

Dawn of a second Cold War and the 'scramble for Africa'

Adopting a united approach to security promotion is crucial if continent is to achieve its economic aims

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Abstract

Ample empirical evidence shows that the African Continental Free Trade Area (AfCFTA) will boost the competitiveness of African economies and accelerate the diversification of sources of growth and trade to deepen economic integration in Africa and enhance the region's assimilation into the world economy. However, realizing these potentials hinges on reversing the current trend of rising insecurity heightened by proxy wars in the new age of great power rivalries. This paper outlines policy options that draw on the political and trade economies of scale to optimize the allocation of scarce resources and strengthen the security and development nexus to implement the AfCFTA successfully for lasting peace and prosperity in Africa.

“Those who would give up essential liberty to purchase a little temporary safety, deserve neither liberty nor safety.” - Benjamin Franklin

1. Introduction

The African Continental Free Trade Agreement (AfCFTA), which went into effect in January 2021, could be a game changer. It has the potential to accelerate and change the composition of foreign direct investment (FDI) inflows into Africa, as well as fast-track the diversification of sources of growth to boost extra- and intra-African trade. Over time, that diversification will mitigate the region’s exposure to recurrent balance of payment crises that, over the years, have been highly correlated with commodity price cycles (Fofack, 2021a). As the continent’s segmented markets are integrated to produce one of the world’s largest, corporations can capitalize on competitiveness and productivity gains associated with rising economies of scale to develop regional value chains and, again, quicken the diversification of sources of growth and trade in a virtuous cycle (Fofack, 2018; IMF, 2019a).

However, this enormous potential will be squandered unless the weapons of war, which still roar across much of Africa (AU, 2020; Palik et al., 2020; Harsch, 2020; Munchi, 2021), are silenced and the deterioration of the continent’s security conditions is reversed. According to the World Bank, six African countries currently bear high institutional and social fragility, and 14 are engaged in medium- or high-intensity conflicts (World Bank, 2022; Fofack, 2021b). Similarly, according to the Armed Conflict Location and Event Data Project (ACLED)¹ the number of conflict-related deaths in the region increased almost 10-fold from a decade ago to more than 20,000 in 2020 (ACLED, 2022).²

Two complementary factors exemplify the corrosion of Africa’s security environment over the last decade. The dramatic increase in high-intensity conflicts has coincided with the expansion of transnational terrorist networks sustained by a glut of itinerant foreign fighters—operating mainly across the long Sahelian corridor, stretching from Senegal on the Atlantic to Eritrea on the Red Sea—and the proliferation of foreign military bases amid rising geopolitical tensions between superpowers (O’Hanlon, 2019; Nye, 2021a; Ferguson, 2021; McCoy, 2021). These developments are reminiscent of the Cold War (Bruton, 2020), when intense competition for global hegemony in the second half of the 20th century fuelled proxy wars across Africa, undermining its economic development and regional integration.

In addition to their huge death tolls and the destruction of productive infrastructure, these long-running proxy wars amplify risk perceptions of Africa (Fofack, 2021a; Reuters, 2021), raising the cost of funds and undermining the process of economic growth and the quest for macroeconomic stability.³ These conflicts further deter investment, especially patient capital and long-term funding needed to drive sectoral and structural transformation to shift African economies to higher productivity gears (Easterly, 2001; Collier et al., 2003; World Bank, 2011; IMF, 2019a).⁴ Furthermore, they impede economic activity as the securitization of development diverts scarce resources away from productivity-enhancing infrastructure funding.

1 The Armed Conflict Location & Event Data Project, which monitors incidents of conflict around the world, found that there were 21,600 incidents of armed conflict in Africa in 2019, a 36 percent increase from 2018 when 15,874 incidents were registered. For more details, see <https://issafrica.org/iss-today/conflict-is-still-africas-biggest-challenge-in-2020>.

2 After falling by more than 35 percent to 15,000 in 2018 from 2014’s record 24,000 conflict-related deaths, more than 20,000 people were killed in violent confrontations in Africa in 2020.

3 Ethiopia was downgraded earlier this year, with rating agencies citing the outbreak of conflict and heightened political tensions as key negative factors that could further exacerbate the country’s structurally weak balance sheet and increase default risks.

4 Across the world and most recently in Asia, successful economic transformation has expanded opportunities and sustained countries on long-run growth trajectories of expanding per capita income.

Concurrently, and not coincidentally, political fragmentation under the aegis of pseudo-ideological alignment with either the West or the Soviet bloc sustained market segmentation. This state-of-affairs hardened colonial boundaries, undercutting regional integration and intra-African trade, which has remained dismally low, even by developing-country standards (Signé and van der Ven, 2019; Fofack, 2020).⁵ Over time, the highly extroverted patterns of trade have heightened the exposure of countries across the region to excess global volatility and exogenous business cycles.⁶

Even though the Ukraine crisis has reinvigorated the East-West tensions that defined the latter half of the previous century new geopolitical alliances are emerging shaped by the triangulation that dominated the first Cold War (Roach, 2022; Abrams, 2022).⁷ The areas of acrimony between the United States and China have expanded significantly over recent years. The two countries compete on trade, technological leadership, political ideology, and economic systems (Nye, 2021b; Hoffman and Orner, 2021; McCoy, 2021).⁸ The imposition of tariffs by the U.S. to address its structural current account deficits with China in 2018 elicited retaliation, setting the stage for the trade war that is partly responsible for increased uncertainty and hurt business confidence and investment decisions and which precipitated sharp global growth deceleration in the lead-up to the COVID-19 pandemic downturn (IMF, 2019b; WTO, 2019).⁹ Trade tensions have morphed into technology tensions, heightening the risk of decoupling, which could have outsized negative consequences for African trade and economic growth.

At the same time, the strong economic interdependency of the two belligerent nations (Nye, 2021a, 2021b; Rudd, 2021) means a direct confrontation in the form of a “hot war” is highly unlikely, at least in the short term.¹⁰ Instead, we face a new Cold War (Campbell, 2017; Beckley and Brands, 2021), with proxy conflicts, which offer an alternative to the more politically risky and economically expansive standing armies of superpowers and belligerent nations with nuclear arsenals, on the rise (Hoffman and Orner, 2021). These increasing tensions are particularly the case in Africa, where the U.S. has looked to curb China’s growing presence (Pompeo, 2020; Blinken, 2021).

In a prescient article, Andrew Mumford identified four factors that could increase the frequency of proxy wars in a shifting geopolitical environment dominated by a deluge of itinerant foreign fighters and technology diffusion. These factors included the rise of China and others, a war on terror, the rise of private military companies, and the impact of digital technology (Mumford, 2013). The use of private military companies (Casendino, 2017; Powell et al., 2019), which has been the hallmark of a few standing powers, is being replicated in a growing number of countries, including emerging economies (Powell et al., 2019). China is increasingly relying on commercial security operations to protect its economic and political interests around the world, including in Sudan and Pakistan (Hoffman and Orner, 2021).

5 Although informal cross-border trade—which represents a sizable share of trade in several countries across the region and could slightly raise the overall share of intra-regional trade—is not always accounted for in balance of payments and national accounts (Afreximbank, 2020; Fofack and Mold, 2021).

6 For decades the geographical concentration of African exports has been one of the major risk drivers exposing the region to business cycles in one particular region or a major country.

7 The landmark document released by the leaders of China and Russia on February 4, 2022, and articulating the future of international relations was significant. For more details, see <http://en.kremlin.ru/supplement/5770> and <https://responsiblestatecraft.org/2022/02/12/breaking-down-that-putin-xi-joint-statement-on-a-new-era/>.

8 However, the sources of tensions between the two leading nations are broader and include the future Taiwan which has become the major point of discord in recent months (O’Hanlon, 2019; Ferguson, 2021; Schneider, 2021).

9 Citing escalating trade tensions, the WTO sharply downgraded its forecasts for trade growth in 2019, with merchandise trade volumes rising by only 1.2 percent, substantially down from the 2.6 percent in earlier forecasts (WTO, 2019). For more details, see https://www.wto.org/english/news_e/pres19_e/pr840_e.htm.

10 Although Nye downplays prospects of a ‘hot war’ between the two belligerent nations, he also recognizes that there are important risk factors to such an outcome, including American hubris and rising Chinese nationalism. For more details, see <https://www.aspistrategist.org.au/the-factors-that-could-lead-to-war-between-the-us-and-china/>.

The prospect of a second Cold War is perhaps one of the greatest threats facing Africa during the AfCFTA's implementation and, more generally, in its quest for robust and long-run growth. For more than a decade, China has been Africa's largest trading partner and recently became its largest creditor—a development that reflects the rising scope of Chinese FDI and increasing correlation between China's investment growth and Africa's exports and aggregate output expansion (Drummond and Liu, 2013; Akyeampong and Fofack, 2019). This paper reviews the risks of a second Cold War for economic development and implementation of Africa's continental trade integration reform and outlines policy options to strengthen the security and development nexus, as well as to enhance ownership of national security and development agendas for lasting peace and prosperity in Africa.

Following this introduction, Section 2 provides an overview of the increasingly challenging geopolitical environment and examines how the world is drifting into a second Cold War. Section 3 outlines the economic costs of the first Cold War and the potential risks of a second for Africa. Section 4 reviews the state of foreign military bases on the continent and the risks they may pose to national security and African economic development in a context of heightening geopolitical tensions. Section 5 discusses policy options to strengthen Africa's security and development nexus, stressing a continental approach to security promotion. The last section concludes.

2. Sleepwalking into a second Cold War

Geopolitical tensions have intensified over the last decade, especially in the light of persistent macroeconomic imbalances and narrowing income gaps between developed and emerging economies, particularly in Asian emerging market economies (Rodrik, 2013; McMillan et al., 2017; McCoy, 2021). The imposition of tariffs on China by the U.S. in 2018 to address its structural current account deficits provoked retaliation, precipitating a trade war, which came after years of currency war and have heightened inflationary pressures, setting the stage for a turbo-charged tapering and accelerated pace of monetary policy normalization.¹¹ Of late, the areas of friction have expanded to include technology, as the U.S. and its allies try to inhibit China's technological progress in a bid to maintain their advantage in global production networks and supply chains.¹²

The escalation of tariffs has affected global trade and growth, first through the usual effects of trade destruction and diversion (WTO, 2019; Shen et al., 2020; Zhou and Gao, 2020), and increasingly through supply chain disruptions (Stangarone, 2020). Most recently, the synchronized global downturn triggered by the COVID-19 pandemic exacerbated the trade war's impact and slowed the growth of world trade and aggregate output (WTO, 2019; IMF, 2019b). The combination of heightened trade policy uncertainty and technology-related disputes has accelerated the risk of redundancy of production chains and decoupling, especially for technology supply chains that directly relate to national security (Bremer and Kupchan, 2020; Nye, 2021b).

These heightening trade tensions could push the world economy into a prolonged cycle of decreasing productivity and secular stagnation, with disproportionate adverse consequences for highly extroverted, commodity-dependent African economies that rely on trade for the accumulation of foreign exchange reserves and growth (Fofack, 2015, 2019; UNCTAD, 2019).¹³ According to the most recent biennial Commodities and Development Report 2021 from the United Nations Conference on

11 China first entered the U.S. currency manipulator watch list in the early 1990s (1991-1994), just a few years after the U.S. Congress passed the Omnibus Trade and Competitiveness Act in 1988 (Scott, 2010). For more details, <https://files.epi.org/page/-/pm164/pm164.pdf>.

12 Tariff escalations, trade wars and cyber-skirmishes have, in the recent past, dominated the relationship between the US and China, creating a zero-sum-game landscape.

13 Despite ongoing efforts to diversify the sources of growth and trade, primary commodities and natural resources still account for around 80 percent of total African exports.

Trade and Development (UNCTAD), 45 African nations (more than 80 percent of all countries across the region) are commodity dependent (UNCTAD, 2021a).

Preliminary estimates suggest the trade war could greatly undermine African growth prospects, causing as much as a 2.5 percent decrease in GDP for resource-intensive African economies in the short term if beggar-thy-neighbor policies are sustained into the post-containment phase of the pandemic (Cazares, 2019).¹⁴ The International Monetary Fund (IMF) estimates the U.S.-China trade war had cost around 0.5 percent of global GDP (IMF, 2021a). Research from the Federal Reserve Bank of New York and Columbia University focusing on US corporates found that companies in the US lost at least \$1.7 trillion in the value of their stocks as a result of U.S. tariffs imposed on Chinese imports (Amiti et al., 2020).¹⁵

The areas of contention between the two superpowers are expanding beyond currency and trade frictions, with rising geopolitical tensions raising the spectre of a second Cold War. In July 2020, then-U.S. Secretary of State Mike Pompeo called “Communist China” the major threat to the “free world’s future” and invited countries to join a new alliance led by Washington against Beijing (Pompeo, 2020).¹⁶ In a sign of policy continuity across administrations, in his first major speech, delivered in March at the headquarters of the North Atlantic Treaty Organization (NATO), the new U.S. Secretary of State Antony Blinken called for western unity in deterring China’s military ambitions (Blinken, 2021).¹⁷ The new U.S. Secretary of State has also referred to China not only as a strategic rival but also as violator of human rights.¹⁸

Similarly, in 2019 the European Union (EU) described China as a competitor in the pursuit of technological leadership and a “systemic rival” that is promoting alternative models of governance (European Commission, 2019).¹⁹ These hardening views and adjustments to the EU’s strategic outlook reflect a dramatic change in the balance of assumptions about Sino-European relations. They also presage challenges in the promotion of a peaceful coexistence between the two sides in a growing number of areas, including trade, technology, and global security²⁰—a trend that could undermine the prospects of Europe potentially functioning as a ballast against worsening Sino-US relations.²¹

Historians have identified several factors that may precipitate the outbreak of a Cold War (Allison, 2017; Ferguson, 2021; McCoy, 2021). These factors include tensions between two nations competing for global leadership, ideological prominence and technological dominance, and the possession of nuclear arsenals that may obviate the outbreak of an assured-mutually-destructive hot war and instead elicit proxy conflicts. U.S. President Dwight Eisenhower once referred to proxy wars as “the

14 See <https://infomineo.com/africa-amidst-the-trade-war/>

15 See <https://libertystreeteconomics.newyorkfed.org/2020/05/the-investment-cost-of-the-us-china-trade-war.html>.

16 See <https://china.usembassy-china.org.cn/communist-china-and-the-free-worlds-future/>

17 In the same speech Secretary Blinken singled out China as a threat to the collective security and prosperity of NATO allies and accused Beijing of working actively to undercut the rules of the international system and the values shared by NATO members. For more details, see <https://www.state.gov/reaffirming-and-reimagining-americas-alliances/>

18 In early May, Secretary Blinken attempted to take some of the heat (ironically) out of the situation, remarking: “This is not about initiating a cold war; this is all about doing our part to make sure that democracy is strong, resilient, and meeting the needs of its people.” He added that Washington was “not asking countries to choose [between China and the US]”, and implied that trying to categorize in an overly-simple way the “complex” international relationships between nations was unhelpful.¹⁸ His remarks, though diplomatic, might be said to overlook the complications that smaller countries face when trying to appease rival superpowers. For more details, see <https://www.afr.com/world/asia/blinken-rejects-claims-of-cold-war-between-us-and-china-20210505-p57p1o>.

19 See https://ec.europa.eu/info/publications/eu-china-strategic-outlook-commission-contribution-european-council-21-22-march-2019_en

20 At the same time, the battle for global leadership continues to rage, indeed with mounting intensity as the new administration takes the rivalry to new heights. Increasingly, President Biden is stressing that the US and China are locked into an ideological and political struggle to provide the model for the 21st century. For more details, see <https://www.ft.com/content/04d3c78f-f801-4bb2-9fa2-d9f4f096d7b7> (Rachman, 2021).

21 One of the five principles of peaceful coexistence advocated by China during the first cold war—even more relevant today as China takes the hot seat formerly occupied by the Soviet Union—was non-interference and sovereignty.

cheapest insurance in the world” (Mumford, 2013), reflecting their limited political risk and human costs for the sponsors.

All the ingredients for another Cold War are present today, especially as the shadow of a nuclear conflict reduces the risk of direct military confrontation between the two countries. The U.S. and China, both nuclear powers, are competing over ideas, technology, and political and economic systems. Where nuclear technology and the space race epitomized the first Cold War, today’s technological rivalry focuses instead on cyberwarfare, artificial intelligence (AI), robotics, quantum computing, advanced information technology, and 5G networks (Bruton, 2020; Kapadia, 2020)—the new frontier efficiency-boosting and productivity-enhancing technologies at the heart of the fourth industrial revolution (Ndung’u and Signé, 2020).²² Ironically, some of these technologies have also emerged as major catalysts in the engagement of proxy strategies by states (Mumford, 2013; Hoffman and Orner, 2021).

While the collapse of the Soviet Union in 1991 and the accession of China to the World Trade Organization a decade later set the world on the path of global ideological convergence and what some called the “unipolar moment” (Krauthammer, 1991; Huntington, 1993; Smith, 2002) in which the U.S. could not be challenged by any power or group of powers at the beginning of this century, the rise of a new superpower has heightened the risk of a “Thucydides trap” (Allison, 2017; Ferguson, 2021)²³—a reference to the Peloponnesian war and a tendency towards an outbreak of conflict when the rise of a new power threatens to displace an established one in a context for global leadership and international hegemony.²⁴

3. Economic costs of the first Cold War

For Africa, the consequences of the first Cold War were significant and long lasting, proving especially detrimental to economic integration on the continent. The securitization of development and diversion of scarce resources away from growth-friendly public investment became the norm, with significant implications for economic development and trade (Easterly, 2001; Collier et al., 2003; World Bank, 2011; Wagenast and Basedau, 2014). In the long term, these factors gave rise to dysfunctional economies with structural fiscal and current account deficits. Those scars can still be seen today, evinced by Africa’s excessive exposure to global volatility and adverse commodity terms of trade (Fofack, 2020, 2021a).

Amid heightening geopolitical tensions (O’Hanlon, 2019; Ferguson, 2021; Hoffman and Orner, 2021), and as the number of conflict-afflicted countries on the continent increases, average annual African military spending has grown almost threefold over the last two decades, reaching \$38 billion in 2020, up from \$15 billion in the 1990s. New records were set over the last decade, with annual military expenditures exceeding \$48.7 billion in 2014 (SIPRI, 2022).²⁵

22 After dissuading European and Asian allies from adopting Chinese 5G technology, the US is leveraging Japanese technology and resources to strengthen the competitiveness of western nations in the digital field. Both nations have agreed to invest heavily in the development and deployment of secure networks and advanced information and communications technology, including 5G and next-generation mobile networks. For more details, see <https://www.whitehouse.gov/briefing-room/statements-releases/2021/04/16/fact-sheet-u-s-japan-competitiveness-and-resilience-core-partnership/>

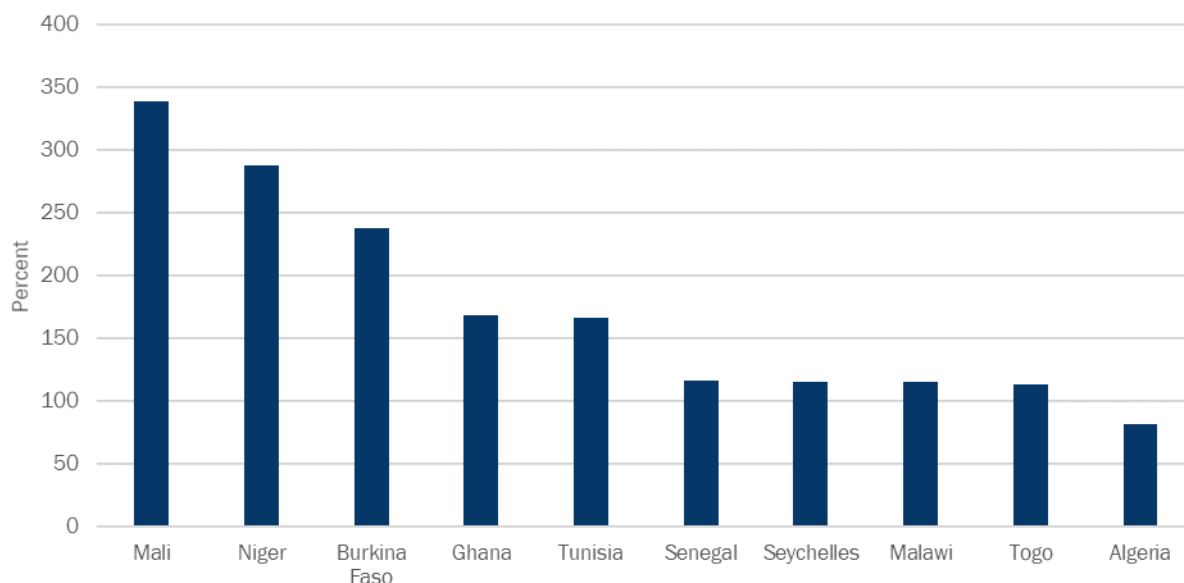
23 Though, in a different perspective, Christopher Layne argued that the end of the first Cold War and U.S. supremacy was a geopolitical interlude that would quickly give way to multipolarity (Layne, 1993).

24 Conflicts between incumbent powers and rising powers have been a feature of world politics since 431 BC, when it was the “growth in power of Athens, and the alarm which this inspired in Sparta” that led to war (Allison, 2017; Ferguson, 2021).

25 For more details, see <https://www.sipri.org/media/press-release/2020/global-military-expenditure-sees-largest-annual-increase-decade-says-sipri-reaching-1917-billion>.

Across the region, the fastest increase in military expenditures over the last decade has been registered in the Sahel, home to some of the world’s poorest countries (World Bank, 2020a; UNDP, 2020) that are confronting rising insecurity as well as the destructive effects of climate change (Loeb, 2021).²⁶ Three of the top five African countries with the highest growth rates in military expenditure over the period are battling insurgent terrorist networks along the Sahel corridor (see Figure 1). These include Mali, where military expenditures increased at the alarming rate of 339 percent over the last decade (the fastest across the region) as well as Niger (288 percent) and Burkina Faso (238 percent).

Figure 1: Growth rate of military expenditures 2010-2020: Top-10 African countries (%)



Source: SIPRI database

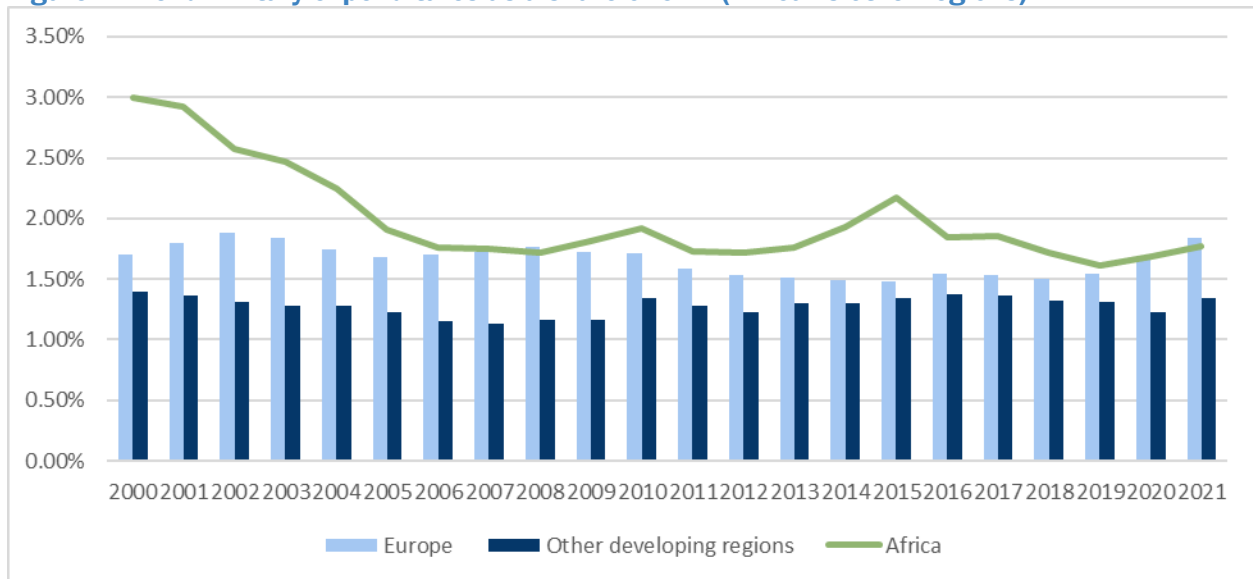
When estimated as a ratio of GDP, Africa’s military expenditures remain very high in several countries. At around 1.8 percent of GDP, African military expenditures are far above the unweighted country average of 0.7 percent for military expenditure in Latin America (see Figure 1 in Annex). But these aggregate figures mask important variations across countries. For instance, in Algeria, the African nation with the highest ratio, military spending came to more than 6 percent of GDP in 2020 (see Figure 2 in Annex). However, military expenditures are just as high in other conflict-affected countries on the frontline of the war against terror.²⁷

Similarly, the dynamic of Africa’s military expenditures expressed as a percentage of GDP over the last decade is also inconsistent with global trends (Clements et al., 2021). Africa’s military spending is routinely above the unweighted country averages in other regions of the world, whether developed or developing (see Figure 2). After a sharp decline in the early years of the century as peace took hold in southern Africa after the end of the apartheid regime, the unweighted averages of military expenditures across the continent rose sharply after 2004, reflecting a resurgence in insecurity. Despite the marginal decrease from the 2004’s peak, average military expenditure across Africa has remained largely above historical averages.

²⁶ Across the Sahel, the adverse effects of climate change are exacerbated by a wide range of challenges, including deteriorating farmland, limited access to vital resources such as food and water, and forced migration.

²⁷ As a percentage of GDP, they are about 2.7 percent in Mali, 2.2 percent in Chad, and 2.6 percent in Burkina Faso, all well above the world average of 1.9 percent (Clements et al., 2021).

Figure 2: Trend military expenditures as a share of GDP (Africa vs other regions)



Source: SIPRI database

Military expenditures represent an important share of government budgets in Africa. Defense outlays absorbed an average of 6.8 percent of government budgets across Africa, versus the unweighted world average of 6.5 percent (Clements et al., 2021; SIPRI, 2022). The ratios are even higher in conflict-affected countries (See Figure 3 in Annex) like Chad (15 percent), Mali (12 percent) and Burkina Faso (9.5 percent). For most poverty-stricken African nations confronted with huge financing gaps for climate change mitigation and adaptation—as well as the chronic deficit of infrastructure required for economic transformation and diversification of exports (IMF, 2019a; Fofack, 2020)—the trade-off between military spending and investment in productive infrastructure is perhaps even more painful for policymakers.²⁸

The shifting patterns of public expenditures in response to the acceleration of high-intensity conflicts in Africa through the 2010s have been associated with a sharp decline in average GDP growth rates to around 3 percent, down from 5.2 percent over the previous decade. While correlation does not imply causation, the rerouting of investment away from growth-friendly public initiatives towards military efforts in a context of heightened political uncertainty and geopolitical tensions is very likely to have exacerbated the growth-constraining effects of these negative circumstances (Novta and Pugacheva, 2020). Unconditional estimates show that growth rates have been consistently lower in Africa's conflict-afflicted countries relative to the continental average (IMF, 2019a).

In addition to heightened risk perceptions associated with rising political uncertainty, the shift in public spending undermines governments' ability to crowd-in private capital to diversify the sources of growth and boost aggregate output and trade. Rating agency Fitch downgraded Ethiopia in 2021, citing among other reasons the deterioration of the political and security environment following the outbreak of civil war and heightening regional tensions as an important risk to the country's credit metrics (Fitch, 2021).

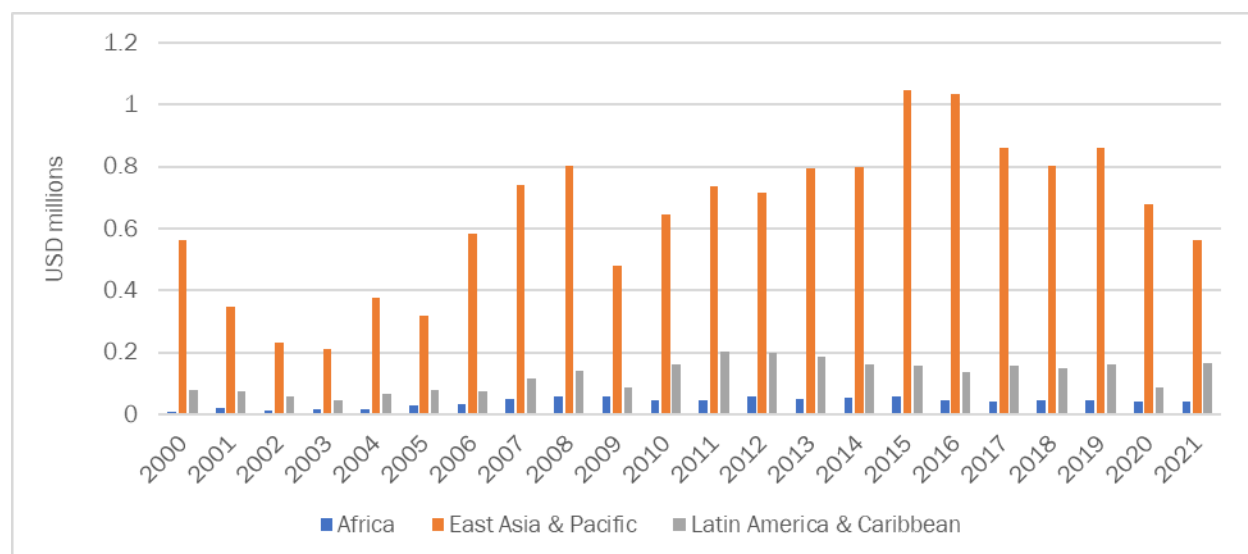
The ramifications of the first Cold War reached further still (Dunning, 2004; Fofack, 2011; Scarnecchia, 2018), clouding Africa's development horizon. The mortgaging of natural resources to sustain war efforts—what has commonly been characterized as blood diamonds in reference to diamonds mined in a war zone and sold to finance war efforts—was a manifestation of leaders' short-

²⁸ According to the IMF, climate change mitigation and adaptation costs faced by countries across Africa are significant, hovering around \$35 billion annually.

term political survival instincts, which were embedded in growth models that securitized countries’ development aspirations. In most cases, fragile peace was secured, though only at tremendous human and economic costs in the short term, and to the detriment of economic development and regional integration in the medium and long term as the resurgence and intensification of high-intensity conflicts across the region reveals (IMF, 2019a; World Bank, 2022).

Widening income gaps between Africa and other regions of the developing world—especially Asia, to where FDI has flowed more easily and regional supply chains have grown more organically—is just one of the consequences. According to most recent estimates, FDI inflows to developing Asia totalled \$476 billion in 2020, against just \$38 billion for Africa (see Figure 3).²⁹ But the FDI gap with other parts of the world is just as confounding, with countries such as Brazil and Canada receiving more FDI in 2020 than all of Africa (UNCTAD, 2021b). This huge gap in FDI flows partly explains the deficit of diversification of sources of growth and trade in Africa, considering the crucial role such investment plays in technology transfers and countries’ integration into global value chains, which have become the major drivers of world trade (World Bank, 2020a).

Figure 3: Trend net foreign direct investment inflows, 2000-2020



Source: UNCTAD database

Robust, long-run growth supported by the rise of regional value chains and expansion of labor-intensive manufacturing industries was the dividend of peace for Asia. For Africa, the price of long-term insecurity has been extremely low rate of capital accumulation, anaemic growth, and excess volatility, which have undermined per capita income growth and burdened countries with the perpetual risk of debt overhang (Fofack, 2021a) and persistently high poverty rates (World Bank, 2020a). Worst of all, the securitization of African development has sustained the detrimental economic model of overdependency on primary commodities and natural resources, and contributed to the marginalization of Africa in the global economic environment, where trade has been largely driven by manufactured goods with increasing technological content (WTO, 2020; World Bank, 2020b).

Several decades into the post-colonial era, the lack of diversification of sources of growth means many African regional economic communities continue to import more from Europe (and increasingly from

²⁹ For more details, see <https://unctad.org/news/global-foreign-direct-investment-fell-42-2020-outlook-remains-weak>

Asia) than from countries in their region (Siba and Sow, 2018; Fofack, 2020).³⁰ This deficit of diversification of sources of growth has precipitated feeble intra-African trade, which at around 15 percent of total African trade remains dismally low. By comparison, intra-regional trade which accounts for 52 percent of trade in Asia and 73 percent of trade in Europe—the more economically diversified regions has been an efficient absorber of adverse global shocks (Afreximbank, 2020).³¹

The deleterious impact of conflicts on trade can be long lasting, with negative spillovers for neighboring countries due to regional economic decline, refugees, and environmental degradation that can cross borders. Novta and Pugacheva (2020) estimate that, violent conflict contributes to a 26 percent reduction in exports in the year that hostilities begin, rising to 35 percent five years later and 58 percent after a decade. A comprehensive analysis of the dynamics of conflicts shows that, at the end of a typical war, affected countries are around 15 percent poorer and that the return to pre-conflict growth can take several years (Collier, 2007; Westendorf, 2015). Furthermore, while civil wars last around seven years, it takes over a decade for a post-conflict country to fully recover economically.

Across Africa, where the median duration of conflicts is about four years (IMF, 2019a), the negative spillovers of wars often persist in the medium and long term. A growing number of firms operating in Africa have singled out the rise of political instability and conflicts as major deterrent of investment with direct spillovers for economic growth and trade (World Bank, 2021; Nurudeen et al., 2015).³² No wonder then that the World Development Report 2011, which was devoted to conflict, singled out violence as one of the most important contributing factors to underdevelopment and intergenerational poverty (World Bank, 2011).

As in the past, Africa has emerged as the ring in which the world’s largest economies wrestle for global leadership and control of strategic trade routes, as well as for natural resources to power old and frontier industries in an accelerated shift towards more climate-resilient growth models post-COVID-19. The global race in the new scramble for Africa has been on full display in several areas, including economics and finance, technology, military, intelligence and power projection (Pilling, 2018; Sun, 2020).³³ Most recently, this trend has been illustrated by the weaponization of foreign investment and lending, the proliferation of foreign military bases within the continent, with China upping the ante by significantly raising its number of military attachés across Africa, increasing the number of officers participating in U.N. peacekeeping missions in the region (Hoffman and Orner, 2021).

This risk of a second Cold War was plainly articulated in the “new Africa strategy” (Bolton, 2019) proffered in 2019 by the Trump administration, which said: “Great-power competitors, namely China and Russia, are rapidly expanding their financial and political influence across Africa.³⁴ They are deliberately and aggressively targeting their investments in the region to gain a competitive advantage over the U.S.” John Bolton, the former U.S. national security adviser further warned that leaders who failed to support Washington diplomatically should not expect much U.S. aid. In essence, the deployment of U.S. assistance to countries in need is no longer motivated exclusively by expected development impact and growth prospects for the host countries, but also and perhaps more importantly by geopolitical considerations.

30 In 2018 Asia became the top destination of African exports, overtaking Europe which had enjoyed that top spot since the colonial era (Afreximbank, 2020).

31 Cross-border trade within Africa’s regional economic communities is even lower (Fofack, 2020; WEF, 2021).

32 According to the World Bank Enterprise Surveys, the number of firms citing political instability as their biggest obstacles increased by 57 percent between 2007 and 2014 (World Bank, 2021).

33 Commenting on the new US-Africa strategy, Mr Grant Harris, a former adviser on African policy during the Obama Administration declared “It is unnecessary to cast everything as some scramble for resources or a great-power game.” For more details, see Pilling (2018).

34 During the U.N. General Assembly Resolution on the Ukraine Crisis on March 2, 2022, only 28 of Africa’s 54 countries (51 percent) voted with the US to condemn Russia. This was significantly lower than the world’s average of 73 percent. For more details, see <https://allafrica.com/stories/202203100021.html>

As geopolitical and economic tensions escalate and the return of great-power proxy wars sustains and accelerates the internationalization of conflicts, Africa could, once again, suffer major collateral damages beyond fiscal costs and growth deceleration. Countries are already feeling pressure from Washington and Beijing to take one side or the other. The 2021 Ukraine crisis has further highlighted such dilemmas, which will only become more frequent as areas of confrontation between superpowers expand.

The proxy wars already raging in Central, East, and West Africa, including in Ethiopia, the host of the African Union and a recent battleground for foreign powers (Woldemariam and Cheeseman, 2021; Bryen, 2021). These proxy wars are increasing uncertainty, undermining long-term investment and growth, and destabilizing cross-border trade. Informal trade between Mali and Algeria, for example, has fallen by more than 64 percent since 2011, largely owing to conflict in northern Mali and the closure of the border between the two countries (Afreximbank, 2020; Fofack, 2021b).

4. Outsized foreign military presences

Besides the rise of transnational terrorist networks, the threat of a second Cold War, which may be facilitated and sustained by the glut of itinerant foreign fighters (Mumford, 2013; Hoffman and Orner, 2021), stands out as the other major security and geopolitical challenge facing Africa during the implementation of the AfCFTA and, more generally, while on the path of structural transformation and diversification of African exports. But the second Cold War differs from the first. It is occurring at a time when advanced economies in the West account for a significantly lower and steadily decreasing share of global growth and trade. For instance, the U.S.’s contribution to the global economy has fallen sharply from 26 percent of world output in 1980 to 15.9 percent in 2020. In contrast, China’s economy has expanded from 2 percent of global GDP to nearly 20 percent over the same period.

Unlike the first Cold War, which was unbalanced economically, China is deeply integrated into the global economy (Nye, 2021a, 2021b; Hoffman and Orner, 2021). It has become the world’s largest trading nation, though its overdependence on exports is a source of vulnerability to external shocks (Blanchette and Polk, 2020).³⁵ Still, China has emerged as a major creditor, with large-scale investment in both advanced and emerging economies (Nye, 2021a, McCoy, 2021). Europe (mainly Germany, the U.K., and the Netherlands) and the Americas (primarily the U.S. and Canada) are the top-two regions for Chinese FDI, ahead of third-place Asia and fourth-place Africa.³⁶ And with divergence in growth during the pandemic, China—the only major economy to have avoided economic contraction during the globally synchronized downturn—could overtake the U.S. as the world’s largest economy earlier than pre-pandemic forecasts projected.³⁷ In terms of purchasing power parity, China overtook the U.S. in 2017 (Figure 4).

According to the most recent data, nearly 100 countries count China as their largest trading partner, compared to 57 for the U.S., a trend that could enable China to draw on trade diversion to weaken the efficacy of economic sanctions and shift the global balance of power. China has been Africa’s biggest trading partner since 2009 and recently became the continent’s primary creditor (Horn et al., 2019). In 2016, in a move that affirmed China’s growing economic clout, the IMF added the renminbi to the basket of currencies that comprise the special drawing right,³⁸ joining the dollar, euro, yen, and British pound sterling. By adding the renminbi to this basket of currencies, China became the first developing

35 For more details, see <https://tradingeconomics.com/china/exports-of-goods-and-services-percent-of-gdp-wb-data.html>

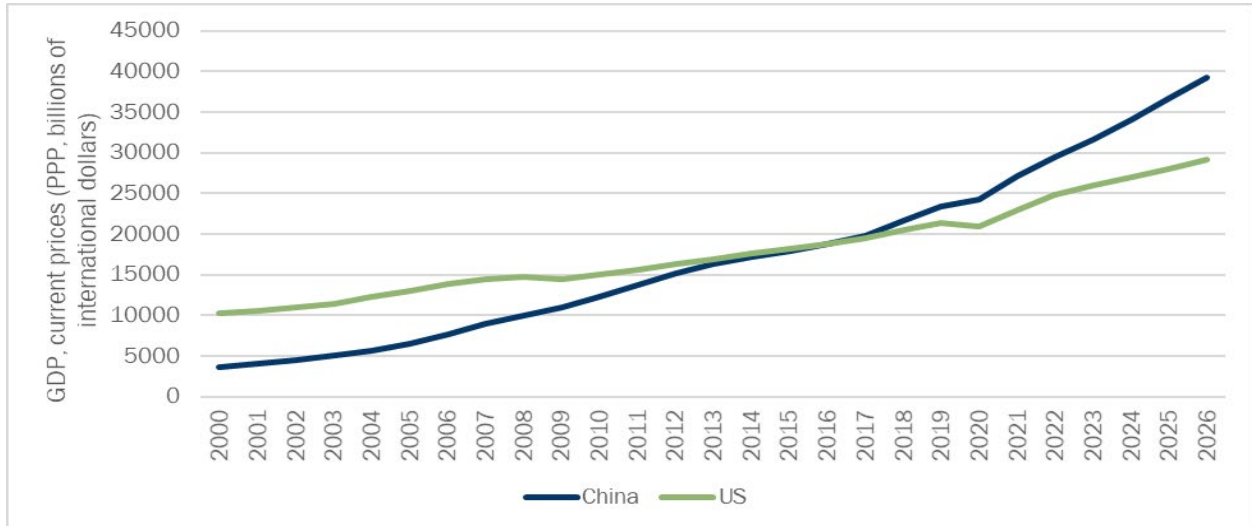
36 The US and several advanced economies have borrowed heavily from China over the last two decades. The US debt to China currently stands at over \$1.12 trillion, against less than \$85 billion for Africa.

37 For more details, see <https://fortune.com/2021/01/18/chinas-2020-gdp-world-no-1-economy-us/>

38 Special Drawing rights (SDR) are international reserve assets created by the IMF in 1969 to supplement member countries’ official reserves.

country to integrate into that coveted composite currency unit. In 2020, China became the EU's biggest trading partner, overtaking the U.S.

Figure 4: US vs. China GDP (PPP, current international dollars)



Source: IMF database.

However, one area where the U.S. has preserved its global prominence is military power (Nye, 2021b). Through its central command and regional spheres of influence, the U.S. maintains military operations all over the world, including hundreds of foreign military bases in addition to multiple naval fleets and aircraft carriers (Vine, 2012). Per the most recent estimates, Africa is home to at least 47 known foreign military outposts, with the U.S. emerging as the country with the most military outposts in the region, followed by former colonial power France (Atta-Asamoah, 2019; Sun, 2020). The U.S. also has the largest number of troops and military personnel on the continent, ahead of second-place France, whose military bases have helped sustain its post-colonial influence (Borrel et al., 2021) and preserve its economic and natural-resource interests in Africa.

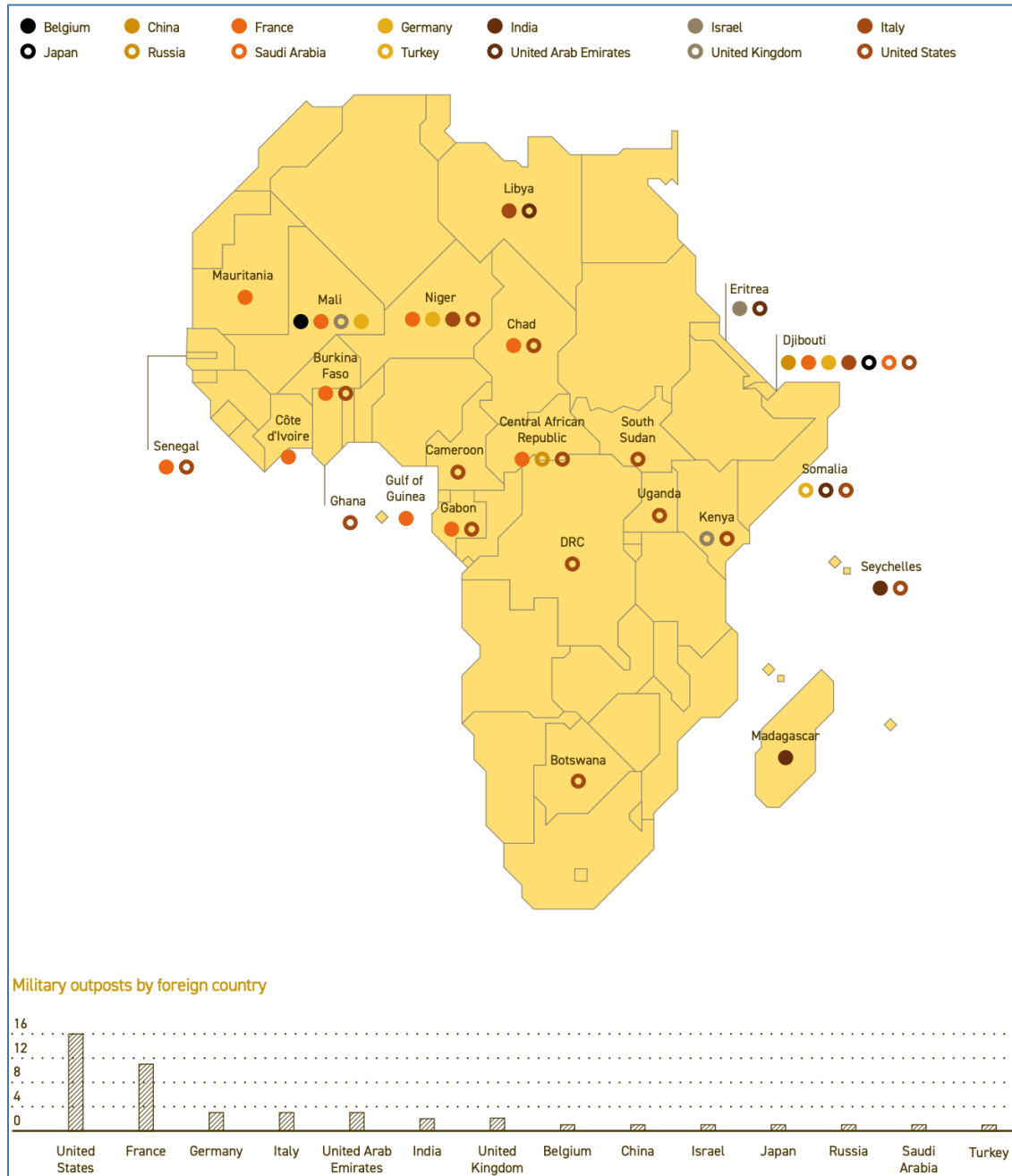
The number of countries with a known military base in the region has increased significantly over the last decade, evidence of what we might call the new “scramble for Africa.” Across all continents, Africa now has the largest number of foreign countries carrying out military operations on its soil—no fewer than 13, of which most have several military bases spread throughout the region (Figure 5). In addition to the traditional colonial powers (Belgium, France, Italy and the U.K.) along with the U.S. and Russia, which were very active in the region during the first Cold War, the list now includes nations like Japan, India, Saudi Arabia, Turkey, the United Arab Emirates and China, to name a few (Atta-Asamoah, 2019; Sun, 2020).³⁹

The mushrooming of foreign military bases across the region—especially at a time when most citizens increasingly see such establishments as major violations of national sovereignty—reveals how disinclined the powers establishing these footholds throughout Africa are to accepting foreign military bases in their own countries and threatens to amplify the risk of a second Cold War (Bruton, 2020; Beckley and Brands, 2021) (Hoffman and Orner, 2021). In its 601st meeting, the African Union Peace and Security Council (AU-PSC) noted with concern that the existence of these bases and establishment

³⁹ China’s military presence in Africa pales in comparison to that of the US, which runs military operations in dozens of countries. In addition to Djibouti, where it maintains a permanent military base, the US runs at least 34 other outposts scattered across West, East and North Africa where troops are deployed, and military operations are launched from.

of new ones in some African countries, coupled with the inability of member states to effectively monitor the movement of weapons to and from these bases, was a major security risk for the continent (Atta-Asamoah, 2019; Okumu et al., 2020).⁴⁰

Figure 5: Defense partnerships: Foreign military outposts in Africa



Sources: Foresight Africa: Top priorities for the continent 2020-2030, Africa Growth Initiative at Brookings Institution and Atta-Asamoah (2019).

40 See <http://www.peaceau.org/en/article/the-601th-meeting-of-the-au-peace-and-security-council-on-early-warning-and-horizon-scanning>

The council reiterated that the continued illegal transfer of munitions to non-state actors was a serious threat to peace and security, one that has perhaps sustained the growth of transnational terrorist networks and the rise of high-intensity conflicts across Africa (Okumu et al., 2020). With the increasing frequency and duration of high-intensity conflicts, conflict exit probabilities have decreased significantly across the region over the last decade (IMF, 2019a). In several instances, these foreign military stations have been used as rear bases for operations in neighboring countries within the continent (Atta-Asamoah, 2019).

Such activity is reminiscent of the first Cold War era and is very likely to undermine regional and continental integration and economic development, as happened several decades earlier.⁴¹ With the increasing use of foreign fighters and the diffusion of technology (including drones)—both of which have become important tools used by major powers to reduce the economic costs and political risks directly borne by sponsors (Mumford, 2013; Hoffman and Orner, 2021)—the consequences of another Cold War for growth and economic integration loom even larger in the AfCFTA era. Already, the risks of heightened geopolitical tensions between the leading powers in their quest for natural resources and in the race for global hegemony have been increasing, as illustrated by the sharp rise in the number of conflicts, and especially of internationalized conflicts (Hoffman and Orner, 2021).

The repercussions of rising competition between the U.S. and China are particularly apparent in the strategic Red Sea region (Brands, 2021; Toulemonde, 2021). Djibouti, one of Africa's smallest countries, is a prime location for third-party state actors to observe and defend international commerce passing through the Bab-el-Mandeb strait, a shipping passage renowned as the fourth-most important world chokepoint for oil exports and imports.⁴² It is home to military bases for almost every great power, including the U.S., China, France and Japan.⁴³ In the cases of China and Japan, Djibouti became the location for their first foreign military bases since the Second World War. Moreover, it is the only country in the world to host both American and Chinese military bases.⁴⁴

While foreign military bases can be an important source of revenue, they can also pose risks to security, the promotion of democracy, and economic integration.⁴⁵ The AU-PSC has identified some of these hazards, including: external interference in African peace and security issues; foreign interference in national politics either to promote leadership that is sympathetic to their causes or to ensure political continuity with the view to preserving economic and strategic interests (Dunning, 2004; Scarnecchia, 2018); and the illicit inflow of arms, particularly of small arms and light weapons (Harsch, 2020). According to the AU-PSC, the flow of illicit arms to non-state actors has exacerbated violence in various parts of Africa. The continued supply of these arms is partly responsible for the persistence of protracted conflicts that have undermined social cohesion, economic development, and the effective functioning of state institutions (Okumu et al., 2020).

The presence of foreign military bases may also undermine the process of regional integration and economic transformation through other channels. African governments hosting foreign military bases face the difficult balancing act of remaining a reliable ally to each of the rival superpowers. Besides concerns around national security and sovereignty, the presence of foreign bases controlled by world powers that are focused primarily on guarding of their own interests can run against host countries' long-term development objectives and may partly explain the stickiness of the colonial development

41 See <https://issafrica.org/iss-today/proceed-with-caution-africas-growing-foreign-military-presence>

42 For a very long time, France, which colonised Djibouti, a small territory with the geographical area of 23,000 square kilometres and a population of 974,000, was the only country with a military base in Djibouti.

43 The most significant foreign military presences in Africa are from France and the US. Under its US Africa Command, the US maintains a military presence throughout the continent, while France's military presence is largely concentrated in its former colonies in Central and West Africa and in the Indian Ocean.

44 China inaugurated its first overseas military base in 2017, located in the Chinese-operated Port of Doraleh to the west of Djibouti City, the eponymous capital.

45 It is estimated that Djibouti generates more than US\$300m annually from the presence of foreign military bases on its soil (Atta-Asamoah, 2019).

model of resource extraction (Fofack, 2019), which has been a major risk sustaining the unhealthy correlation between growth and commodity price cycles.

A preliminary assessment suggests the security risks associated with the proliferation of foreign military bases are currently tilted to the downside. Despite the growing presence of these bases, Africa’s security conditions are deteriorating, with increasing rates of high-intensity conflicts (Hoffman and Orner, 2021), decreasing conflict exit probabilities, and a subsequent surge in conflict-related deaths, as data from the Uppsala Conflict Data Programme reveal (ACLED, 2022). The illegal supply of light weapons across the continent has, somehow, become a quotidian issue for world leaders, though policymakers in the region increasingly cite it as a threat to the African Union’s development objective of “Silencing the Guns,” one of the flagship projects under Agenda 2063: The Africa We Want (Okumu et al., 2020). Unable to stem the increasing rate of high-intensity conflicts and conflict-related deaths in Africa, the continent’s leaders extended the deadline for peace by another decade, shifting the goal posts towards “Silencing the Guns by 2030.”

The deterioration of the security environment, including in countries hosting both foreign military bases and U.N. peacekeeping missions (Autesserre, 2019), raises valid questions about the effectiveness of foreign military forces in quelling conflict in Africa (Berdal and Ucko, 2014; Doss, 2014; Gromes, 2019). In Mali, France’s outsized military presence over the past decade (along with the U.N. Multidimensional Integrated Stabilization Mission in Mali (MINUSMA)) has not helped curtail insurgent terrorist networks, which now control much of the country.⁴⁶ Nor has France’s presence in the Central African Republic (CAR)—another African nation hosting both foreign military bases and a U.N. peacekeeping mission—brought peace.⁴⁷

In the new age of great power rivalries, reaching a consensus among permanent members of the U.N. Security Council to broker lasting peace in remote areas has become even more difficult, further undermining the effectiveness of U.N. peacekeeping missions (Berdal and Ucko, 2014; Autesserre, 2019; Hoffman and Orner, 2021).⁴⁸ The CAR has been in a state of high-intensity conflict for decades and the new government, which took charge following the December 2020 presidential election, has been at war with rebel forces, the chosen proxies being supplied with illegal weapons that are, in all likelihood, financed by illicit exports of natural resources (Lechner and Lamarche, 2021; U.N., 2022).⁴⁹ The continued flow of illicit arms has exacerbated and prolonged the volatile political environment, ensnaring the country in both a “conflict trap” and “poverty trap” that are holding the CAR in a downward spiral of intergenerational poverty.

But the adverse effects of such insecurity extend beyond the CAR and Malian borders (Autesserre, 2019). They are reverberating along the Sahelian corridor and neighboring countries, with negative spillovers for the subregion and the continent. These conflicts are destabilizing cross-border trade within the Economic Communities of West African States and Central African States (ECOWAS and ECCAS, respectively), as well as trade with adjacent regions, eventually heightening political risks and

46 Persistent insecurity in Mali led, in August 2020, to the overthrow of the civilian government. Before then, the country had been on a path of deepening political reforms and had seen peaceful and democratic transitions of power since the turn of the millennium.

47 A review of UN peacekeeping missions found that these operations, which were of course intended to foster peace and security, have been complicated and confounded by several factors, including: the challenge of securing peace in a context of intensifying conflicts (Jett, 2002, 2019; Gromes, 2019); conflicting agendas among members of the Security Council; ambivalent and sometimes hostile relationships with host governments; tensions between military and political actors; and poor communications between the field and headquarters (Doss, 2014; Berdal and Ucko, 2014).

48 Several reviews of U.N. peacekeeping missions also point to their inability to deliver lasting peace and security in countries where they intervened (Autesserre, 2019; Weinstein, 2005; Doyle and Sambanis, 2006). For instance, in a review of 138 peace processes, Doyle and Sambanis found that roughly half of those that had peacekeepers failed to decrease the violence or further democracy.

49 Foreign interference has extended and worsened the conflict in CAR. For more details, see <https://foreignpolicy.com/2021/01/22/outside-powers-are-making-the-conflict-in-the-central-african-republic-worse/>.

deteriorating both the economic and security environment throughout the region. The intensification of conflict in the CAR has led to border closures with neighboring countries and is impairing both formal and informal trade in Central Africa.

Despite the tremendous potential for sectoral and structural transformation, the transition towards trading under the AfCFTA will not help to reverse this and similar trends unless security is guaranteed and prioritized as a fully budgeted development objective that is endogenously managed within the framework of the AU-PSC.⁵⁰ Nor, though, will these trends be undone by the further securitization of development, which seems always to be the first response to rising insecurity, with the urgent and immediate concerns crowding out the important in a Cold War setting where Africa is exclusively engaged through the prism of security and superpowers' geopolitical interests. That path, which will neither revive nor boost cross-border trade, also has the deleterious effects of undermining long-term investment growth and structural transformation.

5. Continental approach to security promotion

Reversing the trend of rising insecurity in Africa is key not only for putting the region on the road towards long-run growth, but also for optimizing the allocation of scarce resources towards productive investments that will boost industrial output and eventually lift supply-side constraints to support the AfCFTA's implementation. Ultimately, this will set Africa and the world on a more inclusive path of globalization and alleviate migration pressures that have been fuelled by conflict and poverty traps. Africa is expected to account for around 90 percent of the world's poor by 2030, even though it is home to less than 20 percent of the global population (Donnenfeld, 2020).⁵¹ In part, this trend reflects the peace dividends accruing to other parts of the developing world, especially Asia, where silencing the guns significantly improved the business environment, helping sustain FDI inflows for long-run growth and raising living standards.

The scars of the first Cold War—which claimed millions of African lives and was largely responsible for the lost decades that resulted in a widening income gap between Africa and the rest of the world—are still fresh, and the region cannot possibly afford to fall prey to a second (Fofack, 2022). In addition to huge human and economic costs, the political fragmentation that arose as countries aligned themselves with one of the two superpower blocs was another major ramification of the first Cold War. That fragmentation sustained market segmentation, hardening colonial borders and undermining cross-border trade and regional integration. A second Cold War, on the heels of the proliferation of foreign military bases (Atta-Asamoah, 2019; Yun, 2020) and the outsourcing of national security, would likewise undermine efforts to defragment African economies.

Over the years, outsourcing domestic security has failed to bring peace at either the regional or national levels, as illustrated by the increasing rate of high-intensity conflicts amid a proliferation of foreign military bases and U.N. peacekeeping operations across the region (Autesserre, 2019). What's more, the effectiveness (however limited) of these operations—which require consensus among the permanent members of the U.N. Security Council—will become even more difficult to sustain in the age of great power rivalries (Hoffman and Orner, 2021). Securitizing development has failed to deliver security, and only ever undermined development. Outsourcing domestic security has failed to bring peace and instead enabled foreign powers to meddle in domestic insurgencies and prolong conflicts.

50 In effect, through economies of scale, trade integration has sparked spectacular growth stories in other parts of the world. East Asia, where countries are linked by complex supply chains, is one case in point, having become the factory of the world and achieved one of the most impressive rates of poverty eradication in history (Pomfret and Sourdin, 2018; WEF, 2021).

51 See <https://issafrica.org/iss-today/what-is-the-future-of-poverty-in-africa>

Strengthening the security and development nexus is too integral to African development for either component of the nexus to be outsourced.

For decades, the outsourcing of national security has failed to ensure lasting peace and instead undermined regional integration and economic development, as is apparent in present-day Libya and Mali. The two countries have been theatres of war for more than a decade, and their development processes have either come to a standstill or entered states of long-term regression. Cross-border trade between these countries and their neighbors has plummeted. In the rankings from the latest U.N. Human Development Report, Libya—one of the few African nations that regularly scored highly on the index—has fallen dramatically, from 53rd to 105th over the last decade (UNDP, 2020).⁵²

The internationalization of an internal conflict that could possibly have been resolved at the national and regional levels has amplified the security and development challenges that are now metastasizing along the Sahelian corridor and beyond. According to the Global Initiative Against Transnational Organized Crimes 2018 Report (GIATOC, 2019), a growing number of militias and terrorists are operating across the region with greater impunity.⁵³ Over the last decade, thousands of civilians have been killed and millions displaced across the Sahel. Prospects for peace are highly uncertain, further exacerbating the deterioration of living standards in a region that is already one of the world’s poorest.

Conflict prevention will reduce the risk of foreign interference (Hoffman and Orner, 2021) in the advancement of democratic values, national security, and development objectives. The adoption of a continental approach to national security promotion will enhance both national and continental security, as well as lower the associated costs borne by individual African countries. Eventually, it will accelerate economic growth by helping facilitate the optimal allocation of scarce resources, and ultimately strengthen national ownership of security and development objectives. But to achieve these goals, policymakers must commit to addressing the internal drivers of conflicts, which are often linked to governance deficits (World Bank, 2011), entrenched horizontal inequality, and weak institutions (Easterly, 2001, 2007; Collier et al., 2003)—factors that frequently herald foreign interference (Jett, 2019).⁵⁴

In this context, fast-tracking the implementation of the African Governance Architecture—a platform operating under the African Union’s aegis—to strengthen good governance and consolidate democracy will be crucial (AU, 2020). Just as important is the building up of strong, responsive, and accountable state institutions (Easterly, 2007; Bates, 2008; Acemoglu and Robinson, 2008) at the local and national levels. These institutions must deliver essential services, as well as safeguard inclusive political processes, economic empowerment, the rule of law, and public security. Additionally, establishing as soon as possible various monitoring and accountability mechanisms for the illegal supply of small arms to non-state actors will go a long way towards stifling the growth of transnational terrorist networks.

Broadening support for the African Peace and Security Architecture (APSA), which outlines a comprehensive strategy for conflict prevention and management, will smooth the transition towards a continental approach that strengthens ownership of Africa’s peace and security promotion agenda and its alignment with the region’s economic development strategy.⁵⁵ While governance reforms will

52 Unlike GDP per capita which is driven exclusively by economic growth, the UN Human Development Index is a summary measure of average achievement in key dimensions of human development, including a long and healthy life, knowledge, and decent standard of living. The Human Development Index is a geometric mean of normalized indices for each of the three dimension. For more details, see <https://hdr.undp.org/en/content/human-development-index-hdi>.

53 See <https://globalinitiative.net/wp-content/uploads/2019/11/GIATOC-Annual-Report-2018-13Nov1735-Web.pdf>

54 In effect, a survey of young Africans carried out by the UN Development Program in 2017 found that improved public policy and governance was a far more effective response to violent extremism than a military one. For more details see <https://afsa.org/why-peacekeeping-fails>.

55 The APSA has four key pillars, including: (i) early-warning mechanisms and conflict prevention; (ii) peace-making, peace support operations, peace-building, and post-conflict reconstruction, and development; (iii) promotion of democratic

address internal drivers of conflict and enhance conflict prevention (Bates, 2006; Acemoglu and Robinson, 2008), the continental approach to security promotion will tackle both internal and external drivers. This approach will snap the spiral of interaction between these forces, while also significantly lowering the costs of national security promotion, including the costs of increasingly expensive imported military hardware, borne by any AfCFTA member state.

In addition to providing the confidence and long-term security guarantees needed to emerge from the shadows of repeated conflicts and invest in the future, the continental approach to security promotion will have positive spillover effects for democratic governance and institutional stability. Beyond speaking with one voice on African and global security issues, the continental approach will afford regional policymakers opportunities to draw on the benefits of increasing political economies of scale. Over time, a proficient military could be cultivated into a credible deterrent that strengthens state and continental institutions and compels them to foster political accountability and promote a culture of meritocracy, rather than one of cronyism and patronage.

Collectively, taking these steps will amount to a geopolitical sea change, strengthening African voices on global security issues and complementing progress made in the trade and economic development sphere under the AfCFTA. To date, given the impact of political and economic fragmentation, the sum of Africa's parts has not only been less than the whole, but has in fact been shrinking over time. Just as the establishment of military bases under bilateral agreements with individual African governments has failed to bring peace and security, bilateral agreements intended to promote trade and economic development have likewise failed to deliver (Easterly, 2007). Instead, they have weakened Africa's bargaining power in international trade negotiations and undermined growth prospects. The result has been a steady decline in Africa's share of global trade, which has fallen to under 3 percent, down from around 5 percent in the early years of independence.

Defragmenting Africa to capitalize on its tremendous political and trade economies of scale could ensure that the continent becomes even greater than the sum of its parts. Preliminary estimates show that the AfCFTA will significantly boost both extra- and intra-African trade (Saygili et al., 2018; IMF, 2019a; World Bank, 2020c). According to World Bank's estimates, the AfCFTA will boost intra-African exports by over 81 percent and extra-African exports by 19 percent by 2035. In terms of sectors, manufacturing exports are expected to make the most gains: a 110 percent increase for intra-African trade and 46 percent for extra-African trade (World Bank, 2020c). Likewise, adopting a continental approach to security promotion could prove transformative in terms of national security promotion and global power projection.

By elevating the security promotion agenda to the continental level, Africa will strengthen its security and development nexus, lower both the costs borne by individual countries and political risk to continuously crowd-in private capital and set the continent on a path towards lasting peace and prosperity. Embracing a united, continent-wide attitude towards alleviating security risks will, in short order, reduce Africa's highly inflated perception premiums, raising returns on investment and creating the conditions for a virtuous cycle of long-run growth sustained by a mutually reinforcing security and development nexus (Fofack, 2021c).

Furthermore, elevating the security promotion agenda to the continental level will strengthen the bargaining power of the region in international negotiations and maximize the growth and welfare dividends associated with both increasing trade and political economies of scale. Over time, this allied approach will enable Africa to leverage its huge human and natural resource potential (Fofack, 2021a), strengthen ownership of its development process, and grow into a dynamic force on the world stage.

practices, good governance, and respect of human rights; and (iv) humanitarian action and disaster management. For more details, see https://au.int/sites/default/files/documents/38310-doc-9_2015-en-apsa-roadmap-final.pdf

6. Conclusion

A growing body of empirical research shows that economies of scale associated with the AfCFTA will boost the competitiveness of regional economies and accelerate the diversification of sources of growth to gradually narrow the income and welfare gaps between Africa and other regions of the world (Saygili et al., 2018; IMF, 2019a; Fofack, 2019). However, realizing this potential hinges on reversing the deterioration of Africa’s security environment.

High-intensity conflicts and conflict-related deaths have soared over the last several years. At the same time, the rise in military spending increases the risks associated with the securitization of development and threatens to divert scarce resources away from growth-friendly and productive infrastructure investments.

The interplay between external and internal drivers of conflicts has become even stronger in recent years. Transnational terrorist networks operate across much of Africa, and their interaction with national insurgencies perpetuates the cycle of insecurity. In addition, these risk factors are being exacerbated by rising geopolitical tensions between today’s superpowers as they compete for global hegemony and control over resources. A growing number of civil wars are providing the theaters for these powers to engage in costly proxy contests.

Amid these tectonic geopolitical shifts, Africa has again emerged as the superpowers’ playground of choice in their race for global leadership. In the new scramble for Africa, many foreign powers have established military bases on the continent, the most effective way to prop up friendly political regimes and advance their own geopolitical interests. These bases are also useful for securing access to resources and trade routes critical to their strategic economic interests and the projection of power. In many respects, these developments are deeply reminiscent of the first Cold War.

Foreign military bases are long-term investments. Cold wars tend to be protracted, and they leave long-lasting scars. The onset of a second cold war is perhaps the greatest risk facing Africa, a region that has, over the last several years, put itself on a promising development trajectory, greatly enhanced by policymakers’ commitment to continental trade integration reform after decades of implementation of difficult economic restructuring, including under the IMF and World Bank structural adjustment programs.

Historically, the natural policy response to rising insecurity has been the securitization of development and the prioritization of defense spending at the expense of productive investments, with the urgency of security crowding out the investment needed for long-term prosperity and lasting safety. But, as history shows, elevating military spending over development has not delivered security and, rather, undermined development. In the light of the current deteriorating security conditions, renewing that strategy would only undercut the AfCFTA’s implementation. The damage that such an approach might inflict would be compounded greatly by the socioeconomic fallout from the COVID-19 crisis, which has exacerbated fiscal deficits and macroeconomic management challenges.

This paper outlines policies to strengthen the security and development nexus for a successful implementation of the AfCFTA and lasting peace across Africa. Policymakers must implement vigorous internal reforms that strengthen democratic governance and judicial independence, which will broaden political participation and foster a culture of accountability. Critically, they must embrace a continental approach to security promotion within the framework of the APSA. Democratic governance reforms will, on the one hand, address internal drivers of conflicts and enhance conflict prevention, and the continental approach to security promotion will, on the other, address internal as well as external drivers.

Unless this complementary style is adopted, lasting peace will continue to elude Africa, at a huge cost to economic development and regional integration. The continental approach to security promotion is

both cost-effective and politically efficient, and will be more potent at stifling and eventually extinguishing transnational terrorist networks.

The political economies of scale associated with this unified approach complements the trade economies of scale arising with the AfCFTA and will maximize overall returns in terms of national security and economic development. Together, these economies of scale will strengthen ownership of both development and the regional security agenda, setting Africa on the path towards lasting peace and prosperity for accelerated global income convergence.

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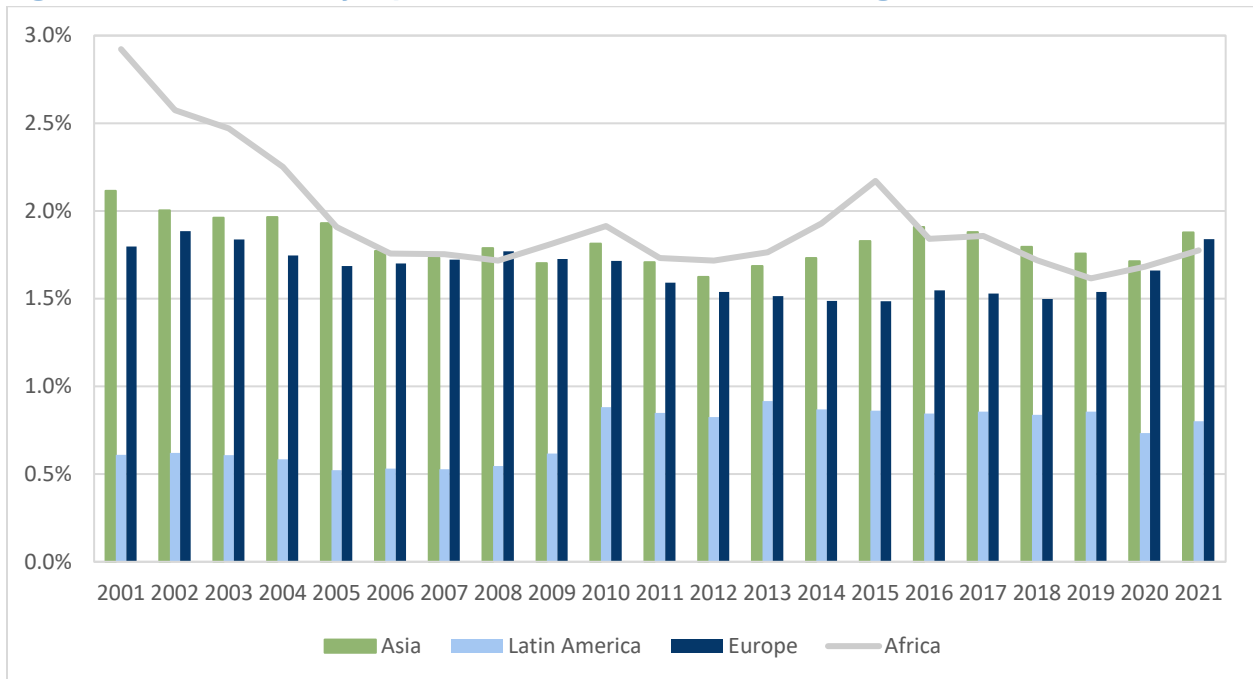
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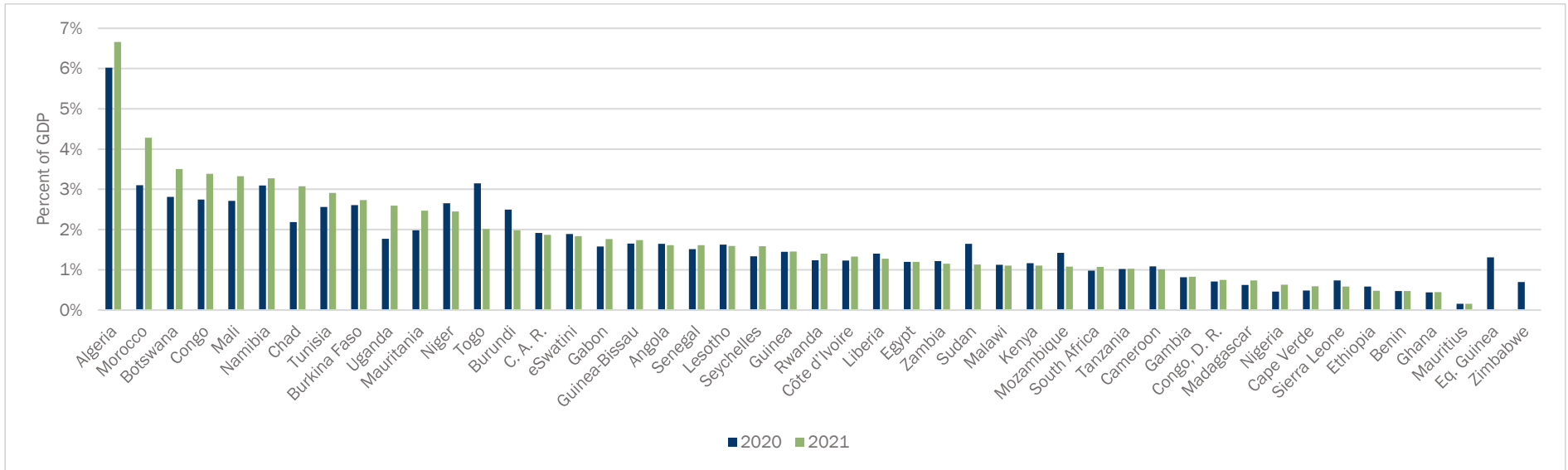
Annex

Figure A1: Trend of military expenditure as a share of GDP across regions



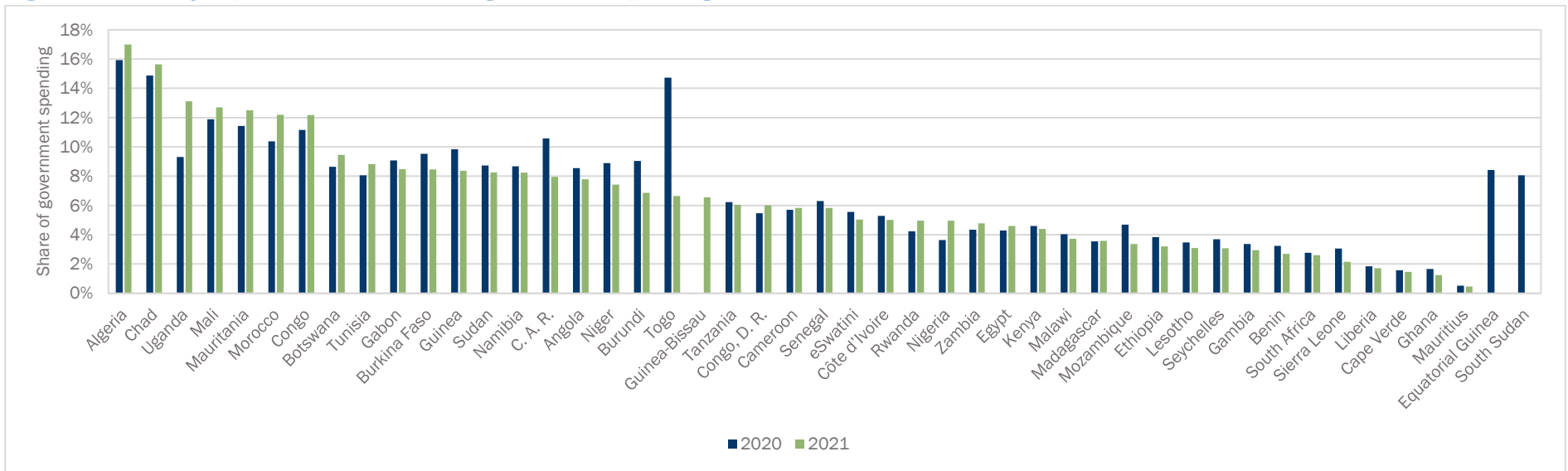
Source: SIPRI database.

Figure A2: Military expenditure as a share of GDP, African countries, 2020 and 2021



Source: SIPRI database.

Figure A3: Military expenditure as a share of government spending, African countries, 2020 and 2021



Source: SIPRI database.