan to the regional body until the country becomes stable and democratic.

Economic integration in East Africa, as in other regions of the continent, is still minimal. The crisis in South Sudan will likely derail its plans with Kenya to build an oil pipeline to Kenya's Indian Ocean port of Lamu. Before the war, South Sudan was earning an estimated \$7 billion a year from oil revenue. Continued fighting will not only delay the pipeline along with other infrastructure projects, but may also increase the flow of refugees to South Sudan's neighbours.

Phyllis Kandie, the chair of the EAC Council of Ministers, also expressed concern that war in South Sudan poses a serious challenge to regional integration. "Stable countries make strong regional entities. It is therefore in the best interest of the East African Community that South Sudan remains stable. The civil war in the country could undermine social cohesion, political stability and economic

prosperity in the region," said Ms. Kandie, who is also the Kenyan official in charge of East African affairs.

Being a political problem, asserts Mr. Omondi, a research fellow in Kenya, the solution lies in politics. South Sudan needs a deal that is not based on power sharing, he says. The deal should strengthen state institutions that would guarantee transitional arrangements. But to find a speedy solution, he suggests that sanctions should be imposed. "Sanctions would go a long way to bring about a ceasefire. But they need not be imposed by Western countries or the United States. Sanctions imposed by the countries around South Sudan would be more effective, since roots are deeper within the region," Mr. Omondi said.

However, Mr. Omondi admits this is unlikely to happen. IGAD, he says, insists on solidarity among members, fearing that sanctions imposed on friendly countries could spoil regional relations. For example, if the Kenyan government freezes the assets held by South Sudanese leaders in Kenya, it could complicate that country's crucial role in resolving the conflict, a view shared by many experts.

Ultimately, the challenge for African countries is to ensure that the youngest country on the continent finds a solution to the current crisis and channels its energy towards economic development. 🦋 *Raphael Obonyo is an external adviser to UN Habitat's youth advisory board.*



Kenyans being evacuated from South Sudan. 📷 Raphael Obonyo



Babacar Gaye, Special Representative of the Secretary-General in the Central African Republic and Head of the UN Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA). UN Photo/Catianne Tijerina

Political stability remains a challenge

— Babacar Gaye

In April 2014, the United Nations Security Council authorized the establishment of the UN Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA). The mission, led by Babacar Gaye, the special representative of the UN secretary-general in the country, is mandated to protect civilians and support peace efforts. Damian Cardona, a UN staffer, recently sat down with Mr. Gaye, a Senegalese national, in the capital Bangui for an interview for *Africa Renewal*. Following are the excerpts:

Africa Renewal: What was the main challenge you faced when you first arrived in Bangui in July 2013? How was the country you encountered a year ago?

Babacar Gaye: When I arrived in Bangui in 2013, I was in charge of a political mission in a very different environment. First, it was an environment with no real threats against UN staff, but it faced a lot of pressure from the lootings the country

had gone through before my arrival. Second, it was a country without law and order. Law and order were then in the hands of an informal group called the Seleka. Human rights were at that time at the core of my concerns. I had a political mandate. But since my career had been in the military, this was my first political assignment. I realized the difference the day I issued my first press communiqué denouncing human rights violations and

putting the UN on the high moral ground. But since then, the country has changed. Since the 15 December 2013 attack, the political situation has stabilized. We now have an elected president who is doing her best with limited resources.

The mission will have up to 12,000 uniformed personnel. Why such a big contingent for a country of less than five million people?

Usually, people question the size of peacekeeping missions, viewing them as too big. It's quite the opposite here. Most observers feel that 12,000 forces are not enough. I try to do my best with the resources we have been granted by the Security Council. For the time being, 12,000 is a good figure if we compare with other UN peacekeeping operations. But this country is the size of France with one-third of the population of Paris. If you take into account the current situation, the lack of national forces, notably police and gendarmerie, and all the gaps within the justice system, you will see that this mission will have a lot to do to implement all its mandated tasks. It will therefore be a matter of prioritizing tasks and a matter of innovation. We will have to take some urgent temporary measures to help the government restore the criminal justice system. Whether we like it or not, we will have to assume some responsibilities on behalf of the government. Therefore, the key to me is not the size of the force, but the mindset of the uniformed peacekeepers and my civilian colleagues who will be working in this mission.

In September, troops here under the African Union (AU)'s International Support Mission to the Central African Republic (MISCA) will become blue helmets. Are all these troops ready to be re-hatted?

I would like to highlight the excellent relationship that exists between the AU and the UN. The AU peace support concept is to react very quickly to any crisis on the continent, and when the situation is suitable to deploy a UN peace operation, to hand over the mission to the UN. This has been designed by the Security Council and is what is going to happen. When you have to intervene, I would say, within a short period of time, you immediately do so, without waiting

to have all your capacities ready on the ground. Most of the time African troops are faced with gaps in their capacities, but these are often made up by their commitment and their understanding of the regional dynamics. Their motivation is also to avoid a spillover of the crisis to their own countries. The UN will therefore be very happy to welcome within MINUSCA most of the MISCA contingents with the understanding that they will progressively beef up their capacity to align them with UN standards, rules and procedures.

Which other countries will be part of MINUSCA? Is there a selection criterion to accept troop-contributing countries?

Yes, indeed. The UN has very strict criteria. The first is the profile of the troops. The secretary-general has established a policy – the zero tolerance policy – not only on sexual exploitation and abuse but also on human rights. It is therefore very important that we have troops with good profiles that have been trained for peacekeeping operations. The second criterion is that the office of the military adviser for UN peace operations has designed a document on standards for UN peacekeepers. This document is distributed to all the member states. We also pay particular attention to the capacities of African contingents.

How easy will it be and how important is it to deploy in all regions of the country?

Our plan is to deploy MINUSCA throughout the country, including having offices opened in all localities countrywide. The purpose is first to deliver on our mandate to protect the population. It is also to help the government extend its administration countrywide. We expect to be present in localities such as Berberati, Bouar or Ndélé as part of decentralization. And we also plan to help in attracting donors, designing projects and addressing the root causes of insecurity, which is poverty and underdevelopment.

What will be the role of the UN in the political dialogue that many stakeholders are demanding?

Our mandate is to support all the efforts that are being made to stabilize

the country. We will provide good offices that will start a political process. We are working on taking over from where BINUCA left off. The authorities have just agreed to our concept of operations for a new political process. We also shared the concept with the other international stakeholders. It is a three-step approach: first, there will be a cessation of hostilities, followed by disarmament; second, there will be consultations that will give all communities throughout the country the opportunity to express themselves; and last but not least, there will be assistance in laying the foundation for economic development and good governance in this country. We designed this three-step approach and shared it with all the stakeholders for comments. Today, we are committed to help in its implementation using our good offices and expertise and if possible with financial support, notably through labour-intensive activities that we will offer to former combatants. We are therefore participating actively in the political process. Other stakeholders consider the UN as important interlocutors who will listen to them and give voice to the international community as they expect and need to resolve their differences.

What will be the role of the African Union and other regional actors when MISCA's mandate ends?

I think that today, one of the main achievements of the UN and the

international community in the Central African Republic is that we are speaking with one voice as expressed in the cooperation between the African Union, the UN and the European Union. This is a welcome achievement because we have established mechanisms on the ground that allow us to exchange views, coordinate actions and respond jointly to the challenges facing the international community in handling this complicated crisis. Our work complements each other. There is no reason for any change after the re-hatting of AU peacekeepers. There is very close coordination between the AU, the UN and the European Union and bilateral cooperation with countries such as France and the US. Every organization has its comparative advantage, and I feel that it is our duty to try and complement our competencies in order to present a common position to other stakeholders.

What is your dream for the Central African Republic in September 2015, one year from now?

My dream is to see children returning to school. My dream is to see Muslims and Christians, non-Muslims and non-Christians preparing to celebrate their national day together. My dream is to see this country regaining its confidence for the future, to see that its people want to continue existing as a united country, that they are in a position to play their part in the development of a stable, prosperous Central African Republic. 🇨🇦



Personnel from UN Mine Action Service destroyed over a ton of ammunition outside Bangui.

UN Photo/Catianne Tijerina

Inequality clouds growing economy

Angola needs to diversify its oil economy

By Nirit Ben-Ari

Angola has one of the world's fastest growing economies. Its economy grew by 5.1% in 2013. As major public infrastructure investments in energy and transport kick in, its growth is projected to reach 7.9% in 2014 and 8.8% in 2015. Yet, the United Nations Development Programme (UNDP) reports that around 36% of Angolans live below the poverty line and one in every four persons is unemployed.

According to the International Monetary Fund (IMF), Angola is a "post-conflict country that produces a lot of oil and faces the challenges of both." Despite being the fifth largest economy in Africa, ordinary Angolans have seen little change in their standard of living. Only 37.8% of country's 21 million people have access to electricity. While about half of the population has access to safe drinking water, this number falls to 34% in rural areas, says the World Bank. There are few jobs for the unemployed, mostly under 25 years, who make up 60% of the population. What should Angola do to change the current situation? Experts say the solution is for Angola to diversify its economy, save and invest for the future — especially in skills and infrastructure development — and improve governance.

A need for diversification

Angola is Africa's second biggest oil producer after Nigeria. Its oil comes almost entirely from offshore fields, off the coast of Cabinda and from deep-water fields in the Lower Congo basin, in addition to small-scale production from onshore fields. Last year, according to the US Energy Information Administration, an agency that provides statistics and analyses on energy, Angola produced 1.85 million barrels of petroleum per day, and oil revenues could top \$60 billion this year, notes the African Economic

Outlook, a report produced jointly by the African Development Bank, the Organization for Economic Co-operation and Development, UNDP and the UN Economic Commission for Africa. But as with other oil-producing countries in Africa, oil has not proved to be a benefit to Angolans. If anything, say analysts, it has produced few jobs and increased inequality and allegations of corruption.

Angola's mineral product exports as a share of total exports are more than 95%, according to data from the World Bank and the Organization of the Petroleum Exporting Countries (OPEC). Oil production and its supporting activities contribute about 45% to the nation's gross domestic product (GDP) and 80% to government revenues. With little diversification, the Angolan economy has limited investment and job opportunities, and generates growth only for a small group of elites, economists say. In fact, in terms of the composition of its exports, Angola is the world's second most concentrated economy after Iraq, says UNDP.

The World Bank has identified three problems facing the Angolan economy: high dependence on oil revenue, making the country vulnerable to oil price volatility; an economic system that is prone to corruption; and the absence of a diversified job market. The British magazine, *The Economist*, reported last April that Angola was "still much too oily," because oil provides few jobs, especially good jobs, and according to the government's own admission, there has been a "failure to develop the non-oil economy." In fact, the oil industry employs just 1% of Angolan workers, which is a factor in the 26% unemployment rate.

The Center for Scientific Studies and Research (CEIC) at the Catholic University of Angola, by contrast, sees the oil-dominated economy expanding



Angolans party in the Miami Beach Nightclub in Luanda. 

substantially since independence, particularly since the end of the civil war in 2002. While conceding that diversification was largely absent from government policy until 2011, the CEIC says that other sectors are now contributing to the GDP, though not substantially.

All that glitters

In addition to oil, Angola exports diamonds. It is Africa's second largest source of rough diamonds after Botswana and the fourth in the world. The main reserves are concentrated in the northeastern region. Diamond production generates over \$650 million annually, although exact numbers are uncertain due to illegal diamond mining and smuggling.

But the diamond industry is often alleged to be involved in human rights abuses, such as forced overtime without adequate compensation and creating environmental degradation through mining activities. Rafael Marques de Morais, an Angolan journalist, human rights activist and anti-corruption campaigner, recently filed a criminal complaint against two diamond mining companies and their



Panos/Robin Hammond

directors, including top military officers. In response, authorities labelled him an “official suspect” and officials from some mining companies have accused him of defamation. Isabel dos Santos, the billionaire daughter of the Angolan president, is said to be one of the main beneficiaries of the diamond trade in Angola, according to an article this year in *Forbes* business magazine.

Agriculture is a lifeline

Besides oil, other contributors to GDP include non-oil energy, agriculture, fisheries, manufacturing and construction sectors. Angola has high quality soil and good water supplies, which potentially could make commercial farming a valuable industry, according to the African Development Bank (AfDB). Currently, agriculture accounts for only 11% of GDP but 70% of total employment.

In 2013, farm output grew by 8.6%, mostly through strong growth in cereal production, notes the African Economic Outlook. The National Cereals Institute of Angola says that the country requires 4.5 million tonnes of grain a year but only grows about 55% of the corn, 20% of

the rice and just 5% of the wheat needed for local consumption. Higher government spending on agriculture could change that and make Angola self-sufficient, suggests the Food and Agriculture Organization, the UN body that mobilizes efforts to eradicate hunger and poverty. However, overall, Angola’s agricultural sector is growing impressively. The Comprehensive African Agriculture Development Programme (CAADP), an initiative of the African Union, reported in 2011 that the sector grew at more than 25%, surpassing the 6% target set for African countries. That growth rate made Angola’s agriculture the fastest growing on the continent, followed by Namibia’s at 15% growth rate.

More expatriate workers

Angola has also become a magnet to economic refugees from China and Portugal. “Definitely more Portuguese people are coming here in recent years, not only because of the bad financial situation in Europe but because Angola is one of the fastest-growing economies in the world,” observes Luis Ribeiro, a Portuguese national who runs a pizzeria in Luanda.

They are joining an influx that includes Chinese, Brazilian and, to a lesser extent, British investors. “We’ve always been one of the biggest communities, but we’re slowly being surpassed by the Chinese,” Mr. Ribeiro, told *The Guardian*, a British daily. “The Chinese are very resilient people and are prepared to do the donkey work that Portuguese and Angolans are not.”

Portuguese engineers, for example, may make €900 per month in Portugal, but they make four times more in Angola, reported the British Broadcasting Corporation (BBC). As a consequence of this reverse population flow, Luanda, Angola’s capital, “has overtaken Tokyo as the world’s most expensive city to live in for expatriates,” according to the American news channel, CNN.

Chinese investors are heavily involved in Angola’s large-scale public works such as roads, rails and other infrastructure. But critics say these investors do not create sufficient jobs because they bring most of their workers from China. In 2008 alone, the Angolan consulate in China issued more than 40,000

visas to Chinese workers, reports the bimonthly global affairs journal, *World Affairs*. For example, the China International Trust and Investment Corporation employed 12,000 Chinese workers and only a handful of Angolans during the peak of the Kilamba Xiixo social housing development project in Luanda. In addition, the journal states that while the majority of Chinese in Angola work in the construction sector, thousands later branch out into real estate, retail, street hawking, etc.

Future prospects

In 2013 the Angolan economy weakened because of lower-than-expected oil spending and mismanagement of the public debt. But the AEO report predicts that with increasing diversification, the non-oil sector could expand by 9.7% and the oil sector by 4.5% in 2014.

Worried about the uneasiness among its population over growing inequality amid rapidly rising economic growth, the government is now taking steps to improve the lives of its citizens. There are ongoing investments in electricity, water and transport. As part of the infrastructure-for-oil trade agreement between China and Angola, rail infrastructure is expanding. To create more jobs, the government has introduced a new foreign exchange currency law for the oil industry and reformed the regulations governing the mining sector. Introduced in November 2012, the law also cuts business taxes from 35% to 25%, which in return has led to significant investments by companies including diamond producers De Beers and Sumitomo Corp. Both companies are currently developing an ammonia and urea plant. This year, Angola’s central bank plans to de-dollarize the foreign exchange market to limit the use of foreign currency in local transactions. In the past, most oil receipts were conducted offshore; the new laws require transactions to be handled onshore.

But Angola needs more sound policies to attract investors to all sectors, not just diamonds and oil, experts say. Currently, the World Bank’s “Ease of Doing Business” report ranks Angola 179 out of 189 countries. This low ranking has to change for the economy to live up to the expectations of its 21 million people. 🇳🇬



A woman harvests high iron beans in Northern Province, Rwanda. © HarvestPlus/Angoor Studios

Biofortification offers hope for Africa's malnourished

Raising the nutritional value of crops

By Busani Bafana

126,000

The number of Ugandan farmers growing orange-fleshed sweet potatoes

Many people who live in Lira district in northern Uganda consider Perpetua Okao a farmer and a life saver—and it is easy to know why. Her neighbour's son was malnourished and often sickly. But after feeding him a diet of vitamin A-rich orange-fleshed sweet potatoes, the boy's health improved dramatically in just a few days. Ms. Okao is among some 126,000 Ugandan farmers growing the orange-fleshed sweet potato, a new variety of potatoes enriched with vitamin A through biofortification.

Biofortification is a process by which crops are bred in a way that increases their nutritional value. The idea behind biofortification is to breed nutritious plants, a process which experts consider much cheaper than adding micronutrients to already processed foods. It is a smart method to fight malnutrition, say agriculturists and nutritionists. The Food and Agriculture Organization (FAO), a UN food agency, considers malnutrition—caused by

a lack of essential micronutrients such as iodine, iron, zinc and vitamin A in diets—a threat to millions of African lives.

Uganda's example

Biofortification can mitigate the effects of vitamin A deficiency (VAD) in people, reports HarvestPlus, a research centre committed to fighting global hunger. Microsoft co-founder and philanthropist Bill Gates provides financial support to HarvestPlus. The organization further notes that VAD is a serious health problem in more than 90 countries but more acutely in Africa and Asia. The deficiency causes preventable blindness in children and increases the risk of disease and death from severe infections. It also causes night blindness in women and increases the risk of maternal mortality.

In Africa, HarvestPlus estimates that 42% of children under the age of five and women between 15 and 49 years of age suffer from VAD. Uganda, which

is severely affected, is now extensively producing the orange-fleshed sweet potato variety rich in beta-carotene, an organic compound that converts to vitamin A in the human body.

In 2012, HarvestPlus and the US Agency for International Development (USAID) launched a “Feed the Future” programme and introduced the new sweet potato variety. Ms. Okao, along with the Ugandan government, USAID and HarvestPlus, provided enriched sweet potato plants to breed with the local white or yellow variety to more than 10,000 farming households. The results so far indicate that 60% of the households replaced a third of the traditional sweet potato varieties. Thanks to the new sweet potato variety, vitamin A levels have increased among Ugandan children, making them visibly healthier than before, according to HarvestPlus.

Africa confronts the challenge

But malnutrition is not just a Ugandan problem; it is widespread in Africa, says the FAO. The agency estimates that 30% of Africa’s children are malnourished and stunted, have reduced learning and earning potential and are vulnerable to infections and early death.

The quest for more nutritious foods for Africans was the subject of a three-day conference on biofortification last April in Kigali, Rwanda. At that conference, more than 275 top government, business and civil society leaders discussed ways to start a continent-wide adoption of biofortification.

Akinwumi Adesina, Nigeria’s agriculture minister, wants his country to become Africa’s lead producer of biofortified foods. Under its agriculture-for-health programme, Africa’s most populous country wants to develop vitamin A-enriched cassava varieties to address micronutrient malnutrition. Nigeria has incorporated pro-vitamin A cassava and orange-fleshed sweet potatoes in its Growth Enhancement Support Scheme, whose goal is to reach 2.5 million farming households.

Like Nigeria, Zambia has introduced pro-vitamin A cassava and maize. In Rwanda, about half a million farmers are growing new varieties of beans rich in iron. Farmers using these varieties are harvesting more yields per hectare and

earning more income selling the surplus. Martha Birungi, a farmer in Rwanda’s eastern district, is currently growing nutritious and high-yield iron-rich beans and earning higher income than before.

“The new varieties of beans are big in size and when you cook them they expand and are very delicious. They have higher iron content when compared to the indigenous ones we were used to,” says Birungi. She added that the enriched-iron beans provide more than three tonnes per hectare compared to less than a tonne from indigenous bean varieties.

Scaling up efforts

HarvestPlus and partners plan to develop more varieties of crops that will provide adequate vitamin A, zinc or iron to more than two billion people worldwide. “We’re just beginning to scratch the surface...We want to increase access to these nutritious crops as quickly as possible,” says Howarth Bouis, director of HarvestPlus, adding: “I think we have had unequivocal success in Africa with the orange

30%

of African children are malnourished and stunted

fleshed sweet potato.” Yassir Islam, the organization’s spokesperson, told *Africa Renewal* in an interview that they have scaled up their interventions in about 15 African countries, including in the Democratic Republic of the Congo (DRC), Kenya, Mozambique, Rwanda, Uganda and Zambia with most of the work carried out by the International Potato Centre, a Peru-based research centre.

Mr. Islam says that Rwanda was the first target country because beans are one of its most important staple foods. HarvestPlus moved on to Uganda and the eastern DRC, even as they plan further interventions in more African countries. The World Food Programme (WFP), a UN food relief agency, has noticed the success stories in the malnutrition fight in Uganda, the DRC and Rwanda. The WFP now buys more than one billion dollars worth of food each year from developing countries, and currently has 77 tonnes of

iron-fortified beans for its food support programmes, according to Ken Davies, WFP’s global coordinator.

“The potential for introducing micronutrient and biofortified foods into the WFP’s food basket is immense because smallholder farmers in many countries are challenged by micronutrient deficiencies,” notes Mr. Davies, who added that there was still a long way to go in the fight against malnutrition.

Accepted reality

Jeff Waage, a technical advisor at the Global Panel on Agriculture and Food Systems, an expert group tackling challenges in food and nutrition security, says that the benefits of biofortification in crops are obvious. What remains is unlocking the potential for biofortification to engender better agriculture and food policies that promote nutrition. World Bank vice president Rachel Kyte concurs and highlights the bank’s commitment to boosting production of biofortified crops. Biofortification, Ms. Kyte says, provides a pathway to nutritional security for Africa’s food system. She says that scientific research on the possibilities of biofortification is no longer up for debate; it is an accepted reality.

Concerned about malnutrition rates in the region, African policy makers and foreign partners are beginning to appreciate the value of the science behind biofortification, says Robin Buruchara, the regional director for Africa at the International Centre for Tropical Agriculture, which works with 30 countries in East and Southern Africa. “We are flipping the conversation from: ‘is it possible, can we do it, is it safe, do we get greater yield?’ to ‘how do we get this into the bowl and hands of children across the continent in Africa.’”

With increasing foreign direct investment flows in Africa and a growing gross domestic product driven in part by a mining boom and agricultural growth, filling empty stomachs in Africa is urgent, experts say. Biofortification is an area in which Africa is taking the lead. “This [biofortification] is one of the greatest innovations in the world and it is being driven by Africans from Africa and it will be Africa in the forefront,” Ms. Kyte told *Africa Renewal*. “This is not Africa following the rest of the world, this is Africa saying we are going first.” 🌱

Africa's economy set for dramatic changes

Following the launch of the 2014 Economic Report on Africa in Abuja, Nigeria, Carlos Lopes, the executive secretary of the Economic Commission for Africa, attended the New York launch of the same report. The report addresses two essential questions: what are the right policies for industrialization and what role can the private and public sectors play? In an exclusive interview with *Africa Renewal's* Kingsley Ighobor, Mr. Lopes explored these issues. These are excerpts from the interview.

— Carlos Lopes

Africa Renewal: Give us a snapshot of the current state of the African economy

Carlos Lopes: The current status of the African economy is good but it's volatile particularly in the oil and gas sector, which as you know accounts for a lot of Africa's combined gross domestic product. We predict a 6% growth this year. We should not bank too much on the stability in the energy export front because the shale gas revolution in the US is going to change the rules of the game on energy, particularly oil and gas. The US is not going to need to import energy in the near future.

Which means oil and gas producing countries should be worried?

Yes, worried about the US market continuing to be one of their destinations.

How exactly will the US energy market be a game changer?

In about five years they will not import oil and gas. The US is poised to become a net exporter of energy. In five years, either you have an alternative market or you may be marginalized in terms of US demand.

What about increasing consumption in Africa? A rising middle class should lead to more demand for energy.

That's my entire point, that Africa's industrialization centres around three big characteristics and one of them is internal markets. The second is the fact that we have renewable energy potentials. Also, our leapfrogging capabilities,

technologically speaking, make the case for a green, clean industrialization. The third is that Africa's entry tickets are its commodities.

This year's Economic Report on Africa emphasizes "pockets of efficiency." What does that mean?

These are segments of the global value chain created because they have the best contextual environment to thrive, for instance, textiles in Ethiopia and ICT [information and communications technology] in Kenya. I will give you the example of Morocco, which identified the aeronautic industry as a segment they could enter. They needed to adjust the school curriculum to respond to it; they needed to make sure that the right conditions—from taxation, investment incentives, to regulatory frameworks—were all lined up. Now they have 5,000 jobs in that sector.

A World Bank report last year forecast that Africa's agribusiness could be worth \$1 trillion by 2030. How do you respond to those who say that this sector doesn't attract huge investments?

The first thing I would like to say about agriculture is that we have done a very poor job until now. There is a disincentive policy that is an impediment to higher productivity in agriculture. This is particularly true if we continue to practise, from the development aid perspective, food security and poverty



Carlos Lopes, Executive Secretary of the UN Economic Commission for Africa

reduction policies as the only entry points to dealing with agriculture. Of course, I am for food security. But I do have difficulties understanding how we can pour about \$1 billion into agriculture every year from development aid alone without any results. Because we still have the same yield per hectare today that we had 20 years ago.

What's the problem?

The problem is that we are doing poverty reduction. We are not doing economic activity.

How do we reverse that?

The most important thing is to make the case for agribusiness. That's where we are going to create modern jobs. The young people don't want to be farmers anymore but they will be interested in modern jobs related to agriculture. It's appalling that in Côte d'Ivoire, only 15% of consumed yoghurt is produced locally!

Isn't it a problem that the prices for some of Africa's commodities are determined from abroad?

What I am talking about here is slightly different, namely agro-business



mission for Africa. © Africa Section / Bo Li

opportunities for African markets. Yes, agricultural subsidies in the West affect our soft commodities' trade. But we still have the opportunities to do very well in agriculture with production that is oriented towards African markets, not for export.

Is there enough demand internally to attract farmers and investors to agribusiness?

A study done in Nigeria recently by Aliko Dangote [Nigerian billionaire

“The problem is that we are doing poverty reduction. We are not doing economic activity.

businessman] found that about 80% of tomato paste was being imported from abroad. We are importing tomato paste from as far away as China! This doesn't make any sense. There's demand that already exists and it's going to grow. There is a good case: one of South Africa's largest supermarket chains, Shoprite, is expanding very aggressively in the rest of the continent. And when they went to

Zambia, in their first year of operation, about 80% of their supermarket products were imported from South Africa. Five years later, they had worked deals with [Zambian] small-scale entrepreneurs to produce locally at certain standards.

Between 1970 and 2008, about \$800 billion vanished from Africa due to illicit financial flows. Mo Ibrahim [Sudanese philanthropist] said last year that Africa could be losing up to \$40 billion annually due to tax evasion. Isn't there a credibility problem with Africa's private sector?

Studies reveal that our private sector is extremely lazy in moving into manufacturing and industrial sectors. It correlates with the laziness of the banks to lend to this sector. Normally, they do business in the service area where they respond to internal demand; you can evade taxes and be informal more easily than if you had a factory because everybody can see the factory. So we don't have to be distracted by the preferences of the private sector because they are responding to incentives. We should rather create the policy and regulatory incentives that will move them into industrialization.

The World Bank has criticized Nigeria for banning the importation of certain goods. What's your take on that?

The World Bank is within its mandate to promote liberalization on all fronts. But all countries that have industrialized started with degrees of protectionism. We cannot practice crude protectionism anymore; we are engaged in the global

debate including trade negotiations. But if we have to make the rules work for Africa, that basically means smart protectionism.

Is there not an argument that without liberalization, there will be no competition and prices of products will shoot up?

There are subsidies and protection rules that are counterproductive. In the

case of Nigeria, fuel subsidies are hurting the poor and protecting a chain of corruption that has not been favourable to productivity and to economic activity. On the other hand, if we were talking about Nigeria with 16 refineries and producing the full gamut of oil-related products – from fertilizers to plastics – and then put in place legislation to protect that nascent industry so it can consolidate its position in the market, subsidies would have been a good thing.

The Nigerian government hasn't been able to calibrate the economic implications of a fuel subsidy with the political consequences of its removal because the subsidy is popular with the people.

If people don't trust you to remove the subsidy so that they get better education, hospitals, roads, airports and so on, it is normal that they are not convinced. The government must build trust and sometimes it has to do so in a way that is not abrupt.

The Kenyan economy has slowed down lately. It grew at 4.5% in 2010 and 3.3% in 2011. What can Kenya do to shore up its economy?

I am very hopeful for Kenya. There is a certain quality of urban, innovative youth interaction that you see in Nairobi. That is why their ICT industry is surprising us all the time with new products. As much as we are all very excited about the experiences of Ethiopia and Rwanda because of the consistency of state engagement in policy, I think in the long run Kenya has a better combination of factors even with some lack of coordination now. I think Kenya is going through a low phase that is very temporary.

How temporary?

I think a number of factors are going to propel Kenya. The first is when they fix their energy problem, and that is on the way. The second, there are logistical investments taking place that will make Kenya the hub for East Africa—airports, seaports, roads, rails. I would say in about three to four years' time, Kenya will have a strong comeback. The third element is that this is a very fresh new government that came into power on the heels of a number of challenges internationally, including the Somalia insurgency and the ICC [International Criminal Court].

Africa to push development agenda at upcoming climate summit

Leaders will draw up an action plan

By Dan Shepard



A wind turbine farm in Tunisia. © World Bank / Dana Smillie

There is no country in the world that has been unaffected by climate change, and no continent in the world has been more affected than Africa – and that state of affairs appears unlikely to change anytime soon.

If global emissions continue on their present path, according to the latest report by the Intergovernmental Panel on Climate Change, Africa will heat up even faster than the global land average, and the temperature on the continent will rise by more than 2°C well before the end of the 21st century. Rainfall patterns will continue to change and climate change is expected to place even more stress on places that are experiencing water scarcity now.

“We are all aware of the latest findings of the Intergovernmental Panel on Climate Change,” said UN Secretary-General Ban Ki-moon at the June summit of the African Union in Malabo, Equatorial Guinea. “To meet the full scale of the climate challenge and seize the opportunities, we need an international framework that will support accelerated action by all nations and all sectors,” said Mr. Ban, who will host a summit on climate change in September in New York.

The summit will be held a year ahead of the 2015 summit at which nations are expected to conclude a global agreement on climate change.

Attention to the issue at the highest levels has waned since the world failed to reach a universal agreement in Copenhagen, Denmark, in 2009.

For the September summit, Mr. Ban has called on leaders from government, business, finance and civil society to announce bold actions and initiatives that will make a difference in either reducing emissions or building resilience to climate change. The summit will not be a negotiation forum nor will the discussions be part of the negotiations of the United Nations Framework Convention on Climate Change (UNFCCC), a global environmental treaty. Rather, the outcome will be a host of action plans to be announced at the end of the one-day summit.

While African countries have long maintained that they are victims of a problem that is not of their making, African negotiators and leaders have emphasized that they also view climate change as an opportunity to advance their development agendas. “You don’t have to go to school to see the impact of climate

change in Africa,” says Fatima Denton, Coordinator of the African Climate Policy Centre at the Ethiopia-based UN Economic Commission for Africa. “We are all intimately aware of the water deficits and floods,” she said, adding that the summit would be about opportunities, not just vulnerabilities. “We need to turn the problem of climate change on its head” and take advantage of opportunities for Africa to lead, such as on deforestation, technology transfer, and carbon sequestration, which is a process under which carbon dioxide is removed from the atmosphere and stored in a reservoir. “The ‘Africa Rising’ narrative will be a short-lived one unless we address climate change.”

Abraham Tekeste, the state minister for finance and economic development of Ethiopia, said his country’s economic transformation efforts “were embedded in commitments to reduce its carbon footprint through a ‘climate resilient green economy’ strategy.” He said that Ethiopia was working to contribute to global efforts to mitigate climate change by harnessing sources of renewable energy. He expressed confidence that the September summit would send a strong message that could mobilize support to expedite climate negotiations.

But there is also a desire for the summit to deliver more than a message. According to the spokesperson for the African Group in the UNFCCC negotiations, Seyni Nafo of Mali, the summit will provide countries with the opportunity to suggest their plans of action. “It’s a positive agenda. It will bring very concrete initiatives, not just statements but ambitious initiatives. It’s very helpful.”

But attendance of world leaders was essential, he said. “It sends a strong signal for next year. If key players come to New York, there could be a strong and ambitious outcome. It would be a good sign for us. Good attendance

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Financing infrastructure

By **Abdoul Salam Bello**

For nearly a decade, Africa has reported an impressive economic growth rate averaging 5% per year. To sustain this growth, the continent will need to significantly increase investment in infrastructure.

High on the list, African leaders say, are joint cross-border projects, particularly in a region with 16 landlocked and often struggling economies. Joint regional projects can also benefit from the economies of scale arising from well-managed trade corridors.

An example of one such cross-border project is the Trans-Saharan highway that connects the Algerian capital Algiers to Lagos in Nigeria. Once completed, the 4,500 km highway will facilitate trade and social exchanges between North African countries and sub-Saharan Africa, thus overcoming the geographic barrier of the Sahara Desert. Another project is the \$25 billion infrastructure development programme launched last year by Kenya, Ethiopia and South Sudan, which includes the construction of a highway linking the three countries.

Strategic partners

In June 2013, US President Barack Obama announced a five-year \$7 billion Power Africa initiative which aims to provide access to electricity to about 50 million people in Africa in both rural and urban areas. As envisioned, the initiative would generate 20,000 megawatts of energy capacity in sub-Saharan Africa by 2020. The initial phase will focus on Ethiopia, Ghana, Kenya, Liberia, Nigeria and Tanzania, which have already implemented ambitious energy production targets. President Obama's initiative has already attracted interest from the African Development Bank (AfDB) and private corporations in Africa. One such company is Heirs Holdings, an investment firm run by Nigerian businessman Tony Elumelu, who intends to contribute \$2.5 billion to the Power Africa initiative as part of the \$9 billion expected to come

from the private sector.

Chinese companies have shown strong interest in investing in infrastructure projects in Africa as evidenced by a 2013 study titled, "Africa Gearing Up," by PricewaterhouseCoopers, a global finance company. China recently signed a \$5 billion investment agreement with Kenya to construct a 952 km railway connecting the East African port city of Mombasa to the Ugandan border. The rail line is expected to be extended to Rwanda, Uganda and Tanzania by 2018.

Domestic resources for infrastructure finance

In recent years, several African countries have employed different strategies for raising capital to finance infrastructure, including issuing bonds. According to Moody's, a US credit rating agency, Gabon, Senegal and Zambia, among others, raised nearly \$8.1 billion in bonds in 2012. Kenya is now investing \$25 billion in bonds to build a second port at Lamu, a crude oil pipeline and roads that will open opportunities for exports in Eastern Africa.

Remittances are another significant source of funding from Africans in the diaspora. They totalled nearly \$40 billion in 2012, compared to \$28.9 billion in official development assistance during the same period. It is estimated that Africa could receive billions of dollars every year



Thermal power station in Takoradi, Ghana.

 World Bank / Dana Smillie

in remittances. For example, over the past years, Ethiopia has issued two infrastructure bonds to the diaspora: for the Ethiopian Electricity Company and for the Grand Ethiopian Renaissance Dam. The dam, which will be the largest hydroelectric power plant in Africa, will have the capacity to generate 6,000 megawatts of electricity when completed.

Africa is also pursuing further innovative institutional finance projects. The AfDB has launched the \$3 billion Africa50 Fund dedicated to infrastructure finance, while the World Bank is developing a new investment platform called the Global Infrastructure Facility.

The Dakar Agenda for Action

Despite these initiatives, the money for infrastructure investment in Africa is still insufficient. Recognizing that public funding alone will not be enough, policy makers want the private sector to provide additional finance for infrastructure development. The deficit in private funding is often attributed to a lack of awareness among investors, particularly those who are able and willing to take long-term investment risks associated with huge and complex projects. Strong legal and institutional frameworks are therefore needed to protect private investors.

To address these issues, African leaders and their private sector counterparts met in June in Dakar, Senegal, to agree on how to finance 16 regional infrastructure projects considered as priorities for the continent. They adopted the Dakar Agenda for Action to promote public-private partnerships that will mobilize finance for infrastructure development. They also agreed to provide the funding required during the preparatory phase of projects, enact laws designed to attract private investments to cross-border projects and harmonise regional rules and regulations. The summit tasked the AfDB, under the supervision of the New Partnership for Africa's Development (NEPAD), the African Union's development arm, to carry out feasibility studies and preparatory work on the 16 infrastructure projects.

The hope is that the action plan will open a new era of innovation and development of Africa's infrastructure. 🇳🇵

Abdoul Salam Bello is the senior coordinator at NEPAD.



Guests view publications at the opening of the African Plant Breeding Academy in Nairobi, Kenya.

ICRAF/Thellesi Media

Plant breeders to boost Africa's indigenous crops

By Geoffrey Kamadi

Twohundredandfiftyplantbreeders from different African countries are currently at the newly opened African Plant Breeding Academy in Nairobi, Kenya, to examine the nutritional and productivity levels of about a hundred African crops. Upon completion of the project, which is set to last five years, these breeders will be able to advise smallholder farmers in their respective countries on the crops with high yields and nutrition.

Crop yields and nutrition are boosted when farmers cultivate the right crops, says Howard-Yana Shapiro, an assistant professor at the College of Agriculture and Environmental Sciences at the University of California–Davis, US, which is involved in this project. “What we are trying to do is [help] correct the lack of nutritional content in many indigenous African food crops.”

Under the umbrella of the African Orphan Crops Consortium (AOCC), the University of California is collaborating with the African Union through the New Partnership for Africa's Development (NEPAD), the International Livestock Research Institute, the World Agroforestry Center and others to implement this high-tech initiative.

The consortium launched the plant-breeding academy, the first of its kind in Africa, last December. Ngozi Abu, one of the trainees and also a senior lecturer in the Department of Plant Science and Biotechnology at the University of Nigeria, emphasizes that African researchers should take the lead in research on African crops. Only African scientists or those working in Africa know the desires of African farmers and consumers, she says. Ms. Abu believes that African crops such as

“cocoyam and plantains could become the nutritious crops of the world tomorrow.”

The 250 plant breeders will use new equipment and techniques to “genetically sequence, assemble and annotate the genomes” of the hundred African crops, explains Margaret Kroma, an assistant director general at the World Agroforestry Center. It's about getting the DNA of crops, Allen Van Deynze of the University of California Seed Biotechnology Center told *Africa Renewal* in an interview. He maintains that if breeders understand the DNA of crops, farmers could even get information on crops with strong resistance to climate change, in addition to being able to select those with higher nutritional content and yields.

Throwing his weight behind the academy, Ibrahim Mayaki, the head of the NEPAD, says, “Malnutrition is a direct product of food insecurity. A large number of Africans suffer deficiencies of micronutrients such as minerals, iron and vitamin A, with devastating effect on the population.” According to the Food and Agriculture Organization (FAO), malnutrition is responsible for more than half of child deaths in developing countries.

Mr. Deynze likened this initiative to using a smart cell phone instead of an analogue landline phone. African breeders will “take advantage of the latest technologies to rapidly advance development of crops that are important to African diets and health,” he says, adding that farmers easily double their yields when they plant the right seeds.

One of the first crops to be examined is the baobab. The fruit can be made into a powder for consumer products. Agricultural scientists refer to the baobab as a “wonder tree” because it has 10 times the antioxidants of oranges, twice the calcium of spinach, three times the vitamin C of oranges and four times the potassium of bananas.

This is an example of the kind of information the 250 plant breeders at the African Plant Breeding Academy will gain about crops and plants. It's a development that gives Mr. Deynze hope for Africa's agricultural progress. If there could just be better coordination of the many different agricultural projects on the continent, Mr. Deynze said that “Africa's agricultural future could be very exciting.” 🌱

Africa to push development from page 26

could make a difference.” Many African leaders are expected to attend, led by Tanzanian President Jakaya Kikwete, the coordinator of the African position on climate change.

African countries are looking to the summit to help raise the profile of climate change at the highest level, Safo said. “It has to put climate change on the international agenda with a capital ‘A’”. Not since Copenhagen, he said, have leaders come together to address the issue. “The summit puts climate change back on the table.”

Africa will also be listening for indications of a willingness to help capitalize the Green Climate Fund, a UNFCCC

mechanism that facilitates the transfer of money from donors to poor countries to help them mitigate the effects of climate change. Mr. Nafo said a number of countries had indicated that they viewed the summit as the place for leaders to make pledges. “This is a major expectation for us,” he said.

According to Mr. Nafo, a number of initiatives identified at the preparatory meeting in the United Arab Emirates capital of Abu Dhabi in May could also address the finance gap before 2020, when the new agreement goes into effect. The initiatives, he said, helped broaden action by including all interested parties, including business and finance. “The only way to meet the challenge is through a broad coalition.”

The initiatives cover a range of areas that include renewable energy, energy

efficiency, agriculture, cities, forests, cities, transport, pollutants and finance. Some of these initiatives would directly impact African development efforts, such as an initiative to build a clean energy corridor in East Africa. Mr. Nafo said there was particular interest in initiatives on energy access and poverty through the Sustainable Energy for All programme. The key, he said, was to see how the partnerships will be implemented and what they will achieve.

Still, Mr. Nafo said, there is a long way yet to go. “We need a sustained effort. We can’t just have a one-off event,” adding that it may pay to have periodic climate change summits. “Climate change is so important for development that there is a need for leaders to engage with all stakeholders every two years or so.”

Africa's blue revolution in turbulent waters

By Pavithra Rao

Africa loses billions of dollars each year to illegal, unreported and unregulated (IUU) fishing, according to a 2014 report by the Africa Progress Panel, an advocacy group on sustainable development in Africa led by Kofi Annan, a former United Nations secretary-general. Titled *Grain, Fish, Money: Financing Africa's Green and Blue Revolutions*, the report states that Africa's mismanagement and neglect of the fishery sector result in huge financial losses. Of the \$23 billion that the fishing companies in the US make each year, \$1.3 billion comes from West Africa, it states.

The IUU fishing activities could harm Africa's hope for a blue revolution, an idea to increase the population of fish in water bodies on the continent, according to the Food and Agriculture Organization (FAO), a UN body on food security.

A number of foreign fleets particularly from the European Union countries, Russia, China, the Philippines, South Korea and Taiwan and engaged in

illegal fishing in Africa. “In Sierra Leone, 252 incidences of illegal fishing by 10 industrial vessels were reported over an 18-month period up to July 2012. In Liberia, over 40 vessels have been investigated for illegal fishing since 2011,” says the report.

Africa must pay attention to fishery agreements, the report advises. Poorly crafted contracts provide huge benefits to foreign companies while at the same time African countries do not have the capacity to monitor large-scale fishing.

International mandates such as the FAO-sponsored International Plan of Action to Prevent, Deter and Eliminate Illegal Unreported and Unregulated Fishing and the UN Convention on the Law of the Sea could help rein in IUU activities. Just by reducing IUU in coastal fisheries, Africa could regain up to half of its aquaculture, which could enhance food security, create jobs and expand the economy. But loopholes in the mandates and a

lack of resources for monitoring may make efforts to curb IUU activities difficult, experts say.

The New Partnership for Africa's Development and the FAO are collaborating to ensure that new agreements are robustly enforced. The report cites Iceland as an example of a country that efficiently protects its coasts and monitors its aquaculture and also as an example of how African countries can strengthen policies and begin a blue revolution.

By the numbers

\$1.3bn

The amount that comes from West Africa out of the \$23 billion that fishing companies in the US make

252

The number of incidents of illegal fishing in Africa over an 18-month period up to July 2012

40

The number of vessels investigated for illegal fishing in Africa since 2011

Staying connected anytime, anywhere

By Ying M. Zhao-Hiemann



The BRCK being field-tested.  Ushahidi

Ushahidi, a not-for-profit technology company based in Kenya, has invented a cloud-managed, portable Wi-Fi router that consists of a mobile modem, which can also be used as a backup power generator for the Internet during electricity blackouts or in situations of limited network coverage. Called BRCK (pronounced as “brick”), experts are already recognizing it as an ingenious solution to Africa’s intractable power problems.

The BRCK is rugged and water-proof and compatible with any device that requires between 3 and 17 volts power supply. It weighs 510g and it’s about the size of a Mac Mini. Ideal for use in particularly rural areas, it can be charged on readily available power sources such as a car battery or a solar



panel. When the electricity goes off, BRCK automatically switches to battery mode, which can then last for eight hours.

The BRCK is expected to alleviate problems that African Internet users face daily such as high communication costs and unreliable electricity. In addition, currently available modems in Africa don’t meet local needs. They are designed primarily for use in more developed regions, particularly the West and Asia, where there is mostly uninterrupted access to electricity and Internet.

The BRCK can switch between Ethernet, Wi-Fi and mobile broadband connections, and deliver connectivity for up to 20 devices at the same time through multiple sim cards, thereby allowing users to stay

connected at a relatively low cost. Ushahidi is optimistic about the device’s potential to help small business owners in Kenya and other parts of Africa. “Out of adversity can come innovation,” said Juliana Rotich, Ushahidi’s executive director, at a presentation at the TED Global Conference in Scotland last year.

Ms. Rotich emphasized the importance of connectivity and entrepreneurship for Africa’s digital economy, and highlighted the BRCK’s role in keeping Africans connected. Last July, BRCK’s creators were invited by eLimu, a Kenyan tech company, to consider starting a project in e-learning to schools in remote locations.

The BRCK has also been stress-tested successfully in rural Kenya and during the Rhino Charge, an annual off-road motorsport competition. Launched last July in Nairobi, each BRCK sells for \$199. Africa’s ongoing information and communication technology transformation makes the BRCK a potentially popular device.

Ushahidi (meaning “testimony” or “witness” in Swahili) was founded in 2008 as a website to map reports of violence in Kenya in the aftermath of the disputed 2007 presidential election. Since then, the company has evolved into a leader of the technology community in East Africa. ●

Cameroonian wins prestigious award

By Pavithra Rao

Arthur Zang, a young entrepreneur from Cameroon, is among this year’s winners of the prestigious Rolex Awards for Enterprise for inventing what is perhaps Africa’s first medical tablet. The awards are given every year by the Royal Society of London, one of the oldest academic associations in the United Kingdom.

The medical device allows health-care workers to send cardiac test results to heart specialists via mobile phones. Mr. Zang’s device, called the Cardiopad, is a digital medical touchscreen tablet that performs electrocardiogram (ECG) tests to determine the heart’s activity as well as diagnose life-threatening ailments. What makes



the Cardiopad particularly remarkable is that it can be used even in rural locations because it has a long battery life and can send test results to specialists using cell phones. The Cardiopad sells for \$2,000, which is significantly less than conventional electrocardiographs.

In addition to Mr. Zang, four other young entrepreneurs from Rwanda, India, Italy and Saudi Arabia also won awards. First established in 1976, the annual awards are given to promising individuals under the age of 30 for their achievements in addressing problems that can help protect the planet. Each laureate will receive a cash award of about \$56,000. ●

AFRICA BOOKS

After Freedom: The Rise of the Post-Apartheid Generation in Democratic South Africa by Katherine S. Newman and Ariane De Lannoy (Beacon Press, Boston, USA, 2014; 296pp; hb \$35)

Biotechnology in Africa: Emergence, Initiatives and Future (Science Policy Reports) by Florence Wambugu and Daniel Kamanga (Springer Publications, New York, USA, 2014; 380 pp; hb \$179)

Climate Change Cooperation in Southern Africa by Ian Rowlands (Routledge, New York, USA, 2014; 186 pp; pb \$36.84)

Combating Corruption: Legal Approaches to Supporting Good Governance and Integrity in Africa by John Hatchard (Edward Elgar Publications, Camberley, UK, 2014; 400 pp; hb \$145)

Governance for Justice and Environmental Sustainability: Lessons across Natural Resource Sectors in Sub-Saharan Africa by Merle Sowman and Rachel Wynberg (Routledge, New York, USA, 2014; 384 pp; hb \$145)

Half A Piece of Cloth: The Courage of Africa's Countless Widows by Jane L. Crane (Hearkening Press, Rancho Santa Fe, USA, 2014; 268 pp; pb \$18.99)

Immigrant Exclusion and Insecurity in Africa: Coethnic Strangers by Claire L. Adida (Cambridge University Press, New York, USA, 2014; 184 pp; hb \$84)

Modernization as Spectacle in Africa by Peter J. Bloom, Stephan F. Miescher and Takyiwa Manuh (Indiana University Press, Bloomington, USA, 2014; 378 pp; hb \$85)

Outsmarting Apartheid: An Oral History of South Africa's Cultural and Educational Exchange With the United States, 1960-1999 by Daniel Whitman and Kari Jakska (State University of New York Press, New York, USA, 2014; 444 pp; hb \$105)

BOOK REVIEW

Blood Diamonds: Tracing the Deadly Path of the World's Most Precious Stones

by *Greg Campbell*

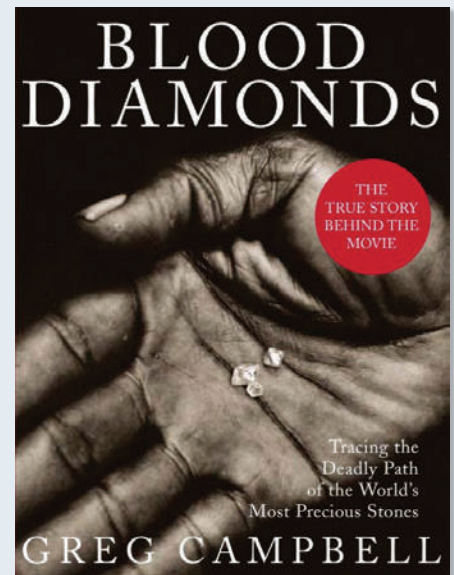
Basic Books, New York, NY, USA, 2002; 280 pp; pb \$16.99

Diamonds are regarded as one of the most important symbols of love in many cultures around the world. The glittering stone exudes status, luxury and class. What is less known to many consumers of the precious gem, however, is its role in the brutal war that raged (and still continues in some parts of Africa, like the Democratic Republic of the Congo) in diamond-rich Sierra Leone from 1991 until 2002, when the war officially ended.

In his book, award-winning journalist Greg Campbell explores the role of diamonds during Sierra Leone's civil war and how the big names in the industry, such as the South African corporation De Beers, allegedly looked the other way when gruesome acts of war were being committed by rebels using diamond profits to purchase weapons. In fact, Campbell accuses De Beers of manipulating the supply of and demand for diamonds during that period to boost profits.

Diamonds were first discovered in Sierra Leone's forests almost a century ago. When civil war broke out in 1991, Campbell writes, rebels smuggled and sold diamonds at premium prices to dealers in the West.

Perhaps one of the important contributions of the book is that the author gives a human face to those who suffered in the diamond trade – Sierra Leoneans who



were denied diamond proceeds and artisanal diamond miners who were often conscripted and sometimes later raped or killed by the rebel army, the Revolutionary United Front (RUF).

Readers of this book might come away with the impression that the issue is over-analysed; however, it is time to get past the sparkle and glitter and reconsider the real value and meaning behind diamonds given the human suffering they have caused in conflict countries. Campbell's compelling 252-page book offers invaluable insights into global corporations' greed and manipulation of the diamond market, as well as the incredibly high human cost of the diamond trade. 🇳🇮

— Pavithra Rao

APPOINTMENTS



UN Photo/Paolo Filgueiras

United Nations Secretary-General Ban Ki-moon appointed **Hiroute Guebre Sellassie** of Ethiopia as his special envoy for the Sahel and head of office. She brings with her experience in strategic and managerial operational planning and policy formulation on peace and security in Africa. Most recently, Ms. Guebre Sellassie served as the director and head of the United Nations peacekeeping mission in the Democratic Republic of the Congo's Goma Regional Office from 2007. Ms. Guebre Sellassie succeeds Mr. Romano Prodi of Italy.




MINUSMA Photo

The Secretary-General has appointed **Abdoulaye Bathily** of Senegal as his special representative for Central Africa and head of the UN Regional Office for Central Africa in Libreville, Gabon. Before his appointment, Mr. Bathily served as deputy special representative in the UN Multidimensional Integrated Stabilization Mission in Mali. He brings with him years of political, diplomatic and academic experience, through service with both his government and the United Nations System. Mr. Bathily succeeds Abou Moussa of Chad.



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