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War and famine. Peace and milk. – Somali proverb

The Africa Issue

"With the current instability in the Middle East, Chinese policymakers see the need to diversify the sources of China's oil imports, so as to avoid over-reliance on Persian Gulf oil."

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The Economics of Intrastate Conflict: Observations from the Case of Sierra Leone

K. Maeve Powlick

The conflict in Sierra Leone (1991 - 2002) involved more than 45,000 combatants from Sierra Leone, West Africa, and around the world. Many parties involved in the conflict have been accused of human rights abuses, including the use of more than 10,000 children for military and paramilitary tasks, such as sexual services, and the looting of diamonds, other resources, and private property. The war resulted in the death or displacement of most of the rural population, and thousands of amputees whose limbs were lost to machetes wielded by traumatized and drugged children and adolescents. The lasting psychosocial trauma endured by non-combatants along with former child soldiers and paramilitaries, including young mothers and countless orphans, presents serious post-conflict challenges in the country. Now in the middle of the first decade of post-conflict reconstruction and peacebuilding, the case of Sierra Leone can offer many insights into the political economy of violent conflict, helping economists to understand war and write post-conflict policy.

Single Leg Amputee Football Club during practice, 2003
photograph by Peter Andersen

The war resulted in the death or displacement of most of the rural population, and thousands of amputees whose limbs were lost to machetes wielded by traumatized and drugged children and adolescents.

Economic Literature on Intrastate Conflict

The World Bank unit on Conflict Prevention and Reconstruction has produced a large body of research on intrastate wars, including the 2003 book *Breaking the Conflict Trap*, which summarizes and synthesizes findings of earlier papers. The paper "On Economic Causes of Civil War" (Collier and Hoeffler, 1998) provides a good example of the World Bank approach to the study of conflict, using cross-country panel data to develop a model where "rebel utility" is the dependent variable - there will be a war, the authors suggest, when it is rational for individuals to rebel. The incentive for rebellion in this model is increasing in the probability of victory and the gains conditional upon victory, while decreasing in the expected duration of warfare and the costs of rebel coordination, such as the difficulty of communication with potential recruits.

The significant variables reported in *Breaking the Conflict Trap*, a subset of variables found to be statistically significant in earlier papers, are:

1. Income and income growth - negatively related to the chance of conflict;
2. Ethnic dominance (where one group comprises between 45% and 90% of the population) - positively related to the chance of conflict;
3. Percentage of GDP from natural

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The Economics of Intrastate Conflict: Observations from the Case of Sierra Leone (continued from page 1)

resources - related to the chance of conflict in a quadratic relationship, where states with mid-range values of natural resource-dependence have the highest risk. States with a high percentage of GDP from natural resources may experience lower conflict risk because they are oil-producing countries with large military capacity (Collier and Hoeffler, 1998), or they may be agrarian societies not producing lootable natural resources.

Quantifiable measures of grievance, such as the presence of repressive regimes and income inequality, are found to be statistically insignificant: the motive for conflict, as proxied in the models, is neither necessary nor sufficient for a war to ensue. When it is very difficult to form and finance a rebel army, the opportunity for conflict is absent and Collier et. al suggest intense political conflict is more likely than war.

This assertion provides important insights into the complex reasons why political conflict might occur in one country and violent conflict in another. However, as the World Bank authors themselves state, grievance factors are important to understanding war. An understanding of motive and opportunity as intricately linked helps reconcile these two statements and can lead to better policy approaches to prevent war.

Motive and Opportunity for Conflict

Just as lack of opportunities for violence may make political conflict more likely, the reverse may be true as well: when there is no opportunity for political conflict, motives for conflict that also provide opportunity for conflict - such as lack of effective, fair property rights or lack of empowerment opportunities for youth - may lead to violent conflict, exploding in a struggle that may or may not be directed at addressing the grievances.

The Revolutionary United Front (RUF) in Sierra Leone professed a revolutionary ideology in the pamphlet "Footpaths to Democracy" and in notes left by retreating child soldiers, critiquing the patron-client networks of Sierra Leone, controlling resources including diamond wealth and education. However, their policy of terrorizing the people they claimed to represent, along with the use of violent and drug-addled patronage systems to control their own fighting forces, is at odds with their philosophy. Further, there is little evidence that RUF leadership had any plan of governing the country should they seize the state. Using the language of Sierra Leonean scholar Ibrahim Abdullah, the RUF is better named "rebellious" than "revolutionary." Had there been channels for political conflict available, the rebellion might have taken a more productive, political form. The role of two of Sierra Leone's important resources - diamonds and young people - illustrates the conflation of motive and opportunity in this conflict.

[T]here is little evidence that RUF leadership had any plan of governing the country should they seize the state.

Prior to the conflict, the large alluvial diamond deposits were governed through a combination of commercial mining, dominated by the Sierra Leone Selection Trust (SLST) with links to DeBeers, and the Alluvial Diamond Mining Scheme (ADMS), employing approximately 30,000. As discussed by Alfred Zack-Williams, the ADMS used non-capitalist forms of labor - a system of "supporters," who owned mining permits and minimal equipment, and "tributors," who dug diamonds and were typically paid 2/3 of the carats they were able to mine. The tributors needed to sell these diamonds to supporters, who also acted as dealers in the diamond market. The chain of diamond industry middlemen is very long; the value of finished gems is upwards of nine times the value of rough diamonds, possibly more when traced to informal economy roots. The tributors, "subsistence" miners, had no real share of ownership over the diamonds, and this lack of popular control over resources was a legitimate grievance, echoed in the RUF anthem: "Where are our diamonds, Mr. President?"

Taking control of the diamonds is one of the few ways the RUF followed through on their stated goals - within one year of the start of their rebellion - though they did not distribute the revenues from the gems to the population. The lack of effective property rights over diamonds was a grievance and motive for the conflict, becoming an opportunity for the RUF to fund their force and enrich their leaders.

Economic dependence on lootable resources is one of the most significant predictors of conflict, and the World Bank unit on conflict suggests that the way to break this relationship is to lock rebels out of the market and ensure resources flow through legitimate channels (see policy number 9, on page 9). The policy recommendations in Breaking the Conflict Trap, however, do not acknowledge that the governance of the resources should be scrutinized or altered, such as fostering community-based governance of the alluvial diamonds in Sierra Leone. The hierarchal, exploitive nature of the property rights regime governing the diamonds in Sierra Leone has provided both a motive and an opportunity for conflict, making these stones more of a "curse" than a "blessing." If the aim of post-conflict policy is to prevent future war, the case of Sierra Leone illustrates the necessity of democratizing the governance of natural resources themselves in addition to controlling the revenues they generate.

Like tributors, young people in Sierra Leone had many grievances, including the abolition of free government schooling just prior to the outbreak of war. At this time, President Momoh of the All People's Congress (APC) one-party state made an infamous speech stating that education was a privilege, not a right. Lacking opportunities for empowerment that would initiate them into productive adulthood, many impoverished young people became what William

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Letter from the Director

I have been fascinated by Africa since those long childhood afternoons watching Johnny Weissmuller Tarzan movies – the incredible dense jungles – and the wide-open savannahs in Mutual of Omaha's Wild Kingdom. Of course, I have long since learned that old Tarzan movies are terribly racist, and that Wild Kingdom presents a view in which the only threats to animals are drought and lions.

In college, when I took a course in West African art and studied the !Kung San (hunter-gatherer bushmen in southern Africa) and the Mbuti (jungle "pygmies" of central Africa) in an anthropology class, I began to learn something of the diversity of the human landscape of Africa and to develop an awareness of the incredible variety of peoples and cultures.

When I arrived at EPS (then ECAAR), we were just putting together the volume *Conflict or Development*, which focuses on Africa as a microcosm of many of the challenges facing the world today. Africa's 900 million people have to deal with the same problems as the rest of us: global climate change, poverty, corruption, violence, finding their place in the world - all within a continent that is larger than the US, Western Europe, Scandinavia, Great Britain, India and China combined.

The African Union begins to address these issues by following Europe's model. The purpose of the Union is to help secure Africa's democracy, human rights, and a sustainable economy, especially by bringing an end to intra-African conflict and creating an effective common market. Slow progress is being made; AU's member states provide over 75 percent of all UN peacekeepers in Africa and contribute 40 percent of all troops in peacekeeping missions around the world.

And yet, Africa remains the least developed continent, the most plagued by disease, poverty and malnutrition. The "dark continent" also remains largely off the news radar in the developed world. I think it's likely that most Americans retain my childhood images of Africa as a wild, untamable, and incomprehensible place. In my last letter, I referred to the film *Blood Diamond*, which highlights the civil war in Sierra Leone. In this issue, K. Maeve Powlick gives us a more scholarly review of The Economics of Intrastate Conflict: Observations from the Case of Sierra Leone. Since more than fifty percent of all African peace treaties devolve into renewed conflicts within ten years, it is extremely important that we watch post-conflict areas such as Sierra Leone to see what is working and what is not.

Creating domestic and international economic policies to develop conditions in which the people feel secure is one of the principle concerns of all policy makers. How any particular government goes about creating security for its charges is a matter of interpretation.

The current administration of the United States seems to feel justified in using military force to secure access to commodities that are important to its economy. Meanwhile, China is working to develop relations throughout the world with trading partners who are disdained by the US for various reasons. Africans must confront both these manifestations of globalization and, as author Norman Reynolds discusses in his article here, "localization."

In his article, Dr. Reynolds proposes a method of building international relationships as well as returning control of their economic and civic lives to the local villages. A version of this proposal has been accepted and is being implemented in South Africa, but the current repressive government of Zimbabwe resists. Perhaps not un-coincidently, Zimbabwe is the only country in Africa currently experiencing negative growth. Other articles we bring you are by Åshild Kolås, examining China's growing role as a trading partner for African oil, and Conn Hallinan, discussing US attempts to control what it sees as its national security interests in the oil fields and capital cities of Africa.

Of course, we can't hope to cover Africa's entire story in this small publication. I hope you will agree that we have found four articles that give a flavor of the array of challenges facing Africans today.

Fifty-four countries, hundreds of languages and cultures, the lingering burden of colonialism, and the still vast open spaces. Having spent most of my life in the relatively homogenous US, I am fascinated by the possibilities for thinking outside the (western/northern) box presented by such a wealth of viewpoints. I shall remain passionately interested as Africa's future unfolds.

Thea Harvey

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A Trusteeship for Zimbabwe: Citizens as the Main Actors

Norman Reynolds

The situation in Zimbabwe has long been critical. The nation is suffering economic, health, social and political implosion. There have been three fraudulent elections; a chaotic land redistribution program; the cleansing of township, small, and micro-businesses that sold black market daily essential needs; the bulldozing and burning of informal homes; and open assault of political rivals. President Mugabe has lost any chance of engaging civil society or of turning the situation around.

International efforts fixate on Mugabe trying to ordain his successor (rather than leaving the choice to those left behind, which is normal democratic practice). It is time that the donor community - which increasingly carries the humanitarian costs of this "failed state" and must now organize to pay for its rebuilding - find the method to work directly with the citizens. The new Zimbabwe must be built upon the realization of social and economic rights, including the basic right to live in "working local economies."

The Role of the International Community

It is a certainty that the international community will have to pour large amounts of money into Zimbabwe, if only as humanitarian aid. Over the next five years the total Zimbabwe bill for "relief" will likely come to at least US$10 billion! Add another US$10 billion for its economic and social recovery.

What terms should the international community, including South Africa, Southern African Development Community (SADC) and the African Union (AU), set for the use of US$20 billion? How can aid be provided that will not be drained away by corruption?

These are key questions regarding Zimbabwe's recovery and the return of human rights and citizen economic security. The plan which is outlined here offers a solution to these questions. It is a plan which has already been adopted by the government of South Africa, and which is applicable and replicable in many low income areas.

> **People must be treated as competent immediately, not after prolonged "training" or "management."**

The plan is known as "Sustainable Community Investment Program." SCIP is the first program that fully acknowledges and acts upon our "dual" economy. It seeks to balance global with local, to provide all communities, particularly the long-marginalized township and rural areas, with the basic right to live in a "Working Local Economy." Citizens are invited to organize in registered Community Trusts and thereby receive a set of Social and Economic Rights with budgets so that they can take charge of their lives, be responsible and competent partners of government and of business and together raise the local income multiplier (local cash circulation) three times or more. By this means, they grow the economy, and government expenditure is largely recouped by tax.

The SCIP model of placing a priority on citizens and local/national economy first can be used as a model for all of Africa and for the growing "backward areas" of the developed world. Europe and the US, for instance, have seen the increase in depressed areas as jobs are "exported." The conventional belief that, with resultant lowered rents and wages, these areas will self-correct by once again attracting investment has proved false. As these areas remain depressed for long periods of time, localization policies and programs, such as SCIP, are becoming more acceptable. Any recovery program must be built upon the quick realization of individual and community economic and social rights. People must be treated as competent immediately, not after prolonged "training" or "management." The plan must give them the financial means and the right to make their own economic decisions, to look after themselves and their families, and to contribute to their communities.

The Plan

The following is the outline of SCIP that a colleague and I put together in 2003, at the request and with the agreement of the Zimbabwe Country Team led by the United Nations. It stands in stark contrast to the usual IMF macroeconomic stabilization program, based on controlling deficits and the balance of payments. It builds democracy and stability by action, not just the request for "talks." Here are the main points:

- All foreign aid is to go into a special foreign exchange account in the Zimbabwe Reserve Bank, without exception.
- The equivalent in local currency will be transferred as needed into a Zimbabwe Economic and Social Rights Trust, controlled by persons appointed jointly by the United Nations, the African Union and the Southern African Development Community.
- A customized foreign exchange system will be implemented under UN supervision.

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The Economic and Social Rights Trust will use the inflow of foreign aid to provide "Child Rights," "Health Rights," and "Investment Rights" to all citizens who register and act together under Community Trusts formed at the village, neighborhood, and street levels.

"Child Rights" will be set at R300 (US$42.6712) equivalent per month per child up to 18 years of age. The monthly inflow of funds is to be used first to buy locally produced food for daily child feeding. This creates a very large new agricultural industry run by the poor. The payments for the food is as follows: 30% to pay the school fee until paid off each term, 10% to the Community Trust, and the balance to the parent/local supplier. In this way, the publicly provided money will circulate locally three to four times, activating and rewarding local economic production and building community cohesion and common purpose.

"Health Rights," approximately R120 (US$17.0684) per month per person, places responsibility for health and the means to act (water, sanitation, food, immunization, economic activity and participation) within the community. This allows citizens to confront the causes of illness, to plan with official and skilled support how to achieve "health" as a community outcome, and to thus avoid the deep hole of today's floundering public health service that is swamped by illness with little ability to secure health.

"Investment Rights," worth R1500 (US$213.356) per year for four years, are to be paid to each Community Trust per registered resident adult. These funds will be used jointly at the local level to build or restore productive capacity such as community gardens, irrigation, improved grazing and woodland, rental housing and other infrastructure, and to finance individual crop production and food processing, etc.

Impact of the Plan

Community Trusts are the means to renew valued traditions of joint ownership. They act to convert current politically and economically dysfunctional villages and neighborhoods into democratic property companies. These provide

Community Trusts are the means to renew valued traditions of joint ownership. They act to convert presently politically and economically dysfunctional villages and neighborhoods into democratic property companies.

members with modernized rights of access to and ownership of land and other productive assets. They become asset-holding, investing and managing bodies. Women become equal owners, the most important gain possible for them in Africa. The "investment" monies provided by international donors through the Economic and Social Rights Trust will be more than matched by local equal member/owner labor contributions, since there is now a community body that can turn investments in cash and labor into useful assets and thus into member dividends.

This surge in unlocked local energy and economic investment will then drive up the national Gross Domestic Product and generate tax revenues equal to 60%+ of the cost of the program because of the high total local and national multiplier possible. Just as importantly, when compared to the IMF balance of payments route, it will first build local demand to reward local production. It will also revive neighborhoods and then companies, enabling all Zimbabweans to become active participants, owners and producers, both locally and nationally.

Foreign Exchange

Under this plan, all foreign exchange provided by the international community will be sold for local currency to business and industry through a series of foreign exchange "windows." The first window will be limited to exporters, because export industries like mining, tourism, and agriculture generate foreign exchange through their international sales, thus multiplying the amount of foreign exchange available. By giving priority to exporters, guarantees for foreign loans from banks will be easier for them to obtain, further expanding the pool of foreign exchange available.

Any foreign exchange surplus in the first window will be passed to a second window through which national essentials like fuels, foods, medicines, etc. are bought. This will act to keep the cost structure of the economy and inflation down. Any further foreign exchange surplus would go to a third window that would auction its available foreign exchange for use by domestic business and industry.

Balancing Localization with Globalization

The use of economic and social rights programming in this plan, employing a strong "localization" model to balance "globalization," will allow Zimbabwe to come under an innovative form of UN/AU Economic and Social Trusteeship. It will stimulate the economy from the bottom up by providing the means for all citizens to quickly become economically active and secure. It will ensure a better than minimum level of schooling and health for all, as well as build communities and local economies.

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China in African oil: Guilty as charged?

Åshild Kolås

China's rapidly growing demand for imported oil has become a much-debated issue among academics and policy analysts, many of whom have paid particular attention to China's hunt for African oil. This paper examines Chinese presence in three major oil-producing countries in Sub-Saharan Africa: Nigeria, Angola and Sudan. It attempts to put China's role in the African oil sector into perspective, questioning the assumption that China represents a major threat to good governance and anti-corruption efforts in Africa's oil-producing countries.

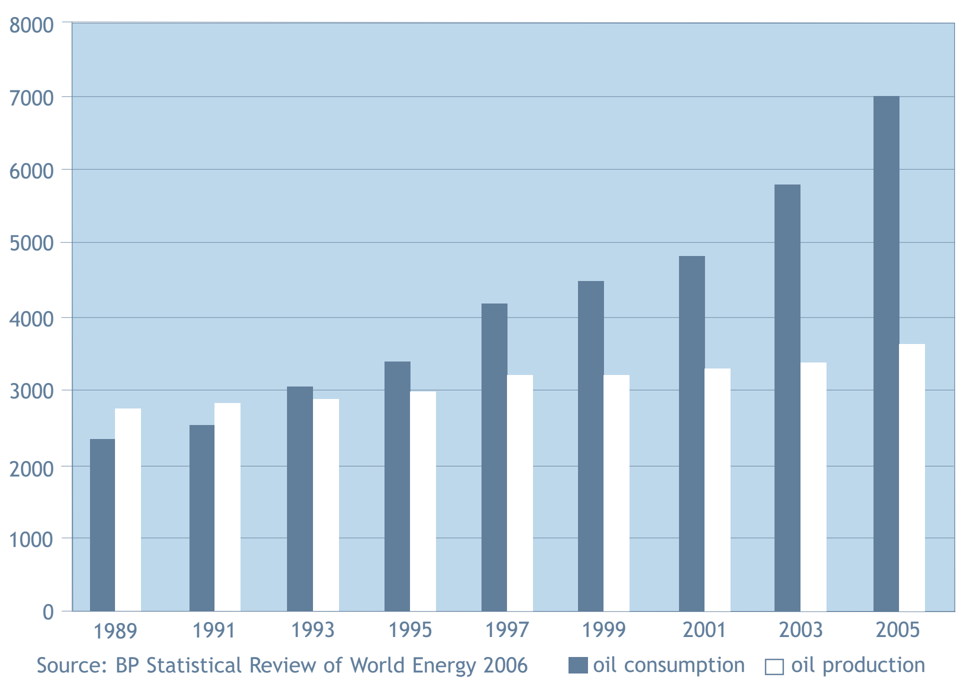
Over the last four years China's annual GDP growth rate has exceeded 9 percent. Such an unprecedented economic growth has been accompanied by an equally exceptional growth in energy consumption. With a demand in 2005 of nearly 7 million barrels per day (bpd), China's oil consumption has doubled in a single decade. As the chart below shows, China first became a net importer of oil in 1993. In 1995 China imported only about 350,000 barrels of crude oil per day, whereas a decade later imports had grown to nearly 3 million bpd, comprising more than 40 percent of the total Chinese oil consumption.

Despite its rapid growth, China's demand for oil is currently only a third of the demand of the world's top oil consumer, the United States, where oil consumption reached 20.6 million bpd in 2005. Figures for net oil imports by country are presented in the chart on the facing page. The differences in consumption patterns become even more evident if we consider the figures on a per capita basis. China's imports of 3.1 million bpd are shared by a population of 1.3 billion, as compared to US imports of 12.4 million bpd consumed by a population of only 298 million, or roughly equivalent Japanese imports of 5.2 million bpd by a population of 127 million.

With the current instability in the Middle East, Chinese policymakers see the need to diversify the sources of China's oil imports, so as to avoid overreliance on Persian Gulf oil. When China's major oil companies have turned to African oil reserves in their efforts to "go global," this is linked to China's energy security concerns as well as the business interests of China's state-owned but semi-independent oil companies. This said, how important is China's role in oil trade and production on the African continent? African trade with China has been growing at an amazing pace. In 2000 Sino-African trade totaled USD 10 billion, but within the next five years it had reached more than USD 30 billion. This was still only half the trade volume between the United States and Africa, which totaled close to USD 60 billion in 2004.

Nigeria, Angola and Sudan are the largest oil producers in Sub-Saharan Africa. As of 2005 Nigeria produced roughly 2.5 million bpd of oil, while Angola produced 1.3 million bpd and Sudan's average production was about 400,000 bpd.

China's oil consumption & production 1989-2005 (thousand barrels per day)



Source: BP Statistical Review of World Energy 2006

Nigeria

The majority of Nigerian crude oil exports go to markets in the United States and Western Europe. As of 2004, nearly half of Nigeria's total exports (an average 1.15 million bpd) went to the United States, while the second largest export partner, India, purchased only 8 percent of Nigerian exports. Companies involved in the Nigerian oil and gas industry include BP, Chevron, ExxonMobil, Petrobras, Royal Dutch Shell and Norwegian Statoil, in addition to China's Sinopec. ExxonMobil alone produces more than 750,000 bpd of oil in Nigeria, and is currently planning to increase the company's Nigerian production to 1.2 million bpd.

As for the Chinese actors, in late 2004 Sinopec and the Nigerian national oil company NNPC signed an agreement to explore and develop two blocks in the Niger Delta. Since then, discoveries of hydrocarbons have been made in more than a dozen exploration wells, and in 2005 China and Nigeria reached a trade agreement in which Nigeria will supply China with 30,000 bpd of crude oil over the next five years.

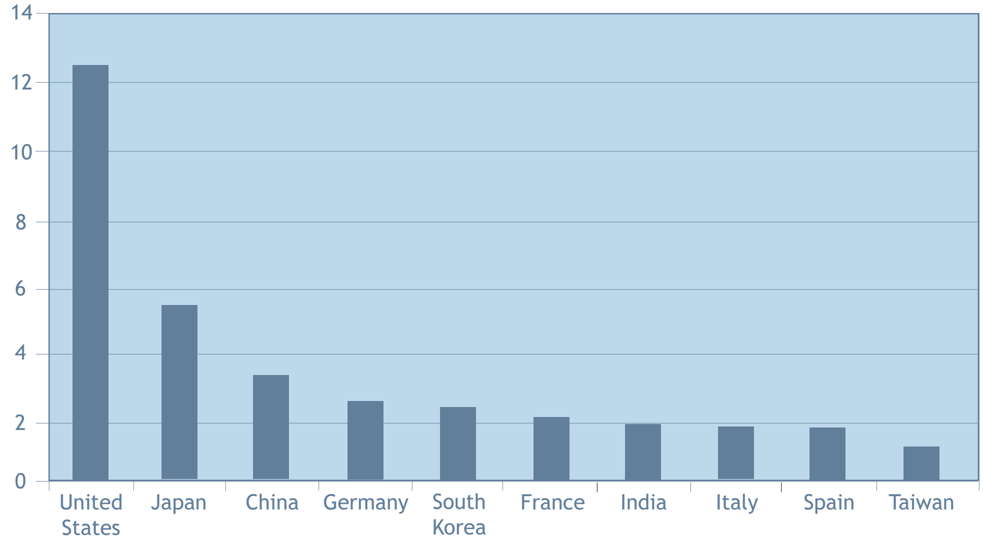
Angola

China plays a much more significant role in Angola. China and the United States are the major buyers of Angolan oil, both importing approximately 500,000 bpd as of late 2006. China is thus the buyer of nearly 40 percent of Angola's total oil production, which also makes Angola the largest source of Chinese crude oil imports, surpassing

Saudi Arabia as the largest source in 2005.

The Angolan national oil company Sonangol is the sole concessionaire for oil exploration and production in Angola. Major international oil companies operating in Angola include BP, Chevron, Devon Energy, ExxonMobil, Maersk, Occidental, Roc Oil and Total. China's Sinopec entered the scene as late as 2006, after Sonangol's announcement of a new licensing round. Although Sinopec has now acquired licenses for oil development in Angola, their oil production projects will actually be operated by Total. Angola is also developing plans for a new 200,000 bpd refinery in the coastal city of Lobito. In March 2006, Sinopec agreed to finance the Lobito refinery project, which will be built by Sonangol Sinopec International (SSI) and is planned to be operational by late 2009.

World's top 10 net oil importing countries 2005 (million barrels per day)



Source: EIA

In late 2004 the Chinese Export Import Bank approved a USD 2 billion "soft loan" to Angola for infrastructure support, including railway and road construction and a fiber-optic network. The loan has a favorable interest rate, at 1.5 percent over 17 years. However, one of the conditions is that only 30 percent of the construction work will be subcontracted to Angolan firms, in effect leaving 70 percent of the work to Chinese firms. Critics believe that the availability of the Chinese loan has encouraged Angola to resist pressure from the IMF and Western countries to improve the transparency of its oil sector and make other reforms. Improper use of the loan has in fact become a concern for the Chinese lenders as well, after reports that some of the money was to be spent on government propaganda for the 2006 general election. This led to Chinese intervention to ensure that its assistance was not put to improper use.

Sudan

The discovery of large oil reserves in southern Sudan in the late 1970s contributed to a renewed outbreak of conflict between the southern rebels and the Government of Sudan in the early 1980s. Initial investments in southern Sudan were made by several US and European companies, some of them forced to withdraw as conditions deteriorated. In 1996 China National Petroleum Corporation (CNPC) was among the companies that bought into the Greater Nile Petroleum Operating Company (GNPOC), which is now the major operator in Sudan. CNPC currently holds a 40 percent share in the consortium - the largest single share. In the 1990s international human rights organizations accused the Sudanese government of mass displacement of civilians from areas where oil fields and pipelines were being developed. The United States imposed economic sanctions against Sudan in 1997, prohibiting trade between the two countries and investment by US companies in Sudan on the grounds that oil revenues might fuel the conflict. The sanctions, however, did not apply to the parent companies of GNPOC, which included Calgary-based Talisman Energy, Malaysia's Petronas, and CNPC. Despite the US sanctions, in 2003 a consortium of Austrian OMV, Swedish Lundin Oil, Petronas of Malaysia, and Sudapet of Sudan announced that it was renewing oil exploration activities in Sudan after having suspended operations a year earlier due to safety concerns and logistical problems. At the same time Talisman, under heavy pressure from human rights organizations, sold its 25 percent in GNPOC to India's Oil and Natural Gas Corporation (ONGC).

In January 2005, after years of negotiations, the Government of Sudan and the Sudan People's Liberation Army signed the Comprehensive Peace Agreement (CPA), which among other things stipulated the 50/50 sharing of oil revenues and a referendum on secession by the South after a six-year transition period. After the signing of the CPA, oil companies Total, Marathon Oil Corporation, and the Kuwait Foreign Petroleum Company renewed their exploration rights in southern Sudan. Meanwhile, in the western region of Darfur, Sudanese pro-government militia groups were launching attacks against civilians, displacing nearly 2 million people and causing an estimated 200,000 to 400,000 deaths. This did not stop ABCO corporation, 37 percent owned by the Swiss company Clivenden, from conducting exploration drilling in Darfur, reportedly discovering substantial oil reserves in the region in 2005.

China is the largest export partner of Sudan, purchasing 65 percent of Sudanese oil exports, roughly half of which is equity oil. Although GNOPC is China's largest overseas oil project, Sudanese oil made up only 1 percent of China's oil imports in 2006. Citing its policy of "non-interference," China abstained from UN Security Council voting on measures against Sudan in March 2005 and April 2006, the latter against Sudanese officials accused of involvement in continuing violence in

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China in African oil: Guilty as charged? (continued from page 7)

Darfur. However, in a very recent turn ofevents (April 2007) a visiting Chinese senior official has reportedly persuaded the Sudanese government to accept a UN peacekeeping force in the region to supplement the AU forces.

In pursuit of energy security

China is actively exploring ways to strengthen its cooperation with Africa, chiefly through foreign direct investment (FDI), trade and aid, often packaged together. Backed by generous government support including preferential loans, China's "heavyweight" state-owned enterprises have been encouraged to look for strategic investment opportunities beyond national borders, marking a shift away from a purely export-led strategy toward an emphasis on outward FDI, mergers and acquisitions by Chinese enterprises. In 2004 more than half of Chinese FDI went to the extractive industries, and primarily to oil and gas exploration. In pursuing its so-called "Go out" policy, China is fostering ties with oil-rich countries all over the world, but especially with countries where Chinese oil companies have a chance to compete with the multinationals. Chinese firms have thus increased their presence across Africa, even in remote and politically unstable locations that have previously attracted little investment. It is evident that Chinese companies are willing to take relatively high risks when dealing with repressive regimes, but it could also be argued that they are forced to do so for lack of better alternatives. As noted by Global Witness in their recent report Oil Revenue Transparency, developing oil-producing countries still prefer Western multinationals over Chinese or Indian oil companies, for the better technology and higher oil extraction potential they can provide, especially when it comes to deep off-shore oil and gas extraction.

China has been condemned for its provisions of unconditional aid and investment, and its policy of "non-interference" in African countries where government accountability is weak and human rights are frequently violated. Some of China's aid projects have sparked criticism from Western donor communities for being inappropriate to the needs of recipients. China has also been criticized for tying its aid to the purchase of Chinese goods and services, and to oil deals. China's unconditional aid has no doubt made it possible for some African countries to refuse conditional aid from other countries and international organizations.

Is China guilty of promoting corruption and ignoring transparency in its African ventures? Figures from Transparency International reveal that most resource-rich African countries receive low scores on perceptions of corruption and bribery, whereas other African countries receive more favorable scores. It is worth noting, however, that these scores have remained stable in recent years despite a stronger Chinese presence in already low-scoring countries such as Angola and Nigeria. This suggests that rather than blaming Chinese oil companies for lowering global standards, the focus of attention should be on the role of the extractive industries in general, the vulnerabilities that accompany a heavy reliance on oil revenues and the particular challenges of combating corruption and mismanagement in developing oil-producing countries.

Global energy security ultimately means providing sufficient energy from renewable sources, which we can only hope to achieve through a massive technological development effort. In the meantime, energy security can best be safeguarded by universal acceptance of and adherence to transparency standards such as those promoted by Global Witness and the Extractive Industries Transparency Initiative (EITI). For the extractive industries, this means to "publish what you pay," whereas for the governments of oil-producing countries it means to "publish what you earn" from oil and mineral revenues, as well as to "publish what you spend." These standards are of no less importance to the energy security of China and other emerging oil importers as they are to our own. Revenue and budget transparency is vital to the promotion of good governance and social stability in developing countries. There are no good excuses for opposing transparency standards, not even the "China threat."

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The Economics of Intrastate Conflict (continued from page 2)

Murphy called "lumpen youth," who formed a large part of the youthful fighting force. Youth in Sierra Leone had a motive for conflict, and additionally, their "lumpen" status became an opportunity for the RUF and "sobel" (soldier-rebel) groups of the Republic of Sierra Leone Military Forces (RSLMF). Adult officers were able to build their armies through a combination of terror, addictive drugs, access to basic resources such as shoes and food, and a lack of any "next best alternative." This extremely low "opportunity cost" of joining a fighting group was only heightened in areas overrun by rebels and sobels where solitude meant death.

Informal Economies: Patrons, Clients, and Resources

These two types of "resources" in Sierra Leone - diamonds and youth - also illustrate the importance of informal economies, specifically patron-client relationships. World Bank-sponsored empirical studies exclude informal economies, which are important in poor countries but are absent in reliable cross-country data. "Patrons" are able exert power over "clients" by doling out resources through personalized favors. In the ADMS, for example, supporters are patrons with tributors as clients. Patrons must continue the flow of resources in order to maintain the system, but no formal mechanism ensures an egalitarian or otherwise fair distribution of resources in this hierarchal system. Patrons need obedient clients to perform the tasks they do not wish to do themselves - such as digging diamonds

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or leading dangerous military charges - but clients need access to the right patron to get the right kind of resources. The resources distributed thus, which may include practical gifts that raise a bureaucrat's salary above subsistence level, are clandestine and part of the informal economy. These relationships are common in many African countries with "weak states" such as Sierra Leone, a legacy of both traditional forms of power and colonialist relationships. William Reno, for example, suggests that the post-Cold War disappearance of unofficial resources from the US and the USSR, previously used to maintain patrimonial networks, has been blamed for contemporary African conflicts.

Although there are many other examples, I describe here three ways informal patrimonial networks were important in the conflict in Sierra Leone:

1. *Maintaining child armies:* William Murphy theorizes that children recruited into fighting forces remain because they become enmeshed in patron-client relationships with their officers, providing them with the only available means of securing resources and placing the civilian population in the powerless position of "subject" vis-à-vis the client child soldiers.

2. *Soldiers becoming "sobels:"* Ibrahim Abdullah suggests that the conversion of RSLMF soldiers into "sobels" can be partially explained by the miles of unpaved roads that separated the army from their patrons in Freetown. The breakdown of these patron-client relationships meant that fighting units were forced to supplement their non-existent or meager supply trains (and paychecks) in the field - through looting and sometimes colluding with the RUF. In 1997, the Armed Forces Revolutionary Council (AFRC) faction of the military publicly aligned itself with the RUF and captured Freetown.

3. *The "comprador state:"* William Reno suggests states may turn to multinational corporations to provide government functions outside patron-client networks to avoid the expense of maintaining these informal relationships, which cannot be accounted for in the government budget. In Sierra Leone this has included contracts with foreign firms to manage customs collection, fisheries, the Central Bank, the National Development Bank, the national lottery, and, most importantly, fighting the RUF. Executive Outcomes mercenaries were paid between four and five million dollars per month to wage war, mainly in the form of post-conflict mining deals, perpetuating the cycle of multinational corporations profiting from Sierra Leone's mineral wealth.

These three examples do not offer a theory of patrimonialism in conflict, but they do illustrate that patron-client relationships were important in many ways in the conflict in Sierra Leone - and suggest such forms of informal economic activity should be included in the study of the economics of intrastate conflict.

Post-Conflict Policy

As Collier and co-authors state, violent conflict is "development in reverse," and post-conflict countries are in critical need of institutional capacity building and development resources. The policy recommendations in *Breaking the Conflict Trap* (2003) can be summarized as follows:

1. Reducing military spending and avoiding regional arms races.
2. Demobilizing and reintegrating former combatants.
3. Maintaining positive relationships with diasporas, channeling such energy to productive rather than destructive uses.
4. Supporting existing democratic institutions rather than conditioning aid on new, potentially unstable institutions.
5. Deploying peacekeeping forces from parties that "have a direct and long-term interest in sustaining peace in the country" (p. 185), are not a party to the conflict, and have some "teeth" (p. 164).
6. Managing health crises such as HIV/AIDS, malaria, ongoing damage from landmines, and, in Sierra Leone, large numbers of amputees.
7. Reviving economic growth through a "cocktail" combining "policy reform, aid, and improved access to global markets" (p. 153).
8. Directing aid to the right countries (those with the most need), at the right time (the middle of the post-conflict decade), and in the right amount (enough to make a difference).
9. Improving the international governance of natural resource revenues.

As the policy recommendations from the World Bank are offered at a general level and are in addition open to debate, there is a need for in-depth case studies of post-conflict countries, using both quantitative and qualitative research, in order to interpret and carry out these recommendations in a way appropriate to the individual conflict situation. The case of Sierra Leone suggests several important additions to this policy list. "Lootable" diamonds implies that improving the governance of natural resources themselves, in addition to resource revenues, is important; "lootability," I would argue, is a social relationship in addition to a set of physical characteristics. The conflict also highlights the importance of addressing grievances against the government, as failing to address these grievances may result in increased opportunity for conflict. This case also illustrates the importance of bringing patron-client relationships out of hiding so that resources may be distributed in a more transparent, egalitarian fashion; furthermore, it suggests that the importance of informal economies remains largely unknown in conflict situations. Sierra Leone is currently in the middle of its post-conflict decade, the time Collier et al consider crucial in terms of development and reconstruction, and so these policy considerations are important now more than ever.

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Into Africa

Conn Hallinan

When the Bush Administration recently unveiled its new African military command – AFRICOM – Deputy Assistant Secretary of Defense Theresa Whelan said that the initiative was aimed at “promoting security, to build African capacity to build their own environments and not be subject to the instability that has toppled governments and caused so much pain on the continent.”

And yet hardly was the announcement made when the Bush administration organized the overthrow of the first stable government Somalia has had since 1991, stirring up a hornet’s nest of regional rivalries in the strategic Horn of Africa. US Special Forces accompanied the Ethiopian Army when it stormed across the border in late December to support the besieged and isolated Transitional Federal Government (TFG). The United States also provided the Ethiopians with “up-to-date intelligence on the military positions of the Islamist fighters in Somalia,” Pentagon and counterterrorism officials told The New York Times (Pentagon Sees Move in Somalia as Blueprint, by Mark Mazzetti, Saturday, January 13, 2007).

The target of the invasion was the Islamic Courts Union (ICU), which over the past year had brought a modicum of peace to the warlord-riven country. Since the poorly armed ICU militias were routed, fighting in the capital, Mogadishu, sharply escalated. Nor have matters improved in recent months. “The situation here [Mogadishu] is out of control,” Ali Said Omar, chair of the Center for Peace and Democracy, told the Guardian in late February (*Civilians killed as fierce fighting returns to Mogadishu*, by Xan Rice in Nairobi, Wednesday, February 21, 2007, The Guardian).

The ostensible reason for US participation in the invasion was the ICU’s supposed association with al-Qaida, a charge that has never been substantiated. US warplanes and ships shelled and rocketed parts of southern Somalia where, according to Oxfam and the UN Refugee Center, 70 civilians died and more than 100 were wounded.

Beyond the Horn

The White House’s plans for Africa, which reach far beyond the Horn, are part of a general militarization of US foreign policy. A recent congressional report (Military Role in US Embassies Creates Strains, Report Says, by Mark Mazzetti, New York Times, Wednesday, December 20, 2006) finds that “some embassies have effectively become command posts, with military personnel in those countries all but supplanting the role of ambassadors in conducting American foreign policy.” The United States is already pouring $500 million into its Trans-Sahel Counterterrorism Initiative that embraces Morocco, Tunisia, and Algeria in North Africa, and nations boarding the Sahara including Mauritania, Niger, Mali, Mauritania, Chad, and Senegal. A major US base in Djibouti houses some 1,800 troops and played an important role in the Somali invasion.

If NATO were to “provide security” in the strategic Niger Delta, it would find itself in the middle of an enormously complex political situation that pits local people fighting for a bigger slice of the resource pie against corrupt elites allied with transnational oil giants like ExxonMobil, Chevron, Shell, France’s Total, and Italy’s ENI.

With Africa expected to provide a quarter of all US oil imports by 2015, a major focus of AFRICOM will be the Gulf of Guinea. The gulf countries of Nigeria, Equatorial Guinea, Gabon, Angola, and the Congo Republic all possess enormous oil reserves. Some of them are plagued by exactly the kind of “instability” that AFRICOM was created to address.

Nigeria, for instance, is the world’s eighth largest oil exporter. “Though all the eyes of the public seem focused on the atomic ambitions of Iran, Nigeria is at the greatest risk of oil disruption today,” according to Peter Tertzakian, chief energy economist at ARC Financial Corporation. A year ago, the Movement for the Emancipation of the Niger Delta (MEND) shut down one-fifth of Nigeria’s oil production through a series of attacks on pumping stations and oilrigs.

General James L. Jones, North Atlantic Treaty Organization (NATO) supreme commander, says the US-dominated military alliance is “talking” about using its forces to protect oil tankers off the west coast of Africa and to provide security for “storage and production facilities in areas such as the oil-rich Niger Delta.” NATO is doing more than talking. In June of last year, NATO troops stormed ashore at Vila Dos Espargos on the Cape Verde Islands. The war game modeled intervening in a civil war over energy resources.

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A spokesman for MEND, Jomo Gbomo, charged, “Oil is the key concern of the US in establishing its African command,” and warned, “We will fight everyone who goes on the side of the Nigerian government.” While the United States says its focus is on “terrorism,” Nicole Lee of TransAfrica responds that “This [AFRICOM] is nothing short of a sovereignty and resource grab.”

The Bush administration has long considered the control of resources like oil to be a strategic issue. In 2001, Vice President Dick Cheney’s National Energy Policy Development Group rec-

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ommended that the administration "make energy security a priority of our trade and foreign policy," a blueprint the White House has religiously followed. In 2002, the Administration also rolled out its "West Point Doctrine," which in essence said that the United States would not permit the development of a major economic, political, or military competitor.

Both of these policies are increasingly running up against the new energy-hungry kids on the block, particularly China and India. China has been investing heavily into Africa. India, Malaysia, and South Korea have also joined the oil rush, along with competing for copper from Zambia, platinum from Zimbabwe, timber from the Congo, and iron ore from South Africa. In a strange reversal of the 19th century, former colonies are going head-to-head with their old masters in the race for raw materials.

Darfur and Oil

The Sudan is one of those places where it seems easy to distinguish the good guys from the bad. But up close, things are considerably more complex. The tragedy unfolding in Darfur is fueled in part by competition between nomads and agriculturalists. But it is also a proxy war between Sudanese elites in Khartoum as well as an arena for regional competition among Sudan, Chad, and Niger.

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Lost in the media images of burned villages and destitute refugees is the issue of oil. The vast bulk of Sudan's oil is in its south, where a long-running civil war is currently dormant. But in 2011 the south will hold a referendum to decide whether to remain part of Sudan or become independent. Will western oil companies that pulled up stakes in the 1980s and decamped to Chad push southerners to vote for independence so they can move back in? Will Khartoum really accept a breakup of the country?

The bottom line is that Sudan, like Somalia, Nigeria, and most African countries, is a complex place, where military solutions are likely to cause problems, not solve them. There is also fear, according to Nigerian journalist Dulue Mbachu, "that increased US military presence in Africa may simply serve to protect unpopular regimes that are friendly to its interests, as was the case during the Cold War, while Africa slips further into poverty."

Conn Hallinan is a Foreign Policy In Focus (www.fpif.org) columnist. This article originally appeared on the Foreign Policy in Focus website, March 15, 2007 and is used here by permission. www.fpif.org

A Trusteeship for Zimbabwe: Citizens as the Main Actors

(continued from page 5)

This will lay the foundation for national reconciliation, rapid economic recovery and a broad-based growth in citizen ownership of their country's productive base, resulting in a rapid restoration of an active and participatory democracy.

Financially and organizationally competent communities will soon be able to enter the land market if they wish to expand their land base, to move into particular crops, or to be nearer to markets. A full people-led agrarian and land reformation will follow this form of economic rights programming, taking the state out of the driver's seat in what has become a too politically charged matter.

Finally, it is hoped that this recovery plan will attract back the three million Zimbabweans who have fled in the last four years and who have considerable skills and much needed experience. Its method resonates with the needs of Afghanistan, Iraq, Somalia and many other "failed states."

Norman Reynolds worked for a decade in India and South Asia as the Rural Development Officer for the World Bank, and then for the Ford Foundation. He was chief economist for the government of Zimbabwe from 1981 to 1986, during the era that followed independence. He has held fellowships at Harvard, Cambridge, and Cape Town Universities. He currently works as an economic adviser on national, city, township, and rural issues and chairs The People's Agenda based in South Africa.

Note from the author:

I have worked on the elements of this shift for many years, in India with the Employment Guarantee Scheme, and as Chief Economist in Zimbabwe, but have been blocked by Robert Mugabe on anything that empowered citizens.

The Department of Provincial and Local Government in Pretoria [South Africa] asked me to work with them in July 2006 after civil society decided to back the ideas in what I called the "Community Investment Program" (CIP). The Department then produced a draft, using my work, of a new Local Economic Development policy. They took that to a national conference at which I presented it to some 400 invitees, who were mostly Local Government staff and Mayors.

They then re-worked the document, adding the politically correct word "sustainable" to the title, hence SCIP.

The document circulated as an internal Government doc in November 2006 and was approved by the highest body under Cabinet, the national Ministers and Members of Provincial Executives (MINMEC), in January 2007.

There is now a Steering Committee to complete the planning and support some pilot "member" communities made up of Local Government, Treasury, United Nations Development Program and The People's Agenda.

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