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Special Issue on  
**Money, Security and Democratic Governance in Africa (III)**

Numéro spécial sur  
**Argent, sécurité et gouvernance démocratique en Afrique (III)**

This volume of *Africa Development* is dedicated to  
Naffet Keita (1968–2018)  
who passed away before the editing was completed.

Ce volume *d'Afrique et développement* est dédié à  
Naffet Keita (1968–2018)  
décédé avant la fin de son édition.

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*Africa Development* is a quarterly bilingual journal of CODESRIA. It is a social science journal whose major focus is on issues which are central to the development of society. Its principal objective is to provide a forum for the exchange of ideas among African scholars from a variety of intellectual persuasions and various disciplines. The journal also encourages other contributors working on Africa or those undertaking comparative analysis of the developing world issues.

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CODESRIA, Av. Cheikh Anta Diop x Canal IV B.P. 3304, Dakar, 18524 Sénégal

Tel: +221 825 98 22 / 825 98 23 – Fax: +221 824 12 89

Email: [publications@codesria.org](mailto:publications@codesria.org)

Web Site: [www.codesria.org](http://www.codesria.org)

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**Naffet Keita**  
**(1968–2018)**



## Editorial

### Money, Security and Democratic Governance in Africa (III)

This special edition of *Africa Development* is published posthumously. It is dedicated to the memory of Naffet Keita who wrote the introductory article, of the first issue on this thematic (*Africa Development*, Volume XLIV, No. 1, 2019), but passed away before the editorial process was completed. He died in a traffic accident on Monday 22<sup>nd</sup> October 2018, together with his friend and colleague Ambroise Dakouo, on their way to participate in a seminar on security in Ségou, Mali. For a period of over twenty years, Naffet continued to research, write about and provide policy advice on questions related to conflict and radicalisation in Mali, distinguishing himself as one of the few grounded experts on security issues in Africa. Some of his most important publications include a book on the subject of the Tuareg Rebellion, another on slavery in Mali, a research on unemployment and development in underdeveloped countries, and more recently, a book on telephony and mobility in Mali. Amongst many things, he argues that radicalisation is the product of a failure by governments and political systems to provide the basic needs of society. In other words, insecurity arises out of a rupture of the social contract.

This edition of *Africa Development* is the third of four thematic issues bringing together a selection of contributions from the international conference on “Money, Security and Democratic Governance in Africa”, organised by CODESRIA and the United Nations Office for West Africa (UNOWAS) in Bamako, Mali, from 19 and 20 October 2017. The meeting followed a series of policy dialogues between the two organisations and research communities on the continent, part of CODESRIA’s engagements in seeking empirically grounded answers to critical questions on security and governance in Africa. Naffet Keita was a resource person during the conference, delivering one of the keynotes.

Security, governance and money are intimately linked. Governance challenges are known to fuel insecurity which in turn undermines efforts at promoting good governance in many countries. Illicit financial flows have the tendency to subvert good governance and fuel insecurity. The illicit

proceeds of transnational organized crime, including drugs and human trafficking have become big contributors to governance challenges in Africa. Illicit funds have permeated, and compromised electoral and governance processes and structures in a number of countries. Furthermore, many groups are known to be using proceeds from various forms of trafficking to purchase arms and pay for operations. Difficulties in domestic resource mobilization undercut the ability of states and supra-state entities to provide adequate security. Countries and regional organizations often depend heavily on external funding for their operations, thereby raising new concerns.

New efforts to reinforce security agencies in response to insurgencies and terrorism also raise concerns over a resurgence of the state security paradigm after the rise of human security in the 1990s. This return to the primacy of force not only crowds out investments in other vital areas of service delivery, but also threatens much of the progress made in focusing on the links between governance and security.

Contributions provide responses to several pertinent questions: To what extent do illicit financial flows undermine democratic governance and security in Africa and what are the sources of the funds involved in these flows? What are the effective ways to curb the influence of illicit money on democratic governance and security in Africa? How are gender and age involved in the interactions of money, security and governance? How can social movements, especially those involving women and the youth, help curb the influence of illicit financial flows on democratic governance and security in Africa? How has investment in law enforcement agencies and security forces affected the capacity and interest of African states to deal with human development challenges? What are some of the deleterious 'side effects' of efforts to curb the influence of illicit flows on democratic governance and security in Africa?



## Éditorial

### Argent, sécurité et gouvernance démocratique en Afrique (III)

Cette édition spéciale d'*Afrique et développement* est publiée à titre posthume. Elle est dédiée à la mémoire de Naffet Keita qui avait rédigé l'article d'introduction, de la première édition de ce numéro spéciale (*Afrique et développement*, Volume XLIV, No. 1, 2019) mais est décédé avant la fin du processus éditorial. Il est mort dans un accident de la route le lundi 22 octobre 2018, avec son ami et collègue Ambroise Dakouo, alors qu'ils allaient participer à un séminaire sur la sécurité à Ségou, au Mali. Pendant plus de vingt ans, Naffet a mené ses recherches, écrit et conseillé sur les questions de conflits et de radicalisation au Mali, se distinguant comme l'un des rares experts des questions de sécurité en Afrique. Parmi ses publications les plus importantes, citons un livre sur la rébellion touareg, un autre sur l'esclavage au Mali, une recherche sur le chômage et le développement dans les pays sous-développés et, plus récemment, un livre sur la téléphonie et la mobilité au Mali. Il a notamment fait valoir que la radicalisation est le produit d'un échec des gouvernements et des systèmes politiques à satisfaire les besoins fondamentaux de la société. Dans d'autres termes, l'insécurité découlant d'une rupture du contrat social.

Cette édition d'*Afrique et développement* est la troisième de quatre parutions thématiques rassemblant une sélection de contributions de la conférence internationale sur « Argent, sécurité et gouvernance démocratique en Afrique », organisée les 19 et 20 octobre 2017 par le CODESRIA et le Bureau des Nations Unies pour l'Afrique de l'Ouest et le Sahel (UNOWAS) à Bamako, au Mali. Cette conférence fait suite à une série de discussions politiques entre les deux organisations et communautés de recherche, dans le cadre des engagements du CODESRIA dans la recherche de réponses empiriques à des questions cruciales sur la sécurité et la gouvernance en Afrique. Naffet Keita était personne ressource à cette conférence de 2017 et y a prononcé une allocution.

La sécurité, la gouvernance et l'argent sont intimement liés. Les problèmes de gouvernance sont connus pour exacerber l'insécurité, qui, à son tour, compromet les efforts de promotion de la bonne gouvernance.

Les flux financiers illicites subvertissent la bonne gouvernance et alimentent l'insécurité. Les produits illicites du crime organisé transnational, y compris le trafic de drogue et d'êtres humains, sont devenus des contributeurs majeurs aux problèmes de gouvernance en Afrique. Des fonds illicites ont infiltré et compromis les structures et processus électoraux et de gouvernance dans nombre de pays. De plus, il est connu que de nombreux groupes utilisent les produits de diverses formes de trafic pour se procurer des armes et financer leurs opérations. Les difficultés de mobilisation de ressources nationales compromettent la capacité des États et des entités supra-étatiques à assurer adéquatement la sécurité. Les pays et les organisations régionales dépendent souvent fortement de financements extérieurs pour leurs opérations, ce qui suscite de nouvelles inquiétudes.

Suite à la montée, dans les années 90, du concept de sécurité humaine, les nouveaux efforts de renforcement des agences en charge de la sécurité, en réponse aux insurrections et au terrorisme, soulèvent des préoccupations quant à la résurgence du paradigme de sécurité d'État. Ce retour à la primauté de la force prive d'investissements d'autres domaines vitaux de prestation de services, et menace également une grande partie des progrès réalisés en liant gouvernance et sécurité.

Les contributions répondent à plusieurs questions pertinentes : Dans quelle mesure les flux financiers illicites sapent-ils la gouvernance démocratique et la sécurité en Afrique et quelles sont les sources des fonds impliqués dans ces flux ? Quels moyens efficaces pour limiter l'influence de fonds illicites sur la gouvernance démocratique et la sécurité en Afrique ? Quelle est l'implication du sexe et de l'âge dans les interactions argent-sécurité-gouvernance ? Comment les mouvements sociaux, particulièrement ceux impliquant les femmes et les jeunes, peuvent-ils contribuer à réduire l'influence des flux financiers illicites sur la gouvernance démocratique et la sécurité en Afrique ? Comment l'investissement dans les forces de l'ordre et de sécurité a-t-il affecté la capacité et la motivation des États africains à faire face aux défis de développement humain ? Quels « effets secondaires » produit la lutte contre les flux illicites sur la gouvernance démocratique et la sécurité en Afrique ?



## Terrorist Groups in Africa: Quo Vadis?

Funmi Abioye\*

### Abstract

The frequency of acts of violence in the world has increased in recent years. These acts, perpetuated by different groups under different guises, have one thing in common: the invocation of a sense of terror and horror in people. In Africa, the situation is the same. Events in countries in and around the Horn of Africa, East Africa, Mali, Kenya and Nigeria, to name a few, speak to the rise in events of this nature that leave a trail of loss of life and property and destruction in their wake. At regional and continental levels, different initiatives, both legal and military, have been put in place all over the world to deal with acts of terrorism, and the perpetrators thereof. Despite these, terrorist attacks continue to happen unabated. It is questionable if these initiatives are achieving the desired results, and if these are indeed the correct measures to apply to tackle the malaise. Hence, this paper seeks to examine the nature and peculiarities of the terrorism occurring in Africa, focusing particularly on the groups al-Shabaab in the Horn of Africa, and Boko Haram in West Africa. The effectiveness of current efforts at combatting terrorism is examined with a view to recommending a more nuanced approach to the battle against terrorism in Africa.

### Résumé

La fréquence d'actes de violence dans le monde a augmenté ces dernières années. Ces actes, de formes différentes, perpétrés par différents groupes, ont un point commun : l'invocation d'un sentiment de terreur et d'horreur. En Afrique, la situation est la même. Les événements survenus dans des pays de la Corne de l'Afrique, d'Afrique de l'Est, au Mali, au Kenya et au Nigéria, pour ne nommer que ceux-ci, témoignent de la multiplication d'événements de cette nature qui entraînent de nombreuses pertes en vies humaines, ainsi que des dommages matériels. Aux niveaux régional et continental, différentes initiatives juridiques et militaires ont été mises en

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\* Associate Professor, Department of Jurisprudence, College of Law, University of South Africa, South Africa. E-mail: abioyft@unisa.ac.za.

place dans le monde entier pour lutter contre les actes de terrorisme et leurs auteurs. Malgré cela, les attaques terroristes continuent sans relâche. C'est à se demander si ces initiatives donnent les résultats escomptés et si ce sont les bonnes mesures pour lutter contre ce fléau. Dans cette perspective, cet article examine la nature et les particularités du terrorisme qui sévit en Afrique, en se concentrant principalement sur les groupes *Al-Shabaab* dans la Corne de l'Afrique et *Boko Haram* en Afrique de l'Ouest. L'efficacité des efforts actuels de lutte contre le terrorisme est examinée dans le but d'en recommander une approche plus nuancée.

## **Introduction**

Historically, acts of violence that are designed to evoke a sense of shock and horror in people have been used by groups in the battle for recognition and acknowledgement. The post-9/11 world in which we live has seen globalisation of such acts of violence which seemingly can come from anywhere, at any time, and can assume any form in execution. Over the years, there has been a marked increase in the activities of groups engaging in acts that are designed to maim, kill and devastate communities and groups of people, in all parts of the world, particularly in areas of the Middle East, Europe, Asia and Africa. These groups use violence and the invocation of terror as means to achieve their purpose. They breed an atmosphere of fear and insecurity, and sometimes promote the outbreak of conflicts.

In Africa, these groups have left their trail of bombings, kidnappings, assassinations and destruction in the areas in which they have been active. From the activities of Al Qaeda in the Islamic Maghreb (AQIM) in the countries in and around the Horn of Africa, in northern Mali in early 2012, its involvement in the besiegement of the American consulate in Benghazi, Egypt, the deadly bombings in Somalia, Algeria and Niger, the activities of the Salafist Group for Preaching and Combat (GSPC) in Algeria and in the region, the attack by al-Shabaab on the Westgate mall in Nairobi, to the various bombings and kidnappings carried out by Boko Haram in Nigeria, these groups have caused chaos and left a trail of bloodshed in their wake. This status quo has had a negative effect on the continent, and Africa runs the risk of being destabilised by the continuous reign of terror and having the gains and advances of development reversed by the activities of these groups.

These groups invoke terror to cause fear and destabilisation in the countries in which they operate, and on the continent as a whole. And for this purpose, they are loosely grouped as terrorist organisations, or terrorist groups,<sup>1</sup> even though they may differ in their purposes and goals. The aim of this paper is to analyse the rise of terrorism in Africa, using al-Shabaab

and Boko Haram as examples. The conditions that have lent impetus to the increase in terrorist activities in Africa are considered and evaluated, as well as the initiatives by the African Union (AU) and various regional bodies and agencies to deal with this problem on the continent. These initiatives are evaluated to see how effective they have been, and what other steps, if any, should be taken.

## **Terrorism in Africa**

### ***Definition: a moving target***

The term 'terrorism' is fraught with definitional problems. There are serious conceptual issues in defining it and in attributing it to certain acts or actions. A general understanding sees 'terrorism' as a human malaise that has plagued socio-political communities for centuries; however, the indices to categorise acts as terrorist acts are unclear and highly disputable. For the most part, the definition of 'terrorism' or 'acts of terror' depends on who is espousing it at a given point in time, and on which divide of the world (socially and politically) they stand. Indeed, '[Y]esterday's terrorist is often today's liberation hero – and possibly tomorrow's autocrat' (*New African Magazine* 2016). To buttress this, the likes of Nelson Mandela, Samora Machel, Jomo Kenyatta and many other freedom fighters and liberation movements were labelled 'terrorists', at some point in time, by Western countries for the part they played in the struggle for freedom and the emancipation of their people (*New African Magazine* 2014, 2016). Obi points out that the concept of 'terrorism', while being highly contested, is now being more and more flexibly construed to 'suit ideological, nationalist, propagandist and political objectives'. The author notes that terrorism is now being associated with an illegal unconventional war against a society or established order, due to the origins of the concept in revolutionary political violence (2010: 59).

The difficulty with pinning down a universal definition for the term or for what constitutes a terrorist act (and by inference who is a terrorist) is further compounded by the many definitions that have been propounded by players in different sectors; at the international, state and individual levels. Hailu identified this well when he noted that 'exact definitions' of terrorism, 'its nature or the legitimacy of its execution have been subjects of controversy' (2010: 43). Competing definitions emphasising different aspects of the act of terrorism have led to controversies around how political groups, states or international bodies could agree on concerted efforts that would bring together the resources, institutions and goodwill of all individuals directly or indirectly affected by its negative impact. Thus, 'in place of the ideal

of building policy models that incorporate absolute consensus, ideas and strategies of addressing terrorism have opted for modalities reflecting general patterns of shared social and political values' (*ibid.*).

The inability to agree on a generally accepted definition of terrorism has led states and other players in international affairs to adopt a sectoral approach in dealing with acts of terrorism.<sup>2</sup> This has however led to a proliferation of definitions. In order to give some context to this discussion, I examine some definitions below. Firstly, at the international level, the UN Security Council passed Resolution 1566 in 2004, and condemned terrorist acts as:

criminal acts, including against civilians, committed with the intent to cause death or serious bodily injury, or taking of hostages, with the purpose to provoke a state of terror in the general public or in a group of persons or particular persons, intimidate a population or compel a government or an international organization to do or to abstain from doing any act, which constitute offences within the scope of and as defined in the international conventions and protocols relating to terrorism, are under no circumstances justifiable by considerations of a political, philosophical, ideological, racial, ethnic, religious or other similar nature.

In the same year, the UN High-Level Panel on Threats, Challenges and Change proposed a description of terrorism as follows:

any action, in addition to actions already specified by the existing conventions on aspects of terrorism, the Geneva Conventions and Security Council Resolution 1566 of 2004, that is intended to cause death or serious bodily harm to civilians or non-combatants, when the purpose of such an act, by its nature or context, is to intimidate a population, or to compel a Government or an international organisation to do or to abstain from doing any act.

At the continental level in Africa, as far back as 1999, the OAU Convention on the Prevention and Combating of Terrorism defined a 'terrorist act' as amongst other things, *being calculated or intended to intimidate, put in fear, force, coerce or induce any government, body, institution, the general public or any segment thereof, to do or abstain from doing any act, or to adopt or abandon a particular standpoint, or to act according to certain principles.* This same definition is also adopted by its 2004 Protocol. The 2002 AU Plan of Action for the Prevention and Combating of Terrorism describes terrorism as "a violent form of transnational crime that exploits the limits of the territorial jurisdiction of States, differences in governance systems and judicial procedures, porous borders and the existence of informal and illegal trade and financing networks."<sup>3</sup>

At the individual level, various authors have attempted to give a definition to the term, but these have not been unanimously and universally accepted. Schmid and Jongman in their (1988) *locus classicus* highlighted over a hundred varied definitions for the term and tried to extract the common elements in these definitions. Thus, while there is no universally accepted legal definition of the term, there are basic elements of the crime that have been agreed upon. Some of these elements include the threat and use of violence, intimidation, killing of innocent civilians and non-combatants, destruction of property and the destabilisation of the economic and social order (Moki 2010: 267). These elements are essential in being able to identify and tackle the problem of terrorism. In the next section, I briefly discuss some of the factors that lead to the presence of terrorism within a territorial state.

### ***Factors encouraging terrorism in Africa***

Over the past few years, acts of terrorism on the continent have steadily increased as terrorists have multiplied and gained confidence in the lack of repercussions for their actions. Various incidents of high profile bombings in Kenya, abductions in Nigeria, attempted hijackings, and mass killings in villages and settlements in different countries in Africa have gone unpunished to a large extent, and have created the perception, in some, of Africa being 'the soft underbelly for transnational terrorism' (Mentan 2004: 2).<sup>4</sup> This has led others to consider whether Africa is now to be considered the new frontier of global terrorism (Defence Web n.d; Oxford Research Group 2014).

The factors encouraging terrorism in Africa are complex and multidimensional, and as such cannot be limited to particular facts or events. Some scholars have over the years attempted to engage with this reality in Africa, and to posit reasons that cause, attract and fuel terrorist operations in Africa. For his part, Mentan views state failure as being high on the list, due to the lack of responsibility among the governing group to fulfil the state's part of the social contract (Mentan 2004: ix). The proliferation of arms in Africa is identified as another issue, as used and unused arms from world wars have from time been dumped in the continent, with international arms manufacturers finding African countries to be veritable trading partners. The quest for power, by any means, among African leaders, and the ready availability of foreign arms suppliers and trainers, have ended up translating many landscapes of political struggle into military ones (Mentan 2004: ix).

The issue of state failure is supported by Gow, Olonishakin and Dijhorn (2013), who in their qualitative work titled *Militancy and Violence in West Africa* gave voice to the views of their participants on varying issues leading to and affecting the militancy and violence (both indicators of terrorism)

that is observed in present day Africa. One such participant alluded the gaps between what the government says and what it does: 'when the population reads about the disbursement of millions in the newspaper and yet nothing in their pot of soup, what do you expect?' (*ibid.*).

Linked to this, is the perception of a 'lack of legitimacy' of the African state. This issue has deep historical roots, and is compounded by the overwhelming actions of African states which have mostly negated legitimacy (Solomon 2013: 33–4). In the case of Nigeria, like in many other African states, the legitimacy of the state is in question due to its history, and the role played by different colonial interests that span the continent. Solomon surmises that under colonial rule in Nigeria, ethnic and religious divisions were reinforced and played off against each other. The British in particular imposed differentiation in how they governed the north, west and east of the country (2013: 34). The author here suggests historical disenfranchisement and poverty as serious pull factors into rebellion and acts of terrorism that is seen amongst the Tuaregs of Mali and Boko Haram of Nigeria.

Another reason that has been identified to be aiding terrorism is the proliferation of arms in Africa. As already alluded to, the effect of the world wars left Africa awash with weapons and arms. Mentan indicates that failed or weak states easily become breeding grounds of instability, mass migration and murder as well as witting and unwitting reservoirs and exports of terror (2004: ix).

Porous borders in Africa, nascent judicial institutions, weak and corrupt law enforcement and security services are some of the other factors identified. It has been proposed that the fact that there are portions of the African population who are poor and disillusioned, with religious or ethnic grievances, makes it easier for terrorist organisations to recruit for their jihad from Africa (Seequeh 1996: 9). This assertion has been corroborated to a certain extent by Gow, Olonishakin and Dijxhorn (2013). In their fieldwork sessions with various groups in northern Nigeria, they highlighted the sentiment among participants that socio-economic factors such as poverty, illiteracy and unemployment were key drivers of radicalisation and violence, and that, furthermore, at times it went beyond that to a deep desire on the part of people to defend their religion and beliefs (*ibid.*: 41). Thus, while it was accepted by participants that the complex elements associated with economic deprivation and a lack of education were strongly linked to acts of violence, with an especially strong impact on youth, occasionally, critically reflective counter-views were expressed. Thus, ascriptions of poverty and joblessness to the explosion of terrorism in Africa might actually be too simplistic a view to hold, as there are usually deep seated socio-economic and historical inequalities that lie at the roots of some of the most violent conflicts (Obi 2010: 63).

In the same vein, one must be careful to ascribe the uptake in terrorist attacks in Africa purely to reasons of weak and corrupt governments, stateless stretches of land, and particularly ‘impoverished largely Muslim populations’ as some have done (Farah and Shultz 2004). This would be simplifying the problem and misleading. It cannot be correct to link only one religion to terrorism; as history has shown us that terrorists can come from any group or religion.<sup>5</sup> It must be acknowledged that the various factors discussed are contributory and do not in any of themselves necessarily lead to the outbreak of terrorism, or the inclination of people to engage in acts of terrorism. So, the fight against terrorism must acknowledge this in its approach.

International organisations and different agencies have also expressed their thoughts on the reasons for the state of terrorist acts on the continent. In 2002, the AU,<sup>6</sup> in its Plan of Action to combat terrorism, linked ‘severe conditions of poverty and deprivation experienced by large sections of the African population’ to directly providing a fertile breeding ground for terrorist extremism. The document further indicated that few African governments were in a position on their own to marshal the requisite resources to combat the threat of terrorism, and that it was necessary and essential to pool resources together to ensure the effectiveness of counter-terrorism measures.<sup>7</sup>

The UN Office of the Special Adviser on Africa, in a 2010 paper titled ‘Africa and international counterterrorism imperatives’, discussed the issues to be addressed in the implementation of counter-terrorism measures in Africa (UNOSAA 2010). It lists underdevelopment, poverty, social, economic and political inequities as some of the conditions that make radicalisation and the spread of terrorism in Africa possible.<sup>8</sup> These conditions are exploited by terrorist groups to recruit people and to fund their networks.

It is indeed a fact that the socio-economic state of affairs in Africa leaves much to be desired. Africa currently ranks as one of the poorest continents in the world, with the Sahel and Sudanian Savanna Belt regions of Africa indicated as containing most of the world’s poorest sub-regions (MPI 2016).<sup>9</sup> The index assesses the nature and intensity of poverty at the individual level. It uses three dimensions of health, education and living standards in the different countries to reach its results (MPI 2016: 5). This index is indicative of the fact that African governments are failing to put systems in place to ensure the development of their economies, and translating these into making better the lives of their citizens.

The situations of extreme poverty and unemployment, the ever-widening gap between the rich and the poor, rampant corruption and collusion by the police, and the attendant culture of impunity have resulted in certain portions

of the population engaging in unlawful activities, which they perceive to be the only way to make a living. When run by members of terrorist or revolutionary groups, these very same activities generate a flow of income that is then used to further fuel the conflict within the country (University of Macedonia 2014: 13). This, coupled with weak governments, has resulted in an increase in terrorist activities in Africa (as is the case the world over), which is now becoming a viable terrain for terrorist groups. Thus, Terrorist groups have found Africa to be a fertile ground for their nefarious activities. They have been able to recruit, train, group, plan and execute their attacks without much resistance or push back from African states. This conducive environment is what has led to Africa being labelled 'the bedrock of terrorism' (Azumah 2014: 47–8). In order to get a better understanding of these groups and their operations in Africa, the next sections examine Al-Shabaab and Boko Haram, and their operations on the African continent.

### **Al-Shabaab: origins and philosophy**

After its independence from colonial rule in 1960, Somalia was governed by a civilian government which was later ousted by the military in 1969. The military government, led by General Mohamed Siad Barre, collapsed in 1991, and this led to the Somali Civil War, during which time clans, groups and regions organised themselves and began competing for influence in the power vacuum that existed. Efforts to put an end to the civil war led to the creation of the Transitional National Government (TNG) in 2000, which later morphed into the Transitional Federal Government (TFG) in 2004. The TFG was greatly assisted by Ethiopian troops, but opposed by the different clan- and religion-based insurgent groups that had emerged in Somalia and coalesced under the banner of the Islamic Courts Union (ICU), which, at the time, controlled about half of southern Somalia. The invasion of Somalia by Ethiopia in December 2006 put an end to the expansion of the ICU, and led to its disbandment and the splintering of the organisation (Simpson 2010: 11).

Al-Shabaab, fully known as *Harakat al-Shabaab al-Mujahideen* (HSM), was formed in Somalia against the backdrop of a past that has been marked by conflict. It emerged from the vestiges of the ICU, of which it was the youth and military wing, continuing its operations in the southern part of Somalia. The group al-Shabaab was originally a remnant of *Al-Itihaad Al-Islamiya* (AIAI) – a Wahhabi (puritan, ultra-conservative) Islamist terrorist organisation which operated in Somalia in the 1980s with the aim of replacing the regime of Mohammed Said Barre with an Islamic state. When the AIAI was defeated, remnants of the organisation then joined the ICU, from which al-Shabaab emerged (Agbibo 2014: 27). Al-Shabaab has

been waging a war of resistance against the now departed Ethiopian forces, Kenyan forces, and the AU Mission in Somalia forces (AMISON). It is suspected to have links with al Qaeda, having pledged its allegiance to al-Qaeda in 2012 (Simpson 2010: 11).

Al-Shabaab is run as a decentralised organisation; having often loosely coordinated levels of leadership revolving around local villages and religious leaders, guided by Muslim scholars who interpret the Jihad and Qur'an in specific ways and terms. As mentioned above, the initial purpose of al-Shabaab was the overthrow of the TFG of Somalia, and the removal of foreign troops from the country. This objective was refined by its affiliation to al-Qaeda over the years. The group now wages a global jihad, especially on Christians (Agbiboa 2014: 27). It seeks to create a nucleus Wahhabi sect of the Muslim religion stronghold in Somalia, and ultimately an Islamic state for the entire region. This is its driving force: the need to remove Western and all foreign influence from Somalia, and in Africa as a whole, while spreading its Wahhabi Islamic beliefs (Ali 2008: 3).

In carrying out its goal of fighting a jihad to rid Somalia of foreign forces in the form of the AU, Ethiopia and allies, the group employs different tactics, including random or periodic shootings, kidnappings, bombings and death threats. At the height of its activities, al-Shabaab gained control of considerable territory in Somalia, and even made continuous incursions into Mogadishu, the capital. Its activities in Somalia have further ravaged the country, leaving it void of any real government, harming peacekeeping efforts, impoverishing Somalis all the more, and contributing to an abysmal humanitarian situation.<sup>10</sup> In recent times, al-Shabaab has extended its reach beyond Somalia, and frequently attacks neighbouring countries that have provided troops to AMISON, particularly Kenya.

Uganda and Kenya have borne the brunt of al-Shabaab's activities, with Kenya in particular having seen an upsurge in terror attacks between 2011 and 2015. This is reportedly due to Kenyan military involvement in Somalia (Mann 2013). Al-Shabaab has carried out raids and bomb attacks in Kenya, targeting bus terminals,<sup>11</sup> churches,<sup>12</sup> military convoys, hotels, nightclubs and other places of gathering. In September 2013, it attacked the Westgate mall in Nairobi, Kenya. The attack lasted hours, with hostage takings. It left at least 67 people dead. The most brazen of the attacks so far has been the April 2015 attack on Garissa University College in the north-eastern province of Kenya that left well over a hundred people dead, mainly Christians (Cannon 2016). In claiming responsibility for this attack and others, al-Shabaab directly tied its actions to those of Kenya in Somalia, saying 'Kenyans were relatively safe in their cities before they invaded us and

killed Muslims' (Omar 2013). Al-Shabaab also claimed responsibility for a 2010 bombing in Kampala that killed 70 football fans who had gathered at a venue to watch a World Cup Final match. Indeed, the spate and brutality of the Westgate and Garissa attacks particularly speak to targeted reprisal attacks against Kenya, as confirmed by al-Shabaab itself (Omar 2013).

Quite a number of related factors have been adduced for the upswing of terrorist activities in Kenya, most of them historical. Butime sees some of these factors to include: (1) the way in which the West facilitated the ideological contradictions in the anti-communist Cold War alliance, that saw the West (the US particularly) sponsoring, funding and enabling different politico-religious organisations all over the world, mainly Islamic, in the fight against communism; (2) political instability in and around the Horn of Africa that has led to Kenya becoming an ideal pawn in the game, given its enduring relations with the West and its strategic location as a geographical link between East Africa and the Horn of Africa; and (3) the constant tension between Kenya's central government and the coastal regions which have become a hub for radical Islamic activities in the region (Butime 2015: 53). These points are indicative of the rise in terrorist attacks that Kenya has been subjected to, thus making it the case whereby terrorism in Kenya is a result of 'an inextricable link between internal and external political contradictions' (Butime 2015: 57).

### **Boko Haram: origins and philosophy**

Boko Haram in Nigeria started out as a home-grown jihadist group that carried out acts to destabilise the country in the name of 'true Islam'. In spite of Nigeria having experienced different forms of radicalisation, accompanied by acts of violence over the years,<sup>13</sup> the emergence of Boko Haram in Nigeria, signalled a new phase in Islamic radicalisation in Nigeria (Alao 2013: 74). Boko Haram started in the north-eastern part of Nigeria and its activities expanded to other parts of the country and even to neighbouring states very quickly. Though the exact date of the emergence of Boko Haram is not clear, Nigerian authorities believe that the sect has existed since the mid-1990s,<sup>14</sup> then under the name of *Ahlul sunna wa-al-jama a wa-al-hijra* (People of prophetic practice and withdrawal), and has transformed over time (Onuoha 2010: 55; Azumah 2014: 40). It has taken up different names, having been known as the *Nigerian Taliban*, *Yusufiyah sect* (after its founder Muhammad Yusuf), and is now currently nicknamed *Boko Haram* (Azumah 2014: 33–40).

There are contradicting views on the origins of Boko Haram. While some believe that the group did not start out as a violent organisation, and was historically formed as a welfare organisation to cater for refugees from

wars around Chad and for jobless Nigerian youths (*New African Magazine* 2014), there are also those who trace the origins of the group historically to the radical reformist fractions who jostled for power and control within Islam in northern Nigeria even prior to independence (Azumah 2014: 39).<sup>15</sup> These different views however agree on the fact that the group has now evolved into a terrorist group, and has quickly developed the capacity to carry out acts of terror in its fight. Boko Haram is reported to have been militarised through the combined clandestine actions of politicians, local and international financiers who wanted to use it for their own benefit; and the actions of sympathisers and supporters who provided the link to the society (*New African Magazine* 2014). The key turning point identified in the evolution of Boko Haram into a terrorist organisation was the arrest and death of its founding leader, Mohammed Yusuf, in police detention in 2009.

Boko Haram came into prominence with its first recognised attack against state security forces in December 2003, when it attacked police stations and public buildings in Yobe State (Onuoha 2010: 57). From this time the activities of the group gained momentum and became more worrisome. The first recognised leader of Boko Haram was the late Ustaz Mohammed Yusuf, whose teachings were said to bear semblance to those of the Taliban in Afghanistan and Pakistan in seeing any form of Western influence on Islamic society as un-Islamic and to be fought against (Alao 2013: 74).<sup>16</sup> As indicated above, Mohammed Yusuf was killed in police custody in 2009.

The official Islamic name for Boko Haram is *Jama'atu ablis sunna lidda'awati wal jihad* which is the Arabic for 'Group Committed to Propagating the Prophet's Teachings and Jihad' / 'People of the Tradition of the Prophet (SAW) for Preaching and Striving', though the easier name of Boko Haram is more commonly used in referring to the group (Okpaga, Chijioke and Eme 2012). The name Boko Haram in the Hausa language translates as 'the book is sin', which has been given the connotation that 'Western education is forbidden' (even though the group has purportedly refuted this, saying the name actually means 'Western civilisation is forbidden'. For them, this means that anything that has to do with Western culture and way of life is actually forbidden, and not just education (Onuoha 2010: 57). This is based on the ideology and philosophy of Boko Haram that outwardly opposes any knowledge that contradicts the principles of Islam. It abhors Western liberalism as a whole, maintaining that 'democracy and the current system of education must be changed otherwise this war [that is yet to start] [will] continue for long' (*Daily Trust* 2009). Darwinism, for instance, is seen as an absolute contradiction to the Islamic philosophy of existence; so are issues dealing with the rights and

privileges of women, the idea of homosexuality, multi-party democracy and others, which are all seen as opposed to Islamic civilisation (Onapajo, Uzodike and Whetho 2012: 343).

In the same vein, Boko Haram outwardly disregards the Nigerian state for its secular nature, seeing it as illegitimate, and holding no respect for its constituted laws (*ibid.*: 344), hence its continued direct attacks against the structures and personnel of the state. The anti-Western ideological position of the group also extends to its hatred for southern Nigeria, which it has declared as 'the devil empire'. Southern Nigeria is predominantly Christian, comprising many groups of peoples in Nigeria who happen to have higher levels of Westernisation than northern Nigeria (*ibid.*: 345).

While some experts have traced the root of terrorism in Africa to global developments, and rightly so, the role of local politics manifesting in the politics of segregation and marginalisation that have led to grievances by large communities against the state, the unresponsiveness of the state and the government to the concerns raised by local communities, religious radicalism (in this case Islamic fundamentalism) and other facts must also be acknowledged.

From the initial attacks in and around Maiduguri in Borno State, Nigeria, Boko Haram spread its attacks to several other northern and central Nigerian states.<sup>17</sup> At first, the group carried out minor attacks against Christian targets, police stations and public places in the north, using improvised explosive devices (IEDs) (Stewart 2012). However, by June 2011, its modus operandi changed when it launched its first major attack in the Federal Capital Territory of Abuja, using a vehicle-borne improvised explosive device (VBIED). This was quickly followed by a deadly attack against the UN compound in Abuja in August of the same year, which left scores dead. Whilst continuing with its targeting of public spaces (Okpaga, Chijioke and Eme 2012: 86–8)<sup>18</sup> the group stepped up its manifestation of terror against the populace by carrying out abductions and attacking predominantly Christian villages in the north (*This Day Live* 2014). In an unprecedented act in April 2014, Boko Haram abducted over 200 girls from a Government Secondary School in Chibok in Borno State of Nigeria, where they had gathered to write a national exam (*ibid.*). Subsequently, the group continued its terrorist acts in northern Nigeria, targeting places of worship, with no discrimination towards religion, and other places where people gather.

## Analysis

The two groups discussed are representative of terrorist groups, their philosophy and ideology, and the way they operate in Africa. In analysing these groups, it is important to note their malleable nature. Their ability to change and evolve from one group to another, to operate in different countries, and for the most part, their ability to change and adapt their strategy and tactics as appropriate, have made them very difficult to tackle. These groups have been able to recruit and increase their manpower and attacking capabilities. They have been able to build their extremist militant base by enlisting more and more new recruits to their cause (Stewart 2012).<sup>19</sup> For the African youth rendered jobless and desperate due to growing poverty and unemployment levels, it is easy to become ready subjects and/or victims of these groups.

In the case of Boko Haram, there is evidence that the members of the group retreat across the border to the Republic of Chad after carrying out their acts of terror in north-eastern Nigeria. At some stage after the abductions of the Chibok school girls, the girls were reportedly sighted across the border in Chad (*Vanguard* 2014). The ability of these groups to move freely across borders is indicative of loose borders among neighbouring countries, and this makes law enforcement by individual state agents more difficult. In a newspaper report on 22 May 2014, it was said that the abducted girls had been split into three or four different camps along the western corridors of Lake Chad (*Vanguard* 2014).

In Somalia, the long failure to shore up an effective government that has control over the Somali borders, and the loose ineffective management of the borders, have made it easy for groups like al-Shabaab to infiltrate neighbouring countries, and carry out attacks therein, as in the case of Kenya and Uganda. With the growing trend of terrorism on the continent, and the transnational tilt to the operations of the groups, it is acknowledged that dealing with this scourge cannot be an entirely domestic matter left to the governments of the countries concerned. There is an urgent need for better cooperation at all levels, national, regional and international. Currently, there are concerted national, regional and international counter-terrorism plans and mechanism put in place to address this problem. This was well articulated in the UN High-level Panel report of 2005 which states that:

in the twenty-first century, more than ever before, no state can stand wholly alone. Collective strategies, collective institutions and a sense of collective responsibility are indispensable ... Today's threats recognise no national boundaries, are connected, and must be addressed at the global and regional as well as the national levels.

In Africa, much is being done to implement the different treaties and agreement relating to terrorism, in order to curb the malaise on the continent. The next section specifically looks at the efforts by the AU and its member states to deal with the problem of terrorism, especially as it relates to al-Shabaab and Boko Haram, and seeks to examine if these efforts are effective and sufficient.

### ***Realising peace and security in combating terrorism***

Peace and security are prerequisites for growth and development anywhere in the world. In Africa, this is especially the case due to the state of underdevelopment of the continent, largely due to the years of conflict that Africa has been subjected to. Insecurity and unrests are the antithesis to development and growth, and as long as Africa continues to be the 'soft underbelly for transnational terrorism', it will continue to struggle in ensuring growth and development for the vast majority of its peoples. It is thus imperative that African states make concerted efforts to curb the menace of terrorism on the continent.

The transnational and international nature of security problems mandates that the solutions adopted by African states must also be transnational and international. For the continent, this requires a substantial amount of interaction and interdependence among the different security units at sub-regional and regional levels. The Constitutive Act of the AU, in its preamble, speaks of 'the need to promote peace, security and stability as a prerequisite for the implementation of our development and integration agenda'. The Constitutive Act goes further to list the objectives of the AU, one of which is "to accelerate the political and socio-economic integration of the continent (Art 3 c), and again to promote peace, security, and stability on the continent" (Art 3 f). In furtherance of this commitment, article 4 of the Act, in listing the principles on which the AU is formed, dedicates seven principles (as seen in art. 4 d– j), to security and the maintenance of peace amongst its member states. The dedication of these many principles to the issue of peace and security is reflective of a conscious attempt by African leaders to stem the tide of conflicts on the continent.

In actualising these provisions in the fight against continental terrorism, the AU adopted counter-terrorism legal instruments such as the OAU Convention on the Prevention and Combating of Terrorism and its 2004 protocol; and the 2002 AU Plan of Action on the Prevention and Combating of Terrorism in Africa.<sup>20</sup> These are strategic steps aimed at strengthening the capacity of African states, through a common approach in dealing with the terrorist threat (Davis 2007: 115). The Plan of Action, as Africa's blueprint for the battle against

terrorism, provides for enhanced police and border controls, harmonised legislative and judicial measures, calls on African states to comply with international agreements dealing with terrorism and adopt measures designed to curtail the financing of terrorism, among others (AU Plan of Action, section III). These provisions of the AU Plan of Action can actually be considered a 'regional domestication' of some of the provisions of the UN Resolution 1373 of 2001, which provided for measures to be adopted by member states that would be an effective antidote to terrorism (Okeke 2014: 36–47).

The Plan of Action tasks the AU Peace and Security Council (PSC)<sup>21</sup> with its implementation (art. 16 of the Plan). To its credit, the PSC has been able to function despite facing funding problems. It directs the activities of the AU Mission in Somalia (AMISOM) and also maintains a presence in the condemnation of terrorism and in encouraging member states to take the necessary measures to implement all counter-terrorism instruments (Moki 2010: 274). To assist the PSC to fulfil its task, the AU created a terrorism research centre, the African Centre for the Study and Research of Terrorism, to research all aspects of terrorism, patterns of terrorist activities, and carry out sociological and psychological study of individuals or groups engaged in terrorism. The research is aimed at bolstering the capabilities of African countries in dealing with terrorism (Davis 2007: 121).

At the regional level, the different regions, as part of their counter-terrorism measures, have developed various terrorist threat level initiatives aimed at tailoring the subregions' responses to the threats (UNOSAA 2010: 35). Particularly for regions that have part of the Sahel in their territory this is important, as most of the terror attacks that have happened in the continent have been carried out in the Sahel area, which cuts into the territories of West and East Africa. The regional response to terrorism has different levels of counter-terrorism measures that have been developed through the technical assistance and cooperation of the international community (UNOSAA 2010: 35), and these have been effective in both East and West Africa.

In 1999, ECOWAS adopted a protocol relating to the Mechanism for Conflict Prevention, Management and Resolution, Peacekeeping and Security. This was said to represent a positive step towards a framework on security at the time. Article 3 of this protocol identifies combatting international terrorism as an objective of the regional body. This has now been followed by various other initiatives, such as the terrorism early warning system, called the ECOWAS Warning and Response Network (ECOWARN), which provides the sub-region with the capacity to gather information about potential threats (including terrorism threats) and to map

out adequate responses to these threats (UNOSAA 2010). From initially focusing on traditional armed conflicts, ECOWARN has now expanded its mandate, and included indicators to monitor extremism and religious fundamentalism in West Africa and the Sahel (Global Centre 2014). In 2014, ECOWAS leaders adopted a Counter terrorism Strategy and Implementation Plan at their 42nd Extraordinary Session of the Authority of the ECOWAS Heads of States and Governments in Accra, Ghana.<sup>22</sup> This features an ECOWAS Counter-Terrorism Coordination Unit; an ECOWAS Arrest Warrant; and an ECOWAS Black List of Terrorist and Criminal Networks (ISS 2013). The strategy rests on three pillars: prevent, pursue and reconstruct (ISS 2013), and when successfully implemented, would be far-reaching in consolidating the fight against terrorism in the region.

The Intergovernmental Authority on Development (IGAD) was conceptualised as a trade bloc covering eight countries from the Horn of Africa, Nile Valley and African Great Lakes region. These include Somalia, Ethiopia, Kenya and Uganda. In 2006, it developed its IGAD Capacity Building Program against Terrorism (ICPAT) aimed at developing programmes to build the capacity of member states to resist terrorism and promote regional security and cooperation (UNOSAA 2010: 38). By this, member states are to focus on enhancing their judicial capacity, enhancing border control, training and sharing information on best practices, and promoting strategic cooperation. In East Africa, the Combined Joint Task Force-Horn of Africa (CJTF-HOA) was established post-9/11 as a coalition contingency to detect and disrupt terrorist activities in the region. It is now under the authority of the Africa Command of the AU (AFRICOM) (Davis 2010: 207). Kenya is one of the countries that has benefited immensely from its participation in this task force, having reportedly been able to disrupt several terrorist conspiracies within its region (Davies 2010: 211).

Part of the regional counter-terrorism measures, as stated above, has been the establishment of regional/transnational armed forces to engage in combat against terrorists. The AU Mission in Somalia (AMISOM) is one such force. It is an active regional multi-dimensional peacekeeping mission created by the AU in 2007, with the approval of the UN and with the purpose, *inter alia*, of reducing the threat posed by al-Shabaab and other armed groups; providing security, stabilisation, reconciliation and peace-building in Somalia; and equipping and training Somali security personnel to prepare them for the taking over of security in their own country.<sup>23</sup> The presence of AMISOM in Somalia is one of the grievances of al-Shabaab, as mentioned above. Countries contributing troops to AMISOM are Ethiopia, Kenya, Uganda, Djibouti and Burundi.<sup>24</sup> Over the years, AMISOM has

been successful to a certain extent. Its presence and activities in Somalia have led to a waning of the activities of al-Shabaab in Mogadishu and recovering of territory from al-Shabaab. Al-Shabaab has been left greatly decimated, even though it still exercises control over large parts of southern Somalia.<sup>25</sup> However the lack of capacity on the part of Somali security forces has meant that such gains have not been consolidated and al-Shabaab has been able to retake some of the areas.<sup>26</sup>

Unfortunately, this is the characteristic of the war against terrorism in Africa. In the case of Somalia, AMISOM succeeds in counter-terrorism attacks and regains lost territory, but is unable to consolidate these victories. This contributes to the resurgence of al-Shabaab's activities as presently being observed in Somalia. More recent attacks for which al-Shabaab has claimed responsibility, are the 25 January 2017 attack on Dayah Hotel in Mogadishu, killing and injuring many, and its ambush of a Kenyan/AMISOM military base in Kulbiyow, Somalia on 27 January 2017. One thing that this scenario tells us is the resilience of al-Shabaab. It continues to be a push-and-pull scenario, and the situation on ground was very tenuous, especially around the time of the Somali elections.

In the case of Boko Haram, the Multinational Joint Task Force (MNJTF) against Boko Haram was established as a transnational initiative in the countries around the Lake Chad area affected by the activities of the militant group. Niger, Chad, Cameroon, and to a certain extent Benin, have joined forces with Nigeria to try and combat the activities of Boko Haram.<sup>27</sup> Having been moribund since its inception in 1998, the MNJTF was reactivated in 2012 to deal with the threat posed by Boko Haram. In 2015, the PSC of the AU sanctioned the MNJTF mission to, among other things, achieve coordination of military operations at inter-state level, conduct border patrols, stop the flow of arms and assist in bringing to justice those responsible for crimes. Prior to this, Nigeria, Cameroon and Niger had operated a loose multinational military collaboration that has impacted on the activities of Boko Haram (VOA News 2016).

The 2015 presidential elections in Nigeria brought about a change in governance and a change in the military action against Boko Haram. Thus, the military offensive has been sustained, weakening the group and restricting its activities to mainly rural areas.<sup>28</sup> Since becoming operational in 2015, and despite the operational and financial constraints facing the MNJTF, it has recorded considerable success, leading to the release of hostages (most notably some of the Chibok girls), the destruction of Boko Haram training camps, confiscation and destruction of arms and ammunition belonging to the group, and the liberation of territories, previously occupied by Boko

Haram in Nigeria, Chad and even Cameroon.<sup>29</sup> These successes have led to the restoration of some level of normalcy in certain areas of northern Nigeria, particularly Borno State.<sup>30</sup>

However, these successes have not been sufficient enough to effectively defeat Boko Haram. The group still engages in suicide bombings and attacks in these countries. In June 2016, Boko Haram was reported to have ransacked a town in Niger, killing 26 soldiers and forcing thousands of people to flee. These attacks show the resilience of the group, and its flexibility in changing tactics and now waging asymmetrical warfare against security forces.<sup>31</sup>

## **Conclusion**

The above description speaks to some of the more militarised measures that have been put in place. In general, Africa has adopted a multifaceted response to terrorism, with measures being taken at the continental, regional and transnational levels; and more importantly, with the establishment of softer, non-military measures. Some of these measures by regional bodies are aimed at preventing money laundering, and thus stifling the financial base of terrorist organisations. In West and East Africa, the two bodies of this nature are the Intergovernmental Action Group against Money Laundering and Terrorist Financing in West Africa (GIABA), which was established by ECOWAS in 2000 to strengthen the capacity of its members in combating money laundering, to enhance the capacity of regulatory law enforcement; and the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) (OSAA 2010: 38–29).

In all the steps that have been taken by Africa in the fight against terrorism, the AU has provided leadership in conceptualising and creating the institutional and legal framework to ensure a collective fight against terrorism (Moki 2010: 268). At the regional and transnational levels where the scourge of terrorism is felt the most, the same has been done and this has led to the establishment of armed forces to combat terrorist groups operating at these levels. However, as has been seen in the results by AMISOM and the MNJTF, lasting peace cannot be brought about by military action only, but by concerted efforts to ensure social, economic and political change in a society. It must be noted that the institutional route is not the only way to address the terrorism menace. Tackling socio-economic and governance problems in African states would also go a long way in dealing with the problem from another angle. Thus, a broad multifaceted solution is advocated. African states have shown a high level of commitment to building an institutional counter-terrorism strategy. This needs proper implementation now. There is need also for a concerted effort

to address the socio-economic problems in the continent, as the factors that encourage terrorism are more socio-economic, political and, to some extent, religious. Factors such as youth unemployment, poverty, corruption, lack of development by government and illegitimacy of governments, among others, have been noted to be contributory to radicalisation and terrorism. Reforms must be introduced, and these issues addressed on the continent, if Africa is to be free from terrorism. Reforms are difficult, but not impossible in the face of threats.<sup>32</sup> It is imperative that much energy and commitment needs to be shown in developing the economies of member-states; developing their human capital (hence developing their populations); eradicating poverty, and ensuring that good governance prevails at all levels of the state. This has already begun, and can be further achieved through regional integration and cooperation, especially as the benefits of integration are expected to bring about more prosperity on the continent. When channelled properly, increased wealth will, in turn, reduce unemployment as businesses will flourish and create more employment for the people.

The role of investment in the economy in addressing unemployment and poverty, particularly amongst the youth, is very important. This will enable the creation of more jobs, room for innovation and entrepreneurship, and thus engage the youth in particular, in the building and development of society. Investments must be aimed at exploiting local natural resources to create employment and tax revenue and feeding downstream businesses that thrive on major industrial activities (Africa Conflict Monitor 2015: 1).

This stance has been reiterated by a senior advisor with the International Peace Institute (IPI). He observed that unless the crisis in state–society relations is addressed, violent extremism in the region would continue. According to him, ‘social, economic and political inclusion is the prime mechanism in the prevention of violent extremism and in consolidation of long-term peace’ (IPI 2016). Mohamed Ibn Chambas, the Special Representative of the Secretary-General to the United Nations for West Africa and the Sahel, has also indicated that it is key to take the socio-economic challenges facing the region and its rapid demographic growth into account in the fight against terrorism: ‘Proactive and responsible policies, integrating the individual as an actor of development, must be a cornerstone in the economic actions and plans of states in the region, in order to ensure sustainable development and an equitable access to resources’, he said (IPI 2016). A key demographic to bring into policy planning will be the continent’s young people. This ‘youth bulge’ will become the African majority by 2025 when 65 per cent of the region’s 430 million inhabitants will be under 25 years old.

However, all of these measures are only possible with the right kind of leadership. Africa needs leadership that is selfless and proactively interested in the development of their countries and peoples; without addressing this key point, all other efforts might just be fruitless. Visionary and accountable leadership is needed to drive the process and to set the parameters. It is something that is still very scarce on the continent.

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### **Notes**

1. With some of them having been designated as such on specific 'terrorist lists' that are kept by certain countries. For example, the US already lists Boko Haram and Al-Shabaab as terrorist organisations.
2. Sectoral approach means that state parties, while acknowledging the difficulties of having a universal definition, and hence one international convention dealing with terrorism, have rather followed the path of dealing with terrorism in different sectors and areas like aviation, on the seas etc. Thus, they have come up with specific conventions dealing with terrorism in specific situations.
3. Preamble 7 of the Plan of Action of the AU High-Level Inter-Governmental Meeting on the Prevention and Combatting of Terrorism in Africa, available at <http://bibliotecavirtual.clacso.org.ar/ar/libros/iss/pdfs/oau/PoAfinal.pdf>, accessed 28 August 2014.
4. This idea has been corroborated by Mills (2007: 21) when he describes Africa as 'the soft underbelly for global terrorism'.
5. See Gow, Olonishakin and Dijxhorn (2013) where the authors use empirical research gathered from focus group discussions and interviews to investigate historical, religious and socio-economic roots of the militancy that is being witnessed in certain parts of West Africa.
6. African Union High-Level Inter-Governmental Meeting on the Prevention and Combatting of Terrorism in Africa, Algiers, September 2002.
7. Point 6 of the Preamble to the Plan of Action.
8. Some of the other listed issues are: 'the porous and uncontrolled borders which allow unhindered cross-border movement of terrorists and other criminals'; 'inability by many African states to exercise control over vast areas of territory, thus providing safe haven for terrorist groups to train new recruits'; linkages of terrorism and transnational organised crime – drug trafficking and stability in the West African sub-region – which provides sources of funding for terrorist organisations; and real or perceived lack of political will by some African states to implement counter-terrorism measures.

9. According to the 2016 Multidimensional Poverty Index, 18 out of the top 20 poorest countries indicated in this index were African countries.
10. Organisations such as the UN World Food Program (WFP), the ICRC, *Médécins Sans Frontières* and CARE have been forced to withdraw at different times due to threats from the militant al-Shabaab.
11. A grenade was thrown into the Machakos bus terminus in 2011, killing five people, and injuring about 69 others. Another attack in March 2012 at a bus station left six people dead.
12. In November 2011, the East African Pentecostal Church was attacked, followed by an attack at the God's House of Miracles Church in Nairobi in April 2012.
13. Cases like the Maitatsine riots of the early 1980s. Between 1980 and 2012, it was reported that violence associated with Islamic radicalisation in Nigeria had claimed up to an estimated 50,000 lives.
14. As of June 2009, the then Nigerian Director of Defence Information, Colonel Mohammed Yerima held this view.
15. In this piece, the author traces the history of Nigeria's radical jihadist-reformist from the times of the jihad of Usman dan Fodio in 1804; the fractionalisation of Islam into the Sufi and Shi'a thought groups around about the 1980s, which led to the Maitatsine uprisings around the same time. Boko Haram is one of the many groups that emerged from these different jihadist groups, with its philosophy built principally on the Maitatsine philosophy.
16. Alao (2013) further lists the beliefs of the movement as the conviction that practices like banking, taxation and jurisprudence are completely unacceptable; and they also dispute the principle of Darwinism and oppose the mixing of boys and girls.
17. In 2011, there were several attacks and bomb blasts directed at police stations and the general public, for which Boko Haram claimed responsibility.
18. Okpaga Chijioke and Eme (2012) chronicle about 53 terror attacks in northern Nigeria for which Boko Haram has claimed responsibility. These attacks have led to the deaths of thousands of people.
19. It is reported that many of the attacks in Kenya were actually carried out by Kenyan youths, who were members of al-Shabaab.
20. The Plan of Action links severe conditions of poverty and deprivation experienced by large sections of the African population to directly providing a fertile breeding ground for terrorist extremism. The document further indicates that few African governments were in a position, on their own, to marshal the requisite resources to combat the threat of terrorism, and that it was necessary and essential to pool resources together to ensure the effectiveness of counter-terrorism measures.
21. Created by Article 7 of the Protocol relating to the Establishment of the Peace and Security Council.
22. Adopted at the ECOWAS 42nd ordinary session in Yamoussoukro, Côte d'Ivoire.
23. Chergui, S., AU Commissioner for Peace and Security, August 2016.
24. AMISOM website.
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29. *ibid.*
30. See 'Nigerian army secures major trade route', <http://www.voanews.com/a/nigeria-army-secures-major-trade-route/3410560.html>, accessed October 2016.
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# **L'économie criminelle dans les menaces sécuritaires en Afrique de l'Ouest : la solution par la gouvernance démocratique**

Boubacar Diariso\*

## **Résumé**

Les pays de l'Afrique de l'Ouest connaissent des menaces et des défis sécuritaires communs. Ils révèlent, à des différences près, les mêmes défaillances et carences sécuritaires qui les rendent vulnérables. Les causes des menaces sécuritaires sont multiformes. Les sources de financement des groupes criminels proviennent des rentes de la criminalité. A ce titre, le financement d'une organisation terroriste démontre sa capacité de son insertion sociale et économique. Dans ce contexte, des liens entre les organisations criminelles et terroristes se sont accrus de manière inquiétante pour s'attaquer aux bases du modèle étatique républicain. L'impuissance des États s'accompagne souvent de l'affaiblissement des institutions démocratiques et d'un dysfonctionnement criard des forces de défense et de sécurité. Les nouvelles stratégies de la sécurité collective et humaine se feront alors sur la base des principes de la gouvernance démocratique. Il s'agira d'observer une démarche néo-institutionnelle à travers des choix rationnels. Cette approche dépasse le « légalisme-formel » pour mieux rendre compte du réel dans sa totalité.

## **Abstract**

Countries in West Africa are experiencing common security threats and challenges. They reveal, with little differences, the same security failures and shortcomings that render them vulnerable. The threats are multiform. Proceeds of crime are the main of funding for criminal groups. In this regard, the funding of terrorist organizations shows their social and economic integration capacity. In this context, the connections between criminal organizations and terrorists have increased in a worrisome manner and they now threaten the

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\* Docteur en Science politique, Enseignant/Chercheur, Chargé de cours, Centre d'études des sciences et techniques de l'information (CESTI), Université Cheikh Anta Diop et dans plusieurs instituts supérieurs universitaires, Dakar, Sénégal.  
Email : bdiarisso@yahoo.com

republican state model. State failure is often accompanied by a weakening of democratic institutions and a garish dysfunction of defense and security forces. The new strategies of collective and human security are therefore based on democratic governance principles. They observe a neo-institutional approach through rational choices. This approach goes beyond "formal legalism" to better account for reality in its entirety.

## **Introduction**

L'Afrique prend souvent place au banc des accusés en tant que continent composé d'entités étatiques incapables. Le mot est fort parce que les maux sont profonds. Le continent, théoriquement libéré de plusieurs siècles de domination politique, économique et sociale, peine à assurer, après un demi-siècle d'indépendance, la sécurité de ses territoires et de ses populations. Tout bien considéré, on dit souvent de l'Afrique que son sous-sol relève d'un scandale géologique. Entendons par cette affirmation que la nature l'a pourvue de richesses incommensurables qui constituent un avantage indéniable pour la construction de nations solides et d'États viables. Néanmoins, les pays africains, souvent confrontés à des guerres fratricides, aux coups d'État militaires, aux rébellions récurrentes, à des guerres de sécession, à la criminalité organisée et à la grande corruption, demeurent pour la grande majorité dans une situation d'extrême pauvreté. Tel est le paradoxe africain.

Dans cette étude, le choix porté sur l'Afrique de l'Ouest n'est pas fortuit. Il existe des menaces et des défis sécuritaires communs dans les différents pays de cette partie du continent africain. En effet, les États de l'espace ouest-africain, à quelques différences près, sont caractérisés par les mêmes problèmes politiques, économiques et sociaux. Ils révèlent les mêmes défaillances et carences sécuritaires qui les rendent vulnérables. Ils sont exposés aux actions néfastes des groupes criminels qui s'appuient sur des flux financiers illicites pour réaliser leurs desseins.

Les « entreprises de réfection politique » (Diouf 1998:2) ont toutes échoué. Ni les libéralisations politiques, ni les processus de démocratisation opérés, ni les printemps arabes n'ont eu raison de la récession économique et de l'insécurité à l'intérieur et à l'extérieur des frontières. Le constat d'une impossibilité ou d'une pénible intériorisation par les dirigeants africains des meilleures pratiques de gouvernance comme système de régulation de la complexité des sociétés africaines face aux multiples demandes sociales laisse perplexe plus d'un analyste politique<sup>1</sup>.

Au début du XXI<sup>e</sup> siècle, l'insécurité grandissante sape l'autorité et la puissance publique des États africains. De la région ouest-africaine et

du Sahel aux pays arabes de l'Afrique du Nord, des pays de l'Afrique de l'Est à ceux de l'Afrique centrale, les foyers de tension sont nombreux et se présentent sous différentes formes. Les causes des menaces sécuritaires sont multifformes ; elles donnent à voir le trafic de drogue, la circulation des armes légères, le terrorisme, la grande corruption, le blanchiment d'argent, la cybercriminalité, la criminalité liée aux animaux et aux forêts, la migration irrégulière avec son corollaire, qui est le trafic humain, le piratage maritime, l'extrémisme violent et la radicalisation des jeunes.

Dans ce contexte, les liens entre organisations criminelles et terroristes se sont accrus, notamment en Afrique de l'Ouest, pour s'attaquer aux bases du modèle étatique républicain. Les groupes terroristes et armés, pour atteindre leurs buts, développent « des économies criminelles élaborées, à grande échelle, avec des méthodes parfois similaires à celles des États » (Haggar 2015:58). Au demeurant, la thématique Argent, sécurité et gouvernance démocratique en Afrique est d'un intérêt théorique évident. En effet, les questions de sécurité, de gouvernance et de financements illicites peuvent faire l'objet de différentes prises de position intellectuelles dans les analyses politiques<sup>2</sup>. Ces questions sont intimement liées les unes aux autres. Les problèmes de sécurité appellent des modes et des formes de gouvernance adéquates et viables. En revanche, l'inexistence ou l'insuffisance des moyens de contrôle des flux financiers illicites dans un État crée les conditions d'une instabilité institutionnelle et d'une grande corruption dans les processus décisionnels. Les flux financiers illicites en provenance de l'Afrique et qui disparaissent chaque année sont estimés à 50 milliards de dollars<sup>3</sup>. L'Afrique de l'Ouest est la partie la plus touchée dans le cumul calculé avec 38 pour cent entre 1970 à 2008 par rapport à l'Afrique du Nord qui totalise 28 pour cent, l'Afrique australe affiche un taux de 13 pour cent, tandis que l'Afrique de l'Est et l'Afrique centrale représentent respectivement 11 pour cent et 10 pour cent de ces flux financiers illicites (Kar & Cartwright-Smith 2010:10-15 ; Kar & LeBlanc 2014).

L'argent illicite apparaît comme un élément discriminant dans la chaîne de causalité à la base de l'insécurité. L'argent provenant de la vente de drogue ou d'autres activités criminelles constitue la racine du mal de la grande criminalité puisqu'il permet, entre autres, l'achat des armes, le financement du terrorisme, le financement illicite des partis politiques et la grande corruption.

La problématique est donc de savoir quel est l'impact de l'économie criminelle sur les systèmes de gouvernance en Afrique. Cette problématique appelle d'autres questions : Qui sont les acteurs ? Comment financent-ils leurs activités ? Comment les groupes criminels établissent-ils la confiance

parmi les citoyens ? Quelles sont les formes de réciprocité et d'allégeance exigées ? Quelles sont les évolutions de ces menaces sécuritaires ? Quelles sont les faiblesses des États africains dans ce domaine ? La réponse à ces questions n'a de sens que si les États africains parviennent à mettre en place un dispositif institutionnel efficace de résolution des crises et d'instauration de la sécurité collective et humaine.

La gouvernance démocratique pourrait-elle alors être une solution pour endiguer ces menaces sécuritaires issues de l'économie criminelle ? À travers cette suite de questionnements, à y regarder de près, on peut se demander si la pauvreté et le retrait de la citoyenneté ne constituent pas des facteurs d'émergence de l'économie criminelle.

En tout état de cause, le lien entre la grande criminalité et le terrorisme est évident. La vente de drogue, la vente d'armes, la traite des personnes et le kidnapping alimentent très souvent les réseaux terroristes. Il est important de déterminer cette connexion entre sources de financement et modes opératoires de financement (I). L'insécurité découlant de l'économie criminelle a nécessairement un impact sur les systèmes de gouvernance (II). Certes des solutions ont souvent été proposées, mais elles ne sont pas venues à bout des menaces sécuritaires. Il s'agit alors dans cette étude de proposer de nouvelles stratégies de sécurité collective par une approche de la gouvernance démocratique (III).

### **Sources et modes opératoires d'acquisition des flux financiers illicites dans l'espace ouest-africain**

Selon Kar et Cartwright-Smith, « *Illicit money is money that is illegally earned, transferred, or utilized. If it breaks laws in its origin, movement, or use it merits the label* » (Kar & Cartwright-Smith 2010:7). Les flux financiers, écrivent-ils, sont des capitaux, acquis, transférés ou utilisés illégalement. Ils méritent cette étiquette s'ils enfreignent les lois depuis leur origine, dans leur mouvement, ou leur utilisation. Ils font partie intégrante de la criminalité financière et économique. Ils proviennent de la criminalité transnationale organisée. Il est très difficile de les quantifier. Mis à part la fuite des capitaux pour raisons économiques, les fonds provenant de la criminalité transfrontalière, du trafic humain, de la vente de drogue, en plus des dons d'organisations wahhabites des pays du Golfe sont particulièrement inquiétants dans la zone ouest-africaine<sup>4</sup>. Les flux financiers correspondent à des sources différentes d'offres et de demandes des actes criminels.

## Les sources des flux financiers illicites

Les sources de financement illicite qui menacent la paix et la sécurité sont toutes gravissimes. Dans le cas de l'Afrique occidentale, le trafic de drogue, le trafic d'armes, le kidnapping et, dans une certaine mesure, la traite humaine<sup>5</sup> constituent d'importantes sources de financement illicite qui nourrissent le terrorisme, considéré comme le plus grand défi sécuritaire de la fin du XXe siècle et du début du XXIe siècle.

Depuis le début des années 2000, l'Afrique de l'Ouest est devenue un marché émergent de drogues dures choisi par les narcotrafiquants à cause, d'une part, de la saturation des marchés européen et latino-américain, et, d'autre part, de la mise en place de nouvelles stratégies sécuritaires dans les pays européens. Il a fallu trouver un autre espace de transit outre-Atlantique pour convoier la drogue vers l'Europe. L'Afrique de l'Ouest s'est malheureusement révélée une zone propice de transit de la cocaïne (Organe international de contrôle des stupéfiants 2015:46). Le Cap-Vert, la Guinée-Bissau avec ses nombreuses îles, le Sénégal, la Gambie, la Guinée-Conakry, le Ghana, le Togo et le Bénin sont devenus des zones de transit de la drogue dure venant de la Bolivie, du Venezuela, de la Colombie, de l'Équateur, du Pérou et du Brésil. La quantité de drogue qui a transité dans cette zone a connu un record de 47 tonnes en 2007. Cette production a régressé en 2013 avec 18 tonnes. Ces 18 tonnes représentent quand même la somme de 1,25 milliard de dollars US en Europe, procurant des revenus substantiels aux trafiquants de l'Afrique de l'Ouest (ONUDC 2013:1-3). Dans tous les cas, depuis 2006, 20 à 40 tonnes de cocaïne transitent par an dans la région ouest-africaine en route vers l'Europe. La quantité des 20 tonnes de cocaïne est évaluée au moins à 1 milliard de dollars sur le marché international. Cette somme est plus élevée que le PIB de certains pays d'Afrique de l'Ouest (ONUDC 2016). L'importance de cette manne financière prouve la gravité de ce trafic.

Le rapport de l'UNODC de 2013, *Criminalité transnationale en Afrique de l'Ouest*, rapporte les preuves d'affaires qui interpellent davantage les pouvoirs publics dans la zone soudano-sahélienne. En effet, l'affaire la plus connue est sans doute celle de « l'Air Cocaïne » en 2009, impliquant un Boeing 727 retrouvé calciné dans le désert malien et soupçonné d'avoir transporté des tonnes de cocaïne. Des enquêtes menées ultérieurement précisent qu'il ne s'agissait pas d'un événement isolé, mais d'un fait criminel qu'on a pu épingle parmi tant d'autres crimes.

D'après les propos de l'Agence de lutte contre la grande criminalité organisée au Royaume-Uni (SOCA), repris par l'ONUDC, « un avion Beechcraft BE 300 en provenance de la République bolivarienne du Venezuela a atterri au Mali, près de la frontière mauritanienne, en janvier 2010. La

cargaison a été déchargée puis transportée par un véhicule 4X4 en direction de Tombouctou avant que les autorités ne perdent la trace du convoi ».

Dans une autre affaire passée en août 2012, « un bombardier BD-700 a été saisi après avoir voyagé depuis Valencia (République bolivarienne du Venezuela) jusqu'au Bénin, transportant 1,6 tonne de cocaïne. S'étant vu refuser l'entrée au Bénin, l'avion a finalement atterri aux îles Canaries et l'équipage international a été arrêté par les autorités espagnoles » (ONU DC 2013:13).

La plus grande inquiétude concerne la Guinée-Bissau, un pays qui a été désigné comme étant le « premier narco-État » d'Afrique. L'une des raisons de cette désignation est l'utilisation de son territoire pour faire du trafic de drogue à grande échelle, essentiellement de cocaïne provenant d'Amérique du Sud. D'après certaines études, « près de 2 200 livres de cocaïne arrivaient par avion chaque soir en Guinée-Bissau », mais cette quantité était négligeable par rapport à celle qui était convoyée par la mer<sup>6</sup> (Diarisso & Goredema 2014:5).

Beaucoup plus que le transit, la production de la drogue dure trouve ses installations techniques en Afrique de l'Ouest, notamment au Nigeria (ONU DC 2013:1). En 2013, au moins sept laboratoires de méthamphétamine avaient été découverts et démantelés dans ce pays. Entre janvier et février 2015, la douane sénégalaise a saisi au total 111 kilogrammes de méthamphétamine en provenance du Mali, des quantités que l'UNODC a l'habitude de constater au Nigeria. Le marché principal pour la méthamphétamine produite en Afrique de l'Ouest se situe en Asie de l'Est et, dans une moindre mesure, en Afrique du Sud. Les revenus provenant du trafic de méthamphétamine produite en Afrique de l'Ouest à destination de l'Asie de l'Est sont particulièrement élevés. Cependant, dans son rapport de 2015, l'organe international de contrôle des stupéfiants (OICS) ne relève aucun lien entre les cartels d'Amérique latine, l'argent généré par le trafic de drogue, et les groupes djihadistes présents en Afrique de l'Ouest.

Le trafic de drogue ne peut être détaché du trafic et de la circulation des armes à feu, car le trafic de drogue s'accompagne de la violence pour le contrôle des marchés de la drogue. La grande circulation des armes légères provient d'une autre dimension. Elle fait suite au conflit libyen de 2011 avec la chute du colonel Kadhafi et la crise malienne de 2012. Ces armes circulent avec une grande facilité, sans contrôle suffisant. La prolifération des armes dans les zones soudano-sahéliennes et sahariennes a augmenté les menaces terroristes et les attaques criminelles. Le conflit libyen a donné lieu à d'importants détournements et vols d'armes et on estime à 20 000 celles qui sont en circulation dans la zone du Sahel et dont la menace s'est

concrétisée avec la crise au nord du Mali. La circulation et le trafic des armes ont permis aux Shebab et à Boko Haram de tirer des ressources importantes de leur implication dans le commerce illicite d'armes légères. Le besoin de financement pour Al Qaïda au Maghreb islamique (AQMI), qui se chiffre à 2 millions de dollars par mois, soit une trentaine de millions de dollars par an, explique la forte implication de cette organisation dans le trafic d'armes (Haggar 2015:58).

La circulation des armes dans l'espace ouest-africain provient théoriquement d'abord des stocks publics officiels des États avant de se retrouver sur le marché pour satisfaire les besoins d'un trafic illicite. L'Afrique de l'Ouest a connu une suite de guerres civiles et de rébellions depuis la guerre du Biafra en 1967 jusqu'à la crise malienne de 2012, en passant par les guerres au Liberia et en Sierra Leone, sans oublier la rébellion casamançaise. L'occupation par les groupes rebelles des zones diamantifères, aurifères ou recelant d'autres minerais procède d'une logique de financement des efforts de guerre. Le RUF (*Revolutionary United Front*) de Foday Sankoh en Sierra Leone a opté d'abord pour la stratégie d'occupation des « *Blood diamonds* », les diamants du sang, de même que le NPFL (*National Patriotic Front of Liberia*) a opté pour l'exploitation du bois précieux<sup>7</sup>.

Le trafic des réseaux mafieux a permis aux groupes rebelles armés, à des multinationales, à des mercenaires de s'enrichir avec le diamant en Sierra Leone et le bois au Liberia. Cette manne financière a permis, entre autres, de recruter des enfants soldats constamment drogués. Le conflit sierra-léonais a montré que les mercenaires anglais qui soutenaient le régime de Momoh et les rebelles du RUF étaient tous concentrés, en dehors de la capitale, autour des mines d'or et de diamants du district diamantifère de Kono et Tongo (Mugnier 2001). Dans les milieux criminogènes de ce genre, le trafic des armes prend place dans une économie criminelle florissante en encourageant les vols dans les différents dépôts d'armements organisés par des militaires véreux. L'atteinte aux droits de l'homme, les atrocités et les viols commis sur les femmes entraînent des migrations massives vers des pays limitrophes dans des conditions pénibles et déplorables. Ces déplacements conduisent souvent les réfugiés à exporter les stigmates de leur guerre fratricide dans les pays frontaliers, causant ainsi une grande insécurité et de graves crises humanitaires.

### **Le mode opératoire de financement du terrorisme, vecteur de l'insécurité**

Les institutions de Bretton Woods, la Banque mondiale et le Fonds monétaire international définissent le financement du terrorisme comme « l'aide financière, de toute forme au terrorisme ou à ceux qui encouragent,

envisagent ou s'engagent dans ce cadre » (GIABA et GAFI 2013:13). Le financement du terrorisme est une certitude en Afrique occidentale, mais la maîtrise du mode de financement du terrorisme n'est pas chose aisée. Les modèles ne sont pas partout les mêmes. Dans le cas ouest-africain, il n'est pas seulement en numéraire ou en transactions financières en raison de l'accès limité aux services financiers formels dans nombre de pays de la région.

Dans une perspective définitionnelle plurielle du financement du terrorisme, le modèle proposé par le Centre intégré d'évaluation du terrorisme (ancien centre intégré d'évaluation des menaces) et repris par le GIABA semble le plus large puisqu'il donne des éléments constitutifs pertinents. Le modèle proposé n'est pas linéaire, mais se compose en plusieurs étapes, à savoir l'acquisition, l'agrégation et la transmission d'un fonds à une organisation. La transmission peut se faire à une cellule qui se chargera de la conversion des fonds. Le cadre d'analyse du modèle se fonde sur toutes les méthodes et tous les moyens utilisés par les organisations terroristes pour soutenir leurs opérations et infrastructures, en tenant compte des besoins, capacités et mécanismes. En dehors de l'argent et de ses équivalents en numéraire provenant de la vente de drogue, du trafic d'armes, d'autres méthodes – comme le kidnapping, le trafic humain, le détournement de biens, de dons, ou la fourniture directe d'équipements aux cellules – sont utilisées pour apporter une aide aux organisations terroristes. Jodi Vittori, dans sa typologie des organisations terroristes, montre les moyens par lesquels les organisations criminelles obtiennent et gèrent leurs ressources. Pour cela, il détermine des catégories dont la plus connue est le parrainage d'État, que le Qatar est soupçonné d'organiser à grande échelle. Jodi Vittori explique comment ces différentes organisations arrivent à utiliser des méthodes particulières de financement et pourquoi des méthodes particulières arrivent à être associées à des types de groupes terroristes particuliers (Vittori 2011). En tout état de cause, le financement d'une organisation terroriste démontre les capacités de son insertion sociale et économique. Cela veut dire qu'elle est capable d'établir des liens avec des populations sympathisantes à sa cause et de participer à des activités économiques sous différentes formes. L'argent permet aux groupes terroristes de mettre en place des fonds logistiques et de participer à des œuvres sociales dans des communautés très démunies afin de recruter des personnes pour qu'elles rejoignent les causes. Tout groupe terroriste fonde son action sur une idéologie à laquelle peuvent adhérer des personnes de différentes origines et de diverses catégories socioprofessionnelles. Il s'agit pour les groupes criminels de modifier le cadre référentiel d'analyse des populations en cherchant à les radicaliser et à en faire des pourvoyeurs de fonds.

La possibilité que la grande criminalité puisse être une source de financement aux groupes terroristes qui sévissent en Afrique de l'Ouest a été une préoccupation constante des pouvoirs publics concernant la propagation de l'insécurité. Les différents travaux sur le financement du terrorisme en Afrique de l'Ouest donnent à voir des modes opératoires de financement à partir du commerce international légal, du kidnapping, du blanchiment d'argent provenant souvent du trafic de drogue et de la vente d'armes ou du financement des organisations non gouvernementales (ONG) à travers des œuvres caritatives.

Ces stratégies permettent au groupe Boko Haram, l'un des groupes terroristes les plus violents en Afrique de l'Ouest, installé au Nigeria, d'investir plusieurs secteurs économiques pour financer ses activités. Des témoignages des membres arrêtés de cette organisation ont fait état de leur mode opératoire de financement. Les membres peuvent se trouver à tous les niveaux de la société. Parmi les mécanismes utilisés par Boko Haram pour financer ses activités, le commerce occupe une place importante. Il s'agit d'acheter des marchandises qu'on envoie à d'autres adhérents se trouvant dans des lieux différents et éloignés, qui les revendent à un prix plus élevé. Le bénéfice généré permet la location d'appartements et l'acquisition des matériaux improvisés pour leurs opérations (GIABA et GAFI 2013:19). Quant aux membres qui se trouvent dans le secteur de la communication, ils fournissent des cartes SIM pré-enregistrées et des téléphones mobiles pour faciliter la communication. Il a été également prouvé que la mobilisation des fonds de Boko Haram se fait par des dons volontaires et parfois obligatoires de ses membres en raison de leurs capacités financières ou matérielles. L'organisation utilise aussi des « Majiris » (enfants mendians), des personnes vulnérables pour mendier afin de lever des fonds d'appui aux activités du groupe. Ces mendiants sont placés à des endroits stratégiques dans les grandes villes et servent en même temps d'espions pour l'organisation terroriste. Boko Haram est fortement impliqué dans la contrebande des armes légères et de petit calibre. L'organisation utilise les femmes pour faire passer des armes, des munitions et des fonds. L'utilisation des femmes est un artifice pour empêcher le contrôle. Il est très mal perçu dans le monde musulman qu'un homme fouille des femmes mariées en risquant de violer leurs contours corporels. Il est un principe islamique qui veut que les femmes mariées soient éloignées des hommes qui ne sont pas leur époux. Boko Haram profite de cette croyance pour accomplir ses forfaits à la frontière avec des pays musulmans et développe ainsi une véritable économie criminelle. Les revenus annuels du groupe sont estimés à près de 10 millions de dollars US. Ces fonds proviennent généralement

de « mécènes » arabes du Moyen-Orient, d'extorsions de fonds auprès des populations dans des zones peu contrôlées par l'État. Tout compte fait, malgré son pouvoir de nuisance, le groupe Boko Haram n'a pas encore acquis de capacités d'insertion dans les trafics internationaux, à la manière des groupes terroristes comme Al Qaïda. Les modes de financement de l'organisation ne sont pas très sophistiqués ; elle s'investit dans les pillages de banques, les rançons d'otages, les vols de matériels militaires et les trafics de médicaments (Haggar 2015:58).

Le kidnapping est devenu également une source de revenus très lucrative et prisée pour les groupes terroristes. Ce sont surtout des agents d'organismes humanitaires, des touristes, des employés de sociétés occidentales ou des fonctionnaires des gouvernements occidentaux qui sont kidnappés. Le versement de rançons à des groupes terroristes dans la zone sahélienne occidentale a été permis par une prise massive d'otages. Les groupes terroristes islamistes financent une partie de leurs dépenses avec des fonds extorqués dans les rançons. Il est très difficile de donner, de manière univoque, des chiffres fiables. Toutefois, le service de renseignement privé américain Stratfor<sup>8</sup> soutient qu'Al-Qaïda au Maghreb islamique (AQMI) aurait récolté à elle seule 89 millions de dollars US entre 2003 et 2012 (Huddleston 2013 ; Center For Security Studies 2013). Le discours souvent livré par les pouvoirs occidentaux en cas de kidnapping sur le refus de payer des rançons ne reflète pas la réalité des négociations ultra-secrètes pour sauver la vie de leurs ressortissants. À cet égard, la France aurait versé 17 millions de dollars en 2010 pour la libération de quatre Français enlevés au Niger. En 2012, le Nigeria faisait partie des quatre pays – avec le Mexique, le Pakistan et le Yémen – impliqués dans la moitié des cas de kidnapping dans le monde. Le Nigeria représentait dans ce quota 26 pour cent des cas de kidnapping. En somme, AQMI a reçu en moyenne 5,4 millions de dollars par otage libéré dans la zone. L'enlèvement contre rançon est devenu l'un des plus grands défis sécuritaires dans la zone ouest-africaine. En effet, l'argent des rançons permet aux groupes terroristes de recruter de nouveaux membres radicalisés, d'entretenir des camps d'entraînement, d'acheter des armes et de mettre en place des dispositifs techniques de télécommunication. Cet argent est également utilisé pour organiser et réaliser avec des complices des attentats terroristes. L'enlèvement est devenu un modèle commercial criminel très lucratif depuis que le Groupe salafiste de la prédication et du combat (AQMI depuis 2007) a pu extorquer au gouvernement allemand par le biais du gouvernement malien une rançon de 5 millions de dollars pour négocier la libération de 32 touristes européens enlevés, dont 16 Allemands et 4 Suisses, en 2003 (Huddleston 2013 ; Center For Security Studies 2013).

Le blanchiment d'argent se révèle également un mode opératoire de financement efficace du terrorisme. L'opération de blanchiment suit un processus en trois phases techniquement efficaces :

- la phase initiale correspond au placement avec l'introduction des produits issus d'activités illicites dans le système financier ;
- la deuxième phase dite d'empilage se traduit par des conversions ou déplacements de fonds d'origine illégale pour les éloigner de leurs sources illicites ;
- la troisième phase dite d'intégration consiste à mettre les fonds dans des activités économiques légales (CENTIF Sénégal 2008).

Les criminels utilisent tous les secteurs d'activités productives pour intégrer des fonds d'origine illicite. Un exemple patent concernant la création de sociétés immobilières fictives au Sénégal, à la suite d'une activité de blanchiment d'argent, montre une des facettes de l'empilage, à savoir que « la société n'avait pas de statut juridique au Sénégal, et qu'elle avait été créée spécifiquement pour le blanchiment de fonds illicites grâce à la vente des marchandises importées... Les protagonistes mis en cause étaient en contact avec des groupes extrémistes impliqués dans des activités terroristes en Afrique de l'Est, en Amérique du Nord, en Europe et en Mauritanie » (GIABA 2013:19).

Les ONG sont également utilisées dans des montages financiers complexes pour masquer la trace de fonds illicites. En effet, le financement du terrorisme à travers des ONG se fait essentiellement dans le système financier pour justifier des œuvres caritatives. Ce fut le cas, entre autres, d'une ONG caritative internationale nigériane dont le siège est au Moyen-Orient. Les procédures prudentielles obligatoires d'une banque nigériane utilisée pour les transactions ont permis de mettre à nu l'implication de l'organisation elle-même et l'un de ses directeurs dans une affaire concernant un financement terroriste entre le Nigeria et un pays du Moyen-Orient. En outre, l'analyse des états financiers et des transactions bancaires de cette ONG a permis d'établir que les opérations qu'elle avait effectuées étaient incompatibles avec les profils de ses comptes. Il a été décelé « de fréquents dépôts et retraits d'espèces, y compris à partir de distributeurs automatiques de billets nationaux, par des personnes sans lien apparent avec des œuvres caritatives et surtout dans des zones à forte incidence d'activité terroriste au Nigeria ». La même méthode de financement par transferts bancaires complexes à travers des ONG a été constatée au Mali où l'argent sert souvent à financer les mouvements rebelles au nord du Mali. L'utilisation du canal des ONG et des organismes de bienfaisance par les groupes terroristes démontre leur vulnérabilité face aux groupes terroristes qui s'en servent pour brouiller la piste financière des parrains (GIABA 2013:21-23).

Le système économique et monétaire des États de l'Afrique de l'Ouest offre un espace libre au financement illicite, car l'économie y est essentiellement informelle. Les faiblesses institutionnelles bancaires incitent les groupes criminels à profiter des failles du système monétaire et financier. En Afrique de l'Ouest, la majeure partie des populations ne possède pas de compte bancaire ; il est donc difficile de déterminer la traçabilité de flux financiers.

Le déplacement d'importantes sommes d'argent par des convoyeurs rend difficile le contrôle des transactions bancaires. La formalisation des transferts financiers est pourtant nécessaire, mais elle ne peut se faire de manière brutale, car elle risquerait de désorganiser ou de disloquer les systèmes économiques locaux. Les flux financiers, qu'ils soient licites ou illicites, constituent une arme redoutable pour les terroristes dont les activités économiques criminelles peuvent avoir des conséquences néfastes sur les systèmes de gouvernance.

### **L'impact de l'économie criminelle sur les systèmes de gouvernance**

Le groupement humain fixé sur un territoire déterminé et sur lequel une autorité politique s'exerce donne à l'État sa quintessence. Un État qui n'arrive pas à exercer la plénitude de sa puissance publique n'existe plus véritablement comme État et cesse d'être le réceptacle d'une nation. Les mouvements djihadistes et les groupes rebelles qui ont investi une partie du territoire étatique développent une économie criminelle parallèle qui plombe l'économie réelle. Les exemples de plusieurs groupes armés qui se sont déployés sur le terrain malien en 2012 expliquent leurs stratégies de convergence, d'entraide et des facilités de trafic de tout genre. En raison de la faiblesse des gouvernements mauritanien, malien et nigérien, les terroristes ont conçu et fabriqué des refuges pour terroristes dans le Sahara occidental, à l'image de la zone frontalière entre l'Afghanistan et le Pakistan (Center For Security Studies 2013). La crainte de la communauté internationale au sujet de la possibilité que les insurgés et les extrémistes sévissent dans l'ensemble de la région est liée à une autre crainte : celle de voir se développer les trafics d'armes et l'occupation d'espaces territoriaux. Les gains tirés de ces trafics pourraient être mis ensuite au service de la cause et de l'idéologie des groupes armés. Cette situation, pouvant augmenter les risques de violence et d'insécurité, s'est malheureusement concrétisée dans le cas malien. En investissant le commerce et les activités criminelles sur l'ensemble du territoire nord-malien, les groupes armés ont empêché l'administration publique d'assurer les pouvoirs régaliens et de fournir un minimum de service public. Par conséquent, toutes les activités politiques, économiques,

sociales et culturelles ont, à un moment donné, échappé à la loi malienne. En cas de circonstances exceptionnelles empêchant le fonctionnement normal des institutions, des structures privées interfèrent dans le système de gouvernance ou se substituent à l'État dans le seul but d'atteindre des objectifs. Ce qui arrive souvent dans les négociations en cas de kidnapping. Malgré les recommandations des institutions internationales afin d'imposer une stricte politique officielle de « non rançon », les gouvernements restent impuissants. Cette politique se heurte dans la pratique aux agissements des groupes privés, car la protection et la survie des ressortissants et de leurs collaborateurs sont prioritaires pour les familles, les multinationales et même pour les gouvernements. Cette politique se heurte également à la politique de la gestion des risques criminels mise en place par les multinationales. C'est la raison pour laquelle des professionnels privés spécialisés dans l'enlèvement contre rançon négocient à l'insu des gouvernements concernés et arrangent des versements de rançons. Ce « business criminel » est devenu lucratif pour certaines sociétés d'assurance, qui proposent des polices d'assurance pour « enlèvement contre rançon<sup>9</sup> ». Selon Hiscox, considéré comme le plus grand fournisseur d'assurances contre l'enlèvement et la demande de rançon, des primes d'une valeur de 310 millions de dollars US sont comptabilisées chaque année (Center For Security Studies 2013). Il est normal et logique qu'une société qui souscrit une police d'assurance pour ses collaborateurs exposés aux enlèvements puisse engager des démarches pour les faire libérer. Par conséquent, elle s'attend à pouvoir acheter la libération de son personnel enlevé. Cette ligne de conduite ne peut guère décourager les criminels et les groupes armés. Au contraire, elle les incite à s'adonner davantage à ces pratiques malsaines pour continuer à extorquer des fonds. Pour cela, les dirigeants des groupes armés ciblent les gouvernements qui sont prompts à payer coûte que coûte pour la libération de leurs ressortissants.

Le système de gouvernance d'un État peut être également déstabilisé lorsqu'il existe une structure politique illégitime concurrente détenant une capacité financière égale ou supérieure à celle de l'État légitime. En Afrique de l'Ouest, la faiblesse des économies étatiques fait qu'il est difficile de mettre en place une activité commerciale licite pouvant générer des revenus comparables à ceux du trafic de drogues. Les importantes saisies de drogue en Afrique de l'Ouest ont révélé les risques de déstabilisation gouvernementale au cas où elles seraient parvenues dans les milieux mafieux européens puisqu'elles auraient engrangé d'importantes sommes d'argent. La valeur au détail aurait été supérieure au produit intérieur brut de certains pays par lesquels elles avaient transité, tout en impliquant la présence d'organisations criminelles en possession de ressources supérieures à celles des États concernés (ONU DC 2013:9). Cela signifie que les organisations criminelles auraient

pu accaparer tous les secteurs économiques et s'introduire dans les appareils de sécurité et de défense de l'État. Le risque aurait été qu'elles évincent les autres formes d'activité économique. Un risque similaire affecterait la sphère politique où, théoriquement, le combat contre la corruption liée à la drogue risquerait de menacer la gouvernance et la stabilité politique. La corruption peut être un facteur d'émergence de nouvelles formes d'individualisme et de logiques de « clans » dans l'État, contribuant ainsi au rétrécissement des espaces publics. Elle met en péril la dissociation du public et du privé caractéristique de l'État (Della Porta & Meny 1995). Sa banalisation risque d'installer ou de renforcer l'État néo-patrimonial.

La déliquescence d'un État commence lorsque les hauts fonctionnaires qui sont chargés d'appliquer la loi et de dire le droit sont impliqués eux-mêmes dans la grande criminalité. Le trafic de drogue ne peut prospérer sans la collusion de hauts responsables occupant des postes stratégiques dans l'armée, la police, la douane et le gouvernement. Dans plusieurs pays d'Afrique de l'Ouest, divers éléments d'information attestent l'implication de personnalités de haut rang dans le trafic de drogue. La Guinée-Bissau est un cas extrême où les intérêts concurrents et des luttes intestines entre hauts fonctionnaires au sein de l'administration publique ont souvent abouti à la déstabilisation des gouvernements. En effet, le pays a été le théâtre d'une série de coups d'État et de tentatives de coups d'État depuis l'apparition des flux financiers provenant de la cocaïne et l'implication des officiers de haut rang, soupçonnés de complicité dans ce trafic. L'enrichissement illicite d'hommes politiques et de généraux de l'armée à travers l'argent de la drogue et le contrôle du trafic a atteint le sommet de l'État, allant jusqu'à provoquer d'autres troubles politiques conduisant à l'assassinat du président Nino Vieira, en 2009. Une analyse superficielle placerait le conflit dans le champ des luttes et des clivages politiques bien enracinés dans le pays, mais c'est la compétition générée par les profits de la cocaïne qui a fait monter les enjeux et a renforcé les tensions entre les groupes rivaux. Pour toutes ces raisons, la Guinée-Bissau est considérée comme un pays narcotraffiquant de la région ouest-africaine. En République de Guinée, à la mort du président Lansana Conté, à la fin de l'année 2008, l'opinion publique guinéenne a appris l'implication des membres de sa famille proche et des unités militaires d'élite dans le trafic de drogue, et a découvert qu'ils se seraient servis de passeports et de valises diplomatiques pour transporter de la cocaïne. Ces pratiques vont à l'encontre des règles de transparence publique. La Mauritanie est un autre cas d'école, où des policiers de haut rang ont été condamnés pour des activités liées au trafic de cocaïne en 2010. Il en est de même pour la Gambie où de hauts officiers de la police, de la marine nationale et de hauts responsables de l'Agence nationale de lutte

antidrogue prenaient une part active au trafic de drogue en 2012. En Sierra Leone, en 2008, c'est le ministre des Transports lui-même qui a été impliqué dans le trafic de drogue (ONUDC 2013).

Au Sénégal, la nomination d'un commissaire divisionnaire à la tête de la Direction générale de la police nationale (DGPN) a donné lieu à des accusations et à des révélations de la part d'un autre commissaire divisionnaire, directeur de l'Office central pour la répression des trafics illicites des stupéfiants (OCRITIS), sur les relations douteuses entre le nouveau directeur de la DGPN et les milieux de la drogue à Dakar. L'affaire, ayant fait l'objet de beaucoup de supputations et de controverses au sommet de l'État et dans la société civile, a abouti au limogeage des deux commissaires (Diarisso & Goredema 2014:8).

Les entrepreneurs légitimes, tout comme les entrepreneurs illégitimes, ont tendance à chercher à influencer les agences gouvernementales, les institutions politiques et les entreprises. Dans le cas du crime organisé, l'intention est de neutraliser ces institutions ou, en cas d'impossibilité, de les exploiter ou de les coopter et d'usurper leurs fonctions (Felia Allum & Renate Siebert 2004 ; Michael 2009 ; Diarisso & Goredema 2014). Cette volonté de dominer ou d'exploiter n'est pas unilatérale, comme l'ont observé certains commentateurs :

Il existe de nombreux exemples où les institutions politiques et autres institutions étatiques ont tiré pleinement avantage de leurs positions, souvent en cooptant les groupes de crime organisé pour servir leurs propres intérêts politiques et financiers. Ce lien politico-criminel ne cesse de se renforcer, grâce, d'une part, à la nature dynamique et adaptative des réseaux criminels et à leur capacité d'opérer et de manœuvrer entre l'espace politique et virtuel, et, d'autre part, à la légitimité décroissante de l'État et des institutions politiques à travers le globe. (Diarisso & Goredema)

Le terrorisme « révolutionnaire », la revendication des actes sécessionnistes, le prosélytisme religieux, l'extrémisme violent, la radicalisation des jeunes trouvent parfois leurs causes dans le mode d'accession au pouvoir des gouvernants africains. Le financement occulte des partis politiques à des élections disputées peut fausser les bases de la compétition électorale. Il s'ensuit un chantage politique et économique du parrain à l'égard du parti arrivé au pouvoir par les soins de ces mêmes sources de financement. Le financier qui mobilise des fonds illicites pour un parti politique attend en retour des subsides. L'irrespect des accords exhorte le parrain à s'allier à des groupes extrémistes ou à d'autres forces politiques capables de bafouer l'autorité de l'État ainsi que le système de gouvernement existant.

L'insécurité grandissante dans la zone ouest-africaine, dont les principales causes ont été décrites, peut trouver une solution dans l'établissement de la gouvernance démocratique.

## **Nouvelles stratégies de la sécurité humaine et collective par l'approche de la gouvernance démocratique**

En matière de relations internationales, le concept de sécurité collective se rapporte à la sécurité extérieure des États. Dans un ordre collectif, la sécurité d'un État est inhérente à celle des autres États. Il s'agit d'un système de mise en commun de responsabilités en fait de sécurité au sein d'une organisation internationale. Concrètement, cela signifie que les États se soumettent volontairement à certaines normes et obligations communes. L'existence des menaces sécuritaires sape ainsi les fondements des droits humains et de la sécurité collective.

La notion de sécurité humaine est apparue avec l'idée que l'État ne doit point être l'unique objet de la sécurité (Moulaye & Niakate 2011:7). Le *Rapport sur le développement humain* de 1994 du Programme des Nations unies pour le développement (PNUD) introduit un nouveau concept de sécurité humaine à travers le paradigme du développement humain durable. Dans une acception immédiatement perceptible, elle peut signifier la protection des personnes contre toutes formes de menaces, vraies ou supposées, allant de la violation des droits humains jusqu'aux menaces de la criminalité urbaine, nationale, transfrontalière ou transnationale, d'origine humaine ou naturelle. Cette approche de la sécurité humaine a permis aux initiatives africaines de la paix et de la sécurité de repenser les autres menaces qui pèsent sur les populations et de trouver des solutions rapides. L'analyse des conflits armés contemporains permet de constater que les populations civiles sont de plus en plus ciblées. Dans ces situations, les femmes et les filles, en particulier, sont les plus exposées aux conséquences néfastes de l'insécurité. D'où l'importance de l'approche genre dans la recherche des solutions.

La paix et la sécurité en Afrique de l'Ouest, condition sine qua non de la démocratie et du développement, sont remises en question, comme nous l'avons déjà souligné, par les conflits pour l'accès aux ressources, les tensions ethniques, les attaques armées le long des frontières, la criminalité organisée, le terrorisme et la prolifération d'armes de petit calibre. L'impuissance et la carence des États s'accompagnent souvent de l'affaiblissement des institutions démocratiques et d'un dysfonctionnement criant des forces de défense et de sécurité.

Des stratégies politiques systématiques visant la sécurité font également défaut à l'échelle nationale. En outre, le manque de ressources financières ainsi que les intérêts contradictoires des puissances régionales empêchent véritablement la mise en place de structures sécuritaires régionales et continentales efficaces. À cet égard, l'efficacité de l'Architecture africaine

de la gouvernance (AAG) de l'Union africaine nécessite « des structures nationales solides, opérationnelles et responsables [...] L'établissement de l'AAG n'a pas pour objectif de créer de nouvelles institutions, mais l'amélioration de la coordination entre les organes et les institutions de l'Union africaine comme mécanisme de renforcement de leur capacité et d'optimisation de leur impact » (UA 2010:1). Pourtant, l'AAG emprunte une approche institutionnelle de la gouvernance dans laquelle des institutions et des procédures bien établies sont considérées comme essentielles à l'établissement et à la consolidation de la démocratie, de la gouvernance et des droits de l'homme. Toutefois, le cadre institutionnel ne doit pas être statique, il est souvent renouvelé par les jeux d'intérêts des acteurs. La définition ou la redéfinition des institutions pose souvent des problèmes complexes et difficiles. Alors, elle doit, selon Robert E. Goodin, se fonder sur la « révisabilité », la solidité, la sensibilité à la complexité des motivations, l'ouverture aux changements et à l'expérimentation (Goodin 1998:214-218). Les formes instituées ne sont pas des données isolées, mais s'inscrivent dans un processus dialectique de construction, de déconstruction et de reconstruction des formes sociales (Chevallier 1981:8).

En termes d'orientation politique, l'AAG représente une approche normative visant à établir et à consolider la démocratie, la gouvernance et la promotion des droits de l'homme (UA 2010:3). Là se trouve peut-être sa faiblesse, car la dimension normative insufflée à la notion de gouvernance la présente comme un « instrument de réforme institutionnelle à des fins d'efficacité autour d'une conception pragmatique et technocratique des relations sociales » (Bellina 2008:10). Il s'agit, à notre avis, pour reprendre les propos de Massaër Diallo, d'une sorte de « prêt-à-penser » qui offre des procédés et des catalogues de pensées déjà prêtes (Diallo 1997:195). La recherche de la paix par l'approche de la gouvernance démocratique doit alors aller dans le sens d'une analyse plus approfondie pour interpréter les relations entre le politique institué et le non politique. L'insuffisance de l'implication de la société civile, le non-respect par les élites de la transparence et des engagements démocratiques auprès des citoyens, ainsi qu'une participation souvent très limitée de la majorité de la population aux processus décisionnels et aux bénéfices apportés à court terme par les accords de paix dans les sociétés post-conflits ne garantissent pas une sécurité collective et humaine. Les causes de l'insécurité ont souvent considérablement évolué alors que les structures et approches de l'architecture africaine de paix et de sécurité (AAPS) en réponse à l'insécurité en Afrique sont restées identiques. Les nouvelles stratégies de la sécurité collective et humaine se feront sur la base des principes de la gouvernance démocratique.

Le terme de « gouvernance » adjoint au qualificatif « démocratique » ne doit pas être un concept vide qui charme et chante plus qu'il ne s'applique dans la pratique, car l'expression « gouvernance démocratique » pourrait paraître, pour autant, comme un abus de langage. De prime abord, la gouvernance ne préjuge pas de la nature du régime qui l'applique, qu'il soit unitaire ou fédéral, démocratique ou autoritaire (Hermet 2005:29).

La gouvernance démocratique invoquée dans le dialogue politique nous rappelle que ses questions les plus sensibles s'adressent aux droits de l'homme, au système électoral et à la lutte contre la corruption. Le point de jonction entre la démocratie en tant que système de régulation formelle et la gouvernance comme système de régulation informelle est, sans nul doute, la structure institutionnelle, car la gouvernance fait intervenir un ensemble d'institutions et d'acteurs qui n'appartiennent pas tous à la sphère du gouvernement, mais à des réseaux autonomes non étatiques (Stocker 1998:20-26 ; Diarisso 2016). Le paradoxe de cette gouvernance, c'est qu'elle peut échouer même quand le gouvernement élabore des règles de fonctionnement appropriées (Olukoshi 2008:191-192). Ce constat d'échec laisse penser qu'au-delà du « bon gouvernement démocratique », la réflexion pourrait s'étendre aux institutions plus efficaces, à la négociation dans les processus décisionnels et à la participation des acteurs.

La gouvernance démocratique dont il s'agit ici cherche à « identifier au sein des sociétés les facteurs de changement qui pourraient favoriser l'émergence et l'expression d'un projet collectif » (Bellina & Magro 2008:423). Elle est fondée sur la participation de tous les acteurs à l'élaboration des décisions qui pourraient les concerner (Duran & Truong 2013:4-7).

Il s'agira également dans les nouvelles stratégies de la sécurité humaine et collective d'observer une démarche néo-institutionnelle à travers des choix rationnels. Cette approche dépasse le « légalisme formel » pour mieux rendre compte du réel dans sa totalité afin de prendre en compte tous les paramètres dans les processus décisionnels. Le processus de création d'institutions est centré, selon les théoriciens du choix rationnel, sur la notion d'accord volontaire entre les acteurs intéressés (Hall & Taylor 1997:480).

Le nouveau paradigme que constitue la gouvernance est fondé sur de nouveaux principes d'administration de la société. Il s'agira de penser, d'analyser et d'organiser la gestion publique d'une société à partir de l'ensemble de ses acteurs. Dans cette nouvelle gouvernance, « les acteurs de toute nature et les institutions publiques s'associent, mettent en commun leurs ressources, leur expertise, leur capacité et leurs projets, et créent une nouvelle coalition d'action fondée sur le partage des responsabilités » (Merrien 1998:62). Dans le domaine de la sécurité et de la lutte contre

le terrorisme et l'extrémisme violent, les acteurs sont nécessairement les pouvoirs publics, les parlementaires, les professionnels de l'armée, les experts et chercheurs sur les questions de sécurité, les organisations faïtières de la société civile intervenant en matière de paix et sécurité, les associations féminines internationales, les associations internationales de jeunesse et des journalistes formés en matière de sécurité.

La messe est alors dite pour reconsidérer les nouveaux rapports de pouvoirs et le partage des responsabilités aux niveaux étatiques et supra-étatiques.

## **Conclusion**

L'économie criminelle en Afrique de l'Ouest prospère très souvent dans des milieux démunis et criminogènes favorables aux différentes formes de trafics. Les populations laissées à elles-mêmes ont du mal à accéder aux services sociaux de base, constituant ainsi un terreau propice à la radicalisation des jeunes dans des idéologies islamistes extrêmes. L'État défaillant n'a pu répondre aux demandes sociales les plus élémentaires ; il est souvent absent des régions périphériques, créant ainsi les conditions de velléités sécessionnistes. Les gouvernants africains ont parfois tenté d'« acheter la paix » à coups de subventions ou de financements nébuleux sans exiger en retour les comportements civiques et citoyens les plus élémentaires de la part des bénéficiaires. La faiblesse de l'État en Afrique de l'Ouest fait suite à des décennies de régimes autoritaires mono-partisans minés par la corruption et le népotisme. La conservation du pouvoir s'est toujours faite au détriment des processus participatifs de l'action publique. C'est pourquoi la carence de l'État laisse la place à d'autres formes d'autorités du crime organisé, sources d'argent illicite et de violence. Elle est aussi à la base du développement de l'extrémisme violent, avec comme corollaire l'instauration de l'insécurité et la violation des droits de l'homme. Le remède est alors le recours à la gouvernance démocratique, un système de pouvoir partagé où chaque citoyen se sent membre à part entière de la communauté et où les richesses n'apparaissent plus comme le patrimoine d'une oligarchie aidée par les intérêts des « multinationales du crime » (Perkins 2006). Dans cette recherche de solutions politiques pérennes, l'intégration des sexes devient un impératif. La compréhension et la prise en compte de la dimension de genre en matière de sécurité sont essentielles puisque les femmes sont les plus vulnérables aux menaces de violence, notamment la violence sexuelle. Leur intervention permet d'insuffler un sentiment accru de sécurité auprès des populations locales. C'est donc dans le mouvement constructif d'un dialogue politique inclusif permanent qu'on arrivera à éviter la marginalisation et la radicalisation des jeunes. L'action

dans la gouvernance s'inscrirait donc dans une logique de dépassement des politiques antérieures qui ont montré leurs limites et leurs insuffisances.

## Notes

1. Beaucoup d'auteurs politistes africanistes soulignent l'écart très important, en Afrique, entre les normes officielles, le discours officiel et le comportement des élites politiques et des hauts fonctionnaires. Jean-Pierre Olivier de Sardan fait une analyse de cette forme de gouvernance en expliquant l'informalité des pratiques (Olivier de Sardan 2008).
2. Le concept de la sécurité est polysémique. Zeini Moulaye et Mahamadou Niakaté donnent des éclairages sur la sécurité privée, la sécurité nationale, la sécurité collective et la sécurité humaine (2011:6-8). Dans les sciences sociales, la sécurité s'impose dans sa dimension subjective comme volonté de réduire la menace, une intention hostile venant d'un acteur extérieur. Depuis Thomas Hobbes et bien avant Jean-Jacques Rousseau, dans sa conception classique du contrat social, la sécurité s'invite dans les systèmes politiques modernes et sur la scène internationale (Hermet, Badie, Birnbaum & Braud 2001:284). Quant à la gouvernance, sa conception n'est pas univoque, elle est multidimensionnelle. Elle a fait l'objet de plusieurs positions doctrinales en science politique.
3. Ces flux financiers illicites résultent essentiellement d'opérations commerciales, de l'évasion fiscale, et d'activités délictueuses telles que le blanchiment d'argent, le trafic de drogues et d'armes, la traite des êtres humains, le braconnage, le vol de pétrole et de produits minéraux, mais aussi de la corruption et de l'abus de fonction.
4. Des fonds très importants ont pour origine les pays du Golfe. Des « mécènes » soutiennent des organisations non gouvernementales islamistes dans la zone du Sahel. Le Qatar a été soupçonné de financer le terrorisme international. Cela a conduit en juin 2017 à la rupture des relations diplomatiques entre le Qatar et ses voisins, Arabie saoudite, Bahreïn, Émirats arabes unis, Yémen. Ces pays accusent le Qatar de financer et de soutenir le terrorisme. En Afrique, l'Égypte, la Mauritanie et le Sénégal prennent les mêmes mesures pour geler leurs relations avec le Qatar.
5. Selon le rapport de l'Organisation internationale des migrations du 11 avril 2017, les migrants ouest-africains qui transitent par la Libye sont vendus entre 200 et 300 dollars sur des « marchés aux esclaves » dans la ville de Sabha. Ils sont soumis aux travaux forcés et à l'exploitation sexuelle. Les images publiées par CNN en novembre 2017 ont choqué l'opinion publique internationale et ont provoqué une mobilisation internationale des organisations de la société civile afin d'exhorter les gouvernements africains et européens à faire pression sur le gouvernement libyen pour rechercher et arrêter les coupables. La tâche est difficile dans la mesure où la Libye est devenue une zone de non-droit depuis la chute de Kadhafi. Ce sont les milices qui font la loi à l'intérieur du pays.
6. Pour plus de précisions sur le caractère narcotraffiquant de l'État bissau-guinéen, voir O'Regan, D. & P. Thompson, 2013, *Advancing stability and reconciliation in Guinea-Bissau : lessons from Africa's first narco-State*, Washington, DC, Africa Centre for Strategic Studies.

7. Le *Revolutionary United Front* en Sierra Leone et le *National Patriotic Front of Libéria* ne sont pas des cas isolés en Afrique dans la prédation des richesses minières pour financer des guerres. L'Union nationale pour l'indépendance totale de l'Angola (UNITA) s'est livrée à un vaste trafic de diamants à l'extrême nord-est de l'Angola lors de la guerre civile. Le rapport Robert Fowler des Nations unies a révélé que la société diamantifère *De Beers* a travaillé avec le gouvernement de l'ex-Zaïre, actuelle République démocratique du Congo, pour la fourniture de l'équipement militaire et de l'essence entre 1993 et 1997.
8. Strategic Forecasting, Inc., appelé couramment Stratfor, est fondée en 1996 par George Friedman. C'est une société privée américaine qui œuvre dans le domaine du renseignement. Elle est réputée pour ses informations très secrètes. La liste des clients de Stratfor est confidentielle pour des raisons de sécurité.
9. Les multinationales ont compris que le risque criminel est devenu un fait émergent et qu'il est en grande partie lié au terrorisme et à l'existence d'une mafia. La souscription à une police d'assurance de « kidnapping contre rançon » devient une nécessité pour protéger leur personnel. Les entreprises n'hésitent plus à s'implanter en zone criminelle ou dans un contexte criminogène finissant. L'essentiel, pour elles, est de céder une contrepartie aux groupes criminels. C'est exactement le cas de la cimenterie française Lafarge qui a continué ses activités à Dialabya au nord de l'Irak au moment où l'État islamique a occupé cette zone. Dans le management des risques criminels, l'entreprise dans une zone criminogène ou de guerre a deux options : elle peut soit cesser ses activités, soit continuer à produire. Dans ce cas précis, ses activités deviennent criminelles si l'entreprise entretient des liens d'affaires avec un groupe criminel.

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# **Combating Illicit Financial Flows from Africa's Extractive Industries and Implications for Good Governance: A Multi-country Study of Angola, the Democratic Republic of Congo and Nigeria**

S.A. Igbatayo<sup>1\*</sup>

## **Abstract**

Illicit Financial Flows (IFFs) from Africa have assumed crisis proportions in recent times. Global Financial Integrity (2010) estimates IFFs from Africa between 1970 and 2008 at more than US\$ 1 trillion, an amount that dwarfs the combined inflows of developmental assistance and foreign direct investments into the continent over the same period. Nigeria leads other resource-rich African economies with the outflow, put at US\$ 217.7 billion, or 30.5 per cent of the total. African Economic Outlook (2012) reveals that had the flight capital from Africa been invested efficiently, its outcome could have reduced the headcount poverty ratio for the continent by an additional 4 to 6 percentage points, thus halving extreme poverty by 2015 – a critical Millennium Development Goal (MDG) that eluded the region. Development experts have expressed concern that large-scale IFFs from Africa are draining the continent of critical resources necessary to drive development agenda. Africa's extractive industries are particularly vulnerable to IFFs because of the complex and elaborate global value chains associated with the sector, which often transcend national borders. Among other things, elements of IFFs in the extractive sector include tax evasion, mis-invoicing, fraud and money laundering. The main objective of this article is to shed light on the threat posed by IFFs from Africa's extractive sector and their implications for good governance. The article employs empirical data to analyse IFFs from Africa; adopting Angola, DRC and Nigeria in a multi-country study that reveals that huge financial resources have been lost to these countries over the past several decades, threatening the ability of African countries to achieve both

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\* Department of Economics & Management Studies, Afe Babalola University, Nigeria.  
Email: remisamuel2002@yahoo.com; s.igbatayo@abuad.edu.ng

the MDGs and the Sustainable Development Goals (SDGs) that succeeded them. Therefore, the article presents a policy framework underpinned by embracing the Extractive Industries Transparency Initiative; combating corruption; promoting institutional mechanisms; and deepening poverty reduction strategies.

## Résumé

Les flux financiers illicites (FFI) en provenance d'Afrique ont pris les proportions d'une crise ces derniers temps. Selon *Global Financial Integrity* (2010), entre 1970 et 2008, les flux financiers illicites provenant d'Afrique dépassent les 1.000 milliards de dollars, loin devant les flux combinés d'aide au développement et d'investissements étrangers directs sur le continent au cours de la même période. Le Nigéria est en tête des autres économies africaines riches en ressources naturelles avec une fuite de capital estimée à 217,7 milliards de dollars, soit 30,5 pour cent du total. *African Economic Outlook* (2012) révèle que si ces capitaux quittant l'Afrique avaient été investis efficacement, le résultat aurait pu réduire le taux de pauvreté du continent de 4 à 6 points de pourcentage supplémentaires, réduisant ainsi de moitié l'extrême pauvreté d'ici 2015 – un objectif du Millénaire pour le développement (OMD) crucial qui n'a pas été atteint par la région. Les experts en développement déclarent être préoccupés par les vastes FFI d'Afrique qui drainent le continent des ressources essentielles nécessaires à la réalisation de son programme de développement. Les industries extractives africaines sont particulièrement vulnérables aux FFI en raison de la complexité et des chaînes de valeur mondiales élaborées associées au secteur, qui transcendent souvent les frontières nationales. Parmi les éléments des flux financiers illicites dans le secteur extractif figurent l'évasion fiscale, les erreurs de facturation, la fraude et le blanchiment d'argent. L'objectif principal de cet article est de faire la lumière sur la menace posée par les FFI provenant du secteur extractif en Afrique et sur leurs implications pour la bonne gouvernance. L'article utilise des données empiriques pour analyser les flux financiers illicites en provenance d'Afrique, utilisant l'Angola, la RDC et le Nigéria dans une étude multi-pays révélant que d'énormes ressources financières ont été perdues pour ces pays au cours des dernières décennies, menaçant la capacité des pays africains à atteindre les objectifs du Millénaire pour le développement et les objectifs de développement durable qui ont suivi. Par conséquent, l'article présente un cadre politique basé sur l'Initiative pour la transparence des industries extractives; la lutte contre la corruption; la promotion des mécanismes institutionnels; et l'approfondissement des stratégies de réduction de la pauvreté.

## Introduction

Illicit Financial Flows (IFFs) from Africa have assumed crisis proportions, particularly in recent times. This is against the backdrop of various reports revealing that the continent may have lost up to US\$ 1.0 trillion to the scourge over the past five decades. The losses are more than the combined value of developmental aid and foreign direct investment (FDI) inflows to the continent on an annual basis over the same period. Development experts have blamed Africa's weak economic and poor social development outcomes, in large part, on the IFFs from the continent, which have drained several countries of critical resources that could have been used to foster sustainable development. For example, African countries were unable to achieve key elements of the Millennium Development Goals (MDGs) embraced by the international community in 2000 and aimed at halving global impoverishment from 1990 levels by 2015 (UNECA 2015). The international community has embraced another development agenda in 2015, the 2030 Sustainable Development Goals (SDGs). However, development experts are equally concerned that Africa may fail to achieve these goals, unless resources are efficiently mobilised across the continent. This includes stemming the flow of IFFs from Africa.

This article is divided into six sections. The first section examines the concept of IFFs and their impact on good governance in Africa. The second section sheds light on Africa's extractive industries and their vulnerability to IFFs; while the subsequent sections discuss multi-country studies of Angola, the Democratic Republic of Congo (DRC) and Nigeria. The final section ends with conclusion and recommendations.

## IFFs: concepts and implications for good governance in Africa

IFFs have emerged in recent times as an element of globalisation. Although the literature is replete with various perspectives on IFFs, there is hardly a universally accepted definition of the concept. However, some international agencies have defined IFFs in recent times. According to Global Financial Integrity (GFI) (2017a), IFFs usually involve the transfer of financial resources earned through such illegal activities as corruption, transactions involving contraband goods, criminal activities and efforts to shelter wealth from a country's tax authorities. Thus, IFFs can be defined as cross-border movements of money that is illegally earned, transferred or utilised.

The UN Office on Drugs and Crime (UNODC) (2016) also embraces the broad definition of IFFs as all cross-border financial transfers in contravention of national or international laws. Under the UN framework,

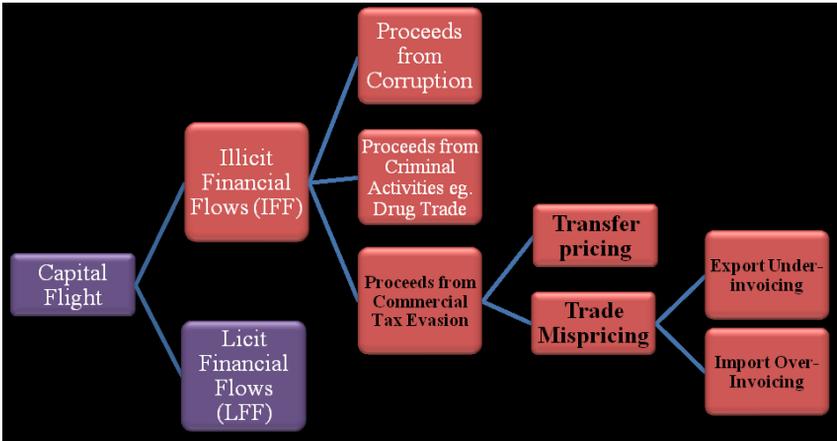
the financial transfers may be conducted for various reasons, including, but not limited to: funds with a criminal origin, which may involve proceeds of crime (money laundering, fraud and corruption); funds with a criminal destination, including bribery, terrorist financing or conflict financing, as well as transfers to, by or for entities subject to financial sanctions under the UN Security Council Resolutions.

The Centre for Budget and Governance Accountability (CBGA) (2015) categorises four major types of IFFs:

1. *Market/regulatory abuse*: IFFs are triggered, for example, when market players try to bypass operating regulations that are aimed at preventing monopolies or when they engage in the use of anonymous shell companies in secrecy jurisdictions for inward investment, or round-tripping.
2. *Tax abuse*: Tax abuse may arise through commercial tax evasion and transfer mispricing; as well as the hiding of individuals' assets and income streams, usually in secrecy jurisdictions.
3. *Abuse of power*: IFFs also result from allocation of state resources to favoured individuals, usually within processes devoid of transparency. This may be accompanied by bribery or other forms of inducement.
4. *Proceeds from crime*: In cases where initial capital is legal, outflow of funds is permitted; however, proceeds from crime can only be transferred from one jurisdiction to another through illicit processes. Such funds are usually routed through low tax jurisdictions or strong secrecy regimes, making them hard to trace.

At this point, it is appropriate to distinguish between capital flight and illicit financial flows. This is against the context where both concepts are often used interchangeably in the literature. While capital flight is rather hard to define precisely, it is often regarded as outflow of both licit and illicit capital from an economy. Thus, there is an overlap in the structure of both concepts (Kapoor 2007; Kar 2016).

The relationship between capital flight and illicit financial flows is captured by Mevel, Ofa and Karingi (2013) who described capital flight as a concept divisible into two: Illicit Financial Flows (IFFs) and Licit Financial Flows (LFFs); while the latter stands alone, the former is further divisible into three, as proceeds from corruption, criminal activities and tax evasion, as illustrated in Figure 1.



**Figure 1:** Elements of capital flight

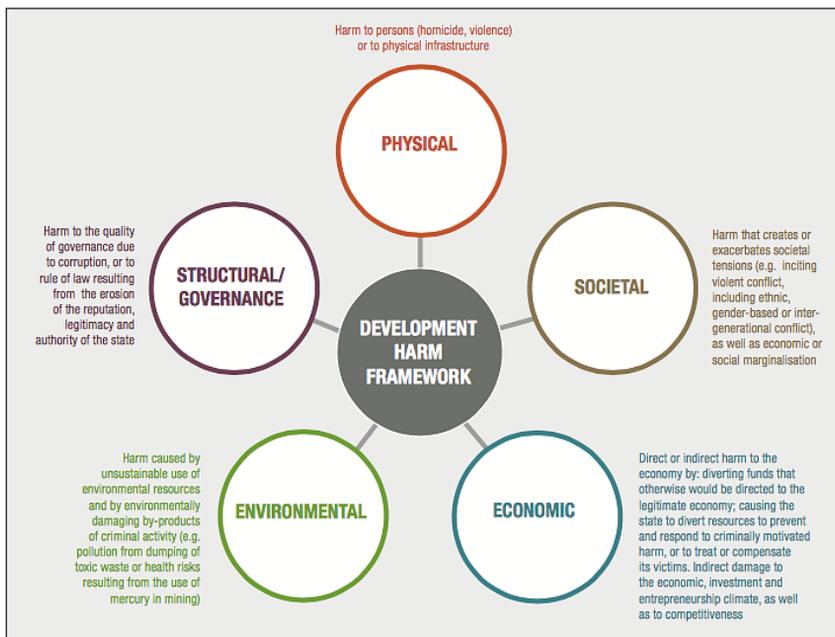
Source: Mevel, Ofa and Karingi (2013)

Policymakers and development agencies have expressed concerns about the scale and impact of IFFs, particularly in recent times (LGSLfD 2008; Herkenrath 2014; Kar 2016). Complicating matters for many developing countries in search of IFFs is the existence of tax havens, where corporate and personal wealth gains are transferred illicitly and placed beyond the reach of regulatory authorities.

Apart from economic consequences, the social impact of IFFs can be sobering. African Economic Outlook (AfDB 2012) reveals the damaging impact of capital flight on Africa’s impoverishment. It further reveals that if the flight capital from Africa had been invested efficiently, its outcome could have reduced the headcount poverty ratio for the continent by an additional 4 to 6 percentage points, thus halving extreme poverty by 2015 – a critical MDG that eluded the region (AfDB 2012).

IFFs pose a serious threat to the progress being recorded in Africa to achieve the SDGs, as well as Agenda 2063. The continent is currently involved in several initiatives to foster regional integration through increased intra-Africa trade, a process that requires open borders and efficient financial services (Africa Union 2015). The continent is also hugely endowed with natural resources and features high levels of fragility, rendering it susceptible to criminal enterprises. Indications are that the region’s accelerated economic growth over most of the past decade is accompanied by an upturn in IFFs (Boyce and Ndikumana 2012). The Global Initiative against Transnational Organized Crime (2017) elaborates a framework for assessing harm to development associated with illicit and criminal activities, as well as similar

financial flows. It reveals the physical, societal, economic, environmental and structural/governance dimensions of the Development Harm Framework, as depicted in Figure 2.



**Figure 2:** The Multi-dimensional context of the Development Harm Framework  
Source: Global Initiative against Transnational Organized Crime (2017).

### IFFs in Africa: an overview

IFFs are hardly a new phenomenon in Africa. The continent has witnessed a string of autocratic rulers, who have plundered their countries' resources and funnelled funds overseas, often beyond the reach of national authorities (Sahadath 2014). Indications are that Africa is losing more than US\$ 50 billion every year in IFFs, fuelled by individuals and corporate bodies engaged in fraudulent schemes, aimed at avoiding tax obligations, or hiding proceeds of crime (Anderson 2015). Indeed, various global reports indicate that Africa may have lost over US\$ 1 trillion to IFFs over the past 50 years (Global Financial Integrity 2010).

Disturbed by this development, the High Level Panel (HLP) on IFFs from Africa was inaugurated by the UN Economic Commission for Africa (UNECA) in February 2012 in Johannesburg. Among other things, the HLP was mandated to:

1. Determine the nature and patterns of illicit financial outflows.
2. Establish the level of illicit financial outflows from Africa.
3. Assess the complex and long-term implications of IFFs on development.
4. Sensitise African governments, citizens and international development partners to the scale and effect of financial outflows on development aid.
5. Mobilise support for putting rules and regulations in place at all levels to tackle illicit financial outflows from Africa (UNECA 2012a).

In a detailed report on IFFs from Africa, Global Financial Integrity (2010) estimated that Africa, over a period of 39 years (1970–2008), lost an estimated US\$ 854 billion to illicit financial outflows across the continent. These resources, according to the report, are sufficient to offset the region’s total outstanding indebtedness, estimated at US\$ 250 billion (at end-December 2008), leaving the sum of US\$ 600 billion, which could foster economic growth and tackle chronic poverty in the region. While the report affirmed that the bulk of illicit financial outflow during the period under review was from sub-Saharan Africa, it further reveals significant disparities in regional patterns. Table 1 shows the profile of IFFs from Africa between 1970 and 2008.

Table 1: Africa: IFFs, 1970–2008

<b>Africa</b>	<b>57,291</b>	<b>203,859</b>	<b>155,740</b>	<b>437,171</b>	<b>854,061</b>
North Africa	19,161	72,020	59,813	78,742	229,737
Sub-Saharan	38,130	131,839	95,927	358,429	624,324
Horn of Africa	2,354	14,131	5,108	15,603	37,197
Great Lakes	6,925	16,079	4,978	10,285	38,267
Southern	5,894	20,581	31,447	116,828	174,751
West and Central	22,956	81,047	54,394	215,712	374,109
Fuel-exporters	20,105	67,685	48,157	218,970	354,917
Nonfuel-exporters	7,867	26,517	22,375	23,342	80,102
	<b>Average IFFs</b>				
Group	1970s	1980s	1990s	2000-2008	1970-2008
<b>Africa</b>	<b>7,299</b>	<b>21,678</b>	<b>17,813</b>	<b>50,328</b>	<b>29,021</b>
North Africa	3,097	7,754	6,316	9,166	6,866
Sub-Saharan	4,202	13,924	11,497	41,162	22,156
Horn of Africa	249	1,421	715	1,949	1,183
Great Lakes	745	1,778	580	1,286	1,142
Southern	811	2,412	4,659	13,388	9,635
West and Central	2,397	8,313	5,544	24,538	10,196
Fuel-exporters	2,239	6,922	5,105	24,806	9,878
Nonfuel-exporters	1,017	2,729	2,433	2,787	2,502

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Group	Rates of Change (real 2008 CPI deflated)				
	1975-1979	1980s	1990s	2000-2008	1970-2008
<b>Africa</b>	<b>18.9</b>	<b>-2.1</b>	<b>-4.8</b>	<b>24.6</b>	<b>12.1</b>
North Africa	14.0	-11.5	0.5	6.0	6.5
Sub-Saharan	n.a.	1.3	-7.0	30.1	15.1
Horn of Africa	n.a.	7.3	-15.5	33.5	20.0
Great Lakes	13.2	-12.7	-17.7	35.0	13.5
Southern	n.a.	13.5	7.3	21.5	16.7
West and Central	21.5	0.0	-11.4	36.0	14.5
Fuel-exporters	n.a.	2.2	-15.6	42.6	21.8
Nonfuel-exporters	n.a.	11.3	-1.6	11.0	13.6

Source: Global Financial Integrity (2010).

Table 1 reveals that Africa lost about US\$ 29 billion annually over the period 1970–2008, with sub-Saharan Africa accounting for US\$ 22 billion. Africa's fuel exporters, on average, lost about US\$ 10 billion annually, far outstripping non-fuel, primary commodity exporters, which lost US\$ 2.5 billion.

Global Financial Integrity's report on IFFs from Africa was complemented by another report by the HLP appointed by UNECA in 2012. The latter's report affirmed that IFFs from Africa ranged from US\$ 30 billion to US\$ 60 billion per annum and had been steadily increasing since 2000. The report also shows that African countries lost up to US\$ 407 billion between 2001 and 2010 to trade mispricing alone (UNECA 2012b).

In one of the latest reports on IFFs from Africa, Global Financial Integrity, as part of its assessment of IFFs from developing countries, estimated the average annual IFFs from sub-Saharan Africa, which ranged from US\$ 36 billion and 69 billion in 2004–14, as illustrated in Table 2.

**Table 2:** Estimated IFFs from sub-Saharan Africa, 2005–14 (per cent of total trade)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2014		
											Average, 2005–14	Billion US\$	Average annual percentage change since 2005
Low estimated	9.9	9.6	9.6	10.1	13.8	6.4	4.6	4.4	7.0	5.3	7.5	36	1.8
High estimated	12.6	13.8	14.3	14.5	18.7	8.9	8.4	8.6	11.3	9.9	11.6	69	6.3
Mid-point	11.2	11.7	12.0	12.3	16.3	7.6	6.5	6.5	9.2	7.6	9.5	52	4.5

Source: GFI (2017b) staff estimates, using data from IMF.

Table 2 shows that IFFs from sub-Saharan Africa, as a percentage of the region’s trade, range from 5.3 to 9.5 per cent, and grew 1.8 to 6.3 per cent a year, with a total value ranging from US\$ 36 to US\$ 69 billion by 2014.

In a report for Africa Renewal, Tafirenyika (2013) identified factors driving IFFs from sub-Saharan Africa. These include mispricing trade deals, offshore tax shelters, as well as criminal enterprise. According to the report, while trade mispricing accounts for, on average, US\$ 38.4 billion; other illicit outflows account for US\$ 25 billion for the period 2008–10 across the region. The trend compares to financial inflows, estimated at US\$ 29.5 billion into the region from OECD/DAC-member countries’ development aid and US\$ 32.7 billion in FDI, as illustrated in Figure 3.

**Africa’s extractive industries and IFFs**

*Profiling Africa’s extractive industries*

Africa’s mining and energy industries feature considerable endowment in natural resources, ranking the continent among those with the world’s richest natural resources. Africa’s mineral sector presents a paradox: while the continent is strongly endowed with mineral resources, this is yet to translate into economic prosperity for its increasing population (McKinsey & Co 2010). The continent is endowed with the bulk of the world’s known reserves of platinum, chromium and diamonds, as well as a considerable share of global deposits of bauxite, cobalt, gold, phosphate and uranium. Mineral resources are distributed across the continent and are prevalent in high levels, particularly in Southern and West Africa, ranking the continent

among the world's top ten sources for at least one mineral resource. Indeed, 11 African countries rank alongside the top 10 global resource countries in at least one major mineral, as illustrated in Figure 4.

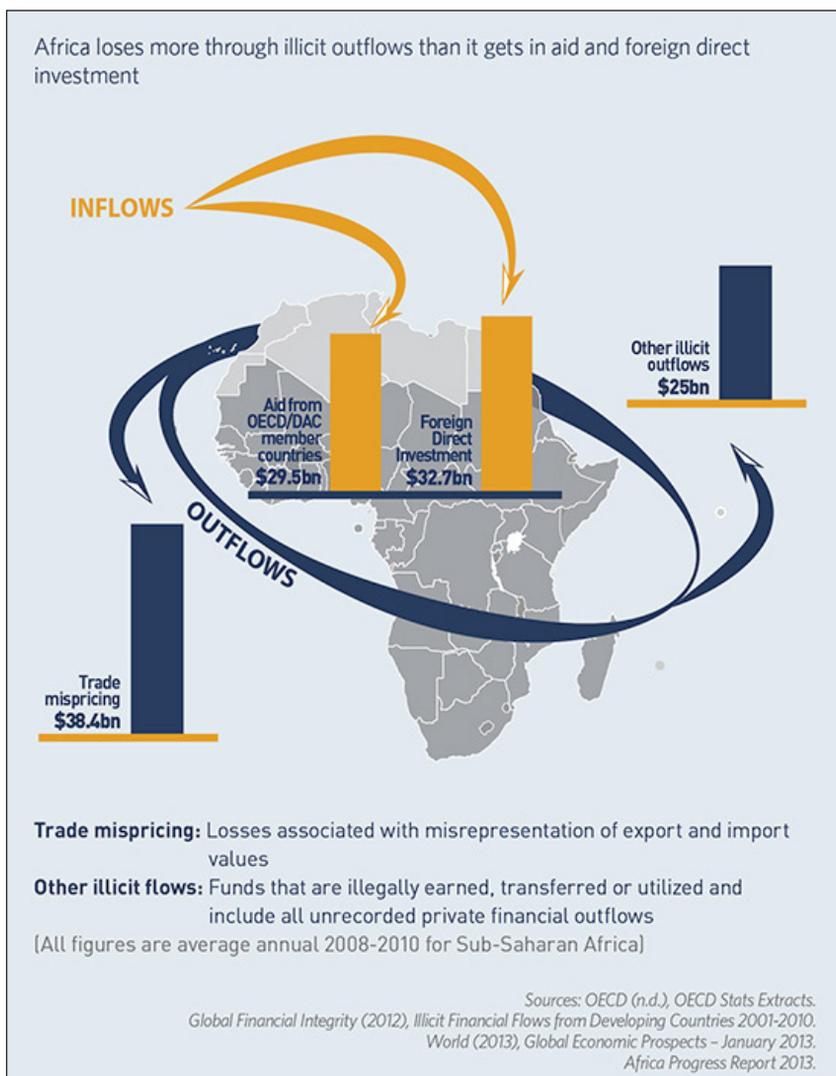
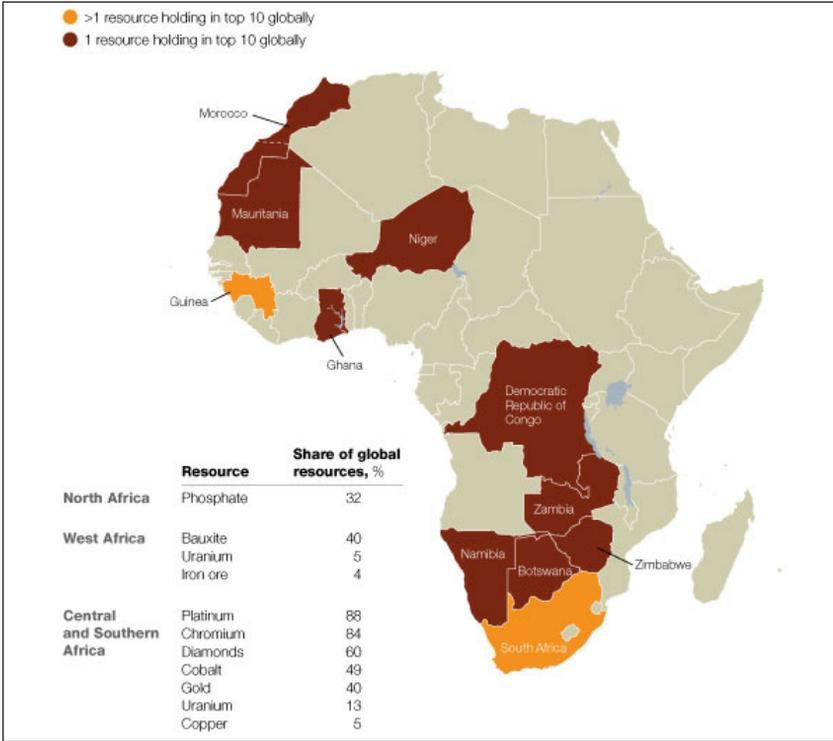


Figure 3: Africa's illicit outflows



**Figure 4:** African countries with top rankings in global reserves of minerals  
 Source: McKinsey & Co (2010)

The African Mining Vision affirms Africa’s rich endowment in mineral resources and the continent as the top producer of several mineral commodities in the world (Africa Union 2009). While Africa lacks a systematic geological mapping of its mineral wealth, indications are that the continent holds huge reserves of several of the world’s mineral commodities. Table 3 reveals some of Africa’s major mineral resources.

Complementing Africa’s mineral resources is the rising profile of the continent’s hydrocarbon industry: crude oil, natural gas, coal, etc. By 2015, 13 per cent of global crude oil production emerged from Africa, in contrast to 9 per cent in 1998, representing a compound annual growth rate of 5 per cent. With 19 African countries becoming significant oil producers, the sector has evolved into a major earner of government revenue and foreign exchange reserves. Major oil producers in the region include Nigeria, Angola, Equatorial Guinea, Gabon, South Sudan, Algeria and Libya (U.S. Geological Survey 2012).

**Table 3:** Profile of some Africa's major mineral resources in the world (2005)

Mineral	Production %	Rank	Reserves %	Rank
Platinum Group Minerals	54	1	60+	1
Phosphate	27	1	66	1
Gold	20	1	42	1
Chromium	40	1	44	1
Manganese	28	2	82	1
Vanadium	51	1	95	1
Cobalt	18	1	55+	1
Diamond	78	1	88	1
Aluminum	4	7	45	1

Source: Africa Mining Vision (African Union 2009)

### *Exploring IFFs from Africa's extractive industries and consequences for good governance*

Extractive industries are particularly vulnerable to illicit financial outflows. In Africa, several mineral-rich economies are prone to IFFs, which undermine not only economic growth, but also social development. Several factors have been identified as reasons for the vulnerability of the extractive sector to IFFs (Gilles 2010). Extractive sectors are usually accompanied by discretionary powers, which often facilitate IFFs. They are also critical for government revenues and foreign exchange reserves. Consequently, the governance framework for the extractive sector is subject to control at the highest levels of governments, often at the presidential level, and by a small circle of technocrats (Chr. Michelsen Institute 2011).

Different sub-sectors of the extractive industries are prone to peculiar risks of IFFs from the industry. Le Billion (2011), in a study of IFFs from the extractive sector, elaborated the level of risks associated with IFFs. This is set against the backdrop of the nature of resources, as well as modes of production, illustrated in Table 4.

**Table 4:** IFF risk levels for different extractive sectors

Sub-sector	Corruption	Illegal exploitation	Tax evasion
Oil	High, due to confidentiality and concentration of decision making and monitoring.	High, due to biased metering, siphoning and bunkering.	Medium, due to homogeneity of international prices according to oil quality.
Gas	Medium, due to limited market options.	Low, since gas theft is very difficult, except at transit hubs between markets.	High, as gas prices vary widely because of fragmented markets.
Industrial mining	High, due to confidentiality and concentration of decision-making and monitoring.	Low, except in measurement and ore grading	High, due to transfer mispricing.
Artisanal mining	Medium, for grand corruption but high for petty corruption, due to diffuse resource flows, except through official export channels.	High, due to accessibility of deposits and in monitoring	High, due to smuggling.

Source: Le Billion (2011)

Africa’s extractive industries have been undermined by a severe case of IFFs. The sector, which features high level of complexity and revenue-generating potential, cross-border supply chains, as well as technology-driven specialisation, is particularly attractive to both domestic and foreign investors. This makes it susceptible to various forms of IFFs. Mis-invoicing has been identified as a major driver of IFFs out of Africa’s extractive industries. Various reports have shown the phenomenon as a major conduit for IFFs out of Africa. Yeboah (2017), for example, illustrated recent trends in Nigeria and Zambia. In the study, Nigeria featured under-invoicing of crude oil exports to the United States (US), between 1996 and 2014, to the tune of US\$ 69.7 billion, or 24 per cent of the country’s crude oil exports to the US during the period. Also, the nation witnessed oil importation mis-invoicing, to the tune of US\$ 45.6 billion, over the same period. According to the author, Zambia, over the same period, exported US\$ 28.9 billion worth of copper to Switzerland, which was not reflected in the latter’s import data.

Indications are that in South Africa, under-invoicing of diamond exports, primarily by De Beers, appears to have down-played the market value of rough diamond exports, to the tune of US\$ 3 billion, from 2005 to 2012. The undervalued gems are consequently sold at market prices around the world (AMDC 2015). Mis-invoicing has also emerged as a popular instrument fuelling IFFs in Tanzania's extractive industries. Available data reveal that more than US\$ 8 billion in domestic capital has been lost through IFFs out of the economy from 2002 to 2011, while government authorities have missed, on average, the sum of US\$ 248 million annually from trade-based tax evasion. The DRC is acknowledged to have some of the highest incidents of illegal mining in Africa (Melik 2008). A considerable proportion of illegal mining in the conflict-prone nation is aimed at the export market. Consequently, the Kimberly Process Certification System was established to deter market access to 'conflict diamonds'. Despite this development, about 30 to 50 per cent of the value of rough diamonds was reported to be exported in recent times, without proper declaration or valuation. Also, about US\$ 23.7 million may have been stolen from a US\$ 100 million signature bonus for a copper mining report, according to the AMDC (2015) report.

Africa's oil and gas sector accounted for nearly half of IFFs from Africa between 1970 and 1980 (Baker and Kodi 2010). Nigeria, Sudan, Angola and the Republic of Congo were dominant sources of IFF outflows from Africa between 1970 and 2008 (Kar and Cartwright-Smith 2010). A major reason for this development is weak institutional and governance mechanisms prevalent in the petroleum sector of the countries concerned. A high level of corruption is the bane of Africa's oil industry, often characterised by lack of transparency and accountability (Njie 2015).

The crisis of IFFs from Africa's extractive sector is particularly critical for the region's governance agenda, given the pivotal role of the sector in Africa's resource-rich economies. Therefore, the consequences of IFFs from the sector are grave and pose severe challenges to both economic and social development outcomes for the region. Africa has failed to achieve critical elements of the MDGs in a development largely attributable to IFFs from Africa, a process which denies the region the vast resources necessary to drive its development agenda (UNECA 2015).

## **Angola: illicit financial flows and the extractive sector**

### ***An overview of the extractive sector in Angola***

Angola's economy is predominantly driven by the extractive sector, comprising oil and gas, as well as the mining industry. The extractive sector accounts for 50 per cent of GDP, more than 70 per cent of government revenue and more than 95 per cent of the country's exports (Forbes 2017).

Angola is located in Southern Africa, with a total landmass measuring 1,246,700 square-kilometres and is the seventh largest country on the continent (Focus Africa 2017a). Figure 5 shows Angola in regional context.



**Figure 5:** Angola in regional context  
Source: Encyclopædia Britannica (2012a)

The mineral sector, particularly the petroleum industry, has played a vital role in fostering the nation's economic growth and development. Angola accounted for about 2.1 per cent of world petroleum output in 2013 and ranked as the second largest crude oil producer in Africa, after Nigeria (EIA 2016). According to the U.S. Geological Survey (2014), petroleum accounted for about 97 per cent of the country's total exports in 2013, and 42 per cent of GDP. In addition, the nation also produced about 7 per cent of the world's rough diamond output, which contributed US\$ 1.3 billion to government revenue. The U.S. Geological Survey report also listed other mineral commodities produced in Angola, including cement, fuller's earth, granite, gypsum, limestone, marble, quartz, salt sand, silica sand and crushed stone. Table 5 shows the profile of Angola's mineral resources produced between 2009 and 2013.

**Table 5:** Angola: production of mineral commodities<sup>1</sup> (metric tons unless otherwise specified), 2009–13

Commodities	2009 <sup>e</sup>	2010 <sup>e</sup>	2011	2012	2013
Industrial minerals					
Cement:					0
Hydraulic thousand metric tons	1,800	1,500	1,500	1,600 <sup>e</sup>	1,700 <sup>e</sup>
Clinker do	500	500	500	500 <sup>e</sup>	500 <sup>e</sup>
Diamond <sup>3,4</sup> thousand carats	9,238	8,362	8,329	8,331	9,360
Fuller's earth	-	-	-	35,492	98,084
Granite cubic metres	50,000	50,000	60,000	51,267 <sup>e</sup>	108,386
Gravel thousand metric tons	-	-	-	533	938
Gypsum	120,000	200,000	200,000	121,981	189,242
Limestone					
For cement manufacturing thousand metric tons	-	-	-	-	882
For construction industry do	-	-	-	1,100	1,442
Marble	-	-	-	13,900	1,800
Quartz	-	-	-	12,400	9,500
Salt	35,000	50,000	40,000	40,000	40,000 <sup>e</sup>
Sand					
For construction industry thousand metric tons	-	-	-	743	881
Silica sand for glass manufacturing	-	-	-	-	50,100
Stone, crushed thousand metric tons	-	-	-	1,770	4,266
Mineral fuel & related materials					
Petroleum:					
Crude <sup>4,5</sup> thousand 42 – barrels gallon	658,460	679,995	629,990	651,160	657,365
Refinery products <sup>6</sup> do	13,700	15,000	15,180 <sup>4</sup>	21,900	22,000 <sup>e</sup>

Notes: <sup>e</sup> – estimated; estimates are rounded to no more than three digits.

r – revised, do – ditto, zero

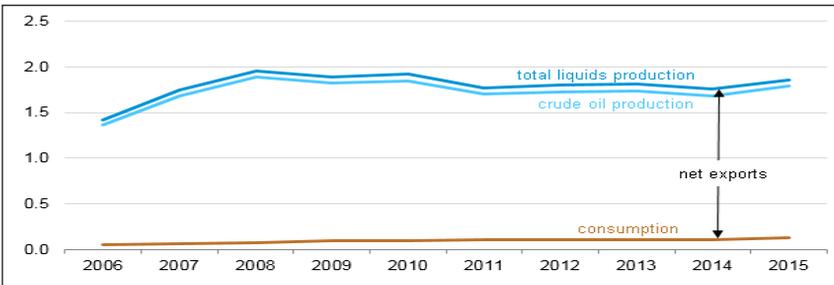
Source: U.S. Geological Survey (2014)

Angola's diamond industry has expanded rapidly in recent years, becoming the world's fourth largest by value and the sixth by volume, with a production average estimated at 8.8 million carats in 2015 (AfDB 2017). Angola is also the fourth highest producer in Africa. However, declining international market prices are undermining new investments and output growth in the Catoca, Cuango and Chitotolo mines, which account for 90 per cent of

the nation’s total diamond output. Consequently, 2017 production output is projected to decline to 0.05, compared to the 4.9 per cent target in the nation’s National Development Plan 2013–17, according to the African Economic Outlook report (AfDB 2017).

Angola’s petroleum industry has grown steadily in recent times, with the nation becoming a member of the Organization of Petroleum Exporting Countries (OPEC) in 2006 and assigned a production quota of 1.9 million barrels of crude oil per day (Focus Africa 2017a). The nation’s rise in crude oil output 2002–08 was driven by the streaming of several deepwater fields. In 2015, the nation produced about 1.8 million barrels of crude oil per day, an average increase of 15 per cent, 2002–08 (EIA 2016).

Angola’s oil production peaked in 2008, with nearly 2 million barrels per day, of which 1.9 million barrels were crude oil and the rest other liquids. However, the nation’s production profile has been stagnant in recent years, largely owing to fluctuating demand and price decline. Production has averaged close to 1.8 million barrels 2011–15, as illustrated in Figure 6.



**Figure 6:** Angola’s petroleum and other liquids – production and consumption, 2006–15

Source: EIA (2016)

***Exploring IFFs from Angola’s extractive sector and consequences for good governance***

Angola is acknowledged to have huge endowments in natural resources, accompanied by weak resource governance structures. The nation relies on a centrally-controlled revenue stream, driven in large part by the extractive sector. Its rulers are renowned for self-enrichment and massive corruption that define the extractive sector (Human Rights Watch 2010). In an attestation to the lack of transparency in Angola’s extractive sector, the IMF, in 2012, reported that US\$ 32 billion was missing and unaccounted for over the period 2007–10 from the state-owned energy entity, Sonangol (GAN Integrity 2015). Available records indicate that between 1997 and

2002, unaccounted funds from Angola's oil industry amounted to US\$ 4.22 billion (Standing 2007). Corruption is fuelling Angola's IFFs through executive actions taken with impunity. For example, the daughter of Angola's president was appointed the Chairman of the Board of Directors of the state-owned oil company, Sonangol in 2016, an act of nepotism deemed unconstitutional by anti-corruption activists.

The large-scale IFFs from Angola's extractive sector hold grave consequences for good governance. In attestation to the lack of good governance, the UN Human Development Index (HDI) (2016) scored Angola with 0.533 out of a maximum score of 1.0, but this was discounted to 0.336 when inequality was factored into the outcome. This places the country in a low human development category, ranking her 150 out of 188 countries and territories.



Figure 7: DRC in regional context

Source: Encyclopædia Britannica (2011)

## **DRC: IFFs and the extractive sector**

### *An overview of the extractive sector*

The DRC is the third largest country in Africa, measuring approximately 2,344,858 square-kilometres located in Central Africa (Encyclopaedia Britannica 2017). Figure 7 shows the location of DRC in regional context.

The mining sector plays a pivotal role in DRC's economic growth. Oxford Policy Management (2013) reveals that the sector accounted for 12 per cent of annual GDP. Apart from royalties, taxes and dividends, a high proportion of income from the mining sector remains in the domestic economy in the form of salaries, payment to contractors and social investments. The sector also accounted for a sixth of all formal employment, or 50,000 jobs and attracts up to 80 per cent of FDI. The country's FDI increased more than six-fold during the period 2005–10, estimated at US\$ 7 billion a year over same period.

DRC is endowed with a vast stock of solid minerals. The nation is a major producer of cobalt, copper, diamonds and coltan, as well as tin (Kuwonu 2016). In 2013, the nation's share of the world's mined cobalt production was estimated at 48 per cent; tantalum at 17 per cent; diamonds at 12 per cent; copper at 5 per cent; refined cobalt at nearly 4 per cent; and tin at 1 per cent. It also accounted for 47 per cent of global cobalt reserves (U.S. Geological Survey 2015). The mining sector further accounted for an estimated 20.9 per cent of GDP in 2013, with the copper, cobalt, petroleum, quarrying, diamond and other mineral sub-sectors accounting for 13.5, 5.0, 3.1, 2.9, 0.8 and 0.7 per cent of GDP respectively.

The U.S. Geological Survey report also affirmed that between 1.8 and 2.0 million artisanal miners were employed in the DRC in 2012, including between 800,000 and 1 million miners in diamond mining and between 100,000 and 130,000 miners in gold mining in the Ituri Interim Administration of Orientale Province. The DRC is endowed with some of the largest deposits of non-ferrous metals in the world, comprising about 3 per cent of global copper reserves, 45 per cent of cobalt and 25 per cent of diamond. This is in addition to reserves of such precious metals as gold and tantalum. The DRC is also the largest reserves holder of cobalt and the tenth largest holder of gold reserves in the world. (KPMG 2014). Table 6 shows the profile of DRC's production of mineral resources in 2009–13.

**Table 6:** DRC: production of mineral commodities<sup>7</sup> (metric tons unless otherwise specified), 2009–13

Commodities <sup>8</sup>	2009	2010	2011	2012	2013
Metal					
Cobalt:					
Mine output, Co content <sup>9</sup>	40,000	60,000	63,000 <sup>f</sup>	52,000 <sup>f</sup>	58,000
Metal, co content <sup>10</sup>	2,950 <sup>f</sup>	4,222	3,103	3,021	3,007
Copper:					
Mine output, Cu content <sup>e</sup>	330,000	420,000	530,000	660,000	970,000
Refined	166,915	260,759	362,000	473,000 <sup>f</sup>	684,653
Germanium, mine output, Gecontent kilograms	19,000	17,000	21,000	15,000 <sup>f</sup>	18,000
Gold, mine output, Aucontent do	11,000	12,000	12,000	14,000	17,000
Niobium (columbium) & tantalum:					
Columbite-tantalite concentrate:	464 <sup>f</sup>	440 <sup>f</sup>	536 <sup>f</sup>	586 <sup>f</sup>	500
Gross weight <sup>11</sup>	80 <sup>f</sup>	80 <sup>f</sup>	90 <sup>f</sup>	100 <sup>f</sup>	90
Nb content <sup>12</sup>	100 <sup>f</sup>	100 <sup>f</sup>	120 <sup>f</sup>	130 <sup>f</sup>	110
Ta content <sup>12</sup>					
Cassitente concentrate:	15,512 <sup>f</sup>	13,415 <sup>f</sup>	9,267 <sup>f</sup>	8,018 <sup>f</sup>	6,231
Gross weight <sup>11</sup>	150	130	90	80	60
Nb content <sup>12</sup>	220	190	140	120	90
Ta content <sup>12</sup>	-	6,446	10,080	12,342	60,431
Silver, mine output, Ag. Content kilograms	NA <sup>f</sup>	NA <sup>f</sup>	NA <sup>f</sup>	NA <sup>f</sup>	NA <sup>f</sup>
Steel, crude	15,512 <sup>f</sup>	13,415 <sup>f</sup>	9,267 <sup>f</sup>	8,018 <sup>f</sup>	6,231
Tin, mine output, Cassitente concentrates	9,300 <sup>f</sup>	8,000 <sup>f</sup>	5,600 <sup>f</sup>	4,800 <sup>f</sup>	3,700
Gross weight <sup>11</sup>	365 <sup>f</sup>	45 <sup>f</sup>	87 <sup>f</sup>	71 <sup>f</sup>	57
Sn content <sup>12</sup>	170 <sup>f</sup>	21 <sup>f</sup>	41 <sup>f</sup>	35 <sup>f</sup>	27
Tungsten, mine output concentrates	12,843 <sup>f</sup>	9,223 <sup>f</sup>	12,342 <sup>f</sup>	10,571 <sup>f</sup>	12,566
Gross weight <sup>11</sup>					
W content <sup>12</sup>					
Zinc, mine output, Zu content					

Industrial minerals					
Cement, hydraulic	460,344	489,745	437,761	413,181 <sup>f</sup>	446,610
Diamond <sup>126</sup>					
Artisanal thousand carats	21,298 <sup>f</sup>	20,166 <sup>f</sup>	19,249 <sup>f</sup>	21,542 <sup>f</sup>	17,799
Large-scale do	- <sup>f</sup>	-	244 <sup>f</sup>	569 <sup>f</sup>	246
Total do	21,298 <sup>f</sup>	20,166 <sup>f</sup>	19,493 <sup>f</sup>	22,093 <sup>f</sup>	18,045
Stone, crushed					
Sulfuric acid <sup>126</sup>	253,800	279,100	307,000	337,800 <sup>f</sup>	340,000 <sup>e</sup>
Mineral fuels & related minerals					
Coal, bitumen aus	550,000	850,000	1,200,000	1,600,000	2,300,000
Petroleum, crude thousand 42-gallon barrels	-	- <sup>c</sup>	1,469	3,870	4,000 <sup>e</sup>
	9,382	8,628	8,558	8,545	8,351

Notes: <sup>e</sup> – estimated; estimates are rounded to no more than three digits.

R: revised

do: ditto

NA: not available

Source: U.S. Geological Survey (2015).

The DRC is also a minor holder of petroleum resources. Production from the upstream oil industry is mainly based off-shore, with an estimated 25,000 barrels of crude oil per day (Focus Africa 2017b).

### ***Exploring IFFs from DRC's extractive sector and consequences for national development***

The DRC is prone to conflict. Its post-conflict economy has performed well over the last decade, recording some of the highest economic growth rates in Africa (African Economic Outlook, 2016). The extractive sector is the major driver of the nation's economy. However, the sector is seriously undermined by sporadic violence in parts of the country, particularly in the Eastern Province. The Sentry (2015) reveals that artisanal gold mining is particularly prone to violence. For example, a 2014 survey of 1,088 mining sites in the DRC's eastern region estimated that about 221,500 artisanal miners were engaged there, with about 80 per cent prospecting for gold. Estimates of production in the gold mines of the eastern region amounted to roughly 12 tons per year; however, official data only indicated

200 kilograms exported for 2013. Various reports estimate that about 98 per cent of artisanal gold was smuggled out of the country and remained unaccounted for.

The Sentry report also reveals that a study of DRC's production, revenue and payments in the extractive sector 2011–13 shows discrepancies put at US\$ 300 million that was not transferred from the state-owned mining entity to the public treasury. The trend reveals an overall estimated sum of US\$ 4 billion in annual losses to the state, fuelled by corruption and fraud.

Tax mismanagement is also another serious source of IFFs from DRC's extractive sector. Global Witness (2015) reveals that at least the sum of US\$ 750 million in mining revenues paid by Gecamines was unaccounted for in 2013–15. The disturbing trend is part of a widespread pattern of corruption in the public sector, perpetrated by the elite against the interest of the people. Global Witness also reported the prevalence of secret mining deals in DRC in recent times, estimated at US\$ 1.36 million in losses to the nation, an amount equivalent to twice the nation's annual budget for health and education combined.

Lack of transparency and accountability pervades the DRC's extractive sector, prompting the IMF to completely withdraw a loan of US\$ 532 million in 2013, as the Congolese government refused to disclose circumstances surrounding the dubious sale of 25 per cent of the state-owned copper project, according to GAN Integrity (2016).

The DRC features large-scale IFFs from the nation's extractive sector, with grave consequences for good governance. The UN's HDI (2016) reveals DRC's poor performance at 0.435, putting her in a low human development category. The nation ranks 176 out of 188 countries and territories on the HDI. The country's Gross National Income decreased by 46 per cent between 1990 and 2015 (UNDP 2016a), in a development partly attributable to large-scale IFFs from the nation.

## **Nigeria: IFFS and the extractive sector**

### ***Overview of the extractive sector***

Nigeria is a large country located in West Africa, measuring 923,768 square-kilometres (Nations Encyclopedia 2017). Figure 8 shows Nigeria in regional context.

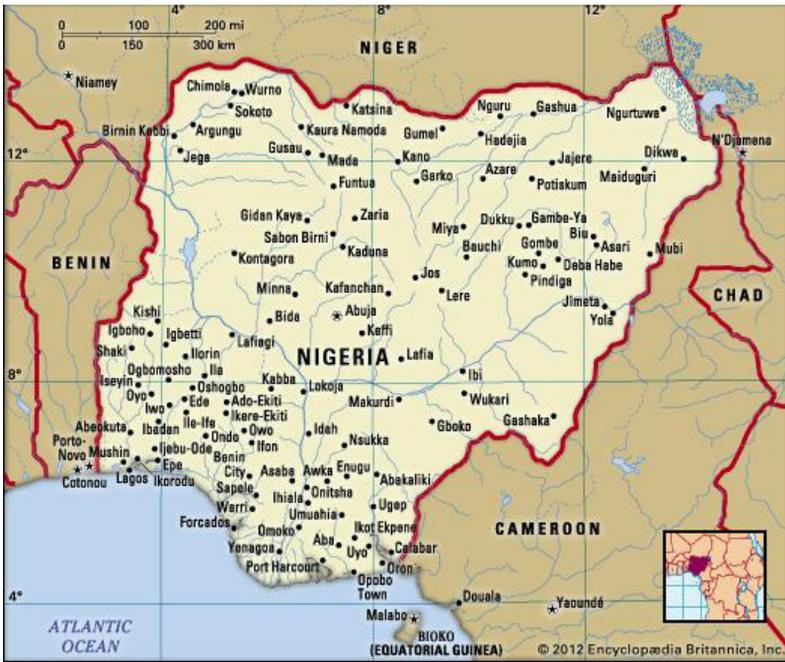


Figure 8: Nigeria in regional context

Source: Encyclopædia Britannica (2012b)

The extractive sector is crucial to fostering economic growth and development in the country. The petroleum industry is particularly instrumental to the nation's economy, accounting for more than 30 per cent of annual GDP; 70 per cent of government revenue, and over 90 per cent of foreign exchange earnings (AfDB 2017).

Nigeria is the tenth largest crude oil reserves holder in the world, with an estimated 37.5 billion barrels. Nigeria is also the sixth largest exporter of crude oil and Africa's largest producer (MBendi 2017). The nation's daily production peaked in 2005 with 2.44 million barrels per day. However, production began to dwindle shortly thereafter, fuelled by militant attacks on oil infrastructure in the nation's Niger Delta region. With the implementation of the presidential amnesty for militants in exchange for rehabilitation, attacks on the oil infrastructure reduced considerably, allowing production to surge. In 2015, petroleum and other liquids production were estimated at 2.3 million barrels per day, of which 1.9 million barrels were crude oil and the remainder condensate. The nation's crude oil production is being sustained by off-shore production fields, many with world class reserves holdings (EIA 2016).

Complementing Nigeria's crude oil and gas resources are solid minerals, which abound in large quantity across the nation (Okoli and Uhembe 2015). However, due to low exploitation of the industry, it accounts for a paltry 0.3 per cent of national employment and 0.02 per cent of exports. Over 40 various kinds of mineral resources have been identified across Nigeria, including gold, barite, bentonite, limestone, coal, bitumen, iron ore, tantalite/columbite, lead/zinc, barites, gemstones, granites, marble, gypsum, talc, iron, ore, lithium and silver (KPMG 2017). The nation was a major exporter of tin, columbite and coal from pre-colonial times into the 1960s and early 1970s; however, with the emergence of crude oil in the early 1970s, the mining industry lost its momentum to the petroleum sector, which began to assert its dominance on the Nigerian economy. Table 7 shows the production trends of Nigeria's mineral commodities 2010–14.

**Table 7:** Nigeria: production of mineral commodities<sup>1</sup> (Metric tons unless otherwise specified), 2010–14

Commodities <sup>2</sup>	2010	2011	2012	2013	2014
Metal					
Aluminum	21,200	17,600	26,000	2,000 <sup>3</sup>	- <sup>3</sup>
Gold <sup>e</sup>	3,718 <sup>3</sup>	4,000	4,500 <sup>f</sup>	5,200 <sup>f</sup>	6,000
Iron ore, gross weight thousand metric tons	63	70	- <sup>fe</sup>	- <sup>f</sup>	- <sup>3</sup>
kilograms					
Lead:	3,300	9,100	11,300	11,500 <sup>3</sup>	13,000
Mined Pb content	11,000	9,000	9,000	10,000	12,000
Refined, secondary	NA <sup>f</sup>	NA <sup>f</sup>	NA <sup>f</sup>	NA <sup>f</sup>	NA <sup>f</sup>
Lead – Zinc ore					
Niobium (Columbium and tantalum concentrate <sup>e</sup>	281	311	310	300	300
	20	22	22	21	21
Gross weight	58	64	63	60	60
Niobium (Columbium content)	100,000	100,000	400,000	450,000 <sup>f</sup>	520,000
Tantalum content					
Steel	229 <sup>f</sup>	400 <sup>f</sup>	500 <sup>f</sup>	580 <sup>f</sup>	670
Tin, mine output cassiterite concentrate:	160 <sup>f</sup>	270 <sup>f</sup>	270 <sup>f</sup>	390 <sup>f</sup>	460
Gross weight					
Sn content <sup>e</sup>	- <sup>3</sup>	85 <sup>3</sup>	-	-	-
Tungsten, mine output wolframite concentrate	- <sup>3</sup>	49	-	-	-
	200	3,100	13,800	7,000	8,200
Gross weight	1,685	3,630	6,300 <sup>e</sup>	7,300	8,500
W content					
Zinc, mined Zn content					
Zir con					
Industrial minerals					
Industrial minerals					
Barite <sup>4</sup>	13,249	4,988	16,174 <sup>f</sup>	19,000 <sup>f</sup>	22,000
Cement, hydraulic thousand metric tons	10,000	12,000 <sup>f</sup>	16,000 <sup>f</sup>	20,000 <sup>f</sup>	19,800

Clays:					
Kaolin	-	27,609	15,420	18,000	21,000
other <sup>e</sup> thousand metric tons	850	950	1,065 <sup>3</sup>	1,200 <sup>f</sup>	1,400
Felds par	1,716 <sup>f</sup>	- <sup>f</sup>	9,080 <sup>f</sup>	11,000 <sup>f</sup>	12,000
Nitrogen, N content:					
Ammonia	95,000	200,000 <sup>f</sup>	280,000 <sup>f</sup>	300,000 <sup>f</sup>	300,000
Urea	120,000 <sup>f</sup>	330,000 <sup>f</sup>	470,000 <sup>f</sup>	500,000 <sup>f</sup>	500,000
Sand and stone:					
Laterite thousand metric tons	2,999 <sup>f</sup>	2,305 <sup>f</sup>	3,661 <sup>f</sup>	4,300 <sup>f</sup>	5,000
Limestone do	13,595 <sup>f</sup>	15,225 <sup>f</sup>	18,110 <sup>f</sup>	21,000 <sup>f</sup>	24,000
Sand, construction do	1,428 <sup>f</sup>	1,625 <sup>f</sup>	2,109 <sup>f</sup>	2,500 <sup>f</sup>	2,900
Sand, industrial (silica) do	33 <sup>f</sup>	36 <sup>f</sup>	40 <sup>f</sup>	47 <sup>f</sup>	54
Stone, crushed (aggregate) do					
Granite do	6,857 <sup>f</sup>	7,588 <sup>f</sup>	11,757 <sup>f</sup>	14,000 <sup>f</sup>	16,000
Marble do	9,356	10,185	11,000 <sup>fc</sup>	13,000 <sup>f</sup>	15,000
Other do	3,673	4,074	4,600 <sup>fe</sup>	5,300 <sup>e</sup>	6,100
Shale do	174 <sup>f</sup>	491 <sup>f</sup>	567 <sup>f</sup>	660 <sup>f</sup>	760
Sulfur <sup>e</sup> do	1,300	1,500	1,900	1,900 <sup>f</sup>	850
Toumaline kilograms	800	100	110	130	150
Topaz do	1,000	1,000	1,100 <sup>f</sup>	1,300 <sup>f</sup>	1,500
Mineral fuels and related materials					
Coal, bituminous	118,894 <sup>f</sup>	133,812 <sup>f</sup>	71,942 <sup>f</sup>	86,000 <sup>f</sup>	100,000
Natural gas:					
Gross million cubic meters	67,758	67,972	73,063	65,869 <sup>3</sup>	71,479 <sup>3</sup>
Marketed <sup>3</sup> do	45,903	38,343	37,946	31,231 <sup>3</sup>	37,716 <sup>3</sup>
Petroleum					
Crude and condensate thousand 42 – gallon barrels	869,043	866,245	852,777	800,488 <sup>3</sup>	798,5423
Natural gas liquids:					
Propane do	4,991	4,500 <sup>e</sup>	3,803	4,533 <sup>3</sup>	5,5353
Butane do	4,218	3,800 <sup>e</sup>	3,344	1,103 <sup>3</sup>	4,6923
Pentane do	3,949	3,700 <sup>e</sup>	3,207	3,754 <sup>3</sup>	3,7693
Total do	13,518	12,000 <sup>e</sup>	10,354	12,390 <sup>3</sup>	13,7963
Refinery products:					
Liquified petroleum gases do	836 <sup>f</sup>	1,230 <sup>f</sup>	987 <sup>f</sup>	1,880 <sup>f3</sup>	703 <sup>3</sup>
Gasoline do	6,379 <sup>f</sup>	10,892 <sup>f</sup>	9,678 <sup>f</sup>	10,554 <sup>f3</sup>	4,627 <sup>3</sup>
Kerosine do	5,029 <sup>f</sup>	5,805 <sup>f</sup>	4,683 <sup>f</sup>	5,774 <sup>f3</sup>	3,549 <sup>3</sup>
Distillate fuel oil do	7,052 <sup>f</sup>	8,167 <sup>f</sup>	7,185 <sup>f</sup>	7,603 <sup>f3</sup>	4,764 <sup>3</sup>
Residual fuel oil do	6,573 <sup>f</sup>	9,278 <sup>f</sup>	6,458 <sup>f</sup>	8,962 <sup>f3</sup>	4,884 <sup>3</sup>
Unspecified do	3,000 <sup>f</sup>	4,000 <sup>f</sup>	4,600 <sup>f</sup>	450 <sup>f</sup>	4,800 <sup>f</sup>
Total do	29,000 <sup>f</sup>	39,000 <sup>f</sup>	34,000 <sup>f</sup>	35,000 <sup>f</sup>	23,000

Notes: e – estimated data rounded to no more than three digits.

R – revised , do – ditto, – zero

Source: U.S. Geological Survey (2016)

### ***Exploring IFFs from Nigeria's extractive sector and consequences for good governance***

Various reports have identified Nigeria with the top IFFs out of Africa and a cumulative US\$ 217.7 billion loss 1970–2008; representing 30.5 per cent of outflows from Africa (Afolabi 2015). It is acknowledged that 90 per cent of IFFs from Nigeria emerge from the nation's corruption-prone oil and gas sector. The eminent persons report reveals that 76.4 per cent of IFFs from Nigeria (US\$ 24.1 billion) were deposited in the US, Spain, France, Japan and Germany (UNECA 2012b).

- A considerable source of financial loss relates to the challenges of tax collection in general and that of the petroleum sector in particular. The Natural Resource Governance Institute (NRGI) (2016) identifies the following challenges associated with tax management in Nigeria, fuelling IFFs:
- *Discretionary reliefs*, including pioneer status: indications are that the total revenue loss to government based on returns filed by companies to the Federal Inland Revenue Service (FIRS), covering some 12 industry players, is estimated at US\$ 2 billion.
- *Tax evasion and avoidance*: Global Financial Integrity reports show that illicit financial flows from Nigeria are estimated at US\$ 240 billion between 1970 and 2008, the bulk of which emanated from the oil industry.
- *Pricing methodology*: Ambiguity and inconsistency in pricing methodology characterised disputes between multinational oil companies and the Nigerian government, resulting in the loss of over US\$ 4.4 billion over the period 2009–16. Most of the losses have been blamed on royalty computation and under-assessment on the fiscal valuation on chargeable oil; and,
- *Weak tax management*: The FIRS is largely unable to manage and administer the complex tax regime associated with the oil industry, resulting in weak enforcement of tax collection from industry players.

An example of pervasive corruption in Nigeria's petroleum industry is the scandal involving the Anglo-Dutch oil company, Shell and the Italian oil company, Eni, which, in 2011, paid the sum of US\$ 1.1 billion in a murky transaction for the ownership of an offshore oil block. A former petroleum minister in Nigeria awarded the block to Malabu Oil and Gas, which he secretly owned (Global Witness 2017).

Large-scale IFFs from Nigeria's extractive sector have undermined the nation's governance agenda. The nation's 2016 HDI score of 0.527 was slightly higher than the average for sub-Saharan Africa of 0.523. However, when discounted for inequality, the HDI fell to 0.328, categorised as low human development and positioning the nation at 152 out of 188 countries and territories (UNDP 2016b). The poor social development outcome is partly attributable to IFFs from the country (Afolabi 2015).

## Summary and recommendations

### *Summary*

IFFs have assumed a dangerous dimension in Africa, draining critical resources and compromising the region's prospects for good governance. Africa has lost as much as US\$ 1 trillion over the past half-century, in a development that has alarmed policymakers and development partners within and beyond the region. Africa's extractive industries are particularly susceptible to IFFs largely because of the complex processes associated with their global value chain, which often transcends national boundaries. The loss of financial resources to Africa is undermining the continent's development agenda, particularly against the backdrop of the failure of the continent to meet critical elements of the MDGs. Angola, the DRC and Nigeria are resource-rich economies but they have also witnessed significant levels of IFFs out of their economies over the past several decades, leaving a significant proportion of their populations deeply impoverished and development prospects seriously undermined.

### Recommendations

This section presents recommendations aimed at mitigating the crisis of IFFs from Africa and fostering good governance in the extractive industries. These include the following:

- *Embrace the Extractive Industries Transparency Initiative (EITI)*: Launched in 2003, the EITI, which has been adopted by 32 countries around the world, largely resource-rich economies, seeks to foster transparency and accountability in the management of natural resources.
- *Empower national tax authorities*: All too often, national tax authorities in several African countries are weak and unfamiliar with the intricacies of the extractive sector. They should be supported with relevant training and empowered to discharge their responsibilities.

- *Combat corruption*: Corruption is a vice that undermines development prospects and fuels conflict in Africa. It denies access to financial resources critical to fostering sustainable development. Non-governmental organisations should be alert to their responsibilities and hold governments accountable for their actions.
- *Promote institutional mechanisms*: All too often, African institutions are too weak to foster good governance. Institutions – laws, norms, customs and practices – are critical to reinforcing prosperity and development. There is the need to support institutions that ensure contract enforcement, peace and social order, which are critical elements for development.
- *Deepen financial regulations*: In an era of globalisation, where there is rapid movement of goods and services across national borders, there is the need to deepen financial regulation dealing with off-shore transactions, including trade, investment and finance. There is a need to safeguard the integrity of financial transactions against money laundering and other criminal activities, including tax evasion.
- *Apply severe sanctions to deter IFFs*: Once established, cases of IFFs should be prosecuted in the court of law and severe sanctions, including imprisonment, should be meted out to culprits. All too often, parties to IFFs have been let off the hook, owing to their influence in high levels of government. There is a need to sanction criminal elements engaged in IFFs, to serve as a deterrent to others.
- *Implement poverty reduction strategies*: Endemic poverty in Africa is the bane of its development. A disproportionate element of the African population is humbled by poverty. These people are largely victims of IFFs that have undermined national economies across Africa in the past several decades. Therefore, policymakers should integrate poverty reduction strategies, including social safety nets to protect vulnerable members of society, as elements of Africa's development policy.

## Notes

1. Table includes data available up to 30 December 2014.
2. In addition to the commodities listed, gold was also produced by artisanal miners, but information was inadequate.
3. Production was approximately 90 per cent gem quality and 10 per cent industrial grade.
4. Reported figure.
5. Sources: BP Plc.

6. Includes asphalt and bitumen.
7. Table includes data available to 27 February 2015.
8. In addition to the commodities listed, tourmaline and crude construction materials are produced but information is not available.
9. Include mine production and processed tailings.
10. Salable refined production only.
11. Reported exports.
12. An estimated 20 per cent of total diamonds is gem quality; the majority of production is from artisanal mining.

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## **Surviving a Rabid Economy: The Current Cash Crisis and its Threat to Security and Governance in the Monetary Sector in Zimbabwe**

Enna Sukutai Gudhlanga\* and Angeline Mavis Madongonda\*\*

### **Abstract**

Economic instability and the suffering of ordinary Zimbabweans is what prompted the writing of this article. To overcome the prevailing abject poverty, Zimbabweans have come up with all sorts of strategies to survive the ravages of the wobbly economic system characterised by the prevailing cash crisis. The aim of this article was to find out the different ways used by Zimbabweans to survive the harsh economic environment. Informal interviews were conducted with 10 selected ordinary citizens in Harare's Central Business District who have been hard hit by the current cash crisis and have devised ways of survival. The snowballing technique was used to identify the respondents in the study. Findings of the study revealed that Zimbabweans are engaging a myriad of strategies of surviving the current status quo. Of concern, in the findings was the magnitude of shady dealings involved as people try to get hold of the ever-elusive dollar. While most of the illicit dealings are done in informal settings, productivity levels in the formal sector appear to be suffering a knock, with productive time lost in search of hard cash. It is recommended that consultations with the general populace be done before introducing monetary reforms in any country; that the government should curb informal and illicit monetary exchanges which continue to be a threat to both governance and national security; and that stringent measures to outlaw corruption from all sections of society and open lines of communication be created that register the people's discontent with the current monetary policies and systems. The study may not be exhaustive but it gives an understanding of what the larger population is grappling with.

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\* Culture and Heritage Studies, Faculty of Arts, Zimbabwe Open University, Zimbabwe & UNISA Research Fellow, South Africa. Email: gudhlangaes@gmail.com

\*\* Culture and Heritage Studies, Faculty of Arts, Zimbabwe Open University, Zimbabwe. Email: mavismadongonda@gmail.com

## Résumé

Une économie instable et les souffrances générales des Zimbabwéens ordinaires ont motivé la rédaction de cet article. Pour surmonter l'abjecte pauvreté qui prévaut, les Zimbabwéens ont mis au point toutes sortes de stratégies pour survivre aux ravages du système économique instable caractérisé par la crise monétaire actuelle. L'objectif de cet article était de découvrir les différents moyens utilisés par les Zimbabwéens pour survivre dans un environnement économique difficile. Des entretiens informels ont été menés, dans le quartier central des affaires de Harare, avec 10 citoyens ordinaires sélectionnés qui ont été durement touchés par la crise de liquidités et ont élaboré des moyens de survivre. La technique de la boule de neige a été utilisée pour identifier les répondants à l'étude. Celle-ci a révélé que les Zimbabwéens utilisent une multitude de stratégies pour survivre au statu quo actuel. L'ampleur des transactions illicites impliquées alors que les gens tentent de se procurer un insaisissable dollar était préoccupante. Alors qu'une grande partie des transactions illicites se font dans des contextes informels, les niveaux de productivité dans le secteur formel semblent en souffrir, avec beaucoup de temps de production perdu à la recherche de liquidités. Dans tout pays, il est recommandé de mener des consultations avec la population en général avant d'introduire des réformes monétaires, que le gouvernement mette fin aux échanges monétaires informels et illicites qui demeurent une menace à la fois pour la gouvernance et la sécurité nationale. Que soient développées des mesures strictes pour éradiquer la corruption dans toutes les couches de la société et que soient créées des lignes de communication ouvertes qui enregistrent le mécontentement de la population face aux politiques et aux systèmes monétaires actuels. L'étude n'est peut-être pas exhaustive, mais elle donne une idée des problèmes avec lesquels la population est aux prises.

## Introduction

The Zimbabwean economy has been renowned the world over for its historic runaway economy, and the millions of Zimbabweans who have had to grapple with its ripple effects across all walks of life. Solutions to the economic challenges have been proffered from all sectors, from the devaluation of the Zimbabwean dollar, to the printing of bearer cheques and even adoption of the US dollar as a local currency. What has prevailed is the glaring fact that the monetary policies of Zimbabwe have largely been a failure. However, in spite of the widespread failure that the country is witnessing, the populace has had strategies of surviving the economic onslaught. Parallel markets, and the domination of the informal money market and other devices used to earn a living, have been the order of the day. It appears the ordinary person on the street has devised strategies of

surviving the cash crisis and local/foreign currency dealers appear to be a step ahead of the economic quagmire the country finds itself in. Instead of money exchanged being governed by the Central Bank, illicit currency dealings predominate, resulting in the monetary activities spiralling out of control. The growing economic hardships do not seem to have any solutions in the near future. Should the prevailing conditions persist, Zimbabwe is likely to plunge into a crisis of governance which consequently becomes a threat to national and even regional security. Considering that the ordinary person on the street occupies the margins of society, this research validates how Zimbabweans have created survival strategies in times of economic crises that have come to occupy the centre of economic transactions in the country. It is also imperative to note that prudent financial management can promote peace and governance in a country, and failure in this results in insecurity and potential anarchy. It is essential to provide a brief explanation on the context of the Zimbabwean economy and the link between security, governance and money in any sound financial sector.

### **Contextualising the current cash crisis in Zimbabwe**

Zimbabwe has gone through a rocky economic history since the late 1990s and, as a result, a significant percentage of Zimbabweans have been living below the poverty datum line. The country has degenerated from being the second most industrialised country in sub-Saharan Africa to being ranked amongst the poorest in the world, aptly named ‘a nation of vendors’ (Mlambo 2017: 100). Worsening corruption, lack of productivity as well as illicit foreign currency dealings have seen the country slipping into a crisis. Zimbabwe is amongst the countries with the highest inflationary figures in the world. The popular example which has been attributed to the current crisis is the unaccounted for disappearance of US\$ 15 billion in 2015. To add to this, Zimbabwe is the only country in the world to date without its own currency and the only country which has adopted the US dollar as a mitigating measure against a wobbly economy. This means the ordinary Zimbabwean has been faring badly in such an economic environment.

The adoption of the US dollar came against a backdrop of the harsh economic climate and hyperinflationary environment that crippled the Zimbabwean economy from as far back as the late 1990s. The resultant rising discontent and chaos manifested in the student and labour protests had little effect in making amends in the waning economy (Cartage 2009). These experiences are the basis of the fear that currently engulfs the nation, as Zimbabweans have been wary of a repeat of the 1998–2008 decade that has been dubbed the “decade of crisis” by a number of critics and writers

(Raftopoulos and Mlambo 2008; Bland 2011). The similarities between the hyperinflationary bearer cheque and the Bond note eras are striking. Raftopoulos and Mlambo (2008: 210) have identified key features of the hyperinflationary economy as: 'steep declines in industrial and agricultural productivity, historic levels of hyperinflation, the informalisation of labour, dollarisation of economic transactions, displacements; critical erosion of livelihoods.' With unemployment and general economic hardships still predominant in Zimbabwe, and more companies closing down, the situation may be much worse than it was in 2008. To add to this, many feel that the majority of the key features of the hyperinflationary environment (highlighted above) are making a comeback with the introduction of the Bond note. After a brief reprieve in 2009–13, when the US dollar appeared to stabilise the struggling economy under the Government of National Unity (GNU), which according to Mlambo (2017: 107) 'arrested the free falling Zimbabwean economy temporarily', the introduction of the Bond note era appears to be doing more harm than good. It has been pointed out that the imbalance between imports and exports has resulted in the government introducing Bond notes (ZIMCODD 2017). The Zimbabwe Coalition on Debt and Development Report (*ibid*: 3) outlines the reasons for such drastic measures in the following extract:

The Reserve Bank established a USD200 million foreign exchange and export incentive facility which is supported by the African Export-Import Bank (Afrexim Bank) to provide cushion on the high demand for foreign exchange and to provide an incentive facility of up to 5% on all foreign exchange receipts.

In order to mitigate against possible abuses of this facility through capital flight, the facility shall be granted to qualifying foreign exchange earners in bond coins and notes which shall continue to operate alongside the currencies within the multi-currency system and at par with the USD. The Zimbabwe Bond notes of \$2, \$5, \$10 and \$20 denominations shall be introduced, as an extension of the current family of bond coins, for ease of portability in view of the size of the USD200 million backed facility. Withdrawal limits were also pegged at \$1,000 per day but, in reality, banks are limiting to as low as \$150 per day.

There is also the promotion of the widespread use of electronic platforms for settling domestic transactions across all forms and sizes of businesses; that is, the use of point-of-sale machines to conduct all transactions in USD, Euro and Rand.

With this background and the experiences Zimbabweans had to grapple with in the shaky socio-economic and political environment of 2008, there is apprehension as people have lost confidence in the formal money market.

In spite of the measures highlighted above that have been meant to settle economic imbalances, a re-play of the economic situation in Zimbabwe is most likely at hand. However, previously, people used various options to cushion themselves from the largely subversive decade. Although the economic hardships brought untold suffering to the population then, many professionals such as teachers, nurses and doctors took the exit option, that is emigrating, as a strategy for survival (Crush and Tevera 2010; Gaidzanwa 1999; Chetsanga and Muchenje 2003). From the beginning of the crisis in Zimbabwe, a large number of Zimbabweans emigrated to Europe, the US, Australia, South Africa, Botswana and many other parts of the world and, to date, an estimated five million Zimbabweans are in the diaspora (Mlambo 2017). While this saw fractured socio-economic relations, migrants were able to overcome the prevailing hardships by forging new identities for themselves in the diaspora (Pasura 2008). People were also cushioned from the 2008 hyperinflationary environment by the acquisition of the US dollar which, when juxtaposed against the weakened Zimbabwean dollar, provided a much needed reprieve. Currently, the US dollar is one of the multi-currencies in circulation and is very hard to come by. With the Bond note pegged officially at 1:1 with the US dollar, traditional ways used during the hyperinflationary environment are no longer viable. This therefore presents challenges to the majority of Zimbabweans who have to find more alternative ways of survival. It is therefore not surprising that the Bond note has received widespread condemnation. The *New York Amsterdam News* (2016: 1) cites Kupirwa who says concerning the Bond note, 'It's zombie money, made from nothing .... I pay my suppliers in dollars, but if my customers pay me in this stupid currency, how can I restock?' The Bond note has been derogatively referred to as 'bollars', 'bond paper' and 'fake note'. The Bond note and coin have been the butt of jokes on social media and likened to rat poison which is swift and ruthless: 'Bond notes *mushonga unouraya* economy *ipapo!*' (Bond notes – poison that kills the economy here and there). In spite of the pervasive disgruntlement over the Bond note, the government went on to introduce it, totally disregarding the outcry.

While a significant amount of research has tended to generalise post-independence Zimbabwe's problems and emphasise on the larger macro-economic effects and solutions, little has been said about the different ways of survival for the ordinary person. Yet, closer scrutiny reveals that the larger picture of Zimbabwe's challenges is manifested at lower levels, as reflected in the survival strategies proffered. The ordinary person on the street thus becomes a microcosm of the socio-political and macro-economic challenges. Studying the seemingly insignificant individual is likely to yield finer details that will prove useful to the larger society. This is supported by

Magure (2014: 2) who argues that:

The myriad of people's responses to a dysfunctional economy must be situated and analysed in the context of macro-level processes of capitalist expansion and globalisation in the global South. As such, this ... illustrates the complexity and contestations of how to make ends meet in a country with a collapsed economy due the implementation of neo-liberal economic policies.

However, the ordinary person on the street appears to have turned his/her back on formal structures and procedures regarding monetary issues. The questions which remain are: what are the effects of the informal money market? Combined with the formal banking sector, what effects does it have on security and governance issues?

### **The nexus between security, governance and money**

The current cash crisis in Zimbabwe has brought to the fore issues of insecurity and lack of governance in the financial sector, and the country at large. The current cash crisis has forced the ordinary people in Zimbabwe to undermine the legal frameworks in the financial sector that govern money. The public has therefore shunned conventional ways of keeping money in the banks, as a result of previous experiences that the people of Zimbabwe have gone through in which their foreign currency savings were taken from their accounts and the local currency rendered useless by the monetary policies of that time. This bitter experience has resulted in Zimbabweans snubbing accepted forms of monetary governance that prevail in other countries, resulting in people hoarding cash or keeping it as hard currency in their homes instead of keeping it in the formal banking sector. The other section of the population has externalised the money through illicit financial flows. This further indicates that the Zimbabwean people have no faith in the formal banking sector as custodians of their money. The illicit financial flows which resulted in the externalisation of large sums of money in Zimbabwe, and the need for Zimbabweans to withdraw their money from the banks, have resulted in an artificial cash crisis; artificial in the sense that there is a substantial amount of money in circulation outside the formal banking sector through local/foreign currency dealers who have both the much sought-after US dollars and the Zimbabwe Bond notes in large quantities. This is a clear sign of lack of governance in the financial sector in Zimbabwe. The ordinary person on the street has therefore devised methods of surviving this rabid economy. With increasing discontent and protests against a strangling economy, any government resorts to using brute force to maintain order in the country resulting in a fractured governance and security system.

## Statement of the problem

The biting effects of the economy on the ordinary Zimbabwean have left many wondering how ordinary Zimbabweans have been surviving the ravages of an unstable economy.

## Research questions

The research was guided by the following questions:

1. How are ordinary Zimbabweans faring in the current economic climate?
2. What strategies of survival have the ordinary person on the street adopted to overcome the cash crisis?
3. What implications have the survival strategies had on governance and security in the country?

## Conceptual framework

The research is informed by the critical social theory of empowerment which underscores mutual efforts to create social and political change within a given society (Gudhlanga and Chirimuuta 2014). According to Bronner and Kellner (1989: 44) critical social theory describes the complex set of interventions that interconnect consciousness and society, culture and economy, state and citizens. It explains social development in concrete historical contexts in which it is assumed. They further aver that:

Interconnections exist in certain groups, historical eras, and geographical areas, economic systems of a given community and the totality of the systems that affects and produces the group thought systems and mechanisms (Bronner and Kellner 1989: 44).

This theoretical framework is pertinent to this research on the coping strategies of ordinary Zimbabweans in navigating the rabid economy in the current cash crisis. It enables researchers to explore the link between the current cash crisis and the different methods used by ordinary Zimbabweans to steer through the crisis. It is clear proof of the link between people's actions and the current cash crisis bedeviling their country. Such a framework prominently assists researchers in guiding their research towards disentangling the explanations behind the coping strategies exhibited by ordinary Zimbabweans in navigating the current cash crisis. Through this conceptual framework, the research endeavours to identify the relationship between the coping strategies used by ordinary citizens in navigating the current cash crisis, and demonstrate whether such actions promote security

and governance in the financial sector in the country. After setting out the conceptual framework, it is imperative to briefly discuss the methodology that the research used.

## **Methodology**

The investigation adopted a qualitative methodology and a case study design to generate data towards addressing the questions which guided the study. For collecting the data, interviews with selected ordinary citizens who have been hard hit by the current financial crisis, and have devised ways of survival in this rabid economy, were carried out. The snowballing sampling technique was used to identify would be respondents until the data gathered reached saturation point. Informal semi-structured interviews were used to solicit the required data. This kind of interview was chosen specifically for its potential to guide the interviewers while at the same time ensuring a flexibility that allowed the whole data collection process; that is, giving room for further probing and seeking clarification. A sample of 10 respondents in Harare's Central Business District was used. These respondents were found in different sectors of the economy, both formal and informal. What they presented is a microcosm of what the Zimbabwean populace is doing in order to survive the rabid economy. The collected data was analysed through the Critical Narrative Analysis (Barone 1992: 146) approach, after which trends that emerged were noted. This technique allowed the researchers to reconnoitre the different strategies that the ordinary citizen is using to navigate the current cash crisis in Zimbabwe. The different methods of survival used by selected respondents eventually aided the researchers to come up with a statement on whether these strategies promote or hinder security and governance in the financial sector in Zimbabwe.

After briefly discussing the methodology, the study focuses on the various forms of indiscipline in the financial sector that the ordinary citizen is employing to survive in this rabid economy. Subsequent sections discuss how this has consequently led to lack of governance in the financial sector and pervasive anarchy. The in-depth interviews with selected informants brought to the fore how Zimbabweans are surviving a rabid economy.

## **Findings and analysis**

### ***The tripartite pricing system***

From our findings we learnt that the Zimbabwean populace has come up with a tripartite pricing system as a way of surviving the rabid economy. The Government of Zimbabwe through the Reserve Bank of Zimbabwe

(RBZ) has encouraged Zimbabweans to use electronic money, instead of hard currency, as a way of overcoming the cash crisis. 'To beat the problem, the financial sector is now encouraging cashless transactions. Ordinarily, that is not a bad idea. Nordic countries, for instance, have gained a good reputation as largely cashless societies. It brings convenience as one does not have to withstand long bank queues to withdraw large sums of money rendering them vulnerable to robbers the moment they step out of the bank' (Majoni 2017). The populace is, however, skeptical of the use of plastic money and has no faith in the financial sector to take charge of their hard-earned income.

According to official exchange rate, the Zimbabwe Bond note stands at 1:1 with the US dollar (Reserve Bank of Zimbabwe 2016). This is the official position but this is not what is prevailing on the parallel or informal black market. Since it is difficult to get cash, ordinary people who sell goods and services have devised a tripartite pricing system resulting in inflated prices for electronic payments and purchases. This is because there are money barons who charge them about 10–25 per cent in order to give them cash. This has resulted in the country having three prices for the same goods or services, especially in the informal sector. The lowest of the prices are in the US dollar hard currency cash price, then the Bond price which will be selling at 8 Bond more than the US dollar, and the most expensive price will be that of Eco-cash, the mobile money transfer offered by one of the biggest networks Econet Wireless as well as the electronic money transfer and the use Point of Sale (swipe) machines to pay for goods and services electronically. Thus, even though the RBZ sees no difference between the value of the US dollar and the Zimbabwe Bond, the general public sees this difference and therefore inflates the prices for electronic and Zimbabwe Bond note payments.

In an interview with an informal dealer who sells blankets at the Gulf Complex in Harare (the centre of all goods brought into the country through cross-boarder trading), one woman said:

If one is buying using cash, United States dollars. I sell my two-in-one blankets for \$35. If one is buying using Bond notes. I charge \$5 more, such that the same blanket costs \$40 Bond note, and if one buys through electronic means, Eco-cash and Bank Card Swipe System I charge 15 % more, such that the same blanket costs \$48 through electronic payment. This is because where I go to get the hard currency I will be charged that 15 % in order to get the cash. I need cash because I use cash and not Zimbabwe Bond notes when I got to order goods for my shop in South Africa. Furthermore, I do not use Zimbabwe Bond notes to buy goods for my shop. So I have to watch out on what will make my business to survive. Otherwise, if I keep my money

locked up in the formal banking or electronic system. I will lose out when I fail to get that money out. This is what we do here to survive (Interview, 26 June 2017).

This clearly reveals that there is a tripartite pricing system in Zimbabwe, especially in the informal sector. The informal sector has shunned the RBZ exchange rate of 1:1 between the US dollar and the Zimbabwe Bond note. It has also come up with different pricing systems for different modes of payment. What the woman quoted above brings out is the fact that there is no governance in the financial sector; prices are determined by ordinary people and not by the general principle of supply and demand. The money barons who sell hard cash to these traders determine the percentages they want from these people, thereby resulting in some kind of lawlessness and insecurity. Once these traders get their money in the form of a Bond note, they quickly change it into US dollars, and if it is paid into their Eco-cash account, they quickly dispose of it getting hard cash at a certain percentage from the money barons. This kind of behaviour, (where everyone is quick to withdraw money from the system and also to change it to US dollars on the informal market, as well as evading proper legal channels of safekeeping money) are sure signs of lawlessness. To add to this, the tripartite pricing structure also demonstrates lack of governance in the financial sector in which the same goods or services have three prices, depending on the mode of payment

### **Reduced productivity in the formal employment sector**

Due to the need to access cash, which is now a rare commodity in Zimbabwe, bank account holders lose a significant amount of time in bank queues, especially those employed in the formal sector. Once they get their salaries, those who work in the formal sector join the winding bank queues to quickly withdraw their cash which normally takes about a week or more to clear from the bank. The ordinary Zimbabwean has devised methods of avoiding loss of valuable time in long bank queues but at the same time guaranteed of getting their cash. Once they join the queue, people exchange mobile phone numbers and use the WhatsApp messaging platform or even phoning to update and alert each other that their turn at the ATM was due as well as notifying each other of other branches where cash would be easily available. Such is the *camaraderie* that the Zimbabweans have developed in order to survive the hostile cash environment.

The same scenario occurs amongst people who have more than two bank accounts and have to withdraw from both accounts in order to maximise on the cash withdrawn from the bank. In an interview, one woman said she will only concentrate meaningfully at her workplace after she has withdrawn all

her money from her bank account. This woman had this to say: 'I normally come to join the queue at 2 am and I never leave the queue until I get my share of the money for that particular day. I normally do not set my foot at the office until I get my money for the day. If it means not going to work on a particular day, so be it.' The actions of this woman translate into reduced productivity for the formal sector.

### **A thriving informal money market**

Even though the banks have no cash, the parallel market, or the informal sector, has both the much sought-after US dollars and the Zimbabwe Bond notes in abundance. While the coffers of the official custodians of the national treasury run dry, the parallel market is awash with the hard currency which one can easily get, using the parallel market exchange rate. As early as at its inception, the Bond note, which has been valued at 1:1 with the US dollar by the RBZ, was being traded at \$7 Bond for US\$ 1 on parallel or illegal markets (Ndoro 2016: 59). With the continued disappearance of the Bond note, banks have resorted to issuing Bond coins instead. This has made the informal market flourish further, with people pursuing the Bond note. One young woman, who, after waiting for several hours in the bank queue to get a hundred dollars' worth of Bond coins jokingly said, 'Now is the time to get proper handbags not the cheap Chinese ones that rip easily. Who would want to lose this money after such a hard struggle getting it?'

In an interview, one foreign currency dealer revealed that business is thriving on the black market. He said, 'The government should just formalise the black market because that is where all the money is. We are connected to the big people in the banks. I personally deal with one or two. Where are you getting lost? We have strong relationships that date back to 2008. We keep the economy going and that is how I have been putting food on the table all along.' This underscores the lack of governance in the financial sector.

### **Various forms of corruption**

Ever since the current cash crisis commenced in Zimbabwe, there has been a high level of corruption, as far as those who handle cash are concerned. Most of the people who handle cash on a daily basis do not bank it as is required. They would rather keep it under the pillow or sell it at a premium of 10–25 per cent to the desperate public. Petrol attendants and till operators sell the cash for a certain percentage. The ordinary person on the street therefore sees opportunity amidst the chaos. In an interview, one woman who got her July 2017 salary from a petrol attendant said,

Blessed are the petrol attendants and till operators for they are making a killing out of selling cash. For the past three months I have been getting my salary through my husband's friend who is a petrol attendant. I have been getting cash from him at 15%. I have to pay him because he has to share the proceeds with his colleagues at the service station; they are a syndicate so I cannot get the money for free (Interview 27 June 2017).

This corruption has permeated all sectors of the economy. It is not the petrol attendant only who charges people a certain percentage in order for them to get cash. Even managers of large retail shops are also thriving on the current cash crisis. In an interview, a young man who is a till operator in one of the retail shops said,

When we have 50 or 100 US dollar bills we surrender them to the manager who comes to check our tills. The manager takes the 100 and 50 dollar bills to the black market for exchange with the Zimbabwe Bond note and for every 1US, she gets \$5. When the manager comes back from the black market she then deposits the Zimbabwe Bond equivalent into the retail shop account and not the US dollar bills. These managers are making a profit on these US dollar bills. It is difficult to prosecute them since officially the Zimbabwe Bond and the US dollar have the same value (Interview, 15 June 2017).

This confirms the degree of lawlessness that thrives in the country because of cash shortages. People who are supposed to safeguard company accounts are the ones defrauding their companies, as evidenced by what this till operator said.

Retail shop managers are not the only ones involved in corruption, but even some bank employees who have access to cash also give their friends or relatives at a certain fee. In an interview, one foreign currency dealer said that she gets her cash from bank employees. She was only doing it on their behalf for a commission. What this foreign currency dealer said was corroborated by the story of a Stanbic bank manager who was caught in the cash scandal and made headlines in one of the local daily papers. According to *The Herald* (6 July 2017):

A Stanbic Bank Zimbabwe manager was caught red-handed in underhand currency trading at one of the bank's branches. Bank manager [name provided] was caught last week by security personnel of one of the bank's clients with an amount of US\$30 000 which she had swapped for bond notes. Reports say that [she] instructed her colleagues at the branch to exchange her bond notes to US dollars that the branch had received from the bank's cash depot for tobacco farmers. Witnesses to the incident said that [she] claimed that the "loot" was from her husband ... who was a currency dealer. Investigations by this paper showed that [she] had a syndicate of currency traders at "Roadport"

whom she supplies with US dollars from Stanbic in exchange for bond notes. In a snap walkabout around Fifth Street in Harare yesterday, most of the currency traders there said they knew the couple but added that they use a certain firm called Beak Peck Enterprises to access US dollars from Stanbic through her. The traders also admitted to working with employees from most banks to access US dollars in exchange for bond notes, which are traded at a premium of between 10-25 percent.

This affirms lack of governance in the financial sector which is being precipitated by corrupt bank officials. These are the people who are supposed to safeguard the depositors' money but are taking advantage of the situation in order to survive. Instead of them being custodians of depositors' money, they are the ones at the forefront siphoning the US dollars from the bank.

Some bank managers are also facilitating the withdrawal of large sums of money for a certain fee. This corruption has pervaded society such that even security guards who work in banks are also benefiting from the cash crisis. Since bank queues have become the order of the day, the desperate public now pays security guards to allow them to jump queues and withdraw cash ahead of others. In an interview, one woman said,

I rarely stand in the queue. I normally give the guard my ATM card and when he gets the money, he sends a WhatsApp message for me to come and collect the money and the card. Sometimes the guard just facilitates that I jump the queue and I give him \$2 per day for these favours. What can I do? It is better than spending the whole day in a bank queue (Interview, 20 May 2017).

Facilitation of people to jump queues by security guards has also been supported by *The Standard*, one of the weekly newspapers:

Security personnel at the banks have joined the fray too, enabling depositors to "jump queues" for a dollar or two. And because the clients are so desperate to get their \$40, they will not hesitate to fork out the little amounts. The sad thing is that this kind of corruption is hardly seen as such. Ordinary people readily boast of how they don't stand in queues and are too quick to accuse the elite of corruption (*The Standard*, 6 July 2017).

This implies that there is lawlessness; there is no respect for order or first come first serve basis for those who would have joined the queue first. At times, this jumping of the queue ahead of those who would have come earlier degenerates into public outrage of those who would have stood in the queue for a long time. Instead of the security guard to maintain order in the bank queues, they are the ones facilitating and benefiting from lawlessness. This is a clear demonstration of the levels of corruption that have also cascaded down to the ordinary person on the street (Majoni 2017).

## **Abuse of Visa and Master Cards in neighbouring countries**

The researchers also found that some people were abusing their Visa or Master Card facility as a method of obtaining hard currency by skipping the boarder to neighbouring countries to withdraw cash using their Visa or Master Cards. Through this, the populace has found a way of circumventing the pinching cash crisis in the country. Furthermore, they have also found other techniques of withdrawing cash from the untrusted local banking sector and keeping it as hard currency. While local withdrawals in the banks in Zimbabwe ranged from a minimum of US\$ 20 to a maximum of US\$ 60 per day depending on the bank, withdrawals by Visa or Master Card had no limit in neighbouring countries. In an interview, one man confided that:

Before the cancellation of the Visa or Master Card I used to just cross the border into Mesina, South Africa where I would spend at most two days and withdraw all my money from my bank account in South African Rands. Upon coming back into the country I would convert it into USD at the parallel exchange rate. At least I know that I would have withdrawn all my salary and there was no risk of losing my money which was locked up in a bank. I am now skeptical of the banks taking care of my money considering the effects of 2008 when people literally lost all the money which was in their bank accounts. It is better for me to keep the money for myself in a stable currency like the USD rather than to let it vanish in the bank (Interview, 30 March 2017).

The young man's confession confirms his loss of faith in the formal banking sector and would not trust it to keep his salary safe once he got paid. Loss of faith in the banking sector and resorting to other means of getting cash has also been noted by Munangagwa (2009: 133) who argues that the ordinary Zimbabwean had to use alternative means of obtaining cash because the formal banking sector had failed to deliver its side of the bargain of providing cash to the citizenry when needed.

Another development in the monetary sector was when the ordinary citizen woke up to an unprecedented notice from local banks that they could no longer access cash using Master or Visa Cards outside the country without prior arrangement with the bank, only being allowed to withdraw very limited amounts whenever they were out of the country. Most Zimbabweans could not believe it when they saw the following notice of the cancellation of Visa or Master Card outside the country without prior warning:

## To Our Valued Clients

We regret to advise that we have cancelled the automatic use of your VISA debit card outside Zimbabwe with immediate effect. However, Clients who wish to use their cards outside Zimbabwe may still apply for \*\*special consideration prior to travel. Please note, there are NO changes to the local functionalities of the VISA Debit Card.

This decision has been taken to ensure best use of the increasingly scarce foreign currency resources which is disbursed in line with the Priority List issued by the Reserve Bank of Zimbabwe if and when available.

Once again, we regret this move and apologise for any inconvenience that this may cause. We will continue to monitor the environment and should there be any other changes, you will be notified accordingly (*The Standard*, 2 February 2017).

The cancellation of Master or Visa Cards by reputable banks like Barclays and Standard Chartered Bank have locked that easy door of accessing cash by the ordinary citizen. Thus, even though there is this suspension, some of the people interviewed said that it was still better to get the little amount they could withdraw from outside the country, that now had a maximum withdrawal of US\$ 100 per day, once they got the clearance from the bank. Not to be outdone, the Mobile Network Econet's Master Card has also reduced its monthly maximum withdrawal limit from US\$ 5,000 to US\$ 400 to curb the abuse of accounts outside the country. Furthermore, tourists coming into Zimbabwe no longer bring plastic money in the form of Visa cards but tend to bring hard currency which they will trade on the informal market. Thus, the ordinary Zimbabwean now exchanges money with tourists and provides some ready Bond cash and hard currency as a way of curbing the biting economic challenges that the country is currently facing.

### Use of informal channels for diaspora remittances

As a result of the cash crisis and the uncertainties in the banking sector, remittances from those in the diaspora are now using informal channels, as they are easier and faster than the banking system. Long winding queues are enough discouragement for those sending and receiving money. One informant had this to say: 'With corrupt bank officials lurking in the shadows, I am not assured of the safety of my money, so I keep it next to my heart' (Interview, 31 May 2017). Rather than using the formal channels of sending cash home, many in the diaspora have resorted to informal and clandestine means of transporting cash into the country. Like never before, the ordinary Zimbabwean citizen has developed close human networks so as to overcome hindrances in importing cash into the country. Even the RBZ has noted that

in 2015 alone, an estimated US\$ 1 billion was remitted to Zimbabwe through informal channels (TechZim 2017). Furthermore, ZIMCODD has also noted the lack of confidence in the banking sector by ordinary Zimbabweans who are now resorting to the use of informal channels, when it avers,

Zimbabweans are really scared of their history and justifiably so considering the experiences of the period 2007 to early 2009 when they lost their savings of years through the bearer's cheques, hyperinflation, and raids of people's money in foreign currency accounts by RBZ among other ugly historical developments in Zimbabwe (ZIMCODD 2017: 4).

This lack of trust in the financial sector has resulted in lack of security and governance in Zimbabwe. Money now easily flows and exchanges hands among individuals through informal channels, a sure sign of lack of financial governance in Zimbabwe.

### **Manipulation of DSTV payments**

Currently, DSTV subscribers are being shortchanged. Owing to the cash shortages, particularly of the US dollar, many subscribers have been left on the receiving end. Without the US dollar, or alternatively the Rand, one cannot subscribe. This has seen a newer wave of illegal subscriptions proliferating. The move by DSTV may have been aimed at creating its own independent payment system that should get around payments in Bond notes and the lack of foreign currency in the country.

Responses from the interviews revealed that many are opting to register their decoders in South Africa; then subscriptions are done by friends and relatives from the South African side. This has been exacerbated by illegal cross-border activities, a fact supported by Duri (2010: 126) who writes, 'Many people had to resort to clandestine cross-border activities, largely because they could not afford the financial obligations for travel documents, visa fees, border taxes, work permits, as well as import and trade licences'. Those who have no relatives in South Africa are then paying local Zimbabweans who have Master or Visa Cards and can pay online on their behalf for a nominal fee. Instead of giving the person with the Master Card bank account the exact figure due to DSTV, they also give them 15 per cent more for the service in cash. Most people interviewed without Master or Visa Card accounts stated that they were paying 15 per cent more than the normal subscription fee as payment for the service to the Master Card account holder. However, banks such as Standard Chartered and Barclays, have only allowed account holders to pay for DSTV subscriptions for decoders that are registered in their names, to curb this problem of overcharging desperate Zimbabweans.

### **Barter trade**

Another common practice that is proliferating is barter trade. Instead of money exchanging hands, goods presumed to be of equal value are transacted; a form of barter trade that has metamorphosed into a more refined form where trade is done with goods. One of the respondents admitted to buying some books from a vendor on the streets. Without Eco-cash, the more universal network used by the majority of the people, electronic mobile money transfers do not work. The vendor simply walked into the nearest supermarket and selected goods equivalent to the amount tendered and thus concluded the transaction. Alternatively, people wait in supermarkets to exchange with cash. Another informant admitted, 'I would rather give a fellow Zimba (sic) my US dollars or Bond notes rather give it to OK [supermarket]' (Interview 25 April 2017). Thus, those seeking cash, but in possession of electronic money, transact and exchange money and both have value for their money. This however has resulted in chaotic scenes at points of sale in supermarkets. Fraudsters have also taken advantage of the situation, with fake notes also exchanging hands. Consumers have also raised concerns over the efficiency of electronic transactions, with some claiming they are being charged more than they have paid. Corrupt activities and underhand dealings are also taking place, with some till operators hoarding cash to give only to relatives and friends and the customer who is willing to part with a sum in the form of kickbacks or bribes.

### **Conclusion**

It is apparent that an unstable economy, lacking formal structures, is a cocktail for disaster. This has seen corruption growing to alarming levels, starting from the grassroots. Lack of governance in the financial sector has been necessitated by corrupt bank officials. Bank employees who have access to cash also take it and sell it to their friends or relatives at a certain fee. This has seen white collar corruption growing and spreading even to the grassroots. Unsanctioned informal trading is almost choking the life out of the city centre. All this has rocked the peace and stability that Zimbabwe has been known for. The growing discontent and disgruntlement have already shown signs of spiraling out of control. Protests and riots are not uncommon in the city centre, with ordinary Zimbabweans who are not gainfully employed, informal traders and foreign currency dealers having running battles with the police. The anxiety and tension amongst the people are a ticking time bomb, waiting to explode. In light of the potentially explosive situation, the government needs to put in place measures that can curb the various transgressions in the monetary sector.

## Recommendations

In light of the findings in this study, we recommend that:

1. There is need for widespread consultations with the populace before introducing monetary reforms in the country. The introduction of the Bond note, an untrusted currency, has brought widespread scepticism and, subsequently, shortages of cash and destabilisation of the financial sector which had seemed to be stable during the Government of National Unity in Zimbabwe (2009–13).
2. The government should be able to step in to curb informal and illicit monetary exchanges which continue to be a threat to both governance and national security. Deterrent sentences for detractors could work towards bringing sanity to the banking and formal financial systems.
3. Stringent measures should be put in place to curb cases of corruptions from all sections of society.
4. Part of good governance and democracy involves giving voice to the people. Therefore, instead of descending heavily on protestors, the government should create open lines of communication that register the people's discontent with current monetary policies and systems.

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## **Mobile Money and the Human Economy: Towards Sustainable Livelihoods for Zimbabwean Migrants in South Africa**

Emma Mavodza\*

### **Abstract**

This article explores ways in which Zimbabwean migrants in South Africa send, receive and give money through mobile technological innovations. Specifically, the article looks at how the unbanked people access and manage money in their daily lives. Most of these migrants are undocumented and find it difficult to open accounts as financial institutions require certain specifications such as proof of residence, (local) identity cards, work permits, traceable physical addresses and three current consecutive months' payslips. However, with the advent of mobile money, these migrants can easily relay money to Zimbabwe which records a high influx of remittances which are sustaining an ailing economy and improving the livelihoods of the people. The article also demonstrates ways in which the (un)banked are excluded or included in the transaction of money through social networks, kinship ties, solidarity relationships and other forms of non-monetary exchanges. In addition, it analyses the extent to which mobile money has impacted on social, economic and political relations of the unbanked. Using qualitative methodology, I also illustrate how mobile money improves the unbanked's access to money and enhances the creation of a society with the attributes of a human economy with reduced inequalities.

### **Résumé**

Cet article explore les moyens par lesquels les migrants zimbabwéens en Afrique du Sud envoient, reçoivent et donnent de l'argent par le biais d'innovations technologiques mobiles. Plus précisément, l'article examine comment les personnes non bancarisées accèdent à l'argent et le gèrent au quotidien. La plupart de ces migrants sont sans papiers et ont des difficultés

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\* University of Witwatersrand. Email: [emaodza@gmail.com](mailto:emaodza@gmail.com)

à ouvrir des comptes car les institutions financières exigent certains documents tels que la preuve de résidence, la carte d'identité (locale), le permis de travail, l'adresse physique effective et les bulletins de paie de trois mois consécutifs. Cependant, avec l'avènement de l'argent mobile, ces migrants peuvent facilement transférer de l'argent, le Zimbabwe enregistrant ainsi un afflux important d'envois de fonds qui soutiennent une économie en difficulté et améliorent les moyens de subsistance de la population. L'article montre également comment les personnes non bancarisées sont exclues ou intégrées dans les transactions financières par le biais de réseaux sociaux, de liens de parenté, de relations de solidarité et d'autres formes d'échanges non monétaires. En outre, il analyse l'impact de l'argent mobile sur les relations sociales, économiques et politiques des personnes non bancarisées. Je montre comment l'argent mobile améliore l'accès des personnes non-bancarissées à l'argent et renforce la création d'une société dotée des attributs d'une économie humaine avec des inégalités réduites.

## **Introduction**

Almost three-quarters of the adult population in developing countries do not have direct or easy access to formal channels of saving, sending and receiving money (Demirguc-Kunt and Klapper 2012). India, for example, for the past decades, used to have a one bank account per household policy and this meant that only the husband had the privilege to open an account (Singh and Bhandari 2012). This situation is not only true for India but also for many countries in the Global South. Financial exclusion is prevalent in most developing countries such as Bangladesh, Lesotho, the Philippines, South Africa and Zimbabwe, just to mention a few. Although previous research has focused on improving financial inclusion for the unbanked, little has been done to explore the subjective financial lives of the unbanked and financial knowledge among them. While it is true that financial inclusion policies target marginalised and vulnerable groups in communities, such as the disabled, women and children, most studies indicate that males still dominate financial decision making in communities and individual households.

This article focuses on the (un)banked Zimbabwean migrants in South Africa. The ill-performing Zimbabwean economy, coupled with the global financial crisis of 2008 triggered a massive exodus of nearly over million Zimbabweans to South Africa (Makina 2010). However, these migrants found (and still find) it difficult to open an account with banks and other financial institutions in foreign countries, as they do not possess the required documents<sup>1</sup>. It is, for example, estimated of more than two million Zimbabwean nationals in South Africa at the moment (UNDP 2010),

only 250,000 have legally recognised documentation. However, those who have legal documents still find it difficult to open accounts with formal financial institutions, let alone send and receive money, because of stringent requirements demanded by most financial institutions in South Africa. In addition, formal channels of sending or receiving money such as Western Union and MoneyGram are prohibitive because these institutions charge exorbitant fees and flat charges for sending even small amounts of money. Because of limited and irregular financial sources, migrants find these formal channels of sending and receiving money unreasonably exclusive for the elites or those who have formal employment and permanent residence status in South Africa. As a result of these stringent measures taken by financial institutions to monitor remittance flows, migrants resort to informal channels of accessing money.

The advent of mobile money in Zimbabwe was a great relief for the unbanked. This is because the success of mobile money such as M-PESA (*m* for mobile and *pesa* for money in Kiswahili) in other countries such as M-PESA (*m* for mobile and *pesa* for money in Kiswahili), launched in Kenya in 2007 by Safaricom, boosted migrants' confidence in adopting mobile money as an alternative channel for sending and receiving remittances. While the less privileged do not have access to bank accounts, over 60 per cent of these people had mobile phones by 2008 (GSMA data for 2008).<sup>2</sup> Aker and Mbiti (2010) also submit that mobile phone usage has increased in sub-Saharan Africa: for example, over 75.6 per cent of Zimbabwean adults have access to mobile phones (Gallup 2012). With the introduction of mobile money, one can easily send or receive money as long as the person has a valid phone number. For that reason, mobile money is cheap, efficient and is within the reach of the marginalised and peripheral communities.

In South Africa, for example, Eco-Cash and Muku.com mobile money facilities offered by Econet mobile network in partnership with selected banks and retail outlets in Zimbabwe became the most popular ways of sending and receiving money to and from Zimbabwe. Although much has been written on M-PESA, very little academic research on mobile money has been conducted (Maurer 2011) and this (to my knowledge) is also true for Zimbabwe. Even though these migrants have easy access to sending or receiving money, there is a need to explore ways in which mobile money excludes the (un)banked. There are evidently new forms of exclusion being created by innovative initiatives targeted for the inclusion of the unbanked. For example, those who do not own mobile phones, those in remote areas where there is no mobile networks, and those who do not have mobile money accounts. However, the exclusion of the unbanked does not mean

that these people do not participate in a cash economy at all, as they play a role in the human economy. There is evidence to show that present-day modern economies are not strictly based on cash, but on a combination of monetary as well as non-monetary exchanges.

### **Who are the unbanked?**

The World Bank estimates that nearly 2.5 billion adults globally – 50 per cent of the total adult population – are currently unbanked, and do not use formal financial services (Demirguc-Kunt and Klapper 2012). Of these, over 66 per cent of the unbanked are in Middle East, North Africa and sub-Saharan Africa. It is estimated that of the 9.4 million unbanked people in South Africa, 88 per cent are blacks, 9 per cent are coloured, 1 per cent are whites and 1 per cent are Asians (World Bank 2000/1). These people are unbanked because there are barriers to financial inclusion of the people at the margins, such as prohibitive costs owing to geographical distance, lack of financial infrastructure, restrictive regulations, governance failures and lack of suitable products. According to Aggarwal and Klapper (2013), 25 per cent of unbanked adults globally cited costs and 20 per cent reported that the bank was too far away.

For these and other reasons, some people are also under-banked; although they have an account with a bank, they only use it very little due to costs. In the case of Zimbabwe, of the two million migrants in South Africa, almost 70 per cent are unbanked (UNDP 2010). This is partly because a sizeable number of them are illegal and employers take advantage of their situation and pay them meagre wages and they cannot access credit facilities which only cater for the middle class and high income earners. This is not only true for Zimbabwean migrants in South Africa but also for other nationalities. According to Demirguc-Kunt, Beck and Honohan (2008), over eight million Nigerians in the diaspora do not have access to financial services. Arguably, sub-Saharan Africa has a higher percentage of unbanked people, with women, men and children being severely affected. This article focuses on the financial livelihoods of Zimbabwean migrants in their endeavor to support themselves and those within their networks.

### **The Zimbabwean financial situation: 2000 to 2014**

The hyperinflationary environment beginning in early 2000 depleted the Zimbabwean dollar which was declared moribund by the then finance minister on 12 April 2009 (Noko 2011). This led to the dollarisation<sup>3</sup> of the economy which had huge impacts on the marginalised. The subsequent,

inflation levels fueled high operational costs on companies forcing some to close down, leaving the previously banked people unbanked as they were abruptly forced out of (in)formal employment. Today, the Zimbabwean economy is driven by migrant remittances which absorb shocks and reduce household exposure to risks (Aker and Mbiti 2010).

Considering that a significant number of Zimbabwean migrants are undocumented, sending money home through channels like Western Union and MoneyGram is not only difficult but also impossible since a lot of paperwork is involved in opening accounts with these financial institutions. These documents are difficult to obtain for both legal and illegal migrants. In addition, for those who manage to acquire them, they tend to expire after a relatively short period of time: for example, temporary permit dispensations that were given to Zimbabweans in 2010 and other migrants in South Africa expired and they were required to submit new applications through a sophisticated online system. Although they were eventually renewed, it caused great panic and uncertainty among some migrants who feared losing legal residence status in South Africa. It is important to note that from the inception, migrants had deep seated mistrust of formal financial institutions given their previous experiences (Dupas *et al.* 2018, 2016).

The thrust of it is that these migrants, at present, are unbanked and find it difficult to open a savings account with local banks. With the exception of those Zimbabwean migrants who have permanent residence permits and four year work permits in South Africa, the unbanked and find it difficult to send and receive money, following the expiry of their temporary residence permits. In addition, sending money through informal channels such as bus drivers, friends and family is very risky and this explains why some migrants resort to sending groceries, through agents called *malaichas*.<sup>4</sup> The agents charge the groceries by weight and estimated import duty which is not only expensive but risky as goods sometimes get lost misplaced or stolen in transit.

The success of mobile money reinforced confidence of migrants in sending and receiving money conveniently and efficiently in South Africa. In Zimbabwe the expansion of the previously urban-based telecommunication networks to remote rural areas, coupled with the availability of affordable mobile handsets improved connectivity with those in diaspora: for example, subscriber identity modules (SIMs) which used to be very expensive – at almost thrice the cost of a simple cell phone – dropped from US\$ 70 to US\$ 0.5 and became more affordable.

Improvements in roaming services created easy communication, as users can still use the same cell-phone number in South Africa and Zimbabwe. To illustrate this, GSMA has a record of more than four billion mobile

subscriptions globally, with 80 per cent of new connections in emerging and lower income markets. OECD (2009: 14) established that developing countries account for approximately two-thirds of the world's mobile subscriptions. In Zimbabwe where infrastructural investments are low, the use of mobile phones to access money is rapidly expanding. In sub-Saharan Africa, there are ten times as many mobile phones as landlines and 60 per cent of the population has mobile network coverage (Aker and Mbiti 2010: 207).

To this end, a mobile phone does not only connect families but is also a channel of money, thereby changing the scope of grassroots financial inclusion drastically for the previously unbanked and underbanked. The advent of mobile money, combined with social networks, kinship ties and solidarity relationships, determines financial inclusion/exclusion for the (un)banked in Zimbabwe and in the diaspora. In the next section, I highlight the problem underlying this article.

### **Problem statement**

Zimbabwean migrants were previously banked in their home country but find themselves unbanked because of tight immigration regulations enacted to restrict labour movement. On the one hand, the migrants interviewed did not have the required documentation to open accounts, and yet access to financial services is essential in the present-day global consumer economy. This created difficulties in facilitating payments in their networks. Important to note also is that the unbanked Zimbabwean migrants developed mistrust of financial institutions particularly, due to past experiences with the dollarisation process in their home country (Noko 2011). This is because people lost their lifelong savings when the country adopted the US dollar as a legal tender. There has been increasing interest in the role of the networks of transmission of immigrant remittances (cash transfers) but, as this article has established, there are few studies focusing on this aspect. There is a need to gain some insights on how unbanked migrants save, invest, access insurance and credit without access to formal financial institutions. The main question that arises is: how do unbanked migrants conduct basic financial transactions without access to formal banking?

### **Rationale**

The main aim was to understand unbanked Zimbabwean migrants' subjective financial wellbeing, based on their transnational livelihood experiences in South Africa. The article also aimed to explore how financial inclusion is more than just access to money or means of circulating money.

Most importantly the article adds insights to the pool of critical data sources available on Zimbabwean migrants' financial livelihoods in South Africa.

## **Methodology**

To understand the complex nature of cash circulation and the subjective practices of Zimbabwean migrants, I relied heavily on observations and in-depth interviews which were used in conjunction with a critical review of literature on the topic. For this research I conducted 10 informal interviews, not scheduled in advance, with Zimbabwean migrants living in Pretoria. The participants were selected using snowballing sampling which proved very valuable since the migrants were hard to reach and some were afraid of law enforcement personnel due to their lack of legally recognised papers. During the conversations, I covered issues pertaining to how the migrants accessed, sent, received, saved, borrowed, invested and insured themselves against uncertainties such as untimely deportation which was the most common form of uncertainty the interviewees faced.

I also conducted significant hours of direct observation of migrants in the market place. This was done to confirm the findings from the 10 interviews, and also to try and relate to the community where I was conducting the study to gain an emic perspective of the context of exclusion and inclusion. Although the study specifically focused on Zimbabwean migrants, I also observed migrants from other nationalities, including Mozambicans, Zambians and Nigerians to get a general idea of their complex financial livelihoods.

The participants' ages ranged from 25 to 45 years and most of them live in illegal structures locally called *mukuku*.<sup>5</sup>

## **Presentation and discussion of the findings**

This section looks at how mobile money Mukuru and EcoCash has given new hope to Zimbabwean migrants in Pretoria. The section critically discusses the information that emerged from the interviews and direct observations. I specifically discuss financial management skills among the unbanked, the role of remittances and social networks, and the social, economic and political impacts of mobile money on the unbanked Zimbabweans and their communities. The article also highlights the role of a human or moral economy in ensuring sustainable financial livelihoods for unbanked migrants in Pretoria.

## **Mobile money: New hope for Zimbabwean migrants in South Africa**

The majority of Zimbabwean migrants did not have access to banking services due to lack of legal documents required in South Africa. These migrants saved, sent and received money via informal channels such as friends, relatives, bus drivers, agents and acquaintances. Some of these middleman charged unreasonably high fees. However, because of mobile money, Zimbabwean migrants in South Africa could now send, receive and save money conveniently, using either Mukuru.com or Eco-cash. Because of the convenience of mobile money, there was hardly any excuse related to barriers in sending/receiving money. In addition, mobile banking is compatible with any phone, network and it also proved to be cheap, secure and convenient. This meant that even the less privileged among the migrants could afford a mobile handset. It also emerged that the requirements for opening a Mukuru.com account were not cumbersome as any valid identification document such as Zimbabwean passport and valid phone number could be used. Therefore, migrants interviewed preferred Mukuru.com as they could send and receive money in the comfort of their homes while facilities such as Money Gram and Western Union services comparably have long winding queues and the money sent at times could not be collected instantly in other locations. These facilities were also urban based yet most recipients resided in the countryside. Thus it meant long travelling hours for them to be able to receive money through Money Gram or Western Union.

The respondents also reported that mobile money was the only facility that enabled high volume and low value transactions which were required by most unbanked migrants in Pretoria.

I can send as little as R50 to my friends and family; however the only problem is that for every transaction there are charges, so it's better to send more money if I have it (Rambai, interviewee).

By sending money via Mukuru.com, previously unbanked migrants managed to ensure the survival of those left back home in an ailing economy. By so doing, migrants expressed satisfaction that they could easily maintain relationships and positions in their communities back home: for example, migrants could run their accounts, schemes, projects and other obligations at home from the diaspora (Plaza and Ratha 2011; Lindley 2009). At this point, I argue that mobile money has included and connected the previously unbanked and unconnected people as they can save money and insure themselves for future uncertainties such as death, illnesses, deportation,

etc. Hence m-banking has expedited the unbanked's access to sophisticated financial services such as insurance, credit and savings account (Donovan 2012) which they could only dream of before.

The respondents also pointed out that Mukuru.com came with unlimited advantages. They cited that salaries and wages could be paid into Mukuru accounts for migrants. This reduced the burden of carrying physical cash and the risk of losing savings in transit especially during holidays like New Year and Christmas. Important to note is that mobile money complemented the informal channels which, though inconvenient, remained embedded in norms, values and long standing traditions of gift giving and mutual trust in most African communities.

### **The unbanked and financial management**

Financial management is one critical aspect for the inclusion of the unbanked in the mainstream financial system. In order to have effective financial services for the poor and marginalised, there is a need to understand how they actively manage their little and irregular flows of money in a way that connects them to their family, kin and social networks (Collins *et al.* 2009). As a result of assumptions that the poor have too little money and no active financial lives, literature on financial management for the poor is patchy (*ibid.*). This is possibly because most financial development agents often focus on people at the top of the market and, by so doing, they remain ill-informed about the needs and possible contribution of the poor and unbanked people in society. Traditionally, financial service providers have made these unfounded assumptions about unbanked people without attempting to establish their day to day financial realities (Rutherford 2000).

To politicise the efforts taken to improve financial livelihoods of the unbanked, there is a need to identify their financial needs, usage, discipline, attitudes and issues of access and management of money among them.

On the issue of financial management, the interviewees reported that they did not send money home on a regular basis, rather they made rational and calculated decisions about the possible uses of money by the receivers and actively decided on when and how to send the money. Some respondents reported that they only send money during important gatherings like funerals and weddings. It was also common among married men to send money on a monthly basis for basic upkeep of their children and wives left back home. Hence, it became imperative to look into the financial management options for the unbanked migrants and their families, especially how they managed their inconsistent source of income. The gendered aspect of money was also evident, as women across cultures

and generations spend more of their money than men on the household and children (Zelizer 2011). Thus no matter how much access women have to money, they always feel comfortable with using it for domestic purposes (Singh and Bhandari 2012). However, men controlled larger sources of money in the household than women.

In Zimbabwe, for example, in most migrant households, a different scenario emerged with the advent of mobile money. This is because women gained control over remittances from migrant husbands. However, some women revealed that they consult and negotiate with their husbands or spouses before they could use the money. Johnson (2004) also observed similar tendencies among Kikuyu men and women who controlled separate and unequal sources of money. This is also true for India where 74 per cent of women are unbanked and men control the money in patrilineal joint-families (Singh and Bhandari 2012). As a result, women could not manage the money in their mobile wallets.

Given that most countries in sub-Saharan Africa are patriarchal, men and women control different portfolios of money. In most cases, household financial management is a sole responsibility of men. This means that even if women could receive money via their mobile phones, it was most likely that they consulted their spouses on how best to use it. This is also true in other countries, outside Africa, for example, in Bangladesh where the Grameen Bank, the lead innovator of micro-credit, was providing loans to poor women it was highly evident that the money ended up in the hands of men who were not the intended beneficiaries (Yunus 2003). For this reason, the women I know ended up disclosing personal identification numbers (PINs) to their husbands. Even if some women raise their own money through *stockvels* (groups for rotating cash and credit), they still consulted their husbands on how to manage it.

Although mobile money is proving to be the best medium so far for improving migrants' financial livelihoods; women have unequal access to new forms of information and communication technologies compared to men. This was evident in the case of unbanked migrants in Pretoria. Historically banks did not see women as potential profitable customers (Singh and Bandhari 2012): for example in situations where the husband and wife possess a joint 'mobile' account, the husband is responsible for making withdrawals and deposits. This in itself widens the gap of exclusion from the grassroots in less salient ways.

Zimbabwean migrant women were not free to use their money as they wished. Yet, Sen (1999) argues that freedom is an essential aspect of development as well as a means to development. Based on his work,

availability and access to finance can be a crucial influence on the economic entitlements of economic agents. There is a strong complementarity between individual agency and social arrangements (World Bank 2000/1). Sen (1999: 85) pointed to 'the capabilities of people to do things, the freedom to lead lives – that they have reason to value'. How then can we adequately explain the issue of migrant financial exclusion and inclusion? Inasmuch as new forms of technology, such as mobile money transfers are improving financial inclusion for the unbanked the world over, they are also leading to new forms of exclusion especially among women, considering how important financial decisions still rests with the men. Apart from generating new forms of exclusion, M-banking also alters the way social networks operate, for instance, it leads to less frequent rural visits and reduces physical and personal contact (Maurer 2011).

Due to micro-credit, money from remittances went towards the servicing of debts.<sup>6</sup> Through micro-credit, the previously marginalised and excluded could get access to small loans to cover immediate needs such as food, health and education whilst waiting for the migrants to remit. Money received via mobile money, was therefore used to settle loans, petty bills such as airtime advances, electricity and water. At this point, one can argue that although mobile money has improved the inclusion of the unbanked, these people are increasingly falling prey to the ills of money, such as perpetual indebtedness and impulsive consumerism due to liquidity. For example, hidden costs associated with e-wallets, unplanned expenditure and interest accrued from borrowed cash. This undoubtedly makes the marginalised more vulnerable because remittances as a source of income are erratic and unreliable: for example in the event that remittances came later than expected, interest rates for the small loans taken kept soaring up. This also led to more inequalities and exacerbation of poverty among the marginalised and unbanked both in host and home countries.

To this end, Singh and Bhandari (2012) posit that having mobile money or access to credit is therefore is not a mantra to financial inclusion and empowerment. For this reason, there is need for empowering both unbanked men and women on how best to manage their little amounts of cash to have an effect on their present and future lives-thereby ensuring sustainable social transformation from below. In Zimbabwean communities, mobile money facilitated easy access to money with the greater majority of the people owning a mobile phone(s) or having access to cell phone(s). The availability of mobile networks improved the livelihoods of rural men, women and children.

However, the ultimate value of banked money in most rural communities is insignificant. This is because of uncertainties and lack of trust because

of previous experiences. For example, in Zimbabwe, rural people lost their savings following the dollarisation of the economy and fell prey to gullible 'entrepreneurs' who capitalised on high inflation to buy their animals and produce, using expired bearer cheques or fake newly introduced currency (Noko 2011). For this reason, these people would prefer to instantly convert mobile money to livestock or purchase consumer durables, agricultural implements and inputs.

The disparity between banks and shops in exchange rates in Zimbabwe was another conduit creating uncertainties with the use of money. In parallel markets, the exchange rate is not the same because of the multiplicity of currencies<sup>7</sup> currently in use in Zimbabwe, and rural people ended up being short-changed in most transactions (Noko 2011). Based on the above illustrations, it is imperative to understand how the previously unbanked people deal with money in environments characterised by volatility and uncertainties. The assumption that getting money into the hands of the previously unbanked changes their status, with regards to financial knowledge and confidence is therefore not correct.

### **Remittances, social networks and the unbanked**

Financial inclusion or exclusion for the Zimbabwean (un)banked is also understood within the frameworks and contexts through which people perceive money and its uses. Before improvements in technology, such as mobile money, migrants used both formal and informal channels to send or receive money. Singh and Bhandari (2012) argue that the main challenges for these modern technologies are sustainability, issues of scale and awareness of the needs of poor women and men who have not been served by banks for the most part of their lives. New technologies still fail to integrate the poorest of the poor into local let alone global financial institutions. As a result of this, informal channels for sending, receiving and saving money are still thriving; for example, in 2014 alone, 50 per cent of remittances to Zimbabwe were through informal channels (Maodza 2014).

In Zimbabwean rural communities where most of the unbanked people reside, money circulated through local associations and networks of mutuality, trust and solidarity. Using mobile money enabled people to share resources and smooth uneven incomes (Suri, Jack and Stoker 2012). This helped in creating sustainable institutional linkages on multiple scales. Hence, to improve financial inclusion, there is a need for providers to partner with local semi-formal micro-finance organisations since they know people's norms, values, opportunities and threats. Through these partnerships, suitable financial products can be made available for the unbanked that are

more scalable and sustainable. Lindley (2008) also maintains that informal channels of remittances or money in general are still in existence mainly because they draw upon existing social institutions, informal insurance and solidarity networks which are inclusive and sustainable in the long run.

One example of informal channels of remittances is *hundi/hawala* (*hundi* is trust in Hindi and *hawala* meaning transfer in Arabic) in the Middle East and South Asian countries which is a mechanism for debt transfer to facilitate long distance and cross-border trade. The *hawala* system is also adaptive and flexible as it changes to suit current global trends in technology and innovations such as mobile money. It functions particularly where the modern banking infrastructure is weak such as in Somalia and Afghanistan (Monsuti 2004). Furthermore, the historical trade dimension of *hundi/hawala* has often been underestimated, making it easy to overlook its potentially complex connections to the movement of goods and capital (Martin 2009). *Hawala* creates reliable routes for monetary and trade flows. Schramm and Taube (2003) liken *hawala* to rotating savings and credit associations that similarly arise in the contexts of insufficient, exclusionary and dysfunctional formal financial institutions. This enables the unbanked to gain transactional security through reference to social and cultural safeguards, for example *stockvels* in Southern Africa.

The ability of informal channels to operate successfully in the environments of weak or expensive legal and fiscal systems cannot be ignored if the broader goal is to detail migrants' agency and to attain higher levels of financial sustainability and inclusion for the unbanked. Informal channels are deeply embedded in religious and cultural traditions of their users unlike formal channels which are commercialised, run by third parties and not context-specific.

In addition, as remittances circulate in social networks, they cement and construct new socio-economic relationships. Through exchanges, social relationships are created by debts and obligation. In traditional African culture, giving equals saving. One way or the other, people who are members of social networks are obligated to give as a consequence of what Durkheim termed the 'non contractual element of the contract' (Mauss 1967). As far as mobile money is concerned, social networks are of crucial importance as 'wealth in people' (Guyer 1993) which sufficiently explain the persistence of informal channels of circulating cash among migrants and their networks.

According to Verhoef (2001), it is difficult to ensure sustainable financial livelihoods for the unbanked through conventional formal channels only. For example, in Botswana, Lesotho, Mozambique, South Africa and Zimbabwe, to mention a few, traditional kinship relations denied African women access

to property and off farm cash income. Due to this observation, women devised ways to cope with this exclusion in the form of rotating savings and credit associations (ROSCAs). These credit associations are exclusively run and controlled by women. These are well known in Southern Africa as *stockvels* which functions to ensure access to small credits, social and financial support to members in just the same way as formal financial institutions, such as banks.

Trust is a common feature for both formal and informal financial institutions but, on top of trust, informal financial institutions are based on *ubuntu* which means oneness, caring for each other and solidarity. Informal channels for remittances also persist due because they are quick and adaptive responses to crises and can respond to immediate problems in real time. Unlike formal financial institutions which assume that being banked is a rational human choice, membership of informal institutions like *hundi/hawala* and Southern African *stockvels* is not only a rational choice but has social considerations as well.

The importance of cultural values and templates is evident not only in the functioning of past *hawala* arrangements but also in present-day transnational diaspora networks. In light of this, Monsuti (2004) describes how culturally recognised mechanisms of solidarity and competition have been instrumental in forging durable transnational communities among the Hazaras, the third largest ethnic group of Afghanistan, through remittance transfers. Although mobile money is ensuring financial inclusion among unbanked Zimbabwean migrants, it is also important as a tool to cope with dispersion and insecurity among millions of Zimbabweans scattered all over the world. I can safely argue that mobile money organises communities from moment to moment regardless of geography, among a dispersed yet intimately bonded sphere of close contact in 'the floating world' (Gergen 2002). Similarly, Ballard (2012) also stresses the importance of cultural values and norms among UK-based South Asians (Pakistanis and Indians). There is a need to have a multiplicity of bases for the determining financial inclusion of the unbanked.

It is also critical to link both formal and informal channels, especially considering that nearly all transactions of *hundi/hawala* are settled through the formally organised banking system (Ballard 2012). Based on the above examples, informal channels of remittances run parallel to formal ones, especially among Zimbabweans in the diaspora. This is mainly due to the fact that money is a symbol of relationships. It strengthens existing relationships and helps in forming new bonds. Mobile money therefore pushes communities' physical boundaries outwards. According to Hart (2001) money can be

viewed as a new human universal in this present era of globalisation. Though the world is shrinking, becoming one global village, it is quite difficult to make people the same. Although technology, such as mobile money, is improving financial access and inclusion for the unbanked, their situation is still the same and this is not because the problem is financial exclusion nor the solution financial inclusion. The main problem is the way in which the West or the developed nations assume how people in the Global South deal with money. There is a need to investigate the factors contributing to exclusion, for instance gender, and also explore other issues that maintain the status of the unbanked apart from lack of legal documents in host countries.

Despite the fact that m-banking meets existing needs, such as the domestic remittance market in most developing countries, some people adopt mobile banking due to lack of viable alternatives to some extent (Maurer 2011). While it is true that the percentage of women accessing money is rising through mobile money, on the ground, women still feel comfortable dealing with money only in the domestic arena (Singh 1997). Most women are marginalised in issues of investment, insurance and risk management. According to Zelizer (2011), the gender of money biases women across cultures and generations to spend most of their money on children and household needs. This therefore means that mobile money providers can only improve unbanked access to financial products; it has not done much to deconstruct the gendered nature of money in households. Although a woman can now access 'a dollar of her own' (Singh 1997) the truth is she cannot invest it in land and property since that is the domain of men, as tradition and culture forbid her to do so. Women still have less financial wealth than men. For example, single women in the United States own 36 cents for every dollar of wealth owned by single men (Chang 2010).

Inasmuch as the unbanked are being included or excluded in formal financial services provision, especially through M-PESA in Kenya, other variants of mobile money facilities in most of sub-Saharan Africa and the G-cash mobile money facility in the Philippines, most marginalised people are still comfortable with informal systems of money transfer (Sultana 2009). Successful micro-finance innovations in Bangladesh, for example, by the Grameen Bank which lend marginalised women money with repayment and loan borrowing placed in the social context of peer networks, some women preferred to borrow from their friends and relatives rather than from the bank. This is not because poor people are conservative about change but because they feel that their own way of doing things is also superior and there is a need to merge both informal and formal activities to come up with a plural economy. This possibly explains why the informal sector is booming

in most African countries, and beyond not only for money transfers but also for a whole host of service provisions for the poor. For example, the anti-middlemen movement in Greece, due to the debt crisis, is one of the ways by which people exercise solidarity in times of hardships and shield the poor and marginalised through providing mutual socio-economic support for each other (Rakopolous 2010).

### **Socio-economic and political impacts of mobile money**

Mobile money has enabled previously unbanked people to access financial services that used to be beyond their reach. It has also helped poor households to contribute to economic, social and cultural growth by being active participants, not merely consumers of products. This therefore leads to their active participation in matters pertaining to socio-economic development; they now have a voice in issues they were previously not consulted on and are no longer viewed as economic development subjects without any agency (Fukuyama 1995). This is supported by the volumes of remittances recorded. For instance, the World Bank estimated formal remittances of US\$ 338 billion in 2008, with US\$ 21 billion in transfers to sub-Saharan Africa (World Bank 2009). These figures however exclude informal flows. Previously unbanked people can now access credits from micro-credit institutions and are investing in building their own infrastructure, paying school fees and meeting other day-to-day expenses. In most rural households in Zimbabwe, in which subsistence farming is a source of livelihoods, households have been able to improve previously failing and declining harvests. Households can now easily access inputs and other farming implements on time. For the first time ever, some farmers managed to have surpluses to sell to the Grain Marketing Board of Zimbabwe (Maodza 2014). This is mainly because mobile telecommunication aids access to information about weather, markets for produce and prices, since it improves connectivity within social networks and offers enhanced security. Mobile technology has the potential to reshape social and economic relationships in local communities, creating new networks and enabling new modes of money and information transfer (Aker 2010). Molony (2007) found that in Tanzania informal entrepreneurs and market traders rely almost solely on mobile phones for maintaining their networks and expanding their customer base. Moreover, remittances through mobile money are somewhat regular and aid sustainable financial management among the previously unbanked.

For Zimbabwean migrants in South Africa, mobile money has strengthened the ability of friends and families to support each other even if they reside far apart. It has become easier to participate in family issues

since mobile money has enabled 'absent presence' (Gergen 2002); one can easily send money and respond immediately to family needs. In addition, by cutting out unnecessary middlemen who used to add to the cost of sending and receiving money, mobile money proved to be convenient for the poor who earn meagre, precarious and irregular incomes. By using existing infrastructure such as retail shops as pay points, mobile money promotes low cost access to cash for the previously unbanked.

However, economic benefits do not accrue to all people using mobile money. In some cases, mobile banking has maintained existing inequalities especially between/among men and women since nothing much is being done to address the factors contributing to women's greater financial exclusion. A larger percentage of the previously unbanked still prefer to keep their money under their pillows and mattresses, particularly in Zimbabwe where there is mistrust of banks due to uncertain, unstable financial institutions and hyperinflation. Further, insufficient money in banks as a result of the dollarisation of the economy since 2009 to present has not improved the situation either; a lot of banks are being forced to close down, resulting in the loss of life-long savings. Therefore, with the usage of all these currencies at once, the unbanked are left out for the reason that they are not well versed in exchange rates (Noko 2011).

By enabling women to access money in their own names, mobile money has both negative and positive impacts on social relations. Naturally, in most patriarchal societies, particularly Zimbabwe, the man is the breadwinner; but this has now shifted since even migrant children can also become breadwinners in a household. Traditionally, in most sub-Saharan African countries, money in a household is owned and controlled by a man. Women could only access money through their husbands or fathers. In some cases, mobile money has led to the disruption of the social fabric through divorces, quarrels and disagreements on who sends and receives money. Some families and communities which used to be closely knit (through cooperatives and sharing) are now loosely integrated due to mobile money: for example there have been some extreme cases where people listed witchcraft and petty jealousies as effects of mobile money.

Unbanked people in marginalised communities are not homogeneous in aggregate; there is always a possibility that some are better off than others and so command a different level of inclusion than the worse off. There is no evidence on how these remittances are distributed among households; mobile money benefits are not felt uniformly. Resource poor communities where most unbanked people are concentrated do not have mobile network coverage, for the reason that most network providers also target areas which

are potentially profitable and productive. Differences in financial inclusion can result from poverty, culture and gender, as well as educational levels. A general observation is that the poorest of the poor cannot afford to migrate; for them mobility is expensive. For this reason and more, poor households do not have a hope of using mobile money to receive remittances. It follows therefore that mobile money as a form of financial inclusion is also exclusive and there is need for caution when discussing how financial inclusion has been promoted by mobile money.

Some households have been able to pull themselves out of poverty, particularly by sending children for tertiary education and opening small enterprises. Mobile money records can also be used to create credit profiles for previously unbanked adults. There has also been a reduction in infant mortality rates due to access to healthcare (UNDG 2010), as it is now easy for health officials to automatically send messages alerting people about current outbreaks and dates for mass immunisations (Acker and Mbiti 2010). Therefore, the overall standards of living for people, both in economic and social terms, have improved drastically.

### **Mobile money and the human economy**

There is a lot of evidence to suggest that mobile money can improve financial inclusion for previously unbanked people. To understand how mobile money can lead to a better economy for the poor, there is a need to explore how human economies are organised. For the purpose of this article, a human economy is understood as one with fewer socio-economic inequalities; individuals who are more or less at the same level of the social stratification pyramid and people who are self-interested and mutual at the same time (Hart, Laville and Cattani 2010). This type of economy can also be likened to ancient societies where people cared for each other and supported each other both socially and economically (Polanyi 2001 [1944]). Most of these societies used common pool resources, provided to each according to need, and from each according to ability. Individualism is not a common trait since people value being members of a united community. This led to a sense of oneness and mutuality in whatever activities people were doing. These economies were, to a larger extent, sustainable and more stable than our present-day cash economies: for instance, the act of giving each other gifts among the Trobriand Islanders of Melanesia (Mauss 1967; Polanyi 2001 [1944]). It follows from this that new forms of social interaction around mobile money recast longstanding traditions of reciprocity and are subject to cultural rules and debates. Through these networks, valuables are saved through gifts to be repaid in future in a different form of value (Mauss 1967).

It is also important to get to the roots of what exactly the unbanked Zimbabwean migrants are doing on the ground to secure livelihoods. For example, some are members of ROSCAs and micro-finance institutions. Migrant men and women have maintained contact with family back home, particularly through sending money constantly. Money is therefore used as a medium of relationships and care. Based on the above argument, mobile money has only improved, and not introduced a new form of financial inclusion for the unbanked; since they have been dealing with money all their lives, giving each other gifts in the form of money from time immemorial. There are many monetary and non-monetary exchanges that occur on a daily basis in the form of gifts (Mauss 1967). Therefore, in most areas where there are higher percentages of unbanked people, having cash in hand is not very important.

Polanyi (2001 [1944]) noted that historical societies did not allow community members to suffer from hunger unless the whole community suffered from famine. They shielded each other from crises on a mutual basis. The same observation from Polanyi's *The Great Transformation* is also true for Zimbabwean migrants in diaspora. In South Africa, Zimbabweans provide social and financial support for each other in times of crisis. It does not matter whether one is banked or unbanked, or has access to money or not; people always find ways to insert themselves in an unequal society or economy. According to Polanyi (2001 [1944]), the economic fallacy of the self-regulating market or the supremacy of the market has left the poor poorer and has favoured the elites.

The act of sending or receiving money through mobile money therefore keeps the lost sense of community alive, regardless of the distance separating families. In Zimbabwe, gifts are sent in many forms, including blankets, low cost household items and recently mobile money. It is evident from most migrant communities that gifts help in strengthening old relationships, social positions back home and in forging new ties among family and strangers in new localities. Therefore, money not only creates a multiplicity of relationships but also extends communities outside their physical boundaries (Hart 2001). Money in this case helps societies to grow especially through innovations and new forms of adaption to challenges.

The concept of the human economy recognises a multiplicity of meanings, forms and contexts. Based on this recognition, money also has a multiplicity of meanings, forms and uses in communities. There is the need to understand how people, especially the unbanked, perceive money. It is also important to look at the various ways through which the (un)banked insert themselves in a cash economy; and most importantly, to explore the

various ways through which they conduct exchanges, both monetary and non-monetary. In most local communities, there are plural economies<sup>8</sup> existing at the same time which complement each other. Thus, it is possible to find a thriving cash economy alongside barter economy. Provided that is the case, how then can we explain the benefits of mobile money to people who were previously managing their lives and surviving without having direct access to cash?

At one end of the spectrum, one could argue that the whole issue of financial inclusion for the unbanked is just an ideological weapon to incorporate the (un)willing masses into the global patterns of market consumerism, with the unbanked as new consumers of financial products which may or may not be compatible with their context or suitable to their needs. The idea of one big global village is highly superficial. The challenge is that communities are too diverse for their activities to be sufficiently captured under one big heading without automatically depoliticising development and prescribing wrong medicine for illness (Ferguson 2004 [1990]). The issue is that there can be a global village but without similar consumption patterns and it is important to explore these diverse patterns. For example, even in the smallest village, members have diverse needs which cannot be addressed by one solution.

According to Zelizer (2011), there are other forms of money, especially in most African communities. She specifically mentioned that the Tiv in Nigeria use brass rods as a form of money. One can pay *lobola* using these brass rods and not cash. Similarly, in most Southern African countries, including Zimbabwe, cattle are used as payment for bride price. The view of cash money as a universal form of payment is put to the test because these brass rods or livestock also serve the same functions as conventional notes and coins; money as a store of value, standard for deferred payments, a method of payment and as a measure of wealth. Mobile money therefore ensures that people have access to cash but it does not guarantee whether the previously unbanked are using cash exclusively in their daily transactions, and that is where the human economy comes in as it focuses not only on providing new ways of dealing with money for the unbanked but also tries to incorporate, improve and build on what the unbanked have been doing before the advent of new technologies.

For example, instead of abolishing informal remittance channels such as *hundi/hawala*, the human economy realises the need to improve the transparency of these systems, given the fact that they have been functioning for generations sustainably. Abolishing informal channels in favour of mobile money can only lead to massive uprisings by the unbanked, or even sabotage

to the telecommunications systems. Scott (1988) in *Weapons of the Weak* discussed the various ways through which the weak voice their concerns if they sense that their normal livelihood and survival options are at risk from new projects.

Mobile banking is evidently benefiting the previously unbanked but there is a need to recognise that informal channels are also important. Further financial service provision should also be context-specific and suitable for the poor and the previously (un)banked and marginalised people. There is always a need for provision of viable alternatives (Maurer 2011) and it is important to understand how people always fight to include themselves informally to ensure survival. This demonstrates that the unbanked have agency and so are not passive recipients of technological innovations, such as m-banking.

## Conclusion

Mobile money has greatly improved financial inclusion for previously unbanked people. Mobile money helps Zimbabweans in South Africa to conveniently save, receive and send money back home. It has greatly altered the inequalities that existed between the rich and the poor specifically in rural communities. Mobile money is also an effective tool towards inclusion in Kenya, Mozambique, Nigeria, South Africa and Tanzania, to mention a few countries. It has also improved socio-economic conditions, not only for the unbanked but also for the previously under-banked. However, informal channels of financial inclusion still persist in the form of *stockvels*, social networks, solidarity and kinship ties. These remain important to our understanding of how the unbanked access money and of money as a symbol of care among families. Even without a bank account or a mobile banking account, one can still access money by being a member of a social network (*stockvels*) in South Africa. In other words, mobile money can also assist in the creation of a more human economy, provided it is incorporated into the informal activities of the unbanked, context-specific and suitable for the needs of the unbanked, to avoid pushing them into further marginalisation. In as much as mobile banking can improve financial inclusion for the unbanked it also introduces different kinds of threats to the unbanked. Therefore, it is important to explore the factors contributing to wider exclusion and perpetrating inequalities. Lastly, and equally importantly, financial education for the unbanked is a prerequisite for ensuring sustainable social change from below. It is also necessary to understand the various contexts and forms in which people deal with money in their daily lives, in order to promote a just and inclusive society.

## Notes

1. For example, valid residence permit, (local) identity document, and proof of residence such as service bills in the applicant's name.
2. GSMA – an association that represents the interests of the worldwide telecommunication industry.
3. Adoption and use of the US dollar as legal tender in Zimbabwe.
4. Individuals or groups of people who acted as middlemen in the transportation of goods directly to intended destinations/beneficiaries.
5. Unfit shelters mostly made of plastic, corrugated iron sheets and scrap materials.
6. Personal interaction with people in my community.
7. The South African rand in the southern parts, the US dollar in the central parts and the Botswana pula in areas close to the Zimbabwe–Botswana border in the western parts of the country particularly Matabeleland Province.
8. Cash economy in parallel with barter trading, labour exchange, etc.

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