



SECTION

LEGISLATIVE SUPPORT OF TRADE AND ECONOMIC COOPERATION BETWEEN RUSSIA AND AFRICAN COUNTRIES

IV

СЕКЦИЯ IV.

LEGISLATIVE SUPPORT OF TRADE AND ECONOMIC COOPERATION BETWEEN RUSSIA AND AFRICAN COUNTRIES

Prospects and restrictions of trade and economic cooperation between Russia and African countries

Since 2014 (when restrictions on trade and cooperation between Russia and a number of Western countries were imposed), Africa has become the only region in the world to consistently increase the import of goods from Russia, first of all – those of non-commodity and non-energy portfolio.

The structure of Russia's export to Africa is now becoming one of the incentives for adding value and developing export-oriented non-commodity sectors economy.

Over the past three years, Russian exports to Africa have doubled. Despite its steady growth and non-commodity (and therefore more sustainable) exports structure, exports are still concentrated in narrow geographical and industry niches: two countries, Algeria and Egypt, account for about 2/3 of total amount. According to the export portfolio, more than 1/2 is a military products and grain.

Even in these key African export markets, for example, the grain market, significant niches have not been developed by Russian producers. Restricting access to some of these niches is due to the presence of artificial non-tariff barriers and restrictions (requirements for the specification for gluten content, parasite infestation, etc.), which come partly as a consequence of historical reference to the standards of the former metropolises and do not meet the objective economic interests of African importing countries.

A number of areas of foreign economic activity in Africa offer opportunities for mutually beneficial synchronizing of exports of goods, funds and services from Russia and local needs, to reach the strategic objectives of the continent's development.

BRICS with a new model of a wide partnership networks BRICS + and BRICS ++ can become a promising multilateral platform for building flexible and multidisciplinary cooperation with Africa¹, involving the African Union and subregional African alliances.

The BRICS cooperation agenda could include:

- ▶ interaction in the institutions of the Bretton Woods system;
- ▶ cooperation between development banks and other development institutions established by BRICS members;
- ▶ expanding the use of national currencies/payment systems in financial operations;
- ▶ cooperation in creating reserve currencies as well as regional and global financial centers.

Regional and continental integration associations such as African Union, ECOWAS, SADC, etc. can also serve as platforms for building dialog. Within these institutions, the African side can ensure the functioning of regional and continental decision-making systems and develop mechanisms for cross-border law enforcement.

Therefore, cooperation between Russia and its African partners in the field of trade and economy can be productively developed in the following priority areas:

- ▶ joint investment,
- ▶ cooperation within production chains,
- ▶ cooperation within free trade zones,
- ▶ cooperation in the field of strategic planning.

Issue: tariff and non-tariff barriers in trade

In Russia, there are still several hundred restrictions, concerning the trade with African countries.

In many African countries, for example, there are high duties on imports of Russian-made machinery and equipment, which in fact prove to be discriminatory against the background of zero duties on imports of similar products from the EU. On a reciprocal basis, duties and non-tariff restrictions apply to the import of agricultural products from the same African countries into Russia. As a result, part of the supply goes through third countries.

¹ Y.Lissovlik. *Re-Thinking the BRICS: On the Concepts of BRICS+ and BRICS++*. URL: <http://valdaiclub.com/a/highlights/re-thinking-the-brics/>

Tunisia can serve as example – over the past 10 years, Russia's exports amounted to \$5 billion. Lifting the restrictions can double the exports in the upcoming 10 years.

Russia's trading and investment activities in African countries are conducted in US dollars and euros. In addition to the obvious sanction restrictions, this results in financial costs.

Possible solutions:

Intensify cooperation between chambers of commerce, business councils, export credit and guarantee agencies to

- ▶ lift the most painful trade restrictions, primarily, sanitary and phytosanitary measures;
- ▶ assist the transition to a balanced currency composition of foreign trade with a possible use of Russian ruble and South African rand or other local and regional currencies.

Lawmakers and expert communities should be the key participants of such dialogue.

Creating conditions for a wider use of national currencies / payment systems in trade and economic relations, as well as the mutual strengthening of own reserve currencies and the formation of new regional and international financial centers should be the key area of cooperation in the long term.

The issue of two-way mitigation of tariff barriers should be addressed preferably within the framework of multilateral alignments, taking in consideration the obligations of countries to other partners.

Task: harmonization of the legal framework

Barriers created by various commercial, contract, and civil law rules continue to limit growth potential, despite the relative success of individual projects.

Possible solutions:

Common approaches to regulation can be developed within the framework of integration associations. African countries work together on a legislative framework to create an attractive investment climate both for individual countries and regional associations. It seems particularly prom-

ising here to establish systemic inter-parliamentary contacts with the State Duma, as well as with the EEC.

Issue: imperfections of bilateral legal framework

Only few African countries have a full range of bilateral agreements with Russia, necessary for the development of full-fledged cooperation (on military-technical cooperation, on maritime navigation, on mutual protection of investments, on the IPC, on trade and economic cooperation, on the avoidance of double taxation, on visa-free regime).

Possible solutions:

It is vital to fill in the gaps in the legal framework of bilateral cooperation between the Russian Federation and African countries through agencies with the prospect of signing a whole set of key agreements with each of the major economic and political partners on the continent: on the IGC, on trade and economic cooperation, on the avoidance of double taxation, on mutual protection of investment, on the military and technical cooperation, on maritime shipping, on visa-free regime.

It is necessary to create registers of the regulatory and legal framework of cooperation, both bilateral and multilateral documents, accessible to all subjects interested in foreign economic activity.

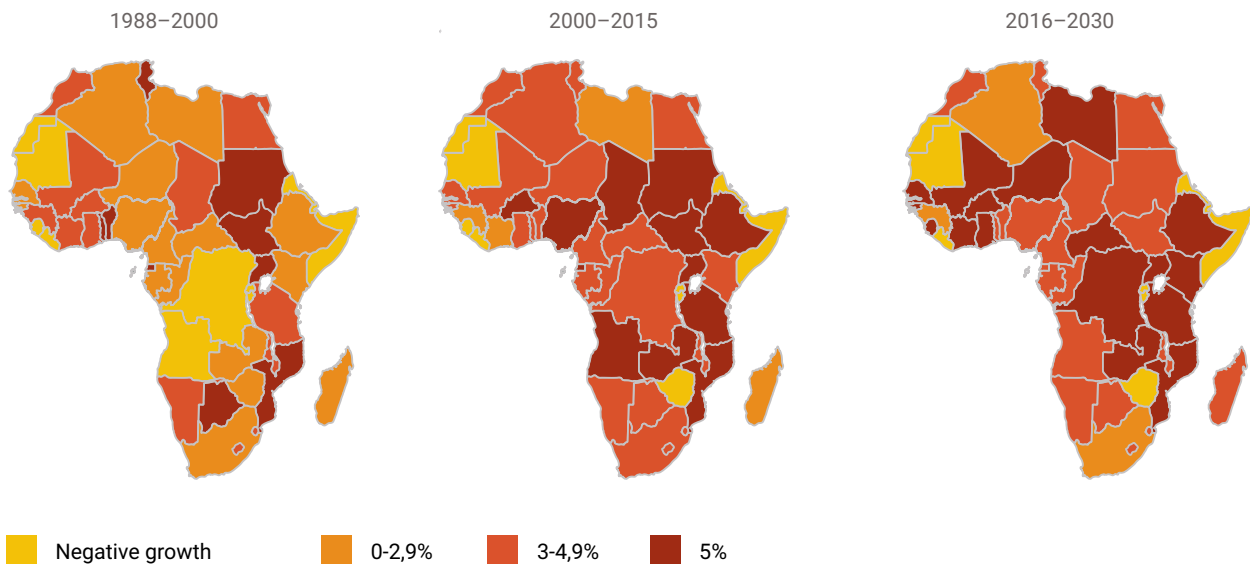
Interaction through multilateral international associations is a promising form of cooperation with African countries. In the Russian context, these include the Eurasian Economic Union (EAEU), the Shanghai Cooperation Organization (SCO), the Gas Exporting Countries Forum (GECF), and potentially the Collective Security Treaty Organization (CSTO).

Strategic consulting can be one of the effective accelerators of Russia – Africa trade, economic and investment cooperation. Its priority areas should include facilitating the formation of regulation that removes barriers to mutual trade exchanges and stimulates the inflow of Russian investment, as well as the development of long-term sectoral and country strategies with an emphasis on solving African problems. Such productive interaction between governments and parliamentary structures of African countries and relevant Russian expert centers could be supported by the development institutions of the Russian Federation.

Illustrations:

- 1.The Growth of GDP in Africa, 1988-2030.
- 2.Structure of Africa's Foreign Trade, 2017.
- 3.Russian Exports to Africa, 2010-2017.
- 4.Exports to Africa by country, 2000-2017.

The Growth of GDP in Africa, 1988–2030



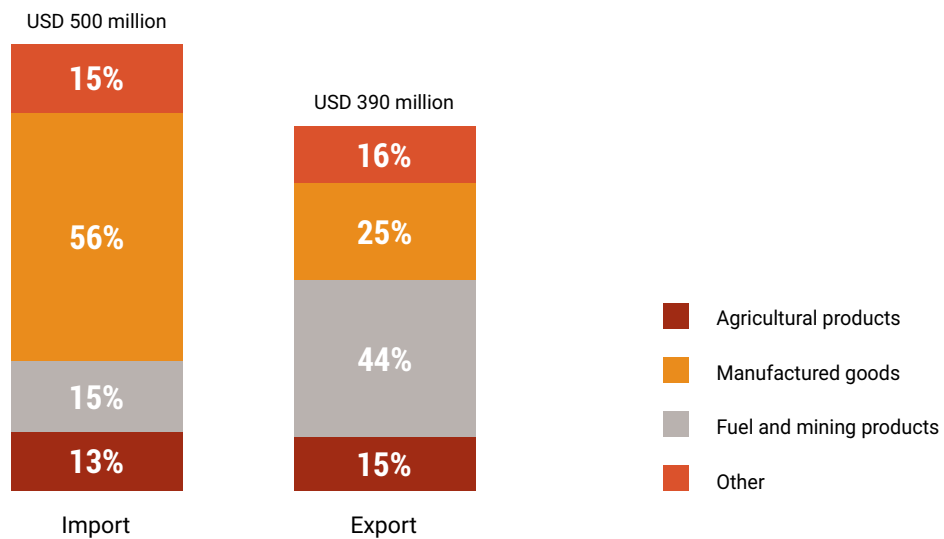
Source: EY Attractiveness Program Africa 2017
Connectivity Redefined

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III.1 The growth of GDP in Africa, 1988–2030

Structure of Africa's foreign trade



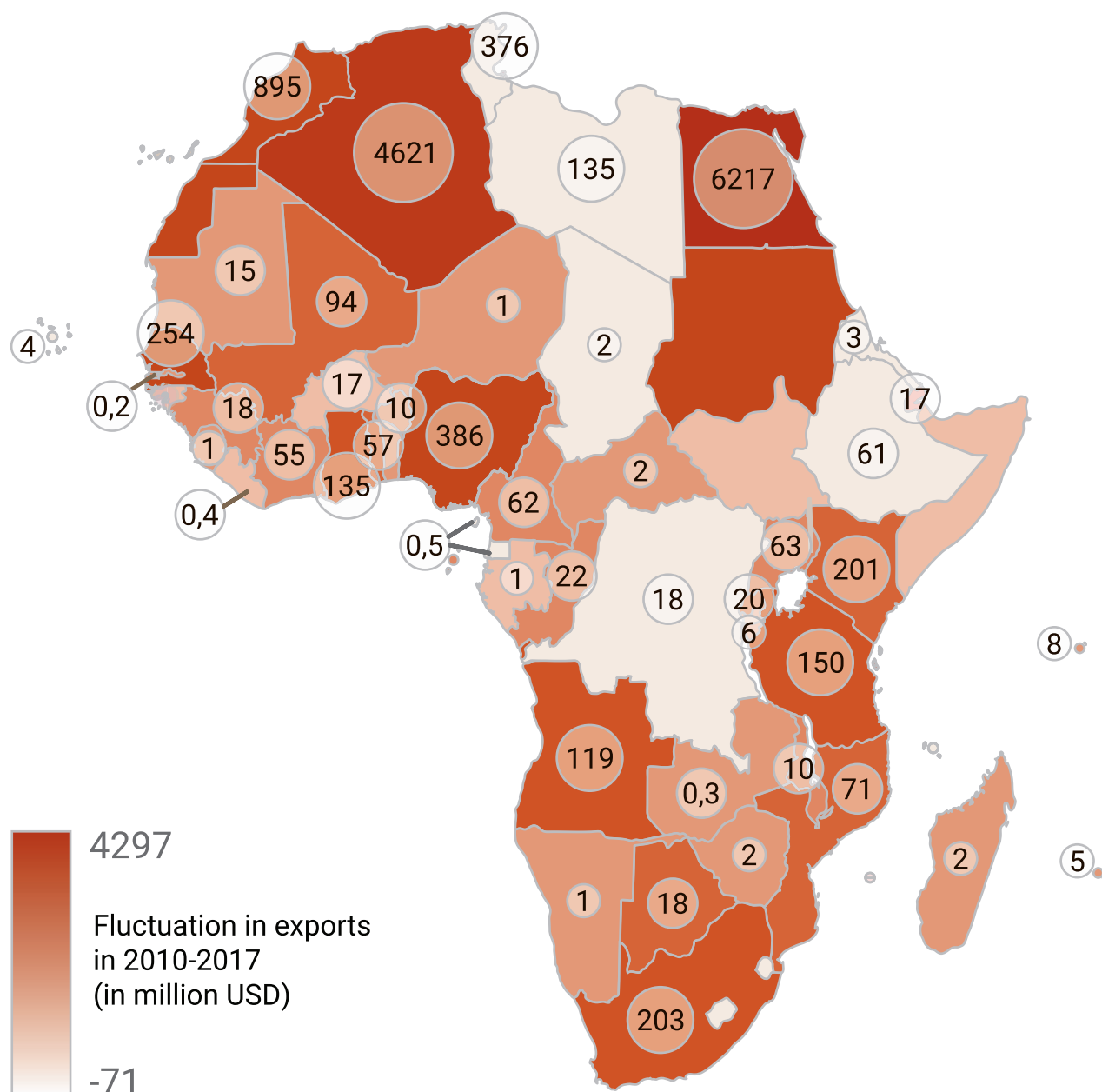
Source: WTO (2017)

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III.2 Structure of Africa's foreign trade, 2017.

Russian Exports to Africa



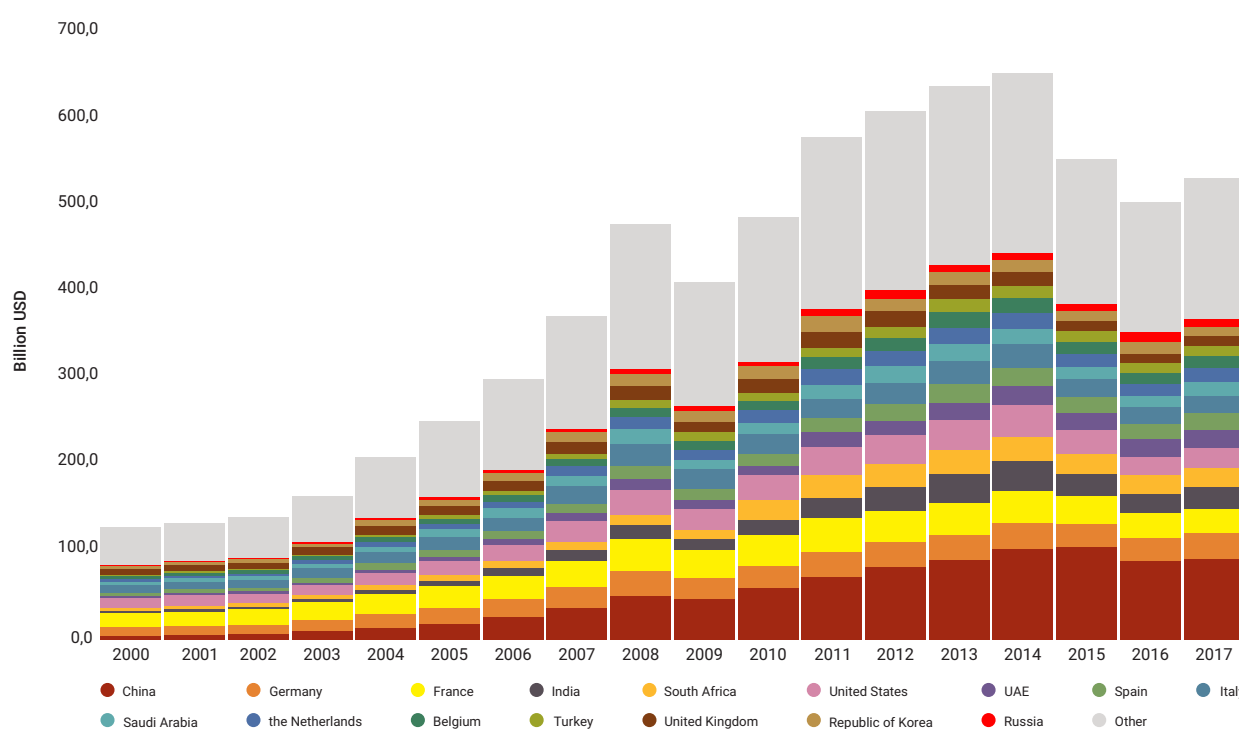
119 Russian exports to Africa in 2017



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Source: FCS

Exports to Africa, by country (2000–2017)



Source: UNCTAD

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Supp. 4 Exports to Africa by country, 2000-2017



SECTION

**RUSSIAN-AFRICAN
SECURITY
COOPERATION AS
A FACTOR FOR PEACE
AND STABILITY
IN AFRICA: ROLE
OF PARLIAMENTS**





SECTION V.

RUSSIAN–AFRICAN SECURITY COOPERATION AS A FACTOR FOR PEACE AND STABILITY IN AFRICA: ROLE OF PARLIAMENTS

Security cooperation is one of the historically established principal lines of interaction between Russia and African countries, based on the mutual belief in the long-term common interests and values: strengthening sovereignty, peace and stability, jointly countering threats, ensuring sustainable development.

Soviet Union actively assisted African countries in building statehood and gaining genuine, rather than formal, independence from the former colonial powers. Moscow and African countries shared strategic interests, their relations were future-oriented. It is important that their security partnership did not pose any risk of constraining sovereignty of African countries.

An important characteristic of the Soviet policy towards African countries was its flexible approach to the partners' ideological framework. The USSR assisted both the Ethiopian monarchy and the «capitalist» regimes of Nigeria and Mali, in case they pursued strengthening their sovereignty.

For example, «capitalist» France, that was ideologically close to Nigeria, supported the separatists of Biafra, provoking a bloody civil war in the country (1967-1970). The United States and Great Britain stayed away, while the USSR contributed to the restoration of peace and territorial integrity without any demands to change the model of social and economic development or to form a military and political alliance with Moscow.

Today, just as in the second half of the 20th century, strengthening the army and security institutions in order to ensure domestic and regional stability and to protect critical economic infrastructure remains the pivot of state building and strengthening sovereignty in Africa. Russia is ready to promote comprehensive security solutions for the continent.

Russia has consistently advocated the principle of non-interference of external forces in the internal affairs of the African countries and the observance of the rule "African solutions - for African problems". So should do all the other international security partners of Africa.

The sovereign, stable, dynamically and steadily developing Africa, open to systemic mutually beneficial trade, economic and investment cooperation, meets the strategic interests of Russia.

Forecast of major security threats

In the coming years, the main threats to the security of African states will be shaped by the following factors:

- ▶ socio-economic risks;
- ▶ spread of extremism;
- ▶ increase in the manpower of terrorist groups and their financial, organizational and ideological support by external actors;
- ▶ increasing competition of the outside powers for influence on African countries' policies and control over their resources;
- ▶ climate change.

Forecast of the shifting geopolitical context:

According to the most experts' opinion, China has advanced to a leading position among Africa's external partners and may gradually shift from a policy of non-interference in internal politics to their discreet moderation ensuring its own long-term economic interests.

The influence of India and relatively new actors – Turkey, the United Arab Emirates, Qatar, will also increase.

The influence and involvement into the African affairs of the countries like the United States, Japan, the Republic of Korea, Brazil, Israel and Iran is more likely to remain on the same level or decrease.

For example, the decline in USA-Africa trade is largely due to the loss of US interest in African oil and termination of its purchases from major African oil exporters.

The role of the former colonial powers (especially France) will also be gradually rethought and transformed.

Continental Europe with Germany acting as a pivot, defining its long-term policy, will retain chances to preserve its influence on Africa. Most experts tend to think that among the G7 countries, only Germany will increase its presence, Italy and the UK will keep it at the same level, France, the USA, Canada, and Japan will face the major challenges.

In the next 10 years, the Indian Ocean basin is expected to become a space for the projection of military-strategic

aspirations of the United States, China, India, Pakistan, Iran, as well as France, Turkey, Arab countries and other actors. This will fuel the "global demand" and expenditure of resources on strengthening the influence in the East Africa coast countries from Egypt to South Africa. The military-strategic importance of the islands of the Indian Ocean will continue to grow.

The Mediterranean region is another potential area of growing military-political risks due to unregulated migration flows, the penetration of terrorist networks from the Middle East, and intra-regional confrontation.

Problem: climate change as a potential conflict factor

Socio-demographic transformations and climate change pose risks of armed conflicts in Africa. Desertification, inefficient land use, depletion of water sources lead to a shortage of resources and increased competition for them not only in the traditionally problem-ridden areas of coexisting agricultural and pastoral communities, but also in any other territories where such opposition may take the form of ethnic, religious or social (in the urban areas) conflicts.

By 2030, according to UN projections, over 200 million people in Africa will live in areas with difficult access to water.

Large-scale migrations and conflicts, stemming from the problem of access to water resources, is a very likely scenario of the continent's development, which can be avoided by coordinated efforts of the world community, friends of Africa and the national governments of African countries.

Possible solutions:

Promote investment in green sectors of the economy, sustainable environmental management, organic agriculture, channeled through international financial and development institutions. Russian experience in introducing environmental standards, land reclamation, and the development of alternative energy may be helpful.

Problem: efficiency of international involvement in conflict resolution in Africa

In the long-term perspective the African Union will play an increasingly important role in the continental security architecture, developing the capabilities, required to solve these tasks.

At the same time, the legal framework for international involvement is now at an emerging stage, which limits its impact.

Possible solutions:

Decisions on key security and legitimacy issues, including peacekeeping missions, the presence of foreign armed forces, and democratic transit procedures can be made by African regional organizations in close cooperation with the UN.

The strategic goals of international security cooperation should be based on the long-term development concepts developed by the African Union: Agenda 2063 and the African Peace and Security Architecture.

Problem: constraints of Russia-Africa military and technical cooperation

Unfair competition remains the main constraint for the Russia-Africa military and technical cooperation.

The expansion of mutually beneficial cooperation between Russia and African countries in the sphere of security and military-technical cooperation is often artificially constrained by third parties exerting direct pressure on their African partners, resorting to a threat of direct or indirect sanctions.

Other constraints are associated with the underdeveloped complex partnership mechanisms. Though in recent years there has been a trend to intensify cooperation in the training of personnel (both in Russia and locally), after-sales services require further development.

Overcoming the discriminatory restrictions require the development of new calculations mechanism, which then demands the clarification of the regulatory framework.

Possible solutions:

A more "broadband" format of cooperation, embracing an extended range of support, information and analytical services, specialized consulting, training, peacekeeping infrastructure development, will enable Russia and African partners to succeed in making progress towards peace and stability on the continent, as well as to provide impetus for the formation of a transparent and regulated African security market.

The lack of a legal framework for the operation of private military companies still remains an important constraint.

Thus, traditional security cooperation formats through Rosoboronexport, Rostec and the Ministry of Defense of the Russian Federation can be supplemented by non-state entities, including participation in the regional peace-keeping training centers development programs.

Problem: terrorism hotbeds in the stateless territories

There is no state or international institutions' control over some African territories: these include a significant part of the territories of Libya and Somalia, certain areas of the Sahel-Sahara zone and South Sudan, the east of the Democratic Republic of the Congo, etc. Similar security challenges exist in the Gulf of Guinea and in the waters of the Indian Ocean adjacent to Somalia. Preservation of these zones in their current form could lead to a change in the status of Africa from a "net importer" of terrorist threats from the Middle East to a "net exporter" of terrorism in two directions at once - to Europe and South Asia.

Possible solutions:

The restoration of state institutions effective control over such zones will allow to solve the problem of the influx of recruits into terrorist networks and thereby reduce the level of security threats. For example, it is known that al-

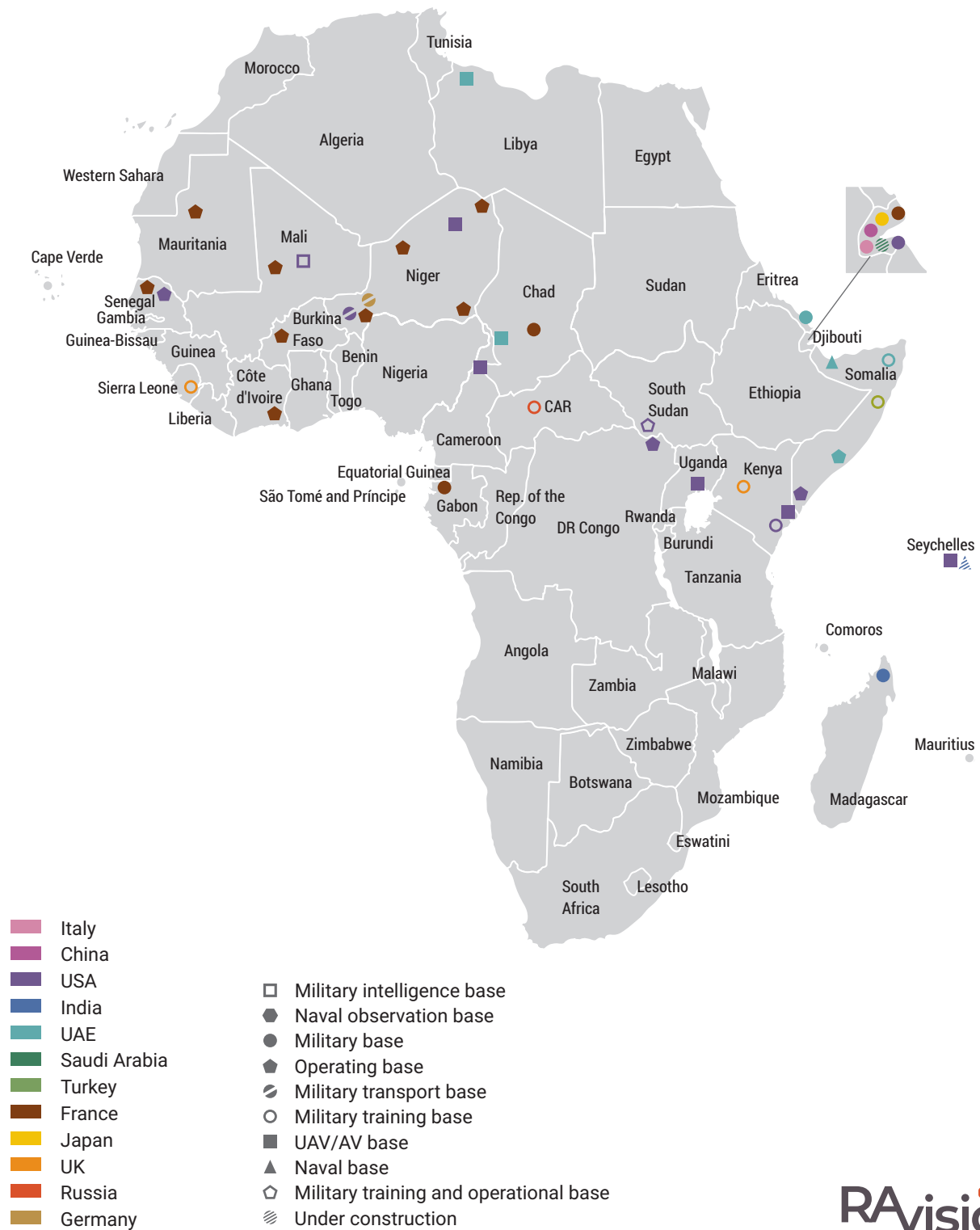
It is possible to achieve a two-fold reduction in the number of illegal armed groups by returning troubled regions of Africa to socio-political and socio-economic «normalcy» that includes a monopoly on violence, legal guarantees, unimpeded movement of goods and money.

most a third of the Al-Shabab fighters in Somalia joined it for economic reasons and 15% were recruited by force.

Illustrations:

1. Foreign military presence in Africa, August 2018.

Foreign military presence in Africa, August 2018



Source: the media

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SECTION

RUSSIAN-AFRICAN HUMANITARIAN COOPERATION: PARLIAMENTARY DIMENSION



SECTION VI.

RUSSIAN–AFRICAN HUMANITARIAN COOPERATION: PARLIAMENTARY DIMENSION

Statistics of cooperation between Russia and African countries in education

The total income from the export of Russian educational services in the 2016/2017 academic year amounted to about \$ 1.8 billion, with only a quarter of this amount resulting from tuition fees paid by foreign students to study in Russian educational programs, the rest – from their living expenses, food, transportation, and leisure.

So, even a scholarship provided to a foreign student free of charge is not only a long-term investment in human capital, but a multiplier for the economy and Russian budget with an immediate positive effect.

However, based on the share of Africans in the total number of foreign students in Russia (about 9%), the total amount of export of Russian educational services to Africa in 2016/2017 can be estimated at \$160 million.

At the same time, being the largest importer of educational services in Sub-Saharan Africa, Nigeria spends about \$ 2.8 billion per year on higher education abroad. Based on the total number of Nigerians in foreign universities (about 89,000 people), the average cost per student is more than \$ 30 thousand a year.

The total number of African students studying abroad is 534,000, including 126,000 in other countries in Africa. The estimated volume of the market of higher education abroad for African students is \$ 16.5 billion; that of studying outside continent (408,000 people) – \$ 12.6 billion.

Russia's share in the educational market in Africa is still less than 1.5%, which is totally inconsistent with the potential of Russia-Africa educational cooperation.

The number of African students studying abroad has grown from 274,000 to 534,000 since 2000; in Africa — from 74,000 to 126,000 people.

France occupies the first place in the world ranking by the number of African students (102,000 people), followed by China (50,000), USA (44,000), South Africa (36,000 foreigners from African countries), Great Britain (33,000).

About 20,000 students from Africa study in Russia¹, of which 15,000 are on a contractual basis (74% of the total).

Since 2006, the number of African citizens studying in Russia has increased almost 3 times, but in relative terms, the proportion of Africans among foreign students in Russia has not changed, remaining within 9%, which does not correspond to Africa's significantly increased role in Russia's foreign trade over the same period.

In 2017/2018 academic year, 1696 state scholarships (quotas) for training African citizens in Russian universities were allocated through the Russian federal budget.

Compared with 2014/2015, the growth is within 10%. It is in Russia's interest to increase the number of quotas for African students by at least 12% annually.

Allocation of quotas should be based on the principles of **transparency and criteria**, including:

- ▶ weight of the country in trade with Russia and the dynamics of indicators,
- ▶ number of students on a contractual basis coming from the same country,
- ▶ data on their performance and employment after university training.

In the late 1980s, foreign citizens studied at 339 Soviet universities (including 175 in the RSFSR) and 96 research institutes (including 86 in the RSFSR), as well as in 130 technical schools, 37 schools, 34 vocational schools and 14 boarding schools in 120 cities and towns points of the USSR. In 1990-1991, the USSR accounted for 11% of all foreign students in the world (126,500 out of 1,168,100 people).

The number of graduates of Russian universities in Africa is estimated at 80,000 people, including about 30,000 in North Africa, and 50,000 in Sub-Saharan Africa. In 1949-1991, over 500,000 people from 150 countries were trained in Soviet universities (12.3% of them came from Africa and the Middle East). In the 1990/1991 academic year, there were 3.5 thousand students from Ethiopia alone in Soviet universities.

¹ Based on 2016/2017 academic year.

Issue: quality and accessibility of education

A systematic improvement of the quality of existing government and private education systems in Africa is required. In a number of countries, up to 85% of students who regularly attend school do not have sufficient skills in reading and solving mathematical problems.

Experts highlight a number of problems of Russia-Africa cooperation in education.

- ▶ Disarray in the selection of candidates for Russian scholarships.
- ▶ Insufficient articulation of a request for specific specialists and, as a result, frequent inconsistency of the range of offered specialties with actual needs: places are often provided "out of stock", without due consideration for the long-term needs of the parties in developing cooperation.
- ▶ Insufficient marketing of paid Russian education, the unwillingness of many educational institutions to flexibly form curricula and modular courses to meet the demand, to solve the problem of the language barrier.

Possible solutions:

At the level of national governments and international associations (the African Union), the African side places top priority on developing educational cooperation with Russia. The lack of qualified personnel is the main obstacle for overcoming the economic and technological lag in African economies.

The accumulated experience of long-term cooperation of African states with the USSR (and Russia) in the field of education, as well as the high reputation of specialists trained in the USSR (Russia) are of great importance.

Russian educational offers are competitive in terms of price/quality.

Expanding access to higher education opens up the prospect of reducing the share of informal employment (94% of non-educated employees work in the shadow economy) and the gradual evolution of African economies towards the development of industries focused on human capital as the main production factor.

A separate strategic framework document could be devoted to cooperation between Russia and Africa in the fields of education, science and technology with neces-

sary consideration of relevant African strategies, including, in the first place, Agenda 2063 and Continental Education Strategy for Africa 2016–2025 (CESA 16-25), Continental Strategy for Technical and Vocational Education and Training (TVET Strategy), and Science, Technology and Innovation Strategy for Africa 2024 (STISA 2024).

Issue: insufficient human capital development

Direct investment in the development of human capital is the most important condition for overcoming the existing constraints on the development of African states.

About 3 million children in Africa die each year due to diseases that can be prevented or cured. Over 50 million school-age Africans do not attend school. According to the World Bank, Africa and South Asia have the lowest level of human capital development (the main components are the infant mortality rate, the state of education and healthcare system) among all macroregions of the world as yet.

Possible solution:

Russia participates in projects and programs for the development of human capital in Africa mainly through co-financing the World Bank and other international institutions trust funds.

The establishment of Russian development assistance institutions, possibly together with the partners in the EAEU and BRICS, might become an alternative or a complementary mechanism.

It is reasonable to conduct an inventory and joint (with African partners) analysis of the impact of the initiatives already implemented through international institutions, that are not yet a part of the Russia-Africa agenda. The result of such an inventory may be a shifting focus to targeted bilateral projects within the framework of Russia-African Union cooperation and others.

Issue: barriers to expansion of humanitarian cooperation

The presence of Russian cultural and language centers in Africa is still clearly inferior to the level reached during the Soviet times, and it is being eclipsed by relatively new actors on the continent, such as India and the United Arab Emirates, not to mention the PRC.

In the late 1980s, 600,000 students studied Russian at courses in 90 countries (the largest share was in Eastern Europe and Asia) through the Union of Soviet Societies of Friendship of the USSR (predecessors of the Roszarubezhtsentr and Rossotrudnichestvo). In order to promote Russian language, education, culture, scientific achievements, etc., the USSR also annually arranged up to 10,000 different exhibitions abroad, distributed more than 450 periodicals, and published a monthly magazine "Culture and Life" in four languages, distributed in 130 countries.

There are currently 8 Russian centers of science and culture (RCSC) in Africa: in Egypt (2), Zambia, Morocco, the Republic of the Congo, Tanzania, Tunisia, and Ethiopia. At the same time, the Chinese Confucius Institute, which declares similar objectives, has 59 branches in African countries.

Possible solution:

In September 2018, the head of «Rossotrudnichestvo» E. Mitrofanova announced plans to open new RCSCs in African countries. These centers can not only grow in numbers but also expand its agenda (programs presented).

It is necessary to expand cooperation, involving public-private partnership and non-governmental organizations from the Russian side, when introducing objective criteria for the efficiency assessment of the relevant programs.

Issue: quality and accessibility of health care

Africa is facing an unprecedented disparity between the healthcare system capacity and the actual burden on national health.

With 11% of the world's population, Africa accounts for about 25% of the global burden of disease and only 1% of global healthcare spending.

Due to the outrunning growth of population, a number of stunted growth due to malnutrition children in Africa increased by 12 million people (to 59 million people) in absolute terms from 1990 to 2015, decreasing in relative terms from 43% to 32%.

Due to the lack of medical infrastructure and specialists, the continent has become a major source of outbound medical tourism.

The minimum assessment of the market of medical services demanded by Africans is up to \$ 1 billion annually.

Possible solution:

A qualitative transformation in the sphere of medicine, that is the key market for Africa, should take place by 2030, moving from treatment abroad of the bulk of the solvent population to the formation of local medical infrastructure and high-class human resources.

Internal barriers to the provision of medical services should be eliminated.

Russian companies supported by Russian development institutions can play a key role in shaping the continental health infrastructure, medical research and training.

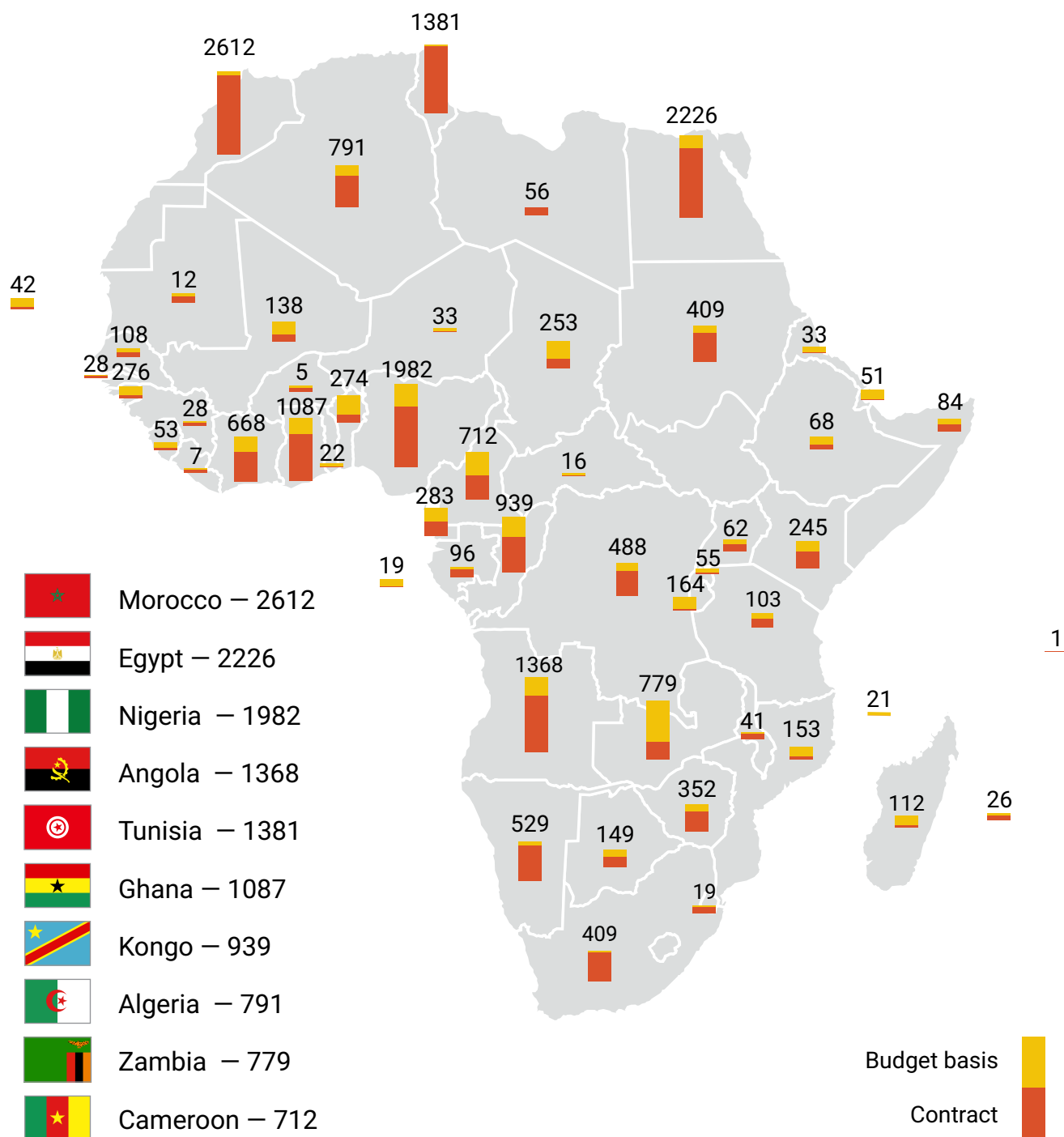
Russia can offer African partners its competencies in a number of breakthrough industries, including telemedicine, nuclear medicine, newest epidemiology, etc.

These promising and dynamically developing areas of cooperation require bilateral inventory, strengthening the regulatory framework, an active exchange of legislative experience, and the creation of favorable regulatory conditions.

Illustrations:

1. African Citizens Studying in Russia, 2016/2017.
2. African Students Studying Abroad, 2017.
3. Total Number of African Students Graduated from Soviet Universities (1950-1985), by country of origin.

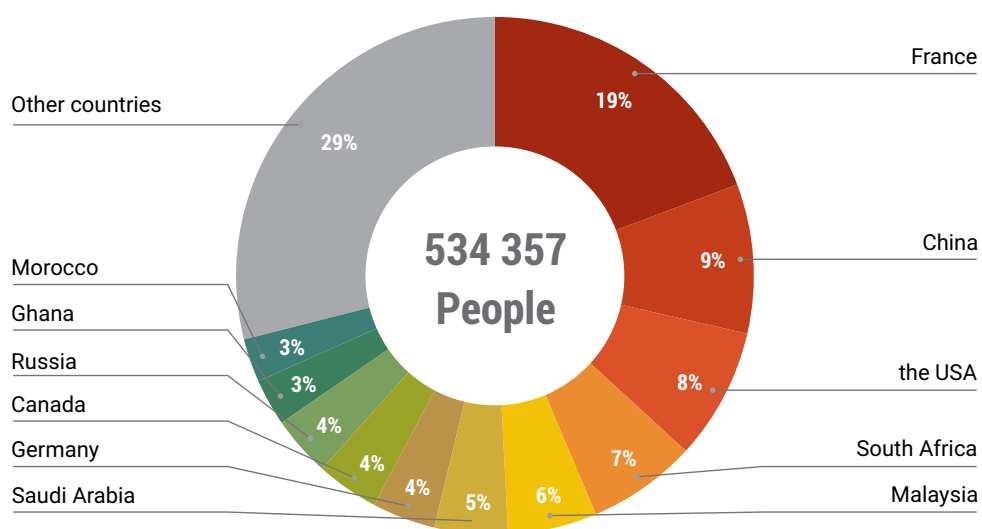
African Citizens Studying in Russia, 2016–2017



Source:
Russian Educational Services Exports. Statistical Compendium. Edition 8.

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African Students Studying Abroad



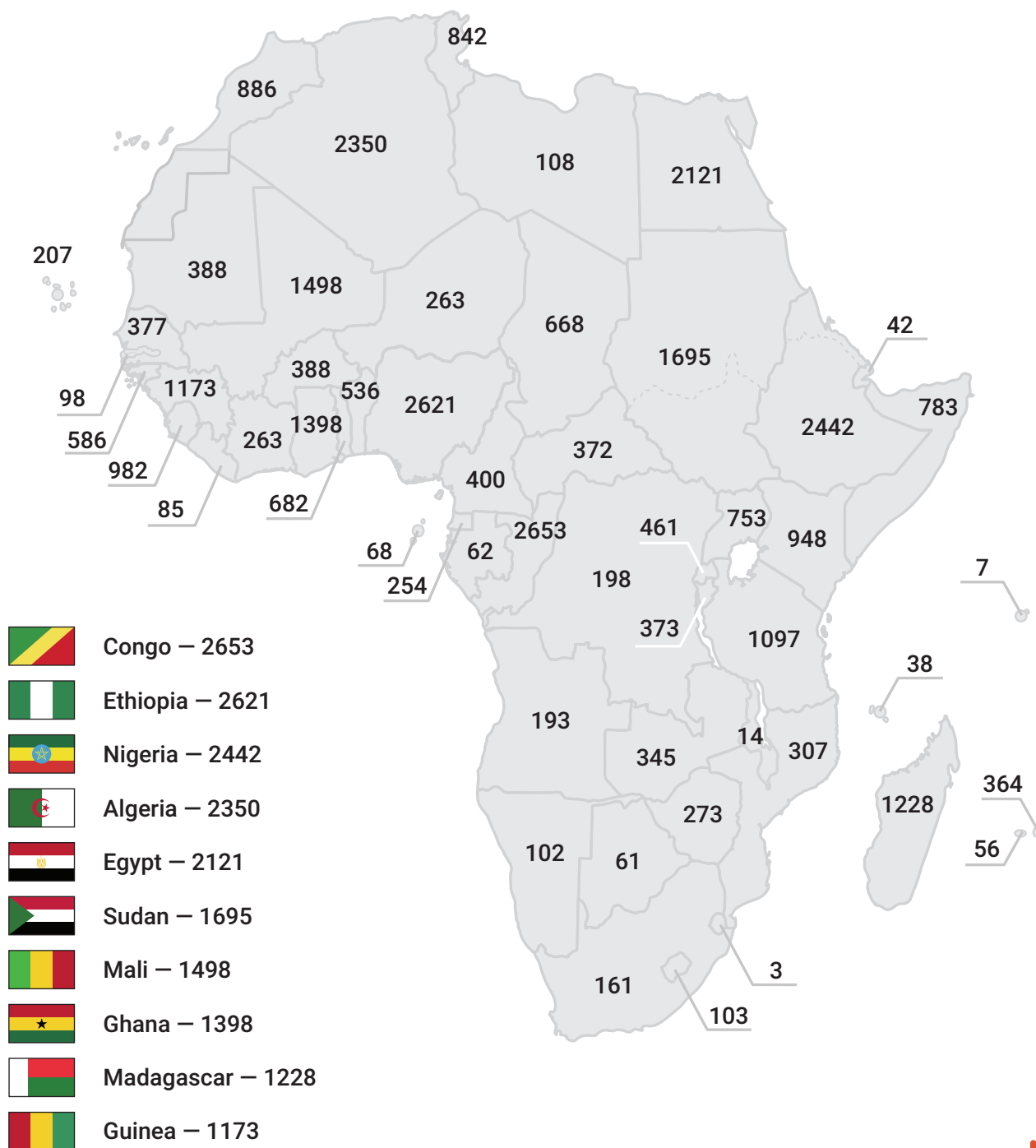
Source: UNESCO national statistical offices, 2015–2018

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III.2 African Students Studying Abroad, 2017.

Total Number of African Students Graduated from Soviet Universities (1950-1985), by country of origin



Source: Export of Russian educational services.
Statistical compendium.

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ROUND TABLE



SUSTAINABLE MANAGEMENT OF NATURAL RESOURCES AND COMMUNITY DEVELOPMENT: LEGISLATIVE FRAMEWORK FOR EXTRACTIVE INDUSTRY COMPANIES

ROUND TABLE: SUSTAINABLE MANAGEMENT OF NATURAL RESOURCES AND COMMUNITY DEVELOPMENT: LEGISLATIVE FRAMEWORK FOR EXTRACTIVE INDUSTRY COMPANIES

Common Interests of Russia and Africa

Unlike most other major partners of African countries, Russia does not regard African continent as a resource base for its own economy. Although Russia imports certain types of raw materials from African countries under market conditions, these supplies have never created a critical dependence for the Russian economy.

Russia has never sought to exert a controlling influence on the structure of African economies, neither dictated the prices of exported commodities or the ratio of their exports to domestic consumption.

On the contrary, as a key player in the global commodities markets, Russia is naturally interested in development the processing industries in the resource rich countries. This is where the natural and common manifestation of the long-term strategic interests of Russia and African countries reveals. This common vision extends to approaches addressing the issues of energy poverty and energy access.

In many African countries, international corporations artificially restrict the energy supply to domestic markets, as they extract local oil and gas and need energy resources for their international production chains or prioritize energy export.

For example, multinational companies sell gas to an exporting plant in Nigeria at a price 4-5 times lower than for the domestic market, but, unexpectedly, make no effort to expand supplies to the domestic market and, on the contrary, use various pretexts to allocate gas transmission capacity for export.

This problem requires legislative solution. Many countries in Africa have laws that encourage the export of commodities and energy and limit their supply to domestic markets.

The experts draw attention to the fact that the legislation governing natural resources extraction in many African countries is still not cleared of the significant remnants of the colonial system. Many countries still have laws and li-

censes issued or prepared for issuance by colonial administrations. International corporations still practice tough lobbying to promote favorable regulation at the expense of local communities and the environment.

This situation, which clearly does not meet the interests of African nations, is perpetuated, amongst others, due to the practice of allowing consulting firms, affiliated with the former colonial powers and commodities exporting companies, to be involved in drafting the new laws. Their fundamental interests have not changed since colonial times, the action patterns remained the same. Only the tools have become more subtle. Thus, new legislation is often just a new edition of the old one, with provisions, protecting the interests of African states and their peoples, blocked by foreign lobbyists. Example: long-lasting attempts to adopt the Petroleum Industry Bill in Nigeria.

The key solutions are legislative ones. The legal framework of African countries should provide an efficient barrier against attempts to impose neocolonial practices.

The past decade is marked by a positive trend: some countries (for example, Nigeria) are seeking to impose restrictions on exports, as well as introducing domestic supply obligations to ensure the supply of commodities and energy to the domestic market. However, the enforcement of such laws remains a serious challenge. Ignoring them still costs a few for corporations, and they usually make an economically proven decision — not to comply.

It is noteworthy that those countries that have chosen to prioritize the development of domestic markets and their own industry and supply the population with affordable electricity, are exposed to extensive all-round external pressure.

For example, Algeria managed to solve the problem of supplying the population and industries with power, partially due to regulative measures imposed on exports.

African countries should be supported in their efforts to preserve the sovereignty of their economy and the legislative system.

For example, a foreign consultant trying to impose a theory in a particular African country, stating that cheap

electricity for manufacturing and for population is not economical and energy export growth is, on the contrary, good, should face convincing arguments based on the experience of other countries that dealt with similar problems and found their ways to solve them.

African lawmakers should be weaponed with all necessary information and regulatory experience to make balanced and sovereign decisions. This goal is achievable through systemic inter-parliamentary interaction and support of unbiased experts, having no affiliation with former colonial powers and their corporations.

Russia has significant and in many aspects unique experience in the development of legislation and regulations that it can share with African legislators.

The problems of hunger, disease, access to drinking water and electricity can and should be solved without damage to the environment. Moreover, Africa's key contribution to global environmental security and global sustainable development should be the preservation of its own environment.

Solving these problems in the interest of African peoples cannot be entrusted to foreign corporations.

Isolated projects of "social responsibility" and "support of communities", often reduced to mere public relations gestures, will never be able to replace the fair natural resource rent that must be paid to sovereign states to be used as a driver for their development.

No one except states can take better care of the needs and long-term interests of their own population. Corporations should do their business, comply with the laws and requirements, pay sufficient taxes.

For centuries, Africa has been a source of cheap raw materials for the industrial development of the rest of the world. Although over the past 20 years African countries' approach to international trade has changed, cheap raw material exports continue to exert strong pressure on the environment and undermine the competitiveness of local industries.

At the legislative level, African states have significant untapped opportunities for enhancing environmental and technological control over the activities of mining companies, tightening the requirements for large mining companies to respect the interests of local communities and to preserve the environment. The cost of environmental and socio-economic damage should be included in the export price.

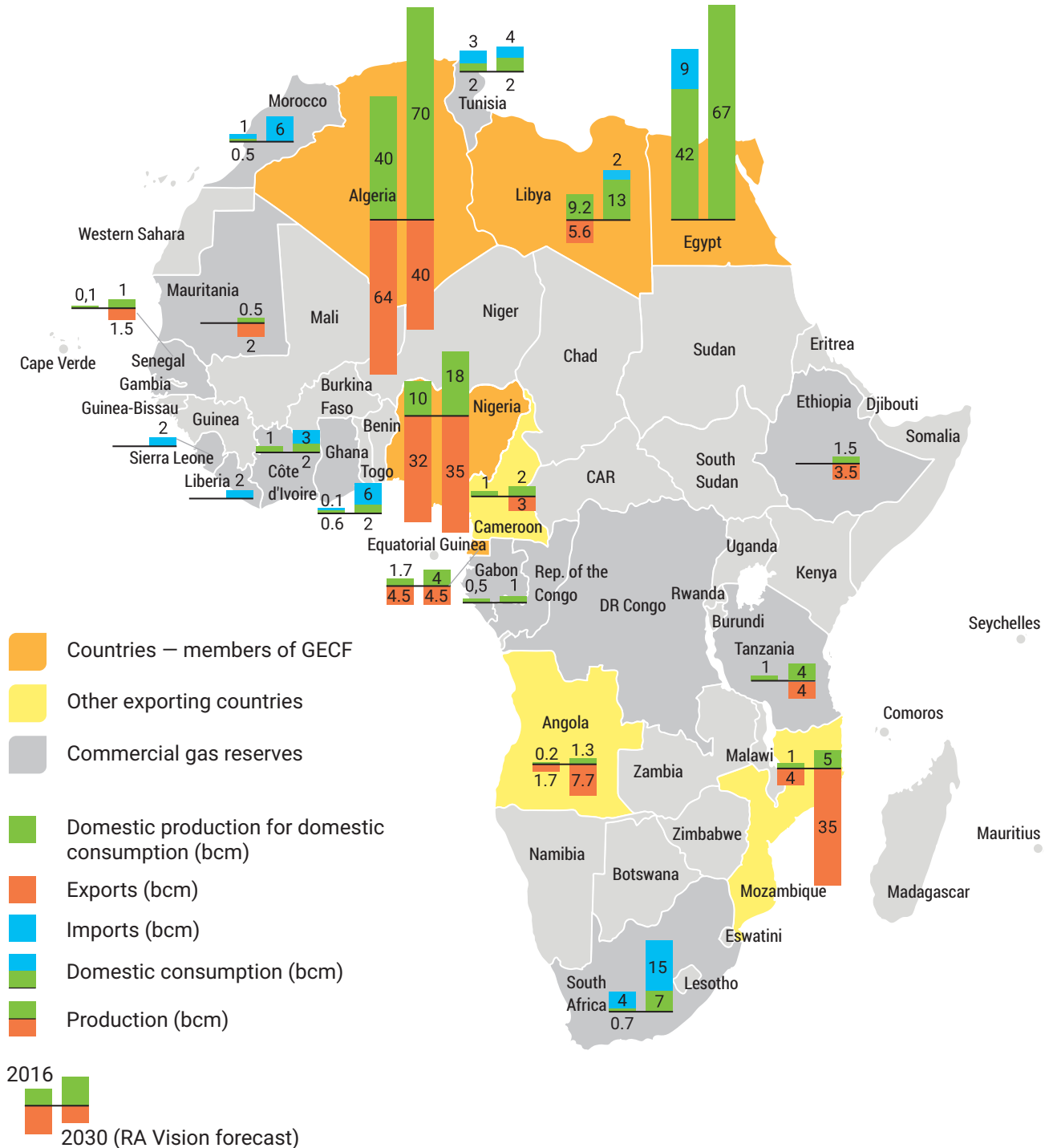
Limiting the influence of foreign monopolies on African economies, which persists after the dismantling of the colonial system, should become an important goal of inter-governmental associations and nation states of Africa.

Russian lawmakers and the expert community have considerable potential to share antitrust regulation with Africa. BRICS institutions and the interaction of the antimonopoly services of the BRICS countries can play a significant role in demonopolization of African economies.

Illustrations:

1. Gas exporting and importing countries
2. Electricity Prices in African Countries in U.S. Cents, 2018–2019

Gas Exporting and Importing Countries



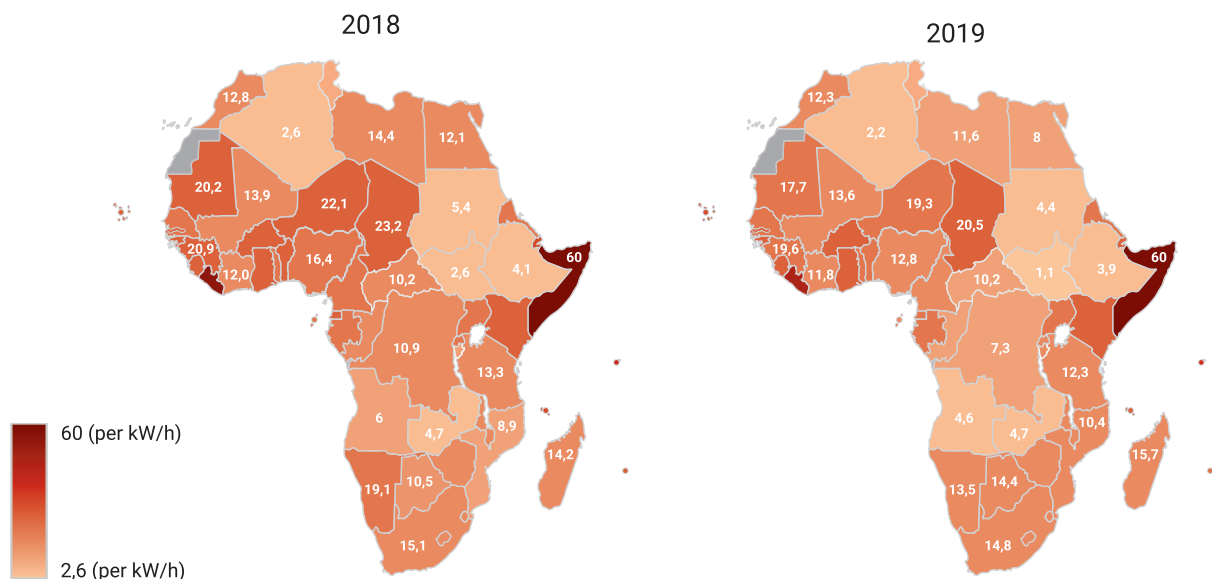
Source:

The U.S. Energy Information Administration, EIA;
Oxford Institute of Energy Studies; JODI-Gas; OPEC

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Electricity Prices in African Countries in U.S. Cents, 2018–2019



The price is measured on the base of estimated monthly consumption of electricity and invoice for March for a warehouse based in the largest business city of the economy of the country.

Source: World Bank study "Doing Business", 2019

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III.2 Electricity Prices in African Countries in U.S. Cents, 2018–2019.



ROUND TABLE

EXCHANGE OF LEGISLATIVE EXPERIENCE BETWEEN RUSSIA AND AFRICAN COUNTRIES IN REGULATING NEW ECONOMIC SECTORS: DIGITAL TECHNOLOGIES, INNOVATIONS, COMMUNICATIONS



ROUND TABLE: EXCHANGE OF LEGISLATIVE EXPERIENCE BETWEEN RUSSIA AND AFRICAN COUNTRIES IN REGULATING NEW ECONOMIC SECTORS: DIGITAL TECHNOLOGIES, INNOVATIONS, COMMUNICATIONS

African states are on their way to shaping policies and technological solutions which, when implemented in working institutions, will provide the avenues to achieve the sustainable development for the continent in accordance with the agenda of the African Union, aimed at creating an “integrated, prosperous and peaceful Africa.”

New industries and sectors of the economy will play a key role in meeting the challenges of the continent’s sustainable development. Among them there are smart agriculture based on processing of big data, integrated digital platforms, including for the provision of financial services, and single-window government services, mobile and satellite communications.

New industries require the development of legal framework on the basis of best international practices with the consideration of the specific development goals, interests of the economies and communities of the African states, consisting primarily in the reliable protection of high-tech sectors from becoming monopolized by transnational corporations.

Russia already possesses a significant amount of knowledge and experience in building the infrastructure for the digital economy and the digital state, including expertise in creating the relevant legal framework. The accumulated Russian experience can be adapted to African conditions, especially since many of the problems to be solved will prove similar.

In the next ten years, Africa will develop as a direction for sales of goods and services at a faster pace than the rest of the world, primarily due to the increase in effective demand from the rapidly growing population and the overcoming of the infrastructure deficit. With the continent transforming into one of the most attractive global areas for export and investment, the African lawmakers have to prepare advanced legal regulations that create a favorable investment climate and protect competition.

In modern conditions and with proper long-term planning, the lack of infrastructure may prove to be one of Africa’s strategic advantages — as the ability to introduce and scale the latest development models and technological solutions

from scratch without burdens of obsolete facilities that are subject to maintenance or disposal.

Using the change of technological paradigms as a window of opportunity for a leap from a catching-up model of development to an innovating one allows a breakthrough in the introduction of promising technologies of the “fourth industrial revolution” (Industry 4.0).

Africa remains the largest untapped market for the FAANG big five (Facebook, Apple, Amazon, Netflix and Google). This allows to position Africa as a potential playground for the emerging new global players to supplement or replace FAANG, consisting of a number of new international ICT ecosystems, possibly based on the developments of technology companies and start-ups of the BRICS countries. This potential advantage of Africa can be realized only under the condition of the **deliberate formation of a legislative and regulatory framework for a breakthrough development scenario** both at the national level and at the level of intergovernmental associations, **with an enhanced antitrust component**.

In this context, the use of Russian practices and the joint design of advanced approaches to digital legislation can be a historic milestone in Russia – Africa cooperation.

The main areas of ICT application in Africa until 2030 include:

- ▶ developing digital platforms;
- ▶ agriculture;
- ▶ education, including distance learning;
- ▶ healthcare, including telehealth;
- ▶ financial services, first of all, mobile;
- ▶ urban planning and public administration;
- ▶ remote monitoring of climate change.

Due to flaws in urban planning, inadequate funding of infrastructure, life in African cities is, on average, 29% more expensive than in cities with similar incomes from other regions of the world.

Some of the problems of cities in Africa are associated with a lack of political and financial autonomy of municipal administrations, with one of the implications being the inability to access the municipal bond market. Meanwhile globally this market is the major source of financing development projects for cities in Europe and North America

The new responsibilities and opportunities can be provided at the municipal level by the efforts of legislators. At the same time, a solution is needed based on the understanding of African cultural, historical and economic characteristics of relations between cities and their surrounding territories and population, dynamics of urbanization, legal status of territories, and other aspects.

In the urban development of Africa, smart solutions based on IoT ("Internet of Things") are in great demand, for example, water leakage control services (Upande, Kenya), travel planners for public transport (Where Is My Transit, South Africa), GIS garbage collection and processing systems (Taka Taka, Kenya), wireless Internet access services (poa! Internet, Kenya).

The demand for high-tech solutions in the African market is expected to grow explosively, determining the trend for urban spaces development across the continent.

The lack of land transportation infrastructure makes Africa one of the most promising markets for unmanned aerial vehicles (UAVs) – for security services, control, surveillance, and cargo delivery. In Rwanda the Zipline startup is delivering medications using drones, South African Aerobotics is using UAVs to monitor arable lands (the company successfully operates in foreign markets, including Russia), in other regions drones are transporting humanitarian supplies, monitoring illegal logging and mining, state of infrastructure facilities, etc.

According to the International Finance Corporation, half of the 44 million micro, small and medium-sized enterprises in Sub-Saharan Africa (90% of all private businesses in the region) have problems accessing sources of financing. The scale of the financial gap is estimated at \$331 billion.

The lack of financial resources is the main reason for the bankruptcy of small and medium-sized enterprises in Africa. 5 of the 7 registered companies go bankrupt during their first year of operation. This problem constrains the development of new industries and the growth of African companies in new markets.

The solution required to remove this development barrier is also legislative. Russia has extensive successful experience in supporting small and medium enterprises in ICT and other sectors of the new economy. These developments can be adapted and further developed to meet African needs.

Digital technologies will also help the African banking sector to organize risk assessment, lower rates and overcome the chronic shortage of high-quality borrowers in domestic

markets. Banks will be the driver for reduction of capital outflow, which has eroded Africa's largest economies over the past 70 years.

Legal encumbrances and restrictions on the use of agricultural land provide ample opportunities for the use of blockchain technologies in land cadastres and registers of owners. According to the data for 2018, projects for digitalization of the relevant registers are carried out in Ghana, Kenya, Zambia and Rwanda and are being studied in Ethiopia, Nigeria and Tanzania. In Zambia a digital registry of property rights project is being implemented by Medici Land Governance.

Africa is a home to 502 million people, which is 50% of the world's population, without identity documents (World Bank estimates). Their access to public services and exercise of political rights are limited.

At least \$6 billion of state budget funds will be invested under support of international financial institutions in the projects for registration and digital identification of citizens in Africa by 2030.

Digital personal identification requires a well-developed legislative framework that takes into consideration all possible risks and protects the interests of the people.

Digitization of financial services in Africa is the only way to expand public access to credit resources under conditions when less than 50% of the residents over 15 years of age have a bank account. The penetration of mobile communication and wireless Internet opens up prospects for the structuring of payment services, money transfer services, P2P lending, and microinsurance.

Russia accumulated extensive experience in the sphere of P2G and G2G electronic interaction systems applicable for Africa.

The role of states in Africa is changing: some of their powers are delegated to the African Union and regional associations, while the role of local communities in solving everyday problems is growing.

Nation states become a key link between local communities and the African Union as a continental organization, providing guarantees for their sustainable partnership and mutual respect of interests.

Digitalization creates a historic opportunity to strengthen the entire architecture of governance in Africa – from local communities to nation states and supranational institutions. Digital technologies enable opportunities for breakthrough improvements in the efficiency of state institutions, equalizing their operational capabilities with transnational corporations.

African states are on the verge of widespread adoption of the big data processing tools. Digital platforms will penetrate almost all spheres of public administration, while voter registers, electronic passports, digital tools for environmental and technical supervision, cadastres and passports of land plots, registers of licenses, natural resources, industrial and infrastructure facilities, etc. are becoming commonly adopted.

Public administration will rely upon the systems of distributed data storage and transaction processing, geo information systems, single window services for public administration.

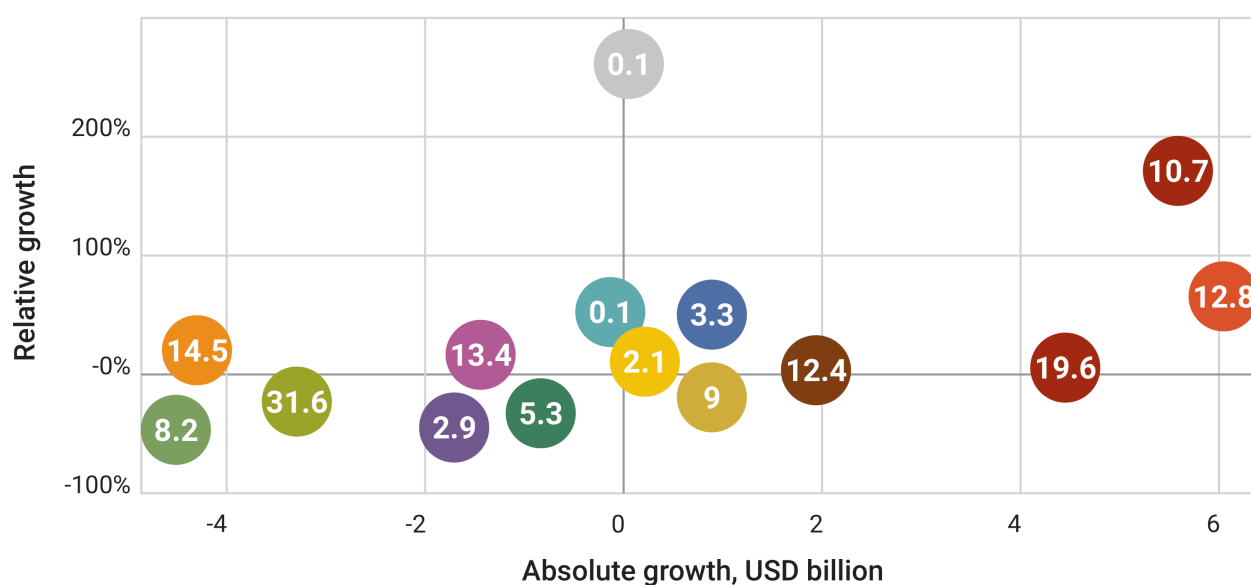
As a result of the digital transformation, African states will gain opportunity to develop human capital and infrastructure, while ensuring environmental conservation.

ICT market totaling at least \$100 billion will emerge within the African continent in 2020-2030 due to the digital transformation of public administration only.

Illustrations:

1. Non-commodity and non-energy exports from Russia, 2014-2017
2. Doing Business 2019: Ranking of African Countries

Non-commodity and Non-energy Exports from Russia, 2014–2017



● Traders and Offshores
● Western Europe
● CIS
● Latin America
● Middle East

● South Asia
● Australia and Oceania
● Sub-Saharan Africa
● South-East Asia
● North America

● Eastern Europe
● Other countries
● East Asia
● North Africa
● Africa in total

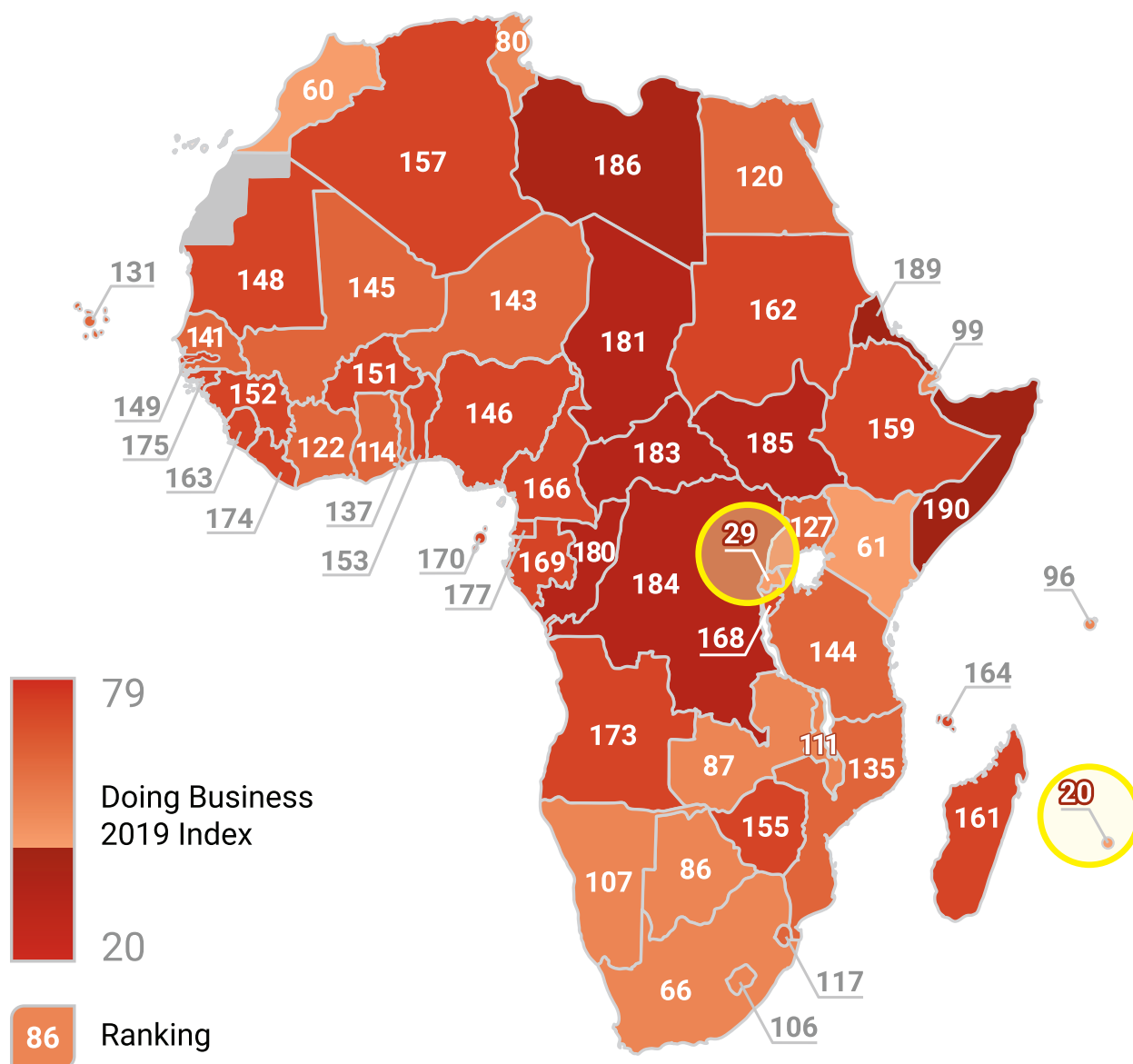
0.1 Non-commodity and non-energy exports in 2017

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Source: Russian Export Center JSC (REC), Intexpertise calculations

Doing Business 2019: Ranking of African countries



Country ▲	Index	Ranking
Mauritius	79,58	20
Rwanda	77,88	29
Morocco	71,02	60
Kenya	70,31	61
Tunisia	66,11	80

Country ▼	Index	Ranking
DR Congo	36,85	184
South Sudan	35,34	185
Libya	33,44	186
Eritrea	23,07	189
Somalia	20,04	190

Source: World Bank
doingbusiness.org/en/reports/global-reports/doing-business-2019

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