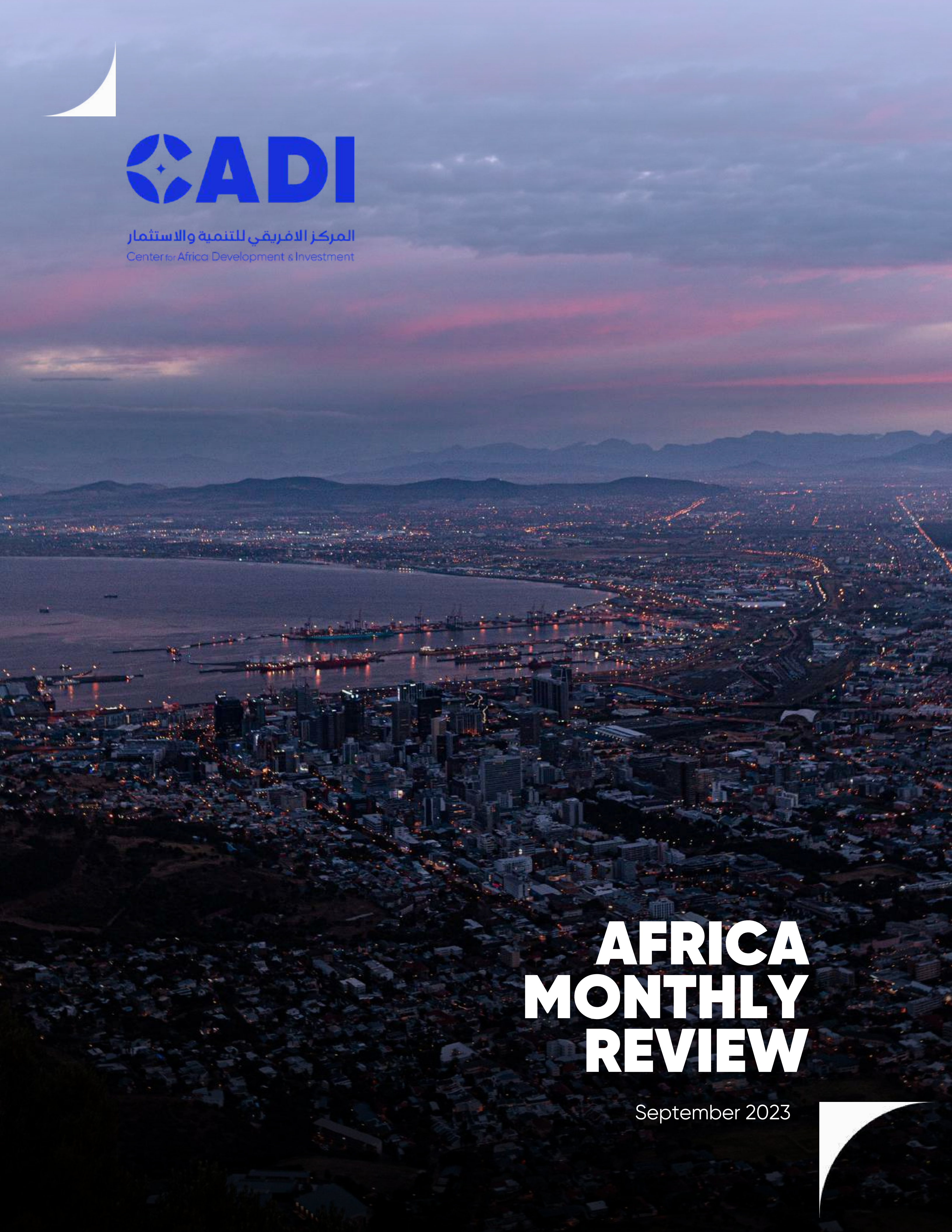

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المركز الافريقي للتنمية والاستثمار

Center for Africa Development & Investment

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The Fiscal Toll of Political Upheavals: Consequences of Coup d'états in Africa.

The persistent recurrence of military coups in Africa since its decolonization era in the 1950s constitutes a complex, multifaceted dilemma with immediate and far-reaching economic implications. It is an unsettling paradigm not merely for the directly affected nation-states but also for Africa as a continent and, indeed, for the global economic landscape. With over 200 attempted coups since the late 1950s, Africa has emerged as a veritable epicenter of such upheavals; between 2020 and 2023 alone, seven coup d'états and two foiled attempts were witnessed.

Although the triggers for military coups are often complex, they are particularly rife in West and Central Africa. This propensity has been attributed to deeply ingrained ethnic divisions, compounded by fragile political institutions and precarious security apparatuses, creating a fertile ground for usurpation of power.

This complexity must be evaluated within the broad economic, social, and geopolitical instability parameters that are not merely local phenomena but become part of a larger African narrative. Furthermore, Africa's colonial heritage, subsequent baggage, and failures by governments and institutions to deliver equitable development outcomes also drive these coups.

The economic consequences of military coups in Africa are not confined to the borders of the affected states; instead, they unleash a chain of events with profound, multi-dimensional impacts. A coup precipitates a rapid erosion of investor confidence, triggering significant capital outflows and destabilizing domestic financial markets. This, in turn, can drive inflationary pressures, further straining an already fragile economic infrastructure. In extreme instances, the consequence is a full-fledged economic collapse characterized by soaring unemployment rates, dwindling GDP, and a breakdown in social services.

Further, these economic ramifications extend far beyond the immediate degradation of domestic market conditions within the affected countries, entrenching themselves into the broader fabric of African and global economies. Such coups frequently lead to a suspension of vital economic activities—namely, agriculture, oil extraction, and mineral mining—that constitute the backbone of many African economies. The seizure of power by the military often leads to a struggle over control of these resource-rich sectors. This contention disrupts domestic supply chains and exerts upward pressure on global

commodity prices, mainly when the involved states are significant contributorssignificantly contribute to worldwide supply of strategic commodities like oil or rare minerals.

In an interconnected global economic ecosystem, the ripples of an African coup can traverse continents. They impact global commodity prices, mainly if the affected country is integral to producing strategic resources like oil, rare earth minerals, or agricultural products. This cross-border economic reverberation amplifies Africa's vulnerabilities in the global arena. The precariousness introduced by recurrent coups undermines Africa's strategic importance in global supply chains, inhibiting the continent's leverage in international negotiations and collaborations. The cessation or severe constriction of these activities introduces economic volatility within the borders of the affected countries and neighboring states that may be economically interdependent. Such disruptions can trigger cross-border humanitarian crises, foment regional instability, and necessitate further international interventions, thereby escalating the costs on a continental scale.

The significance of this phenomenon for Africa cannot be overstated. Military coups undermine political institutions and compromise the African Union's vision of regional economic integration and sustainable development. The instability created by coups perpetuates a vicious cycle where poor governance, financial instability, corruption, and kleptocracy feed into each other, adversely impacting the continent's ability to attract global partnerships and investment necessary for collective economic growth.

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Furthermore, the nexus between military coups and the proliferation of illicit trade in precious commodities like diamonds and gold underscores another layer of complexity in understanding the multifaceted impacts of political instability in Africa. As observed in numerous countries, such coups become flashpoints for these high-value commodities' illegal extraction and trade. Non-state armed factions capitalize on the political vacuum and weakened governance structures to gain control over the production and commercialization of these resources. In contravention of international bans, they frequently offload these commodities onto global markets at prices significantly below the governmental benchmarks, distorting market dynamics.

This illicit trade in precious metals and gems has far-reaching economic and geopolitical repercussions. On an economic level, the underpricing of these resources represents a colossal loss of revenue for the affected countries, often further crippling economies already destabilized by the coup d'état. Moreover, these unauthorized mining and trade activities typically involve inhumane labor practices, adding a human rights dimension to the economic debacle.

From a pan-African perspective, the normalization of illegal trade during periods of political upheaval compromises regional stability. It poses substantial challenges to intergovernmental organizations like the African Union, whose agendas for economic integration and sustainable development are fundamentally undermined by lawlessness. The illicit trade networks also tend to cross national borders, exacerbating regional security concerns and necessitating coordinated interventions.

Consequently, the inextricable link between military coups and the expansion of illicit trade in Africa calls for a multi-pronged approach that is punitive and preventative. This necessitates complex solutions that marry economic policy, governance reform, and international diplomacy. The persistence of this issue is a formidable obstacle to Africa's collective aspirations for economic growth, regional stability, and sustainable development. Therefore, addressing it is imperative for the continent's unified progression into a more stable and prosperous future.

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The persistent occurrence of military coups in Africa is a pressing issue that extends beyond political and social dimensions to have significant economic consequences. These coups disrupt the stability, development prospects, and economic integration of African states, thus posing a formidable challenge to the continent's collective aspiration for prosperity and unity. Therefore, they require immediate, collaborative interventions from regional and international stakeholders to catalyze Africa’s transition toward sustainable development and economic stability.
Carnegie. Harvard Business Review. IMF

Africa's Energy Landscape:

A Confluence of Potential & Paradox

The discourse on energy in Africa – encompassing aspects of access, generation, and distribution – is prominent in debates centered on international development and economics. The energy dynamics of Africa present a compelling inconsistency.

The continent, endowed with abundant natural resources, paradoxically faces an energy crisis that belies its inherent potential. When juxtaposed against the global energy access index, Africa's position is notably diminished. This discrepancy is not merely an infrastructural challenge but is symbolic of more profound socio-economic implications.

The prevailing energy deficit, in essence, acts as a determinant, if not a bottleneck, in Africa's quest for sustained economic ascension and societal betterment. As such, understanding and rectifying this energy-access dichotomy is not just a regional imperative but a global mandate, given Africa's strategic significance in the larger

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According to data from the International Energy Agency (IEA), Africa harbors the most pronounced energy access disparity globally. Alarmingly, only about 600 million individuals out of a population exceeding one billion enjoy the benefits of electrification.To those unfamiliar with the intricacies of developmental studies, the direct correlation between electricity access and broader socio-economic indicators might seem overly emphasized or even redundant. However, a deeper dive into the matrix of development dynamics unveils the indispensability of energy, specifically electricity, as a central driver of progress.

More than just a facilitator of daily tasks, energy is a cornerstone in the architecture of socio-economic growth. In Africa, much like the rest of the world, electricity's importance cannot be overstated; it can be likened to the circulatory system in the human body, channeling vitality across varied spheres. Consider, for instance, its role in essential utilities. Cooking, a fundamental yet paramount activity, has historically been associated with rudimentary and often hazardous techniques in energy-deprived regions of Africa. Reliable electricity access transforms this, paving the way for safer and more efficient culinary practices. Similarly, the telecommunication sector, a linchpin for Africa's burgeoning digital economy, hinges profoundly on a consistent energy supply. Without electricity, the aspirations of connecting the vast African landscape through digital mediums become a distant dream.

Additionally, one cannot underscore enough the significance of electricity in healthcare infrastructure. Providing consistent and dependable electric power can drastically uplift the quality of medical services in a continent that grapples with myriad health challenges. Modern medical apparatus, from essential diagnostic tools to complex life-saving equipment, rely heavily on electricity. Its absence or inconsistency can be a matter of life and death.

Moreover, the nexus between energy and economic output is undeniable. Historically and universally, regions with abundant energy resources and infrastructure tend to exhibit accelerated economic growth rates. They also foster innovation, attract foreign investments, and facilitate advanced research and development activities. Conversely, areas marked by energy paucity often grapple with stunted economic activities, restricted industrial growth, and pervasive poverty.

Nevertheless, one of the most striking elements surrounding Africa's energy matrix is the sheer magnitude of the continent's untapped renewable electricity potential. Contrary to common perceptions, Africa is a repository of conventional energy resources and a goldmine of renewable energy possibilities. Harnessing this potential can address this deficit and position the continent as a frontrunner in the global sustainable energy transition.

In recent years, African governments have showcased a discernible cognizance of this untapped potential. An emblematic indicator of this heightened awareness is the surge in public investment. From 2010 to 2019, public commitments to renewable energy catapulted to an impressive $47.0 billion, marking a threefold increase from the preceding decade’s $13.4 billion. This meteoric rise underscores the continental paradigm shift towards sustainable energy solutions.

Two salient initiatives stand out in this transformative journey, illustrating the magnitude of Africa's renewable vision. First is the African Development Bank's 'Desert to Power Initiative.' This ambitious solar venture aims to augment the electricity generation capacity of eleven Sahel countries by a staggering 40% by 2030. The ramifications of this project are profound, with an anticipated 90 million inhabitants expected to experience reliable electrification for the first time. Such an endeavor transcends mere infrastructure development; it is a testament to the socio-economic upliftment that renewables can usher.

Secondly, the DR Congo’s Grand Inga Dam presents another beacon of promise. Upon its completion, this hydroelectric powerhouse is poised to churn out up to 40,000 MW of electricity. To offer a comparative perspective, this output will dwarf the world's largest dam, China’s Three Gorges, by doubling its power generation. This endeavor exemplifies Africa’s capacity to meet its energy needs and potentially be an energy surplus region.

Another internationally leading African energy initiative is the Noor-Ouarzazate Complex in Morocco, which epitomizes Africa's proactive engagement with renewable technologies. Esteemed as the world's largest concentrated solar power plant, it is a testament to Africa's capability and ambition. Furthermore, data from 2019 corroborates the continent's pioneering role in decentralized energy solutions, as almost a quarter of the global electricity generated through off-grid solar in that year originated from Africa. Such advancements illustrate the continent's commitment to harnessing its vast renewable energy potential, challenging conventional narratives of underdevelopment.

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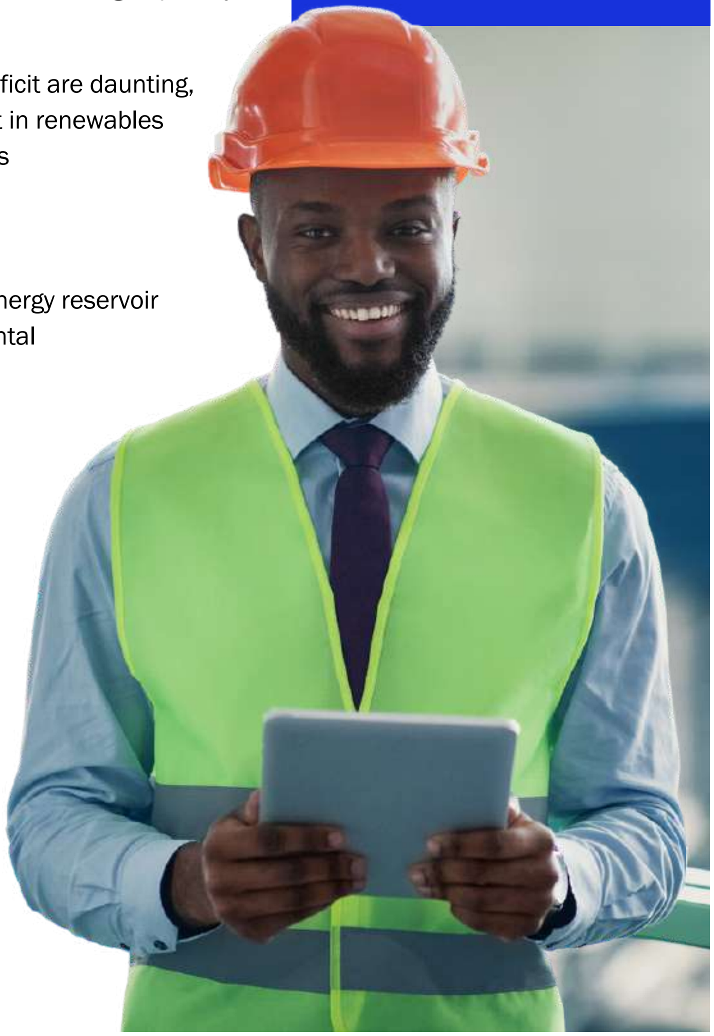
However, despite these achievements, a considerable expanse of Africa's renewable energy potential still needs to be developed.
In the realm of solar energy alone, half of the top ten global nations with the maximum energy yield per solar panel are African, underscoring the continent's unparalleled photovoltaic potential. Likewise, an analysis of wind energy potential reveals that nations such as Chad, Mauritania, Niger, and Mali could experience a 30-fold surge in electricity capacity if their total technical wind resources were mobilized.

The pathway to unlocking Africa's substantial renewable potential extends beyond individual national endeavors; it firmly calls for a symbiotic, global collaboration. The incumbent responsibility rests notably on affluent nations, whose pledges in the climate arena necessitate tangible actions, specifically in supporting Africa's transition towards a green economy.

Presently, the financial support directed towards this mission needs to be improved, with sub-Saharan Africa receiving a mere 5% of the total climate finance designated for non-OECD nations. This allotment starkly contrasts Africa's demonstrable renewable potential and pivotal role in the global eco-friendly transition, presenting a discrepancy that warrants urgent redress.

Yet, it is imperative to recognize that a shift to renewable energy cannot single-handedly remedy Africa's existing energy deficit in the short to medium term. While the end goal remains a green transition, a realistic appraisal dictates a concurrent reliance on more established energy sources during this transitional phase. The imperative, therefore, lies in crafting strategies that not only facilitate immediate amelioration of the prevailing energy shortfall but also set the stage for a sustained, progressive shift towards green energy in the long run.

Thus, the mandate for stakeholders and policymakers transcends a mere focus on the green transition. It encompasses a dual responsibility: accelerating efforts to bridge the immediate energy deficit, alleviating pressing socio-economic challenges, and fostering a gradual yet decisive transition towards renewable energy paradigms. This approach nurtures the prerequisites for a robust, green energy landscape while addressing the imperative needs of the present, ensuring a responsive and forward-thinking trajectory in Africa's energy blueprint.



In synthesis, while the challenges of Africa's energy deficit are daunting, they are manageable. With the burgeoning investment in renewables and paradigm-shifting projects underway, Africa stands on the cusp of an energy renaissance.

If tapped judiciously, the continent's vast renewable energy reservoir can be the linchpin for its comprehensive developmental metamorphosis.

Addressing Africa's energy deficit is not merely a logistical or infrastructural challenge but a developmental imperative - the continent's existential trajectory hinges on resolving this predicament. For Africa to realize its immense potential and take its rightful place globally, prioritizing energy access is necessary and a necessity.

This energy renaissance would illuminate homes and kindle the flames of progress, prosperity, and innovation for a continent on the cusp of transformation. Mo Ibrahim Foundation.
ADB. UNECA

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Mauritania Reckoning:

Modernity, Tradition, and Climate Conflict

Mauritania's reckoning is summed in the tensions resulting from the interplay between tradition and modernity and climate conflict resulting from the certainty of experiencing the great transformation as we know it. The symbols of modernity are everywhere in Mauritania (science and technology, administration, management and governance, and culture -music, theatre, cinema, drama, sports, etc.). Tradition and modernity coexist side-by-side, not as a passive recipient of what is equivalent to an onslaught on a way of life developed over a centuries-long symbiotic relationship with the natural world. While some spaces of tradition are invaded by modernity, others stand tall, trying to whither the winds of change or reconcile the two and produce an ensemble of a life that is neither wholly modern nor completely traditional. It is a

Climate conflict is not strange to modernizing societies, where the natural world or the environment (nature in its benign forms, natural resources, and the socio-economic created or to be created) become a space of conflict.

Paradoxically, Mauritania must "develop" its natural resources to shoulder the high cost of engaging modernity or remain huddled within antiquity's confines.

For example, the nomadic population of the bastion of traditionalism accounted for 75 percent of the total population in 1965. Still, by 1988, that proportion had decreased to 12 percent and, by 2000, was estimated at a little under 6 percent. Today, in 2023, the nomadic population must be a fraction of 2000 numbers (2000 General Population and Housing Census in Mauritania).

The nomadic lifestyle is still idealized. Livestock supplied the nomads with milk and meat, and transport was provided by riding camels and pack camels and, in the south, by pack oxen and donkeys. The women dyed sheep's wool, with which they then braided long brown bands sewn together to make tents; they also tanned goats' skins to make gerberas or waterskins in Arabic (Britannica-Mauritania).

Development and Investment as Modernity Drivers

The nomadic way of life is increasingly threatened by expansive development plans to modernize the economy and the social life that sustains it. For over a century, Mauritania has embarked on many development and investment policies that have improved health, introduced modern education, and established modern physical infrastructure, including road, rail, and air transport.

Mauritania's economy is dominated by gold, iron (Mauritania is the second largest African producer) and copper. The mining sector represented 24% of the country's GDP and 60% of exports in 2020, according to figures from the Extractive Industries Transparency Initiative (EITI). According to data from the French Treasury, iron ore was the country's leading export item in 2021, accounting for €1.5bn, ahead of fishery products (€586m), copper (€217m), and gold (€273m), with the Chinese market as the primary buyer (59%). An Australian mining company, Aura Energy, negotiated with Mauritanian authorities to obtain an operating license for its Tiris site. It should require $75m in investments and offer 12.4m pounds of uranium over 15 years. It is the largest company and employer (6,000 employees) after the civil service, the Société Nationale Industrielle et Minière (SNIM), which is nearly 80% owned by the state. It alone contributes 15% of GDP and 30% of exports (African. Business Mauritania).

At its face value, Mauritania has done since the COVID-19 pandemic. As the table shows, Mauritania has almost recovered pre-COVID-19 in all listed indications except GNI per capita growth, thus refuting the development trickling down effect.

Nonetheless, according to the IPM-M, 2.3 million people, or 56.9% of the population, live in multidimensional poverty in Mauritania. These people are deprived on average in 56.3% of the weighted indicators in education, health, living standards, and employment.

Climate Change and Climate Conflict

Climate-related natural disasters are becoming more frequent and severe in Mauritania, exacerbating long-standing challenges like land and infrastructure degradation, water stress, and food insecurity. After a severe drought in 2021, 20% of the population faced acute food insecurity—the highest level in the country's history. Lower-income households and women were the most impacted, as they're disproportionally reliant on natural resources (Mauritania Impact of Climate Disasters).

One such negative impact of climate change in Mauritania is flooding, linked with urbanization as a propeller of modern life and concentration of populations, including the exodus from rural to urban areas. It is estimated that between 2000 and 2021, Mauritania ranked as the third worst Sub-Saharan African country in terms of the human impact of climate-related events, after Somalia and Eswatini. Flooding is being exacerbated by unplanned urban expansion and poor drainage systems and is taking an increasingly heavy toll on the economy (urbanization exacerbates the risk of flooding).

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Climate change has exacerbated drought recurrence, leading to extended dry spells. These climatic changes negatively impacted the nomadic communities, precipitating migration from the drier to the wetter southern borders adjacent to the Senegal River. Rural nomadic herding communities settle near oases or migrate to urban areas. They joined the urban poor who lived destitute in squatter settlements in the urban centers.

Only 0.5% (502,000 hectares) of Mauritania's land mass is considered helpful for agriculture. (Land Portal Mauritania, 2021) Therefore, the primary source of conflict is cultivable land scarcity and land-related disputes over wet, fertile lands, particularly between farmers and pastoralists. Because of climate change, the conflict between nomads and farmers over land and water courses has intensified as more nomads migrate to grazing areas near the agricultural zone near the Senegal River. Climate conflicts are exacerbated by disputes involving nomads and farmers on one hand and oil, gas, iron ore, and gold mining companies, which are familiar conflicts in many countries where extractive industries occur.

Conclusions

Modernity, tradition, and climate conflict are intertwined, mediated by development, and exacerbated by anthropogenic factors that have altered the climate to the worst (e.g., extreme weather conditions). Disputes over land resources are limited, have not affected investment and development interventions, and tend to be resolved without disrupting subsistence production activities. However, the trio should be considered part of the development and the tensions between modernity and tradition.

As a byproduct of modernity, climate change affects urban and rural nomadic populations differently. Still, more significantly, it draws the rural populations to the urban centers to join new occupational career patterns and a modern way of life. Nonetheless, there is no escaping from climate change impacts. The nomadic populations from regions affected by recurrent drought migrated to urban centers, such as Nouakchott, inundated by extreme flooding during the rainy season.

From a development and investment perspective, in March 2021, the government created the Agency for Promotion of Investment in Mauritania to facilitate the administrative work of foreign investors. APIM helps investors navigate the business permit process, various managerial procedures, and the rules and regulations concerning foreign workforces. Mauritania majors, including iron ore (46%), non-fillet frozen fish (16%), and gold (11%), have great potential for expansion (Land Portal Mauritania, 2021). In addition to these mineral resources, Mauritania has substantial renewable energy potential (solar, wind, and hydropower resources) and natural gas reserves potential. These natural resources riches are not susceptible to climate change and climate conflict, while renewable energy can support the global shift towards energy transition.

East Africa Watching from A Far:

Sudan Risks Losing South Sudan Lucrative Transit Fees

At the onset of the Sudan Conflict, an alarm bell rang, warning of an impending crisis risking South Sudan oil export transit through Port Sudan on the Red Sea. Nearly five months into the fighting between the Sudan Armed Forces (SAF) and the Rapid Support Force (RSF), the oil flow has continued despite understandable delays in the circumstances. However, the war is a wake-up call for the South Sudan Government, which realized the looming dangers should its only export pipeline be shut down, thus losing 70-60% of its GDP and 90% of its revenue.

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Sudan's war has alerted South Sudan to reactivate its efforts to develop an alternative oil pipeline line should the fight continue. Paradoxically,Sudan-South Sudan oil pipeline has not been interrupted, decoupling war while the two countries enjoy a business-as-usual situation – at least for now. Paradoxically, according to Bloomberg, as of 14 August, South Sudan oil exports rose during the Sudan war as the pipeline was left unscathed.

The 15 April conflict in Sudan could not have come at the most critical time for the two countries. South Sudan has extended the Revitalized Agreement on Resolving the Conflict in South Sudan (R-ARCSS). South Sudanese have been eagerly awaiting the implementation of the passage of the 2023 National Election Bill and the reconstitution of the National Constitution Review Commission and the Political Parties Council. All these processes were expected to be secured by the unification of 55,000 of the Necessary Unified Forces (NUF).

According to the United Nations September 2023 Monthly Forecast, the main reasons for the delayed deployment of the NUF are the unresolved unification of the middle- and lower-level command echelons and the lack of funding for deployment.

Sudan conflict has worsened the refugees and internally displaced people (IDPs) situation for South Sudan hosts 330,000 refugees and asylum-seekers, mainly from Sudan. It has 2 million IDPs due to conflict, insecurity, and the impact of climate change. In addition, over 500,000 South Sudanese refugees have returned since the Revitalized Peace Agreement (R-ARCSS) signing in 2018. South Sudan's refugee crisis remains the largest in Africa, with over 2.3 million South Sudanese refugees hosted in neighboring countries, mainly Ethiopia, Kenya, Sudan, and Uganda (UNHCR South Sudan 2023).

South Sudan also suffers from intercommunal and subnational violence in many areas. According to the quarterly brief on violence affecting civilians (covering January to March), UNMISS' Human Rights Division documented 194 incidents of violence involving 920 civilians. During the reporting period, the proportion of civilians killed increased by 35 percent (from 300 to 405), and conflict-related sexual violence (CRSV) decreased by 78 percent (from 63 to 14) in comparison with the same reporting period in 2022.

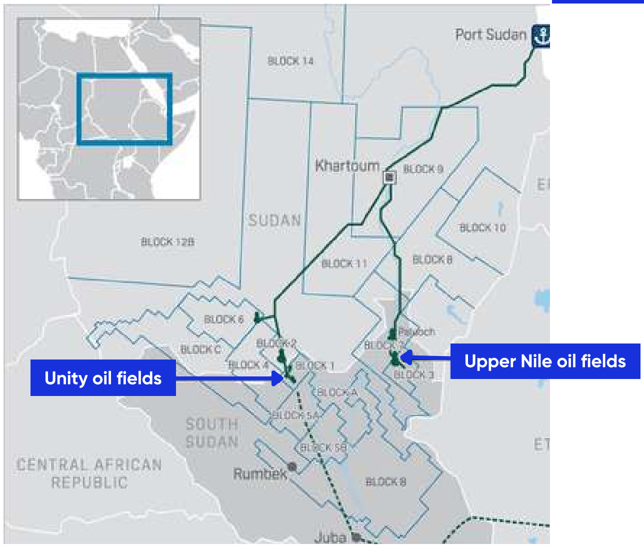
While lives are wasted and millions of people displaced, South Sudan's transit through Sudan flows uninterrupted. Sudan’s fighting adversaries have at least agreed to save this lifeline, as this entry reveals.

Oil Pipeline, Transit, and Exports

Sudan fighting prompts fears that the oil supply could be affected. However, The Greater Nile Oil Pipeline stretches 1,600 km from South Sudan's Unity and Helig oil fields to export terminals on the Red Sea, south of Port Sudan (see the map below). Capable of carrying 250,000 b/d, it is operated by the China Oil & Gas Pipeline Network Corporation and Malaysia's Petronas, which has evacuated staff. Two weeks into the fighting, South Sudan's oil minister Puot Kang Chol said deliveries of critical materials to its oil fields had been interrupted. About 70 km north of Khartoum is the Garri refinery and a large power plant. Garri processes 100,000 b/d of Sudanese and South Sudanese crude, the country's only refinery, representing around 60% of Sudan's daily fuel demand.

Considering South Sudan's reliance for revenue on oil exports through Port Sudan, the Revitalized Transitional Government of National Unity in South Sudan (RTGoNU) has set up an emergency task force to monitor the impact of the ongoing conflict in Sudan on crude oil exports. The South Sudanese government had also negotiated with the Sudanese warring parties oil-supply to ensure the safety of Sudan's oil installations and pipelines.

According to South Sudanese officials, Crude flows have been unaffected by the fighting. Exports have increased in April, data from S&P Global Commodities at Sea shows, with 130,400 b/d of crude shipped from Sudan's Bashayer terminal to the UAE and Malaysia, up from 77,000 b/d in March and 96,000 b/d in February. However, on April 28, South Sudan said the crisis had put downward pressure on its crude price but not on its flows.



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The fighting has slightly affected the domestic fuel supply chain, resulting in chronic periodic fuel shortages even though Sudanese officials say the Garri refinery is operating at total capacity. Widespread electricity outages in Khartoum appear to have been caused by the towers' destruction. There has been no fighting to date around power plants, with the battles focused on the army headquarters, armored, and engineering corps at Khartoum Airport.

South Sudan and East Africa Renewing the Search for an Alternative Pipeline

Furthermore, overreliance on Sudan has led South Sudan to explore potential new pipelines to ports in Djibouti or Lamu, Kenya. South Sudan commenced talks to reactivate plans to truck and build oil pipelines through Kenya, Djibouti, Ethiopia, and Sudan. South Sudan Government is also said to have begun working with our partners and countries in the region to help with the transportation of oil using trucks and to build oil pipelines to Djibouti port through Ethiopia and the port of Mombasa, Kenya. In the long run, South Sudan is exploring possibilities to use ports of other countries to avoid relying on one export route. Sudan's ongoing conflict has prompted the leadership of South Sudan to explore available opportunities for oil export in the event the battle dragged on. It reactivated and signed a memorandum of understanding with Ethiopia and Djibouti to secure alternative oil export routes. This precautionary measure ensured that its oil reaches the international market should the conflict in Sudan drag on and become a security issue for the oil export.

In sum, Sudan should resort to a peaceful resolution of the present gruesome conflict, first and foremost, to save lives and property, and second, not to create unfavorable circumstances that compel South Sudan to exit its main oil transit route entirely and with it a vast, sophisticated, and reliable oil pipeline infrastructure—shutting the oil pipeline risks South Sudan losing its primary source of revenue and a prospect that no country can contemplate.