# Report of the 3rd Tana High-Level Forum on Security in Africa

26 -27 April 2014
Bahir Dar, Ethiopia

**The Impacts of Illicit Financial Flows on Peace and Security in Africa**
**Bahir Dar, Ethiopia**
**26-27 April 2014**

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# Preface

This report contains an overview of the speeches, remarks and main discussion topics from the 3rd Tana High-Level Forum on Security in Africa, held on 26 & 27 April 2014 in Bahir Dar, Ethiopia. A summary of outcomes and the paper on illicit financial flows are also included in this report. The Forum sought to provide African key stakeholders with a platform to work towards effective African-led solutions to the continent's most pressing security challenges. Current and former Heads of State and Government, distinguished leaders of regional and sub-regional bodies, representatives from the private sector, concerned civil society from Africa, eminent personalities from politics and media, representatives of African and non-African multi-lateral bodies, and other important partners attended the Forum.

The Forum is organized by the Institute for Peace and Security Studies (IPSS) of Addis Ababa University. IPSS is a premier institute of higher education for peace and security studies in the region. Its mission is to promote peace and security in Ethiopia and Africa at large through education, research and professional development. The Institute produces skilled professionals in conflict prevention, management, and resolution, as well as in peace building, and promotes the values of a democratic and peaceful society.

Additional information about the Forum and resource materials can be obtained at: www.tanaforum.org.

# Purpose and Goals

The Tana High-Level Forum on Security in Africa complements recurrent formal meetings of African leaders in a collaborative manner. In the spirit of gatherings taking place under the baobab, the Forum offers space for panel discussions, interaction with the floor, and bilateral talks to share views and experiences in a time efficient, results-oriented and open manner.

One of the main objectives of the Forum is to work towards effective African-led solutions to the continent's most pressing security challenges through agenda setting and the provision of a platform for discussion. It promotes strategic and pro-active management of African peace and security issues, driven by the interest to contribute to stronger ownership of and a larger constituency for African-led solutions.

The unique opportunity given to participants consists of the exchange of experiences and insights set against a background of minimal formalities and a pragmatic limitation to an inclusive dialogue in a spirit of problem-solving. African political decision-makers interact and consult with key African and global actors within a substantive open debate on peace and security issues of strategic importance to the continent, its regional institutions and African Union member states.

# Mission

With a view to contributing to the implementation of the 2009 AU Tripoli Declaration on the Elimination of Conflicts in Africa and the Promotion of Sustainable Peace, the Institute for Peace and Security Studies (IPSS, Addis Ababa University) has taken the initiative to convene a high level forum on security in Africa. The initiative is a response to the Tripoli Declaration that appeals for "African-centred solutions", and designates peace and security as a collective "intellectual challenge".

The Tana High-Level Forum on Security in Africa is an annual Forum that brings together African leaders and stakeholders to engage and explore African-led security solutions. The inaugural Forum was held in April, 2012 in Bahir Dar on the shores of Lake Tana, Ethiopia.

The Forum is a response to the call by African Heads of State and Government for African-centred solutions in the prevention, management, and resolution of conflict. It is a unique opportunity to exchange experiences, explore shared and alternative approaches to fostering the African voice in regional and global security discourse.

The Forum is an independent initiative with an advisory board and its Deputy Chairperson is Prof. Andreas Eshete, Special Advisor to the Prime Minister in Addis Ababa, Ethiopia. Prof. Eshete commissioned the Institute for Peace and Security Studies (IPSS) of Addis Ababa University to act as the Forum's Secretariat.

African peace and security issues are normally discussed in formal meetings of appropriate institutional frameworks at AU, RECs/RMs and national levels. The Conference aims at:

- Providing opportunities to decision making leaders and institutions to exchange experiences and insights on peace and security issues among themselves in view of taking home inspiration and practical lessons.

- Giving opportunity to political decision makers to interact and consult with a broad-based African constituency as well as key global actors.

- Contributing to a substantive African open debate on peace and security issues that are of key and strategic importance to the continent and its regional institutions.

- Communicating with, and listening to, the various dimensions and components of peace and security in the continent, thus facilitating an inclusive dialogue among governments and other African security stakeholder groups.

- Sensitising and mobilising other stakeholders, actors, and the overall African opinion for large ownership of Africa-owned solutions on peace and security.

# Tana Board

The Board provides strategic oversight on the Forum as an institution, and decides on the current agenda and participation. It is comprised of eminent personalities who have demonstrated leadership, inspiration, and experience in their fields.

**Chairperson:** Olusegun Obasanjo is the former President of the Federal Republic of Nigeria from 1999 until 2007. Mr. Obasanjo serves on NEPAD's African Progress Panel to monitor and promote Africa's development. In 2008, United Nations Secretary-General Ban Ki-Moon appointed Mr. Obasanjo as his Special Envoy for the Great Lakes region.

**Deputy Chairperson:** Andreas Eshete is Professor of Law and Philosophy, UNESCO Chair for Human Rights, Peace and Democracy (AAU), and now Advisor to the Prime Minister of the Federal Democratic Republic of Ethiopia with the rank of a minister.

**Thabo Mbeki** is the former President of the Republic of South Africa (June 1999-September 2008). Mr. Mbeki is patron of the Thabo Mbeki Leadership Institute (TMALI), a partnership between the Thabo Mbeki Foundation and the University of South Africa (UNISA).

**Pierre Buyoya** is a two-term serving (from 1987 to 1993 and from 1996 to 2003) former President of the Republic of Burundi. Mr. Buyoya is the African Union High Representative for Mali and the Sahel.

**Betty Bigombe** is currently Senior Director for Fragility, Conflict and Violence at the World Bank and former State Minister for Water Resources in Uganda. For over 20 years she has been involved in negotiation and mediation efforts to resolve the long-running conflict between the government of Uganda and the Lord's Resistance Army (LRA).

**Ndioro Ndiaye** is the President of Alliance for Migration, Leadership and Development. She is also a Member of the Academy of Science and Technology of Senegal Chair of Dental Public Health of the Faculty of Medicine, Pharmacy and Dentistry of the University Cheikh Anta Diop, Dakar (UCAD). She is also former Minister for women and children in Senegal and has served as Deputy Executive Director of the Organisation for International Migration (OIM).

**Mahmood Mamdani** is one of Africa's leading academics specializing in the study of African and international politics, colonialism and post-colonialism and the politics of knowledge production. Professor Mamdani is Professor and Director of the Makerere Institute of Social Research, Kampala, and Herbert Lehman Professor of Government at Columbia University.

**Funmi Olonisakin** is the founding Director of the African Leadership Centre, which

aims to build the next generation of African leaders in the field of peace, security and development. She is also the Director of the Conflict, Security and Development Group (CSDG) at King's College London. In this role she established the CSDG Knowledge Building and Mentoring Programme that comprises the Peace and Security Fellowships for African Women and the CSDG/ECOWAS MA Studentship and Mentoring programme.

# Technical Committee

The Technical Committee advises the Tana Secretariat on the organization of the Forum. In particular, the Technical Committee aims to advise the Secretariat on process and content to strengthen the Forum's capacity to generate fruitful discussions and give participants a meaningful experience.

**Abdul Mohamed** Chief of Staff and Senior Political Advisor of the African Union High Level Implementation Panel for Sudan and South Sudan, Ethiopia.

**Alex de Waal** Executive Director of the World Peace Foundation at the Fletcher School, Tufts University, USA

**Charles Akelyira Abugre** Regional Director for Africa at the UN Millennium Campaign, Ghana.

**Charles Ugochukwu Ukeje** Reader in International Relations, Obafemi Awolowo University, Nigeria.

**Khabele Matlosa** Director of Political Affairs Department, African Union Commission, Lesotho.

**Markus Koerner** Managing Partner, African Crossroads, Germany.

**Martha Cumbi** Board Member, African Forum and Network on Debt and Development, Mozambique.

**Michelle Ndiaye-Ntab** *(ex-officio)* Director of Africa Peace and Security Programme (APSP/IPSS) and Head of Tana Secretariat, Senegal.

**Sarjoh Bah** Head, African Union Liaison Office to the Southern Africa Development Community, Botswana.

**Sheila Bunwaree** Professor, faculty of Social Sciences and Humanities, University of Mauritius, Mauritius.

# Secretariat

The Institute for Peace and Security Studies (IPSS), at Addis Ababa Univeristy, serves as the Forum's Secretariat (www.ipss-addis.org)

*Coordinator,* Helen Yosef Hailu

*Logistics Coordinator,* Berhane Abera

| Accommodation/ Catering/ Facilities Management +251-911 911 662896 | Badge and Registration +251-912 083840 | Conference Documentation and Communication +251-939 106228 |
|---|---|---|
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| Delegation Handling +251-912 660832 | Finance +251-911 627075 | ICT Management +251-912 015206 |
|---|---|---|
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| Information Desk +251-915 572254 | Immigration and Visa +251-912 492776 | Protocol and Security +251-910 040603 |
|---|---|---|
| Ms. Batseba Seifu Ms. Mekdes Mengistie | Mr. Asrat Asele | Comdr. Daniel G/Egzabhare Mr. Fana Gebresenbet Mr. Solomon Hassen |

| Transport | Rapporteurs | Ticketing |
|---|---|---|
| +251-911 964375 | +251-933 682960 | +251-927 727373 |
| Mr. Getu Mohammed (Bahir Dar) | Mr.Alemayehu Gurmu | Mr. Beakal Yejotiwork |
| Mr. Getachew Zeru (Bahir Dar) | Ms. Esther Ikubaje | |
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# Programme

<u>Master of Ceremony:</u>  **Brian Kagoro, Regional Programme Advisor, Governance and Public Administration, UNDP Regional Service Center, Ethiopia**

<u>Chief Rapporteur:</u>  **Prof. Habtamu Wondimu, assisted by Mrs. Esther Ikubaje, Mr. Justice Agbezuge and Alemayehu Gurmu and Haileyesus Muluken**

| TIME | DAY ONE: SATURDAY 26TH April 2014 |
|------|-----------------------------------|
| 08.00 – 11.00 | Arrival of participants and registration |
| **11.00 – 12.30** | **Special Event: The Annual Meles Zenawi Lecture Series: Leadership in Africa: Reflections on Nelson Mandela 's Legacy**<br><br>**By Prof. Adebayo Olukoshi, Executive Director, African Institute for Economic Development and Planning (IDEP)** |
| **12.30 – 13.30** | Lunch |
| **14.00** | **OPENING SESSION :**<br><br>**Chair: Prof. Andreas Eshete, Special Advisor to the Prime Minister of Ethiopia with the rank of a Minister and Deputy Chairperson of the Tana Forum** |
| 14.00 – 14.10 | Introductory video: Highlights of the 2nd edition of the Forum |
| 14.10 – 14.30 | **Welcome address:  by H.E. Hailemariam Desalegn, Prime Minister of the Federal Democratic Republic of Ethiopia.** |
| 14.35 – 14.55 | **Introductory remarks: ''The State of Peace and Security Africa': by H.E. Olusegun Obasanjo, Former President of Nigeria and Chairperson of the Tana Forum Board** |
| **15.00** | **SESSION I:  Illicit Financial Flows and Peace and Security**<br><br>**Chair:  By H.E Olusegun Obasanjo, Former President of Nigeria and Chairperson of the Tana Forum Board** |

| | |
|---|---|
| 15.00 – 15.30 | **Keynote Address: By Dr. Carlos Lopes, Under-Secretary General, Executive Secretary, United Nations Economic Commission for Africa (UNECA)** |
| 15.35 – 16.05 | **Discussants:**<br><br>• **Prof. Mamedou Diouf, Director, Institute of African Studies (IAS), Columbia University, USA**<br><br>• **Dr. Tassew Woldehanna, Vice-President for Research and Technology Transfer, Addis Ababa University, Ethiopia**<br><br>• **Dr Attiya Waris, Senior Lecturer, University of Nairobi, Kenya** |
| **16.10 – 16.30** | Break |
| 16.35 – 17.15 | Discussions |
| 17.20 – 17.30 | Summary of day one and setting the stage for the next sessions, **by Charles Akelyira Abugre, Development Economist and Regional Director for Africa at the UN Millennium Campaign and Chair Person of the Tana Forum Technical Committee.**<br><br>**End of day one** |
| **17.40 – 18.45** | Networking, media interviews and meetings |
| **19.00** | **Gala Dinner hosted by the Amhara National Regional State** |

| TIME | DAY TWO: SUNDAY 27TH April 2014 |
|------|----------------------------------|
| **08.30 – 9.30** | Networking Breakfasts |
| **9.35** | **SESSION II : Illicit Financial Flows and Human Security**<br><br>**Chair: H.E. Pierre Buyoya, AU Special Representative for Mali and the Sahel and member of the Tana Forum Board** |
| 09.35 – 10.05 | **Format: Panel Discussion**<br><br>**Panelists:**<br><br>• **H.E. Dr. Abdiweli Mohamed Ali, President of Puntland, Somalia**<br><br>• **H.E. Anicet G. Dologuele, Former Prime Minister of Central Africa Republic**<br><br>• **Alex Cobham, Researcher, Center for Global Development, UK** |
| 10.10 – 10.35 | Discussions |
| **10.45** | **SESSION III : Illicit Financial Flows and Natural Resources Governance**<br><br>**Chair: Eleni Gabre-Madhin, Co-Founder and Chief Director of eleni LLC, Ethiopia** |
| 10.45 – 11.15 | **Format: Panel Discussion**<br><br>**Panelists:**<br><br>• Alex de Waal, Director, World Peace Foundation, USA<br><br>• Mr. Nuhu Ribadu, Former Chairperson, Economic and Financial Crimes Commission, Nigeria<br><br>• Kojo Busia, Ph. D., Snr. Mineral Sector Governance Advisor, African Mineral Development Centre/AMDC, United Nations Economic Commission for Africa/UNECA |
| **11.15 – 11.30** | Break |
| 11.30 – 12.00 | Discussions |

| | |
|---|---|
| 12.05 – 12.15 | **Summary of day two by Dr. Funmi Olonisakin, Director, African Leadership Centre, King's College, London** |
| 12.20 – 12.40 | **Reflections on the Forum and theme from an African Union Perspective:** |
| | **Chair: El Ghassim Wane, Director of Peace and Security Department, African Union Commission, Ethiopia** |
| | **Dr. Khabele Matlosa, Director of Political Affairs Department, African Union Comission, Ethiopia** |
| 12.45– 13.00 | **Closing Remarks by H.E. Olusegun Obasanjo** |
| **13.00** | End of the Forum |
| **13.15** | Lunch |
| **16.00** | Departure to Addis Ababa |

# Introductory Speeches

## Opening Address By H.E Hailemariam Desalegn

Prime Minister of the Federal Democratic Republic of Ethiopia

*Excellency Field Marshal Omar Hasan Ahmad Al-Bashir, President of the Republic of the Sudan*

*Excellency Mr. Salva Kiir Mayardit, President of the Republic of South Sudan*

*Excellency Former President Olusegun Obassanjo, Board Chairman of the Tana High Level Forum*

*Excellency Former President Pierre Buyoya*

*Excellency Mr. Abdiweli Mohamed Ali President of Puntland*

*Excellency Mr. Gedu Andargachew, President of the Amhara Regional State*

*Distinguished Guests*

*Ladies and Gentlemen,*

*On behalf of the people and government of Ethiopia and myself, I would like to welcome you to the city of Bahir Dar.*

As you all know, Addis Ababa used to be the monopole host of platforms where African and global leaders congregate to deliberate and decide on issues which are closer and important to the peoples of the continent and the world. The decision by the Tana High Level Forum on Security in Africa to conduct its deliberations in the beautiful city of Bahir Dar was indeed a welcome detour.

More important than breaking ground, however, is the ability of this Forum to remain a place where relevant and serious problems are interrogated with a view to helping inform our quest for African-led solutions. The fact that it has continued attracting various stakeholders and leaders by addressing issues which are very central to peace and security in Africa is indeed encouraging.

The last two editions addressed issues of managing diversity and state fragility as well as organized crime. For its third edition, it is rather fitting that the Forum chose an equally, if not more, significant African peace and security issue, that of illicit financial flows.

Africa and its people are bleeding. We are losing resources which could easily lift out of poverty hundreds of millions of our people. Estimates vary. But many indicate that it is simply and massively intolerable.

It is reported, for example, that the cumulative outflow between 1980 and 2009 range from $1.2 trillion to $1.4 trillion. Even this excludes the loss through drug trafficking and smuggling. It is an amount which exceeds what Africa gets in development assistance and foreign direct investment. Contrary to commonplace perception, Africa is a net creditor to the world if you take account of illicit financial flows.

The outflow takes different routes and forms. Again here the reality is that Africa is losing more through international trade and multinational companies than through bribery and embezzlement. Because of weak institutional and human capacities, companies could easily and without being recognized and taxed transfer much of their profit originating from Africa. This realization should not in any way diminish our effort and determination to addressing state corruption.

The amount we in Africa are losing through these scams is staggering indeed. To give you a sense of proportion, let me point to one area we cherish most in my government. We, in Ethiopia, have set a very ambitious target of becoming a low carbon middle income country by 2025. Significant financial resources will be required to realize this. We estimate that our target requires an investment of about 150 billion USD, mainly on infrastructure, and social services. Much of the financial resources are needed in foreign currency. Now everybody agrees that this is a very ambitious target.

But when you consider this much needed-investment in light of the figures on illicit financial flows, one can get the sense of the relative ease with which countries in Africa, including Ethiopia could have saved and improved lives. Excessive outflow means much delayed realization of such development targets as child mortality reduction and poverty eradication. According to some estimates, it could delay the realization of some of the targets by more than twenty years.

With such outflows in check, we will also be able to adequately self-finance and strengthen regional and continental organizations and processes that play important role in maintaining peace and security.

The size of these resources which Africa is being robbed of also indicates how national development gains could easily be reversed. The unfortunate truth is that there are people and organizations that feed on and flourish in and as a result of conflicts and poverty in Africa. They get powerful and entrenched as the size of and the ease with which financial resources flow informally and illegally grow.

What could be done as a way of rising to the challenge, among others, is what we will be deliberating today and tomorrow. By way of a general statement, however, I should point out that the first step in controlling this hemorrhaging that is threatening our peace and security is to recognize the push and pull factors at work. Individual countries in Africa can do a lot by identifying and managing the push factors.

We in Ethiopia very much recognize the urgency of totally replacing a rent-seeking political economy, of which this massive loss of resources is just a symptom, with a productive and developmental one. On a continuous basis we do audit processes and practices for their vulnerability to rent-seeking behavior. Accordingly, we have identified and prioritized sectors such as tax and land administration systems, trading regimes and public expenditure and procurement for corrective and preventative reforms. From year to year we are improving on our tax collection capacity. We will continue to work to strengthen our legal and institutional frameworks for the detection and control of illicit financial flows.

The problem has various manifestations and some are more debilitating than others in terms of their effect on Africa's efforts to extricate itself out of poverty. Let's take one example. Budget revenues have increased significantly in many African countries in recent years.

In our particular case, we have managed to increase our revenue significantly through a series of institutional reforms we undertook over the last two decades. Tax collection has increased significantly in many African countries including, of course, Ethiopia. Still much more can be done by improving collection of tax revenues.

One of the difficulties for improving tax collection comes from illegal transfer of money from Africa to Europe, North America, and these days to the Middle East. There are those, mainly multinationals, who use all kinds of seemingly innocuous instruments to avoid paying taxes. Despite the best of our efforts to stem the tide of this challenge however, we still continue to lose billions of dollars that end up lining the pockets of crooks of all shapes and colors. We need all the knowledge and institutional capacity to be able to address this challenge.

The problem of Africa is not only tax avoidance, however. Equally, and in a number of countries where multinationals are practically non-existent, there is the additional problem of tax evasion, which is, of course a criminal act. This particular problem is bleeding African economies and needs to be tackled as resolutely as possible.

Globally speaking, illicit financial flows are not just zero-sum activities. They are negative-sum. Significant resources are wasted in the process of transfer; resources that could have been used productively. That also forms part of the case for the coordinated national and regional actions. However much individual countries might do, the fact is, it is not enough. The pull factors must be taken care of. That is where regional and international coordinated efforts are needed. A very transparent financial, corporate ownership and public procurement systems at country level will not be effective when countries even in

Africa are—wittingly or unwittingly—jostling to join the league of tax havens and offshore financial centers. That is where regional and international coordinated efforts are needed. Without coordination, countries might resort to some kind of 'race to the bottom', compounding the problem.

I believe there is no denying that at the heart of any lasting solution is the imperative to put in place a transparent and accountable governance structure both at national and global levels. The more transparent our workings are, the less the likelihood of our much needed resources falling through the cracks created by inefficient governance regimes will be.

I am also hopeful that, during our deliberations, we will be able to marshal the necessary force and informed position required to tackle the problem. This will, among other things require that we somehow find a way to access and share information of illicit transfer of money to foreign banks.

For instance, African countries need access to information about foreign bank deposits of foreign or domestic companies at home—deposits that are made outside their jurisdictions particularly by people who engage in tax fraud in Africa through avoidance or otherwise—whether businessmen or politicians. It is my hope and expectation that this debate that we are going to have will further inform our quest for a way out of this challenge.

In closing, I would like to take this opportunity to express my gratitude to the People and Government of the Amhara Regional State for the warm hospitality they have always extended to the participants of the Forum. Once again I would like to express my appreciation to the advisory board and the secretariat which have made this edition possible. And I wish you fruitful deliberations and memorable weekend here in Bahir Dar. Last but not least, I would like to thank the Management and employees of the Avanti Blue Nile Hotel for their warm welcome and excellent hospitality.

*I thank you.*

# The State of Peace and Security in Africa

By H.E. President Olusegun Obasanjo

Chairperson of the Tana High-Level Forum

*Excellencies, African Heads of States and Government here present,*

*Excellencies, African former Heads of States and Government,*

*Representatives of the African Union,*

*Representatives of the Regional Economic Communities Present*

*Members of the Diplomatic Corps,*

*Representatives of International Development Partners,*

*Our friends from the Media and Civil Society Organisations*

*Distinguished participants,*

*Ladies and Gentlemen*

We are, once again, gathered here in Bahir Dar for the third time to celebrate the continuity of the Tana Forum, one of the ideas closest to the heart of the late Prime Minister of Ethiopia, H.E. Mr. Meles Zenawi. We are not only celebrating the achievement of this young forum, but also to realistically examine the peace and security challenges facing our continent.

*Excellencies,*

*Distinguished participants,*

Recent developments and security threats in Mali, Central African Republic, Nigeria, not forgetting South Sudan and what we commonly call the endless conflicts in Somalia and the Great Lakes, are alarming. The African Union at its 50th Anniversary Solemn Declaration pledged not to bequeath to future generations of Africans a legacy of wars and conflicts by silencing the guns by 2020. But 2020 is around the corner. What is the way out of this situation? I'm asking this question to prompt your response to a call for action.

Let me begin with a brief overview of the current state of peace and security in the continent.

Our continent has no doubt witnessed some transformations in the last decade or two, ranging from advances in the use of communication technology, to rapid economic growth triggered by expanding market for Africa's commodities; and a burgeoning youth population able to innovate in this environment.

At the same time, our potential to translate these transformations into stable peace and development for African people is hampered by the continuing threat of armed conflict, along with its transmutations. Armed conflicts have become a recurrent reality in Africa since independence. From 1960 till present, fifty percent of African states have been ravaged by one form of conflict or the other. The post-Cold War resurgence is particularly disturbing.

Peace and security scholars have attempted to classify armed conflicts on the continent into various categories – some of which understandably only feature in our discourses in a historical sense. Let me provide you with some sense of this categorisation if only as an indication of how far we have come as a continent:

- First: Post-colonial conflicts arising from agitations for liberation from the control of colonial settlers in countries such as Namibia (1990), Zimbabwe (1980) and apartheid in South Africa (1994);

- Second: Boundary and territorial conflicts such as the Angolan Bush War in South Africa, from 1966 to 1989; and the Algeria-Morocco conflict over the Atlas Mountain area in 1963,the territorial tensions between Ethiopia and Eritrea, (1998-2000), Kenya-Somali war (1963-1967), Somali-Ethiopian conflict (1964-1978), Egypt-Libya conflict (1977), and the Cameroon-Nigeria conflict over the disputed Bakassi Peninsula(1994)– the settlement of which I was part of.

- Third: Conflicts linked to secessionist ambitions such as the case of Sudan and South Sudan from 1983-2011, the age-long Cassamance rebellion in Senegal, the Cabinda agitations in Angola; and the Biafra civil war in Nigeria 1967-1970.

- Fourth: Resource-based conflicts such as the Sudan and South Sudan conflict over the Abyei region, Congo Brazzaville conflict in 2007, the Angolan conflict,and the Senegal/Mauritania conflict of 1989;

- Fifth: Identity-based conflicts such as inter-ethnic or inter-tribal conflicts. Examples of these are the 1994 Rwandan Genocide, the Burundi massacre, the Tuareg uprising in Mali, clan fighting in Somalia and Liberia,Algerian Berbers fighting against the ruling Arab class in Algeria, and the ongoing South Sudan conflict;

- Sixth: Annexationist conflicts: such as the occupation of the Western Sahara by Morocco in 1975, and British Southern Cameroons in 1961.

- Seventh: Poverty, denial and perceived or real injustice induced conflicts like the militancy in the Niger Delta of Nigeria or the current Boko Haram insurgency.

Even though a substantial decline in the occurrence of inter-state conflicts including many of those I just mentioned was experienced in the 1990s, an alarming rise in the number of intra-state conflicts and what some scholars refer to as new wars in their various forms and shades is taking place.

By nature, these conflicts tend to be more intense and intractable. They range from large-scale warfare to low intensity conflicts; and of late we have seen how public protests and people"s movements can set off a chain of violent even if transformative events.Over the past years, countries such as Algeria, Tunisia, Libya, Egypt, Angola, Democratic Republic of Congo, Republic of Congo, Ethiopia-Eritrea, Guinea Bissau, Liberia, Rwanda, Sierra Leone, Somalia, South Sudan, Sudan, Uganda, Mali, Central African Republic and Nigeria have witnessed one form of escalating conflict or the other with their attendant consequences. Some of these countries are still undergoing heart-wrenching episodes of violence, even as I speak.

The gory events of the last month of 2013 in South Sudan and the horror witnessed on the streets of Bangui in Central African Republic attest to this and in my view should challenge our resolve as Africans to silence the guns in these places forever.

*Excellencies,*

*Ladies and Gentlemen,*

Further additions to these are growing and menacing terrorist activities and insurgencies taking place in Somalia, Mali, Kenya and North Eastern Nigeria till date. In some respects, these conflicts and forms of insecurity are not as new as some peace and security scholars might claim. For one, their root causes and triggers are not necessarily new. We have long spoken about the structural violence that underlines armed conflict. The Constitutive Act of the African Union pays particular attention to this.

We have also noted that the triggers of these conflicts are numerous and interwoven. I highlight three major categories here just as an illustration:

- Politically, poor governance, state building processes such as struggle for control of power and unconstitutional change of government remain key conflict drivers.

- Economically, corruption, struggle for ownership, management and control of natural resources, as well as unequal distribution of these resources constitutes major factors that trigger conflicts across the continent.

- Socially, inadequate capacity for diversity management, the real or perceived inequality and discrimination against minorities, marginalization along ethnic and religious lines as well as the alienation and consequent disillusionment of the youth are further additions.

Internationally, colonial legacies, and foreign interference in political transition and governance have equally triggered conflicts.

But what is indeed new is the pattern of mutation of old conflicts. As a result, we sometimes see their manifestation in more extreme forms of militancy. To be certain, this extreme expression of violence is not the preserve of Africa. However, while it is tempting to conclude that what we are

experiencing is copycat stealing of "narratives" from all over the world, we must reflect on how deeply militant groups believe in those narratives.

Initial evidence suggests that despite a copycat method of expression, these are reactions to local rather than global conditions. We now know that we cannot ignore the "power of Africa"s streets" both in its violent and non-violent manifestations. The phenomenon in which largely young populations, take to the streets to voice their feelings of exclusion through mass non-violent protests; and another phenomenon in which a form of socialisation causes young people to throw bombs on themselves and are ready to kill deserves closer attention.

As a result, we see the threat landscape changing. We therefore must ask ourselves whether this threat landscape is changing fundamentally and whether we are still looking at the right framework for addressing the breadth of security challenges confronting the continent.

*Excellencies, Distinguished participants, Ladies and Gentlemen,*

The consequences of conflicts in their various manifestations on state, human and collective security are enormous and I therefore call on you to muster the necessary resolve and determination to ensure that these deadly conflicts and their negative consequences on our citizens becomes a thing of the past.

Politically, Africa's ability to establish secure, democratic, and economically prosperous states is being hampered. State institutions and infrastructures are eroded

thereby undermining the integrity of the state. Formal economies have collapsed giving room for the rise of shadow states where warlordism, impunity, and criminality thrive.

Socially, the humanitarian dilemma across the African continent is huge. The incalculable loss of human lives, the damage to material infrastructure and environmental resources and the massive flows of refugees and internally displaced persons is a scar on our conscience.

Economically, the loss of income and assets, damage to infrastructure,diversion of resources from socio-economic development to peacekeeping, collapse of trading systems, cuts in social spending and capital flight, are some of the negative consequences of these armed conflicts.

Our actions as decision makers, private stakeholders and civil society should complement the relentless efforts of National governments, the African Union, Regional Economic Communities and the international community on the prevention, management and resolution of these conflicts.

National governments have adopted several measures, policies and initiatives to enhance peace and security in affected countries.

At the regional level, the Economic Community of West African States (ECOWAS) have, in accordance with the Constitutive Act of AU, consistently condemned unconstitutional changes of governments in the region, imposed sanctions against defaulting member states and facilitated mediation processes in these conflicts. They have

equally deployed peacekeepers and human rights observers to conflict affected countries.

The Inter-governmental Authority on Development"s (IGAD) also intervened in resolving conflicts in Sudan, South Sudan and Somalia.

At the continental level, the African Union since its transformation from the OAU to the AU in 2001, embarked on a paradigm shift from its principle of non-interference to a principle of non-indifference and the right to intervene. Guided by the principle of „"African Solutions to African problems"" the AU has taken significant actions to enhance peace and security in the continent. The adoption of the Protocol Relating to the establishment of the Peace and Security Council in December 2003 and its framework for conflict prevention, management and resolution in Africa: the African Peace and Security Architecture (APSA) are commendable.

The AU has undertaken several peacekeeping missions in Burundi, Comoros, Somalia, Darfur and Central African Republic with significant results. I will not forget to mention the evolving AU Agenda 2063 which places balancing state and human security as one of its core priorities, The African Common Position on the Post-2015 Development Agenda which explores the interconnectedness between peace, security and sustainable development and the African Governance Architecture (AGA) which aims at promoting good governance for sustainable peace and security.

At the global level, the United Nations have supported the restoration of peace and security in Africa through the adoption of

various resolutions, which established various peacekeeping missions across the continent. These efforts have been supported by financial and technical support of various development partners and non-state actors across the globe.

Would these efforts be enough to eradicate conflict by 2020? Certainly not, we need to do more. Much also depends on our ability to engage in hard collective thinking and "horizon scanning" in ways that enable us to inject flexibility when required, into our existing response frameworks. The Tana Forum offers an important contribution to aprocess of collective thinking.

*Excellencies, Distinguished participants, Ladies and Gentlemen,*

If we must achieve sustainable peace in Africa, the following non-negotiable priorities to fast-track the implementation of already existing mechanisms are of utmost importance:

First– Democracy and good governance must form the basis of management of affairs of every country in Africa. Peace, security and good governance are fellow passengers.

Second-African leaders and decision-makers must re-affirm their commitment in terms of resources and demonstrate the political will required to ensure the operationalization of an African-owned APSA. African Solutions will ring hollow if we fail to fund our initiatives and programmes.

Third- The implementation of the African Governance Architecture must be accorded the needed priority as APSA and AGA are two sides of one coin. While AGA focuses on broader questions of governance, APSA

places emphasis on the mechanisms for conflict management, resolution and peace-building. These two must work together to bring about peace and security in the continent.

Fourth-All components of APSA should be equally implemented for a more coherent and comprehensive approach to managing peace and security in Africa.

Fifth-African stakeholders; government, private sector, civil society must make concerted efforts to support existing mechanisms and initiatives, building strong infrastructure of government and viable institutions.

*Excellencies, Distinguished participants, Ladies and Gentlemen,*

Your presence here today emphasizes once more Africa"s collaborative commitment to this course. This gives me confidence that we will succeed. A pivotal moment is now upon us, the long-running debate on achieving sustainable peace and security in Africa is like running a marathon. Implementing existing frameworks and initiatives will require resilience, dedication, resources, and patience, perhaps more patience than we would like. The Africa that the Chairperson of the African Union Commission, H.E. Dr Dlamini Zuma spoke of so optimistically in her email of the future presented at this year"s African Union Summit is achievable. And we must all set our minds and put our hands together to achieve this imperative order for Africa.

I conclude with these words from the late President Nelson Mandela: 'It always seems impossible until it's done.' Let us press on in this conviction therefore strongly and consistently, towards our goal of achieving sustainable peace and human security in our dear continent, Africa.

I thank you.

# Keynote Address

By Carlos Lopes

UN Under-Secretary-General and Executive Secretary of UNECA

*Excellencies,*

*Distinguished Ladies and Gentlemen*

I would like to thank the organizers for inviting me to participate in this forum. Allow me to start by acknowledging the Tana Forum's initiator, the late Prime Minister Meles Zenawi, foresight, for making reflection an hallmark of his contribution. My congratulations go to the Addis Ababa University's Institute for Peace and Security Studies and the distinguished Forum's Board, for their mark in the area of peace and security studies in Africa. I am very grateful to be given the opportunity to contribute to this forum's tradition of robust intellectual debate. This year's gathering is particularly timely given that the High Level Panel on Illicit Financial Flows, chaired by President Thabo Mbeki, is just about to finish its report. The opportunity to hear the insights on the Panel's work from its Chair would have enriched and deepen our discussions. Please patiently wait for the opportunity when the report is unveiled in June.

*Excellencies,*

*Dear Participants*

Since the early 1990s, most African countries have witnessed varied democratic transitions. Almost all democratic transitions have had to navigate the complexities and challenges of managing diversity in its various forms: the distribution of power and characteristics of political structures; issues of ethnicity and religion; definition of citizenship; or rights and concerns of marginalized groups.

Even where governments have reformed

their institutions, or put in place policies and legislation to better manage diversity, unresolved conflicts linger.

Central elements to consolidate democratic transitions require analyzing and addressing issues related to the quality of elections, promoting diversity in constitutions, understanding how deeply embedded diversity should be in the public space and institutions, as well as ensuring state capacity to mediate and rise above sectarian interests. Conflict-ridden elections in many countries illustrate the distance that some African countries still have to go in managing diversity and the importance of improving electoral processes to uphold fair, inclusive and democratic elections. However, the biggest mistake of all is to believe elections are a silver bullet for resolving the challenges of national cohesion. Often the naive thought that one just needs to ask for a vote to solve all problems has contributed to the exacerbation of entrenched positions and provoked polarized political tension. The lack of accompanying elements fomenting social cohesion can have a vicious effect on any stated will of inclusiveness. In many African countries human insecurity can certainly be linked to bad governance and lack of democratic practice. When democracy provides the means for conflict resolution, by ensuring that points of view are given a fair hearing, it plays a stabilizing role. The way this is done, though, is important. Like in any social construct the simplification of a blueprint is not the appropriate answer. Groups should feel that their rights are protected and that their economic interests can be fulfilled, so they do not resort to conflict to break or assert a claim to self-determination.

**Lesson one** is the fact that mismanagement of diversity is the nest of adversary attitudes and contributes to fomenting conflict.

*Dear participants,*

Evidence suggests that Africa is losing significant resources through illicit financial flows. Annual estimates have ranged from US$20 billion before 2000 to US$50 billion in the last decade. Obviously, the hidden nature of these flows has a devastating impact on tax revenues and public spending capacity. The continent is being deprived of huge financial resources needed to boost investment on infrastructure and services delivery, undermining State's hopes for a distributive economic and social development agenda. Regulating such staggering sums of illicit outflows has become one of the main challenges for structural transformation.

Because illicit financial flows are intentionally hidden from the plain view of countries' financial authorities, and their records, their impact and consequences are underestimated in many counts, namely regarding peace and security. In fact, there is a strong nexus between illicit financial flows and conflict. Illicit financial flows of all types are associated with either ineffective state functioning or illegitimate use of state authority. They present a threat to governance, by undermining both political institutions and confidence in them. They weaken safeguards when tensions arise. Equally, conflict undermines institutional resilience and governance systems designed to address inequalities, or corruption hindering the incentives for long-term investments, over short-term rent-seeking activities.

**Lesson two** is that illegal and illicit economic transactions are contributing greatly to brew conflicts.

*Dear participants,*

Fuelled by the geopolitics of the cold war, almost half of the Africa's countries experienced some form or level of violent conflict during the post independence era. That included civil wars, armed insurgencies, coup d'états, regional rebellions and social unrest. Many of these had far reaching domestic and international impact. The civil wars in Ethiopia, Sudan and Congo (Zaire) for example, led to strong challenges to the countries central authority. Separatist movements shook the political and territorial integrity of countries such as Angola, Comoros, Congo (Zaire), Mali, Mozambique, Nigeria, Somalia, and Uganda.

According to the Uppsala Conflict Data Programme (UCDP) there is a diminishing trend of conflicts and wars in Africa, since the 1990s, when the Rwanda genocide, the Ethiopian-Eritrean border dispute and the civil wars in Algeria, Angola, Chad, the Congos, Côte d'Ivoire, Liberia, and Sierra Leone provoked mass casualties. Yet, according to a IANSA/Oxfam/SaferWorld study, between 1990 and 2005, the cost of conflicts in Africa has reached the staggering amount of $284 billion, or an average of $ 18 billion a year. Since the turn of the century, with the exceptions of the 2004 Gatumba massacre in Burundi, the Darfur conflict and the perennial Somali war theatre, complex conflicts have not only been on the decline, but the very nature of warfare is also changing. Conflicts are now typically smaller and the numbers of conflict related deaths have diminished significantly. They are exhibiting, nevertheless, cross-border dimensions, while increasingly drawing their funding from illicit trade, banditry, and international terrorist networks.

Despite the ongoing responses to the conflicts by continental and international organizations, Africa's growing political space and influence has not always been leveraged to quell its conflicts. Most internal conflicts in Africa can be traced to contestations over political legitimacy, national identity, state building and distributive justice, often interconnected. In addition, natural resources have been at the forefront of provoking conflict for resources control.

The involvement of the external interests has had serious consequences for domestic and regional security. A plethora of initiatives have not necessarily provided adequate solutions to the quest for peace and security. It is true that some intractable conflicts are hard to resolve, because their underlying causes are often deeply entrenched and complex.

Conflict resolution strategies that fail to account for that complexity are likely to be ineffective. Quick wins have proven deceptive. The Rwanda and Somali wars are credited to have contributed, together with the Bosnia conflict, for the overhaul of a faltering peace keeping doctrine. It is fair to say these changes played a part in the drastic reduction of wars. It is less clear whether they reduced other forms of conflict that persist and demonstrate we are facing a new moment of truth.

Over the last decade, Africa has begun to reap the effects of a peace dividend.

Fewer conflicts have generated growth and opportunities. For some countries the end of conflict has become synonymous with the availability of fresh resources, previously devoted to military expenditure; contributing to the stimulation of economic activity.

The challenges are shifting to human security, the increase of intra-states conflicts and emerging transnational threats. The multiplication of domestic insecurities highlights new trends, such as radicalism, drugs and human trafficking, all with trans-border dimensions. For instance, Boko Haram networks with Al Qaeda in the Maghrib and Al-Shabab. Drugs' trafficking explains the vitality of Sahara-based rebel groups. The Libya military and political developments have created a space for the proliferation of trans-border arms trafficking.

Despite relative stability across most of the continent, these trends do not help remove the longstanding negative perception of Africa.

For instance, although we are aware of individual conflicts in Asia we tend to look at them in isolation. Thus in the Philippines we know of the insurgency in Mindanao, or the Aceh insurgency in Indonesia, while in Malaysia there is the Sabah province conflict not to mention border clashes between Thailand and Cambodia, and many others. Even rising India has the Naxalite insurgency and issues of Kashmir to attend to, while South Korea sits on the border of a belligerent sister state. The Rohingya of Myanmar is one the many groups discriminated in a country engulfed in a war with minorities. Despite the widespread nature of these conflicts that region is not branded as unstable but rather seen as a dynamic contributor to global growth.

It is true that in Africa we have pervasive conflicts such as the ones in the Great Lakes Region and Somalia, but these we hope are the remnants in a changing reality. In other words, though the trend of conflict in Africa is downwards and the caseload is comparable to Asia, the global perception continues in many minds to be one of an Africa beset by crisis and a risky place for making investments. It is due in no small part by the fact that the nature of African conflicts and their world exposure attracts a different perception.

These and other factors have made it more difficult for the continent to attract foreign investment and mobilize adequate and sustained levels of domestic resource mobilization. It is as if the nature of Africa makes it more attractive to speculators. The vulnerabilities of African States and the widening size of illicit flows are increasing the incentives for criminal activities.

**Lesson three** is that unless we contribute to change negative Africa's brand and the reason for its persistence, Africans will consume other's narrative about the continent.

*Dear participants,*

Not all conflicts are motivated or caused solely by economic imperatives. In some countries conflicts have been fuelled by political or social exclusion. The Rwanda genocide for example, was fomented by the

Tutsi alienation and exclusion for decades. In Uganda, Kony's Lord's Resistance Army rebellion was fuelled by ethnic retribution sentiment. The rise of the SPLM/A in 1983 was a result of marginalization of South Sudan.

Some conflicts have been sparked by a mix of factors. The conflict in Somalia for instance, was caused by a combination of internal power disputes and also economic stress provoked by the pillaging of its coast. The conflict in the Democratic Republic of Congo involved seven neighboring nations fighting for influence and geo-strategic concerns.

In North Africa, the ousting of governments in Tunisia, Egypt and Libya, that precipitated other conflicts in the Arab world, clearly demonstrates the ripple effects of social unrest snowballed by youth frustrations. Lack of employment opportunities can undermine social cohesion and political stability.

Causes of conflict can be a complex mixture of issues affecting different stakeholders. The magnifying of tension points contributes to entrench conflict. Funding belligerent becomes attractive to many, provided the logic of the dispute brings economic gains.

Illicit financial flows and weak state capacity are symbiotic; and tend to reinforce each other. Transnational cartels operating as netwarriors are a threat to state sovereignty. In Mexico, criminal networks have influenced change at the local and transnational levels imposing a reconfiguration of power structures.

Criminal enclaves have proliferated in Myanmar, Afghanistan or Colombia. There are networks operating a global value chain of a criminal nature. The drivers both in terms of scope and need are international.

Addressing trans-border organized crime requires a continental and international response.

Many individual countries in Africa victims of transnational criminal activities, such as Guinea-Bissau or Mali, do not have the adequate capacity to respond to illicit activities. As a result, there is a need for collective focus on drivers which can help establish regional and national security enforcement strategies and mechanisms.

Inflation of domestic currencies caused by the inflow of illegal drugs, contraband, under-invoicing of imports or outright smuggling, stimulate booms in certain economic sectors, such as construction or real estate. Overvalued local currencies have other devastating economic effects such as discouraging the production of legal exports by making imports cheaper, forcing local producers to compete against cheap imports.

Illicit flows can have the same effects as the so-called Dutch disease. Actually, quite often, the natural resources richness is married to criminal activity, reinforcing the negative consequences of a "Dutch like disease", impeding real economic transformation and socially inclusive policies.

Gangs, terrorist and criminal agents like an environment where they can move financial assets to profitable investments

that hide their wealth.

The money laundering operations of organized crime groups pose a serious and growing threat to peace and security. Ransoms collected by Somali pirates are laundered through Khat exports or real estate business in neighboring metropolis. Firearms trans-Saharan trafficking from Libya to rebel movements is mixed with other trafficking, such as human and drugs related, that find their way into nice villas or quasi legitimate activities. Illegal ivory trade is rampant in many parts of Africa. In fact, African countries are prone to criminal supply chains that are resourcing conflicts.

For instance, according to UNODC, some $1.25bn in cocaine is trafficked from South America to West Africa and on to Europe. A policy response to these threats is very complex. A West Africa Commission on Drugs, headed by President Obasanjo is busy looking into the intricacies of such operations.

**Lesson four** is that Africans can either choose to be victimized or act. Priorities have to change.

*Dear participants,*

Allow me to offer a possible reading of direct and indirect impact of illicit financial flows resulting from bad economic governance.

Africa's recent commodities boom has been a major source of public revenue, contributing to economic growth. Ideally natural resources wealth should enable Africa to power its economies and determine the quality, pace and extent of its transformations. Natural resources have traditionally been one of the main driving forces behind our continent's economic

fortunes but also a contributor to some of our most violent conflicts.

The highest illicit financial flows were recorded in African countries that are resource and mineral rich mainly in oil, precious metals and minerals. The policy and legal frameworks for the mining sector have traditionally been designed to attract investment, and raise resources for rent-seeking or unstrategic spending rather than to encourage transformation.

Moreover, the share of resource rents retained by African countries has often been limited on the account of overgenerous concessions that are always made in the race to the bottom for mining investment, as well as to the information asymmetries which typically characterize the mining sector. It has also not worked in the light of tax leakages through transfer pricing and trade mispricing. It is estimated that between 1970 and 2008, illicit financial flows linked to trade mispricing alone cost the continent $854 billion.

The lost resources on the African continent are a clear indication that now, more than ever, governments need to enforce and implement principles and standard operating procedures which could reduce the amount of leakages that incur through illicit financial flows.

They also need to negotiate better! For starters, the setting up of financial intelligence units to curtail, track and repatriate illicit financial flows will be crucial in ensuring that resources lost can be tracked and eventually recovered. The implementation of the Extractive Industries Transparency International (EITI) guidelines will ensure that negotiations

between companies working in the extractive industry and governments are transparent.

Frameworks such as the Kimberley Process will see to it that diamonds are not illegally traded, while initiatives such as "publish what you pay" will enforce more transparency in the industry. The blood diamonds syndrome still exists. Actually what happens with coltan or logging is no different.

**Lesson five** is that Africans economic leadership is the most important element for reversing the trends and make sure Africa addresses its problems.

*Dear participants,*

Despite slow global recovery, African countries continue to record impressive economic growth. However, this growth has been unequal. It could also have been higher if the high levels of illicit financial flows leaving the continent had been invested in the continent.

While the abundance of natural resources is considered the golden avenue to poverty alleviation and economic growth, the business environment in many African countries has produced a conducive environment for multinational companies and local companies alike to illicitly transfer funds to offshore safe havens with little or no repercussions.

When revenue which should be paid to governments is illicitly diverted to other sources abroad, social protection and welfare programmes suffer. Unemployment and lack of opportunities often drive the bulging youth to possible alternatives of survival that include criminal entrepreneurship.

Improved governance and leadership are vital in addressing these important findings. We need to re-evaluate our governance in order to discern whether or not we are adequately equipped to provide stability, while being flexible enough to address the variety of issues relating to illicit financial flows. Interestingly, promoting a developmental state provides both opportunities and limitations in pursuing these goals. A developmental state facilitates coherence, drive and better allocation of resources. But, it also has the potential to limit dissent if proper organic forms of inclusion are not taken into account, as we can learn from Asia. For a developmental state, addressing illicit financial flows and strengthening regulatory and governance institutions is important.

But a more effective approach is needed in order to address these flows root causes. Long-term development visions and strategies can promote better resources management and less corruption. They will succeed when providing social cohesion and respect for diversity. However, national efforts alone will not suffice.

Given the transnational ingredients of both illicit flows and conflict, it is necessary to take care of peace and security in the neighbourhood. A holistic regional pact for security could unite African countries around their common interests in security and development. Such a pact would lock in or lock out any actor responding or not

to the collective imperatives. An African-owned agenda, devised and implemented by Africans, tantamount to the principle of African solutions to African problems, is a good start. Africa has already made strong commitments for its security, architecture in order to achieve the stated objective of silencing the guns by 2020. The time to act is now!

When we say Africans need to write their own narrative, we do not mean writing a fiction. It means acknowledging whether they did right or wrong, or will do right or wrong. Africans should be accountable first to themselves. Africans cannot afford time for their transformation. They should be impatient. Africans should jump and run like a cheetah, the fastest in the world.

# Discussion Summary

**Session I: Illicit Financial Flows and Peace and Security**

The theme of the impacts of IFFs on security in Africa is timely in light of current peace and security challenges confronting the continent. The key concern over IFFs is not only about their hidden nature or their legal ambiguity that but also how they fuel insecurity and foster negative security in Africa. Manifested in various forms, IFFs include illicit funds from tax evasion, proceeds from illegal exploitation of natural resources, illegal transfers, money laundering from criminal activities, trade mispricing and corruption proceeds.

IFFs in Africa constitute a major concern for the African Union and other key stakeholders in the peace and security sector as evidenced by the work currently being done by the Thabo Mbeki led High-Level Panel on IFFs in Africa.

IFFs in and out of Africa stem from socio-political and economic problems embedded in the African State structure. IFFs are more prevalent in fragile states, states undergoing conflict or post-conflict states such as South Sudan, Somalia, Mali and Central African Republic; they are not the exclusive preserve of these states. Added to the hidden, complex, and dynamic nature of IFFs is that accrues can be channelled into other profitable ventures such as real estate investment and the exportation of Khat by terrorist groups as evidenced by the actions of the Al-Shabaab terrorist group in Somalia.

The drivers of IFFs are the lack of capacity of state institutions in contract negotiations, lack of transparency in commercial transactions, corruption and poor governance. A case that readily comes to mind is Zambia's poorly negotiated copper trade deal with Switzerland in which Switzerland ended up selling the same copper to China at a higher price. Closely related to the issue of poor negotiation is the illicit exploitation of natural resources for which concessions were not given by multinational companies. Stating the example of Kenya, where companies were given concession to mine titanium, but within the same area, uranium for which concession was not given is illegally exploited by these companies. As such, the companies pay tax only for titanium and get uranium for free. Kenya ends up as the net loser.

Another factor responsible for IFFs is the behaviour of multinational companies who hide under the guise of corporate social responsibility to evade taxes. The Democratic Republic of Congo's poorly negotiated coltan trade deal is a vivid example where intermediary companies end up with a greater share of accrues from coltan sale. IFFs have huge negative impacts on state, human and collective security. In countries such as South Sudan, Central African Republic, Mali, Nigeria IFFs have fuelled violent conflicts, criminal activities and acts of terrorism.

This has not only undermined the achievement of the MDGs but has hampered sustainable development. The interconnect-

edness between IFFs, peace and security is that they are mutually reinforcing. While IFFs thrive in situations of insecurity, the state of peace and security in a state equally determines the inflow and outflow of IFFs.

The likelihood of IFFs is very high particularly in the mining and extractive sectors due, in part, to colonial legacies which encouraged tax evasion. A call for rigorous tax reforms to widen the tax base, transparency in the award of contracts to multinational companies particularly in the extractive sector to ensure effective monitoring by stakeholders are measures to tackle the menace of IFFs.

**Session II: Illicit Financial Flows and Human Security**

African stakeholders have established that it is crucial to discuss IFFs and their impact on human security. African leaders, equally share the view that IFFs are among the major factors endangering insecurity as expressed by the Solemn Declaration on a Common African Defense and Security Policy adopted in 2004. Among the factors facilitating IFFs are government bureaucracy and corruption within state institutions and systems. Human security encompasses wider aspects such environmental, national, trans-national and trans-cultural security and people have roles to play in ensuring its achievement. However, human security is at stake in countries where poor governance, injustice and violation of human rights are prevalent.

Across the African continent, IFFs have increased threats to human security such as organized crime, terrorism, violence, and low infrastructural development. This has undermined inclusive economic growth and the stability of states. As the cases in Somalia and Central African Republic indicate, corruption and poor governance are key factors for the violent conflicts in these states. The negative roles of extremist groups, mercenaries and ethno-religious militia groups are also emphasized in this connection.

Studies on IFFs have revealed that there are intertwined linkages with human security and organized crime. In addition to this are immediate and long term impacts on people's living standards. In light of this, encouraging legal financial flows through proper channels is an essential remedy for tackling IFFs. Tax evasion is considered as another crucial problem facing Africa and the rest of the world. South Africa is considered as a model in tackling the challenge of IFFs. In this regard government is able to track bank accounts and ascertain the source of all monetary transactions.

Several international organizations have developed initiatives and networks to address the challenge of IFFs. These organizations include Transparency International, the AU, UNECA and other UN agencies. There is a widespread agreement that UN resolutions against corruption will help countries devise better means to address this challenge. Additionally, international networks whereby countries play active roles in tackling IFFs are a necessary step for the future.

**Session III: Illicit Financial Flows and Natural Resource Governance**

There is a general consensus that Africa's greatest wealth is in its natural resources. With a rich endowment in mineral resources such as oil, gold, diamonds, copper, iron,

cobalt, uranium, copper, bauxite, silver, petroleum, cocoa beans and timber, the continent holds a huge proportion of the world's natural resources of which only a fraction is currently being exploited. However, a sad rhetoric to this is that the continent is plagued by a phenomenon commonly referred to as the "Dutch Disease". Many of the resource-rich countries in Africa have become a theatre of violent conflicts as the clamour for equitable distribution of these resources has triggered instability. The blood diamonds in Angola and oil in South Sudan are examples of this.

Studies have revealed that IFFs occur more in the natural resource sector particularly in oil-rich countries. This has been facilitated by technical incapacity of resource-rich states to monitor IFFs in this sector. This vulnerability is reflected by ineffective governance structures and revenue monitoring systems. In addition to this, the political discretion in control and management of natural resources is characterized by secrecy and a thin line between public and private ownership.

Most of the profits from resource exploitation leave the continent in the hands of foreign-owned companies who pay low tax rates or evade taxes entirely. In the natural resource sector, the main channels of IFFs are through proceeds of corruption, illegal exploitation of natural resources, under-reporting, operating outside concession areas and non-compliance to environmental standards. As a measure to address these, several initiatives have been developed at the international level. They include the G8 initiative, G20 initiative, and EU directive on mineral resources. Promotion of transparency and accountability, strengthening

of civil society organizations in monitoring, implementation of open and transparent budget processes and the encouragement of initiatives such as the Open Budget Initiative, CABRI, and EITI are essential in curbing IFFs in the natural resource sector.

The implementation of punitive legislation, building of financial institutions for capacity building and price regulation, harmonization of policies on natural resource governance through the AU and ECOWAS as well as the continuation of public discourse on IFFs will equally go a long way in abating IFFs. Visionary leadership is also instrumental.

While the recovery of stolen funds from international financial institutions, diplomatic law enforcement and leadership integrity will help, special attention must be paid to the linkage between national budgets, shrinking economies and peace particularly in the Horn of Africa. There is a close correlation between peace deals and accrues from natural resources to fund peace deals. Scholars have established three models in international peace agreements particularly in conflicts stemming from struggle over natural resources; power-sharing, wealth-sharing and security arrangements.

In this regard, some stakeholders have suggested that the notion of rental peace which is based on rent income should be reconsidered in the resolution of conflicts in Africa, particularly considering its influence on IFFs. Further research on international financing and IFFs has been advocated as well as unitary taxation, equitable distribution of resources and imposition of monetary and financial sanctions on IFFs perpetrators.

The case of South Sudan is an example where on-going political crisis stemming from the desire to control the state's natural resources has destabilized the state. Another factor fuelling the crisis is the scramble for South Sudan by investors. Investors are contracted to implement various projects in the country but do not implement them. Similar to this, corruption and embezzlement of funds by government officials constitutes a key source of IFFs in the young nation of South Sudan. In this regard, it is important that Africans must organize to seek solutions to their own problems and not allow external actors to dominate issues that concern the continent. Furthermore, a balance between national and international efforts to address IFFs should be maintained as natural resources and financial control are two sides of the same coin.

At the continental level, information sharing between organizations such as the AU, UNECA and implementation of existing policies and frameworks on IFFs will go a long way in addressing the challenge.

Frameworks such as the African Union's Agenda 2063, the CAP Post-2015 Development Agenda, and the AU Strategic Plan 2014-2017 will contribute to efforts in curbing IFFs. The report of the High Level Panel on IFFs set up by UNECA when completed will assist the AU through its organs RECs/RMs to address the twin challenges of pervasive conflicts and IFFs.

African leaders, inspired by the spirit of Pan-Africanism and African renaissance, committed to silence the guns and end conflicts on the continent by 2020 through the adoption of the 50th Anniversary Solemn Declarations during the African Union Summit of Heads of States and Government held in 2013. Going further in realizing this goal will be addressing underlying structural roots of conflicts such as governance deficits, including struggles for state power, contestation over distribution of resources and identity politics or mismanagement of diversity rather than treating the symptoms. Investment in preventive diplomacy, early warning, early response, early recovery and the avoidance of ad hoc and reactive responses to conflicts cannot be under-estimated.

In this light APSA effectiveness in synergy with the AGA must be enhanced if all conflicts in Africa are to be ended by 2020.

# Recommendations for Action

As key outcomes of the 2014 Tana High-Level Forum, the following key recommendations for action on curbing IFFs in Africa emerged:

- Visionary leadership, political will and conscious commitment to fight IFFs both in states where fragility and extremity are present and where they are not present across Africa;

- Positive utilization of political discretion by the executive branch of government to curb systemic corruption;

- Enhancement of transparency through legislation and law enforcement which will make the notion of extended confiscation a reality;

- Ensuring corporate transparency through a combination of domestic and international processes;

- Utilization of law enforcement diplomacy to curb IFFs particularly in states that have to deal with fragility and extremism;

- Unveiling the secrecy behind jurisdictions establishing industries facilitating IFFs;

- Transforming Africa's pervasive rent-seeking political economy through the creation of democratic developmental states where inclusiveness and value addition is the core;

- Prioritizing taxation to address tax evasion by multinational companies;

- Investment in empirical research by African think-tanks and research institutions to deepen understanding and sharpen policy responses to AU member states on IFFs;

- Establishment of Financial Intelligence Units and harmonization of tax policies across African countries;

- Engagement of non-state actors such as civil society in the fight against IFFs;

- Development of common standards by the African Union and Regional Economic Communities in combating IFFs.

# Tana Pre- Forum Events

## Ambassador's Briefing

On the 2nd of April H.E Olusegun Obasanjo, Chairperson of Tana, met with ambassadors and dignitaries in Addis Ababa ahead of the Forum. At the briefing Mr. Mehreteab Mulugeta, Ethiopia's Chief of Protocol at the Ministry of Foreign Affairs, outlined the administrative procedures and preparations for the upcoming Forum. Prof. Andreas Eshete, Deputy Chairperson of the Tana Forum, reiterated its vision, "Tana is about free and critical conversations on the challenges facing Africa, unconstrued by agendas and always candid."

## Public Lecture at Bahir Dar Univeristy: H.E Pierre Buyoya



On the evening of the 3rd Tana Forum Bahir Dar University in collaboration with the Institute for Peace and Security Studies (the Tana Secretariat) hosted H.E Pierre Buyoya, African Union High Representative for Mali and the Sahel and member of the Tana Board. H. E Buyoya presented a lecture titled The Successes and Challenges of Peaceful Conflict Resolution Initiatives in Africa on the university's campus. The public dialogue was hailed by Bahir Dar University President Dr. Baylie Damtie as an inspiration to students providing them practical examples by hosting African leaders and discussion on current, relevant issues.

## Meles Zenawi Annual Lecture Series: Tribute to Nelson Mandela

The second Annual Meles Zenawi Lecture Series on Leadership in Africa was held on the 26th of April. In his tribute to late President Nelson Mandela, Prof. Olukoshi applauded his outstanding virtues describing him as a visionary leader who was ready to fight injustice at all costs. He highlighted three key exemplary elements of his life: the capacity as a leader to train and translate the hope and aspirations of the people he represented into reality; local embbededness in leadership; and willingness to be controversial when faced with challenging choices.

# Participants

**Ababi Demissie**

Acting Director General Public Diplomacy and Communication Ministry of Foreign Affairs Ethiopia

**Abdelrahman Sirelkhatim**

Ambassador of Sudan to Ethiopia, Ethiopia

**Abdiweli Ali**

President of Puntland, Somalia

**Adebayo Olukoshi**

Executive Director, African Institute for Economic Development and Planning (IDEP), Senegal

### Alex Cobham

Researcher, Center for
Global Development,
UK



### Alex de Waal

Director, World Peace Foundation (WPF),
and Member of Technical Committee,
USA



### Ali Mohamed Waranade

Minister of Interior, Somaliland,
Somalia



### Ali Haji  Warsame

Minister of Health, Puntland,
Somalia

### Andrea Semadeni

Ambassador of Switzerland to Ethiopia, Djibouti, South Sudan, AU and IGAD, Ethiopia

### Andreas Eshete

Special Advisor to the Prime Minister Office of the Prime Minister and Deputy Chairperson of Tana Forum, Ethiopia

### Andreas Proksch

Director General, Africa Department, GIZ, Germany

### Anicet Georges Dologuele

Former Prime Minister of Central Africa Republic (CAR), CAR

### Anne Goldfield

Associate Director of Outreach, Harvard Medical School, USA

### Anne-Sophie Legge

First Secretary of Political Affairs, Embassy of Germany in Ethiopia, Ethiopia

### Attiya Waris

Senior Lecturer, University of Nairobi, Kenya

### Awan Guol Riak

Minister, Office of the President of South Sudan, South Sudan

### Baylie Damtie

President, Bahir Dar University,
Ethiopia

### Betty Bigombe

Senior Director, Fragility, Conflict and Violence,
WorldBank and Member of Tana Forum Board,
USA

### Brian Kagoro

Regional Programme Advisor, Governance and
Public Administration, UNDP Regional Service
Centre, Ethiopia

### Bulus Paul Lolo

Ambassador of
Nigeria to Ethiopia,
Ethiopia

### Carlos Lopes

Under Secretary-General and Executive Secretary, UNECA, Ethiopia

### Charles Abugre

Regional Director, UN Millennium Campaign and Member of Technical Committee, Kenya

### Charles Ukeje

Reader in International Relations, Obafemi Awolowo University and Member of Technical Committee, Nigeria

### Christopher Clapham

Professor, Centre of African Studies, University of Cambridge, UK

### Chuol Luth

Senior Commander, South Sudan,
South Sudan

### David Usher

Ambassador of Canada to
Ethiopia, Djibouti and AU,
Ethiopia

### Dina Mufti

Spokesperson, Ministry
of Foreign Affairs,
Ethiopia

### Edward Chileka-Banda

National Coordinator, Youth
Consultative Forum (YCF),
Malawi

### Egon Kochanke

Regional Director for Sub-Saharan Africa and the Sahel, Federal Foreign Office, Germany

### Eleni Gabre-Madhin

Co-Founder and Chief Director of eleni LLC, Ethiopia

### El Ghassim Wane

Director, Peace and Security Department, African Union Commission, Ethiopia

### Elissa Jobson

Addis Ababa Correspondent, The Africa Report, Ethiopia

**Eugene Owusu**

UN Resident and Humanitarian Coordinator, UNDP, Ethiopia

**Fombah Sirleaf**

Director, National Security Agency, Liberia

**Funmi Olonisakin**

Director, African Leadership Centre, and Member of Tana Board, UK

**Gamal Ibrahim**

Economic Affairs Officer, UNECA, Ethiopia

### Gebrekziabher Alemseged

IGAD Representative,
Ministry of Foreign Affairs
Ethiopia

### Gedu Andargachew

President, Amhara
Regional State,
Ethiopia

### Getachew Reda

Press and Publicity State Minister,
Office of the Prime Minister,
Ethiopia

### Giuseppe Mistretta

Ambassador of Italy to Ethiopia,
Ethiopia

### Gregory Mills

Director, Brenthurst Foundation,
South Africa

### Hailemariam Desalegn

Prime Minister, Federal
Democratic Republic of
Ethiopia

### Hakim Edward

Charge D'Affaires, South Sudan
Mission to Addis Ababa, AU and ECA,
South Sudan

### Hassan Osman Mohamud

Minister of Security and DDR, Puntland,
Somalia

### Hesphina Rukato

Development Consultant,
Zimbabwe

### Isidore Ojukwu Nwankwo

President and Chairman,
Governing Council Institute for
Fraud Management and Control,
Nigeria

### John Rwangombwa

Governor, Central Bank of Rwanda ,
Rwanda

### Joseph Nsengimana

Ambassador of Rwanda to Ethiopia,
Ethiopia

**Jules Rutaremara**

Director, Rwanda
Peace Academy,
Rwanda

**Kamal Ismail**

State Minister, Ministry of Foreign Affairs,
Sudan

**Kassa Tekleberhan**

Speaker of the House of Federation,
Ethiopia

**Kassahun Berhanu Alemu**

Chairperson, Department of
Political Science and International
Relations, Addis Ababa University,
Ethiopia

### Kefale Esubalew Ayalew

Senior Expert, Legal and
Justice Issues, Amhara
Regional Administration,
Ethiopia

### Khabele Matlosa

Director, Political Affairs
Department, African Union
Comission and Member
of Technical Committee,
Ethiopia

### Kidane Kiros

Director, Institute for Peace and Security
Studies (IPSS), Addis Ababa Univeristy,
Ethiopia

### Kojo Busia

Senior Advisor, African Mineral
Development Centre, UNECA,
Ethiopia

## Konjit Sinegiorgis

Ambassador and Permanent Representative of Ethiopia to the AU and UNECA, Ethiopia

## Lake Ayalew

Mayor, Bahir Dar City, Ethiopia

## Lisa Filipetto

Ambassador of Australia to Ethiopia, Ethiopia

## Mamadou Diouf

Director, Institute of African Studies, Columbia University, USA

### Manfred Stracher

Defense Attaché, Austrian Embassy,
Ethiopia

### Marial Benjamin

Minister, Ministry of Foreign Affairs
and International Cooperation, South
Sudan

### Markus Koerner

Managing Partner, African Crossroads,
and Member of Technical Committee,
Germany

### Martha Cumbi

Board Member, African Forum and
Network on Debt and Development
and  Member of Technical Committee,
Mozambique

### Maurice Engueleguele

Acting Director, African Governance Institute (AGI), Senegal

### Merhatsidk Mekonnen

Legal Advisor, to the Regional President of Bahir Dar, Ethiopia

### Mehreteab Mulugeta

Chief of Protocol, Ministry of Foreign Affairs, Ethiopia
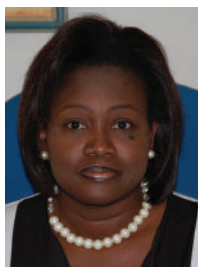
### Michelle Ndiaye Ntab

Director, Africa Peace and Security Programme (APSP/IPSS) and Tana Head of Secretariat, Ethiopia

### Mohamed Atta

Director-General, Sudan
National Intelligence Service
(NISS), Sudan

### Mohamed Yonis

Minister of Foreign Affairs and
International Cooperation, Somaliland,
Somalia

### Mulie Tarekegen

Chief of Cabinet Office,
Ethiopia

### Mulu Solomon

President, Ethiopian Chamber of Commerce
and Sectorial Association, Ethiopia

### Mulugeta Gebrehiwot Berhe

Associate Professor, Institute for Peace and Security Studies, Addis Ababa University, Ethiopia

### Nami Aziz

Ambassador of Tanzania to Ethiopia, Ethiopia

### Ndioro Ndiaye

President, Alliance for Migration, Leadership and Development and Member of Tana Board, Senegal

### Nuhu Ribadu

Former Chairman, Economic and Financial Crimes Commission (EFCC), Nigeria

### Omar Al Bashir

President of the Republic of the Sudan

### Olusegun Obasanjo

Former President of Nigeria and Chairperson of Tana Forum Board, Nigeria

### Peter Kagwanja

Executive Director, Africa Policy Institute, Kenya

### Pierre Buyoya

Former President, Republic of Burundi and Member of Board, Burundi

### Rachid Benlounes

Ambassador of Peoples Democratic Republic of Algeria to Ethiopia, Ethiopia

### Sahle-Work Zewde

Under Secretary-General and Director-General, United Nations Office in Nairobi, Kenya

### Sarjoh Bah

Head, African Union Liaison Office to the Southern African Development Community, (SADC) and Member of Technical Committee, Botswana

### Sebehat Nega

Executive Director, Ethiopian International Institute for Peace and Development, Ethiopia

### Sindiso Ngwenya

Secretary-General, Common Market for East and Southern Africa (COMESA), Zambia

### Taha Osman

Minister to the Presidency, Sudan

### Tassew Woldehana

Vice President, Research and Technology Transfer, Addis Ababa University, Ethiopia

### Thomas Guet

Director-General, External Security, South Sudan

**Tsegy Berhe**

National Security Advisor,
Ethiopia

**Uwe Kievelitz**

Director, GIZ African Union Office,
Ethiopia

**Vivienne Titi Wreh**

Ambassador of
Liberia to Ethiopia,
Ethiopia

**Vusi Gumede**

Professor and Head, Thabo
Mbeki Leadership Institute,
South Africa

**Xie Xiaoyan**

Ambassador of the People's
Republic of China to Ethiopia,
Ethiopia

**Yinager Dessie**

State Minister of Foreign Affairs,
Ethiopia

**Yohannes Mezgebe**

Founder, Ubuntu Leadership Institute (ULI),
Ethiopia

**Zegeye Mulaye**

Vice President, Administration and Student
Services, Addis Ababa University (AAU),
Ethiopia

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**Austrian Development Cooperation**

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Strengthening Africa's Economic Performance

**The Brenthurst Foundation**

**The Sheraton Addis**

**Addis Ababa University**

**Amhara Regional State**

**Avanti Blue Nile Hotel**

## Host City: Bahir Dar

Bahir Dar is one of the leading tourist attractions in Ethiopia, situated along the shores of Lake Tana, Ethiopia's largest lake and the source of the Blue Nile. In addition to the breathtaking view of Lake Tana, the city gets its beauty from avenues lined with palm trees and a variety of colourful flowers. With an origin dating back to the sixteenth century, Bahir Dar is rich in historical sites. Bahir Dar was awarded an honourable mention from the UNESCO Cities of Peace Prize 2002 for its performance in addressing the challenges of rapid urbanization.

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# Annex I

# Summary of background papers and leading questions

## The Impacts of Illicit Financial Flows on Peace and Security in Africa

### 1. Growing political recognition of the need to curtail IFFs for Africa's development.

African governments and institutions have started to give serious consideration to the scale and impact of IFFs on Africa's development. Recent investments in research by leading institutions in Africa and the establishment of the African High Panel on Illicit Financial Flows from Africa, chaired by H.E. President Mbeki, Former President of South Africa, testify to the commitment at the highest levels to understand and act on this issue. This conference complements this process by seeking better understanding of how the IFFs phenomenon affects human security, vice ver-sa.

### 2. The magnitude of IFFs

A range of estimates of illicit financial flows confirm that the problem facing Africa is large, and has grown substantially. Annual losses in recent years range as high as $100 billion, and for many countries the long-term average has exceeded 10% of recorded GDP. Even allowing for substantial uncertainty in estimates of flows whose defining characteristic is that they are hidden the order of magnitude is dramatic.

Moreover, when we compare exposure in relation to GDP, sub-Saharan Africa emerges as the most ex-posed region to illicit outflows. On average, in 2002-2011, sub-Saharan Africa saw outflows of 5.7% compared to an average for all other developing
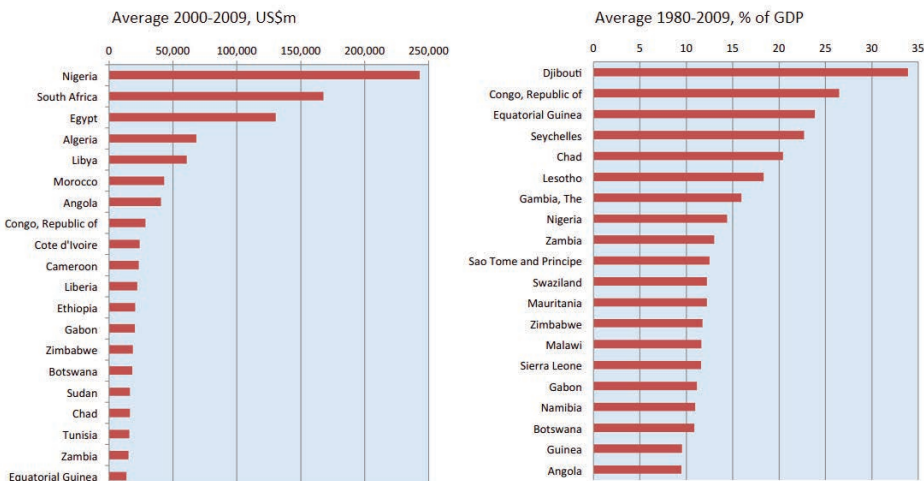
countries below 4%. In other words, for the most re-cent ten-year period for which consistent estimates are available, sub-Saharan Africa saw estimated illicit outflows nearly 50% higher than the average for all other developing countries. This relates to the level of exposure to commodity trade and FDI. Mauritania, Tunisia, Zambia and Nigeria, being the most exposed in terms of commodity dependency risks, and the Republic of Congo, Sao Tome and Principe, Angola and Mozambique being the most exposed to FDI risks.

## 3. Defining IFFs

There is no single, agreed definition of illicit financial flows (IFFs). This is, in large part, due to the breadth of the term 'illicit'. The (Oxford) dictionary definition is: "forbidden by law, rules or custom." The first three words alone would define 'illegal', and this highlights an important feature of any definition: illicit financial flows are not necessarily illegal. Flows forbidden by "rules or custom" may encompass those which are socially and/or morally unacceptable, and not necessarily legally so.

To take a specific example, commercial tax evasion affecting a low-income country where the tax and authorities have limited administrative capacity is much less likely to be either uncov-ered or successfully challenged in a court of law, than would be the same exact behaviour in a high-income country with relatively empowered authorities. A strictly legal definition of IFFs is therefore likely to result in systematically – and wrongly – understating the scale of the problem in lower-income, lower-capacity states.

The phenomenon with which we are con-

cerned is one of hidden flows, where either the illicit origin of capital or the illicit nature of transactions undertaken is deliberately obscured. The most well-known classification stems from Baker (2005) and disaggregates IFF into three ele-ments: commercial tax evasion (estimated at up to two thirds of the total), the laundering of the proceeds of crime (up to a third), and corrupt payments and the theft of state assets (3-5% of the total). The major addition that has some-times been suggested is that of illegitimate debt – where an illegitimate state creates a (binding) public liability by using its power to borrow internationally.

## 4. Motivating factors behind IFFs

Of the four main components of IFFs described above, two of these involve hidden transactions with illegal capital: the laundering of the proceeds of crime; and corruption and the theft of state assets. The other two involve illicit (and often illegal) transactions, but with legally-obtained capital. These are tax abuse (both corporate and individual); and hidden ownership to hide conflicts of interest and to facilitate market abuse.

The range of potential illicit motivations is wide indeed; but nonetheless demonstrates the breadth of IFFs phenomena. We can cluster the main motivations into 4, which also relate to IFF-type described above– market/regulatory abuse, 2 - tax abuse, 3 – abuse of power, includ-ing the theft of state funds and assets, 4 – proceeds of crime. All four IFF types are likely to re-sult in reductions in both state funds and institutional strength.

There is substantial overlap in the mechanisms used for IFFs, regardless of moti-

vation. The op-portunity to hide, where it exists, is likely to be exploited for multiple purposes. For example then, the legal use by a multinational of highly secretive jurisdictions may both provide cover for illegal use of the same secrecy, and also inadvertently legitimize such behaviour. Identifying illicit flows in a particular mechanism will tend to be insufficient to specify the type of IFF in action. IFFs can take place with capital which is anywhere on a spectrum of legality. At one end are criminal proceeds and stolen public funds, with legitimate income and company profits at the other.

A second spectrum exists in relation not to the capital but rather the transaction itself. At one end there are clearly illegal trans-actions, such as bribery of public officials by commercial inter-ests; at the other end, transactions which are likely to be legal (at least in the sense of not having been challenged successfully in a court of law) but may well be illicit; in this category would be, for example, some of the more aggressive transfer pricing behaviour of multinational compa-nies.

## 5. Main actors in IFFs

The major actors in IFFs can be categorized as follows:

• private actors (individuals, domestic busi-nesses and multinational company groups committing tax and regulatory abuse, and the related professional advisers – tax, le-gal, banking and accounting) – these are the leading actors in IFFs types 1, 2 and 3;

• public officeholders (both elected and employed) – these are important actors in IFF types 3 and 4, and may be involved in type 1; and

• criminal groups (a term used here to indi-cate both those motivated primarily by the pro-ceeds of crime, and those using crime to fund political and social agenda) – the leading actors in IFFs type 4.

## 6. Typology of impacts of IFFs on state and human security

The literature on the links between IFFs and security (defined broadly as Human and State Security combined) is limited, and where this exists, greater attention is paid to the more "nega-tive" aspects, i.e. the failure of states to negate or prevent in-security, rather than the "positive" i.e. the ability of states to provide, or to positively construct, secure conditions in which rapid human development can take place.

The key assumption is that human and state security are strongly linked to the strength of states and government performance: Strong and accountable states with the tech-nical and institutional capacity, the resourc-es and the will to provide services and wel-fare to the population are better positioned to build stable societies, and can engage constructively with neighbours and other political actors. They also, in theory, have the capacity to manage conflicts peaceful-ly, be it with those within that feel exclud-ed and thus claim resources, services and rights or with outside po-litical competitors in the quest for power and economic might. The key assumption is that state actors – elected, appointed or imposed – are driven principally by public interest motivations rather than self-seeking and unproductive rent-seeking use of power. Conversely, weak and unaccountable states by nature perpetuate instability, create an environ-ment of insecurity for their citizens, and are

*Figure 1: Overview of IFFs and security linkages*
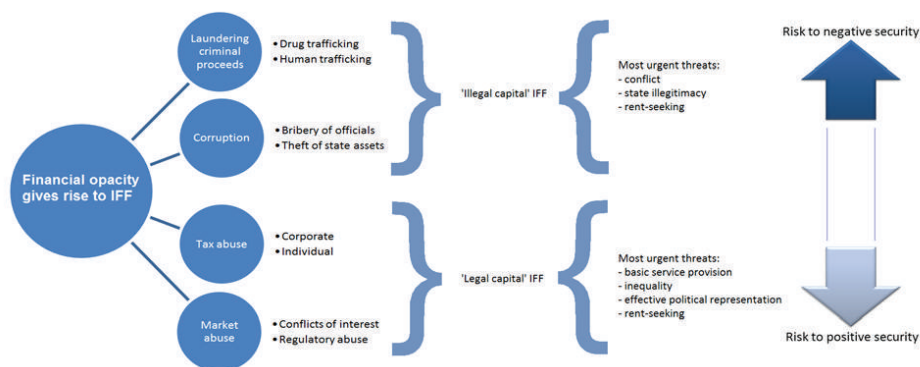
vulnerable to political pressure from inside and outside, to the point that they are unable to avoid or contain violence.

In the typology of the links between IFFs and security in the figure above, the key driver of IFFs is financial opacity. This is exploited by both "illegal" capital IFF as well as "legal" capital IFF, generating risks and threats of "negative" and "positive" security issues.

## 7. Negative security

"Negative security" refers to the ability of states to prevent, or to negate, insecurity at the per-sonal, community, environmental and political levels: more specifically, the ability and willingness of states to act to reduce the risk of violence against the person, the risk of insecurity due to tensions between groups, the risk of environmental degradation and the risk of political rights violations.

This is the area in which IFF linkages have been most commonly asserted, although there are reasons to be cautious about some of these. A vicious cycle can be hypothesised between negative (in)security and illegal capital IFF in particular (that is, IFF associated with abuse of power and laundering criminal proceeds - similar though probably weaker arguments may exist for legal capital IFF but we do not focus on these here).

Consider the possible starting point of an increase in illegal capital IFF. Where this derives from abuse of power say, for example, the extreme behaviour of a kleptocratic leader, the cycle follows almost tautologically. The nature of the IFF itself undermines the state legitimacy and directly reflects the state's capacity and interest to provide security, or indeed to act to curtail IFF.

When the rise in IFF reflects laundering

of the proceeds of crime, it is the underlying crimes where the linkages are likely to emerge. Drug and human trafficking is a major area of underly-ing criminality, and to these can be added piracy, environmental crime and arms dealing.

## 8. "Positive security"

"Positive security" relates to the ability of states to provide, to positively construct, secure conditions in which rapid human development can take place. This relates to economic opportunity and freedom from extreme economic inequality; and to the security of basic human development outcomes related to health and nutrition.

In terms of IFF and the role of the state here, it is tax (and its abuse) which is fundamental. Effective taxation provides 4 Rs: not only revenue, and the opportunity to reprice social goods and bads, but redistribution and political representation. Taxation should provide both the funds and the means to redistribute in order to address important deficits in positive security. In addition, however, taxation provides a critical link to effective political representation and wider standards of governance.

The act of paying tax provides an important accountability link. Empirical studies suggest the higher the share of tax in government spending, the stronger the process of improving governance and representation (Ross, 2004); while direct tax – taxes on income, profits and capital gains – appears to play a particularly strong role (Mahon, 2005).

The most recent Afrobarometer survey confirms the widespread citizen recognition in the region of importance of tax for countries to develop (66%), and of states' right to levy tax (70%, and on a rising trend since 2002). At the same time, however, more than a third of those surveyed think most or all tax officials are corrupt, and these views are correlated with lower self-reported tax compliance. There is a clear regional aspect to the issue: while West Africans ex-pressed the greatest commitment to tax in principle, they confirmed a much higher level of avoidance.

There is a potential vicious cycle that could arise with respect to legal capital IFF and positive (in)security. If the starting point is taken as an increase in legal capital IFF, the risks are of undermining both the available revenues to provide positive security, but also the political responsiveness to be willing to do so. The resulting insecurity and inequalities have the potential to further weaken both the capacity and the willingness of the state to fight IFF, reinforcing the cycle.

The simplest way of conceiving health and nutritional security in relation to IFFs draws on a recent paper by O'Hare et al (2013), who consider under-five mortality in sub-Saharan Africa. It shows the potential pathways from IFF to mortality: lost revenue and lost national resources (GDP), combined with losses in state capacity, result in worse household access to basic necessities, and this – mediated through the resource allocation within the household – gives rise to worse child health outcomes, including higher mortality rates.

A vicious cycle will involve taxation supporting both rule-making and violence, and violence underpinning rule-making. The main IFF types which threaten each layer of the pyramid are also shown, as is the broad role of different layers in curtailing each type of IFF. The overall picture is complex but clear. It is one of multiple overlapping and largely reinforcing linkages, creating a powerful circularity in the relationship between statehood and IFFs.

### 9. Legal, capital IFFs and security

Research, policy analysis and formulation have thus far often focused on the potential linkages between IFFs and 'negative security' (that is, the ability of states to prevent insecurity at the personal, community and political levels). A number of important linkages exist here.

First, IFF in general, and crime and corruption in particular, tend to undermine both the immediate effectiveness of institutions, and confidence in them to provide fair and effective rules for markets and for politics – peeling away the layers of institutional resilience that can provide a bulwark against violent conflict when pressures arise. Second, competition for illegal money gained from crime and corruption tends to use illegal means and is, therefore, prone to becoming violent.

In the other direction, conflict undermines the institutions which can curtail IFFs. It also exacer-bates uncertainty which in turn increases the expected returns to rent-seeking relative to that of long-term economic investment. These linkages together create the possibility of a vicious cycle, in which illegal IFFs exacerbate conflict and vice versa, with institutional state weakness as both cause and effect.

### 10. Legal capital IFFs and security

Only recently has more policy and research attention been paid to legal capital IFFs, resulting in a growing base of evidence on linkages to 'positive security' (the ability of states to provide se-cure conditions in which rapid human development can take place).

Extrapolating from GDP losses to one major dimension of human security, it is estimated that illicit flows are responsible for major delays in regional achievement in child mortality reduc-tion. A two-thirds reduction in under-five mortality from the 1990 baseline (the target of the fourth Millennium Development Goal), in a sample of 34 sub-Saharan countries, could on this basis have been achieved by 2016 rather than the current estimate of 2029 – implying millions of lives may be lost unnecessarily.

Again, a vicious cycle is possible: IFFs undermine the resources available to states, and their effectiveness (and often willingness) to use resources for broad-based development, undermining human development outcomes; while weak institutions and a lack of confidence in fair political representation encourage further IFFs.

### 11. Policy responses

Table 1 sets out a range of measures according to whether they are applicable at the national level in order to meet international responsibilities; at the national level out of self-interest; at the regional (and sub-regional level); and at level of regional priorities to influence global pro-cesses.

The measures reflect five areas of concern.

• *Beneficial ownership.* The scope for anonymous ownership of companies, trusts and foun-dations should be curtailed – in keeping with the developing international norm, and in the national interest – through publication of this information, possibly co-ordinated at the re-gional level. With active regional efforts to meet this standard, there will be scope to consid-er counter-measures against jurisdictions elsewhere that continue to maintain secrecy. The primary responsibility sits with national policy-makers: and most pressingly in countries such as Mauritius which are responsible for large cross-border transactions, since a lack of transparency here has the greatest potential to cause damage elsewhere.

• *International information exchange.* Improvements in respect of beneficial owner-ship in-formation are also necessary to facilitate the automatic exchange of financial information for tax and other IFF purposes. Regional (and sub-regional) agreements on information ex-change can not only provide direct benefits but also demonstrate that systems are in place so that African countries are not barred from joining the emerging global exchange instru-ment that has the potential to end much 'tax haven' secrecy. The African Tax Administra-tion Forum (ATAF) should be tasked with lead-ing the process, and resourced to do so and to help member countries as necessary.

• *Trade.* The majority of illicit flows is estimated to occur through trade mispricing for many countries, so counter-measures here are a clear priority. At the national and regional levels there is scope for better data collation and joint analysis, with the scope for real-time detec-tion of mispricing that could exert a powerful deterrent effect. Regional groupings such as the East African Community should pilot such efforts. At the regional-global level, 'follow the mon-ey partnerships' including major trading partners (e.g. the EU) have the potential to protect the integrity of trade pricing. More assertive interventions, which could potentially be led by the African Union or the follow-up process of the UNECA IFF panel, include the possibility of bringing a WTO case against a particularly opaque trading partner such as Switzerland; and the development of a common African position on the extent of commodi-ty trade transparency.

• *Corporate tax.* In respect to transparency, national authorities should require coun-try-by-country reporting from multina-tional groups to allow easy identification of possible profit shifting. At the sub-re-gional level, pooling of such data would allow both more effective analysis and also the possibility of publication to support ex-ternal research and to build citi-zen confidence in fair and effective taxation.

Given the extent to which African economic ac-tivity may be generating profit elsewhere, however, the question arises of whether policy-makers should consider taking a common African position in fa-vour of unitary taxation – which aims to align profits with real economic activity, with potentially dramatic impacts on the corporate tax base. Supporting analysis could be lead by the follow-up process of the UNECA IFFs panel, with technical sup-

port from UNECA, the African Development Bank and ATAF.

• *International data.* Finally, reflecting that illicit financial flows are driven by a lack of transparency about cross-border economic and financial stocks and flows, there are op-portunities at both national and regional levels to improve substantially the collation

*Table 1: Overview of policy responses to IFFs*

| Level of policy: Area of policy: | National (minimum standards) | National (own priorities) | Regional and sub-regional (own priorities) | Regional-global (own priorities) |
|---|---|---|---|---|
| Beneficial ownership | Legislate (and allocate resources) to ensure all company and legal structures require collection of ownership information<br><br>Publish same (online) in timely fashion | | Support all countries to reach minimum standards<br><br>Develop shared public portal to access ownership information | Promote global minimum standard for publication of ownership information<br><br>Consider counter-measures for non-compliant jurisdictions |
| International information exchange | Work towards compatibility with international standards | Promote and adopt simple applications to flag high-risk data (e.g. where inconsistent with domestic tax returns) | Develop and enact regional mechanisms for automatic information exchange<br><br>Support best practice in use of data to identify risk | Advocate to ensure immediate reciprocity is not entry requirement to global instruments, i.e. that countries can begin receiving data as long as committed to eventual full reciprocity<br><br>Consider/supporting counter-measures for non-compliant jurisdictions |
| Trade | Own data collation, publication (e.g. via UN Comtrade) | Real-time analysis of own data | Pooled real-time data analysis (more efficient use of resources and broader dataset to improve quality of assessment and ability to identify abnormal pricing in real time) | Pilot 'follow the money' partnerships to curtail trade mispricing globally<br><br>Consider counter-measures, including potential WTO challenges, for highly opaque trading partners<br><br>Develop a common African position on international trade transparency, starting with commodities |

| | | | | |
|---|---|---|---|---|
| Corporate tax | | Require combined and country-by-country reporting from multinationals | Publish combined and country-by-country reporting from multinationals<br><br>Combine resources for regional assessment of multinational tax positions<br><br>Assess potential for profit allocation methods | Call for OECD to publish Africa-specific assessment of individual BEPS proposals<br><br>Support assessment of alternatives, including profit allocation methods; and if warranted, develop a common African position in support of unitary taxation |
| International data | As far as practical, work towards supplying data to international bodies on bilateral trade and investment stocks and flows | Use global datasets to assess and manage risk (exposure to secrecy jurisdictions) in own bilateral relationships | Support all countries to contribute data, and to use | Promote global cooperation and more timely production of bilateral trade and investment statistics, including cooperation of secrecy jurisdictions |

of information, and the IFF analysis of the resulting data. National policymakers must take the lead, with appropriate regional co-ordination and support.

African policymakers have the power to take significant steps against IFFs domesti-cally, which can also strengthen greatly their ability to ensure that global arrangements reflect African prior-ities. Decisive action within the next twelve months can ensure that permanent benefits are ob-tained from the current window of opportunity. Miss-ing the chance will impose long-term costs on states and citizens through unnecessary insecurity.

## 12. Critical issues for discussion

a) How can the obvious linkages between IFFs and Human Security be brought into the national, sub-regional and continental policy debate?

b) How can African states combat the con-tinent's vulnerability to financial secrecy?

c) What steps need to be taken to minimize all forms of IFFs, and their the negative im-pacts on human security in Africa:

- At National level
- At Regional level
- At Global level

# Military Expenditure, IFFs, Governance and Security

## 1. Governance and security

As discussed above, the quality of governance – especially in terms of accountability and institutional strength is a key driver to for human and state security. And a lot of change is hap-pening: While at the aggregate level the indicator "Accountability, Transparency & Corruption in the Public Sector" has remained about unchanged for Africa as a whole in the last 12 years (around an index value of 50 according to the Mo Ibrahim Foundation, 2014), there are significant movements on record for individual countries: seven countries improved by more than 14 points, and nine worsened their ratings by more than 14 points.

## 2. Governance and the military

Within these general dynamics, the governance of armies and, generally, the military sector presents significant additional opportunities and risks. Where military institutions are transparent and accountable, stability and peaceful conflict management can be achieved. Where the military is allowed to establish "a state within a state" or is being misused by power, crisis looms.

In many African states, the military is at the heart of statehood: it controls the state's ca-pacity for violence and it provides physical safety for the political elites. Where patronage plays an important role in the governance system, the military provides significant means for distributing jobs, status, and money to favoured individuals and groups.[1] In many countries, the military is also a perceived as a model institution that

sets benchmarks for the quality of processes and decisions in the public sector.

## 3. The corrupting power of the military sector

Military affairs require secrecy, but this has to be balanced with the quest for transparency and accountability in public affairs. How this trade-off is being handled is an important indicator for the quality of democratic governance.

Suffice to say that the military is often the first point of call for those who shun publicity in their affairs – from dealers in illegal arms and drugs through companies that want to strike "lucrative" deals for arms and services to members of the political elite who seek access to and shelter for illegally gained monies and assets.

## 4. Military finance and IFFs

Military expenditures and Illicit Financial Flows often go hand-in-glove:

• Where contracts and their values are kept secret it is easy to inflate prices and pay kick-backs or other bribes (some 15% of all the total money spent on weapons may be diverted for corrupt purposes; a global figure[2])

2 It would be important to get data on the military expenditure as compared to the public budget

3 See Cobham study [1]

• Military cooperation – the delivery of arms, assistance in arms procurement, training and travel – often provides access to money and other benefits which may be

2. See Cobham study

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1 *It would be important to get data on the military expenditure as compared to the public budget*

used illicitly (check data on US-Uganda-So-malia; .....)

• Stealing from the state – taking cash, or selling arms, or recruiting "ghost soldiers", etc. – may be comparatively easier to organise within the military The military may set up businesses which then create huge uncontrolled flows of money, from operating profits through procurement budgets to in- and outflows of currency

• There is an increasing practice of barter trade in arms, i.e. where weapons are being paid for with mineral resources (which of course generate some cash, somewhere)

• Complex supply lines and financial flows that in turn are often protected from public scrutiny – now purportedly for reasons of "national security" of the suppliers and markets – make it easy to divert money.

Whereas IFFs in trade and extraction of natural resources are mostly linked to outflows (through underpricing), the military sector also creates significant illicit inflows and an illicit internal circulation of money.

## 5. Military corruption – contagious for the public sector?

It is important to situate the linkage between military expenditures and IFFs within the wider setting of governance development. It is easy to spread corrupt practices, and very difficult to contain them. The structural drivers towards financial secrecy and illicit flows related to military expenditure are apparently so strong that there may be a "point of no return" beyond which democrats will fight an uphill battle against an entrenched politico-military clique that bases its power on illicit practices.

More and more economic resources are circulated in illicit ways, and more and more political terrain is left to the corrupt. In the worst case, the military becomes a corrupted political actor in its own right in the national political theatre and will even construe security threats in order to gain legitimacy for more growth. Some countries in Africa may have gone beyond this point, with bleak prospects regarding governance development as well as human and state security.

## 6. Questions for discussion

a) Is it useful and realistic for Africa to establish common standards (e.g. via AU) with regard to transparency in military expenditures, military procurements and military operations?

b) Is the democratic control of armed forces – with a focus on financial flows – sufficiently accounted for on the governance agenda (APRM, AGA, ....)?

c) How can the debate on governance development co-opt the security sector, in order to find a common language regarding the trade-off between military secrecy and transparency of public finances?

d) Should Africa call for more transparency on the global supply lines of arms? (… mirroring the transparency on its supply lines for minerals and timber).

# Annex II

# Leadership in Africa: Some Reflections on the Legacy of Nelson Mandela

## By Adebayo Olukoshi

### Introduction

Allow me to begin this lecture by thanking the Chairperson of the Tana High-Level Forum on Security in Africa, His Excellency former President Olusegun Obasanjo, and the leadership and management of the Forum for the kind invitation extended to me to deliver the 2014 edition of the Annual Lecture Series dedicated to the memory of the late Ethiopian Prime Minister, Mr. Meles Zenawi, himself a founder and prime mover of the Forum before his premature passing in August 2012. I would also like to acknowledge the presence at the lecture of His Excellency President Omar El-Bashir of the Sudan, His Excellency Prime Minister Haile Mariam Desalegn of Ethiopia, His Excellency former President Pierre Buyoya of Burundi, His Excellency Mr. Carlos Lopes, Under Secretary-General of the United Nations and Executive Secretary of the United Nations Economic Commission for Africa, and His Excellency Mr. Sindiso Ngwenya, Secretary-General of Common Market for Eastern and Southern Africa. These eminent personalities are but a few among the many prominent figures from the public, private, inter-governmental, diplomatic, and non-governmental sectors of our continent who have been convened by the Tana Forum leadership to help animate the 2014 dialogue of which the Meles Zenawi Lecture Series has become an integral part. I wish to extend a collective salute to all the other distinguished guests present in the room, knowing that I cannot possibly greet them all individually but certain that I can count on their understanding.

Although coming at very short notice for reasons that I fully understood were beyond the officials of the Forum to redress in good time, I still decided to honour the invitation to stand this morning before this august assembly of frontline African policy and political actors as much as a statement of my strong endorsement of the principles underpinning the establishment of the Tana security dialogue initiative as for the enduring personal esteem which I have for the Forum's Chairperson. The Tana dialogue initiative is unique in many ways and must be celebrated for emerging speedily as easily the most credible site *in* Africa for sustained multi-party and multi-sectoral conversations about pertinent security issues of immediate interest to the continent. As to the Forum's current Chairperson, it has been Mr. Obasanjo's unique fate for the better part of the last 45 years or so to be thrust repeatedly – and often dramatically - into the frontline

of national, regional, continental, and international service at critical moments - and mostly against his own wishes – when key leadership skills and experience are urgently called for. His has been a truly remarkable story which still remains to be told properly and in all its fullness. It is a story that has made him a major figure of our contemporary history whose imprint cannot be missed and whose example carries important lessons of its own on leadership in Africa and beyond.

**Remembering Meles Zenawi**

Permit me to also state from the outset that the institution of an Annual Meles Zenawi Lecture Series is one which, in my estimation, is both highly merited by the former Ethiopian Prime Minister and justified as a fitting tribute by the Tana Forum leadership to his memory. In the recent history of the African continent, the late Mr. Zenawi towered as one of the bright lights of his generation of leaders who had the duty not only of continuing the unfinished business of nation-building but also taking on the challenges of state reconstruction in the face of multiple and multi-layered domestic and international change. The tasks of nation and state building remain key items on the agenda of African countries - as, indeed, for many countries in other regions of the world. They lie at the heart of efforts to frame workable arrangements that will allow for a more enduring basis for the governability of African countries and the redressing of long-standing problems of citizenship, legitimacy, underdevelopment, and dependence. In his own unique ways,

Mr. Zenawi confronted these tasks with admirable aplomb, vigour, and a single-minded determination even if his efforts and methods were, as might be expected, considered by some to be controversial and, therefore, contestable. I will return to the theme of controversy in the exercise of leadership later in the lecture.

Historians, and especially those among them who are masters in the identification of interconnected patterns in actions and events that are scattered over a long *duree*, will no doubt bring their unique interpretative tools to bear on the Zenawi era in the history of the ancient civilization that is Ethiopia, and deliver their considered verdict on what the former Ethiopian Prime Minister truly meant for his country, the African continent, and the continent's place in the world. While we await their verdict, and fully mindful of the animated but generally healthy debates that his policies and politics stirred within and outside Africa even whilst he was still alive, I dare to say today with some confidence that, all things considered, Mr. Zenawi will, among other things, be remembered as a singularly gifted figure whose undoubted astuteness was matched by his sharp intellect, his masterful ability to synthesis complex debates, and the clear sense of purpose, direction, and consensus-crafting he routinely brought to bear on his assignments. His role in the rapid post-conflict reconstruction and recovery of his country after the fall in 1991 of the regime of Mengistu Haile Mariam has been amply documented and debated. As a foremost leader of the contemporary Ethiopian renaissance, he immersed himself in the

task of establishing the foundations for a developmental state that could drive a project of structural transformation anchored, *inter alia*, on a robust policy of industrialization. His grand ambitions for his country and the continent placed him in the frontline of the quest to redefine the terms of Africa's engagement with the world. Many have lamented, rightly, that his premature passing robbed the continent of one of its most articulate, forthright, and courageous voices in global affairs, qualities which he displayed to generalized admiration at the numerous international fora where his peers entrusted him with the task of representing and speaking for them.

**Defining and Contextualising the Mandela Leadership Challenge**

If the naming of a leadership lecture series after Meles Zenewi is to be welcome and celebrated for the positive attributes of a transformative leadership which he embodied, the decision to devote the 2014 edition of the lecture to the legacy of the late Nelson R. Mandela can only be applauded as one worthy of our unalloyed support. For, few are the personalities who, in the recent history of our world, were able to leave their mark in the sands of time as visionary leaders driven by a sheer determination to fight oppression and injustice no matter the cost to them personally. So dramatic was his life and so powerful were his experiences that in his travails and triumphs, we all saw in him a little of ourselves and of what we could both endure and become. In this way, even more than many others, Mandela was an inspirational figure whose

appeal transcended different generations, regions, genders, sexualities, and races. Not surprisingly, he united peoples from different domains and across different boundaries with his remarkable and very personal story of fortitude, hope, faith, and rebirth in the face of prolonged adversity, pain, and loss. In doing so, he emerged as one of the few truly global titans of our age - and, perhaps, even of all time. His example will continue to inspire for generations to come. Nelson Mandela was the Madiba for all seasons.

Speaking on the legacy of a great historical figure such as Nelson R. Mandela is clearly a gargantuan task in and of itself, a testament to the largeness of the man and the richness of the multi-dimensional nature of his experience. Fortunately, however, an opportunity to considerably trim down the topic of this lecture and focus on a much more manageable slice of the Mandela legacy is provided by the specific accent which the 2014 edition of the Zenawi Lecture Series is placing on leadership in Africa. This focus offers a disciplined scope for a contextualized reflection to be undertaken on some of the lessons in leadership which Mandela especially represented for us in Africa. It is an appropriate, even urgent and necessary reflection to undertake at this point in the history of the continent when its constituent countries are in the throes of some the most radical and rapid changes that have been seen in a long time. The changes - economic, social, political, cultural, technological, demographic, and spatial - demand the deployment of the best leadership acumen

possible if the continent is to derive an all-round continental renewal from them. This is all the more so as the changes are also occurring as part - and in the midst - of some of the most far-reaching geo-political and socio-economic realignments in the international system since the end of the Second World War.

In drawing leadership lessons for today's Africa from the life and times of Nelson Mandela, we will do well to remind ourselves that previous realignments during the last five hundred years in world history left Africa, to say the least, at the receiving end of changes that signaled the emergence of some of today's leading global powers. The history of enslavement, exploitation, the scramble and partition, colonization, poverty, underdevelopment, neocolonial dependence, and generalized domination that became an essential stuff of the African story cannot be allowed to repeat itself or continue under new guises. Leadership at different levels and layers of African state and society will certainly have to be consciously nurtured, intelligently mobilized, and strategically deployed if the continent is not only to turn the table of underdevelopment and dependence but also seize the plethora of opportunities provided by the contemporary conjuncture to drive a programme of all-round rebirth and transformation. Yet, not a few commentators have noted, with understandable - indeed justified - concern that in the face of the changes taking place within and around the continent, a multiple and multi-layered crisis of leadership appears to be in evidence which must be speedily redressed. Mandela's life and legacy provide ample evidence that the

capacity is within us in Africa to produce the leadership resources that are required to meet the challenges of the changing times. The key issue which is posed, therefore, is to tap those resources and enable them to flower and bloom.

## Mandela as a Quintessential Leader

Much has been written and said about the leadership qualities and attributes that the late President Mandela embodied and exemplified. These are legion and they have been remarked upon in many different ways and forms, much more than can ever be fully captured in this lecture. They range, to cite only a few of them, from his unyielding personal commitment to the pursuit of a just cause, the sacrifices - personal and familial - he made for his convictions, and his readiness to pay the supreme price for his beliefs to his espousal of a gospel of tolerance, his dogged loyalty to a collective cause, and his sense of duty to his fellow human beings. Attention has also been drawn to his insistence on the centrality of political organization, the imperatives of organizational discipline, the importance of personal responsibility and accountability, his essential faith in the basic fairness of people, and his abiding belief in the common humanity which we all share regardless of our station in life or the pigmentation of our skins. Mandela's humaneness at all times and the uncommon generosity of spirit he displayed towards his traducers earned him considerable admiration and acclaim, making him a hero and model across a world that has grown accustomed to sledgehammer revenge and narrow retribution in the governance of global affairs.

Who could have expected that a person who had been so systematically ill-treated would emerge from over 27 years of prison to preach reconciliation and extend a right hand of fellowship to his former oppressors, both low and high? How could a person who had been the victim of much racial hatred that separated him from his family and actively sought to dehumanize him emerge from prolonged confinement to eschew bitterness and become an apostle of *Ubuntu*? Who among us was not amazed to note that on the day of his inauguration in 1994 as the first South African President to be democratically elected by his compatriots of all races, he reserved a seat in the front row at the Union Buildings for his former prison guard? And the positive surprises that flowed so effortlessly out of Mandela continued throughout his presidential years into his retirement and his death, leaving us in no doubt that his was not a case of a politician opportunistically playing to a stage-managed gallery but of a leader who was so completely at ease with himself and his fellow humans that his natural actions and gestures helped to re-write important chapters in history - and in the theory and practice of leadership. For even in his personal will, read out after his death, he remembered to honour his domestic staff and carers whom he treated as intimate parts of his enlarged family. In acting directly contrary to what many had taken for granted would be an unquenchable thirst for revenge and retribution, Nelson Mandela showed himself to be a rare breed of forward-looking leaders who proved able to put their personal pains and travails aside for the greater good of country and

humankind. He forgave even though he did not - and could not have been expected to forget. And yet, he stoically refused to be locked in a trap of bitterness, lest he be booked into another round of imprisonment, this time an imprisonment that would be self-imposed.

The historic defense statement which Mandela made on 20 April, 1964 at the kangaroo Rivonia trials he and his key comrades were subjected to and whose 50th anniversary is being commemorated this year summarized his vision of a world founded on justice and dignity, and his uncompromising abhorrence of the institutionalized racism which the apartheid authorities had erected. He reiterated his dream of a non-racial democratic society in the speech he delivered on 11 February, 1990 following his release from 27 and half years of prison and at his inauguration on 10 May 1994 as the first elected president of a post-apartheid South Africa. Following his death on 5 December, 2014, much of the world, unsurprisingly, was united in genuine mourning over the passing of a truly great person the like of whom we had not seen in a long while and may not easily come across again anytime soon. For many Africans and the children of the continent in different parts of the Diaspora, there was a sense of pride and satisfaction that Mandela was not just one of them but also emerged from among them to become an African gift to humankind. It was a sense of pride that pervaded even if the irony was also not lost that some of those who only yesterday had loosely dismissed the icon as a self-serving terrorist queued up one after the other to sing his praises in what

was partly a genuine effort to correct the misjudgments of yesteryears and partly an opportunistic push at an historical revisionism and Mandela re-appropriation.

**Three Leadership Lessons for Africa from the Mandela Legacy**

Mandela's life offers many lessons in leadership. Those which have mainly been diffused through various media are the ones that focus primarily on him as a global colossus and a virtual saint worthy of our unreserved and enduring admiration and adulation.

There is certainly plenty to celebrate about the life of Mandela and many reasons not just to salute his legacy but also to perpetuate it. This is all the more so when his example is set against the generally uninspiring performance of different levels and categories of office holders in Africa and across much of the rest of the world, a mediocrity that has led knowledgeable observers to remark on a contemporary global leadership deficit that has also played out on our continent. On account of this and more, exercises in drawing lessons and inspiration from Mandela's contributions and example will, no doubt, continue for a long time to come.

It is important, nevertheless, to remember that, for many reasons which are not necessarily laudable, charitable, or altruistic, various investments are also being consciously made by different interests in a cult of Mandela with the purpose of serving narrow ends.

In life as in death, amidst all the superlatives that have been marshaled and which continue to be deployed with regard to the man, we are witnesses to the many competing uses, abuses, and meanings of the Mandela name and persona.

It is partly because of this that it becomes imperative for us to try to return to basics about the Mandela legacy and infuse doses of sobriety into the narratives that have predominated about the icon, doing so with a view to reminding ourselves, if nothing else, that leadership is not an abstract joy ride of saints or a unidirectional march towards sainthood but the result of active engagements forged in various theatres of struggle that test us as human beings in all ways imaginable.

In this connection, three key aspects of the Mandela story that have not always been prominent in most narratives have been fascinating and instructive for me and it is to these that I would now like to pay some attention.

**A Capacity to Dream and Envision**

The first aspect of the leadership example which Mandela represented resided in his emergence, once he joined in the struggle for the liberation of South Africa, as the charismatic voice and face of a dream.

The ability which he demonstrated from the outset to draw inspiration from the daily travails of the times in order to encapsulate them and envision a new societal order is a gift of leadership which is not given to all. Out of the vision of a new society which he and his comrades forged came ideas for the prosecution of a struggle that was

bound, given its historic justness, to end in victory, no matter how long it would take. That vision of a new society also produced an audacity and a conviction of purpose and action. In this regard, Mandela came in the mold of great 20th century world leaders such as Mahatma Gandhi, Martin Luther King Junior, Kwame Nkrumah, Julius Nyerere, and Amilcar Cabral, to cite a few of them who are very familiar to us in Africa.

Many of these leaders drew their inspiration from an earlier generation of pan-Africanists like Henry Sylvester Williams and Marcus Garvey to articulate dreams of a free, independent, and united Africa at a time when the idea of independence looked like a mere fantasy whose possible prospects European political giants like Charles De Gaulle and Winston Churchill publicly told the world they would never ever countenance. Dreams are the foundation for the visions that yield projects of societal transformation.

Indeed, they represent the first step in the march of human progress and were it not for the courage of those who dared to dream even at the risk of being dismissed with contempt and ignominy, our world would not have known some of the major advances it has seen over the ages.

We know from experiences around the world that a people who lose their ability to dream and whose leaders are incapable of building visions of a greater tomorrow lose the capacity to strive towards loftier and nobler heights with collective purpose and endurance in order to reinvent themselves and achieve a better future.

John F. Kennedy's example as the 35th President of the United States demonstrates this amply. On 25 May, 1961, before a joint session of the United States Congress, he mobilized a weary American populace discouraged by the Bay of Pigs fiasco and the Soviet head start in space around his dream of landing a human being on the moon.

His dream was part of a broader effort aimed at rebuilding national confidence and a sense of all-round renewal among Americans. He succeeded post-humously in his efforts when on 20 July 1969, almost six years after his assassination, Apollo 11 Commander Neil Armstrong became the first human to walk on the moon, to the immense pride of Americans and the admiration of the world. Dreams and the visions they yield are as integral to nation- and state-building as they are to the nurturing of national identity, dignity, purpose, and pride.

Dreams are critical to the enhancement of the can-do spirit in people that galvanizes them to individual and collective action and helps them to walk the extra mile until they attain their ultimate goal. So convinced was Mandela of his dream of the imperatives of a non-racial society that through almost three decades of prison, he could neither be bent nor broken to compromise for anything less than his ideal of a new society.

Nelson Mandela's capacity and willingness to dream, and his tenacity in holding on to his vision and ideals bear important lessons for a contemporary generation of

Africans, leaders and followers alike, who, in the guise of an excessive realism, have cast dreaming and visioning for higher public ideals aside, and reduced the entire essence of governance to the perpetual management of under-achievement clothed in a poverty of foresight and mediocrity of policy. Leadership without a well thought out and articulated project of society is easily reduced to an exercise in power-mongering, self-aggrandizement, and egotism of the types that have mired Africa in repeated cycles of corruption, conflict, and instability which really need not be the perpetual lot of the continent.

For much of the post-independence period, we have been witnesses to the huge costs in mal-governance which the lack of vision has exacted. These costs have manifested themselves in abuses of office, privilege, and trust; narrow ethnicity; religious bigotry; nepotism; ego-mania; violent conflicts; wanton wastes of lives and resources; and generalized systemic under-performance and/or outright collapse.

Failing to embody the collective dreams of their peoples and to translate them into visions and strategies, too many office bearers have sought instead to dominate, subordinate, manipulate, and repress them under different personalized diktats of "one nation, one destiny, one leader" that wear thin and lose credibility over time because they are underpinned only by the desire of rulers to self-perpetuate and self-reproduce at whatever cost. Slogans may serve a purpose but they cannot be a substitute for carefully articulated dreams and visions of a greater tomorrow.

Having a capacity to dream and forging a vision of, for, and with society out of a broad-based dream of a much better future is not to guarantee that the leader who emerges at whatever level to embody the collective aspiration will necessarily live to see the dream fulfilled. Martin Luther King Junior had a dream of an America where people would be judged by the content of their character and not the colour of their skin.

Although he did not live to see the day in January 2009 when Barack Obama was inaugurated as the 44th President of the United States, and although his country is still not completely deracialized, his leadership helped to lay the foundation for the remaking of American society in ways which, among other outcomes, paved the path for the emergence of Obama into the highest political office of the country. History is full of other examples of personalities who stirred millions by articulating, embodying, and/or galvanizing dreams of societal transformation but who did not have the fortune of living to witness their vision - or a version of it - fulfilled.

It was Mandela's luck that he lived, against all the odds, to be part of the dream of the post-apartheid South African society he so eloquently spelt out at his trial in 1964 and on other occasions during the long walk towards 1994.

It is all the more remarkable that he outlined his vision fearlessly, courageously, and unambiguously even in the face of the certainty that he was going to be sentenced to long-term imprisonment and possibly death. Once in a position to drive the

operationalization of the dream from the vantage point of the highest political office in his country, he went about his work with purpose and compassion.

Yet, he never once claimed to be the only person whose ideas for the making of the post-apartheid ideal mattered. This was so in spite of the enormous sacrifices he made along with the many sung and unsung heroes and heroines of the South African struggle, sacrifices which conferred a paramount leadership status on him in the emerging post-apartheid South African political equation of the 1990s.

In stating his case and standing by his ideals, Mandela was sure that his dream was the dream of all South Africans and peoples around the world who believed in justice, equity, and freedom.

It was for this reason that he was equally assured that even if he was locked away or put to death, the ideal for which he fought would never be killed for as long as apartheid endured. It was also because of this that he felt able to leave office after one term, certain that his successors would either have to hold the dream or be called to order by the citizenry. He was right.

And in his rightness, we draw many lessons for contemporary leadership in Africa, including the important distinction that must be made between rulership and leadership. All too often, people in positions of authority in Africa arrogate to themselves an exclusivity of wisdom derived from the assumption that to be in office and/or to exercise authority is confirmation of their omniscience - and omnipotence. In consequence, dreams of a better society that are collective in origin are first personalized, then trivialized, and finally abused to create various monstrosities of power.

Key figures who start off embodying a collective vision come to assume that they - and their families or clans - are the only ones capable of bearing the dream going forward. Among the many pathologies of power that result and which we have seen and continue to witness across our continent is the syndrome among many office bearers to cling on to office as part of *de facto* or *de jure* life presidencies.

In doing so, the collective dream is lost, the vision becomes blurred, and ideals are forgotten. The consequence? Society flounders and citizens are alienated. Institutions of governance are thrashed. Politics becomes a game of self-preservation and survival at any cost. Mandela tells us it need not be so. In teaching us, he demonstrated repeatedly that he was neither infallible nor indispensable.

More than this, he recognized his own mortality.

The Mandela life story also teaches us that individuals who aspire to leadership but who do not have any ideals by which they organize their lives and discipline themselves whilst being accountable to the collective are not worthy of popular trust or emulation.

Leaders must be known to stand for and represent some things which speak to the best in us as citizens and humans as to motivate us to feel able to entrust some of our hopes in them. They stand in contrast to shabby deal-makers and footloose wheeler-dealers who, in the name of realism, trade

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away anything and everything on the altar of personal survival, luxury, expedience, and convenience.

Having established his credentials as a visionary leader disciplined within an organizational structure and paid a huge personal price for his beliefs and principles, Mandela became worthy of our basic trust in some of the hard and difficult choices he and his comrades made because we were certain that, fundamentally, he did not embark on any course of action out of a thirst for personal vainglory - even if there was reason to be cautious and even skeptical on occasions about some of his moves on the complex chessboard of politics.

Too many are today's African rulers who, by contrast, carry on as though to be a visionary leader and to embody a collective dream is to be trapped in grandiose adventurism or be disconnected from the hard realities lived by their citizenry or to function outside of and above all institutions, structures and rules.

Scholarly commentaries about the travails of post-colonial Africa have repeatedly remarked that part of the reasons for the failings that have characterized the last half-century of the continent's history centre on the disconnect between state and society as rulers occupied make-believe Olympian heights that resulted in an irretrievable loss of vision and purpose - sometimes without those rulers being even conscious of the fact that communication between them and the citizenry had long been broken.

**Local Embeddness**

The second aspect of the Mandela legacy which is germane to reflections about leadership in Africa is another straight forward one which is often missed in assessments of his contributions or in any case minimized.

It centres on the fact that every leadership, even the greatest and most global or internationalist of them, begins from a domestic context where local questions pre-occupy and predominate. No outstanding leader achieves greatness *ab initio* by failing to be embedded in local contexts or opting to treat such contexts in their multiple layers as little more than a collection of peripheral nuisances.

It is in articulating a leadership response to the local challenges confronted by defined political communities that the seeds of the greatness which the world eventually notices and celebrates about a leader are first sown. And it is by local performance standards that a truly great leader is and must be evaluated in the first instance. In matters of leadership, charity must truly first begin at home.

A leader who has honour only abroad and not at home must ask hard questions about his or her credentials. This point also broaches upon the organic connections that must always exist between leaders and the governed, connections which generate reciprocal and socially anchored balances that allow for mandate to be derived and which offer important reality checks for those who are entrusted with high office.

Furthermore, it speaks to the ability of a leader to listen to local voices in their di-versity and tap into local wisdom in order to guide behaviour and action. Embedded

leadership understands the chemistry, sociology and psychology of society.

It does so not in order to cynically or opportunistically ride populist tides but mainly to be positioned to help make tough choices about the overall direction of society.

Nelson Mandela may have grown to acquire global fame of immeasurable proportions but, as a close reading of his autobiography tells us, even if not in so many words, he began his leadership trajectory by being consummately local.

From his native Qunu, that ancestral land to which he was fondly attached all of his life, to his community level engagements before prison and after, including participation in clan affairs and chiefly duties, as well his attention to immediate family matters, right down to the names of his grand-children, we gained glimpses of a person who was an engaged and active part of his local environment.

Beyond his life in Qunu, we also saw the connectedness he established with people in different places in South Africa where professional work as a lawyer and political activism as a dogged fighter against apartheid took him.

Out of his life of active local engagement, he forged values of integrity and dignity which blended with ethos of hardwork and discipline that flowed from his internalization of the stories he heard from village elders about the proud and heroic past of his people.

He was able as he became politicized to extend his local embeddness to his work in the African National Congress (ANC)

that was to become a lifelong home for him. It should not be surprising that at the different stages of his leadership trajectory, Mandela did not exhibit any innate fear of the people and he demonstrated this at various times, including whilst in office as President of South Africa and found time to undertake his meet-the-people walkabouts.

Embeddness taught him that although he may have symbolized a struggle, his efforts were a part of a broader collective fight for change. This humbled him to the point where although we all sang songs of his heroism, he never cultivated nor succumbed to a cult of personality. Embeddness enabled him to keep all things, great and small, in perspective.

When Mandela emerged first as a leader of the ANC and then as President of South Africans of all races to engage the world, he did so fully anchored on local ground and on the basis of clear principles and values derived from the history of that local context.

There was no question of any world powers either dictating direction to him or imposing friends on him by the threat of coercion or through the kinds of flattery reserved for legitimacy-hungry rulers who, having been alienated from their home base, reach out in desperation for any and all "international" endorsement, no matter the price they have to pay. Indeed, many are the rulers in post-colonial Africa who, having lost the trust of their people, proceed to expend scarce national resources to purchase meaningless accolades and trophies abroad from dubious indexers of performance who have perfected the professional art of feeding fat on desperate office bearers. For those who

tested Mandela by, to cite one example, seeking to advise him against the warmth he showed to Fidel Castro, he wasted no time in putting them in their place, reminding them that when the majority of South Africans needed solidarity from the world and they opted to cast their lot with the apartheid government and the minority interests it so crudely and violently served, Cuba under Castro did not hesitate to extend solidarity to the popular struggle against institutionalized racism even though the country was itself also under a prolonged big power boycott and siege.

Local embeddness comes with a sense of history and memory that allows for confidence and self-assuredness in the conduct of public affairs. In the end, it was the world that had to stop and learn lessons from the local boy from Qunu.

There is an especially important message for the peoples Africa, particularly those who claim or aspire to hold leadership positions, from Mandela's life of local embeddedness.

In a world that has all too often sought to reserve the right to itself to define who is a "good" African leader, and on a continent where leaders have always given much greater value to foreign endorsement whilst actively riding roughshod over local opinion, Mandela teaches us that international honour begins at home and with doing right with integrity and vision by the citizenry.

A leader properly embedded locally is able to embody the complexities of community without being reduced to the headship of exclusionary clan, ethnic, racial, or sectarian interests who thrive on stoking domestic hate and violence or perpetuating divide and rule policies in order to win or hold on to power.

To be embedded in the home environment is not to be bigoted or parochial, or to court cheap and ultimately meaningless popularity through irresponsible actions or gestures. The legitimacy conferred by a credible and balanced local connectedness can also never be matched by the best skills and reach of high-flying public relations consultants and money-guzzling international lobbyists specialized in laundering the image of discredited rulers for a fee.

Mandela, that man who had been a prisoner of conscience for a significant portion of his active life and whom some countries had classified as a terrorist to be excluded from their shores, had no need of image launderers to clean him up after his release. Rather, it was publicists who competed with one another, alongside celebrities and political figures of various hues, to be seen with him, in his presence, or in his light, complete with imitations of the trademark shirt he adopted as president.

Once out of prison, embeddness also meant that he was not going to become a prisoner to any local cabals or puppet to any pay masters. Mandela did not just claim leadership. He earned it. And we all respected him for it because in his local embeddness, we recognized ourselves.

**Leadership and Controversy**

The third aspect of the Mandela example which is not often mentioned but which is critical to draw attention to is the issue of controversy. Lord Acton it was who stated

in one of his famous letters written in April 1887 that great men (it was not yet the age of gender awareness among philosophers and politicians) are almost always bad men. I would modify that statement to say that great leaders are almost invariably controversial people for various reasons.

At one level, their projects of society are not, as can be expected, always the objects of a unanimity of opinion and they generally tend to be forceful personalities who, in some ways, are ahead of their time and their generation. At another level, their methods and choices are similarly open to questioning and contestation both by those who genuinely see things differently or have completely different temperaments and those who are little more than petty spoilers with motivations that are less than noble.

Furthermore, in making hard and tough decisions about the paths open to society, leaders worthy of their name cease to aspire to be all things to all people at all times and instead set their sights on a clearly-defined cause and course that inevitably means losing some and winning some. Leadership carries a price and s/he cannot be great if s/he is not prepared to be controversial.

The bigger challenge then for a leader is the ability to manage controversy with the kind of tolerance and openness of spirit that allows for learning and the mobilization of more converts to his/her proposed or preferred course of action.

All too often, in Africa perhaps more than anywhere else in the world, we have been schooled to look for infallible prophets and saints in leaders and would often discard or discount potential leaders only because they have been labeled "controversial", especially by powerful external forces. Controversy is not, however, a bad thing in and of itself and should be distinguished from the kinds of divisive pettiness in power which too many leaders easily fall into.

All great leaders of note in world history have had their own share of controversy - precisely because they were on to something great. Even Jesus Christ was considered controversial and for this his opponents crucified him just as the Prophet Mohammed was seen as controversial by his critics and rivals who relentlessly went after him at every opportunity.

The founders of the pan-African ideal which we celebrate to this day were considered by many to be bearers of controversial ideas and world views. From Abraham Lincoln to Kemal Attaturk, Mahatma Ghandi to Martin Luther King Junior, Mao Tse Tung to Amilcar Cabral, Otto Von Bismarck to Amilcar Cabral, Vladimir Lenin to Kwame Nkrumah, Olof Palme to Julius Nyerere, Shaka the Zulu to Amina of Zazzau - the list can go on and on -, controversy has never be far from the doorsteps of leaders.

Mandela himself lived his fair share of controversy, whether viewed from aspects of his private social affairs, including his marital experiences, or with regard to his political life and choices. It was, however, a big measure of just how great he was that controversy could not halt his long march and during the course of that march, he always left a door open for reaching

out to his opponents, including those like Mangsotho Gatsha Buthelezi whom, whilst fiercely disagreeing with him, he still regularly referred to as a comrade.

Mandela's type of controversy was not the poisonous one that asphyxiates all conversation. It was a controversy that mainly flowed from a politics of ideas, ideals, and visions, not a controversy emanating from or fed by a moral turpitude.

The lessons for the contemporary generation of Africans are clear: If leadership cannot be exercised without a dose of controversy, it must also be understood that controversy that is not about a larger cause or cherished principles which strike at the heart and soul of society is not worthy of the energies dispensed on it.

Regrettably, and to the chagrin of many among us, the types of controversy that envelope many of those who have presided over our commonwealth or are presently at the helm of power is of the most ignoble and banal type, centering around mal-governance, absentee governance, and offshore governance manifested in abuses perpetrated by some first families, an acquisitive and spendthrift culture, a systematic insensitivity to the plight of the working poor, prolonged excursions abroad in foreign hotels, and/or equally prolonged stretches of seclusion in native villages that increasingly substitute for the official seat of power and grind government to a halt.

Mandela was controversial but his controversy was not, by any stretch of the imagination, in the same league as the controversy that enveloped the rule of Mobutu Sese Seko, Jean Bedel Bokassa, or Sani Abacha and the many others in their league, both dead and alive, past and present who made plunder and blatant thievery the directive principle of their policies and actions.

Bold, courageous, and visionary leadership will always attract controversy of the types that help society to advance in a forward march. Such controversy is healthy and welcome. Controversy generated by rulers who abuse of office, power, privilege and trust only ends up setting society backwards and dividing it. It is the kind of controversy that has diminished the African world and its hopes of a renaissance.

**Concluding Reflections**

The three dimensions of leadership which I have tried to pull out of the life and experience of Nelson Mandela are especially important to highlight on account of the contemporary conjuncture in Africa when, on the back of a new round of natural resource boom, a veritable scramble for the continent is taking place which calls for a leadership which is organically rooted and able out of that rootedness to drive bold visions of transformation for the continent.

The Mandela generation was the generation of liberation and out of that generation we saw the likes of Nkrumah, Nyerere, Cabral, Machel, and Mandela himself who bequeathed to us political freedom and the restoration of our collective dignity.

Ours is now the generation of a new phase of the pan-African renaissance which must drive the project of a progressive structural transformation for the continent and its peoples, doing so with attention to the imperatives of building a solid production base for our countries, and enthroning social

justice and democratic governance as part of the prerequisites for unity and progress. It is a project which needs audacious visionaries who, drawing on the rich history of the continent and the example of the likes of Mandela, can embody and articulate our collective aspiration for an Africa that fully rediscovers itself and takes its rightful place at the *rendez-vous* of human progress. This ultimately, is the principal challenge of the Mandela legacy. For the sake of the sacrifice he and his generation of liberation leaders made, we cannot afford to fail. And if we succeed, then Madiba can rest in peace satisfied that he and his fellow travellers did not labour in vain.

I thank you for your kind attention.

# List of Acronyms and abbreviations

| | |
|---|---|
| AAU | Addis Ababa University |
| AGA | African Governance Architecture |
| AMDC | African Minerals Development Center |
| APSA | African Peace and Security Architecture |
| APSP | African Peace and Security Programme |
| AU | African Union |
| CABRI | Collaborative Africa Budget Reform Initiative |
| CAP | Common Africa Position |
| CSDG | Conflict, Security and Development Group |
| ECOWAS | Economic Community of West African States |
| EITI | Extractive Industries Transparency Initiative |
| EU | European Union |
| IANSA | International Action Network on Small Arms |
| IAS | Institute for African Studies |
| IDEP | Institute for Economic Development and Planning |
| IFFs- | Illicit Financial Flows |
| IGAD | Inter-Governmental Authority on Development |
| IPSS | Institute for Peace and Security Studies |
| MDGs | Millennium Development Goals |
| NEPAD | New Partnership for Africa's Development |
| OAU | Organization of African Unity |
| OIM | International Organization for Migration |
| PWYP | Publish What You Pay |
| RECs/RMs | Regional Economic Communities/ Regional Mechanisms |
| SADC | Southern African Development Community |
| SPLA | Sudan People's Liberation Army |

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|---|---|
| SPLM | Sudan People's Liberation Movement |
| TMALI | Thabo Mbeki Leadership Institute |
| UCAD | Cheikh Anta Diop University |
| UCPD | Uppsala Conflict Data Program |
| UN | United Nations |
| UNDP | United Nations Development Programme |
| UNECA | United Nations Economic Commission for Africa |
| UNESCO | United Nations Organization for Education, Science and Culture |
| UNISA | University of South Africa |
| UNODC | United Nations Office on Drugs and Crime |
| USD | United States Dollar |

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