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OCP POLICY CENTER

ATLANTIC CURRENTS

AN ANNUAL REPORT ON WIDER ATLANTIC PERSPECTIVES AND PATTERNS

OCTOBER 2015

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About the Wider Atlantic Program

The Wider Atlantic program is a research and convening partnership of GMF and Morocco's OCP Policy Center. The program explores the north-south and south-south dimensions of transatlantic relations, including the role of Africa and Latin America, and issues affecting the Atlantic Basin as a whole.

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OCP Policy Center is a Moroccan think tank whose mission is to contribute to knowledge-sharing and analysis of key economic and international relations issues essential to the development of Morocco and Africa, through independent research as well as a network of partners and leading scholars. It also strives to make a meaningful contribution in the areas of agriculture, environment, and food security; economic and social development; commodity economics; and "Global Morocco", a program dedicated to understanding key strategic regional and global trends shaping Morocco's future. OCP Policy Center aims to bring a "southern perspective" from an African middle-income country to the agenda of major global debates, explaining the challenges that emerging countries face. The Policy Center also emphasizes developing a network of young leaders.

On the cover: Untitled (1988). © Fouad Bellamine

ATLANTIC CURRENTS

An Annual Report on Wider Atlantic Perspectives and Patterns

October 2015

Foreword

We are delighted to present this second edition of *Atlantic Currents*, an annual report charting wider Atlantic patterns and perspectives. The report is the result of a close collaboration between The German Marshall Fund of the United States (GMF) and OCP Policy Center, and is a companion to the *Atlantic Dialogues*, our annual forum in Morocco. Both activities are part of a multi-year partnership to promote dialogue and analysis on issues affecting the wider Atlantic — Africa, the Caribbean, Europe, Latin America, and the United States — as well as global stakeholders in Atlantic affairs.

GMF and OCP Policy Center are proud of the role we have played in extending the transatlantic debate to embrace the Atlantic Basin, north and south, and in stimulating new thinking about "Atlanticism" for the 21st century — rethinking mental maps of the Atlantic in economic, political, and security terms. The United States and Europe have a strong stake in this exercise, alongside Morocco, as do societies across the southern Atlantic. This year, we have devoted special attention to Africa, and African perspectives in Atlantic context, alongside issues and data we plan to track from year to year. We wish to thank all the authors who have contributed to this edition of *Atlantic Currents* as well as the dedicated staff at GMF and OCP Policy Center who made it possible. Comments on *Atlantic Currents* are most welcome, and may be addressed to the editors at GMF and OCP Policy Center.

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Acronyms

AECF	Africa Enterprise Challenge Fund
APEC	Asia-Pacific Economic Cooperation
AQIM	al-Qaeda in the Islamic Maghreb
ASEAN	Association of Southeast Asian Nations
CAP	Common Agricultural Policy
CcHUB	Co-Creation Hub
CGIAR	Consultative Group for International Agricultural Research
CIDA	Canadian International Development Association
CIMMYT	International Maize and Wheat Improvement Center
CSR	Corporate Social Responsibility
CVE	Countering Violent Extremism
DANIDA	Danish International Development Agency
DFID	U.K. Department for International Development
DFIs	Development Finance Institutions
EMBRAPA	Brazilian Agricultural Research Corporation
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GMOs	Genetically Modified Organisms
ICARDA	International Center for Agricultural Research in the Dry Area
ICRISAT	International Crops Research Institute for the Semi-Arid Tropics
IDA	International Development Association
IMA	Islamic Movement for Azawad
IMF	International Monetary Fund
INTA	Argentine National Institute of Agricultural Technology
IRRI	International Rice Research Institute
ISIS	Islamic State of Iraq and Syria
LDCs	Least Developed Countries
MDGs	Millennium Development Goals
MINUSMA	UN Multidimensional Integrated Stabilization Mission in Mali
MINUSTAH	UN Stabilization Mission in Haiti
MNCs	Multinational Corporations
MNLA	National Movement for the Liberation of the Azawad
MSMEs	Micro, Small, and Medium Enterprises
MUJAO	Movement for Unity and Jihad in West Africa
NARS	National Agricultural Research Systems

ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OTI	Office of Transition Initiatives (U.S. Agency for International Development)
SDGs	Sustainable Development Goals
SSA	Sub-Saharan Africa
SICP	White House Office of Social Innovation and Civic Participation
SIDA	Swedish International Development Cooperation Agency
SIRUM	Supporting Initiatives to Redistribute Unused Medicine
SMEs	Small and Medium Enterprises
TICVE	Transnational Initiative Countering Violent Extremism
TNCs	Transnational Corporations
TPP	Trans-Pacific Partnership
TTIP	Transatlantic Trade and Investment Partnership
UNCTAD	UN Conference on Trade and Development
UNSC	UN Security Council
USAID	U.S. Agency for International Development
WANA	West Asia/North Africa

Wider Atlantic Perspectives

1 The Logic of the Atlantic System

Tim Ridout, Mohamed El Harrak, and William McIlhenny

Introduction

This second edition of *Atlantic Currents* builds on the previous one in seeking to develop a deeper understanding of the history and trends that shape the societies bordering the Atlantic Ocean. Many of those trends are driven by powerful new flows of goods, ideas, people, and conflict that traverse these societies and their shared ocean.

Atlantic Currents is part of a body of work that includes academics and practitioners from the four continents that look to this ocean for sustenance, wealth, energy, security, and transport, among other things.[1] As research into Atlantic systems has accumulated, it is wise to ask ourselves what to make of all of it and to try to understand how these systems and their component parts affect the broader global system — and vice versa.

The exercise has major practical relevance in the present period of disruption and change. Multiple alternate scenarios could reshape Atlantic societies, singly and collectively, in a variety of directions, some more benign than others. Better understandings of system dynamics may be key to the reexamination necessary to identify and align creative responses that can safeguard and advance public goods at national, regional, and global levels.

Thus, in the Atlantic world, it is important to understand whether the historic evolution of societies across the basin has created certain patterns of interaction. Does shared history, and its structural legacies, intertwine the opportunities and challenges of today in ways that can be helpful for policymakers and citizens alike? What are the impediments to cooperation and what are the drivers of competition? Are there networks of human engagement across these societies that point to the emergence of a type of order (or disorder) specific to the Atlantic space — as a subsystem within the broader global system — that merits greater attention?

Most important, it is worthwhile to examine whether there are sound arguments that the Atlantic space can be beneficial and operable as an organizing principle in world society — as the Pacific Rim is granted to be in Asia-Pacific Economic Cooperation (APEC), for instance.

The essays in this volume address a number of disparate types of Atlantic interactions — some narrow, others broad, but all with wider strategic relevance. Significantly, each chapter highlights quality of governance and institutional adaptation as perhaps the most critical variables in the Atlantic future.

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[1] In addition to OCP Policy Center and The German Marshall Fund of the United States, others focused on this issue area include Johns Hopkins' School for Advanced International Studies (SAIS), through its Atlantic Basin Initiative, and the consortium partners of the Atlantic Future project. This European Commission-funded initiative is led by the Barcelona Centre for International Affairs (CIDOB) and includes Aberstwyth University, Centro de Investigación y Docencia Económicas A.C. (CIDE), Ecologic Institute GmbH (Ecologic), Fundación para las Relaciones Internacionales y Diálogo Exterior (FRIDE), Fundação Getúlio Vargas (FGV), Institut des Hautes Etudes de Management (HEM), Instituto Português de Relações Internacionais (IPRI), Instituto Affari Internazionali (IAI), The German Marshall Fund of the United States (GMF), Friedrich-Alexander-Universität Erlangen-Nürnberg (FAU), University of Pretoria, and Johns Hopkins University (JHU).

In looking at the societies comprising the Atlantic space, it may be useful to see them in terms of a complex system[2] comprised of multiple interacting parts that rely on each other and have evolved over time in reaction to each other. Viki McCabe provides a useful illustration of how a complex system operates (and breaks down):

> "Consider what happened to a riverside ecosystem in Yellowstone National Park when, on the basis of an unsubstantiated theory, the rangers removed one of its linchpin components. Goaded by local ranchers, whose theory was 'eliminating the wolf from Yellowstone would ensure the safety of our cattle,' the government removed this one species from the park. With their main predator gone, the elk population burgeoned and stripped the leaves off most of the trees along the riverbanks. Without their leaves the trees died. Because the living trees necessary for their dams were gone, the beaver population disappeared. Without the beaver dams and the riverside tree roots to retain the riverbanks, they eroded, floods followed, and new trees could not grow in the floodplains. Without trees there were no leaves and the elk population died of starvation… By removing one of the riverside's critical components, an entire ecosystem was destroyed."[3]

Attempting to understand how human social systems function is orders of magnitude more difficult than understanding an ecosystem such as Yellowstone, in part because the mere publication of social theories can alter social systems as conscious awareness of those theories spreads. Because theories both explain social phenomena as well as guide social action, it becomes impossible to completely separate a theory's intrinsic explanatory capacity from its own causal effect. It is therefore important to note that we are not only studying social dynamics in the Atlantic space for the sake of generating knowledge; we are also proactively engaged in promoting greater cooperation around the Atlantic space through forums such as The Atlantic Dialogues and research projects such as Atlantic Future, which help generate new patterns of interaction and ways of thinking that could affect the system over time.

World society is a complex system, complete with global value chains, interconnected national and international political dynamics, and dense flows of information. Within the global system are countless sub-systems, each of which contain their own cascading layers of sub-systems that blur at the edges and overlap in myriad ways, all of them mind-bendingly complex. This makes any attempt to pick apart and understand how these systems function a humbling exercise that is more about asking the right questions and pointing to noteworthy dynamics than asserting with misplaced confidence what we "know" to be "true."

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[2] In analyzing research into the societies of the Atlantic space, this chapter employs a systems approach, rooted in complexity theory, which focuses on structure, flows, interaction, and multiple causal factors. In addition to unit-level interaction, this approach considers the broader context, underlying conditions, and prevailing dynamics across time in order to explain outcomes and change.

[3] Viki McCabe, *Coming to Our Senses: Perceiving Complexity to Avoid Catastrophes* (New York: Oxford University Press, 2014), 4.

Historic Flows of People and Ideas: Elements of Systemic Structure

For much of history, geographic proximity, or contiguity, determined who people interacted with. This changed as navigation advances permitted humans to chart precise and distant ocean courses. As modern Europeans reached out directly throughout the northern and southern Atlantic in conquest, settlement, and trade, they created certain path dependencies and systemic patterns that affect us today. Although distances on Earth have become less relevant in the era of aviation and the Internet, some of the clearest manifestations of historic path dependencies are enduring affinities of language, values, and intellectual heritage, across a wide ethnic spectrum in the Atlantic space.

That the Atlantic space is dominated by four main languages makes it more linguistically homogenous than other geographic spaces of similar size, which could have effects on the density of human interaction within the Atlantic system. As Edalina Sanches has noted, "Even though there is an incredibly rich linguistic panorama, the truth is that four main languages — English, French, Spanish, and Portuguese — are prominent and that the majority of countries in the Atlantic Basin pertain to associations or organizations structured around shared language and history."[4] Although a common language does not necessarily lead to greater cooperation, trade, or sense of affinity, it does make it easier to clearly and effectively communicate, which reduces the potential for misunderstanding and can make it easier to do business and share ideas. Cultural and linguistic associations rooted in a common history are a reason for convening that lead to interactions that may not have otherwise occurred, potentially leading to more dense connections among people today. Moreover, common reference points, concepts, and intellectual heritage that are conveyed through a common language can facilitate the transmission and spread of new ideas. These path dependencies of interaction that date back centuries are structural elements of the system that could fuel collaboration and partnerships in the 21st century, which could then play a role in perpetuating the structure going forward even though the people who initially forged these pathways are long deceased.

It should come as no surprise, for example, that much of Brazil's outreach in Africa in recent years has focused on Portuguese-speaking countries like Angola and Mozambique, with greater trade and investment as well as political ties. Other considerations such as market size and diversity, resource endowments, political stability, and regulatory structure also play a role in investment decisions, but linguistic and cultural understanding can make it easier for companies to identify opportunities that may have otherwise been overlooked or tip the scales at the margins of a cost-benefit analysis between two different investment opportunities. Put simply, the ability to more efficiently communicate has value. Moreover, political ties forged on the basis of commonalities rooted in the past can also encourage investors to favor one country over another simply because the home country has better connections and a more robust civil service presence there. Indeed,

[4] Edalina Sanches, "The Community of Portuguese Language Speaking Countries: The Role of Language in a Globalizing World," *Atlantic Future Scientific Paper No. 14* (September 2014): 2, http://www.atlanticfuture.eu/contents/view/the-role-of-language-in-the-atlantic.

Simon Romero pointed out in 2012 that “Brazil, which has more people of African descent than any other country outside of Africa itself, is assertively raising its profile again on the continent, building on historical ties from the time of the Portuguese empire.”[5]

The reason for Brazil’s large population of African descent points to another significant historical flow that spread African traditions around the Atlantic Basin, especially in the Americas: the slave trade. Though their emigration from Africa to Brazil, North America, the Caribbean, and elsewhere was a forced one, and they were repressed in most countries even after being freed, they managed to keep aspects of their culture alive, passing them on to their descendants and influencing the broader culture in their societies. Even though the original familial ties and communications were severed, the linkages of the past provide impetus for affinities and networks today.

For example, transnational solidarity based on socially constructed racial groupings continues to play a role in the Atlantic space. Though the minor biological differences across the spectrum of human variation that came to be known as “race” has been discarded by science as a meaningful cause of group differences, many people continue to think in these categorical terms today. Moreover, the historical significance of different skin tones, facial structures, and hair type in justifying mistreatment of people of African descent by people of European descent has had ripple effects that underpin linkages today. As Kwame Anthony Appiah explains, “African Americans are particularly interested in U.S. foreign policy in Africa, and Africans take note of racial unrest in the United States: as far away as Port Harcourt, Nigeria, people protested against the killing of Michael Brown, the unarmed black teenager shot to death by a police officer last year in Missouri. Meanwhile, many black Americans have special access to Ghanaian passports, Rastafarianism in the Caribbean celebrates Africa as the home of black people, and heritage tourism from North and South America and the Caribbean to West Africa has boomed.”[6] Domestic and transnational linkages among people of European descent who either identify or are referred to by others as “white” still affects the way people group themselves to a certain degree, which inform patterns of interaction. Additionally, indigenous tribes and groups in the Americas also exhibit solidarity today based in part on the notion of race, as evidenced in one example by ongoing efforts to change the name of the Washington, DC football team from “Redskins” to something else.[7] In all of these cases, it is nearly impossible to disentangle to what degree these elements of structure are determined by the importance that people consciously give to “race” today — in a biological sense — versus how the historic importance of “race” in determining social groupings led to common experiences among people of similar skin tones and physical attributes that affected those groups’ culture, wealth, and social standing, which in turn generated in-group affinities

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[5] Simon Romero, “Brazil Gains Business and Influence as it Offers Aid and Loans in Africa,” *The New York Times*, August 7, 2012, http://www.nytimes.com/2012/08/08/world/americas/brazil-gains-in-reaching-out-to-africa.html.

[6] Kwame Anthony Appiah, “Race in the Modern World: The Problem of the Color Line,” *Foreign Affairs*, vol. 94, no. 2 (March/April 2015): 7.

[7] Michael Wendling, “What Native Americans Think of the Word ‘Redskin,’” *BBC*, December 9, 2014, http://www.bbc.com/news/magazine-30314290.

that persist even among those who have rejected the notion of "race" as a means of organizing human society.

Aside from the systemic linkages based on language, biology, and historic memory, the flows of Europeans around the Atlantic space in the past transferred ways of thinking in areas such as legal systems and theories of jurisprudence; conceptions of how the individual relates to society; beliefs about the public good, property, and the role of the state; religion and spirituality; models of bureaucratic design and means of organizing trade associations; and so on. For example, the United States and Canada use a system of common law that was passed down by the British, except Quebec, which uses a mixed system of common and civil law. The British continue to use a common law system today, whereas continental Europe utilizes civil law as does essentially all of Latin America as well as parts of Africa. Mixed systems with aspects of common law can also be found in Africa, Latin America, and the Caribbean, typically where the British had colonial influence.

The patterns of colonization and the degree of idea penetration inevitably varied in different Atlantic societies depending on the frequency of interactions and whether they were based on trade or if direct rule were established. The duration and style of colonial rule, settlement patterns by Europeans, and the era and specific processes of independence all affected how these societies interpreted and adapted these ways of thinking to their particular circumstances. Europeans and their direct descendants also learned from these interactions, but asymmetric power relationships due primarily to superior technical capabilities meant that natives of the African and North and South American continents were primarily on the receiving end of idea transfer.

In many parts of the Americas, the native people were either exterminated or forcibly displaced, meaning that there was less intercultural idea exchange within those spaces. As former colonies became independent states, their own collective experiences through time led to evolution and adaptation of specific concepts and practices. Of course, these types of dynamics occurred all over the world during the era of European colonial expansion, but they were arguably much "denser" in the Atlantic space due to relative proximity and ease of access by sea as well as the technological, organizational, and microbial differences that enabled Europeans to easily conquer and subdue.[8] Migration patterns in the Atlantic space since the end of the colonial era have become increasingly diverse and globalized, but the modes of thinking implanted in many Atlantic societies during that era inform current ideologies and cultural touchstones.

More recently, the experiences of World War II and the Cold War have helped fuel interactions among Canada, the United States, and European countries, with institutional structures such as NATO reinforcing dense connections along the northern axis. By contrast, the experiences of the Cold War era in the South Atlantic served to fuel a

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[8] See, for example, Jared Diamond, *Guns, Germs, and Steel: The Fate of Human Societies* (New York: W.W. Norton and Company, 1998).

certain resentment toward the north due to asymmetrical trade relationships and direct intervention by northern countries in Africa and Latin America. Often seen as a continuation of colonial-style domination, this recent past colors perceptions among many along the southern axis. Perhaps because of this, as Ian Lesser and Karim El Aynaoui note, "Key states in the Atlantic south, not least Brazil, Argentina, and South Africa have well-established foreign policy traditions that emphasize a certain philosophical distance from the United States and Europe."[9] Despite the persistence of a north-south divide within the Atlantic space in political and ideological terms that hinders cooperation among governments, these differences are often transcended by linguistic, cultural, and trade ties among the people of Atlantic societies, which Roger Cohen touched on in with regards to U.S.-Brazil relations in an artfully titled 2014 article, "An Odd Hostility in the Americas." After detailing the mutual affinities and disagreements, he concludes by saying: "Meanwhile the millions of Brazilians traveling north to buy apartments in Miami or shop in New York, and the many Americans drawn to the splendors of Brazil and finding in it a tropical version of their own land of immigration and promise, will push for people-to-people closeness against a backdrop of official alienation."[10]

As this brief discussion demonstrates, the historic flows around the Atlantic space could point to elements of systemic structure that, though many are rooted in the distant past, continue to drive patterns of interaction today. Of course, countless sub-systems exist within the Atlantic space and although the global system has evolved considerably and the importance of distance is significantly diminished due to modern technology, the concepts, habits, languages, modes of social organization, and transnational linkages that can be observed today in the Atlantic space are undoubtedly partially informed by certain common past experiences transferred through time from generation to generation. As Esther Brimmer put it in last year's edition of *Atlantic Currents*,

> "from the late 15th to the late 19th centuries, these four continents were connected by many strands, from competing empires, trade, colonization, and slavery; to languages and music; to the spread of great ideas and dangerous diseases. In the late 18th and the 19th centuries, the rejection of empires and the emergence of new countries in the Americas severed the old political bonds. Immigration, emigration, trade, and other flows waxed and waned for the following century. Today, the increasing economic and political importance of the countries of the South Atlantic heightens interest in analyzing the Wider Atlantic."[11]

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[9] Ian O. Lesser and Karim El Aynaoui, "Atlanticism in the 21st Century: Convergence and Cooperation in a Wider Atlantic," *Atlantic Currents* (October 2014): 5, http://www.gmfus.org/publications/atlantic-currents-annual-report-wider-atlantic-perspectives-and-patterns.

[10] Roger Cohen, "An Odd Hostility in the Americas," *The New York Times*, April 21, 2014, http://www.nytimes.com/2014/04/22/opinion/cohen-an-odd-hostility-in-the-americas.html?_r=0.

[11] Esther Brimmer, "Views from the 'North' on the 'Wider Atlantic,'" *Atlantic Currents* (October 2014): 113, http://www.gmfus.org/publications/atlantic-currents-annual-report-wider-atlantic-perspectives-and-patterns.

Current Challenges and Opportunities

As can be seen in this volume and other research on the Atlantic space, there are numerous current transnational challenges and opportunities that could be better understood from a systems perspective that focuses on structure, interaction, flows, and multiple causes. Understanding the component parts of a system remains important, but zeroing in too closely on the pieces can blind analysts and policymakers to the broader dynamics at play that constrain and enable certain outcomes.

Economic Transformation, Growth, and Emergence

In their respective chapters, Moubarack Lo, Ndidi Nwuneli, and David Rice each discuss what could be considered different types of economic transformation. Rice takes a global view with a focus on Africa in explaining how the world can harness the power of the private sector to reach the newly adopted Sustainable Development Goals. Doing so will require novel approaches to engaging with and encouraging private companies to invest in the kinds of projects and business opportunities that will help societies meet their development needs, including by unlocking financial resources through targeted catalyzing investments by the public sector and development banks. Nwuneli's focus on social entrepreneurship and the transnational linkages that foster its expansion points to a growing movement among businesses and energetic citizens to "do well while doing good," which Rice also touches on in his discussion.

Lo's chapter delves into the economic theory of development and transformation as he discusses what it means for a country to economically "emerge," which is a concept linked to the terminology of emerging economies and has become prominent in discourse in Africa. Indeed, many African countries have recently adopted "emergence plans" and Lo offers pragmatic guidance on how to strategically plan for this type of economic transformation. Interestingly, the concept of emergence appears linked to the French language, meaning that much of Francophone Africa speaks of *l'emergence*, whereas others speak of structural economic transformation. As Lamin Manneh explains in an article in *The New Times* of Rwanda, "It is therefore useful for policy advocacy and transformational development planning to discern to what extent there is convergence between these two strands of thought: emergence on one hand and economic transformation on the other and the implications for African countries."[12] The common goal of improving economic performance in the interest of creating greater opportunities for their citizens is clear, but the best way to do so is a subject of debate in many African countries. This case again illustrates the structural importance of language in how transnational society organizes itself and engages in discourse.

Nwuneli, Lo, and Rice all discuss both local and international dynamics in their pieces. They are quite aware that the fate of any given society is linked to the systemic flows of finance, resources, and ideas, both in the Atlantic space and globally. Whether govern-

[12] Lamin Manneh, "Emergence or Structural Economic Transformation: Which is Which for African Countries?" *The New Times*, July 23, 2015, http://www.newtimes.co.rw/section/article/2015-07-23/190876/.

ments, businesses, or civil society are seeking to foster and engage in bottom-up problem-solving through social entrepreneurship and citizen engagement or top-down macro frameworks for success, the need to engage internationally in order to attract the attention of partners is clear. Indeed, Lo's discussion of emergence highlights the attention-grabbing aspect of building better institutions and fostering economic dynamism within a given country. As a country demonstrates that it is moving toward best practices of macroeconomic management as well as the kinds of political pluralism and policy frameworks that enable new ideas and different kinds of people to flourish in a stable environment, it can hope to not only improve its domestic system, but also to emerge and more easily plug into the international systemic flows that will bring still more resources, ideas, and people. Of course, the citizen energy and economic dynamism emanating from African societies, flowing through networks in the broader system, can provide new ideas and problem-solving approaches to the challenges that modern societies all face, both in the Atlantic space and elsewhere.

A New Green Revolution?

In his chapter, Michel Petit discusses the multiple factors that would help engineer a new green revolution in the Wider Atlantic, focusing on sustainability. As the world's population grows, the need to produce more food is clear. But the immense challenge of climate change brought about by human activity as well as localized environmental effects of pollution need to be taken into account. The global systems that make up Earth's climate patterns are increasingly affected by human activities all over the planet, so a coordinated approach is necessary. Moreover, the research and development, resources, and expertise required to increase agricultural yields in a more energy-efficient and less resource-intensive way point to the importance of transnational collaboration between governments, academics, businesses, and civil society.

A positive example of transatlantic collaboration is detailed in the chapter by Nizar Messari and Zineb Benalla, where they discuss Brazil's agricultural diplomacy. By providing training and expertise to many African countries through the Brazilian Agricultural Research Corporation (Embrapa), Brazil not only enhances its influence and builds lasting relationships, it reinforces and molds the structure of the Atlantic system while fostering the knowledge-transfer solutions that Petit argues are necessary in order to achieve sustainable agricultural yield increases.

Trafficking Routes

In terms of systemic challenges, Tuesday Reitano and Mark Shaw demonstrate in this volume how drug and migrant trafficking routes through the Greater Sahara today flow across porous borders of weak states based on certain patterns that date back centuries and that are linked to the ethnic Tebu and Tuareg nomadic groups that span several states. With the collapse of the Gaddafi regime in Libya, weapons flowed across the region and borders became even more porous. This both enabled violent extremist groups to infiltrate multiple countries and for existing routes to operate with greater freedom, further undermining fragile states in the region. This trafficking system follows the logic of ethnic groupings, not centrally administered states, so any effort to address it in a piecemeal fashion state by state is likely to fail.

Messari and Benalla provide an up-close look at some of the localized impacts of the systemic flows of weapons and virulent ideologies in the Greater Sahara in their discussion of Benalla's proactive efforts to counter violent extremism through transformational strategies in the northern region of Mali. They bring out the human side of Tuareg villages that were affected by the violence after the fall of Gaddafi.

The Greater Saharan trafficking routes that Reitano and Shaw discuss are also inextricably linked to the other Atlantic continents. Many of the migrants have Europe as their destination, which has strained southern European states and led to a humanitarian crisis as people frequently drown during the Mediterranean crossing. At the same time, much of the cocaine originates in South America and flows through Brazil into West Africa before linking up with the Greater Saharan routes, while some of it is consumed along the way with localized impacts.

The recent increase in these transatlantic routes are partially due to broader growth in trade. As Nancy Brune explains in a recent volume titled *Dark Networks in the Atlantic Basin*, "The narcotrafficking nexus between Latin America (particularly Brazil) and Africa has grown over the last decade, and is expected to continue growing. Not surprisingly, the growing legitimate trade relationship between Latin America and Africa has forged a pathway that now supports illicit trade."[13] Of course, as Reitano and Shaw point out, untangling the complexity of these transnational trafficking routes requires understanding the role played by North America and Europe, which are the ultimate markets for many of the drug flows.

Thus, any effort to understand the challenges within and emanating from Libya, for example, cannot focus simply on what is happening in the territory of Libya, but also on the broader systemic flows of people, weapons, drugs, and ideas that ignore the colonial-era borders of that broken state. It must take into account the dynamics in many other countries as well as within the expansive networks that traverse those countries. How those networks are structured and what motivates them are critical to comprehending the systems of conflict that threaten people and societies around the Atlantic space and elsewhere, whether it is from criminal violence fueled by the drug trade or political violence by terrorist groups that take advantage of ungoverned spaces to operate with relative impunity.

More effective responses to shared challenges such as these could be crafted through better coordinated action across the Atlantic space. Lack of vision and creativity often makes it harder to find solutions to new types of problems that do not neatly fit into our inherited understandings of how the world works. But new ideas are circulating.

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[13] Nancy Brune, "Security in the Atlantic Basin," in Dan Hamilton (ed.), *Dark Networks in the Atlantic Basin* (Washington, DC: Johns Hopkins SAIS Center for Transatlantic Relations, 2015), 6.

The proposal for an Atlantic Human Security Forum that Dan Hamilton mentions in the opening chapter of *Dark Networks in the Atlantic Basin* is worth exploring.[14] Such a forum could enable a systems-oriented approach to addressing the transnational non-state criminal and terrorist groups that threaten people and undermine states by helping policymakers understand how their local challenges are linked to each other. It would provide opportunities to build working relationships and develop coordinated responses that address multiple root causes simultaneously with varying time horizons, while also mitigating the near-term harms.

Conclusion

In terms of broad historical trends as well as current challenges and opportunities, there appear to be sound reasons for conceptualizing the Atlantic space as a system and acting upon it as an organizing principle, whether in terms of a human security forum or simply in the way we think about how the world operates. Within this system, countless sub-systems exist and all systems blur at the edges as they interconnect and overlap with other systems. Yet, the affinities of language, values, intellectual heritage, and ethnicity that have been forged by interaction over the centuries in the Atlantic space do appear to constitute elements of structure that follow a certain logic and that generate transnational networks today. Moreover, the interdependent human security challenges that confront societies of the Atlantic space largely ignore state borders and existing mental frameworks. Perhaps most importantly, the opportunities in terms of resource management, institutional improvement, and economic dynamism that could be harnessed by citizens of this space would be more effectively seized through collaboration and knowledge-sharing. Of course, it is important not to lose sight of the fact that the Atlantic system is a sub-system within the global system and that in an era of high connectivity, climate change, and dense global flows of people and ideas, the destiny of world society is more intertwined than ever.

Reorienting the way we think about problems and opportunities can lead to novel solutions that previously eluded even the most brilliant minds. This was the case when doctors seeking to develop mechanical hearts focused less on the organ itself and considered its role within the complex system that is the human body, which is to bring a continuous flow of blood to the rest of the organs and tissues. A novel approach uses turbines to pump blood through the body, rather than trying to recreate the pulsating functionality of the heart. As it turns out, the pulsating is only necessary for the heart itself, not the rest of the body.[15] Living without a pulse may be unnerving, but it is now possible, and the turbine mechanical heart solves problems of engineering and battery life that have significantly limited the effectiveness of pulsating mechanical hearts. Thinking in terms of social systems, and not just the component parts of society or specific human activities, could

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[14] Dan Hamilton, "Promoting Human Security and Effective Security Governance in the Atlantic Hemisphere," in Hamilton (ed.), *Dark Networks in the Atlantic Basin*, (Washington, DC: Johns Hopkins SAIS Center for Transatlantic Relations, 2015), xiv-xv.

[15] See, for example, Carrier Feibel, "Heart with No Beat Offers New Lease on Life," *NPR*, June 13, 2011, http://www.npr.org/2011/06/13/137029208/heart-with-no-beat-offers-hope-of-new-lease-on-life.

help thought leaders and policymakers identify new solutions to the challenges we face. By taking into account interaction, flows, structure, and multiple simultaneous causes over the course of time, we could start to better understand how the systems that affect our lives operate and act to improve them.

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2 How the Private Sector Can Support the Sustainable Development Goals in Africa

David Rice

Introduction

Over the last decade, the African narrative has changed from "hopeless"[1] to "rising,"[2] due primarily to the robust, sustained rate of overall economic growth, the spread of democracy, a reduction in violent conflict, and improvements in health. However, despite these impressive gains, Africa is still home to 75 percent of the world's poorest countries. Around 30 percent of the population went hungry in 2010, nearly three-quarters lack access to electricity, over 270 million lack access to clean water, over 500 million suffer from waterborne diseases, and 1 in 16 women will die during childbirth or pregnancy.[3]

Faced with common global economic, social, and environmental challenges, the international community has established a set of Sustainable Development Goals (SDGs). The SDGs, which have been formulated by the United Nations together with a wide range of stakeholders, are intended to galvanize action worldwide through concrete targets for the 2015–30 period, focusing on poverty reduction, food security, human health and education, climate change mitigation, and a range of other objectives across the economic, social, and environmental pillars.

The SDGs are a new, universal set of goals, targets, and indicators that UN member states will be expected to use to frame their agendas and political policies over the next 15 years. The SDGs follow and expand on the Millennium Development Goals (MDGs), which were agreed upon by governments in 2001 and are due to expire at the end of this year. There is broad agreement that, while the MDGs provided a focal point for governments — a framework around which they could develop policies and overseas aid programs designed to end poverty and improve the lives of poor people — they were too narrow, under-funded, and lacking buy-in from the developing world. As a result, in Africa, very few of the goals were achieved, although progress was made on some.

The eight MDGs — reduce poverty and hunger; achieve universal education; promote gender equality; reduce child and maternal deaths; combat HIV, malaria, and other diseases; ensure environmental sustainability; and develop global partnerships — failed to consider the root causes of poverty and overlooked gender inequality as well as the holistic nature of development. The goals made no mention of key issues such as human rights and public governance, and did not specifically address economic development or employment, which are the drivers of prosperity.

While the MDGs, in theory, applied to all countries, in reality they were considered targets for poor countries to achieve, with financing from wealthy states. Conversely, under the SDGs, *every* country will be expected to work toward achieving them. As the end of the MDGs approaches, an estimated 1 billion people still live on less than $1.25

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[1] "Hopeless Africa," *The Economist*, May 11, 2000.

[2] "Africa Rising: A Hopeful Continent," *The Economist*, March 2, 2013.

[3] World Health Organization, "Maternal Mortality," *World Health Organization Fact Sheet No. 348*, updated May 2014, http://www.who.int/mediacentre/factsheets/fs348/en/.

a day (the World Bank measure of poverty), more than 800 million people do not have enough food to eat, and women are still fighting hard for their rights while millions continue to die during childbirth. In response to these challenges, a new set of Global Goals were proposed for the next 15 years.

At the Sustainable Development Summit on September 25, 2015, UN member states adopted the 2030 Agenda for Sustainable Development, which includes a set of 17 Sustainable Development Goals to end poverty, fight inequality and injustice, and tackle climate change by 2030. The new Global Goals for Sustainable Development and the broader sustainability agenda go much further than the MDGs, addressing the root causes of poverty and the universal need for development that works for all people. Also, the process for developing them was much more open and inclusive, with a concerted effort to ensure they were shaped, in part, by leaders from the countries where the most amount of progress is needed. However, the SDGs are in jeopardy before they have even begun due to a deficit from the MDG process that has not been resolved with this new iteration: how to pay for them.

Poverty in its many dimensions persists stubbornly worldwide, not just in certain areas, and is pervasive across many regions. It has traditionally been viewed as a mandate for governments to try to resolve. However, as capitalism has spread and the global economy has become more integrated, further fueling the private sector's growth and importance, business is increasingly viewed as an important contributor to the spread of prosperity as well as a potential provider of solutions to social and environmental challenges. While the private sector can play a role in efforts to reduce poverty, traditional "business-as-usual" models may have little impact. For example, a 2010 study by the UN Institute for Development Studies on the MDGs and deficiencies warned, "[t]he private sector undoubtedly has an important contribution to make because of its central role as an engine of growth. But driven as it is by profit considerations, it is unlikely to take a lead in promoting social justice."[4] The necessity of profit generation for businesses to be sustainable is clear, but there is an emerging movement within civil society, government, and even the private sector itself to consider the ways in which businesses can do both — make profit for themselves and spread prosperity more broadly for the benefit of society.[5]

The connection between private sector and development is about economic growth as a means to human development. According to the 2008 report *Creating Value for All: Strategies for Doing Business with the Poor*, published by the UNDP Growing Inclusive Markets Initiative, inclusive business models

> "include the poor at various points in the value chain: on the demand side as clients and customers, and on the supply side as employees, producers, and business

[4] Naila Kabeer, *Can the MDGs Provide a Pathway to Social Justice? The Challenge of Intersecting Inequalities, report of the Institute of Development Studies and MDG Achievement Fund* (New York: United Nations Development Programme, 2010), 40, http://www.mdgfund.org/sites/default/files/MDGs_and_Inequalities_Final_Report.pdf.

[5] See Michael Porter and Mark Kramer, "Creating Shared Value," *Harvard Business Review*, vol. 89, no. 1/2 (January/February 2011): 62-77.

> owners. They build bridges between businesses and poor people for mutual benefit in the supply chain, in the workplace, and in the marketplace. The benefits from inclusive business models go beyond immediate profits and higher incomes. For business, they include driving innovations, building markets, and strengthening supply chains. And for the poor, they include higher productivity, sustainable earnings, and greater empowerment."[6]

This distinguishes between the overall growth of an economy and the manner of that growth, posing the question: is the way in which an economy is growing inclusive of the poor and others who lack access to opportunities that will help lift them out of poverty? Throughout the world, the private sector is the primary means for this to be achieved. Moreover, in the most developed economies, it is often the private sector itself that has become the provider of quality, efficient, and innovative products and services that improve human development and quality of life. African countries, therefore, must develop the means with which to leverage the private sector in the attainment of the new set of Global Goals.

The Sustainable Development Goals

The SDGs are a universal set of 17 global goals for sustainable development with 169 associated targets. They outline a new framework for the sustainable financing of development, which is one of the most critical means of implementation for the emerging global development agenda, and includes a new universal climate agreement, with specific climate actions.

The context, framework, and focus on poverty eradication of the new sustainable development agenda was first laid out by the United Nations Secretary General in his Synthesis Report: *The Road to Dignity by 2030*, which was released in September of last year.[7] A year later, in September 2015, during the 70th annual meeting of the United Nations General Assembly, the member states formally adopted the SDGs that will be pursued for the next 15 years, starting in January 2016.

The SDGs will have significant resource implications across the developed and developing world as the United Nations estimates that the SDGs will cost $170 trillion over 15 years.[8] Meanwhile, current global gross domestic product (GDP) annually is only $73 trillion, which means that each and every year, roughly 15 percent of the world's GDP may have to be dedicated to financing the SDGs. Estimates for total investment needs in developing countries alone range from $3.3 trillion to $4.5 trillion per year for basic infrastructure (roads, rail, and ports; power stations; water and sanitation), food security (agriculture

[6] "FAQ: What Are Inclusive Business Models?" Growing Inclusive Markets, United Nations Development Programme, http://www.growinginclusivemarkets.org/faq/.

[7] United Nations, *The Road to Dignity by 2030: Ending Poverty, Transforming All Lives and Protecting the Planet*, Synthesis Report of the Secretary-General on the Post-2015 Agenda, December 2014.

[8] United Nations, "Investing in the SDGs: An Action Plan for Promoting Private Sector Contributions," in *World Investment Report 2014*, United Nations Conference on Trade and Development, http://unctad.org/en/PublicationChapters/wir2014ch4_en.pdf.

Figure 1: Sustainable Development Goals

1. End poverty in all its forms everywhere
2. End hunger, achieve food security and improved nutrition, and promote sustainable agriculture
3. Ensure healthy lives and promote wellbeing for all at all ages
4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
5. Achieve gender equality and empower all women and girls
6. Ensure availability and sustainable management of water and sanitation for all
7. Ensure access to affordable, reliable, sustainable, and modern energy for all
8. Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all
9. Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation
10. Reduce inequality within and among countries
11. Make cities and human settlements inclusive, safe, resilient, and sustainable
12. Ensure sustainable consumption and production patterns
13. Take urgent action to combat climate change and its impacts (taking note of agreements made by the UNFCCC forum)
14. Conserve and sustainably use the oceans, seas, and marine resources for sustainable development
15. Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation, and halt biodiversity loss
16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions at all levels
17. Strengthen the means of implementation and revitalize the global partnership for sustainable development

and rural development), climate change mitigation and adaptation, and health and education.

Reaching the SDGs will require a step-change in both public and private investment. Public sector funding capabilities alone may be insufficient to meet demands across all SDG-related sectors. However, the current participation of the private sector in investment in these sectors is relatively low. Only a fraction of the worldwide invested assets of banks, pension funds, insurers, foundations, and endowments, as well as transnational corporations, is in SDG sectors, and even less in developing countries, particularly the poorest ones — typically referred to as least developed countries (LDCs).

Financing the SDGs

A crucial and obvious question in meeting the SDGs is how to pay for them. The development financing challenge has been described as the need to go from billions in traditional donor assistance to the trillions needed to end poverty and tackle climate change. [9] This cannot happen without the private sector. Official development assistance (ODA) per annum is in the range of $160 billion; private flows in the form of remittances are on the order of $340 billion per year; international private capital flows are approaching $1 trillion; and domestic resources and domestic investment by companies in their own economies, as a percentage of GDP, total about $3.7 trillion, with host country governments spending on the order of $5.5 trillion.[10]

Development Finance Institutions (DFIs) are working to continue increasing the level of financing available to support country efforts to achieve the SDGs. During the first three years of the SDG period (2016 to 2018), the DFIs plan financial support of over $400 billion.[11] Even more important than the direct financial assistance provided by DFIs is how this assistance is used to catalyze, mobilize, and crowd in both public and private sources of funds for development. Through policy advice, technical assistance, and capacity building, DFIs and the International Monetary Fund (IMF) support government efforts to increase available resources and spend them effectively; through DFI policy support loans and IMF-supported programs, these institutions help countries meet budgetary and balance of payments needs, thereby supporting macroeconomic stability and growth. This includes domestic public resource mobilization, deepening of local financial and capital markets, and creating a conducive climate for private investment, both local and international. DFI investments and IMF loans also directly catalyze private sector flows.

Catalyzing and channeling additional and new types of private flows to support development efforts will be a specific focus of the DFIs going forward. They have long acted as a bridge between the public and private sectors, able to convene a variety of actors around important development issues, and so are well placed to deliver on this challenge.[12]

The Addis Ababa Action Agenda, completed in July 2015, placed equal emphasis on individual country ownership, calling for nationally owned sustainable development strat-

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[9] *Public-private partnerships: Ten ways to achieve the Millennium Development Goals*, Development Cooperation: Ministry of Foreign Affairs of the Netherlands, http://www.minbuza.nl/binaries/content/assets/minbuza/en/import/en/key_topics/development_cooperation/partners_in_development/public_private_partnerships/public-private-partnerships-ten-ways-to-achieve-the-mdgs.

[10] Stephanie Bandyk, “The Trillion-Dollar Question: Financing the Sustainable Development Goals,” *Center for International Private Enterprise Development Blog*, July 30, 2015, http://www.cipe.org/blog/2015/07/30/the-trillion-dollar-question-financing-the-sustainable-development-goals/.

[11] Ibid.

[12] Jonathan Glennie, “How Silver-Tongued Multinationals Can Win Trust in Development Circles,” *The Guardian*, April 29, 2014, http://www.theguardian.com/global-development/poverty-matters/2014/apr/29/multinationals-business-global-development-regulation.

egies.[13] Mobilizing domestic resources through an increase in taxes collected, and through local and international public finance was one key item on the agenda for Addis. To this end, donors in the financing landscape need to play an active role in fragile and post-conflict countries. The role of such agencies is to work with governments and strengthen the enabling environment, filling in the gaps where the private and public sector might be more constrained in what they can do.

Drawing in private sector business and investment will be central to reaching the trillions needed to achieve the SDGs. At the interface of the public and private sectors, DFIs such as the World Bank, African Development Bank, and the International Monetary Fund are ready to play a catalytic role to unlock the potential of private finance.[14] They can help deepen and expand local banking and other domestic finance through capacity building to expand domestic investor bases, and support financial inclusion through micro-, small-, and medium-sized assistance. Unlike in middle income countries, where the resources of donors are comparatively much smaller but local capacity of private sector and government is rapidly increasing, donors should assume a catalytic role in making private sector activity happen.

Funding plans for the sustainable development goals must factor in commercial imperatives. Given the size of the investment necessary to achieve the SDGs, private investment is essential, but we must be realistic about what to expect. Businesses, including micro, small, and medium enterprises (MSMEs), can enhance financial infrastructure to encourage lending to support their growth.

The Private Sector Role in Context

> *"The objectives and priorities of the international community and the business world are more aligned than ever before…for business to enjoy sustained growth, we need to build trust and legitimacy…for markets to expand in a sustainable way, we must provide those currently excluded with better and more opportunities to improve their livelihoods."*[15] — United Nations Secretary-General Ban Ki-Moon

A stronger private sector is essential for development, and private sector-led economic growth is considered essential for sustaining any effort to reduce poverty — a core objective of today's development cooperation — as well as for the supply of infrastructure, services, and goods necessary for almost any aspect of the implementation of development policy.[16] However, it has long been recognized that not all private sector development

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[13] *The Addis Ababa Action Agenda of the Third International Conference on Financing for Development*, http://www.un.org/esa/ffd/ffd3/wp-content/uploads/sites/2/2015/07/Addis-Ababa-Action-Agenda-Draft-Outcome-Document-7-July-2015.pdf.

[14] *Engaging with the Private Sector in the Post-2015 Agenda*, United Nations Industrial Development Organization, https://www.unido.org/fileadmin/user_media_upgrade/Resources/Publications/Final_Consultation_Report_Engaging_with_the_Private_Sector.pdf.

[15] Ban Ki-Moon, "Secretary-General's Opening Remarks at the United Nations Global Compact Leaders Summit," *United Nations Press Release*, July 5, 2007, http://www.un.org/sg/STATEMENTS/index.asp?nid=2655.

[16] *Private Sector Investment and Sustainable Development* (UN Global Compact, UNCTAD, UNEPFI, PRI, 2015), https://www.unglobalcompact.org/docs/publications/Private_Sector_Investment_and_Sustainable_Development.pdf.

necessarily results in the desired broad-based prosperity and equity. It is therefore critical that public and private actors forge effective partnerships that benefit both the entrepreneurial aspirations of private actors as well as public goals and developmental objectives.

Enterprise development is fundamental to poverty alleviation, job creation, economic growth, and human development. It can help the entrepreneur make ends meet, achieve financial security, accumulate wealth, become a leader, and set an example for others; create jobs and incomes in his or her community; generate tax revenues for governments; and catalyze a range of multiplier effects, from food security to improved nutrition to better access to health care and education for future generations. In countries with support structures in place, small and medium enterprises (SMEs) can account for significant percentages of both employment and GDP.

A wave of creative and confident young "social entrepreneurs" has emerged in Africa, developing innovative start-ups in areas such as the environment, health, and skills development.[17] This is an important trend as traditional aid models are shown to be ineffective in lifting Africans out of poverty due to the fact that, in many cases, they are paternalistic, breed dependency, and distort local markets. Social development can greatly benefit from the contribution of private resources, including traditional philanthropy; corporate social responsibility giving; social venture funding; hybrid or "blended-value" financing mechanisms; employee volunteerism; product donations; and other in-kind contributions. However, the emergence of this trend to catalyze development of hybrid enterprises that are run like a business, but with the mission of a non-governmental organization as a way to promote prosperity are not going to achieve the kind of scale or have the level of impact required to help Africa achieve the SDGs.

In high-income countries, SMEs account for more than 60 percent of both employment and GDP; in low-income countries, they account for nearly 80 percent of employment but less than 20 percent of GDP.[18] As a result, whether entrepreneurs start their businesses because they cannot find jobs ("necessity entrepreneurship") or because they see market opportunities ("opportunity entrepreneurship"), helping them grow is a development imperative.

For large companies, enterprise development is also a business imperative. It strengthens the value chain by increasing quality, quantity, and security while potentially decreasing cost on the supply side and by increasing sales capacity on the distribution side. It expands the market by driving job creation and GDP growth and it enhances corporate reputation by contributing to local, national, and global priorities.

Just as enterprise development is critical to large firms, large firms are critical to enterprise development. They can support entrepreneurs through corporate social investment in

[17] Holly Young, "Social Enterprise to Africapitalism: Do the Alternatives to Capitalism Work?" *The Guardian*, June 13, 2014, http://www.theguardian.com/global-development-professionals-network/2014/jun/13/alternative-economic-models-live-chat.

[18] Beth Jenkins, Richard Gilbert, and Piya Baptista, *Sustaining and Scaling the Impact of Enterprise Development Programmes: SABMiller's Approach to Strengthening Business Ecosystems* (Harvard Kennedy School Corporate Social Responsibility Initiative, 2014), http://www.hks.harvard.edu/m-rcbg/CSRI/research/SABMillerEcosystem7.pdf.

start-up capital, basic business skills, mentoring, and networking with peers and potential customers. However, large firms increasingly realize that when it comes to supporting entrepreneurs, their comparative advantage is not social investment but rather demand for goods and services within their core business operations and value chains — demand that creates the business opportunities entrepreneurs need in order to grow. To help them take advantage of these opportunities, many large firms adjust their procurement policies and practices and provide small-scale suppliers, distributors, and retailers with information, training, technology, and other capacity-building resources.

Private companies in the real economy are a major driver of growth. Well-governed and formal companies can invest in providing better and more secure employment opportunities, offering health and social security benefits for employees, which are critical elements in reducing inequality. The private sector, as the primary driver of economic growth and dynamism, has great potential to promote sustainability in a number of ways, not the least of which is to expand access to employment since over 90 percent of jobs in developing countries are in the private sector.[19] The following attributes represent the specific ways in which the private sector can contribute to development:

- First, the private sector's economic dynamism has the potential to facilitate sustainable development. In the case of Africa, the major problem is the historically low private investment/GDP ratio. To provide an impetus to private investment, governments need to improve the enabling domestic policy environment and the overall allocative efficiency and productivity of public investment. African businesses should also explore ways to better tap the regional value chains that have emerged as key drivers of growth in East Asian countries.
- Second, sustainable development is best served if the private sector positions itself to foster inclusive growth. There is no doubt that the private sector has potential to lift people out of poverty. Although the private sector is responsible for the vast majority of jobs in developing countries, only about one-quarter of the working-age population is engaged in productive and decent employment.[20] SMEs, the backbone of Africa's industry, have contributed significantly to job creation. However, more than 80 percent of the workforce in Africa remains trapped in informal sector jobs,[21] with little social protection or other social benefits.
- Third, the private sector's potential to contribute to domestic revenues can help finance essential public goods and services, helping governments to provide more and better public services, thereby creating a virtuous circle.

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[19] *International Finance Institutions and Development through the Private Sector* (Washington, DC: International Finance Corporation, 2011), 8.

[20] *IFC Jobs Study: Assessing Private Sector Contributions to Job Creation and Poverty Reduction* (Washington, DC: International Finance Corporation, 2013), http://www.ifc.org/wps/wcm/connect/0fe6e2804e2c0a8f8d3bad7a9dd66321/IFC_FULL+JOB+STUDY+REPORT_JAN2013_FINAL.pdf?MOD=AJPERES.

[21] "Recognizing Africa's Informal Sector," *African Development Bank Blog*, March 27, 2013, http://www.afdb.org/en/blogs/afdb-championing-inclusive-growth-across-africa/post/recognizing-africas-informal-sector-11645/.

- Fourth, private investment in inclusive business models and impact industries has the potential to create jobs, add value (such as through the application of innovative technologies, processes, and skills), and extend a broader range of social and economic services to marginalized communities.

In many parts of Africa, private companies are already providing basic services such as infrastructure (energy, telecommunications, transport, and water),[22] food security, education, and health. Through labor relationships and interaction with workers, suppliers, consumers, and citizens, as well as with public institutions and civil society organizations, companies can have a critical impact on societies. The United Nations Conference on Trade and Development (UNCTAD) estimates that transnational corporations (TNCs) worldwide have some $25 trillion in foreign investment stocks, making them potentially powerful development actors.

The Private Sector and the SDGs

> *"I'm late to realizing that it's you guys, it's the private sector, it's commerce that's going to take the majority of people out of extreme poverty. As an activist, I almost found that hard to say."*[23]— Bono, Founder, ONE Campaign

Private sector contributions can take two main forms: good governance in business practices and investment in sustainable development. Good governance includes the private sector's commitment to sustainable development; transparency and accountability in honoring sustainable development practices; responsibility to avoid harm, even if it is not prohibited; and partnership with government on maximizing co-benefits of investment. Beyond good governance, private sector investment can play a significant role in facilitating a shift in the global economy toward a more sustainable trajectory of long-term growth and development, as envisaged by the SDGs.

Foreign direct investment (FDI) deserves particular attention as it represents the largest net flow of capital to developing countries, reaching a new high of $778 billion in 2013.[24] It is an important source of relatively stable development capital, partly because investors typically seek a long-term interest in a project, thus making their participation less volatile than that of other sources. In addition, FDI has the advantage of bringing with it a package of technology plus managerial and technical expertise that may be required for the successful set-up and running of sustainable development investment projects. FDI can therefore provide a unique opportunity to drive inclusive growth in economies where the need is greatest. Nonetheless, FDI to LDCs currently stands at a meager 2 percent of global flows.[25]

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[22] See, for example, Paul Collier, "Introduction," in Terence McNamee, Mark Pearson, Wiebe Boer (eds.), *Africans Investing in Africa: Understanding Business and Trade, Sector by Sector*, (London: Palgrave MacMillan, 2015).

[23] Adva Saldinger, "The Private Sector Has a Seat at the Table, Now It's Time to Step Up," *DevEx Impact*, September 30, 2015, https://www.devex.com/news/the-private-sector-has-a-seat-at-the-table-now-it-s-time-to-step-up-87010.

[24] United Nations, "Investing in the SDGs: An Action Plan for Promoting Private Sector Contributions," 24.

[25] *Private Sector Investment and Sustainable Development,* 10.

Tax revenue generated by TNCs and other companies contributes to domestic resource mobilization that is critical for financing SDG implementation. In many developing countries, TNCs are often the single biggest contributor to government revenues through various forms of taxation. Responsible tax-paying practices on the part of firms and increased collection capabilities on the part of tax authorities in low-income countries are a crucial part of SDG financing.

The private sector needs to adopt a longer time horizon in its investment decisions, through more effective investments in its production patterns, value addition, and marketing chains. Several processes are underway to engage and raise awareness regarding the need for alignment of corporate strategies and processes with the global development agenda. The United Nations Global Compact has released a report titled *Building the Post-2015 Business Engagement Architecture*,[26] which calls for advancing sustainable development through action, collaboration, and co-investment by aligning corporate business strategies, models, and research and development priorities with global sustainability responsibilities, including support for the achievement of specific SDGs. It is encouraging that African companies are positioning themselves to participate in this approach, and formal reporting by companies on their corporate sustainability progress to society at large is a praiseworthy development.

One of the most worrying trends of the past 15 years has been the growing inequality within and between states. Global value chains can unwittingly make a bad situation worse since consolidating economic power in large, well-performing suppliers or globally known brands does not necessarily create diverse economies and decent jobs. To address this situation, governments need to encourage businesses to invest in new areas; large businesses should create opportunities for SMEs; and the economy should remain open to entrepreneurs with limited resources.

Global value chains are not necessarily transparent or accountable — in fact, it is the constant shifting of production and markets that can obscure responsibilities and the true nature of business relationships. All too often, global competition for international investment and fears that business will move elsewhere result in poor worker protections. However, global value chains can be made more transparent and accountable as we have seen over recent years on issues such as conflict minerals, forced labor, human trafficking, land acquisition and use, security issues, and revenue transparency in the extractive sector. Better laws, effective enforcement, and stronger multi-stakeholder approaches should all be central aspects of improving accountability within global value chains.

SMEs will be central to achieving the inclusive economic growth promised by the post-2015 development agenda. They account for up to 80 percent of all formal employment opportunities across the developing world, and hold the key to future growth.[27] But they

[26] *Building the Post-2015 Business Engagement Architecture* (United Nations Global Compact, 2013), https://www.unglobalcompact.org/docs/about_the_gc/Architecture.pdf.

[27] Paul Collier.

need infrastructure to trade goods and services. Entrepreneurs — both women and men — need equal and fair access to finance so they can create new businesses, reach new markets, and adapt to climate change.

The most frequent constraint faced by potential investors in sustainable development projects are the lack of concrete proposals of sizeable, high-impact, and bankable projects. Promotion and facilitation of investment in sustainable development should include the marketing of pre-packaged and structured projects with priority consideration and sponsorship at the highest political level. This requires specialist expertise and dedicated units, such as government-sponsored "brokers" of sustainable development investment projects. Putting in place such specialist expertise (ranging from project and structured finance expertise to engineering and project design skills) can be supported by technical assistance from a consortium of international organizations and multilateral development banks. Units could also be set up at the regional level to share costs and achieve economies of scale.

Creating the right enabling environment for SMEs requires contributions from everyone. Particularly in the fragile states that are increasingly home to the world's poorest, traditional development assistance remains critical, which is why long-standing donors must stick to their pledges. Modestly better-off developing countries, meanwhile, remain home to hundreds of millions of very poor people. Better domestic tax collection would help them fund essential infrastructure and services — and here, too, development assistance and better tax compliance by multinationals can help.

Africapitalism: A New Approach to Africa's Development

> *"In many parts of Africa, the private sector is already providing access to energy, infrastructure, and housing, as well as playing an important role in the more socially orientated goals such as improving food security, education, and health care."*[28]
> — Tony O. Elumelu, CON, Chairman, Heirs Holdings

One of the key drivers of positive social and political change is economic empowerment, which is not the same as economic expansion. For example, Africa averaged over 5 percent yearly growth over the past 15 years, although much of that has been driven by selling off its natural resources — Africa is home to one-third of the world's minerals as well as one-tenth of its oil. However, despite Africa's rising tide, it is not lifting all boats. Millions of people are being left behind and this lack of inclusiveness will limit overall growth in the long-term. According to research conducted by the IMF, which looked at 173 countries over the last 50 years, more unequal countries tend to have lower and less durable economic growth. "[I]nequality can undermine progress in health and education, cause investment-reducing political and economic instability, and undercut the social

[28] Tony Elumelu, "What the U.N.'s New Development Goals Mean for Africa," *Time Magazine*, September 29, 2015, http://time.com/4052700/un-sustainable-development-goals-africa/.

consensus required to adjust in the face of shocks, and thus that it tends to reduce the pace and durability of growth."[29]

Africapitalism is an emerging economic philosophy predicated on the belief that the African private sector must play a critical role in driving the continent's overall development.[30] In addition to creating jobs, attracting more investment, building local value chains, innovating new products and services, generating tax revenues, and creating positive economic spillovers, Africapitalism can help address widening inequality — an affliction with dire consequences that is becoming an increasingly difficult challenge in Africa and around the globe. The philosophy of Africapitalism is based on the premise that even the combined efforts of government, donor countries, multilateral institutions, and philanthropists are not enough to address Africa's current challenges, much less prepare the continent for the needs of the future.[31]

In order for the private sector to be adequately leveraged as a key partner in the achievement of the Sustainable Development Goals in Africa, government leaders must recognize how imperative it is to adopt structural economic reforms in order to ease the burden of starting and running a profitable business. For example, according to the World Bank's annual Ease of Doing Business Report, Africa remains the least business-friendly region in the world[32] — although some countries like Rwanda and South Africa are positive examples of where substantial progress has been made. The challenges tracked and measured by the World Bank are indicative of the degree to which the enabling environments in African countries need to improve if they expect businesses to be competitive.

The adoption and application of the specific tenets of Africapitalism requires the engagement and affirmation of both governments and businesses.[33] For example, the philosophy calls for the private sector to take a long-term approach to investing in strategic sectors of the economy, meaning the investment orientation of business should be to create value and not merely extract it. In terms of the government's role, Africapitalism encourages policymakers to see business as an important driver of economic growth, especially if policies and regulations were designed in a way to facilitate their competitiveness and making it easier for them to create jobs and opportunities for Africans.[34]

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[29] Jonathan Ostry, Andrew Berg, and Charalambos Tsangarides, *Redistribution, Inequality, and Growth*, (International Monetary Fund, April 2014), 4, https://www.imf.org/external/pubs/ft/sdn/2014/sdn1402.pdf.

[30] Ruby Edwards, "Can Africapitalism Save the Continent?" *The Guardian*, July 12, 2013, http://www.theguardian.com/world/2013/jul/12/africa-africapitalism-tony-elumelu.

[31] "What Is Africapitalism?" Africapitalism Institute — Tony Elumelu Foundation, http://tonyelumelufoundation.org/africapitalisminstitute/about-us/what-is-africapitalism.

[32] *Doing Business 2015: Going Beyond Efficiency* (Washington, DC: International Bank for Reconstruction and Development / World Bank Group, 2015), 5, http://www.doingbusiness.org/~/media/GIAWB/Doing%20Business/Documents/Annual-Reports/English/DB15-Full-Report.pdf.

[33] Kenneth Amaeshi and Uwafiokun Idemudia, "Africapitalism: A Management Idea for Business in Africa?" *African Journal of Management*, vol. 1, no. 2 (June 2015): 210-223.

[34] Anna Leach, "14 Ways African Governments Can Extract More from their Natural Riches," *The Guardian*, December 16, 2015, http://www.theguardian.com/global-development-professionals-network/2014/dec/16/14-ways-african-governments-can-extract-more-from-their-natural-riches.

Recognizing the importance of the SDGs, the world's most influential international institutions have been engaged in their achievement, and there is broad agreement that the private sector has a critical role to play. For example, shortly after the formal adoption of the SDGs during the UN General Assembly meeting in September 2015, the World Bank and International Monetary Fund held a joint annual meeting during which the financing of the SDGs was on the agenda. A distinguished panel that included some of the world's leading economists and economic policymakers, such as Nobel Prize-winner Joseph Stiglitz and IMF President Christine Lagarde, echoed the need to engage the private sector as an imperative to achieving the SDGs. Tony Elumelu, a Nigerian billionaire and African business leader who provided the private sector perspective on the panel, said that from his perspective, the primary impediment to the SDGs is not the cost, but the fact that the goals are viewed as challenges to be resolved rather than opportunities to be capitalized upon.[35]

Sustainable development requires more effective and equitable policy frameworks at national, regional, and international levels on issues including trade, investment, education, infrastructure, rule of law, and technology. Governments have the obligation to invest wisely in these pillars of development and to do so in ways that benefit those most in need. But we should not underestimate areas where value chains can make a significant difference to development outcomes. Understanding these should be a priority as we consider the role of business in contributing to the SDGs.

Key sectors of importance to achieving the SDGs that represent viable commercial opportunities and that are ripe for the Africapitalism philosophy are:

- **Energy**. Given severe energy scarcity in Africa — only 26 percent of the population of sub-Saharan Africa has access to electricity[36] — investments by enterprises in sustainable energy priorities of energy efficiency, energy access, and cleaner sources of energy will be vital to supporting the sustainable development agenda. Investments in renewable energy projects, co-generation and enhancing energy efficiency will not only make commercial and industrial operations less vulnerable to power fluctuations, but will enhance overall financial viability.
- **Waste**. Businesses around the world are discovering that there is "wealth in wastes." The private sector in Africa should lead in exploiting the potential of recycling and waste management that could lead to the creation of entirely new industries. Business enterprises need to look beyond business-as-usual models to creatively use technologies to generate wealth and move toward low carbon pathways.

[35] Tony Elumelu, "Seminar: Ready for Takeoff: Implementing the Post-2015 Development Agenda," remarks at World Bank and International Monetary Fund 2015 Annual Meetings, October 10, 2015, Lima, Peru, http://www.imf.org/external/am/2015/mmedia/view.aspx?vid=4549205083001.

[36] "Lighting a Dark Continent," *The Economist*, September 27, 2014, http://www.economist.com/news/middle-east-and-africa/21620245-power-shortages-have-been-holding-africa-back-are-last-easing-lighting.

- **Transport**. Transportation costs increase the prices of African goods by about 75 percent,[37] which diminishes the competitiveness of African products. As more of Africa's natural resources are developed and as the population grows significantly, there are tremendous opportunities for investment in transportation infrastructure including roads, ports, rail, airports, and mass transit.
- **Cities**. A dozen major African cities will see their populations increase by 50 percent between 2010 and 2025, and the continent is projected to be 70 percent urbanized by 2050.[38] The private sector can contribute to the development of new smart urban centers through public-private partnerships (PPPs), implementing new low carbon technologies and developing low carbon pathways for urbanization in Africa. Economic growth and sustainable development are not zero-sum games.
- **Agriculture**. Agriculture employs 65 percent of Africa's labor force and accounts for 32 percent of gross domestic product, and more than 60 percent of the world's arable land is located on the continent.[39] With the lowest farm yields in the world, there is a tremendous amount of value to be captured through the development of medium- to large-scale farming and mechanization to dramatically increase productivity.

For many of the SDGs, the presence and extent of a particular need, such as health, electricity, or employment, presents an opportunity for business to play a leading role in attaining the related goal while also generating financial returns for the company. The key is to ensure that businesses operating in the regions where they have a substantial role to play are properly aligned with the goals themselves as well as with the financial opportunity. Profit and prosperity are not mutually exclusive and, in most cases, are actually mutually dependent upon each other. The philosophy of Africapitalism is a framework for businesses and governments, and other stakeholders as well, to collaborate in ways that will maximize opportunities for mutual benefit.

SDGs and the Principled Private Sector

The SDGs are ambitious and achieving them will require collective action and partnership. Countries must be in the driver's seat, leading the development process and building strong enabling environments for development, and the private sector also has a key function.[40]

The role of the private sector in development has been a subject of renewed global interest in anticipation of the forthcoming negotiations on a range of critical topics. Instead of relying on a segregated approach to development, this round of global development advocates a holistic and integrated approach to economic, social, and environmental concerns.

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[37] African Development Bank Group, "Sectors: Transport," http://www.infrastructureafrica.org/sectors/transport.

[38] Danny Leipziger, "Urbanization in Africa: Why Nations Rely on Cities," *Brookings Institution Blog*, June 18, 2015, http://www.brookings.edu/blogs/future-development/posts/2015/06/18-urbanization-africa-leipziger.

[39] Acha Leke, Susan Lund, Charles Roxburgh, and Arend van Wamelen, "What's driving Africa's growth," McKinsey & Company, June 2010, http://www.mckinsey.com/insights/economic_studies/whats_driving_africas_growth.

[40] *Public-private partnerships: Ten ways to achieve the Millennium Development Goals*.

There is growing evidence of strong interdependence and interlinkages between these three core pillars, and a coordinated response on these pillars would be self-reinforcing. Transmission channels and mechanisms between the three pillars are manifold. For instance: economic growth fostered by inclusive policies has positive spill overs across economies which, in turn, leverage social progress for further growth.[41]

Private sector activity in this regard is not limited just to economic growth but to active participation from the private sector — mobilizing its capabilities, resources, and global supply chains and participating in policy reform and advocacy dialogue.

An important concern is over how much responsibility to give the private sector in pursuit of a public goal since business is driven by profit, which may be incongruent with social needs. However, a set of guiding principles can help overcome policy dilemmas associated with increased private sector engagement in SDG sectors. For example, the Africapitalism Institute at the Tony Elumelu Foundation is engaged in a process to create a common set of principles for businesses in Africa to follow (they would be applied to African businesses and foreign businesses operating in Africa).

The first draft of the "Principles of Africapitalism" — currently being circulated among key stakeholders to solicit their input — were designed in the same spirit as the United Nations' Global Compact, which was first launched back in 2000. The first iteration includes twelve principles grouped into five categories: operations, governance, economic, social, and environment. Similar to the Global Compact and other types of principles that apply to the private sector (e.g. Fair Trade, Equator Principles, Kimberly Process), the Principles of Africapitalism are designed to establish a set of operating standards that encourage businesses to adhere to a higher-level standard than what is typically required by government regulators.

The Big Idea

The Millennium Development Goals are expiring at the end of this year. Although a number of African countries made progress on some of the goals, particularly with respect to maternal and child mortality, unfortunately most African countries fell far short on many of them. This lack of overall progress means that in order for Africa to perform better on the Sustainable Development Goals, new ideas are required.

One of the biggest challenges facing Africa over the next 15 years is the population boom. By 2030, Africa will have overtaken China as the most populous region of the world, which means the continent will also have the largest population of working-age adults. Based on current projections, Africa will need to create 200 million new jobs during this period in order to keep up with its demography.[42] In fact, despite Africa's strong economic

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[41] Shamshad Akhtar, "The Role of the Private Sector: Partnerships for Sustainable Development," remarks delivered at the Global Compact Network Pakistan, 46th Business Talk in Karachi, Pakistan, December 19, 2014, http://www.unescap.org/speeches/role-private-sector-partnerships-sustainable-development.

[42] "Promoting Youth Employment in Africa (2012)," African Economic Outlook, http://www.africaneconomicoutlook.org/en/theme/youth_employment/.

growth over the last decade, the lack of employment opportunities is already a difficult problem as there are an estimated 40 million young people out of work and many more in poor employment.[43] U.S. President Barack Obama, during an address at a special session of the African Union in July this year, called the youth employment challenge "[t]he most urgent task facing Africa today and for decades ahead…"[44] To address this challenge, a variety of initiatives across the public, private, academic, and philanthropic sectors are required.

In 2011, then-President of Nigeria Goodluck Jonathan launched a national business start-up competition called "YouWin!" as part of an effort to empower the nation's youth to create their own employment opportunities. The competition attracted almost 24,000 entrants. To measure the impact of the program, the World Bank conducted a study survey of winners over three years. The results show that "winning the business plan competition leads to greater firm entry, higher survival of existing businesses, higher profits and sales, and higher employment, including increases of over 20 percentage points in the likelihood of a firm having 10 or more workers."[45]

Another more recent and promising initiative is the Tony Elumelu Entrepreneurship Programme — a 10-year, $100 million initiative to provide 10,000 African entrepreneurs with the training, mentoring, networking, and capital they need to get their ideas off the ground. With so many new jobs needed, facilitating entrepreneurship is one type of intervention that will enhance African economies' ability to become more diverse, resilient, and inclusive.

The context for the Big Idea is part of the motivation for the idea itself. Too often the priorities of the international community are perceived as being top-down and thus lacking buy-in from the countries lagging behind the developed world. For the SDGs to be attainable, they need to empower people to also help themselves. In order to enhance local ownership and increase developing countries' commitment of resources they need to be a part of the implementation, both materially and financially.

With a $170 trillion price tag (although estimates vary),[46] governments, philanthropists, and international donor agencies alone cannot raise the capital needed to achieve all the goals. Moreover, many of the SDGs actually require the private sector to play a leading role in their achievement as the implementer/operator. Similar to the MDGs, individual

[43] Jan Rieländer and Henri-Bernard Solignac-Lecomte, "An Economist's Answer to the Youth Employment Crisis in Africa," *The Guardian*, March 21, 2014, http://www.theguardian.com/global-development-professionals-network/2014/mar/21/job-crisis-in-africa.

[44] Nicholas Norbrook, "Growth: Jobs, Jobs, and More Jobs," *The Africa Report*, September 29, 2015, http://www.theafricareport.com/North-Africa/growth-jobs-jobs-and-more-jobs.html.

[45] David McKenzie, *Identifying and Spurring High-Growth Entrepreneurship: Experimental Evidence from a Business Plan Competition*, World Bank Group Policy Research Working Paper no. 7391, August 2015, http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2015/08/12/090224b08306bb9a/1_0/Rendered/PDF/Identifying0an0ess-0plan0competition.pdf.

[46] Marcos Athias Neto and Massimiliano Riva, "What Role for the Private Sector in Financing the New Sustainable Development Agenda?" *United Nations Development Programme Blog*, May 7, 2015, http://www.undp.org/content/undp/en/home/blog/2015/5/7/What-role-for-the-private-sector-in-financing-the-new-sustainable-development-agenda-.html.

countries will establish a national plan laying out how they intend to achieve the SDGs. Based on these plans, governments can then access donor and philanthropic funds for implementation. Under the MDGs, the national plans relied on the government to implement; however, rarely did governments receive all of the funds required to fully implement the plan they put forward. What funds were raised flowed to or through government ministries to enhance their existing budgets and capacity in pursuit of the goals.

Based on this, the Big Idea is to achieve the SDGs by turning the process employed for the MDGs on its head so that solutions are bottom-up, rather than top-down. A national committee comprised of representatives from both the public and private sectors should be formed to develop a country's national plan to achieve the SDGs. This public-private group will create the plan, including targets, implementation strategy, etc.

For those goals where the private sector has a clear role to play (power, healthcare, food security), the committee will solicit proposals from entrepreneurs and businesses within their country — proposals for new or expanded businesses that offer an innovative idea and explicitly describe how they will help the nation achieve one or more of the SDGs. The best ideas will then be funded through a special funding vehicle that is comprised of capital from DFIs, governments, and the private sector. The ideas selected should be practically feasible and financially sound. Moreover, the ideas should be scalable and replicable in other parts of the country, Africa, or the world.

The framework for this initiative should be tailored to each country's national plan to achieve the SDGs. And the financing for the initiative should come from a special fund that is capitalized by a combination of donor, philanthropic, and government funds as well as from a pool of capital raised from a broad base of domestic and foreign companies in each country.

This proposed structure provides a tangible way to bring the wide variety of stakeholders — along with their financial, intellectual, and political capital — together in common cause, emphasizing the capacity of people at the grassroots level to develop their own solutions to the challenges they confront every day. And the approach is not wholly unprecedented as a similar effort was employed, on a limited scale, in pursuit of the MDGs.[47]

By empowering the local private sector to have skin in the game as well as to develop their own solutions reflecting the realities on the ground, the SDGs have a much greater likelihood of being funded, implemented, and broadly supported in the places where they are needed the most. Also, this process for achieving the SDGs means that some of the capital dedicated to the effort will flow to the private sector in their respective countries so even if some of the ideas fail, the money spent will go into the hands of people in the communities they are intending to help. This approach is the essence of a bottom-up rather than top-down development solution.

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[47] *Development and the Private Sector: Review of MDG-F Joint Programmes Key Findings and Achievements* (MDG Achievement Fund, 2013), 44-45, http://www.mdgfund.org/sites/default/files/Private%20Sector_Thematic%20Study.pdf.

An additional benefit of this process is that each country's public-private national committee on the SDGs will also provide an important forum where businesses can work with policymakers on policy and structural changes that will improve the enabling environment for entrepreneurs and the private sector to be more competitive. And, not inconsequentially, many of the SDGs are also aligned with the African Union's 2063 plan, providing an opportunity to leverage the African Union's support for this effort as well.

Conclusion

After half a century and an estimated $1 trillion spent in official development assistance from wealthy donor countries to African governments,[48] millions of Africans are still living in poverty with no access to electricity, clean water, proper housing, a good education, or adequate healthcare, and, moreover, lack access to the kinds of opportunities that will help them help themselves. Clearly, neither the generosity of governments, nor the kindness of philanthropists will solve Africa's ongoing challenges. The SDGs will not succeed without a concerted, sustained effort by Africa's private sector; the critical role business has to play extends far beyond the direct financial resources they are able (and need) to bring to bear, but includes a wide-range of inputs. Donor governments, multilateral agencies, and NGOs alone cannot possibly ensure achievement of the SDGs without the expertise and active engagement of companies — large and small — across the continent and around the world.

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[48] Dambisa Moyo, "Why Foreign Aid Is Hurting Africa," *The Wall Street Journal*, March 21, 2009, http://www.wsj.com/articles/SB123758895999200083.

3 Atlantic Currents and their Illicit Undertow: Fragile States and Transnational Security Implications

Tuesday Reitano and Mark Shaw

Introduction

Illicit flows have come to undermine the celebration that has come with globalization, trade liberalization and improved communication capacity. The existence of a number of weak and fragile states in West and North Africa is having widespread ramifications for transatlantic security, serving as safe havens through which illicit flows and divergent ideologies can thrive.

The Arab Spring and the subsequent collapse of the 40-year regime of Col. Muammar Gaddafi in Libya has been catalytic in creating fault lines across the Greater Sahara region. Libya has become a gateway for a range of criminal trade in illicit commodities, from stolen oil to the smuggling of migrants, and at the same time, a number of armed militia groups enjoy impunity for violent, criminal, and terrorist acts in the wilderness of the country's southern border.

Like many of the oil-rich states in the Maghreb, Libya holds disproportionate influence over the stability and prosperity of its poorer neighbors in the Sahel and further south, and Gaddafi had long been a keen manipulator of ethnic politics in the Sahara. The relaxation of his imposed status quo, coupled with the liberation of the Gaddafi-era weapon stockpiles, has proved an incendiary combination that has triggered conflict and political transitions in both Libya and Mali, and has contributed to instability and the growth of extremism across the broader Sahel. Consequently, there are a growing number of fractures in the states of the Sahel and Maghreb: divisive lines built upon longstanding separatist ideals that challenge the national boundaries built in the post-colonial period and reinforced by Cold War politics.

The nature of the conflict, and the many interdependencies of populations and economies in the region, has made it difficult for external actors to engage effectively. International interventions that have sought to damp instability down in one area have proved only temporary, while new manifestations of insecurity have quickly arisen in others. This has thrown up many challenges against which the established tools of international diplomacy, cooperation, and peacebuilding are hard-pressed to respond, as it requires dealing with actors who are usually pariahs in this context, such as terrorist groups and criminals. It also requires a subtle understanding of some of the root causes of the insecurity, which often stems from historic grievances including marginalization, exclusion, impunity, human rights abuses, and a paucity of economic alternatives — all far-reaching and difficult issues that are seldom given credible room at the table. It furthermore requires accounting for the illicit trade flows and illegal activities that fund these groups, a challenge for even the most established of states.

In this chapter, our focus is to compare the impact of two illicit flows across the Sahara: drug trafficking, particularly the cocaine flow from Latin America through West Africa toward Europe, and the emerging and increasingly virulent migrant smuggling trade from sub-Saharan Africa to Europe. Both of these flows have differing degrees of entrenchment and social acceptance in the fabric of the Saharan states, and consequently, their impact on regional geo-politics, the community, and stability both at home and abroad has been different. While not exclusively to blame for the current conflict, the presence of these flows is shaping the political economy of instability in two ways: by eroding already dysfunctional states through corruption and collusion, and by strengthening their armed counterparts who have sought to "tax" the trade.

Both of these flows are increasingly having transatlantic implications as, ironically, Europe and North America are the primary destination markets for the majority of illicit flows in the Greater Sahara and yet the states through which these flows transit have become an important driver of instability on the European periphery. The nature of illicit trade is such that it is almost impossible to counter without effective state counterparts in the region, and the military interventions that are often the preferred response are poorly placed to achieve impact and they instead exacerbate social tensions. The result has been new forms of hybrid governance and the breakdown of colonial boundaries.

This chapter illustrates the detrimental impact of illicit economies on efforts toward peacebuilding and state consolidation, and discusses the rise of extremist ideologies. These are arguably the most significant developments in the Greater Sahara region since the end of colonial rule, and in an age of globalization, they are intimately connected to the drug consumption and labor habits of the former colonial powers themselves.

Deep-Rooted Trafficking Economies

A historical examination of the pre-colonial economy of the Greater Sahara reveals that networks, connectivity, and mobility are fundamental tenets of the fabric of the region's economic and political life. Despite the vast distances involved, for reasons of geographic and climatic necessity, the Greater Sahara is so closely integrated as to constitute a single economic region.

At its peak, the Sahara was a thriving commercial zone, with a vibrant transit and export trade in a range of commodities from silk to salt.[1] Another critical industry was the slave trade: in 1858, the British consul in Tripoli estimated that slave trading represented more than two-thirds of the caravan trade across the Sahara. When slave dealing became prohibited across Europe and the British Empire, this trade slowly morphed into the facilitation of migrants across the Sahara toward employment in the Maghreb.[2]

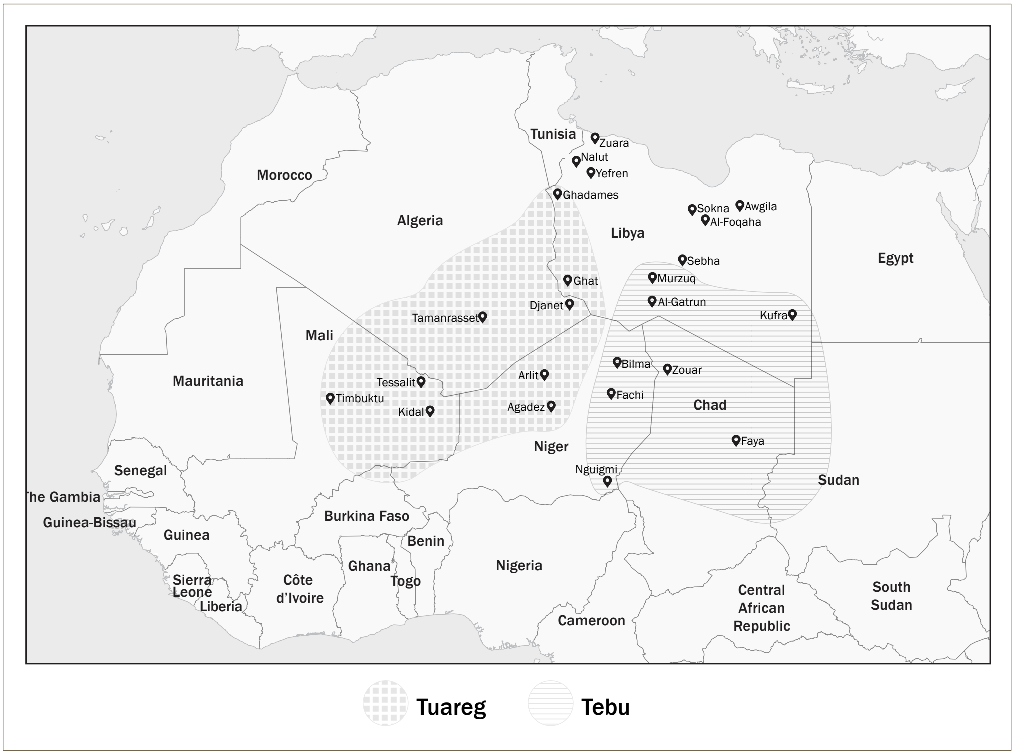
A range of minority nomadic ethnic groups operated across the Sahara, and they were historically engaged in these trades. For example, the Berber Arab Tuareg, with ancient roots dating back to the 6th or 7th century, were heavily associated with consolidating the trans-Saharan caravan trade. Similarly, the Tebu are a nomadic, pastoralist tribe of African descent, whose current population of approximately 250,000[3] are concentrated largely in Chad, southern Libya, and northern Niger.

[1] Yvan Guichaoua, *Transformations of Armed Violence in the Sahara* (Washington, DC: World Bank, 2014).

[2] John Wright, *Libya, Chad, and the Central Sahara* (London: Hurst and Co., 1989).

[3] The size of the Tebu population is debated, with estimates ranging from 120,000 to several hundred thousand. See Laura Van Waas, "The Stateless Tebu of Libya?" *Tilburg Law School Research Paper No. 010/2013* (May 2013).

Figure 2: Settlement areas of the Tuareg and the Tebu in the Greater Sahara



During the 1960s and 1970s, as oil reserves were discovered, trade channels expanded further east and economic activity increasingly centered around the northern oil rich economies. Since their currency was of little use in West Africa, sellers would come back with consumer goods subsidized in Algeria, and thus profitable in the Sahel.[4] Similarly, youth migrated northwards, seeking livelihoods, creating large populations of both Tuareg and sub-Saharan Africans across the Maghreb, particularly in Libya.

Some Saharan, and most Sahelian states, failed to provide even a minimum of social and economic development, and policy decisions partially sponsored by international development priorities eroded traditional pastoralist livelihoods.[5] Famines were strategically used "as a means of weakening marginal populations,"[6] border controls were increased, and control over common assets (such as grazing reserves) were turned over to state control, often to the personal enrichment of state officials. Consequently, pastoralism, once the livelihood mainstay of the vast majority of Saharan people, receded as a viable means of

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[4] Saverio Krätli, Jeremy Swift, and Annabelle Powell, *Saharan Livelihoods: Development and Conflict* (Washington, DC: World Bank, 2014).

[5] Krätli, Swift, and Powell.

[6] Krätli, Swift, and Powell, 28

survival and those communities became more dependent on once-complementary forms of illegal trade, the smuggling of basic commodities, cigarettes, and counterfeits.[7]

Trans-Saharan trade connections were sustained over the centuries by Islamic law, and social capital was maintained through clan-based affiliations. According to Guichaoua, "success was made sustainable through constantly negotiated social alliances, and involved subtle social hierarchies."[8] At the same time however, a shared legal tradition and/or familial bonds were not sufficient to secure a convoy of goods given the thousands of kilometers involved. Each clan therefore developed within their ranks a capacity for "protection offered by specialists of violence,"[9] and this function translated through the colonial period into the present day. Even during the French colonial rule, for example, the Tuaregs retained the right to collect taxes and to offer protection services for trans-Saharan caravans.[10]

Partly due to ethnography but also due to a certain degree of extent, the Tebu and the Tuareg historically overlapped little in terms of geographic control. According to an old political agreement signed between the Tebu and the Tuareg in 1875, Tuaregs are in charge of territory to the west of the Salvador Triangle (which is situated where the borders of Algeria, Libya, and Niger intersect, and is often considered to be the hub of all trans-Saharan trafficking) and Tebus to the east of it.[11] Thus, while both groups span the borders of four countries each, they are a minority group in all of them.

It has been argued that the fluidity of economic and social organizations, and the transnational mobility observed in the Sahara, structurally contradict the norms of centrally administered states.[12] Thus, the present conflicts in the Sahara are largely the result of the failure of the newly created post-colonial states to deal adequately with the problems of the nomadic, pastoralist, and other marginal populations in the modern state.[13] It has therefore been argued that the exercise of power in the Sahara has been manifested in the ability to control or deny the freedom of movement.[14] It is clear that the peculiarities of the desert's social organization, and the long-distance interactions of Saharan trade, have created a ubiquity of arms and a particular brand of Saharan militancy.

Throughout his rule, Libya's Gaddafi was a keen manipulator of ethnic politics, and went to great lengths to include or exclude certain minorities within his broader political goals. The Tebu, for example, were persecuted and oppressed by Gaddafi in a systematic

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7 Krätli, Swift, and Powell.

8 Guichaoua, 17.

9 Ibid.

10 Morten Bøås, "Guns, Money and Prayers: AQIM's Blueprint for securing Northern Mali," *CTC Sentinel,* vol. 7, no. 4 (April 2014).

11 Alain Antil and Mansouria Mokhefi, *Managing the Sahara Periphery* (Washington, DC: World Bank, 2014).

12 Guichaoua.

13 Krätli, Swift, and Powell.

14 James McDougall and Judith Scheele, *Saharan Frontiers: Space and Mobility in Northwest Africa* (Bloomington, IN: Indiana University Press, 2012).

campaign of discrimination that the UN retroactively described as being tantamount to ethnic cleansing.[15] They were denied access to education, health care, and other basic services, and, in 2007, Gaddafi proceeded to strip the Tebu residents of Libya of their citizenship.[16] Although when threatened by violent opposition he later recanted, the damage was done, and the Tebu ultimately played a key role in his downfall.

By contrast, the Tuaregs were favorites of Gaddafi. He welcomed Tuareg migrants from Mali and Niger, and he often referred to them as the "Arabs of the South," "Lions and Eagles of the Desert," and "Defenders of the Sahara."[17] He long fostered the goal of a unified cross-border Saharan region, and accordingly stoked the dreams of the Tuaregs, in particular of an independent region, the Azawad. In 1979, he created the "Islamic Legion," an approximately 8,000-strong auxiliary armed group comprised mainly of Tuaregs drawn from Egypt, Sudan, Niger, and Mali.[18] He invested economically in the Tuareg regions of Niger and Mali, and gave political support to the respective Tuareg rebellions in the 1990s and 2000s.

Drug Trafficking and the Azawad

Prior to the collapse of Gaddafi's government, the introduction of cocaine trafficking in the Greater Sahara, which began in the early to mid-2000s, changed the dynamics of trans-Saharan trade. Entering the region from the West African coastal states and trafficked northwards by land through the Sahara, this flow intersected with the longstanding regional traffic of hashish from Morocco that is trafficked east toward destination markets in the Gulf. However, as a higher value commodity of greater international interest, the cocaine trade required higher levels of secrecy and protection than other contraband that had previously transited the Sahara.[19] A new commodity with an estimated value of $1.6 billion may have been pocket change as far as the global market was concerned, but this represents a large percentage in the context of the small and fragile economies of the Greater Sahara.[20]

Drug trafficking has had a dual impact on the stability and security of the Sahara. On one hand, the drugs trade has undermined the integrity of the central state and the capacity of state institutions through corruption and impunity and a reorientation of priorities

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[15] Office of the High Commissioner for Human Rights, "Summary Prepared by the Office of the High Commissioner for Human Rights in Accordance with Paragraph 15 (c) of the Annex to Human rights Council Resolution 5/1 - Libyan Arab Jamahiriya," *UN General Assembly Resolution A/HRC/WG.6/9/LBY/3* (New York: United Nations, 2010).

[16] Waas.

[17] Ines Kohl, "Libya's 'Major Minorities.' Berber, Tuareg and Tebu: Multiple Narratives of Citizenship, Language and Border Control," *Middle East Critique*, vol. 23, no. 4, special issue (2014): 423-438.

[18] Guichaoua.

[19] Peter Tinti, Mark Shaw, and Tuesday Reitano, *Illicit Trafficking and Instability in Mali: Past, Present, and Future* (Geneva: Global Initiative against Transnational Organized Crime, January 2014).

[20] UN Office on Drugs and Crime, *Estimating Illicit Flows from Drug Trafficking and other forms of Transnational Organized Crime* (Vienna: UNODC, 2011).

away from service delivery toward facilitating the lucrative drugs trade.[21] Furthermore, unlike all previous forms of illicit trade — from slaves to cigarettes — the cocaine trade had neither community-level investment nor a local market. In fact, cocaine trafficking has remained tightly controlled amongst a limited number of small groups or persons of Malian Arab, Mauritanian, Sahrawi, and Moroccan nationals with international connections, colluding with highly placed government officials or people of influence in the countries concerned.[22] If local groups are involved, it is at the lowest levels, as drivers or security, who may not know what commodity they travel with.[23] The West Africa Commission on Drugs (WACD) report concluded that it is generally only a few individuals who are benefitting from the trade, and that they appear to be at the "top of the pyramid" of important political operators. There is apparently minimal trickle-down from the trade to the local economy and very little of the profit remains in the fragile countries through which it transits.[24]

At the same time, however, the cocaine flow has increased the resources available to armed groups, reducing their incentives to work toward central state consolidation.[25] Despite the oft-used label of "narco-terrorism," there is scant evidence that the Islamic extremist groups active in the Sahara are directly involved in drug trafficking.[26] Other militia groups or tribes, including the Tuareg or Tebu, may not be directly involved in the trafficking specifically, but those groups with consolidated control over territory may be able to "tax" the convoys in transit in their areas of influence.[27] Their share of illicit resources were often used to secure access to greater legitimacy with their immediate constituents, and to buy into local governance and security institutions. This evolved into a situation where, for example, "in the zones inhabited by Malian Tuaregs, customs officials and the smugglers often belong to the same clan."[28]

The parallel dynamics of undermining the central state and increasing resources to armed groups have been under-analyzed and consequently are poorly understood because of the

[21] Etannibi Alemika (ed.), *The Impact of Organised Crime on Governance in West Africa* (Abuja: Friedrich Ebert Stiftung, 2013); Tuesday Reitano and Mark Shaw, "People's Perspectives of Organised Crime in West Africa and the Sahel," *Institute for Security Studies Paper no. 254* (April 2014).

[22] Antil and Mokhefi; Wolfram Lacher, *Organised Crime and Conflict in the Sahel-Sahara Region* (Washington, DC: Carnegie Endowment for International Peace, 2012).

[23] Reitano and Shaw, "People's Perspectives of Organised Crime in West Africa and the Sahel."

[24] West Africa Commission on Drugs, *Not Just in Transit: Drugs, the State, and Society in West Africa* (Geneva: West Africa Commission on Drugs, 2014).

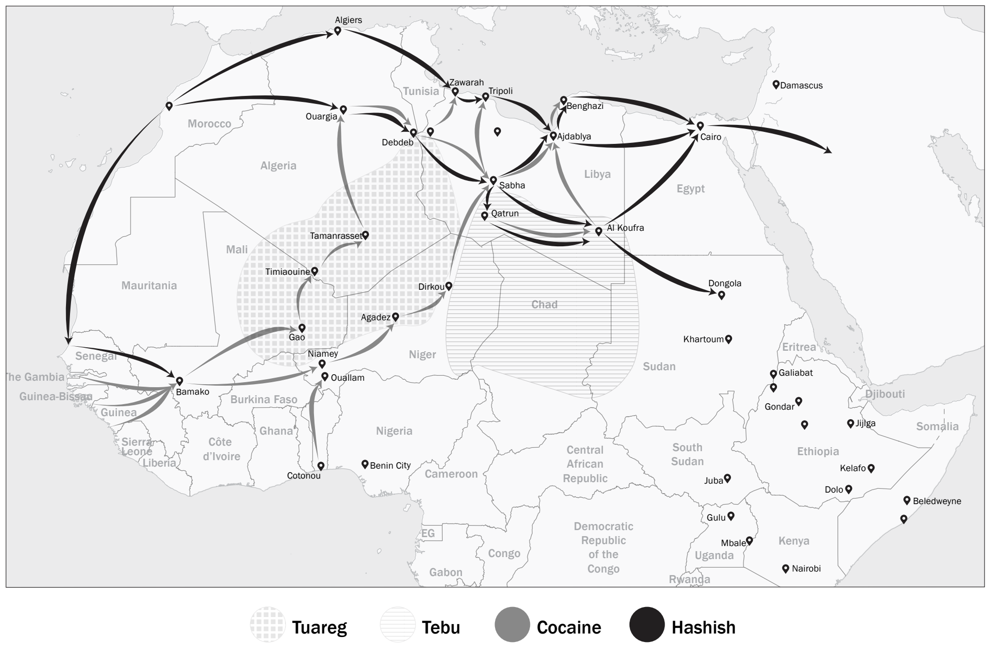
[25] Lacher, *Organised Crime and Conflict in the Sahel-Sahara Region*; Ivan Briscoe, *Crime after Jihad: Armed Groups, the State, and Illicit Business in Post-Conflict Mali* (The Hague: Netherlands Institute of International Relations Clingendael, May 2014); Mark Shaw and Fiona Mangan, "Illicit Trafficking and Libya's Transition," *United States Institute of Peace Peaceworks no. 96* (2014).

[26] Wolfram Lacher, *Challenging the Myth of the Drug-Terror Nexus in the Sahel* (Geneva: West Africa Commision on Drugs, 2013).

[27] Tuesday Reitano and Mark Shaw, *Fixing a Fractured State: Breaking the Cycles of Crime, Corruption, and Conflict in Mali and the Sahel* (Geneva: Global Initiative against Transnational Organized Crime, 2015).

[28] Cedric Jourde, "Sifting Through the Layers of Insecurity in the Sahel: The Case of Mauritania," *Africa Center for Strategic Studies Africa Security Brief No. 15* (September 2011): 18.

Figure 3: The intertwined cocaine and cannabis flows across the Sahara, post-Gaddafi



secrecy that surrounds the drug trade. Moreover, there has been little effort to develop a granular political economy understanding of the drug trade and the implications for a response. Western interventions have, for example, sought to impose policing or border control responses but, in the context of the geography and compromised state structures, have had little if any impact. Efforts have been disproportionately weighted toward state institutions, and arguably, given the level of corruption and state complicity with the drugs trade, in some cases these interventions have reinforced capacity to facilitate drug trafficking rather than having the opposite effect.

What a granular analysis would have demonstrated is that the political economy of the drugs trade — both in cocaine and in hashish — has significant implications for regional security. By the nature of their source and destination markets, drug trafficking routes in the Greater Sahara intersect: the cocaine route starts at the West African coast in the south and moves north toward Europe, and the hashish route moves from west to east, starting in Morocco, and heads across North Africa and the Sahel toward markets in the Gulf.[29] As such, the northward nature of the cocaine trade largely traversed through Tuareg-controlled areas of Mali and Niger, and under the traditional geographic divide tended to skirt alongside rather than pass through the Tebu-controlled regions of the Sahel and

[29] Kwesi Aning and John Pokoo, "Understanding the Nature and Threats of Drug Trafficking to National and Regional Security in West Africa," *Stability: Interntional Journal of Security and Development*, vol. 3, no. 1 (2014); Stephen Ellis, "West Africa's International Drug Trade," *African Affairs*, vol. 108, no. 431 (2009): 171-196.

southern Libya to the east. By contrast, the Tebu were eminently well placed to facilitate the eastward flow of cannabis, whose southern route follows the Libya/Chad border toward Egypt. The cannabis flow is less remunerative and is equally of lesser significance to Western interests, and has thus attracted less attention in regional drug and border control strategies.[30]

The drug economies coalesced and proceeded relatively unrestricted until the revolution that ended the Gaddafi regime in October 2011, at which point the game changed dramatically. The nature of the revolution was not an organized political upheaval, but part of the grassroots Arab Spring movement that swept across the Maghreb. At the onset of the revolution, Gaddafi's distrust of his own national army, and his preference for creating loose coalitions of militia groups — such as the Islamic Legion previously referenced — resulted in the rapid fragmentation of the security situation. In the major coastal cities, alliances formed rapidly during the revolution, and military strength translated quickly into political influence, though these alliances were far from stable.[31] While all eyes were on the political transition, in the borderlands a similar process consolidated local control by the marginalized tribes who continued to remain largely excluded from the nascent central government process.[32] Libya's southern borders comprise about 1,400 kilometers of uninhabited desert through which the major trafficking routes transit. During the Gaddafi period, ownership of portions of the illicit economy was provided to tribes, families, and communities in his personal favor, or were given as a means of ensuring political complicity of potential rivals. After his fall, Libya's borders were blown open and competing groups fought violently for control.[33]

In December 2012, the Libyan transitional government announced the closure of Libya's southern borders to Algeria, Niger, Chad, and Sudan due to the uncontrolled proliferation of smuggling, weapons, and drug trafficking. This was, however, little more than a bravado statement. The central state, torn between competing militias, had basically no capacity to exert military authority, and by that time the Tebu and Tuareg (who had continued to be largely marginalized in the central state process) had gained local empowerment and had taken control of Libya's southern region. Quite early in the early post-revolution period, the two "major minorities" had managed to negotiate an agreement around border control: the Tuareg administered the western region from Sebha, via Ubari, to Ghat, exerting military control through their own militias and parts of the new, evolving national army, whereas the Tebu controlled the region eastward from Sebha to Kufra on the eastern border with Egypt. A buffer zone was established between the Tumu border post run by Tebu and the Anay Pass that was under Tuareg control.[34]

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[30] Mark Shaw and Tuesday Reitano, *The Political Economy of Trafficking and Trade in the Sahara: Instability and Opportunities* (Washington, DC: World Bank, 2014).

[31] Shaw and Mangan.

[32] Kohl.

[33] Shaw and Mangan.

[34] Kohl.

This peaceful collaboration was not to last long, however. Over the subsequent three years, a new order has emerged, not only in Libya, but across the Sahel, and with intimate linkages to the ability to access and control key trafficking routes and illicit resources. The sequence of events struck particularly hard on the fortune of the Tuaregs, as the fallout from Libya destabilized the political balance in neighboring Mali[35] and the subsequent rise of Islamic extremism in northern Mali served as the polarizing factor that tipped the scales decisively against them.[36]

Mali and Niger share a quite similar ethnic make-up, but have had distinctly different trajectories in terms of their political process, including attitudes toward decentralization, inclusion, and clientelism. After the first two Tuareg rebellions that occurred both in Mali and Niger, Niger moved toward a more genuinely representative central state structure and decentralized governance with an allocation of uranium resources to the northern provinces.[37] By contrast, Mali's leadership responded to the Tuareg uprisings with political promises of greater development in the north, but made little effort to follow through or to move toward genuine inclusivity of governance or equitable resource distribution, but instead retained a highly clientelist regime where state resources remained concentrated amongst a patronage-based elite.[38] Thus, when thousands of highly militarized, armed Tuaregs were released from Libya following the revolution, Mali's political and social framework proved far less resilient than Niger's,[39] which has, to this day, managed to avoid open conflict or major political discord. Instead, the remaining vestiges of Gaddafi's regime came home prepared and ready to finally fight for their long awaited state: the Azawad.

The rapid progression of the northern offensive, swelled as it was by the adrenalin-filled and well-armed Tuareg fighters from Libya, was surprising to all. In an astonishing three days, between March 30 and April 1, 2012, the National Movement for the Liberation of the Azawad (MNLA) managed to secure control over the cities of Kidal, Gao, and Timbuktu. By April 6, a mere week after the offensive began, the MNLA had declared its objectives achieved and proclaimed the independence of northern Mali as the Azawad. Where the story went sour was with the displacement of the MNLA by a coalition of groups with an Islamic extremist agenda, who proceeded to impose sharia law in the newly anointed cities of the Azawad on an apparently unwilling population.[40] This crossed the red line of the international community, whose level of tolerance for the growing African "arc of instability" had apparently been reached. Concern that northern Mali had

[35] Kathryn Nwajiaku-Dahou, "Security Issues, Movement, and Networks in the Sahara-Sahel," in OECD/SWAC, *An Atlas of the Sahara-Sahel: Geography, Economics and Security* (Paris: OECD, 2014), 173-224.

[36] Reitano and Shaw, *Fixing a Fractured State: Breaking the Cycles of Crime, Corruption, and Conflict in Mali and the Sahel*.

[37] Tuesday Reitano, "Comparing Approaches to the Security-Development Nexus in the Sahel and their Implications for Governance," *Governance in Africa*, vol. 1, no. 1 (July 2014): 4.

[38] Reitano and Shaw, *Fixing a Fractured State: Breaking the Cycles of Crime, Corruption and Conflict in Mali and the Sahel*.

[39] Nwajiaku-Dahou.

[40] Reitano and Shaw, *Fixing a Fractured State: Breaking the Cycles of Crime, Corruption and Conflict in Mali and the Sahel*.

become “the largest al Qaeda stronghold since the fall of Afghanistan”[41] led to the authorization by the United Nations for the French intervention in the Sahel.

The military intervention by France, “Operation Serval,” was quickly successful in routing the separatists and liberating the key northern cities. The post-intervention period placed great attention on the Tuareg, as the international community sought to paper over the cracks of Mali’s fractured governance, and restore the country to a constitutional democracy.[42] With political pacification measures on the table within the framework of the Ouagadougou Agreement and the Algiers Accords, the Tuareg splintered amidst competing political, economic, and ideological priorities, underpinned by a desire to defend territory and (drug) trafficking interests.[43] What remains is a complex, and often self-defeating web of rebel militias, organized crime networks, and terrorist groups, characterized by significant levels of in-fighting and violent clashes.[44]

Significantly, though this was not an objective of the mission, Operation Serval interrupted the traditional cocaine route northwards, initially suspending the traffic altogether, though over time it resumed along a more easterly route through Niger. Illicit markets, much like their counterparts in the licit economy, respond to a series of both push and pull factors. Conflict, international surveillance, and significant economic changes can serve as push factors to prompt the shift of an illicit market away from an existing route. This was the result of the French intervention in northern Mali on the trans-Saharan cocaine route. At the same time, however, illicit markets can be attracted to certain conditions, and a secure, regulated marketplace is one of these. Whilst the Tuaregs were occupied with their insurgency in Mali, funneling attention, funds, weapons, and their strongest fighters south to Mali, their preferential status and capacity to control territory in Libya was being challenged on two fronts: by the Zintani forces (based in the city of Zintan) to the west and the Tebu to the east.

Winners, Losers, and the End of the Libyan State

The fall of Gaddafi opened a window of opportunity for both the Tebu and the Tuareg to emancipate themselves from protracted Arab domination, as the overthrowing of his oppressive regime led to a fragmentation of players. The Tebu played their hand more strategically than the Tuareg, and while serendipity also played a part — in the form of the mass exodus of refugees from the Syria conflict — the result has been a formidable concentration of resources and influence built predominantly on smuggling and illicit trade. The Tebu have managed to consolidate this level of control with a very low profile, trafficking mainly in goods with little interest to international security officials and that are not stigmatized by local communities.

[41] Angela Sanders and Samuel Lau, *Al Qaeda and the African Arc of Instability* (Brussels: NATO Civil-Military Fusion Center, 2012): 10.

[42] Reitano and Shaw, *Fixing a Fractured State: Breaking the Cycles of Crime, Corruption and Conflict in Mali and the Sahel*.

[43] Tinti, Shaw, and Reitano.

[44] Sofia Sebastian, “Why Peace Negotiations in Mali Will Not Succeed,” *ISN ETH Zurich*, April 17, 2015, http://www.isn.ethz.ch/Digital-Library/Articles/Detail/?lng=en&id=190170.

Having long been actively suppressed by Gaddafi in favor of a competing Arab tribe (the Zwaye) the Tebus were alacritous in translating the revolution into a strategic opportunity to position themselves as the dominant controller of the triple border between Chad, Sudan, and Egypt in the south. The Tebu operate less as a homogenous entity, but more as a networked coalition of several dozen interrelated groups, each with their own autonomous militia that controls a specific area and manages the flow of trafficking that goes through their territory. For these groups, control over parts of Libya's far south provides the Tebu a position of unprecedented economic and military strength, and has left them without an equivalent in terms of potential political influence.[45] While the Tebu broadly align themselves with the official Tubruq government, the group has yet to truly imprint themselves onto the bifurcated Libyan state, or to throw the full weight of their influence behind any political agenda.[46] Instead, the Tebu have become increasingly active and professional traffickers of a variety of commodities and smugglers of people, their lower profile affording them a degree of freedom to operate that the highly scrutinized Tuareg could not replicate.

Beginning in early 2012, the Tebu began a prosperous clandestine alcohol trafficking operation from Niger to Libya. The whiskey smuggling apparently profited from complicity with state officials who informally taxed the contraband trade to supplement their incomes, as salary payments by the struggling central state became increasingly infrequent.[47] This created a foundation for the Tebu to traffic a far wider range of goods, from looted construction equipment to stolen cars. The Tebu began to divert former Gaddafi weapons stockpiles to various groups in the 2012 Malian conflict, as well as to support Boko Haram's mounting terror campaign in Nigeria in 2013-14.[48] As noted, they began to also benefit from the changing nature of the cocaine flow eastwards, serving as drivers or just taxing the trade.

The Tebu translated their financial profits into military strength, which then allowed them to position themselves vis-à-vis the international community as a credible interlocutor and provider of security for Libya's lawless southern border. This began with a strategic maneuver to control the business of "protecting" the many oil facilities that are scattered across Libya's southern desert, and which produces an estimated 75 percent of the country's oil.[49] As with many protection rackets, the Tebu's move into the oil industry came with threats and extortion; for example, in June 2013, Tebu oil field guards blocked production at the Elephant field to demand (and obtain) more employment opportunities for members of the local community in the field's protection.[50] As the central government

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[45] Antil and Mokhefi.

[46] Borzou Daragahi, "Libya's Civil War Chaos Draws in Remote South," *Financial Times*, November 4, 2014.

[47] Kohl.

[48] Antil and Mokhefi.

[49] Stratfor, *Complexities of Future Energy Investment in Libya*, July 5, 2012. https://www.stratfor.com/analysis/complexities-future-energy-investment-libya.

[50] Antil and Mokhefi.

increasingly failed to engage effectively, international oil companies began dealing with the militia groups directly on day-to-day business.[51]

In parallel, the Tebu leveraged themselves with the international community as potential partners in countering the emerging threat from Arab Islamist "terrorists."[52] From early in the post-revolution, as they were still consolidating their control over Libya's southern border, the Tebu were vocal in differentiating themselves from the Tuareg, and promoting themselves as a partner in the fight against terrorism. They argued that only an indigenous force could hope to chart a path through the ever-morphing smuggling networks and terrorist groups active in the Sahara.[53] Adding to their credibility were their state patrons, Niger and Chad, both of whom had been active players in Africa's war on terror. Niger is the primary staging point for most of the EU and U.S. counter-terrorism operations, and Chad has been one of the highest troop-contributing countries to northern Mali's peacekeeping operation.

The windfall that significantly contributed to the ability of the Tebu to consolidate their authority and control came in the form of the mass refugee movement from Syria. While human smuggling has always been one of the most lucrative of illicit trade flows in the Greater Sahara, the level of profit to be made from the Syrian migrants was unprecedented.[54] Prior to this, illicit migration was ubiquitous across sub-Saharan Africa, and perceived predominantly as a resilience strategy, and the use of "facilitators" was a necessity to cross the long distances and harsh terrain, not stigmatized as a criminal activity. The ability to migrate was considered a positive economic opportunity for those able to afford the journey, and the revenue made off the smuggling trade was often a significant contribution to the local economies of key border towns along the route.[55] Addressing the smuggling of migrants was far from being a priority either to the states through which the migrants transited, or to the international community, perhaps because the scale of profits to be made was insufficient to produce organized transnational networks on a large scale.[56]

During the Libyan revolution and its aftermath, however, the migrant trade became increasingly commoditized. In Libya's major cities, migrants held in detention centers managed by revolutionary brigades have been contracted out as informal work gangs, receiving no compensation[57] but garnering revenue for those that control them. Rounding

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[51] Stratfor.

[52] Guichaoua.

[53] Antil and Mokhefi.

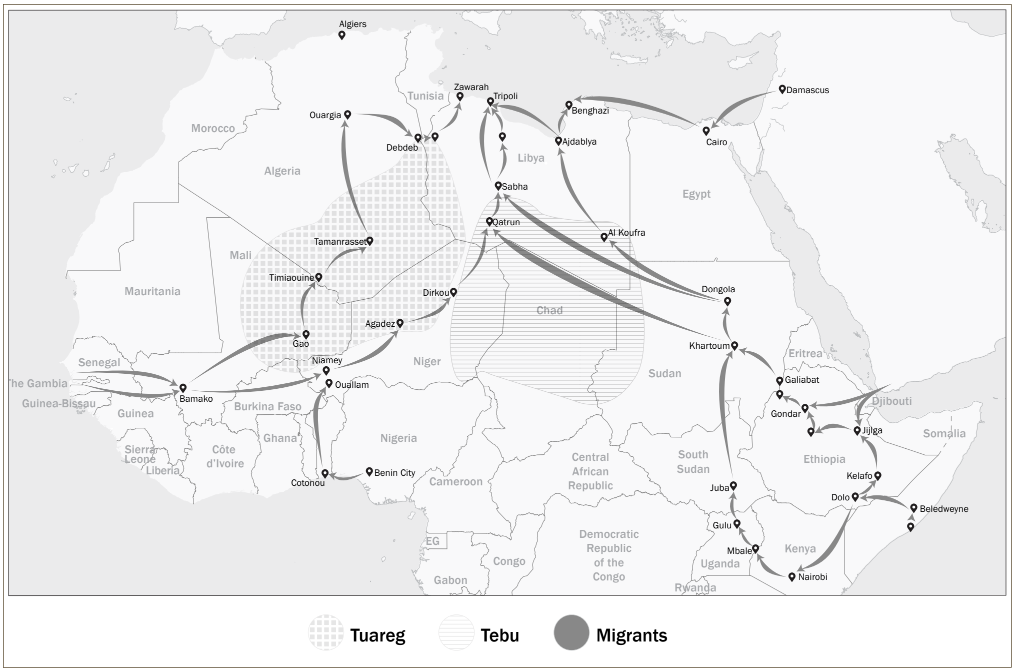
[54] Tuesday Reitano, "A Profitable but Perilous Crossing: The Changing Nature of Migrant Smuggling through Sub-Saharan Africa to Europe and EU Migration Policy, 2012-14," *European Journal of Organised Crime*, no. 3 (June 2015).

[55] Tuesday Reitano, Laura Adal, and Mark Shaw, *Smuggled Futures: The Dangerous Path of a Migrant from Africa to Europe*, (Geneva: Global Initiative against Transnational Organized Crime, 2014).

[56] Lacher, *Organised Crime and Conflict in the Sahel-Sahara Region*.

[57] Danish Refugee Council, *"We risk our lives for our daily bread": Findings of the Danish Refugee Council Mixed Migration Survey in Libya* (Copenhagen: Danish Refugee Council, January 2014).

Figure 4: The intersection between oil interests and the human smuggling trade



up and imprisoning illegal migrants and extorting their families for money to purchase their release also became a ready source of income for some of the many militia groups active in Tripoli and Benghazi.[58] For the nomadic tribes, migrants were yet one more form of cross-border illicit trade to be facilitated or taxed. As noted, the involvement of the Tuareg and the Tebu dated back to the Saharan slave trade, and facilitating the smuggling of migrants extended from those networks progressively as the slave trade died away.[59] The networked Tebu in particular, with their dispersed clansmen reaching across Chad to the east and to the Horn of Africa, were particularly integrated in the trade, thanks to the consistent flow of refugees and asylum seekers from repressive regimes in Eritrea and Somalia.[60]

From late 2011, however, the Syrian refugee flow completely changed the game. Syrian refugees, in comparison to their sub-Saharan counterparts, had a higher disposable income. Before the civil war, the last recorded GDP per capita in Syria was $2,066,[61] a sharp contrast to the countries of West Africa and the Sahel, for example, where anywhere

[58] Shaw and Mangan.

[59] Wright.

[60] Regional Mixed Migration Secretariat, *Going West: Contemporary Mixed Migration Trends from the Horn of Africa to Libya and Europe*, (Geneva: International Organisation on Migration, June 2014).

[61] Data is provided for 2007, the last recorded GDP per capita provided by the World Bank. See World Bank, "GDP per Capita (Current US$)," http://data.worldbank.org/indicator/NY.GDP.PCAP.CD?page=1 (accessed December 30, 2014).

between 35 and 60 percent of the population lives below the absolute poverty line.[62] Greater funds allowed Syrian refugees to seek a higher level of services from their smugglers, paying more for the promise of longer and safer journeys. Numerous media reports and interviews with asylum seekers and refugees cite that Syrian refugees are paying, at minimum, several thousand euros per head to get to any number of European destinations.[63]

The Syrians come from the east. In the early days of the Syrian crisis, they would initially cross into Egypt and remain there, or would continue their journey west across the North African coast seeking a smuggler who would help them make the high-risk Mediterranean sea crossing to Europe, with Greece or Italy being the preferred destination. Transiting across the coast, the migrants would be facilitated by a loose network of the various brigades. By 2013, however, a number of factors had coalesced to push this lucrative flow further south, and deeper into the hands of the more coherent and organized Tebu. The first factor was the change of government in Egypt following Mohamed Morsi's ousting, as the new administration was much more hostile to the Syrian refugee population.[64] The second was an enhancement of border security (both on land and sea) in Greece, which put greater emphasis on entry by sea via Italy. But the most decisive factor was the growing levels of strife in Libya itself. With the schism of politics in Libya, the capacity of the already weak state institutions to affect any control of the country's borders fell away, making Libya a haven for smugglers of all kinds.[65]

Mediterranean migration to Europe reached epic proportions as what appeared to be an unprecedented opportunity to reach Europe began to draw asylum seekers and economic migrants from sub-Saharan Africa. This was, in part, incited by the Tebu, and other groups active in the trade, as they reached through their diaspora communities to recruit new migrants from across the Sahara just to further swell their profits.[66] Media reports document how boats to Europe offered different "classes" of travel. Syrians paying more would receive preferential places on the boat; African migrants, paying a fraction of the cost, were locked into the holds of the boat packed like sardines in the hundreds.[67] Evidence of callous organization of profit-seeking migrant networks was found across the continent, from West Africa to the Horn. The remnants of parties of up to 100 migrants were found dead in the Saharan desert;[68] the Djiboutian government reported migration

[62] World Bank, "Poverty," http://data.worldbank.org/topic/poverty (accessed December 30, 2014)

[63] Reitano, "A Profitable but Perilous Crossing: The Changing Nature of Migrant Smuggling through Sub-Saharan Africa to Europe and EU Migration Policy, 2012-14."

[64] Sarah Mousa and Karim Faheem, "In Egypt, a Welcome for Syrian Refugees Turns Bitter," *The New York Times*, September 7, 2013, http://www.nytimes.com/2013/09/08/world/middleeast/in-egypt-a-welcome-for-refugees-turns-bitter.html.

[65] "Europe's Boat People: For Those in Peril," *The Economist*, April 25, 2015.

[66] Reitano, "A Profitable but Perilous Crossing: The Changing Nature of Migrant Smuggling through Sub-Saharan Africa to Europe and EU Migration Policy, 2012-14."

[67] "Europe's Boat People: For Those in Peril," *The Economist*, April 25, 2015.

[68] Reitano, Adal, and Shaw, *Smuggled Futures: The Dangerous Path of a Migrant from Africa to Europe*.

at an unprecedented level, as they also witnessed large groups of Ethiopian migrants abandoned in Lake Assal without food or water.[69] The mortality rate has been extremely high.

The profits from the migrant trade, which have been estimated at $60,000 per week just between Agadez in Niger to Sebha in Libya, have funded activities of Tuareg separatists and terrorists in the Sahel, and have helped the Tebu to consolidate their already strong position and to expand their territorial control over oil fields and trafficking routes as far south as Agadez in Niger and westwards past the Salvador Triangle.[70] This expansion has brought them into increasing open conflict with the Tuareg[71] and further reduces the chances of a swift resolution to Libya's political strife and civil conflict. In other regions, such as in the Sinai, the migrant trade has served to enrich terrorist groups such as the self-proclaimed Islamic State group (ISIS) at an extraordinary rate.[72]

Conclusion: Trafficking and the Emerging New Order in the Sahara

In two critical theaters in the Greater Sahara, illicit economies have proven detrimental to stability: they provide resources for conflict and undermine efforts at peacebuilding and state consolidation by distorting the nature of political negotiations, transforming the interests at stake and altering the balance of power between different armed groups and between armed groups and the state. While this dynamic has long been obscured — or perhaps intentionally overlooked — by the rhetoric of political events,[73] the extent to which the illicit economy drives events is now more than apparent, and the negative reverberations are being globally felt.

Despite the considerable commitment of the international community, efforts to build peace in Mali have essentially reached a stalemate. Even with the signing of a peace accord, violence is escalating in the north of the country. The report on Mali to the UN Security Council presented in April 2015 attributed the major challenges and violence to "competition for the control of strategic commercial and trafficking routes."[74] Similarly in Libya, governance is being held hostage and security challenges proliferate with devastating consequences domestically and abroad. In both of these contexts, any chance of immediate resolution of the current crises cannot hope to be found without engaging with rebel factions enriched and empowered by illicit flows. Yet the framework for international diplomacy and development prevents engagement with parties unrecognized or illegitimate in the political discourse. The result is that groups engaged in trafficking,

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[69] Tuesday Reitano, Mark Shaw, Peter Gastrow, and Marcena Hunter. *A Comprehensive Assessment of Organized Crime and Illicit Trafficking in the IGAD Region* (Addis Ababa: Inter-Governmental Authority on Development, 2015).

[70] Global Initiative against Transnational Organized Crime and Norwegian Center for Global Analysis (RHIPTO), "Libya: A Growing Hub for Criminal Economies and Terrorist Financing in the Trans-Sahara," *Policy Brief*, May 2015.

[71] Rebecca Murray, "Battle Rages in Libya's Southwest Desert," *Middle East Eye*, January 17, 2015, http://www.middleeasteye.net/in-depth/features/battle-rages-libyas-southwest-desert-340707548.

[72] Global Initiative against Transnational Organized Crime and Norwegian Center for Global Analysis (RHIPTO).

[73] Shaw and Mangan; Reitano and Shaw, "People's Perspectives of Organised Crime in West Africa and the Sahel."

[74] United Nations Security Council, "Report of the Secretary General on the Situation in Mali," *United Nations S/2015/219* (New York: United Nations, 2015).

crime, and terrorism remain spoilers, and as has been discovered in Mali, international negotiators and the central government are left with no credible counterparts capable of realistically delivering on agreement commitments.[75]

The risk in demanding a greater focus on criminal networks and illicit economies is that it would be isolated within a military or security strategy, remaining divorced from the political process or the development responses that would be required to ensure a sustained resolution of certain drivers. This is exemplified in the response of the European Union to the migration surge across the Mediterranean. The published "EU ten point action plan on migration"[76] puts forward a combination of military intervention at sea and criminal investigations of smuggling rings, without recognizing the extent to which the problem is embedded in ongoing political processes. As a leading voice in the stabilization efforts for Libya and Mali, and the largest provider of development assistance, the EU has the leverage to ensure that all parties are brought to the table, should it choose to use it.

Marginalization, or exclusion from political discourse, arguably remain central to the discourse around the illicit economy, either because key groups are not offered a seat at the table or because the resources garnered along major trafficking routes remain sufficient for certain ethnic groups to recuse themselves from the state consolidation process. While the Tuareg and the Tebu are just two of the region's major minorities, there are others who are increasingly critical. For example, in Zuwara, a coastal town north of Tripoli that has become a major launching point for migrant smuggling boats, the residents are overwhelmingly members of the Amazigh ethnic group, a historically marginalized culture and society that have long gone unrecognized by the Libyan state. Human smugglers there say they would be prepared to drastically reduce their illicit operations for a greater stake in the political future of Libya, coupled with viable legitimate livelihood alternatives.[77]

In the long term, to have any chance at a stable future, both the Libyan and the Malian governments, supported by the international community, will need to change the conflict incentives. This will require breaking the markets for criminal protection, not only by building more effective national institutions, but also by ensuring that the Tuareg and Tebu, as well as armed militias from other ethnic groups, are drawn into the political process not only for their security and military capacity, but also to confer on them a certain degree of autonomy and self-determination over their local environment and livelihood generation that provides alternatives to the reliance on trafficking.

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[75] Louise Arbour, "Open Letter to the UN Security Council on Mali," *Crisis Group*, June 3, 2014, http://www.crisisgroup.org/en/publication-type/media-releases/2014/africa/open-letter-to-the-un-security-council-on-mali.aspx; Sebastian.

[76] European Commission, "Joint Foreign and Home Affairs Council: Ten Point Action Plan on Migration," *European Commission Press Release*, April 20, 2015, http://europa.eu/rapid/press-release_IP-15-4813_en.htm.

[77] Patrick Kingsley, Ian Black, Harriet Grant, Ian Traynor, and Mark Rice-Oxley, "Migrant Tragedies: What Can Be Done to End the Crisis?" *The Guardian*, April 21, 2015, http://www.theguardian.com/world/2015/apr/21/migrant-tragedies-how-to-stop-the-slaughter.

Those incentives, however, are increasingly tied to the very economic survival of the groups themselves; local control of trafficking and other resources militates against the process of political compromise that would be key to central state formation. What we are seeing in northern Mali and southern Libya then is the creation of a new zone of non-state governance outside of the old linkages of state control from the capital, and possibly the flourishing of the violent extremist ideologies that exist there. While in the past the strength of the central state may have varied, influence could still be relatively effectively projected into the areas concerned. Libya will look increasingly like Somalia — a zone of territory governed by localized power holders — but with some important differences. There will be no unifying language and ethnicity tying the last vestiges of the state together and, as has been the case, alliances over borders will matter more than weak and contested ties to the center. The result will be much greater potential for wider regional conflict, including in those states bordering on the Atlantic, and the redefining of long-standing state boundaries themselves, if not on paper, then as de facto new lines in the sand.

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4 Seeds of Peace to Counter Seeds of Violence

Nizar Messari and Zineb Benalla

Introduction

The changing nature of political violence over the last few decades has represented a key challenge to the study and analysis of international affairs. On one hand, some studies clearly show a simultaneous decline in inter-state wars and an increase in intra-state wars. On the other, several studies and reports observe that in long historical terms, there has been a steady decline of the use of violence. To make this equation further complex, the proportional contribution of non-state actors to political violence has also been continuously rising over the last few decades. All these phenomena have posed a challenge to the study of violence and how to counter it. In this chapter, we explore the concepts of soft power and violence before we move to two case studies in the use of soft power and of transformational strategies. The former involves a Brazilian agricultural agency called Embrapa, and the latter involves the action of a Moroccan civil society organization in Mali, led by one of the co-authors of this article, Zineb Benalla.

Countering Violent Extremism: A Conceptual Discussion

It is important to distinguish between terrorism and violent extremism. Although there are multiple definitions of terrorism, it is safe to refer to it as the use or the threat of using violence without distinguishing between civilian and military targets by non-state actors to achieve political objectives. Terrorist groups want to weaken their enemies and force them to concede a political defeat. In the case of violent extremism, the definition is broader and includes forms of ideological, religious, or political violence that rely on the radicalization of otherwise non-violent ideas and ideals.

The 20th century witnessed many different methods of countering violent extremism, all of which shared one characteristic: they sought to conquer the hearts and minds of people. As a matter of fact, guerrilla movements, terrorist groups, and drug traffickers and other criminal groups share that same objective, as they consistently attempt to convince those they claim to represent that they do indeed represent them, playing the roles of protectors, benefactors, and sometimes even godfathers. Put simply, everyone wants to win the support of populations. Therefore, in order to counter the actions of these groups, the strategies of states cannot rely only on police action and repression, but also on winning over hearts and minds. It is very important to adopt a participatory approach that does not rely exclusively on intelligence gathering and force, but that involves the active contribution of civil society actors such as religious leaders, researchers, and youth organizations.

An understanding of power that includes a softer side is part of this logic. Power should not only refer to the hard side of using military might or direct payments, but also to the soft side of non-violent means in order to influence others to act one way or the other. The definition of soft power has been closely linked with Joseph Nye, Jr. who coined the term. Building on the work of Robert Dahl, Peter Bachrach, Morton Baratz, and others, Nye has defined soft power as “the ability to affect others through the co-optive means of framing the agenda, persuading, and eliciting positive attraction in order to obtain preferred outcomes."[1] Though Nye focused on state power, it is important to note here that soft power can be wielded not only by states but also by all actors in international politics, including non-governmental organizations.

During the last decade or so, the need for additional strategies aside from soft power became evident. Whereas soft power is certainly efficient in influencing close-to-stable situations and in planting seeds of peace in the long term, it is not nearly as efficient in situations of evolving violence. In these situations, new strategies of transforming violent zones into more peaceful ones have been developed and rely heavily for instance on community programs designed to counter violent extremism. Countering violent extremism can be understood hence as a strategy that addresses the propaganda of extremists, not just their violence, by countering the narrative of the extremists and empowering moderate actors in society. Conflict is a natural part of human relations. Individuals or groups can find themselves enduring conditions of unfairness, injustice, and/or abuse of power against what they consider their legitimate rights. How to address the unfairness, the lack of justice, or the abuse of power without violence becomes the key question. In other words, if individuals or groups find themselves enduring a situation in which they need to take things into their own hands to change the status quo, they should do so through peaceful means.

Johan Galtung differentiates among three kinds of violence: direct violence, structural violence, and cultural violence.[2] Direct violence is the violence that results from the use of force, torture, or psychology by an individual or a group of individuals against another individual or group of individuals. Structural violence exists when political, economic, and social material conditions are used by an individual or a group against or in the detriment of another individual or group. Cultural violence refers to creating conditions that normalize the existing structural violence, making it the acceptable order of things against which people do not rebel. These three different levels of violence are in an increasing order of depth, and Galtung affirms that they require different tools in order to deal with them. In this sense, the use of soft power in order to make others act in a way that they would not have acted otherwise is also part of the understanding of what direct violence is.

Parallel to persuasive soft power, which applies at the level of structural violence, there are also transformational strategies against violent extremism. These strategies aim at addressing the effects of direct violence through acting at the level of cultural violence, and also aim at transforming the conditions that are favorable to the development of violent extremism through a direct cultural transformation. The objective of this intervention is to deal with the root causes of violent extremism and transform them into conditions that are favorable to building a sustainable peace. Such processes, as we will explain later in this chapter, take time and rely on building trust. Though they do not bring quick results, their impact is long-lasting and sustainable.

[1] Joseph Nye, Jr., *The Future of Power*, (New York: Public Affairs, 2011), 20-21.

[2] Johan Galtung, "Cultural Violence," *Journal of Peace Research*, vol. 27, no. 3 (1990): 291-305.

We compare soft power to transformational strategies in order to evaluate their relative efficiency in achieving the objective of establishing a long and lasting peace. The former case deals with Brazilian agricultural diplomacy through the Brazilian Agricultural Research Corporation (Embrapa), which can be understood as addressing structural violence by improving material economic conditions. The latter case deals a Moroccan civil society organization in Mali in an attempt to change the traditional curriculum in the religious schools referred to as Madrassas, which can be understood as addressing cultural violence by encouraging people to think more critically about justifications for violence.

Brazilian Foreign Policy and Soft Power: The Case of Africa

Becoming a permanent member of the United Nations (UN) Security Council has eluded Brazil since the founding of the UN at the San Francisco conference of 1945. The end of the Cold War and the renewed international debate on the functioning of the Security Council, and essentially of the composition of its permanent members, has only reinforced Brazil's intent to secure that objective.

To support its claim as a potential permanent member of the UN Security Council, Brazil expanded its diplomatic activities under former President Luiz Inácio Lula da Silva. For starters, Lula became a common presence in international fora. He visited countries where no Brazilian president had set foot in before, in Asia and Africa. He also presented Brazilian candidates for several key international organizations, which was not new in and of itself, but he did it far more aggressively. For instance, José Graziano, a close ally of Lula, is still the head of the Food and Agriculture Organization (FAO) in Rome. Brazil also increased the number of its career diplomats, increasing the annual intake of new diplomats from 25 to around 100.

Two sets of activities rounded out these actions, one relying on hard power and the other relying on soft power. The Brazilian Army has led MINUSTAH, the UN peacekeeping mission in Haiti, and the force commander is also Brazilian. This demonstrates Brazil's military might and affirms its prestige as well as its willingness to share in the responsibilities of maintaining security and stability at the international level. It also boosts its legitimacy as an influential regional player, maybe even a regional hegemon.

The second set of activities in which Brazil has engaged are more on the soft power side, i.e., in using non-political and non-military resources to support other states and influencing them in international politics. Embrapa, a technical Brazilian state agency whose mission is to provide applied research and technologies for Brazil's agriculture sector, performed an important role in this strategy and helped Brazil become closer to and potentially more influential in several Latin American and African countries. More importantly, through assisting other states in finding practical solutions to their agricultural issues, Embrapa helped plant the seeds for a sustainable peace in the countries in which it intervened. Africa is important for Embrapa, as shown by the fact that its two main international offices are in Accra, the capital of Ghana, and in Rome, at the FAO headquarters.

To make no mistake about the nature of the role that Embrapa plays in Brazilian foreign policy, the agency affirms that its international actions are done in close partnership with the Brazilian Agency of Cooperation (ABC), which is a key branch of Itamaraty, the Brazilian Ministry of Foreign Affairs. This is to say that Embrapa's international operations are part of the general strategy of the Brazilian Foreign Ministry and of its diplomatic agenda, since the Brazilian government states that international cooperation is a key tool of its diplomacy. Sustainable development, and ultimately sustainable peace, are key parts of Embrapa's activities since its technical cooperation with many African countries seeks to reduce both poverty and hunger, taking into consideration the social, economic, and environmental conditions of each country.

Embrapa distinguishes between two types of technical cooperation projects: structuring projects and capacity-building projects. While the latter help partner countries develop capable local human resources and involve minor financial investments, the former involve significant financial investments (usually of at least $1 million), a long-term commitment (projects last at least two years), and they require the contribution of the ABC and eventually other international partners. These projects also usually involve the presence of at least one Embrapa representative in order to supervise and coordinate their implementation. They strengthen the institutional and technological capabilities as well as the development of human resources of African, Latin American, or Caribbean countries with regards to the sustainable development of their agricultural sector. These types of projects rely heavily on technology transfer, which goes hand-in-hand with strengthening local scientific research institutions and the professionals who work in them.

In many cases, Embrapa operates in post-conflict zones. In Mozambique, for instance, and in tight cooperation with ABC, a project is strengthening the local capacity to create suitable technologies for the rural area in the country. The program is two-fold: one part is strictly technological and the other part develops the human resources necessary to utilize and develop technological innovations. This illustrates Embrapa's approach, which does not propose a ready-to-use, one-size-fits-all program, but instead looks into local needs and helps solve those challenges.

In Angola, Embrapa has had a long and steady presence with different projects. Since the beginning of 2014, the agency has been involved in an ambitious long-term project in conjunction with the FAO, the objective of which is to develop and strengthen local resources in dealing with development challenges. Angola, which has enjoyed sustained economic growth over the last decade, is financially able to manage its own development, but it lacks the human resources to do so. Embrapa is supporting that country in dealing with this particular challenge.

In West Africa, Embrapa has supported a regional multi-national program that relies on heavy international cooperation among the countries of the region. The Cotton 4 + Togo project was launched in 2013, and a second stage began in early 2014. The project is enforcing cooperation among Benin, Burkina Faso, Chad, Mali, and Togo in the production of cotton. With the exception of Benin, all the other countries have experienced some level of sustained instability and violence. Embrapa is pushing them to cooperate rather than compete in order to achieve economies of scale, to efficiently use their scarce human and financial resources, and to increase their cotton production and meet the needs of local and international markets.

Soft power, as used by Brazilian foreign policy, is empowering local African societies and allowing them to use technology in order to solve their own survival challenges. Brazil benefits from the impact of these actions in terms of building goodwill with its partners, but local agents (both institutions and individuals/farmers) are the main beneficiaries. Sustainable economies are put in place, thereby countering what Galtung calls structural violence and starting what could be a lasting peace in areas that were until recently troubled and violent.

Innovative Approaches to Countering Violent Extremism: The Case of Northern Mali[3]

In January 2012, an armed conflict broke out in northern Mali involving several insurgent groups fighting for the independence of the northern region of Azawad, the result of unresolved ethnic tensions between north and south. The Tuareg population in the north has felt ignored by the central government in Bamako, and the al-Qaeda network in the Sahel capitalized on the opportunity to seize a weakened region. Soon, Gao, Timbuktu, and Kidal were overrun by jihadists. The five main insurgent groups in Mali are Ansar Dine, Movement for Unity and Jihad in West Africa (MUJAO), al-Qaeda in the Islamic Maghreb (AQIM), the Signed-in-Blood Battalion, and the Islamic Movement for Azawad (IMA). The most active group in Gao was MUJAO.[4]

The Malian government called upon the French military and African Union states to aid in the expulsion of the radical rebels in January 2013. After the French intervened, a UN peacekeeping mission, MINUSMA, was launched to help aid in the political peace process, which continues today. The military intervention reclaimed territory and displaced rebel groups, but it did not achieve a sustainable peace because it did not address the core grievances that led to violence in the first place. Furthermore, during the occupation of northern Mali by jihadists, some villages allied with them while others did not. Therefore, the Malian population was divided, and tensions continue between different villages, municipalities, and regions in the country.

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[3] The Gao Region is located in northeastern Mali. The capital city is Gao. The region is bordered to the north by the Kidal Region, to the west by Tombouctou Region, and to the east and most of the south by Niger, with a very small portion of the southern border shared with Burkina Faso. Common ethnicities in the Gao Region include the Songhai, Bozo, Tuareg, Bambara, and Kounta. The towns include Gao, Bourem, and Bamba. The municipality of Gounzourey is part of the Gao region. It is composed of 13 villages (Koima, Tchirissoro, Sadou, Lobou, Sidibé, Kosseye, Gorom Gorom, Kadji, Wabaria, Arhabou, Tacharane, Bagoundjé I, and Bagoundjé II).

[4] For more information about the main actors, see, for example, “Mali Crisis: Key Players,” BBC, March 12, 2013, http://www.bbc.com/news/world-africa-17582909.

In addition to MINUSMA, several international organizations intervened in Mali to help in the reconciliation and peacebuilding process, including the USAID Office of Transition Initiatives (OTI) and its implementing partner AECOM International Development.[5]

In partnership with OTI, Zineb Benalla was hired as a consultant (while working as a research associate at the Arab Center for Scientific Research and Humane Studies in Rabat) to lead this program, before becoming the director of the Transnational Initiative Countering Violent Extremism (TICVE)[6] to start a project in northern Mali, which addressed the problem not by imposing solutions but by working with local leaders and the population to contribute to peacebuilding while countering violent extremism and radical ideas. The approach that was adopted with the USAID/OTI team is different than that of other international organizations.

Military force takes some violent extremists off the battlefield, but it does not fight the problem at its core. Whereas counterterrorism and counterinsurgency approaches have a role to play in rolling back outbreaks of organized political violence, countering violent extremism (CVE) is a new paradigm that addresses the root structural and social conditions that enable recruitment and radicalization into many kinds of groups, as discussed earlier. CVE focuses on prevention with the goal of building more conflict-resilient communities. CVE prioritizes the role of civil society to implement education, arts, and interfaith activities in communities to counter the propaganda of extremists.[7] In Galtung's paradigm, these would be classified as efforts to undermine cultural violence.

A key element in this particular CVE approach relies on the assumption that third-party support is effective in resource-scarce communities where positive values such as free thought, tolerance, and peace are absent in school curricula. Through investing foreign capital in education, communities can be transformed, and violent extremism can be countered at its root. Education is vital in accomplishing long-term goals. Through learning, societies can build foundations that are strengthened through continual innovation. When communities fail to thrive, alternative and dangerous ideologies are more easily accepted, which can lead to violent extremism. Isolated communities where these positive values are absent are vulnerable to radicalization. As a result, investing in ideas and educational projects that target youth of isolated communities would be more beneficial in the long term than high levels of military force.

While working as a research associate at the Arab Center, Benalla engaged in a research phase in northern Mali, investigating and explaining factors that drive individuals to

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[5] USAID's Office of Transition Initiatives (OTI) helps local partners advance peace and democracy. OTI provides fast, flexible, short-term assistance targeted at key political transition and stabilization needs, strategically designed for each unique situation. In countries transitioning from authoritarianism to democracy, from violence to peace, or following a fragile peace, OTI's programs serve as catalysts for positive political change.

[6] TICVE is a civil society organization based in Morocco that counters violent extremism through ideas and education in the Maghreb and Sahel regions. One of the authors, Zineb Benalla, is its director.

[7] "Countering Violent Extremism Falling between the Cracks of Development and Security," *Development Channel*, August 26, 2015, http://blogs.cfr.org/development-channel/2015/08/26/countering-violent-extremism-falling-between-the-cracks-of-development-and-security/.

violent extremism. There are several studies by leading experts on violent extremism but there is no consensus on any one set of factors explaining an individual's participation in violent extremism or the prevalence of violent extremism within a country. Furthermore, CVE is very context specific, so the factors that are linked to violent extremism in one country may not hold in another; moreover, the factors associated with violent extremism globally do not necessarily apply to a specific context and vice versa. For that reason, action research[8] was crucial to implement the project to counter violent extremism in northern Mali. The goal was not only to implement an education project to counter violent extremism, but also to foster communities that are resilient in the face of conflict.

Factors Associated with Violent Extremism

There are many factors associated with participation in violent extremism.[9] For this case study, we focus on factors associated with an individual's participation. There is very little empirical evidence that supports a causal link between violent extremism and low socio-economic status.[10] However, in a survey of Kenyan al Shabaab members,[11] 65 percent of respondents said that government repression plays a major role in the emergence of violent extremism in youth social networks. More importantly, one of the most important factors driving individuals into violent extremism is the lack of critical thinking in teaching methods at schools. It has a direct relation to the spread of violent extremism because many who lack critical thinking skills cannot recognize the complexity of their religion.[12]

This was the target of the project. Different from Nye's conception of soft power in the sense of attraction and persuasion, Benalla and her colleagues wanted to enable people to think critically. Ideas matter, and they matter all the way down. Ideas and ideals play a

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[8] Action research is known by many other names, including participatory research, collaborative inquiry, emancipatory research, action learning, and contextual action research, but all are variations on the same theme. Put simply, action research is "learning by doing." A group of people identify a problem, do something to resolve it, see how successful their efforts were, and if not satisfied, try again. While this is the essence of the approach, there are other key attributes of action research that differentiate it from common problem-solving activities that we all engage in every day. What separates this type of research from general professional practices, consulting, or daily problem-solving is the emphasis on scientific study, which is to say that the researcher studies the problem systematically and ensures the intervention is informed by theoretical considerations. Much of the researcher's time is spent on refining the methodological tools to suit the exigencies of the situation, and on collecting, analyzing, and presenting data on an ongoing, cyclical basis. Several attributes separate action research from other types of research. Primary is its focus on turning the people involved into researchers, too — people learn best, and more willingly apply what they have learned, when they do it themselves. It also has a social dimension — the research takes place in real-world situations, and aims to solve real problems.

[9] In a workshop titled "Evidence for CVE: Advancing Community Based Approaches" at the U.S. Institute of Peace in 2015, researchers spent two days studying CVE and community-based approaches. They classified factors associated with individual's participation in violent extremism into four categories: 1) factors associated with an individual's participation in violent extremism; 2) factors associated with societies experiencing violent extremism; 3) factors associated with countries of origin of transnational terrorism; and 4) factors associated with popular support for violent extremism.

[10] David Sterman, "Don't Dismiss Poverty's Role in Terrorism Quite Yet," New America Foundation, January 29, 2015, https://www.newamerica.org/new-america/dont-dismiss-povertys-role-in-terrorism-quite-yet/.

[11] Anneli Botha, "Radicalisation in Kenya Recruitment to al-Shabaab and the Mombasa Republican Council," *Institute for Security Studies Paper* no. 265 (September 2014), https://www.issafrica.org/uploads/Paper265.pdf.

[12] Jamie Bartlett and Carl Miller, "The Edge of Violence: Towards Telling the Difference Between Violent and Non-Violent Radicalization," *Terrorism and Political Violence*, vol. 24, no. 1 (2012): 1-21.

clear and important role in motivating many individuals and groups. Hence, some people and communities are moved primarily by grand ideas and an unshakable belief in the inherent superiority of certain values. Unless one recognizes the power of these values — the passions, emotions, and deep feelings of loyalty and commitment they evoke — one will fail to grasp what truly drives numerous militants into violent extremist groups. In many cases, what brings violent extremists together is their shared dedication to a particular vision of how society ought to be organized, and/or their strong questioning of the foundations upon which their societies are presently organized. That is true of many Salafi jihadist groups today, just as it was true — in radically different contexts, and on the basis of entirely different worldviews — of the left-wing radical groups of the 1970s in West Germany (the Red Army Faction or Baader-Meinhoff Group), Italy (the Red Brigades), and Japan (the Japanese Red Army).[13]

Violent extremists (as compared to non-violent radicals) are less willing to delve into their religion and recognize its complexity. Therefore, the project introduced new ideas and promoted critical thinking in Madrassas[14] because research on CVE confirms that there is a link between engaging in violent extremism and lack of critical thinking skills.[15]

Action Research in Northern Mali: Gao Region

After decades of conflict, northern Mali and, more specifically Gao, remains an isolated region where freedom of thought has been discouraged and opportunities are few. After the MUJAO occupation, villages in Gao were infiltrated by fundamentalist Islamic groups, leaving these villages weakened and isolated. Together with key stakeholders in the Gao villages, Benalla developed a project designed to promote a culture of tolerance and critical thinking within Madrassas.

Phase I: Field Visits, Interviews, and Interactions

Benalla engaged in a learning and discovery journey in northern Mali, a series of visits to Timbuktu and Gao to do action research and analysis into the context-specific drivers of violent extremism. The focus was on methods and techniques of investigation that take into account the study of a population's history and culture, as well as their interactive community activities and emotional lives. During the first visits to the field, it was very important to identify the most relevant questions that would help to implement the project. Benalla gathered, analyzed, and interpreted the information, designing a project together with the communities during five days of capacity-building training in January 2015 that would be of benefit to them. Benalla based her research on observation and qualitative research methods such as interviews, surveys, and field visits to the villages.

Her targets were youth in Madrassas in the Gounzourey Municipality in Gao, because during the field research she found that graduates of Madrassas in Gao had worked in MUJAO's administrations during the occupation, indicating that there may have been

[13] Guilain Denoeux and Lynn Carter, "Guide to the Drivers of Violent Extremism," USAID report (February 2009).

[14] Koranic Schools that are institutions for the study of Islamic theology and religious law.

[15] See, for example, Bartlett and Miller.

something in the way these Madrassas taught that made graduates more susceptible to radical groups such as MUJAO. The goal would be to engage in these Madrassas and prevent graduates from joining violent extremists groups.

After several visits to the villages had established trust with the imams, the elders, and women in the communities, Benalla had individual meetings with the imams, group meetings with elders and imams, and group meetings with women. She had a series of exchanges with the grand imam of Timbuktu, Abdurahman Alsayuti; the imam of the Askia Tomb in Gao; and the grand maitre of Askia Center.

Grand Imam Abdurahman Alsayuti is a Sufi following Tariqua Tijaniya, and he helped the researchers understand the situation of the country during the jihadist occupation and after. His deep knowledge about the differences between different communities in Mali guided Benalla during her journey. The visit to the imam of the Tomb of Askia in Gao was also very important; he gave her guidance and helped her understand the realities of Gao and, more importantly, the situation during the MUJAO occupation.

During visits to Kadji and Bagoundjé I villages, Benalla had discussions with the imams, the elders of the two villages, the marabouts (teachers in Madrassas), women, students, and parents. A relationship based on respect, trust, and exchange evolved with these villages leading to phase I of the project. In phase II, the project expanded to the entire Gounzourey municipality.

In phase I, marabouts from both villages (Kadji and Bagoundjé I) came together to establish a relationship between them, build their teaching capacities, and introducing critical thinking methods. The exchange and the trust Benalla built with the imam of Kadji (Dar Asslaam village) helped tremendously. Without his support, this project would have never taken place in Dar Asslaam village.

This first phase was a pilot phase, and its success was a prerequisite for starting phase II of the project with the rest of the 11 villages of the Gounzourey Municipality. The participants were satisfied with the capacity-building training, and they trusted Benalla because she had visited them, had eaten with them, and had developed trust and a personal relationship beyond the professional one.

Phase II: Surveys, Discussion, and Analysis

Marabouts who attended the training program received surveys before and after the training, which was collected, analyzed, and discussed with the marabouts. They were aware of the expectations and results we wanted to achieve through the project. Surveys consisted of Yes and No questions as well as open-ended questions about teaching methods, facilities, and material. The marabouts were very responsive.

The surveys revealed the teaching methods and the material used by marabouts in Madrassas, including the books. This allowed Benalla and the marabouts to develop a project that introduced new books and new teaching methods that will help students develop their critical thinking skills and open up to new ideas. At the beginning, there

Figure 5: Sample Survey (Presented in French and Arabic)

- What is the name of your village?
- What is the name of your Madrassa?
- How many classes do you teach?
- How many subjects do you teach?
- Can you describe a class session?
- What is the role of the teacher?
- Do you know what a book club is? Yes or no.
- If yes, please give a brief definition
- Have you participated in a book club before?
- Do you have book clubs in Madrassas?
- Do you think students are interested in reading? Yes or no.
- Why?
- How we can promote reading in Madrassas?
- Do you think book clubs can encourage students to read?
- How can book clubs advance knowledge in Madrassas?
- What are the books you are using in Madrassas?
- What materials do you use in Madrassas?
- What are the materials you would like to have in your Madrassas?
- Do you want new books in Madrassas?

was some resistance not only to new books but also to the whole program, but after the aims and the methods of the project were explained they were very responsive.[16] Nonetheless, it was important to choose books written by Muslim scholars and to explain that the program will empower the marabouts.

Transforming Ideas into Action: Introducing the "Living Together" Project

The education project that was developed in Gao was intended to promote a culture of tolerance and critical thinking in a young and vulnerable age group by creating reading and discussion clubs in Madrassas. Before the book clubs project, the teaching methods were traditional, based on lecturing and memorizing. Students did not have a chance to discuss, ask questions, and express their opinions. A total of six marabouts from Kadji and Bagoundjé I participated in a five-day training in phase I, and 34 marabouts from the 11 villages of the Gounzourey Municipality participated in phase II. The marabouts were trained to lead "Living Together" book clubs to ensure the orientation of the reading, but to step back and allow students to express themselves with complete freedom. The book

[16] It is very important to mention the successful pre-building phase USAID/OTI field team did with the communities, specifically the work of Wanalher Ag Alwaly, USAID/OTI project specialist.

clubs took place every week; students did preliminary reading and started the session with a question. Each student expressed his/her opinion about what he/she had read, then discussed the content with his/her classmates. The teacher functioned as a moderator. Benalla selected specific texts that were appropriate for the objective of the activity, as well as the age and educational level of the student-participants to be read and discussed by club members.

Marabouts were trained to supervise weekly book clubs that would last 14 weeks. The training was bilingual, with both Arabic and French used for presentations, group work, and discussions. In the monitoring and evaluation phase, Benalla found that the marabouts started the book clubs in their Madrassas and prepared reports for each session.

One of the main goals was to introduce both Madrassas to new books and new alternatives, and let students seek truth by themselves without being manipulated by any group or ideology. But there were several challenges. At the beginning of the project, marabouts were accustomed to teaching selected texts that they have been teaching for years, most of which teach radical Islam. In addition, the marabouts were used to a classical method of teaching. The training progressively introduced the Socratic method of teaching, discussions, and questions and answers. It introduced philosophical tales and humorous stories that teach morals and the values of freedom, justice, and tolerance, written by Muslim scholars.

There was also an initial gender division in the group of five men and one woman. However, by the third day, the men welcomed the woman into their group. The atmosphere changed from a suspicious one to a peaceful one.

Measuring the extent to which their ideals were affected was difficult, because ideals and values are hard to quantify. However, Benalla observed the trust that was built through human relationships between the participants, herself, and the USAID/OTI field team in Mali. The marabouts trusted her to propose new books for their students, and she saw their trust grow as they visited in the village and in the USAID/OTI office, and as they ate together with the whole team. They introduced Benalla to the women, their students, and their families. A post-training survey also revealed change, including how they had replaced the old books with the new books that had been proposed to them. In addition, in the monitoring and evaluation visit, the participants had embraced more new ideas and read the new texts. The students even produced a play about reconciliation and social cohesion with gender diversity.

Visiting the villages and building a strong human relationship with them helped explain their everyday struggle. Those villages suffer from isolationism and a lack of development, facilities, and basic human needs in addition to radical Islam.

The Madrassas in Gounzourey municipality in Gao would benefit from modernization. After the project, the marabouts of the villages are asking for more book clubs, more capacity building programs, new books, and new material to share with students. The

Figure 6: Living Together Project: Summary of Key Points

- Introduced new books to Madrassas.
- Engaged the elders in the villages to expand the work to the students.
- Broke the isolation of the villages.
- Worked on reconciliation and peacebuilding, bringing together marabouts from different villages through the book club training.
- Built a relationship with isolated villages and introduced them to new ideas and alternatives to radical Islam.
- Empowered 40 marabouts from Gounzourey technically, intellectually, and technologically to start their book clubs in their Madrassas through a five-day training.
- Provided a book club manual, which contained a book club guide and a guide for the selected texts with objectives and questions for each session.
- Reached out to 400 young students in Madrassas.
- Distributed e-readers to marabouts and students.

elders want a better future for the youth of the villages; they want them to seek knowledge and have better opportunities. More importantly, there is now an opportunity to stop the spread of radical Islam in Madrassas in Gao. There is an opportunity now to introduce students to science, mathematics, and philosophy, which will certainly shape the future of youth who graduate from Madrassas in Gao.

Action research in isolated communities is important. The visits to the villages built trust and enabled cooperation. Through the new books, the project expects to be able to achieve the main goal of promoting critical thinking and introducing new ideas within Islam without being manipulated by one specific group and ideology. The strategies outlined above not only introduced an education project to counter violent extremism but also contributed to reconciliation and peacebuilding, bringing together villages that were in conflict. The approach was participatory through exchange, discussions, and several interactions and is working to prevent future youth recruitment by violent extremists in the Gao region in the Gounzourey municipality.

Though many social scientists and policymakers alike have repeatedly underestimated the power of ideologies and deeply felt convictions as the primary motivations behind numerous forms of violent extremism, this project developed new strategies to counter violent extremism that targets specific communities based on action research. Ideas matter. But the communities need follow-up training to bolster their resilience to violent ideologies through continued engagement.

In November 2015, TICVE is going back to Mali for a regional CVE workshop for Malian civil society leaders, and to bring the Gounzourey municipality around 2,000 hard copies of novels (such as *Hay Ibn Yakzan* by Ibn Toufail), Juha humor stories, and hero stories to keep motivating communities to read and continue book clubs in their Madrassas. This will be an additional opportunity to measure the advancement of the book clubs in the Gounzourey municipality.

It is also an opportunity to continue the civil society work in partnership with USAID through their implementing partner, AECOM International Development, to measure the impact on Madrassas, more precisely on youth who participated in book clubs. The partners hope to distribute a survey to all youth who benefited from the book clubs to measure the impact on their critical thinking skills and ideas. Hopefully these youth will help transform the seeds of violence into seeds of a lasting peace. However, this can only be achieved by continued engagement.

Conclusion

The two case studies presented here illustrate how and when soft power and transformational strategies can be used. By attacking the factors of structural violence, soft power, as used in Brazilian agricultural diplomacy, allowed Brazil and its partners to encourage long and lasting peace. Many of the countries where Embrapa operates were riven by violent conflicts, and the solutions brought by Brazil have helped sustain, structurally and in the long term, the fragile peace that exists there. As for transformational strategies, they attack direct violence by dealing with the root causes of cultural violence and transforming the realities in loco in order to provide stable conditions for a long peace. The Gounzourey case demonstrates a new paradigm of CVE and the crucial role of civil society in it. The strategies in these two cases seem to complement each other rather than to compete with each other. Soft power relies on material conditions, and transformational strategies rely on the power of ideas.

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5 Planning Emergence: The Process of Becoming an Emerging Economy

Moubarack Lo

Introduction

Traditionally, economists divide the countries of the world into two groups: a group of developed countries and a group of developing countries (formerly called third world countries). Sometimes, a sub-group of the poorest developing countries is included in the second group, typically referred to as least developed countries.

Development is about more than just economic growth, which is generally defined as the change in the gross domestic product (GDP) from one year to the other. It could be interpreted as "growth plus transformation"[1] and is evidenced by improved performance in the factors of production as well as in the expansion and modernization of the infrastructure network, development of institutions, change in attitudes and values, and "an upward trend in the entire social system."[2]

Recently, the terms "emerging country" and "emerging market" have also appeared in the literature to designate the most dynamic developing countries that are well integrated into the "globalized economy." Yet, useful definitions of the terms have not been formulated, let alone the determining characteristics of emerging countries.

According to the Merriam-Webster Dictionary, "to emerge" can mean "to rise or appear from a hidden or unknown place or condition, to come out into view." Consequently, it may be considered that a formerly poor country is emerging when it arouses such interest and stands out as different from the host of underdeveloped countries that lie on the fringes of world trade in goods and services, as well as in ideas.

In fact, the concept of economic emergence[3] appeared in the early 1990s in the context of the deregulation of financial markets driven by the United States and Europe, concomitantly with major technological and institutional innovations. These changes have led to the creation of new financial instruments, particularly the accelerated internationalization of capital investments. In the 1990s, investors found that emerging markets offered new opportunities for high-productivity financial investment with a reasonable risk.

Many countries consider themselves emerging market economies because they created stock markets and have carried out major structural reforms in recent years. They are reinforced in this position by the International Finance Corporation (IFC) and Standard

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[1] Gerald Meier, *Leading Issues in Economic Development*, 7th Edition (New York: Oxford University Press, 2000).

[2] Gunnar Myrdal, *Asian Drama: An Inquiry into the Poverty of Nations*, Volume 3 (New York: Twentieth Century Fund, 1968), 1869.

[3] Editor's note: language is intimately linked to the way we think and to the conceptual notions we create. Precisely translating concepts between different languages can be difficult, and an often overlooked source of confusion and discord. In the context of this chapter, it needs to be noted that "emergence" (or *l'émergence* in French) is a term that has taken on a meaning in the African context (especially Francophone Africa) that may be better understood among many English speakers as "becoming an emerging economy and then an emerged one." It concerns a stage and a process of economic development that is associated with a positive trajectory of growth and modernization, moving from poor to "emerged" status, on the way toward "developed economy" status. It comes from the commonly used terminology of "emerging markets" and "emerging economies" (or *économies émergentes* in French). This concept of emergence is completely distinct from research on "economic emergence" that is rooted in complex systems theory and the accompanying notions of emergent properties and self-organizing behavior within social systems (see, for example, David Harper and Paul Lewis (eds.), *Journal of Economic Behavior & Organization*, Special Issue on Emergence in Economics, vol. 82, nos. 2-3 (May 2012): 329-566).

& Poor's Indices, which consider as an emerging market a country with "a stock market in transition – continually increasing in size, activity, or level of sophistication."[4]

Considering the dynamism of financial markets in recent years, the S&P/IFCI (Investable) Index places dozens of countries among the emerging market economies. Some of these countries (particularly in Asia but also in Latin America, Central Europe, and even Africa), as a result of enormous efforts, have managed to "emerge" from the lot and attract the attention of both domestic and foreign investors. Economists were also amazed by the results achieved by these countries in terms of economic growth and export performance. It has become possible to divide developing countries into three groups: the dynamic group of emerging and emerged countries, the least developed countries, and those developing countries that are in between the two extremes.

This chapter will designate as emerging economies "developing countries that attract investments, diversify and accelerate sustainable and inclusive economic growth, and successfully integrate into the global economy." In the economic literature, only countries that implicitly meet this definition based on facts are considered when it comes to emergence, i.e., the process of emerging from poverty and becoming an emerged economy that is now in a position to move to the developed phase.

In fact, several countries among the developing nations, in Africa in particular, have recently undertaken to develop "plans for emergence." For example, Côte d'Ivoire, under the leadership of President Alassane Ouattara, intends to reach emerging country status by 2020. Gabon has similarly targeted 2025 as its deadline.

Côte d'Ivoire, in its Four-Year National Development Plan (2012-2015), has identified three characteristics the country should satisfy by 2020: "(i) to achieve strong and sustainable economic growth; (ii) to develop a significant middle class that has access to durable consumer goods; and (iii) to participate in the world system of production" (author's translation).[5]

Gabonese President Ali Bongo Ondimba considers that making his nation an emerging economy would mean to have "a well-governed country, that respects the rights of all; a country fully inserted in the global networks and capable to exchange ideas, goods and capital; and finally a country where every citizen will have revenues enabling him to take a dignified care of himself, to have decent housing, good health and welfare coverage" (author's translation).[6]

Though these two countries have made an effort to identify some characteristics that describe what they want to achieve in the future, they did not differentiate between the

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[4] Standard & Poor's, "S&P Emerging Market Index: Index Methodology," November 2007: 6.

[5] République de Côte d'Ivoire, *Revue du Plan National de Développement: 2012-2015*, February 2015: 16, http://plan.gouv.ci/fichier/TOME%201_REVUE%20%20GLOBALE_PND_22_04_2015.pdf.

[6] République Gabonaise, *Plan Stratégique Gabon Emergent*, July 2012: 2, http://www.aninf.ga/telechargements/PLAN%20STRATEGIQUE%20GABON%20EMERGENT.pdf.

status of emerging economy and emerged economy, making it difficult to clearly judge at any given time where they stand on their way to realizing their goal of "emergence."

Theories of Convergence between Rich and Poor Countries

Some economists, such as Robert Solow,[7] have argued that per capita GDP between rich and poor countries will eventually converge, even if it takes a while, because poor countries tend to grow faster than rich ones (which is commonly known as the hypothesis of absolute convergence). Other approaches toward convergence exist in the economic literature, notably conditional convergence theory,[8] which argues that "an economy grows faster the further it is from its own steady-state value," with the steady state being a balance between economic growth and environmental integrity. But, because economies differ in terms such as propensity to save, demographic structure, human capital, openness to the outside world, access to technology, or the soundness of government policies, convergence will only occur under certain conditions.

The prediction of absolute convergence of countries is not supported by empirical data. Analyzing the Maddison Project Database (a compilation of economic growth data named for Angus Maddison),[9] we found that between 1960 and 2003, the performance of countries with low per capita income varied considerably.[10] Only a few countries among the group formerly considered poor succeeded in following the process of convergence with the rich countries.

Several empirical research activities have also tested the validity of the convergence hypothesis. In a study of the determinants of economic growth using an econometrical model, Barro emphasized that:

> "the growth rate of real per capita GDP is enhanced by better maintenance of the rule of law, smaller government consumption, and lower inflation. Increases in political rights initially increase growth but tend to retard growth once a moderate level of democracy has been attained. Growth is also stimulated by greater starting levels of life expectancy and of male secondary and higher schooling, by lower fertility rates, and by improvements in the terms of trade. For given values of these variables, growth is higher if a country begins with a lower starting level of real per capita GDP; that is, the data reveal a pattern of conditional convergence."[11]

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[7] Robert Solow, "A Contribution to the Theory of Economic Growth," *Quarterly Journal of Economics*, vol. 70, no. 1 (February 1956): 65-94.

[8] See, for example, Robert Barro and Xavier Sala-i-Martin, *Economic Growth* (Cambridge, MA: MIT Press, 1999).

[9] For more information, see Bolt, J. and J. L. van Zanden (2014), "The Maddison Project: collaborative research on historical national accounts," *The Economic History Review*, 67 (3): 627–651.

[10] Moubarack Lo and Guindo Sidiki, "La Mesure du Niveau d'Émergence Économique des Nations," *African Review of Integration and Development*, vol. 6, no. 1 (March 2013).

[11] Robert Barro, "Determinants of Economic Growth: A Cross-Country Empirical Study," *NBER Working Paper* No. 5698, August 1996: 70, http://www.nber.org/papers/w5698.pdf.

Cohen and Soto went further, stating that poverty in countries should be interpreted as the multiplication of a set of handicaps relating to resources and total productivity. In particular, in poor countries, "non-traded activities are not valued at the price that they would receive in a rich country, capital inflows are low, and aggregate productivity is lower than it would then be."[12] These handicaps combine to explain why some countries remained in the poverty trap and are not able to converge with rich countries in terms of GDP per head. In order for countries to emerge from this trap, each of these handicaps should be addressed and corrected.

Determinants of "Emergence"

Given that convergence is a drawn-out process, it is useful for poor countries to be able to set intermediary steps on the road to "rich country" status. Walt Rostow proposed such a concept in 1960, suggesting five stages that all countries go through: the traditional society, the emergence of the preconditions for take-off, take-off, the road to maturity, and the era of mass consumption.[13] Under his concept, the take-off phase is the most important one, a turning point that enables poor countries to move from an unbalanced economy with low growth to one that is more balanced, with strong and sustainable growth. The concept of emergence could be considered a variation, adapted to the dynamics of modern globalization, with the same theme of "take-off." Thus, the poor country should first not try to converge with rich countries, but to make itself an emerging economy and converge with countries at the intermediate level.

In order to become an emerging country and benefit from sustainable growth, the poor country must develop policies in order to convince investors to invest in the country for long periods. It must also try to integrate itself in the world economy. The structural reforms undertaken in line with these requirements constitute the "prerequisites for emergence" (or "conditional convergence factors"). In order to cross the emergence threshold and become an emerging economy, the poor country should therefore espouse the international standards of competitiveness and align itself with the best practices of developed economies.

To attain the highest levels of external attractiveness as well as internal functionality, poor countries should, in particular, focus on the following reform elements: 1) good governance; 2) a quality regulatory framework; 3) economic openness and promotion of the private sector; 4) the development of human capital; 5) a world class infrastructure; and 6) environmental protections and balanced development of the national territory.

Many of these items were listed in what was called the "Washington Consensus," which has long guided and continues to influence the dialogue between the Bretton Woods institutions and authorities in poor countries. But, as noted by Dani Rodrik, "the list of

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[12] Daniel Cohen and Marcelo Soto, "Why are Some Countries so Poor? Another Look at the Evidence and a Message of Hope," *OECD Development Centre Technical Papers*. No. 197, October 2002: 21.

[13] Walt Rostow, *The Stages of Economic Growth: A Non-Communist Manifesto* (Cambridge: Cambridge University Press, 1960), 4-16.

institutional reforms [prescribed through the Washington Consensus] describe not what countries need to do in order to develop… but where they are likely to end up once they develop."[14]

Thus, instead of trying to fix everything at once, a poor country should advance in a piecemeal fashion. As Rodrik suggests, "rather than waste precious human and political capital on a diverse set of reform objectives… the biggest bang for the reform buck can be obtained by identifying the most significant bottleneck in the economy at any point in time, and focusing efforts on alleviating that bottleneck."[15]

Once the priorities for reform have been identified, a country must ensure that the reforms are well managed with attention to their sequence, the time horizon of their entry into force and implementation, as well as necessary supplementary measures and questions of equitable distribution of their benefits. All of this requires good leadership in order to successfully conduct the reforms and generate a national culture in line with the prerequisites of "emergence."

"Emergence" is Multi-Dimensional

Economic "Emergence" and Social Welfare

As Leopold Senghor said, "humankind should be the beginning and the end of development."[16] Thus, the concept of convergence cannot be seen solely from the economic point of view. Citizens of an emerging country should feel that their daily lives have improved and that new opportunities exist for them in areas of education, health, employment, and income. Emergence must therefore be translated into improved living conditions for populations.

In addition, there is consensus that economic growth, even when strong, is not a sufficient condition for poverty reduction. In fact, in the short run, there is sometimes an increase in poverty during periods of positive growth.[17] All countries should therefore seek growth that is pro-poor, with the aim of developing the capacities of the poor to participate in economic activity, to contribute to growth, and to take advantage of its benefits.

Economic growth is only sustainable when certain social prerequisites are fulfilled. It is now universally accepted that the quality of human capital (an educated population that is well fed and in good health) is one of the most crucial factors in economic growth, particularly in the new globalized environment in which knowledge plays a crucial role in increased economic productivity.

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[14] Dani Rodrik, "Rethinking Growth Policies in the Developing World," Luca d'Agliano Lecture in Development Economics, Torino, October 2004: 6.

[15] Ibid., 9.

[16] Leopold Senghor, "Culture et Développement," *Revue Ethiopiques*, numéro spécial revue socialiste de culture négro-africaine 70ème anniversaire du Président L. S. Senghor (November 1976): 4.

[17] Martin Ravallion, "Pro-Poor Growth: A Primer," *World Bank Development Research Group Paper* (2001).

Based on calculations by the World Bank and the United Nations Development Programme (UNDP) comparing the evolution of GDP per capita against the poverty rate using measurements of GDP per capita and the Human Poverty Indicator (HPI)[18] of various countries for a given year, it can be demonstrated that there is often a correlation between the economic growth variables and poverty variables. In other words, a country improves its social indexes as it becomes richer. However, the HPI does not always improve in the same proportion as GDP per capita growth, indicating that there are other factors involved in reducing poverty aside from growth. Thus, an effective policy for redistribution of the benefits of growth also counts in the real impact of economic dynamism on the living standards of the poor.

Emergence and the Quality of Institutions

The World Bank's Worldwide Governance Indicators project reports on human rights and democratic rights, political stability, absence of political violence, effectiveness of government, simplicity and rapidity of administrative procedures, respect for the rule of law, and a commitment to fight corruption. In putting these indicators to the test, the International Monetary Fund (IMF) discovered that "if institutions in Africa could be improved to the level in developing Asia, African per capita GDP might be expected to almost double over the long term."[19] The IMF also found that "higher growth depends importantly on better institutions"[20] because they promote the sustainability of economic best practices. Further, high-quality institutions reduce growth volatility and facilitate attainment of the economic and social goals of a given country. Thus, any plan for emergence should include a focus on improving institutions.

Developing an Emergence Plan

"Emergence," in its multi-dimensional form (be it economic, social, or institutional), does not happen by chance or by just declaring the ambition to achieve it. It should be strategically planned for in order to correct the handicaps that, cumulatively, maintain the country in the trap of poverty. The emergence plan (EP) should also be well implemented, monitored, and communicated to all stakeholders and to all segments of the population. The remainder of the chapter will detail ten steps that are intended to serve as a guide for designing the agenda for becoming an emerging and later an emerged economy on its way to developed status.

Step 1: Develop and Adopt a Concept Note for the EP

The first step of the process is to develop a concept note that will explain clearly the authorities' desire and rationale for emergence, taking into account the results already achieved by the country and the willingness to accelerate a program of reforms. This note should also include some clarification regarding the notion of emergence and its sectoral

[18] The HPI calculated by the UNDP is a composite index measuring deprivations in three basic dimensions: a long and healthy life, knowledge, and a decent standard of living.

[19] International Monetary Fund, *World Economic Outlook: Building Institutions* (Washington, DC: IMF, September 2005): 125.

[20] Ibid.

and thematic components. The methodological approach should be described, explaining the various phases and processes that will be followed. The concept note should be officially adopted by the head of state or government.

Step 2: Set up the Institutional Framework for Developing the EP

The next thing to do is to create a high-level steering committee with a strong sense of leadership and political commitment in order to manage the process. This committee, in addition to developing and adopting the EP, should also head the monitoring of implementation and evaluation. The steering committee should include notable, respected personalities from around the country and from various branches of the executive.

An operational technical committee should also be created, the role of which is to coordinate the contribution of stakeholders to the EP and the members of which are not part of the steering committee. They should be selected based on their particular expertise in relation to the theme of emergence and its components. For the plan to be beyond the interests of a particular sector, all departments must be involved from the outset in the technical committee, and the participation of the private sector and civil society should be fully ensured.

Step 3: Seek Contributions from Stakeholders on Issues to be Addressed in the EP

The technical committee should prepare thematic diagnoses, with contributions from the different stakeholders, including public ministries, agencies, and enterprises; local authorities; the private sector; and civil society. These diagnoses should cover sectoral and cross-cutting issues such as governance, sustainable development, gender, etc.

Gathering sufficient information should not consume too many resources or too much time. Before new burdensome data collection is done, it is advisable to consider all sources of existing information and use them to the extent possible, while remaining aware of their potential shortcomings.

Evaluating the policies, laws, decrees, and regulations will inevitably highlight gaps that the EP should address in order to initiate structural transformation. As part of this evaluation, the decision-making mechanism should also be assessed, especially how policies are formulated, adopted, approved, and implemented.

The assessment should take into account the following elements:

- Political commitments already made by the government, whether legally binding or not, which must be included in the plan.
- National and international political and institutional frameworks that already define policies that the country should implement in the various sectors.
- The legal framework, including customary or “soft” law.
- The degree and structural functioning of inter-sectoral collaboration, which should identify strengths and weaknesses of collaboration along with possible corrective measures.

- The achievements, failures, and inadequacies of past and ongoing strategies.

Lessons and recommendations should be drawn from this assessment to enrich the future EP.

Step 4: Consolidate Diagnoses of Issues

A summary of thematic diagnoses should synthesize portraits of the country's situation as it stands in terms of challenges to face in the EP. Special attention should be paid to quantitative parameters, using indices and indicators. It should also identify the strengths, weaknesses, threats, and opportunities for each sector and issue area. It will then be relatively easy to identify a range of problems, which can then be grouped until they are reduced to a reasonable list. Based on the identified major problems, the technical committee should list the critical issues to be addressed in each issue area, examining the main negative dynamics that affect the country's situation.

Step 5: Define the Strategic Directions of the EP

The strategic direction of the EP should prioritize critical issues for action. The criteria should be pre-selected by the technical committee and discussed with the steering committee of the EP. Criteria could include:

- Impact on the quality of life of populations.
- Impact on sectoral economic growth.
- Ripple effects on other major challenges.
- Relationship to important policy decisions, major achievements, or national level programs.
- Effects on external liabilities.

Generally, prioritization involves using a multi-criteria table that allows decision-makers to assign relative importance by weight and to allocate scores to the various issues. The critical issues that gather the best scores can then be selected.

Scenarios should then be formulated that describe future situations and the flow of events that allow one to go from the original situation to the future situation. These are useful tools that help decision-makers examine the factors conducive to the emergence of the country and discuss the possible obstacles to the success of the EP. After exploring the possible futures of the country within the framework of the EP and their probabilities, the technical committee should retain those that seem very significant and very likely. The committee should then write the scenarios, incorporating three main elements: the base, which is the representation of current realities of the issue areas targeted by the EP, understood in dynamic terms; pathways that are built as the country advances along a time scale, knowing that adjustments will have to be made and assumptions reconsidered as the EP advances; and the envisioned milestones along the pathways.

Developing a strategic vision is a management tool that should be used to promote adaptation and transformation of the country's performance on the way to emergence. The vision indicates the path to take between the present and the future. It provides a set of principles for the country that inform daily decisions so that everyone can work together to achieve the same goals. The vision statement should be clear, short, positive, and inspiring. It must express projections into the future and should explain the core of the country's emergence policy as well as clear values that guide the pursuit of the goal and the pathway to the desired future. These values should be described explicitly in order to influence the everyday behavior of people living in the country, incorporating the cultural references common to the people that can have a positive impact on their ambitions. In addition, there should be a general statement about the expected timeframe for the EP to produce the desired effects and results. This will provide a baseline against which progress can be measured.

The full range of policy options should be considered to determine what will be useful and effective to achieve the vision of emergence. Based on national and international experiences, the technical committee should identify the most relevant options given their likely effectiveness in national conditions, feasibility, measurability, and cost-effectiveness. It should use studies based on evidence to ensure that the most effective options are adopted. It should also take into account the expected effect of the strategic options on the structure and performance of the national economy. Another important selection criterion will be to consider strategic options capable of producing visible results in a short time. For example, under the 2016-2020 emergence plan of Côte d'Ivoire, the policy tool for this is "industrial acceleration."

The technical committee should consult with key stakeholders (ministries, local authorities, private sector, civil society, academia, and development partners) to develop the strategies for emergence. This exercise should seek to answer the questions: Where are we? Where do we want to be?, and How do we get there? Policies and sectoral or issue area strategies should help build an overall framework. In this context, international consensus documents should also provide an appropriate base for development of strategies. In general, approaches should combine balanced development of the national territory, technical solutions, campaigns to influence behavior, and financial instruments. It is important to know that some sectoral strategies may depend on others and are only effective when combined, either in parallel or consecutively. To achieve the goal of emergence, it is recommended to create a culture of professional collaboration and joint responsibility between ministries concerned with strategies, programs, and sectoral policies, including cross-cutting objectives.

It will also be necessary to identify resources for implementing the EP in the strategic vision. The technical committee should first outline the desired macroeconomic framework for two scenarios: the trend scenario and the more optimistic scenario of emergence. This framework should enumerate the maximum funding the government could employ, knowing the expected resources and budget deficit levels. Then, budgetary planning should include allocations to the different sectors identified in the EP, giving priorities to those contributing the most to the achievement of the vision of emergence (namely human capital, infrastructure, and productive sectors). Further allocation of resources should be made within each sector, at the level of the priority actions.

Step 6: Create a Results Framework for the EP

The results framework should outline what the plan is supposed to achieve and how it will do so in specific terms. To ensure that the results framework is comprehensive and coherent, adoption of a tiered approach is recommended. This means that the overall results should be broken down into outcomes and outputs, accompanied by specific timelines and measurable indicators. Indicators are usually set for the short, medium, and long terms. Having verifiable and measurable targets for the indicators is extremely useful for monitoring and evaluation. Baseline data are also needed to quantify progress.

Step 7: Create an EP Monitoring and Evaluation System

The EP's success greatly depends on the definition of institutional responsibilities and coordination mechanisms between ministries, local authorities, private sector, civil society, and development partners. This requires assigning responsibilities and other specific tasks to each of the various stakeholders.

Coordinating EP implementation should be placed under the responsibility of a special agency or unit within the office of the head of state or government. This will ensure that the high authorities will play a role as champion for the EP and will facilitate the mobilization of all stakeholders for the success of the EP. The agency or unit should be managed by talented experts and held to the highest standards.

Monitoring and evaluation of the implementation of the EP itself should be clearly highlighted. It will require that the EP explicitly state the need to assess and document progresses and define the resources required for monitoring and evaluation. Moreover, it should create a review process that identifies those responsible for assessing the implementation and impact of the EP; define the schedule for reporting; establish the process of reporting; and define a feedback mechanism to regularly review the EP to improve its accuracy and relevance.

In order to facilitate the implementation of the EP, it is important to communicate the results of the monitoring and evaluation exercise to all stakeholders and to the public. One may use, for example, government websites to publish EP indicators, and regularly produce brief information brochures to assess progress and areas for improvement.

Step 8: EP Adoption

Approval and adoption of the EP should ideally be sought first from all stakeholders (during a special technical forum) and then from the government. The official adoption of the EP must be accompanied by public relations activities such as a public launch resulting in press conferences and other outreach events. The EP should also be submitted for consideration and vote by the legislature. Given the importance of a consistent agenda over time, consensus among the main political parties will be important, allowing each new government to consolidate the achievements of its predecessor and initiate the following tasks.

Step 9: Communication on the EP

It will be important to continue to promote and publicize the EP to the public and stakeholders when the development phase is completed and the EP adopted by the government. A communication plan with media participation will therefore be necessary from the start in order to support implementation. The conclusions of the issue area diagnoses can be used to raise awareness among key decision-makers. The communication plan will also target the whole population and help them understand that the issues of emergence are important for their own welfare and that of future generations. Communication and education of the public about the new paradigm and new attitudes conveyed by the vision should receive particular attention. This will ensure that citizens take ownership of the vision of emergence.

Step 10: Alignment of Sectoral and Local Plans to the EP

After the adoption of the EP, all sectoral departments and local governments in the country should review their own existing plans in order to align them with the EP. The EP steering committee and technical committee should continue to monitor these processes and support, via allocation of resources and expertise, the development of these plans.

Conclusion

The concept of "emergence," if well-defined, would contribute immensely to development theory. Currently, poor countries seek to converge with rich countries. Yet, convergence can be a long, drawn-out affair. With only this distant horizon as the target, developing countries that are on divergent paths are grouped together for long periods. For example, China is currently the second largest economy in the world but places itself in the same category as countries that are significantly less developed. A clear classification of countries with more precise identified strata is therefore invaluable for effectively taking the existing realities into account. We have therefore developed a synthetic index on emerging economies in order to address this need.[21]

Such an exercise would address issues of fairness, while judging the real situations of the different nations in the development process with statistical precision. An additional virtue would be official recognition of the progress made by the high-performing countries, enabling them to track their trajectory, to chart a course for further development, and to muster the energy for undertaking additional structural reforms and institutionalizing best practices. This emergence stage is crucial in the transformation process that leads to fully developed status.

Economic emergence is complex and multifaceted. It goes beyond simple acceleration of growth (the usual approach toward convergence) to embrace profound economic and

[21] Lo and Sidiki.

technological reforms such as diversification and increased value-added production and exports. The country that emerges is taking a decisive step in getting closer to the most advanced countries. Therefore, the concept of economic emergence is a powerful management tool for government authorities in underdeveloped countries because it offers an intermediate target to be achieved over a relatively short period (ten years) on the path toward comprehensive development.

For a poor country to reach the stage of emergence requires a long-term effort. But the most important thing is to start the process, to set up the adequate institutional framework, and to design and implement, with tenacity and determination, the adopted emergence plan. It is this path that was followed by Mahathir Mohammed of Malaysia and Lee Kuan Yew of Singapore, moving their countries from poor developing countries to the group of newly industrialized countries in less than 30 years.

Given the magnitude of the reform program, its implementation is further facilitated if it is initiated by a government that is newly elected, has the confidence of the people, and feels a sense of urgency in undertaking emergence activities. Only visionary, skilled leaders are likely to implement an emergence plan successfully, which highlights the importance of leadership and good governance at the heart of the process of emergence.

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Annex: The Synthetic Index on Emerging Economies (ISEME)

Economic emergence is shaped by several aspects: the economic dynamism of the country, its macroeconomic stability, and the structure of economic transformation. Each aspect can be measured by a set of economic variables. Assessment of the emergence process seeks to identify a composite factor that can assess the multidimensional aspects of the economic emergence of a country by allocating scores to countries for the sub-indexes and for the overall Synthetic Index. From this perspective, the task can be resolved using the factor methods. These tools can sum up the information disseminated in a set of variables in a limited number of factors. Thus, construction of The Synthetic Index on Emerging Economies (ISEME) is based on the principles of factor analysis. Rather than simply measuring linear functions such as GDP growth and expanding market capitalization, the ISEME seeks to capture the dynamic processes of systemic transformation in a country that lead to emergence.

The scores indicated in the table on the following pages allow the classification of the 115 developing countries into 8 groups:[22]

- 1.00 or greater indicates that a country is in the class of quasi-developed economies;
- 0.85 to 0.99 indicates that a country is in the class of emerged economies;
- 0.69 to 0.84 indicates that a country is in the class of emerging economies;
- 0.56 to 0.68 indicates that a country is in the class of pre-emerging economies;
- 0.44 to 0.55 indicates that a country is in the class of potentially emerging economies;
- 0.34 to 0.43 indicates that a country is in the class of the countries that can aspire to be emerging economies; and
- 0.33 and below indicates that a country is in the class of the poorest economies.

[22] For the full set of variables and a discussion of the index, see Moubarack Lo and Guindo Sidiki, "La Mesure du Niveau d'Émergence Économique des Nations," *African Review of Integration and Development*, vol. 6, no. 1 (March 2013).

Results of ISEME Conducted in 1995 and 2005

Country	1995		Country	2005	
	Rank	ISEME		Rank	ISEME
Singapore	1	1.02	Singapore	1	1.07
Czech Republic	2	0.90	Republic of Korea	2	1.05
Republic of Korea	3	0.90	Ireland	3	1.00
Malaysia	4	0.87	China	4	0.93
Ireland	5	0.84	Lithuania	5	0.93
Hungary	6	0.83	Malaysia	6	0.93
Poland	7	0.83	Croatia	7	0.92
Portugal	8	0.83	Czech Republic	8	0.92
Thailand	9	0.81	Portugal	9	0.88
Croatia	10	0.78	Poland	10	0.88
Bahrain	11	0.75	Hungary	11	0.88
Estonia	12	0.74	Greece	12	0.87
China	13	0.73	Estonia	13	0.86
Uruguay	14	0.72	Thailand	14	0.82
Brunei	15	0.72	Trinidad and Tobago	15	0.78
Romania	16	0.71	Belarus	16	0.78
Argentina	17	0.71	Bahrain	17	0.77
Panama	18	0.70	Bulgaria	18	0.77
Turkey	19	0.69	Albania	19	0.77
Qatar	20	0.69	Tunisia	20	0.77
Indonesia	21	0.69	Mauritius	21	0.77
Bulgaria	22	0.69	Romania	22	0.77
Tunisia	23	0.69	Mexico	23	0.76
Mexico	24	0.68	Armenia	24	0.75
Egypt	25	0.68	Jordan	25	0.75
Oman	26	0.68	United Arab Emirates	26	0.73
Mauritius	27	0.67	Saudi Arabia	27	0.73
Trinidad and Tobago	28	0.65	Morocco	28	0.72
Jordan	29	0.65	Ukraine	29	0.72
Morocco	30	0.65	Kuwait	30	0.70
Jamaica	31	0.64	Indonesia	31	0.69
Greece	32	0.63	Libya	32	0.68
Russia	33	0.63	Egypt	33	0.67
Lithuania	34	0.63	Turkey	34	0.67
Belarus	35	0.63	Syria	35	0.66
Saudi Arabia	36	0.62	Botswana	36	0.66
Cambodia	37	0.61	Oman	37	0.66
Venezuela	38	0.60	South Africa	38	0.66
India	39	0.60	Russia	39	0.65
Cape Verde	40	0.60	Panama	40	0.65

Country	1995		Country	2005	
	Rank	ISEME		Rank	ISEME
Costa Rica	41	0.60	Vietnam	41	0.65
Libya	42	0.59	India	42	0.65
Brazil	43	0.59	Brunei	43	0.64
Chile	44	0.58	Chile	44	0.64
Kuwait	45	0.58	Pakistan	45	0.63
Bangladesh	46	0.57	Argentina	46	0.63
Ukraine	47	0.56	El Salvador	47	0.63
Colombia	48	0.56	Uruguay	48	0.63
Dominican Republic	49	0.55	Georgia	49	0.62
El Salvador	50	0.55	Qatar	50	0.62
South Africa	51	0.54	Costa Rica	51	0.62
Philippines	52	0.54	Philippines	52	0.62
Haiti	53	0.53	Cape Verde	53	0.62
Sri Lanka	54	0.53	Peru	54	0.61
Bhutan	55	0.52	Kazakhstan	55	0.60
Vietnam	56	0.52	Cambodia	56	0.60
Algeria	57	0.52	Algeria	57	0.60
Kazakhstan	58	0.52	Equatorial Guinea	58	0.60
Syria	59	0.51	Brazil	59	0.59
Djibouti	60	0.50	Bangladesh	60	0.59
Pakistan	61	0.50	Dominican Republic	61	0.58
Peru	62	0.50	Bhutan	62	0.58
Uzbekistan	63	0.48	Sri Lanka	63	0.57
Botswana	64	0.47	Azerbaijan	64	0.57
Paraguay	65	0.47	Jamaica	65	0.55
United Arab Emirates	66	0.47	Gabon	66	0.53
The Gambia	67	0.46	Namibia	67	0.52
Ecuador	68	0.45	Venezuela	68	0.51
Gabon	69	0.45	Laos	69	0.51
Mongolia	70	0.44	Nepal	70	0.50
Guatemala	71	0.44	Colombia	71	0.50
Bolivia	72	0.44	Republic of Congo	72	0.49
Laos	73	0.44	Iran	73	0.49
Iran	74	0.42	Guatemala	74	0.49
Côte d’Ivoire	75	0.42	Senegal	75	0.48
Nepal	76	0.41	Uzbekistan	76	0.48
Senegal	77	0.40	Mongolia	77	0.48
Cameroon	78	0.40	Nicaragua	78	0.47
Kenya	79	0.39	Côte d’Ivoire	79	0.46
Georgia	80	0.38	Cameroon	80	0.46
Zimbabwe	81	0.38	Tanzania	81	0.46

Country	1995		Country	2005	
	Rank	ISEME		Rank	ISEME
Honduras	82	0.37	Kenya	82	0.44
Albania	83	0.36	Bolivia	83	0.44
Tanzania	84	0.34	Ecuador	84	0.43
Ghana	85	0.34	Honduras	85	0.42
Rwanda	86	0.34	Nigeria	86	0.41
Nigeria	87	0.34	Uganda	87	0.40
Armenia	88	0.33	Angola	88	0.39
Mauritania	89	0.31	Paraguay	89	0.39
Togo	90	0.31	Central African Republic	90	0.39
Madagascar	91	0.30	Yemen	91	0.39
Sudan	92	0.30	Mauritania	92	0.39
Guinea	93	0.30	Sudan	93	0.38
Niger	94	0.30	Zimbabwe	94	0.38
Chad	95	0.29	Benin	95	0.38
Burkina Faso	96	0.29	Ethiopia	96	0.38
Benin	97	0.28	Mali	97	0.38
Mozambique	98	0.26	Togo	98	0.38
Yemen	99	0.26	Djibouti	99	0.37
Central African Republic	100	0.26	Ghana	100	0.37
Ethiopia	101	0.25	Haiti	101	0.35
Burundi	102	0.24	Rwanda	102	0.35
Mali	103	0.22	Burkina Faso	103	0.34
Uganda	104	0.20	Gambia	104	0.34
Namibia	105	0.20	Guinea	105	0.34
Zambia	106	0.19	Mozambique	106	0.31
Angola	107	0.19	Zambia	107	0.30
Azerbaijan	108	0.18	Chad	108	0.30
Malawi	109	0.16	Madagascar	109	0.29
Equatorial Guinea	110	0.14	Niger	110	0.29
Nicaragua	111	0.12	Malawi	111	0.26
Republic of Congo	112	0.10	Guinea-Bissau	112	0.26
Guinea-Bissau	113	0.08	Liberia	113	0.23
Liberia	114	0.03	Sierra Leone	114	0.22
Sierra Leone	115	0.00	Burundi	115	0.18

6 A Green Revolution for Sustainable Food Production Systems in the Wider Atlantic

Michel Petit

Introduction

The "Green Revolution" refers to a set of major technological changes in agriculture with far-reaching economic, social, and political consequences, which occurred in the late 1960s and early 1970s.[1] While the accomplishments are undeniable, it had negative environmental and social consequences from the pollution created by the increased use of chemical inputs and its impact on biodiversity and the health of small farmers. These consequences led to strong criticisms, and the expression itself remains controversial today. My own assessment is that, although many criticisms are valid, the Green Revolution was a major achievement for humanity as it made erroneous the Malthusian predictions that it would be impossible to provide enough food for a rapidly growing world population and that major humanitarian crises, including famines, would have occurred in several countries within a few years, particularly in South Asia. But the criticisms are useful because they emphasize major limitations which must be taken into account by the myriad actors that have a stake in the future of world agriculture. A major objective of this chapter is, therefore, to spell out what a green revolution should look like today and in the coming decades. The word *sustainable* in the title of this chapter reflects the limits just alluded to. The purpose of a green revolution today cannot be restricted to only increasing agricultural production. Though necessary, it must be done in ways that are socially and environmentally sustainable.

These broad questions are considered in a Wider Atlantic context, which gives them an original and quite interesting twist. Indeed, North America and Western Europe played a major role in promoting the Green Revolution. They have mainly done so collaboratively, but rivalries in Africa as well as other conflicts have been present, particularly those related to international trade. The situation has radically changed in the last 10 to 15 years with the growing influence of the so-called emerging countries. Among them are several important actors from the South Atlantic, notably Brazil and Argentina as well as South Africa. In addition, the role of the private sector has greatly increased in most countries, which sometimes leads to disputes and controversies between the United States and the European Union. When viewed from a Wider Atlantic perspective, the greater number of actors requires going beyond the traditional EU-U.S. confrontation on the international trade of agricultural products.

This chapter begins with a retrospective review of major trends for agricultural production, yields, and international trade in and among the four continents of the Wider Atlantic. This will be supplemented by results of existing projection studies, which will permit speculation about the future and to identify the main challenges. The second section describes how EU-U.S. international trade disagreements have evolved since the creation of the General Agreement on Tariffs and Trade (GATT) at the end of World War

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[1] The term "Green Revolution" was first used in 1968 by then U.S. Agency for International Development Administrator William Gaud who noted the spread of the new technologies: "These and other developments in the field of agriculture contain the makings of a new revolution. It is not a violent red revolution like that of the Soviets.... I call it the Green Revolution." See William Gaud, "The Green Revolution: Accomplishments and Apprehensions," Address to the Society for International Development, Washington, DC, March 8, 1968.

II, which dominated world trade negotiations until the late 1990s, as well as how that scene has changed radically recently. The final section examines the future role of agricultural research and of the more diverse set of actors that would be necessary to promote a new green revolution that would encompass all the regions of the Wider Atlantic.

Major Trends

The need for a new green revolution in the Wider Atlantic is particularly obvious in Africa, as revealed by an examination of past trends for agricultural production and trade flows, taking into account broad regional changes.[2] While the volume of interregional trade increased regularly during the second half of the past century, sub-Saharan Africa (SSA) and the West Asia/North Africa region (WANA) show a large and growing net agricultural trade deficit, 700 and 300 Gigakilo calories (Gk),[3] respectively, in 2003. The bulk of the international market went to the OECD countries in the 1970s and 1980s, but subsequently the share of Latin America grew to reach around 50 percent today. The case of Asia, where the first Green Revolution took place, is interesting. The net balance was small — sometimes negative, sometimes positive — until around 1995 and then its deficit increased to reach around 200 Gk at the end of the period.

Asia and the OECD region are the major producers of food in the world. Together, they produce three-quarters of total world crop production. Asia, which lagged behind the OECD in the 1960s, is now the largest producer, even as its production increased by a factor of 3.2 over the 42-year period, while the OECD's production roughly doubled over the same period. As expected, total production increased quickly in Latin America and the Caribbean also, growing by a factor of 4, but it was still less than half of total OECD production in the early 2000s. Total production is much lower in both WANA and SSA, but in both regions, the rate of growth has been faster than in the OECD countries, respectively (3 percent and 2.4 percent per year on the average compared to 2 percent for the OECD). This is not commonly known. Incidentally, from a Wider Atlantic perspective, the evolution of production in the former Soviet Union, which declined sharply after 1990, vividly illustrates how much agriculture can be affected by the collapse of the whole economic system.

One can thus summarize the evolution in the Wider Atlantic as follows. The first Green Revolution, referring to the South Asian experience in the 1960s and 1970s, did not really touch any of the Wider Atlantic regions, even though some crop yields did increase

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[2] The data quoted here are taken from Paillard, Treyer, and Dorin, (coord.), *Agrimonde: Scénarios et Défis Pour Nourrir le Monde en 2050* (Versailles: Quae, 2010), 295. This entails two main limitations for the present analysis: 1) the exercise was conducted several years ago and the trends were computed for the period 1961-2003 or 2005; and 2) the mega-regions considered do not precisely fit for the Wider Atlantic perspective, since in particular all OECD countries are aggregated, thus including North America, Western Europe, and Japan together, and the WANA (West Asia and North Africa) region includes countries that do not belong to the Wider Atlantic. Yet, the orders of magnitude are robust, and they permit interesting comparisons among regions.

[3] Gigakilo calories measure the total energy equivalent for human nutrition of all agricultural products used as human food, with "giga" being equivalent to 1 billion. This is admittedly an unusual indicator. It is used here instead of the more common monetary value because the estimation of the latter requires using prices as weights to aggregate in a single indicator such diverse products as corn, beef, milk, and potatoes, and no meaningful price can be used for subsistence households consuming what they produce without going through a market.

substantially in some places (for instance, corn in the U.S. Midwest, sugar beets in France, soybeans in Brazil and Argentina, and corn and cassava in several African countries). In OECD countries, yield growth has slowed down but there are indications that this is due more to reduced use of chemical fertilizers and pesticides than to a slowdown of technological change. As already indicated, yield growth in Latin America has been spectacular, which is particularly striking in a region where land is abundant. Clearly, technical changes played an important role in that region, and the potential for further growth is very high. Progress in both WANA and SSA has been significant, even though no dramatic improvements along the lines of the green revolution type have occurred there. But prospects in the two regions are quite different. Natural resources, notably soils and water, are very scarce and already almost fully used in WANA. This will limit future growth. Abundant resources remain available in SSA, where the average land productivity is low. So the potential for future growth seems high; this is where a second green revolution would be desirable. But past experience suggests that the obstacles to be overcome are formidable. Before elaborating on this important point in the last section of this paper, an examination of past international trade negotiations will provide additional context for agriculture in the Wider Atlantic.

Trade Negotiations

Past international agricultural trade negotiations have gone through a major geopolitical upheaval. Dominated completely during the second half of the 20th century by the EU-U.S. confrontation and by the general belief that trade liberalization is desirable, they are now in full disarray. Many more countries are influential, and the past consensus on the value of trade liberalization has been seriously questioned by a number of actors. As a result, the international context has changed radically since the beginning of the first Green Revolution in the 1960s.

History of Confrontations on Agricultural Trade

To understand the five decades of EU-U.S. confrontation on agricultural trade that followed World War II, one must go back to the creation of the GATT, which came into force in 1947. Little was decided at that time to exempt agriculture from the general rules that were adopted and that were all aimed at promoting trade liberalization. But shortly thereafter, the U.S. government requested a waiver from the general rules for agriculture. This gave the agricultural sector a special role in trade negotiations, which remains true today. Given this background, it is somewhat ironic that the next four decades were characterized by the efforts of the U.S. government to force first the European Economic Community (EEC) and then the European Union upon its formation in 1993 to change its Common Agricultural Policy (CAP).

In the 1960s and 1970s, during the "Kennedy" and "Tokyo" rounds of GATT negotiations, the U.S. government had attempted to force the Europeans first to reduce their barriers to the entry of agricultural products on their domestic market and then their export subsidies, which led to a loss of market shares for U.S. exporters. For the Europeans, the

CAP was the first major common policy, and decisions on that policy were the results of difficult compromises among member states, involving delicate political processes and reflecting complex and high social stakes. As a result, the European Commission, which has a mandate, itself resulting from hard fought negotiations among member states, to negotiate in the name of the group, was not willing to compromise. This led to a stalemate on agriculture.

In the 1980s, low international prices and the successive enlargements of the European Economic Community were sources of new conflicts, as for instance when the United States lost the large and expanding Spanish corn market in the early 1980s after Spain had become a full member of the EEC. Tensions were so high that many spoke of a trade war among allies. It is partly to overcome this agricultural trade crisis that a new GATT round was launched in 1986 in Punta del Este (hence the name "Uruguay Round").

For the first two years of that round, another stalemate on agriculture paralyzed the whole negotiation, as witnessed at the ministerial meeting of Montreal in 1988. This stalemate led to the first challenge to the exclusive domination of the GATT negotiations by the United States and the EEC. An important new actor entered the scene: the Cairns Group.[4] The members were diverse but they shared one common interest: the desire and the ability to increase their agricultural exports, particularly to the large markets of developed countries. In the GATT negotiations, this group pushed for general agricultural trade liberalization. Even though this was more than what the U.S. government wanted due to high levels of protection for several U.S. agricultural products, the Cairns group became the main ally of the United States in its agricultural confrontation with the EEC. This probably tilted the balance of power. European negotiators understood that this time they would have to yield on agriculture. From a purely domestic perspective, the economic gains expected in industrial products and in services were so high that they could not be sacrificed for protecting the interests of a very small fraction of the total population, i.e., mainly the large farmers producing cereals, oil seeds, and sugar beets.

Thus, the CAP was reformed in 1992. Price support levels were more or less aligned with international prices, reducing the need for high border levies on imports and high export subsidies, which were the most distorting instruments of trade policies. Direct payments from the European budget were paid to farmers to compensate them for the lost revenues resulting from lower prices. This European reform permitted the successful conclusion of the whole Uruguay Round. As already indicated, the agricultural trade confrontation between the United States and the EEC played a central role in these developments but the emergence of a third actor, the Cairns Group, was also critical. From a Wider Atlantic perspective, it is interesting to note that several Latin American countries, notably Brazil and Argentina, were important members of the Cairns Group.

[4] The Cairns Group was founded in August 1986, when the Australian government spearheaded its formation and organized the inaugural meeting in the city of Cairns. There were 14 original member countries — Argentina, Australia, Brazil, Canada, Chile, Colombia, Fiji, Hungary, Indonesia, Malaysia, New Zealand, the Philippines, Thailand, and Uruguay — a politically and economically diverse group.

The reform of the CAP permitted the reaching of an agreement in the GATT Uruguay Round, which was completed in Marrakesh in 1994. But it must be noted that the agricultural component, formally known as the Uruguay Round Agricultural Agreement, was only an uneasy and pragmatic compromise between two radically different doctrinal positions regarding the value of trade liberalization. Another feature of the compromise is that it reflected the main forces at play, mainly U.S. and European interests, but ignored the interests of those who had less or no voice in the process, mainly those of the developing countries. This planted the seeds of the subsequent confrontations. For the first several years, the U.S.-EU confrontation continued to dominate the scene. A good illustration of this dominance is the paralysis of the Doha Round negotiations during the first two years after it began in 2001 caused by the continued disagreement on agriculture between mainly the United States and the EU.

But the Ministerial Conference, which had been planned as a mid-term review of the negotiation process, held in Cancún in September 2003, became a major turning point and the beginning of a radically new configuration of actors. A group of emerging countries, led by Brazil, opposed another U.S.-EU compromise on agriculture that would have ignored their interests. They were joined in that opposition by the group of sub-Saharan African countries.[5] The end result was a radical transformation of the negotiating scene where agricultural issues continue to play a major role but where the main confrontation is now pitting the developed countries against the developing ones. The failure to conclude the Doha round to this day can be mainly attributed to this stalemate.

The paralysis of the multilateral process of trade negotiations has been accompanied by a proliferation of bilateral and regional trade agreements.[6] Incidentally, practically all countries of the Wider Atlantic are involved in these agreements. This shift since 2003 in the international agricultural trade negotiation scene to one that is not exclusively dominated by the EU-U.S. confrontation is in marked contrast to what the situation had been for some 50 years.

Great Uncertainties for the Future

In addition to the uncertainties regarding the future of international trade negotiations resulting from the historical developments just described, two other major sources of uncertainties deserve attention here: the future of two "Mega Regional Trade Agreements"

[5] More precisely, the agricultural issues played a critical role but they were entangled with the other issues under negotiation. In this respect, the following quotation from Robert Baldwin is instructive. "The negotiations at Cancún collapsed after a group of 20 developing countries led by Brazil, China, and India (and including such other important World Trade Organization (WTO) members as Mexico, South Africa, and Thailand) refused to negotiate on the so-called Singapore issues (competition, foreign investment, government procurement, and trade facilitation) in the absence of greater commitments by the developed countries to reduce agricultural subsidies and lower import barriers on agricultural products. The developing countries had been vigorously pressing for greater concessions from the developed countries at least since the Kennedy Round, but it was not until the Cancún meeting that they were prepared to break up a negotiation at the Ministerial level on the grounds that they were not receiving a balanced package of concessions." See Robert Baldwin, "Failure of the WTO Ministerial Conference at Cancún: Reasons and Remedies," *The World Economy*, vol. 29, no. 6 (June 2006).

[6] According to the OECD, "As of mid-2013, there were over 350 Regional Trade Agreements in force and reported to the WTO, with over 70 percent having been concluded since 2000." See OECD, "Regional Trade Agreements and Agriculture," *OECD Food, Agriculture and Fisheries Papers*, No. 79, (OECD Publishing): 8.

currently being negotiated and the slow erosion of the broad consensus on the value of trade liberalization that emerged at the end of World War II.

Several very large regional trade agreements are in the process of negotiation. Those of greatest interest for the Wider Atlantic are the Transatlantic Trade and Investment Partnership (TTIP) and the Trans-Pacific Partnership (TPP). The former involves only the United States and the EU while the latter includes three North American countries (Canada, Mexico, and the United States), two Oceania countries (Australia and New Zealand), a set of Asian countries (Brunei, Japan, Malaysia, Singapore, and Vietnam) plus South American countries Chile and Peru. For both TPP and TTIP, the intention is to achieve major strides in the direction of trade integration, including a high degree of convergence on rules and norms affecting trade. As a result, the political processes involved are very controversial and the negotiations complex and lengthy. At the time of writing, it is not clear if these agreements will be reached. Yet, if even one of them passes, the stakes involved would potentially be very high for both the countries who are involved in the agreement and for their trading partners who are not involved, who thus may be excluded from any resulting preferential trade regime for members.[7] In this respect, it is important to note the absence of China in the TPP negotiations, whereas China is part of other regional initiatives, notably the proposed Regional Comprehensive Economic Partnership, which does not include the United States.[8] This illustrates the prominent geopolitical dimension of these mega-trade negotiations.

Of course, the passage of these mega deals is quite uncertain. In the cases of TPP and TTIP, the United States is a major partner, and the domestic political process needed to ratify any possible agreement is difficult at best, as illustrated by the chaotic granting by Congress to the president of the necessary "Trade Promotion Authority" in late June 2015.[9] On the European side, the TTIP negotiations have been very controversial. As a

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[7] The ongoing TTIP negotiations are in part a reaction to global power shifts and an effort on the part of the United States and EU to reinforce the traditional transatlantic alliance. After a period that saw the emergence and growth of several major developing countries, TTIP is regarded in some quarters of the developing world as a step backwards. Perceptions of exclusion have prompted calls by developing countries for increased and sustained integration of the "Global South" and raised concerns about the future of the multilateral trading system, the role of the WTO, and the "North's" commitment to a global development agenda. With the inclusion in TTIP of investment, competition, and public procurement — issues that emerging and developing countries are reluctant to address in trade negotiations — several developing countries have also questioned whether transatlantic partners are attempting to impose norms and regulations on which developing countries have no input. Furthermore, the TTIP negotiations were announced only one month after the appointment of Brazilian Roberto Azevêdo, the first director-general of the WTO from an emerging country. Just as the developing world has begun to adopt the rules of the trade game, TTIP is moving the goalposts further. Concerns are particularly prevalent in Africa. The EU's share of the African market has been steadily declining and the United States is struggling to gain a larger economic foothold on that continent. See, for example, Madeleine Goerg and Danielle Piatkiewicz, "Why the Developing World Has a Problem with TTIP," *Transatlantic Take*, The German Marshall Fund of the United States, December 18, 2014, http://www.gmfus.org/blog/2014/12/18/why-developing-world-has-problem-ttip.

[8] The Regional Comprehensive Economic Partnership spans 16 countries: the 10 members of the Association of Southeast Asian Nations (ASEAN) — Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam — and six states that have free trade agreements with ASEAN — Australia, China, India, Japan, Korea, and New Zealand.

[9] This "Trade Promotion Authority" is a procedure whereby agreements negotiated by the executive branch of the government have to be ratified by Congress only on a "straight vote," without the possibility to amend. It is necessary for effective international negotiations because otherwise legislative amendments could unravel the negotiated deal. Such an authority is always temporary and controversial. The last one expired in 2007 under the George W. Bush presidency.

result, the process has been much delayed. Originally intended to create a transatlantic free trade area by 2015, the TTIP is now expected to be concluded by the end of 2016 at the earliest.

The difficulty of the negotiation process results from the general erosion of the consensus in support of the trade liberalization forged at the end of World War II. This erosion is due in part to the growing complexities of the package of issues being negotiated. Now that tariffs on industrial goods have been greatly reduced, trade negotiations tackle differences in rules and regulations, notably in the social and environmental domains. This can lead to intense and sometimes violent opposition, as illustrated by the "stop TTIP" campaign in Europe.[10] One should note that this erosion also affects the regional trade agreements. For instance, the Euro-Med Barcelona process was touted in 1995 as being designed to create a fully free trade area in the Euro-Mediterranean region by 2010. It is obvious today that this was a utopian goal and that pursuing it was probably counterproductive.[11]

Toward a New Green Revolution?

To more specifically assess the conditions for a new green revolution that could lead to sustainable production systems in the Wider Atlantic, the focus of this chapter, it will be useful now to draw lessons, both positive and negative, from the first Green Revolution as it took place in Asia some 40 years ago. What was the content of that revolution? Who were the main actors? Notably, which actors from the Wider Atlantic were involved? It will then be possible to critically review current trends in agricultural research and innovations in that mega-region and subsequently to reflect on future perspectives and possible recommendations.

Lessons from the Past

To understand the original Green Revolution, it is necessary to consider first its *technical dimension*. The main driver was increased yields through crop improvement: plant breeding was clearly the dominant discipline, delivering new "high yielding varieties" of wheat and rice (the two major cereals). These new varieties responded better to inputs such as fertilizers and irrigation, and they also were often more resistant to pests. The process of crop improvement was greatly enhanced by the work of large regional or world networks of experiment stations, assembled and coordinated by the newly created international agricultural research centers, such as the International Rice Research Institute (IRRI) and the International Maize and Wheat Improvement Center (known by its Spanish acronym CIMMYT). In addition to agricultural research, appropriate public policies in support of agriculture played a critical role in the success of the Green Revolution. These supportive public policies cover many domains, such as facilitated access to fertilizers and irrigation through public investments and subsidies of various sorts, domestic

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[10] See, for example, Robin Emmott, "EU Steps up PR Campaign to Overcome U.S. Trade Deal Hostility," *Reuters*, July 27, 2015.

[11] See Michel Petit, "Sustainable Mediterranean Agriculture for Food Security? Challenges for the Euro-Mediterranean Relationship," in Maria Cristina Paciello (ed.), *Building Sustainable Agriculture for Food Security in the Euro-Mediterranean Area: Challenges and Policy Options* (Rome and Rabat: Istituto Affari Internazionali and OCP Policy Center, 2015).

market interventions to support prices paid to farmers, and others. Finally, many actors were involved in the agricultural development process, both from the public sector (e.g., re-energized public extension workers and expanded government storage agencies) and the private sector (all of the economic actors involved in the agricultural value chains such as fertilizer dealers, farm machinery makers and distributors, etc.)

Lessons must be learned also from the critics of the Green Revolution. Two main streams of criticisms have been made, arguing that it is neither environmentally nor socially sustainable. Indeed, damages to the environment due to excessive use of chemical inputs (fertilizers and pesticides) and to inadequate management of irrigation waters have been significant. In some cases, biodiversity losses were incurred but the impact on this front has been mixed. By contrast, however, there is no doubt that the Green Revolution has had one positive environmental impact in limiting deforestation. Without yield increases, vast areas of land would have had to be taken over for crops to meet the growth in the demand for food resulting from both demographic and economic growth. The challenge for the future is to continue to increase crop yields while eliminating, or at least minimizing, the negative impacts on the environment. The magnitude of this challenge should not be underestimated. Facing it will require major research efforts because past increases in crop yields have been dependent on the use of large quantities of energy, notably for the production of chemical inputs. Producing more crops per hectare with less energy will be difficult. Many authors argue today that the real hope to face this challenge is the development of new technologies based on agro-ecological approaches, which attempt to develop and promote farm practices enhancing the ecological processes favoring agricultural production, such as the biological control of pests or the fixation of carbon in soils through better management of their organic matter, thereby reducing emissions of greenhouse gases and improving soil fertility at the same time.

The social dimension of the criticisms is much more controversial. Many have argued that the Green Revolution favored those wealthier farmers who were able to purchase the required inputs, and thus led to the elimination of some small peasant farmers. But there is a counter-argument. In contrast to mechanization, crop improvement is largely a scale-neutral innovation because it can be accessed equally by small and large farmers. Moreover, the elimination of small farmers results from a complex set of economic and social processes including, but not restricted to, technological change, making it difficult to determine how much impact the Green Revolution actually had. Another inequitable consequence of the Green Revolution has been the early focus on wheat and rice. This was understandable since these two crops are indeed the two major providers of human food globally, but many poor people consume and/or produce other crops and animal products, and they often live in more difficult agro-economic situations than those where wheat and rice are generally grown. To be fair, one must recognize that the validity of that criticism was recognized early, as several international agricultural research centers, such as the International Center for Agricultural Research in the Dry Area (ICARDA) or the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT), were created in the late 1960s and early 1970s to work on other crops, such as barley or chick peas, often grown in more marginal areas, A few years later, the Consultative Group for International Agricultural Research (CGIAR), which funds and coordinates these centers, expanded its support to several centers focusing on resource management and forestry. This led to a major expansion of the research agenda to cover all the major technical issues to be faced for the development of sustainable production systems for small scale agriculture. There is no doubt for the future that a broad research agenda will also be called for.

The second major criticism on the social front focuses on the huge market power of the large multinational corporations (MNCs) such as Monsanto, which have become the dominant actors in the seed business. This phenomenon has only become significant after the expansion of genetically modified organisms (GMOs). The technologies involved have been such that the owner can protect intellectual property rights due to patents, which has led to massive agricultural research investments by private firms. At the time of the original Green Revolution, the bulk of the research effort was done by the public sector. These private investments are welcome but there is no doubt that protecting farmers from monopoly power abuses has become, and will continue to be, a major public policy challenge.

Lessons should also be drawn from the set of *actors involved.* Two U.S. philanthropic organizations, the Rockefeller Foundation and the Ford Foundation, played a critical role at first. They recognized the problem (i.e. the need to increase food production in order to avoid major humanitarian crises) and they found and promoted a crucial component of the solution: the creation of international research centers capable of mobilizing the necessary human and other resources to effectively conduct applied research of global significance. But soon a new institutional support mechanism had to be found to ensure continuity of the effort. That is when the CGIAR was created under the leadership of the World Bank and financial support from many governments. This institutional arrangement was radically new. It has proven to be resilient for more than 40 years in spite of the fact that annual voluntary financial contributions are used to finance research, an activity usually requiring long-term commitments. But for the future, this potential institutional fragility may have to be addressed.

Another set of research actors, often underappreciated, has also played an important role: the national agricultural research systems (NARS) in developing countries. They provided by far most of the human resources involved in the collaborative programs initiated by the international centers. There are huge variations in the size and capacities of the NARS, and the good ones have had a direct and significant positive impact on the performance of the agricultural sector in their countries, as for instance in Brazil or in China. Thus, it will be important for governments eager to benefit from a new green revolution to invest in, and energize, their national agricultural research institutions.

In addition, as already indicated, many other actors in both the public and private sectors were involved in the success of the first Green Revolution, such as extension workers, agricultural credit institutions, input supply agencies, public marketing and storage agencies, etc. It is interesting to note that the distribution of these actors between the public and private sectors has varied significantly over time and among countries, as illustrated for instance by the experiences of India, China, Indonesia, and Vietnam, which are themselves different. The lesson for the future to be drawn from this observation is that even though defining the appropriate relative roles of the public and private sectors in an economy is highly controversial, all the necessary ingredients of a successful green revolution can be provided by diverse socio-political systems.

For a Wider Atlantic perspective, it is interesting to know what roles were played by the various actors of the mega-region. Clearly, U.S. institutions were in the forefront, from foundations, to the U.S. Agency for International Development, to several land grant universities who provided the key human resources. The Europeans followed suit: national aid agencies provided financial support to the CGIAR and academic institutions, mainly in the form of grants to individuals, who then became involved in the research networks, sometimes in collaboration with their traditional NARS partners, particularly in sub-Saharan Africa. But African and Latin American actors did not play a major role. With a few exceptions, they were not involved in the early effort in Asia, and the Green Revolution spread slowly and unevenly in those two continents. As discussed below, this situation has changed in more recent decades but the potential for a greater engagement of African and Latin American actors in the promotion of a new green revolution remains very great.

Recent Trends in Agricultural Research and Innovations in the Wider Atlantic

As discussed in the first section of this chapter, yields per hectare increased in all regions, not just in Asia where the first Green Revolution took place. In particular, average yields increased spectacularly in Latin America, reflecting the fact that a true technical revolution happened in countries of the Southern Cone. The ingredients of that revolution are somewhat different than those of the original Green Revolution in Asia, including improved soil fertility management and new farm practices eliminating the need to plow the land, as well as crop improvements, relying often on GMOs for such crops as corn and soybeans. Interestingly, the main actors in this case have not been the international centers of the CGIAR but very strong NARS, as in the case of Brazil and, to a lesser extent, Argentina, as well as private firms, notably the large multinational seed companies.

Generally speaking, developments in WANA and SSA have been less spectacular, even though average crop yields increased significantly. Abundant anecdotal evidence indicates that progress is being made but that much more could be done, particularly in sub-Saharan Africa, as already indicated.

In OECD countries, the growth of average yields has slowed down in recent decades. Research by economists on what is called "total factor productivity" suggests that this slowdown is mainly due to a reduction in the use of inputs, such as fertilizers and pesticides, whereas technical progress has continued to improve the overall efficiency of production processes. And while this general statement is valid for the entire region, a significant difference between Europe and the United States must be stressed. In the former, many critics condemn the past "productivist" approach, which has led in their view to major environmental and social problems. The need to increase productivity in the future is therefore viewed with great suspicion, and that suspicion is widely shared by the European general public. This explains for instance the widespread, and sometimes violent, opposition to GMOs and more broadly to "industrial agriculture." By contrast, the need to continue to increase productivity is broadly accepted in the United States even though U.S. public opinion is increasingly concerned about the safety and quality of the food consumed. The contrast between the European and U.S. attitudes toward technological change in agriculture is vividly expressed by the evolution of corn yields in the two regions: they are stagnant or at most increase very slowly in Europe while they continue to increase at a rapid rate in the United States, thanks in particular to the radical changes in crop improvement practices entailed by the use of GMOs. Incidentally, this difference on GMOs puts other countries under conflicting pressures to either promote the cultivation of GMO crops or prohibit their use.

Another recent trend is the growing presence of Latin American actors in SSA agricultural research. The Argentinian National Institute of Agricultural Technology (INTA) has collaborative activities with various African countries. Brazil's engagement in SSA is particularly impressive.[12] This Brazilian presence is not recent but it grew rapidly during President Luíz Inácio Lula da Silva's second term from 2006 to 2011. For him, Africa represented a major geopolitical stake and the agricultural research capacity of Brazil was seen as a very positive asset.

In summary, the agricultural research and innovation scene in the Wider Atlantic has profoundly changed since the first Green Revolution and current trends are likely to continue. Northern Atlantic countries and regions will continue to play a major role but the relative importance of African and Latin American actors will continue to grow. This development is particularly important because the need to increase agricultural productivity will remain high. Doing so in an environmentally and socially sustainable way will be challenging, requiring the collaborative efforts of many actors.

Perspectives and Recommendations for the Future

Promoting a "Green Revolution for Sustainable Food Production Systems in the Wider Atlantic," the title of this chapter, really means increasing agricultural productivity in a sustainable way. The examination of past trends and of the current evolution of agricultural research and innovations in the mega-region suggests that this should be possible, thanks to the mobilization of many different actors and the promotion of multiple and diverse partnerships among these actors. Two major obstacles will have to be overcome,

[12] EMBRAPA, the Brazilian Agricultural Research Corporation, boasts the mobilization within three years of 103 African research institutions in more than 20 countries through its new collaboration instrument, "The Africa-Brazil Agricultural Innovation Marketplace," which supports joint research projects between foreign and EMBRAPA researchers. See, for example, Rodrigo Ferraz et al., "Plataforma de Inovação Agropecuária: Um Mecanismo Eficiente para o Fortalecimento da Cooperação Sul-Sul," *Revista de Politica Agricola*, vol. 23, no. 2 (April-June 2014): 91-102, http://ainfo.cnptia.embrapa.br/digital/bitstream/item/109658/1/plataforma-de-inovacao-agropecuaria.pdf.

however. First, the research agenda will be challenging since it will not be possible to resort to old approaches, which were too energy intensive, fossil-fuel dependent, and overly polluting. The second obstacle may even be more difficult to overcome: ideological conflicts and controversies will hinder the dramatic increase in collaboration that will be necessary in order to meet the scientific challenge.

Two issues of great significance illustrate the depth of the ideological divide: What is the appropriate role for MNCs? What role should small-scale agriculture play? The need to check the monopoly power of the former is widely accepted even though this is easier said than done. But the main controversy touches on the involvement of the MNCs in "industrial agriculture," viewed as automatically causing the elimination of more traditional modes of production that are favorable to small farmers and more respectful of the environment. In this view, MNCs are incompatible with sustainable agricultural production systems. Others, by contrast, including this author, believe that the search for profit, the main purpose of capitalist firms, is not necessarily contradictory with the pursuit of the public good. It depends on public policies setting the appropriate regulatory environment. In the field of agricultural research and innovation, private firms, large and small, have much to contribute. Harnessing this potential is therefore a worthwhile challenge.

Specifying the appropriate role of small-scale agriculture is almost as controversial as that of the MNCs. But here the ideological temptation comes from the right of the political spectrum. Technological change in agriculture is viewed as an inherent component of the broader process of modernization. In most cases, new technologies are embedded in new inputs. And the modernization process entails the substitution of these new inputs for labor. As a result, the agricultural labor force must and will diminish; and there is no place for small scale agriculture outside of specific niche situations. This view, held by some since the end of the 19th century in Europe and in the United States, is contradicted by the hard facts of reality. Small-scale agriculture has been resistant almost everywhere in the world; the number of smallholders is growing worldwide and it will continue to do so for the foreseeable future. Admittedly, this situation is not rosy: many small farmers are poor and many in the young generations entering agriculture do so because they have no other attractive income opportunities. But this points to a major public policy imperative: the need to support small farmers, including targeting small farmers in the design and dissemination of new technologies.

In the Wider Atlantic, this obligation is particularly relevant in Africa and in many Latin American situations, especially in Central America, where the numbers of small farmers are very large and growing. Balancing the need to increase domestic production with equitable treatment for small-scale farmers appear as two contradictory policy objectives if one believes that small-scale agriculture cannot be productive. I suggest that making small-scale productive is precisely what a new green revolution can and should do.

The support for small-scale agriculture requires public intervention in many domains. Focusing here on research and innovations, the most critical factor is probably the need to support and energize public agricultural research and education, which often suffer from major institutional weaknesses, including a lack of sufficient funding. But this is only one of many weaknesses. Public research is necessary because it is unlikely that private firms will invest in the research to fulfil all the needs of small-scale farmers. In support of national research institutions, the international centers of the CGIAR can continue to play an important role. As a result, public policymakers should give more attention to the institutional fragility of the CGIAR mentioned above. Finally, on agricultural innovations, it is widely recognized that the top-down model is inadequate — from fundamental to applied research, to technology development, to public extension, to farmers' implementation. Specialists today speak of innovation systems, involving a multiplicity of actors. This vision is more challenging intellectually for the definition of the proper role of public institutions. There is no doubt, however, that this challenge must be faced squarely, taking account of the specific features of each local situation.

Conclusion

To summarize, a new green revolution is necessary to increase productivity in agriculture in ways that are environmentally and socially sustainable. This is true in all regions of the Wider Atlantic but achieving it will be particularly challenging in Africa and in many regions of Latin America, where small-scale agriculture is massive and will continue to be so for the foreseeable future. Past experience, notably that of the first Green Revolution in Asia, and the examination of past trends of agricultural production and regional average productivity over several decades in the Wider Atlantic suggest that meeting that challenge should be feasible. But this will require, among other things, a major research effort because the old approaches based on the intensive use of fossil fuels will be inadequate.

This massive research and innovation effort will require the mobilization of a multiplicity of diverse actors, and there are major obstacles hindering the necessary collaboration. At the national level, the needed drastic improvement of the public research institutions will require strong political will. Similarly, nurturing the necessary public-private partnerships in research and innovation will be very delicate in many places. International collaboration can contribute much, particularly in poor countries with weak institutions. But here again, the difficulties should not be underestimated. In addition to the institutional fragility of the CGIAR, the above analysis of the conflicts raised by the international trade negotiations should remind us not to be naïve. Even though ensuring food security for all, the ultimate purpose of another green revolution, can be considered an international public good of great value, all the actors to be mobilized have their own motivations, be they profit for corporations or favorable geopolitics for governments. In the absence of a world government or of an international market "invisible hand," ensuring that the conditions for a new green revolution will be met is not at all guaranteed, which should be of concern for all agricultural players in the Atlantic.

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7 Strengthening Social Entrepreneurship Across the Atlantic

Ndidi Nwuneli

Introduction

One of the most promising trends in the 21st century is the growing interest and engagement in social entrepreneurship, especially among young people. According to the *Financial Times*, "It used to be that ambitious youngsters either wanted to set up their own business or to save the world by working for a charity. Now, many are ambitious enough to think they can do both."[1] Interestingly, numbers of social enterprise case studies and courses and levels of student engagement have doubled in all of the leading global business schools since 2003,[2] as have the number of business plan competitions and awards for social entrepreneurs. Even *Forbes Magazine* and *Fast Company* have introduced annual recognitions for leading social entrepreneurs — and *Forbes* has also included a distinct category for young social entrepreneurs.

Consider one of the 2015 *Forbes* "30 under 30" Social Entrepreneurship awardees: 28-year-old Kiah Williams, who is the co-founder of Supporting Initiatives to Redistribute Unused Medicine (SIRUM).[3] This social enterprise seeks to meet the needs of over 50 million Americans who cannot afford to fill their prescriptions by capitalizing on the $5 billion worth of unexpired prescription medicine in the United States that is destroyed unopened each year, usually by hospitals and nursing homes when the patient they were originally prescribed for dies or no longer needs them. Leveraging an innovative approach of using technology to connect the surplus to the need, SIRUM currently works with 12 healthcare sites and has already distributed $3 million worth of medicines to roughly 20,000 patients.

Outside North America and Europe, young social entrepreneurs are also emerging in technology hubs across South America and Africa. For example, the Co-Creation Hub (CcHUB) in Lagos, Nigeria, established by three young men, has successfully incubated numerous social enterprises, including the award-winning BudgIT, which empowers citizens with critical information about the government, its budget, and spending patterns. By providing valuable government data to the general public via mobile and online solutions, including tweets, interactive formats, and infographic displays, it has raised broad-based awareness, spurred public dialogue, and led to behavioral change in the public sector around budget issues.

SIRUM, Co-Creation Hub, and BudgIT are just three examples of thousands of social enterprises that are engaging youth across the Atlantic space. But what exactly is *social enterprise* and why is it becoming so popular?

The term "social entrepreneurship" is relatively complex and difficult to define. This is largely because the concept is evolving and there are increasingly blurred lines between non-profits, traditional businesses, and government programs. The Social Enterprise

[1] Sophia Grene, "U.K. Social Enterprise Booms as Founders Try to Save the World," *Financial Times*, October 1, 2015.

[2] Katie Milway and Christine Goulay, "The Rise of Social Entrepreneurship in B-Schools in Three Charts," *Harvard Business Review*, February 28, 2013.

[3] Erin Carlyle, Prerna Sinha, and Glenda Toma (eds.) "Forbes' 30 under 30: Social Entrepreneurs," *Forbes*, 2015, http://www.forbes.com/30under30/#/social-entrepreneurs.

Alliance suggests that "a social enterprise is an organization or initiative that marries the social mission of a non-profit or government program with the market-driven approach of a business."[4] The U.K. Cabinet Office uses a more specific classification, defining social enterprises in a report by BMG Research as "businesses that have mainly social or environmental aims" with five key dimensions:

> "The enterprise must consider itself to be a social enterprise; It should not pay more than 50 per cent of profit or surplus to owners or shareholders; It should not generate more than 75 per cent of income from grants and donations; It should not generate less than 25 per cent of income from trading; It should agree that it is 'a business with primarily social/environmental objectives, whose surpluses are principally reinvested for that purpose in the business or community rather than mainly being paid to shareholders and owners.'"[5]

The *social sector* is a broader term that includes social entrepreneurs as well as NGOs, foundations, impact investors, etc.

Regardless of the definition used, the reality is that there is significant growth in this sector across the Atlantic space and this trend is largely positive. Based on its classification, BMG Research identified approximately 70,000 social enterprises, contributing £24 billion to the economy and employing approximately 1 million people.[6] Its research, collated over a 12-month period, also noted that social enterprises created more jobs, delivered more innovation, and embraced more diversity than traditional small and medium sized enterprises (SMEs). Specifically, 56 percent of social enterprises introduced a new product or service when compared to 43 percent of SMEs in the same time frame;[7] 41 percent of social enterprises created jobs versus 22 percent of SMEs;[8] and social enterprises were more likely to be run by and employ women, ethnic minorities, or people with special needs.

Data from the Great Social Enterprise Census conducted in the United States reveals that social enterprises employ more than 10 million people and generate over $500 billion.[9] These entities are spread across a wide range of sectors including workforce development, energy, the environment, and education.

Similar data across the entire Atlantic space is not as readily available; however, anecdotal evidence suggests that social entrepreneurship has taken root in all countries and is making significant differences to varying degrees, especially in the health, educa-

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[4] Social Enterprise Alliance, "About: What Is Social Enterprise?" https://socialenterprise.us/about/social-enterprise/.

[5] BMG Research, *Social Enterprise: Market Trends* (London: United Kingdom Cabinet Office, May 2013): 1, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/205291/Social_Enterprises_Market_Trends_-_report_v1.pdf.

[6] Ibid., 2.

[7] Social Enterprise U.K., *The People's Business: State of Social Enterprise Survey 2013* (London: Social Enterprise U.K., 2013): 32.

[8] Grene.

[9] Ben Thornley, "The Facts on U.S. Social Enterprise," *Huffington Post*, November 8, 2012, http://www.huffingtonpost.com/ben-thornley/social-enterprise_b_2090144.html.

tion, energy, environmental, agriculture, and sanitation sectors, as well as in the areas of economic development and financial services for the poor.

This chapter attempts to explore the social sector in greater detail, focusing on social enterprises. It outlines the trends that have led to the growth of the sector, the challenges that it faces, and the role of key stakeholders in the public, private, civil society, and development community in propelling social entrepreneurs to deepen and increase the scale of their impact across the Atlantic space.

The Rise of Social Entrepreneurship

The Great Social Enterprise Census reveals that 60 percent of social enterprises in the United States were created in 2006 or later, with 29 percent created since 2011.[10] This trend is mirrored across the Atlantic space, with more social enterprises being established across all economic sectors.

A number of drivers underpin the rise of social entrepreneurship. Among the primary ones are a rising social consciousness, new pools of capital linked to impact, and the growth of the Internet and social media. There is also increasing government pressure on private companies to do good, and on governments and non-profits to become more efficient and self-sustaining. These factors have coevolved to a certain degree, reinforcing and informing each other, and have enabled new possibilities for addressing social problems.

A pivotal year in the history of social enterprise was 2006, when Mohammed Yunus and the Grameen Bank, which he established, both received the Nobel Prize "for their efforts to create economic and social development from below."[11] This announcement catapulted social enterprises into the global limelight and raised awareness about their impact, inspiring a new generation of social entrepreneurs. In addition, in an interconnected world, the active engagement of key civil society organizations and educators to promote citizen engagement in reducing inequality and addressing the needs of society's poor and marginalized has spurred a rise in global volunteerism. There have also been deliberate efforts by non-profits and academic institutions to introduce civics at the primary school levels and social entrepreneurship curricula at the secondary and tertiary levels, equipping young volunteers to eventually become social entrepreneurs.

The emergence over the past decade of entrepreneurial billionaires who are results-oriented, data-driven, and committed to impact investing has created new pools of capital. Through their personal, family, and corporate foundations, they have also transformed the giving landscape — spurring the emergence of social enterprises that meet their requirements. Also in 2006, Warren Buffet committed over $30 billion to the Bill & Melinda Gates Foundation, essentially doubling its giving.

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[10] Ibid.

[11] "The Nobel Peace Prize for 2006," *Nobel Prize Press Release*, Oslo, October 13, 2006, http://www.nobelprize.org/nobel_prizes/peace/laureates/2006/press.html.

The spread of the Internet has connected the global village in an unprecedented manner, enhancing knowledge about inequalities and areas that require social intervention, providing opportunities for collaboration and partnerships across borders, and making it easier to pool human and financial resources. In addition, advances in technology, especially in the areas of communications, mobile money, e-learning, and m-health, have also spurred a rise in social entrepreneurship, creating opportunities for new interventions in product or service delivery and simplifying and standardizing business processes.

In addition, traditional charities are facing pressure to develop new income streams and sustainable business models, while the public sector is being challenged to find ways to deliver services to citizens more efficiently and effectively. As a result, both sectors are developing social enterprise spin-offs to fill these gaps in their service offerings. Moreover, corporations and private companies are being encouraged by customers, governments, and civil society to do well and do good.

Collectively, these drivers have sparked the rapid emergence of social enterprises in a broad range of sectors across the Atlantic space, addressing critical problems and transforming lives.

Key Challenges Facing Social Entrepreneurs in the Atlantic Space

Interviews with key stakeholders, including impact investors, social entrepreneurs, and thought leaders at leading business schools, suggest that social entrepreneurs face at least three critical challenges that are limiting their effectiveness: leadership capacity, measuring impact, and scaling.

Leadership Capacity

While this challenge is widespread across all sectors in the Atlantic space, it is more pronounced among social enterprises, primarily because of this sector's inability to match corporate salaries or the perks of public sector employment. In addition, the intensity of social enterprises typically means longer hours and high rates of burn-out.

Social enterprises that are able to attract and retain mission-driven high achievers invest in creating a strong brand, and in building a learning and merit-driven culture. They also actively engage volunteers, fellows, and short-term consultants to support their organization.

Beyond the recruitment and retention challenge, many great social entrepreneurs are visionaries and innovators, but poor managers. They prefer the start-up, disruptive phase, but struggle to manage established entities or business models (whether an NGO, social business, community organization, etc.) They typically cannot oversee client engagement, administrative tasks, and building complex partnerships required for growth. They also struggle with prioritizing training, coaching, and personnel development given their limited budgets. In fact, a 2014 study conducted by McKinsey & Company titled "What

Social Sector Leaders Need to Succeed" revealed that while the U.S. private sector spent approximately $120 per employee on training annually, the social sector spent only $29.[12]

Social enterprises also often suffer from poor systems, structures, and controls for managing budgets and cash flow. It is also important to recognize that some social enterprises struggle to build ethical organizations and to reflect the high level of integrity, accountability, and transparency that is required to sustain public trust and deliver high-impact results. In addition, founders, especially those with weak boards, struggle with succession planning and often stay in roles for too long and lack the skills to expand the scope and scale of their work. They often become a stumbling block to scaling innovations, either because they lose autonomy or are reluctant to adapt to new ways of engaging with technology and other systems and structures.

Clearly, the social entrepreneurs that are able to surmount these challenges do so by investing in a strong board of directors, the systems and structures to attract and retain talent, and strategies for infusing a culture of innovation and continuous improvement. They also ensure that they build a strong and empowered team, with a significant sense of ownership, recognizing when to pass on the leadership reigns to others who can enable their model to scale effectively.

Measuring Impact

Social change is a long and arduous task. It typically takes years to transform lives, change policy, and shape ecosystems. In addition, given the complexity of many social change interventions, social entrepreneurs have to collaborate with other organizations to achieve results. These factors make the process of measuring impact extremely challenging, especially in the health and education sectors.

In this context, all stakeholders — including the government, development community, private sector, and academia — demand evidence of impact. Indeed, social entrepreneurs that are able to demonstrate that their interventions are making a difference are the ones who are able to attract more financial and in-kind support and investments.

The emerging focus on baselines, control groups, and "theory of change" models — where inputs, activities, outputs, and outcomes are measured — are all useful tools that the sector is starting to leverage. However, this trend is being stifled by the nature of the data collection practices and the quality of the data produced by many government agencies in the Atlantic space, which can be unreliable and compels many social entrepreneurs to engage in the primary data collection process themselves.

Unfortunately, the data collection process is expensive and many social enterprises do not have the funds to support their own measurement and evaluation needs or to meet the requirements stipulated by the funders and investors.

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[12] Laura Callahan, Nora Gardner, Lenny Mendonca, and Doug Scott, "What Social-Sector Leaders Need to Succeed," McKinsey & Company, November 2014, http://www.mckinsey.com/insights/social_sector/what_social_sector_leaders_need_to_succeed.

In addition, social entrepreneurs struggle to tell their stories and to raise broad-based awareness about the impact of their activities. Even though social media is making this process cheaper and easier, there is still a dearth of publicly available information on the impact of social entrepreneurs in the traditional media. Sadly, many do not have the in-house human resources to actively manage this role or the budget to outsource this critical need to actively publicize their work.

Scaling

Given the enormity of the problems that confront society, every social entrepreneur's dream is to reach millions of people, instead of hundreds, and to transform ecosystems, shape policy, and have their ideas replicated across countries and regions. Unfortunately, this dream eludes so many social entrepreneurs who continue to struggle for survival primarily because of some of the challenges already identified above — leadership, management, and impact — which are imperative for attracting funding and support for scaling. In addition, they also struggle to attract patient capital for scaling. In spite of the growing field of impact investing, challenge funds, fellowships, and prizes, financing still remains a challenge for social entrepreneurs, especially those operating in emerging economies. They typically do not have strong networks outside their immediate communities and lack the capacity and data to develop compelling proposals and engage sophisticated foundations and impact investors.

In some countries in the Atlantic space, social entrepreneurs face challenges around the enforcement of property rights protection, intellectual property and patent regimes, weak legislatures and judiciaries, and weak enforcement of contracts. For innovations that rely heavily on technology, the process of patenting sometimes exposes a company to competition and spurs duplication. There is also considerable pressure from repressive governments in the Atlantic space that view some social entrepreneurs as a threat and work to curtail their activities.

In addition, many social entrepreneurs struggle with establishing cross-sector collaborations. There is significant distrust between the social sector, the private sector, and the public sector, and these actors often serve as competitors instead of enablers and partners for scaling innovations. This is particularly relevant in the health and education sectors where the government dominates the provision of services.

Ultimately, social entrepreneurs need to deepen their commitments to building organization and leadership capabilities and instituting systems and structures to ensure transparent, efficient, and effective organizations. In addition, they have to actively measure and report on their impact, institute a learning culture, and build strong collaborations across sectors and borders to share best practices, failures, and opportunities for improvement.

Collaborations across the Atlantic

A key driver of social enterprise growth has been the cross-border collaborations between social entrepreneurs who have shared knowledge, methodologies, and human and financial resources, and who have also actively expanded across borders to enhance the scale and scope of their activities.

Funding Support

The emergence of Ashoka in 1980 and Echoing Green in 1987, both based in the United States and with a global focus and footprint, marked a critical inflection point in the evolution and growth of the social entrepreneurship infrastructure. Through a competitive and transparent process, both entities provide start-up support for social entrepreneurs for the first two to three years of their journey. To date, Ashoka and Echoing Green have supported over 3,000 and 600 social entrepreneurs, respectively.

In addition to the funding provided by Ashoka and Echoing Green, fellows benefit from training and mentorship opportunities and annual regional and international conferences. Social entrepreneurs who have benefited from Echoing Green Fellowships include the founders of Teach for America, City Year, and One Acre Fund, who have expanded their footprints across multiple countries in the Atlantic space.

Beyond Ashoka and Echoing Green — who support early-stage social entrepreneurs — the Schwab Foundation for Social Entrepreneurship (created by Klaus Schwab, who also founded the World Economic Forum) and the Skoll Foundation (created by Jeff Skoll, the former president of eBay) have supported social entrepreneurs that are already established. By 2015, the Skoll Foundation had disbursed over $500 million and supported 85 leading social entrepreneurs who serve populations in more than 100 countries.

The emergence of the impact investment space has played a critical role in enabling the scaling of social ventures. Omidyar Network, which was established in 1998, and the Acumen Fund, which was established in 2001, have transformed the landscape and have heralded what is now a $46 billion industry according to a 2014 study conducted by JP Morgan and the Global Impact Investing Network (GIIN).[13] Of this amount, 70 percent has been allocated to emerging markets.[14]

Traditional development partners such as the U.K. Department for International Development (DFID), U.S. Agency for International Development (USAID), Canadian International Development Association (CIDA), International Development Association (IDA), the Swedish International Development Cooperation Agency (SIDA), and the Danish International Development Agency (DANIDA) have also altered their funding strategies to accommodate social entrepreneurs, and they are working to support the sector through challenge funds and special funding windows. For example, the DFID-funded Africa

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[13] Judith Rodin, "Remarks by Dr. Judith Rodin at SOCAP 2014," Rockefeller Foundation, September 3, 2014, http://www.rockefellerfoundation.org/about-us/news-media/remarks-by-dr-judith-rodin-socap-2014/.

[14] Yasemine Saltuk, *Global Social Finance: Spotlight on the Market* (JP Morgan Chase & Co. and the Global Impact Investing Network, May 2014), 5, http://www.thegiin.org/assets/documents/pub/2014MarketSpotlight.PDF.

Enterprise Challenge Fund (AECF), managed by KPMG, has been operating since 2009 to catalyze innovation and social impact in the agriculture sector. Following a rigorous screening process, selected companies are offered a partial grant and a loan that they have to match with their own funding. To date, AECF has funded 179 private sector companies that have initiatives in the agriculture landscape with a focus on practical projects that are both commercially viable and have a broad developmental impact on the rural poor.

Other challenge funds include Innovations Against Poverty (funded by SIDA), which propels the private sector to develop products, services, and business models that can contribute to poverty reduction and combat climate change.

Foundations such as the Bill & Melinda Gates, Rockefeller, and Ford Foundations explicitly recognize the need to partner with and scale up the efforts of social entrepreneurs and are working diligently across borders to foster collaborations and cross-fertilization of ideas.

It is important to recognize that the rise of the Internet has significantly altered the fundraising landscape being utilized by social entrepreneurs across the Atlantic space. For example, crowd-funding has connected the global village in an unprecedented manner, enhancing knowledge about inequalities and areas that require social intervention, providing opportunities for collaboration and partnerships across borders, and making it easier to pool human and financial resources. It allows individuals from across the globe to support worthy causes that can transform lives. According to Crowdsourcing.org, funds raised through crowd-funding amounted to each $16.2 billion globally in 2014, up from $6.1 billion in 2013, and this industry is expected to double to $34.4 billion in 2015.[15] The most popular crowd-funding platforms, according to *Forbes*, includes Kickstarter, Indiegogo, Crowdfunder, Rocket Hub, and Crowdrise.[16]

In addition, social media has accelerated the speed and scale of fundraising. Consider the popular Ice Bucket Challenge started by one individual to raise money for Amyotrophic Lateral Sclerosis (ALS). In a short three months in 2014, the challenge had reached 60 million social media accounts. In the United States alone, over 3 million people had donated to ALS causes and $98.2 million was donated to the U.S. ALS foundation.[17]

Sadly, a large number of social sector actors are excluded from opportunities to leverage the funding opportunities created by the Internet and social media largely because they operate in countries and regions with limited Internet access. They also struggle to access more traditional funding from foundations, development partners, and impact investors, even though this is changing slowly with the support of Ashoka and other partners who are working to amplify their voices.

[15] "Global Crowdfunding Market to Reach $34.4b in 2015, Predicts Massolution's 2015cf Industry Report," Crowdfunding.org, April 7, 2015, http://www.crowdsourcing.org/editorial/global-crowdfunding-market-to-reach-344b-in-2015-predicts-massolutions-2015cf-industry-report/45376.

[16] Chance Barnett, "Top 10 Crowdfunding Sites for Fundraising," *Forbes*, May 8, 2013, http://www.forbes.com/sites/chancebarnett/2013/05/08/top-10-crowdfunding-sites-for-fundraising/.

[17] *State of Civil Society Report 2015* (CIVICUS: World Alliance for Citizen Participation, 2015): 51-52, http://civicus.org/index.php/en/media-centre-129/reports-and-publications/socs2015.

Knowledge-Sharing

Collaborations and linkages between social entrepreneurs within and across different countries in the Atlantic space play a critical role in strengthening their individual and collective organizations. They also amplify their individual voices and strengthen their collective bargaining power, enabling them to jointly advocate for changes in policy, shape ecosystems, and enhance their collective impact. Across the Atlantic space, there are some strong national and regional networks within and across industries. These networks convene virtually and in person to share knowledge, insights, and best practices, and to develop joint programmatic strategies for achieving their common agendas.

Initiatives such as the Center for Education Innovation and the Center for Health Market Innovations (managed by Results for Development) are building global bridges among education and health innovators, respectively. By connecting them to wider ecosystems of funders, researchers, and policymakers, these innovators are gaining new insights, tools, and support to improve, replicate, and scale their work.

In addition, organizations such as Ashoka, Schwab, Omidyar, and Skoll convene their fellows periodically, whereas network organizations such InterAction and CIVICUS convene social sector actors from across the globe at least annually.

Beyond international meetings and conferences for experience and knowledge-sharing, social entrepreneurs also attract local and international fellows for short stints to work on a specific task. Fellows who are interested in spending time in a different industry prior to applying for an MBA or other advanced degree are recruited from leading global business schools or leading consulting firms. A few impact investors such Acumen Fund and LGT Venture Philanthropy operate fellows programs, which attract mission-driven high achievers from across the globe who commit to spending 9-12 months within an investee company, supporting a key aspect of their operations.

It is also important to note that these structures are providing considerable support for social entrepreneurs to move across countries and regions in the Atlantic space. For example, of the 195 awards for initiatives working in Africa provided by Echoing Green, the Schwab Foundation for Social Entrepreneurship, and Skoll Foundation since their inception, only 33 percent of the awardees are locals. Surprisingly, this trend is evident even among social entrepreneurs under 30, as revealed by the 2015 *Forbes* “30 under 30” rankings — 30 percent have activities in Africa, but only 22 percent are locals.

While it is a welcome trend that more U.S. and European youth are launching social enterprises in Africa, South America, and Asia, it is imperative that local foundations in the Atlantic countries support the emergence of more local social entrepreneurs. This will level the playing field between entrepreneurs in different regions of the Atlantic space by unlocking the pipeline of local social innovators and building their capacity to ensure that they are investment ready.

Beyond these clustered global initiatives, there are growing numbers of individual social sector entities that are scaling across the Atlantic space through replications and partnerships. For example, Teach for America, established by Wendy Kopp in 1989, has reached 47,000 teachers and millions of students over 25 years in the United States. In 2007, based on the success of Teach for America, she decided to establish Teach for All — which has 35 national programs established and run by committed leaders in key countries in Africa, Asia, Europe, and South America.

The Big Issue, a social business venture that started in the United Kingdom in 1991, publishes a weekly magazine and engages over 2,000 homeless and unemployed vendors to sell roughly 100,000 copies per week, at a profit.[18] Through its rapid success, the Big Issue has ignited a global self-help revolution, inspiring other street papers in more than 120 countries.

Similarly, organizations such as Ushahidi, initially developed in 2008 to map reports of violence in Kenya during post-election conflict, currently provides open-source software, data collection, analysis and visualization, and technology strategy across at least five countries in Africa. Ushahidi also created the iHub, which has more than 14,000 members and has incubated 150 tech startups. In addition, the Ushahidi model and its software have been replicated in many countries across the globe.

Despite these successes, there is an urgent need for more knowledge-sharing and greater collaboration between social entrepreneurs within the Atlantic space to enhance their collective abilities to address deep-rooted social problems and to replicate, adapt, and scale high-impact interventions.

Roles of Key Stakeholders in Promoting Social Entrepreneurship across the Atlantic

In spite of the advances in funding and knowledge-sharing across the Atlantic space, social enterprises still require significant support from key stakeholders to advance their scope, efficiency, and effectiveness. These stakeholders include governments, the development community, academia, and the private sector, all of which have unique roles to play in advancing the impact and scale of social enterprises within countries and regions.

Governments

The primary responsibility of governments is to create an enabling environment for social entrepreneurs to establish organizations that will transform social systems. Clearly, there is significant diversity in the nature, breadth, and depth of government support for social enterprises across the Atlantic space.

Recent efforts by the United States are worthy of emulation. According to President Barack Obama: "The bottom line is clear: Solutions to America's challenges are being developed every day at the grass roots — and government shouldn't be supplanting those efforts, it should be supporting those efforts."[19] Under the Obama administration, the United States has worked diligently to live up to this expectation by providing support for

[18] The Big Issue, "About Us," http://www.bigissue.com/about-us.

[19] Barack Obama, "Remarks by the President on the Community Solutions Agenda," *White House Press Release*, June 30, 2009, https://www.whitehouse.gov/the-press-office/remarks-president-community-solutions-agenda-6-30-09.

social entrepreneurs and fostering innovative collaboration between organizations in the United States and stakeholders in the international arena. More specifically, through the White House Office of Social Innovation and Civic Participation (SICP), the U.S. government engages the social sector, businesses, and state and federal government agencies to find new ways to both solve old problems and drive collaboration. SICP is also focused on strengthening and supporting the social sector by developing policies and programs that can accelerate economic recovery and create stronger communities. Similarly, Challenge.gov has engaged citizens and social entrepreneurs to participate in more than 400 public-sector competitions with over $72 million in prizes.

Other governments in the Atlantic space have introduced competitions, innovation funds, challenges grants, incubators, technology parks, and accelerators in partnership with the private sector to spur social entrepreneurship and innovation. They focus on a range of sectors including agriculture, information and communications technologies, energy, and health care. These initiatives have achieved mixed results, with many countries neglecting to shape policy on critical issues such as intellectual property protection to ensure that these innovations can survive and even thrive.

Ultimately, every social entrepreneur's dream is that the government partners with them to scale their innovations. Sadly, there are not enough examples of this practice in the Atlantic space. Many governments still prefer to develop and implement their own interventions, which are often more expensive and not as effective or sustainable.

Governments also need to actively partner and fund social sector interventions that relieve the government of its responsibilities. For example, in the United States, where state governments are responsible for education, the emergence of charter schools served as a breakthrough solution for providing disadvantaged children high quality education. Similarly, via social impact bonds, which were first launched in the United Kingdom and are being attempted in the United States and other parts of the Atlantic space, the government pays social sector actors when they achieve pre-agreed milestones linked to critical social problems.

In summary, national and regional governments should support social entrepreneurs in the Atlantic space by:

- Creating an enabling environment for social entrepreneurs. This includes creating, implementing, and monitoring regulatory policies and support programs that encourage and protect innovations and enable them to achieve social impact;
- Creating and implementing laws, regulations, and incentives that encourage companies, communities, and individuals to invest in, donate to, and partner with social enterprises; and
- Leveraging public resources and infrastructure to actively support and partner with social entrepreneurs to scale high-impact interventions.

Development Partners

Like governments, development partners have a critical role to play in creating an enabling environment for social entrepreneurs to thrive. This role is even more critical under autocratic regimes, which typically crack down on the social sector. In these situations, development partners often serve to protect or shield key actors in the social sector, enabling them to fight against repression and for the rights of the masses.

Development partners also fund academia to conduct research and provide subsidized courses for social entrepreneurs. In addition, they host and fund conferences and networks focused on social entrepreneurship as well as support challenge funds, prizes, innovation funds, and fellowships.

Traditional and new foundations and investors are supporting the emergence of social entrepreneurs across the Atlantic space through multi-sector initiatives targeted at providing start-up and growth funding, customized support services, executive education, and advisory services. They also support fellowships, prizes, awards, accelerators, incubators, fellowships, and grants.

Despite their early successes, there are considerable top-down donor-designed approaches to supporting initiatives, which compels many development partners to outsource large ticket projects to development consulting and project management companies from their home countries, with limited involvement of local innovators or partners. This typically results in short-lived interventions, with many development partner initiatives dying when the funding ends. In addition, there is often poor coordination among development partners to maximize collaborations and minimize overlaps, which in turn leads to wasted resources.

Going forward, in order to better support vibrant and high-impact social enterprises in the Atlantic space, development partners should:

- Support governments in their efforts to create an enabling environment for social entrepreneurs or protect the social sector when the government actively works against it;
- Collaborate with other development partners and funders to streamline activities, avoid duplication, and enhance impact;
- Partner with local organizations to design relevant and timely demand-driven interventions as well as ensure the sustainability of initiatives; and
- Support the emergence of Atlantic-wide social enterprise networks.

Private Sector

The private sector in the Atlantic space has an important role to play in supporting social entrepreneurs, whether they are non-profit or for-profit ventures. It invests in social enterprises via strategic partnerships and impact investments. This trend is evident across the

Atlantic space in varying degrees because there is growing recognition that it is possible to do well and do good at the same time.

The private sector across the Atlantic space also integrates social entrepreneurs into their operations by providing support that makes strategic sense for their business. This approach is often described as inclusive business. In this model, social entrepreneurs often leverage the extensive distribution channels and supply-chain networks of the corporation or private company to enhance their scale and impact.

For example, as demonstrated by the May 2015 publication *Corporate Social Impact Strategies: Different Ways Corporations Can Accelerate Value Creation*, which was developed by the European Venture Philanthropy Association (EVPA), the Lafarge corporation is classified under the value creation and integration box and is classified as an inclusive business. This categorization is based on Lafarge's efforts to actively integrate social impact into its business strategies. Through its Affordable Housing Programme, Lafarge is providing financing for first-time home owners, which in turn enables them to purchase the cement that they require, typically from Lafarge.[20]

The private sector also engages social entrepreneurs as part of corporate social responsibility (CSR) initiatives or through their foundations. These efforts include providing financial and in-kind support, including through employee engagement in volunteer activities for social sector activities.

Companies such as Danone are actively engaged in Corporate Impact Venturing. Danone currently manages three funds — the Danone Communities Fund, which encourages social innovation around last-mile distribution; the Danone Ecosystem Fund, which provides grants to improve business practices across its value chains; and the Livelihoods Fund, focused on carbon sequestration in low-income rural communities.[21]

In addition, there is a growing trend across the Atlantic space where companies are adding on specific social entrepreneur prizes to existing or new award competitions and ceremonies. These include Unilever's Sustainable Living Young Entrepreneurs Awards & Sustainability Entrepreneur Prize, Ernst & Young's Social Entrepreneurship Awards, and the Orange African Social Venture Prize.

Finally, the private sector assists social entrepreneurs with building their brands and telling their stories. To date, traditional and social media have played a critical role in telling the stories of social entrepreneurs, showcasing their successes or failures, and changing mindsets about the landscape of social entrepreneurship. This role has to be further enhanced to continue to shape paradigms about the social sector.

In summary, in order to better support the social entrepreneurs, the private sector in the Atlantic space should:

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[20] Ava Varga, *Corporate Social Impact Strategies — New Paths for Collaborative Growth* (European Venture Philanthropy Association, May 2015), 33-34, http://www.lgtvp.com/lgt/files/b2/b2417e1b-27b1-4c3b-84ec-15ac335f782c.pdf.

[21] Ibid., 38-42.

- Invest in social entrepreneurs via the provision of impact investments and catalytic funds;
- Partner with social entrepreneurs to build inclusive value chains, supply chains, and distribution channels;
- Amplify the impact of social entrepreneurs via media and support for branding and communications; and
- Engage employees as volunteers for social sector initiatives.

Academia

Since the mid-1990s, social enterprise centers have been emerging at leading universities in the Atlantic space, including Harvard Business School, Berkley, Oxford, Stanford, Yale, Georgetown, and a range of other universities in South America and Europe. It is important to note that apart from the University of Cape Town's Bertha Center for Social Innovation, there are no other universities in sub-Saharan Africa with centers focused on social entrepreneurship.

The existing centers have played an important role in conducting research on the sector, sharing best practices, engaging students in internships and full-time positions in social entrepreneurship and helping them to start their own ventures via business plan competitions and funding support. These efforts have fostered the emergence of an army of social entrepreneurs who are tackling some of the world's most difficult problems.

In addition, beyond engaging students and executives via the social enterprise centers and shaping their experiences, a few academic institutions actually collaborate with communities in the Atlantic space to spur local social entrepreneurship. For example, the MIT D-Lab, through its Creative Capacity Building methodology, identifies and supports social entrepreneurs in their communities. The D-Lab's program in Uganda allowed MIT to meet and support Betty Ikalany, the executive director of Teso Women Development Initiatives, who has pioneered and is scaling innovations focused on using agricultural waste in Uganda to create charcoal and clean stoves. These types of grassroots engagements are critical to deepening the emergence of local social entrepreneurs across Africa and in other pockets of the Atlantic space.

Clearly, more academic institutions across the Atlantic, especially in South America and Africa, have to invest in supporting social enterprises. More specifically, academia should support social entrepreneurs by:

- Strengthening research and curricula on social entrepreneurship, introducing it in primary, secondary, and tertiary education;
- Actively engaging students in field and volunteer projects focused on social change to enhance their commitment to service and to groom the next generation of social entrepreneurs; and

- Promoting executive education for social entrepreneurs and incorporating courses on the social sector for participants from the public and private sectors in order to foster knowledge-sharing and collaboration.

There is tremendous potential for key actors from the government, development community, private sector, and academia to partner in order to strengthen social enterprises in the Atlantic space and address many of the challenges that limit their ability to address social problems in a sustainable and systematic manner.

Conclusion

The Ebola crisis of 2014 and the current refugee crisis emanating from Syria, which has affected countries across the Middle East and Europe, have both demonstrated that national and regional governments and traditional local and international non-profits often cannot cope with the social, economic, and environmental challenges that confront them. Even devout advocates of capitalism acknowledge the short-comings of market forces to address the human development challenges facing most countries. This reality reinforces the role that social enterprises that marry "the social mission of a non-profit or government program with the market-driven approach of a business"[22] can and must play in the Atlantic space.

Indeed, there are thousands of aspiring and emerging social entrepreneurs implementing innovative business models in the areas of poverty alleviation and economic development, education, health, the environment, food and agriculture, public service and engagement, housing and transportation, the arts, and civil and human rights. They have made a commitment to transform their communities, countries, and the world and are being supported by key organizations across the Atlantic space to achieve these goals.

However, starting, growing, and scaling a social enterprise is an extremely difficult undertaking. Social entrepreneurs will be most likely to achieve sustainable results with a strong leadership and management team, committed to measuring impact and scaling, and with support from partners across the Atlantic space that provide innovative financing support and share knowledge and insights.

Ultimately, all key stakeholders, especially governments, the development community, the private sector, and academia will need to work collaboratively to groom the next generation of social entrepreneurs and to create an enabling and supportive environment for more social enterprises to thrive. This will in turn drive innovation, job creation, and economic growth, enabling collective action to avert the next crises and ensure a more equitable and just society for our children and generations unborn.

Ndidi Nwuneli is the founder of LEAP Africa, and co-founder of AACE Foods, two social enterprises based in Nigeria.

[22] Social Enterprise Alliance.

Wider Atlantic Patterns

8 Selected Indicators for Integration Process Assessment within the Atlantic Space

Karim El Mokri and Tayeb Ghazi

The geographical sample of the Atlantic space

Africa sub-region

- Angola
- Benin
- Cameroon
- Cape Verde
- Democratic Republic of the Congo
- Republic of Congo
- Côte d'Ivoire
- Equatorial Guinea
- Gabon
- Gambia
- Ghana
- Guinea
- Guinea-Bissau
- Liberia
- Mauritania
- Morocco
- Namibia
- Nigeria
- São Tomé and Principe
- Senegal
- Sierra Leone
- South Africa
- Togo

Latin America & Caribbean sub-region

- Antigua and Barbuda
- Argentina
- Bahamas
- Barbados
- Belize
- Bermuda
- Brazil
- Chile
- Colombia
- Costa Rica
- Cuba
- Dominica
- Dominican Republic
- French Guiana
- Grenada
- Guatemala
- Guyana
- Haiti
- Honduras
- Jamaica
- Mexico
- Nicaragua
- Panama
- St. Kitts and Nevis
- St. Lucia
- St. Vincent and the Grenadines
- Suriname
- Trinidad and Tobago
- Uruguay
- Venezuela

USA & Canada

- Canada
- United States

Europe sub-region

- Austria
- Belgium
- Bulgaria
- Croatia
- Cyprus
- Czech Republic
- Denmark
- Estonia
- Finland
- France
- Germany
- Greece
- Greenland
- Hungary
- Iceland
- Ireland
- Italy
- Latvia
- Lithuania
- Luxembourg
- Malta
- Netherlands
- Norway
- Poland
- Portugal
- Romania
- Slovakia
- Slovenia
- Spain
- Sweden
- Switzerland
- United Kingdom

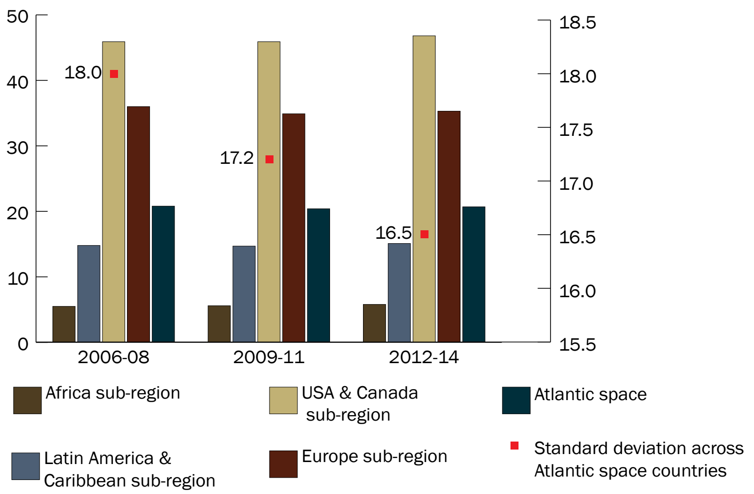
1 – Gross Domestic Product per capita benchmark

Figure 1: GDP per capita ppp by sub-region in the Atlantic space (constant 2011 international $ thousands)

Average by sub-region	2006-08	2009-11	2012-14
Africa sub-region	5.5	5.6	5.8
Latin America & Caribbean sub-region	14.8	14.7	15.1
USA & Canada sub-region	46.0	45.0	46.8
Europe sub-region	36.0	34.9	34.5
Atlantic space	**20.8**	**20.4**	**20.3**
Standard deviation across Atlantic countries	**18.0**	**17.2**	**16.5**

Source: author calculation based on World Development Indicators Database, World Bank

Figure 2: GDP per capita ppp by sub-region in the Atlantic space (constant 2011 $ thousands)



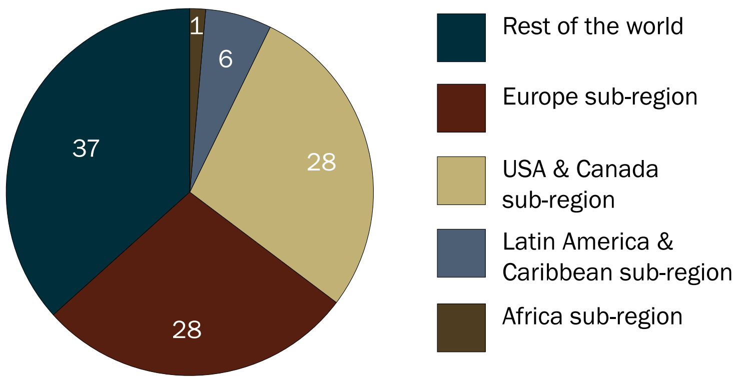
Source: author calculation based on World Development Indicators Database, World Bank

Figure 3: Real GDP by sub-region in Atlantic space (constant 2005 $ millions)

Region	Average 2011-13	Share in total Atlantic GDP 2011-13 (%)	Share in total world GDP 2011-13 (%)
Africa sub-region	777,224.28	2.2	1.4
Latin America & Caribbean sub-region	3,296,602.13	9.4	6.0
USA & Canada sub-region	15,428,873.88	44.0	27.9
Europe sub-region	15,540,248.82	44.3	28.1
Total Atlantic space	35,042,949.13	100.0	63.4

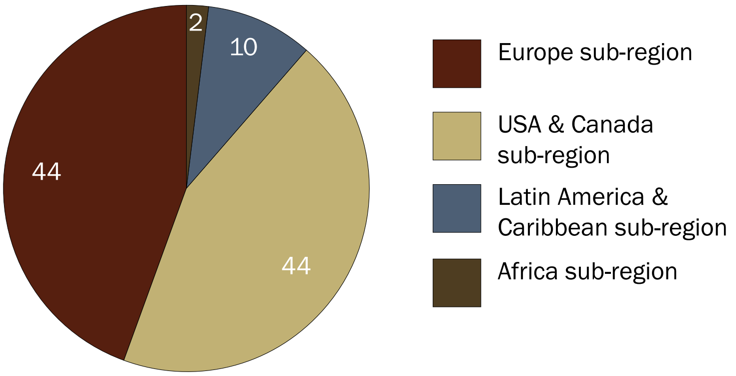
Source: author calculation based on World Development Indicators Database, World Bank

Figure 4: Share of Atlantic space sub-regions GDP in percent of world real GDP (2011-13 average)



Source: author calculation based on World Development Indicators Database, World Bank

Figure 5: Share of Atlantic sub-regions GDP in percent of total Atlantic space GDP (2011-13 average)



Source: author calculation based on World Development Indicators Database, World Bank

2 - Economic activity synchronization

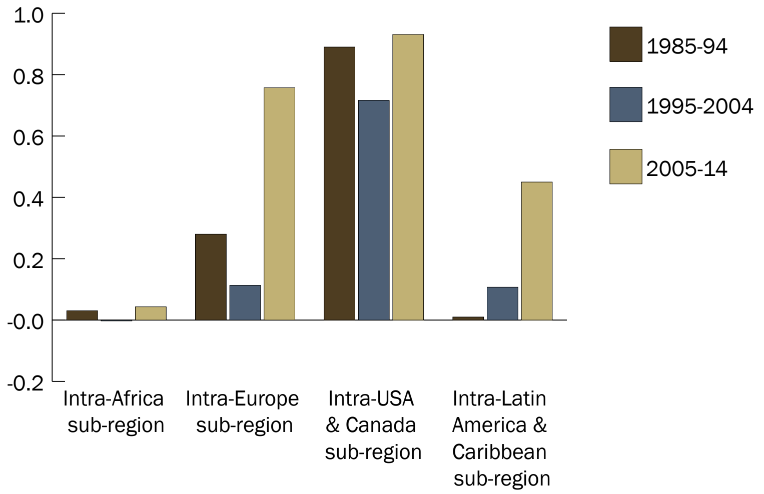
Figure 6: Real GDP growth rates synchronization in the Atlantic space[1]

	1985-94	1995-2004	2005-14
Mean of bilateral correlations within sub-regions of the Atlantic Space			
Intra-Africa sub-region	0.03	0.00	0.04
Intra-Europe sub-region	0.28	0.11	0.76
Intra-USA & Canada sub-region	0.89	0.72	0.93
Intra-Latin America & Caribbean sub-region	0.01	0.11	0.45
Mean of bilateral correlations between sub-regions of the Atlantic Space			
Africa sub-region / Europe sub-region	0.09	-0.03	0.17
Africa sub-region / USA & Canada sub-region	0.18	-0.07	0.21
Africa sub-region / Latin America & Caribbean sub-region	-0.03	0.02	0.15
Europe sub-region / USA & Canada sub-region	0.30	0.29	0.69
Europe sub-region / Latin America & Caribbean sub-region	0.01	0.08	0.57
USA & Canada sub-region / Latin America & Caribbean sub-region	0.04	0.18	0.52
Mean of bilateral correlations between all countries in the Atlantic space	**0.05**	**0.05**	**0.38**

Source: author calculation based on World Economic Outlook Database, July 2015

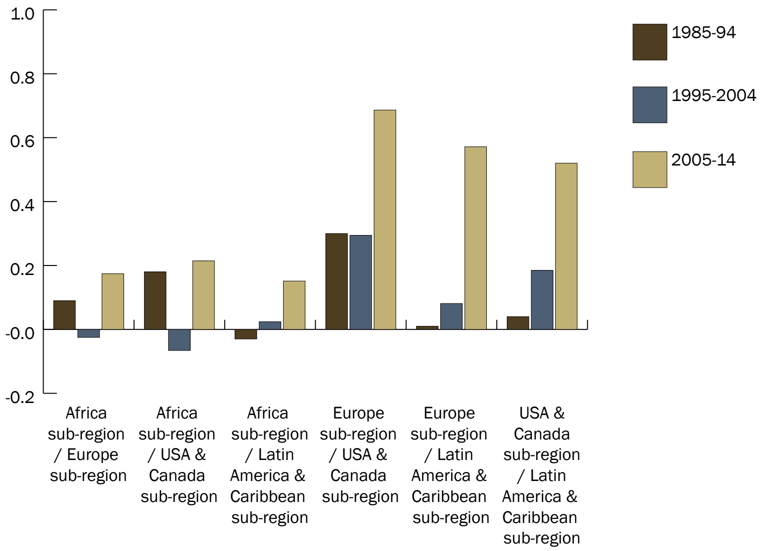
[1] A positive coefficient of correlation could be interpreted as a synchronization effect. The higher the positive coefficient of correlation, the higher the synchronization between countries.

Figure 7: Correlations within sub-regions in the Atlantic space
(mean of bilateral correlations of real GDP growth rates)



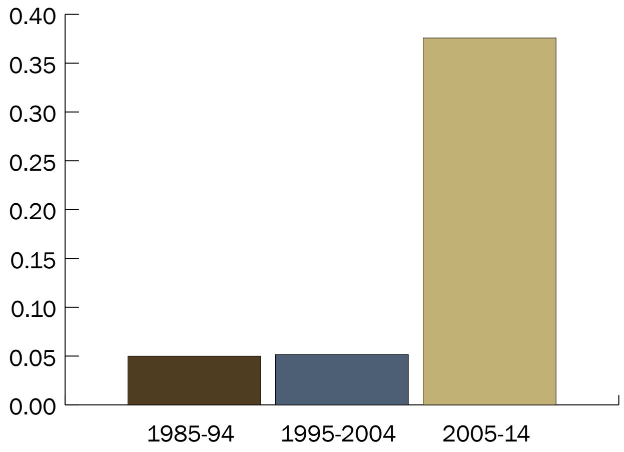
Source: author calculation based on World Economic Outlook Database, July 2015

Figure 8: Correlations between sub-regions in the Atlantic space
(mean of bilateral correlations of real GDP growth rates)



Source: author calculation based on World Economic Outlook Database, July 2015

Figure 9: Correlation among Atlantic space countries
(mean of bilateral correlations of real GDP growth rates)



Source: author calculation based on World Economic Outlook Database, July 2015

Figure 10: Real GDP growth in percent (period average, in percent)

Country	1990-99	2000-09	2010-14
Africa sub-region			
Angola	1.42	11.46	4.70
Benin	4.94	4.15	4.48
Cape Verde	6.15	6.06	1.63
Cameroon	0.42	3.40	4.55
Democratic Republic of the Congo	-5.47	3.31	7.73
Republic of Congo	0.83	4.57	5.06
Côte d'Ivoire	3.76	0.45	4.90
Equatorial Guinea	34.31	18.13	-0.21
Gabon	2.47	0.51	5.88
The Gambia	4.28	3.79	2.48
Ghana	4.42	5.55	8.29
Guinea	4.22	2.63	2.47
Guinea-Bissau	1.19	2.83	2.82
Liberia	-	2.29	6.19
Mauritania	2.96	4.47	5.44
Morocco	2.79	4.74	3.72
Namibia	3.89	4.45	5.35
Nigeria	4.97	8.54	6.17
São Tomé and Príncipe	1.25	4.51	4.45
Senegal	2.72	4.01	3.45
Sierra Leone	-7.38	8.96	10.54
South Africa	1.39	3.60	2.44
Togo	1.90	1.70	5.07
African sub-region average	**3.52**	**4.96**	**4.68**
Latin America & Caribbean sub-region			
Antigua and Barbuda	3.36	2.82	-0.52
Argentina	4.28	3.05	4.40
Bahamas	2.70	1.00	1.12

Country	1990-99	2000-09	2010-14
USA & Canada			
Canada	2.39	2.09	2.56
United States	3.23	1.82	2.21
USA & Canada average	**2.81**	**1.96**	**2.39**
Europe sub-region			
Austria	2.72	1.67	1.28
Belgium	2.22	1.62	1.11
Bulgaria	-5.27	4.57	1.18
Croatia	2.49	3.13	-1.10
Cyprus	4.80	3.38	-1.67
Czech Republic	1.18	3.43	0.95
Denmark	2.45	0.93	0.53
Estonia	4.06	4.39	3.82
Finland	1.65	2.03	0.54
France	2.01	1.42	1.01
Germany	2.19	0.84	2.00
Greece	2.09	2.79	-4.80
Hungary	-0.27	2.41	1.26
Iceland	2.29	3.59	1.08
Ireland	6.93	3.53	1.43
Italy	1.43	0.54	-0.52
Latvia	1.21	5.15	2.71
Lithuania	5.00	4.89	3.55
Luxembourg	4.76	3.05	2.50
Malta	-	1.90	2.91
Netherlands	3.12	1.71	0.26
Norway	3.56	1.83	1.46
Poland	2.69	3.91	3.04
Portugal	3.42	0.94	-0.93

Country	1990-99	2000-09	2010-14	Country	1990-99	2000-09	2010-14
Barbados	0.47	1.14	0.14	Romania	-2.28	4.81	1.44
Belize	5.93	5.02	2.67	Slovak Republic	4.88	4.55	2.59
Brazil	1.72	3.36	3.23	Slovenia	4.21	3.02	0.17
Chile	6.34	3.97	4.63	Spain	2.79	2.75	-0.51
Colombia	2.89	3.99	4.82	Sweden	1.97	2.02	2.36
Costa Rica	5.42	4.08	4.32	Switzerland	1.17	1.99	1.96
Dominica	2.63	3.08	-0.03	United Kingdom	2.08	1.94	1.69
Dominican Republic	4.49	4.67	5.17	**European sub-region average**	**2.38**	**2.73**	**1.07**
Grenada	4.13	2.62	0.61	**Atlantic space average**	**3.03**	**3.48**	**2.65**
Guatemala	3.74	3.32	3.54				
Guyana	4.79	1.85	4.73				
Haiti	0.37	0.77	1.98				
Honduras	2.76	4.36	3.51				
Jamaica	1.30	0.87	0.04				
Mexico	3.47	1.84	3.34				
Nicaragua	3.17	2.95	4.69				
Panama	6.09	5.91	8.71				
St. Kitts and Nevis	4.33	3.02	0.84				
St. Lucia	3.63	1.76	0.03				
St. Vincent and the Grenadines	3.58	3.13	0.48				
Suriname	0.58	4.49	4.26				
Trinidad and Tobago	3.94	6.52	0.82				
Uruguay	3.22	2.16	5.42				
Venezuela	2.46	3.97	1.13				
Latin American & Caribbean sub-region average	**3.40**	**3.18**	**2.74**				

Source: author calculation based on World Economic Outlook Database, July 2015

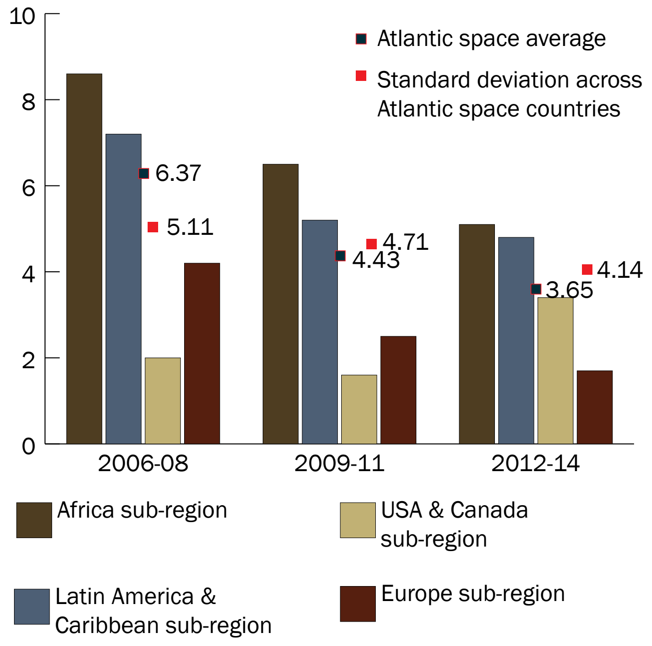
3 - Inflation regimes convergence

Figure 11: Inflation rates in Atlantic space sub-regions (consumer prices, in percent)

Average by sub-region	2006-08	2009-11	2012-14
Africa sub-region	8.6	6.5	5.1
Latin America & Caribbean sub-region	7.2	5.2	4.8
USA & Canada sub-region	2.0	1.6	3.4
Europe sub-region	4.2	2.5	1.7
Atlantic space	**6.4**	**4.4**	**3.6**
Standard deviation across Atlantic space countries	**5.1**	**4.7**	**4.1**

Source: author calculation based on World Economic Outlook Database, July 2015

Figure 12: Inflation convergence between Atlantic space countries (percent)



Source: author calculation based on World Development Indicators Database, World Bank

Figure 13: Inflation rates in the Atlantic space (three-year average, in percent)

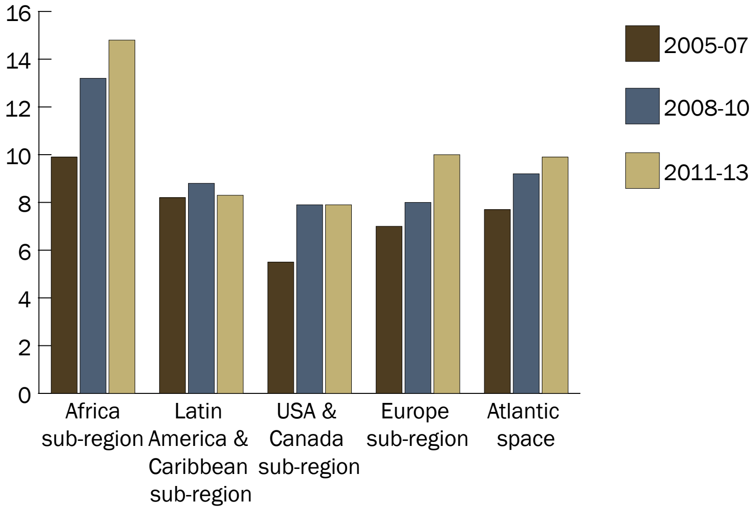
Country	2009-11	2012-14	Country	2009-11	2012-14
Africa sub-region			USA & Canada		
Angola	13.89	8.78	Canada	1.66	1.45
Benin	2.39	2.21	United States	1.48	1.72
Cameroon	2.42	2.44	**USA & Canada average**	**1.57**	**1.59**
Cape Verde	2.51	1.27	Europe sub-region		
Republic of the Congo	3.87	4.93	Austria	1.86	2.03
Democratic Republic of the Congo	8.41	5.68	Belgium	1.89	1.43
Equatorial Guinea	6.48	6.25	Bulgaria	3.14	0.81
Côte d'Ivoire	2.54	1.45	Croatia	1.89	1.81
Gabon	1.54	1.57	Cyprus	2.01	0.21
The Gambia	4.80	5.30	Czech Republic	1.46	1.69
Ghana	12.90	12.09	Denmark	2.13	1.25
Guinea	13.83	13.56	Estonia	2.62	2.19
Guinea-Bissau	1.97	0.61	Finland	1.54	1.78
Liberia	7.74	7.20	France	1.25	1.11
Mauritania	4.72	4.53	Germany	1.16	1.47
Morocco	0.97	1.20	Greece	3.08	-0.24
Namibia	6.44	5.89	Hungary	4.35	2.40
Nigeria	12.03	9.58	Iceland	7.13	3.70
São Tomé and Principe	13.64	7.99	Ireland	-0.95	0.80
Senegal	1.20	0.35	Italy	1.68	1.50
Sierra Leone	14.03	10.16	Latvia	2.28	0.95
South Africa	7.44	3.69	Lithuania	3.30	1.41
Togo	2.91	1.47	Luxembourg	2.02	1.68
African sub-region average	**6.46**	**5.14**	Malta	2.11	1.37
Latin America & Caribbean sub-region			Netherlands	1.60	1.98
Antigua and Barbuda	2.09	2.22	Norway	1.96	1.62
Argentina	8.87	10.35	Poland	3.60	1.57
Bahamas	2.20	1.18	Portugal	1.41	0.92

Country	2009-11	2012-14	Country	2009-11	2012-14
Barbados	6.30	3.17	Romania	5.82	2.80
Belize	0.28	0.98	Slovak Republic	2.16	1.64
Brazil	5.52	5.98	Slovenia	1.50	1.52
Chile	2.38	3.06	Spain	1.57	1.24
Colombia	3.30	2.69	Sweden	1.21	0.22
Costa Rica	6.13	4.75	Switzerland	6.02	7.28
Cuba	2.36	5.6	United Kingdom	3.31	2.28
Dominica	1.88	0.66	**European sub-region average**	**2.46**	**1.69**
Dominican Republic	5.41	3.84	**Atlantic space average**	**4.44**	**3.50**
Grenada	2.05	1.18			
Guatemala	3.98	3.85			
Guyana	3.33	2.11			
Haiti	4.70	5.57			
Honduras	5.65	5.50			
Jamaica	9.90	8.18			
Mexico	4.29	3.98			
Nicaragua	5.74	6.78			
Panama	3.93	4.12			
St. Kitts and Nevis	3.20	1.07			
St. Lucia	1.45	2.82			
St. Vincent and the Grenadines	1.70	1.70			
Suriname	8.16	3.44			
Trinidad and Tobago	7.54	7.23			
Uruguay	7.29	8.52			
Venezuela	27.12	30.85			
Latin American & Caribbean sub-region average	**5.21**	**4.82**			

Source: author calculation based on World Development Indicators Database, World Bank

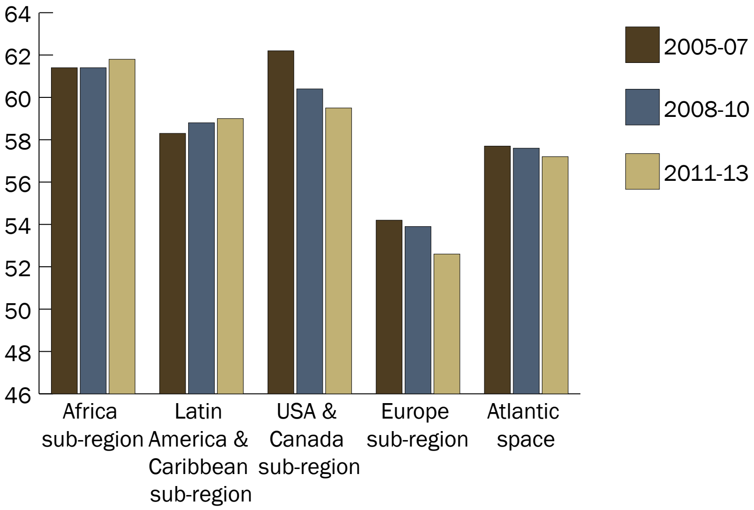
4 - Labor market

Figure 14: Unemployment rate by sub-region in the Atlantic space (percent of total labor force)



Source: author calculation based on World Development Indicators Database, World Bank

Figure 15: Employment ratio by Atlantic space sub-region (percent share in 15+ aged population)



Source: author calculation based on World Development Indicators Database, World Bank

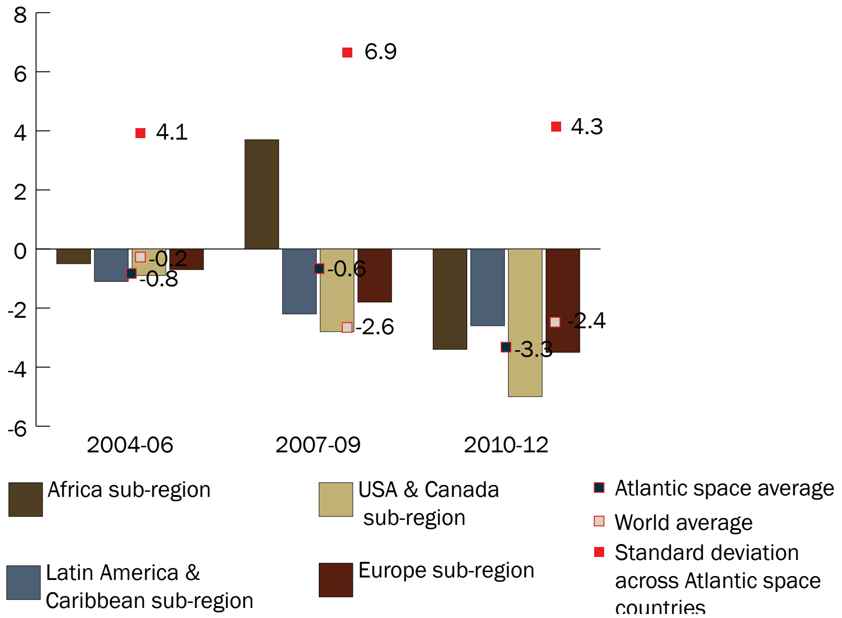
5 - Public finance

Figure 16: Budget deficit/surplus (percent of GDP)

Average by sub-region	2004-06	2007-09	2010-12
Africa sub-region	-0.5	3.7	-3.4
Latin America & Caribbean sub-region	-1.1	-2.2	-2.6
USA & Canada sub-region	-0.9	-2.8	-5.0
Europe sub-region	-0.7	-1.8	-3.5
Atlantic space	-0.8	-0.6	-3.3
World average	**-0.2**	**-2.6**	**-2.4**
Standard deviation across Atlantic space countries	**4.1**	**6.9**	**4.3**

Source: author calculation based on World Development Indicators Database, World Bank

Figure 17: Budget balance convergence between Atlantic space countries (percent of GDP)



Source: author calculation based on World Development Indicators Database, World Bank

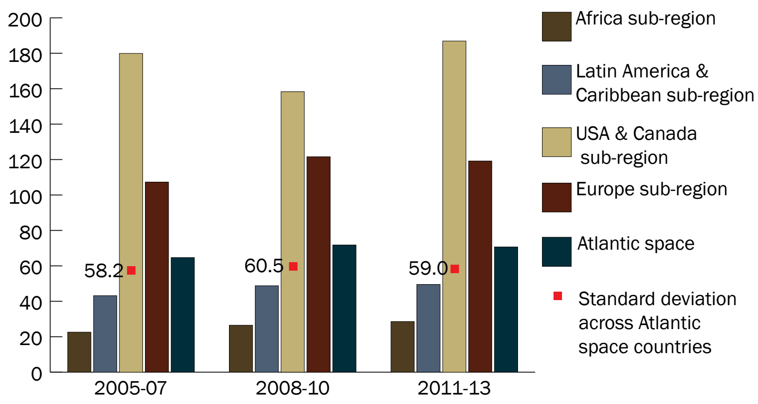
6 – Convergence and synchronization of financial sectors

Figure 18: Credit to private sector (percent of GDP)

Average by sub-region	2005-07	2008-10	2011-13
Africa sub-region	22.6	26.5	28.6
Latin America & Caribbean sub-region	43.2	48.8	49.5
USA[a]	197.3	191.7	186.9
Europe sub-region	107.3	121.6	119.2
Atlantic space	**64.7**	**71.8**	**70.7**
Standard deviation across Atlantic space countries	**58.2**	**60.5**	**59.0**

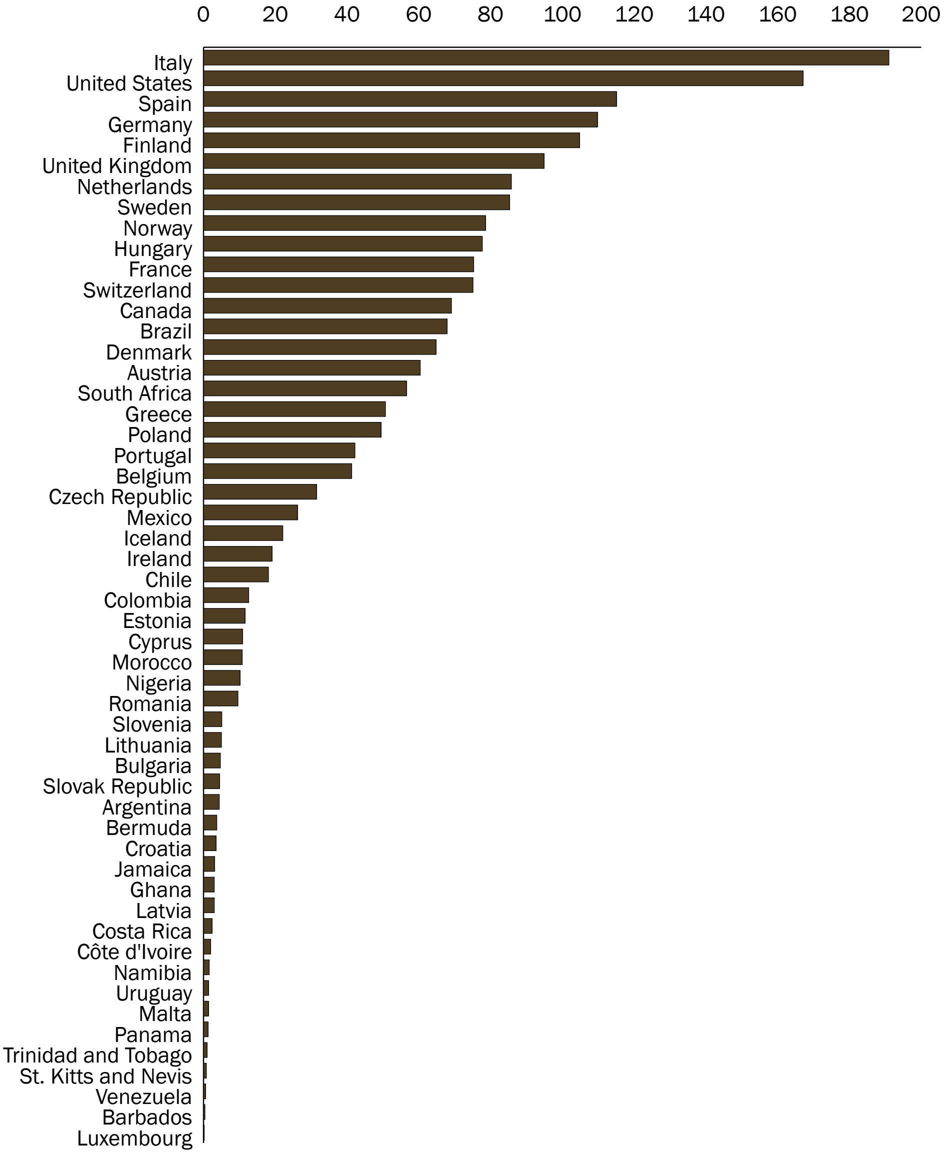
[a] Canada is excluded given the fact that the credit to GDP ratio has been unavailable in the WDI database for this country since 2009.
Source: author calculation based on World Development Indicators Database, World Bank

Figure 19: Credit to private sector by sub-region in the Atlantic space (percent of GDP)



Source: author calculation based on World Development Indicators Database, World Bank

Figure 20: Average turnover ratios 2010-12 (percent)[2]



Source: author calculation based on World Development Indicators Database, World Bank

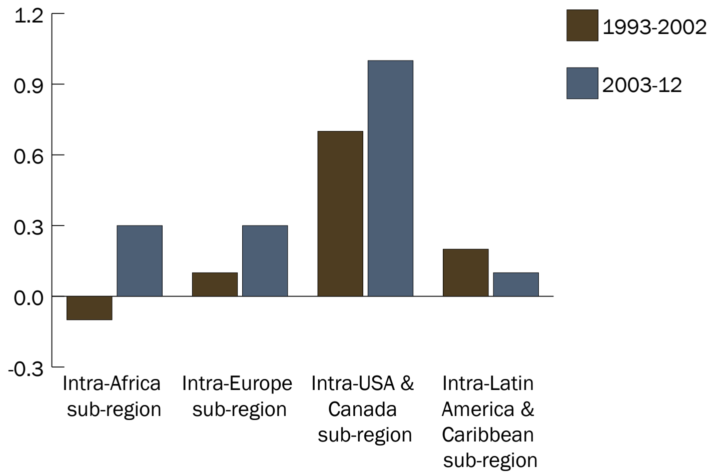
[2] Turnover ratio is the total value of shares traded during the period divided by the average market capitalization for the period. Average market capitalization is calculated as the average of the end-of-period values for the current period and the previous period.

Figure 21: Stock exchange turnover ratios synchronization in the Atlantic space

	1993-2002	2003-12
Mean of bilateral correlations within sub-regions of the Atlantic Space		
Intra-Africa sub-region	-0.1	0.3
Intra-Europe sub-region	0.1	0.3
Intra-USA & Canada sub-region	0.7	1.0
Intra-Latin America & Caribbean sub-region	0.2	0.1
Mean of bilateral correlations between sub-regions of the Atlantic Space		
Africa sub-region / Europe sub-region	0.0	0.3
Africa sub-region / USA & Canada sub-region	0.0	0.5
Africa sub-region / Latin America & Caribbean	0.0	0.2
Europe sub-region / USA & Canada sub-region	0.2	0.2
Europe sub-region / Latin America & Caribbean sub-region	-0.1	0.2
USA & Canada sub-region / Latin America & Caribbean sub-region	-0.3	0.2
Mean of bilateral correlations between all countries in the Atlantic Space	**0.0**	**0.3**

Source: author calculation based on World Development Indicators Database, World Bank

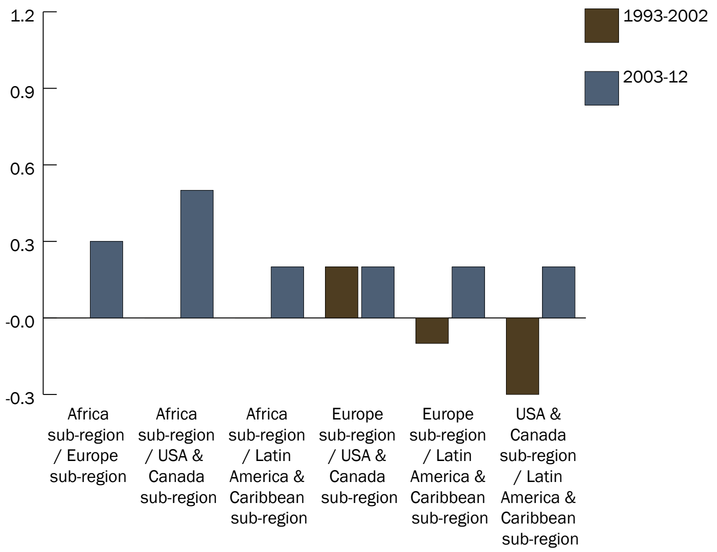
Figure 22: Correlations within sub-regions in the Atlantic space (mean of bilateral correlations of turnover ratios)[3]



Source: author calculation based on World Development Indicators Database, World Bank

[3] A positive coefficient of correlation could be interpreted as a synchronization effect. The higher the positive coefficient of correlation, the higher the synchronization between countries.

Figure 23: Correlations between sub-regions in the Atlantic space (mean of bilateral correlations of turnover ratios)



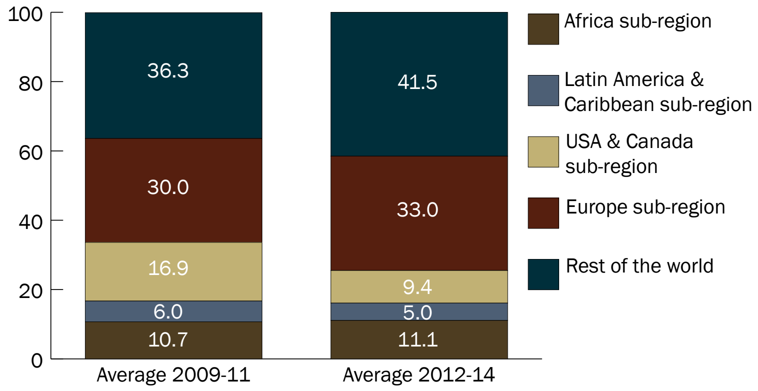
Source: author calculation based on World Development Indicators Database, World Bank

Figure 24: Geographical breakdown of exports: intra-regional and with the rest of the world (three-year average share in total exportation, in percent)

Toward	From	Africa sub-region	Latin America & Caribbean sub-region	USA & Canada sub-region	Europe sub-region	Total Atlantic space
Africa sub-region						
2009-11		10.7	1.1	1.1	1.7	
2012-14		11.1	1.0	1.2	1.8	
Latin America & Caribbean sub-region						
2009-11		6.0	15.0	17.6	2.2	
2012-14		5.0	13.6	19.4	2.4	
USA & Canada sub-region						
2009-11		16.9	39.7	32.0	6.9	
2012-14		9.4	42.2	31.8	7.4	
Europe sub-region						
2009-11		30.0	12.7	18.4	68.2	
2012-14		33.0	11.9	16.5	65.7	
Atlantic space						
2009-11		63.7	68.5	69.3	79.0	**74.9**
2012-14		58.5	68.7	68.9	77.3	**74.2**
Rest of the world						
2009-11		36.3	31.5	30.7	21.0	**25.1**
2012-14		41.5	31.3	31.1	22.7	**25.8**

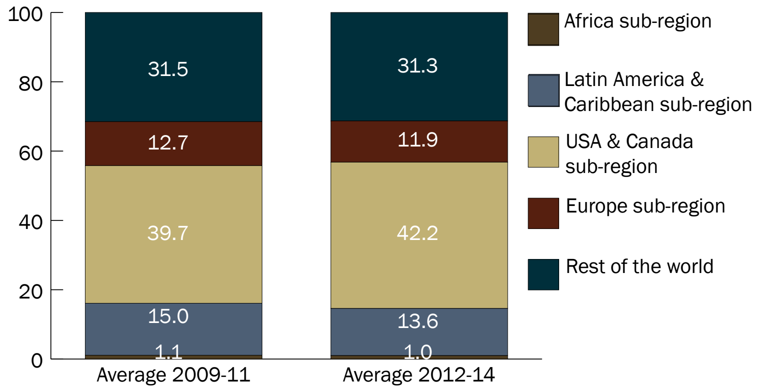
Source: author calculation based on International Trade Centre Database

Figure 25: Africa sub-region exports to the Atlantic space and the rest of the world (percent share of total exports of Africa sub-region)



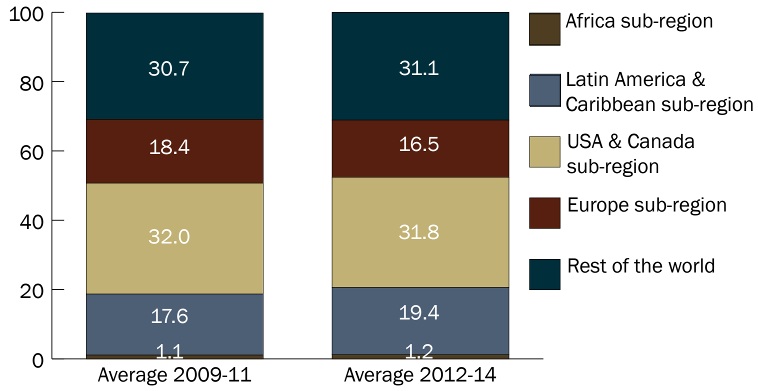
Source: author calculation based on International Trade Centre Database

Figure 26: Latin America sub-region exports to the Atlantic space and the rest of the world (percent share of total exports of Latin America & Caribbean sub-region)



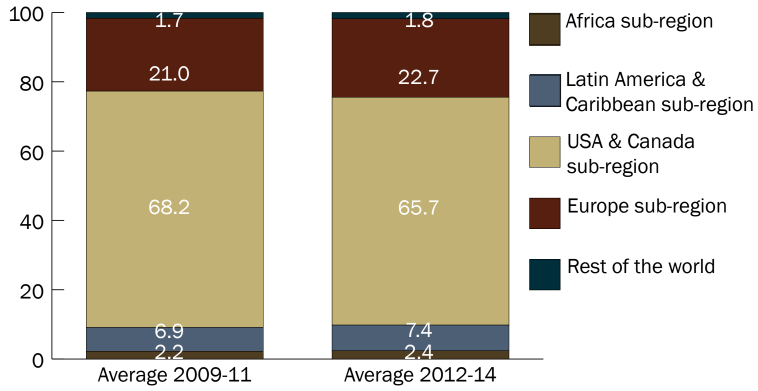
Source: author calculation based on International Trade Centre Database

Figure 27: USA & Canada sub-region exports to the Atlantic space and the rest of the world (percent share of total exports of USA & Canada sub-region)



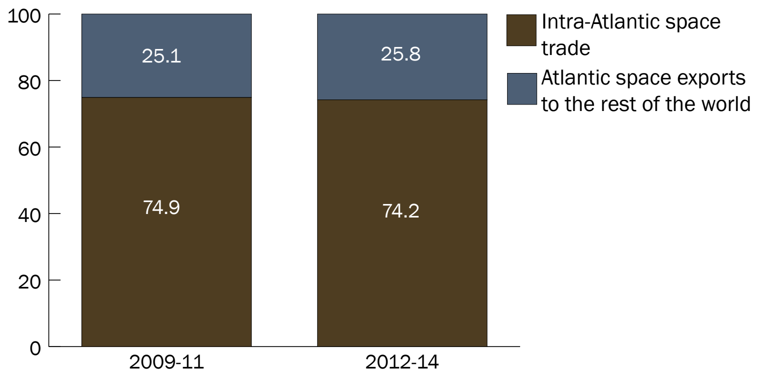
Source: author calculation based on International Trade Centre Database

Figure 28: Europe sub-region exports to the Atlantic space and the rest of the world (percent share of total exports of Europe sub-region)



Source: author calculation based on International Trade Centre Database

Figure 29: Intra-regional share of Atlantic space exports in total exports (in percent)



Source: author calculation based on International Trade Centre Database

Figure 30: Foreign direct investments inflows (in million US$)

Average inflows by destination	2008-10	2011-13
Africa sub-region	27,842	27,809
Latin America & Caribbean sub-region	109,143	165,826
USA & Canada sub-region	253,557	238,958
Europe sub-region	468,560	335,875
Atlantic space	864,769	777,015
World	1,487,034	1,494,107
Shares in Atlantic space inflows (by destination, in percent)		
Africa sub-region	3	4
Latin America & Caribbean sub-region	13	21
USA & Canada sub-region	29	31
Europe sub-region	54	43
Atlantic space	100	100
Shares in Atlantic space inflows (by destination, in percent)		
Africa sub-region	2	2
Latin America & Caribbean sub-region	7	11
USA & Canada sub-region	17	16
Europe sub-region	32	22
Atlantic space	**58**	**52**
Rest of the world	**42**	**48**

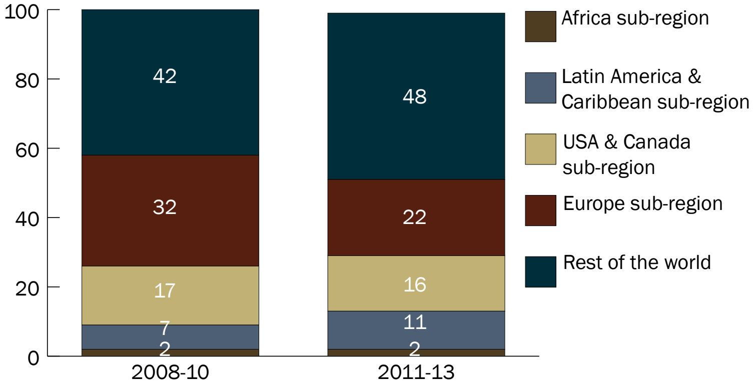
Source: author calculation based on World Investment Report 2014, UNCTAD

Figure 31: Foreign direct investments outflows (in $ million)

Average by sub-region	2008-10	2011-13
Africa sub-region	484	8,388
Latin America & Caribbean sub-region	32,439	40,824
USA & Canada sub-region	342,526	414,065
Europe sub-region	689,296	427,107
Atlantic space	**1,064,745**	**890,385**
World	**1,546,049**	**1,489,673**
Shares in Atlantic space outflows (by destination, in percent)		
Africa sub-region	0	1
Latin America & Caribbean sub-region	3	5
USA & Canada sub-region	32	46
Europe sub-region	65	48
Atlantic space	**100**	**100**
Shares in Atlantic space outflows (by destination, in percent)		
Africa sub-region	0	1
Latin America & Caribbean sub-region	2	3
USA & Canada sub-region	22	28
Europe sub-region	45	29
Atlantic space	**69**	**60**
Rest of the world	**31**	**40**

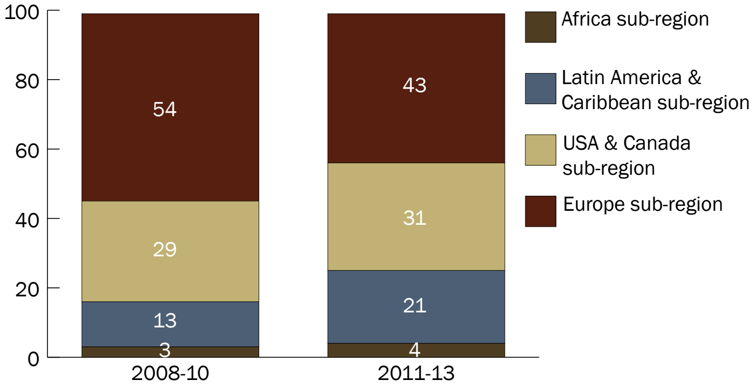
Source: author calculation based on World Investment Report 2014, UNCTAD

Figure 32: Atlantic space sub-regions received FDI (percent share in world inflows)



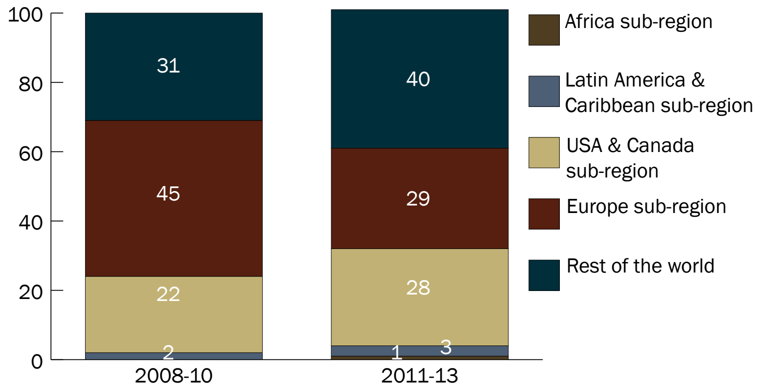
Source: author calculation based on World Development Indicators Database, World Bank

Figure 33: Atlantic space sub-regions received FDI
(percent share in Atlantic space inflows)



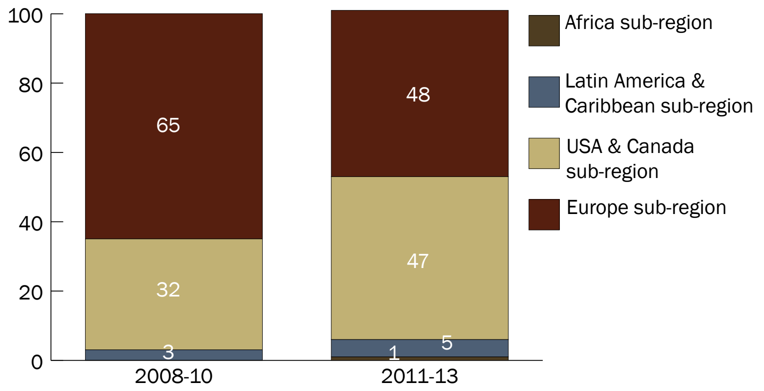
Source: author calculation based on World Development Indicators Database, World Bank

Figure 34: Atlantic space sub-regions FDI outflows (percent share in world inflows)



Source: author calculation based on World Development Indicators Database, World Bank

Figure 35: Atlantic space sub-regions FDI outflows (percent share in Atlantic space inflows)



Source: author calculation based on World Development Indicators Database, World Bank

Figure 36: Portfolio investments received by the Africa sub-region by origin (three-year average, percent share)

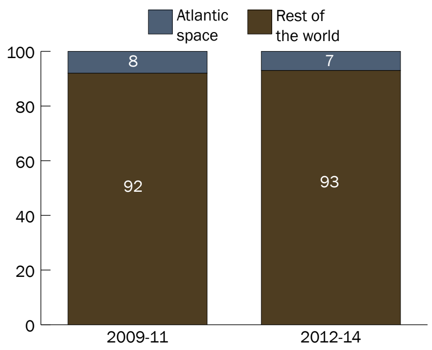


Figure 38: Portfolio investments received by USA & Canada sub-region by origin (three-year average, percent share)

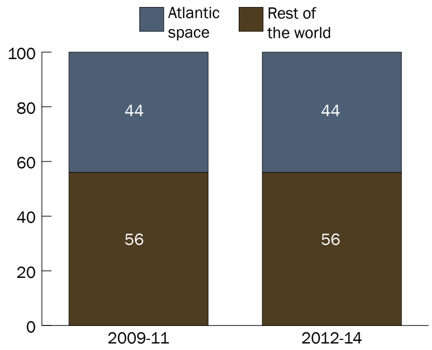


Figure 37: Portfolio investments received by Latin America & Caribbean sub-region by origin (three-year average, percent share)

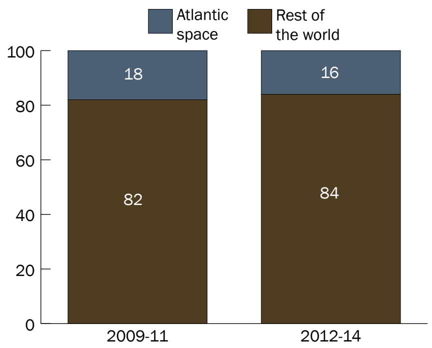


Figure 39: Portfolio investments received by the Europe sub-region by origin (three-year average, percent share)

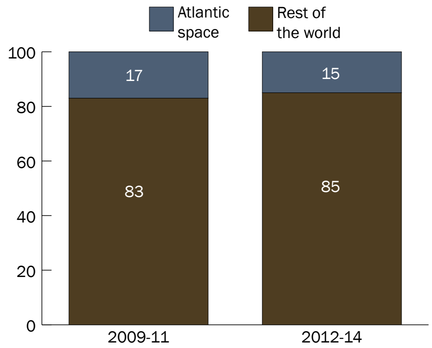
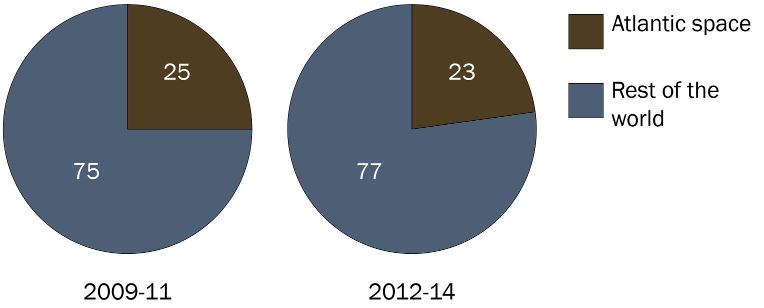


Figure 40: Portfolio investments received by all countries included in the Atlantic space by origin (three-year average, percent share)



Source: author calculations based on Coordinated Portfolio Investment Survey (CPIS) database, IMF

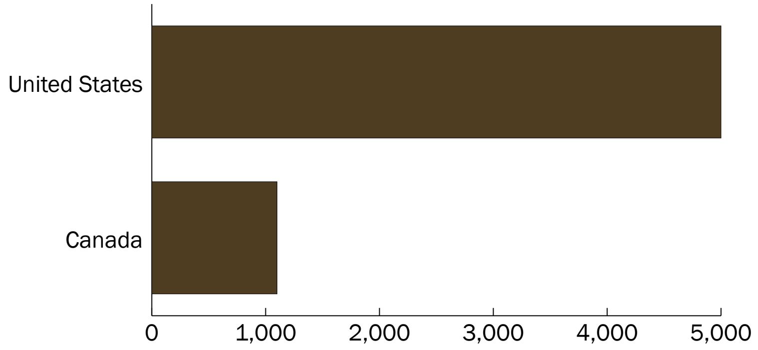
Figure 41: Geographical breakdown of received portfolio investment (percent share in total portfolio investment received by each sub-region, three-year average)

Toward	From	Africa sub-region	Latin America & Caribbean sub-region	USA & Canada sub-region	Europe sub-region	Total Atlantic space
Africa sub-region						
2009-11		0.3	1.0	0.2	0.4	
2012-14		0.5	0.8	0.3	0.5	
Latin America & Caribbean sub-region						
2009-11		0.6	2.5	5.2	0.8	
2012-14		0.6	2.1	3.2	0.8	
USA & Canada sub-region						
2009-11		48.7	47.6	11.4	15.3	
2012-14		44.3	47.8	14.0	19.1	
Europe sub-region						
2009-11		42.2	31.1	39.3	66.4	
2012-14		48.2	33.6	39.2	48.6	
Atlantic space						
2009-11		91.8	82.2	56.1	82.9	**75**
2012-14		93.2	83.5	56.3	85.2	**77**
Rest of the world						
2009-11		8.2	17.8	43.9	17.1	**25**
2012-14		6.8	16.5	43.7	14.8	**23**

Source: author calculations based on Coordinated Portfolio Investment Survey (CPIS) database, IMF

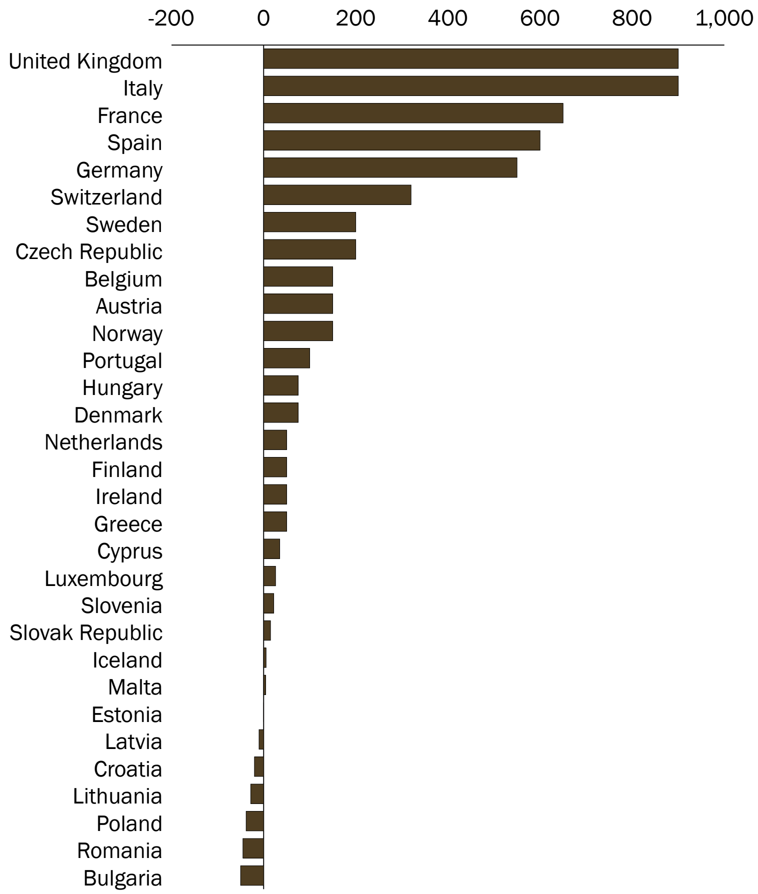
Figure 42: Net flow of migrants during five-year period (the number of immigrants less the number of emigrants: 2008-12)

USA & Canada sub-region, in thousands



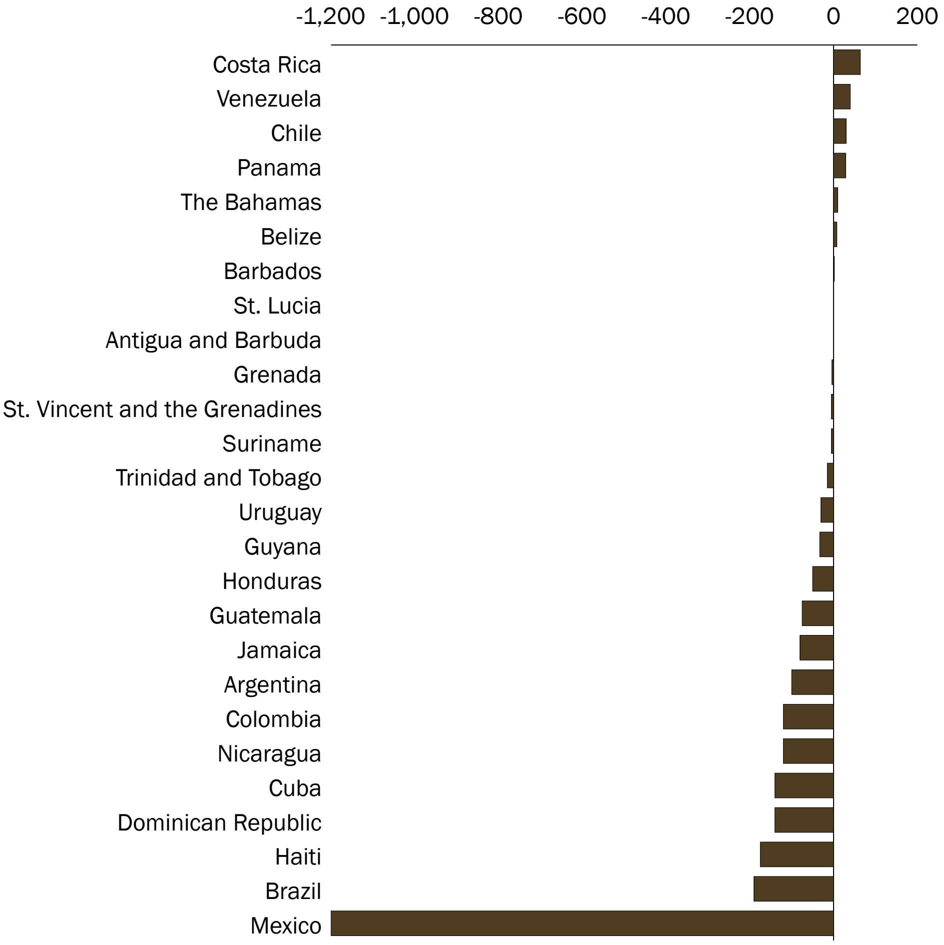
Source: author calculation based on World Development Indicators Database, World Bank

Europe sub-region, in thousands



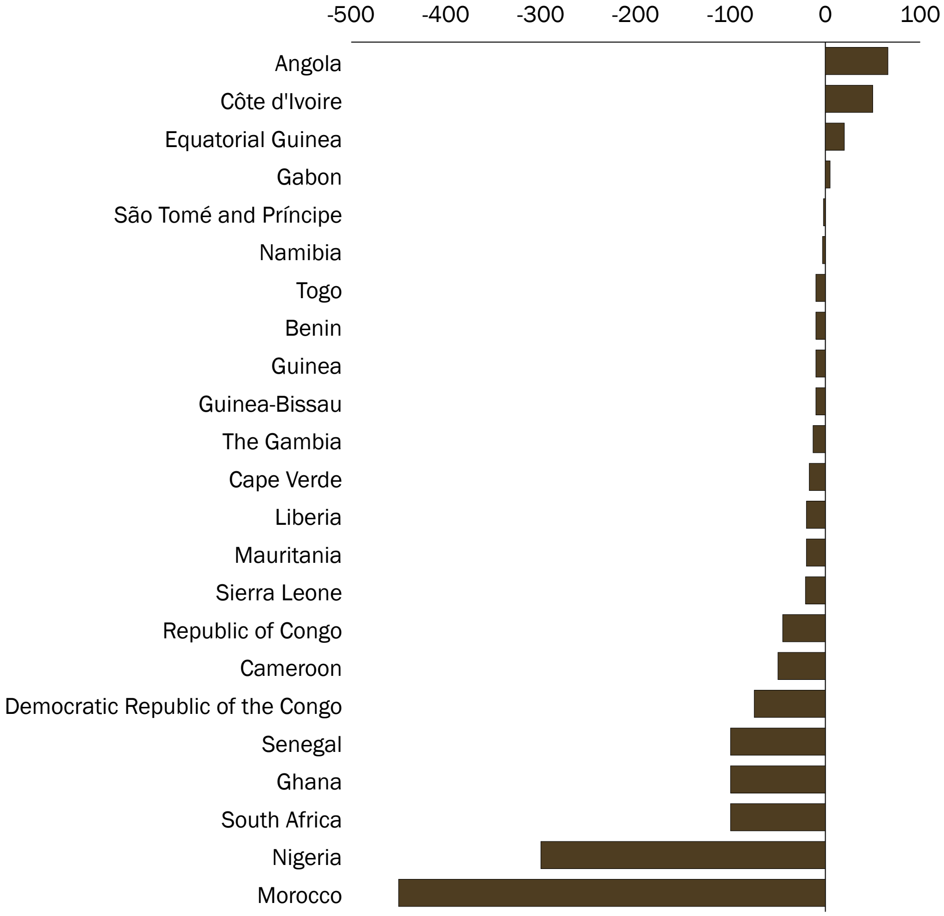
Source: author calculation based on World Development Indicators Database, World Bank

Latin America & Caribbean sub-region, in thousands



Source: author calculation based on World Development Indicators Database, World Bank

Africa sub-region, in thousands



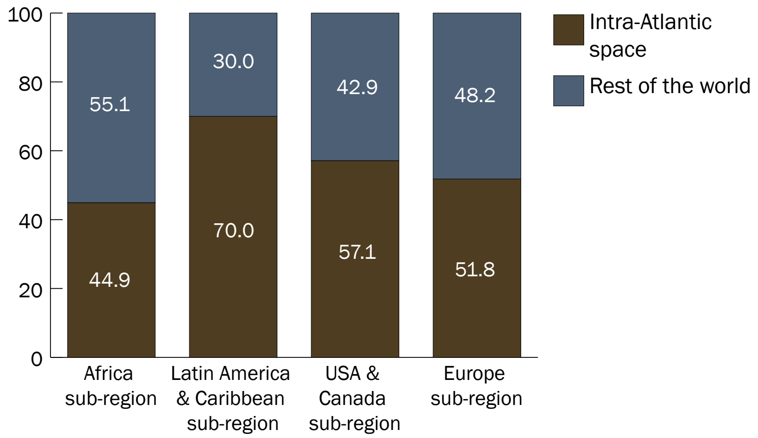
Source: author calculation based on World Development Indicators Database, World Bank

Figure 43: Total migrant population at mid-year by origin and destination in the Atlantic space, 2013 (millions)

Origin / Destination	Africa sub-region	Latin America & Caribbean sub-region	USA & Canada sub-region	Europe sub-region	Atlantic space	Rest of the world
Africa sub-region	3.8	0.0	0.0	0.6	4.4	5.4
Latin America & Caribbean sub-region	0.0	2.8	1.0	1.0	4.9	2.1
USA & Canada sub-region	1.0	21.7	1.2	6.3	30.3	22.8
Europe sub-region	8.5	3.0	0.9	18.6	31.0	28.9
Total Atlantic space					**70.6**	**59.2**

Source: author calculations based on United Nation database "Trends in migrants stock," 2013

Figure 44: Share of intra-regional migrant population in the Atlantic space, 2013 (percent in total migrant population in the Atlantic space)



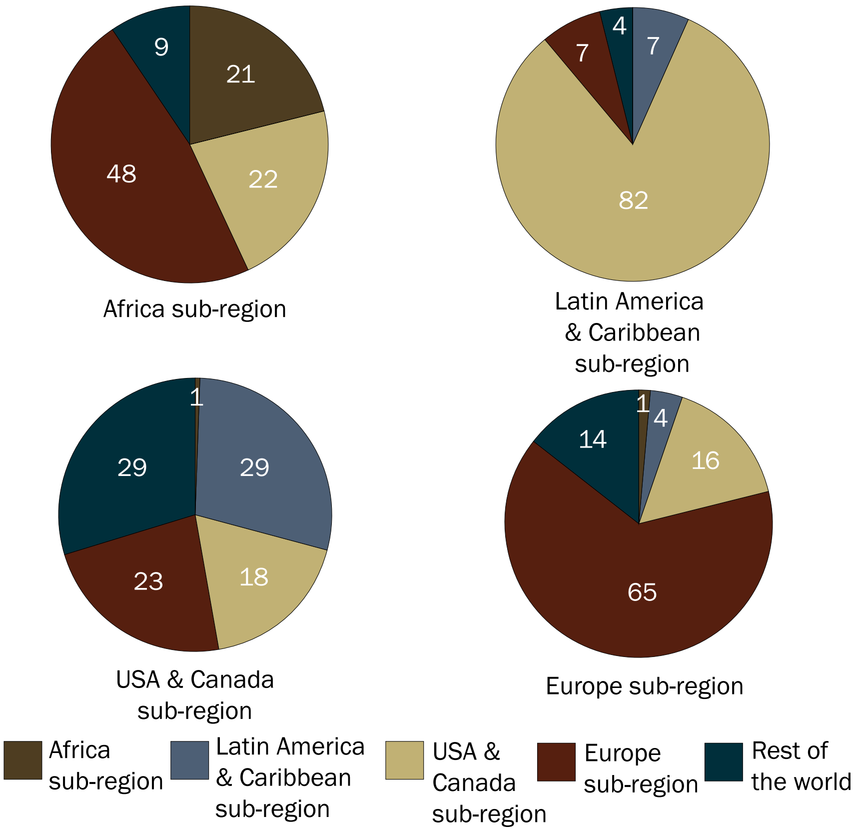
Source: author calculations based on United Nation database "Trends in migrants stock," 2013

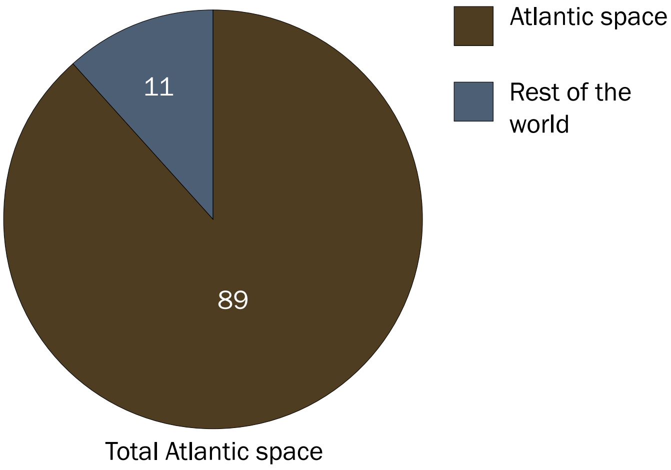
Figure 45: Remittances inflow toward Atlantic space sub-regions – 2014 (in $ millions)

From / Toward	Africa sub-region	Latin America & Caribbean sub-region	USA & Canada sub-region	Europe sub-region	Atlantic space	Rest of the world
Africa sub-region	7,017	61	7,200	15,722	30,000	3,110
Latin America & Caribbean sub-region	14	3,782	45,250	3,973	53,020	1,989
USA & Canada sub-region	57	2,301	1,463	1,863	5,684	2,378
Europe sub-region	1,729	4,815	19,532	79,697	105,773	17,724
Total Atlantic space					**194,476**	**25,202**

Source: author calculations based on World Bank Database

Figure 46: Remittances inflow toward Atlantic space sub-regions - 2014 (percent share in total received remittances)





Source: author calculations based on World Bank Database

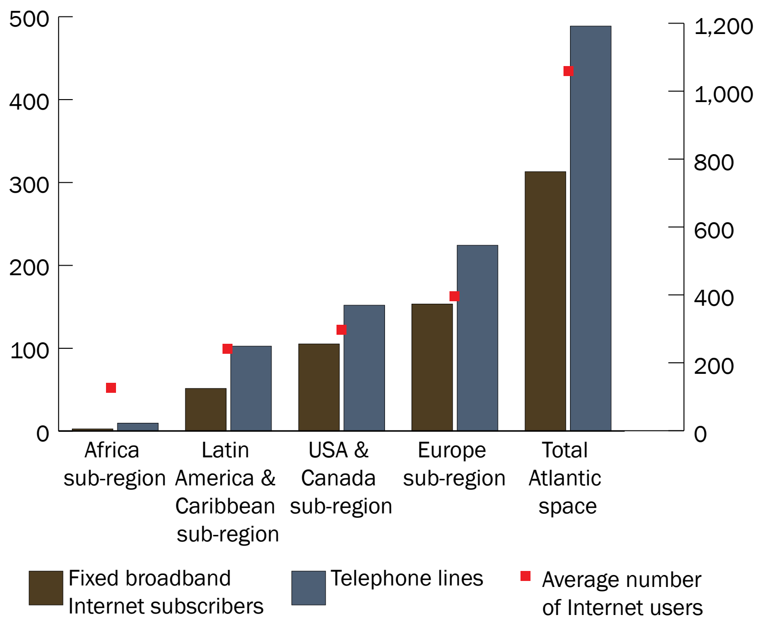
10 - Infrastructure accessibility

Figure 47: Population with access to communication infrastructure (2013)

	Fixed broadband Internet subscribers	Average number of Internet users	Telephone lines
Africa sub-region	2,826,659	127,109,042	9,733,510
Latin America & Caribbean sub-region	51,603,964	241,408,742	102,582,646
USA & Canada sub-region	105,299,449	296,342,854	152,048,000
Europe sub-region	153,407,030	395,675,561	224,321,824
Total Atlantic space	**313,137,102**	**1,060,536,199**	**488,685,980**

Source: author calculation based on World Development Indicators Database, World Bank

Figure 48: Population with access to communication infrastructure (in millions, 2013)



Source: author calculation based on World Development Indicators Database, World Bank

Figure 49: Improved sanitation facilities, urban (percent with access in 2012)

Country	Percent	Country	Percent
Austria	100	Cuba	94
Belgium	100	Trinidad and Tobago	92.1
Bulgaria	100	Bahamas	92
Canada	100	Guatemala	88.4
Chile	100	Suriname	88.4
Cyprus	100	Guyana	87.9
Czech Republic	100	Brazil	87
Denmark	100	Mexico	87
Finland	100	Angola	86.8
France	100	Dominican Republic	85.5
Germany	100	Honduras	85.3
Greenland	100	Colombia	84.9
Hungary	100	Morocco	84.5
Iceland	100	South Africa	81.7
Luxembourg	100	Panama	79.7
Malta	100	Jamaica	78.4
Netherlands	100	Cape Verde	75.2
Norway	100	Senegal	67.1
Portugal	100	Gambia	64
Slovenia	100	Nicaragua	63.2
Spain	100	Cameroon	61.7
Sweden	100	Namibia	56.1
Switzerland	100	Mauritania	51.1
United Kingdom	100	Gabon	42.9
United States	100	São Tomé and Príncipe	40.8
Slovak Republic	99.9	Guinea-Bissau	33.5
Ireland	99.6	Côte d'Ivoire	32.7
Greece	99.4	Guinea	32.7
Lithuania	98.7	Haiti	31
Croatia	98.6	Nigeria	30.8
Grenada	97.5	Democratic Republic of the Congo	29.1
Argentina	97.1	Liberia	28.4
Uruguay	96.5	Togo	25.5

Country	Percent	Country	Percent
Estonia	95.8	Benin	25.3
Poland	95.7	Sierra Leone	22.5
Costa Rica	94.9	Ghana	19.9
Belize	94.2	Republic of the Congo	19.6

Source: author calculation based on World Development Indicators Database, World Bank

Figure 50: Improved water, rural (percent with access in 2012)

Country	Percent	Country	Percent
Belize	100	Uruguay	94.9
Austria	100	São Tomé and Príncipe	93.6
Belgium	100	St. Lucia	92.8
Cyprus	100	Chile	91.3
Denmark	100	Costa Rica	90.9
Finland	100	Mexico	90.8
France	100	Lithuania	88.9
Germany	100	Jamaica	88.8
Greenland	100	Guatemala	88.6
Hungary	100	Suriname	88.4
Iceland	100	South Africa	88.3
Italy	100	Namibia	87.4
Luxembourg	100	Cuba	87.3
Malta	100	Panama	86.6
Netherlands	100	Cape Verde	86
Norway	100	Brazil	85.3
Slovak Republic	100	Gambia	84.4
Spain	100	Honduras	81.5
Sweden	100	Ghana	81.3
Switzerland	100	Dominican Republic	77.2
United Kingdom	100	Colombia	73.6
Portugal	99.9	Benin	69.1
Barbados	99.8	Côte d'Ivoire	67.8
Ireland	99.7	Nicaragua	67.8
Czech Republic	99.6	Guinea	65
Greece	99.4	Morocco	63.6

Country	Percent	Country	Percent
Slovenia	99.4	Gabon	63
Canada	99	Liberia	63
Bulgaria	99	Senegal	60.3
Bahamas	98.4	Guinea-Bissau	55.5
St. Kitts and Nevis	98.3	Cameroon	51.9
United States	98	Nigeria	49.1
Antigua and Barbuda	97.9	Mauritania	47.7
Guyana	97.9	Haiti	47.5
Estonia	97.6	Sierra Leone	42.4
Croatia	96.8	Togo	40.3
Latvia	95.8	Republic of the Congo	38.8
Argentina	95.3	Angola	34.3
Grenada	95.3	Democratic Republic of the Congo	29
St. Vincent and the Grenadines	95.1		

Source: author calculation based on World Development Indicators Database, World Bank

Figure 51: Improved water, urban (percent with access in 2012)

Country	Percent	Country	Percent
Austria	100	São Tomé and Príncipe	98.9
Belgium	100	St. Lucia	98.6
Canada	100	Morocco	98.5
Cyprus	100	Romania	98.5
Denmark	100	Namibia	98.4
Finland	100	Bahamas	98.4
France	100	Belize	98.4
Germany	100	St. Kitts and Nevis	98.3
Greece	100	Suriname	98.1
Greenland	100	Antigua and Barbuda	97.9
Hungary	100	Nicaragua	97.6
Iceland	100	Trinidad and Tobago	97.4
Ireland	100	Jamaica	97.1
Italy	100	Colombia	96.9
Luxembourg	100	Gabon	96.8
Malta	100	Honduras	96.8
Netherlands	100	Panama	96.8
Norway	100	Guyana	96.6
Poland	100	Cuba	96.3
Slovak Republic	100	Guinea-Bissau	96.1
Sweden	100	Mexico	96.1
Switzerland	100	Republic of Congo	95.7
United Kingdom	100	Dominica	95.7
Czech Republic	99.9	St. Vincent and the Grenadines	95.1
Spain	99.9	The Gambia	94.2
Uruguay	99.9	Cameroon	94.1
Barbados	99.8	Ghana	92.5
Croatia	99.8	Senegal	92.5
Estonia	99.8	Guinea	92.2
Portugal	99.8	Côte d'Ivoire	91.5
Slovenia	99.8	Togo	91.4
Brazil	99.7	Cape Verde	91.2
Chile	99.6	Sierra Leone	87.1
Costa Rica	99.6	Liberia	86.8
Bulgaria	99.6	Benin	84.5
Latvia	99.6	Dominican Republic	82.5

Country	Percent	Country	Percent
United States	99.4	Democratic Republic of the Congo	79.1
Lithuania	99.3	Nigeria	78.8
South Africa	99.2	Haiti	74.6
Guatemala	99.1	Angola	67.6
Argentina	99	Mauritania	52.3
Grenada	99		

Source: author calculation based on World Development Indicators Database, World Bank

Figure 52: Maritime connectivity: Average of liner shipping connectivity index[4] by sub-region in the Atlantic space (base maximum[5] value in 2004 = 100)

	2008	2011	2014
Africa sub-region	11.0	12.3	15.3
Latin America & Caribbean sub-region	12.6	14.7	16.8
USA & Canada sub-region	58.3	60.0	68.7
Europe sub-region	31.0	34.5	39.1
Atlantic Space	19.3	21.6	24.9

Source: author calculation based on World Development Indicators Database, World Bank

Figure 53: Domestic and international departure of air carriers registered by sub-region in the Atlantic space

	2005-07	2008-10	2011-13
Africa sub-region	279,377	334,131	413,700
Latin America & Caribbean sub-region	1,575,709	1,844,781	2,275,377
USA & Canada sub-region	10,924,538	10,655,103	11,148,480
Europe sub-region	5,861,713	6,035,948	5,944,016
Atlantic Space	**18,641,336**	**18,869,962**	**19,781,573**

Source: author calculation based on World Development Indicators Database, World Bank

[4] The liner shipping connectivity index (LSCI) indicates a country's integration level into global liner shipping networks. The index base year is 2004, and the base value is on a country showing a maximum figure for 2004. LSCI is generated from five components: 1) the number of ships; 2) the total container-carrying capacity of those ships; 3) the maximum vessel size; 4) the number of services; and 5) the number of companies that deploy container ships on services from and to a country's ports. The data are derived from Containerization International Online and Lloyds List Intelligence.

[5] China's index value was 100 in 2004.

Figure 54: Overall logistics performance index (1=low to 5=high)[6]

	2010	2012	2014
Africa sub-region	2.5	2.5	2.5
Latin America & Caribbean sub-region	2.8	2.7	2.8
USA & Canada sub-region	3.9	3.9	3.9
Europe sub-region	3.5	3.5	3.6
Atlantic Space	**3.1**	**3.0**	**3.1**

Source: author calculation based on World Development Indicators Database, World Bank

[6] The Logistics Performance Index overall score reflects perceptions of a country's logistics based on efficiency of customs clearance process, quality of trade- and transport-related infrastructure, ease of arranging competitively priced shipments, quality of logistics services, ability to track and trace consignments, and frequency with which shipments reach the consignee within the scheduled time. The index ranges from 1 to 5, with a higher score representing better performance. Data are from Logistics Performance Index surveys conducted by the World Bank in partnership with academic and international institutions and private companies and individuals engaged in international logistics. The 2009 round of surveys covered more than 5,000 country assessments by nearly 1,000 international freight forwarders. Respondents evaluate eight markets on six core dimensions on a scale from 1 (worst) to 5 (best).

12 – Demographic features and urbanization

Figure 55: Population in Atlantic space by sub-region (2013)

	Population size	Share of Atlantic space population	Share of world population
Africa sub-region	487,960,982	26	7
Latin America & Caribbean sub-region	541,362,210	28	8
USA & Canada sub-region	351,283,118	18	5
Europe sub-region	520,596,738	27	7
Atlantic Space	**1,901,203,048**	**100**	**27**

Source: author calculation based on World Development Indicators Database, World Bank

Figure 56: Atlantic space population by gender (2013)

	Population size		Share of Atlantic space population	
	Male	Female	Male	Female
Africa sub-region	244,017,315	243,768,168	50.5	50.0
Latin America & Caribbean sub-region	266,034,581	275,296,361	49.1	50.9
USA & Canada sub-region	173,008,655	178,278,488	49.2	50.8
Europe sub-region	258,093,587	262,190,835	49.6	50.4
Atlantic Space	**941,154,408**	**959,533,852**	**49.5**	**50.5**

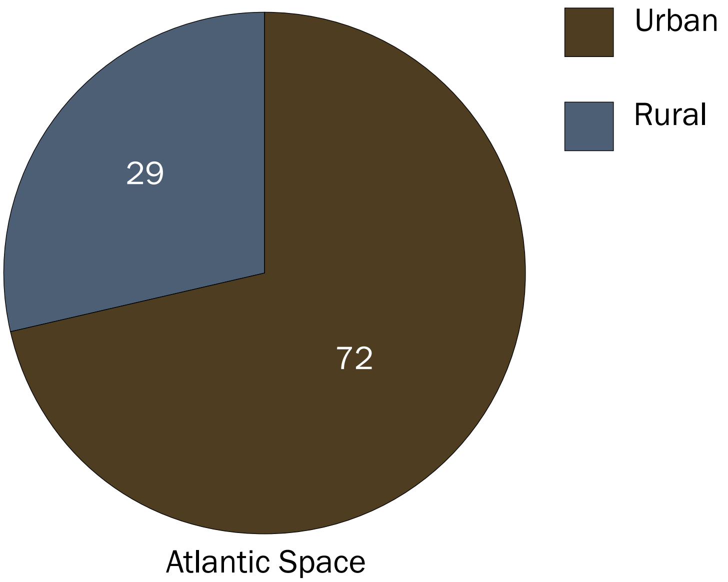
Source: author calculation based on World Development Indicators Database, World Bank

Figure 57: Urban and rural populations in Atlantic space (2013)

	Population size		Share of Atlantic space population	
	Urban	Rural	Urban	Rural
Africa sub-region	245,708,245	242,077,238	50.4	49.6
Latin America & Caribbean sub-region	435,950,388	105,380,824	80.5	19.5
USA & Canada sub-region	290,398,446	60,888,697	82.7	17.3
Europe sub-region	387,248,590	133,035,832	74.4	25.6
Atlantic Space	**1,359,305,669**	**541,382,591**	**71.5**	**28.5**

Source: author calculation based on World Development Indicators Database, World Bank

Figure 58: Atlantic space population by residence area (percent in total population)



Source: author calculation based on World Development Indicators Database, World Bank

Figure 59: Average value of food production (international $ per capita)

	2008-10	2011-13
Africa sub-region	164.9	167.2
Latin America & Caribbean sub-region	320.5	336.5
USA & Canada sub-region	712.5	707.0
Europe sub-region	438.8	433.5
Atlantic Space	**334.5**	**338.0**
World	**300.0**	**311.0**
Standard deviation across Atlantic space countries	**233.5**	**240.1**

Source: author calculation based on FAO Database

Figure 60: Domestic food price volatility index[7] (three-year average)

	2009-11	2012-14
Africa sub-region	12.7	9.3
Latin America & Caribbean sub-region	8.5	7.1
Europe sub-region & Canada*	8.0	7.2
Atlantic Space	9.4	7.7

Source: author calculation based on FAO Database
*Data for the United States are not available in the FAO database.

[7] The Domestic Food Price Volatility is a measure of variation of the Domestic Food Price Level Index. It has been calculated as the standard deviation (SD) of the deviations from the trend over the previous five years.

Figure 61: Prevalence of undernourishment in developing countries in the Atlantic space (three-year average in percent)[8]

Africa sub-region			Latin America & Caribbean sub-region		
	2010-12	2012-14		2010-12	2012-14
Angola	18.9	16.5	Argentina	<5	<5
Benin	11.9	9.4	Barbados	<5	<5
Cape Verde	12.1	10.6	Belize	5.7	6.2
Cameroon	11.9	10.4	Brazil	<5	<5
Congo	29.9	28	Chile	<5	<5
Côte d'Ivoire	14.5	13.7	Colombia	11.2	10.3
Democratic Republic of the Congo	<5	<5	Costa Rica	5.3	5.7
Equatorial Guinea	<5	<5	Cuba	<5	<5
Gabon	<5	<5	Dominica	<5	<5
The Gambia	7.1	5.6	Dominican Republic	15.9	13
Ghana	5.6	<5	Guatemala	14.8	15.3
Guinea	17.8	17.1	Guyana	11.8	11.5
Guinea-Bissau	22.4	22.6	Haiti	49.3	50.7
Liberia	34.7	33.4	Honduras	14.6	12.8
Mauritania	7.6	6.4	Jamaica	8.3	8.8
Morocco	5.2	<5	Mexico	<5	<5
Namibia	39.4	41.4	Nicaragua	19.5	17.7
Nigeria	6.2	6.5	Panama	13.4	10.8
São Tomé and Príncipe	5.9	6.1	St. Vincent and the Grenadines	6.4	6.3
Senegal	14.3	20.4	Suriname	8.3	8.4
Sierra Leone	27	23.5	Trinidad and Tobago	9.9	8.7
South Africa	<5	<5	Uruguay	<5	<5
Togo	18.9	14.5	Venezuela	<5	<5

Source: author calculation based on FAO Database

[8] The Prevalence of Undernourishment expresses the probability that a randomly selected individual from the population consumes an amount of calories that is insufficient to cover her/his energy requirement for an active and healthy life.

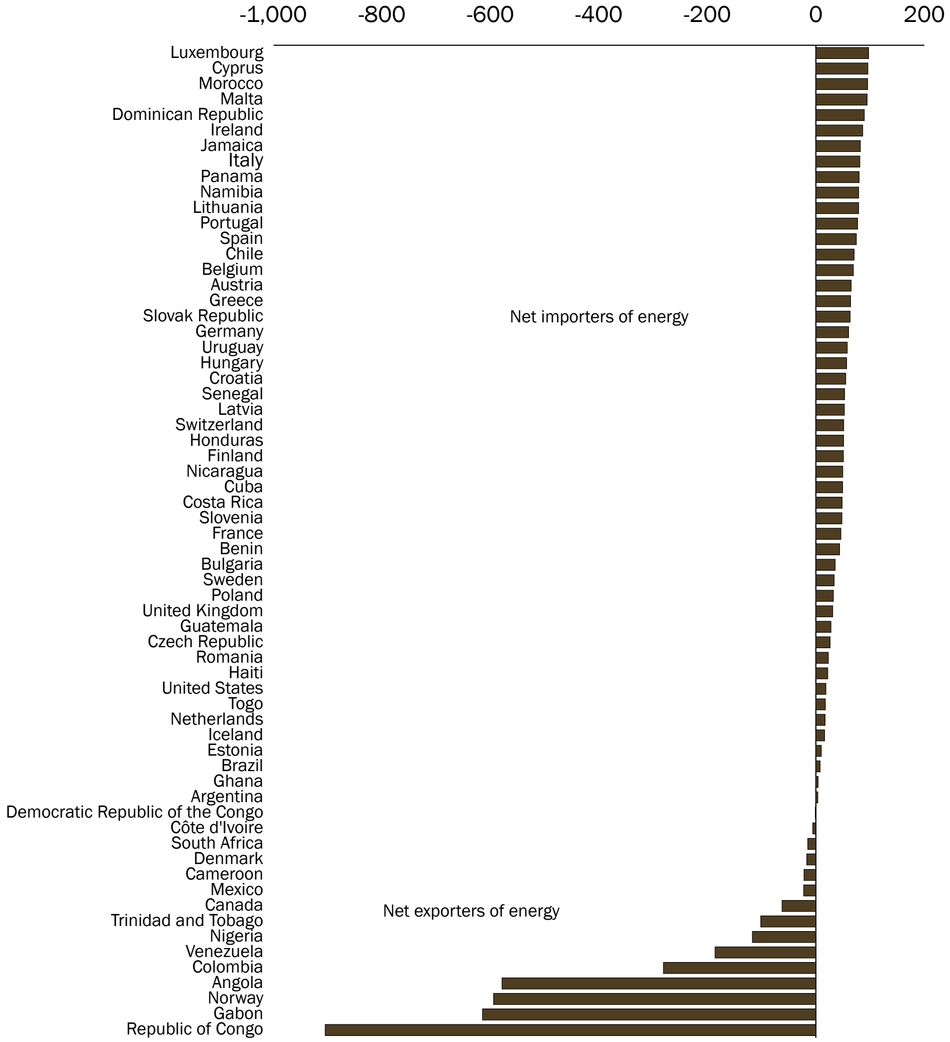
Figure 62: Value of food imports over total merchandise imports (three-year average, in percent)

	2008-10	2011-13
Africa sub-region	19.7	20.1
Latin America & Caribbean sub-region	13.8	14.1
USA & Canada sub-region	6.1	6.3
Europe sub-region	9.8	10.3
Atlantic Space*	**13.2**	**13.3**

Source: author calculation based on World Development Indicators Database, World Bank
*Counties for which data are unavailable in the WDI database are not included

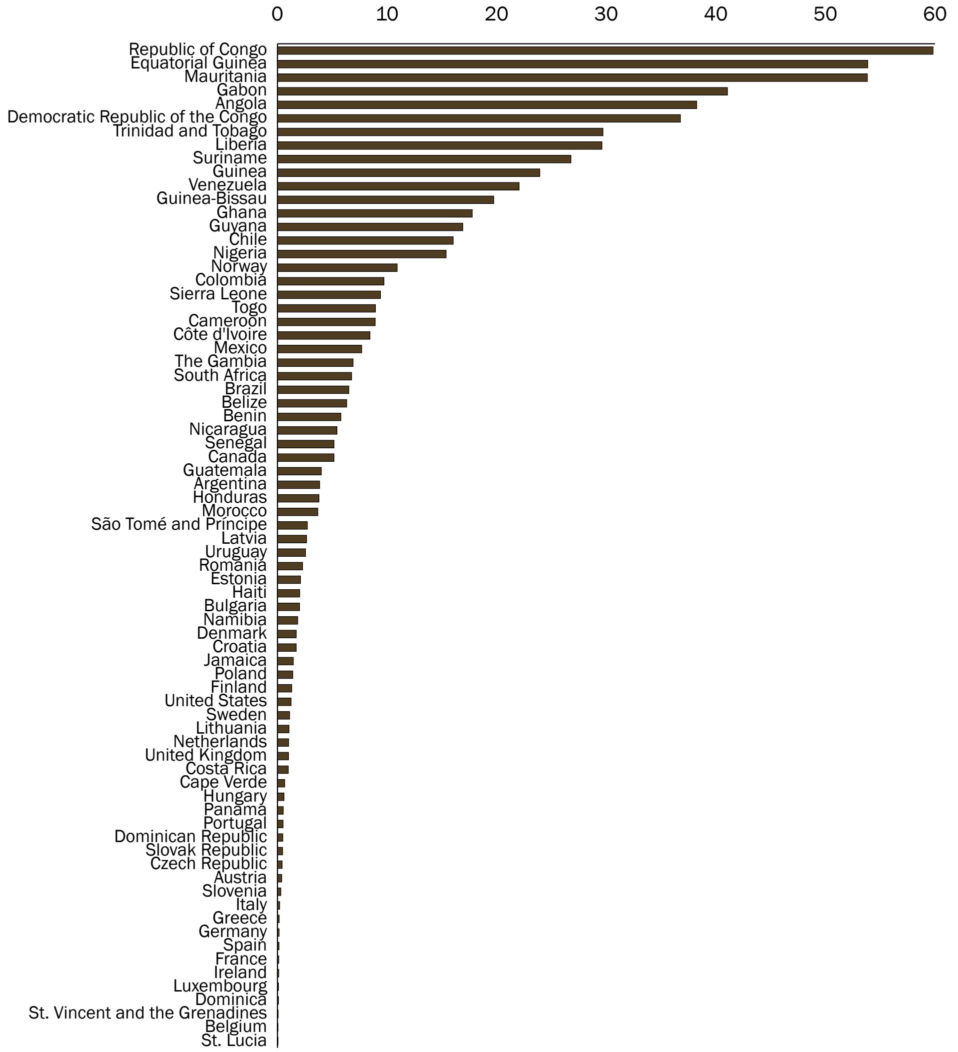
14 – Natural resources endowment

Figure 63: Energy imports, net (percent of energy use in 2011)



Source: author calculation based on World Development Indicators Database, World Bank

Figure 64: Natural resources rent by country in the Atlantic space (2012, percent of GDP)[9]



Source: author calculation based on World Development Indicators Database, World Bank

[9] Total natural resources rents are the sum of oil rents, natural gas rents, coal rents (hard and soft), mineral rents, and forest rents. Oil rents are the difference between the value of crude oil production at world prices and total costs of production.

Figure 65: Energy imports by sub-region, net
(percent of energy use, three-year average)

	2006-08	2009-11
Africa sub-region	-167.2	-149.2
Latin America & Caribbean sub-region	3.3	4.8
USA & Canada sub-region	-12.9	-18.8
Europe sub-region	30.3	32.0
Atlantic Space	**-21.5**	**-16.5**

Source: author calculation based on World Development Indicators Database, World Bank
*Counties for which data are unavailable in the WDI database are not included

Figure 66: Natural resources rent by sub-region in the Atlantic space
(percent of GDP, three-year average)

	Oil rents		Total natural resources rents	
Average by sub-region	2008-10	2011-13	2008-10	2011-13
Africa sub-region	10.7	12.3	21.6	21.5
Latin America & Caribbean sub-region	2.8	3.6	6.5	6.5
USA & Canada sub-region	0.1	0.1	3.8	3.4
Europe sub-region	0.6	0.6	1.3	1.2
Atlantic Space	**4.0**	**4.8**	**8.6**	**8.5**

Source: author calculation based on World Development Indicators Database, World Bank

15 - Institutional quality

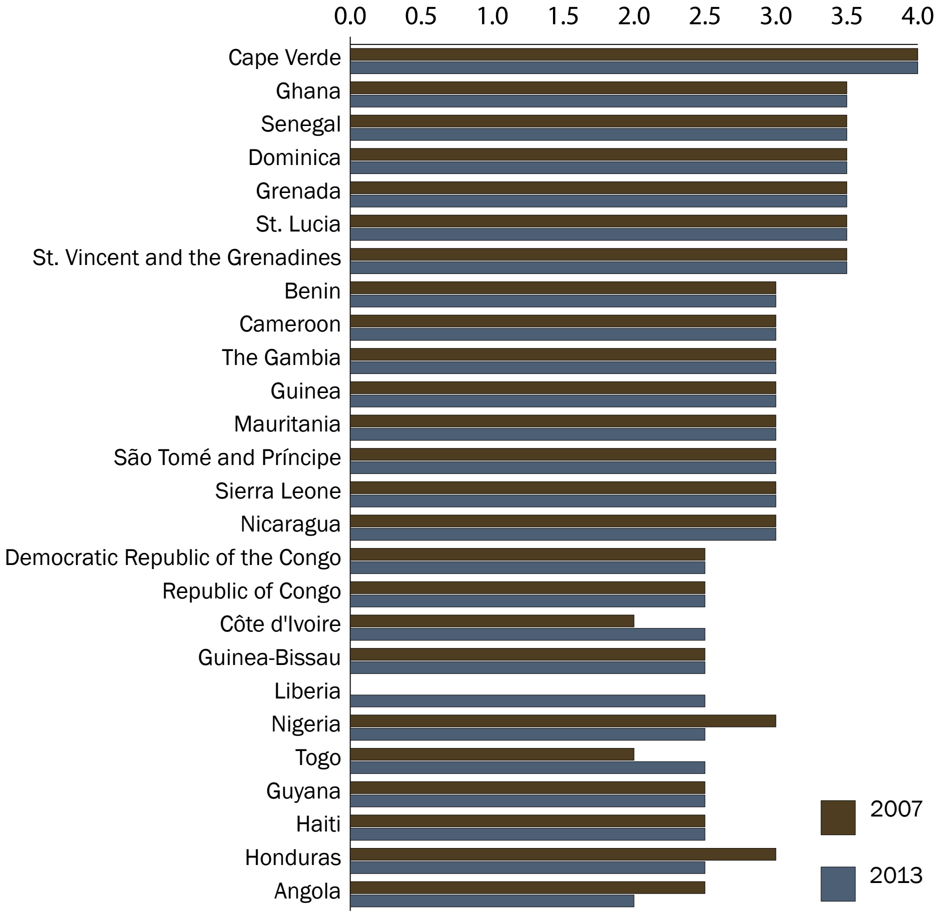
Figure 67: Corruption perception ranking by sub-region (2013)

Country	Rank	Country	Rank
Latin America & Caribbean sub-region		Europe sub-region	
Barbados	15	Denmark	1
Uruguay	19	Finland	3
Bahamas	22	Sweden	3
Chile	22	Norway	5
St. Lucia	22	Switzerland	7
St. Vincent & the Grenadines	33	Netherlands	8
Dominica	41	Luxembourg	11
Costa Rica	49	Germany	12
Cuba	63	Iceland	12
Brazil	72	United Kingdom	14
Jamaica	83	Belgium	15
Trinidad & Tobago	83	Ireland	21
Colombia	94	France	22
Suriname	94	Austria	26
Panama	102	Estonia	28
Argentina	106	Cyprus	31
Mexico	106	Portugal	33
Dominican Republic	123	Poland	38
Guatemala	123	Spain	40
Nicaragua	127	Lithuania	43
Guyana	136	Slovenia	43
Honduras	140	Malta	45
Venezuela	160	Hungary	47
Haiti	163	Latvia	49
USA & Canada sub-region		Croatia	57
Canada	9	Czech Republic	57
		Slovakia	61
		Italy	69
United States	19	Romania	69
		Bulgaria	77
		Greece	80

Country	Rank	Country	Rank
Africa sub-region			
Cape Verde	41	Sierra Leone	119
Namibia	57	Togo	123
Ghana	63	The Gambia	127
Sao Tomé & Principe	72	Côte d'Ivoire	136
South Africa	72	Cameroon	144
Senegal	77	Guinea	150
Liberia	83	Angola	153
Morocco	91	Congo Republic	154
Benin	94	Democratic Republic of Congo	154
Gabon	106	Equatorial Guinea	163
Mauritania	119	Guinea-Bissau	163

Source: author calculation based on World Development Indicators Database, World Bank

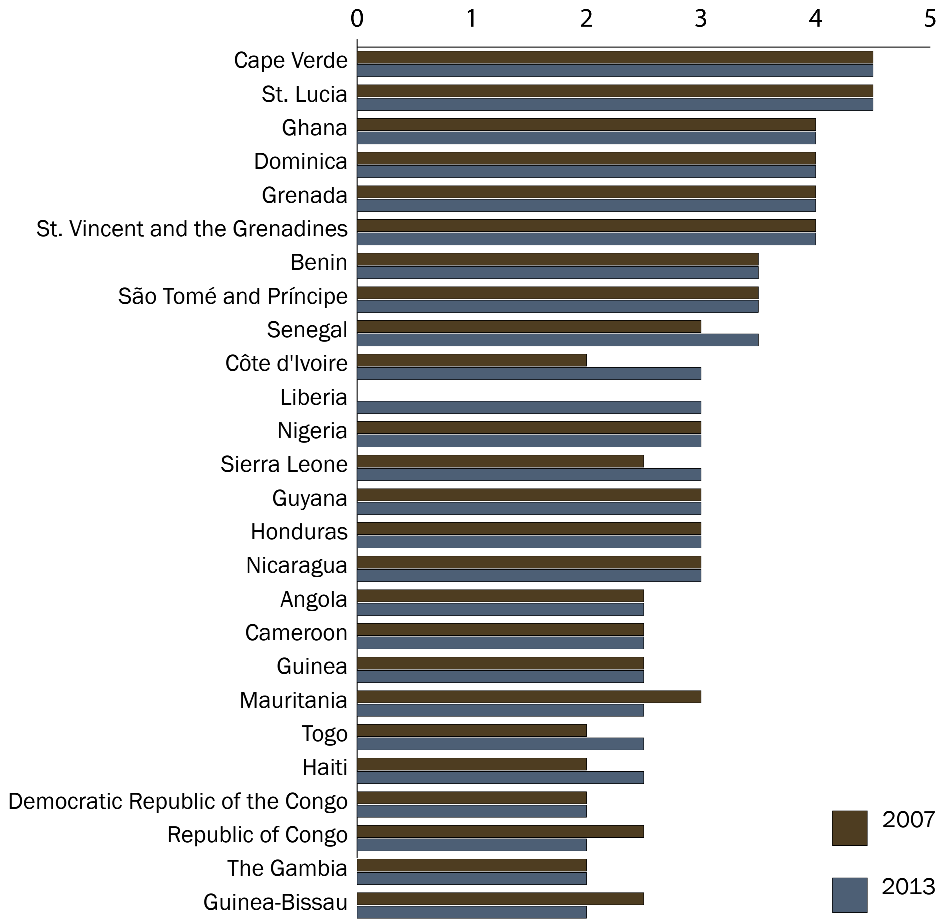
Figure 68: CPIA quality of public administration rating (1=low to 6=high)[10]



Source: author calculation based on World Development Indicators Database, World Bank

[10] The Country Policy and Institutional Assessment is a project of the World Bank that rates countries against a set of 16 criteria grouped in four clusters: 1) economic management; 2) structural policies; 3) policies for social inclusion and equity; and 4) public sector management and institutions. These two metrics are only available for a limited number of countries.

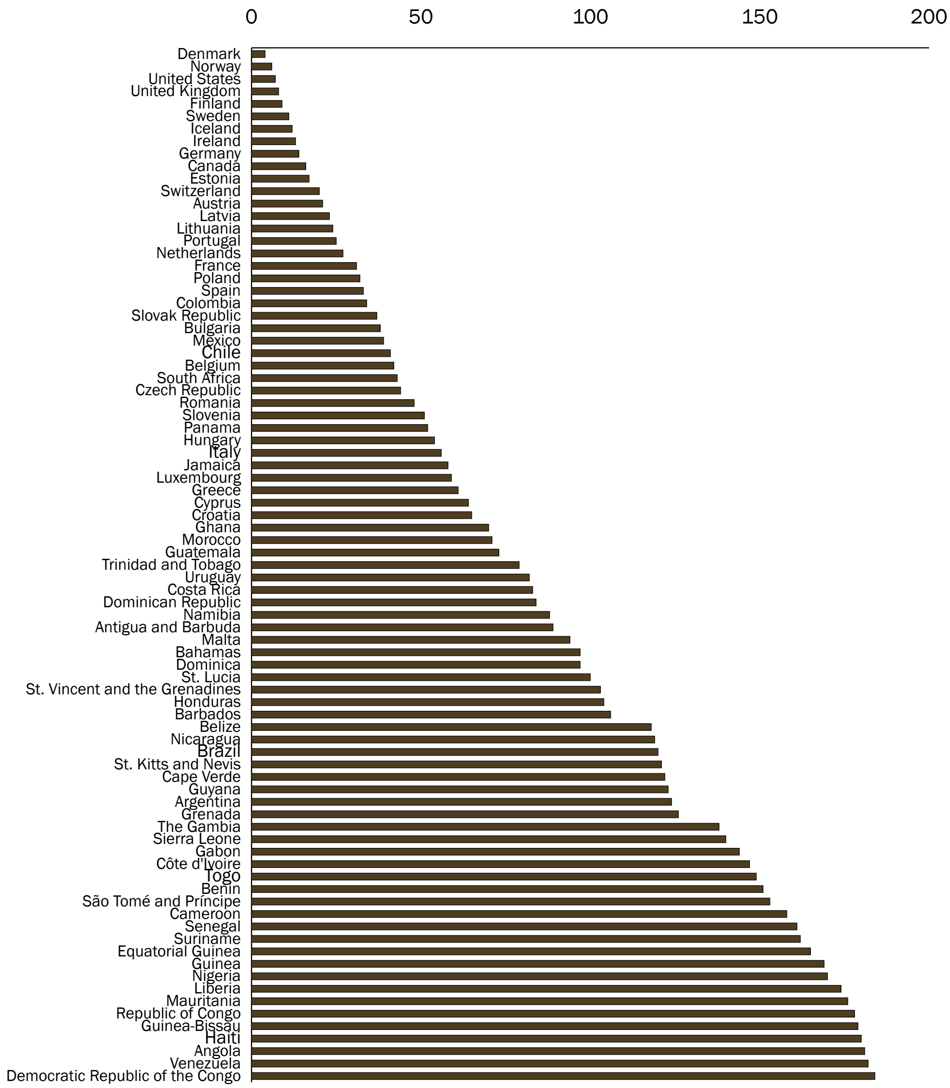
Figure 69: CPIA transparency: accountability, and corruption in the public sector rating (1=low to 6=high)



Source: author calculation based on World Development Indicators Database, World Bank

16 – Investment climate

Figure 70: Atlantic space countries ranking according to The Doing Business Project (2014)[11]

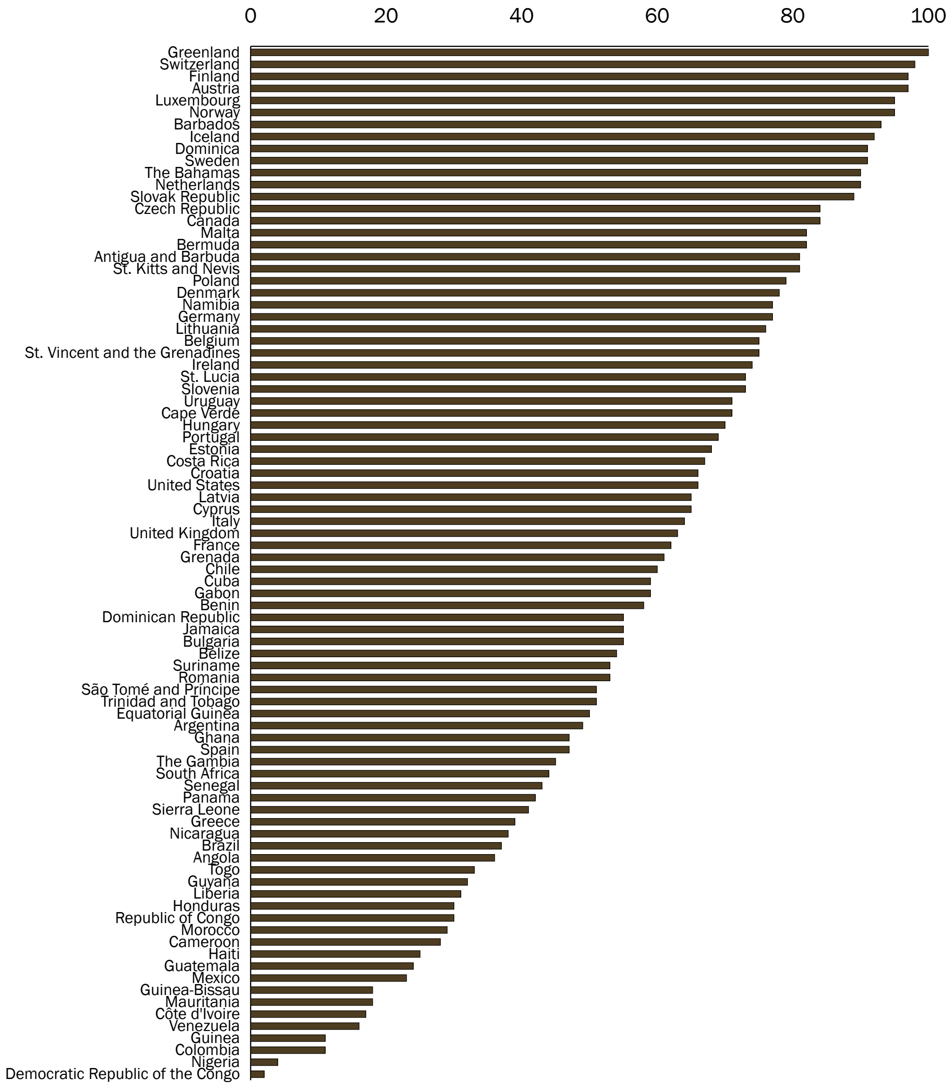


Source: author calculation based on World Development Indicators Database, World Bank

[11] Ease of doing business ranks economies from 1 to 189, with first place being the best. A high ranking (a low numerical rank) means that the regulatory environment is conducive to business operation. The index averages the country's percentile rankings on ten topics covered in the World Bank's Doing Business Project. The ranking on each topic is the simple average of the percentile rankings on its component indicators.

17 - Political stability and security

Figure 71: Political stability and absence of violence/terrorism: percentile rank (2013)[12]



Source: author calculation based on World Development Indicators Database, World Bank

[12] Political Stability and Absence of Violence/Terrorism captures perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including politically motivated violence and terrorism. Percentile rank indicates the country's rank among all countries covered by the aggregate indicator, with 0 corresponding to lowest rank, and 100 to highest rank. Percentile ranks indicate the percentage of countries worldwide that rank lower than the indicated country, so that higher values indicate better political stability and absence of violence scores.

Figure 72: Military expenditure (percent of central government expenditure)[13]

Country	2007-09	2010-12	Country	2007-09	2010-12
Africa sub-region			Europe sub-region		
Angola	16.5	14.1	Austria	2.3	2.1
Benin	6.9	7.5	Belgium	2.8	2.4
Cape Verde	2.4	2.4	Bulgaria	7.1	5.2
Democratic Republic of the Congo	7.3	10.2	Croatia	5.1	4.7
Republic of the Congo	6.7	-	Cyprus	3.4	4.9
Côte d'Ivoire	10.8	10.2	Czech Republic	4.1	3.3
Equatorial Guinea	44.5	-	Denmark	3.6	.3.
The Gambia	4.4	-	Estonia	6.9	5.4
Ghana	2.4	1.6	Finland	3.7	3.6
Liberia	2.7	3.5	France	5.2	4.7
Morocco	11.3	10.6	Germany	4.5	4.5
Namibia	11.7	11.1	Greece	6.3	4.9
Nigeria	8.5	9.5	Hungary	2.7	2.1
Senegal	9.8	9.9	Iceland	0.5	0.4
Sierra Leone	7.6	4.0	Ireland	1.5	1.2
South Africa	3.9	3.5	Italy	4.3	4.1
Togo	13.0	11.3	Latvia	5.4	3.2
Africa sub-region average	**10.0**	**7.8**	Lithuania	4.2	3.0
Latin America & Caribbean sub-region			Luxembourg	1.5	1.6
Belize	5.1	4.3	Malta	1.3	1.5
Brazil	5.7	5.7	Norway	4.6	4.2
Chile	12.6	10.5	Portugal	4.8	4.5
Colombia	15.5	13.4	Romania	4.4	3.6
Dominican Republic	4.5	4.5	Slovak Republic	4.5	3.3
Guatemala	3.3	3.3	Slovenia	4.0	3.2
Honduras	4.1	4.7	Spain	4.3	3.1
Jamaica	2.3	2.5	Sweden	4.0	3.8
Nicaragua	3.4	3.7	Switzerland	4.6	4.3
Trinidad and Tobago	2.7	-	United Kingdom	5.8	5.6
Uruguay	7.2	6.4	**Europe sub-region average**	**4.1**	**3.5**

[13] The table includes only Atlantic countries for which data are available in the WDI database.

Country	2007-09	2010-12	Country	2007-09	2010-12
Latin America & Caribbean sub-region	**6.0**	**5.9**	**Atlantic space**	**6.4**	**5.4**
USA & Canada sub-region					
Canada	7.2	7.1			
United States	18.5	17.9			
USA & Canada sub-region average	**12.8**	**12.5**			

Source: author calculation based on World Development Indicators Database, World Bank

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