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AFTER THE GREAT FALL
REVIVAL AND RESTORATION IN AFRICA

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Editors

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Editors’ Note

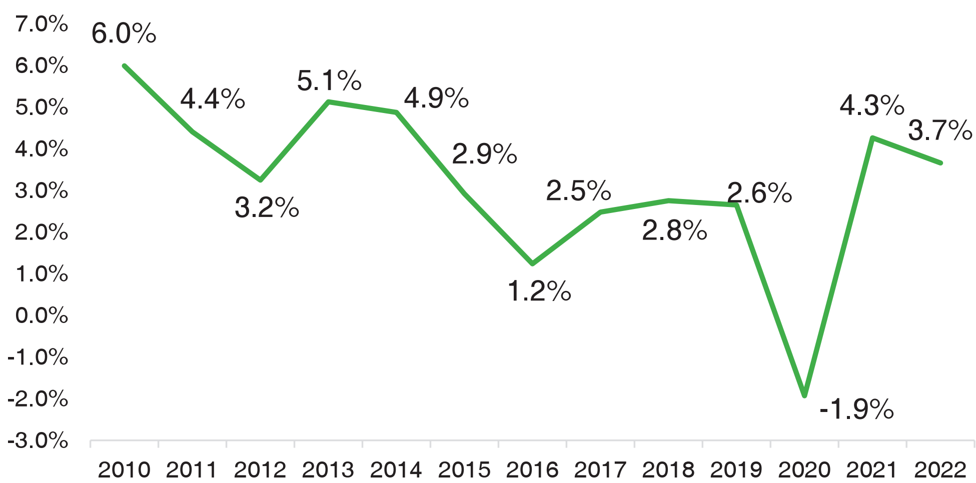
Malancha Chakrabarty and Lukhanyo Neer

In the early 2000s, Africa experienced an economic turnaround when macroeconomic stability and growth rates improved, and large and fast-growing economies like Ethiopia, Ghana, Kenya, Mozambique, Nigeria, and South Africa became known as ‘lion economies’. At that time, there was much optimism about the prospects for the continent. That upward momentum, however, has been derailed by various factors.

The first economic shock that put the brakes on high growth rates was the commodity price crash of 2015 (see Figure 1). Not too long after, in 2020, the COVID-19 pandemic broke out.

The pandemic had unprecedented economic consequences in Africa: real growth rates plunged to negative figures; poverty and unemployment rose; and countries fell into deep debt. The Ukraine-Russia war followed close on the heels of the pandemic and exacerbated the continent's food insecurity and undernutrition. At present, 57.9 percent of Africa's population (or about 868 million people) are experiencing moderate or severe food insecurity.[1] Indeed, much of the development gains of the last two decades have been reversed and the Sustainable Development Goals (SDGs) today seem unattainable. African countries are also suffering a disproportionate burden of the consequences of climate change despite making the least contribution to global carbon emissions. Africa's security challenges are also plenty—more than 35 armed conflicts are ongoing,[2] killing thousands and displacing over 40 million people so far—and these conflicts are compounding the challenges to development goals.[3]

Figure 1: Real GDP Growth Rate, Sub-Saharan Africa (2010-2022)



Source: Estimates based on World Bank Data[4]

While the COVID-19 pandemic caused massive economic losses, developed nations were able to recover on the back of huge stimulus packages.[5] African countries, however, were unable to support their populations with similar fiscal measures. Despite their huge development challenges, African countries received only 3 percent of the US$650-billion worth of additional Special Drawing Rights (SDRs) approved in 2021.[6] To put economic growth and the SDGs back on track, African countries now require massive financial resources—an endeavour that will not be possible without deep reforms in the international financial architecture which continues to marginalise Africa and constrain its development.

The inclusion of the African Union (AU) as a permanent member of the G20 holds promise for Africa, as it now has an equal opportunity, at least in theory, to shape global decisions. Previously, South Africa was the only African member in the G20, bearing the responsibility of representing both its national interests and those of the continent. However, there are concerns that the AU may not have the capacity required to leverage its G20 membership.

This publication trains the spotlight on some of the most crucial challenges confronting Africa and attempts to chart a roadmap for a developed, secure, and sustainable future for the continent. In the first essay, *Shoba Suri* highlights Africa's shortfall in the targets of 'zero hunger' by 2030 (SDG2) and the Malabo Declaration of eradicating hunger by 2025. The article makes a case for supporting smallholder farmers, particularly women farmers, who have little access to finance, technology, and markets.

Amshika Amar, in the subsequent piece, tackles Africa's persistent challenge of high debt, as steep debt servicing costs are impacting the countries' spending for their urgent development needs. The author outlines policy recommendations including working closely with multilateral development banks on governance reforms and the creation of a financing facility for Africa's most vulnerable countries.

In the third essay, *Bonolo Makgale* discusses the ramifications of conflicts in West Africa: widespread displacement, democratic backsliding, and weakened governance structures. The author argues that conflict in the region is a colonial legacy whose solution lies in security-based solutions, governance reforms, nurturing social cohesion, and economic development.

Iva Detelinova then focuses on the climate crisis, underlining the threats of sea-level rise, water stress, and extreme weather events. She argues for the need to build a business case for greater adaptation investment in Africa.

In their piece, *Jackline Kagume and Kwame Owino* note that the global financial order is no longer fit for the changing dynamics of today's world, and is particularly incapable of meeting Africa's economic aspirations. They recommend a decentralised approach to global financial governance, greater representation for Africa, and the establishment of financial hubs in Africa.

In the sixth article, *Shravani Prakash and Tanu M Goyal* focus on the African Continental Free Trade Agreement (AfCFTA) as a potential pathway to boost intra-Africa trade, expand African economies, promote industrialisation, and reduce poverty and unemployment. The authors recommend action on four paths to AfCFTA's success: trade facilitation and development of multimodal transport infrastructure; investments to move up the value chain; promoting access to finance; and enhanced access to regional markets.

Mbali Ndandani, in the seventh essay, discusses the role of artificial intelligence and digital technologies in meeting Africa's development goals. They argue that, for tech to make a real contribution in human development in Africa, the process of technology development should enable African agency.

In the penultimate piece, *Andrew Partridge and Alison Gillwald* examine the issue of digital financial inclusion in Africa, where most people have faced barriers to traditional financial services. To realise the full gains of digital financial services, more Africans, particularly from marginalised groups, need access. The authors recommend the upgrade of mobile money services and policy interventions and resource allocation to end digital and financial exclusion.

The last essay, by *Masanori Kobayashi,* explores the possibilities of developing sustainable blue economies in Southern Africa. The author finds that although blue economy is an important sector for the region, the modalities are mixed, and there is a strong need for more research and human resources development.

Alec Erwin provides the Epilogue, where he underlines the need for Africa to chart its own development pathways.

These essays seek to demonstrate that despite progress in various domains such as governance, infrastructure, and regional cooperation, Africa's potential remains largely unrealised. Key challenges—among them, political instability, underdeveloped economies, and social inequalities—have slowed progress. Though severely hurt by the multiple crises, the African development story is not defeated. With one the world's youngest populations and tremendous resources, Africa has the potential to turn adversity into opportunity.

Yet, without a clear, coordinated strategy, Africa risks losing out on the opportunities presented by its demographic, natural, and geopolitical advantages. Through greater collective action, the continent can march forward in the goals identified in the Agenda 2063. The hope is that the 'African Century'—envisioned as a period of peace, prosperity, and cultural revival for Africa—may yet still happen.

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Outlining Pathways to Food Self-Sufficiency in Africa

Shoba Suri

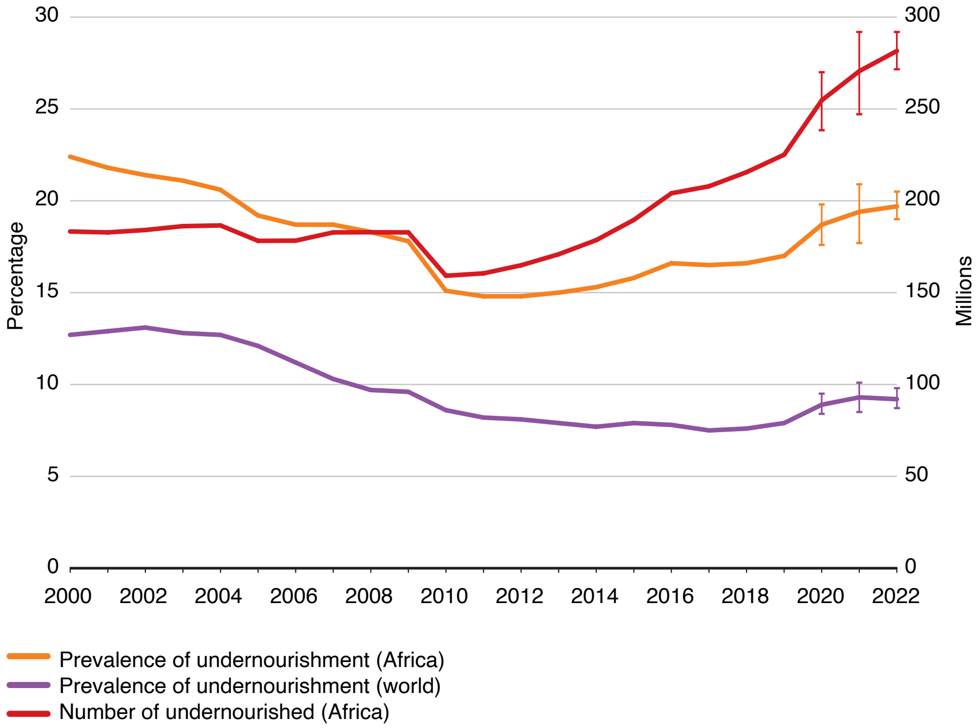
Africa is experiencing a food crisis on an unprecedented scale. More than 150 million people in the continent are anticipated to be in danger of increased levels of hunger in the immediate future because of the impacts of the conflict in Ukraine, compounded by climate-related variability and extremes, economic slowdowns, and the consequences of the COVID-19 pandemic. Within this context, social and gender disparities are increasing, with women and girls disproportionately impacted by these disruptions. During the pandemic, women in sub-Saharan Africa, for example, suffered more than men, experiencing loss of livelihood, income, and education.[1] In 2022 alone, approximately 868 million individuals in Africa experienced moderate to severe food insecurity, of which 342 million suffered severe food insecurity.[2]

Despite global attempts, Africa is not progressing as planned on achieving Sustainable Development Goal 2 (SDG 2, Zero Hunger) by 2030 and the Malabo Declaration for eradicating hunger and improving nutrition by 2025.[3]

Challenges to Food Security in Africa

Most recent numbers indicate that around 282 million people in Africa (approximately 20 percent of the population) suffered from hunger in 2022, marking a rise of 57 million from before the pandemic. Following a 10-year period of improvement from 2000 to 2010, the level of hunger in Africa increased in the subsequent years, reaching 19.7 percent in 2022 from 15.1 percent in 2010 (Figure 1). As of 2022, Eastern Africa has the largest number of undernourished people in the continent, at 134.6 million; Western Africa has 62.8 million, Central Africa, 57 million, and Northern Africa, 7.5 million.

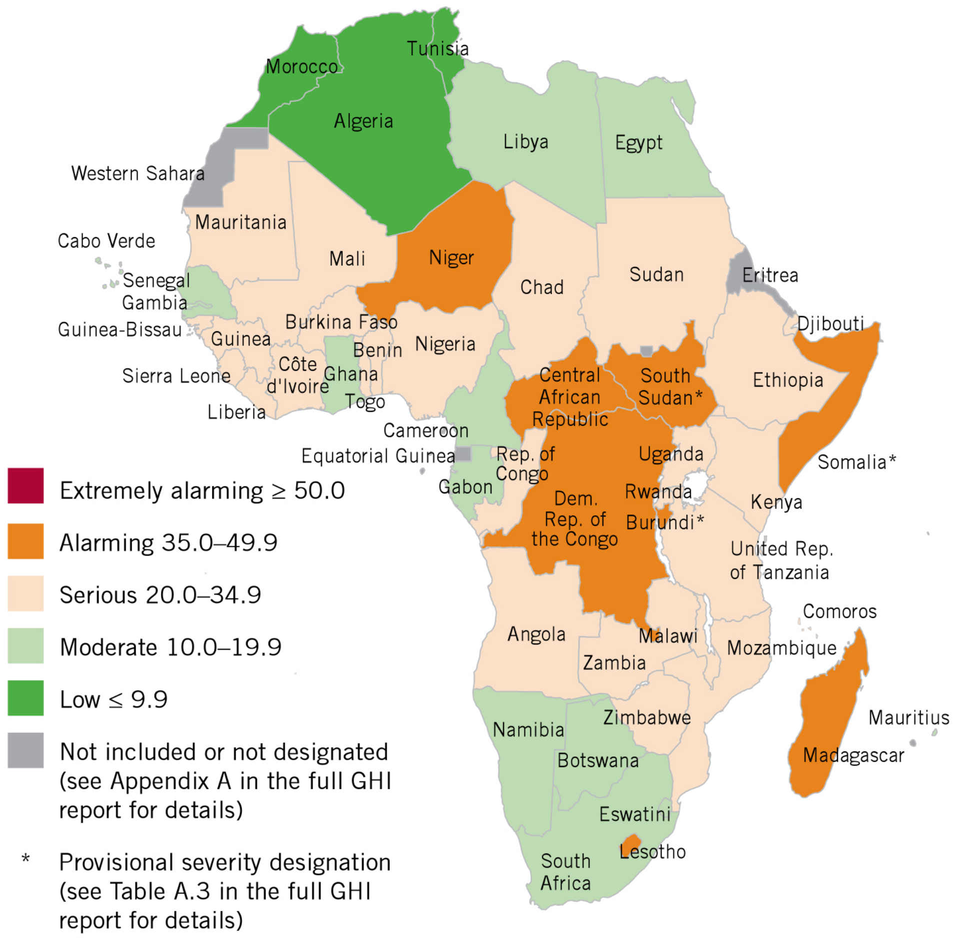
Figure 1: Prevalence of Undernourishment in the World and Africa



Source: FAO, AUC, ECA, and WFP (2023)[4]

Globally, some 733 million people experienced hunger in 2023, or one out of every 11 people; in Africa, the number is one of every five.[5] The 2024 ministerial meeting of the G20 Global Alliance Against Hunger and Poverty cautioned that the world is severely lagging in achieving SDG 2 by 2030 by 15 years.[6] Regional patterns show differences: the percentage of people experiencing hunger is increasing in Africa (20.4 percent), whereas it is stagnant in Asia at 8.1 percent.[7] More than half of the people afflicted with hunger reside in these two regions. At the current rate, approximately 582 million individuals globally will suffer from chronic hunger by 2030, with half of them residing in Africa. Of the nine countries in the world that are experiencing alarming levels of hunger, eight are in Africa (i.e., Burundi, Central African Republic, Democratic Republic of the Congo, Lesotho, Madagascar, Niger, Somalia, and South Sudan) (Figure 2).[8]

Figure 2: Global Hunger Index - Africa



Source: Africa Brief, Global Hunger Index 2023[9]

The World Bank reported that, from 2022 onwards, there was an annual increase in global food prices, mainly due to the impacts of the COVID-19 pandemic and the conflict in Ukraine.[10] Globally, the cost of an affordable meal was US$3.96 for each individual per day. However, even with an increase in food prices, the overall percentage of unaffordability slightly rose from 26.7 percent to 26.9 percent, with Sub-Saharan Africa seeing an increase from 69.3 percent to 70.3 percent.[11]

Data from the Global Nutrition Targets 2030 indicates that Africa has made modest progress.[12] Stunting affects millions of under-five children in the continent. In 2023, around 148 million children under the age of five were stunted, which accounted for 22.3 percent of all children globally. In Africa, 30 percent of children (two in every five) were affected by stunting, exceeding the global rate of 26.3 percent. Central Africa has the highest burden, at 37.9 percent, followed by Eastern and Western Africa, which have similar regional averages at 30.6 percent and 30 percent, respectively. In 2022, wasting prevalence in Africa was 5.8 percent, below the global rate of 6.8 percent. Southern Africa had the lowest rates, at 3.5 percent; Western and Northern Africa were around the global average; and Eastern Africa had 5 percent. Despite making progress towards the World Health Assembly 2030 goal on child wasting, every sub-region was off-track, except for Western Africa, which experienced reduced child wasting. The prevalence of overweight children under five in Africa was 4.9 percent in 2022, which was lower than the global average of 5.6 percent. In comparison to other subregions, the prevalence was higher in Northern Africa and Southern Africa, at 12.3 percent and 11.4 percent, respectively. This increase in overweight rates in Northern Africa has been evident since 2015, whereas Southern Africa has seen a decline in overweight rates.[13]

Drivers of Food Insecurity in Africa

The rapid rise in food insecurity levels in Africa is driven by a combination of climate change, conflict, the COVID-19 pandemic, and high costs of living.[14] Conflict exacerbates the effects of external shocks such as climate change, inflation, and the disturbance to global grain supplies resulting from Russia's invasion of Ukraine. In 2021, armed conflicts were witnessed in 18 countries in sub-Saharan Africa.[15] As of 2023, an estimated 82 percent of Africans facing food insecurity resided in conflict-affected countries.[16] Evidence from Ethiopia and Malawi between 2011 and 2019 indicate a drastic reduction in food consumption score in populations exposed to conflict.[17]

The economic consequences of climate change, conflicts, and the pandemic have also increased inequality and widened social divides. Moscow's exit from the Black Sea Grain agreement—which allowed 33 million metric tons of grain to be exported to worldwide markets towards decreasing food costs, particularly in Africa—has worsened the food insecurity forecast.[18] El Niño climate patterns have previously led to reduced rainfall in Southern Africa, Western Africa, Sudan, and Ethiopia.[19] There is increased pressure to raise interest rates to combat rising inflation. However, this has led to higher borrowing costs and increased debt-servicing expenses, which are especially challenging for developing countries with limited financial resources. Furthermore, food and fuel imports will become expensive, which could result in households being forced to reduce their food consumption.

The inadequate infrastructure in Africa also poses challenges for the digitalisation of the agricultural sector.[10] Just as limited access to technology can pose various obstacles for digital transformation, inadequate access to funds for integrating digital tools and technology in agriculture can hinder digital transformation.

Boosting Agricultural Productivity and Sustainability

Agriculture plays a crucial role in the economies and societies of Africa. The continent relies heavily on smallholder farms, with an estimated 33 million such farms as of 2021, which are vital for both food production and livelihoods.[21] Agricultural productivity in Africa has been on the rise, with an average annual increase of 13 percent between 2015 and 2020. During the same period, there was improvement in trade, as seen in the 26-percent decrease in Africa's agricultural trade deficit from 2015 to 2020 and the increased market share (from 10.3 in 2015 to 12 percent in 2020) worldwide driven by processed agricultural products.[22]

However, in the majority of African nations, agriculture is still defined by small-scale, low-tech, rain-fed farming. Therefore, farmers and food production systems are extremely susceptible to climate-related, economic, and other shocks. Crop yields have been decreasing due to droughts, cyclones, and floods, and some countries in East Africa are experiencing cross-border pest attacks such as desert locusts, as well as animal diseases.[23]

The effect of the COVID-19 pandemic on input and output markets had a severe impact on African farmers, intensifying the difficulties faced by African families in purchasing essential food items. Furthermore, the limited mobility due to the pandemic caused disruptions in food supply chains, particularly in the connection between rural and urban areas, thus impacting food availability. The pandemic resulted in a 60-percent increase in the number of individuals experiencing hunger or malnutrition in Africa.[24]

Nevertheless, the future outlook for African agriculture continues to be positive. A study from Sub-Saharan Africa emphasised that indigenous people commonly use climate-smart traditional farming techniques, such as applying organic manure and practicing mixed farming, to combat the impacts of climate change. These methods increase soil fertility and moisture retention while boosting crop productivity and resilience.[25] Supporting and assisting small-scale farmers also contributes to a varied and sustainable food system and decreases the reliance on imported products.[26]

As Africa undergoes rapid urbanisation, urban populations are seeking more and higher-quality food, which provides African smallholder farmers with the opportunities to grow their production for sale and boost their earnings. Taking advantage of these opportunities necessitates investments in distribution systems, warehousing, cold storage, processing and packaging facilities, transport, energy, and water services.

Empowering Farmers: Women, Youth, and Smallholders

Women in rural communities encounter multiple barriers to achieving success in the agriculture sector because of gender and power dynamics, restricted access to resources, technology, funding, and markets, and the disproportionate burden of domestic responsibilities.[27] In order to change Africa's food systems, it is essential to empower women and young people. The African Union's Agenda 2063 and United Nations SDGs are aimed at achieving food security and gender equality in African agriculture.[28] This equality is crucial for ensuring fair compensation, reducing poverty, and addressing productivity gaps between male and female farmers in Africa.

Despite attempts to tackle these disparities and their consequences, there are multiple restricting laws, regulations, and policy frameworks still in place.[29] In many African countries, women in agriculture face disadvantages in agribusiness programmes, culture, and traditions. For example, in South

Africa, women subsistence farmers have low output and poor economic status due to a lack of access to productive resources and extension services. Similarly, in Ghana, women farmers have limited access to credit, labour, and fertilisers.[30] Moreover, African women, particularly rural smallholder farmers, have restricted opportunities to use dependable financial and banking services. In Sub-Saharan Africa, in 2021, 49 percent of women had a bank account compared to 61.4 percent of men.[31] This gender gap of 12.3 percent is higher than the worldwide average of 4.4 percent.[32]

Research shows that improved access helps small-scale farmers adopt sustainable agricultural methods, boost harvests, and expand income options, thereby supporting food security.[33] Having access to funding enables farmers to purchase better seeds, fertilisers, machinery, and technology, resulting in higher productivity. Additionally, inclusive policies, fair resource allocation, and financial assistance are crucial for addressing hunger and developing a sustainable agricultural system in Africa.[34]

Policy, Investment, and Regional Cooperation

Having secure access to land and ensuring fairness in land rights is essential for boosting food production, especially for disadvantaged communities. Countries that have implemented land reforms, such as Rwanda, have demonstrated that better land ownership rights lead to increased productivity.[35] National strategies targeting food security, such as social safety nets and nutrition-sensitive programmes,[a] have resulted in decreased hunger, as illustrated by Ethiopia's Productive Safety Nets Program (PSNP).[b,36] Trade liberalisation and measures that support trade within Africa can increase the availability and affordability of food, thus decreasing food insecurity. For instance, the African Continental Free Trade Area (AfCFTA) promotes increased regional market integration through trade.[37] Collaboration among regions, such as AfCFTA and Comprehensive Africa Agriculture Development Programme (CAADP), helps in sharing knowledge, aligning policies, and enhancing cross-border food distribution.

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[a] Initiatives that address the root causes of malnutrition and undernutrition.

[b] A social protection programme by the Government of Ethiopia targeting food-insecure households.

Research from India and Bangladesh indicates that boosting public and private funding in agriculture, along with enhancing access to inputs, seeds, and technology, results in increased productivity and resilience.[38,39] Implementing advancements like climate-smart agriculture and digital tools has proven to enhance yields and resilience, particularly in areas prone to the consequences of climate change.[40,41]

Meeting the SDGs, especially the objective of Zero Hunger, requires funding in efficient, inclusive, and sustainable agricultural food systems. Yet, the prevalent obstacle of inadequate public investment in agriculture and food security persists. Global investment in agriculture has decreased in comparison to its impact on global production.[42] The Agriculture Orientation Index (AOI)[c] of the Food and Agriculture Organization, which assesses public funding in agriculture, decreased globally from 0.50 in 2015 to 0.45 in 2020, during the pandemic, and recovered to 0.48 in 2022.[43] In Africa, Northern Africa showed a marginal increase in AOI between 2015 and 2022, from 0.24 to 0.28. The AOI for Sub-Saharan Africa declined from 0.15 to 0.12 between 2015 and 2022.

However, increased agricultural investments alone will be insufficient to achieve SDG 2 in Africa; additional non-agricultural investments will be required. Climate change may result in an additional 16 million people facing the risk of hunger in Somalia, Ethiopia, and Kenya.[44] In Africa's Sahel region, 55 million people are expected to experience food insecurity in 2024.[45] In Niger alone, 82 percent of the population is struggling with inadequate food consumption, with 1.9 million under-five children suffering from severe malnutrition.[46] A projected 25 million Nigerians face high risk of food insecurity, compared to the 2023 estimate of 17 million at risk.[47] Improved agricultural research and development could prevent hunger for 55 million people in Africa.[48]

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c The AOI measures the extent to which government expenditures in agriculture reflect (or not) the importance of agriculture in the overall mix of government outlays, and government contribution to the agriculture sector compared to the sector's contribution to Gross Domestic Product (GDP).

The Way Forward

With agriculture as the focus of Africa's strategy for economic development, the continent has the capacity to emerge as a leading global agricultural hub and a supplier of food products to other nations. The African Development Bank projects that Africa's food and agriculture market may grow to US$1 trillion by 2030, up from US$280 billion in 2023.[49] Agriculture in Africa relies on small-scale farmers who require better access to irrigation, technology, and assistance with storage and transportation. Small agricultural projects can benefit the community and, with the right support, provide sustainable financial opportunities. Changing Africa's food systems to accommodate climate change is a necessity, not an option, and requires the following:

- Prioritising investments in agriculture to enhance food security by providing resources for agriculture.
- Implementing a more robust social safety net, along with inclusive policy frameworks, to build a stronger food system that ensures lasting food security for all.
- Utilising adaptation and mitigation strategies to ensure that food systems are able to supply adequate nutritious food for everyone, despite the challenges presented by climate change.
- Increasing investments in climate-smart agriculture (e.g., role of governments, international organisations, and platforms such as the G20).
- Emphasising climate adaptation and peacebuilding for hunger amelioration.
- Making hunger and food self-sufficiency a political commitment for leaders across the continent as well as globally, in multilateral forums like the G20.

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In Search of Lasting Solutions for Africa's Persistent Debt Challenge

Amshika Amar

Africa has long been marginalised in the international financial architecture, particularly the World Bank and International Monetary Fund (IMF). Sub-Saharan Africa, for example, is grossly underrepresented in the IMF and has limited liquidity access due to its quota share, which is calculated based mainly on Gross Domestic Product (GDP). The World Bank lends to low-income countries through the International Development Association (IDA), funded by wealthier nations, but this is insufficient for development needs.[a] Despite this, the World Bank and IMF have provided debt relief to ease liquidity pressure. Established in May 2020, the Debt Service Suspension Initiative (DSSI) suspended US$12.9 billion in debt-service payments,[1] allowing countries to focus resources on the requirements of the COVID-19 pandemic.[2]

General government gross debt (as percent of GDP) in Sub-Saharan Africa decreased from 65 percent in 2000 to 63 percent in 2023, with IMF projections showing a further decline to 54 percent by 2029.[3] Debt relief to address liquidity pressures was provided through an initiative for Highly Indebted Poor Countries (HIPC), launched in 1996, and the Multilateral Debt Relief Initiative (MDRI), introduced in 2005 to support progress toward the United Nations Sustainable Development Goals.[b] Both targeted countries with unsustainable debt burdens, especially in Sub-Saharan Africa. MDRI supplemented the HIPC initiative, which provided debt relief to 36 low-income countries, 29 of which were in Africa.[4] As seen in Figure 1, the general government gross debt declined during the period of HIPC from 2000-2005 and as MDRI was implemented from 2006-2016, but began rising again in 2016. While these initiatives reduced debt, they failed to offer a lasting solution.

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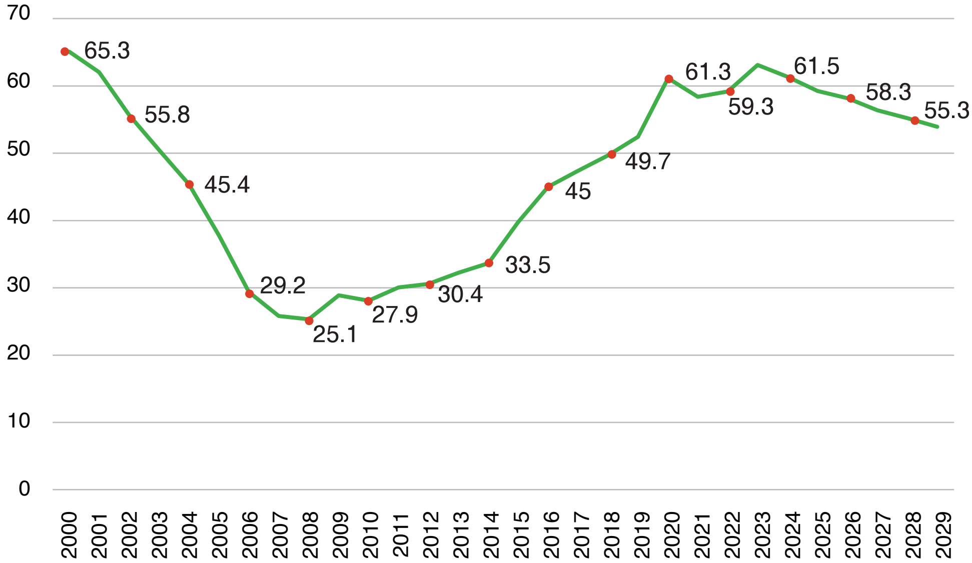
a To enhance IDA support, a financing facility should be created for conflict-affected Sub-Saharan African countries with high debt.

b To accelerate progress towards the UN SDGs, officials from Paris Club and multilaterals adopted the ambitious Multilateral Debt Relief Initiative (MDRI).

Figure 1: General Government Gross Debt (% of GDP) of Sub-Saharan Africa

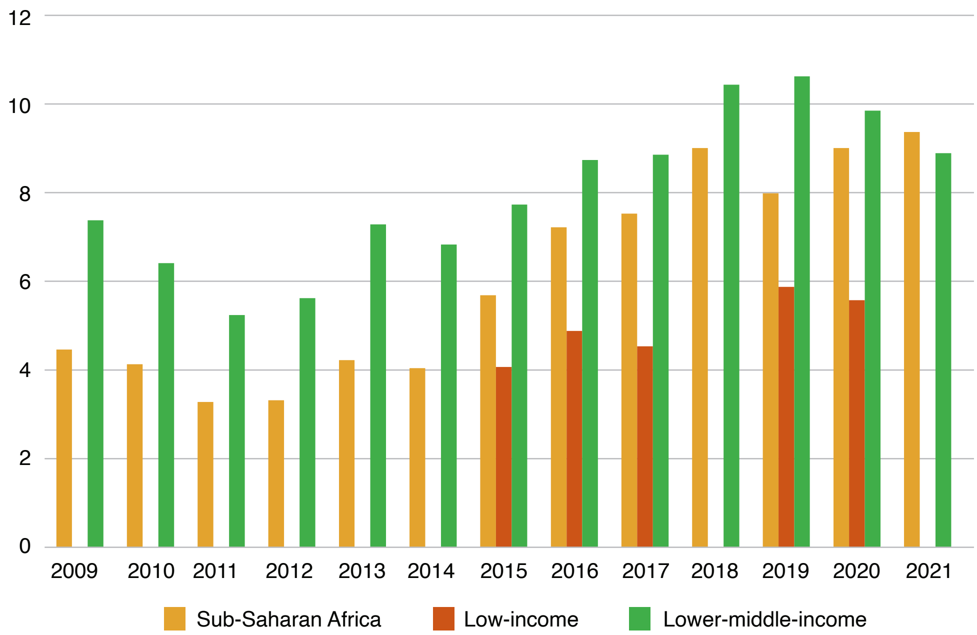


Source: International Monetary Fund (2024)[6]

Debt forgiveness may ease short-term liquidity pressures but is not a lasting solution for Africa's debt challenge. The median public debt level (as percentage of GDP) in Sub-Saharan Africa dropped to 31 percent in 2012 but rose 53 percent in 2017.[6] The global financial crisis from 2007 to 2009 and the 2014 terms-of-trade shock led to reduced economic activity and revenues. During the financial crisis, the low-interest environment enabled investor access to capital markets, but without G20 reforms, African governments faced a 500-percent increase in interest payments. From 2017 to 2021, African countries added US$56 billion in external debt, mainly through Eurobond issuances by several countries.[7]

Figure 2 shows interest payments as percentage of revenues increased from 4 percent in 2009 to 9 percent in 2021. For lower- and middle-income countries, this figure increased from 7 percent in 2009 to 10 percent in 2019, then fell to 9 percent in 2021.

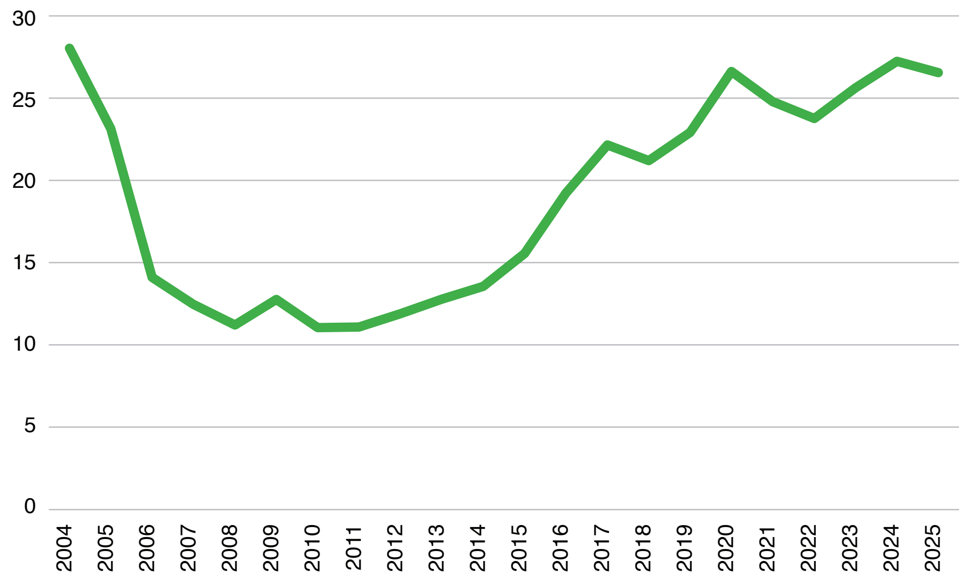
Figure 2: Interest Payments (% of Revenues)



Source: IMF (2014)[8]

External debt (as share of GDP) in Sub-Saharan Africa, similar to general gross debt (as percentage of GDP), declined from 2004 to 2015 but began rising again in 2016. The extreme volatility in prices of commodities exported by the region makes it difficult to detect clear trends in external debt.

Figure 3: External Debt (% of GDP) in Sub-Saharan African Countries



Source: IMF(2024)[9]

Increasing domestic revenue through higher tax collection is suggested for debt servicing, but the idea is receiving little support.[10] Tax administration inefficiencies leave African countries 4 percentage points below tax capacity.[11] Based on IMF data, average investment as a percent of GDP is 22 percent for the period 2010-2025, increasing marginally from 22 percent in 2010 to 23 percent in 2025.[12] Investment as a percent of GDP needs to increase to boost economic activity, which in turn will lead to higher tax collection. Sub-Saharan African countries already lag in revenue collections, with a median tax of only 13 percent of GDP in 2022, compared to 18 percent in other emerging economies and 27 percent in advanced economies.[13] Limited economic diversification has left these countries dependent on oil, mining, and agriculture, restricting the tax base and exposing economies to external shocks like commodity price fluctuations. Strengthening tax administration is essential to address these issues.

Policy Recommendations

- **Increase Coordination with MDBs and Governments for Reforms:** Over the past two decades, the World Bank has focused on building institutional capacities for revenue mobilisation. Tax administration institutions largely determine efficiency in revenue collection, and better governance can reduce inefficiencies. There is still a 4-percent GDP gap between Sub-Saharan Africa's current tax revenue and its potential.[14] Strengthening institutions to improve tax administration and compliance requires enhancing frameworks for collection, audits, sanctions, appeals, record-keeping, IT usage, and reward and punishment structure of the civil service.[c]

  The pace of reforms must accelerate, and MDBs cannot work in isolation to promote development. Institutional coordination should be strengthened as advised by the Triple Agenda report.[15] The African Development Bank's 10-year strategy (2024-2033)[16] focuses on governance and institutional strengthening to improve domestic resource mobilisation and public expenditure management frameworks. Collaborative approaches, such as shared diagnostic tools[d] and co-financing platforms, are key. Governments and MDBs must ensure reforms are sustainable, which is critical for resolving debt issues. Sustainability is achieved when reforms are institutionalised, and governments can take ownership of programmes.

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c For instance, the AfDB project in Somalia focuses on improving the efficiency of tax collection that will strengthen Somalia's ability to fund development investments. See: African Development Bank Group (2023), pp.40.

d Such as Systematic Country Diagnostic and Country Private Sector Diagnostic.

- **Increase Liquidity Support:** In 2020, the G20 launched the DSSI, covering US$12.9 billion in debt-service payments,[17] with African countries participating in 2020. The common framework for Debt Treatments[e] addresses debt vulnerabilities in low-income and middle-income countries. Under this framework, Zambia reached a debt relief agreement with international creditors, including China, and creditor committees were also established for Ghana and Ethiopia. In June 2023, the Government of Zambia secured a US$6.3-billion debt repayment plan over three years,[18] prompting the IMF to release US$188 million[19] under a US$1.3-billion rescue package.[20] While debt relief provides only temporary relief, liquidity support should be coupled with reforms to strengthen the debt management capacity of African governments. A feasible way to do is through the use of Debt-for-development swaps.[f] A key criteria for these swaps is the country's debt management capacity, which includes recording, reporting, and handling financial, legal, and operational aspects. Governance reforms should focus on strengthening institutions to manage debt. Hence, liquidity support will be provided when it is ensured that institutions have debt management capacity. MDBs should provide budget support to build this capacity before offering swaps to ensure liquidity support is effective.

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e Common framework for debt treatment is an initiative endorsed by the G20 with the Paris Club to support low-income countries with unsustainable debt.

f Debt-for-development swaps are agreements between a government and one of the creditors to replace existing sovereign debt with one or more liabilities, which may include a spending commitment towards a specific development goal. US-Peru debt-for-nature is an example of a bilateral swap, the debt service owed by Peru to the US was partially redirected to a fund that is investing in environmental initiatives.

- **Increase Contribution to IDA by Advanced Economies:** In 2012, IDA contributions from the G20, G7 and OECD totaled US$26.4 billion and in 2023 it was US$23.5 billion.[21] Fourteen IDA donors, including G7 members Italy, Germany, Australia, and Canada, saw declines of over 10 percent. France was the only G7 country which increased its contributions by US$20 million or 1 percent. New donors, such as China, Saudi Arabia, and Korea, contributed nearly US$500 million between 2012 and 2023, with significant growth from these relatively young donors. IDA needs more resources to help countries recover from debt crisis and relaunch growth. It could also raise market financing against its balance sheet, as the Asian Development Bank plans. Recent adjustments to IDA's allocation framework include increasing country allocations and providing more grants and debt relief. An increase in the allocation framework would also lead to increased debt relief to Sub-Saharan Africa.

- **Create a Financing Facility for FCS-High Debt countries:** Sub-Saharan Africa includes countries that are categorised by the World Bank as Fragile and Conflict Affected Situations (FCS).[24] These countries are also in moderate debt, high debt or debt distress worsened by the conflict. Table 1 shows countries categorised by conflict and debt.

Table 1: Sub-Saharan African Countries Classified by Conflict and Debt (2022)

	Income Classification (2022)	Income Classification (2022)	Risk of Overall Debt Distress (2022)	Debt Service Suspension Initiative -Participation (2022)
High-Intensity Conflict (2022)				
Libya	UMIC (Upper Middle Income Country)	IBRD (International Bank for Reconstruction and Development)		
Somalia	LIC (Low Income Country)	IDA (International Development Association)	In debt distress	No
Medium-Intensity Conflict				
Burkina Faso	LIC	IDA	Moderate	Yes
Cameroon	LMIC	IDA	High	Yes
Central African Republic	LIC	IDA	High	Yes
Chad	LIC	IDA	High	Yes
Congo, Dem. Rep	LIC	IDA	Moderate	Yes
Mali	LIC	IDA	Moderate	Yes
Mozambique	LIC	IDA	In distress	Yes
Myanmar	LMIC	IDA	Low	Yes
Niger	LIC	IDA	Moderate	Yes
Nigeria	LMIC	IDA		No
South Sudan	LIC	IDA	High	No
High Institutional and Social Fragility				
Burundi	LIC	IDA	High	Yes
Congo, Rep.	LMIC	IDA	In debt distress	Yes
Eritrea	LIC	IDA		
Gambia	LIC	IDA	High	Yes
Guinea-Bissau	LIC	IDA	High	Yes

Source: Author’s own, using data from IMF and WB

The FCS envelope, introduced under IDA19[g] in 2023, provides additional resources to IDA countries. It is integrated with country allocations and comprises three FCS-related country allocations—Prevention and Resilience Allocation (PRA), Remaining Engaged during Conflict Allocation (RECA), and Turn Around Allocation (TAA).[h]

Countries affected by high-intensity conflict and debt should receive additional budget support through the FCS envelope. IDA resource allocation relies on the Performance-Based Allocations (PBA) system, but FCS countries have extremely low PBAs due to high intensity conflict and weak institutional capacity. FCS allocations provide resources to select IDS-FCS countries. IDA19 aims to consolidate, simplify and refine the financing toolkit available to IDA countries facing various Fragile and Conflict Affected Situations. From IDA16 to IDA19, commitments for FCS countries increased fourfold, from US$7.7 billion to US$30.3 billion.[25] IDA20 replenishment negotiations have a special focus on FCS countries and should include an additional envelope for countries facing high-intensity conflict and debt.

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g IDA19 implies to negotiations that took place in 2019 which replaced the previous system of IDA Special Allocation Index (ISAI) based on Post-Conflict Performance Indicators.

h The Prevention and Resilience Allocation (PRA) will provide enhanced support for countries at risk of falling into high-intensity conflict or large-scale violence, based on government commitment and agreed milestones; A new Remaining Engaged during Conflict Allocation (RECA) will enable IDA to maintain a base level of engagement in a small number of countries that experience high- intensity conflict and have extremely limited government capacity. The RECA also codifies the ability of the WB to partner with UN agencies or International Nongovernmental Organizations (INGOs) in certain limited circumstances for development projects that benefit RECA countries; The Turn Around Allocation (TAA) will support countries emerging from a period of conflict, social/political crisis or disengagement, where there is a window of opportunity to pursue reforms that can accelerate its transition out of fragility and build resilience, based on government commitment and agreed milestones.

- **Work Towards Commitment to Recycle SDRs:** In 2021, the IMF allocated US$650 billion in Special Drawing Rights (SDRs),[26] with Africa receiving only a small share of this (US$33 billion) based on Fund rules.[27] In response, advanced countries pledged to share US$100 billion of their SDR allocations with Africa. As of June 2023, pledges of SDR channeling from G20 and non-G20 countries has amounted to SDR US$73.0 billion (i.e., US$103.4 billion),[28] allocated to the Poverty Reduction and Growth Trust (PRGT) (SDR US$17.1 billion which amounts to US$103.4 billion) and to the Resilience and Sustainability Trust RST (SDR US$32.1 billion which amounts to US$45.5 billion).

  AfDB has launched an initiative to channel SDRs through a MDB, enabling effective leverage.[29] It is seeking SDR US$500 million from five advanced economy to establish an initial fund of SDR US$2.5 billion.[30] However, no advanced economy has yet committed to this support. While the UK has supported the initiative, it has not pledged its SDRs. The European Central Bank prohibits eurozone countries from loaning their SDRs to the AfDB. The IMF has clarified that SDRs recycled to MDBs will be counted as reserves.

  Most SDR recycling commitments have been channeled towards two specific IMF trusts: the PRGT and the RST. SDRs remain with the central banks of the contributing countries until the IMF approves their disbursement, at which point a request is made to the donor country's central bank to release the pledged SDRs.

  The solution for recycling SDRs to vulnerable, and conflict-high debt countries is to create a trust fund within the IMF, similar to PRGT or RST. The IMF's FCS strategy, states that long-term structural challenges in these countries will be addressed through the RST Trust Fund. However, the disbursement mechanisms for financial support to FCS countries through the RST fund still need to be determined.

Conclusion

Reforms by the MDBs to strengthen African institutions can be accelerated through MDB collaboration. While IDA replenishments and special facilities like the DSSI increase liquidity and provide relief from debt, they are unable to provide long-lasting solutions. The provision of liquidity should be conditional on countries having sufficient debt management capacities. Governance reforms should focus on strengthening institutions for managing debt. The pace of these reforms can be accelerated with AfDB and other MDBs. This will also support in the building of AfDB's institutional capacity.

Sub-Saharan Africa also constitutes of countries that are categorised as FCS and are also in high debt. These countries need more resources to solve their debt crisis and relaunch growth. IDA should establish a financing facility for FCS-high debt countries, which face both conflict and weak institutional capacity. G20 countries should also work towards lending or donating their SDRs to AfDB. An initiative has been launched by the AfDB which will allow SDRs to be leveraged effectively. This initiative needs to be supported by the advanced economies.

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Navigating Conflict and Building Peace in West Africa

Bonolo Makgale

West Africa stands at the crossroads of turmoil and opportunity, grappling with a legacy of political strife, ethnic discord, and socio-economic challenges. From the civil wars of Liberia and Sierra Leone to the persisting insurgencies in Nigeria and Mali, the region has been suffering from conflict fuelled by political exclusion, poverty, and militant extremism.

As tensions escalate and governance falters, West Africa has become a critical arena for conflict resolution and peacebuilding efforts. Addressing the region's struggles necessitates a comprehensive approach of robust governance reforms and socio-economic development that address not only immediate security threats but also the root causes of instability.

Indeed, the study of conflict and peacebuilding in West Africa has gained prominence in academic, diplomatic, and policy circles, underscoring the need for strengthened interventions to foster long-term stability in the region. Comprising 12 countries[a] that are members of the Economic Community of West African States (ECOWAS), West Africa is endowed with natural resources, a strategic position, and diverse cultural heritage.

The increasing conflicts in the region, particularly in the Sahel region[b] and the coastal states, are compounded by democratic backsliding and weak governance structures. Countries like Mali, Burkina Faso, and Niger have been particularly affected, with terrorist organisations like Boko Haram and Islamic State affiliates exploiting fragile state institutions and local grievances.[1] Furthermore, military coups in countries like Guinea, Mali, and Burkina Faso have weakened democratic norms and heightened tensions. These coups have taken place amid the ongoing conflict in the Sahel, which has displaced over 2.5 million people and is estimated to have resulted in nearly 8,000 deaths in 2022 alone.[2] The United Nations (UN) and the African Union (AU) are leading peacebuilding efforts, but challenges remain.[3]

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a Following the withdrawal of Mali, Burkina Faso, and Niger from ECOWAS. The 12 remaining members of ECOWAS include Benin, Cabo Verde, Cote d'Ivoire, The Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Nigeria, Senegal, Sierra Leone and Togo.

b According to reports by the Institute for Security Studies (ISS Africa), there has been an increase in violent incidents and deaths linked to conflicts in the Sahel. See: https://issafrica.org/iss-today/violence-against-civilians-is-on-the-rise-in-africa

According to the International Crisis Group, the region requires not only security-based solutions but also a focus on governance reforms, economic development, and social cohesion to address the root causes of conflict.[4] Understanding the dynamics of peacebuilding in West Africa necessitates a multifaceted approach that addresses both immediate security concerns and deeper socio-economic and political drivers of instability.

The Historical Roots of Conflict

Colonial Legacy and Ethnic Divisions

The historical roots of conflict and democratic backsliding in West Africa are tied to the legacy of colonialism, which has affected the region's borders, ethnic divisions, and political structures.[5] European powers, notably Britain and France, drew arbitrary borders that disregarded the ethnic, cultural, and historical realities of the local populations. This resulted in the creation of multi-ethnic states where diverse groups were often pitted against one another for resources and political power.

The artificial borders fostered tension and mistrust, as seen in countries like Nigeria, where hundreds of ethnic groups, including the Hausa-Fulani, Yoruba, and Igbo, were forced to co-exist under one national framework.[6] The imposition of colonial governance structures, which favoured the Hausa-Fulani, particularly in the north, further entrenched divisions, setting the stage for future conflicts.[7] Even after independence in the 1960s, many West African states struggled to form cohesive national identities, as colonial legacies continued to shape inter-ethnic relations and political power dynamics.

Post-Independence Instability

After independence, the promise of self-determination and democracy was quickly overshadowed by political instability, with many West African nations experiencing military coups and the rise of authoritarian regimes.[8] The instability heightened during the Cold War, as the United States (US) and the erstwhile Soviet Union sought to influence African politics by supporting autocratic leaders who aligned with their geopolitical interests.[9]

Countries such as Ghana, Nigeria, and Liberia became arenas for power struggles between military juntas and civilian governments, often resulting in prolonged periods of authoritarian rule. For example, Nigeria experienced six such regimes between 1966 and 1999, which hampered its democratic development and contributed to widespread corruption, economic mismanagement, and civil unrest.[10] Similarly, authoritarian regimes in Guinea and Togo concentrated power in the hands of a few, suppressing dissent and eroding democratic institutions. These early patterns of instability set a precedent for cycles of military intervention and weak governance that continue to plague West Africa.

Democratic Backsliding and Recent Trends

West Africa has witnessed democratic backsliding over several decades, with military coups becoming common in countries such as Mali, Burkina Faso, and Guinea. Mali has witnessed two coups since 2020, with the military overthrowing President Ibrahim Boubacar Keita in 2020 and establishing the transitional government led by Colonel Assimi Goïta in 2021, disrupting attempts to restore civilian rule.[11] Similarly, Burkina Faso experienced two consecutive coups in 2022, triggered by dissatisfaction with the government's handling of the growing jihadist insurgency and security issues.[12,13] In 2023, Gabon experienced a military takeover following an election that established the Committee for the Transition and Restoration of Institutions, further complicating issues of democratic backsliding.[14] In Guinea, former President Alpha Condé's controversial bid for a third term in 2020, following changes to the country's Constitution, sparked widespread protests and ultimately led to a military coup.

These coups reflect not only the fragility of democratic institutions in these countries but also the weakening of civil liberties, as leaders increasingly resort to repressive measures to maintain power.[15] The erosion of democratic institutions and civil liberties across West Africa is closely linked to the weakening of governance structures, corruption, and the failure of governments to deliver basic services to their populations.[16] Authoritarian leaders often manipulate the judiciary and the Constitution to silence opposition parties and restrict the freedom of the press to maintain and extend their grip on power; examples of this have been seen in Burundi under former President Pierre Nkurunziza, Togo under President Faure Gnassingbé, and Gabon under former President Ali Bongo Ondimba.[17]

This erosion of the system of checks and balances has caused a decline of public trust in state institutions, creating fertile ground for conflict. For example, the rise of jihadist groups in the Sahel is partly a result of the vacuum left by weak governments that were unable to effectively address economic disparities, corruption, and the needs of marginalised communities.[18] The combination of historical legacies, authoritarianism, and institutional decay has deepened political instability in West Africa, leading to an increase in conflicts that threaten the region's security and development prospects.

State-sponsored violence has also become an issue in West Africa, where governments often use security forces to suppress political opposition and civil society. In Guinea, the 2020 protests against former President Condé's bid for a third term led to severe repression by security forces, resulting in over 50 deaths and scores of arrests.[19] Similarly, in Nigeria, security forces responded with violence, including extrajudicial killings and assaults, during the 2020 protests against police brutality.[20]

International Influence and Regional Stability

Unconstitutional changes of government in West Africa have impacted regional stability. Russia's investments in mining, energy, defence, and agriculture, including in financing economically isolated countries in Africa, as well as Chinese investments in mega projects have created new complexities in the continent.[21] France, historically a colonial power and current key player in the region, has had a significant impact on these developments. Its interventions, which have often been framed as efforts to combat terrorism and stabilise the region,[22] have instead exacerbated tensions. In Mali, for example, French military operations under Operation Barkhane, aimed at countering Islamist insurgents, have been criticised for failing to address underlying political grievances, contributing to abuse, and perpetuating neo-colonialism.[23] Groups like Boko Haram in Nigeria and Al-Shabaab in Somalia have adapted religious ideologies for violent movements, resulting in mass killings and widespread displacement.[24] This has fuelled anti-French sentiments and undermined trust in international interventions, complicating efforts to stabilise the region. France's support for certain regimes and its strategic interests in West Africa often influences local political dynamics, sometimes through indirectly supporting or legitimising contentious government changes.[25] Therefore, foreign interventions often shape West Africa's socio-political landscape through impacting local political instability and unconstitutional government changes.

Climate Change and Resource Conflicts

Climate change has exacerbated resource-related conflicts in West Africa, especially between pastoralists and farmers,[26] which has an impact on the larger conflict dynamics.

Desertification and erratic rainfall have diminished grazing lands, forcing pastoralists to migrate southward in search of resources, which often leads to violent clashes with farming communities over land and water. In Nigeria's Middle Belt, the conflict between Fulani herders and farming communities has resulted in violence and displacement. The International Crisis Group reports[27] that herder-farmer clashes in Nigeria displaced over 300,000 people in 2018, exacerbating humanitarian concerns and ethnic tensions.

Similarly, in Mali, the movement of pastoralists due to environmental degradation has fuelled ethnic violence in regions like Mopti. Human Rights Watch highlights that this migration has intensified conflicts between herders and farmers, contributing to widespread instability[28] through socio-economic impacts such as increased poverty, food insecurity, and further displacement, further straining scarce resources in host communities. Addressing these conflicts requires focused efforts on climate change adaptation and improved resource management.

Targeted interventions are essential to mitigate these issues and enhance stability. Implementing climate change adaptation strategies, such as sustainable land management and improved agricultural practices, can help mitigate resource scarcity. Additionally, fostering dialogue and cooperation between herders and farmers can promote peaceful co-existence. Effective resource management policies, combined with support for displaced populations and host communities, can address the socio-economic impacts and help stabilise the region.[29]

Regional Bodies and Conflict Prevention: Achievements and Challenges

African Union Peace and Security Council

The African Union Peace and Security Council (AUPSC) has been actively involved in addressing conflicts in West Africa, with a focus on military coups and instability in the Sahel.[30] Between 2020 and 2023, the AUPSC utilised a range of strategies, including mediation, peacekeeping missions, and support for transitional governance frameworks, in countries such as Mali, Burkina Faso, and Guinea.

The AUPSC has emphasised addressing the structural causes of instability, which are manifested in weak governance, violent extremism, and the proliferation of small arms. The Council has also coordinated with the United Nations Security Council (UNSC) to pursue multidimensional approaches that promote good governance mechanisms, reform, and long-term stability in the region. In their joint meetings, the AUPSC and UNSC have condemned the unconstitutional changes of government and underscored the need for constitutional transitions in affected countries while advocating for women and youth inclusion in peace processes.[31]

Additionally, the AUPSC supported ECOWAS in sanctioning military juntas in the wake of coups. This approach reflects the Council's collaborative efforts with regional organisations to not only respond militarily but also push for adherence to democratic norms pushing for the restoration of civilian rule and maintaining election timelines in transition governments.[32] The 2020 military coup in Mali led to sanctions and suspension by the AU and ECOWAS. Diplomatic efforts to restore civilian rule led to electoral agreements, but delays and continued instability demonstrated the limitations of these measures. This highlighted the challenges of balancing diplomatic pressure with on-ground realities, emphasising the need for stricter timelines and enforcement in transitions from military rule to democracy.[33]

However, while the AU seeks to restore order through diplomatic measures, there have been concerns about how it engages with military juntas, as seen recently in Gabon. The optics of these engagements risk undermining the AU's credibility.[34] To remain effective, the AU must ensure transparent processes, advocate for governance reforms, and prioritise rapid transitions to credible democratic elections.[35]

ECOWAS

ECOWAS was founded in 1975 on the premise of promoting economic integration and political cooperation.[36] The institution has set up various conflict-prevention bodies to support its mandate, such as the Early Warning System, the Mediation and Security Council, the Offices of the Special Representative, the Council of the Wise, and special mediators.[37] However, the implementation of these preventive measures has occasionally lacked a clear strategy, suffered from poor internal coordination, the under-use and misallocation of available human resources, and the deployment of limited tools.[38]

ECOWAS is backed by the AU, particularly on the Peace and Security collaboration.[c] However, there is much to be done to achieve complete effectiveness in promoting peace and security within the AU's regional bloc. Critics argue that institutions formed in the immediate post-colonial period

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c The ECOWAS and the AU collaborate closely to enhance peace and security in West Africa. The AU supports ECOWAS through strategic guidance and resources for peacekeeping, conflict prevention, and mediation. Their partnership focuses on operationalising the African Standby Force, aligning security initiatives, and sharing experiences. Together, they also strengthen capacities through training and early warning systems, promoting a coordinated approach to regional security challenges. See: https://old22.ecowas.int/ecowas-au-to-intensify-collaboration-on-peace-and-security/.

inherited a challenging environment that required innovative approaches to overcome.[39] Additionally, the AU has been criticised for its continued reliance on sanctions that are viewed as ineffective.[40] Bolstering the sanctions regime to include stronger isolationist policies, such as suspending voting power and attendance at continental meetings, would contribute to dissuading governance malpractice. To address this, it has been suggested that the AU should more fully embrace its role in setting norms and update its policies to better address contemporary challenges.[41]

ECOWAS has undertaken military interventions to restore peace in member states experiencing conflict, both historically and currently. In 1990, ECOWAS deployed the ECOWAS Ceasefire Monitoring Group (ECOMOG) to intervene in the Liberian Civil War, which helped stabilise the situation and led to a peace agreement in 1997.[42] Similarly, in 1997, ECOWAS intervened in Sierra Leone to help restore the democratically elected government during a brutal civil war. In 2002, the organisation supported Côte d'Ivoire during its civil conflict and intervened again in 2011 to help stabilise the country following post-election violence. In 2013, ECOWAS intervened to support Mali against jihadist groups in the north, facilitating a return to constitutional order.[43] Most notably, the institution intervened in the political crisis in the Gambia following the defeat of Yahya Jammeh, who had ruled the country for over 20 years.

More recently, ECOWAS intervened in Mali following the coups in 2020 and 2021 by imposing sanctions, suspending the country's membership, and deploying a high-level delegation to mediate.[44] Burkina Faso and Niger were also suspended and sanctioned in 2022 and 2023, respectively, with ECOWAS demanding the restoration or establishment of a constitutional government or the possibility of military intervention.[45] While ECOWAS has achieved some success, it has struggled to establish security frameworks that meet the needs of these states, highlighting the need for a more tailored strategy that aligns with local contexts.[46]

Recommendations

To effectively navigate the complex landscape of conflict and achieve sustainable peace and stability in West Africa, a comprehensive, multi-pronged strategy is essential for addressing the root causes of unrest. This strategy must prioritise the strengthening of democratic institutions and the promotion of good governance as fundamental pillars of political stability. Specific measures should include enhancing electoral processes to ensure fair representation, intensifying efforts to combat corruption that undermines public trust, and reinforcing the rule of law to create a just and equitable society. Together, these initiatives can foster citizens' confidence in their government, ultimately paving the way for long-term peace and stability in the region.

The peacebuilding efforts must extend beyond state actors to include civil society organisations, traditional leaders, and women and youth groups. These entities offer crucial grassroots perspectives that address local grievances that are often overlooked in top-down peacebuilding approaches. By incorporating a wider range of voices, peace initiatives can become more inclusive, responsive, and effective, addressing the root causes of conflict at both the local and national levels.[47]

Regional economic communities such as ECOWAS also need to be strengthened in terms of the scope of their interventions. There is a need to address state-sponsored security sector reform (SSR) by ensuring that the process of security and regulation does not violate human rights. Unchecked security forces can exacerbate tensions, leading to cycles of violence and instability. Therefore, robust mechanisms for holding perpetrators accountable must be implemented to prevent such escalation and promote long-term stability.[48]

Additionally, climate-adaptation strategies must be implemented to address the environmental drivers of conflict, such as desertification and competition over natural resources. Governments should invest in climate-resilient agricultural practices and improved water-management systems to prevent resource-related conflicts between farmers and pastoralists. Such strategies can help mitigate the impacts of climate change, which is increasingly a trigger for violence in rural areas.[49] In addition, governments can pilot and lead training programs. Access to modern technology can enhance productivity and resilience, including the construction of reservoirs, irrigation systems, and rainwater harvesting techniques. Furthermore, governments can establish platforms for dialogue and cooperation between farmers, pastoralists, and local communities to proactively address resource conflicts. These platforms can facilitate conflict resolution and promote the shared management of natural resources.

Roadmap for Sustainable Peace and Stability in West Africa

Goal: Foster a more inclusive peace process that represents diverse voices, creating more durable and comprehensive solutions to conflict.

Strengthening Democratic Institutions and Good Governance

- Enhance electoral processes: Implement reforms that ensure free, fair, and transparent elections, ensuring broad representation and participation.
- Combat corruption: Establish stronger anti-corruption mechanisms to rebuild public trust in governance, fostering accountability at all levels.
- Reinforce rule of law: Develop and enforce laws that promote justice and equity, ensuring that citizens experience fairness in legal and judicial processes.

Inclusive Peacebuilding Efforts

- Engage civil society: Include civil society organisations, traditional leaders, and women and youth groups in peacebuilding initiatives. These grassroots perspectives are crucial in addressing local grievances that are often overlooked by top-down approaches.

- Promote inclusivity: Design peace initiatives that are responsive to both local and national needs, ensuring that the root causes of conflict are tackled at every level.

Goal: Establish a professional and accountable security sector that enhances stability rather than contributing to cycles of violence.

Strengthening Regional Economic Communities and SSR

- Bolster ECOWAS: Strengthen ECOWAS and similar regional bodies to expand the scope of their interventions while remaining sensitive to the complex socio-political landscape.
- Implement SSR: Ensure that security forces operate within the boundaries of human rights and are held accountable. Mechanisms must be in place to prevent security forces from exacerbating violence.

Goal: Mitigate the impact of environmental challenges such as desertification and resource competition, reducing their role as drivers of conflict in rural areas.

Addressing Environmental Drivers of Conflict

- Climate-adaptation strategies: Invest in climate-resilient agricultural practices, improved water-management systems, and innovative solutions such as reservoirs, irrigation systems, and rainwater harvesting.
- Resource conflict prevention: Governments should lead initiatives to create dialogue platforms for farmers, pastoralists, and local communities to address resource conflicts early, promoting cooperation in natural resource management.

Goal: Enhance agricultural output and reduce competition over resources, creating long-term stability in rural areas prone to conflict

Promoting Technological and Agricultural Innovation

- Training and modern technology: Governments should pilot training programs and facilitate access to modern technology to improve productivity and resilience in farming and resource management.

Conclusion

Navigating the complex landscape of conflict and building sustainable peace in West Africa requires a multifaceted and nuanced approach. The region's persistent instability, driven by historical grievances, governance failures, socio-economic inequalities, and environmental challenges, underscores the need for comprehensive strategies that address both the immediate and underlying causes of conflict.

To navigate this complex terrain effectively, it is essential to strengthen democratic institutions, promote good governance, and implement targeted socio-economic and environmental reforms. Strengthening regional bodies such as ECOWAS, supporting inclusive peacebuilding processes, and fostering robust international coordination are essential to building a stable and prosperous future. Addressing the interlinked issues of governance, economic development, and climate adaptation will lay the foundations for sustainable peace.

Ultimately, the path to peace in West Africa depends on the collective commitment of local, regional, and international actors to address the challenges. By integrating these strategies and fostering collaborative efforts, West Africa can move towards a future marked by stability, inclusiveness, and shared prosperity.

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Financing Climate Adaptation in Africa

Iva Detelinova

The African continent is the most climate vulnerable region in the world. There is evidence that over the 1991-2023 period, the rate of temperature rise across Africa, at about 0.3°C per decade, was higher than that of the global mean temperature. The African continent has warmed by 1.28°C above the 1961-1990 baseline, while the global average temperature growth over the same period was 1.09°C.[1]

Moreover, the Intergovernmental Panel on Climate Change (IPCC) forecasts temperatures in the continent to continue rising faster than global averages over the twenty-first century.[2] Sea levels along the African coastlines have also risen faster than the global mean, with 108-116 million people in Africa projected to be exposed to risks from sea-level rise by 2030.[3]

Climate change has already had a significant impact on African countries. In 2023 alone, 53 events related to storms, heavy rain, floods, and landslides were recorded across the continent.[4] The projected consequences are massive. Climate change is expected to exacerbate water scarcity issues; by 2030, water stress is projected to affect about 250 million people and displace up to 700 million in Africa, with knock-on implications for agriculture, hydropower, and ecosystem tourism.[5i] Sea-level rise will also affect water quality, food security, and important ecosystems.

The African Development Bank estimates that the continent is losing between 5 percent to 15 percent of its GDP per capita growth due to climate change and related impacts.[6] The World Meteorological Organization (WMO) notes an average loss of 2-5 percent of total Gross Domestic Product (GDP) for African countries.[7] Moreover, estimates of the impact of climate change on the continent are likely to underestimate the real dimensions of the challenge due to lack of data. Indeed, a report based on the Emergency Events Database highlights that total economic damage is reported for only 12 percent of the recorded disasters in the continent for the 2003-2022 period.[8] Overall, this underscores the urgent need for African countries to take measures to adapt their economies to the changing climatic conditions.

Assessing Africa's Adaptation Strategy

Many African countries will need to take a comprehensive and transformative adaptation approach to improve the resilience of their economies. The IPCC defines climate adaptation as "the process of adjustment to the actual or expected climate and its effects in order to moderate harm or exploit beneficial opportunities."[9] Climate resilience, meanwhile, refers to "the capacity or ability to anticipate and cope with shocks, and to recover from their impacts in a timely and efficient manner."[10] Notably, both refer to taking pre-emptive actions to reduce climate change-associated loss and damage. The effectiveness of such measures depends on the future climatic scenarios countries will face and the magnitude of their exposure. Climate adaptation is expected to become increasingly difficult if global temperatures rise beyond 1.5°C or 2°C above pre-industrial levels.[11] Its effectiveness is also likely to depend on how ambitious and structural adaptation measures are. The term 'transformative adaptation' is used for fundamental changes to socioecological systems that address the root causes of climate vulnerability, and are system-wide, multiscale, and often linked to broader industrial development.[12]

In the African context, climate adaptation is often interlinked with economic development. This is because climate vulnerability stems not only from the frequency and scale of the impacts of climate-related events but also from the extent to which economies and societies can prepare to manage or absorb climate risks. The Notre Dame Global Adaptation Initiative's 2024 Country Index, which measures vulnerability (in terms of exposure, sensitivity, and adaptive capacity) and readiness (economic, governance, and social), ranks nine African countries in the global bottom 10.[13] Many of these countries, such as Sierra Leone, Sudan, Central African Republic, and Madagascar, also have among the lowest per-capita GDPs in the world.[14] Similarly, the United Nations Environmental Programme (UNEP) considers Africa the most vulnerable region in the world to the changing climate because of the prevailing low levels of socioeconomic growth across the continent.[15]

The cost of Africa's response to the consequences of climate change is significant and highly uncertain. The UNEP Adaptation Gap Report estimates the median cost of adapting to climate change for Sub-Saharan Africa at US$46 billion annually for the period 2021-2030.[16] Similarly, the WMO estimates the cost of adaptation in Sub-Saharan Africa to be between US$30 billion and US$50 billion annually over the next decade (or about 2-3 percent of the region's GDP).[17] According to the International Monetary Fund (IMF), the cost of adaptation for some developing countries globally will exceed 1 percent of GDP and even reach 10 percent of GDP for some island nations.[18]

Analysing the cost of adaptation measures in African countries' nationally determined contributions (NDCs), the Climate Policy Initiative (CPI) found that adaptation would cost around US$579 billion over 2020-2030.[19] This translates to annual flows of US$53 billion or 2.5 percent of Africa's GDP.[20] While there appears to be a level of consistency between the different studies, the CPI report also emphasises the difficulties in effectively measuring adaptation costs, such as the lack of data and technical experience and the uncertainty around future climatic conditions. A 2023 study by the Global Centre on Adaptation (GCA) found that a majority of African countries (31 out of 54) still have not calculated their adaptation financing needs.[21] Moreover, CPI estimates that reported adaptation needs represent only 24 percent of total climate change-related needs outlined in the NDCs.[22] Given Africa's low contribution to global greenhouse gas emissions and vulnerability to climate change, this costing distribution likely reflects, at least to some extent, a limited understanding of how climate change may affect the continent's economy and the needed adaptation and resilience measures. More conservative estimations suggest the continent's adaptation needs may be as high as US$100 billion annually.[23]

Overall, more research on this aspect is needed, which will require more research capacity across the continent. The African Climate and Development Initiative found that the United Kingdom, the United States, and European Union governments have provided the most funding for Africa-related issues, but they have granted only 14.5 percent of that funding to African-based institutions studying climate change in the region.[24] Therefore, more efforts are needed to support African researchers' capacity to assess the impacts and costs of climate change and their ability to help inform African governments' adaptation and resilience strategies.

At the same time, African governments are working to develop their adaptation and resilience strategies further. The GCA study found that the continent has made progress in this regard: most African countries (53 out of 54 as of July 2023) have developed some national plans for adaptation, set out either in their NAPs or NDCs.[25] The analysis determines that seven countries demonstrate best practices, including clear institutional mandates, identified priority sectors, specific adaptation goals, and estimated adaptation costs and timelines. Moreover, the report highlighted that many low-income African countries have the strategies and planning to absorb more resources; African governments most frequently identify agriculture, water, health, and infrastructure as priority sectors. A study on NDCs by the African Development Bank (AfDB) found that all 48 countries analysed showed a strong commitment to adaptation.[26] That said, adaptation planning in the continent is still in the early stages of development.

While NDCs can provide some insight into a country's approach to managing climate risks, NAPs set out a more comprehensive strategy. In Africa, only 21 countries have submitted NAPs as of July 2024.[27] In terms of facilitating the financing of adaptation plans, the AfDB and GCA recommend identifying and costing a clear set of adaptation priorities; improving institutional capacity to plan and implement adaptation measures at scale; ensuring effective coordination with the finance and planning ministries; and facilitating more regional cooperation on information, data, and technology sharing.

Challenges to Africa's Resource Mobilisation Plan for Adaptation

Despite African governments' efforts, the continent faces significant adaptation finance gaps. The IPCC reports that the annual finance flows targeting adaptation for Africa are "billions of USD less than the lowest adaptation cost estimates for near-term climate change."[28] Achieving the goal of doubling adaptation finance by 2025 (within the New Collective Quantified Goal on Climate Finance) will only reduce the gap by 5-10 percent.[29] The CPI estimated that the annual climate finance flows for adaptation in Africa stood at only US$11.4 billion from 2019 to 2020.[30] While green finance has risen significantly worldwide, and global adaptation finance flows jumped by 28 percent in 2021/2022 relative to the 2019/2020 level, Africa receives only about 3 percent of global climate finance.[31,32]

The CPI and GCA further estimate that, at the current growth rate of adaptation finance, by 2035, Africa will receive less than one-tenth of what the region needs and that annual adaptation flows to the continent must increase five- to ten-fold to enable African countries to manage the consequences of climate change.[33,34] These findings suggest that the continent needs more strategic, targeted, and scalable approaches to funding its adaptation plans. Notably, African countries also need to significantly prioritise their adaptation needs to ensure that adaptation finance, primarily when in limited supply, can fund the measures that will help increase climate resilience.

Closing the adaptation funding gap will also require a recognition of the interlinkage between climate and economic vulnerability in Africa. First, the pressing and significant need for adaptation measures stems partly from the persistent development financing gap that some countries have experienced and the underdevelopment of their financial markets, making resource mobilisation more difficult. Adaptation finance inherits many of the challenges of development finance, such as currency risk, low credit ratings, high transaction costs and barriers, and limited liquidity. Closing the adaptation funding gap will require addressing and managing some of these barriers, mobilising funding from diverse sources, and helping further develop domestic financial markets.

Second, it raises the question of how climate adaptation can be funded in resource-constrained developing countries. The GCA and CPI estimated that more than 97 percent of adaptation finance in Africa for 2019 to 2020 came from public actors, and more than half was in the form of debt.[35] Furthermore, the CPI warns that the budgets of African governments are insufficient to address their climate resilience needs. Data from the UN Conference on Trade and Development estimates that almost half of all low-income countries worldwide are at high risk of debt and climate crises.[36] Without resources for adaptation measures, climate change will likely continue eroding fiscal space due to the budget impact of losses and damages from climate shocks, and the climate change-related loss of productivity and tax revenue.

The WMO warns that many African governments are already diverting up to 9 percent of their budgets responding to climate extremes, and the figure is likely to increase if global temperatures continue rising.[37] Over time, this negative fiscal impact may further constrain African countries' ability to borrow and fund their climate change responses. The IMF estimates that a 10 percent increase in climate vulnerability is associated with a 150-basis-point increase in long-term government bond spreads for developing countries.[38] Thus, facilitating African countries' ability to adopt adaptation measures and improve their climate resilience is essential to limiting the potential adverse spiral effects of climate change on their debt sustainability. This also means that issuing sovereign and municipal adaptation-focused debt instruments (such as green, resilience, or sustainability-linked bonds) to fund Africa's adaptation plans will strongly depend on the available fiscal space.

Third, this interlinkage can blur the distinction between adaptation measures and business-as-usual development. This creates challenges for assessing the adaptation funding gap and monitoring financial flows towards adaptation, and, in some cases, it can affect the investment appetite of funders with strictly climate-focused mandates or those concerned with greenwashing risk. Several taxonomies are emerging to help address these challenges, such as the Climate Bond Initiative's 'Resilience Taxonomy', and the 'Guide for Adaptation and Resilience Finance' by the UN Office for Disaster Risk Reduction, KPMG, and Standard Chartered Bank.[39,40] These frameworks could help provide reassurance to investors and facilitate adaptation financing. At the same time, it is also important to consider how these could be applied to the African context to ensure proportionality and a level of coherence with national adaptation strategies, and to ensure they do not disincentivise investment into 'transformative adaptation' measures.

From Planning to Action: Adaptation Finance in Africa

Funding Africa's adaptation needs will require a blended finance approach. Blended finance refers to the structuring of financial mechanisms to offer different risk and return profiles. This allows financial actors with varying risk appetites, mandates, and resources to contribute funding towards the same project, portfolio, or financial structure. For example, concessionary funders (such as governments, philanthropic organisations, and development institutions) may be willing to accept lower returns and absorb more losses, such as by providing first-loss guarantees or financing a reserve fund. This decreases the likelihood of other funders experiencing losses, which may increase the appetite and ability of institutional investors (such as banks, insurers, and asset managers) to participate and provide the scale of capital needed.

This funding approach is particularly important for financing adaptation. Blended finance is commonly used to fund large infrastructure projects, such as when various banks form syndicates to distribute counterparty credit risk among them. A transformative approach to adaptation is likely to require some large-scale infrastructure projects, such as further developing a country's transport system to help reduce the impact of flooding. Moreover, blended finance vehicles can mobilise funding towards an entire portfolio of projects. This could support a more programmatic approach whereby adaptation projects with higher returns (i.e. 'bankable' projects) could be bundled together with projects that may generate significant resilience benefits but be riskier or not revenue-making. Thus, blended finance vehicles could be structured to complement the current financial architecture in Africa—where much of financing happens on a project-by-project basis—and help achieve the much-needed scale and funding additionality for impactful but less 'bankable' projects.

Country platforms will likely play an essential role in implementing the scale, ambition, and strategic response required to increase Africa's climate resilience. Indeed, country platforms for climate and development have already gained popularity and momentum, in Africa and worldwide.[41,42,43] There is no single definition of a country platform, but there are several common characteristics: (1) they aim to support a strategic and comprehensive nationally-led approach to a specific area, (2) they are strongly linked or driven by government strategy and processes, (3) they seek to support multistakeholder coordination and collaboration, and (4) they often include a financial mechanism that aims to mobilise funding at scale in that priority area.

Essentially, country platforms are about "coordinating political alignment, policy reform and addressing issues that need scaling up".[44] While the Just Energy Transition Partnerships in South Africa and other countries helped popularise the country platform approach, they are just a modality of it. A country platform can focus on a different climate or development goal, such as adaptation, employ a different financing mechanism (for instance, not necessarily mobilise pledges or channel funding through the government), and have different institutional set-ups. Some of the characteristics that make a country platform successful include having a credible political agreement between the government and its international partners to address an issue of shared concern, implementing a programmatic approach to financing and delivering on the specific problem, and strategically tackling barriers holding back projects and finance for private sector investment in that area.[45]

Country platforms have significant potential for financing Africa's adaptation plans. First, they are designed to implement a multistakeholder and holistic approach, which is what many climate-vulnerable African countries need to strategically and comprehensively transform their economies. A strategic and inclusive response to climate change requires finding a balance between restructuring where needed to decrease climate vulnerabilities, linking adaptation measures to the country's national development goals and ensuring buy-in and input from communities in line with the principles for locally-led adaptation.[46,47] This requires significant resources for coordination and engagement, which country platforms can help provide to African governments.

Second, country platforms can support African governments in prioritising and costing their adaptation plans, such as by funding various cost-benefit analyses and impact studies to support evidence-based decision-making, and by helping match African policy analysts and researchers with the practical challenges that policymakers face.[48] Third, they can help build government capacity for the mobilisation of finance at a large scale (for instance, support effective communication of funding priorities, broad investor engagement, financial structuring, and demonstration of political support) and for the absorption of such finance (for instance, support effective distribution mechanisms, project pipeline development, and monitoring and evaluation).

This makes country platforms especially suitable as an implementation tool for large-scale blended financing. Their success will depend on how exactly they are designed and delivered in each country, and on the extent to which international actors are willing to fund adaptation through them. Given their core intentions and characteristics, country platforms can effectively address many of the UNEP's Adaptation Gap Report recommendations, such as increasing international adaptation finance and mobilising private investment, as they can provide an avenue for aligning such ambitions to national priorities and processes.[49]

Finally, the business case for adaptation investment must be developed to achieve large-scale and sustainable funding. One economic argument focuses on the benefit of avoiding the cost of inaction, i.e. the damage climate change will cause in the absence of adaptation measures. The European Environmental Agency estimated that adaptation actions are cost-efficient when the benefit-cost ratio exceeds 1.5.[50] This approach can help justify adaptation investment but requires that various actors improve their understanding of how climate change may affect them and their supply chains. Central banks and regulators can help build such awareness in the financial sector through climate scenario analysis and implementing the Basel principles for effectively managing and supervising climate-related financial risks.[51] Notably, much of financial institutions' climate risk exposures stem from their clients' and counterparties' climate vulnerabilities. Therefore, measures to improve the climate resilience of the financial sector can have a knock-on effect of raising awareness and supporting the investment appetite for adaptation in other sectors as well.

In this context, it is crucial that improving climate resilience is not only seen as a compliance exercise. The GCA estimated that every US$1 invested in adaptation generates a return of between US$2 and US$10 on average, with strengthening early-warning systems having the highest cost-benefit ratio, followed by making new infrastructure resilient, improving dryland agriculture production, protecting mangroves, and making water resources more resilient.[52] Standard Chartered Bank calculated that every US$1 spent on adaptation this decade will generate an economic benefit of US$12.[53] These savings come from reduced direct costs (such as the potential impact of climate change-related physical risks) and indirect ones (such as lower insurance premiums).[54] Therefore, businesses operating in Africa could yield significant economic benefits if they improve their climate risk management and climate-proof supply and delivery chains.

Moreover, adaptation investment in Africa can present new growth opportunities. Increasing consumer demand for more sustainable and climate-conscious products and business practices exists. One 2024 survey found that consumers are willing to pay a 9.7 percent sustainability premium.[55] Another study from 2023 reported that 42 percent of respondents were thinking of changing the food they consume because climate change had pushed up prices or limited availability, while 29 percent had already been forced to make new choices.[56] This suggests that the market demand for more climate-resilient foods may increase, opening new export opportunities for African countries. The 2023 survey also found that 25 percent of respondents had already purchased products that help protect them from the impacts of climate change, while another 42 percent had considered doing so. These global consumer trends will likely spread as climate change impacts materialise further.

The rise in consumer activism on environmental issues, alongside regulatory measures such as reporting and disclosure requirements on climate exposures, may put increasingly greater pressure on international and African businesses to support countries' responses to climate change. Businesses may also begin to see financing adaptation actions as a way of obtaining branding and reputation benefits, strategic positioning, and managing market risk from improved climate awareness. There are already examples of interest from the investment industry, including their role in offering institutional clients the opportunity to scale up climate adaptation investments in developing countries.[57] New financial innovations, such as blended finance vehicles, country platforms, adaptation-focused investment funds, and adaptation benefit mechanisms,[a] can provide new investment opportunities.

Financing Africa's adaptation plans will require more efforts to build domestic and international climate awareness, support and showcase African countries' political will and capacity to take pre-emptive measures, and further develop

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[a] For example, see: https://www.afdb.org/sites/default/files/2024/03/22/afdb_cif_annual_report_2023_-_adaptation_benefits_mechanism.pdf

the business case for investing in adaptation. The adaptation funding gap is significant, but there is substantial awareness at multilateral fora of the need to address this issue.[58] African countries have the opportunity to play a more active role in how such efforts are implemented and to change the narrative around adaptation financing. While adaptation and resilience measures can help prevent or limit the impact of a future humankind wants to avoid, they can also help create a future humanity wants to live in, with more developed, climate-resilient, and thriving economies.

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A New Global Financial Architecture for 'The Africa We Want'

Jackline Kagume and Kwame Owino

In January 2015, African states, at the 24th session of the African Union (AU) Summit, adopted Agenda 2063—a strategy that aims to transform Africa into a global economic force, emphasising inclusive and sustainable development.[1] However, the vision requires massive resources, and the current global financial architecture[a] has failed to evolve in order to meet those needs.

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[a] For the purposes of this article, 'global financial architecture' refers to institutions managing global financial flows, including the International Monetary Fund (IMF) and the World Bank, and the mechanisms for allocating and distributing capital across regions.

While the institutions comprising the global financial architecture have been fundamental in the global economy, their decision-making structures and priorities reflect a Post-Second World War geopolitical landscape and have yet to adapt to today's decentralised global order, prompting calls for a more inclusive financial architecture that reflects the realities of the 21st century. For Africa to implement Agenda 2063, it needs financial access and reforms that enhance its role in global economic governance systems. Designing a sustainable global financial architecture requires addressing the shortcomings of the existing framework, which can be classified as both political and economic.

The Political Problem Within the Existing Framework

Under-Representation of the Global South

At the core of the political problem is the underrepresentation of Global South voices, particularly Africa,[b,2] in the International Financial Institutions (IFIs). This imbalance is reflected in the governance structures of the IFIs, where decision-making power is concentrated in a few nations. Despite Africa's increasing significance, its 54 sovereign states remain marginalised in key decisions affecting their economies.[3]

The lack of inclusivity in global financial institutions is evident in voting structures and quota systems, which favour developed nations based on outdated economic indicators. As a result, African nations, despite their significant share in the world's population, have limited agency over global financial priorities and policies.

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[b] This underrepresentation exacerbates the perception that global financial decisions are imposed on, rather than shaped by, developing countries, leading to policies that overlook Africa's developmental challenges. This also contributes to the perception of bias and exclusion.

Agenda 2063[4] highlights the economic and political impact of externally driven policies, particularly those by the Bretton Woods institutions, on African states. The proposed new financial architecture must empower African nations to shape policies that directly affect their economies. While Structural Adjustment Programmes prescribed by the IFIs are not solely responsible for current stagnating growth, they bear a significant part of the blame.

Geographical Imbalance

The second political issue is geographical, as most financial institutions are in countries of the Global North. The IMF and World Bank are headquartered in Washington, D.C., distant from African countries and their specific challenges. This geographical distance creates a perception that decisions reflect Northern interests and perspectives, rather than the needs of developing economies, including those in Africa. The dominance of these perceived 'external' IFIs in setting global financial rules reinforces a structural imbalance, subjecting African countries to policy prescriptions that are not aligned with their developmental needs. This 'top-down' approach undermines local ownership of solutions, impeding the long-term success of policy measures.

Absence of a Common African Position and Need for Internal Governance Reform

The third issue hindering global financial architecture reform is the absence of a common African position on the matter. Africa has struggled to reach consensus on important issues affecting the continent, including priorities for IFI reform, weakening its collective voice and slowing down progress. To be effective in global discussions, including at the G20 and other broader forums, African nations must present a unified front reflecting the continent's collective priorities. This requires changes within Africa's governance structures to develop, negotiate, and uphold a common stance.

Addressing the Political Problem

The political challenges posed by global financial architecture require political solutions. Fundamental reforms to the governance structures of IFIs are essential. The inclusion of the African Union as a G20 permanent member in September 2023 is a step toward greater representation, but further reforms are needed to give African nations greater influence within the IMF, World Bank, and other multilateral institutions. A second potential solution is to revise the quota systems and voting rights to reflect current global economic realities, particularly Africa's growing significance.

A more decentralised approach to global financial governance is needed, bringing decision-making closer to the affected regions. Establishing regional financial hubs in Africa could bridge the gap between global financial institutions and African economies, enabling more inclusive and locally relevant solutions. Additionally, policy frameworks of IFIs should shift from uniform prescription to flexible, context-specific approaches, allowing African states to pursue development strategies aligned to their unique contexts and economic realities.

Agenda 2063's vision of 'The Africa We Want' emphasises that reforms must be beneficial and sustainable by aligning with Africa's long-term development goals. They should ensure not only greater representation of African states within global financial institutions but also structures that promote economic transformation.

Reforms of Organisations with Economic Policy Roles

The introduction noted that Africa lives with the outcomes of global political and economic decisions. These decisions directly shape policies affecting sovereign nations and reflect the influence of international political economy.

Globally, the primary organisations influencing economic policy are the World Bank, IMF, the World Trade Organisation (WTO), the G20, and the Organisation for Economic Co-operation and Development (OECD). In 2024, the 38 members of the OECD account for up to 46 percent of global economic output,[6] its recent overtures to other regional bodies and granting partnership status do not make its reform a priority for countries in Africa.

The IMF and the World Bank are the most impactful institutions for the reforms needed to achieve the growth that the sovereign members of the AU have outlined in Agenda 2063.[7] Thus, reforms to these institutions should be Africa's top priority in 2024.

Reforms Focused on IMF

Reforming the Global Policy for Debt Restructuring: From 2000 to 2015, for most countries in the African continent, economic growth was positive and sustained, with countries not experiencing conflict or other disasters achieving annual rates above 4 percent per annum. Although poverty reduction was slow, it showed a clearly positive trend that needed to be consolidated.

Coinciding with this period of rising growth was an international environment of low interest rates, prompting African countries to borrow from international markets. They developed a preference for issuing Eurobonds to secure global sovereign debts and gain flexibility, aiming to avoid the crowding-out effect associated with domestic borrowing.

Despite the risks associated with Eurobonds, the IMF's ambivalence was perceived as tacit approval for African countries to turn to international financial markets. In 2019, before the COVID-19 outbreak, the sovereign nations of sub-Saharan Africa had accumulated US$115 billion in Eurobond debt.[8] The fallout of the pandemic, along with poor economic management, has since placed many countries into debt distress, with four (Chad, Ghana, Zambia and Ethiopia) defaulting on their sovereign debt.[c]

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[c] This issue was identified by officers within the IMF itself when Georgieva Kristalova and her colleague Ceyla Pazarbasioglu highlighted in 2021 the risks of impending sovereign debt defaults and the inadequacy of the G20's Common Framework for Debt treatment in conditions of sovereign default.

Debt restructuring and resolution remains chaotic, complex, and inefficient. The 'Common Framework for Debt' is hampered by debtors' brinkmanship, with some resorting to favourable judgements, delaying restructuring and complicating matters for affected citizens. Governments must secure cooperation from diverse debtors with different interests and lowered incentives for quick resolution.

The clear reform objective is for the IMF to leverage its expertise to establish a coherent and credible new debt restructuring policy. This would create a more predictable global policy, reduce confrontational defaults, and enhance efficiency. Such a policy, serving as a global public good, would be unlikely to be developed by another global actor due to the need for coordination and associated risks. It would benefit distressed countries while promoting transparency and predictability in debt resolutions.

Special Drawing Rights Reform: Analysts differ on how to reform Special Drawing Rights (SDR).[d] An article in the IMF's *Finance and Development magazine* for June 2024 claims that in 2021, the "entire African continent received only 5.2 percent of available SDRs."[9] Since SDR allocation is most crucial for countries with limited alternative income sources to address domestic financial pressures, this current allocation appears overly restrictive. On the other hand, countries with larger economies are less dependent on the allocations provided by the existing SDR mechanism. The reform imperative is to create a mechanism that unlocks access without depleting resources for other uses, while maintaining proper actuarial balance.

Issue for reform of the lending instruments requires reconsideration of the Resilience and Sustainability Facility (RSF), the financing facility developed by the IMF to support countries from risks to their Balance of Payments that emerge from the impacts of climate change. While global warming and climate change is recognised, imposing borrowing conditions on African countries whose carbon emissions are much lower and for whom hydrocarbons exploitation is vital for development—seems unjust.

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[d] SDRs are an international reserve asset created by the IMF and used to supplement the official reserves of its member countries.

The current global financial architecture benefits creditors over debtors. African countries aim to strengthen debtor voices to counter the excessive power of creditor nations and corporations. This aligns with the Bridgetown Initiative's[e] aim to amplify voices of debtor nations in designing, evaluating and addressing defaults in financial instruments. This change is not only about justice and sovereign respect but also makes economic sense, benefiting both Africa and the world.

World Bank Reforms

The world's development and income growth challenges are most salient in Africa. Once debt distress is alleviated, the focus should shift to accelerating growth. Attaining the Sustainable Development Goals (SDGs) for these countries would require the World Bank to supplement African governments' efforts. However, the World Bank currently lacks the resources to provide this supplementary role on a meaningful scale. Its president acknowledges the need for more capital and to create newer mechanism for funding to enhance effectiveness in development.[10]

The ambitious SDGs will become more elusive as debt distress and defaults impact African countries, slowing down poverty reduction and worsening inefficiencies in the provision of public services. As nations navigate debt resolution and restructuring, concessional lending from the World Bank will be crucial for recovery.

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[e] The Bridgetown Initiative is an idea announced by the Prime Minister of Barbados to change the operations of global financing institutions to account for needs of developing countries and improve their overall effectiveness. See: https://www.bridgetown-initiative.org/wp-content/uploads/2024/09/SY043_Bridgetown-Initiative-3-0.pdf.

Conclusion

The IMF and the World Bank have historically served as anchors of the global financial system, but reforms are needed to adapt to the changing global economy and the contributions of different state actors. Their reform becomes necessary to preserve and strengthen the performance of national economies. For African countries, economic stability and growth will hinge on the reform of these institutions. The aim is to ensure that the global public goods they provide and organisational management they adopt serve that cause.

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Enhancing Intra-African Trade for Economic Growth: Perspectives from India

Shravani Prakash and Tanu M. Goyal

Africa is the second largest continent by geographical size and population (16.3 percent of global population), but remains the most impoverished and is home to 32 out of 48 least developed countries in the world.[a,1] In 2024, Africa's combined Gross Domestic Product (GDP) was US$2.8 billion, or 2.5 percent of global output

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[a] The high poverty rates and low levels of development of the region are a result of colonial legacy and resultant political instability, natural resources exploitation, climatic disturbances affecting agricultural output, and inadequate physical and digital infrastructure. Development has also been stymied by the lack of integration. Both the markets and the infrastructure remain outward-oriented. See: https://www.orfonline.org/research/the-african-continental-free-trade-area-opportunities-for-india

(in current prices).[2] Africa's average GDP per capita at US$1,960 is among the lowest globally,[3] while income inequality, unemployment,[4] and inflation rates (over 18 percent) remain high.[5] Despite its resource abundance, Africa contributes only 2.9 percent to global production and 2.6 percent to global trade.[6] Geopolitical tensions and transboundary issues like climate change are further exacerbating challenges related to prices and output growth.

To address some of these issues, the African Union (AU) laid out the 'Agenda 2063' in 2015 to drive inclusive social and economic development and position Africa as an economic power.[7] Key projects have included the African Continental Free Trade Area (AfCFTA), established in 2018, and initiatives to enhance rail and air infrastructure and ease the movement of people.

Before the creation of the AU in July 2002, Africa's integration was primarily regional, with countries forming free trade communities. This led to regional dependencies and spillover effects.[8] For example, South Africa's economic shocks adversely impacted Southern Africa. Similarly, Egypt's macroeconomic and geopolitical struggles slowed growth in North Africa.

However, to enhance intra-Africa trade, it is imperative to move beyond sub-regional relationships and look at Africa as one continent, especially in the context of AfCFTA. This article explores AfCFTA's potential benefits, the challenges to its implementation, and plausible strategies to address them. It highlights opportunities for India and Africa to collaborate and leverage good practices to maximise AfCFTA's impact.

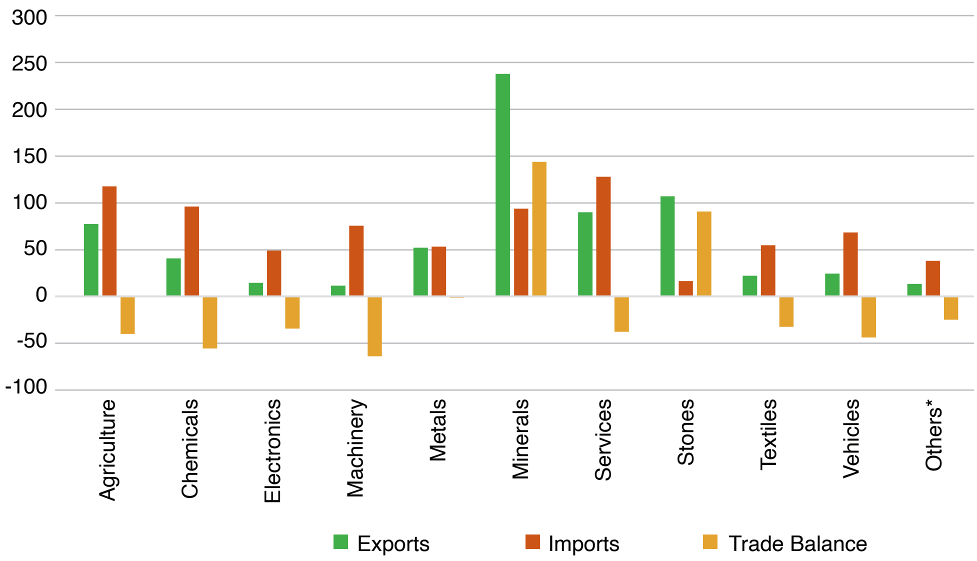
Africa's Exports: Commodities and Intermediate Goods

Africa's economic growth is hindered by the colonial legacy of exporting raw materials such as minerals and agricultural products, while importing high-value manufactured goods.[9] The trade imbalance has stunted job creation, industrialisation, and income growth. Most African economies remain dependent on a single-crop or single resource, making them vulnerable to global price fluctuations. Poor infrastructure and connectivity within Africa, designed for resource extraction rather than intra-regional trade, exacerbates the problem. Additionally, colonial trade policies and tariffs have discouraged intra-African trade.[10]

In 2021, Africa recorded a trade deficit of about US$ 100 billion.[11] Its global exports were driven by intermediate goods like minerals and stones. Minerals including petroleum oil and gases, iron and coal, accounted for nearly 34 percent of exports, followed by stones (15.5 percent), services (13 percent), and agricultural commodities (11.2 percent).[12] The European Union and China were Africa's largest partners, both overall and in non-oil exports. Africa's global imports mainly included services (16 percent), agricultural products (14.8 percent), and chemicals (12 percent).[13] Information and communication technology (ICT) and transportation dominated the services imports, while wheat, palm oil, rice and sugar were the largest agricultural imports (see Figure 1).

In 2023, intra-Africa trade accounted for just 15 percent of the region's total trade—modest, compared to nearly 70 percent intra-Europe and 50 percent intra-Asia.[14] The composition of intra-African trade is different from Africa's trade with the rest of the world. Intra-Africa trade is more diversified, including processed goods, consumables, and both durables and non-durables. Evidence shows greater flow of manufactured and processed goods, along with knowledge transfer,[15] when African countries trade with each other. However, regional trade patterns vary. Southern Africa, led by South Africa's export of industrial inputs, accounts for 40 percent of intra-regional trade, followed by West Africa (25 percent). Ghana, Zimbabwe, and Egypt are also key regional exporters.[16]

Figure 1: Africa's Exports and Imports (in US$ Billion), 2021



Source: Harvard University Growth Lab[17]

AfCFTA's Potential to Leverage Intra-Africa Trade Diversity

Estimates suggest that AfCFTA could boost Africa's economy, potentially reaching US$29 trillion by 2050.[18] By eliminating internal tariffs, which are higher than those with non-African partners, the agreement could expand intra-Africa trade to 52.3 percent of its total trade.[19]

Early trends show AfCFTA's positive impact. Resource-rich countries,[b] traditionally strong performers, faced setbacks due to internal challenges and the global trade environment, leading to a 6.3-percent drop in Africa's global merchandise trade, down to US$1.3 trillion in 2023.[20] However, intra-Africa trade rose in the same period from US$170 billion in 2021 to US$189 billion in 2023.[21] Despite that, the share of intra-regional trade in Africa's total merchandise trade has declined (see Figure 2).

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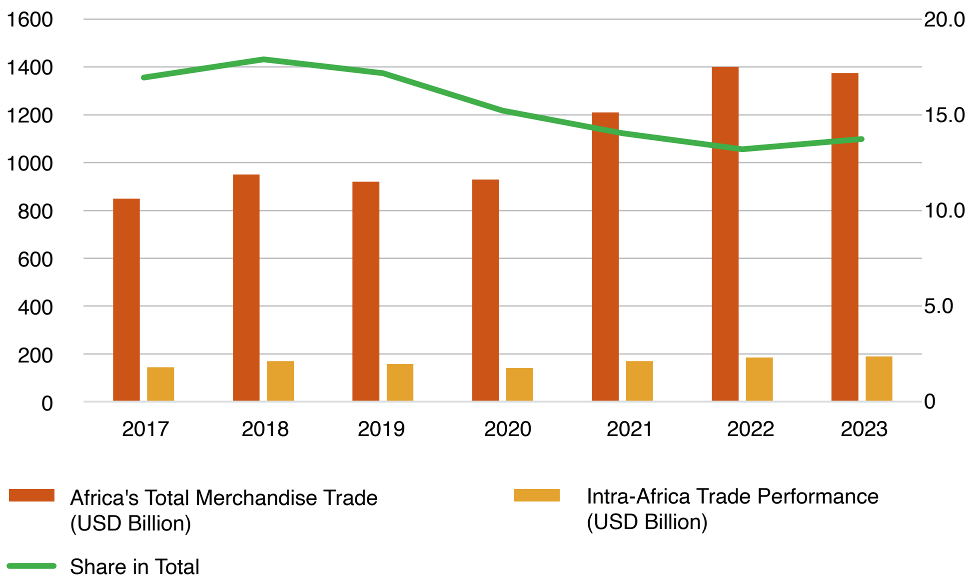
b The oil-rich nations and other resource-rich nations.

Figure 2: Africa's Total Trade and Intra-Africa Trade, Various Years



Source: Author's own[c]

Estimates by the United Nations Economic Commission for Africa (UNECA) suggest that by 2040, AfCFTA could enhance relations between African partners, extending beyond trade and boosting growth. Reducing tariffs alone not only could increase intra-Africa trade by 40-50 percent,[22] but also foster greater industrialisation. Sectors such as textiles, automobile and transportation equipment, electronics and metals will benefit the most from trade expansion. Additionally, there will be welfare gains, including poverty reduction, improved incomes, and gender-balanced job opportunities.[23]

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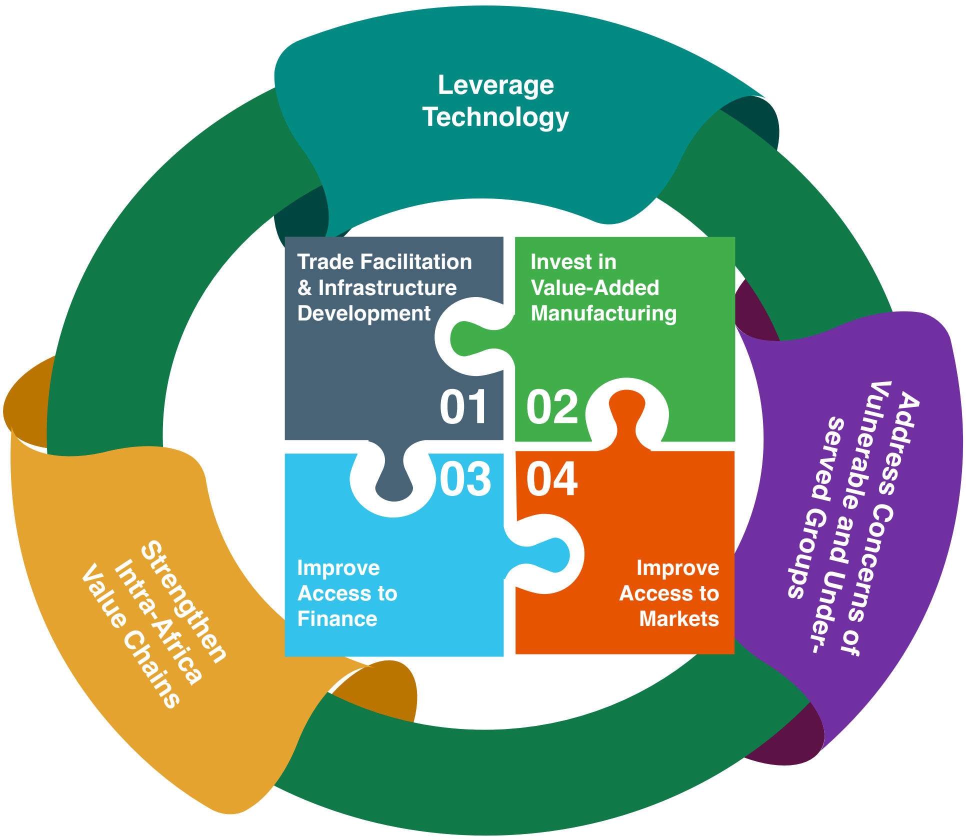
c Recreated by authors from Figures 2.4 and 2.7, African Trade and Economic Outlook 2024, *Afreximbank* (2024).

Addressing Non-Tariff Issues Along with Tariff Reductions

While inter-Africa tariff reduction under the AfCFTA can boost regional trade, key challenges remain, including infrastructural bottlenecks, language and cultural barriers, and limited access to finance. Infrastructural challenges are significant, with weak and outward-oriented transportation networks, fragmented colonial-era road systems, negligent railway networks, and poor air connectivity. Language and cultural barriers hinder market knowledge and political cohesion, compounded by the lack of a common language. Additionally, access to finance remains a hurdle, with Africa's trade finance contracting by nearly 10 percent in recent years.[24]

Overcoming these challenges to boost intra-Africa trade will require proactive measures, alongside implementing AfCFTA commitments. Recommended interventions include upgrading trade facilitation and multi-model infrastructure, attracting investments for regional value chains, improving access to finance, and enhancing market access. These interventions should focus on three objectives: leveraging technology; addressing the specific concerns of vulnerable and under-served groups (including Micro, Small and Medium Enterprises or MSMEs, women, and poorer economies); and strengthening intra-Africa value chains (see Figure 3). India can contribute by sharing its knowledge and expertise, given its progress in these areas in recent years.

Figure 3: Recommended Actions to Enhance Intra-Africa Trade



Source: Authors' own

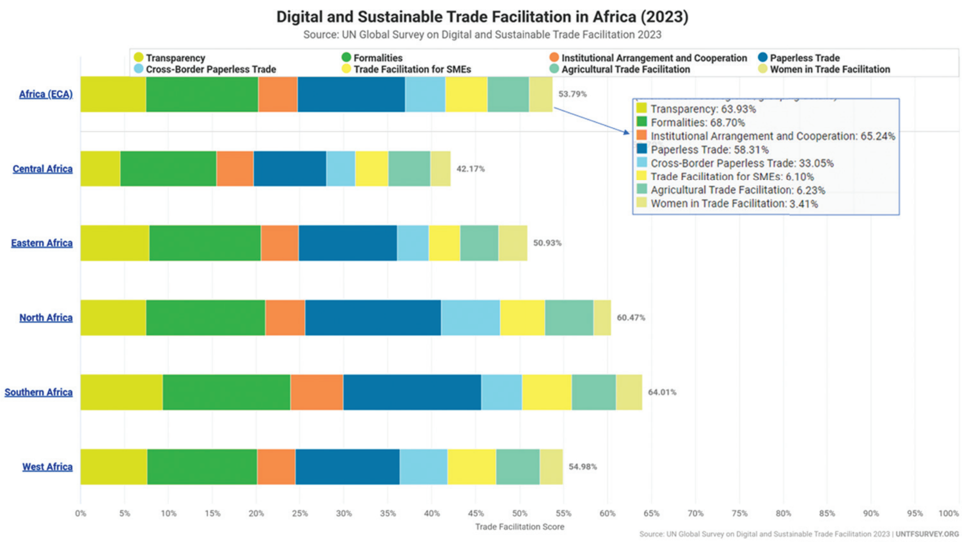
1. Trade Facilitation and Development of Cross-Border Multimodal Transport Infrastructure

Multimodal connectivity is crucial for enhancing intra-African trade and building efficient cross-border supply chains, especially given Africa's diverse geography and 16 landlocked countries.[25] Key prerequisites include maintaining, rehabilitating, and expanding road and rail networks; modernising port facilities; implementing transport facilitation measures; applying and utilising ICT; ratifying and acceding to international treaties and conventions; and establishing indigenous multi-modal transport operators.[26]

A number of cross-border infrastructure projects have been implemented under the Program for Infrastructure Development in Africa (PIDA),[27] including the African Integrated High-Speed Railway Network,[28] regional road corridor projects, and the AU's Single African Air Transport Market (SAATM) initiative.[29] AfCFTA countries could learn from India's PM GatiShakti National Master Plan and National Logistics Policy, which offer models for integrated infrastructure planning, and cost-efficient logistics.[30] India can also invest in joint cross-border logistics and transport projects.

Income gains from AfCFTA can be achieved through stronger trade facilitation,[31] particularly by enhancing the use of technology. AfCFTA signatories have implemented measures[32] like ICT systems in border management (ASYCUDA, Single Window, and biometric ID cards),[33] the Africa Trade Gateway (ATG) platform, and the African Ports Connectivity Portal Project (APC-PP).[34] However, African nations score (44.5 percent) on the UN Global Survey on Digital and Sustainable Trade Facilitation (2023) (see Figure 4), below the global average of 63.1 percent, highlighting the need for improved digital tools in transport systems. Africa can look to India's digital trade facilitation reforms for guidance.[35]

Figure 4: Africa's Score on the UN's Digital and Sustainable Trade Facilitation Survey (2023)



Source: UNTF survey[36]

African countries score particularly low and need to focus on sustainable trade facilitation measures related to enabling SMEs, agriculture, and women.[37] To enhance women's participation in trade facilitation, AfCFTA members can gain from India's women-specific trade facilitation measures implemented by the Land Ports Authority of India[38] (see Figure 5).

Figure 5: Areas for Gender Mainstreaming Trade Facilitation by Land Ports Authority of India

- Addressing information barriers for women.
- Facilitating smoother travel between towns and land ports.
- Ensuring well-maintained basic utilities and public amenities at ports.
- Designing ports for operational efficiency, particularly in cargo handling.
- Enhancing safety measures for women at land ports.
- Actively engaging women stakeholders in port operations.

Source: ICRIER[39]

2. Attract Investments to Move Up the Value Chain

Value-added manufacturing and export diversification can create regional value chains that integrate African economies at different stages of development. Shifting away from the colonial-era 'extractivist' development models and the dependency on primary commodities will require developing Africa's capacity for processing and adding value to its primary commodities.[40]

Africa's industries, including MSMEs, need to build capacity to upgrade manufacturing by exploiting current comparative advantages while developing capabilities in high-skill and high-value-added industries.[41] This will require large sums of intra-African investments and Foreign Direct Investments (FDI) from outside the region. To attract investments, African nations can learn from the success of India's 'Make in India'[42] initiative to create a similar 'Made in Africa' or 'Make in Africa' brand to attract investors and establish product recognition in international markets.

Indian companies with global expansion goals can invest in value-added manufacturing and trade between African countries. For example, Indian food processing companies could establish ventures in Africa, similar to Indian dairy producers' investments in East African milk processing.[43] India's growing cosmetics brands[44] can explore opportunities to manufacture products like shea butter and essential oils.

3. Promote Access to Finance

The Pan-African Payment and Settlement System (PAPSS), developed by the African Continental Free Trade Area in 2022, aims to facilitate payments across 55 countries and about 40 different currencies, creating a new paradigm for intra-African cross-border payments.[45] Africa leads globally in mobile banking, with mobile payment services such as Kenya's M-Pesa, Ghana's MTN MoMo, and Nigeria's OPay expanding financial inclusion.[46] Most mobile money operators are active in multiple African markets, enabling efficient cross-border payments.[47]

Access to capital and finance remains a challenge for African MSMEs, limiting their ability to scale, engage in cross-border trade, or upgrade production. Although there is a shift towards formal financing from self-financing, many MSMEs experience loan denials.[48] A factor contributing to the financing gap is their inability to meet collateral and other requirements for investment.[49]

The constraint to MSME financing is a threat to the success of the AfCFTA, necessitating harmonisation of financial sector policy reforms across the continent. FinTech adoption is crucial for improving MSME access to finance by addressing issues like lack of collateral.[50] India's fintech-driven financial inclusion initiatives under the country's Digital Public Infrastructure (DPI) and the Account Aggregator (AA) framework can be adapted to help African MSMEs access credit and facilitate cross-border trade.[51] India can also share the knowledge and experience of the Reserve Bank of India's (RBI) Unified Lending Interface (ULI) digital platform, launched in 2024, which streamlines the borrowing process for rural MSMEs borrowers by providing lenders access to a digital database of borrowers' financial and non-financial assets.[52]

Embracing fintech solutions is crucial for improving financial inclusion, especially for women who face barriers in securing capital and expanding their business.[53] Developing financial instruments tailored for women entrepreneurs, similar to India's Mahila Money app, would help them scale operations and participate more effectively in cross-border trade.[54]

4. Enhance Access to Regional Markets

Many MSMEs are unaware of the opportunities presented by the AfCFTA. Governments should conduct awareness campaigns and offer training to help businesses understand and leverage the agreement. Additionally, facilitating intra-regional networking through trade fairs, business matchmaking events, and networking opportunities can help MSMEs expand their reach and establish valuable partnerships across the continent.

Frequent women-only cross-border trade delegations could help women traders to establish crucial connections with buyers across the continent. Developing regional tech platforms for female traders to collaborate and network, similar to initiatives like Africa Women in Trade (AfWITrade),[d] could enhance these efforts.

AfCFTA member states could develop online platforms that provide real-time data on market conditions, regulations, and trade opportunities across the continent. African countries could draw inspiration from India's comprehensive MSME digital ecosystem,[55] which provides information, capacity building, and market access support. The 'IndiaTradePortal' is another model that provides centralised information to help MSMEs explore export markets.

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[d] https://africawomenintrade.com/

AfCFTA members should promote regional e-commerce by establishing regional digital platforms and online marketplaces that connect consumers and suppliers. Additionally, social commerce—via platforms like Instagram, Facebook and TikTok,[56] should be encouraged.[57] As social commerce penetration and usage is higher among women, platforms could be modelled along India's Sheroes and Meesho apps that have successfully enabled women entrepreneurs to scale their businesses through social commerce.[58]

Conclusion

Enhancing intra-Africa trade, particularly within the AfCFTA framework, requires a multifaceted approach that addresses policy, infrastructure (physical and digital), financial ecosystems, and business competencies. By addressing the key areas outlined in this article, African countries can increase trade, enhance competitiveness, and foster sustainable economic growth under the AfCFTA. However, cooperation and synchronised actions between governments, the private sector, and international partners are essential for Africa's economies to transcend domestic issues and tackle common cross-border challenges.

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The Potential of AI and Digital Pathways as Tools for Africa's Development

"We believe that in the long run the special contribution to the world by Africa will be in this field of human relationships. The great powers of the world may have done wonders in giving the world an industrial and military look, but the great gift still has to come from Africa – giving the world a more human face."

- Steve Biko, South African anti-apartheid activist

Mbali Ndandani

The Global Digital Inclusion Partnership estimates that the digital gender divide will result in 32 low- and middle-income countries losing more than US$500 billion in Gross Domestic Product in the next five years.[1] This calls for persistent efforts to aim for a different reality by 2030.

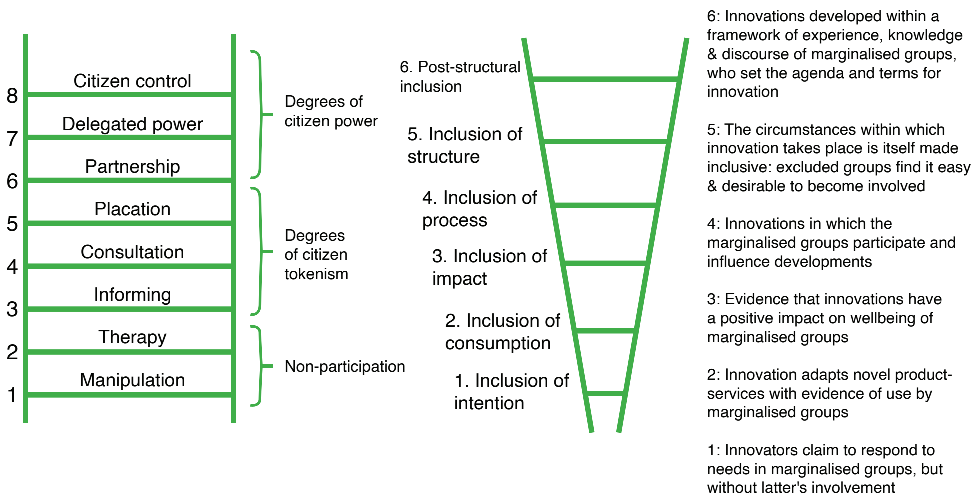
The "gift" of Africa, as envisioned by Biko, is yet to be achieved. Technology is the tool that can enable this transition for the current and future generations of Africans; however, there are systemic gaps that limit digital execution in the continent. Africa's human resources can enable developing technology guided by context, collaboration, and holistic benefits. Sen's capabilities approach advocates that development must equip people with agency.[2] Accordingly, this article aims to address the following question: How can artificial intelligence (AI) and digital technology provide tangible pathways towards enabling agency for Africans?

Systems require an impetus to undergo innovation and shifts. The COVID-19 pandemic was considered to have provided such an impetus by providing new perspectives and worldviews. However, there has been a deceleration in development outcomes in the Global South since the pandemic.[3]

Inclusive Innovation

Inclusive innovation can enable the development of systemic solutions. The ladder of inclusive innovation provides six levels of inclusion: intention, consumption, impact, process, structure, and post-structure.

Figure 1: The Ladder of Inclusive Innovation



Source: Heeks et. al (2013)[4]

The expression of the outcomes of inclusive innovation in the ladder and the level of collaboration and communal benefit they describe reflects the ubuntu remit of Africans. While the first three categories may not create true change in systems, the second group reimagines the system at a foundational level. In Africa, not much AI technology has been developed to address the upper rungs of the ladder.

Addressing Knowledge Asymmetry with AI

"It's as though Africa is in a civil war against its people. African children are merely saying, 'I want an education', and young people are saying, 'I want to work'. Those are not unreasonable requests."

- Sipumelele Lucwaba, 2030 Reading Panel Secretariat

There is a persistent asymmetry of knowledge, which results from inequality of access to working systems. While mobile penetration in Africa is over 70 percent and mobile internet penetration is 32 percent as of 2023,[5] there are few scaled examples of tangible impact on development outcomes enabled by mobile penetration. An alternative may be to question the extent to which technology can be expected to address systemic deficiencies—a view that would place technology adjacent to other development mechanisms.

Celebrating the cultures, traditions, values, and languages of people in systems is a stronger strategy than problem identification and is vital for inclusive innovation, as it enables technologists to develop solutions that recognise multiple ways of knowing, without one way having precedence over another.

AI can play a particularly important role in knowledge access and creation. The African Union Development Agency (AUDA) at the New Partnership for Africa's Development (NEPAD) AU White Paper on AI argues that AI can help address existing knowledge and service gaps.[6] AI's capabilities to enable newer forms of accessibility and make service delivery more responsive should be explored within the African context. The white paper argues that African countries are experiencing various challenges in capturing value from AI, including high costs of infrastructure, capacity, and skills; to address these deterrents, African countries need to focus on skills development, technology infrastructure, and data foundations.

If Africa is to circumvent the persistent asymmetry of knowledge, an institutional and collaborative effort is needed. The automation enabled by AI can allow for systemic resource constraints to be partially addressed through virtual knowledge workers and digital twins for public servants, educators, healthcare workers, and service providers. Additionally, there is considerable knowledge in Africa available in languages that are insufficiently digitally documented. AI can assist low-resource languages (LRL) to contribute to knowledge structures. The African AI Natural Language Processing sector is building datasets and language models for LRLs.[7] Therefore, AI can capture existing information and make knowledge more available to allow Africans to determine what they need from the available knowledge.

AI can also be a tool in deep inclusive innovation, enabling collaborative creation. Technologists typically provide citizens with the tools but do not provide insight into the solutions to empower them to build these solutions for themselves. For example, an NGO in South Africa is allowing their community-change agents to create content by using ChatGPT, which has allowed these agents, who may have low levels of education, to create plans and content for their community-change efforts.

AI as Public Infrastructure

As with education, healthcare, and other public services, AI needs to be conceptualised and delivered as a public good aimed to benefit ordinary people. This approach disrupts the capitalist approach to AI, marking a shift through its use for communal good. This has implications for accountability to citizens via governance, service delivery, development organisations, civil society, and industry.

Building Interconnected Solutions

"If technology will have a lasting and tangible impact in the global South, language is the answer."

- Pelonomi Moiloa, Co-Founder, Lelapa AI

The current technology ecosystem is largely exclusionary as the majority of Africans do not speak English at home and little technology is available in the languages that Africans speak and freely engage in. Sub-Saharan Africa lags in terms of the content and services available on mobile (29 percent in 2018) compared to the global average (53 percent in 2018).[8] AI can bridge the language exclusion in technology.

The growing mobile internet adoption in the continent has led to the establishment of over 1,000 technology hubs and technology startups in Africa in 2023.[9] These hubs can accelerate the outputs of African AI technologies and the mechanisms by which the outputs of these technologies are owned by ordinary African citizens.

AI and the Next Dimension of Work

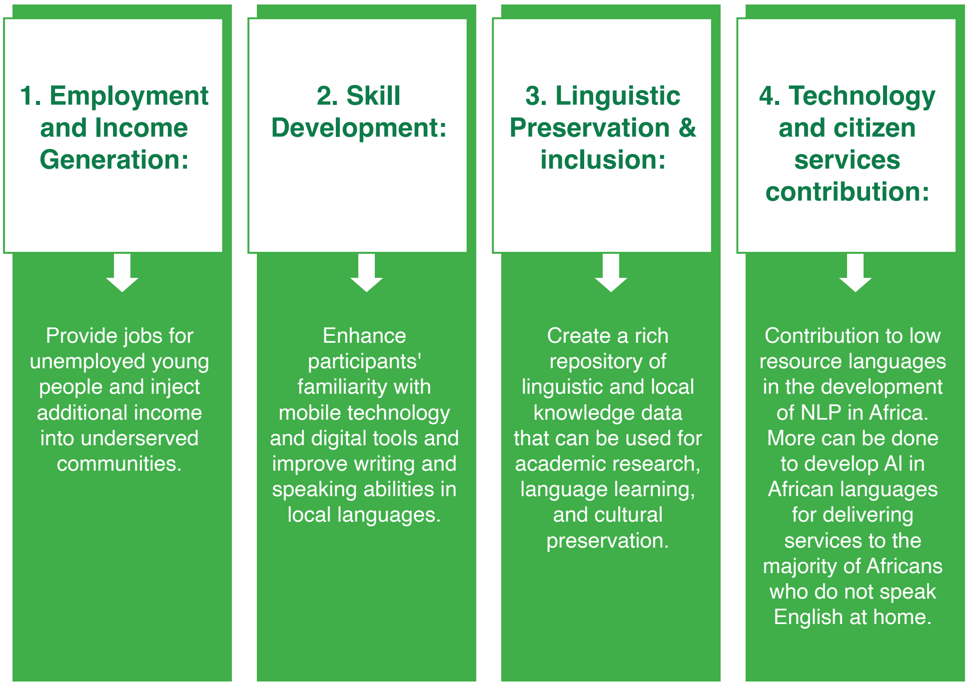
"The community is the first mile, not the last mile."

- Anand Rajan, Founder, Apurva.AI

By 2050, Africa will have the largest and youngest population in the world.[10] However, Africa's youth is facing serious systemic challenges, including education, security, and unemployment. AI can address these challenges and create new types of work. One approach involves programmes that compensate people for creating language data for LRLs. Mobile technology can be leveraged to enable young Africans to share written texts and voice notes in their local languages to create valuable linguistic resources for LRLs while earning an income. This will also enable collecting contextual knowledge and practices that often remain undocumented and undervalued. The potential benefits of combining income-generation methods and building Africa-centric AI solutions are multifaceted (see Figure 2).

Figure 2: Potential Impact of AI

Potential Impact of AI: Data Creation work in Africa



Sources: Author's own

Technology can help achieve inclusion by ensuring that innovation is equitably distributed.[11] Enabling ordinary Africans to contribute to AI models presents an unprecedented opportunity for citizens to benefit not just from accessible services but through actively contributing to AI and technology advancement, providing an opportunity for "valorizing previously excluded forms of knowledge."[12]

Case Studies

"AI gets to become the new tool that is unearthing another commodity that has laid dormant in the unwritten languages that are spoken across the continent."

- Andile Maseko, Co-Founder, Akiba Digital

Multiple innovators are pursuing technological development in Africa, towards creating "a little landing strip for the future."[13]

Kenya Agriculture has collected data across its various programmes and created the Kenya Agricultural Data Sharing Platform (KADP),[14] which is an openly available agriculture database. Technology innovators can use the datasets to develop solutions for accelerating the scope and number of AI projects in Kenya's agricultural sector.

In August 2024, Lelapa AI launched Africa's first multilingual Large Language Model, InkubaLM,[15] trained with lower resources and data, which also enables fine-tuning and solution-development for tasks such as sentiment analysis, intent detection, and translation in Hausa, Yoruba, Swahili, IsiXhosa, and isiZulu. It also leads the market in developing language models for LRLs—a capability that is relevant to the broader Global South.

Telecommunication companies like Airtel[16] and Liquid Intelligent Solutions[17] are also working with African governments to build linked cloud-region data centres. This is critical to the scaled development of AI solutions at lower costs and closer home, facilitating more data privacy for Africans.

More investments like these would provide the enabling infrastructure required by innovators. Additionally, the ecosystem needs to scale similar innovations, which present Africa-centric approaches to AI technology development.

The Challenges to Systemic Digital Inclusion in Africa

"Transformative innovation asks and responds to the question, what is the most vulnerable, unarticulated need that people carry?"

- Prince Nwadeyi, Co-Founder, iSpani and Setana Capital

The Human Element in Innovations

Digital inclusion through AI must be driven by the improvement of the human condition. However, there is often a chasm between innovators and citizens. The success metrics for AI technology development in Africa require a more nuanced framework that addresses questions such as the following:

- How much agency do AI solutions enable ordinary people?
- Have we as innovators nourished trust as we have developed solutions?
- How well has co-creation been implemented in the delivery of AI programmes?

Addressing these questions can highlight what the lead indicators are and advance a more transformational approach to AI technology execution.

An Established Hegemony

Current AI development remains concentrated in one part of the world. However, there is much information that remains to be unearthed in Africa's knowledge systems. While prior industrial revolutions have extracted mineral and other commodities from the continent, the knowledge commodity, powered by AI, remains underexplored. The Global South must focus on developing AI models to tackle inequality. If this need remains unaddressed, development may be marked by a fresh hegemony and digital colonialism.

Investments and Their Impact

The need for AI to be built in the Global South is also driven by the need to address the asymmetry of technology infrastructure that currently hinders AI development by Africans. The high cost of cloud computing and its monopolisation by big technology companies are persisting challenges.[18] Globally, investments in technology startups have declined by 38 percent since 2020.[19] This has a significant impact on both the rate of technology production and the possibility of delivering digital technologies for progress.

African innovators, especially in the AI industry, face multiple challenges. First, innovators find themselves having to build the enabling environment for their solutions, unlike many Global North startups.[20] Second, they need to build for nuanced contexts and lack a support ecosystem that enables such contextuality.[21] Finally, they need an ecosystem that provides for their most pressing needs: capital, talent, and support in reducing barriers to entry.[22]

While global allies can provide the necessary support, building the technology ecosystem in Africa should be the remit of Africans.[23] As Africa builds itself out of poverty while remaining inherently community focused, solutions can have the greatest impact when they are for the collective benefit. Innovators often struggle because they adopt individualistic Global North lenses to address the problems of collective communities, such as in Africa, who represent value-creation opportunities such as in the examples of savings cooperatives. Such an approach would require a redefinition of AI and a shift in overall technology value-creation models.

Rallying Actions: A 'Do Now, Do Next' Approach

"No one is coming to save us."

– Vukosi Marivate, ABSA UP Chair of Data Science, University of Pretoria

There are several avenues for AI in Africa to create impact. However, development is a lengthy process and necessitates clearer, time-boxed indicators of progress specifically related to AI. The actions and accompanying phases below are not definitive but serve as recommendations for consideration. In this context, the 'Do Now' period encompasses a three-year timeline (i.e., 2024-2027), and the 'Do Next' period covers a three- to five-year timeline thereafter (i.e., 2028-2033).

The Ecosystem

The most powerful facilitator of technology innovation is the ecosystem of players currently operating in Africa.

Do Now

- Digitally map current technology programmes and projects along SDG areas across the continent. In keeping with the concept of co-learning, structure the information about the projects in a co-located and coherent dataset for future use in different AI tasks. Deliver a clear scaling plan for a few identified cross-regional initiatives. Digitise national and continental LRL archives to create datasets for African language models.
- Create AI transformation playbooks, grants, and capability-building for technology startups and civil sector organisations that provide services but do not have AI capabilities.

Do Next

- Transform datasets for AI model development, knowledge sharing, shortening learning curves of similar initiatives, addressing asymmetry of knowledge, and advancing African technology development processes. This will result in a co-funded model that is open to African innovators, funded by various bodies for accelerating learning and scaling innovations more coherently.
- Create sizable grants and investor funds to accelerate the production of AI by African innovators.

Institutional and Governance Shifts

Do Now

- Define an adaptable AI ethics framework for Africa for dealing with risks and encouraging governments to own AI governance and responsibility to ensure that it is representative of and protects citizens.

- Develop a pan-African position on AI as public infrastructure, with scenario planning for integration into national infrastructure roadmaps, with AI infrastructure development forming part of international and cross-African funding.

Do Next

- Deliver integrated programmes for AI as public infrastructure. Utilise the African Continental Free Trade Area (AfCFTA) Agreement for digital public goods, determining base AI products, services, and infrastructure needs, to be sold and utilised across states. Create virtual AI hubs across the continent for cross-border services, within agreed governance.

Society

Do Now

- Expand existing employment programmes to incorporate citizens earning income for data collection and skills development. Provide funding for the programmes and technology deployed for tracking the work to ensure dignity and protection of citizens while safeguarding the quality of the data.

Do Next

- AI language models have mostly been developed using text. Africa has rich oral traditions, but African languages remain low resource due to limited available digital textual data. An Africa-led approach would shift away from building only text-based models to creating language models that are fully trained on audio. While complex, this can be open-source and funded by governments, private sector, research councils, and development funders for the wide benefit of the African technology and AI ecosystem.

Conclusion

"No leading country has ever outsourced their thinking."

- Joshin Raghubar, Founder, iKineo Ventures

This is a critical social and technological moment in history and will determine the future. The AI space, especially, is at a crucial juncture, and the choices in this context can bring both benefits and drawbacks.

The complex work of technologists in Africa is embedded in this context. Africa's gift to the world is in demonstrating the value of context as well as holistic and communal benefit. This needs to be demonstrated in how solutions are developed. There have been technologies that have scaled the upper levels of the ladder of inclusive innovation in Africa.

When assessing gaps in the previous eras of technological advancement, current technology and knowledge through AI can enable collaboration between innovators and ordinary Africans. It would be possible to solve the challenges in Africa by closing development gaps and demonstrating the potential of technology development as a human-centred, communal, and agency-enabling approach.

"The day will come when history will speak. Africa will write its own story. It will be a history of glory and dignity."

- Patrice Lumumba, Former Prime Minister, Democratic Republic of the Congo

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Digital Financial Inclusion in Africa: Bridging the Gaps

Andrew Partridge and Alison Gillwald

Africa remains behind the world in terms of financial inclusion.[a] Most people have historically faced access barriers to traditional financial services due to unaffordability, unreachability, and a lack of skills and knowledge. Digital channels can help address these challenges to financial access in African economies.[1]

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[a] Financial inclusion has been identified as a key cog in promoting economic empowerment, alleviating poverty, and reducing inequalities. A positive relationship has been observed between financial inclusion and economic growth through improvements in total factor productivity. (Beck, Levine and Loayza, Finance and the sources of growth 2000). The economic benefits have been shown to be progressive, disproportionately impacting low-income individuals and reducing inequality (Beck, Demiguc-Kunt and Levine, Finance, Inequality and the Poor 2007).

In different parts of the globe, technological innovations have expanded digital financial services, providing opportunities to reach underserved populations.

This article discusses the current state of digital financial inclusion in Africa, using demand-side data[b] from Research ICT Africa's (RIA) After Access surveys[c] across selected countries.[2] It highlights both the level of financial inclusion and the extent to which financially included individuals are utilising digital financial services, revealing the uneven nature of digital inclusion in the continent.

Background

Digital financial inclusion involves using services such as payments, remittances, savings, credit, insurance and financial management tools through digital or electronic technologies to enhance financial inclusion.[3] The African Development Bank adopts the Alliance for Financial Inclusion's (AFI) definition, which stipulates that financial inclusion requires that financial products and services must be accessible (access), actively used by individuals and enterprises (usage), and tailored to the user needs(quality).[4]

Digital financial inclusion allows individuals to utilise digital payment channels, enhancing efficiency and security while reducing friction and facilitating money flow within economies. It also enables better financial management of individuals and businesses through transaction records. Additionally, financial inclusion increases access to credit for economic opportunities, savings for capital accumulation, and insurance against unforeseen economic shocks.[5]

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b Notable work has been done in collecting high-quality demand-side data on financial inclusion in the continent, in particular FinMark Trust's FinScope surveys covering several African countries, as well as national-level surveys such as FSD Kenya's FinAccess surveys and EFinA's Access to Financial Services in Nigeria survey. The After Access surveys, however, survey financial inclusion within a broader comprehensive assessment of access to and use of digital technologies, allowing for the generation of deeper insights into the nexus between digital and financial inclusion.

c The After Access surveys were collected across seven African countries between 2022 and 2023. The survey is the only nationally representative demand-side data covering detailed accounts of access to and use of digital technologies in the post COVID-19 period. In each country a household, individual and microenterprise survey was conducted.

Financial inclusion promotes inclusive growth by allowing participation in productive activities, facilitating long-term consumption and investment decisions, and enhancing resilience to external shocks. The unevenness of financial inclusion reflects digital inequality, mirroring broader inequities in the majority world. Those who are digitally enabled—typically with higher income and education—benefit from a wider range of financial services.[6] Understanding the linkages between financial inclusion, poverty, and income inequality is necessary for policymakers to create and implement programmes that broaden equitable access to financial services.[7]

Digital financial systems can potentially reduce socioeconomic inequality but may exacerbate it if the impoverished are not fully included. Financial depth is necessary but insufficient for achieving greater income and wealth equality; the financial system must be broadened to include those who live in poverty. As Fintel and Orthofer[8] point out, these hypotheses remain inadequately tested due to a lack of cross-country wealth distribution data. Low- and middle-income economies face the greatest challenges and are often excluded from the debates. Their data from South Africa shows that financial inclusion has heterogeneous effects on the wealth distribution. While access to credit and banking benefits the middle class, regulatory deficiencies should be addressed to enable the poorest to generate wealth once they are banked.

The extension of mobile financial transactions from money transfers to credit has met significant demand from individuals lacking accessible liquidity. However, these services are unevenly distributed, with minimal consumer protection regulation following 'innovation-led regulation' approaches that spurred mobile money's growth.[9] Many consumers are not aware of loan terms, resulting in over-indebtedness.[10] Predatory lending rates typically create credit-generating debt rather than assets for poor households.

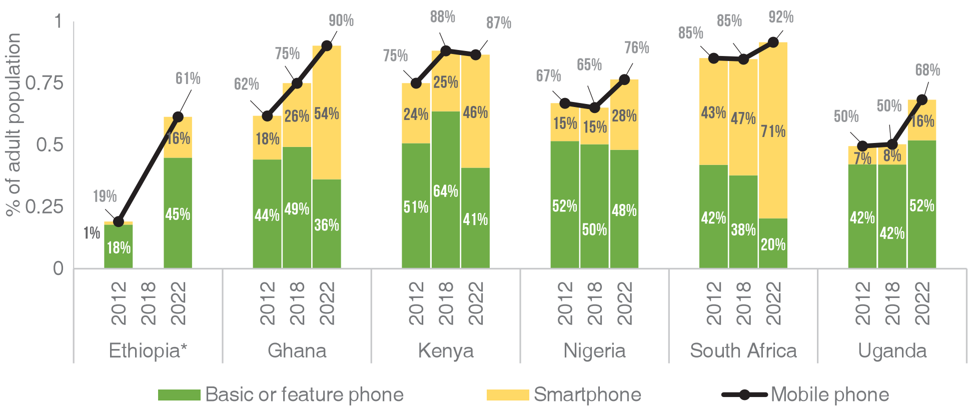
Financial regulators face a delicate balancing act, ensuring equitable access to digital financial services while protecting consumers from associated risks.[11] With financial payment systems being a core part of digital public infrastructures proposed as alternatives for achieving Sustainable Development Goals, regulating both competition and consumer welfare in online payment systems has emerged as a critical policy issue.

Digital Access for Financial Inclusion

While ownership of a digital device is not a prerequisite for financial inclusion, many digital financial services require not just a digital device but also an internet-enabled smartphone—this poses challenges for countries still in the early stages of digitalisation, where smartphones are owned by only a minority.

Over 60 percent of adults in all surveyed countries across Africa owned a mobile phone in 2022 (see Figure 1). However, in Ethiopia, Uganda and, to a lesser extent, Nigeria, the mobile phone market remains dominated by basic or feature phones. Kenya, Ghana, and South Africa have shifted largely to smartphones, which now account for a majority of mobile phone ownership.

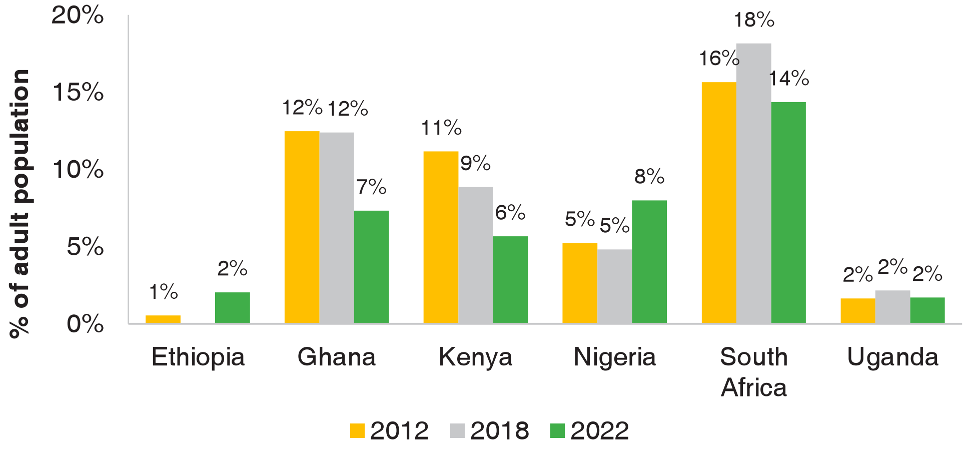
Figure 1: Mobile Phone Ownership by Most Advanced Phone Type, 2012-2022



Source: Research ICT Africa[12]
** Ethiopia was not included in the 2018 round of the survey.*

Meanwhile, computer ownership is low across all surveyed countries, ranging from less than 2 percent in Uganda to a highest of only 14 percent in South Africa. Moreover, there has been minimal growth in computer ownership, with declines observed in many countries between 2018 and 2022 as smartphones have increased in functionality and accessibility (see Figure 2).

Figure 2: Computer Ownership, 2022



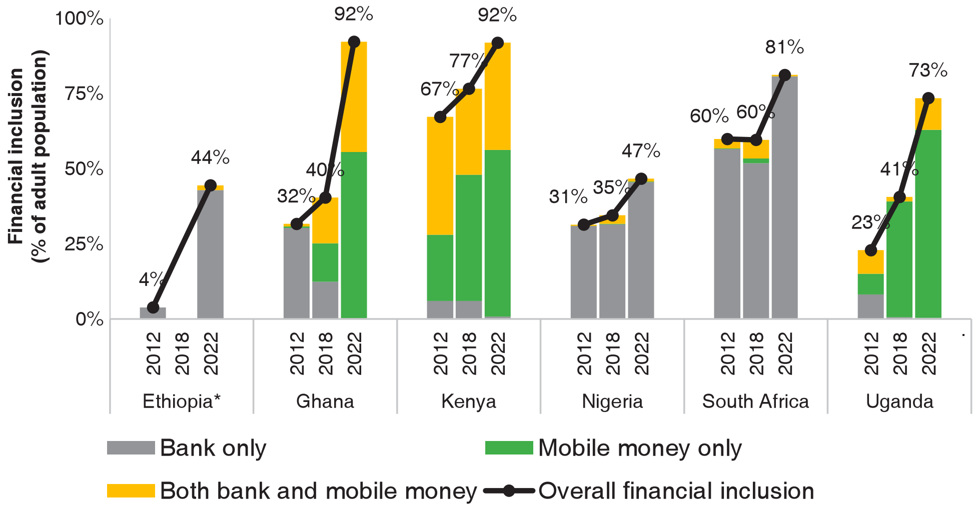
Source: Research ICT Africa[13]

Moreover, evidence from the After Access surveys shows that large segments of African populations lack the necessary digital skills for basic online functions. Even among internet users, many are limited in their ability to use the internet due to their reliance on mobile internet and the high cost of mobile data relative to their household incomes.[14]

Financial Inclusion Trends

According to the World Bank, the foundation of financial inclusion is a deposit or transaction account with a financial institution or mobile money provider that can store value and facilitate payments.[15] Figure 3 shows growth in financial inclusion across all surveyed countries.

Figure 3: Financial Inclusion in African Countries, 2012-2022



Source: Research ICT Africa[16]

Note: 'Mobile money' is defined in the survey as financial services offered by mobile network operators.

A clear distinction exists in financial inclusion between countries where mobile money drives access, such Ghana, Kenya, and Uganda, where most financially included individuals use mobile money—and those where bank account ownership prevails, such as Ethiopia, Nigeria, and South Africa. In countries with high mobile money penetration, the banking sector remains significant; however, there is a segment of the population that have only a bank account as they typically hold either a mobile money account or both types. In contrast, in Ethiopia, Nigeria and South Africa, financial inclusion primarily relies on bank account ownership.

The low penetration of mobile money in countries where people are relatively more banked and where financial regulation tends to be more stringent, does not prevent people from accessing other mobile financial services. Whilst there has been little to no mobile money traction in Nigeria, South Africa, and Ethiopia, thriving fintech sectors have succeeded in providing innovative digital services through mobile technology. However, the connection of these services to individual bank accounts with strict regulatory requirements, seems to constrain inclusivity in these countries,[17] leaving them lagging behind nations where mobile money is widely accessible.

Financial inclusion varies across different population segments. As shown in Table 1, financial inclusion is higher for males than females and in urban areas compared to rural areas. It generally increases with age, education, income, and household wealth. Importantly, these inequalities are interconnected and intersectional, particularly in many African countries with significant structural inequalities. Marginalised groups, such as females and rural populations, tend to have lower incomes and educational levels. As income and education are key determinants of financial access, these groups struggle to leverage the financial system to improve their economic situations, risking the exacerbation of structural inequalities in a vicious cycle that, if not addressed, will result in widening inequality.

Table 1: Financial Inclusion by Demographic Groups, 2022

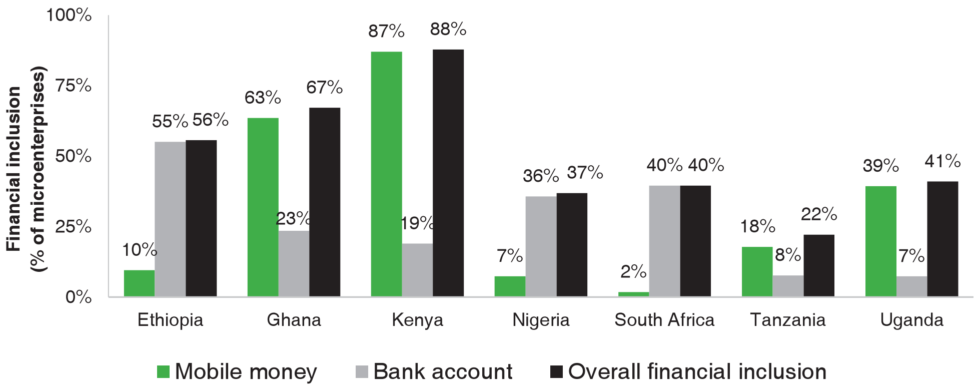
Demographic	Group	Ethiopia	Ghana	Kenya	Nigeria	South Africa	Uganda
Gender	Female	37%	91%	91%	39%	82%	71%
	Male	52%	94%	93%	54%	80%	76%
Geographic Location	Rural	29%	90%	90%	30%	73%	68%
	Urban	72%	94%	97%	60%	85%	82%
Age	16 to 30 years old	44%	91%	89%	40%	71%	72%
	31 to 45 years old	51%	94%	96%	54%	90%	79%
	46 to 60 years old	40%	95%	97%	57%	88%	72%
	Over 60 years old	34%	85%	89%	38%	77%	66%
Completed Education	No education	30%	83%	86%	9%	59%	59%
	Primary	46%	94%	86%	27%	69%	78%
	Secondary	79%	96%	96%	61%	90%	88%
	Tertiary	93%	94%	99%	96%	98%	99%
Individual Income	None	33%	86%	81%	28%	75%	62%
	Low (0-25%)	29%	84%	90%	26%	76%	54%
	Lower-middle (25-50%)	40%	95%	96%	41%	77%	74%
	Upper-middle (50-75%)	56%	98%	98%	56%	89%	89%
	High (75-100%)	77%	99%	100%	82%	99%	95%

Household Wealth *measured through an asset index*[d]	Asset score - 0	26%	70%	81%	21%	62%	66%
	Asset score - 1	54%	90%	92%	35%	50%	74%
	Asset score - 2	74%	91%	96%	59%	74%	86%
	Asset score - 3	88%	98%	95%	76%	78%	80%
	Asset score - 4	88%	99%	99%	91%	81%	60%
	Asset score - 5	95%	100%	100%	97%	92%	-

Source: Research ICT Africa[18]

Microenterprises are the backbone of most African economies, where formal labour markets struggle to support much of the population, with most households relying on microenterprise activity for their livelihoods. Despite high individual financial inclusion, the microenterprise surveys reveal low levels of inclusion, particularly in countries with limited mobile money availability (see Figure 4).

Figure 4: Financial Inclusion Amongst African Microenterprises, 2022



Source: Research ICT Africa[19]

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d The asset index is a score from 0 to 5 based on the number of assets owned by an individual's household. The five groupings are:
i. TV or radio
ii. Refrigerator
iii. Cooker (microwave; electric or gas stove; cooker)
iv. motor vehicle (car or truck; motorcycle or three-wheeler)
v. Washer (washing machine; dishwasher)
A household receives one score for each of the five classes above which the household owns.

Table 2: Financial Inclusion Amongst African Microenterprises by Enterprise Characteristics, 2022

	Ethiopia	Ghana	Kenya	Nigeria	South Africa	Tanzania	Uganda
Female-owned	54%	63%	86%	31%	35%	16%	34%
Male-owned	62%	82%	91%	48%	41%	30%	51%
Rural	47%	60%	83%	26%	38%	20%	39%
Urban	60%	72%	93%	44%	40%	27%	45%
Formal	70%	82%	96%	63%	61%	48%	61%
Informal	45%	61%	83%	31%	32%	15%	33%

Source: Research ICT Africa[20]

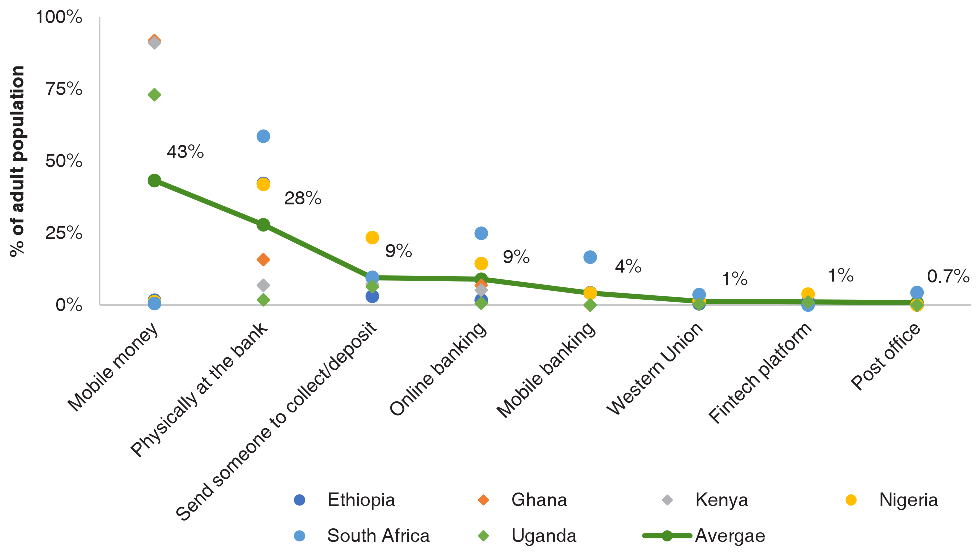
As was observed at the individual level, financial inclusion varies by microenterprise characteristics (Table 2), with notably lower levels for female ownership, in rural areas and for informal microenterprises.

The findings reveal progress in financial inclusion across Africa, but inequalities remain between countries and within population segments. While mobile money has increased financial inclusivity, concerns persist about its usage limitations and transaction security.[21]

The Use of Digital Financial Services in Africa

Figure 5 highlights the benefits of mobile money, showing a higher percentage of individuals using digital payments in countries where mobile money is prevalent compared to those dependent on the banking sector. In Kenya and Ghana, over 90 percent of individuals use mobile money for payments; the percentage is 73 percent in Uganda. Outside of these countries, even those with bank accounts often physically visit banks to make payments, imposing costs, especially for people in remote areas and those underserved by financial services infrastructure.

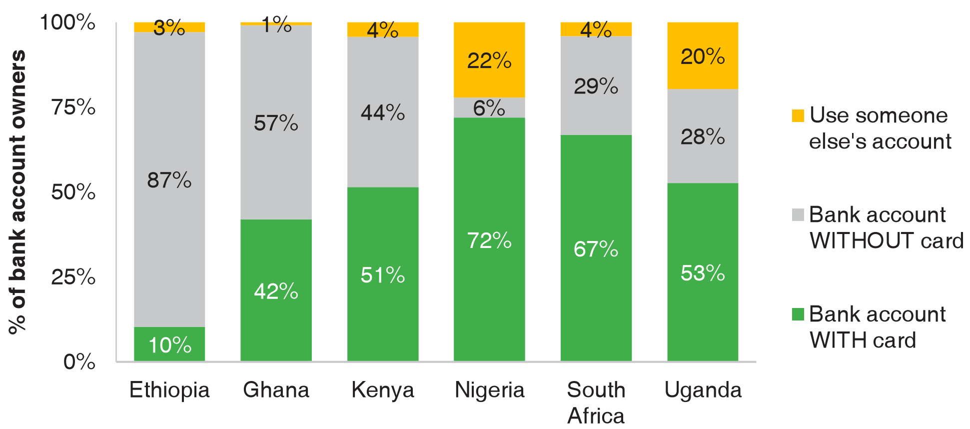
Figure 5: Ways in Which Individuals Make or Receive Payments, 2022



Source: Research ICT Africa[22]

Figure 6 reveals different dynamics in bank account ownership across countries, particularly in those where the banking sector dominates. In Ethiopia, most account owners lack debit or credit card, limiting their ability to make card payments. In Nigeria, a significant portion of individuals use a third-party account instead of their own, limiting their access to other financial services.

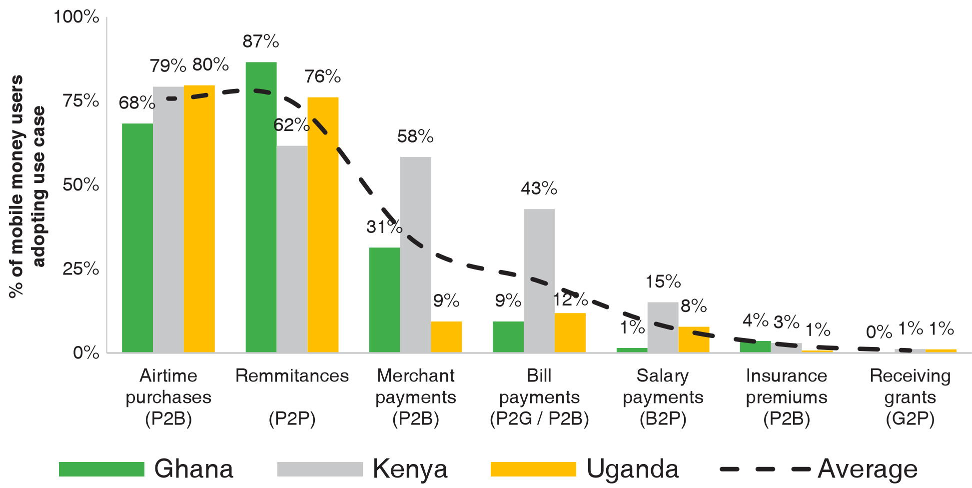
Figure 6: Details of Bank Account Ownership, 2022



Source: Research ICT Africa[23]

Amongst the countries where mobile money is more widely available, its use is restricted to airtime purchases and remittance transfers. Only in Kenya has it expanded to include merchant payments and paying bills. Adoption of the other use cases remains low across all the countries surveyed (see Figure 7).

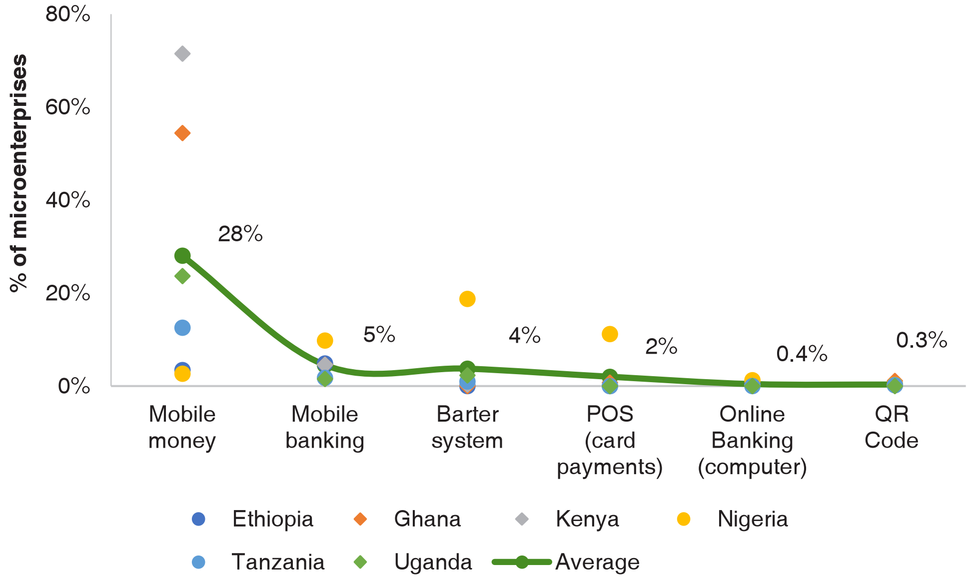
Figure 7: Use Cases of Mobile Money Amongst Users, 2022



Source: Research ICT Africa[24]

In most surveyed countries, between 93 percent and 99 percent microenterprises relay on cash payments.[25] The exception is Nigeria where only 75 percent use cash—this is due to the prevalence of a barter system of payments (see Figure 8). Overall, digital payment use remains low among African microenterprises, except for mobile money transactions in Kenya and Ghana.

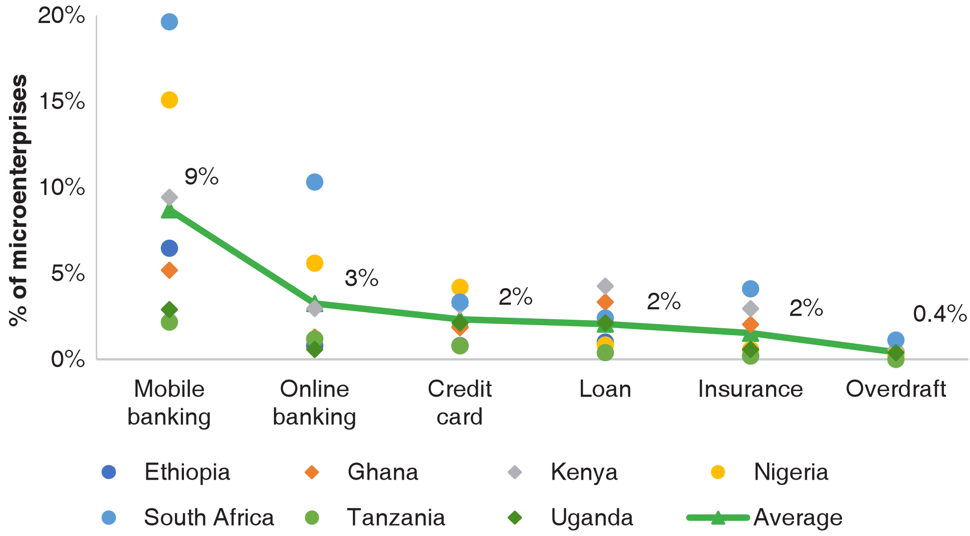
Figure 8: Payment Methods Used by Microenterprises, 2022



Source: Research ICT Africa[26]

Beyond payments, digital financial services are used to access bank accounts through a mobile banking platform. However, the highest uptake was just 20 percent in South Africa, with an average of only 9 percent across surveyed countries (see Figure 9). Access to credit and risk management products through digital channels remains very low for microenterprises across all countries.

Figure 9: Microenterprise Access to Other Digital Financial Services, 2022



Source: Research ICT Africa[27]

Conclusion

Despite progress in financial inclusion, the use of digital financial services remains marginal in Africa. To deepen digital financial inclusion and unlock its potential benefits, more efforts are needed to make these services accessible for most African populations, particularly marginalised groups.

The After Access Survey findings offers some optimism, showing notable increases in smartphone ownership and financial inclusion across African countries. However, deep underlying inequalities persist in the distribution of access to financial services, with individuals of higher education and income better positioned to leverage the benefits of financial inclusion. A closer examination reveals that digital financial services are primarily used for storing value, purchasing airtime, and sending and receiving remittances.

Mobile money has enhanced financial inclusion in Africa, with countries supporting it showing higher levels of inclusion. However, concerns about security and reliability in using USSD for merchant payments limit access to a broader range of digital financial services. Greater efforts are required to upgrade mobile money systems, offering more sophisticated services and better integration with the formal banking sector. Realising these benefits requires individuals to be able to effectively use digital technologies. Without addressing constraints related to awareness and digital skills, and unless the affordability of devices and mobile data are addressed, digital financial services will remain inaccessible for many Africans, particularly those in marginalised segments.

Countries with broader access to the banking sector have achieved deeper digital financial inclusion, particularly in accessing financial management services and credit. However, the use of bank accounts for digital transactions and transfers remains low, with many individuals relying on cash payments or visiting banks in person. In Nigeria and South Africa, while most bank account holders have debit or credit cards, they still depend on merchants having card facilities to process payments. Therefore, efforts in these countries should focus on enhancing infrastructure and technology for merchants to receive payments. In Ethiopia, many bank account holders lack bank cards, and there are low levels of smartphones ownership, limiting the use of alternative payment methods such as QR codes, hindering digital payment adoption.

There is a need for policies that look beyond digital and financial inclusion targets, focusing on infrastructural supply-side solutions to reach remote and marginalised populations. The emphasis on these in the Global Digital Compact, endorsed by United Nations member states at the September 2024 Summit of the Future, the Brazil G20 Maceió Ministerial Declaration On Digital Inclusion For All, and various connectivity initiatives by the International Telecommunications Union such as Partners to Connect launched in 2024, highlight the need for better demand-side data and analysis. This will help identify key points for policy intervention and resource allocation to address digital and financial exclusion and the inequitable nature of inclusion. Without such interventions, the transformative potential of digital and digital financial services will remain unrealised or not optimised for most of the world's population, particularly Africans.

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Leveraging the Blue Economy for Sustainable Development

Masanori Kobayashi

The blue economy is an important policy sector in southern Africa, although its modalities across the countries are mixed. Mozambique, for instance, is experiencing growth, while South Africa, Angola, and Namibia are showing negative trends. Fishing yields are stagnant in South Africa and Namibia, but increasing in Angola and Mozambique. Namibia leads in seafood exports, while South

Africa and Mozambique are net importers. South Africa has protections in place for over 15 percent of its waters, while others are lagging.[1] Tourism thrives in three nations, except in Angola. Fossil fuels dominate energy production, with renewable energy still in its development stages. This article suggests that despite some progress in the blue economy in southern African countries, there is a need for more research and human resources development.

Oceans and ocean-based economic activities are important for sustainable development and poverty eradication. The 'Blue Economy' includes fisheries and aquaculture, shipping, tourism, renewable energy, mineral resources and fossil fuels, blue carbon (mangroves, seagrass beds, and tidal flats, among others), and marine biodiversity. Balancing economic growth, social integration, and livelihoods with the environmental sustainability of oceans and coasts is central to the blue economy. Governments, international organisations, research institutions, and NGOs are actively promoting the conservation and sustainable use of oceans and marine resources to achieve this goal.[2]

The Sustainable Blue Economy Conference in Kenya in 2018 emphasised strengthening efforts in shipping, tourism, energy, fisheries, climate change, and waste management.[3] The Sustainable Blue Economy Investment Forum, co-hosted by the governments of Portugal and Kenya before the Second United Nations Ocean Conference in June 2022, discussed ocean-related issues,[4] focusing on legislation and capacity building in ocean-related sectors such as ocean conservation, pollution prevention, decarbonising fisheries, aquaculture, shipping, ocean-based renewable energy, and tourism. Delegates also highlighted the need to combat illegal and unregulated/unreported (IUU) fishing.[5] Seychelles and certain other countries have led marine conservation efforts, introducing blue bonds[a] in 2015 and benefiting from a World Bank debt guarantee in 2020 and a low-interest loan from the Global Environment Facility.[6]

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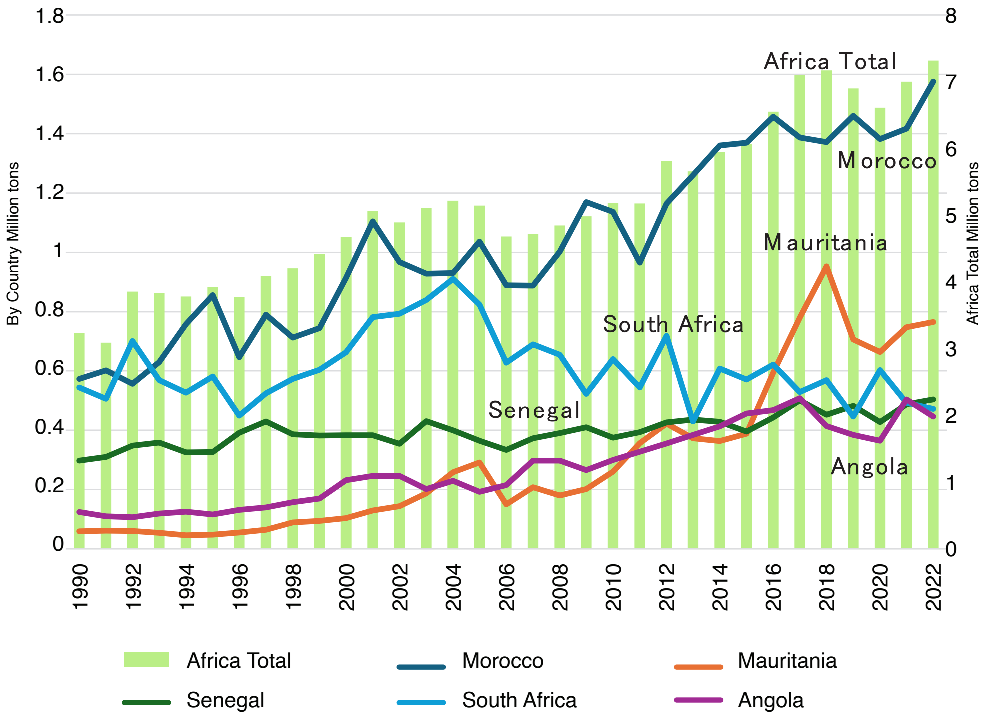
[a] A 'blue bond' is a debt instrument that national governments, development banks, and corporations issue to raise financing for marine and ocean-based projects that have long-term sustainability objectives and benefits. See: https://projects.research-and-innovation.ec.europa.eu/en/funding/funding-opportunities/funding-programmes-and-open-calls/horizon-europe/eu-missions-horizon-europe/restore-our-ocean-and-waters/blue-bond

Efforts to promote the blue economy in African countries have gained momentum alongside economic growth in recent years, helped in part by policy coordination and financial cooperation within the African Union (AU), the African Development Bank, and individual countries. At present, 54 African countries have a working blue economy,[7] with 38 coastal and island states, though their geographic and socioeconomic conditions vary.[8] In addition to the pan-African regional institutions, five sub-regional institutions promote policy coordination and collaboration. This article focuses on South Africa, Namibia, and Mozambique, drawing on research from June and July 2023, to explore the progress, challenges, and future prospects of sustainable blue economies in Southern Africa.

Marine Conservation in Southern Africa

Over the past 10 years, Africa's population has surged by about 320 million, or a 28.1-percent growth rate,[9] resulting in greater demand for protein-based food sources. This, in turn, has caused overfishing in Africa's littorals, provoking calls for marine conservation and the establishment of maritime protected zones (MPAs). The status of MPAs within Africa's Exclusive Economic Zones (EEZs) varies widely. Seychelles leads with 32.8 percent of its waters designated as MPAs, followed by Gabon (28.8 percent), Sudan (15.96 percent), and South Africa (15.5 percent).[10] Mozambique has only 2.1 percent of its waters protected as MPAs. Even in designated MPAs, protection measures remain limited, raising concerns.

Figure 1: Top Five Marine Fish Producers and Total Africa (1990-2022)



Sources: FAO, FishStatJ Fishery and Aquaculture Statistics[11]

Tourism in Africa

The COVID-19 pandemic severely impacted maritime tourism in Southern Africa, particularly cruise tourism, coastal travel, and related businesses. South Africa experienced a significant decline in tourist numbers due to a ban on cruise ship docking and reduced port operations, leading to widespread cancellations that affected coastal communities dependent on tourism for their livelihoods. The initial lockdown measures also closed non-essential port services, further stifling the industry. Recovery has been slow due to ongoing safety concerns, regulatory hurdles, and inconsistent government support. Despite eased restrictions after the pandemic, the industry struggles to return to pre-2020 levels, with low visitor confidence and international travel.

Illegal, Unreported, and Unregulated Fishing (IUU) in Africa

Despite intensive fishing activity along Africa's western and eastern coastlines, maritime law enforcement agencies struggle to track the movement of fishing vessels. This has led to growth in IUU fishing in the territorial waters and EEZs of African countries. The situation is exacerbated by an absence of collaboration with regional fishery management organisations and other governing bodies.

In 2016, the Port State Measures agreement (PSMA) entered into force, aiming to combat illegal fishing by denying port access to vessels involved in such activities through stringent inspections and enforcement measures. While a number of Southern African states like South Africa, Mozambique, Namibia, and Angola have joined the PSMA, many others have not, limiting regional efforts against IUU fishing. Many African states lack the resources, technical capacity, and political will to sign on to the PSMA and do not use satellite imagery and technologies like Automatic Identification System (AIS) to monitor fishing activities.

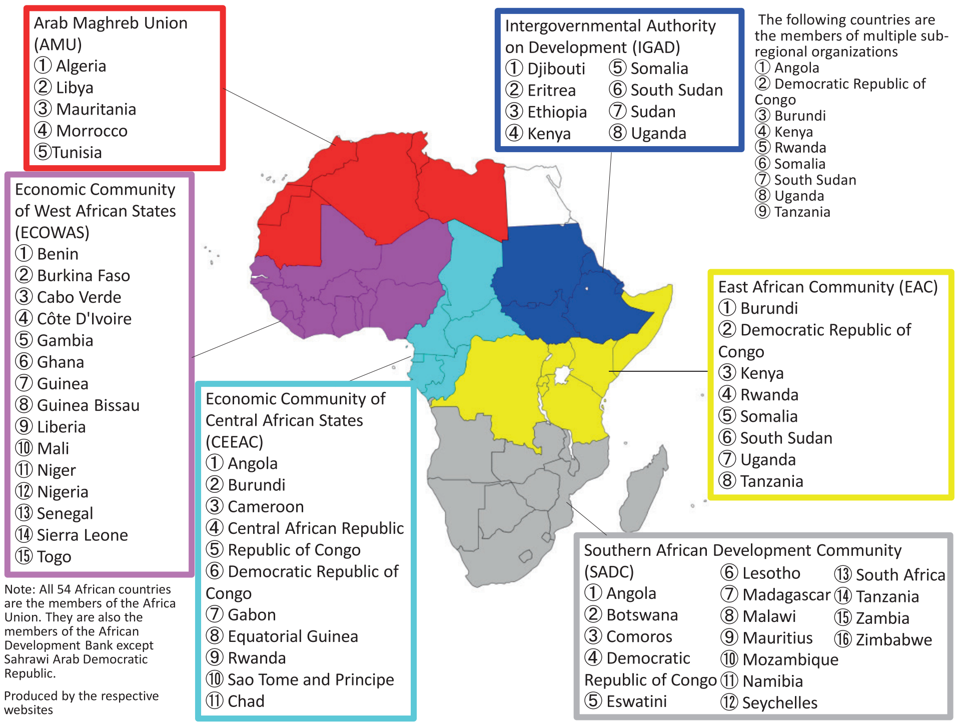
Institutional Framework for African Regional and Sub-Regional Cooperation

Established in 2002, the Africa Union (AU) coordinates regional policy across 55-member states divided into five sub-regions: Central, East, North, South, and West Africa. The African Development Bank collaborates with the AU, supporting sustainable development through projects in food production, energy, and livelihood improvement. The AU's New Partnership for Africa's Development (NEPAD), launched in 2001 and reorganised in 2018 as the African Union Development Agency (AUDA-NEPAD), focuses on capacity building and sustainable progress.

Other key organisations, such as the UN Economic Commission for Africa (ECA), support sustainable development through collaborative initiatives in specific areas. At the sub-regional level, organisations such as the Arab

Maghreb Union (AMU), Inter-Governmental Authority on Development (IGAD), Economic Community of West African States (ECOWAS), and the Southern African Development Community (SADC) foster cooperation within their respective regions, with some countries participating in multiple sub-regional bodies.

Figure 2: Sub-Regional Organisations and Their Member States in Africa



Source: Author's own, based on information provided by respective sub-regional organisations and using Mapchart, https://www.mapchart.net/world.html

Blue Economy in Southern Africa

Compared to other littoral states in the continent, South Africa has a large economy and serves as a shipping hub in the southern region. Mozambique and Namibia also play important roles in maritime security, fishery resource management in the Indian Ocean, and promoting renewable energy. In April and May 2023, during visits of then Prime Minister Fumio Kishida to Egypt, Ghana, Kenya, and Mozambique, he highlighted Mozambique as an important port hub for strengthening connectivity in the free and open Indo-Pacific and fostering growth in the country and the surrounding region.[12] Namibia, located on the Atlantic side of southern Africa, has low sea temperatures due to the Benguela Current moving northward from the south, but the area where it meets the Angola Current moving southward is a rich fishing ground.

In 2018, the Norwegian government launched the 'High-Level Panel for a Sustainable Ocean Economy' that includes Kenya, Ghana, and Namibia. Since then, the panel has focused, among others, on developing infrastructure as a supply base for alternative fuels, generating hydrogen and ammonia from solar and wind power.[13] The following sections discuss the movements and challenges for promoting the blue economy in South Africa, Mozambique, and Namibia.

In 2019, to promote the blue economy, the Mozambican government established the Blue Economy Development Fund, known as ProAzul. ProAzul collaborates with public, private, and civil society organisations to promote sustainable fisheries, fishing villages, and marine life conservation. Technical support is provided by the World Bank, the United Nations International Fund for Agricultural Development (IFAD), the International Union for Conservation of Nature (IUCN), the German International Cooperation Agency (GIZ), the Japan International Cooperation Agency (JICA), and other NGOs such as the Wildlife Conservation Society (WCS) and the World Wide Fund for Nature (WWF).

In Angola, the European Union (EU), the United Nations Conference on Trade and Development (UNCTAD), and other organisations are conducting policy dialogues and trainings to diversify the domestic economy heavily reliant on oil production and exports for earning foreign currency. Efforts are focused on raising the income levels for the poor through sustainable fishing and related activities. The Angolan government and the European Commission have established a cooperative framework, identifying blue economy and maritime security as key issues for project implementation, affirming their commitment to advancing blue economy investments and sustainable fisheries.[14]

While South Africa has developed a policy document positioning the blue economy as a key policy domain,[b,15] Namibia has clarified the system of inter-ministerial cooperation within the government to realise the policy goals outlined in the policy document. Mozambique, meanwhile, is working to establish an institutional framework to finance and promote joint projects related to fisheries, fishing villages, and marine biodiversity. Angola is collaborating with the EU to transition from a fossil fuel-centred economy to a blue economy, seeking to formulate policies for a funding mechanism in the marine sector.

Fisheries in Southern African Countries

The fisheries sector in Southern Africa faces both progress and challenges. In South Africa, wild-capture fisheries are under pressure from overfishing and illegal fishing, leading to a decline in species like abalone, West Coast rock lobster, and various line fish species. Organised crime-driven illegal harvesting further threatens long-term sustainability. Sea surface fisheries have been impacted differently across the region—Namibia and South Africa have seen significant decline in fish catches over the past decade, with rising seafood imports, while Angola and Mozambique have increased both their fishing yields and seafood exports.

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[b] Growing the Oceans Economy and Tourism was declared a pillar of the national economic policy by then President Jacob Zuma in his address delivered in 2015.

Marine Conservation in Southern Africa

South Africa leads Southern Africa in MPAs, with 15.5 percent of its water protected, followed by Mozambique (2.15 percent), Namibia (1.71 percent), and Angola (0.01 percent).[16] Despite these protections, overfishing and poaching persist across the region. For example, the Robben Island, a 5 km² MPA near Cape Town, faces challenges due to overfishing.[17] This area is rich in biodiversity—home to kelp, abalone, lobster, penguins, and seabirds—and is particularly vulnerable. While abalone fishing is permitted in designated coastal management zones, illegal fishing of other species hampers conservation efforts.

Another problem area is the Koh Loban MPA, where marine life and biodiversity are declining due to overfishing, illegal fishing, and poaching. Abalone, highly valued for its market price, is especially targeted, threatening local marine ecosystems. The pressures on these protected areas highlight the need for more effective management and enforcement measures to curb illegal activities and ensure sustainable use of marine resources.

Renewable Energy in Southern Africa

Renewable energy promotion in Southern Africa is driven by the SADC Renewable Energy and Energy Efficiency Center. South Africa's energy mix is dominated by coal (73 percent), with smaller contributions from gas, wind, solar, and nuclear.[18] Namibia relies on hydropower (52.6 percent) and solar (25.8 percent) but imports 60 percent of its electricity. Namibia aims to source 70 percent of its electricity from renewables by 2030, focusing on producing ammonia and hydrogen for export.

Mozambique aims to increase renewable energy to 44 percent by 2030, focusing on hydropower, solar, and wind. Angola, whose hydropower accounts for 58.7 percent of its electricity basket, is expanding solar and wind facilities but has yet to explore marine-based renewables. Meanwhile, Namibia is positioning itself as a global hub for hydrogen and ammonia production, developing the necessary port and shipping infrastructure.

Key South African ports like Durban and Port Elizabeth are evolving to support renewable energy. With support from the World Bank, Saldanha Port aims to produce 120,000 tons of hydrogen fuel by 2035.[19] Namibia is also developing ports to support hydrogen and ammonia production especially at Lüderitz port, where a US$9.4-billion investment will generate 300,000 tons of hydrogen and 700,000 tons of ammonia annually by 2027.[20] A Memorandum of Understanding (MoU) on green hydrogen was signed with the Japanese government in 2023 and other environmental initiatives is expected to enhance resource extraction efforts in the region.[21]

Research and Human Resource Development in the Maritime Sector in Southern Africa

The South African International Maritime Institute (SAIMI), established at Nelson Mandela University in 2014, leads research and human resource development to support the maritime economy, including the Phakisa project.[c] SAIMI conducts marine research across the Western Indian Ocean and hosts students from South Africa and other neighboring countries. Universities, like the University of Cape Town, also contribute to marine research and seek international partnerships.

The University of Namibia has a Marine and Coastal Resources Research Center at its Sam Nujoma Campus near Henties Bay, focusing on aquaculture and desalination research. The Namibia University of Science and Technology is exploring hydrogen and ammonia fuel generation, while the International University of Management trains entrepreneurs to boost the private sector's role in the blue economy. These institutions aim to enhance research and leadership development for maritime sector growth.

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[c] Operation Phakisa is a delivery programme launched in July 2014 to help implement the National Development Plan, with the aim of boosting economic growth and creating jobs. See: https://www.operationphakisa.gov.za/Pages/Home.aspx.

In Mozambique, the Institute of Oceanography in Maputo and the Faculty of Oceanography and Coastal Studies at Eduardo Mondlane University in Quelimane focus on ocean research and education, though their facilities lag behind those of South Africa and Namibia. Angola's University of Namibe and the Angolan Academy of Fisheries and Marine Sciences conduct marine research and promote international collaboration. While South Africa and Namibia lead in research capacity, Mozambique's institutions require facility upgrades to remain competitive.

Challenges and Prospects for Promoting the Blue Economy in Southern Africa

The four Southern African countries prioritise the blue economy, but differences exist in policy positioning, implementation systems, funding, and challenges in assessing progress. Effective evaluation of policy implementation requires research and analysis to update policies and guide future adjustments based on the results.

Experts attribute the decline in ocean health in South Africa to rising seawater temperatures and upwelling in the western Indian Ocean though some areas are experiencing temperature declines. This points to the need for research to identify the underlying factors and develop effective solutions. Additionally, research can also help explain how disasters, geopolitical changes, and the state of the economy, including rising fuel costs, have an adverse impact on blue economy.

For fisheries, it is essential to analyse the factors contributing to the decline in catches and the economic effects of increased catches. Among the four southern African countries, only Mozambique has increased its catches in the last five years. Examining tourism's role in the blue economy is also crucial.

We must monitor the progress of renewable energy, particularly the application of hydrogen and ammonia in shipping and their export, along with trends in Southern African countries and others in the region. A life-cycle assessment of renewable energy is necessary, encompassing production and consumption. This assessment should evaluate how renewable energies contribute to global sustainability and promote economic growth while improving livelihoods in the affected countries.

In terms of research, education, and human resources/leadership development, a broader perspective on Southern Africa is needed, programs targeting countries within the SADC sub-region. University officials from South African and Namibian universities recommend incorporating an interdisciplinary curriculum and providing start-up support. They also suggest collaborating with research institutions in interdisciplinary research and cross-disciplinary industry-government-academia collaboration.

Conclusion

The conservation and sustainable use of marine resources is an important policy issue in Africa, especially as resource use is expected to grow further in the coming years in parallel to population increase and economic development. Regional governments need a comprehensive approach to address illegal fishing. It is necessary to enhance monitoring system in protected areas while also addressing social factors such as poverty, alternative income generation, schooling, and support for sustainable fisheries initiatives. Further, policy analysis and research should adapt to changing conditions, and governments must build institutions and strengthen social capacity to promote a sustainable blue economy.

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Epilogue

Where to, Africa?

Alec Erwin

A true understanding of Africa's development trajectory requires a discussion on colonialism. The colonial exploitation of Africa's land, resources, and most importantly, people, aided Western industrialisation and altered Africa's history forever. The colonial pattern of trade impaired Africa's industrialisation and promoted specialisation in the production and export of raw materials and commodities.

To this day, most African countries are dependent on the export of one or two commodities, making their economies extremely vulnerable to economic shocks.

Post-independence, most African countries attempted to build their industrial capacity through active industrial policy under import-substituting industrialisation. However, barring a few countries like South Africa, Egypt, and Nigeria, most countries have not been able to achieve sustained industrial growth. Such growth has been hindered by various factors, including weak institutions and a lack of skilled labour and capital. During a spurt of globalisation from the 1970s, while China and other East Asian countries managed to record rapid economic development through manufacturing growth, much of Africa largely failed to achieve similar economic gains. Most African countries eventually became dependent on aid and were forced to forgo industrial policy under Structural Adjustment Programmes imposed by the Bretton Woods institutions.

Indeed, African countries have faced multiple obstacles in their industrial development pathway, although there have also been positive developments in the continent in recent years. 'Agenda 2063', the master plan for Africa's transformation as an economic powerhouse, prioritises industrial development for sustained and inclusive growth in African countries. The African Continental Free Trade Area (AfCFTA)—the world's largest free trade area covering 1.3 billion people and 55 countries—is likely to spur industrial development and deepen regional integration. Several priority value chains have also been identified, especially in the automotive sector, with an automotive fund being established to promote local content development in the value chain.

Africa must not allow a revival of the traditional economic structure, in which the continent provided critical resources for processing and manufacturing in developed countries and served as a market for processed and finished products. Sustained economic development requires African countries to add value to resources and agro-commodities before exporting them. Given the variations in resource endowments and economic structures, a single set of policy prescriptions is not viable for the entire continent. Structural transformation and economic diversification are imperatives for the future growth of all African countries.

With ample natural resources and a growing youth population, Africa has immense potential for industrial development. However, the old model of industrialisation, based on the exploitation of developing countries and the planet's resources, is no longer viable. Moreover, the industrialisation path taken by developed countries has had severe environmental implications in the form of climate change and biodiversity loss.

Africa must chart a new development path for itself—one that includes industrialisation and manufacturing, but with critical adjustments in energy systems, resource utilisation, transportation, and manufacturing methods that are environmentally sustainable and fulfill the aspirations of Africa's youth by generating ample jobs. Therefore, Africa's industrial strategy must focus on gaining an edge in green industrialisation and green industries to accelerate economic growth, provide jobs to its growing population, and ensure a resilient future. With the continent home to the world's largest carbon sink and to 40 percent of the global critical minerals needed for energy transition, Africa's prospects for green industrialisation are bright.

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