Towards a single currency: from CFA franc to the Eco

Guinea-Bissau: Embaló wins presidential election
Burkina Faso: No peace in sight
Niger: Running for peace in the Sahel
Must read: Avoiding the resurgence of inter-communal violence in eastern Chad
Must read: Mali: Fulani-Dogon, brothers who have become enemies
Opinion: Regional organisations remain our first counterparts for conflict resolution
Maps & Facts: UEMOA economies are projected to grow by 6.6% in 2020
Who’s who: Úmaro Sissoco Embaló, president of Guinea-Bissau

TOWARDS A SINGLE CURRENCY: FROM CFA FRANC TO THE ECO

One important step forwards towards a single currency was made on 21 December 2019 when Ivorian President Alassane Ouattara – who is also the current president of the UEMOA – and French President Emmanuel Macron announced plans to reform the CFA franc, the common currency of the eight UEMOA member countries. Some 134 million people in Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo use the CFA franc. Under the reform plan: the CFA franc will be renamed the “Eco”; France will withdraw from all governance bodies; and the Bank of France will no longer hold half of the foreign reserves. However, the Eco will continue to be pegged to the Euro and France will retain, for the time being, its role as its financial guarantor. Created in 1945 under the name “Franc des colonies françaises d’Afrique” (Franc of the French colonies in Africa) and transformed in 1958 into the “Franc de la Communauté financière africaine” (Franc of the African financial community), the name change of the common currency is highly symbolic. The reform plan aims to reduce the region’s financial ties with the former colonial power. However, many African economists argue that there should no longer be any monetary co-operation agreements between France and African countries. “By maintaining this guarantee, until the introduction of the Eco, we want to avoid speculation and capital flight,” explained Alassane Ouattara. Other critical voices say that the fixed exchange rate with the euro will make West African exports less competitive. At the regional level, the reform of the UEMOA monetary zone will facilitate its integration into the planned future ECOWAS monetary zone with a single currency, which was already mapped out in 2003. During the ECOWAS Authority’s 56th Ordinary Session of Heads of State and Government on 21 December 2019 in Abuja, West African leaders took measures to accelerate the establishment of the ECOWAS Monetary Union in 2020. They adopted the Eco symbol for the ECOWAS single currency, and the name of the ECOWAS Central Bank: Central Bank of West Africa (CBWA). However, West African economies still struggle to comply with the convergence criteria, notably ensuring a budget deficit of less than 3%, an inflation rate of less than 10% and a debt burden of less than 70% of the national GDP. The introduction of a single currency has already been postponed many times. The reform of the CFA franc is one important building block for the new ECOWAS-wide currency and the key question remains whether the Anglophone economies will join the new currency in the near future. While the economic giant Nigeria asked for time to analyse the implications of the CFA franc reform, Ghana, the region’s second-largest economy, already confirmed its support. At the international level, the African Development Bank and many other financial partners commended the reform of the CFA franc. The IMF called it “a key step in the modernisation of long-standing arrangements” between the UEMOA area and France.
GUINEA-BISSAU: EMBALÓ WINS PRESIDENTIAL ELECTION

Guinea-Bissau, the second smallest West African country, home to nearly 2 million people, will start 2020 with a new president. Citizens hope that the election will end several decades of political instability in the country. Úmaro Sissoco Embaló, one of the seven prime ministers who served under outgoing President José Mário Vaz (2016-18), won the run-off election on 29 December 2019 with 54% of the vote. His rival, Domingos Simões Pereira, head of the ruling PAIGC party, denounced the results and suggested there had been electoral fraud. He plans to contest the results and take it up with the Supreme Court. ECOWAS deployed some 70 observers to monitor the elections. UNOWAS commended the “successful conduct of the polls and the peaceful atmosphere that prevailed throughout the electoral process.” Embaló’s election marks the first peaceful transition of power since independence and is a big milestone in the country’s journey towards democracy. The former Portuguese colony has suffered four coups and 14 attempted coups since independence in 1974. After the most recent coup in 2012, ECOWAS deployed a 700-member force to stabilise the country. Incumbent President José Mário Vaz was the first president to finish his term without being either deposed or assassinated. He dropped out of the electoral contest after the first round in November 2019. Opposition leader Embaló, who recently founded the Movement for Alternative Democracy (MADEM G-15), presented himself as a “unifier.” Gathering only 27% of votes during the first round, Embaló successfully gained the support of former candidates, including outgoing President Vaz. Embaló promised to modernise the country, and will need to fight against drug trafficking and corruption in the country.

BURKINA FASO: NO PEACE IN SIGHT

Women and children were the targets of the most recent terrorist attacks in northern Burkina Faso. Some 35 civilians were killed during a first attack on Christmas Eve in Arbinda, in the Soum province of the Sahel region; nearly all of the victims were women. A second attack, on 4 January 2020, on a school bus convoy in the Sourou province in the Boucle du Mouhoun, killed 14 people, including seven school children. “Whenever a Burkinabe is killed because of a terrorist act, we feel it with the same pain that every mother, every father, every person feels when they lose a loved one,” Burkinabe President Roch Marc Christian Kaboré said in a statement. No group has claimed responsibility for the attacks. Several attacks were previously attributed to the Group for Support of Islam and Muslims (JNIM). Due to civil unrest, nearly half a million Burkinabe people have left their homes to move further south, mostly to the Central-North region. The large number of displaced people is placing additional pressure on the already fragile livelihoods of host communities. Some 1.2 million Burkinabe people currently face a food crisis situation and many areas in the country’s north remain inaccessible to humanitarian assistance. Moreover, some 1 200 schools have been closed in the three northern regions. Since 2017, the government of Burkina Faso has been implementing an emergency plan for its Sahel region targeting four provinces (Oudalan, Sénou, Soum and Yagha). It has also scaled up its military response. However, despite national, regional and international efforts to counter the terrorism threat, the frequency of the attacks has been increasing. Since April 2019, jihadist attacks have killed more than 250 civilians in Burkina Faso.

NIGER: RUNNING FOR PEACE IN THE SAHEL

Niger held its first marathon under the slogan “Running for peace in the Sahel”. The “Grand Marathon du Ténéré” took place on 29 December 2019 around the city of Agadez in northern Niger. It aimed to help put a stop to the isolation of this troubled region. For security reasons, the precise itinerary of the marathon was kept secret until 24 hours before kick-off. Some 800 runners from Benin, Côte d’Ivoire, France, Morocco, Niger and Togo took part in the race. They were protected by some 100 soldiers and 100 police officers. The men’s marathon was won by the Nigerien Rabé Hassaou in 2h50’22. The female winner, Djérikou Bentille from Benin, completed the 42 km in 3h05’28.
MUST READ

AVOIDING THE RESURGENCE OF INTER-COMMUNAL VIOLENCE IN EASTERN CHAD

In response to rising inter-communal violence in eastern Chad, the government increased its military presence and declared a state of emergency in its eastern provinces of Ouaddai and Sila, as well as in Tibesti in the north in August 2019. Tensions might increase during the upcoming local elections, currently scheduled for February 2020. The latest report by the International Crisis Group analyses inter-communal conflicts in eastern Chad, in particular between Arab and non-Arab communities, moving beyond herder-farmer relationships. Among others, the report calls upon the government to “apply the state of emergency more flexibly” to allow inhabitants to access markets and public services, while also punishing abuses by government officials and the military. The report also recommends initiating a debate on how to manage pastoralism and adjust land ownership policies and mechanisms. An inclusive conference on the east could bring together traditional authorities, traders, parliamentarians, and economic and religious actors.

MALI: FULANI-DOGON, BROTHERS WHO HAVE BECOME ENemies

This report published by the French newspaper Libération reviews the relationship between the Fulani and Dogon ethnic groups, who lived in traditionally complementary ways. Drawing on local interviews, the article explains the traditional roles each group played, describes the changes that occurred following the jihadist occupation and analyses the root causes of tension, which has caused escalating intercommunal violence. While a system of sponsorship ensured the cohesion of society over decades, deadly intercommunal incidents are now on the rise. In 2019, nearly 500 Malians were killed in clashes in central Mali, including 370 in killings or murders involving Dozo militiamen. The wave of violence peaked on 23 March 2019 at the Ogossagou massacres, when some 160 Fulani herders were killed.

REGIONAL ORGANISATIONS REMAIN OUR FIRST COUNTERPARTS FOR CONFLICT RESOLUTION IN THE REGION

In his UN Security Council briefing on 17 December 2019, Mohamed Ibn Chambas, Special Representative of the Secretary-General and Head of UNOWAS, highlights that regional organisations remain “our first counterparts for conflict resolution in the region.” Discussions at the ECOWAS and G5 Sahel summits highlighted the “undeterred regional solidarity, and the commitment to bring this violence to an end. The Security Council’s support to the region cannot falter at this juncture,” he declared. Ibn Chambas also recommended that the Council support local initiatives, while privileging grass-root dialogue and traditional dispute-resolution mechanisms. “Finding ways to ensure peaceful coexistence between herders and farmers is imperative,” Ibn Chambas said. “Recipes against violent extremism, in particular, are being put in place in many West African countries. They have common denominators: political will; courageous local actors; and the involvement of women and young people.” Some of the critical deficiencies in national responses are its weak justice systems. “Efforts to strengthen justice and police institutions under the Biarritz G7 initiative and the Sahel Alliance, are fully welcomed by national governments,” Ibn Chambas added.
WHO’S WHO

ÚMARO SISSOCO EMBALÓ, PRESIDENT OF GUINEA-BISSAU

Born in the capital city Bissau, Embaló is a member of the Fulani ethnic group. His mother is Malian and he also likes describing himself as “being half a Burkinabe”. A former prime minister and general in the army, he is also a businessman with some academic background in political science. Embaló gained popularity during the presidential election and presented himself as a unifier across ethnic groups and religions as he is himself a Muslim married to a Christian woman. In the 1990s, Embaló served as a reserve brigadier general, which gave him the nickname, “The General.” Embaló retired early from the army and moved to the private sector. He launched several businesses, including an investment fund under the Libyan regime of Gaddafi. From November 2016 to January 2018, he served as prime minister under outgoing President Vaz, before creating the opposition party “Madem G15” (Movimento para Alternância Democrática). Embaló holds a master’s degree in political science from the Institute of International Studies in Madrid, Spain.

UEMOA ECONOMIES ARE PROJECTED TO GROW BY 6.6% IN 2020

The 2020 economic outlook for the eight UEMOA member countries is positive. Despite the many security challenges, the UEMOA area will continue to grow by 6.6% in 2020, at the same rate as in 2019, more than twice the sub-Saharan African average of 3.2%. The security crisis in the Sahel, Nigeria’s border closure and election-related instability are the main risks which might undermine the Union’s economic prospects. Côte d’Ivoire remains a driving force, with a projected growth rate of 7.3%, mostly because of high cocoa prices. Benin and Senegal are also set to pursue their growth trajectories with GDP annual increases of 7.6% and 6.8% respectively. Moreover, despite falling cotton prices and the security crisis, Burkina Faso’s growth rate is projected to increase from 6% in 2019 to 6.4% in 2020. On the other hand, Mali’s economy continues to be affected by the security crisis. The country has the lowest growth rate in the Union, at 4.9%. The Union’s economic performance capitalises on the increased productivity of the agricultural sector. The secondary sector benefits from infrastructure investments and the tertiary sector from the development of transport, communication and banking services. With respect to inflation, all members respected the community norm, with an average annual inflation rate of -0.7% in 2019, compared to 1.2% in 2018. Moreover, the Union’s total debt ratio decreased from 46.4% in 2018 to 45.7% in 2019. The financial consolidation of UEMOA economies is progressing. With the exception of Guinea-Bissau and Senegal, all other member countries respected the three primary convergence criteria (a public budget deficit of less than 3%; an inflation rate of less than 3%; and a debt burden of less than 70% of national GDP). In 2018, only two countries met these criteria. The Union may achieve financial stability by 2021.

GDP growth, 2020 projections

- < 5%
- 5-6%
- 6-7%
- > 7%

Trends compared to GDP growth, 2019 estimates

- ▲ positive trend
- ◼ negative trend
- ➔ no change

Source: UEMOA biannual multilateral surveillance report, December 2019