

COMMUNICATION TO THE ECONOMIC AND SOCIAL COUNCIL

MONDAY 09 AUGUST 2021

By MARTIN ZIGUELE

THEME "THE CENTRAL AFRICAN REPUBLIC FACING GEOSTRATEGIC, SECURITY AND ECONOMIC CHALLENGES IN TIMES OF CRISIS"

This is the fourth time that I have been invited by your august institution to exchange with you on subjects relating to our nation, and I would like to thank you for that. While the previous topics were quite "classic", today's theme, which is part of the current events unfolding before our eyes, requires a great deal of lucidity and courage in its analysis, in order to contribute positively to the general reflection on the ways and means to move forward in stabilising the situation of our country, both in terms of security and economy. In my approach, I will outline the current geostrategic order, before sharing with you my thoughts, which are necessarily subjective, on the areas of possibility for our country in the face of this picture. The debate and the exchanges will certainly allow us to feed each other with our different visions, because the nation being first and foremost a community of destiny, the exchanges are more than necessary.

What are the main geopolitical stratifications of today?

The world as it exists today, with its lines of force, was drawn three months before the end of the Second World War by the first leaders of the Allied powers against Germany (Soviet Union, United Kingdom, United States) when their victory was imminent, at the YALTA Conference in Crimea, held from 4 to 11 February 1945.

The objectives of this conference were not only to adopt a common strategy to hasten the end of the Second World War and to settle the fate of Europe after the German defeat, but above all, as far as we are concerned, to guarantee the stability of a new world order after the Allied victory. In non-diplomatic and more prosaic terms, it was a question of dividing up the world according to zones of influence for each Allied power.

Then, when the war was over, these same powers decided to transform the League of Nations (League) into the United Nations Organisation (UNO), and it was quite natural that the victors of the 1939-1945 war found themselves in the Security Council and granted themselves a right of veto (the United States, the United Kingdom, the Soviet Union, France and initially Taiwanese China, later replaced by the People's Republic of China with the unanimous support of the African states). It should be noted that the defeated Axis powers (Germany, Japan, Italy, Spain, etc.) were not co-opted into the Security Council.

In the wake of the Allies' victory, the United States took two founding acts in the current geostrategic and geo-economic map:

- It set up an integrated military organisation under its command, the North Atlantic Treaty Organisation (NATO), bringing together the countries of Western Europe, which benefited from its nuclear umbrella.

- They launched the famous Marshall Plan to rebuild the part of Europe that fell within their zone of influence. In Bretton-Woods, the United States brought together its allies to build, around the omnipotence of the American dollar and the hegemonic ideology of economic liberalism, the Washington Consensus, which gave birth to the so-called Bretton Woods institutions:

1- The International Bank for Reconstruction and Development (IBRD) or World Bank to finance, as its name indicates, the reconstruction of destroyed countries and to initiate their economic development. The World Bank has its IDA window (International Development Agency for grants and concessional loans to very poor countries) and later its subsidiary IFC (International Finance Corporation) for financing the private sector.

2- The International Monetary Fund (IMF) which will become the central bank of central banks for the control of budgetary and monetary policies.

The Soviet Union, for its part, organised its zone of influence in the popular democracies of Eastern Europe and East Germany around the "Warsaw Pact", which was at once a political, economic, military and security union. This was the "Eastern Bloc" or "Soviet Bloc", to which People's China was added in 1949, but which broke away from Soviet control in the 1960s. The countries of the Eastern Bloc were under the military and atomic control of the central power, the Soviet Union, and their ideological basis was communism.

Although the Soviet Union itself is now dismembered into several independent republics as a result of perestroika, the central core represented by the Russian Federation still remains a military superpower in the face of the American-European bloc. The communist ideology is no longer relevant, but the entire political, organisational and functional superstructure of the Russian Federation and some former Soviet republics functions according to this ideological scheme.

Finally, the People's Republic of China, a former ally of the Soviet Union, quickly distanced itself from the Soviet bloc and advocated a policy of independence from both blocs. This is how it contributed to the birth of the "non-aligned" movement at the Bandoeng Conference with Sukarno in Indonesia. Held from 18 to 24 April 1955, this conference was the first attempt by Asian and African countries to assert their desire for independence and their non-alignment with the world powers. Twenty-nine countries, including 23 from Asia and 6 from Africa, took part in the conference. Among the guests were Gamal Abdel Nasser from Egypt, Indian Prime Minister Nehru and Zhou Eneli, Prime Minister of China, in an attempt to distance themselves from the two blocs mentioned above.

The People's Republic of China, still considering itself as a "brother and friend" of the developing countries in relation to the two blocs, does not put forward its ideological options in its relations with the rest of the world, but works on a policy of great economic and financial cooperation, using soft power to build "economic" allies in its positioning among the two blocs and in its fight against Taiwan.

We can therefore see that the geopolitical and geostrategic blocs have been created by these world superpowers to perpetuate their influence on the member countries that are part of the

spaces they consider to be their vital space. The instruments of their influence are many and varied, and also include pure military actions, global security actions, and preferential economic and financial cooperation arrangements that they deploy to consolidate and strengthen their imperium.

Consequently, each bloc proselytises politically, security-wise and economically, and reacts against any action coming from another bloc or considered as hostile in its area of influence. Therefore they ensure that they consider that the world order is not destabilised by the competitor, which leads to diplomatic, security and military responses, as well as political ones. We all remember the Cuban missile crisis and to some extent today the cases of Burma and Ukraine.

This is the current geostrategic and geopolitical picture, which resembles a minefield, and which our country faces in its crisis situation.

What should the CAR, a country in crisis, do in the face of this picture?

It seems to me that the main concern of CAR, in this world as it is today, is to create the necessary conditions to guarantee the peace and security of the country and to work for the well-being of its population. In this legitimate quest for peace within our borders and for the levers of our development, we must first rely on ourselves, on our own genius, on the mobilisation of our own resources and on an optimal allocation of our resources in relation to our national objectives. This is the path followed by all nations today: the constant search for security, political and economic autonomy in an interdependent and globalised world. Obviously, this is a difficult exercise, but it is the price of statehood. It is a prerequisite that requires many sacrifices and a holistic vision of the objectives that we have jointly defined, shared and accepted.

In other words, in the current geopolitical configuration, aggravated by the phenomenon of one-way globalisation, our salvation will lie in our lucidity and our ability to understand that really only the interests of States guide their avowed and unavowed - or unavowable - actions. To be more concrete about our country, we must ask ourselves the following questions:

1. How can we achieve peace while rebuilding an army capable of ensuring peace and security in our country in all circumstances, in the current geopolitical and geostrategic context?
 - 2- How can we ensure the long-term financial viability of our country in this context of crisis and increased dependence on external aid?
 - 3- What can be done to rebuild the foundations of a real national economy, robust and endogenous in the current geopolitical and geostrategic context?
- 1- How can we achieve peace while rebuilding an army capable of ensuring the peace and security of our country in all circumstances, in the current geopolitical and geostrategic context?

The Central African army began to be weakened by its own founders, with the purge of officers that we experienced between 1966 and 1979, which considerably slowed down its

rise to power during the years of darkness. Then, for almost 30 years now, recurrent crises have deeply destabilised our army. Consequently, the reconstruction of our army can be likened to the work of Hercules, if we compare the immense needs with the resources that can be mobilised in the short and medium term, first on the domestic level and then in terms of cooperation. The programming law exists, but its funding must be made sustainable. As long as a critical part of the financing of the reconstruction of our army depends on external support, we must clarify our strategic choices to guarantee their sustainability.

Furthermore, the lifting of the embargo, which is a legitimate expectation of all Central Africans, is a long-term battle, the outcome of which depends on the satisfaction of certain technical and administrative criteria, as well as the necessary diplomatic and political approaches, in a dispassionate climate.

2- How can we ensure the long-term financial viability of our country in this context of crisis and increased dependence on external aid?

The question I often ask myself is whether the majority of Central Africans are aware of the exact financial situation of our country. Listening to certain speeches, seeing certain positions taken, and reading certain interventions on social networks, I have doubts as to a positive answer.

- First of all, within the CEMAC, where convergence criteria exist, the minimum threshold for the mobilisation of internal resources is 17% of national wealth, we are at about 9%, while our CEMAC peers are at 23% on average and the WAEMU countries are at nearly 30%.

- Taking the budget for the 2021 financial year as an example, we have the following aggregates:

- Of the total resources planned for 2021 of 287.3 billion CFA francs, own resources are 135.3 billion CFA francs, i.e. 47.09%, and external resources are 151.9 billion CFA francs, i.e. 52.91%

- Of these external resources, budgetary support was planned at 28.5 billion CFA francs, i.e. 18.76%, project grants at 116.7 billion CFA francs, i.e. 76.82%, and loans at 6.7 billion CFA francs, i.e. 4.42%.

- As for total expenses in 2021, they are forecast at CFA 330.5 billion francs, with primary expenditure at CFA 168.8 billion francs, i.e. 51.07%, debt repayment at CFA 15.9 billion francs, i.e. 4.81%, and the equipment budget at CFA 155.3 billion francs, of which CFA 28.9 billion francs are national funding.

The summary analysis of this table clearly indicates all the challenges facing our country and our common intelligence:

1. We have a structural challenge of mobilising our internal resources
2. Our functioning as a state is mainly financed by external resources
3. The equipment of our country is overwhelmingly financed by external aid

All these challenges must and can be met. Well-documented solutions exist and must be applied in the long term. For our country in the short and medium term, it is a question of pursuing the economic reform programme with the Bretton Woods institutions, in order to hope one day to emerge from this situation of structural imbalance between our mobilisable and available resources and our expectations in terms of development financing.

3- What can be done to rebuild the foundations of a real, robust and endogenous national economy in the current geopolitical and geostrategic context?

The publication of the World Bank's Economic Notebooks on CAR highlights the overall economic and financial situation of our country. It concludes that poverty is increasing considerably, with 75% of the population living in poverty, compared to 60% previously. This means that 3 out of 4 of our compatriots, whatever their age, live in poverty. Similarly, our economy is in the process of recession compared to 2020, i.e. national wealth is contracting under the combined effects of insecurity, overall economic activity disrupted by internal and external shocks and also the effects of COVID 19. Finally, it tells us what we already knew, namely that the state's own revenues, even if they have resisted the various shocks, remain structurally below potential.

Development economists agree that for a country to emerge from poverty, it needs to ensure investments of around 25% of GDP in a discontinuous manner for 25 years. For the CAR, if we assume a GDP of around 1,500 billion CFA francs, we need to make 375 billion CFA francs of investments in our economy over 25 years to escape the poverty trap. Everyone can appreciate the depth of the gap.

So what can we do in the current situation?

The first step is a combination of politics, diplomacy and the search for economic efficiency:

- We must take the bulls by the horns by engaging in the structural economic reforms that are indispensable for cleaning up our economic environment. It is up to us.
- We must maintain and strengthen our relationship with the international financial community to access concessional financing and grants rather than loans in the current phase of extreme fragility;
- We need to strengthen the real economy by finally reviving the food and export agricultural sectors. We are several decades behind in the agro-pastoral and forestry sectors, if we take into account our potential
- And last but not least, the improvement of the business climate must go hand in hand with economic patriotism, so that we produce more wealth, jobs and budgetary resources.

This is the substance of my thoughts on this topic and I thank you for your attention and interest.