

**Beyond Scarcity: An Assessment of
Water Management in Egypt from
a Political Ecology Perspective**

Seven Businesses Using Principles of
Circular Economy in Sub-Saharan Africa:
Results of Field Research in Uganda

**Who Finances Whom?
The Controversial Role of External
Financial Resources in Africa**

“We Are in the Darkness”:
The Impact of Fair Trade from the
Perspective of Coffee Growers
in the Kilimanjaro Region



AFRIKA TANULMÁNYOK / HUNGARIAN JOURNAL OF AFRICAN STUDIES

HU ISSN: 1788-6422 (print) | HU ISSN: 2786-1937 (online)

<https://journals.lib.pte.hu/index.php/afrikatanulmanyok/index>

Az Afrika Tanulmányok folyóiratot a Publikon Kiadó jelenteti meg, együttműködve a PTE Afrika Kutatóközponttal. Évente legalább három lapszám jelenik meg print és online formában, magyar és angol nyelveken.

The Hungarian Journal of African Studies is published by Publikon Publishers, in close cooperation with the Africa Research Centre of the University of Pécs. At least three issues are published annually in print and online format, in English and Hungarian languages.

KIADÓ / PUBLISHER

Publikon Kiadó [IDResearch Kutatási és Képzési Kft.] / Publikon Publishers [IDResearch Research and Training Ltd.]

Cím / Address: 7624 Pécs, Jakabhegyi út 8/E.

E-mail: hun.journal.african.studies@gmail.com; Web: www.publikon.hu

Bejegyző hatóság: Pécsi Törvényszék Cégbírósága / Registering authority: Court of Registration of the General Court of Pécs

Cégjegyzékszám / Company registry number: 02 09 070865

Adószám / Tax number: 13757393-1-02

Kamara / Chamber: Pécs-Baranyai Kereskedelmi és Iparkamara / Chamber of Commerce and Industry of Pécs-Baranya

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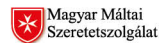
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Online: africa.pte.hu

A lap előfizethető/Subscription

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NYOMDA/PRINTING HOUSE

Molnár Nyomda Kft. Felelős vezető Molnár Csaba

ISSN 1788-6422

Minden jog fenntartva!



Hungarian Journal of African Studies

Dear Readers,

The first issue of Vol. 16 is a collection of many intriguing papers. First, based on field research conducted in May 2021, Gergely Buda presents seven Ugandan businesses and entrepreneurs which apply circular economy practices in their operations. The examples touch on plastic recycling, agriculture, carpentry, textile, and paper and packaging industries. Second, using a political ecology perspective, Rashed Daher's article seeks to understand the origin of water problems in Egypt, and argues that beyond existing scarcity due to environmental challenges, current sociopolitical conditions play a significant role. Third, Judit Kiss deals with the controversial role of external financial resources in Africa. She concludes that not the external world finances Africa, but Africa finances the world. The issue of financing Africa's development cannot be solved without (a) mobilizing domestic resources (including domestic savings), (b) attracting external resources as well as improving the use and avoiding the misuse of inflowing financial resources, and (c) curbing capital flight and tackling illicit financial outflow. Fourth, again based on a series of field research, Robert Kłosowicz looks at the 'Western Sahara question' from the perspective of Mauritania, which is in quite a difficult position as it attempts to not become conflicted with either of its powerful neighbours, both of which are aspiring to be leaders in the region. Fifth, Alfred Babo, based on ethnographic research in the Moshi District, argues that beyond changes induced by the ethical business organization, local coffee-growing farmers are trapped in "darkness" due to having insufficient information on their trading partner and limited ability to empower and transform their cooperatives. Finally, we offer a review of fresh insight into the impact of Covid-19 on higher education worldwide, but with a peculiar focus on African countries.



Dr. Gábor Búr and Dr. István Tarrósy
editor-in-chiefs

GERCELY BUDA

SEVEN BUSINESSES USING PRINCIPLES OF CIRCULAR ECONOMY IN SUB-SAHARAN AFRICA: RESULTS OF FIELD RESEARCH IN UGANDA

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Sub-Saharan Africa is facing multiple challenges regarding waste management, economic productivity, and climate change, all of which seriously endanger sustainable development. The concept of circular economy provides potential solutions for addressing this complex, multidimensional challenge. The aim of this paper is to contribute to the academic research and understanding of the circular economy's status, its application, and its limits in the Sub-Saharan African context. Therefore, the study presents seven Ugandan businesses and entrepreneurs which apply circular economy practices in their operations based on field research conducted in May 2021. The examples touch on plastic recycling, agriculture, carpentry, textile, and paper and packaging industries. The main economic benefits generated are lower input costs, saved waste management costs, and better products for consumers. The improvement of waste collection as well as the reduction of waste landfills and GHG emissions can be considered the most significant environmental benefits. Beside job and additional income creation, better hygienic conditions and improved food nutrient content represent important social benefits. The primary challenges are formed by machinery and production problems which, along with fierce competition over imported products, limit the achievement of economies of scale to support economic sustainability of these initiatives..

RASHED DAHER

BEYOND SCARCITY: AN ASSESSMENT OF WATER MANAGEMENT IN EGYPT FROM A POLITICAL ECOLOGY PERSPECTIVE

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Water management constitutes a challenge for contemporary Egypt, as the country faces a water shortage that, in certain areas, might endanger the basic needs of people in the dry season. This article seeks to understand the origin of water problems, and argues that beyond existing scarcity due to environmental challenges, current sociopolitical conditions play a significant role. Egypt is socially, economically, and environmentally in a difficult position to be sustainable. The paper utilizes the political ecology approach to shed light on the nexus between the fields mentioned above and tries to create an integrated and comprehensive strategy to analyze the water problems and possible solutions for contemporary Egypt. SWOT analysis helps evaluate the existing conditions (strengths and weaknesses) and potentialities (opportunities and threats) for the Egyptian agriculture and water management sector. Three different angles are utilized during the analysis: the infrastructural background (the economic aspect), the institutional basis (the political aspect), and the international impacts (the environmental aspect) that affect water policy. Regarding the mounting challenges, a slow change of the system is expected, but negative changes in the natural environment could accelerate pressure on Egyptian society and government to adjust. However, the support of international partners to maintain a politically and socially stable Egypt contributes to maintaining archaic political-economic structures that are unsustainable.

BRAUER-BENKE JÓZSEF

WHO FINANCES WHOM?

THE CONTROVERSIAL ROLE OF EXTERNAL FINANCIAL RESOURCES IN AFRICA

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In contrast to the highly developed countries and some developing regions, Africa highly depends on external resources of financing development. According to the saving-investment gap concept, there is a significant gap between savings and investment rates. As domestic resources are limited and their mobilization is slow, the region should rely on external sources of finance (i.e., aid, export revenues, FDI, loans, and remittances) in order to close the finance gap. Despite the massive inflow of external resources, the 200 billion USD yearly financing gap still prevails. The outflow of financial resources from Africa in the form of profit repatriations, debt service, tax dodging, capital flight and illicit financial flow exceeds the inflow, suggesting that Africa is a bottomless barrel. The long-standing concept about the saving-investment gap does not provide a full explanation for the prevailing financing gap. The main research questions are as follows: (a) Why is there a permanent financing gap in Africa? b) Why does the outflow of financial resources exceed the inflow? c) What should be done to close the financing gap and solve the problem of financing development?

ROBERT KŁOSOWICZ

POLICIES OF THE MAGHREB COUNTRIES TOWARD
WESTERN SAHARA: MAURITANIA'S PERSPECTIVE

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Mauritania is the country considered closest historically and culturally to the inhabitants of Western Sahara. It also has the longest border with the territory of Western Sahara. This country's legal status is defined in Article 73 of the Charter of the United Nations, which indicates that it is a non-self-governing territory going through the process of decolonization. The border between Mauritania and Western Sahara is 1564 km in length, which constitutes 75% of all the land borders of Western Sahara. The area that Mauritania borders with is completely controlled by the self-proclaimed Saharawi Arab Democratic Republic, which constitutes about 20% of the territory of Western Sahara. The remaining 80% of the territory is occupied and administered by neighbouring Morocco. The problem of Western Sahara, which has caused great divisions between Morocco and Algeria since the mid-1970s, is that POLISARIO's main supporter has also constituted a serious issue for Mauritanian foreign politics. Within this dispute, Mauritania is in quite a difficult position as it attempts to not become conflicted with either of its powerful neighbours, both of which are aspiring to be leaders in the region. At a press conference in November 2019, the Minister of Foreign Affairs of Mauritania, Ismail Ould Cheikh Ahmed, issued a statement indicating that Mauritania does not intend to remain just an observer any longer, but rather plans to become an active participant in addressing the Western Sahara issue to finally resolve the 46-year conflict. This conflict casts a shadow on the regional cooperation within the framework of the Arab Maghreb Union (AMU), which – if it actually functioned – could aid in the economic development of the region, especially important for the politically and economically weak Mauritania. This has become even more important in the most recent period with the global economy experiencing turbulence following the two-year COVID-19 epidemic and the current war in Ukraine.

ALFRED BABO

“WE ARE IN THE DARKNESS”:
THE IMPACT OF FAIR TRADE FROM THE PERSPECTIVE
OF COFFEE GROWERS IN THE KILIMANJARO REGION

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Studying the impacts of Fairtrade on rural communities requires examining how Western ethical businesses and eco-friendly social movements affect farmers’ livelihoods. This research took place in coffee-growing communities in Tanzania and aimed to understand local farmers’ prospects for their collaboration with Fairtrade. Although the Fairtrade initiative aims to strengthen cultivation skills to increase the quality and price of coffee production, farmers and leaders of the rural cooperatives critically assessed the mitigated impacts of the ethical trade on the development of their lives and communities. The article, based on ethnographic research in the Moshi District, argues that beyond changes induced by the ethical business organization, farmers are trapped in “darkness” due to having insufficient information on their trading partner and limited ability to empower and transform their cooperatives.

REVIEW

BÁLINT FETTER

HIGHER EDUCATION AND THE COVID-19 PANDEMIC CROSS-NATIONAL
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SEVEN BUSINESSES USING PRINCIPLES OF CIRCULAR ECONOMY IN SUB-SAHARAN AFRICA: RESULTS OF FIELD RESEARCH IN UGANDA*

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Abstract

Sub-Saharan Africa is facing multiple challenges regarding waste management, economic productivity, and climate change, all of which seriously endanger sustainable development. The concept of circular economy provides potential solutions for addressing this complex, multidimensional challenge. The aim of this paper is to contribute to the academic research and understanding of the circular economy's status, its application, and its limits in the Sub-Saharan African context. Therefore, the study presents seven Ugandan businesses and entrepreneurs which apply circular economy practices in their operations based on field research conducted in May 2021. The examples touch on plastic recycling, agriculture, carpentry, textile, and paper and packaging industries. The main economic benefits generated are lower input costs, saved waste management costs, and better products for consumers. The improvement of waste collection as well as the reduction of waste landfills and GHG emissions can be considered the most significant environmental benefits. Beside job and additional income creation, better hygienic conditions and improved food nutrient content represent important social benefits. The primary challenges are formed by machinery and production problems which, along with fierce competition over imported products, limit the achievement of economies of scale to support economic sustainability of these initiatives.

Keywords

circular economy, sustainable development, Sub-Saharan Africa, Uganda

Received: January 18, 2022 | Revised manuscript received: April 12, 2022 | Accepted: May 23, 2022

Buda, Gergely (2022). Seven Businesses Using Principles of Circular Economy in Sub-Saharan Africa: Results of Field Research in Uganda. Hungarian Journal of African Studies [Afrika Tanulmányok], 16(1), 5-20.

Introduction

According to the World Population Prospects of the United Nations Population Division (2019), the population of Sub-Saharan Africa is projected to increase 2.5 times by 2050. The World Bank's *What a Waste 2.0* report (Kazat et al., 2018) expects the amount of municipal solid waste to nearly triple in Sub-Saharan Africa by 2050. In 2016, 44% of the waste was collected in the region, while Europe, Central Asia, and North America collected at least 90% of their waste. According to the World Bank's World Development Indicators (2022), rapid industrialization in Sub-Saharan Africa has led to industry output (including construction) being five times higher in 2019 compared to 2001, and total consumption expenditure being four and a half times higher in 2018 compared to 2001.

Consequently, African countries are among the most endangered by climate change globally. The Climate Change Vulnerability Index 2017 (Reliefweb, 2022) evaluates the vulnerability of human populations to extreme climate events and examines potential changes in climate over the next 30 years. It combines exposure to climate extremes and changes with the current human sensitivity to those climate stressors and the capacity of the country to adapt to the impact of climate change. As visible on the map below, the decisive majority of high and extreme risk areas (orange and red) are in Sub-Saharan Africa.

Population growth and urbanization processes are increasing the fastest in this region and typical consumption patterns are changing and moving toward more packaged products and electronics. Thus, a comprehensive rethinking and reconceptualization of waste management and utilization, product life cycles, and prevailing business models are needed to prevent serious environmental damage and deterioration of living conditions. Furthermore, the *What a Waste 2.0* report (Kazat et al., 2018) highlights serious gaps in availability of data and studies on waste management and utilization processes in Sub-Saharan Africa, and it also provides research on green transition, sustainable development, and opportunities to mitigate climate change more and more relevant and urgent.

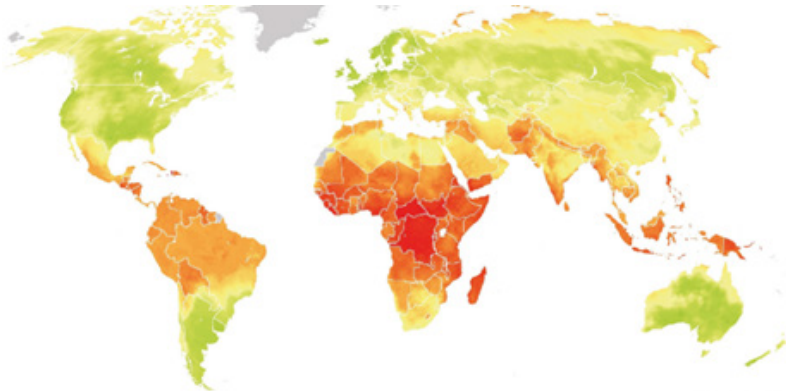


Figure 1. Climate change vulnerabilities, Source: Reliefweb, 2022

For tackling this combined challenge, the concept of circular economy promises potential solutions. The aim of this paper is to contribute to the academic research and understanding of the circular economy's status, its potential application, and its limits in the Sub-Saharan African context. Thus, the study is structured as follows. First, the causes of and challenges related to an absent economic productivity increase in Sub-Saharan Africa are introduced. The concepts and main models of circular economy are briefly summarized. This is followed by the central part of the paper including the results of field research implemented in May 2021. Seven Ugandan businesses and entrepreneurs applying circular economy practices in their operations are presented with a specific consideration of the economic, environmental, and social benefits as well as the main challenges of their activities. Finally, findings are discussed.

A Crucial Challenge for Sub-Saharan Africa: Missing Productivity Increase

McMillan et al. (2017) point out that Sub-Saharan Africa experienced an unusual phenomenon of structural change between 1990 and 2010. This meant that employees migrated from the traditionally low-productivity agricultural sector to the lower productivity service sector, but not to the higher-productivity manufacturing and industrial sector. Since productivity is the foundation for economic growth, this stagnating—sometimes even decreasing level of productivity—is seriously curbing the chances of African countries to achieve convergence with developed economies. For example, in Nigeria, productivity growth in manufacturing between 1996 and 2009 was negative relative to agriculture. In Ghana between 1992 and 2010, manufacturing's total contribution to productivity increase was zero. In Zambia, labour productivity grew by only 0.31% between 1991 and 2010, and today still half of the population is employed in low-productivity agriculture.

But why are the opportunities for growth based on manufacturing or other industrial activity limited to African countries? Perhaps the simplest answer is that many African countries have significant amounts of natural resources. These are much easier to extract and sell, and the specialization required to produce them would require a lot of time, financial effort, and human resource development. Furthermore, the success of East Asian economies poses significant challenges to new competitors in the manufacturing industry, especially in light of the fact that globalization has greatly reduced barriers to international trade. To a greater extent than before, new trade rules such as local content requirements, subsidies, and import restrictions limit room for manoeuvring and opportunities for industrial policies successfully pursued by Asian countries. However, the economic difficulties of developed countries (due to the financial crisis of 2007-2009 or the recession caused by the current coronavirus epidemic) mean less demand for exports from developing countries. Furthermore, technological changes in manufacturing have made the sector much more capital- and knowledge-intensive than in previous decades, thus reducing the benefits of poor economies in manufacturing and the potential for labour absorption in the sector. The prospects for climate change and the risks associated with it have created greater

awareness and demand for environmentally friendly solutions, but this also requires the introduction of more expensive green technologies for developing countries if they are to participate and survive in global trade.(McMillan et al., 2017).

As long as the above-mentioned tendencies of population and consumption growth are not coupled with productivity growth, the economic, social, and environmental situation will unlikely improve. Therefore, a solution is needed that ensures the increase of productivity levels by filling the gap of the missing manufacturing sector or productivity in the service sector, and curbs environmental degradation via resource efficiency.

To contribute to this search for solutions, the following part of the paper shortly introduces the concept of circular economy and its main models.

The Concept of the Circular Economy: Design and Business Model Strategies for Circularity

The circular economy originates in the works of Reay and Stahel (1977), and the concept has gained attention among academia and policymakers over the last two decades as a powerful theoretical framework for sustainable development (Geissdorfer et al., 2017). The circular economy views nature as an example where there is no waste and each output is an input for another process. Thus, the circular approach contrasts with the *take-make-use-dispose* logic of the conventional *linear economy* (Bakker et al., 2014) and argues for a nature-like circularity in the economic system. This means that the value of products, materials, and resources are maintained in the economy as long as possible, resulting in a minimized amount of waste and a sustainable management of resources. Based on Bocken et al. (2016), the circular economy can be described as a set of design and business model strategies that are slowing (i.e. reusing), closing (i.e. recycling), and narrowing (i.e. using less materials for production) resource loops. Regarding design for slowing loops, two basic strategies are the most well-known: *design for long-life products* and *design for product-life extension*. Three strategies focus on closing the loops: *design for a technological cycle*, a *biological cycle*, and *disassembly and reassembly*.

There are several business model strategies for slowing the loops. The essence of the *access and performance model* is about satisfying users' needs without owning physical products. The best examples are car sharing, laundrettes, document management systems, and leasing jeans, other clothes, and phones. The *extending product value model* is characterized by the free-of-charge retaking and remanufacturing of products by the manufacturer, as is seen with refrigerators or in the automotive industry when car parts are remanufactured. Another example mentioned by Bocken et al. (2016) is the company Gazelle, which offers customers cash for used electronics and refurbished electronics. H&M's clothing return initiatives can also be included. Similarly, the classic *long-life model* consists of the product with a durable design and a guaranteed repair service, such as luxury products claiming to last a lifetime (Rolex watches). An extreme form is the *encourage sufficiency model* where producers or resellers build their brands on telling the customer not to buy

Business model	Description
Access and performance	Satisfying users' needs without owning physical products
Extended product value	Free-of-charge retaking and remanufacturing of the products by the manufacturer
Long-life	Durable design and a guaranteed repair service
Encourage sufficiency	Producers or resellers build their brands on telling the customer not to buy certain products
Extending resource value	Collecting or sourcing waste materials and resources to turn these items into new forms of value by finding another useful function
Industrial symbiosis	End-products, by-products, or waste-products of one industrial activity can be an important input of another one

▲ Table 1. Circular economy business models, Source: Bocken et al. (2016)

certain products, which is a model used by companies such as Vitsoe and Patagonia as well as energy service companies.

Among business model strategies that focus on closing loops, the *extending resource value* model is about collecting or sourcing waste materials and resources to turn these into new forms of value by finding another useful function. For example, the company Interface, collects and supplies fishing nets as raw materials for carpets. Finally, *industrial symbiosis* refers to how certain end-products, by-products, or waste-products of one industrial activity can become important input for another production activity.

To categorize circular economy business models and strategies, Rood and Kishna (2019) introduced the *R-ladder* comprised of six circularity strategies: R1 – Refuse and Rethink, R2 – Reduce, R3 – Reuse, R4 – Repair and Refurbish, R5 – Recycle, and R6 – Recover. The numeric order of the ladder also represents the order of priority based on the energy used in the process. Thus, while *refusing* does not involve any energy, at the other end of the scale *recovering* means to regain energy from the material (most frequently by burning it).

Examples of Businesses Utilizing the Circular Economy in Uganda: Results of Field Research

This part of the paper shortly introduces seven examples from Uganda, including businesses and entrepreneurs applying circular economy models. The sites were visited and interviewed during field research in Uganda in May 2021. These locations were selected from Footprint Africa's Circular Economy Case study report (2021) and based on the recommendation of experts at the Uganda Cleaner Production Center and the National Planning Authority. The examples include plastic recycling, agriculture, carpentry, textile, and paper and packaging industries. Beside introducing core activities, the research focuses on highlighting the economic, environmental, and social benefits created by these businesses, while competitor products and main challenges are also discussed.

Hya Bioplastics is a young organization, started as a pilot project of students at the Makerere University in Kampala in 2018. The organization focuses on the replacement of plastic with research and development on the productive utilization of water hyacinth, an invasive plant growing in Lake Victoria and other freshwater systems, which is causing serious problems for the fishery industry. Water hyacinth is usually harvested by fishermen to clear up fishing areas and dumped as waste or used as animal feed. Hya Bioplastics© pilot products are trays, packaging tools, coasters, and name tags from “biodegradable plastic” based on the mixture of dried water hyacinth, sawdust, and casava starch. The customized products are sold mostly to restaurants and bars. As the plastic replacement business is still in the initial phase, Hya Bioplastics also started to produce sawdust-based briquettes sold to poultry farms or households to replace charcoal that is more polluting and less efficient. Briquette selling provides the company with additional revenue to invest in further research and development on the production of alternatives to plastic. Sawdust is supplied free of charge by a carpenter company called Motiv Creations. Prior to this agreement, the disposal of this by-product was costly and problematic.

Economic benefits of Hya Bioplastics include the following: cheaper production of its products based on low-cost or even free input prices, the additional revenues due to easier fish production, improved production efficiency of poultry farmers with more durable and more efficient sawdust briquettes, and lower landfill costs with Motiv Creations. There are also clear environmental benefits: reduced or avoided landfill of sawdust, less pollution from poultry farming, reduced usage of plastic, and increased maintenance of natural fishing areas and promotion of biodiversity. Lastly, the social benefits include the contribution to additional revenues and the creation or conservation of jobs for casava farmers and fishers.

Despite these benefits, there are some challenges. On the one hand, the lack of water resistance in packaging products require large investments in technological research and development. On the other hand, cheap imported plastic products pose serious competition. The combination of these two factors limits the increase of market share and economical production.



▲ Picture 1. *Hya Bioplastics* trays as an alternatives to plastic, Source: www.hyabioplastics.com, 2022

Amelia Agro Ltd. is an organic farm on eight acres in Jinja, 100 kms East of Kampala, the capital. The farm grows several varieties of plants and raises animals (chicken, fish, pigs, cows, goats, and rabbits). The organization is an excellent example for making use of other companies' waste or by-products as compost, animal feed, or organic pesticide. Bagasse (the left-over of crushing sugar cane) is received from sugar companies. Slaughterhouses supply them with blood, intestines, and flesh off-cuts, as other flesh remaining is also supplied by fishers, fish processors, and tannery companies. From paper companies, the carbon-rich boiler ash is a valuable source for keeping the soil fertile, while floating barley and husk from breweries are being fed by the pigs and used as compost. Water hyacinth comes from the Jinja Sailing Club and is used as pig and chicken feed. Finally, effluent from spirit producers is also used for composting. The farm's products are sold on the local market and to restaurants. Another supply of organic waste comes from restaurants in the form of fruit and vegetable peels and food left-overs. Beside the in-coming organic waste supply, within the farm there is a circular model of materials. Everything is utilized for feeding or composting, such as animal manure, garden weed, or other plant residue.

Economic benefits: The competitive advantage of this farm is to make and keep the soil fertile with high nutrient content and also profit from increased crop and animal production. The big advantage of the industrial symbiosis practices is that most of these supplies of nutrient rich ingredients are received free of charge, and the only cost for the farm is transportation. Additionally, supplier companies can realize serious reductions of costs associated with landfills. Among the several environmental benefits created by the farm, one important benefit is the avoidance of waste in landfills, which results in the reduction of open-air waste decomposition and green-house gas emission. Moreover, the improved soil quality can contribute to the increase of carbon sequestration capacity, which is a crucial factor in the mitigation of climate change. **Social benefits:** The farm tries to avoid the use of machinery as much as possible. Therefore, it employs a relatively high ratio of human workforce and creates jobs. Organic agriculture may contribute to better nutrition conditions.



▲ *Picture 2. Boiler ash in windrow compost at Amelia Agro farm, 12th May 2021, author's photo*

As main challenges, the following elements have been identified. In spite of these above advantages, Amelia Agro still struggles to reach profitability, as organic agriculture is very labour-intensive, soil nutrient improvement is time-consuming, and low local demand and purchasing power for organic crops (compared to non-organic ones) does not allow significant price differentiation. Furthermore, the farm faces serious competition with imported chemical fertilizers and industrial animal feed.

ProTeen utilizes black soldier flies to process organic waste in fertilizer and animal feed. The organization has a strategic partnership with the Kampala Capital City Authority (KCCA) waste management department, which supplies organic waste from different markets in the city. The waste of these markets is estimated to be 80-90% organic. Additional organic waste is also delivered by private waste collectors and food processing companies. The organic materials are shredded and mixed, and the black soldier fly larvae eat it up within eight days. The larvae function as the input material for three different products: a protein-rich animal feed that is primarily purchased by large chicken producers, fat-rich extracted oil that is a useful input to pig and other animal feed, and a fertilizer granulate used by organic farmers (typically coffee farmers) to return nutrients to their farms. As industrial fertilizers usually imported from the Netherlands are expensive, only a few organic fertilizers are available locally. *ProTeen*'s technology is much faster than composting and their technique has a competitive advantage while contributing to waste processing with reduced greenhouse gases emissions. Moreover, other alternatives from competitors such as silver fish-based fertilizers are more expensive with lower and unreliable quality due to limitations in production.



▲ Picture 3. Black soldier flies at *ProTeen*'s site in Kampala, 25th May 2021, author's photo

One of the key economic benefits is that supplier companies and municipalities can save on landfill and waste management costs. Farmers and animal keepers can obtain cheaper and better-quality organic fertilizers and animal feed, and they are able to produce locally. Environmental benefits are that the organization's activities also contribute to the reduction and avoidance of waste landfills, as well as the reduction of open-air waste decomposition and green-house gas emission. By returning organic nutrients to nature, the soil quality and carbon sequestration capacity is also strengthened. Social benefits: ProTeen creates new jobs and improves food nutrient content that indirectly contributes to better social nutrition and health conditions. The biggest challenge for Proteen, as is the case for most of the companies discussed, is to provide machinery to achieve economy of scale and ensure production with consistent price and quality.

TexFad is a non-profit organization that deals with hand-woven textile products in the suburbs of Kampala. The production of carpets, table mats, scarfs, and other handcrafts are based on two inputs: textile off-cuts and banana stem. Textile off-cuts and reject cotton thread (a product of errors in production or defective products that are three time cheaper than normal ones) are supplied by two cotton factories: Nytil in Jina and Fine Spinners in Kampala. Banana tree stems come from local farmers (four large-scale plantations and ten small-scale producers) and the fibre is extracted at TexFad. After a banana tree has produced its fruits and completed the harvest, it does not grow any more fruit. The 3-5 meter tree remains as waste with an unused potential. The extracted fibre is used for carpet-weaving, and the remaining parts are used for the production of organic fertilizer and carbonized briquettes (like in the



▲ *Picture 4. Hand-woven carpet from banana fibre and textile off-cuts under preparation at TexFad in Kampala, 19th May 2021, author's photo*

example of Hya Bioplastics). TexFad is investing in further research on the treatment of banana fibre so that it can replace cotton in the future. Carpets and table mats are typically sold to hotels and apartments, while briquettes and fertilizer are sold to poultry farmers, restaurants, homes and schools.

The company takes advantage of lower input costs and contributes to additional revenue generation of textile producers and banana farmers, as an economic benefit. Households as well as catering and poultry businesses benefit from the more durable and efficient briquettes as solid energy sources. Additionally, suppliers can save on landfill costs. Environmental benefits: TexFad also contributes to the avoidance of landfills, the reduction of green-house gas emission based on open-air waste decomposition and air pollution by using briquettes instead of charcoal for cooking, and improvement in soil quality and carbon sequestration capacity. Social benefits: The organization creates additional jobs and revenues. Nevertheless, competition with imported plastic rugs and carpets, chemical fertilizers, and charcoal producers pose the main challenges for TexFad.

TakaTaka Plastics is based in Gulu in Northern Uganda, and the company deals with plastic recycling. In the local language, Acholi, *Taka* means *waste*. Thus, the name choice represents a mission to change the local perspective about waste along with how it is utilized and valued. The organization was founded in 2020 by recent university graduates who won six different business competitions to obtain funding for launching the project. TakaTaka Plastics processes disposed plastic bottles and bags to produce a large variety of products, such as roofing and wall tiles (their main product), construction lambers, clips, strings (used in basket weaving), face shields, and glass coasters. Plastic is collected in the city of Gulu and the surrounding area in several ways. The company has deployed plastic collection banks in nine schools as well as several restaurants, bars, and other public places. Hospitals supply around 70 kg of plastic per week. Together with local authorities TakaTaka organizes monthly community waste collection actions that supply an average of 200 kgs of plastic



▲ *Picture 5. Wall tiles representing 650 recycled soda and water plastic bottles at TakaTaka Plastics office in Gulu, 21st May 2021, author's photo*

to process. 90% of the plastic is collected for free, which provides the basis for a great competitive advantage against ceramic tiles, the main product competing in the market. Beside being cheaper, TakaTaka Plastics tiles are also more durable and recyclable compared the conventional ceramic options. The company plans to have a self-sustaining operation within the next two years in Gulu, and open additional processing stations in other cities such as Arua and Hoima. To increase collection and production efficiency and to reduce the operation's carbon footprint, they envision that the equipment in the local collection points will include shredders to enable pre-processing of the plastic to improve the amount-per-transport ratio. The company also plans an extension of the recycling portfolio to include aluminium cans as well.

TakaTaka's benefits a lot from input material being very inexpensive because the input costs only include transportation. Consumers can buy cheaper and more durable tiles, while municipalities can save waste collection and management costs. Environmental benefits: The beneficiaries of the company's activities are local communities and nature, as plastic waste is collected and public areas are kept cleaner (environmental benefit). From the social benefits' point of you, beside job and additional income creation, TakaTaka contributes to social awareness-raising, better hygiene, and improved health conditions.

Despite these advantages, the business is still not economically developed because it still struggles to reach economy of scale. At the time of the interview, TakaTaka processed one ton of plastic per month and, according to their calculation, economic sustainability would be reached at the level of nine tons for monthly production. This is also reflected in their income structure: only 20% comes from the actual business, while 40% comes from different business grants and another 40% from donations. Beside finding funding, the most challenging factor is to provide cheap and reliable machinery, as it is very expensive to import and locally manufacture the machines required for the company's operations.

Ecobrixs, a company in the city of Masaka, processes plastic bottles. Their main products are plastic bricks, support columns, used in construction. They also produce face shields, baseball cap inserts, book covers, and black boards with frames from recycled plastic. These latter products are mostly purchased by local NGOs, schools, and hospitals. An important feature of Ecobrixs' model is the incentive system for waste collection in which the company pays for the collected plastic. This ensures a stable production input supply, as individuals can gain additional income by delivering plastic to Ecobrixs' 30 collection centers within a 100 kms radius of Masaka. Apart from the collection centers, the company also receives plastic waste from 28 schools. The organization only has to provide the transportation from the collection centers, which is carried-out by drivers and their collection trucks.

Inputs are inexpensive for Ecobrixs. As their construction products are cheaper than concrete and more durable than timber – the two competitors' products – the company's market share is markedly increasing. Municipal waste management costs are also reduced. Environmental benefits: Similarly to TakaTaka, the company con-



▲ Picture 6. Brick, black board and frame from plastic at Ecobriks in Masaka, 17th May 2021, author's photo

tributes to the collection of plastic waste and therefore helps to keep natural and public areas cleaner. Econbriks directly provides full-time jobs for 13 employees in their process station in Masaka and 25 jobs in the collection centers, while an average of 165 individual plastic collectors can gain additional income while cooperating with the organization. Moreover, cleaner public areas and nature contribute to improved hygiene and health conditions.

Mostly challenging for Ecobriks that machinery deficiencies and production capacity still hinder profitability.

The *Uganda Industrial Research Center* (UIRI) experiments with several technologies related to cleaner production and the utilization of waste materials, such as replacing timber with bamboo and the utilizing cotton husks for mushroom growing and glass waste in ceramic production. During the research and site visit, one of the most impressive and advanced initiatives was led by Samuel Nuwagaba who works on using paper and agricultural waste such as banana fibre or other plants like sisal to produce alternative paper and packaging products. As discussed previously, banana fibre is available in huge quantities in Uganda and in broader Sub-Saharan Africa. The packaging industry is still dominated by plastic products, mostly imported from China, India, and Kenya. Nuwagaba invented a mixture of banana fibre and waste paper (30-70 percent ratio, respectively) which provides offices with alternative recycled paper. He also produces other paper products from banana fibre exclusively, such as bags, notebooks, and boxes. These are purchased by local art centers, shop owners, and tour and travel operators to make their products and services more attractive to tourists. The products are also purchased by foreign NGOs primarily from The Netherlands, Germany, and Japan.

Input materials are free and local craft sellers and tour operators can increase their value proposition. The initiative contributes to the reduction of plastic usage and paper production. As the project is in an initial phase, the social and environmental benefits are difficult to identify. In the long term, shifting paper production



▲ *Picture 7. Paper sheets from banana fibre at UIRI in Kampala, 6th May 2021, author's photo*

to banana and other alternative input materials may create new jobs and economic sectors in Uganda and the broader Sub-Saharan Africa. However, machinery deficiencies (regular break-down and malfunctioning) and limited local manufacturing and repair expertise pose serious obstacles to reliable and profitable production.

Discussion and Conclusions

These above examples of businesses in Uganda demonstrate a wide range of activities where circular economy business models and practices have already become established in Sub-Saharan Africa. After learning about some of the economic and socio-cultural tendencies on the continent, these businesses demonstrate promising entrepreneurial and environmental initiatives and optimism about the future.

To reflect on the contribution of each project to sustainable development, the resulting economic, environmental, and social benefits should be considered. The most common economic benefits of these above organizations include utilizing cheaper input materials, saving costs for suppliers and municipalities such as those related to landfill and waste management, and providing better products for consumers. Concerning environmental benefits, each presented initiative contributes to the reduction of waste landfills and the improvement of waste collection or utilization. Agricultural initiatives (e.g., Amelia Agro and ProTeen) or partly-agricultural ventures (e.g., TexFad) also contribute to the reduction of greenhouse gas emissions and help mitigate global warming and climate change. Projects focusing on plastic waste as a production input significantly improve the survival chances of natural habitats and keeping municipal areas cleaner. Beside job and additional income creation, better hygienic conditions and improved nutrient content in food represent important social benefits.

However, implementation of the circular economy in Uganda and across Africa must still be improved because there are serious challenges these business initiatives face. Six of the seven businesses examined in the field research reported that they struggle with reaching the break-even point to make their ventures economically sustainable. These are excellent initiatives, but they should be considered pilot projects

that address sustainable development in Africa. They are all extremely dependent on donations, tourism, and other funding support such as grants. They also struggle to become economies of scale mostly due to the missing availability of proper technology and machinery. Cheap or even free-of-charge input prices hardly counterbalance the fierce competition with imported goods. A possible form of further support would be subsidies or other economic incentives from the state. However, at the time of this publication, these forms of support have not occurred in Uganda. ☀

Note

- * The present publication is the outcome of the project „From Talent to Young Researcher project aimed at activities supporting the research career model in higher education”, identifier EFOP-3.6.3-VEKOP-16-2017-00007 co-supported by the European Union, Hungary and the European Social Fund.

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Appendix 1 – Summary of Economic, Environmental, and Social Benefits and Challenges

Company	Economic benefit	Environmental benefit	Social benefit	Challenges
Hya Bioplastics	Free input (sawdust) – cheaper production Easier fish production More durable and efficient briquettes for poultry farmers Saving landfilling costs	Avoidance of sawdust landfilling Less pollution during poultry farming Less usage of plastic Conservation and maintenance of natural fishing areas	Additional revenues and job opportunities for casava farmers and fishers	Competition with plastic products and charcoal producers Development of water resistance of products Economies of scale
Amelia Agro	Lower input costs Higher fertility of soil and higher production rates Saving landfill costs of suppliers	Avoidance of waste landfilling Reduction of open-air waste decomposition and GHG emission Improvement of soil quality and carbon sequestration capacity	Job-intensive production – job creation Improvement of food nutrient content	Economies of scale Competition with non-organically grown agricultural products, imported chemical fertilizers, and industrial animal feed
ProTeen	Lower input costs Saving waste management costs for the municipality and supplier companies Reliable quality for buyers – production increase Cheaper organic fertilizers Faster production of organic fertilizers	Avoidance of waste landfills Reduction of open-air waste decomposition and GHG emission Improvement of soil quality and carbon sequestration capacity	Job creation Improvement of food nutrient content	Machinery to achieve industrial and daily constant production with constant price and quality Competition with industrial animal feed and fertilizers with other organic fertilizers

TexFad	<p>Lower input costs</p> <p>Additional revenues for textile producers and banana farmers</p> <p>More durable and efficient solid energy sources (briquettes) for households and businesses</p> <p>Saving on landfill costs</p>	<p>Avoidance of waste landfills</p> <p>Reduction of open-air waste decomposition and GHG emission</p> <p>Improvement of soil quality and carbon sequestration capacity</p> <p>Reduced air pollution by heating and cooking</p>	Job creation	Competition with imported plastic rugs, carpets, chemical fertilizers, and charcoal producers
TakaTaka Plastics	<p>Lower input costs</p> <p>Cheaper and more durable products for consumers</p> <p>Reduction of municipal waste management costs</p>	<p>Waste collection</p> <p>Reduction of plastic waste in municipal and natural areas</p> <p>Cleaner natural and municipal areas</p>	<p>Job-creation</p> <p>Additional income for plastic collectors</p> <p>Awareness-raising</p> <p>Better hygienic conditions</p>	<p>Machinery and market share to achieve economies of scale</p> <p>Competition with ceramic tile producers</p>
Ecobrixx	<p>Lower input costs</p> <p>Cheaper and more durable products for consumers</p> <p>Reduction of municipal waste management costs</p>	<p>Waste collection</p> <p>Reduction of plastic waste in municipal and natural areas</p> <p>Cleaner natural and municipal areas</p>	<p>Job-creation</p> <p>Additional income for plastic collectors</p> <p>Better hygienic conditions</p>	<p>Machinery and market share to achieve economies of scale</p> <p>Competition with concrete products (more durable) and timber products (cheaper)</p>
Samuel Nuwagaba (URI)	<p>Lower input costs</p> <p>Additional value proposition opportunities for local art and craft sellers and tour operators</p>	<p>Reduction of the usage of plastic</p> <p>Reduction of paper production</p>	N.A.	<p>Machinery and local technical expertise for reliable production – limited market share</p> <p>Economies of scale</p>

BEYOND SCARCITY: AN ASSESSMENT OF WATER MANAGEMENT IN EGYPT FROM A POLITICAL ECOLOGY PERSPECTIVE*

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Abstract

Water management constitutes a challenge for contemporary Egypt, as the country faces a water shortage that, in certain areas, might endanger the basic needs of people in the dry season. This article seeks to understand the origin of water problems, and argues that beyond existing scarcity due to environmental challenges, current sociopolitical conditions play a significant role. Egypt is socially, economically, and environmentally in a difficult position to be sustainable. The paper utilizes the political ecology approach to shed light on the nexus between the fields mentioned above and tries to create an integrated and comprehensive strategy to analyze the water problems and possible solutions for contemporary Egypt. SWOT analysis helps evaluate the existing conditions (strengths and weaknesses) and potentialities (opportunities and threats) for the Egyptian agriculture and water management sector. Three different angles are utilized during the analysis: the infrastructural background (the economic aspect), the institutional basis (the political aspect), and the international impacts (the environmental aspect) that affect water policy. Regarding the mounting challenges, a slow change of the system is expected, but negative changes in the natural environment could accelerate pressure on Egyptian society and government to adjust. However, the support of international partners to maintain a politically and socially stable Egypt contributes to maintaining archaic political-economic structures that are unsustainable.

Keywords

Egypt, ecology, Nile, water scarcity, military, SWOT

Received: October 27, 2021 | Revised manuscript received: April 20, 2022 | Accepted: May 27, 2022

Daher, Rashed (2022). Beyond scarcity: an assessment of water management in Egypt from a political ecology perspective. *Hungarian Journal of African Studies* [Afrika Tanulmányok], 16(1), 21-37.

Introduction, the problem

Over the last few decades, there has been a growing interest in water scarcity issues in the MENA (Middle East and North Africa) region, especially in Egypt—the most populous Arab country. This article seeks to identify the origin of water problems, and argues that beyond existing scarcity due to environmental challenges, current socio-political conditions play a significant role.

Although water scarcity has been on the political agenda in Middle Eastern countries for decades, policy responses and governmental processes often lack long-term solutions and the implementation of clear-cut strategies. This is because water management is fragmented, influenced by different goals and vested interests, and subject to competition between different stakeholders. Moreover, this organizational challenge, coupled with the demographic boom (increasing number of people in general and higher population density in urban areas), is a common feature of every Middle Eastern country (Joffé 2016). As a result, the extensive growth in water demand contributes to the degradation of the natural environment and human living conditions. This negative feedback of increasing unsustainable water consumption and climate change points towards a demographic catastrophe and an emergency in migration, especially in countries with severe policy and resource problems in sustaining basic living conditions.

Water management constitutes a challenge for contemporary Egypt, as the country faces a water shortage that, in certain areas, might endanger the basic needs of people in the dry season (Ezz & Arafat, 2015). Today “Egypt has reached a state, where the quantity of water available is imposing limits on its national economic development” (Ouda & Zohry, 2016, p. 2), and soon, water shortage might reach 26 billion cubic meters per year under current circumstances (Omar, 2016). Therefore, it is not surprising that water-related problems have emerged as pressing issues for the contemporary narratives, and this condition has given rise to the expectation that policymakers and communities need to tackle this relatively new crisis.

Literature analysis

Concerning the impacts of water scarcity, scientific research examined various topics related to water management, such as agriculture, climate change, and governmental development plans. The Nile water degradation (both in quality and quantity) has received media attention lately (*Saving the Nile* 2020, *Death of the Nile*, 2017).

Although there are studies on the projection of water supply in Egypt in the upcoming years (Omar and Moussa 2016), they mainly concentrate on the statistical basis of their models and disregard the “factors of uncertainty” such as the political, economic, and social background of water management (Omar, 2016). Other studies only have the angle of political analysis (neglecting the technical and management-related issues) or ignore the potential negative impact of the Grand Ethiopian Renaissance Dam on Egypt. Studies dealing with the effect of the Ethiopian project usually neglect the domestic conditions of Egyptian water management. From the perspective of thorough examination, it is crucial to relate the technical background

of water management practices (Abdelsalam et al., 2014; Barnes, 2017; El-Ramady et al., 2019; Ouda et al., 2017) to the “socio-political reality” of Egypt and consider environmental factors as well. Water utilization is more than well-designed models. As Jessica Barnes writes, “the supply side of a national water budget cannot be captured in a simple summation of rainfall, groundwater, and surface water inflow. Instead, what water comes to be is the outcome of social, biophysical, technical, and political processes that produce particular quantity and quality characteristics in any given time and place” (Barnes, 2014, p. 3). Some literature points towards a direct connection between climate vulnerability, state fragility, and the Arab Uprisings (Ayeb & Bush, 2019; Werrell et al., 2015). There are extensive studies

on the cultural importance of the Nile as the primary source of water for Egypt. They also represent an important aspect of the difficult and complex issue of water management (Oestigaard, 2018).

However, investigations are missing from the literature to understand the relationship between the political and environmental aspects of the management practices dealing with water scarcity. Moreover, an updated version of the previous water management studies also makes this current investigation relevant, especially considering Egypt’s growing external and internal challenges recently. Compared to the existing literature, this research extends the scope of analysis to developments in previous years and provides current data on the issues discussed in this study.

Conceptual framework

The concept of water scarcity utilized in this study supports the claim that water issues are inherently connected to politics, economy, and society; therefore, the analysis of water management should cover these aspects for a comprehensive understanding of the phenomena. Three types of water scarcity can be distinguished:

1. Physical water scarcity means the (almost) total lack of water in a specific area that makes it virtually impossible for people to settle there. Egypt is a region dominated by vast deserts, which are characterised by physical water scarcity.
2. Economic water scarcity, however, is related to everyday water usage and is determined by the effectiveness of governance (both on political and technical levels), management (overconsumption, waste, and pollution), and (social) distribution of available water resources. Economic water scarcity encompasses all water-related activities connected to the producers, consumers, and authorities

The concept of water scarcity utilized in this study supports the claim that water issues are inherently connected to politics, economy, and society; therefore, the analysis of water management should cover these aspects for a comprehensive understanding of the phenomena.

that are tasked with transmitting resources. Here, cultural and identity-related issues regarding water can also be mentioned. The author argues that some of the decrease in water resources can be attributed to economic water scarcity in Egypt.

3. Demographic water scarcity constitutes the third type of water scarcity based on the condition that a specific territory has a limited ecological carrying capacity. Therefore, the rapid increase in the population exerts severe pressure on the natural environment (especially on water resources) and challenges the existing (traditional) water governance structures. For example, more people in cities means a higher concentration of water demand in one specific area. This puts enormous stress on the water delivery infrastructure to provide potable water. Due to the accelerating effect of climate change, demographic water scarcity can eventually lead to physical water scarcity in the long-term. In Egypt, the demographic boom causes significant environmental degradation and unsustainable modes of consumption.

These three types of water scarcity shed light on the interconnected nature of water management. For example, climate-related difficulties escalate the water problems for human activity, which in turn require more extensive social and economic resources to be mitigated. Although climate and environmental conditions for an area (country) are predetermined, a dedicated and harmonized approach to social and economic activities helps reduce the adverse external effects of the environment and supports the implementation of sustainable and flexible water management practices. To achieve this goal, a community must build on a broad consensus of economic and political participation; otherwise, ineffective management patterns might reproduce themselves, causing vicious circles of environmental degradation and deteriorating human conditions.

Another concept that this research utilizes is political ecology. Political ecology deals with the interconnected issues of politics, society, and economy in an interdisciplinary way to analyze complex questions related to the natural environment. Therefore, this approach creates a nexus between the fields mentioned above and tries to create an integrated and comprehensive strategy to analyze the water problems and possible solutions for contemporary Egypt.² Beyond the apolitical studies of ecology, using this nexus is inherently political. It includes the management of the cooperation and cohabitation among the members of the society and social groups. By its nature, political ecology focuses on the social inequalities shaped by the uneven distribution of natural resources, environmental benefits, and costs. At the same time, it also deals with how the changing environment affects the social situation, thereby making a reciprocal relationship between society (polity) and nature (ecology).

Verhoeven (2015) grasped this nexus differently, arguing that water, food, energy, and climate are interconnected and anchored in political struggles. Verhoeven (2015) claimed that the spectre of modernization and the state-centered view of Egyptian

history and contemporary politics are part of the modern Egyptian state's aims to control, allocate, and develop national resources (such as water) through megaprojects. Molle et al. (2009) call this system "hydrocracy," which, in practice, means the domination of water resources by state institutions for the sake of the political and economic power of a minority (the elite) and to the detriment of the majority (the everyday users). Similarly, the current Egyptian government uses old patterns and launched large-scale capacity expansion measures (new desalination plants, land reclamation projects, building new cities) instead of allocating more resources on specific, local level policies to manage water consumption. Playing the politics of grandeur seems to be an incontestable part of Egypt and its long history of megaprojects.

Aims, questions, and methods

The study is designed to answer the following questions within the nexus of environment, economy, and politics:

- What are the environmental challenges that Egypt has encountered? (environmental and political nexus)
- How does Egypt manage its scarce natural resources? (political and economic nexus)

To answer these questions, this study is based on data provided by different designated ministries of water management (ministries of agriculture, environment, investment, local development, water resources, and irrigation). A SWOT analysis is conducted in the discussion section to analyze the existing conditions (strengths and weaknesses) and potentialities (opportunities and threats) for the Egyptian water management sector. In the SWOT analysis, the Egyptian water management sector is examined from three different angles:

- infrastructural background (the economic aspect)
- institutional basis (the political aspect)
- international impacts (the environmental aspect) (Dudlák, 2018)

It is expected that the example of Egypt shows the broader implications of government policies related to water poverty in different MENA countries and provides a basis for detailed, technical, and implementation studies for each recommendation with a possible way forward to tackle water scarcity in the region. The case study of Egypt can also be comparable to other countries across the world experiencing water crises. This research compliments other studies examining best practices of water management (both on institutional and individual levels) to counter water scarcity problems.

The research argues that there are three sets of factors that are responsible for the water crisis in Egypt:

1. natural (physical water scarcity): serious environmental challenges (deteriorating water resources both in quality and quantity, climate change)

2. political and economic (economic water scarcity): weak management with political factors having priority over economic rationale (old water usage techniques, inefficiency, lack of private investment)
3. human or social (demographic water scarcity): population growth (a sudden increase in demand)

In the following sections, the author provides historical, empirical, and statistical data on each of these challenges. In the analysis, there is a particular focus on the post-Arab Spring period to see how political turmoil over the past decade affected the nexus between social, economic, and environmental factors, and how internal and external factors created new conditions for and challenges to water management in Egypt.

Current conditions and environmental challenges

Water resources in Egypt

The Nile is the longest river on Earth, flowing 6695 km and collecting water from one-tenth of Africa's territory (an area of about 3.2 million km²) (*Atlas Nile Basin*, n.d.). Its location from the climatic perspective is unfavorable: its valley spans tropical, subtropical, and desert zones and it is overly exposed to deforestation, negative soil processes, general temperature increases due to global climate change, and extreme weather conditions. These harsh external conditions are accompanied by political diversity: eleven countries share one area of the watersheds. These countries are significantly different in their allocation and utilization of the Nile; however, they must cope with a drastic population increase. Therefore, the locals are extensively dependent on the river. The number of people who live directly in the Nile Basin is estimated to be 257 million, which is around 53% of the total population of Nile Basin countries (*Atlas Nile Basin*, n.d.). Rising population means rising demand for food, water, and energy—and the river has a limited capacity to meet these requirements. Another unfavorable condition regarding the internal circumstances of the region is that the Nile River valley is full of conflict zones with political and social instability (partly due to scarce resources and rising needs). These fights over resources constitute another factor in inadequate management and misuse of valuable resources.

Egypt is the largest consumer of water from the Nile, and its water supply is 96% dependent on this river. The remaining 4% of water resources are groundwater, minimal water supply from the Sinai Peninsula and the deserts, and some rain over the year (El-Nasha & Elyamany, 2018, p. 2383). Water utilization is manifold: drinking water, household consumption (washing, cooking, cleaning), agriculture, fishing, tourism, transportation, and energy production. The Statistical Office of Egypt (CAPMAS) states that the per capita water resources were 2,526 m³ in 1947, 1672 m³ in 1970, and only 663 m³ in 2013. According to a projection, by 2025, this number will be reduced to 582 m³ per person. The limit for absolute water shortages is 500 m³ water per capita per year (Water resources, 2014).

Currently, the amount of water used by irrigation agriculture in Egypt is 59 billion cubic meters (bcm) per year. It is estimated that only 60% of this amount is de facto consumed, and 40% is lost (Negm et al., 2019, p. 353). It is estimated that the total Egyptian water demand could reach 79.5 bcm per year. There is, therefore, a considerable difference between the amount of water available and the water demand (Ouda, 2016, p. ix).

Currently, Egypt's population is more than 100 million and it is estimated to rise to 120–150 million by 2050. Enormous population growth increases the need for food and significantly increases the size of built-up areas at the expense of agricultural activity. For example, between 1975 and 1995, Egypt lost roughly 220,000 ha of agricultural land along the Nile due to urbanization (Satoh & Aboulroos, 2017, pp. 267–268).

Agriculture

In Egypt, the importance of agriculture goes beyond its traditional, historical role, constituting a significant part of the national economy today (14.6% of GDP and about 55% of the population are connected to the agricultural sector) (*Egypt's National Strategy*, 2011, p. 61). The agricultural sector is also the most significant water user (80–85%), which not only produces food for people but provides export income for the state and raw materials for industrial activities (El-Nashar & Elyamany, 2017).

In 1960, Egypt was completely self-sufficient in terms of basic food commodities. However, apart from wheat, there is now a gap between the production and consumption of basic food. This supply challenge lies in the center of food security in Egypt and determines its economic and social stability (Ouda & Zohry, 2017, p. 1). According to Ouda, Zohry, and Kamel (2017), “The concept of food security is based on three main pillars, food availability, food accessibility, and food stability” (p. 91). Accessibility means the reasonable and affordable price of basic food commodities.

The data indicate the social importance of wheat: one-third of the average daily calorie intake in Egypt comes from this food staple (Ouda, 2016, p. 34). After wheat, rice is also an essential source of food, and Egypt produces more rice than it consumes, making it a major export (Ouda, 2016, p. 70). Although it is not a food staple, cotton provides material for the textile industry and it has played an essential role in the extensive development of Egyptian agriculture since the 19th century.

Given the scarcity of water resources, in 2016 the Egyptian government decided not to allow rice cultivation in the country except for six provinces. This has reduced rice production by one-third, saving much water for other agricultural activities (Egypt decreases, 2016). Egypt loses 200,000 ha of land with every billion cubic meters of water loss. In the absence of irrigation, the desert takes over the cultivated areas.

The dependence on imports can become the catalyst for unfortunate events. Egypt is among the world's largest wheat importers. In 2010, when changing weather patterns led to wheat shortages globally, the Egyptian state could not secure wheat prices in rural areas as prices tripled. By early 2011, discontent had led to anti-

regime protests, which resulted in the fall of President Mubarak (1981-2011) (Werrell et al., 2015, p. 35).

Egypt has significant fish-farming capacities (ninth globally and the first in Africa) (Soliman & Yacout, 2016). The murky waters of the Nile are less conducive to fish farming. Half of the Nile species are extinct, partly due to the disruptive effect of the High Aswan Dam on the reproductive practices of aquatic organisms. Moreover, water quality has caused fish to be contaminated with heavy metals and inorganic nitrogen. The focus of fish management is shifting from the river to artificial lakes. However, this is not enough to satisfy local fish consumption, so imports are needed in this area as well.

The position of agriculture in this scarce water situation is challenging. Every time the country suffers from unmet water demand, more crucial sectors of consumption (such as the households and the industrial sector) are preferred to receive the water available for use. Water deficit is partly compensated by the excessive use of groundwater resources that are only partially renewable.³ The summer months are particularly trying. Due to the widespread drought and low water in the Nile, cities remain without water supplies for days, making it difficult for vital services such as hospitals to function effectively. In Cairo and other major cities, thousands were forced to illegally tap the official water network with their fabricated water pipes. Since water is a vital element of existence for citizens and legal access is mostly unaffordable, the authorities turn a blind eye to the situation. The problem is that the handmade water pipes are less efficient than when they are officially connected to the network.

The challenge of climate change

Agricultural activity in coastal areas of the Nile Delta is also at risk. On the one hand, the nutrient-rich sediment of the Nile does not make it to the sea, so the coastline is disappearing for the first time in thousands of years. On the other hand, the coastline is also threatened by rising sea levels (according to some measurements ranging from 3.7 to 7.7 mm per year). The advancement of the sea threatens agricultural production because it makes land and water salty in production areas (Mahmoud 2019). According to estimates, the salinity build-up problem in the northern part of the Nile Delta affects roughly 900,000 ha of land (Ouda, 2016, p. 108.) In coastal production areas, the danger is also exacerbated by the increasing number of strong winds and storms. Therefore, natural and artificial coastal natural protection (dunes) play a prominent role in reducing these adverse effects. Thus, any activity to reduce them (e.g., mining) is harmful (Malm & Esmailian, 2012, p. 482; Stanley & Clemente, 2016). Egyptian authorities say that due to rising water levels and seawater intrusion, the living environment and livelihoods of up to five million people could be at risk (Hussein, 2018).

As a result of increasing temperature, the level of evaporation and demand for water from agriculture and humans in general will continue to rise in Egypt (Ouda, 2016, p. 25). It is not clear how rising temperatures affect the origin of the Blue Nile

in Ethiopia (Barnes 2017) as the primary source of water for the region (the increase or decrease in precipitation during the wet season is key here). There is more precipitation in the Ethiopian Highlands than in previous decades, but the distribution of water is irregular and uneven. According to forecasts, fewer and fewer normal years will bring the expected water flow of 70–100 bcm. (Khedr 2019, p. 239).

The negative consequences of an increase in temperature include the significant disruption of certain plants' development period if they are exposed to temperatures that are too high during the summer months (Ouda, 2016, p. 70). The rise of temperature will have worse consequences in Upper Egypt than in Lower Egypt because it is closer to the Mediterranean and periodically receives rain in the coastal regions (Ouda & Zohry, 2016, p. 64).

Political and economic management of resources

The role of the military

In analyzing the water scarcity situation, major Egyptian political and economic stakeholders' interests must be considered. One of the major players in the political economy of Egypt is the army. The army and its joint companies are so embedded in managing people's daily lives that basic public services (water, sewage, garbage), transportation, and construction are carried out by specialized institutions linked to the military establishment. The army also operates restaurants, hotels, and shopping malls. The army has access to a substantial amount of agricultural land, and its subcontractors make remarkable profits from these resources because many of the goods they produce are exported abroad. The main problem is that while these businesses bring considerable benefits (in many sectors, the army enjoys a monopoly and receives most public procurements), these projects are tax-free and lack accountability entirely. Moreover, the army's revenues do not directly increase the budget but serve the enrichment of a narrow group (Abul-Magd, 2019, p. 57). The military is the primary beneficiary of Egypt's energy subsidies as they are massive investors in the energy-intensive economic sectors (Eibl, 2017). (Altogether, subsidies amount to an average of 10% of GDP every year. This is a quarter of the government budget.) (Khan & Miller, 2016, p. 5.)

Liberal reforms and politics of grandeur

Scarce resources and a challenging geographical environment call for serious strategic planning and organization for life in Egypt, which, in theory, confirms authoritarian governance tendencies. Currently, the military has an interest in all strategic sectors. Scarce resources and a political and economic culture allow for corruption to thrive. The experience of liberalization efforts is that while the ruling class accumulates large fortunes, it especially harms people with low income and socio-economic status (Abul-Magd, 2019, p. 56).

As part of the liberalization package, hundreds of public companies have been privatized since the second half of the 1990s. In the early 1990s, Egyptian authorities lifted import and export restrictions to create greater competition for the Egyptian

economy. Mubarak's economic liberalization program was highly praised by the World Bank and the IMF (Roccu, 2013, p. 43). In 1997 the implementation of the land law started, and as a result, almost a million peasants had to leave their lands, and more than 700,000 jobs were lost. Putting the law into force was a violent process, in which "more than 800 tenants were killed in land disputes following the full implementation of the new law, and more than 7,000 were arrested" (Roccu, 2013, pp. 47–48).

Since 2014, the situation for farmers has been made more difficult by constant water shortages and the current increase in the price of fertilizers. The cost of seeds doubled after the government phased out price subsidies. The state's compulsory pricing mechanism has introduced a tool to keep wheat prices low and create the possibility of buying and distributing wheat. However, this is detrimental to farmers' businesses (Rabie, 2019a). As a result of this uncertainty, the willingness to leave agricultural activity behind is very high, which affects not only the major cities of Egypt but also the developed countries of the Western world, which the new generation of Egyptians sees as a target area. Although Egypt's GDP is increasing by 5%, combating poverty would require a GDP growth of 7-8% a year, as the vast population growth significantly consumes real growth. Poverty has only increased since the revolution, standing at 32.5% according to 2015 figures (Kaldas, 2019).

It is commonly known that Egypt is the land of megaprojects. The Pyramids of Giza, the Suez Canal, and the Aswan High Dam are hallmarks of Egypt's ability to create monumental structures during different historical periods. The construction of the latter signified the capabilities of the new nation right after its independence (Mossallam, 2014). The Aswan High Dam provides Egypt with continuous irrigation, as water can be released from the dam's reservoir throughout the year. The dam has enabled agricultural production and production areas to expand significantly. This has also allowed for a double (sometimes triple) annual harvest, which as a negative consequence increased water usage (Negm et al., 2019, p. 353). The power plant connected to the dam provides electricity and the regulated river serves as a

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predictable shipping route for the population. Among the side effects, the river's fertile mud cannot reach the agricultural lands as it did for thousands of years. The dam also increases the number of aquatic weeds in the irrigation canals and contributes to the decay of the Delta's northern shores (Satoh & Aboulroos, 2017, p. 63).

Relying on the steady water flow provided by the Aswan High Dam, the Mubarak government launched the Toshka project in 1997. It uses a 320 km long canal from Lake Nasser into the Western Desert to develop agricultural production in the Toshka Depression. Initially, the project intended to utilize approximately 200,000 ha for agricultural land. The low quality of the land in the target area and considerable evaporation did not make the project feasible. Only a fraction of the expected population settled in the oasis created in the middle of the desert.

Since President Sisi came to power, Egyptian discourse has been dominated by the narrative of megaprojects: the construction of giant desalination plants (*Egypt pledges \$51 billion*, 2018), massive ports, an enormous land reclamation project (an additional 1.5 million feddan,⁴ an increase of 20%) (Galal, 2017), and many social housing projects. The problem with these massive investments is that they are too slow to bring financial return in exchange for too much effort. In fact, in recent decades, it is difficult to find successful examples of urban investment. New cities such as New Qena, New Fayoum, New Toshka, New Sohag, and New Ismailia are still uninhabited or sparsely populated (Rabie, 2019b). In 2015, the new regime started a capital city project east of Cairo. The gigantic project is partly financed by Chinese loans and intends to create a home for 6.5 million people around the new administrative buildings of the government of Egypt. Critics say that the government aims to escape from the overcrowded city of Cairo and distance itself from ordinary people whose presence might severely challenge the government.

Massive projects need huge investments, and the current Egyptian leadership has friends both at the international financial institutions (World Bank, IMF), the Gulf countries, and China. Between 2016 and 2019, the new Egyptian regime borrowed 12 billion USD from the IMF. However, there is a significant price for this support, and the price tag is attached to the poorest people in Egypt. To rationalize the economy, Sisi gradually tried to eliminate food, gas, and medicine subsidies, which made the lives of ordinary Egyptians challenging (Abul-Magd, 2019, pp. 60–61). The government does not wish to open a debate within Egypt that would look at how local socio-economic factors determine how water is utilized, thereby targeting the prerogatives of the local elite (the military-industrial establishment). Instead, Egyptian government policy tries to channel the negative emotions of Egypt's public sentiment outward, claiming that the source of water problems cannot be found in Egypt.

SWOT analysis of the political-ecological environment in Egypt

Based on the previous data and empirical understanding of the situation, the author analyzed the existing and possible factors that can influence Egyptian society's capabilities to overcome political, human, and environmental challenges. These factors are related to infrastructural, institutional, and international factors.

Strengths

- Egypt has a world-class agricultural sector relying on modern technologies and current experience
- Egypt has a vibrant population youth as a result of a demographic boom. Youth can become the core of a dynamic job market, innovation, and economic growth.
- Egypt demonstrates relative governmental stability and organizational capacity of its army compared to other MENA countries.
- Egypt's geopolitical situation makes the country valuable for international interests (trade, investment) beyond agriculture.

Weaknesses

- The land and water resources are limited within Egypt
- Continuous attempts at agricultural modernization produced ambiguous results and controversial megaprojects.
- Monopolized, hegemonic methods of governance centered around political leader and the dominance of the army in politics and economics.
- The majority of the Egyptian population has lost confidence in civil society and relies on state institutions instead (Hamzawy, 2019, p. 160).
- Egypt's agricultural and water policy management faces administrative challenges because the delineation of authority among the designated institutions is obscure, as they have overlapping institutional boundaries (Barnes, 2014, p. 17; Tutwiler, 2021, p. 340.) However, like other sectors in the economy, management of the water sector is highly centralized (Luzi et al., 2008).
- Significant inequalities within society contribute to unequal distribution of land and resources.

Opportunities

- Egypt has far-reaching experience in agricultural technologies
- Egypt developed friendly relations with many powerful countries and international organizations. The country has vested interests in keeping the system alive as the country is too big to fail.
- Natural resources such as gas, wind, and solar power

Threats

- The filling-up period of the Grand Ethiopian Renaissance Dam's reservoir (since summer 2020) will increase water shortages and might lead to political turmoil within Egypt and between Egypt and Ethiopia (Tutwiler 2021, p. 344).
- The dominance of a state-centered tradition: unfeasible megaprojects distract valuable resources from specific, problem-centric local solutions
- Unresolved social conflicts generated by inequalities and religious extremism
- Population increase puts a significant burden on the existing economic system and the environment. The continuous rise of young population can cause social

tensions as the job market capacity to create new positions is too minimal in Egypt.

- Climate change cause environment damage and strengthen existing social inequalities (Jawadi, 2015)
- Security threats from neighboring regions and colliding international interests inside Egypt
- Egypt's reception of international support (politically and financially) might contribute to maintaining an archaic political-economic system that is unsustainable

As it can be seen from the SWOT analysis, certain phenomena encompass opportunities and threats at the same time. In these cases (such as increases in the youth population, the organizational capacity of the army, and the international embeddedness of the country) the successful utilization of strengths and opportunities depends on the management capacity in Egypt or the way human agency plays out during competition between different stakeholders.

7. Recommendations and conclusion

Many research projects have analyzed the ways and methods by which Egyptian society could deal with water scarcity. They formulated several important points for consideration. Mitigating climate change effects can be interpreted as a transformation process, which requires the transition of serious industrial and processing capacities and a break with old production traditions. The best strategy for the government and society is to implement the recommended steps simultaneously, progressing in several ways towards greater efficiency in water management. As a conclusion of this study, the most important strategies of efficient water management are highlighted.

For mitigating the negative impacts of climate change and a decreasing amount of water available, some studies recommended that the Egyptian agricultural system must implement inexpensive and simple water-saving cultivation methods and techniques that help increase production, reduce the amount of water used, enhance the quality of soil, and decrease the emission of greenhouse gases (Ouda, 2016; Satoh & Aboulroos, 2016).

In the field of agriculture, the most important steps are technical. For example, intercropping has many advantages, notably improving soil quality, nutrient content, water efficiency, and productivity. There are variants of intercropping that can be introduced to farmers at nearly no additional cost while increasing efficiency. Crop rotation for two or three years utilized on the same land effectively increases plant yields, and through biodiversity, it contributes to the fertilization of the soil. According to agricultural research, "changing cultivation methods to raised beds can save 20% of the applied irrigation water and increase wheat yield by 15%" (Ouda et al., 2017, p. 92). This method does not include any extra cost; on the contrary, it requires fewer fertilizers and less fuel for irrigation pumps (Ouda, 2016, p. 50).

By curbing rice production, large quantities of water can be released, as the plant's cultivation in the growing period requires large amounts of water (Negm et al., 2019, p. 355). Sugarcane is also a high water-consuming crop mainly because of its long growing season (Ouda & Zohry, 2016, p. 67). Using biotechnology, Egyptian authorities should further increase the quality (nutrition value) of the agricultural products and the soil compounds (removing toxic materials). A higher level of biodiversity increases the ecological system's effectiveness, contributes to natural sustainability, and enables farmers to be more flexible during crises.

Land reclamations have specific limits as they require excess water usage from the Nile, where water shortages are common. The Egyptian government has been focussing on breathing new life into desert areas, attempts that has not yet been unambiguously successful. However, reclaiming lands beyond the Nile alongside the Mediterranean coast, where rainfed agriculture can be maintained, has some potential. (Negm et al., 2019, p. 357)

As for water management, the development of the water distribution network is of paramount importance; technical improvement prevents leakage, the installation of accurate meters disincentivizes overconsumption, and constant monitoring of the network can reduce losses. Raising citizens' awareness of conscious water consumption is particularly important. Overconsumption should be reduced through regulation (Egypt's National Strategy, 2011, p. 84). Farmers' water-saving techniques should also be incentivized, as those who have daily experience dealing with water and land can be highly adaptive to the negative consequences of climate change (Ouda, 2016, p. 119). Cooperation among the governmental, nongovernmental, and local farmer organizations is essential for introducing new technologies, raising awareness, and managing scarce land and water resources.

There is constant development in the reuse of treated wastewater and drainage water. While only 2.8 bcm of drainage water was used per year in the 1980s, the figure rose to 4 bcm in the 1990s and 7.5 bcm in 2011 (Abdelsalam et al., 2014, p. 655). Increasing wastewater treatment can provide solution to local water supply problems and therefore is crucial for the sustainability of the whole water management system.

Evaporation is a significant factor in Egypt as the country is subject to extreme heat in the summer. Covering the irrigation canals of the country (the estimated length is 31,000 km) would reduce evaporation loss, and irrigation at night could also save water (Omar & Moussa, 2016, p. 407). The introduction of drip irrigation bears enormous costs, but a significant amount of water can be saved and the production yields can rise.

The Egyptian leadership needs to implement changes in the infrastructural background and the economy's institutional basis to address the environmental impact on economic sectors. Egypt needs to fully utilize its existing strengths and potential opportunities to address domestic and global challenges. For that purpose, there is a need for social consensus and more involvement of different social and political actors. Otherwise, structural problems will continue to reproduce themselves.

Even if the long-standing authoritarian forms of governance in Egypt are responsible for the degradation of the political–environmental–economic nexus, because of the fear of state collapse and the ensuing instability (migration, radicalism, poverty), there is only one solution to this Egyptian dilemma: keeping the system alive and reforming it step by step from the inside. This reform process could foment a transition to Egypt’s new political ecology if the deterioration of water resources and other environmental concerns are effectively addressed. ☀

Notes

- * This work was supported by the Association for the Study of the Middle East and Africa under ASMEA Research Grant 2020.
- ² Treating these issues separately can be a narrative tool for political leadership to monopolize discussion on the possible solutions of the problems and frame them in simplistic ways needing simplistic answers. For example, in the case of the impact of the Grand Ethiopian Renaissance Dam (completed soon) in Egypt, the Egyptian government overemphasizes the external pressures (magnifying the negative attitude of Ethiopia towards Egypt) and marginalizes the importance of the long-lasting internal crisis that is connected to the ineffective water management policies inside the country.
- ³ There is a specific interaction between the river and the groundwater resources of the Nile Valley: the more effective water use from the river is, the fewer remains for recharging the groundwater reservoirs. (Satoh & Abouloos, 2017, p. 272)
- ⁴ One feddan is equal to 4168.27m².

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WHO FINANCES WHOM?

THE CONTROVERSIAL ROLE OF EXTERNAL FINANCIAL RESOURCES IN AFRICA

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Abstract

In contrast to the highly developed countries and some developing regions, Africa highly depends on external resources of financing development. According to the saving-investment gap concept, there is a significant gap between savings and investment rates. As domestic resources are limited and their mobilization is slow, the region should rely on external sources of finance (i.e., aid, export revenues, FDI, loans, and remittances) in order to close the finance gap. Despite the massive inflow of external resources, the 200 billion USD yearly financing gap still prevails. The outflow of financial resources from Africa in the form of profit repatriations, debt service, tax dodging, capital flight and illicit financial flow exceeds the inflow, suggesting that Africa is a bottomless barrel. The long-standing concept about the saving-investment gap does not provide a full explanation for the prevailing financing gap. The main research questions are as follows: (a) Why is there a permanent financing gap in Africa? b) Why does the outflow of financial resources exceed the inflow? c) What should be done to close the financing gap and solve the problem of financing development?

The paper is structured as follows: Section 1 is based on the saving-investment-gap concept and explores the validity of this theory in Sub-Saharan Africa. The conclusion of Section 1 is that there is a permanent finance gap in SSA, consequently, the region should rely on external sources of finance. Section 2 introduces the main external sources of finance (aid, FDI and remittances) and reveals the major trends and characteristics of these flows. As the saving-investment gap is smaller than the amount of external financial inflow, two questions arise: Where does the money go? Is Africa suffering from a financial haemorrhage? Section 3 tries to identify those “leaks” which drain Africa’s accumulated domestic and external resources by analysing the main channels of financial outflows such as capital flight and illicit financial flows. In the conclusion we present the financing situation of Africa and answer the question “Who finances whom?” and make recommendations for enhancing development finance. The final conclusion is that not the external world finances Africa, but Africa finances the world. The issue of financing Africa’s development cannot be solved without (a) mobilizing domestic resources (including domestic savings), (b) attracting external resources as well as improving the use and avoiding the misuse of inflowing financial resources, and (c) curbing capital flight and tackling illicit financial outflow.

Keywords

saving-investment gap, aid, FDI, remittances, capital flight, illicit financial flow, financial haemorrhage

Received: April 2022 | 1st Revision: August 2022 | Accepted: September 2022

Kiss, Judit (2022). Who Finances Whom? The Controversial Role of External Financial Resources in Africa. *Hungarian Journal of African Studies [Afrika Tanulmányok]*, 16(1), 38-56.

Introduction

Africa should invest 200 billion USD annually¹ in order to achieve the Sustainable Development Goals by 2030, sustain high economic growth, enhance socio-economic development, and decrease poverty (African Economic Outlook, 2020). As domestic resources are limited due to high saving-investment gap and low savings, the continent should rely on external sources of finance. Unfortunately, even the combination of domestic and external resources is not sufficient to meet the financial needs as a significant part of the available resources are flowing out of the African countries legally (e.g., profit repatriation), illicitly (e.g., capital flight or tax evasion), or illegally (e.g., smuggling, trafficking).

The main research questions are as follows: (a) Why is there a permanent financing gap in Africa despite the massive inflow of external financial resources? (Is Africa a bottomless barrel?) b) Why is the inflow of external financial resources exceeded by the outflow? (Is that barrel leaking?) c) Who is financing whom: is the world financing Africa or is Africa financing the world? (d) What should be done to close the saving-investment gap and solve the problem of financing development? Searching for answers, the paper is structured as follows: Section 1 is based on the saving-investment-gap concept and explores the validity of this theory in Sub-Saharan Africa. The conclusion of Section 1 is that there is a permanent finance gap in SSA that cannot be filled by increasing savings only. Consequently, the region should rely on external sources of finance. Section 2 introduces the main external sources of finance related to aid, FDI and remittances. It reveals the major trends and characteristics of these flows with special regard to their implications, including their impact on savings. As the saving-investment gap is smaller than the amount of external financial inflow, two questions arise: Where does the money go? Is Africa suffering from a financial haemorrhage? Section 3 looks at the other side of the balance sheet and tries to identify those “leaks” which drain Africa’s accumulated domestic and external resources by analysing the main channels of financial outflows such as capital flight and illicit financial flows. In the conclusion we present the financing situation of Africa and answer the question “Who finances whom?” and make recommendations for enhancing development finance.

The paper applies an exploratory mixed methods research approach where hypotheses are empirically tested by quantitative statistical data and relevant empirical and analytical literature. Data and our analysis mainly relate to the 45 countries in Sub-Saharan Africa, if it is not indicated otherwise. Due to length limit, there is no separate literature review, though the individual sections are based on the most relevant and up-to-date theoretical and empirical academic sources. Data have been collected mainly from the database of international organizations such as the IMF, the World Bank, OECD, UNCTAD, the UN Economic Commission for Africa, the African Union, and the African Development Bank. While the availability of data is not a constraint with some exceptions, their reliability and coherence are a big challenge for measuring the different phenomena.

The Savings-Investment Gap: Theory and Reality?

According to the endogenous growth model (Domar, 1946; Harrod, 1939), the ability to save capital is a prerequisite for economic growth as it is a source of capital accumulation and investment. Consequently, growth depends on the propensity to save. The neoclassical growth theories developed in the 1950s and 1960s (Solow, 1956) state that higher savings lead to higher levels of capital stock, and higher investments lead to higher rates of growth temporarily in the short run. The post-neoclassical endogenous growth theory of the 1980s (Lucas, 1988; Rebelo, 1999; Romer, 1986/1987; Singh, 2006) postulates that savings and investments (combined with technological progress and human capital) lead to short-term and long-term economic growth (Taye, 1999): higher saving means higher capital investment, which leads to growth and fosters income.

There is a debate in the literature about the causal relationship between saving and economic growth (Elbadawani & Mwege, 1998), and about the direction of this causal link: do savings lead to growth or does growth lead to savings? Some authors (Houthakker 1961, 1965; Modigliani 1970 cited by Aghion et al. 2006; Aytül and Yalcin, 2015; Carroll and Weil, 1993 cited by Elbadawani and Mwege, 1998; Gocer et al., 2016) found a strong positive correlation between savings and growth.

According to Aghion et al. (2006), domestic savings through attracting FDI, increasing equipment import. and enhancing innovation promotes economic growth in a world of capital mobility because private saving functions as collateral (co-financer) for investment projects. Their findings are based on a model with 118 countries between 1960-2000. In contrast Carroll, Overland and Weil (2000) (cited by Aghion et al., 2006) found that higher growth leads to decreasing savings due to the changing pattern of consumption. Singh (2009) examines the long-term impact of savings on income and finds a bidirectional causality between saving and growth in India. Singh (2009) concludes that domestic savings should be accelerated in order to finance capital accumulation and foster higher income and growth. AbuAl-Foul (2010) examines the causal relation between real GDP and real Gross Domestic Saving in Morocco (1965-2007) and Tunisia (1961-2007). According to his empirical results, there is bidirectional causality between economic growth and savings growth in Morocco, while in Tunisia there is unidirectional causality running from savings growth to economic growth.

The conclusion is that there is no growth without savings and investments². Additionally, higher saving rates and a smaller saving-investment gap mean higher growth rates³ leading to higher income which might generate further savings apart from increasing consumption and/or investment. Therefore, it is safe to say that there is a bidirectional relationship between savings and economic growth, as growth is unsustainable without appropriate domestic savings (Elbadawani & Mwege, 1998). However, empirical and anecdotal evidence is rather mixed. In the case of the Newly Industrialized Countries, savings played a significant role in achieving high economic growth. Africa reached high economic growth that was called a “growth miracle” (Rodrik, 2016) after 2010⁴ without any association with higher saving

rates. Such external and internal factors boosted economic growth with increasing world demand for raw materials fuelled by high growth in China, increasing commodity prices, growing FDI inflow, Africa's increasing openness and integration into the world economy, and a decreasing debt burden (Kiss, 2017a).

The conclusion is that there is no growth without savings and investments.

Savings are determined by macroeconomic factors (e.g., economic, financial and fiscal policies, revenue policy, public expenditure policies, budget policy, income redistribution, pension reform, degree of government saving; the socio-economic environment, including economic incentives, financial infrastructure, access to financial markets, activity of financial intermediaries) and microeconomic factors (e.g., income level, family structure, type of asset portfolio, behaviour at personal and household level, rate of return). Decision made by individuals and households are the main determinants of national savings (Taye, 1999). The main motives of savings are related to the following factors: uncertainty of labour and capital income; being prone to weather shock in agriculture and economic uncertainties (e.g., inflation) saving for education, buying assets, and sustaining living standard; being prepared for unemployment, old age, and sickness.

In Africa there is a permanent and large gap between saving and investment rates, fluctuating around 3% of the GDP⁵. The saving rate is rather low – around or below 20% – while the investment rate is 22-23%⁶ (see Table 1). These rates are in stark contrast to developing countries in Asia where the saving rates are around 40% and the investment rates a bit below 40% in the same period of time (IMF World Economic Outlook, 2021). These high rates and small gap contributed to high growth rates. As a result of the low saving rates in Africa, the self-financing ratio⁷ (see Table 1) in general is below 90%, and in some years below 85%. This means that 10-15% of investments could not be financed by domestic sources. According to the research findings of Aizenman et al. (2007) and Aytül and Yalcin (2015)⁸, countries with high SFR managed to grow faster than countries with low SFR. SFR is generally higher in oil and mineral rich countries, while resource scarce countries are characterized by low SFR, which implies a lower growth rate.

Table 1. The saving-investment gap in Sub-Saharan Africa (1980-2026)

	Saving (% of GDP)	Investment (% of GDP)	S-I Gap (% of GDP)	Self-financing ratio (SFR = S/I) (%)
1980-1989 averages	20.0	20.8	-0.8	96.2
1990-1999 averages	15.5	17.6	-2.1	88.1
2000-2012 averages	16.3	19.4	-3.1	84.0
2007-2014 averages	20.9	22.3	-1.4	93.7
2015	17.6	23.0	-5.4	76.5
2016	18.5	21.8	-3.3	84.8
2017	18.9	21.2	-2.3	89.1
2018	19.4	21.9	-2.5	88.6
2019	19.8	23.6	-3.8	83.9
2020	18.4	22.1	-3.7	83.3
2021 (projection)	18.6	21.2	-2.6	87.7
2022 (projection)	19.2	22.9	-3.7	83.8
2023-2026 (projection)	20.6	23.6	-3.0	87.3

Source: author's own compilation and calculation based on Ndikumana (2015) between 1980-2012 and on data from the IMF and the World Economic Outlook (2021)

The main issue is to determine why the volume of African savings is small and the saving rates are low. One of the explanations is that per capita GDP and incomes are low, with not too much capital left for saving. However, there is a positive relation between per capita GDP growth and savings. Households are poor with uncertain income flow as the dominant activity is still agriculture⁹ with volatile output, unpredictable income, and limited monetary income from subsistence farming. The propensity to save is low among the poor due to lack of confidence in the future. The bulk of savings in Africa is household savings with a significant amount from non-financial assets (e.g., livestock like cattle and goods for trading, such as grain and farm inputs), which cannot be easily translated into investment.

The other explanation is the age structure of the African population with a high dependency ratio¹⁰. It is evident from the literature (Taye, 1999) that individuals are able to save during the productive ages (15-64 years). Individuals in the working population are savers, but retirees struggle with saving money. Consequently, there is a negative relation between the dependency ratio and savings. The same holds true for urbanization as precautionary savings related to agriculture is reduced (Elbadawi & Mwega, 1998). One of the main motives of the African migrant labour system targeting urban areas is saving for the other members of the family left in the rural areas.

An additional explanation is embedded in the institutional set-up. This includes the lack of or poor financial infrastructure, especially in the rural areas, as well as

the scarcity of formal financial intermediaries (Adon and Elbahnasawy, 2014), the low rate of household access to basic financial products, the lack of collateral, the costs of financial transactions, and the lack of trust in the banking system. However, there are some microfinance arrangements and well-functioning informal financial intermediaries such as the *Susu* in Ghana, the *Ton Ton* in Sierra Leone, the *Iddir* in the Horn of Africa, the *Esusu* in Western Africa, and the *opatu* in Tanzania that are part of Chagga or Islamic banking (Sawani and Patterson, 2009). It is hoped that financial inclusion will increase significantly due to the increasing internet penetration and the use of mobile banking devices, as is happening in Kenya and Nigeria. Recently in Africa only 39.3% of the population uses internet; however, every day there are 90,000 new internet users (Regional Economic Outlook, 2021).

In order to close the S-I gap and bolster economic growth, domestic savings in both private (household, corporate) and public settings should be encouraged via incentive-based and productivity-based strategies. The former means inducing the motivation to save through offering direct and indirect economic incentives (e.g., attractive interest rates, subsidies for savings, provision of tax incentives on investment incomes to raise net return, and creation of conducive and stable macroeconomic environment). The productivity-based strategy refers to increasing income and strengthening the capacity to save.

Accelerated domestic savings mean higher income and growth, which could generate virtuous circles of high savings and growth. The next step is to translate the increased domestic savings into domestic investment that requires a stable economic environment and a conducive business climate (i.e., access to credit facilities, incentive tax policy, and attractive profitability). Otherwise, domestic savings remain idle or vanish through different channels (see Section 3).

External Sources of Financing Development: Aid, FDI and Remittances

As the “savings catch up” is a long process and Africa’s self-financing capacity is constrained, the region should search for alternative external sources of finance. In contrast to the neoclassical growth model stipulating that foreign savings are a perfect substitute for domestic savings, we agree with Adon and Elbahnasawy (2014) and Aytül and Yalcin (2015) that domestic savings cannot be substituted by foreign savings. However, they could function as a supplement, especially in the context of globalisation. The main advantage of domestic savings over foreign savings is that (a) they are less subject to external factors (the donors’ aid policy) and less vulnerable to external shocks (economic and financial crises); (b) they have more positive implications (multiplier and spill over effects) on the domestic society and economy¹¹; and (c) they are not accompanied or followed by resource outflow (profit repatriation in the case of FDI inflow). Furthermore, foreign inflows are generally short-term and may lead to indebtedness (Gocer et al., 2016). However, the different types of external resources, while contributing to financial asset diversification, are not the same in connection with closing the saving-investment gap. While remittances might contribute to domestic savings directly, the same cannot be said for foreign aid; while

FDI inflow increases domestic investments, it results in resource outflow in the form of profit repatriation.

Keeping in mind the wide portfolio of external sources of finance, this chapter will concentrate on the external resources that might contribute to closing the saving-investment gap by increasing savings or financing investment, which might strengthen the self-financing capacity of the countries. In this regard the most relevant external resources are (a) aid such as Official Development Assistance and other official aid; (b) Foreign Direct Investment (FDI) inflow; and (c) personal remittances. There are additional resources such as portfolio investment and loans which do play a role in financing countries in Africa; however, their impact is not apparent or measurable.

Table 2. Aid, FDI and remittances inflow to Sub-Saharan Africa

	Net aid (bn constant 2018 USD)	Net aid (% of GDP)	FDI net inflows (bn current USD)	FDI net inflows (% of GDP)	Remittances (bn current USD)	Remittances (% of GDP)	Total aid + FDI + Rem. in % of GDP
1960	5.54	2.38
1970	7.71	2.05	0.829	1.34	22.66
1980	17.53	3.14	0.255	0.07	1.40	0.60	3.81
1990	26.56	5.69	1.162	0.28	2.36	0.79	6.76
2000	19.39	3.42	6.875	1.74	4.80	1.38	5.94
2005	36.76	4.48	16.435	1.81	20.12	1.33	7.62
2010	44.35	3.34	32.909	3.40	31.66	2.29	9.03
2011	44.83	3.20	42.039	2.73	37.06	2.39	8.32
2012	45.38	2.99	45.549	2.80	37.23	2.29	8.08
2013	45.72	2.87	40.691	2.34	37.55	2.16	7.37
2014	44.28	2.66	44.275	2.45	39.68	2.20	7.31
2015	47.02	2.78	44.342	2.68	42.19	2.56	8.02
2016	46.95	2.95	30.788	2.01	38.62	2.45	7.41
2017	51.61	3.12	27.581	1.69	42.33	2.57	7.38
2018	50.48	3.04	30.948	1.80	48.82	2.80	7.64
2019	56.29	3.22	31.378	1.80	48.77	2.79	7.81

Source: own compilation and calculation based on World Bank data (data.worldbank.org)

Aid

Official Development Assistance (ODA) and other types of official aid play an outstanding role in Africa's development finance. In this regard, Africa is overrepresented because in 2019 around 32.4% of the total ODA entered into Africa and 27.2% into SSA, while Sub-Saharan Africa's share in world GDP was only 3.1% with

13.7% of the world's population living there. Aid flow increased significantly during the last half century, from 5.5 billion USD in 1960 and 7.7 billion USD in 1970 to 56.29 billion USD in 2019 (see Table 2), which was more than a 10-times gain. Its contribution to Africa's development fluctuated around 3% of the region's GDP, with 3.2% according to the latest data for 2019¹², which is a little bit lower than the saving-investment gap in the same year.

In the aid literature (Quartey et al., 2015), there is an intense debate about the role of aid in the socio-economic development of the recipients in regard to aid efficiency and the impact of aid. The issue is especially relevant in Africa where aid is the most important financial inflow: African citizens each receive 50 USD of aid annually. The region highly depends on the yearly aid inflow while Africa is exposed to the donors' aid policies, financial situation, bilateral political relations, and willingness to meet international obligations. Dependence on aid from traditional donors (e.g., the USA, France, UK, Germany, and Japan) is somewhat being minimized by the emergence of new, non-DAC donors such as the BRICS (Brazil, Russia, India, China and South Africa) and Arab countries. However, China's robust presence might lead to further financial dependencies due to increasing indebtedness of the recipients. (In the case of China, aid is combined with concessional loans, export credits, capital export and bank loans.)

There are some main points in aid literature concerning the impact of aid on economic growth and development (Addison et al., 2015; Nkusu & Nanivatzu, 2015; Quartey et al., 2015). According to optimists and the Harrod-Domar growth theory, there is a positive correlation between aid and economic growth because aid inflow might decrease the savings-investment gap if aid is invested. According to Arndt et al. (2011/2013), development aid amounting to 10% of the recipient's GDP might increase per capita GDP by 1% if aid is invested into physical infrastructure and health. Addison et al. (2015) also emphasized the importance of investing into infrastructure to enhance Africa's structural transformation, export growth, and integration into the world economy.

According to pessimistic views (Moyo, 2009), aid inflow does not necessarily lead to economic growth, especially in countries with high aid dependency (i.e., aid/GDP is between 10-15%) due to their low absorption capacity that hinders efficient aid utilization. Some theoreticians (Rajan & Subramanian, 2008/2011) highlight that project level results cannot be easily translated into macroeconomic improvement and warn of the danger of the Dutch disease in the event of massive aid inflow.

The relationship between aid and domestic savings is unclear. The original idea behind providing concessional loans and aid was to augment domestic savings (Taye, 1999). However, aid was used to smooth out consumption instead of investment, and foreign aid became more important than domestic savings instead of complementing it. Elbadawi and Mwega (1998) found a one-for-one offset relationship between foreign aid and savings, meaning that a 1% increase in foreign aid led to a 1% decrease in domestic savings as additional aid was mainly spent on consumption.

Though the debate about the relation between aid and saving as well as between aid and economic growth is still on, the impact of aid depends on the following: (a) the type and modalities of aid, including grants, concessional loans, project aid, tied aid, debt relief, technical assistance, direct budget support, aid in kind (food aid), and humanitarian assistance; (b) the conditions of aid, whether any condition is attached, or it is unconditional with the danger of being abused and misused; (c) the sectoral distribution of aid, whether it is directed to productive sectors (agriculture, manufacturing, services), to government or civil sectors, or to physical or social infrastructure (health, education, sanitation, water and energy supply) (Kiss, 2017b).

Foreign Direct Investment

According to the literature on the theory and practice of FDI (Anyanwu, 2015; Kiss, 2017b; Nkusu & Naniwazo, 2015), foreign direct investment could play a significant role in Africa's economic growth, structural transformation, diversification, and financing development through job creation, technology and knowledge transfer, increasing export and tax revenues, supplementing domestic savings, and promoting Africa's integration into the world economy. However, African countries have rarely taken advantage of these opportunities. Up until the turn of the century, the amount of FDI inflow was marginal. After 2000, FDI inflow accelerated and by 2010 it reached 33 billion USD with the highest amount hitting 45.5 billion USD in 2012 (see Table 2). Since this time, the yearly inflow has fluctuated. Despite the spectacular growth, Africa still plays a marginal role in the world's investment flow. In 1990, only 0.56% of the world's capital export was directed to Sub-Saharan Africa. This share reached the highest value in 2018 with 2.1%¹³. The share of Sub-Saharan Africa in the world's outward FDI stock is even smaller. It was only 1.6% in 2020 (WIR, 2021). Compared to aid flow on other continents, Africa is underrepresented in the world FDI flow due to its latecomer status.

Consequently, the contribution of FDI inflow to Africa's GDP is rather modest, with it fluctuating around 2% (see Table 2). However, it varies from country to country in Africa. Some decades ago, the resource rich countries were the main destinations for foreign investors, but now there is a shift towards non-resource rich countries such as Ethiopia, Kenya, and Tanzania where the contribution of FDI to GDP is above average for African countries. The reason behind this change is that between 2003-2005, 51% of FDI entered extractive industries (mining) following rent-seeking strategies, with 39% going to manufacturing and 10% to services. Recently, between 2017-2019, the share of extractive industries decreased to 12% and the share of manufacturing and services increased to 49% and 41%, respectively. These sectors are attracting market-seeking and efficiency-seeking investors as domestic demand is increasing and a more prosperous middle class is emerging.

As far as the prospects are concerned, there is a great potential for FDI to close the savings-investment gap. First, FDI directly contributes to increasing investment levels in the host countries through financing new investment projects (green field investments), modernizing existing ones (brown field investments), and purchasing

local firms (M & A). However, the main aim of FDI is to generate profit and achieve a high level of return. Unfortunately, there is no data available about the magnitude of income (= profit) on inward FDI in Africa. The income on inward FDI worldwide was 2084 billion USD in 2017, 2,375 billion USD in 2018, 2202 billion USD in 2019, and 1745 billion USD in 2020 (World Investment Report, 2021). As 2% of world capital export is directed to Africa, proportionally at least 4 billion USD leaves Sub-Saharan Africa annually as profit repatriation. As investing in Africa is especially risky, the rate of return should be above the average¹⁴, so the amount mentioned is an underestimation. In addition, apart from legal profit repatriation, there are a great number of channels for siphoning off resources illicitly (see in Section 3).

Secondly, FDI might contribute to increasing domestic private saving via increasing income with labour-intensive investments and augmenting government revenues through increasing the tax base. In addition, according to some research findings (Aghion et al., 2006), higher savings rates play a role in attracting foreign investment as they function as collateral for foreign investors. So FDI-generated savings might lead to additional foreign investments.

Among foreign investors there is a growing interest in Africa. The main competitive advantages of the region include natural resources, minerals, and land; high growth rate; low, competitive wages; an abundant and youthful workforce; an emerging middle class; rapid urbanization; changing consumption structure; and an expansion of local and regional markets¹⁵. In order to attract more FDI, Africa should develop its physical infrastructure¹⁶, improve educational and vocational trainings, create conducive business climates, and increase political and economic stability (6 reasons to invest in Africa, 2016; Policy framework..., 2015). However, attracting foreign capital and relying on FDI to a larger extent could enlarge the region's financial, technological, and foreign trade dependence.

Remittances

During the last half of the century remittances increased globally and significantly: from USD 1.9 billion USD in 1970, to 121.6 billion USD in 2000 and to 714.2 billion USD in 2019 (World Bank, www.migrationdataportal.org). The main driving factor behind this dynamic growth was the increasing number of migrants, having reached 271.6 million (3.5% of the world's population) by mid-2019 (UN DESA, 2019). During the last decade (2009-2019), 6.5-6.8% of global remittances went to African countries South of the Sahara. This region is overrepresented compared to its GDP share (3.1%). International remittances to Sub-Saharan Africa grew significantly, from a very low level to 31.66 billion USD in 2010 and 48.77 billion USD in 2019, surpassing the FDI inflow (see Table 2) and comprising 2.6-2.8% of the region's GDP. However, according to the World Bank latest report (COVID-19 Crisis Through a Migration Lens, 2020), remittances were expected to decrease to 37 billion USD in 2020 and 38 billion USD in 2021 for Sub-Saharan Africa due to economic crises induced unemployment, travel restrictions, and limited movement of people.

In the literature there is a debate about the impact of remittances on economic growth and development in Africa. Empirical results of Fayissa and Nsiah (2010) show that remittances have a positive impact on the level of GDP and economic growth through financing investments and decreasing liquidity constraints at national and household levels. Ojapingwa and Bashhorun (2014) state that savings from remittances lead to more efficient resource allocation and higher economic growth. Lartey (2013) concludes that remittances positively affect growth through the investment channel, but there are threshold values for financial development indicators above which the positive effect emerge. In contrast, Koyame and Marsh (2012) find that remittances do not stimulate economic growth and negatively impact real output growth in Benin, mostly due to recipients' moral hazard and the conspicuous use of remitted funds. Chami et al. (2003) have the same findings, namely that due to moral hazard, remittances have a negative impact on economic growth.

All in all, remittances are not only an important external source of finance in Africa, but a significant contributor to economic growth and development both at national and household levels. Remittances are those financial inflows which directly contribute to closing the saving-investment gap, as they are personal savings *per se* earned outside the country and transferred back to the country of origin in cash or in kind. Without increasing financial dependence, remittances might finance investments and consumption, promote education and health care, contribute to rural development, provide social protection to family members and the extended family, reduce poverty, meet basic needs, and increase living standards. However, one should not forget the "price" of remittances, such as the direct costs of transfers, the brain-drain, the Dutch disease or the disintegration of families.

The Other Side of the Balance Sheet: Capital Flight and Illicit Financial Flows

Comparing the calculations of Table 1 and Table 2 (see the last columns), we may conclude that the inflow of aid, FDI, and remittances (altogether 7-8% of the GDP) is around twice the saving-investment gap (3-4% of the GDP); however, the finance gap still exists and Africa nevertheless lacks financial resources. One of the explanations is the current account balance that is permanently negative (fluctuating around 3% of the GDP)¹⁷ due to foreign trade imbalance caused by high import bills compared to export revenues. Though the financial situation of Africa based on the above three items (S-I gap + aid, FDI, remittances inflow + current account imbalance) appears to be in balance ($-3-4\% + 7-8\% + (-3\%) = +1-2\%$), why is not in balance? A far-reaching explanation could be provided by the massive outflow of financial resources from Africa in the form of capital flight and illicit financial flows.

Capital flight

Capital flight is not a new phenomenon in Africa. During the era of gaining independence, a part of domestic capital in the hands of colonizers left the continent because people feared expropriation and other political risks. This phenomenon occurs during any radical political and economic change (see the example of the South

African Republic in 1994). In these cases, the political *push* effects are the main drivers for honestly acquired capital to leave the country. According to the portfolio theory (Ndikuma, 2015), domestic capital is *pulled out* of the country for higher returns accompanied by less economic risks (e.g., exchange rate risk, inflation, political and financial instability, poor governance) abroad. This leads to the so-called “reverse home bias” (Ndikuma, 2015), which is when domestic wealth holders prefer foreign investment over domestic ones. Among the main drivers of capital flight Ndikumana, Boyce and Ndiaye (2014) highlight the role of domestic and external factors, including structural factors, the macroeconomic environment, risk and return to investment, capital account openness and financial development.

In most cases it is extremely difficult to measure capital flight as it is not recorded, though there could be some estimates based on the “net errors and omissions” of the balance-of-payments (Ndikuma, 2015). By 1991 the stock of capital flight from Sub-Saharan Africa equalled 85% of the region’s GDP (Aryeetey, 2004)¹⁸, which should have been sufficient to cover the S-I gap. According to Ndikuma (2015), between 1970-2000 Africa lost over 1 trillion USD due to capital flight. Most capital fled from the wealthier countries with oil and other natural resources (e.g., Nigeria, Angola, Gabon, Congo, and Sudan).

Beyond the push and pull effect (portfolio theory) that may drive capital flight, there is a third type when the main motivation is to hide capital, find a secure place to accumulate wealth confidentially in fear of prosecution of financial crime, and evade taxes. This type of illicit capital flight can be referred to as capital embezzlement, smuggling, and trafficking. The dividing line between the three types of capital flight is the origin of capital (how it was acquired) as well as the motivation and manner of the capital leaving the country.

Capital flight has a perverse effect on a country’s national economy. It drains government revenue through embezzlement of public resources and reduction of the

All in all, remittances are not only an important external source of finance in Africa, but a significant contributor to economic growth and development both at national and household levels. Remittances are those financial inflows which directly contribute to closing the saving-investment gap, as they are personal savings per se earned outside the country and transferred back to the country of origin in cash or in kind.

tax base; it decreases domestic savings and investment; it retards economic growth; it constrains job creation; it undermines health, education and other social services; and it increases inequality. In addition, outflow of resources perpetuates the financial dependence on external resources. Furthermore, Ndikuma and Sarr (2019) sampled 30 African countries between 1970-2015 and revealed a positive correlation between FDI inflow and capital flight, which they termed *FDI-fuelled capital flight*¹⁹. As FDI flows mainly to resource rich countries, they tend to be the main sources of capital flight due to the high risk of embezzlement of government revenues and serving as transits for unrecorded financial outflow. African countries are trapped in this situation without an easy solution to the problem. Africa needs FDI, but if it leads to additional capital flight then it does not improve, can even worsen the financial situation.

In order to curb capital flight and increase domestic savings, two types of strategies are proposed by Ndikuma (2015). The *incentive-based strategy* aims to discourage domestic investors to opt for foreign assets via decreasing the difference between domestic and foreign returns through increasing domestic interest rates and removing market distortions. The *institutional-based strategy* aims to prevent capital flight by reforming the regulatory framework and the legal system to ensure their political independence.

Illicit financial flows (IFFs)

Though the phenomenon has a long history, the discourse only started in the 90s in connection with abnormal capital flight (the third category above). Different definitions are used in the literature. According to the African Union IFFs are “illegally earned, transferred or used resources moved from Africa to the rest of the world in violation of the laws” (*Domestic resource mobilization: fighting against corruption and illicit financial flows*, 2019, p. 22). The UNCTAD compliments the above definition by adding “exchange and/or flow of value” as a characteristic of IFFs beyond financial transaction (*Tackling illicit financial flows for sustainable development in Africa*, 2020, p. 38.). An even wider definition entails those transactions which are not strictly illegal but are undesirable and unethical because they result in reduced tax revenues (e.g., tax avoidance by MNCs) (Signé et al., 2020). In this latter case not the word but the spirit of the law is violated.

The most widely practiced categories of IFFs are:

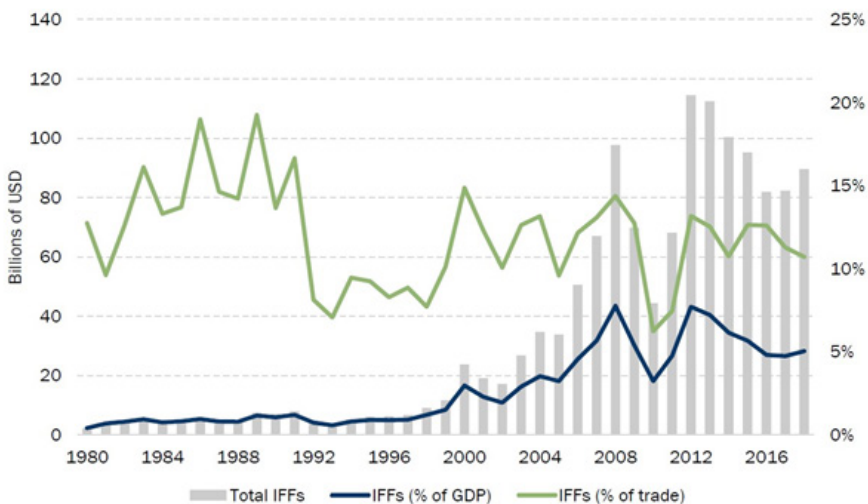
- a) *commercial activities (65%)*: false invoicing, trade mis-invoicing (import over-invoicing for hiding capital flight and money laundering; import under-invoicing to avoid import tariffs; export under-invoicing for hiding profit and evade tax; export over-invoicing to benefit from export subsidies), tax evasion, tariffs avoidance, transfer pricing manipulation, profit shifting (*Tackling illicit financial flows for sustainable development in Africa*, 2020);
- b) *criminal activities (30%)*: money laundering, trafficking, smuggling of people, migrants, goods, drugs, weapons, services, cultural property, waste, wildlife;

illegal fishing, logging and mining; fraud in the financial sector, illegal arms dealing, counterfeiting, forced labour, kidnapping, terrorism financing;

- c) *corruption (5%)*: bribery, theft, embezzlement of national wealth, abuse of functions, and financial malpractices.

Basing their calculation on trade mis-invoicing (partner country/mirror trade trap method) and balance of payments residual (net errors and omissions method), Signé et al. (2020) assessed that between 1980 and 2018, 1.3 trillion USD left SSA in the form of IFFs. The outflow accelerated after 2002 and the peak was reached in 2012 with 114.5 billion USD. Though the absolute numbers are alarming, their share related to GDP was around 5% and their share related to trade was 11% in 2018 (see Graph 1). According to the African Union’s latest study (*Domestic resource mobilization: fighting against corruption and illicit financial flows*, 2019), the yearly outflow from Africa fluctuates between 50-80 billion USD with 84% of this total amount derived from SSA. The 2019 figure for Africa was 88.6 billion USD (*Tackling illicit financial flows for sustainable development in Africa*, 2020, p. 22). SSA is responsible for 9% of the world’s IFFs. The greatest emitter regions are Western and Southern Africa, with special regard to fuel and other resource exporter countries (e.g., Nigeria, Togo, Zambia, South Africa, Democratic Republic of Congo, and Ethiopia). Roughly half of Africa’s IFFs—40 billion USD in 2019—is linked to high value and low weight extractive commodities primarily consisting of gold, diamond, and platinum (*Tackling illicit financial flows for sustainable development in Africa*, 2020, p. 60). The two top emitters are South Africa and Nigeria with a combined share of above 50% of the total IFFs from SSA.

Graph 1. Illicit financial flows from Africa (1980-2018)



Source: *Illicit financial flows from Africa*, 2020, p. 6

The main drivers of IFFs are different macroeconomic, structural, and governance indicators. Signé et al. (2020) found that real GDP growth, inflation, and high share of taxes have a positive correlation with IFFs. Other variables fuelling IFFs are the size of the economy, natural resource endowments, increasing trade openness, government deficit, capital account liberalization, interest rate differentials, real exchange rates, and black-market premiums.

As far as governance indicators are concerned, Signé et al. (2020) surprisingly did not find a correlation between IFFs and corruption, government effectiveness, political stability, rule of law, regularity quality, and accountability. According to the African Union, poor governance, high level of corruption, weak institutions, low government effectiveness, political instability, and low levels of democracy and political freedom increase IFFs. The latest advancements in communication and information technology such as digital currency might facilitate illicit transactions as well.

Destination countries are also responsible for IFFs as they attract and host illegal transfers due to legal, regulatory, standard and transparency gaps and differences (*Tackling illicit financial flows for sustainable development in Africa*, 2020.). For Africa, these regions include East Asia and the Pacific, Europe and Central Asia, intra-African flow and North America. China hosted 16.6 % of IFFs from Africa as Africa-China trade increased, followed by the USA (9.1), UK (5.4%) and India (5%)

IFFs have a detrimental impact on the development potential of African countries as they drain foreign exchange and reduce domestic resources that could be used for financing development and decreasing dependence on external sources of finance²⁰. If funds illegally leaving Africa had remained, per capita GDP could have increased by 15%, capital stock could have grown by 60%, and the domestic investment to GDP ratio could have increased from 19% to 30% (*Domestic resource mobilization: fighting against corruption and illicit financial flows*, 2019 p. 22). In addition, IFFs cut government revenues by eroding the tax base, decreasing investment and saving rates²¹, undercutting labour productivity weakening governance structure and public institutions, undermining transparency and accountability, endangering stability, reducing social expenditures, and worsening poverty and inequality (*Tackling illicit financial flows for sustainable development in Africa*, 2020).

As IFF is a shared problem of developed and developing countries, tackling IFFs requires cooperation at regional and global levels to curb money laundering, end illegal practices, repatriate smuggled funds, and recover stolen assets (*Tackling illicit financial flows for sustainable development in Africa*, 2020, p. 75).

Conclusion

Based on academic sources, relevant statistical data, and calculations in this study and referring to the long-standing conventional concept about the prevalence of the high saving-investment gap in Sub-Saharan Africa, we conclude that there is a permanent finance gap in SSA that cannot be filled by increasing savings only. Consequently, the region should rely on external sources of finance. Though external

financial inflow (7-8% of GDP) is sufficient to cover the savings-investment gap (-3-4% of GDP) and counterbalance the current account deficit (-3% of GDP), African countries still cannot finance sufficiently to sustain high growth rates because of the massive outflow of financial resources in the form of capital flight and IFFs (5% of GDP). That is the saving-investment gap itself counts less in creating the finance gap of Africa than capital flight and illicit financial flows. As the outflow of financial resources exceeds the inflow, the world does not finance Africa, but on the contrary Africa finances the world, this way the “Who finances whom” question is answered.

The final conclusion is that the issue of financing Africa’s development cannot be solved without (a) mobilizing domestic resources²², (including domestic savings), (b) attracting non-debt generating external resources as well as improving the use and avoiding the misuse of inflowing financial resources, and (c) curbing or reversing capital flight and (d) tackling illicit financial outflow. In order to accomplish the above tasks, profound political, economic, structural, institutional, legal, social and moral changes are needed at national, regional and global levels. This might be a topic of further research. ☀

Notes

- 1 This sum is going to be increased due to additional financial needs generated by COVID-19.
- 2 According to the African Development Bank, in Africa more than half of GDP growth is due to investments (African Economic Outlook, 2020).
- 3 It was empirically proven by Adon and Elbahnasaway (2014) in five African countries (Egypt, Ghana, Ivory Coast, Kenya and Nigeria).
- 4 Between 2003-2012 the annual real GDP growth rate was 5.7%, though it declined to around 3% in 2017, 2018 and 2019 (World Economic Outlook, 2021). The estimates for 2020 was 1.9% and the projection for 2021 was 3.4% (Regional Economic Outlook, 2021).
- 5 This gap was even higher earlier: between 1970-1995 it fluctuated around 11% of the GDP due to the below 10% savings rates and 17-20% investment rates. For details see: Elbadawani and Mwega, 1998; Ndikuma, 2015.
- 6 It was almost the same in the 80s and 90s, 20% and 17%, respectively (Adon and Elbahnasawy, 2014).
- 7 Self financing ratio is the fraction of domestic investment financed by cumulative domestic savings (Aytül & Yalcin, 2015).
- 8 This study covers 24 developed and 22 developing countries (representing 90% of the world GDP) in the period of 1993-2010.
- 9 In 2018 the share of agriculture was 16.2% of the GDP in Africa (African Statistical Yearbook, 2020).
- 10 In 2020 around 55% of the population was between the age of 15-64 in Sub-Saharan Africa (UN Population Division).
- 11 For instance, according to Aghion (2009) high saving rates might attract foreign capital with innovative capacity.
- 12 Aid dependence was much higher between 1970-1995, when it was over 10% in general (Elbadawan & Mwega, 1998).
- 13 The share of the African continent was also rather low, at only 3% in 2019 (WIR, 2021).
- 14 Between 2006-2011 the rate of return worldwide was 7%, while in Africa 11.4% (Anyanwu, 2015)
- 15 In this regard the Continental Free Trade Area should be emphasized.

- 16 According to some estimates (Anyanwu, 2015) Africa should invest USD 90-100 billion yearly in order to sustain the pre-COVID level of FDI inflow.
- 17 Between 1980-1999 Sub-Saharan Africa's current account balance was -2.4% of the GDP, between 2000-2012 -4.9%, in 2015 -5.7%, in 2018 -2.6%, and in 2019 -3.7% (WEO, 2021).
- 18 In South East Asia it was only 15%.
- 19 A 1% increase in FDI flow was associated with a 0.26-0.38% increase in capital flight.
- 20 This is called „missed development opportunity” by Cristina Duarte, the UN under-secretary-general and special adviser on Africa (Africa Renewal, 21 February 2021)
- 21 This is called „dissaving” by Nkurunziza (2012).
- 22 This is called a hard option by Aryeetey (2004) referring to the difficulty of the task.

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POLICIES OF THE MAGHREB COUNTRIES TOWARD WESTERN SAHARA: MAURITANIA'S PERSPECTIVE

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Abstract

Mauritania is the country considered closest historically and culturally to the inhabitants of Western Sahara. It also has the longest border with the territory of Western Sahara. This country's legal status is defined in Article 73 of the Charter of the United Nations, which indicates that it is a non-self-governing territory going through the process of decolonization. The border between Mauritania and Western Sahara is 1564 km in length, which constitutes 75% of all the land borders of Western Sahara. The area that Mauritania borders with is completely controlled by the self-proclaimed Saharawi Arab Democratic Republic, which constitutes about 20% of the territory of Western Sahara. The remaining 80% of the territory is occupied and administered by neighbouring Morocco. The problem of Western Sahara, which has caused great divisions between Morocco and Algeria since the mid-1970s, is that POLISARIO's main supporter has also constituted a serious issue for Mauritanian foreign politics. Within this dispute, Mauritania is in quite a difficult position as it attempts to not become conflicted with either of its powerful neighbours, both of which are aspiring to be leaders in the region. At a press conference in November 2019, the Minister of Foreign Affairs of Mauritania, Ismail Ould Cheikh Ahmed, issued a statement indicating that Mauritania does not intend to remain just an observer any longer, but rather plans to become an active participant in addressing the Western Sahara issue to finally resolve the 46-year conflict. This conflict casts a shadow on the regional cooperation within the framework of the Arab Maghreb Union (AMU), which – if it actually functioned – could aid in the economic development of the region, especially important for the politically and economically weak Mauritania. This has become even more important in the most recent period with the global economy experiencing turbulence following the two-year COVID-19 epidemic and the current war in Ukraine.

Keywords

Western Sahara, Mauritania, Maghreb, de facto state, foreign policy

Received: July 2022 | 1st Revision: September 2022 | Accepted: October 2022

Introduction

After Morocco gained full independence from France in 1956, Rabat put forward claims to the Western Sahara area, which at that time was an autonomous overseas province of Spain. In addition, based on historical premises, Morocco also did not acknowledge the independence of Mauritania (1960) but laid claims to these territories. From the beginning of the formation of Algeria (1962) and Mali (1960), the authorities of Morocco also claimed that these were artificial creations – countries formed by French colonialism (Ożarowski, 2012: 210).

The claims Morocco made about Mauritania and parts of Mali, which at that time were French colonies, were responded to in different ways in Rabat. The claims on the north-western lands of Mali did not have a sound basis and were treated as circumstantial. The issue of Mauritania was quite different. One expression of this might have been the creation of the Mauritania and Sahara Department in 1957, which was part of the Ministry of Internal Affairs. In 1963, the department became a separate ministry. King Mohammed V integrated nationalistic concepts into the construction of the Moroccan state, an important part of which became the concept of what was referred to as the “Great Morocco” (*al-Maghrib al-Kabir*), aiming to bring together the Arab and Berber societies around the throne. Great Morocco was supposed to extend from Gibraltar in the north to the Senegal River in the south. To the west, it was supposed to include areas of the Sahara from Tindouf Province to Béchar Province. In practice, this signified taking over all of the Spanish lands in Africa (*Sáhara Español*), including the Canary Islands, Ceuta, and Melilla, as well as the majority of the territory of Mauritania, the north-western region of Mali and the western region of Algeria. Meanwhile, no ruler of Morocco throughout history had ever controlled such a vast territory. The concept of what was referred to as “Great Morocco” was actually supported by all the Moroccan political parties and a great majority of citizens.

An important element is that the activities of the Army of Liberation (*Jish Ettehrir*)—inspired by the Moroccan authorities—was supposed to apply military means to reclaim the land that were not included into Morocco in 1956. This frequently appears in the argument put forward by Moroccan government in favour of their rights to Western Sahara and Mauritania. These units battled both against the Spanish armies in the Spanish Sahara and the French armies in northern Mauritania. Importantly, the nomads from the Spanish Sahara and Mauritania were numerous within these insurgent units. In 1958, the Army of Liberation entered the Adrar region through the Spanish Sahara, going as far as the town of Atar. The aim of the expedition was to hail the king of Morocco as the ruler of Mauritania and incorporate this area into the Moroccan state. At that time it was under the control of France. These aspirations were supported by part of the prominent Mauritanian politicians and tribal leaders. As a result of the Army of Liberation units being beaten by the French army, they were forced to withdraw from the territory of Mauritania. However, as of that time, Morocco considered the battles of the Army of Liberation in the Western Sahara and Mauritania and the battles of the Saharawi under the Moroccan

flag to be proof of the loyalty of the inhabitants of present-day Western Sahara and Mauritania to the Moroccan crown (Isidoros, 2018: 21-22).

Mauritanian-Moroccan relations on the eve of independence

In January 1960, Mohammed V embarked on a month-long journey to a few Arabic countries to gather support for incorporating the Western Saharan and French Mauritanian lands into Morocco. With the exception of Tunisia, the majority of the leaders of the countries he visited supported the claims put forward by Rabat. In addition, the same occurred during the meeting of the country leaders of what was referred to as the Casablanca Group, which took place January 3-7, 1961. As can be found in the report by a journalist covering the Summitry in Casablanca: “A similar moral victory was achieved by Morocco on the subject of Mauritania – which, she [the Conference] claims, is a part of Morocco and should never have been given independent existence. Mauritania’s independence is denounced by the Conference, as a French plot to ‘encircle the African countries, ensure for herself bases to which she can retreat, and increase the number of her satellites’; and the Conference resolved to approve any action taken by Morocco on Mauritania for the restitution of her legitimate rights” (Roberts, 1961: 73).

The actions taken by Rabat towards Mauritania supported by France led to relations with France becoming increasingly tense, culminating in Mauritania declaring independence on 28 November 1960. However, those in power in Rabat did not plan to give up. They did not acknowledge Mauritania’s independence or establish diplomatic relations, conspicuously boycotting the country on the international stage and taking certain actions to prevent the United Nations from acknowledged its existence (Malinowski, 2001: 57-61). In the context of the approach taken by those in power in Nouakchott in regards to the Western Saharan issue, it is worth mentioning that in 1966 the Mauritanian delegate to the Special Committee session of the United Nations in Addis Ababa demanded the full independence for Western Sahara (Kosidło, 2012: 34). Following a deadlock in the mutual relations between Rabat and Nouakchott that lasted a few years, an improvement in their relations was only achieved after the six-day war between the coalition of Arabic countries and Israel in June 1967, which consolidated the North African countries. Initiated by an invitation by Mohammed V’s successor, the King of Morocco Hassan II requested the president of Mauritania Mokhtar Ould Daddah to participate in the first Islamic conference scheduled to take place in Rabat. This resulted in Morocco acknowledging Mauritania’s independence nine years after it was achieved by Nouakchott (Pazzanita, 2008: 205-208).

King Mohammed V integrated nationalistic concepts into the construction of the Moroccan state, an important part of which became the concept of what was referred to as the “Great Morocco”.

Mauritania in the Western Saharan conflict

Undoubtedly, Mauritania has the closest historical and cultural ties with the inhabitants of Western Sahara. They are linked to the population of Mauritania (especially the White Moors – Beidane) through a common language (a dialect of Arabic called *hassaniya*), traditional costumes, and the past of the nomadic pastoralists (Mormul, 2021: 163-164). It should be remembered that the POLISARIO Front was created within Mauritania in the town of Zouérat on 10 May, 1973. Already 10 days later, its unit attacked the Spanish El Khanga post in the territory of Western Sahara, which was the Spanish Sahara at the time. Concern about Moroccan expansionism led Nouakchott to enter into a secret agreement in October 1974 in which Western Sahara was divided with Morocco. On 14 November, 1975 in Madrid, the representatives of Spain, Morocco and Mauritania signed what is referred to as the Madrid Agreements – a pact concerning Western Sahara, within which Madrid agreed to decolonize the territory and withdraw its armies by the end of February 1976. During the transitional period, power was supposed to be gradually handed over to Moroccan and Mauritanian administrations (Madrid Accords, 14.11.1975). Some researchers think that the earlier claims put forward by Morocco and not recognizing the independence of Mauritania over several years may have influenced the decision of the Mauritanian authorities to occupy Western Sahara. This led to the latter being somewhat forced to make defensive diplomatic countermoves and laid claim to Western Saharan lands based on ethnic kinship with the Saharawi inhabiting the areas. To some extent, from the beginning of the Western Saharan conflict the Mauritanian approach was more defensive than expansionistic, as the granting of part of Western Sahara under the 1975 Madrid Accords was treated by Nouakchott more as a bargaining chip used in its debate with Rabat. This goal was more about strengthening its position than desiring to expand into new territories (Szczepankiewicz, 2010: 61-62). It should also be mentioned that in the first years after the formation of the POLISARIO Front, its leaders considered the possibility of establishing a federation between Mauritania and Western Sahara. A similar solution was used by the UN in the case of Eritrea and Ethiopia. By the decision of the UN General Assembly in 1950, Eritrea was federated with Ethiopia as an autonomous province, which had its own parliament and government (Kłosowicz, Mormul, 2018: 41). Fearing Rabat's expansionistic approach and to prevent being dominated by their northern neighbour, they preferred to choose Mauritania because they considered it closer culturally and ethnically (Shelley, 2004: 43). However, the Mauritanian president at the time, Mokhtar Ould Daddah, believed that Morocco was too strong and determined to occupy Western Sahara. He was also of the opinion that by acting against Rabat, Mauritania could risk not only losing the possible benefits of occupying the southern part of Western Sahara, but also entering into a conflict with its powerful neighbour that might endanger Mauritania's independence. Moreover, the Mauritanian president believed that the International Court of Justice would also support Morocco's claim to Western Sahara, which further prompted his decision to cooperate with Rabat (Besenyő, 2017: 25).

Mauritania's occupation of the southern part of Western Sahara immediately led to the severance of previously good diplomatic relations with Algeria and the launching of military operations against Mauritania by the POLISARIO Front. Repeated attacks on trains carrying iron to the Mauritanian coast and the mining town of Zouérat, as well as an assault on the state capital Nouakchott in April 1976, demonstrated the Mauritanian army's weakness and lack of proper preparation for military action. The dispatch of Moroccan troops to Mauritanian territory temporarily assuaged fears of another attack on the capital by the POLISARIO Front, but in turn aroused concern among those who had not forgotten the ambitions of the Kingdom of Morocco towards Mauritanian lands. It is also worth noting that the occupation of the Western Sahara area was unpopular with a section of Mauritanian society from the beginning (Kowalska-Lewicka, 1976: 94). Thus, from the outset, President Mokhtar Ould Daddah had to take into account the strong opposition within the country against the incorporation of the northern neighbour's lands, which meant that the government lacked not only external but also internal legitimacy. This situation eventually led to an internal crisis and consequently to overthrowing the incumbent president in a military coup in July 1978 and outlawing the ruling Mauritanian People's Party (*Parti du peuple mauritanien*). The Military Committee for National Recovery took power in Mauritania and decided to withdraw from the occupation of Western Sahara. In August 1979 at a meeting in Algiers, Mauritanian representatives signed a peace agreement with the POLISARIO Front in which both sides renounced their mutual claims. Mauritania thus withdrew from the occupied area, which was immediately occupied by the Moroccan army. In 1984, the subsequent military regime under Mohamed Khoun Ould Haïdallah decided to officially recognize the Saharawi Arab Democratic Republic (SADR). The Mauritanian authorities took the position that the legal authorities of Western Sahara and a large part of the Saharawi population were located in the refugee camps in Tindouf, making it a de facto extraterritorial state-in-exile. It is worth noting that to this day the SADR maintains control over one-fifth of the territory of Western Sahara, allowing it to partially meet the requirements of declaratory statehood. This decision has drastically worsened Mauritania's relations with Morocco. During the reign of Mohamed Khoun Ould Haïdallah, Mauritania supported the Saharawi cause and consequently maintained close relations with Algeria and Libya, ruled since 1969 by Colonel Mu'ammad al Gaddafi. This resulted in economic support for Mauritania from the above countries, such as Algeria modernizing Mauritania's oil refinery in Nouadhibou (Faria and Vasconcelos, 1996: 43).

The years of political instability

After coming to power following another coup in Mauritania in December 1984, Colonel Maaouya Ould Sid'Ahmed Taya officially adopted a policy of neutrality in the Western Sahara conflict and re-established diplomatic relations with Morocco. During the 1990s, although Mauritania officially remained neutral in the conflict between the POLISARIO Front and Algeria on the one hand, and Morocco on the

other, it unofficially supported the Saharawis. However, the Mauritanian authorities' diplomatic balancing act between the feuding parties has been difficult. It is also not without significance that Morocco has particularly close relations with the United States and France, which are the most powerful external players in the Maghreb region. This became particularly important after the 11 September, 2001 attacks on the World Trade Center, when the United States government made the fight against Islamic terrorism one of its top foreign policy priorities. A series of attacks and kidnappings in the Sahel region— most notably the 11 March, 2004 terrorist attacks in Madrid, which demonstrated the attackers' links to al-Qaeda—caused US politicians and military officials to direct their attention at the threat of Islamic terrorism in the Sahara. This situation was deftly exploited by Rabat in its dealings with the Americans. Algeria, Mauritania, and Mali were described as weak states unable to ensure effective control in the area, which could become the Afghanistan of Africa. Using the threat of terrorism, Moroccan politicians succeeded in disavowing the states involved in the Saharawi affair and demonstrating to American politicians that the control of Western Sahara by Moroccan armed forces was the remedy for the infiltration of the area by terrorists. The argumentation proved so effective that this theme also began to appear in the statements of leading American politicians and military officials:

Were the deadly Madrid train bombings plotted by Muslim terrorists in the Sahara? The answer, quite probably, is yes. The Moroccan daily *Al-Ahdath Al-Maghribia* has reported that those March 11 attacks were conceived and launched from the 'terrorism triangle,' a desolate zone encompassing parts of Morocco, Mauritania, Algeria, and Mali (...) Such 'ungoverned areas' are becoming the 'melting pots for the disenfranchised of the world - terrorist breeding grounds,' warns Marine Corps Gen. James L. Jones, the NATO commander who heads US European Command (...) 'We need to drain the swamp,' adds Air Force Gen. Charles F. Wald, deputy commander of EUCOM. 'The United States learned a lesson in Afghanistan—you don't let things go'. (*Air Force Magazine*, 2004, November 1)

Mauritania was indicated by Rabat as an extremely weak link, which was confirmed by facts related to the country's internal instability because Mauritania was the scene of successive military coups in 2003, 2004, 2005 and 2008 (*BBC News, Mauritania 'foils' coup attempt*, 2003, June 6). After the failed putsch of some young officers in June 2003, the president declared that the putschists and the Islamists had divided their roles between themselves, trying to take power. In this way, he positioned the opposition and all movements unfavourable to him as Islamists, trying to prove to the US that his rule would guarantee the fight against Islamist extremism (de Salies, 2012: 160). Moreover, in many documents, Mauritania, as the westernmost Sahel state in Africa, was usually mentioned in the context of the Sahel-Saharan terrorist threat, and its name was negatively perpetuated in this context, such as: "the al-Qaeda

network stretched from Horn of Africa across the Sahel to Mauritania”; “so-called African arc of instability that runs from East Africa to Mauritania” (Steinberg and Weber, 2015). It is also important that this vast territory is 80% desert, where terrorists can effectively keep themselves hidden (Kłosowicz, 2017: 9-10).

The new opening in Mauritanian policy

After decades of political instability, the desert state entered a peaceful era under the leadership of former army general Mohamed Ould Abdel Aziz, who both limited the activities of the POLISARIO Front within Mauritania and maintained official relations with the SADR. This was reflected in the fact that he received official visits from POLISARIO Front representatives in Nouakchott.

For example, in 2016 the president received the special envoy of the Saharawi Arab Democratic Republic, M'Hamed Khaddad, who was invited to the presidential palace in the Mauritanian capital, which was taken very badly by Moroccan authorities (*Sahara Press Service*, 2016, August 1). Following the August 2019 presidential election, former Defence Minister Mohammed Ould el-Ghazouani came to power, and it was the first peaceful change of government in the country's history. Shortly after taking office, the new president took a stand on the Western Sahara issue, postulating that it was time for a just and lasting solution to the conflict that would be accepted by all parties and end the suffering of civilians. Mauritanian observers and political analysts believe that the choice of the president to appoint Cheikh Ahmed as the new foreign minister is not a coincidence, as this politician has repeatedly expressed the position that Mauritania must stop being hostage to the Saharawi foreign policy issue and move from a policy of balancing between Algeria and Morocco to one that is proactive in its initiatives regarding the Western Sahara problem. Indeed, Nouakchott can play an active and important role in the negotiations because it has open channels of communication with the POLISARIO Front, good relations with the Saharawi tribal leaders, and important contacts with both Rabat and Algiers. Additionally, politicians in Nouakchott do not forget that Mauritania is also an integral part of the myth of “Greater Morocco”, a fact that nationalist Moroccan politicians refer to from time to time. This was the case in December 2016 when the Secretary General of the Istiqlal (Independence) Party stated in an official statement that Mauritania lies on Moroccan soil. Despite the tensions that arose at the time, three months later in March 2017 King Mohammed VI arrived in Mauritania on an official visit to ease tense relation and discuss security issues on the southern border related to the activities of the POLISARIO Front (Igroupane, 2017, March 2).

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Mauritania has made it clear in recent years that it hopes to resolve the Western Sahara issue that has divided Morocco and Algeria since the mid-1970s. The authorities in Nouakchott are between the proverbial hammer and anvil in this dispute, trying not to enter into conflict with either neighbouring country. In a press conference on 9 November, 2019, Mauritanian Foreign Minister Ismail Ould Cheikh Ahmed said that Mauritania is active and wants to find a solution to this conflict that will be accepted by all parties involved in the regional dispute that has paralyzed the Arab Maghreb Union (*The Arab Weekly*, 15.11.2019). It also seems that the timing of the Mauritanian Foreign Minister's statement was not coincidental. It came as the leaders of the POLISARIO Front were preparing for their rally, which took place December 19–22, 2019. The group has consistently demanded an end to the occupation of Western Sahara and full independence, while Morocco is only willing to negotiate a form of extended autonomy (*Sahara Press Service*, 2019, December 25). The planned convention took place a week after the presidential elections in Algeria on 12 December to allow the POLISARIO authorities to get some idea of what the policy of the future president of their only ally at the time would be, and thus what course Algeria would take in foreign policy. Would it continue to consistently support the Saharawi cause or would it open up to dialogue with Rabat. The election was won by former prime minister Abdelmadjid Tebboune, a 74-year-old politician from the elite ruling class that had previously held power in Algeria (*Al Jazeera*, 2019, December 13). The new president has not changed Algeria's position on the Western Sahara problem. In his speech after the inauguration ceremony, he made it clear that "(Yabiladi.com, 2019, December 19)." Tebboune added that the territorial dispute is being settled "under the auspices of the United Nations and the African Union." "(Yabiladi.com, 2019, December 19). He also expressed hope that his country's position would not affect relations with Morocco. This did not come as a major surprise, as he had already made a similar statement during the campaign for the 11 November, 2019 election, stressing that the dispute over the territory of Western Sahara was a "decolonization question that must be settled by granting the right of self-determination to Sahrawis and allowing them to have a say on whether they want to be Moroccans (...) or free" (Yabiladi.com, 2019, December 19).

The Guerguerat crisis and its consequences

The Western Sahara issue made a comeback to newspaper headlines and news outlets in mid-November 2020, when exchanges of fire occurred between Moroccan and POLISARIO troops in Guerguerat and several other places along the truce line dividing Western Sahara into one region occupied by Morocco and another controlled by the POLISARIO Front. Guerguerat is a village located in the southern part of Western Sahara, five kilometres from a four-kilometre strip of unpaved desert terrain leading to the Mauritanian border. This buffer zone, known as "No Man's Land", is a narrow slice of what the Saharawi Arab Democratic Republic considers "liberated territories" (Drury, 2019: 325). A Moroccan army post in Guerguerat patrols a road built by the Moroccans in 2016. Under the terms of a 1991 UN-supervised truce, the

stretch was supposed to be controlled by the POLISARIO Front. However, Rabat, disregarding the terms of the truce concluded 30 years earlier, expanded the road, which increased tensions between the POLISARIO Front and Morocco. On October 21, a peaceful demonstration by the Saharawis began and they blocked the roadway, causing a complete stoppage of vehicular traffic between Morocco and Mauritania. In response, the Moroccan military used force to disperse the demonstrators on 13th November, although Moroccan troops were not allowed to cross the truce line under the 1991 agreement. A day later, Western Sahara President Brahim Ghali officially broke the truce and announced the resumption of the war (*Reuters*, 2020, November 13). According to Rabat, the road was covered by a Moroccan military cordon, allowing unrestricted traffic. The Moroccan authorities accused the POLISARIO Front troops of starting a blockade of the Mauritania road on October 21 in order to paralyze communications between Morocco and Mauritania. Nouakchott's only response to this tense situation was to reinforce its positions along the Moroccan border with additional troops (*Middle East Online*, 12.11.2020). Rabat, in an effort to win over Mauritanian public opinion, publicized the fact that food (mainly vegetables and fruits) was being sent from Morocco to Mauritania by sea in response to the road blockade by the Saharawis. The Mauritanian politician Kane Hamidou Baba, leader of the *Coalition Vivre Ensemble* (CVE) and former 2019 presidential candidate, considered the blockade unacceptable and in a press conference declared that "the blockade is an attempt to stifle the Mauritanian economy and the economy of neighbouring countries" (*Middle East Online*, 12.11.2020).

Nevertheless, the situation became very troublesome and difficult for Mauritania, especially considering the fact that there was an official announcement from the White House in early December 2020 that during a telephone conversation with King Mohammed VI of Morocco, President Donald Trump had reached an agreement according to which, in exchange for Rabat establishing full diplomatic relations with Israel, the United States would change its position on the occupation of Western Sahara and recognize Moroccan sovereignty over the territory. In addition, the US pledged to open its consulate in the Western Saharan territories controlled by Morocco, in the city of Dakhla (Proclamation on recognizing the sovereignty of the Kingdom of Morocco over the Western Sahara. The White House, 2020, December 10). In the event of a possible conflict, the Mauritanian authorities may face unrest from the Saharawi diaspora, who primarily live in the Mauritanian area bordering Western Sahara. Since the 1960s, the Saharawis have been coming to work in the industrial centres around the Tazadit iron mine near Zouérat and Nouadhibou, which is the largest city and port in northern Mauritania. Later, camps for Saharawi refugees were established in the area, and many of these refugees settled permanently in the territory (Isidoros, 2018: 220-221).

Although the economic relationship between Mauritania and Morocco is strengthening with every year, Morocco is not Mauritania's leading economic partner. In 2018, Mauritania's exports to African countries stood at only 10%, with Côte d'Ivoire and Nigeria as its main customers. Nevertheless, trade has been

growing steadily in recent years and Rabat is looking to increase its investments in the neighbouring country. Large Moroccan corporations with government support are investing in Mauritania. One such example would be *Ittisalat al-Maghrib (Maroc Télécom)*, which acquired a controlling stake in Mauritania's Mauritel telephone company. The Moroccan *Office National des Hydrocarbures et des Mines (ONHYM)* owns a stake in Mauritania's largest mining company, *Société Nationale Industrielle et Minière de Mauritanie (SNIM)*, which mines iron ore (Al Mouahidi, 2018, July 26). The Moroccan company *Dragage des Ports – DRAPOR* has signed a contract to dredge the port of Nouakchott. Moroccan companies are also involved in infrastructure construction projects in Mauritania, such as the 470-kilometre stretch of the Nouakchott – Nouadhibou road and agreements between Mauritanian and Moroccan companies for fuel distribution and refinery construction. Morocco is particularly interested in investing in the Mauritanian region bordering the Western Sahara occupied by Rabat, as exemplified by investments in the Nouadhibou Free Economic Zone (*Zone Franche de Nouadhibou, ZFN*). Moroccan investments in this area have reached the sum of 40 million euros, which, according to ZFN authorities, makes Morocco the second largest investor in this venture (Al Mouahidi, 2018, July 26). A visible sign of the expanding political and economic relations between Nouakchott and Rabat can also be seen in the fact that in December 2017 Mauritania appointed Mohamed Lemine Ould Aboy as the new ambassador to Morocco, filling a vacancy that had existed since 2012. As a further step in strengthening their relations, Morocco and Mauritania signed a bilateral cooperation agreement for regional and local administration between the two countries in January 2020. According to Moroccan news outlets, "Although Morocco and Mauritania have taken opposing sides on the Western Sahara issue in the past, Mauritania's official 'neutrality' on the matter has allowed for cordial relations with Morocco. Mauritania is a key player in the ongoing UN-led negotiations on Western Sahara, and Morocco is keen on gaining Mauritanian support for its Autonomy Plan" (Hekking, 2020, January 15).

Conclusions

It seems that President Donald Trump's policies on Western Sahara were beneficial for Mauritania because it freed it from the moral dilemma of balancing between Rabat, Algiers and the Saharawis represented by the POLISARIO Front. If the greatest superpower in the world thinks that the formula for solutions other than autonomy for Western Sahara within Morocco has been exhausted, then Nouakchott has no choice but to sign. In fact, during fieldwork conducted in Mauritania in February 2019 and in meetings with representatives of the country's political elite in Nouakchott, a tone of fatigue was obvious among the Mauritanian politicians. They were frustrated with the unresolved Western Sahara issue and the situation that held Mauritania hostage. In addition, when talking to random people in Nouakchott or Nouadhibou about the Western Sahara issue, one could feel their sympathy and compassion for the Saharawi people and their situation. However, few believed that the problem would ever be solved. Moreover, Mauritania's economic stagnation is also

blamed on the unresolved Western Sahara problem. According to the interviewees, this does not allow for greater economic cooperation between the countries of the Maghreb region to which Mauritania wants to belong, but also causes political instability resulting from the Western Sahara problem that scares away foreign investors (author's field research in Mauritania, February 2020).

It is also worth mentioning that threats exist for tensions escalating between Algeria and Morocco, whose relations were exacerbated after Rabat announced plans to build a military base on a 23-hectare area in the Jerada province, only 38 kilometres from the Algerian border. In response, Algeria also announced the construction of a military base near the border, "strengthening security measures on the western borders of the country" (Hernández, 2020, June 26). On top of the tensions between the main rivals in the region, there is also turmoil among the Saharawi population in the refugee camps located in Algerian territory. Young Saharawis are raring to fight, and the sense of bitterness they feel at being betrayed by the international community could lead to renewed fighting between the POLISARIO Front and Morocco. If Algeria were to become involved militarily in this conflict, Mauritania could find itself in serious trouble (author's field research in Algeria, June 2019). This is all the more dangerous as Mauritania's army is small (16,000 soldiers), poorly trained, and weakly armed (the air force has only four aircrafts capable of combat missions). According to experts, Mauritania's armed forces are only capable of ensuring internal security and do not have sufficient capacity to defend the territory. The morale of the military is also not high due to low pay, lack of training, and ethnic tensions that also exist within the armed forces. The fact that the Mauritanian army has been involved in political disputes since the country's inception and has been used six times to stage coups is also of some significance. The modernization of the army carried out in recent years has been slow and focused on purchasing equipment that would be most useful in the fight against terrorist groups, with training by French and American instructors implemented to meet these objectives. (Królikowski, 2018:183-284).

The extent which Rabat is determined to forcibly end the conflict with the POLISA-

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RIO Front remains uncertain, though this would have enormous political and economic consequences for Mauritania. It should be noted that in recent years the Moroccan army has been heavily modernized and trained by American, French and Israeli instructors. Until a few months ago, it seemed that Morocco might follow the example of Azerbaijan, which decided to settle the issues with Armenia surrounding some disputed territory in Nagorno-Karabakh (internationally recognized as part of Azerbaijan) using military means, counting on the fact that the international community has primarily been focused on combating the effects of the COVID-19 pandemic the past two years. At that moment it seemed for some that it became easier than before to achieve political goals through the use of force because global public opinion has a negligible amount of interest in “peripheral conflicts”. However, in the current situation, when the world has become highly sensitized to the use of force and any forms of aggression as a result of the war in Ukraine, this scenario seems to be rather outdated. In addition, in recent months, another factor has come into play, which may significantly influence the situation in the region, especially Algeria’s position. Successive sanctions imposed by Western countries on Russia as the aggressor state and the resulting progressive embargo on Russian raw materials (oil and gas, which financially fuel President Vladimir Putin’s war machine) have reinforced that these countries may be capable of replacing Russia as a supplier of raw materials in the global economy. Undoubtedly, one such country is Algeria, which has now become the focus of attention not only among European countries such as France, Spain, and Italy that are potential consumers of raw materials, but also the most powerful player in the West, the United States. The extent to which this will affect the Western Sahara issue and the situation in Mauritania will become apparent in the coming months. ☀

Note

* This article was written within the framework of the research project financed by the Polish National Science Centre granted on the basis of decision no. DEC-2017/25/B/HS5/00958.

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“WE ARE IN THE DARKNESS”:
THE IMPACT OF FAIR TRADE FROM THE PERSPECTIVE
OF COFFEE GROWERS IN THE KILIMANJARO REGION

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Abstract

Studying the impacts of Fairtrade on rural communities requires examining how Western ethical businesses and eco-friendly social movements affect farmers' livelihoods. This research took place in coffee-growing communities in Tanzania and aimed to understand local farmers' prospects for their collaboration with Fairtrade. Although the Fairtrade initiative aims to strengthen cultivation skills to increase the quality and price of coffee production, farmers and leaders of the rural cooperatives critically assessed the mitigated impacts of the ethical trade on the development of their lives and communities. The article, based on ethnographic research in the Moshi District, argues that beyond changes induced by the ethical business organization, farmers are trapped in “darkness” due to having insufficient information on their trading partner and limited ability to empower and transform their cooperatives.

Keywords

fair trade, coffee, impacts, community development, Tanzania

Received: April 2022 | 1st Revision: September 2022 | Accepted: October 2022

Babo, Alfred (2022). “We Are in the Darkness”: The Impact of Fair Trade from the Perspective of Coffee Growers in the Kilimanjaro Region. *Hungarian Journal of African Studies* [Afrika Tanulmányok], 16(1), 71-87.

Introduction

The World Fair Trade Organization (WFTO, 2009) presents fair trade¹ as a trading partnership based on dialogue, transparency, and respect that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions and securing the rights of marginalized producers and workers, especially in the Global South. Even though scholarly research discusses the paradox of seeking social justice through markets, especially in this era of economic liberalism (Lyon and Moberg, 2010), many researchers have emphasized fair trade's social impacts on local communities (Brown & Lyon, 2017; Cole & Brown, 2014; Lyon, 2008, 2010; Raynolds & Greenfield, 2015). With its mission to reduce poverty, fair trade – as both a social movement and an ethical business – links farmers' incomes to economic and social development by improving their day-to-day lives and community living conditions (Dragusanu & Nunn, 2014; Haight, 2011; Morrison, 2012; Raynolds & Murray, 2007; Solomon, 2011;). Other skeptical studies question the accomplishment of such a goal of enabling meaningful and positive changes in producer livelihoods and community development (Ballet & Pouchain, 2015; Sylla, 2014; Wydjick, 2014). If scholarly debates have questioned the effectiveness of this ethical economy, they have not critically discussed its community development dimension. For Nelson and Martin (2015, p. 509), "There are questions arising from a development perspective." These authors find that despite some benefits in Africa, Fairtrade's record of reducing social inequalities and lifting people out of poverty is mixed and even modest. Moreover, scholarly research has often not considered the method of community development evaluation centered on farmers' points of view.

I use the Old Moshi Cooperative and the Kimoshi Cooperative of coffee in Northeastern Tanzania to discuss Fairtrade's social impacts on producers from the perspective of community development. To what extent do the Tanzanian coffee growers make connections between the social and economic changes that occurred in their communities to their engagement with Fairtrade? In this paper, changes induced by Fairtrade are interpreted and analyzed within a qualitative approach that relies on farmers' perceptions and assessments. I argue that the study of social impact is not a mere measurement of positive versus negative changes within communities. Instead, the present study shows a need to embrace a more critical stance to shed light on farmers' understanding of the long-lasting changes at stake for the well-being of the community. Fairtrade's mission has not always met farmers' expectations but instead operated without a focus on sustainability. For coffee growers, the central question is not what they have gained but rather whether the improvements are sustainable for their communities. Farmers align their assessment of the sustainability of Fairtrade impacts with their insufficient knowledge of the coffee market and the trading mechanisms of Fairtrade. Overall, Fairtrade is associated with enhancing agricultural practices and offering higher prices to producers. However, when it comes to using the community development perspective, a holistic approach that includes the farmers' capacity to strategize and build durable changes is needed to analyze the influence of the fair trade movement.

Literature Review

From its inception, debates have arisen about the ethical goals and effectiveness of fair trade, especially within the global economy. According to Reynolds and Bennett (2015), the fair trade model started as an informal economic system in the 1940s with volunteers in the United States and Europe selling handicrafts in car trunks and reasonably priced coffee in church basements. The professionalization over the years of the trade through the development of organizations – especially Max Havelaar, TransFair USA, Fair Trade USA, and Fair Trade International – alongside norms, standards, and certification processes and practices, resulted in the current fair trade movement. The principal goal of the initiative is to alleviate poverty by increasing poor farmers' production and, therefore, their revenue (WFTO, 2013). It relies upon the dream of creating a world of justice and sustainable development by building a social contract between buyers (including final consumers) and producers.

The fair trade business grew dramatically at the beginning of the 21st century as an alternative moral economy and social movement for the rights of marginalized producers and workers in the Global South. The movement's growth led to an increase in the sales of Fairtrade certified agro-food products in the Global North (Reynolds & Greenfield, 2015). However, it also resulted in clashes among fair trade organizations about principles of fairness (Suranovic, 2015). In the United States, certification procedures, labeling, and the size of entities to certify generated friction. Organizations such as the Domestic Fair Trade Association (DFTA) advocated for only labeling small-scale farms and framing their mission in opposition to industrialization and corporatization of fair trade certification systems (Brown and Getz, 2015; Sligh & Christman, 2007). Other organizations such as the Equitable Food Initiative (EFI) campaigned for big corporate farms to benefit from the Fairtrade label (Brown & Getz, 2015). Thus, big corporations embrace corporate social responsibility (CSR) or environmental, social, and governance (ESG) reporting. Both aim to contribute to societal goals by supporting ethical practices and paying attention to global issues such as climate change, corruption, and community development.

Although these approaches claim arrangements with farmers to ensure fair prices that benefit poor farmers and their cooperatives, communities, and countries, critical scholars tend to underestimate the transformative effect of the fair trade movement, albeit pushing for social justice. An extensive body of literature indicates that Fairtrade agriculture is one of the least effective means of reducing poverty in developing countries (Dragusanu & Nunn, 2014; Solomon, 2011). Furthermore, critical perspectives in this field challenge the high certification fees (Haight, 2011; Reynolds & Murray, 2007) as well as the insufficiency of prices paid to the farmers (Ballet & Pouchain, 2015; Wydjack, 2014). Eventually, according to Sylla (2014), only 50% of the premiums Western consumers pay for Fairtrade commodities support social projects in production communities. Many problems that include the predicament of small farmers and workers and the capitalist profit-driven philosophy are still associated with fair trade. At the same time, their studies acknowledge that not only does Fairtrade significantly contribute to addressing the roots of poverty for

individuals and communities, but farmers are satisfied with their arrangements with the ethical organization. According to Brown and Lyon (2017), the limits noted in the literature do not expunge the changes induced by Fairtrade actions, which link farmers' incomes to economic and social progress.

Perhaps a more comprehensive approach to the benefits that farmers could gain from ethical agriculture should be explored. Within this framework, one may argue that Fairtrade cannot by itself induce revolutionary and long-lasting changes in poor rural communities. In this sense, Brown and Lyon (2017) find that some criticisms are overstated because it is unrealistic to believe that one can save the world by buying a coffee cup. In their work, Lyon (2008/2010) and Cole and Brown (2014) acknowledge that the fair trade business is not perfect. Beyond the debate, Nelson and Martin (2015) draw on a more holistic approach that sheds light on both economic and social implications, especially the improvement of gender equality, access to school for children, elimination of child labor, and enhancement of sanitation and hygiene conditions in the production communities.

This debate warrants further exploration of the morality-based social impacts of the fair trade business on the development of small producers' organizations and their communities. The contribution of this work in the literature is not only to question the way fair trade initiatives are assessed but also to depict an anthropological evaluation that firmly rests on more dynamic views of the people who are primarily affected (Dare et al., 2014; Imperiale & Vanclay, 2016; Jijelava & Vanclay, 2014). These authors argue that acknowledging how social issues are perceived, experienced, and interpreted by local communities is crucial to ensure that development interventions become more effective in achieving positive and socially sustainable outcomes. Thus, the paper puts Tanzanian farmers' views at the center of the ethnographic analysis of fair trade's social impacts, not from a static perspective but a dynamic one.

Method and Fieldwork

The core task of this study is to frame the views of the coffee farmers using an anthropological approach to assess an external economic ideology in a local African community. For community-based development initiatives, the success of projects is measured through social impacts and joint responsibilities (Agrawal, 2001; Baland & Platteau, 1996; Ballet et al., 2011). However, while assessing the social impact is crucial, there are two issues associated with this process.

First, when looking at ethical businesses, scholarly work on the social impact of the fair trade movement in Africa is scarce. Out of a series of studies published on the movement's impact, most were commissioned by fair trade organizations or funders (Nelson & Martin, 2015). Moreover, they eventually claimed success. It is essential to note that Fairtrade's self-evaluations emphasize measuring actual impact to ensure accountability towards its funders to implement its marketing strategy. In its 2017 annual report,² the Executive Director stated that "Fairtrade Africa drove forward various streams of work all pegged at the increasing impact on farmers

and workers” (FTA, 2017, p. 5). For example, building partnerships with the International Trade Centre (ITC) and cocoa-growing communities in Ghana integrates the strategy to make the social impact of Fairtrade on small producers more visible.³

Second, there has frequently been contention between quantitative analysis and qualitative rationale in social impact assessment (SIA). However, SIA has been highly regarded for its ability to quantify and reduce complex social issues and life experiences into measurable and managerial indicators (de Rijke, 2013; Roscoe, 1995).

Nevertheless, the reductionist portrayals of social life to statistical correlations and formulas between variables have been questioned, along with a call to combine quantitative and qualitative data (Russell, 1993). Moreover, the anthropological prospect of SIA strongly recommends the community-based approach that should yield nuanced and comprehensive insights (Chase, 1990; de Souza, 2007; Silverman, 1966; Walker, 2010). As de Rijke (2012) argued, social impact researchers should carefully consider community representations and unfolding relationships within the population. Scholars have laid out SIA principles that rely on participatory processes, deliberative spaces, human agency, and creativity. In their study of SIA, Esteves et al. (2012) argued that there should be a specific focus on improving the lives of the worst-off members of society. As such, this approach is instrumental in analyzing the impact of the fair trade movement on community development.

Based on the above methodological framework, this research is committed to investigating changes in coffee-growing communities in the context of farmers collaborating with Fairtrade. The fieldwork took place in one of the main areas of fair trade coffee production: the Kilimanjaro region in northern Tanzania, where the Kilimanjaro Native Co-operative Union (KNCU) and Kilimanjaro Coffee Cup Company produce fair trade coffee. First, a local research team⁴ conducted the preliminary fieldwork during the summer of 2018. It consisted of a field trip to interview a set of six cooperatives. Only two cooperatives – Kimochi and Oldmoshi – were selected for further investigation beyond the preliminary data. A phase of four months of preparation took place during which the team explained the objectives and methods of the research to the chairs of the cooperatives. This aimed to obtain their informed consent. Thus, the team members performed focus-group interviews with the boards of the two cooperatives and used survey questionnaires to interview twelve farmers in each cooperative. It collected additional data on the history of the cooperative movement in the area, and its relationship with Fairtrade organizations. In the fall of 2018, I resided in the village of Mahoma to conduct additional fieldwork to supplement the preliminary research results by collecting qualitative data on the

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community development generated by Fairtrade and their prospects for coffee farming in the community. During the stay, I carried out several interviews with board members, staff, and two dozen individual members of the coffee cooperatives that allowed me to collect the long-standing experiences, aspirations, and creativity of the farmers and their leaders. The sample of informants also included representatives of women who showed me their products while guiding me through their farms and warehouses. The interviews and small group meetings were supplemented with direct observations of the communities' living conditions. I visited farms, social infrastructures, and community projects related to Fairtrade's actions in the villages of Mahoma, Tsuduni, and Lyakombila in the Moshi district.

Background: Coffee in Tanzania and the Area Under Study

The economy of Tanzania is extremely dependent on the agricultural sector. In 2015, Tanzania was the 15th largest coffee-growing country in the world. Coffee in this country is predominantly produced on large estates, with peasant and smallholder farmers comprising the total. According to the Tanzania Coffee Board (TCB), green coffee production reached about 60,000 tons in 2018 and 2019. About two-thirds of coffee produced is mild Arabica, and the rest is hard Robusta. Mild Arabica is wet-processed and Robusta is dry-processed. According to the Tanzania Coffee Board (TCB), in the 2017/2018 season, the expected production was 20,000 tons for Robusta and 30,000 tons for mild Arabica. The sector employs approximately 85 percent of the population and contributes more than 55% of foreign exchange earnings (Nchahaga, 2002). Overall, there are more than 400,000 coffee producers in the country.⁵

Coffee is a primary export product, and its cultivation was imposed by the colonial administration when East Africa came under German rule in the late 19th century (MacDonald, 1966, p. 29). Tanzania coffee grows in the country's northern, western, and southern areas. According to Weiss (2003), beginning in 1911 the colonial administration enforced coffee planting throughout the Bukoba region to compel the Haya tribe to enter the cash economy. Colonizers introduced coffee propagation by seed, which undermined Haya Royal's control over cultivation and ascribed a new, measurable value to coffee trees (Weiss, 2003, p. 71). Outside the Bukoba region, settlers introduced Arabica varieties to the Chagga tribe of the Moshi region on the sides of Mt. Kilimanjaro (Eckert, 2003, p. 287). The Chagga, traditionally breeders and traders of ivory and enslaved people, switched entirely to coffee cultivation upon German cessation of the slave trade. Coffee growing in these two communities developed and was modernized in 1918 under the British administration's land-use reforms that favored the estate production by white settlers and considered coffee the main cash crop. As a result, the overall harvest of coffee increased; this was especially the case for the Chagga, who exported 6,000 tons of coffee by 1925 (MacDonald, 1966, p. 126).

In the northeast, the Moshi region of Kilimanjaro is renowned for growing the best Arabica coffee in Tanzania. It accounts for nearly 75% of the national production, according to the East Africa Fine Coffees Association (EAFCA). In this

region, inhabited by the patriarchal Chagga tribe, smallholders who are primarily men have their *chambas* (farms) behind their huts on the hillsides. The villages Mahoma, Tsuduni, and Lyakumba – located near Mount Kilimanjaro – are located at about 1,100-meters in altitude and 10 kilometers from the town of Moshi. In these communities, at first sight the *chambas* look like plantain farms because this crop dominates and covers the coffee trees. The landscape gives the village the appearance of a banana plantation dotted with potatoes, coffee trees, and houses. In this region, coffee is grown on small surfaces that rarely exceed one hectare, and the yield per family is generally low (MacDonald, 2003). For instance, the annual production of five hundred kilograms in Mahoma is the greatest yield ever. The coffee beans are usually sold to exporters by TCB at coffee auctions in the town of Moshi from July to March. Most prominent exporters are affiliated with multinational companies that sell coffee to roasters in countries like Japan, Italy, the USA, Germany, Belgium, and Finland (Tanzania Coffee Board, 2016).

As a colonial legacy, coffee has been traded for a long time through the cooperative system that involves local markets, private coffee buyers on coffee auctions, and foreign roasters. In 1925, Chagga planters formed the first of several Tanganyikan coffee cooperatives called the Kilimanjaro Native Planters' Association (KNPA). This cooperative enabled the farmers to sell directly to British markets and gain a better price (Eckert, 2003). The economy of coffee continued with the post-independence government, which provided loans to coffee cooperatives intending to double the production by 1970. In the Moshi district, the Old Moshi Cooperative was established in 1933 and encompassed the borough of four villages: Mahoma, Kidia, Tsuduni, and Kikarara. The cooperative movement in the region grew and evolved when ninety-two rural cooperatives of coffee established the Kilimanjaro Native Cooperatives Union (KNCU) in 1984 to trade coffee in the Moshi area. Each *msimu* season, KNCU lends funds to the rural cooperatives to purchase coffee beans from their members and non-members. The production collected is sent to the union, which takes it to the Moshi coffee auction where roasters and buyers speculate on the price based on New York City and London stocks markets. Later, KNCU granted the cooperatives the differential funds to pay the farmers in the event of a price increase. This second and complementary part of their income, called the *final payment* by the farmers, grounded the cooperative system in the coffee sector.

The cooperative movement has established and framed small-scale production, in which farmers take care of all the trees and kilograms harvested. This supervised agriculture meets Fairtrade's practices that promote high-standard coffee. Thus, farmers and cooperatives are committed to complying with strict cultivation and trading protocols. These rules include treating the coffee trees with harmless pesticides, a specific number of days for fermentation, and an accurate temperature to dry on a bed 2.5 feet from the ground in order to obtain optimal quality with clean and dry coffee. Through KNCU, Fairtrade representatives reached rural cooperatives such as Old Moshi and Kimoshi in the early 2000s. With these two cooperatives, Fairtrade promotes its "We transfer wealth back to farmers and workers"⁶ motto and

its principle of supporting farmers and workers as they improve their lives and their communities. At the end of each season in June, Fairtrade pays premiums to the cooperatives to implement a community project that complies with its commitments to children's education, protection of the environment, advancement of democracy, and promotion of gender equity. Assessing the commitments, successes, and levels of sustainability for farmers are an integral part of Fairtrade initiatives in these communities.

Sustainability of the Achievements

Although farmers mentioned the benefits gained from Fairtrade, they also stressed a sustainability issue as their effects faded over time. According to the cooperative leaders, Fairtrade contributed to improving local coffee producers' well-being by increasing financial gain, supporting education, eradicating child labor in the communities, and instilling agricultural knowledge in citizens. The ethical business practices also promoted gender equity and environmental consciousness. For instance, in the village of Lyakumba, Kinyaha H., the Secretary of Kimoshi Cooperative for 19 years, explained that "At the end of the *msimu*, season, 2004 – 2005, Fairtrade granted us 1,020,506.95 TSHS (about 441 USD) as premiums." Our participants remembered these times as glorious moments of prosperity. This was the period when farmers used the income from Fairtrade coffee to build houses and gain access to amenities such as electricity and clean water. Most of them also cultivated food crops such as corn and beans, which they transformed into cash crops to diversify their source of revenue.

Interviewees stated that Fairtrade heavily contributed to enhancing education. The organization strictly emphasizes education for children while dismissing agricultural activities. From 2006 to 2016, Fairtrade premiums collected by both cooperatives served to pay the school fees of students from the most impoverished families. According to Kanza R., chairperson of the Kimoshi Cooperative, the bonuses were used continuously to pay the school fees of dozens of children from the six villages.⁷ For each student selected, total fees of 70,000 TSHS (30 USD) were paid to get books, uniforms, and other school materials. The approach was the same at the Old Moshi Cooperative, but with a different amount. The chairperson of the cooperative stated, "For the ward of our four villages, Fairtrade premiums served to pay half of the school fees of two children a year." From 2010 to 2016, many students and their families were supported by Fairtrade premiums with 35,000 TSHS, i.e., 15 USD per child. For farmers of both cooperatives, Fairtrade contributed significantly to the development of education in their communities.

Another positive impact of Fairtrade viewed by the farmers in the coffee-growing communities of Moshi is the significant promotion of gender equity and democratic governance. In *Chagga* society, firmly held patriarchal and gerontocratic traditions lead to men and the elderly controlling land tenure. A woman can only take over a farm as a widow through inheritance if there are no surviving men in her husband's lineage. However, with the influence of Fairtrade since 2000, not only have some

women become coffee producers, but they are also autonomous members of the cooperatives. For example, Old Moshi Cooperative complies with Fairtrade requirement to separately display women's coffee production next to men's products in the warehouse. Although it was a significant cultural shift, the cooperatives decided to meet this standard to pass Fairtrade's controls and benefit from premiums. Secretary Olutu C. confirmed the following: "Fairtrade's representatives often make unexpected visits. When they arrive, they want to see the production of at least nine women under the tag 'Women'; it is a rule that we follow." In these rural cooperatives, women are not only visible through the exposure of their products in the warehouse, but they progressively ascend the social ladder to be present on the governing and decision-making boards. At Old Moshi Cooperative, Mandara E. joined the cooperative in 2007 and she has been a board member since 2015. At the Kimoshi Cooperative, two women are members of the board, including Kinyaha H., who has been in this top administrative position for more than ten years. Women's participation in decision-making bodies influences their peer farmers positively to adhere to the cooperatives' objectives. Mandara E. affirmed that she "wanted to be an example for the other women; and since I joined the board, I have brought about twenty women into the cooperative." According to the chairpersons of both cooperatives, the presence of women plays a pivotal role in reinforcing the democratic governance required by Fairtrade. Despite these positives, farmers expressed discontent when assessing the overall sustainability of social and economic improvements brought by Fairtrade.

The multi-field application of sustainability makes its use broad and ambiguous. However, sustainability seems to embody the ability to exist continually. It is the process of people maintaining changes in an environment in which the exploitation of resources, the nature of investments, and the achievement of improvements are all in harmony and enhance current and future possibilities to meet people's needs. Further, it could be understood as people's capacity to maintain the positive changes in their lives and their communities for the present and the future. In the case of Tanzanian coffee farmers, sustainability would refer to how improvements have

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been maintained through the insightful management of the production system and the continuous enhancement of individual and collective livelihoods. It would also involve establishing and continuously improving the administration and financial management of the cooperatives in order to thrive in the present and future.

However, Fairtrade's mission has not always met farmers' expectations but instead operated without a focus on sustainability. At Old Moshi and Kimoshi, criticisms arose when farmers assessed the long-term effects of Fairtrade's actions in everyday community life. The current challenges faced by producers outweigh past achievements attributed to Fairtrade's power to eradicate poverty. For most of our interviewees, coffee revenues are not steady and do not reward the hardships of work and the time and energy dedicated to caring for crops. Disappointed by the dramatic predicaments in 2016 and 2017, many farmers either burned their products, threw them away, or cut down their coffee trees. Others left the crops to die without caring for them. One of the participants, Epafra P., explained: "I am resigned to continue to seek improvement of my life with coffee revenues. My farm is full of dried and sick trees. However, I am not planning to buy new plants. I cannot continue to accomplish the hard work of coffee for nothing." Farmers' frustrations pertain to the meticulous work necessary to harvest coffee beans during the heavy raining season and bring them from the high-altitude farms to the warehouse in compliance with Fairtrade standards. For Olutu C., like most farmers, all the hard work deserves a higher price and comfortable annual revenue, which they did not receive in recent years.

Furthermore, the capacities of farmers and their cooperatives were impaired by the Kilimanjaro Native Cooperatives Union (KNCU). The bankruptcy of KNCU, which served as the only lender of funds to the cooperatives functioning, entailed the impoverishment of these rural organizations by depriving them of funds to operate. Starting in 2015, the union failed to distribute the Fairtrade premiums and other subsidies to the cooperatives, leading the Old Moshi and Kimoshi cooperatives into profound financial distress. The crisis entailed a significant drop in the harvest. According to the chairperson of Kimoshi, "The production went down from 1,000 bags of 50 kilograms a year in the 1990s to 200 bags now." One farmer, Lyatuu D., in Old Moshi refused to cut down the few remaining trees saved from drought and diseases. At the peak of the crisis, some farmers left the cooperatives. For example, while the Kimoshi Cooperative lost about 3% of its members in 2018, the Old Moshi Cooperative closed down its warehouse and office from 2016 to 2018. For Mtounga J., a 50-year-old man from Kidia, and Lyatuu D., an 80-year-old man from Mahoma, their interest in growing coffee dropped significantly over the last three years. During these times, the hopeless and weakened farmers had no choice but to sell their products to private buyers of coffee, such as City Coffee and COSARE, which operated in the Moshi rural area at the expense of farmers. These buyers played to pay the lowest prices to hopeless farmers in need of cash for food crops and school fees. Indeed, due to their lack of bargaining power and inability to directly participate in the auction market, not only was the price of coffee lowered to 1,000 TSHS /

kilogram (approximately \$0.48/kilogram), but private buyers did not pay premiums to the farmers.

For leaders of the cooperatives, the promotion by Fairtrade of higher-grade coffee results in a paradox. The organization emphasizes agricultural performance while demanding the termination of child labor in coffee farming. However, many farmers argue that stopping children from safely working on farms may threaten future coffee farming and the sustainability of coffee production in their communities. Fairtrade supports the 1973 International Labor Organization Minimum Age Convention n.138 which imposes minimum-age standards. Nevertheless, the organization also stipulates that children and their families and communities should be involved in identifying situations in which children feel unsafe as well as establishing projects to improve children's well-being.⁸ Although this approach eliminated child labor in the Moshi rural area, banning children from helping their parents on family farms has left the elderly in the coffee fields to work alone. Over the past thirty years, the average age of farmers incorporated in Fairtrade programs has increased noticeably. Since 2015, as they lost higher prices and premiums, most of them replaced coffee trees with food and cash crops that they could work on producing with their children. Thus, children who have followed a more traditional educational path are not participating in coffee agriculture, but instead, they are involved in food crops that are less targeted by child labor policies. The cooperative leaders expressed the concern that coffee farming in their region is threatened by the exclusion of children from productive activities to prevent child labor. However, they believe that a shift could be made if they can engage in a conversation with Fairtrade and bring evidence that some children experience wellness and fulfillment while working under the protection of their parents. Research in Ethiopia and in Côte d'Ivoire illustrated that economic work by young children could effectively foster life skills that benefit children in the long term and that eliminating social tasks grounded in the socialization of children is not always efficient (Taye, 2018; Babo, 2018). For the leaders of the Moshi coffee cooperatives, while excess involvement in work at a young age can be detrimental to child development, early participation in practical, hands-on tasks is equally essential to acquire the skills necessary to become an expert in different fields of work. Moreover, in the increasingly uncertain Tanzanian economy, possessing agricultural skills in addition to educational qualifications gives children a broader base for their future livelihoods.

Furthermore, the cooperative leaders' concerns about the future of coffee are based on the youth's increasing disinterest in the agriculture of export products, instead favoring other types of work. Because of Fairtrade's rigorous standards for coffee production, many young farmers tend to disregard coffee and use their land to grow food crops. For instance, Lyatuu D. toured the farm of his 38-year-old son who only plants plantains as a sign of his aversion to coffee farming. Young farmers pay more attention to the limitations of coffee production than the advantages it brought to their parents in the past. First, according to the Olotuu C., the secretary of the Old Moshi Cooperative, young men are disappointed by the amount of hard work

required for coffee production and its limited and disproportional return on revenue. The price of coffee remains low compared to food crops, especially for beans and corn. For example, in the four villages of Old Moshi Cooperative, five kilograms of beans could be sold at the local market for 12,000 TSHS (\$ 5.22), whereas the same quantity of coffee is only worth 10,000 TSHS (about \$ 4.35). While coffee bean provides only one opportunity for revenue a year, other types of beans are capable of four harvests a year. With corn and beans, young people make fast money to meet their families' primary and urgent needs. They do not have to take care of coffee trees and wait for a specific period of the year to go to an auction to generate cash. As Epafra P. emphasized, "My corn is my savings account. If I have a problem, I can immediately sell some right here on the village's market and have the cash to solve my problem." Consequently, young farmers are increasingly attracted to food crops because cultivating them does not require hard and painful work like growing coffee. Furthermore, beans, plantain, and corn can be consumed by household members if these products are not sold. Unlike these food crops, unsold coffee is kept in granaries waiting for market prices to rise.

Limited Knowledge of the Ethical Business by the Coffee Growers

Even if bonding farmers' livelihoods to the only actions of Fairtrade is overestimated, the limited information about Fairtrade and its activities is one of the factors that hinders the sustainability of community development initiatives. Indeed, the cooperatives' board members highlighted the lack of commitment for developing the entrepreneurial capacities of farmers and their cooperatives. Yet, according to Sen (1999), individual capabilities are one of the keys to strengthening sustainable community development. Farmers' poor knowledge about Fairtrade – especially its mission, price and premium settings, and certification process – is one of the weaknesses of this ethically-conscious initiative. In Moshi, since the Kilimanjaro Natives Cooperatives Union (KNCU) has served as the unique intermediary between Fairtrade and the farmers, the cooperatives' board members have limited knowledge of the organization. This lack of information prompted Olutuu C., the secretary of the Old Moshi Cooperative, to state that "we are in the darkness" when it comes to Fairtrade.

The producers we met ignore the purpose of Fairtrade to fix premium amounts and the mechanism of their higher prices to farmers. When asked how much they think one cup of Fairtrade coffee costs in America, our interviewees laughed in embarrassment and stated that they did not know. Yet, Fairtrade has delivered many training sessions for farmers and the organization's agents regularly visit the cooperatives. However, according to the participants, during these visits and training, Fairtrade's only concern is how to make them the "best producers of the best green coffee." Fairtrade's representatives neither explicitly explain its economic mechanisms nor elucidate their work and why the organization is willing to help the producers develop their communities. The chairperson of Old Moshi argues that "If they tell us more about themselves and the intricacies and tips of the coffee market,

we could generate the means and strength to fight for better prices and not remain the poor farmers we are.” The challenge remains how to turn the cooperatives into successful agricultural enterprises. The leaders regret that nothing is being done to enable farmers to transform themselves into coffee businessmen by acquiring skills in coffee quality assessment and developing small roasting factories. Building a new generation of coffee farmer-entrepreneurs through Fairtrade would entail a sustained increase in their income instead of waiting for premiums. However, although labeled as an “ethical business,” Fairtrade’s profit-driven philosophy is what holds it back from achieving full exposure of its approach and supporting the empowerment that farmers and their cooperatives desire.

Based on this lack of information and knowledge about Fairtrade, leaders should explore strategies to build more business-oriented cooperatives. They must push for more development-oriented programs rooted in their needs, knowledge, aspirations, and development vision. While Fairtrade’s effort intends to keep building skilled and knowledgeable farmers with the best cultivation practices to increase the production, the cooperatives’ leaders are willing to be involved in strategies that build on the progress made. At Old Moshi, the chairperson and the board embraced new cultural practices and improved a high-performance grafted and hybrid coffee plant called *Chotara*. In 2014, the cooperative’s board dedicated the 2013-2014 season’s premiums to developing nurseries of upgraded seedlings developed by the Tanzanian Coffee Research Institute (TaCRI). For the board, this improved variety of coffee beans is the future of their cooperative and their community, as it will allow them to step directly into the auction markets in Moshi. According to the farmers, the financial difference with the old variety is significant as the price could be as high as TSHS 5,400 TSHS/kilogram (\$ 2.35/kilogram) versus 2,000 TSHS/kilogram for the old variety at the Moshi auction. Twelve nurseries have been established in the four villages of the Old Moshi cooperative since 2015. The plan is to expand the distribution of *Chotara* to all cooperative members by the end of 2019. In the Kimoshi ward, the board members and ten farmers from five villages were trained by TaCRI and the Agriculture Office of the Moshi District to grow the improved coffee plant in May 2015. This shift aims to transform their rural cooperatives, which have devoted themselves to only selling coffee beans to small rural coffee roasting companies.

Farmers and cooperative leaders said that after years of growing coffee, generations of Tanzanian farmers sold only sustainable coffee without ever moving on to partial processing or roasting techniques that could have enabled them to generate more profit. Accordingly, farmers who may have had higher incomes in the past argue that “poverty remains in our community.” Therefore, improving livelihoods is a reiterative process that the board members have embraced through creativity and new manufacturing processes. For the chairpersons of the two boards, the time has come to transform their cooperatives with the business-oriented ideology that will generate more profits. They want to develop and engage in a type of Fairtrade that will finally allow them to fully increase their economic gains by trading at auctions and processing through roasting.

Conclusion

This study demonstrates that the social impact assessment of the fair-trade business on community development is more complicated than simply compiling quantitative data. When assessing the qualitative changes and contrasting them with the past, the impacts are more elusive, resulting in both positive to negative changes. Moreover, evaluating Fairtrade's effects on Moshi coffee growing communities from the farmers' perspective informed how they evolved from feeling content to feeling discontent over the years. The study illustrates Fairtrade's high points and farmers' success stories that are generally visible on coffee packaging or Fairtrade's website, though these developments are not permanent. Through ethnographic engagement, this research captured farmers' views that there have been significant moments of success. They acknowledged that Fairtrade has impacted their community with as much fluctuation as coffee prices. Decades of production have educated growers about the instability of coffee prices and the benefits they can derive from this reality. Farmers thus appreciate the work and improvement brought by Fairtrade, especially on many aspects of their social lives related to gender equality, democracy, and environmentally conscious farming.

Yet, these improvements need to be integrated into a sustainable approach that would more permanently embed the changes into the community. The farmers underline the complexity of the ethical organization's approach, which maintains the vagueness around its ethically-based economic model. Although the initiative adheres to the moral ideal of fairness while trading, it is clear that Fairtrade remains to function as a profit-driven organization just like other distributors involved in the international commodities market. Years of involvement in the fair-trade movement have taught farmers that in today's liberal economy, it is impossible to eliminate intermediaries from global trade. Members of the cooperatives believe that they will only support and benefit from the sustainable development of their communities through their direct involvement in the market for processing semi-finished or finished roast coffee.

In line with this perspective, the cooperatives are exploring strategies that will help them control the impact of initiatives on their communities instead of allowing such decisions to be made exclusively by external partners. They intend to learn more about the coffee markets and their intricacies. They have stepped into the market by sending their production directly to auction. At this stage, the cooperative leaders would like to see Fairtrade help them develop their business and market transaction skills besides producing top-grade coffee. They believe that this is the best way to promote positive, long-term change in the communities. ☀

Notes

- 1 Fair trade (two words) refers to the concept that embodies the social movement and alternative ethical economy. Fairtrade (one word) refers to the organization and/or the brand “Fairtrade.”
- 2 See Fairtrade Africa social performance report: 2010-2013. <https://www.fairtradeafrica.net/resources/social-impact-report/>
- 3 Accordingly, FTA created the Fairtrade Africa Impact Recognition (FAIR) ‘Ngoma’ Awards, which is Fairtrade Africa’s first-ever initiative for rewarding African Fairtrade certified producers for their exemplary contribution to Fairtrade principles. <https://www.fairtradeafrica.net/wp-content/uploads/2016/05/FTA-Annual-Report-2017.pdf>
- 4 Consisting of Dar es Salaam Loyola High School faculty and students of Geography Club involved in the faculty learning community partnership with Fairfield University.
- 5 See the Tanzania Coffee Board <http://www.coffeeboard.or.tz/>.
- 6 <https://www.fairtrade.net/about/key-benefits-of-fairtrade>
- 7 Sango, Mdawi, Mowo, Shia, Kisaneni, and Lyakombila.
- 8 Fairtrade Statement: *Children, young people, and adults are at the heart of the programme. They identify potential and/or actual risks to children’s well-being and make recommendations on how to respond. Fairtrade developed the YICBMR system specifically to promote the welfare and development of children in and around producer organizations. It has been piloted in 12 countries over the last three years. Children and adults from the producer communities identify where children feel safe and unsafe and design projects to enhance children’s well-being and development, going far beyond merely responding to child labor.*

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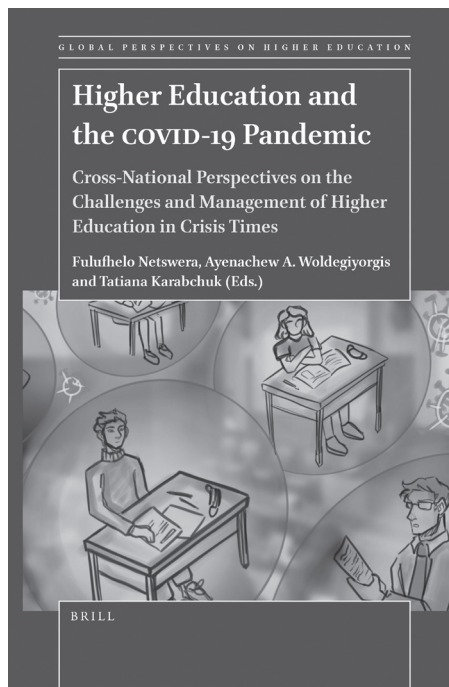
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HIGHER EDUCATION AND THE COVID-19 PANDEMIC
CROSS-NATIONAL PERSPECTIVES
ON THE CHALLENGES AND MANAGEMENT OF
HIGHER EDUCATION IN CRISIS TIMES

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Among many other books focused on the impact of Covid-19 on higher education, the reviewed one with four parts and 22 chapters has a special focus on Africa which makes it really unique. The editors are Fulufhelo Netswera, Executive dean of the Durban University of Technology; Ayenachew A. Woldegiyorgis, Doctoral student of higher education at the Center for International Higher Education, Boston College, and Tatiana Karabchuk, Associate professor at United Arab Emirates University; PhD in economic sociology. Professor Netswera's research interest includes the topics of good governance and academic leadership in Africa. Woldegiyorgis has written several studies about the internationalization of higher education in developing countries. In the center of his works are the issues and challenges of Ethiopian higher education. Tatiana Karabchuk has made lots of research in connection with the educational development in the Middle East.

The Covid-19 infection has been officially marked by the WHO as a global pandemic since the 11th, March 2020. The pandemic forced almost every country all around the globe, to take serious and fast steps, to reduce the spreading of the virus. By declining the personal contacts between the citizens, it rapidly became impossible to rely on "normal" methods mainly in the educational sphere. As we can read in the introductory part of the book, the closure of schools impacted more than 1.6 billion students worldwide in approximately 200 countries. The pandemic attacked the higher educational (HE) systems and almost every aspect of human existence suddenly and unexpectedly: it was very hard (most of all for the cities, where the IT infrastructure was not so developed or simply non-existent) to guarantee the plain changeover from in-person/face to face teaching to an unusual, online form. E-learning quickly became the only possible alternative for traditional education, although its effectiveness and quality were in most of the cases questionable. The book is built on collection of essays and they offer an overview about the most relevant aspects and challenges of the last two years; including the topics of transition to e-education, the actual quality of online-learning and the financial/logistical aspects of the brand-new way of life.

In this book we can read about the challenges of the paradigm shift caused by the pandemic in the normal educational life of many states all around the globe, including among others Oman, Ethiopia, Ukraine, Japan, Australia, the Maldives, Germany and the United States of America. To get sufficient information, some of the authors made several phone interviews with college deans and other persons concerned. Others analysed official documents or used narrative policy, made public opinion surveys among the students and/or the teaching staff. In the Maldives for example, data were collected with the use of both quantitative (stakeholder survey questionnaires) and qualitative (stakeholder interviews) methods.

Following the first shocks caused by the Covid-19 pandemic, the stakeholders, researchers, and teachers were forced to test different educational forms, so they could continue the teaching. The aim was to create a win-win situation among the teaching staff and the students with quality teaching even in the online-sphere. Firstly, the decision makers had to develop such a system, which makes it possible to visit classes online. But this journey was difficult with a lot of problems to solve. The main question of the authors was: “*How did Higher Education Institutions (HEIS) respond the challenges of the Covid-19 pandemic?*” For example, the Ministry of Higher Education, Research, and Innovation (MOHERI) in Oman made some discounts to help HEIS: they were allowed to suspend teaching in the summer of 2020. And from the fall on, they could continue teaching in an unusual online form. In this “distant period” students were discharged from paying for university housing. There were institutions that found it risky and inconvenient to change their education plans in such a rapid way, so they decided to do nothing: teaching was suspended. In the second case the institution recognized the emergency and continued to educate with the IT tools it had. And perhaps there were HEIS that made “long term adaptation plans” because it is often not clear, what would happen in the (near) future. In Ethiopia, alongside with the lack of technology and infrastructures, the government had to deal with political tension and ethnic conflicts at the HEIS at the same time. It is important to notice, that many challenges were present long before the outbreak of the pandemic: ethnic tension was a permanent factor in the educational and political sector too. Then, after the first Covid-19 infection, the HEIS had to face the “new normal” with a strong dependence on traditional teaching methods and lack of relevant IT-tools. The HEIS have set up task forces to manage the transition to online-learning. At the same time, the government established four national response coordination structures.

The countries analysed reacted differently to the challenges of the pandemic, but a closer look reveals the common steps, that were identical in most of the countries. As a summary, we can say that a three-stage adaptation process was observed worldwide. It is structured as follows:

1. *The countries firstly evaluated the impact of Covid-19:* In many states, borders were closed in order to reduce the spreading of the virus. The Australian government’s first provision was a travel ban on China, from where the pandemic started. The main goal was to maintain discipline among the population.
2. *Then began the planning for continuity of education:* It is clear that in many HEIS the necessary infrastructure for online education was not available. This pointed out the need of modernization of the sector and obligated the states to take serious steps in order to support the changeover with funds or with other forms of assistance.
3. *The HEIS continue to teach and live through remote education:* This topic is discussed in more detail in the next paragraph.

Online education has brought many advantages. First of all, it helped to stop the spreading of the virus. At the same time, in the case of Australia, the introduction of quarantine had serious financial consequences. Important to notice, that higher education is a main export element of Australia. Australia is a very popular destination for international students: the international student population of the country represented 8.4% of the total global number of the same indicator in 2019. Unfortunately, the pandemic has hit the sector hard, causing a serious wave of unemployment, with 35,000 job losses only in the case of the staff of the public universities by May 2021. Another negative factor was that teachers — and in many cases students — did not have adequate IT skills. There was also a lack of tools of sufficient quality. At the Maldives, only 12.2% of the students had access to a good internet connection. Lastly: because of the mental distress caused by the physical isolation people needed proper psychological support. But the mental help was missing in many cases. For poorer, developing countries, the shocks were much more severe.

Even for richer and more developed countries, the provision of expensive technology was a problem, and for lower income countries the situation was even more difficult. A further problem was the impossibility of delivering practical training (e.g., courses with laboratory visits) in the online space.

It is worth paying particular attention to the chapter on the ordeals in South Africa. The main question was: *How to minimize the dropout-rates in the HE-sector?* To get a credible picture of the difficulties in the sector, we need to overview the history of the continent. Especially in the past, there has been a certain hesitancy to educate the black youth. The aim of the so-called “Bantu education” model of the apartheid-state was to reduce the educational opportunities of black people. They wanted to train them only for labourer. This distinct treatment between the races caused enormous differences even after the years of democratization. The effects can be seen mainly in the financial situation and general qualifications of black people: Deficiency of high-level skills made education even before the pandemic much more difficult. Many students never worked on a computer before.

Because of the mental distress caused by the physical isolation people needed proper psychological support. But the mental help was missing in many cases. For poorer, developing countries, the shocks were much more severe. Even for richer and more developed countries, the provision of expensive technology was a problem, and for lower income countries the situation was even more difficult.

The South African HE-sector depends heavily on the state: within the framework of the National Student Financial Aid Scheme (NSFAS) in the academic year 2018/2019 25% of the students country-wide had state funded education. There were dissatisfactions about the fees for a long time. An example to highlight was a sector-wide wave of protests (#FeesMustFall) against the government, so they had to make concessions. But there were still difficulties during the pandemic. Continuing the culture of teaching was a quiet hard task. The Covid-19-Solidarity Fund was established as a rapid answer, which receives donations from all sectors of society. There is also a strong link between HE and economic growth in South Africa, so the state has tried by all means to continue education as effective as possible.

Clearly, Covid-19 has caused drastic damage in all aspects of human existence. However, the coronavirus epidemic has created a need for institutional and structural changes that could not have been effectively implemented before. An entire chapter is devoted to the golden rule: “Don’t let a good crisis go to waste”. In this case, the guideline suggests that it is possible to introduce reforms during a crisis that would have been difficult to get public acceptance in “peacetime”. In the US, the epidemic has been used as a scapegoat to end a number of programs that were not profitable, and of course a number of jobs have been cut at the same time.

There were preliminary predictions about the possible outcomes and impacts of the pandemic on higher education, but the results – more than a year and a half later – are more serious than expected. Lastly it is necessary to notice: this is still and will be in the upcoming years an on-going process; the pandemic’s complete effect on higher education cannot be measured precisely nowadays. Along with this fact, during the reading from cover to cover, we can get an in-depth and, in many ways, African insight about the above-mentioned topics. Well-stocked libraries with books on Covid-19 and Africa must have this book. ☀