

# The New Security Environment and the Impact of a Lack of Security on African Economies

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# Africa's Economic Performances: Asia Tigers outrun by African Lions

- 2001 – 2010: 6 of 10 fastest growing economies, Africa outgrew Asia in eight of last ten years.
- Current high growth rates not just driven by natural resources, but also by wholesale / retail, construction, telecommunications, banking.
- Growth supported by structural policy changes which have reduced conflicts, improved macroeconomic/microeconomic situations, including the business environment.

# Africa's Economic Performance (2): Good Prospects for Future Growth

- FDI up from US\$ 11 billion in 2000 to US\$ 54 billion in 2011.
- Oil and commodity prices expected to remain favourable.
- New oil/gas discoveries.
- Africa has 60% of world's uncultivated arable land.
- Sustained policy reforms can support sustained growth across Africa: a record 78% of African economies pursued business regulatory reforms in 2011.

# Africa: Population Trends

- 2012: 1.1 billion people
  - 50% under 25
  - 35% urban (lowest of any continent)
  - Population growing by 25 million every year.
- Africa's population will double in 30 years.
- Urban population will double to 750 million (50% of Africa's population) by 2030.
- Kinshasa, Cairo, Lagos: world's 11th, 12th and 13th largest cities by 2030.

# Africa's Growing Workforce

- Africa's workforce: growing and better educated
- People of working age grew from 440 million in 2000 to 550 today.
- Workforce will be better educated: 60% of aged 20-24 will have secondary education (42% now)
- Africa needs to create 115 million jobs by 2020 2000 – 2008: Africa created 73 million jobs, but only 16 million for under 25's.
- Risks: Informal employment, unemployment, crime.

# Security: Global Trends

- 20th century dominated by two global wars, colonial struggle, Cold War, and efforts to establish international systems to foster peace and security.
- Some success: wars between states much less common; fewer civil wars.
- But insecurity remains a major development challenge: quarter of world's people live in areas affected by fragility, conflict, organised crime.
- Many countries facing cycles of repeated conflicts: 90% of civil wars 2000-2010 were in countries that already had civil wars in previous 30 years.



# Security: Global Trends, New Threats

- New threats: organised crime, terrorism, political violence
  - Organised crime: eg. drug trafficking through Guinea Bissau and Sahel. Human trafficking, corruption and money laundering.
  - Piracy in Somalia: 237 attacks in 2011, cost US\$ 6 billion. West Africa: 45 piracy attacks in 2011.
  - Terrorism: international groups exploit local conflicts.
  - Political violence: during electoral periods.
- New awareness: grievances can rapidly escalate when political economic, social change lag behind expectations, fuelled by modern media
- Natural resource competition: land, water, minerals, forests, climate change.



# Insecurity holds back Development

- Civil wars cost on average 30 years of GDP growth.
- Trade takes 20 years to recover.
- On average, conflict affected countries have over 20% higher poverty rates than peaceful countries.
- Impact spills over: a country loses 0.7% of GDP every year for each neighbour in conflict.

# Insecurity holds back development: the human cost

- Conflict in Africa has left over 50 million more living in poverty.
- Refugees and IDP's: 15 million across Africa. 75% of refugees are in neighbouring country.
- State failure in Somalia costs Kenya around US 250 million per year.
- No low income, fragile or conflict affected country has achieved even one of the MDG's.

# Insecurity holds back development:

## Business cost

- 30% of African firms identify crime as a major problem for their business.
- Firms in Sub-Saharan Africa lose a higher percentage of sales to crime and spend a higher percentage of sales on security than any other region: combined cost of over 5% of sales, some countries over 10%.

# Big gains possible if security is re-established and sustained

- Several countries emerging from long legacies of political and military / criminal violence have been among those making the fastest progress on MDG's:
  - Ethiopia quadrupled access to improved water between 1990 and 2010
  - Mozambique tripled primary school completion rate between 1999 and 2007
  - Rwanda reduced undernutrition from 56% in 1997 to 40% in 2005.

# Why this cycle of conflict?

- A combination of Security, Justice and Economic stresses meet Weak Institutions.
  - Political exclusion and inequality
  - Corruption, organised crime, terrorism
  - Youth unemployment
  - Urbanisation
  - Income shocks
  - New pressures: eg: national resource competition, climate change.
- Risks increase dramatically where Governments, institutions and markets fail to provide basic security, justice and economic opportunities for citizens.

# How to break the Vicious Cycle of Violence?

- Three prerequisites for move to Virtuous Circle of sustainable peacebuilding:
  - Restore confidence in collective action
  - Transform Institutions to provide
    - Citizen security
    - Citizen justice
    - Jobs
  - Good neighbours: regionalism and multilateralism
    - From non-interference to non – indifference
    - Regional/continental integration
- No quick fixes: this takes time and sustained policy/institutional reforms.

# Africa and the EU: Partnership in Action

- Since 2007 Africa and the EU have cooperated under the Joint Africa-EU Strategy with four main strategic objectives:
  - i) peace and security
  - ii) democratic governance and human rights
  - iii) trade, regional integration and infrastructure
  - iv) key development issues:
    - MDG's
    - Energy
    - Climate Change and Environment
    - Migration, Mobility, Employment
    - Science and Technology, Information, Society and Space



# Africa and the EU:

## Example: Supporting Peace and Security in the Horn of Africa

- In November 2011, EU approved the Horn of Africa Strategy with five areas for action
  - Building robust and accountable political structures
  - Contributing to conflict prevention and resolution
  - Reducing security threats
  - Promoting regional integration.
- Implemented with IGAD and AU.
- Comprehensive approach combining EU's humanitarian, development, political and diplomatic, military and security instruments.

THANK YOU