# UNLEASHING AFRICA'S INNER STRENGTHS:

Institutions, policies, and champions

# CHAPTER 1

# Building a stronger African Union

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The achievements of the African Union are significant and often unheralded, but it can and must do more.

Despite the myriad challenges we still face, over the past two generations our world has become more prosperous and equitable, and also safer. Cooperation among nations has been a foundation of that progress, as well as the best mechanism for sustaining it.

This is nowhere truer than in Africa. At independence, our continent and our individual countries were profoundly divided and unable to capitalize on our own wealth. For decades, Africa only seemed to fall further and further behind the rest of the world.

Those days are drawing to a close, and closer regional integration within Africa is a major reason why. The benefits are already being felt as our markets become more visible to the global economy. Security issues are increasingly being handled constructively and sustainably by African institutions, in many cases in collaboration with partners, thereby reducing the burden on everyone.

But we still have a long way to go to build the Africa we want. This is why African leaders decided in 2016 to give full force to the African Union's founding ambitions by bringing to term the institutional reform of the organization.[1] The achievements of the African Union are significant and often unheralded, but it can and must do more.

The first pillar of the reform is to finance our activities ourselves. African Union programs are almost entirely financed by external partners. Africa's interests and sense of ownership get lost, and the interests of donors could be better served as well.

It is also unsustainable. It is reckless for Africa to rely so heavily on sources of funding that are likely to dry up sooner rather than later, especially when we have the means to pay for programs that are beneficial to us.

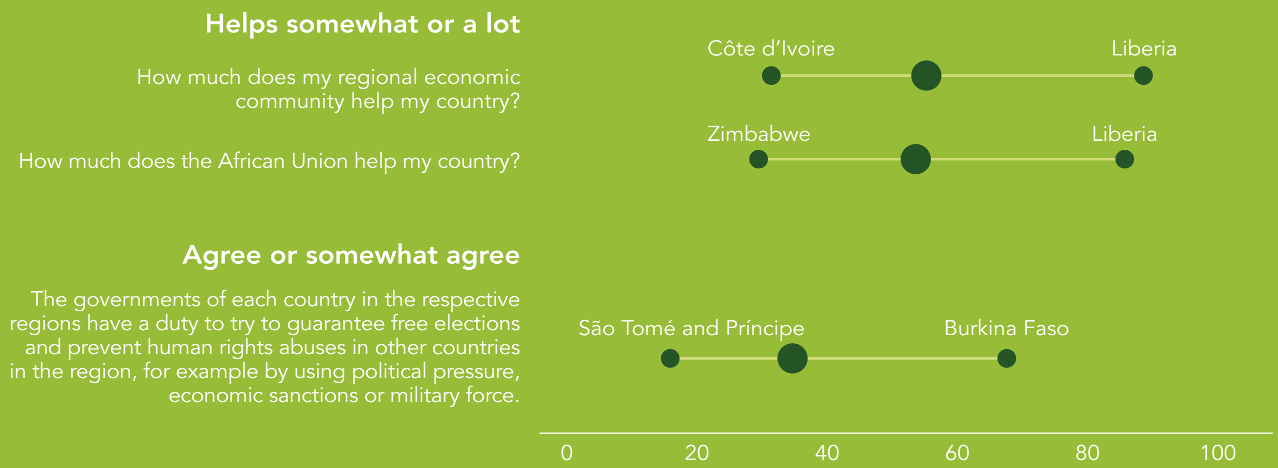
In July 2016, African leaders adopted a plan to finance the African Union with a 0.2 percent levy on eligible imports, a formula that has been successfully employed in other regional organizations. Twenty member states have so far implemented the mechanism, out of which 14 are already collecting funds.

This strong momentum is solid evidence that there is political will to strengthen the capacity of the African Union, despite the complex politics involved in coordinating among more than 50 member states.

1. Kagame, Paul. 2017. Report on the Proposed Recommendations for the Institutional Reform of the African Union. Addis Ababa. African Union. Available at: https://au.int/sites/default/files/pages/32777-file-report-20institutional20reform20of20the20au-2.pdf.

## FIGURE 1.1. VIEWS FROM THE GROUND: ARE REGIONAL ECONOMIC COMMUNITIES GOOD FOR MY COUNTRY?

Regional integration is a major part of the development agenda of many countries on the continent. Indeed, these efforts to create new markets, lower transport costs, harmonize monetary policies, and promote African solutions to African problems offer much promise for accelerating economic growth and human development. But how do the people on the ground view regional integration and do they share beliefs on what these regional communities should be empowered to do? For example, respondents in a 2014/2015 Afrobarometer survey viewed their respective regional economic communities slightly better than the African Union, though opinions on both vary greatly across countries. The ranges below (showing the minimum, maximum, and average) demonstrate how much those responses differed.

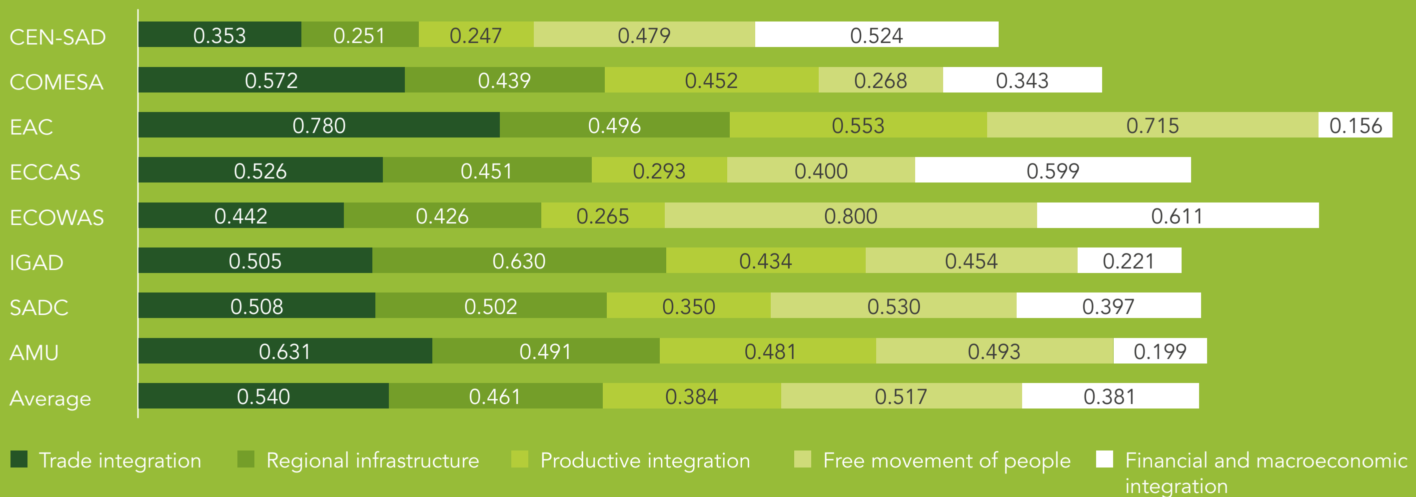



Note: In the first two questions, respondents were asked to what extent they think the respective community helps their country, with the options "helps a lot, somewhat, a little, or not at all." In the third question, respondents were asked how strongly they agreed with either of these statements: "Statement 1: The governments of each country in [West] Africa have a duty to try to guarantee free elections and prevent human rights abuses in other countries in the region, for example by using political pressure, economic sanctions or military force. Statement 2: Each country in this region should respect the independence of other countries and allow them to make their own decisions about how their country should be governed." For the detailed questions and a breakdown of the responses, see Afrobarometer Survey 2014/2015.

Source: Afrobarometer Survey (R6 2014/2015), 2016.

## FIGURE 1.2. REGIONAL INTEGRATION IN AFRICA: HOW MUCH FARTHER DO COUNTRIES HAVE TO GO?

Regional integration is key to achieving the goals of the Continental Free Trade Agreement, and integrating goes beyond just monetary arrangements. The Africa Regional Integration Index measures the progress for African RECs in different categories, as seen below. The EAC has made the most progress by far, largely due to its achievements in regional trade and the free movement of people. ECOWAS has similarly come far, but has made more progress in terms of financial and macroeconomic integration.




Note: The Africa Regional Integration Index is a tool developed by UNECA, in collaboration with the AfDB and the African Union, in order to measure the progress Africa has made in moving toward regional integration. The index has five categories they deem important to regional integration: trade integration, regional infrastructure, productive integration, free movement of people, and financial and macroeconomic integration. The five categories are measured on a scale from 0 (worst) to 1 (best).

Source: United Nations Economic Commission for Africa, African Union, African Development Bank. 2016. Africa Regional Integration Index Report 2016. Addis Ababa. Available at https://www.uneca.org/sites/default/files/PublicationFiles/arii-report2016_en_web.pdf.

The shift to self-financing has had another important consequence: increased attention to the efficiency and performance of the African Union Commission and associated organs. After all, when you're spending your own money, you want to make sure it's being used well.

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Accordingly, African leaders decided to complete the institutional reform of the African Union, and mandated me to consult with stakeholders around the continent and present recommendations, which was done at the AU Summit in January 2017.

More than 30 separate recommendations were formally adopted, grouped into five main areas: (1) focus on key priorities with continental scope, and improve the division of labor with Regional Economic Communities; (2) re-align African Union institutions to deliver on those priorities; (3) connect the work of the African Union more directly to citizens; (4) manage the business of the African Union more efficiently at both the political and operational levels; and (5) sustainably self-finance its activities.

This reform had been pending for several years, and indeed most of the organization's problems had already been meticulously analyzed. Indeed, key reforms have been approved before, only to be abandoned.

Our focus therefore was to ensure implementation. From the outset, we were conscious that the risk of failure was real. The political obstacles are complex because change is required not only in the African Union Commission, but in each member state.

A Reform Implementation Unit is up and running in the Office of the Chairperson of the Commission, Moussa Faki Mahamat, who has left no doubt about his personal commitment to the reform agenda.

The politics is also not being taken for granted. While there is very strong support for the reform, the implementation process requires regular attention and consultation at the head-of-state level to address concerns and find practical solutions to technical issues experienced by individual states.

Myself, together with the current African Union Chairperson, President Alpha Conde of Guinea, and the previous Chairperson, President Idriss Déby of Chad, have been mandated to oversee the implementation.

What is important is to preserve the principles and purpose that inspired the reform, while showing flexibility on certain details where member states require it. In this way, momentum and progress can be sustained.

Africa is increasingly called on to speak with one voice on the global stage. A more effective African Union is not only good for Africa, but for all of us. A more unified and assertive Africa will mean improved coordination on common security challenges, where indeed Africa already shoulders a significant share of the common burden.

**A more effective African Union is not only good for Africa, but for all of us.**

This may require some accommodation and adjustment in terms of how we do business with each other, and it should be seen as a positive evolution, not a challenge to the existing order.

What should never get lost is the urgent need to work together in good faith and with mutual respect to build a more stable and prosperous world for everyone. The momentum we have seen thus far in implementing the African Union reform suggests that good progress will continue to be made in 2018 and beyond.

# Emerging from crisis: Côte d'Ivoire's success story

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Despite a lost decade, culminating in the post-electoral crisis of 2010, Côte d'Ivoire has become one of the fastest-growing economies in the world, with an average annual GDP growth rate of 9 percent since 2012.

During that decade, the country was marked by insecurity and political instability, public debt exploded, the business environment degraded, the total investment rate fell below 10 percent of GDP, and economic growth averaged close to zero. As a result, basic socio-economic infrastructures and services, including schools, health facilities, electricity, and water supply deteriorated, affecting youth employment and poverty.

Today, Côte d'Ivoire is a success story and one of Africa's most resilient economies to external shocks.

## How did we achieve this success?

First, priority was given to security and political stability through the reform of the security sector including the demobilization of more than 64,000 ex-combatants, and a national reconciliation and social cohesion program.

Second, two comprehensive National Development Plans (2012-2015 and 2016-2020) worth around $72 billion were designed with contributions from civil society, private sector, and development partners. To enhance accountability, they are monitored through key performance indicators.

We are creating inclusive growth by allocating more than a third of our annual budget to social expenditures, particularly in health and education, with a focus on gender equality, compulsory education, and universal medical coverage. From 2011 to 2015, we produced as much clean water as during the 50 years following our independence, and the access rate to electricity now stands at 80 percent of the population. Accordingly, the poverty rate declined from 51 percent in 2011 to 46 percent in 2015.

**The main lessons of post-crisis management in Côte d'Ivoire can be summed up in the launching of a well-designed strategy with the appropriate prioritization and monitoring, as well as a strong political will for its concrete implementation.**

Facilitating private sector activity has been a key pillar of our strategy to diversify our economy and create employment, especially for youth. As a result, our business environment has improved and total investment has now reached 20 percent of GDP, compared to 9 percent in 2011. We have achieved a stable macroeconomic environment through strengthened public finance management, inflation below 2 percent, and a sustainable debt-to-GDP ratio of 42 percent.

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Future challenges will be to maintain our current trajectory in becoming an emerging market economy, ensure a successful demographic transition, and lay the foundation for sustainable and inclusive growth in a peaceful environment.

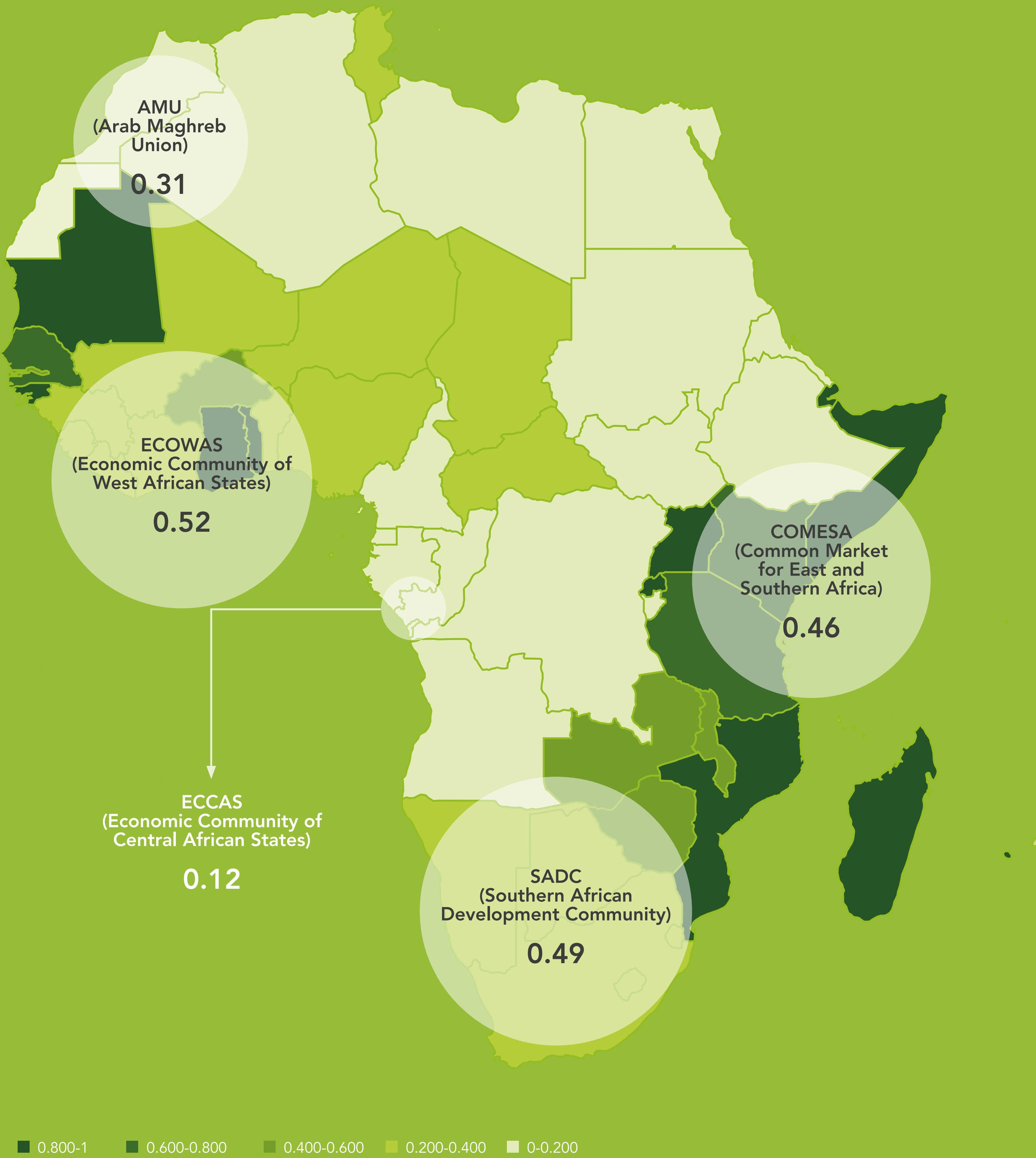
FIGURE 1.3

# Africa continues to ease movement of people within the continent

In recent years, African countries have loosened visa restrictions on their neighbors in order to facilitate the free movement of people and goods, thus, regional integration. Indeed, visa openness is vital to increasing trade, filling labor gaps, diversifying economies, and attracting investment on the continent. The Africa Visa Openness Index examines the extent to which African countries restrict the free movement of people compared to their fellow African countries. The larger the score, the more open it is. The continent is seeing a shift towards more free movement of people: In 2016, Africans did not need visas to travel to 22 percent of other African countries, compared to 20 percent in 2015. The small increase may indicate that the way forward will yield more visa openness, with African countries being more open to host African citizens from other countries.

| Country | No visa required 2016 | Visa on arrival 2016 | Visa required 2016 | Score | Rank |
|---|---|---|---|---|---|
| Seychelles | 54 | 0 | 0 | 1 | 1 |
| Uganda | 18 | 36 | 0 | 0.867 | 2 |
| Togo | 16 | 38 | 0 | 0.859 | 3 |
| Guinea-Bissau | 14 | 40 | 0 | 0.852 | 4 |
| Cabo Verde | 16 | 37 | 1 | 0.844 | 5 |
| Ghana | 17 | 35 | 2 | 0.833 | 6 |
| Mauritania | 8 | 46 | 0 | 0.83 | 7 |
| Mozambique | 8 | 46 | 0 | 0.83 | 7 |
| Mauritius | 26 | 22 | 6 | 0.807 | 9 |
| Rwanda | 6 | 47 | 1 | 0.807 | 9 |
| Comoros | 0 | 54 | 0 | 0.8 | 11 |
| Madagascar | 0 | 54 | 0 | 0.8 | 11 |
| Somalia | 0 | 54 | 0 | 0.8 | 11 |
| Djibouti | 0 | 54 | 0 | 0.8 | 11 |
| Kenya | 18 | 30 | 6 | 0.778 | 15 |
| Senegal | 42 | 0 | 12 | 0.778 | 15 |
| Tanzania | 6 | 37 | 11 | 0.659 | 17 |
| Gambia | 28 | 0 | 26 | 0.519 | 18 |
| Malawi | 14 | 13 | 27 | 0.452 | 19 |
| Burkina Faso | 15 | 11 | 28 | 0.441 | 20 |
| Zambia | 13 | 13 | 28 | 0.433 | 21 |
| Zimbabwe | 17 | 8 | 29 | 0.433 | 21 |
| Côte d'Ivoire | 21 | 0 | 33 | 0.389 | 23 |
| Tunisia | 21 | 0 | 33 | 0.389 | 23 |
| Mali | 20 | 0 | 34 | 0.37 | 25 |
| Guinea | 20 | 0 | 34 | 0.37 | 25 |
| Niger | 18 | 0 | 36 | 0.333 | 27 |
| Botswana | 18 | 0 | 36 | 0.333 | 27 |
| Benin | 18 | 0 | 36 | 0.333 | 27 |

| Country | No visa required 2016 | Visa on arrival 2016 | Visa required 2016 | Score | Rank |
|---|---|---|---|---|---|
| Nigeria | 17 | 1 | 36 | 0.33 | 30 |
| Swaziland | 17 | 0 | 37 | 0.315 | 31 |
| Lesotho | 16 | 0 | 38 | 0.296 | 32 |
| Sierra Leone | 15 | 1 | 38 | 0.293 | 33 |
| Liberia | 14 | 0 | 40 | 0.259 | 34 |
| South Africa | 14 | 0 | 40 | 0.259 | 34 |
| Namibia | 13 | 0 | 41 | 0.241 | 36 |
| São Tomé and Príncipe | 13 | 0 | 41 | 0.241 | 36 |
| Chad | 11 | 2 | 41 | 0.233 | 38 |
| Central African Republic | 12 | 0 | 42 | 0.222 | 39 |
| Republic of the Congo | 0 | 13 | 41 | 0.193 | 40 |
| Morocco | 9 | 0 | 45 | 0.167 | 41 |
| Algeria | 7 | 0 | 47 | 0.13 | 42 |
| Democratic Republic of the Congo | 4 | 3 | 47 | 0.119 | 43 |
| Egypt | 0 | 8 | 46 | 0.119 | 43 |
| Burundi | 5 | 0 | 49 | 0.093 | 45 |
| Cameroon | 5 | 0 | 49 | 0.093 | 45 |
| South Sudan | 0 | 5 | 49 | 0.074 | 47 |
| Gabon | 3 | 1 | 50 | 0.07 | 48 |
| Eritrea | 2 | 1 | 51 | 0.052 | 49 |
| Ethiopia | 2 | 1 | 51 | 0.052 | 49 |
| Sudan | 1 | 2 | 51 | 0.048 | 51 |
| Angola | 1 | 1 | 52 | 0.033 | 52 |
| Libya | 1 | 0 | 53 | 0.019 | 53 |
| Equatorial Guinea | 0 | 0 | 54 | 0 | 54 |
| Western Sahara | 0 | 0 | 54 | 0 | 54 |




Note: **Visa required** means a visa has to be obtained before departure from an embassy, an honorary consulate, or another official representative.
**Visa on arrival** means a visa has to be obtained on arrival in the country. This includes filling out any visa forms, paying the visa fee if applicable, and receiving a visa in a travel document. **No visa required** means that there is no visa needed either before departure or on arrival, with no entry authorization required to enter freely into the country. Entry procedures still need to be complied with. These can include filling out entry forms and receiving an entry stamp.
Regional Economic Community (REC) scores are averages of country scores and reflect the individual openness of countries in the REC vis-a-vis their fellow African countries. After the January 2017 publication of the Visa Openness Index, a list of countries and regional economic communities loosened their visa requirements. For instance, in November 2017, Kenya and Namibia announced that they would be issuing visas on arrival to all African citizens and the Central African Economic and Monetary Community (CEMAC) lifted visa requirements for citizens traveling within the regional bloc.

Source: Africa Visa Openness Index. African Development Bank, 2017, https://www.visaopenness.org/fileadmin/uploads/afdb/Documents/VisaOReport2017_web_12mai17.pdf.

# A restructured and more effective African Development Bank

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Over the past few years, the African Development Bank has confirmed its position as Africa's premier development finance institution, generating significant impact on the continent's economic and social development. To keep this positive momentum going, the Bank has recently re-designed its organizational structure as well as its development and business delivery model in order to become more effective and responsive to Africa's economic challenges.

A more effective Bank will help African countries address many long-standing challenges, namely the immense electricity and power deficit, food insecurity, poverty, poor job creation, low levels of regional integration and industrialization, gender inequality, low levels of financial inclusion, particularly for women, and the rise in terrorism.

Overall, the new structure will expand the Bank's business by moving it closer to its clients, improve the way it delivers services, and ensure that it can provide meaningful and effective development impact for its regional member countries.

A more effective execution of the Bank's High 5 strategy[1] will accelerate the continent's economic transformation since, according to the United Nations Development Program, the High 5s will allow Africa to achieve 90 percent of the Sustainable Development Goals and Agenda 2063. The High 5s are therefore the accelerators of Africa's development.

The High 5s are backed by exceptionally strong investment programs, such as the New Deal on Energy for Africa with investments of $12 billion, the leveraging of an additional $45 billion to $50 billion into the power sector by 2020, as well as the delivery of 130 million new grid connections, 75 million off-grid connections, and secure access to clean cooking energy for 130 million households by 2025.

In agriculture and food, the Bank is investing a total of $24 billion over the next 10 years to help African countries achieve food security and make Africa a net food exporter. In terms of industrial policy, the Bank will make investments of up to $40 billion over the next 10 years under various flagship programs to raise Africa's industrial outputs.

Finally, the Bank is determined to raise the quality of life of all Africans and, among other programs, create at least 25 million jobs for African youth over a 10-year period, turning Africa's demographic assets into an economic dividend, accelerating the industrialization process of the continent, and tackling economic fragmentation across African countries.

In a nutshell, a more effective African Development Bank means a better developed Africa!

**The new structure will expand the Bank's business by moving it closer to its clients, improve the way it delivers services, and ensure that it can provide meaningful and effective development impact for its regional member countries.**

1. African Development Bank. (2015) *AfDB's High 5s: A game changer in Africa's development discourse.* Available at https://www.afdb.org/en/the-high-5/

# Economic Commission for Africa: Priorities for a prosperous Africa in 2018

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As the youngest continent, Africa's ambitions are second only to the voracious appetite of the youth to realize their dreams and build the Africa they want. This journey to success requires a fundamental repositioning of growth strategies and policies. The Sustainable Development Goals (SDGs) embody this challenge; the United Nations Economic Commission for Africa (ECA) as a thought leader seeks to accompany countries through this journey.

Over 60 percent of Africa's population today had not been born in 1990 but they have enjoyed a period of relative stability and growth. Words like debt relief, the Highly-Indebted Poor Countries (HIPC) Initiative and much less so the Multilateral Debt Relief (MDR) Initiative do not resonate with them. Yet, thanks to these initiatives, several billions of dollars of debt were wiped off the books of thirty African countries, bringing the region's sovereign debt, which had averaged around 110 percent of GDP at the beginning of the millennium to sustainable levels of about 40 percent of GDP by 2010. However, for many, the torturous exercise of structural adjustments resulting from high debt levels still feeds the dialogue on why development has been stunted in Africa. Commodity price volatility was blamed for Africa's first bankruptcy. Many countries continue to face the same pressures with regional sovereign debt now averaging 60 percent of GDP but this is now coupled with accelerated population growth, increased climate variability, prevailing health risks especially from HIV/AIDS, malaria, and tuberculosis, a skills gap, gender inequity, and a less supportive external environment pose significant threats, all while at the same time global governance platforms are being stressed.

The primary focus of the Economic Commission for Africa (ECA) is to ensure that, in this increasingly uncertain environment with growing demands on scarce resources, growth-enhancing policies are adopted with the urgency and resolve required for success.

## The road to sustainable double-digit growth

The challenge of achieving double-digit growth sustainably continues to elude the continent. Since 2005, countries like Angola, Rwanda, Ethiopia, Ghana, and Nigeria attained double-digit growth at some point but this has not been sustained except in Ethiopia. And—now more than ever—it is the only sure way to accelerate job creation in the face of huge demographic pressures. Importantly, the macroeconomic policy framework needed to generate employment, maintain long-term price stability, and balance external accounts in the face of increasing volatility requires a new look at how we sequence policy. Old prescriptions of pro-cyclical or counter-cyclical policies are no longer an appropriate remedy. Africa must learn to run and chew; manage its debt and grow; and support markets and protect the vulnerable.

Developing policies that support countries in their quest for this balance of a sound macroeconomic framework underpinned by prudent debt, monetary, and fiscal policy management while accelerating growth remains a priority for the ECA.

## Building a nation requires firm, stable, and predictable finances

Many African governments have never moved out of a permanent state of pro-cyclical policies with high spending and limited or no increased taxation combined with passive monetary policy. The tax revenue-to-GDP ratio in the region is about 15 percent, lower than in emerging Europe, developing Asia, and Latin America. A few countries like Algeria, Botswana, Lesotho, Morocco, Namibia, and South Africa have recorded tax revenues to GDP in excess of 25 percent, comparable to several in fast-growing Asia. This policy mix has not yielded much economic growth.

Fundamental to any sustainable growth strategy will be financing, own financing in particular. How African economies build higher tax bases to support higher developmental spending—especially for physical and social infrastructure—will be crucial, especially given the targets set by the SDGs. In addition, countries need to mobilize all forms of savings, pensions, and insurance, as well as build institutions able to intermediate these savings into investment. Finally, countries cannot continue to lose the battle on illicit financial flows, mis-pricing, and other forms of capital flight, which is costing the African continent over $50 billion annually.

At the global level, building on recent successes, more advocacy will be needed. The ECA proposes to work on these issues using technology as an enabler.

## A strong public-private alliance to build functioning markets

The private sector, like the public sector, flourishes when financing is secured and tailored to the needs of the market. African countries in the last decade have increasingly turned to the market to raise capital for development financing, though the depth of capital markets available remains shallow. Excluding South Africa, stock market capitalization of listed companies is as low as 7 percent in Nigeria, 10 percent in Egypt, and 20 percent in Tunisia—all below the 58 percent average for low- and middle-income countries. Furthermore, the models for structuring financing under public-private partnerships remain limited.

ECA proposes to support a massive push to design new and innovative financing mechanisms to rapidly unlock capital to finance Africa's infrastructure, particularly energy, water, logistics, education, and health. How do we finance the re-tooling and skilling of the young population set to diversify, create increased value, and transform Africa? These questions need fresh answers for a fresh generation. Working with more of Africa's private sector so they can access the capital markets is the next big challenge; this will require rating more African corporates.

The role of functioning markets in both the public and the private sector must grow, and Africa's transformation will be buoyed by increased intra-regional trade in value added goods and services, and global trade. With its youthful population, Africa stands to be the continent of innovation. Creating the right environment for market institutions and the private sector to flourish will be critical for a more robust, value adding, diversified, and job-creating growth process to take hold. The recently negotiated Continental Free Trade Agreement (CFTA) provides a unique opportunity for African countries to build on their competitive advantages and develop more robust trade platforms capable of integrating regional and global value chains.

ECA will continue to support this ambition, especially the implementation of CFTA. As African countries improve their environments, at the global level there is an increasing need to ensure that policies meant to manage risk in other markets do not unduly harm the growth efforts of the continent.

## A stable and predictable social contract

Finally, institutions, governance, and leadership will ultimately determine how countries fare over the next decade in the quest for double-digit growth. The 2017 Mo Ibrahim Index of African Governance indicates that while 40 African countries have improved in overall governance over the last 10 years, the pace of improvement has either slowed in the last five years (Rwanda and Ethiopia) or shows decline (Mauritius, Cameroon, and Angola). For decades, ECA has been working on this agenda, first through its support to the African Peer Review Mechanism, but also through its work on country development plans. Tackling the arduous tasks of building institutions, and creating transparent processes for economic, social, and political participation remains crucial. As populations explode, more decentralized and more representative governance systems will be vital to ensure speedy results, as aspirations and ambitions will differ from rural to urban settings, and from women to men, for example. Governance systems like the African Peer Review mechanism will need to include people and the youth most especially in a new and more dynamic governance framework. Notably, the implementation of policies and projects for inclusive growth must be monitorable, measurable, and underpinned by reliable data. Through its work on improving statistics and tracking decisions, and most of all monitoring SDG progress, the ECA will work to improve all aspects of governance on the continent.

# Africa's bold move towards integration: The Continental Free Trade Agreement

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After weathering the tumultuous year that was 2016, Africa's economies ended 2017 on a positive note, with an annual growth rate of 2.6 percent and projected increase in 2018 and thereafter. A number of African countries are growing at above 6 percent as foreign direct investment inflows surge. Commodity prices continued to recover in 2017, and global growth and trade are gaining momentum.

With these tailwinds, the continent is looking toward 2018 with renewed and improved prospects. The recent headwinds, however, must not be forgotten. There is an urgent need for all African countries—but especially commodity-dependent countries—to diversify, boost value-added, and industrialize, not only in order to weather future economic storms, but to ensure sustained and inclusive growth and development. African economies also face the potential tsunami, which can arise from a growing unemployed youth population, and a demographic trap that will hold back per capita income growth and possibly widen inequality.

These trends highlight why efforts to bring down tariff and non-tariff barriers among African countries to boost intra-African trade is crucial. The negotiations to establish Africa's Continental Free Trade Area (CFTA) are moving in the right direction and at the desired pace. Eight rounds of negotiations have yielded positive results: The December 2017 deadline has been met. It is now pending nominal technical work. The Protocol on Trade in Services was agreed upon and adopted by the African Ministers of Trade on December 2, 2017. While the Protocol on Trade in Goods will need more work on the rules of origin and application of the agreed modalities for the liberalization of trade in goods (an ambitious target of 90 percent); an extraordinary African Union Summit is envisaged before the end of March 2018 to complete and sign the entire CFTA Agreement.

The CFTA offers substantial opportunities for industrialization, diversification, and employment in Africa. African countries trade more value-added products among themselves, unlike their exports to the rest of the world, which are mainly commodities. For example, in 2014 manufactured goods accounted for 41.9 percent of intra-African exports, significantly higher than the 14.8 percent share for exports outside the continent. Intra-African trade, however, is underexploited owing to high trade costs in the region: As a share of total African trade, it was only 15.3 percent in 2015. The CFTA will change this. The anticipated expansion in intra-African trade is key to creating decent jobs, improving productivity, increasing incomes, and reducing economic vulnerability and risks.

African countries have much to be proud of—negotiating a free trade agreement among 55 countries, each with its own interests, is not an easy task. Concluding the negotiations on schedule, however, is just the first step. The real challenge for 2018 and the years ahead will be implementation of the agreement.[i]

Getting the implementation of Africa's CFTA right will have a game-changing impact on African economies. This will require leadership, an efficient and inclusive institutional architecture; a robust monitoring and evaluation framework; and innovative financing for much-needed investments in infrastructure and productive capacity.

Africa's bold new CFTA project should be watched during 2018. The landmark agreement can be pivotal; if implemented right it will uphold and strengthen the positive tailwinds of 2017 and protect the continent against possible future headwinds. The G-20, African conglomerates such as the Dangote Group, international organizations, and global consulting groups are already drawing the attention of international investors to savor the African opportunity: a single market of 1.2 billion people, over $3 trillion in continental GDP, and a growing middle class. The CFTA strengthens the case for Africa as a preferred investment destination.

i. For an in-depth discussion on what strategies are needed to ensure that the potential of the CFTA is fulfilled, see United Nations Economic Commission for Africa, African Union and African Development Bank Group (2017), "Assessing Regional Integration in Africa (ARIA) VIII: Bringing the CFTA About," Addis Ababa, Ethiopia.

FIGURE 1.4

# Elections in 2018

In 2018, the continent will see a series of presidential and parliamentary elections, including the Democratic Republic of the Congo's delayed presidential election—originally set to take place in December 2016—and the first election in Zimbabwe since Robert Mugabe's abrupt departure.

**Chad**
2018

**Mauritius**
2018

**Mali**
2018

**Djibouti**
23 February 2018

**Sierra Leone**
7 March 2018

**Guinea-Bissau**
April 2018

**Gabon**
by April 20, 2018

**Togo**
June or July 2018

**Zimbabwe**
by July 31, 2018

**South Sudan**
July (by 31 December) 2018

**São Tomé & Príncipe**
August 2018

**Guinea**
September 2018

**Rwanda**
September 2018

**Swaziland**
September 2018

**Cameroon**
October 2018

**Mauritania**
November or December 2018

**Madagascar**
November or December 2018

**Democratic Republic of the Congo**
23 December 2018

General Legislative Presidential

Source: Data are from the Electoral Institute for Sustainable Democracy in Africa, EISA, as of January 9, 2018. Available at: http://eisa.org.za/calendar2018.php.

# Elections in Africa in 2018: Lessons from Kenya's 2017 electoral experiences

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The year 2018 will see general elections in at least 15 African countries. Although many African countries have, during the last several years, strengthened their democracies, the rise of ethnic-based political parties has become a major challenge to electoral processes. Like Kenya's 2017 presidential elections, electoral contests in countries such as South Sudan, Cameroon, Democratic Republic of the Congo (DRC), and Mali are likely to involve some level of sectarian conflict, especially given the rise of identity politics. Kenya's elections offer a few lessons on how to deepen, institutionalize, and sustain democratic governance.

## The Kenyan elections

Kenya is a relatively stable and mature democracy, and an economic powerhouse in a region beset by seemingly insoluble sectarian conflicts, dysfunctional governments, and humanitarian crises. The 2017 general elections tested Kenya's democratic system, which is undergirded by a separation of powers with checks and balances.

After the elections on August 8, 2017 the Independent Electoral and Boundaries Commission (IEBC) declared incumbent President Uhuru Kenyatta the winner with 54.17 percent of the votes[1]. Opposition leader Raila Odinga claimed that the elections "were hacked and rigged in favor of the incumbent, Kenyatta," while international observers assessed the elections as "free and fair."[2] Odinga and his coalition appealed to the Supreme Court. On September 1, 2017, the court overturned the results and ordered a re-run election within 60 days. Reactions to the ruling were swift: Odinga and his supporters welcomed the decision, while Kenyatta expressed both anger and willingness to respect it.

Preparations for the re-run election were, however, marred by controversy. Odinga's opposition coalition argued that the October 17, 2017 date did not allow enough time for the IEBC to organize credible elections. Even after the commission moved the date up to October 26, 2017, the opposition still refused to participate. On election day, turnout was extremely low—less than 35 percent of registered voters participated. On October 30, 2017, the IEBC announced the results and declared the process "free and fair." Kenyatta, the only serious contender, captured 98 percent of the votes.

Odinga immediately rejected the results, characterizing them as a "mockery of elections," but decided not to challenge them in court as he had done previously. Several petitions filed by private citizens to nullify the elections were rejected by all six justices of the Supreme Court. Since then, Odinga has refused to recognize Uhuru Kenyatta as the legitimate president of Kenya. Nevertheless, late last year he called off an opposition-backed swearing-in ceremony that would have declared him President.

Kenya's experience offers Africans important lessons on the role that leadership, good citizenship, and strong democratic institutions can play in fostering a peaceful democratic process.

## Lessons for 2018

**First, acknowledge the rights and grievances of all citizens, not just those of supporters.** No matter who

1. Dahir, Abdi L. (2017). "Kenya's president has been re-elected with more than 54% of the vote." Quartz Africa. Available at https://qz.com/1051741/elections-in-kenya-2017-president-uhuru-kenyatta-has-been-re-elected-beating-raila-odinga/ .

2. Obulutsa, George and Andrew Njuduna. (2017). "Observers declare Kenya election fair despite opposition leader's outcry over 'fake' results." Independent. Available at http://www.independent.co.uk/news/world/africa/kenya-election-2017-latest-results-fair-observers-uhuru-kenyatta-raila-odinga-a7886651.html.

ultimately wins an election, all political actors must acknowledge the anxiety of those, including minority ethnic and religious groups, who feel marginalized. In Kenya's neighboring countries, such as South Sudan and Somalia, many groups that perceive themselves as marginalized have resorted to sectarian violence. The perception that the state is not providing all groups with opportunities for self-actualization is a major issue that must occupy the efforts of any government. Political and economic participation, as well as the creation within each country of an institutional environment within which citizens can organize their private lives must be a top priority for all governments and members of the opposition.

To foster political and social unity, in 2010, Kenyans enacted a new constitution with the goal of binding the country's subcultures through common ideals and shared values. Nonetheless, many citizens still feel marginalized. Kenyatta announced during his inaugural address that his government would encourage unity based on a common citizenship and the values enshrined in the country's constitution. He also committed to serve all Kenyans, be "the custodian of the dreams of all", and "the keeper of the aspirations of those who voted for me and those who did not." If Kenyatta is able to keep this promise, he will set a standard for many other African politicians.

**Second, protest, but respect the laws and institutions of the land.** The opposition must also take responsibility not to engage in extra-constitutional practices. Nurturing secessionist ideas and fomenting unrest undermines efforts by citizens on both sides to participate in nation-building. It is incumbent upon political elites to explain "the facts of life" to their constituents and emphasize that failure to consolidate peaceful coexistence will be detrimental for all. Mr. Odinga's decision last year to call off the opposition's ceremony to establish a so-called people's government is a step in the right direction.

**Corruption and political opportunism do not augur well for each African country; in fact, these behaviors, left unchallenged, create dysfunction and distrust in government.**

At the same time, in a democratic system, citizens must be allowed to exercise their constitutional rights to protest peacefully and benefit from the protection of the law. During Kenya's elections, law enforcement officers were criticized for brutally suppressing opposition protests.

**Third, encourage participation in the process by all citizens.** Only a country's citizens can make its democracy and government work. While boycotting elections, as did Kenya's opposition, is the right of every citizen, it is important that all citizens understand that participation is the key to an effective and fully functioning democratic system. Constitutional checks and balances alone are not enough to prevent government impunity. What has been referred to as "social checks and balances" are quite critical too.

**Only a country's citizens can make its democracy and government work.**

**Fourth, fight corruption and halt the misuse of power.** Impunity at the hands of the state remains a major concern across the continent. Corruption and political opportunism do not augur well for each African country; in fact, these behaviors, left unchallenged, create dysfunction and distrust in government.

In recent years, many African countries (e.g., Cameroon, Kenya) have enacted legislation to strengthen the ability of the government to fight terrorism and religious extremism and promote law and order. Unfortunately, in many of these countries, these laws have been used to muzzle the free press, silence critics, and suppress dissent. Even before Kenya's security forces were accused of brutally suppressing demonstrations in 2017, their anti-terrorism tactics had come under fire for allegedly violating the rights of many Muslim citizens.

**Fifth, respect and protect the independence of the courts.** Kenya's recent experience has helped to preserve the separation-of-powers regime, and the checks and balances enshrined in the constitution. During this tumultuous period, the Kenyan judiciary proved that it has the capacity and the wherewithal to act independently. In constitutional matters, there must be a final authority, one whose judgment must be respected by citizens. While citizens may disagree with such judgment, they must, nevertheless, respect it. Kenyatta's decision to accept the ruling to nullify the election was historic and paves the way for more respect for the rule of law across Africa.

For Africa's judiciaries to serve as effective checks on governments, they must be independent. Minimum requirements for judicial independence include "security of tenure," "financial security," and "institutional independence with respect to the judicial function." Judicial officers must also be guaranteed a safe working environment.

**The supremacy of law is the heart and foundation for a democracy; it is the mark of a free society; it is the most important characteristic of a governance system.**

**Sixth, inspire civil servants to lead by example and embrace diversity.** Democratic institutions, including the Supreme Court, are the foundation and basis of a free society. The face of these institutions are the people who serve in them. In leading by example, civil servants and politicians must exhibit the highest levels of civility, professionalism, tolerance, fairness, and integrity. Public servants must value and respect dissent and diversity of opinion. This approach to public discourse is important in Africa where citizens quite often do not trust public institutions, especially those led by members of another ethnocultural group.

The way forward for Kenya and other African countries with significant levels of ethnocultural diversity is for elites to form political parties that transcend ethnicity. The deepening of democracy demands significant political competition across ethnocultural divides. Across Africa, the ethnic group will remain an important institution, but it should be de-emphasized as the foundation for political organization and a major factor in public policy. To address these concerns, some countries (e.g., Rwanda) have attempted to eliminate ethnic differences and prohibit references to ethnicity in public life. That approach, unfortunately, may not be effective.

**Finally, safeguard the rule of law.** All political leaders and their supporters must understand that the rule of law cannot function in a country unless a majority of the citizens voluntarily accept and respect the laws. As Kenyatta said in his inauguration speech, "[h]owever serious our grievances, the law must reign supreme. That law should be the refuge for every Kenyan. None of us should break outside the law, or constitutional order, whatever our grievances or protestations." The supremacy of law is the heart and foundation for a democracy; it is the mark of a free society; it is the most important characteristic of a governance system.

In 2018, we hope that African countries holding general elections will reflect on these lessons and hold peaceful, fair, inclusive, and credible elections and that any election-related conflicts will be resolved peacefully through the courts and not violently on the streets.