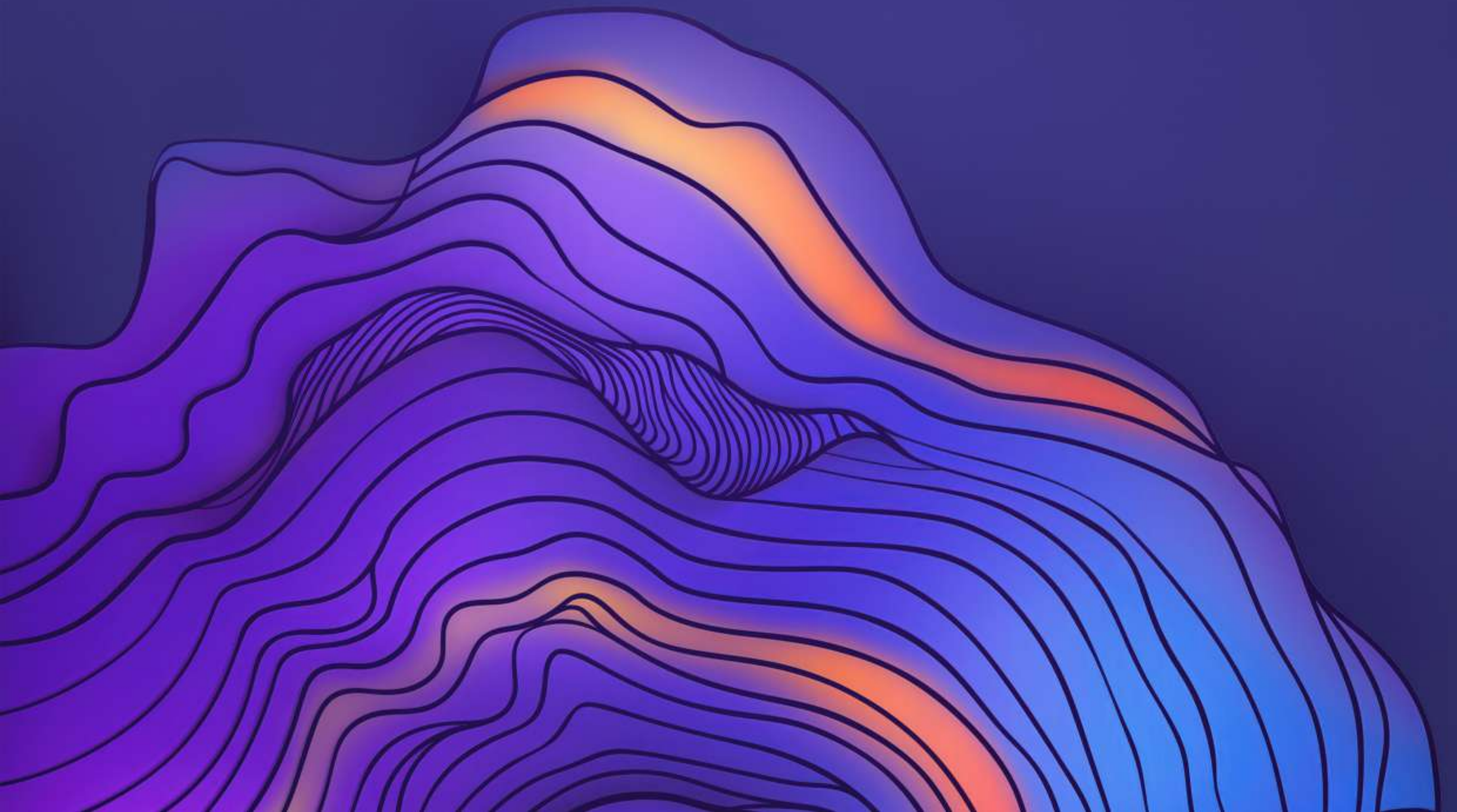
THE FUTURE OF GOVERNANCE IN THE SAHEL

(Re)building Social Cohesion and Public Trust



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Inside This Report

Acronyms

ACDEG	African Charter on Democracy, Elections and Government
AfCFTA	African Continental Free Trade Area
AfDB	African Development Bank
ADFC	African Diaspora Finance Corporation
ADR	Alternative Dispute Resolution
AFSIT	Africa Facility to Support Inclusive Transitions
AI	Artificial Intelligence
AMU	Arab Maghreb Union
APRM	African Peer Review Mechanism
ARII	African Regional Integration Index
AROs	Africa Regional Organizations
ASS	Alliance of Sahelian States
AU	African Union
BRVM	Bourse Régionale des Valeurs Mobilières
BVMAC	Bourse des Valeurs Mobilières de L'Afrique Centrale
CEDAW	Committee on the Elimination of Discrimination Against Women
CEMAC	Communauté Économique et Monétaire L'Africaine Centrale
CEN-SAD	Community of Sahel-Saharan States
CRCs	Community Resource Centers
CSOs	Civil Society Organizations
DDI	Diaspora Direct Investment
DPA	Data Protection Authorities
DPI	Diaspora Portfolio Investment
DRC	Democratic Republic of Congo
ECCAS	Economic Commission for Central African States
ECF	Extended Credit Facility
ECOWAS	Economic Commission for West African States
EU	European Union
FATF	Financial Action Task Force
FSRB	FATF-Style Regional Bodies
FDI	Foreign Direct Investment
FNDC	National Front for the Defense of the Constitution
GABAC	Action Group Against Money Laundering in Central Africa
GBV	Gender Based Violence
GGW	Great Green Wall
GIABA	Inter-Governmental Action Group against Money Laundering in West Africa
ICC	International Criminal Court
ICT	Information and Communication Technology
IDPs	Internally Displaced Persons
IFF	Illicit Financial Flows

Acronyms

IGOs	Inter-Governmental Organizations
IMF	International Monetary Fund
ISGS	Islamic State in the Greater Sahara
ISWAP	Islamic State West Africa Province
JNIM	Jama'at Nusrat al Islam wal Muslimeen
LCBC	Lake Chad Basin Commission
LGA	Liptako-Gourma Authority
MENAFATF	Middle East and North Africa Financial Action Task Force
MINUSMA	United Nations Multidimensional Integrated Stabilization Mission in Mali
MNJTF	Multi-National Joint Task Force
MPs	Members of Parliament
MSME	Micro, Small and Medium-Sized Enterprise
MTOs	Money Transfer Operators
ND-GAIN	Notre Dame Global Adaptation Initiative
NGOs	Non-Governmental Organizations
NGX	Nigeria Exchange Group
ODA	Official Development Assistance
OECD	Organization for Economic Co-operation and Development
PAPSS	Pan African Payment and Settlement System
REC	Regional Economic Community
RSF	Regional Stabilization Facility
RS-SRR	Regional Strategy for the Stabilization, Recovery and Resilience of the Boko Haram affected areas of the Lake Chad Basin Region
RUBI	Rural Broadband Initiative
SDGs	Sustainable Development Goals
SKC	School Knowledge Centers
SSE	Social and Solidarity Enterprise
UCGs	Unconstitutional Changes of Government
UEMOA	Union Économique et Monétaire Ouest Africaine
UN	United Nations
UNCCD	UN Convention to Combat Desertification
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa
UNISS	United Nations Integrated Strategy for the Sahel
UNOCHA	United Nations Office for the Coordination of Humanitarian Affairs
UNOWAS	United Nations Office for West Africa and the Sahel
WACA	West and Central Africa
WAEMU	West African Economic Monetary Union
WAMZ	West African Monetary Zone
WANEP	West Africa Network for Peacebuilding

Chapter 5

Economic Governance for Sustainable Development: New Approaches

Gibril Faal

Abstract

Given high levels of political instability and violence in the Sahel, it is not surprising that a high volume of literature exists, addressing different aspects of political governance. However, there is relatively little data and analytical information on economic governance, yet the lives and livelihoods of citizens are affected daily by high levels of poverty and prevalent socio-economic challenges. This chapter sets the scene on the nature, status, challenges and opportunities of economic governance in the Sahel. It makes a case for new approaches to address socio economic challenges with a focus on enhancing social cohesion and rebuilding trust between citizens and their governments.

Key words: Economic Governance, Sahel Integration, Operational Excellence, Diaspora Finance

Introduction

In furtherance to a 2013 United Nations Security Council resolution, the interagency UN Integrated Strategy for the Sahel (UNISS) was initiated. However, its mandate does not equate to a program for economic governance, but the three central pillars of 'governance, resilience and security'[276] affects, and are affected by economic activities, factors and frameworks. As a collection of nation states, economic governance is of direct and indirect relevance to the priorities in the Sahel.

In the ten West and Central African Sahel countries covered by UNISS and elsewhere, the governmental and intergovernmental institutions are the formal bodies responsible for economic governance. However, good governance requires the substantive participation of non-state actors including civil society. This is particularly relevant in the Sahel where important national and intergovernmental institutions are relatively weak, and the structures do not necessarily or actively include and/or integrate external stakeholders.

This chapter gauges the extent to which economic governance frameworks promote inclusive and sustainable development. It begins with a review of the context and evolution of economic governance. It then analyses existing gaps and challenges in policy and practice, focusing on the major factors that impede inclusive and sustainable economic governance and development. The chapter also explores the structural opportunities and feasible prospects for enhanced economic governance, within the prevalent socioeconomic and regional integration circumstances of the Sahel. It concludes by proffering specific, practicable and innovative approaches and actions to expand and enhance inclusive and sustainable development to foster social cohesion and rebuild public trust.

276. UNISS website: https://uniss-sahel.org/uniss-2/ - Accessed 25 July 2024

The Sahel is not a structured economic bloc, it is primarily a geo-climactic region,[277] stretching from the western to the eastern coasts of Africa. The major concerns that prompted and led to multilateral initiatives are not necessarily matters of economic governance. Rather, the urgent priorities relate to the devastating prevalence of terrorism, insurgency and political instability. These political issues trigger and exacerbate a vicious circle of other crises including: degradation of environmental resources and inadequate response to climate change; internal displacements and irregular migration; and decrease in the quality of lives, livelihoods and human development. As such, economic governance and actions are relevant in addressing the acute politico-economic, environmental and development challenges of the Sahel.

Economic governance relates to the institutional policy and implementation frameworks and structures that provide the rules, directives, procedures, protocols and standards that regulate, coordinate and incentivize economic activities, for the achievement of planned and desired socioeconomic and other related development outcomes. Economic governance structures operate at national, regional and international levels, whilst multilateral frameworks have gained greater prominence in the post Second World War period.

The 1944 Bretton Woods agreement and its institutions defined post-war global economic governance. At regional levels, economic cooperation and integration frameworks emerged, with Europe being the most advanced. The 1951 Treaty of Paris, which created the European Coal and Steel Community (ECSC) defined Western European economic governance. ECSC evolved into the European Economic Community in 1957, and eventually into the European Union in 1993. This background indicates the centrality of multilateral treaties and institutional structures in the field of economic governance.

In postcolonial West and Central Africa, including Sahel countries, economic governance was driven by two major factors, namely, continuity of the 1945 Francophone monetary union structures, and the promotion of regional integration amongst the newly independent states. The former French colonies (except Guinea and Mauritania) maintained a single currency,[278] two supranational central banks, and two regional monetary unions.[279] In West Africa, the Union Monétaire Ouest Africaine (UMOA) was formed in 1962, and reformed into the Union Économique et Monétaire Ouest Africaine (UEMOA) in 1994. In Central Africa, the Union Douanière et Économique D'Afrique Centrale (UDEAC) was formed in 1964, and in 1994 it was reconstituted as the Communnauté Économique et Monétaire L'Africaine Centrale (CEMAC).[280]

Over ten years after the formation of UMOA and UDEAC, the Economic Commission for West African States (ECOWAS) was established in 1975 to foster regional economic integration. This was five years before the 'Lagos Plan of Action for the Development of Africa 1980-2000', which can be seen as the forerunner to the 1991 'Treaty Establishing the African Economic Community (Abuja Treaty)'. Subsequently in 1983, the Economic Commission for Central African States (ECCAS) was established. In the 1990s, the treaties and governance structures of these Regional Economic Commissions (RECs) were updated to include broader politico-social themes. The RECs in Africa and in the Sahel continue to provide comprehensive economic governance frameworks,[281] even though there are major implementation deficiencies.[282]

Factors that Impede Inclusive and Sustainable Economic Governance

Both the United Nations (UN) and the African Union (AU) have developed models for assessing economic governance, with the conceptual and policy assumption that higher levels of good governance result in more inclusive and sustainable socioeconomic development. In 2020, the UN identified factors such as high spending on health and social protection, reduction of public sector wastage, and transparency and accountability, as important factors for good economic governance frameworks.[283]

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277. The UNISS website describes the Sahel as the "semi-arid region of Africa separating the Sahara Desert to the north and tropical savannas to the south" https://uniss-sahel.org/geography/ – Accessed 25 July 2024

278. In 1962, Mali replaced the West African CFA currency but readopted it in 1982; and the former Portuguese colony Guinea Bissau adopted the CFA currency in 1997

279. Pigeaud, Fanny and Sylla, Ndongo Samba (2021), Africa's Last Colonial Currency: The CFA Franc Story, (Translated by Thomas Fazi), Pluto Press, London

280. In English, UEMOA is referred to as the West African Economic Monetary Union (WAEMU), and CEMAC is the Economic and Monetary Community of Central Africa; See: Gnanguênon, Amandine (2020), Mapping African Regional Cooperation, European Council on Foreign Relations (ECFP), Berlin

281. African Union website: https://au.int/en/organs/recs – Accessed 25 July 2024

282. Lavergne, Réal (Ed.) (1997), Regional Integration and Cooperation in West Africa: A Multidimensional Perspective, Africa World Press (AWP) and International Development Research Centre (IDRC), Ottawa

283. United Nations (2020) Economic Governance: Guidelines for Effective Financial Management, UN Department of Economic and Social Affairs (UN DESA), New York

Both the United Nations (UN) and the African Union (AU) have developed models for assessing economic governance, with the conceptual and policy assumption that higher levels of good governance result in more inclusive and sustainable socioeconomic development. In 2020, the UN identified factors such as high spending on health and social protection, reduction of public sector wastage, and transparency and accountability, as important factors for good economic governance frameworks.

In a similar vein, in 2022, the AU's African Peer Review Mechanism (APRM) stated that the "key elements contributing to good economic governance include transparency, accountability, and enabling environment for private sector development and growth and of course institutional development and effectiveness". [284]

Basic Framework of Good Economic Governance (UN DESA 2020)

1. Reduction in **extravagant and unproductive government expenditure;**

2. **Higher spending on primary health and education;** and adequate **social protection** for the poor, the unemployed and other vulnerable under-served sections of the society;

3. The creation of a more **level playing field for the private sector** activity, by increasing the openness, stepping up the privatization process, **reducing the power of monopolies** through appropriate legal and administrative measures, and setting up more **transparent and simpler legal and regulatory systems** and frameworks;

4. **Stronger banking sector** which protects small savers and other depositors, and reduce risks for shareholders and creditors by enforcing **stricter prudential standards and information disclosure requirements;**

5. **Reform of tax systems** to make them more efficient, effective, equitable and fairly comprehensible;

6. Greater **transparency and accountability in government and corporate affairs.**

Extracted by the author from: United Nations (2020) Economic Governance: Guidelines for Effective Financial Management, UN Division of Economic and Social Affairs, New York

Box 1: Basic Framework of Good Economic Governance

284. APRM (2022), Drivers of Economic Governance Performance in Africa: A Cross-Country Analysis February 2022, AU African Peer Review Mechanism (APRM), Midrand

Drivers of Economic Governance Performance in Africa (AU-APRM 2022)

1.	**Stable Macroeconomic Environment**
1.1	Inflation (Annual Percentage)
1.2	External Reserves
1.3	Real Interest Rates
1.4	Real GDP per Capita
2.	**Sound Public Financial Management and Accountability**
2.1	Government Expenditure
2.2	Debt as Percentage of GDP
2.3	Budget Balance
3.	**Integrity of the Monetary and Financial System**
3.1	Foreign Direct Investment
3.2	Trade as Percentage of GDP
3.3	Current Account Balance
4.	**Social Development**
4.1	Infant Mortality Rate
4.2	Adult Literacy Rate
4.3	Poverty Rate

Summarized and edited by the author from: APRM (2022), Drivers of Economic Governance Performance in Africa: A Cross-Country Analysis, African Peer Review Mechanism and African Union, Addis Ababa

Box 2: Drivers of Economic Governance Performance in Africa

UN DESA and AU APRM identified ten factors as the basic framework and core drivers of good economic governance (as shown in Boxes 1 and 2 above). The performance of Sahel countries against these factors varies significantly, with evidence of polar differences. For example, Nigeria can be described as having a very strong banking system, with some of its banks operating and holding sizeable market share in other African countries. On the other hand, Burkina Faso with a population of about 23 million has 13 commercial banks, compared to Gambia which has 12 banks and a population about 2.5 million.

The common economic governance challenges in the UNISS countries are closely and intricately linked to the actual and potential destabilizing impacts of insecurity, political instability and climate change, to varying degrees of intensity. The African Economic Outlook 2024 stated that:

"Indeed, climate change poses grave threats to countries across Africa – but especially in transition states in the Horn of Africa and across the Sahel region....a 1-degree increase in temperature is associated with more than a 10-percentage point decrease in the agricultural employment share.....evidence also suggests that recurrent conflicts across the continent, particularly in regions such as the Sahel and the Horn of Africa, have further served as a push factor out of agriculture.....In addition, findings suggest that agricultural production may fall heavily in regions affected by conflict, due to adverse effects on labor supply, access to land, access to credit, and/or direct effects on capital such as theft and destruction".[285]

In the Sahel, the factors that are contrary to the UN and AU frameworks for good economic governance are prevalent. These impediments to inclusive and sustainable economic development are summarized below:

a. High Levels of Poverty: All the countries are categorized as low human development countries, with Cameroon being the exception.[286] The bottom ten countries in the world with the lowest Human Development Index scores include Burkina Faso, Chad, Mali and Niger — all of which are affected by terrorism, political instability and climate change. Poverty limits people's capacity and/or agency to engage in and/or advocate for better economic governance.

285. AfDB (2024), African Economic Outlook 2024: Driving Africa's Transformation – The Reform of the Global Financial Architecture, African Development Bank, Abidjan

286. UNDP (2024a), Human Development Report 2023-24: Breaking the Gridlock: Reimagining Cooperation in a Polarized World, United Nations Development Programme, New York

b. Weak Implementation: The countries have the fundamental economic governance architecture in place and are parties to multilateral agreements that provide operational frameworks. However the challenge of insecurity and environmental crisis tend to pose emergency life and death threats, which relegate the prioritization of good economic governance. Weak implementation then reduces credibility and trust in the state, thereby reducing the options and opportunities for economic productivity, output and inclusion. This feeds a vicious cycle whereby precarious economic conditions exacerbate political instability, intensify conflicts, and deepen national insecurity.[287]

c. Marginalized Sectors: Economic governance is dominated by a duopoly of the nation states and multilateral institutions. The private sector, civil society and other non-state institutions are generally marginalized and treated mainly as regulated or supervised entities that need to comply with governance rules and regulations. Unlike in some other regions and countries, regulation is not balanced with proactive and purposeful facilitation to optimize the inherent entrepreneurial and innovative strengths and capabilities of the private sector. These conditions limit the opportunities for the private sector to create and maintain jobs that provide good and sustainable livelihoods.

d. External Rule Making: The most important economic governance frameworks, especially relating to macroeconomics, trade and international financial flows are based on global rather than regional agreements. These frameworks are dominated by countries with large economies, which tend to be the rule-givers, reflecting their priorities and prevailing interests. The actual and emerging priorities of the Sahel are not necessarily reflected in these international frameworks. Consequently, the options and opportunities to reduce poverty and expand economic inclusion and development are minimized and marginalized.

Structural Opportunities for Enhanced Economic Governance

Despite institutional weaknesses, the different layers of economic governance structures are already in existence and are implemented to varying degrees of effectiveness. Furthermore, specific structural opportunities are also in place to develop and enhance economic governance and catalyze inclusive and sustainable development. These opportunities include: well-established national, regional and continental frameworks which can be improved; participation in regional and international monetary regulatory regimes as full members with all de jure rights and powers; medium-level of economic integration (based on the African Regional Integration Index), which can be accelerated by diligent implementation of the new African Continental Free Trade Area (AfCFTA).

National, Regional and Continental Frameworks

The core economic governance frameworks are the national fiscal and monetary management structures. These include laws, rules, regulations, policies, procedures and standards covering matters such as: annual budgets, taxation, procurement, spending and audit frameworks guided by constitutional and parliamentary procedures; banking, financial services and capital market regulation guided by legislation and overseen by statutory regulators; Balance of Payment (BOP) accounts and related international financial reporting obligations guided by manuals and rules overseen by the International Monetary Fund (IMF) and the World Bank.

Many Sahel countries also regularly access IMF programs such as the Extended Credit Facility (ECF) and the Resilience and Sustainability Facility (RSF), to abate and manage financial crises.[288] Others have sovereign credit rating provided by global rating agencies.[289] These financing programs subject the countries to additional economic governance obligations. Despite the severe economic conditions, and unconstitutional military takeovers, the Sahel countries have maintained core competencies in managing the national economy through the technocratic civil service. This chapter argues that economic inclusion and sustainability is better enhanced by reducing prevalent underperformance and optimizing beneficial outputs from existing structures, before seeking to build new structures.

All 10 UNISS countries are longstanding full members of one of three RECs. The comprehensive and integrationist economic governance frameworks of the RECs are domesticated and incorporated in core national systems and structures. In January 2024, military heads of state of Burkina Faso, Mali and Niger announced their withdrawal from ECOWAS. Such withdrawal is a process rather than a single act, so some rights and responsibilities of the states remain in place in the short term. In July 2024, these countries created a confederation of the Alliance of Sahel Sates (ASS), with stronger political and economic governance structures, to replace ECOWAS frameworks.

Furthermore, all UNISS countries except Cameroon are members of the Sahel-specific REC, namely, the Community of Sahel-Saharan States (CEN-SAD). Although CEN-SAD is not fully functional, all the member states have subscribed to a potential Sahel economic bloc. RECs facilitate the harmonization of economic rules and regulations, and expansion of markets beyond national boundaries. This in turn contributes to the expansion and enhancement of inclusive and sustainable development amongst member states and in the region.

287. Oxfam (2019), Sahel: Fighting inequality to respond to development and security challenges, Oxfam International, Oxford

288. IMF Factsheets: https://www.imf.org/en/About/Factsheets/IMF-Lending – Accessed 25 July 2024

289. Economic data portal: https://tradingeconomics.com/country-list/rating?continent=africa – Accessed 25 July 2024

All the UNISS countries are signatories to the AU Agenda 2063 master plan. They have ratified the Treaty Establishing the African Economic Community (Abuja Treaty 1991), and the Agreement Establishing the African Continental Free Trade Area (AfCFTA), taking on board the attendant and evolving economic governance obligations of these treaties. The Sahel countries are committed to be part of the African single market, and to eradicate tariffs and non-tariff barriers to boost intra-Africa trade. This is a structured continental approach to unleash the untapped potential of countries and accelerate socioeconomic development for all. All UNISS countries are also signatories to the UN 2030 Agenda and the Sustainable Development Goals (SDGs), with economic and development obligations, especially relating to: SDG 1 on ending poverty; SDG 8 on inclusive growth and decent work; SDG 10 on reducing inequalities, and SDG 16 on peace, justice and inclusive societies.

Main Economic Governance Frameworks in UNISS Countries					
UNISS Countries	**Sahel Economic Community**	**Regional Economic Community**	**Monetary Union/ Zone**	**Capital/ Stock Markets**	**AML/ CFT Review & Monitoring**
Burkina Faso	CEN-SAD	ECOWAS	UEMOA	BRVM	GIABA
Gambia	CEN-SAD	ECOWAS	WAMZ	None	GIABA
Guinea	CEN-SAD	ECOWAS	WAMZ	None	GIABA
Mali	CEN-SAD	ECOWAS	UEMOA	BRVM	GIABA
Niger	CEN-SAD	ECOWAS	UEMOA	BRVM	GIABA
Nigeria	CEN-SAD	ECOWAS	WAMZ	NGX	GIABA
Senegal	CEN-SAD	ECOWAS	UEMOA	BRVM	GIABA
Cameroon	None	ECCAS	CEMAC	BVMAC	GABAC
Chad	CEN-SAD	ECCAS	CEMAC	BVMAC	GABAC
Mauritania	CEN-SAD	AMU	None	None	MENAFATF

Box 3: Main Economic Governance Frameworks in UNISS Countries in 2024

Monetary and Financial Regulation

There are doubts whether the Eco will be the single currency for all ECOWAS countries by 2027 as proposed, given that: it was previously planned for 2001, many other targeted timelines have been missed and there are new challenges to integration.[290] However, the reality remains that six UNISS countries are part of the two longstanding Francophone CFA currency monetary zones (UEMOA and CEMAC), and are subject to the economic governance of the two supranational central banks. Three countries have been working to achieve the convergence criteria set by the West African Monetary Zone (WAMZ) since 2000. Mauritania is the only UNISS country that does not operate within an actual or planned monetary union economic governance framework.

The existence and operation of capital markets provide an additional layer of economic governance systems and structures in a country. Nigeria has a mature and active capital market sector. The Nigeria Exchange Group (NGX), formerly the Nigeria Stock Exchange was founded in 1960 and is one of the biggest capital markets in Africa.[291] Four of the UNISS countries within UEMOA (Burkina Faso, Mali, Niger and Senegal) are also part of the regional stock exchange, the Bourse Régionale des Valeurs Mobilières (BRVM), which began operations in 1998.[292] For the CEMAC region, in 2019, the stock exchanges in Cameroon and Gabon were merged to create the Bourse des Valeurs Mobilières de L'Afrique Centrale (BVMAC).[293] The new stock exchange is dominated by Cameroonian stocks, but Chad is part of the economic governance framework created by this merger.

Three of the UNISS countries (Gambia, Guinea and Mauritania) do not have functioning capital and stock markets. Gambia enacted the Capital Market and Securities Act (CSMA) in November 2021 and is currently setting up the required structures, under the supervision of the Central Bank of The Gambia.[294] Guinea does not seem to have any plans to establish one in the short term. Despite an announcement in 2014 by the Central Bank of Mauritania (CBM) that a stock exchange will be set up, the country still does not have capital market regulation or structures.[295] In fact, Mauritania is the only UNISS country not governed by capital market legislation or monetary union regulations.

290. UN DESA (2024), A Current Challenge to Regional Integration in West Africa, Monthly Briefing No. 179, United Nations Department of Economic and Social Affairs, New York

291. Nigeria Exchange Group website: https://ngxgroup.com/about/ – Accessed 25 July 2024

292. BRVM website: https://www.brvm.org/en/node/61597 – Accessed 25 July 2024

293. Kingsley, Kelly Mua and Kouam, Henri (2022), Stock Markets as a Lever for Growth in Central Africa: The Case of BVMAC, Online Blog

294. IMF (2022), The Gambia: IMF Country Report No. 22/195, International Monetary Fund, Washington DC

295. MFWA news report: https://www.mfw4a.org/news/mauritania-create-stock-exchange; and US Dept. Of State country report: https://www.state.gov/reports/2022-investment-climate-statements/mauritania/ – Accessed 25 July 2024

Given that the Arab Maghreb Union (AMU) is not fully functional, Mauritania is also not operating with a comprehensive REC framework for economic governance.

The Financial Action Task Force (FATF) was established in 1989 by the Group of Seven (G7), focusing on Anti-Money Laundering (AML). In October 2001 in the immediate aftermath of the 11 September terrorist attacks in the United States, Countering the Financing of Terrorism (CFT) was added to the FATF mandate. In 2012, a third mandate was added, namely, Countering the Financing of Proliferation of weapons of mass destruction (CFP). All the UNISS countries are subject to the FATF mandate through their membership of the FATF-Style Regional Bodies (FSRB). For the UNISS countries, the relevant FSRBs are: the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA), which is an institution of ECOWAS; the Action Group Against Money Laundering in Central Africa (GABAC), which is a specialized institution of CEMAC; and the Middle East and North Africa Financial Action Task Force (MENAFATF).

Practicalities of Economic Integration

The African Development Bank (AfDB) and UN Economic Commission for Africa (UNECA), in partnership with the AU, produce the African Regional Integration Index (ARII), covering a comprehensive range of factors. As a composite index, there are 16 indicators, under the five integration themes of Trade, Production, Macroeconomics, Infrastructure, and Free Movement of People.[296] The 2019 ARII provides a snapshot of the state of economic integration within the RECs.[297]

The 2019 ARII rated CEN-SAD as having low levels of economic integration. It is the least integrated of all the four RECs that cover the Sahel countries. Its highest score was on free movement of people; the lowest score was on the productive dimension, and it was also weak on infrastructure. It scored the lowest on the macroeconomic dimension. The relatively low level of economic integration is corroborated by other institutions, including the Institute for Security Studies, which questioned “what value the body adds since all its members already belong to other RECs”.[298]

Although weak, CEN-SAD is still in existence, and its goals and structures were designed to specifically address challenges and opportunities in the Sahel. In addition to an Economic Social and Cultural Council, the economic governance institutions include a Permanent Council for Sustainable Development and a Sahel-Saharan Bank for Investment and Trade. Theoretically, CEN-SAD offers a framework for economic governance, but in practice the REC was moribund for a decade. The decline was due largely to the fact that it was championed and bankrolled by the former Libyan President Muammar Gaddafi, who was killed in 2011.[299]

In recent years, actions have been undertaken to rejuvenate the REC. A revised treaty was adopted in 2013, and Chad hosted Extraordinary Conferences of Heads of State and Government in N’Djamena in February 2013,[300] and in April 2019.[301] In March 2022, the 21st Ordinary Session of the Executive Council was held in Rabat, Morocco, the first since the 20th Session was held in March 2014 in Khartoum, Sudan.[302] The relevance of CEN-SAD for security and economic development in the Sahel was reiterated. A proposal was made to convene a regular Economic Forum to kick-start the ambitious economic goals of the REC, and a return to full functionality.

In recent years, the CEN-SAD leadership and secretariat have resumed their participation in relevant regional and international forums, to re-establish links and create momentum for implementation actions.[303] With the return of the headquarters to Tripoli in 2023, Libya recently hosted the CEN-SAD Conference of Labor Ministers in November 2023,[304] and the Conference of Youth and Sports Ministers in April 2024.[305]

296. African Regional Integration Index (ARII): https://www.integrate-africa.org/ – Accessed 25 July 2024

297. The most recent 2021 report did not have a detailed and interactive country and regional ratings and rankings similar to the 2019 report; African Union (2021), African Integration Report, African Union, Addis Ababa

298. Louw-Vaudran, Liesl (2022) Africa’s mishmash of regional blocs doesn’t add enough value, Online Article, Institute for Security Studies (ISS), Pretoria

299. Taha, Saeed Ali Ahmed (2016), Efforts of Integration in the African Regional Groupings: The Community of Sahel-Saharan; Africa Perspectives, Vol 13, Issue 44, pp. 17-29

300. CEN-SAD conference final communiqué:
https://www.peaceau.org/uploads/tchad2013-projet-de-communique-final.pdf – Accessed 25 July 2024

301. Nigeria State House daily diary: https://statehouse.gov.ng/daily/sat-13-4-19/ – Accessed 25 July 2024

302. Morocco Ministry of Foreign Affairs report: Accessed 25 July 2024
https://diplomatie.ma/en/mfa-nasser-bourita-morocco-proposes-creation-economic-forum-cen-sad-countries

303. For example, in March 2023, the CEN-SAD Executive Secretary attended the 49th Session of the Council of Foreign Ministers of the Organization of Islamic Cooperation (OIC), and had a bilateral meeting with the OIC Secretary General https://www.oic-oci.org/topic/?t_id=38693&t_ref=26322&lan=en – Accessed 25 July 2024

304. Libya Herald news report (28 November 2023): Accessed 25 July 2024
https://libyaherald.com/2023/11/sahel-saharan-summit-in-tripoli-discusses-challenges-of-labour-migration-and-ways-to-confront-them/

305. Libya Observer news report (25 April 2024): Accessed 25 July 2024

As CEN-SAD moves towards rejuvenation, ECOWAS witnesses extraordinary divisions. Of the five original G5 Sahel countries,[306] Mali withdrew in May 2022; Burkina Faso and Niger withdrew on 2 December 2023; and Chad and Mauritania proposed the dissolution of the alliance on 6 December 2023.[307] Burkina Faso, Mali and Niger which are all ruled by military regimes announced their withdrawal from ECOWAS in January 2024, and on 6 July 2024 they signed a confederation treaty, forming the Alliance of Sahel States.[308] It should be noted that the trio of countries have withdrawn from G5 and ECOWAS, but not from CEN-SAD. Whether CEN-SAD's attempt to regain momentum will succeed is an open question, but its revised treaty set out ambitious goals for economic inclusion and sustainable development,[309] which remain highly relevant, especially for the countries with the lowest HDI scores.

The 2019 ARII rated ECOWAS as moderately integrated. Its highest score was on free movement, being the highest of the four Sahelian RECs. Its lowest score was on the productive dimension, being the lowest of the four. Its average was pulled down because seven of the 15 countries had very low scores on both the productive and infrastructure dimensions. ECOWAS is a vibrant and active REC, and its UNISS members include Nigeria, which is one of the largest economies in Africa. The withdrawal of the three landlocked countries on its northern borders will have economic impacts given the relatively high rates of regional trade.

The 2019 ARII rated ECCAS as moderately integrated. Its highest score was on macroeconomics, being the highest of the four Sahelian RECs, with 10 of the 11 members scoring high or very high (Angola scored low). Its lowest score was on the productive dimension. Of the four RECs, it also had the lowest score on the trade dimension, although its infrastructure was better than that of CEN-SAD and ECOWAS. It is worth noting that only two of the 11 ECCAS countries (Cameroon and Chad) are part of UNISS.

The 2019 ARII rated the Arab Maghreb Union (AMU) as moderately integrated. Its highest score was on macroeconomics, and its lowest score was on free movement. Of the four Sahelian RECs, it had the highest score for both the trade and infrastructure dimensions. Although rated in the same category as ECOWAS and ECCAS as moderately integrated, it had the highest average score amongst the three, and is the smallest REC, with only five members. However, AMU is beset with political problems, reflecting the long-term tensions between Morocco and Algeria.[310] The Secretariat is in Rabat, Morocco, but high-level meetings have not been held since 2013. In fact, Morocco had previously sought to join ECOWAS.[311] On the other hand, Mauritania, the only UNISS country that is part of AMU, was part of ECOWAS but left in 1999. The fact that the AMU Secretariat operates irrespective of the absence of high-level deliberations is one of the reasons why the REC has not suffered a terminal decline.

2019 African Regional Integration Index (ARII) - Ranking of UNISS Countries (Scores: 0 to 1)		
UNISS Countries	**Aggregate Score**	**Performance Category**
Cameroon	0.60	High
Senegal	0.51	High
Burkina Faso	0.49	High
Mali	0.42	High
Nigeria	0.41	High
Mauritania	0.41	High
Gambia	0.39	Average
Guinea	0.38	Average
Niger	0.35	Average
Chad	0.29	Low

Box 4: 2019 African Regional Integration Index (ARII)

https://libyaobserver.ly/news/cen-sad-ministers-youth-and-sports-meeting-concludes-tripoli

306. G5 Sahel was formed in 2014 by Burkina Faso, Chad, Mali, Mauritania, and Niger, with the support of France, to facilitate institutional cooperation and alliance on security and development; in 2017,the G5S Joint Force was formed

307. UN Security Council Monthly Forecast (May 2024): Accessed 25 July 2024
https://www.securitycouncilreport.org/monthly-forecast/2024-05/group-of-five-for-the-sahel-joint-force-9.php

308. Karr, Liam (2024), Sahelian Juntas vs. ECOWAS in Africa File, July 11, 2024, Institute for the Study of War (ISW), Washington DC

309. World Trade Institute's Electronic Database of Investment Treaties (EDIT):
https://edit.wti.org/document/show/5dbd7174-6ed3-403d-a5ed-9b1de76cd34e – Accessed 25 July 2024

310. Amirah-Fernandez, Haizam (2023), The Maghreb: Regional Disintegration and the Risks of the Zero-Sum Logic, Italian Institute for International Political Studies (ISPI), Milano

311. Louw-Vaudran, Liesl (2022) Africa's mishmash of regional blocs doesn't add enough value, Online Article, Institute for Security Studies (ISS), Pretoria

The ARII scores of the individual UNISS countries shows that six are high performers on this composite index of regional and economic integration. Three are average performers, and only one (Chad) is rated as a low performer. Most of the countries do relatively well on free movement, and there is diversity regarding the relative economic integration strengths and weaknesses of each country. Many of these Sahel countries have historic economic and trading relationships with neighboring countries, and the populations have strong personal and family connections. The informal socioeconomic relations predate and have survived colonial divide, regional conflicts, environmental disasters and economic competition. Furthermore, having signed and ratified AfCFTA, the Sahel countries have the chance to implement different aspects of the treaty and facilitative frameworks, to positively transform economic performance and inclusive development.

New Approaches for Inclusive and Sustainable Development

This chapter argues that attainment of inclusive and sustainable socioeconomic development is key for social cohesion and public trust. To achieve such development requires improvements, innovations and operational excellence in the practical implementation of existing policies and frameworks, not necessarily the reform, overhaul or formulation of new frameworks. As presented in preceding sections, there is a plethora of economic governance frameworks operating at different levels that may not be perfect but are adequate to facilitate and produce far better outputs and outcomes than has been the case.

There have been numerous studies and technical and expert workshops, which have diagnosed the nature and causes of socioeconomic and development failure in the Sahel, using different conceptual and methodological perspectives.[312] There are umpteen sets of recommendations about the need for political will, institutional capacity development, and implementation compliance. Nevertheless, the Sahel is characterized by: severe poverty and low human development; terrorism, insurgency and military dictatorships; desertification and environmental degradation; unfair exploitation of natural resources and illicit financial flows. None of these factors are by themselves unique to the Sahel, together they create the devastating problems and vicious circle associated with the region.

This chapter further argues that there is virtue in refocusing effort and resources on prioritization, innovation and approaches that would expand and enhance socioeconomic development irrespective of the endemic disabling factors prevalent in the Sahel. Inevitably, these new approaches will include non-conventional, disruptive and even experimental practices. Successful adoption of these new approaches will: tap into actual but underused options and opportunities; deliver public benefit in the short term; influence medium term trajectories; and contribute to the attainment of long term inclusive and sustainable development.

The proposed new approaches require: focus on practice-based operational excellence for development impact, rather than endless policy analysis and reviews; creative support of the informal sector to increase the creation of decent jobs, rather than the continuance of formalized structural marginalization of small businesses; support to new and innovative forms of environmental, social and solidarity enterprises to address challenges and stimulate public benefit in the face of market failure; provision of new financial products to access the untapped diaspora resources including savings held abroad; and improvement of advocacy competencies to reflect Sahel priorities in international economic regulations.

Focus on Operational Excellence

There are many aspects of economic governance whereby the policy frameworks are well established and adequately understood, whilst their implementation, results and impact are well below the ambitions of the letter and spirit of the frameworks. This is evident in areas such as free movement of goods and services, and monetary union. To attain higher development impact, the approach to implementation requires a seismic mind shift amongst policymakers and technocrats, and real change in performance. As argued: "We cannot be serious and credible about ushering in change for greater effectiveness by doing things in the same way that have failed in the past. Aristotle stated that: 'virtues are formed in man by his doing the actions', from which Will Durant elaborated, stating that: 'Excellence is an art won by.....habituation. We do not act rightly because we have virtue or excellence, but we rather have those because we have acted rightly. We are what we repeatedly do. Excellence, then, is not an act but a habit'.....we have normalized mediocrity and by default entrenched ineffectiveness and inefficiency. It need not be this way".[313]

312. See: Gambarotta, Hector (1980), The Sahel Region: Splendour Yesterday, Famine Today, What Will Happen Tomorrow?; ' CODESRIA Africa Development/Afrique et Développement', Vol. 5, No.1 (Jan-Mar 1980), pp.5-38; UNECA (2019), Sahel 2043: Towards a Resilient, Inclusive and Prosperous Sahel Region, United Nations. Economic Commission for Africa, Addis Ababa; Devermont, Judd and Harris, Marielle (2020), Rethinking Crisis Responses in the Sahel, Center for Strategic and International Studies (CSIS), Washington DC; Dieng, Adama (2022), The Sahel: Challenges and Opportunities, in 'International Review of the Red Cross', 103 (918), pp. 765–779

313. Faal, Gibril (2017), Overprincipled and Underperforming: Why We Need a Practice-based Global Compact on Migration, in McAuliffe, M. and M. Klein Solomon (Conveners) (2017) Ideas to Inform International Cooperation on Safe, Orderly and Regular Migration, IOM, Geneva

For the Sahel and other regions with implementation deficits, foundational action points are needed. Firstly, at all levels, a binary posture needs to be taken, namely, 'to do or not to do; that is the only question'. Secondly, only minimal time and resources should be spent on new diagnoses of policy failure. Instead, resources, innovation, technology and promotional incentives should be deployed to make implementation beneficial and attractive to diverse consumers, customers and other stakeholders. Thirdly, entities at all levels should extract and demonstrate the benefits and dividends that the policy framework anticipated. Policy success is best demonstrated through actual and beneficial practical results, rather than endless reviews and analyses. Fourthly, the implementing entities should be constant and consistent in their operations and delivery, irrespective of the non-performance and counteractions of others, because the actual operational results and dividends are worthwhile public benefits by themselves.

A boon to operational excellence is technology. For example, there are indeed challenges regarding the implementation of the AfCFTA, but diverse institutions in the Sahel and other African countries can adopt the facilitative fintech tools and instruments, often tech-based, offered by enterprises and development institutions to make mutually beneficial regional and continental trade a reality. For example, Afreximbank offers the Pan African Payment and Settlement System (PAPSS) to solve foreign exchange challenges relating to intra-African trade, and the MANSA digital initiative which provides trade due diligence solutions.[314]

Controversies, challenges and allegations abound regarding colonial-type exploitation of UEMOA and CEMAC countries by France, and non-commitment to monetary union in WAMZ. However, some of the major benefits of a single currency can be achieved through innovations and creative use of mobile money products that are already in the market, and facilitative and cooperative regulation of trans-boundary mobile telephony. The plethora of existing economic governance frameworks, bilateral and multilateral agreements is enough for implementation-focused policymakers to expand and enhance this socioeconomic benefit presently.

In the Sahel countries, there is already an emerging practice of businesses and entrepreneurs registering with multiple mobile money companies in neighboring countries to facilitate easier and cheaper business transactions. This and other beneficial economic integration and inclusion practices are happening without state support or despite attempts by states to stop it.[315] When Kenya pioneered the mass usage of mobile money in the world, specific policy or economic governance frameworks did not even exist for the novel sector. It took the enlightened regulation approach and operational focus of the Central Bank of Kenya for MPESA to be realized.[316]

With the pioneering success of MPESA, Somalia, with weak state institutions comparable to some Sahel countries, now has one of the highest rates of mobile money usage per capita in the world. On the one hand, the Central Bank of Somalia has not issued new banknotes since the state collapsed in 1991,[317] yet inclusive economic activities are enabled through private sector driven mobile money transactions. In 2023, 82 percent of adults in Somalia used mobile phones for financial transactions.[318]

The economic inclusion and empowerment created by mobile money in Africa is worth billions of dollars every year. Primary focus on implementation and operational excellence has created a trillion-dollar sector, benefiting hundreds of millions of people, including marginalized groups. In 2023, there were 835 million mobile money registered accounts in Sub Saharan Africa, with transaction value of $912 billion. West Africa, where eight of the ten UNISS countries are located, experienced a 40 percent increase in the transaction value from 2022, amounting to $347 billion, second only to the East Africa region, which at $488, saw an annual decrease of 2 percent.[319]

Incentivize the Informal MSME Sector

In the circumstances of state fragility, political violence and institutional failures, about 90 percent of jobs and livelihoods are provided by the informal economy.[320] Yet the informal Micro, Small and Medium-Sized Enterprise (MSME) sector is generally marginalized, undervalued and under-supported.[321] The economic governance structures

314. Afreximbank press statement: Accessed 25 July 2024 https://www.afreximbank.com/afreximbank-launches-africa-trade-gateway-a-single-window-for-digital-services/

315. Seck-Sarr, Sokhna Fatou (2024), Mobile Money in Sub-Saharan Africa: Innovation and Actors' Strategies, in 'Telematics and Informatics Reports', 13 (2024)

316. AFI (2010), Case Study: Enabling Mobile Money Transfer – The Central Bank of Kenya's Treatment of M-Pesa, Alliance for Financial Inclusion (AFI), Bangkok

317. Interview with Governor of the Central Bank of Somalia by Alliance for Financial Inclusion (AFI, March 2024): https://www.afi-global.org/newsroom/news/country-focus-financial-inclusion-in-somalia-2/ – Accessed 25 July 2024

318. Country Guide by US Government – International Trade Administration: https://www.trade.gov/country-commercial-guides/somalia-banking-services-and-financial-services– Accessed 25 July 2024

319. GSMA (2024) State of the Industry Report on Mobile Money 2024, GSM Association (GSMA), London

320. In 2019, the Government of Netherlands stated that in the Sahel, "90% of all jobs are in the informal economy". https://www.government.nl/topics/development-cooperation/work-and-education-for-young-people-in-africa-and-the-middle-east/sahel – Accessed 25 July 2024

321. AUC, ILO and UNDP (2022), Concept Note – Informal Economy in Africa: Which Way Forward? Making Policy Responsive, Inclusive and

tend to marginalize the informal sector because they are not registered with a central authority or pay corporate-linked taxes.

It must be recognized, however, that the informal and MSME sectors pay the mandatory sales, value-added and consumption taxes, in addition to municipal taxes and fees, which are often collected in cash by officials on a weekly or daily basis often breeding corruption and opportunities for self-enrichment. Beyond creating most of the jobs and personal incomes for marginalized people, the sector also boosts productivity, contributes to multiplier effects, and provides resilience in the real economy. It is arguable that the public benefits of a thriving informal sector outweigh the formal advantages of registration and corporate tax collection.

There is merit in Sahel countries adopting an enabling posture for exempting the informal MSME sector from corporate business taxes, to incentivize pathways to formalization. 'Registration without taxation' will increase formalization and access to business support. Instead of business taxes, appropriate small fees may be charged, linked to services that are of direct relevance to the growth and increased profitability of the businesses.

Support Environmental Social Enterprises

The Great Green Wall (GGW) project was launched in 2007 with the ambition of addressing many of the challenges that characterize the Sahel. Seven of the 10 UNISS countries are part of it. According to the UN Convention to Combat Desertification (UNCDD), as of 2020, 18 million hectares of degraded land had been restored out of a target of 100 million hectares by 2030, and 350,000 jobs were created out of a target of 10 million. One of the GGW challenges identified is "weak organizational structures and processes for implementation", and one of the recommendations for achieving the economic targets is "investment in small and medium-sized farms and strengthening of value chains, local markets, and organization of exports".[322] Currently the GGW activities are implemented through not-for-profit interventions and facilitation of small-scale agriculture. There is an opportunity to introduce social enterprise approaches to complement and enhance implementation, performance and attainment of sustainable results.

Social enterprises enable private and non-state actors to diligently apply effective business and enterprise tools, techniques and methodologies in pursuit of equitable socioeconomic results such as decent jobs and environmental remediation. The approach promotes achievement of synergies through community and stakeholder cooperation and complementary collaboration, and avoidance of unnecessary duplication or unproductive competition.

In instances of market failure, cross-sectoral collaboration is essential to stimulate and nurture viability in the marketplace. In such instances, enterprises will be able to produce goods and services, create jobs, and enhance productivity, but they may not be profitable due to the absence of enough paying customers and users. Social enterprise structures can receive grants, service-level agreements and other enabling financing to support their medium- and long- term profitability and sustainability. Despite the fact that such grants and subsidies are sometimes derided as antithetical to business, they are routinely used in the developed economies, to regenerate communities, prevent socioeconomic collapse in specific sectors or geographical regions, or abate the negative impacts of crises, as was the case during the COVID19 pandemic.

The African Union, ILO and other institutions are now promoting the adoption of Social and Solidarity Enterprise (SSE) as a mechanism to catalyze job creation and inclusive development.[323] A recent study found that the potential impact of SSEs in the agricultural, environment and job market are high, but that the mechanism needs greater recognition in Africa.[324] SSE is a feasible mechanism to address the environmental and climate change challenges and opportunities in the Sahel, including: fast-track implementation of the GGW project; expansion of the environmental and socioeconomic regeneration projects of the Lake Chad Basin Commission;[325] and capitalization on the sustainable energy opportunities of the Sahel.[326]

Sustainable, African Union Commission, International Labour Organization and United Nations Development Program, Addis Ababa

322. UNCCD report on Great Green Wall Accelerator:
https://www.unccd.int/our-work/ggwi/great-green-wall-accelerator – Accessed 25 July 2024
The author could not find credible GGW performance data for the period after 2020.

323. Moloi-Motsepe, Precious, Okonkwo Nwuneli, Ndidi and Bonnici, François (2023), How social entrepreneurs can drive an inclusive 'Africa's century, World Economic Forum (WEF), Davos

324. ILO (2022), Social and Solidarity Economy: Social Innovation Catalyst in Africa?, International Labour Organization, Geneva

325. Lake Chad Basin Commission Regeneration Projects:
https://cblt.org/category/projects/on-going-projects/ – Accessed 25 July 2024

326. UNDP (2024b), Sahel Human Development Report: Sustainable Energy for Economic and Climate Security in the Sahel, United Nations Development Programme, New York

Unlock the Untapped Potential of Diaspora Finance

The African countries with the highest levels of remittance inflows in volume (Nigeria) and as percentage of GDP (Gambia) are in the Sahel.[327] With armed conflict and humanitarian crises in the region, both Official Development Assistance (ODA) and other military related aid were at high levels. Yet remittances sent by migrants and diaspora from Sahel countries in 2022 was double the amount of international development aid. Similarly, the 2022 remittance inflow to the UNISS countries of $27.21 billion was about 320 percent of the FDI inflows of $8.58 billion. This was the case even without including remittance data for Chad. Although Nigeria experienced net outflow of FDI, there were major capital inflows for mineral extraction and infrastructure projects in Mauritania and Senegal especially.

Development Finance Inflows to UNISS Countries (2022 and 2023)					
UNISS Countries	**ODA and Official Aid US$ (2022)**	**FDI Inflow US$ (2022)**	**Remittances US$ (2022)**	**Remittances US$ (2023)**	**Remittances as of GDP (2023)**
Burkina Faso	1,394,810,060	669,738,241	532,912,791	578,943,726	2.8
Cameroon	1,177,569,950	925,681,549	562,660,764	375,321,100	0.8
Chad	694,120,000	614,018,506	No Data	No Data	N/A
Gambia	272,679,990	231,488,000	501,844,380	627,524,533	26.8
Guinea	499,630,000	658,300,000	527,275,700	557,808,003	2.4
Mali	1,198,290,040	715,469,995	1,110,000,000	1,153,620,000	5.5
Mauritania	327,730,010	1,401,620,460	109,289,566	60,000,000	0.6
Niger	2,035,040,040	965,976,160	725,240,825	530,000	3.2
Nigeria	4,443,259,770	-186,792,430	20,130,000,000	20,500,000,000	5.7
Senegal	1,451,839,970	2,586,179,930	3,010,000,000	2,935,906,982	9.5
Total	**$13,494,969,830**	**$8,581,680,411**	**$27,209,224,026**	**$27,319,124,364**	**N/A**
Compiled by the author from: World Bank Open Data Portal (June 2024)					

Box 5: 2022 and 2023 Development Finance Inflows to UNISS Countries

The actual volume of remittances is significantly higher than what is reported in the World Bank data which excludes informal flows and remittance in kind. These huge sums of money go directly to households and communities thereby enhancing socioeconomic inclusion, even in the absence of structured programs to incentivize or enhance their development impact. These inflows are regular, countercyclical and generally resilient to economic shocks, as witnessed during the COVID19 pandemic. As such, the countries with stable and high volumes of remittances can leverage them to address chronic foreign currency shortages and improve their sovereign credit ratings. [328]

A 2019 study commissioned by the AU established a typology of diaspora finance and investment, including philanthropy, remittances, Diaspora Direct Investment (DDI), and Diaspora Portfolio Investment (DPI). It also provided a conservative estimate of annual diaspora savings held by Africans outside the continent to be $34 billion.[329] Some of these diaspora financial flows are well established, including: private remittances and philanthropic contributions; investments in domestic and commercial real estate; and consumption of cultural products and food produce. Sahel and other African countries can relatively easily apply business and economic incentive schemes to expand these forms of diaspora investment by offering: simplified online processing of licenses and permits; fee waivers and discounts; and tax reliefs and concessions.

For the types of diaspora investment that are underdeveloped, such as DPI, new and innovative schemes are emerging. In February 2022, the African Union Executive Council adopted the framework for an African Diaspora Finance Corporation (ADFC) as an AU legacy project on diaspora finance. This followed extensive studies and consultations starting in 2018, and scrutiny and endorsement by the AU Ministers of Finance in 2021.[330]

327. World Bank (2024), Migration and Development Brief 40, World Bank, Washington DC (page 42)

328. Ratha, Dilip (2023), Back to Basics: Resilient Remittances, International Monetary Fund (IMF), Washington DC

329. Faal, Gibril (2019), Strategic, Business and Operational Framework for an African Diaspora Finance Corporation: GK Partners, London and Addis Ababa

330. African Union Press Statement: Accessed 25 July 2024
https://au.int/en/pressreleases/20220402/african-union-endorses-african-diaspora-finance-corporation-adfc

The Sahel countries can support and participate in ADFC's RemitAid™ innovative finance mechanism and endowment fund.[331] The Gambia is the most remittance dependent country in Africa. It has a diaspora strategy which prioritizes the leveraging of diaspora investment and accessing untapped diaspora savings.[332] To stimulate the DPI sector, attract diaspora savings, and integrate diaspora finance into local resource mobilization, Gambia has already developed and validated a business implementation plan for Diaspora-Targeted Bond (DTB) structured as a local-currency, project-based, government-backed, fintech-enabled debt instrument.[333] This is suitable for most of the Sahel countries as a viable innovative mechanism to complement and diversify public finances, and raise funds to finance pre-identified inclusive development projects and programs.

Reflect Priorities in International Economic Regulations

The main international economic governance frameworks do not necessarily reflect the priorities of Sahel countries. For example, there are no comprehensive and effective frameworks that address the scourge of bank 'de-risking' and Illicit Financial Flows (IFF) in Africa and UNISS countries. The FATF mandate does not include the regulation of the Sahel's major interest in countering IFF; and in some ways it legitimizes and encourages the imposition of restrictions on banking services.

De-risking is the trend whereby international correspondence banks deny, restrict or constantly threaten to deny services to banks in Africa and elsewhere, on the basis or pretext of maintenance of international regulations. [334]Although it is difficult to find verifiable data on the effects of de-risking and IFF in individual countries, the financial significance and negative impacts of these phenomena are well evidenced,[335] and are interlinked. A 2020 study found that: *"De-risking and IFFs both have far-reaching implications for capital flows. Where banks make de-risking decisions, it affects capital flows by limiting the channels through which these flows can be accessed, while the presence of IFFs means that there is less legitimate capital flowing in and out of countries. These two phenomena are interlinked and reinforce each other, meaning that de-risking can lead to a rise in IFFs; and a rise in IFFs can lead to de-risking."*[336]

The $27.3 billion of remittances to the Sahel in 2023 (see box 5 above) comprise millions of small transactions of under $200, sent through a small number of multinational Money Transfer Operators (MTOs) and a much larger number of small MTOs, some of them operating single corridor businesses. Denial of banking services to these small MTOs through de-risking measures disrupts the sector and reduces competition and innovation. Small MTOs are so important to the remittance sector that during the COVID19 pandemic, the government of the United Kingdom: "amended the Health Protection (Coronavirus, Restrictions) Regulations 2020 to include money transfer organizations as essential service providers, exempted from restrictions during the lockdown period".[337]

Regarding IFFs, these are perpetrated by multinational corporations, international businesses and transborder criminal syndicates through smuggling, tax evasion, aggressive tax avoidance, corruption and other market and regulatory abuses. The IFF channels are prevalent and arguably pervasive in the Sahel. The UN estimated that in 2017, Burkina Faso had potential IFF loss of $6.8 billion, through three sectors, namely petroleum and beverage imports and mineral ore exports.[338] The groundbreaking 2015 African Union report estimated Africa's loss through IFF to be $50 billion[339]. The Pan-African Conference on IFF in June 2024, used the 2020 UNCTAD estimate of Africa losing $88.6 billion per annum through IFFs.[340]

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331. ADFC Information Sheet: Accessed 25 July 2024
https://gkpartners.co.uk/publications/RemitAid%20and%20ADFC%20-%20Jul%202022.pdf

332. See the first ever Gambian Diaspora Strategy: Accessed 25 July 2024
https://gambiandiaspora.net/wp-content/uploads/2021/12/Gambian-Diaspora-Strategy-Jan-2018v2-1.pdf

333. Faal, Gibril (2023), Project Plan for The Gambia Diaspora-Targeted Bonds, (Unpublished) GK Partners, London and Banjul

334. World Bank (2015), Withdrawal from Correspondent Banking; Where, Why, and What to Do About It, World Bank, Washington DC

335. SWIFT Article: 'De-risking in Africa on the rise, according to latest Swift data (24 Aug 2016)'
https://www.swift.com/news-events/press-releases/de-risking-africa-rise-according-latest-swift-data - Accessed 25 Jul 2025
World Bank Brief: 'De-risking in the Financial Sector (7 Oct 2016)'; Accessed 25 July 2024

336. Cooper, Barry et al (2020), De-Risking and Illicit Financial Flows: The Role of Regional Economic Hubs, Center for Financial Regulation and Inclusion (Cenfri), Cape Town

337. This statutory amendment was a result of the direct advocacy of the African Foundation for Development (AFFORD), which is a leading and pioneering diaspora-development registered charity: Accessed 25 July 2024
https://csactioncommittee.org/wp-content/uploads/2020/04/AFFORD-Advocacy-UK-government-classify-MTOs-as-essential-service-Apr-2020-1-1.pdf

338. UNECA (2023), Counting the Cost: Defining, estimating and disseminating statistics on illicit financial flows in Africa, United Nations. Economic Commission for Africa, Addis Ababa

339. AU and ECA (2015), Illicit Financial Flows: Report of the High Level Panel on Illicit Financial Flows from Africa, African Union and UN Economic Commission for Africa, Addis Ababa

340. See: UNCTAD (2020), Economic Development in Africa Report 2020 Tackling Illicit Financial Flows for Sustainable Development in Africa, United Nations, New York
African Union (2024), Concept Note: Pan-African Conference on Illicit Financial Flows (IFFs); Held in Tunis, 26th – 28th June 2024

For the Sahel, de-risking, IFF and other economic governance issues need urgent reform and action. However, it is self-evident that the state bureaucrats and diplomats who lead technical and international engagements and negotiations have failed to deliver the desired results. The relevant in-house capacity and capabilities of Sahel states are chronically deficient, especially in comparison to the high-income countries which end up being the rule makers. The relevant African national, regional and continental institutions need new and higher levels of advocacy competencies to adequately influence and reform the unfavorable international regulations; and ensure the setting up of new frameworks that optimize regional socioeconomic benefits. States and institutions can supplement and complement their capacity by opening new and untapped strategic partnerships and alliances to capitalize on the skills, resources, networks, competencies and influence of appropriate diaspora experts and global allies.

Over the past few decades, new approaches in diaspora diplomacy have been developed and successfully applied, especially by countries outside Africa.[341] The Sahel states and institutions can adopt and adapt these effective strategies and tap the resources of their nationals abroad and the wider African diaspora. In practice, this will entail amongst other things: focus on a small number of economic governance priorities at any given time, in order to optimize feasibility and operability; identification and engagement with new sets of committed diaspora experts and global allies, to support public sector personnel; joint development of feasible result-oriented advocacy plans with specific short-to-medium term targets; and incorporation of the thematic experts amongst the diaspora and global allies in the official national teams and delegations tasked with the implementation of the advocacy plans.

Furthermore, through partnerships with the private sector, diaspora and local techpreneurs, supported by development institutions, Sahel countries can deploy new fintech solutions to actualize de-risking reforms, and introduce new enforceable IFF regulations within FATF.[342] Such progression will widen the narrow three-prong mandate on money laundering, financing of terrorism, and financing of weapons of mass destruction. It will also be in line with the commitment to use "regulatory technology (RegTech) and supervisory technology (SupTech), both of which can improve the effectiveness of FATF Standards".[343]

In addition to climate change, one of the prevalent megatrends which is likely to affect economic governance in the medium and long term, is the fourth industrial revolution of digital interconnectedness resulting in the "fusion of technologies that is blurring the lines between the physical, digital, and biological spheres".[344] This is already well evidenced in the global economy through the application of smart technologies, Artificial Intelligence (AI), machine learning and other innovations in production, processing, procurement, logistics, distribution, payment systems, crypto-currencies and the emergent fintech sector. Economic governance frameworks in the Sahel and elsewhere need to encompass these emergent realities through both reactive and timely proactive action.

Policy frameworks establish a coalition of the willing, but effective implementation requires the hyperactivity of the devoted. To attain sustainable development, there must be a shift from the current status whereby policymakers and institutions appear to be over-principled and under-performing; often missing the significant fact that: *"whether a member state implements an agreement is not dependent on whether they have signed up or not.....Even for binding global instruments, non-implementation abounds"*.[345]

Change requires omissions, commissions and missions. Simultaneously, stakeholders need to: deliberately omit practices that are demonstrably ineffectual and/or counterproductive; actively commit to new, different, innovative and efficacious practices; and tenaciously maintain the missions of implementing and entrenching the currents of change, irrespective of operational challenges and the exertions of the forces of continuity. To achieve sustainable change, it hardly matters how many times and how eloquently the mischief of prevalent failure and underachievement is described and analyzed; it is essential that the fundamental 'omissions', 'commissions' and 'missions' of change are undertaken. This foundational reality is relevant to economic governance and misgovernance in the Sahel.

This chapter does not deny the reality of implementation challenges such as inadequate political will or limited resources; these facts represent the ingredients one does not have. It is argued that much more can be achieved with what one already has. but is not using or is under-using. These under-used resources include: multidisciplinary operational and enterprising skills of the professionals who are not included in formal processes; financial, technical and networking resources of the diaspora; and new innovative solutions and technological packages to solve intractable economic, development and sustainability challenges.

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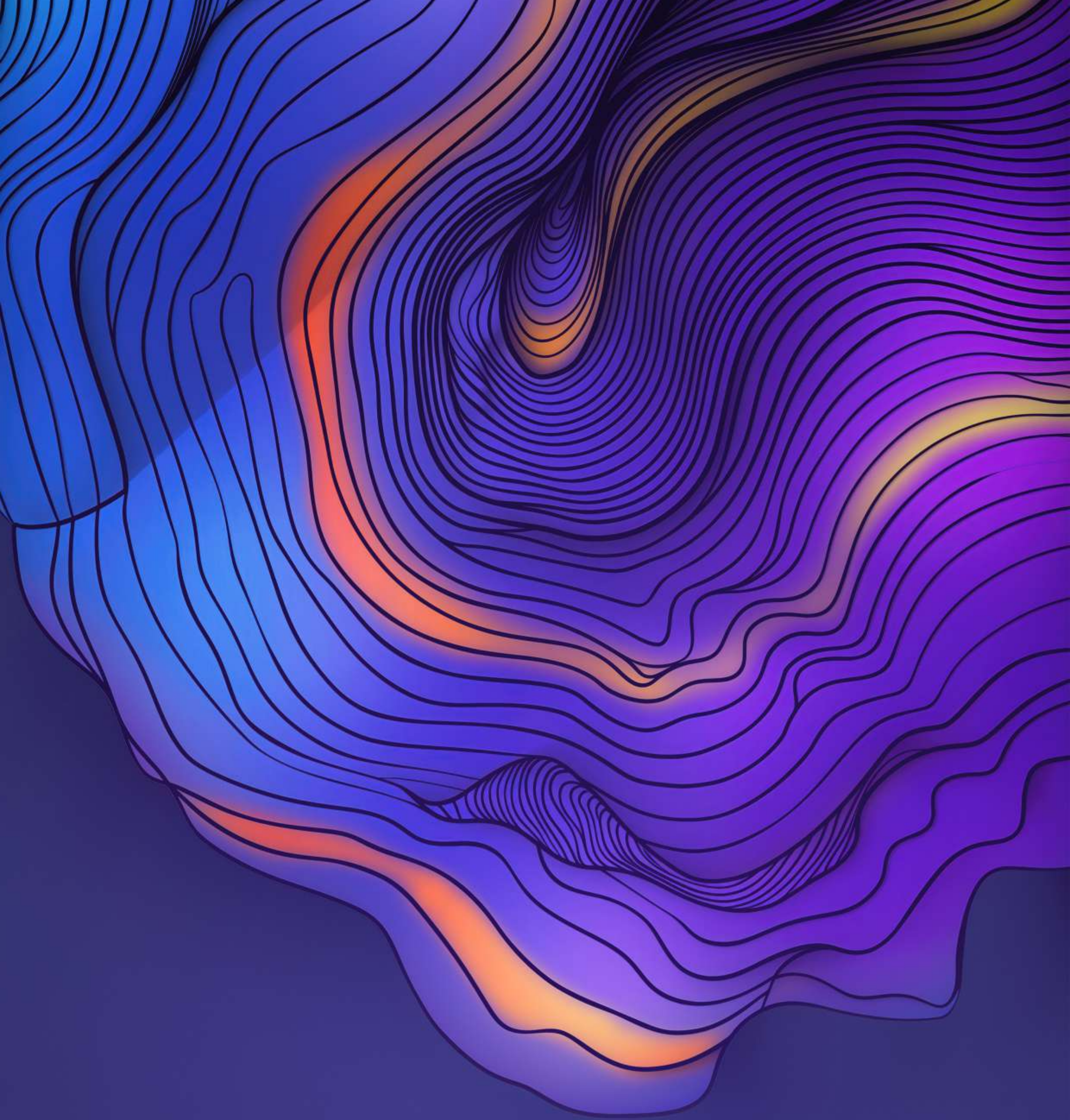

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