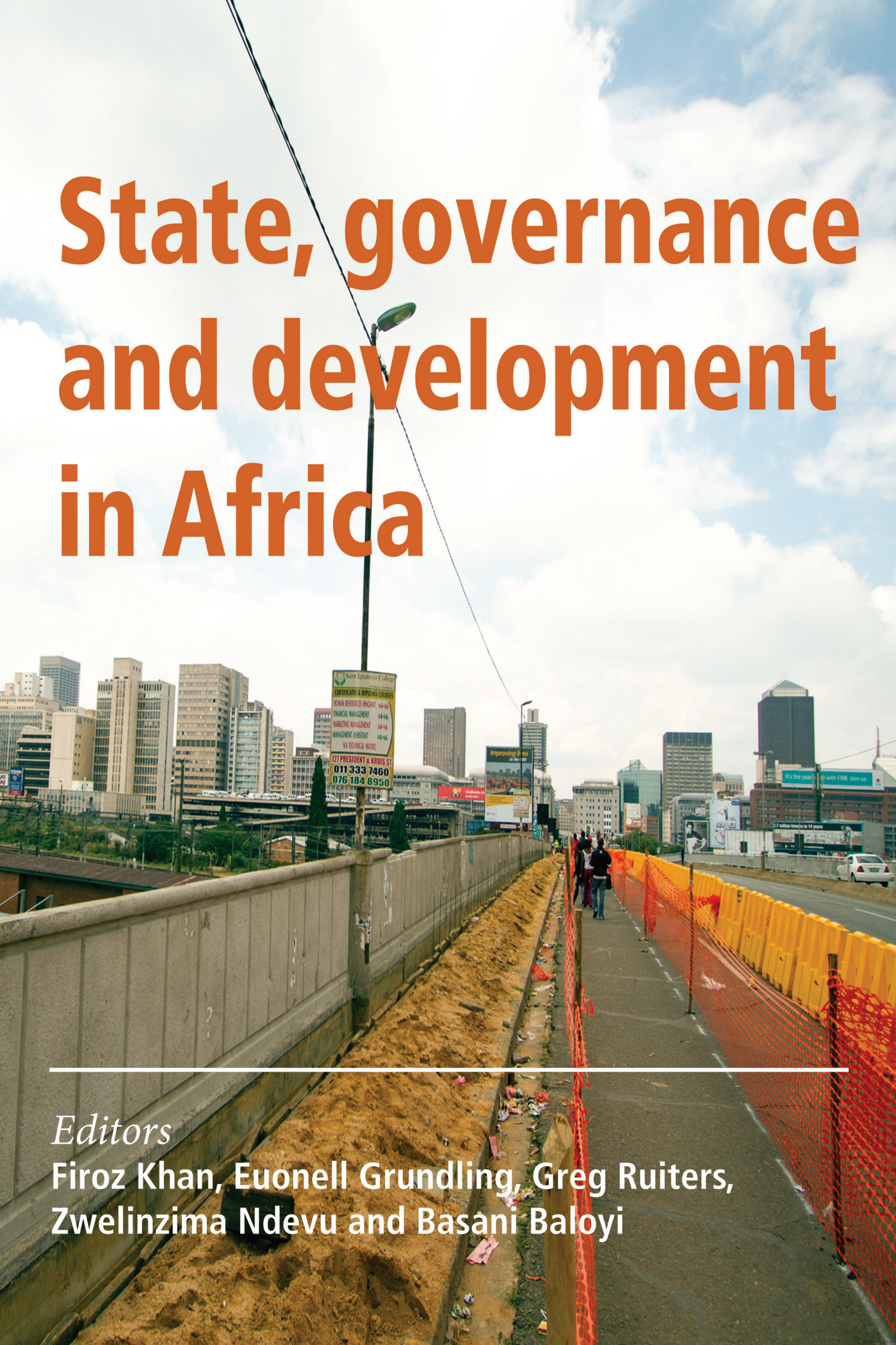
State, governance and development in Africa



Editors

Firoz Khan, Euonell Grundling, Greg Ruiters,
Zwelinzima Ndevu and Basani Baloyi

This is an important, rare, and much needed contribution to debates within Africa on governance and development … the editors and contributors to this book have taken on the hugely significant challenge of contesting received wisdoms and generating constructive analyses of the linkages between governance and development. Christopher Cramer, Professor of Development Studies, School of African and Oriental Studies, University of London, England.

What is overwhelmingly the most interesting thing about this book is that the authors are largely young Africans with distinctive points of view at a time when African economic growth is positive. Bill Freund, Professor of Economic History and Development Studies, University of KwaZulu-Natal, South Africa.

The inspiration for this book was a Summer School on State, Governance and Development presented by distinguished academics from the School of Oriental and African Studies, London. Written by young African scholars, the chapters here focus on state, governance and development in Africa as seen from the authors' vantage points and positions in different sectors of society.

The book opens with three forewords by eminent African scholars—Ben Turok, Johan Burger and Mohamed Halfani. The chapters that follow examine rent-seeking, patronage, neopatrimonialism and bad governance. They engage with statehood, state-building and statecraft and challenge the mainstream opinions of donors, funders, development banks, international non-governmental organisations and development organisations. They include the role of China in Africa, Kenya's changing demographics, state accountability in South Africa's dominant party system, Somalia's prospects for state-building, urban development and routine violence, and resource mobilisation.

At a time in which core institutions are being tested—the market, the rule of law, democracy, civil society and representative democracy—this book offers a much-needed multi- and inter-disciplinary perspective, and a different narrative on what is unfolding, while also exposing dynamics that are often overlooked.

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This is an important, rare and much needed contribution to debates within Africa on governance and development. Generally, the literature and construction of common sense about what constitutes good governance and how it is linked to 'development' is externally driven and debates within Africa are often either slavish in reproducing an internationally pleasing melody or cynical in avoiding the very real issues involved … The editors and contributors to this book have taken on the hugely significant challenge of contesting received wisdoms and generating constructive analyses of the linkages between governance and development … I strongly welcome this book and hope it receives the support it should get.

Christopher Cramer, Professor, Head of Department of Development Studies, School of African and Oriental Studies, University of London, United Kingdom.

What is overwhelmingly the most interesting thing about this book is that the authors are largely young Africans with distinctive points of view at a time when African economic growth is positive. There is an endless amount written about this subject but almost exclusively by visitors to Africa and representatives of international organisations seeking universal nostrums. This is something different and potentially very interesting, including as a teaching tool.

Bill Freund, Professor, Economic History and Development Studies, University of KwaZulu-Natal, Durban, South Africa.

This collection of essays … represents a fresh insight into governance and development issues from the standpoint of contributors with quite diverse academic and working backgrounds. It cannot claim to represent a singular African voice, for such a thing does not exist in nay simple sense, but what it does constitute, is a range of reflections on the part of a group of people with practical experience—sometimes remarkably so—of dealing with everyday governance questions across a broad spectrum of African countries. Above all, the collection aims to provoke critical reflection and debate. Its potential readership would include the higher education sector in Africa, Europe, North America and, hopefully, beyond.

Paul Nugent, Professor, Comparative African History (School of History, Classics and Archaeology), and Professor in African Studies (School of Social and Political Science), University of Edinburgh, United Kingdom. Currently, member of the Institute of Advanced Study (IAS), Princeton.

The team of scholars and African advocates assembled by Firoz Khan … provide research that I'm confident will be a welcome respite from the flow of both unwarranted Afro-optimism that multilateral banks have been relentlessly generating about neo-liberal public policy, and the neo-colonial

Afro-pessimism that has not yet recognised the southern drift of the Arab Spring to Senegal, Nigeria, Uganda, Kenya, South Africa and Swaziland.

Patrick Bond, Professor, Political Economy, School of Governance, University of the Witwatersrand, Johannesburg, South Africa. Previously, Director of the Centre for Civil Society and Senior Professor of Development Studies, University of KwaZulu-Natal, Durban, South Africa.

This impressive collection of essays by young African scholars presents a rich tapestry of innovative approaches to the thorny issues of development and governance in contemporary Africa. From a shrewd assessment of China's role in Africa as upending traditional 'good governance' paradigms, to an insightful look at the political demographics of Kenya, to an account of the tribulations of rebuilding the state in Somalia, to a frank challenging of the failure of South Africa's electoral system to provide representation for vulnerable groups, this volume is both a solid work of policy analysis and a plea for more focus on the need in Africa to address what one author calls 'the absence of a developmental state' in most of the continent today. Firoz Khan and his colleagues are to be heartily congratulated for providing a new and valuable tool for reassessing Africa's development and its promising but risky future.

Robin J. Lewis, Professor, Director, Master of Global Public Policy Program, Russian Presidential Academy of National Economy and Public Administration (RANEPA); President, International Development and Public Policy Alliance (IDPPA).

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ACKNOWLEDGEMENTS

Professor Mahmood Mamdani—academic, author and political scholar—recently remarked that, at variance with other economies regulated by markets, it is '[o]nly with capitalism' that the market has 'wrenched itself free from society' (Mamdani, 2012).[1] Consequently, mass impoverishment and 'gross enrichment' are travelling companions, with state (and not social) regulation accorded the role of reining in and tempering the ills and diseases of these mutually constitutive, or consubstantial, processes. But this remedy or 'solution' is rapidly turning into a problem, particularly when the modern or contemporary state is also trying to wrench itself free from society. In this case then, the provocative scholar bitingly and incisively asserts:

> *Not only do market forces threaten to colonise society, the state too threatens to devour society. Free markets are not a solution for poverty; they are one cause of modern poverty. State sovereignty is not a guarantor of freedom; it threatens to undermine social freedom.* The challenge *is not how the state can regulate the market, but* how society can regulate both the state and the market.
>
> (Mamdani, 2012; emphasis added)

At a time of intersecting crises—economic, world-systemic and civilisational—when our very conceptions of reality, our inherited wisdoms, our development theories, our representations of the world, and our relations to one another

1 Mamdani, M. 2012. Mamdani response to Stiglitz's 'Market failure' presentation, 18 July. Available from: http://watchmanafrica.blogspot.com/2012/07/mamdani-response-to-stiglitz-s-market.html [accessed 17 March 2014].

at multiple socio-institutional and spatial scales are disintegrating, what does regulating, subordinating and embedding the economy and market mean, imply and translate into? Added to this is an 'admixture' of a 'bureaucratic and comprador bourgeoisie', which mobilises and uses the state to repress and intimidate people 'to stop them' rebelling and revolting (Mbeki, 2013: 13–14).[2] If the dominant tools and stratagems of state (re-)construction and (re-)engineering, proposed and imposed by the Northern institutes/foundations/think-tanks—which this bourgeoisie embraces—reproduce and regenerate processes and forces of devastation and repression, they also purposively relegate—displace and dismiss—the insights, knowledge and expertise of Southern scholarship to the margin of philosophy, policy and practice. Worded differently, the dominant development discourses or the representations/themes/problems/remedies for the 'periphery'/'emerging markets'/'developing world' barely recognise—let alone acknowledge—the daily experiences of loss and despair and the relentless unmaking of institutions and social orders.

The genesis of this book—its ethos, spirit and inspiration—resides in a steadfast resistance and opposition to have our past and futures be written by 'others'. It is committed to building, nurturing and promoting Southern scholarship and scholars—with a specific focus on young African, first-time writers—embedded in their specific contexts and drawing from their first-hand experience, knowledge and expertise. To cite Mbeki again, 'the task to achieve the fundamental social transformation of our Continent—its renaissance—belongs to African people as a whole' (2013). The reconstruction and reconstitution of a 'people', of a society—a first step of this transformation—underscores the necessity to build and support an African intelligentsia which can challenge and defeat those who propose and impose revamped strategies and tactics that devastate and devour society. A second step is creating scaffolding and assembling platforms that enable expression and amplification of the views and voices that are committed to regulating,

2 Thabo Mbeki was the President of the Republic of South Africa and is currently the Chair of the United Nations Economic Commission for Africa panel to investigate and report to African leaders on the illegal export of capital and money laundering. Mbeki, T.M. 2014. 'Tasks of the African Progressive Movement', *The Thinker: A Pan African Quarterly for Thought Leaders,* 59: 12–20.

subordinating and embedding the economy and market in equitable, human and democratic formats and schemas. We acknowledge and salute the contributors' and writers' dedication and commitment in staying this long and painful journey.

The editors extend their appreciation and gratitude to the anonymous reviewers for their advice and suggestions which immeasurably improved the content and flow of the book. To my fellow editors, this has been a hard slog; I hope that you will forgive me my trespasses and transgressions. I am especially indebted to Greg Ruiters—my esteemed elder, colleague and mentor—whose passion, wisdom and hard work brought this book project to fruition. I can only say, 'Thank you, Boeta!'

To Nomusa Makhubu: there is no one else's hand that we could so assuredly have held for a quick and deep immersion into the cutting-edge world of art, culture and photography. We are touched and changed. To Sandy Shepherd, the publisher—we salute you and your team for selflessly going the extra mile for us, and for your patience and indulgence. To Glenda Younge, the publishing consultant, thank you for keeping the flame alive, encouraging and lighting the path in the darkest hour. To Gavin Younge: yours are indeed large shoes—one day! To my research assistant, Malebitsi Moloto, thank you for diligently assisting me in compiling this book. To my partner, Louise—this would not have been possible without you.

FK

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ACRONYMS AND ABBREVIATIONS

AgriSA	Agri South Africa
AIAI	Al Ittihad Al Islamiyya
AJPA	*African Journal of Public Affairs*
AMD	acid mine drainage
AMISOM	African Union Mission in Somalia
ANC	African National Congress
APPP	African Power and Politics Programme
AST	age structural transition
AU	African Union
BRICS	Brazil, Russia, India, China and South Africa
CDD	community demand-driven development
CEGB	Central Electricity Generating Board of Great Britain
CICRED	Committee for International Cooperation in National Research and Demography
CIR	community infrastructure rehabilitation
DFID	Department for International Development
CSO	Central Statistical Office
DBSA	Development Bank Southern Africa
EPL	exclusive prospecting licence
FDI	foreign direct investment
FOCAC	Forum of China and Africa Cooperation
GDP	gross domestic product
GHG	greenhouse gas
GoC	Government of China

HISP	Household Income Support Programme
HSRC	Human Sciences Research Council
ID	institutional development
IDA	International Development Association
IEA-Kenya	Institute of Economic Affairs Kenya
IFIs	international financial institutions
IGAD	Intergovernmental Authority on Development
IHS	Integrated Household Survey
ILO	International Labour Organisation
IMR	infant mortality rate
IRIN	Integrated Regional Information Networks
KNDR	Kenya National Dialogue and Reconciliation
LIS	Livelihood Investment Support
LDPI	Land Deals Politics Initiative
MDGs	Millennium Development Goals
MEC	minerals and energy complex
MGDS	Malawi Growth and Development Strategy
MNCs	multinational corporations
MP	Member of Parliament
MRC	Mombasa Republican Council
NAADS	National Agricultural Advisory Service
NBPS	National Biofuels Policy and Strategy
NEPAD	New Partnership for African Development
NIEs	newly industrialised economies
NPM	New Public Management
NUSAF I	Northern Uganda Social Action Fund I
OECD	Organisation for Economic Cooperation and Development
OLF	Oromo Liberation Front
OPM	Office of the Prime Minister
PAC	Pan Africanist Congress
PAI	Population Action International
PRDP	Peace Recovery and Development Plan
PRDP-NUSAF II	Peace Recovery and Development Plan-Northern Uganda Social Action Fund

PWP	public works programme
REIPPPs	renewable energy independent power producers
RETs	renewable energy technologies
RSA	Republic of South Africa
SID	Society for International Development
SLDF	Sabaot Land Defence Force
SNA	Somali National Army
SNM	Somali National Movement
SOEs	state-owned enterprises
SSA	sub-Saharan Africa
SSDF	Somali Salvation Democratic Front
SNF	Somali National Front
TFG	Transitional Federal Government
TFP	Transitional Federal Parliament
TFR	total fertility rate
TINA	there is no alternative
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa
UNEP	United Nations Environmental Programme
UNESCAP	United Nations Economic Social Commission for Asia and the Pacific
UNFPA	United Nations Population Fund
UN-HABITAT	United Nations Human Settlements Programme
UNITAF	United Task Force
UNOSOM II	United Nations Operation in Somalia II
UNPOS	United Nations Political Office for Somalia
UPPAP	Uganda Participatory Poverty Assessment Project
UPSR	Uganda Poverty Status Report
USA	United States of America
VU	University of Amsterdam (Netherlands)
WMA	water management areas

FIGURES AND TABLES

FOREWORD 1

Adjusting to an unstable world order

Ben Turok

We live in a fractious and unstable world order. Leaders of the world's most powerful countries, fearful of reactions to their actions from unexpected sources, and of negative judgements from their own supporters at home, hesitate to impose their will despite their massive military capabilities and their bases located around the globe. British Prime Minister David Cameron obtained approval for military action in Syria after two years of pushing for it, symbolising the uncertainty bedevilling leaders everywhere.

The uncertainty is exacerbated by turbulence in global financial markets as no one is really able to effectively monitor capital flows, nor predict how currencies will behave. The orthodox theories of finance are questioned by the most conservative of academics and the financial press does not hesitate to print the views of previously ignored critics. The contemporary answer to the global economic crisis in the form of quantitative easing, austerity through budget cuts, or even the more acceptable policy of counter-cyclicality, is under a cloud. As the United States toys with scaling down the state's role in providing liquidity by buying bonds from the private sector, so there comes a huge reaction in emerging markets to the possible withdrawal of capital from their economies.

In South Africa these troubling global developments are exacerbated by the stagnation in our economy. Not only is our gross domestic product (GDP) growth insufficient to overcome our appalling legacy of poverty, unemployment and inequality but the bedrock of the economy—mining, manufacture and agriculture—are all operating below optimum levels.

Furthermore, the Reserve Bank argues that there is little that monetary policy can do to boost the economy. The Treasury likewise argues that they need to protect the fiscus at all costs since the budget deficit is too high and interest payments on the domestic debt too costly. Many would dispute these sentiments, but for the present let us accept that conventional approaches to refloating our economy are not in sight.

Common sense calls for an assessment of where the concrete assets of our economy lie and how we could make better use of them in the national interest. The first thought that comes to mind is that South Africa has the best mineral endowments in the world. We have not only a broad range of essential and valuable minerals but also a very high proportion of total supply—approximating an effective monopoly. Additionally, the quality—in manganese, for instance—is often the best in the world. These precious assets cannot be destined only for foreign companies to beneficiate elsewhere; there is a clear case for a proportion to be mined and beneficiated within the country. After all, according to the law, these minerals—the property of the people as a whole—can only be exploited by private companies under government licence.

Recent evidence reveals that the present mining industry is deeply integrated within the rest of the economy: it sources 80 per cent of its requirements within South Africa, it employs about a million people directly and indirectly, and it also supplies a fair proportion of its output to the manufacturing industry, even though the greater proportion is exported.

Despite this, the mining industry, to a considerable extent, remains insufficiently connected to the rest of the economy to enable the country to become an industrial society. An example of this weakness is the production of machinery and equipment. In previous decades, the needs of the mining industry in machinery and equipment were met locally, thereby spawning a powerful engineering sector and strong manufacturing capability. With that went research and development, design and the relevant training, not only of professionals but also of thousands of artisans.

Over the last few decades, much of this capacity and infrastructure has been downgraded so that, presently, valuable forex is frittered away purchasing these products—negatively impacting our balance of payments. Moreover, we now cannot claim that the economic culture of the country reflects a society devoted to technological excellence, modernisation and structural transformation.

Instead, since the service sector has been growing much faster than the real economy, we are dependent on consumer demand for goods and services, which has been shown in other economies to be fraught with unexpected shifts and turns, partly in response to how they have adjusted to global volatility. The United Kingdom's loss of industrial capability renders it far more vulnerable to shocks than Germany, which has protected its industrial base/strength.

There is a body of academic literature which holds that the existence of natural resources in a country does not mean that those resources should necessarily be beneficiated within that country. Singapore and Switzerland are quoted as countries which have no minerals but produce machinery. It is argued that proximity of resources to markets is not necessarily an advantage. This means that these resources can be exported in raw form without beneficiation.

The experience of Africa—as a whole—is, however, that this approach creates isolated enclaves within the broader economy, which shares few of the benefits of the exploitation of the natural resources with the host country. Due to this, the leading institutions of the continent—the African Development Bank, the Economic Commission for Africa and the African Union Commission—have adopted the African Mining Vision and the United Nation's *Economic Report on Africa* (2013), which detail (among others) how Africa can maximise the benefits of its commodities.

There are no simple answers to the beneficiation of natural resources, be they minerals, timber or agricultural products. The essential step is to examine in a scientific manner the whole value chain to assess where value is added, by whom, and where the benefit accrues. The national interest requires that the whole question of rent-seeking by foreign companies is placed under the microscope.

What is also clear, as the South African case shows, is that there can be no escape from underdevelopment and enclave economies without a major push for knowledge creation and all its associated functions. Governments need to adopt new value systems centred on the pursuit of technological knowledge in all its forms with the associated training in science and mathematics.

All this requires a new mind set in government, which, regettably, is slow to emerge. Chapters in this book do, however, deal with statecraft, the role of the state in the economy and the deficiencies in this respect in many African countries. Also under examination is the functioning of state and other institutions without which economic advance remains stultified.

It is clear that the narrow focus of previous decades on monetary policy, fiscal discipline and the like has now been somewhat broadened, but the new focus on the real economy and how it should be used to grow the national economy has not yet been developed. However necessary it may be to keep a firm grip on inflation, interest rates and the budget deficit, expanding the real economy is essential to create employment and uplift society. Manufacturing holds greater potential for job creation than mining and the quality of jobs is better than in the services sector.

Ultimately, Africa cannot depend on recovery in the global economy and the stabilisation of its financial system. It has to look inward at its natural resources and assets to see how these may be exploited for the greater good of its own people. This book provides many insights into these matters as authors grapple with complex themes of development, statecraft and government in an unstable world order.

FOREWORD 2

Rethinking governance and state construction: Learning for a sustainable African future

Johan Burger

Is this the final century for humanity on its slippery slope to self-destruction?

Despite the apocalyptic nature of this opening question, it demands serious contemplation: contemporary literature and scientific evidence lead to overwhelming consensus about global symptoms of a trajectory to self-destruction, yet somehow the belief persists that humanity can continue with its cherished ways of living and that somehow global decline will be halted before the point of total obliteration.

The global problem

The global population is approaching eight billion and current levels of inequality and overconsumption clearly demonstrate that humanity is in trouble. The premises of what constitutes 'sustainable living'—undisputed for centuries simply because the global population was small enough for mother earth to forgive humanity (or, more precisely, 'subsidise') its mistakes — have become the core of the problem of self-destruction.

Adam Smith, father of capitalism by virtue of his most famous and influential book, *The Wealth of Nations* (1776), argued 17 years before—in his first book, *The Theory of Moral Sentiments*—that the premise for expediency should be founded on sympathy, benevolence and compassion. He also maintained that the principle of sympathy—a law of equal relevance as gravity—is the prerequisite for sustainability: 'man' should regard himself 'as a member of the vast commonwealth of nature' who should at all times be willing to sacrifice his own little interests for the interest of the great community (Smith, 1976: 3, 140). Sadly, these basic premises of Smith disappeared from view and what was retained instead was/is the notion that the rich and the powerful should be admired, almost worshipped, while the poor should be neglected, if not despised, in the interest of 'maintaining the distinction of ranks and the order of society'.

The end of the Cold War—marked by the collapse of the Berlin Wall, the demise of the Soviet Union, and popular uprisings in eastern Europe—exacerbated the belief in global imperatives for reform of public services embedded in market logics, with taunting references, to the 'dead hand of bureaucracy' (as opposed to Adam Smith's 'invisible hand of the market', which is alive and well [Newman & Clarke, 2009: 17]).

'Good governance' became a narrative of state and market (Newman & Clarke, 2009: 69) infused with three neo-liberal themes: 'Anti-statism', 'Regulationist', and 'Economising the state'. This meta-narrative elevated the market to *master* with the state serving the master; in its extreme, the market is supposed to displace and replace the state. This grand narrative held that markets grow, states shrink and international markets render nation-states vulnerable. The response of the state should then be to promote/facilitate/enable market delivery of (hitherto public) services via contracting out and privatising state assets. In fact, public services were redefined to include *making* markets—that is, closing the public–private divide by carving space for multinationals to compete with states in the marketplace of service industries. Notably, this powerful narrative reworked memories—that is, the market society was/is the natural condition of humanity. Finally, the 'New Public Management Paradigm' advocated that the state should mimic the market by introducing competition and choice and the 'public' (communities, citizens and individuals) should be *(re-)engineered* to become market/economic agents (Newman & Clarke, 2009: 73–82).

Modernity then, as development theory, was succeeded by 'hypermodernity' (Charles, 2009, cited in Adams & Balfour, 2012: 18; Newman & Clarke, 2009: 129)—that is, a radical modernity that intensifies the modern logic of human rights and democracy as mandatory values, impelled by the market having become a global economic reference system reaching into the remotest places on the planet and colonising every aspect of existence. An escalation of instability, velocity and excess followed shortly.

And the result: a massive 'surplus' of displaced and dependent humanity, deprived of self-sufficiency. According to Bobbit (cited in Newman & Clarke, 2009: 70), the market state as successor to the nation-state depends on international capital markets as stabiliser of the world economy, and, to a lesser/reduced extent on the modern multinational business network. Bobbit argues that 'if it is more efficient to have large numbers of people unemployed, because it would cost more to the society to train them and put them to work at tasks for which the market has little demand, then the society will simply have to accept large unemployment figures'! (2003, cited in Newman & Clarke, 2009: 70) This cold acceptance is not unrelated to the marginalisation and victimisation of the poor and the 'mean condition'—described by Adam Smith in 1759—'the great and most universal cause of the corruption of our moral sentiments' (Smith, 1976: 61).

Greig et al. (2007: 109) point out that prior to the eclipse of the American century, international relations were characterised by serious conflicts, including independence struggles, territorial incursions, border disputes, ethnic cleansing and other conflicts along the (social) faultlines of religion, ethnicity, race and nationalism. They emphasise that Fukuyama's 'end of history' was actually the continuation of fundamental global divisions and the manufacture of the (present) historically unprecedented gap between core and periphery.

Stiglitz (2010) alerts us to the social damage wrought by pervasive breaches of trust spawned by the conflicts and divisions:

> *We have gone too far down an alternative path—creating a society in which materialism dominates moral commitment, in which the rapid growth that we have achieved is not sustainable environmentally or socially, in which we do not act together as a community to address our common needs, partly because rugged individualism and market fundamentalism have eroded any sense of community and have led to rampant exploitation of unwary and unprotected individuals and to an increasing social divide.*
> (Cited in Adams & Balfour, 2012: 15)

Moreover, this social damage and lack of social trust release poison that causes institutions and organisations to become increasingly corrupt and venal, generating even more mistrust (Newman & Clarke, 2009: 129).

Africa, no future?

Governance based on neo-liberalism has resulted in the over-consumption of global resources and worsening of fundamental global divisions—indeed, the greatest ever gap between core and periphery. Africa, more than anywhere else, shows that the world is divided between the 'haves' (beneficiaries of neo-liberalism) and the 'have not's' (living on the periphery in greater despair than ever before).

Africa—one of the destinations of brutal plunder of human and natural resources and land—provided the means for the accumulation of huge fortunes by European countries. For Africa, the social and economic results were devastating. Apart from the obvious social decimation visited on families and communities and societies by the slave trade, it also damaged the patterns of trade across Africa, including trans-Saharan trade. Moreover, the introduction of Western currencies undermined and destroyed local monetary systems. It also created small wealthy local elites who—in association with merchants of Europe and America—fostered and solidified export dependence, with local production confined to a narrow range of raw materials aimed at satisfying European markets. This trade system created interlocking economies dominated by the Western capitalist centres and exploitation of the African periphery, heralding the start of globalisation, which marginalised much of sub-Saharan Africa (see Umeh & Andranovich, 2005: 3). The mayhem caused by merchant capitalism and colonial occupation erased and/or displaced local socio-governance frameworks. The imposition of Western/colonial socio-governance and territorial-administrative governmental techniques/technologies provided the political instruments required to advance and resource industrial development and capitalism in the North (Davids et al., 2009: 6).

Currently, new demands on African resources include the poaching of elephants and rhino, as well as shellfish, by crime syndicates to satisfy Asian tastes and beliefs. Crime has become a rewarding sector of the economy generating numerous employment opportunities. The criminal element now invades many households and affects even more. Drug abuse, gangsterism, prostitution and other forms of socially dysfunctional behaviours blight communities.

Described so far is the 'dysfunctional' context within which societies are governed in Africa, but many reports and articles paint up-beat scenarios of reductions in poverty and positive economic performance. However, when the focus shifts to the quality of governance—while severely challenged by this dysfunctional context—it would be incorrect to attribute all the blame for its poor quality on history and external exploitation. This applies equally in our search for—and articulation and championing of—sustainable African futures. In thinking through and working with the sullied resources at hand, two other dysfunctionalities loom large: incapacity and misconduct.

The Africa Competitiveness Report (World Economic Forum [WEF], 2013) notes that many African economies continue to be among the least competitive in the Global Competitiveness Index (GCI), with 14 out of the 20 lowest-ranked economies being African. Undeniably, more competitive economies tend to produce higher levels of income and other desired forms of value for their citizens. The dysfunctionalities highlighted in the GCI Report include low and declining productivity levels caused by the poor quality of institutions, infrastructure, macroeconomic instability, low education and lack of information and communication technologies (ICTs). With regard to the governance failures, low institutional scores specifically indicate that capacity and compliance in the public sector is deficient, defective and deformed.

Regarding corruption as a highly specific manifestation of incapacity and non-compliance, Van den Bersselaar and Decker (2011: 742) argue that the processes of colonialism, decolonisation and post-colonialism (in Africa) collectively contributed to 'establish the institutional framework which gave rise to generalised corruption as a fusion of two contradictory systems'. Corruption as an institution, they assert, although dysfunctional, can persist because it is anchored in 'mental constructs' (values, norms, beliefs). Secondly, even if dysfunctional, there are increasing gains from maintaining such a stable institutional framework (Van den Bersselaar & Decker, 2011: 751).

Consequently, the (mis)conduct of public leaders and senior officials releases the poison sustaining the dysfunctional system. Lipman-Blumen (2005: 2) claims that such 'toxic' leaders, among other things, *engage in corrupt, criminal and/or other unethical activities that deliberately feed their followers' illusions that enhance the leader's power and impair the followers' capacity to act; play to the basest fears and needs of their followers; mislead followers through deliberate untruths and misdiagnoses of issues and problems; subvert those structures and processes of the system intended to generate truth, justice, and excellence; ignore and/or promote incompetence, cronyism, and corruption; behave incompetently by misdiagnosing problems; and fail to implement solutions to recognised problems.*

Learning for sustainable African futures

> *We must, constrained by and yet regardless of the accumulated effect of our historical burdens, seize the time to define for ourselves what we want to make of our shared destiny.*
>
> (Nelson Mandela, 24 May 1994)

It would be naïve to seek an answer to the current dysfunctionalities in a massive reform agenda for nation-states, regions, continents and the world. To wish for a world leader like the late Nelson Mandela, whose humble and honest charisma served to 'detoxify' South African society, is misplaced idealism.

Swilling (2011: 89) argues that neo-liberal economies ransacked global resources to benefit the minorities constituting the global middle and upper classes. The traditional Keynesian economics and developmental states also ignored ecological constraints. Swilling (2011: 89) proposes a synthesis of the core logics of institutional and ecological economics overlapping with ideas about social learning, innovation and deliberative democracy. This mix is proposed as the key to sustainable development. These logics are central to the *public value* approach; the theory offered herewith as learning that could potentially arrest and reverse the cycle of decline and deliver sustainable African futures.

The plural 'futures' does not indicate that we envisage two societies in Africa consisting of 'haves' and 'have not's' as in the past, but that normative futures are created on the level of communities, therefore rejecting the understanding of society as homogeneous (as in traditional public administration). However, it also does not indicate an adherence to the

New Public Management (NPM) understanding of society as 'atomised' (Benington, 2011: 34), but an understanding that communities and their values and needs are diverse. The institutional learning therefore required for creating sustainable African futures includes understanding how to:

- identify the manifestations of a dysfunctional context in the 'dark side' of the loyalty, trust and reciprocity that provide the social glue for binding civil society together—that is, to look beyond the symptoms of civil society anger to find the 'cancers' that grow and thrive in the absence of positive 'social glue'
- foresee the impact of local choices on global inequalities and environments so as to actively combat negative externalities that would worsen contextual dysfunctionalities and further compromise the future
- instil irreproachable ethical conduct among public leaders and managers.
- instil the desire and ability to act with integrity in compliance with the requirements of public accountability
- instil the capacity to engage with communities in a manner that empowers them to be the shapers of positive strategies for development
- instil the capacity to define mutual output linkages and potential mutual output disjunctures to desired outcomes
- instil the capacity to follow holistic, multidisciplinary and multi-stakeholder approaches in problem sensing and structuring and in searching for the 'correct'/'appropriate' answers to problems
- instil the capacity to interpret concerns for fairness, equality and social justice when defining relevant actions
- instil the capacity to orchestrate co-production and create networks that would maximise public value
- instil the ability to use management techniques in the context of what public value entails
- instil the ability to measure performance in terms of the level of achievement of desired public value outcomes, and the absence both of negative externalities created and negative internal actions that would decrease resource utilisation efficiency.

By revisiting the past to determine what should have happened, we can learn to define what should happen in future to correct past unsustainability and create sustainable futures (Dunn, 2012: 122). With that knowledge, the restoration must start! The narrative captured in the four parts of this book progresses through more deliberately contentious and provocative arguments about grappling with the multiple issues on state, governance and development in Africa:

> *Unless we are able to answer the question 'Who were we?' we will not be able to answer the question 'What shall we be?' This complex exercise links the past to the future and speaks to the interconnection between an empowering process of restoration and the consequences or the response to the acquisition of that newly restored power to create something new.*
> (Thabo Mbeki, African Renaissance Speech at the United Nations University, 9 April 1998)

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FOREWORD 3

State, governance and development

Mohamed Halfani

If there is any set of constructs relating to Africa's development that has been a subject of intense and divergent analyses, none surpasses the trinity of state, governance and development. Paradigms have emerged, methods have been built, borrowed and imposed, and tools have been crafted, all in the quest to understand, explain and grapple (with) the *African* situation. Yet, the reality has remained elusive and ever intriguing both in its comprehension and, more severely, its moulding in some desired configuration.

This book launches a fresh discourse on Africa's current predicament. It casts new perspectives on the critical forces underlying the continent's trajectory as it celebrates its golden jubilee in striving for peace, development and unity. The book interrogates the normative premises, intellectual foundations and operational basis of the three critical vectors across time and space. It endeavours to provide a different narrative of what is unfolding, while also exposing dynamics often overlooked. The book more or less advocates for a reconstruction of the African development agenda.

The diversity of its authorship—which pitches together analytical competencies from a range of disciplines—not only underscores the necessity for a multidisciplinary approach to understanding the African situation but also, more creatively, serves to register the magnitude of the African complexity. While presented serially, the chapters expose the different facets of the challenge confronting the continent—right from its demographics, its locus in a world witnessing a political and economic reassertion of new global forces, to its acknowledgement of a new mode of accumulation impinged by resource constraints. These complexities are put against a backdrop of an institutional dynamic juxtaposing a domineering state machinery but also lacking the capacity to be transformative.

The fact that this book is also authored by a new crop of scholars provides an interesting tinge. While faithfully acknowledging the corpus of knowledge on African development built up over the past decades, the authors do not opt to remain unbound to any intellectual tradition—liberal or radical left. The political basis of elections is explored, state institutions are dissected, and even a synthetic category—'*cityness*'—is advanced. In the same breath, however, matters relating to class, gender or ownership relations are not accorded an overbearing prominence. To some extent the methodological flexibility adopted has enabled the much required concretisation of the African reality, thus avoiding the excessive abstraction characterising a great deal of the past political analyses of the continent.

In terms of methodology, to a certain extent, the book also implicitly brings to attention the state of flux of the social sciences and their current limited ability to clearly illuminate the reality of the developing world (the Global South). While the implosion of the Soviet bloc brought to disrepute leftist analytical traditions, the cascading crises of the past two decades in the West have exposed the fallacies and limitations of liberal scholarship. Simultaneously, the prescriptions of powerful multilateral institutions, particularly with respect to Africa, yielded more damage than good. Within African nations, sustainable innovations as well as replicable and scaled-up interventions are generated from premises that are the very opposite of classical textbook theories. One is almost tempted to pronounce a crisis in (African) development studies!

However, this book confronts the tensions and negations that compel one to pay little attention to the nuances—which are critical but also mainstream.

Pedantic articulations of state, governance and development deployed in much of the analytical work of the past three decades are indisputably inadequate for an understanding of the African situation today. The widespread adoption of political pluralism, the extensive liberalisation and opening of economies, and also the pervasive influence of information and communication technology have completely reconstituted the African socio-political and economic setting and generated a totally different set of dynamics. The immediate post-independence project of nation-building, institutional development, socio-economic transformation as well as political integration almost imploded in the 1980s with rampant coups d'état and civil wars. The outcomes of the subsequent reforms are now beginning to be consolidated, but also reveal new fissures, such as inequality, crime and institutional imbalances. Notions such as the 'state' being an instrument of the ruling class—or governance as an ensemble of relations with their underpinning norms, values and politics—are all insufficient for understanding the emerging dispensation. This book underlines a need to wrestle with this new reality.

The endeavour to go beyond policies, programmes and legal rationalism in addressing the future of Africa's development as recommended in this book is quite timely—especially at a juncture when Africa's urban population in absolute numbers is almost approaching that of Europe. Cities and urban centres, in general, generate more than two thirds of the overall gross domestic product. The constellation of these and other forces in the global arena is availing an opportunity for Africa to strategically harness its competitive advantage. Indeed, it is imperative that the developmental vision be comprehensively revisited to propel the continent into a new momentum. As illustrated in this book, seemingly technical interventions such as tax regimes or the green economy need to be critically reviewed to understand their broader implications.

The publication of this book follows an important visioning exercise that took place on the continent from May 2013 to June 2014. The extensive consultations initiated by the African Union (AU) to formulate a shared and collective vision for the next 50 years is a process in which a book like this can serve as a modest scholarly contribution. The thematic framework of this vision—Pan Africanism and the African Renaissance—resonates strongly with the gist of this book. The AU's *Agenda 2063*, as it was officially designated, was aimed at taking the continent to an 'integrated, prosperous and peaceful Africa, driven by its own citizens and representing a dynamic force in the global arena'. The call by this book to re-examine the fundamental premises of the discourse and to redirect analytical and policy perspectives offers useful pointers to inform this exchange.

At the global level, Africa has high stakes in the ongoing assessments of the Sustainable Development Goals and the formulation of a new global development agenda. Lessons of the past two decades underline the critical importance of governance and institutional capacity, aspects that were previously not given due attention. As they now attract focus, their epistemological veracity is a dimension that is examined critically in this book.

In the end, as an exposition of a moving trajectory, this book does not pretend to provide solutions to Africa's development challenges. It only modestly paves a way, removing the weeds and shrubs, for a collective endeavour to determine an African path, in terms of policy and scholarship, that is congruent with the prevailing reality. I recommend it both to scholars and to African practitioners. It opens a new vista in Africa's development discourse.

INTRODUCTION

Firoz Khan

> *To whom does contemporary Africa really belong? Are Africans living in borrowed clothes? Is there a particularly African way of understanding and administering power? … How do colonialism, global realities, contemporary African politics, and talk of an African Renaissance* [condition] *and impact each other?*
>
> (Breytenbach, 2007, cited in Doxtader et al., 2015)

These are indeed *'live questions'* (Doxtader et al., 2015: xxvi) with any critical engagement requiring 'a real grasp of the historically generated and limited situation' of Africa in modern times (Freund, 1999, cited in Moore, 2014: 107)—that is, 'hard-nosed materialist realism: neither utopian nor fatalist' (Moore, 2014: 107). This is by no means an easy undertaking in the world of thought awash with complexity-stripping 'crackpot realism', shopping trolley approaches to development—policy-makers freely pick and choose theories that 'rationalise existing political priorities to act, or to do nothing' (Hintjens & Pavan, 2011: 869); and 'epistemologies of certainty' where 'often what passes as knowledge is little more than *opinion*' (Utting, 2006: 7; emphasis added), prejudices and delusions of the wealthy and powerful. Not unsurprising, then, is why 'deviation from mainstream opinions and world views restricts 'access to power and influence' (Utting, 2006: 7). In other words, the 'rite of passage for anyone who wants to be taken seriously on the public stage' (Galbraith, 2009, cited in Berry, 2014: 15–16). Why would this situation be any different given that 'one of the main connections between culture and imperialism' pivots on the 'power' to 'block other narratives from forming and emerging'? (Said, 1994: xiii).

On the flip side, though, the 'history of progressive ideas related to development'—'development' being the 'single most articulated existential rationale of African governments' (Prah, 2011: 1)—'teaches' us that they originate in environments where individuals and institutions are 'relatively independent of "the centre" of mainstream schools of thought' (Utting, 2006: 7). It is this spirit of epistemic disobedience (Mignolo, 2009) and transgression that inspires the contributors to this book to spotlight the ceaseless making, unmaking and remaking of state, governance and development in Africa.

Connecting the various contributors—and indeed key to any intellectual endeavour that seeks to break with the mainstream—is a (corrective) reconnection of theory and practice. Research suggests that in a break with the past, when 'practice preceded policy and policy preceded theory'—theory as 'codification of practices'—the last quarter century has witnessed the reversal of this chain of causation with 'theory now clearly predating and determining policy' (Ocampo, 2006: x–xi). This is not unrelated to the rebirth of neoclassical economics in the 1960s and 1970s, which among others, was the political enabler and/or intellectual bedrock of neoliberalism. The neo-liberal governance regime is characterised by its 'indifference to evidence', aggressiveness towards critics, diminished political accountability (virtually unaccountable) and the subordination of policy goals and objectives to market-maximising rationalities (Leys, 2006: 12–15). It is this policy regime—and highlighting here 'indifference to evidence' (not unrelated to the subordination and tyranny of formulas and maths)—that hardwires the 'rolling back the state', the Washington Consensus, structural adjustment and the (institutional monocropping) 'good governance' nexus. Re-establishing the connection between theory and practice (theory derived from practice and historical record) and displacing the 'opinion–policy' universe of the last 20 years is the umbilical cord connecting these contributions.

Uniting the contributors is the perspective that no society develops on the basis of borrowed language and borrowed clothes. In mind here is the finding that the approaches of the last 50 years of 'development'—modernisation, dependency, structural adjustment, sustainable development, human development, post-Washington Consensus, 'good governance'—have failed to deliver a viable basis for African economic and social development, which highlights 'inherent and fundamental weaknesses in their construction' (Prah, 2011: 2). Accordingly, the contributors also hold the view that any meaningful inquiry into society and change can only be pursued in the language and the specific *society* in which it is conducted. This, then, disqualifies the imposition of any explanation of social behaviour and change derived from some logic, universal theory, ideology or formula outside *society*. The contributors thus repeatedly raise the question of why our leaders, decision-makers and civil societies 'acquiescently allow ourselves and our minds to transit from one theoretical vogue to the next as if this is the most natural thing to do' (Prah, 2011: 2). Why does the prey fail 'to see enemies who tower over it like mountains'—enemies who live only to 'hunt and eat and rest and be fresh for the next meal'? (Rafique, 2015, cited in Sosibo, 2015). When will the so-called 'African Lions' awake to the realisation that until such time as we write our own languages and narratives, the 'history of the hunt will always glorify the hunter'? (Achebe, 1994, cited in Williams, 2013).

And on the small matter of history—all the contributors share an acute sense of the 'presence of history' (Bundy, 2013: 1); of how history shapes the present and defines the now and how what is 'usually described as *post* [colonialism/colonisation] … on closer inspection … all have longer histories' (Bundy, 2013: 1). More prosaically, adhering to George Orwell's famous dictum about history as social construct—'Who controls the past, controls the future. Who controls the present, controls the past'—all the contributors are united in the belief that 'history need not repeat itself' (Cheru, 2012: 271). Worded slightly differently, the 'past is a choice, a decision about what to remember and what to forget' (Doxtader et al., 2015: xxv). It is important to remind ourselves that the millions of Africans born and reared in the 'aftermath' of the appropriation and implementation of the *nexus*—structural adjustment and conjoined 'good governance'—'have lost connection with their own histories in an environment of [a globally homogenising and strait-jacketing] CNN and McDonalds culture' (Manji, 2014: 42). As Milan Kundera expressed it:

> *The first step in liquidating a people is to erase its memory. Destroy its books, its culture, its history. Then have somebody else write new books, manufacture a new culture, invent a new history. Before long the nation will begin to forget, what it is and what it was. The world around it will forget even faster … The struggle of man against power is the struggle of memory against forgetting.*
>
> (Kundera, cited in Manji, 2014: 42)

To sum up then, any attempt to reclaim the past, contest the present and invent the future must be

> *… rooted in the discovery of a shared concern for language and the invention of vocabulary with a constitutive power, a power of self-definition held in common by all of those who profess 'I am an African'.*
>
> (Doxtader et al., 2015: xxxii)

What might such a language and vocabulary sound and look like? And what 'powers' must be assembled, marshalled and mobilised to overhaul the hard and soft circuitries of old and 'new imperial governance' (see Glenn, 2014)—that is, the integrated regime of civilising, bombing, exterminating, calming and containing the restive/restless 'natives'? (Desai, 2004: 1). History is not on our side because the forces and powers ranged against the liberation of the masses from 'autocracy, hunger, poverty, ignorance, disease and dehumanisation' (Mbeki, 2015a) constantly shape, shift and morph, which impacts on the language and vocabularies. On the one side are the many external forces 'convinced that Africa is directly and immediately relevant to their own exclusive interests, which do not necessarily have anything to do with the welfare of uplifting of the African people' (Mbeki, 2015a). Then there are the 'narrow national ruling elites' (Mbeki, 2015: x)—a 'bureaucratic and comprador bourgeoisie and its attached political class' (Mbeki, 2014: 13–14)—that wield state power to facilitate (external) plunder, looting and exploitation and mutual (often undeserved and unearned) enrichment (Khan, 2015). It is not only this bourgeoisie's complicity in the incessant reproduction of old and (re)new(ed), multiple, spatially scaled cycles of 'accumulation by dispossession' that is dispiriting (see Ruiters in this volume for a full explanation) but also the discourses and dispositifs, and technologies and techniques they employ to justify their rule, predation and the transnationalised neo-liberal hegemony. Paradoxically, this includes the mobilisation of the masses to support and legitimate their thieving and plundering. In numerous African countries we have seen the capture of the state by charismatic 'good men', who trade on their struggle credentials, history and virtue to anoint themselves as liberators, saviours ('men of special insight') and the 'sole' representative of the majority and its aspirations. This capture of the state by these 'men of special insight' is normally preceded by or runs in parallel with the co-option, demobilisation and coercion of civil society, which sets the scene for the sole representatives to usurp, appropriate and reconfigure the public realm in very specific discursive forms and formats. At the base of this is the elaboration of development 'visions' and plans—selected presentation of past/present/future, packaged in both elegant and inelegant linguistic and semiotic construct(ion)s—a 'gospel of prosperity' that will deliver to *all* people and championed with missionary zeal. These visions are majestic, couched in wholesome and fulsome language and terms of redress, inclusive development, renaissance and renewal—derived from theories, ideologies and formulas largely of their own making—but marketed in the public realm as the magic carpet that will transport the masses to freedom, justice and democracy. Rarely, though, do these grand constructs and constructions correspond to the 'real world', the lived experiences and the language of the poor (majority society) inhabiting the slums and shantytowns of the past/present/futures, but their genius resides in skilful interpellative processes that effect a 'unity' of elite aspirations and interests with those of the masses. This 'unity' serves to make policy choices 'automatically progressive' (Blatt, 2013: 14), regardless of their content and effect on the majority and society as a whole. It is in this sly and subtle *bourgeoisie* colonisation of civil society that (global) accumulation by dispossession, national political dispossession, and the internalisation of imperialist reform agendas are secured and delivered (see Khan, 2015).

If this is one leg of the grander problematic confronting the 'discovery of a shared concern for language and the invention of vocabulary', then the other is 'epistemologies of certainty' where there are 'simple, clear direct and prescriptive readings of the world that can be translated into policy and action' (Shepherd, 2010). Embedded in a 'development discourse that sees Africa as a problem to be fixed', 'Africa functions as a sign of dysfunction and failure (a failure of modernisation, development and governance)'.

> *This is an enclosed moral universe, a world of us and them, in which you are either for us or against us (begging the question of who the 'us' and 'them' are in this formulation). Such developments … are of particular interest to scholars of Africa, long subjected to a knowledge economy distinguished by two features—knowledge from the outside and certain knowledge.*
> (Shepherd, 2010)

In relation to the first feature—knowledge from the outside—the 'Africa' development predicament and problematic is akin to viewing and imagining it from the 'the deck of a ship or from a well-worn path' (Shepherd, 2010). On the second feature—certain knowledge—'whatever the cause, the programme, the difficulty, or the issue at hand, the *mandate* for the production of knowledge has pressed for direct, simple and whole answers and accounts' (Shepherd, 2010*)*.

> *In a consistent way, yet without formal orchestration, this mandate has been constructed by textbook publishers and curriculum committees (from the Afrocentric initiatives in the US and South Africa to Unesco and Cambridge and Oxford University Press editorial committees), by research groups seeking cases or analogies from 'an African context'—by international agencies and missionary organisations, by business and investment houses, promoters and advertisers, by investigative and legislative bodies—and by the information-gathering bodies on the African continent both during and after colonialism …* [This] *will to explain Africa from a distance … is substantially underwritten by economies of knowledge that speak closure, recognisable answers, simple conclusions, certainties.*
> (Shepherd, 2010)

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This is perhaps an appropriate point to introduce the book, its content and structure. In contradistinction to the enclosed moral universe above, this book places front and centre the insights, knowledge and expertise of Southern scholars(hip) that have for too long been relegated by the 'self-appointed priesthood of Development/Development politburo' (Easterly, 2007: 2)—

publishers, committees, international agencies and missionary organisations, business and investment houses, promoters and advertisers and self-anointed sole representatives—to the margins of discussion and debate about Africa, its situation and the trinity of state, governance and development. Our central concern is with the experiences of loss and despair and the unmaking of institutions and social orders; the discontinuous time and the carrying forward of rupture into post-colonial social order; the significance of culture, clientelism and patronage in social structures, politics and institutions; the social machinery that allows rich countries to perform the function of global metropole; the replication of the North's governmental and epistemological apparatus within the social relations of the periphery; and the emergence of new social actors in struggles with—and inside—the social machinery (Khan, 2013a).

Embedded in this alternative moral universe, responses to the *live questions* are contained in four thematic parts, with each part preceded by a brief synopsis of the chapters that follow. Part I, *Contemporary statecraft and state engineering*, speaks broadly to the matters of who does Africa 'belong to', 'borrowed clothes', and the modalities and mechanics of state construction and state intervention. It focuses on the perils, potentials and possibilities associated with the unmaking, making and remaking of institutions and socio-political orders refracted through the lenses of history, theory and empirical record (Chapter 1); the impacts on governance and development of Sino-African engagement (Chapter 2) and donor lending (Chapter 3). Part II, *Governance, policy reform and institution-building*, reflects on profound demographic changes (the youth bulge) and their implications for political stability (Chapter 4) and the limitations, perils and possibilities of a single party domination (Chapter 5). Part III, *Governance, policy reform and institution-building,* turns to matters of state building and institutional reform under conditions of regional (Chapter 6) and everyday violence (Chapter 7). Any renewal of political pluralism and citizenship, it is argued, must of necessity redress the post-colonial models of accumulation and their daily and structural violent exclusions. Parts II and III home in on the internal (albeit not exclusively) dynamics, forces and relations that positively and negatively impact citizenship, democracy, urban development and institutional-building/reform (speaking to the live question of ways of understanding and administering infrastructural and despotic power), Part IV, *Governance, resource mobilisation and financing,* straddles both internal and external environments and—addressing the *live* question related to the intersect of global realities, African politics and renewal—highlights how new opportunities afforded by savvy resource rent extraction (Chapter 8) and alternative economic pathways (Chapter 9) are squandered and wasted by commission, omission, neglect and realpolitik. As with most chapters in this book, it underscores a thorny issue:

> *The most pressing problem today with regards to sustainability is not that we do not know what to do; rather, the problem is that even though we know very well what to do, we are still not doing it.*
> (Mamdani, n.d., cited in Khan, 2013a)

The prospects are not promising for three reasons. First is the 'complicity between modern knowledge and modern regimes of power' which relegates the *developing* world—itself a construct—to the minor status of being 'consumers of universal modernity', not producers. The West posits itself as the 'creator and distributor of universal knowledge' that guides this (hyper-)universal (hyper-)modernity in the domain of economy (exploitation of labour and appropriation of land/natural resources), authority (government, military forces), gender/sexuality and knowledge subjectivity. Put simply, more often than not Africans are props in the West's fantasy of itself. Secondly, if in the current juncture there is a 'dearth of future scenarios strong enough to galvanise the imagination of great number of political actors' (Ribeiro, 2011: 290), complicating matters is the mingling of the 'structural power' of colonialists, colonialism and world system forces, with the ascendancy of post-colonial (mega-)projects that 'may [both] congeal and prompt the nationality of power' (Ribeiro, 2011: 291). Thirdly, and animating and activating both the above, is a new form of imperialism that has come to the fore, which is central to the 'administration of global order' and a 'general condition of the reproduction and extension of global capitalism' (Glenn, 2014: 1476). Different from the past—direct control—imperial governance establishes

> *… a dual form of sovereignty regime that identifies fragile or failed states as deviating to such a degree from the international norm of sovereignty that 'informal' intervention by the international financial institutions (IFIs) and*

> *a plethora of Western NGOs is said to become necessary. These external actors have insinuated themselves into the sinews of these states to such an extent that 'there is now not very much left of the idea of a sphere of 'internal affairs' over which [these] governments have sole authority'...This has led to a hollowed out version of sovereignty in which the 'IFIs are prepared to intervene in almost all aspects of economic, political, and social life ... many governments are now no longer in effective control of the national economic project' ... Intervention is required to reinstate these states as important nodal points within the system in order for them to provide 'the stable and predictable environment that capital needs' ... This is therefore no neutral project; rather, the objective is to ensure the embeddedness of capitalism by developing a legal superstructure that ensures 'rules to make markets work, and ensure property rights' ... The rise of these so-called 'governance states' and the new emphasis on 'governance with government' constitutes a new non-territorial, political form of imperialism.*
> (Ribeiro, 2011: 289)

Swimming against this tide seems hopeless, but this is so only if we chain our 'imaginations' of the present and the future to existing 'social power relations' (Haiven & Khasnabish, 2010: xviii). If the imagination is radical/progressive —harnessed to the articulation, championing and making of 'another world'— then it always critiques and resists the status quo (Haiven & Khasnabish, 2010: xviii); challenges and pushes institutions that sully and solidify imposed collective imaginations; rallies and rails against the 'teleological assumptions of militancy's inevitable failures' (Rethmann, 2010, cited in Khan, 2013a: 53); and revives modes of imagining that 'could (or can?) help to transform putatively devastating histories into inspiring accounts of possible change' (Rethmann, 2010, cited in Khan, 2013a: 53). In this vein, Joseph Hanlon (2012) provides various contemporary examples of *developing* countries that defied the core aspects of 'good governance', that is, keeping the state in the economy, supporting policies that narrowed the gap between the rich and the poor, giving preference and support to domestic producers, and direct cash transfers—and succeeded.

The empirical record and experience suggests that there are workable and viable alternatives. This will happen only if we resist the 'closure of history'

(Haiven & Khasnabish, 2010: xxvi) by the development politiburo; look at 'radical practices retrospectively while holding a sense of inevitability in abeyance' (Rethmann, 2010, cited in Khan, 2013a: 1); and, always have 'one foot in the future' (Haiven & Khasnabish, 2010: viii). In these struggles to 'reclaim both the stolen past and the foreclosed futures', epistemic disobedience, independent thought and antipodean obliteration of the fantasias/nightmares scripted and imposed by the development politburo are the guts of an alternative language and vocabulary of constitutive power.

To conclude, the fundamental features of our world, societies and polities are not *natural/given* because the 'facts' of our world are far more creative than the (social) constructions of our dull and boring imaginations and theories (Khan, 2010). We must always be alert to the limitations of (elite) rhetoric and agnotology and awake to the relationships between theory, practice, policy and ideology. And we can think of no better example to alert and awake than the 'tale of two adjustments'.

> *Africa was 'adjusted' in the '80s … and the thrust of the adjustment policy—once the policy structures in Africa had been hijacked by the Bretton Woods institutions—was to implement massive deflationary measures that were already in crisis. Now we see deflation threatening the G-7 countries, and what do they do? They stimulate the economy. When this happens in developing countries, oh, they say it's all 'corruption', it's 'neo-patrimonial', 'bad governance'—all in order to justify deflationary measures that are imposed on the countries, which then drive them deeper into crisis and weaken the institutions of governance. This creates the fragility that is then used to justify the creation of an international authority that will 'deliver services' in the 'fragile states' of Africa!*
> (Olukoshi, 2012, in Turok, 2012: 40)

It is hoped that this book alerts and awakes in small and humble ways. It is perhaps then appropriate at this point to give over to a combination of Joseph Conrad and Byron:

> *My task is, by the power of the written word, to make you hear, to make you feel—above all, to make you see … Words are things, and a small drop of*

ink, falling like dew upon a thought, produces that which makes thousands, perhaps millions, think. (Cited in Lewis et al., 2005: 1)

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PART 1

Contemporary statecraft and state engineering

PART 1

Contemporary statecraft and state engineering: Overview

Euonell Grundling

Introduction

The art of state construction, the cunning of engineering transformative state intervention and its skilful execution, have come to inspire a rich diversity of ideologies (and lessons) underpinning 'development'. Many African countries that implement mainstream (state) reconstruction ideologies and strategies (often at the end of a barrel) register negligible advances in transforming their polities and economies (Wunsch & Olowy, 1990, cited in Nkwankwo & Ocheni, 2012). The devastations and destructions are forcing a rethink of these tired and failed ideologies and strategies. With a rapidly growing middle class—Standard Bank in 2011 released data pointing to the rapid growth in the middle class throughout Africa[1]—the continued relegation of Africa to poverty, hunger and violence is no longer accepted/acceptable (politically, economically, morally and ethically).

The chapters comprising Part I discuss the role of local institutions and the negative impacts of external power on development, humane governance and statehood. Khan's chapter—Chapter 1: 'The state, governance and the political settlement: To walk questioningly and to make the road while walking'—

1 Approximately 60 million 'African households have annual incomes greater than US$3 000 at market exchange rates' and this will increase to 100 million in 2015, which is about the same as found in India (cited in *The Economist*. 2011. 'The sun shines bright: Africa's hopeful economies', 3 December: 83).

spotlights the damages visited on Africa by ideologies imposed from without, and unquestioningly accepted from within. The increasing frequency of uprisings in developing countries attests to the consequences associated with the imposition and adoption of the volatile (mainstream) cocktail. Scholtz and Fakir's chapter—Chapter 2: 'China in Africa: *Quo vadis* governance?'—surfaces the debates pertaining to the Tiger's involvement in Africa's development, pointing to the unorthodox way via which this country achieved rapid growth. Utilising the Northern Ugandan Social Action Fund as a case study, Olanya's chapter, Chapter 3: 'Governance, aid and institutional traps', draws attention to local institutions and Africa's social ecology as cornerstones of sustainable development. The next section discusses the similarities between the chapters to inform a better understanding of the purpose of the chosen topics.

State and state construction

The definition of good governance has almost universally been underpinned by the idea that developed (Western) countries have successfully scaled the mountain of mal/underdevelopment and have bequeathed to the world a road—or highway—for others to (religiously) follow. However, evidence from post-colonial states demonstrates that this road is riddled with potholes and cul-de-sacs, despite neon-coloured road signs promising development around the next corner. New praxis frames and frameworks challenge 'the ideological forces, vested interests and political pressures that promote institutional mimicry at global and country levels' (Booth, 2011: 1). Indeed, they map new roads, horizons and vistas that help pilot alternative endings and new beginnings.

Contemporary liberal-inspired state engineering frames leave no room to manoeuvre in ways compatible with prevailing social structures and practices, including clientelism and patronage, demonised as 'bad governance'. Notably, bad governance (the generation and centralised management of rents) has frequently been the main driver of—and vehicle for—successful developmental states in Africa, versus those that slavishly follow liberal tracks and treaties. Underscored here is that developmental polices should be respectful of local contexts and situations, steering well away from the 'one-size-fits-all' solution. This is supported by Olanya when he avers that no amount of aid can close the distance between externally imposed structures and local institutions; the former routinely violate local relations and interactions and subsequently devastate (known and trusted) institutions.

Scholtz and Fakir reinforce the inappropriateness of completing (forcing the completion of) 'long lists of things to do' (that is, electoral reform, financial discipline and rectitude, independent regulatory institutions, stringent accountability mechanisms and processes, and so forth) before development can take place (and/or running parallel to development) (a point returned to shortly). They surface debates for and against the institutional impact and consequences of China's re-entry into Africa. Their opinion is that China offers a unique opportunity for Africa to adopt a different developmental model that could permit room for the incorporation of traditional political structures (such as neo-patrimonialism and clientelism). This is related to China's policy of non-interference in a country's domestic affairs. They argue that China's aim is not to seek economic supremacy; it is to facilitate development through the extension of incentives to companies not dissimilar to imitation/reproduction of their own growth/development recipe (with the help of Japan and the United States). As Olanya notes, external aid alone cannot facilitate the transformation of weak institutions into strong ones. The manner in which aid is delivered can nudge a country on the road to prosperity without (demanding) that they complete a lengthy to-do-'good governance' list as a precondition for aid and/or technical assistance.

Governance and institutional design

The discussion above emphasises the centrality of context-specific quality institutions to steer and guide the state on a transformative path. Khan and Olanya aver that present 'good' (mainstream) governance works *against the grain* of (existing) social patterns, leading to increased alienation between the (public and private) elite and the majority of society—the poor and marginalised. Research conducted by the African Power and Politics Programme (APPP) supports this claim that socially responsive development demands a real commitment to 'work with the grain'; that is, building on 'existing institutional arrangements that have recognised benefits' is the only way to create a developmental policy that addresses the needs of a country in a context-specific manner (Booth, 2011: 1). More prosaically, the flower that grows and prospers at the end of the cobblestone road—a result of painstaking nurturing and long struggling—will die if directly planted in developing soil, unless the biology of the flower can be modified to fit 'local circumstances' (Booth, 2011: 2). This flower will have to be fed with plant food from the local communities and moistened with water from the nearby stream (Booth, 2011: 2). Without the inputs from the local community and without the adoption of culturally specific programmes, the flower will die on the new road.

This blossoming flower should be nurtured via the design and implementation of mechanisms for the facilitation of 'local problem-solving' as opposed to the acceptance of 'direct support' from external donors (Booth, 2011: 1). The East Asian experience attests to this. Furthermore, a state that has grown and developed on its own 'terms' and dictates and at its own pace resembles more closely the 'westernised idea of good governance' relative to those where external influences played a larger role; a point driven home by Scholtz and Fakir.

Scholtz and Fakir offer a refreshing view of the opportunities that Sino-African engagement affords. Southeast Asia and Africa share many commonalities in that both were subject to 'colonial rule during which its economies were based on subsistence agriculture and the export of primary products' (Booth, 2011: 2). The structural transformation of the 'colonial economy' is rooted in rural industrialisation—that is, the inclusion of poor farmers and citizens in development policy/interventions was one of the largest income generating sectors of the economy. Macro-economic stability, economic freedom for small entrepreneurs and pro-rural spending were the 'three essential policy preconditions for sustained growth and poverty reduction' in China (Booth, 2011: 2). China serves as a good example of pro-poor agricultural development as opposed to 'state directed industrial strategies', which often depends on primary produce (Booth, 2011: 3).

Further development opportunities for Africa present themselves at an inter-continental scale via the Forum of China and Africa Cooperation (FOCAC) and the African Co-operative Partnership for Peace and Security. Both facilitate and enable investment in infrastructure (not solely) for resource extraction purposes. China's 'state-owned Export Import [Exim] Bank' is a major role-player in infrastructure development throughout Africa, including countries like Angola, Ghana and Zimbabwe (Corkin, 2013: 19). These investments do not come in the form of foreign aid or grants, but rather like any bank extending loans for development, China ensures repayment by securing a revenue stream—for instance, oil, in Angola's case (Corkin, 2013: 19). Exim has, however, been criticised for poor transparency that (unwittingly) leaves room for corruption in their dealings (Corkin, 2013: 19) But, as the three chapters have demonstrated, what the developed countries and institutions such as the International Monetary Fund (IMF) and the World Bank describe as good governance, does not necessarily lead to development. Former president of the World Bank, James Wolfensohn, in March 2002 grudgingly supported this finding (but may have drawn the wrong conclusion):

> *We have learnt that policies imposed from London or Washington will not work. Countries must be in charge of their own development. Policies must be locally owned and locally grown … We have learnt that corruption, bad policies and weak governance will make aid ineffective.* (Ogunlesl, 2013: 30)

Conclusion

The chapters by Khan, Scholtz and Fakir, and Olanya, paint an 'alternative' portrayal of contemporary African governance. The brush strokes of this portrayal should increasingly be scrutinised and deconstructed, especially at we move into the new era of Sustainable Development Goals. Unorthodox frames and frameworks of context-specific development, unconventional social inclusion formats, and robust external rafters/platforms of infrastructure financing (collectively) announce a new era for Africa. Nurturing and tending this blossoming flower to prosperity is now in the hands of both governors and governed.

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CHAPTER 1

The state, governance and the political settlement: To walk questioningly and to make the road while walking*

Firoz Khan

> *What is in common for all in philosophy, is our love for 'wisdom' and the method of critical reflection that questions what others may see as self-evident … However, maybe the biggest challenge for all philosophers in all the cultures throughout time is the universal fallibility of our logic and the imperfection of our reason. Maybe that is what is our common humanity—our mistakes in logic and our unwillingness to admit them.*
> (Hellsten, n.d.: 11)

> [F]*or an ideology to be hegemonic, it is not necessary that it be loved. It is merely necessary that it has no serious rival, and, without trying to suggest the existence of mystically conspiring neoliberal powers, there seem to be tactics at work in different parts of the world that keep alternatives out of the limelight.*
> (Baeten, 2012: 208)

> *Like the characters in a classic French play, some of our policymakers seem to care more about whether their policies are fashionable than about whether they work. The play by Molière had a group of doctors insisting that it did not matter whether a patient died as long as the 'right' cure was administered. Their goal was to pursue professional fads, not to heal the sick.*
> (Friedman, 2005, *Business Day*, 28 September)

Introduction

Adrienne Rich, an American poet, essayist and feminist, once remarked that the transcendence and transformation of oppressive experience is possible only if there is freedom 'to play around': day may be night, love may be hate, silence may be noise, and life may be death. Nothing can be too sacrosanct for the mind's eye to 'turn into its opposite or to call it experi-mentally [sic] by another name' (Rich, 1971).

How does one redirect and transform the forces and vectors of an unrelentingly oppressive past and present, and productively reconcile and align minority and majority aspirations? How does one 'unfix' the fixed elite images of countries and cities and sugarcoat the alternative bitter pill for their consumption? How does one achieve all of this amidst crises in the material and ideational processes and structures of our world?

Recognising that contemporary statecraft and the construction of a developmental state is a messy and unpredictable business, this chapter is a first attempt in an on-going negotiation between 'what is'—and the 'regulating fictions' (Roy, 2009: 820) and fabrications that dictate what the future *must* and *can only be*—and imagining different tomorrows based on the '"what ifs…" of today' (Haiven & Khasnabish, 2010: ix). Put plainly, the current dominant nostrums and prescriptions informing 'sound' statecraft—'good governance', 'failing and fragile states', the 'big' or 'new' society' *agendas*—deny admission and negotiation of developing country realities (which I briefly outline here and return to later).

The prevailing hegemony of 'liberal modes of governance' and the 'simple correlations/causations between metrics of liberal institutional progress and economic growth and transformation' (Harrison, 2012: 658) deny (even the possibility of) the emerging/embryonic unorthodox developmentalism sprouting in the existing structures of African society, resources and policies and enshrined in their institutions. Four salient points bear reference to the message, thrust and orientation of the argument presented in this chapter.

First, recent research reveals that 'the most successful developers in Africa all qualify as neo-patrimonial regimes'. These so-called 'developmental patrimonial' regimes tend to centralise rent management within long-term horizons. Presiding over and administering the regime is a single ruling party, a leader with vision, and a capable and competent economic technocracy. By contrast, the less developmental regimes—many of whom are slaves to the contemporary fad—all demonstrate either a failure to centralise rents or a short-term perspective (Dawson & Kelsall, 2012: 50).

Second, the current demand for developing countries to (immediately) adopt world-class institutions or risk harsh punishment is at odds with the historical experience of the developed countries. Indeed, as Noman and Stiglitz (2012: 33) assert, 'no country has ever implemented the current "good governance" agenda before embarking on development—not the now developed countries nor the rapidly "catching up" countries of Asia' (2012: 33). Imposing 'burdensome lists of "things that must be done" before development' can proceed (Grindle, 2011) produces an inordinate amount of white noise, detracting from approaches to governance and corruption reforms linked to dynamic developmental outcomes.

Third, historical evidence shows that effective statecraft is an incremental, painstakingly slow and routinely violent process that is 'deliberate, messy and complex' (Noman & Stiglitz, 2012: 34). Fourth, it is no surprise that hard-wired into the DNA of the economic and political institutions of post-colonial states is authoritarianism and despotism. On the other hand, the ambitions and aspirations of self-government informed and driven by contemporary (il)liberal statecraft may ironically render it 'easier' to construct 'a powerful revolutionary state' (Becker & Goldstone, 2005: 202).

Finally, and here building on the preceding hopeful note, the contemporary swing of the praxis pendulum—from economic orthodoxy to heterodoxy (post-financial crisis); from the global disillusionment with and retreat from planning to its remaking and reinvention in solidly political economy frames (Todes, 2011); from the end of history to the 'end of the end of history' (see Sachs, 2007); and from 'another world is possible' to 'another world is necessary and on its way' (Khan, 2010)—potentially furnishes the underdogs with opportunities to break with public policies emanating from the leading developing nations. In other words, the social machinery that allowed/allows the rich countries to perform the function of global metropole (to replicate its governmental and epistemological apparatus within the social relations of the periphery) is sputtering, notably in the emergence of new social actors in struggles with—and inside—the social machinery. The sputtering includes the 'arrival of structural adjustment—deindustrialisation and falling real wages—in the core economies of the world' (Reinert, 2010: 2); the dethroning of Western economic hegemony by the Tiger and Elephant; the meteoric rise and dominance of sovereign investment funds; the quiet and loud insurrections in North Africa and the Middle East; the consolidation and export of Latin American neo-structuralism; the cementing of transcontinental alliances and their increasing assertiveness in global governance (BRICS); and the maturation of African cubs into formidable Lions (collectively and separately), which all force us to rethink our world and our future. As intellectuals, academics and activists, we are compelled to undertake this rethink at ontological, epistemological and axiological levels; and this can no longer be postponed.

But the scoping and mapping of a way forward is a very perilous undertaking because there are 'no magic bullets, no easy answers, and no obvious shortcuts towards conditions of governance that can result in faster and more effective development' (Grindle, 2011: 218). Without 'compelling alternatives to the governing norm' and the status quo (Balakrishnan, 2005: 20), the 'greatness of the thing' (social transformation), to paraphrase Machiavelli, the 'teacher of revolutionary gangsterism', 'partly terrifies men, so they fail in their first beginnings' (Balakrishnan, 2005: 14, 16). Reactivating radical demands disciplined and unpleasantly rough, 'strategic reckoning in the midst of … devastation, as preparation for a very long-term reconstitution of collective praxis through intellectual and material rearmament' (Balakrishnan, 2005: 17).

Optimism of the will and intellect necessitates a decisive and purposive break with Marx's claim that 'mankind always sets itself only such tasks as it can solve; since, looking at the matter more closely, it will always be found that the task itself arises only when the material conditions of its solution already exist or are at least in the process of formation' (Marx, n.d.). It is for this reason that optimists would look at the next few decades of development practice as challenges for humanity because the problems inscribed in the perceived challenge/s do not

> … *objectively reflect 'real' problems in the internal or external environments of the political system as they are discursively mediated, if not discursively constituted, products of struggle to define and narrate 'problems' which can be dealt with in and through state action* [that is, the 'possible'/'implementable' versus the 'appropriate'].
> (Jessop, 2001: 11)

Cast differently, how facts, events and history are recorded, decoded and transmitted remain closely tied to how power is served and its subsequent embedding in the consciousness of past and present generations. This 'mental makeup', history teaches, is to a great degree about elite 'perception' (or prejudice) masquerading as the 'real', which

> ... *may be quite far removed from the reality of the past, but it is the reality of the present, and thus influences the response and groups of individuals ... None of this is to suggest that history is destiny. Policy makers do not have to be prisoners of the past, at least the past as embedded in the perceptions of the present generation. But they cannot ignore it either. At the very least they have to know what these perceptions are—this is just a prudent description of the reality onto which the policy intervention will be implemented. But they must go further. If they are to overcome the weight of the past, they have to understand why the population and the polity have these perceptions of this or that policy. What was the process that led to their embedding … It is only with this knowledge, knowledge that only the disciplined study of history in its various facets (political, social, intellectual, cultural) can provide, that they can address the constraints, or the opportunities, that history presents to them for the policy question at hand.*
> (Kanbur, 2008: 4–5)

It is not possible here to immerse oneself in the intensive deconstruction and/or disembedding exercise proposed by Kanbur. It is for this reason that this short contribution might be accused, and reasonably so, of peddling many simplistic nostrums of dubious merit. Risking this, the purpose of this chapter is to describe and elaborate, in a problematic manner, the hurdles that we (will likely) encounter in simultaneously walking and making the road.

State structure and behaviour

> *Before Western civilisation could witness the rise of (formal) theories of the just state, the intermezzo of the reformation took place. Yet, although the biblical motive of freedom, in a secularised way, informed the political theories of Locke, Rousseau and Kant, these thinkers did not succeed in developing a material idea of the just state ('regstaat')—they remained stuck in* formal *theory.*
>
> (Strauss, 2007: 63; original emphasis)

It is not controversial to posit that the culture of domination and control inheres in the economic and political institutions of many post-colonial states (see Umeh & Andranovich, 2005: 153). The reasons are numerous but critical are 'processes of mimicry and normative pressures' associated with 'institutional isomorphism', whereby 'organisations seek legitimacy by adopting what they understand to be the successful practices of other organisations, and therefore come to resemble each other over time' (Klug, 2000: 5). Most significantly, they identify 'mimetic, coercive and normative isomorphisms as different processes through which th[e] transfer of ideas, practices and understandings take place' (Klug, 2000: 5) that in the long run postpone 'decisions on sensitive and potentially unresolvable questions' (Klug, 2000: 18), thereby serving to pragmatically (opportunistically) delimit the terrain and field of politics, economics and statecraft. Predictably, with respect to the '*structure* and *behaviour* of the [modern] state' (Becker & Goldstone, 2005: 192), revolutionary leaders have come to realise that they 'cannot merely wave a magic wand labelled "authority" and create stable state institutions' (Becker & Goldstone, 2005: 194). These have to be 'crafted from resources at hand' (Becker & Goldstone, 2005) and be mindful of national and international contexts and pressures. What these resources are and how to (simultaneously) resist the seductions of isomorphism is the dilemma (returned to shortly).

Discernible in the long march of history is that of all the major social revolutions (from France in 1789 to Nicaragua and Iran in 1979), '*none* except for France (1789) has yet produced a fully modern state with both high levels of infrastructural power and low levels of despotic power—and it took France well over a hundred years … to do so' (Becker & Goldstone 2005: 208, original emphasis). Once again, reasons abound for this, including palace politics, the power and influence of old and emerging elites, the level of the country's development and the external environment. But more telling is that consolidation of the modern state form (with reference here to the European states) was a 'development that took close to a millennium to play itself out' (Rueschemeyer, 2005: 144).

Globally, the evolution of state designs, and their diffusion and implementation, has been a 'very slow process' (Becker & Goldstone, 2005: 206) which took centuries, commencing from the Gregorian reforms of the Catholic Church in the eleventh century and the 'attendant revival of Roman law' (Rueschemeyer, 2005: 144). However, the model of hierarchical meritocratic bureaucracy and Roman canon law 'remained confounded with continued patrimonial/aristocratic authority throughout Europe' until the early nineteenth century (Becker & Goldstone, 2005: 206). Confounding matters further was the ascendancy of 'church-trained administrators and their hierarchical bureaucratic vision of state structures in secular states', accompanied by a 'decline in the role of democratic or republican institutions that had developed from medieval city councils, provincial self-governance, and the rulers' counsellors' (Becker & Goldstone, 2005: 206).

> *From the suppression of the Comuneros in Spain, to the lassitude of the French provincial Estates and Estates-General, to the Prussian suppression of the Estates in western Germany, to the efforts of Charles I and James II to rule without Parliament or subordinate it to royal will, the sixteenth and seventeenth centuries saw the spread of models of 'enlightened absolutism' as the ideal for efficient and rational governance ...* [W]*hile efforts to rebuild states along constitutional lines spread throughout the nineteenth and twentieth centuries … such efforts faced entrenched opposition from both landed and military elites … Thus by the 1950s, although the number of states operating as hereditary monarchies had dwindled to a handful, relatively few states had built effective republican/democratic states. Instead the majority of the world's states were constructed as military or civilian dictatorships, or according to a new, twentieth-century design—the one-party state, in which a modern efficient hierarchical bureaucracy implemented the plans of an*

> *exclusive political elite organised as a 'party' or corporate body.*
> (Becker & Goldstone, 2005: 207)

To summarise, historical records reveal that building an effective state is an incremental and slow process. Demonstrated also is that, because the old regimes (institutions and elites) pose the 'greatest obstacles to revolutionary state building' (Becker & Goldstone, 2005: 202), but furnish the resources for state building, the

> *… normative and institutional transformations in society and in state–society relations are ultimately far more important for effective action than overcoming opposition to the development of an effective state and the expansion of its scope and action.*
> (Rueschemeyer, 2005: 153)

On the other hand, the pressures and strains of institutional isomorphism—'new/old' and 'old/new' elites, the relative underdevelopment of the materiality of a *regstaat*/just state (versus the secularisation of the biblical motives of freedom), and the authoritarian antecedents of old and new statecraft (Catholic Church hierarchies/meritocracy and patrimonialism whipped together with varying dollops of republicanism and/or civilian/military dictatorships and/or one-party states)—collectively shine the torch on why, both here and elsewhere, there is enormous continuity in discontinuity with respect to our inability to elaborate democratically responsive governance frameworks, corporate coherence and cohesive state–civil society relations.

Without painting this historical and cognitive canvas, is it any small wonder why we are hamstrung in explaining and rationalising effective developmental statecraft of the old and modern and emerging types—that is, the elevation of bad governance, authoritarianism, technocratic rule, centralisation of power, coercion, unsavoury (and often downright corrupt) relationships between public- and private-sector elites, rent-seeking, bad institutional design, 'getting the prices wrong', hybrid service-delivery regimes, and so forth—versus the immature mimetic and coercive strands of 'good governance' and 'sound fundamentals' (to be discussed shortly). For the ideologically chaste and those committed to 'deepening democracy' (of a particular strain, that is, the shallow and empty formal representative snake-oil type), these features (or qualities) of developmentalism will be slated as undemocratic or even despotic, but the waters of existing developmentalist states (in particular) and transformative state construction (in general) are always contaminated with vile *goggas* and *goeters* ('bugs' and 'stuff'). Indeed, a multitude of cases explored by world-renowned sociologists, political scientists and economists consistently and repeatedly demonstrate that 'the construction of the developmental state is a deliberate, messy and complex affair' (Noman & Stiglitz, 2012: 34) and that 'if developmentalism of a progressive kind is not messy and conflict-ridden, it is probably not happening at all' (Mackintosh, 1993: 49).

Greater appreciation of the historical antecedents of contemporary statecraft may assist in looking 'more macroscopically at the ways in which the structures and activities of the states (un/intentionally) influence the formation of groups and the political capacities, ideas, and demands of various sectors of society' (Skocpol, 1985, cited in Lange & Rueschemeyer, 2005: 242). Hence, if the historical record shows that effective and 'rapid post-revolutionary state building requires [among others] … the removal of entrenched elites' (Lange & Rueschemeyer, 2005: 252) or the regulation and/or redirection of capital and/or the restructuring of socio-economic power blocs, the dynamics of contemporary capitalism and the linked modalities of governmentality present huge problems. With reference to the dynamics, the central components of the present restoration and reconstitution of ruling-class power resides in (among others) a re-energised strategy of 'accumulation by (rapacious) dispossession' (see Harvey, 2007); the maintenance and protection of asymmetric economic relations; and heterodox economic reflation strategies at the apex but imposition of orthodox austerity on the rest (a case of 'do what we tell you to do and do not emulate what we do!'). Uneven in scope and spread, this reconstitution and restoration is bolted together by state technologies and techniques that are extremely thin on democracy ('low-intensity' democracy); insulate policies, politics and politicians from social pressure; lie to and deceive the citizenry, and centralise political (executive) power (see Leys, 2006). These technologies and techniques are necessary (not peripheral) 'conditions of neoliberal democracy' (Leys, 2006: 3).

But to simply close the book on the potential for transformative post-revolutionary state (re-)construction by endless carping about historical constraints and internal and external pressures is to dismiss the 'unintended consequences of state structures' (Lange & Rueschemeyer, 2005: 242) and state design. Paradoxically, the 'removal of opposition and political control' of the subaltern in neoconservative/neoliberal constitutional democracies and one-party 'end of history' state formats does, in the longer-term, limit their 'effectiveness', 'stability' and 'durability' as they lack the 'reciprocity through which states are guided and disciplined' (Lange & Rueschemeyer, 2005: 252–254).[1] Thus the more a ruling regime centralises power, erodes and undermines autonomous (sub-)authorities, and 'stifles civil society' (Lange & Rueschemeyer, 2005: 252), the 'easier it is to build a powerful revolutionary state' (see Becker & Goldstone, 2005: 202) and, perhaps more controversially, alternative global futures. The uprisings in North Africa and the Middle East, the installation of centre-left governments in Latin America (intimately connected to a revolt against over two decades of structural adjustment), the forging of alliances between powerful emerging economies; the reconfiguration of relations of production–consumption with developed societies—which may afford some level of decoupling as aggregate demand expands (see Netshitenzhe, 2010)—and the (less) untethered, though not entirely unconditional, Chinese infrastructure and financial investment programmes in Africa, offer additional resources for comprehending (alternative) state formation and reconstruction (pathways) in the developing world.

'Good', 'good enough' and 'bad' governance: Dilemmas and debates

> *Goldilocks in the bears' den found the right bowl of porridge for herself—not too hot, not too cold, just right. She found the balance on porridge, but slightly neglected her fundamental predicament.*
>
> (Kanbur, 2005: 40)

Institutional design and crafting—discussed in the following section—profoundly influence and impact the generation and distribution of 'returns' to various segments of society (see Evans, 2002: 101–102). This, in turn,

1 It is worth remembering here that governance is a product of interactions between state and non-state actors. This interaction produces political compromises on how a country and its resources are managed on a collective basis (see Bhargava, 2011).

determines the pace and type of economic growth (rather than the other way around) (see Acemolgu et al., 2001; Kaufmann & Kraay, 2002; Kaufmann et al., 2005). In retrospect, if the institution is the 'goose' and the economy the 'egg', the close relationship/affinity between the good governance agenda—the institutional and political flipside of the Washington Consensus—and structural adjustment is inherently logical.

The 'good governance' agenda—the provenance of which derives from the 1980s shift in the developed world from public administration to 'new public management' (Turner & Hulme 1997: 230)—centres on accountability, the rule of law, predictability and stability for the private sector, and transparency (equated to sound development management). Drawing inspiration from the minimalist state, private sector management techniques and market-incentive regimes, this governance orientation signals the

> … *emergence of a kind of 'economic constitutionalism'*[2] *which endeavours to place certain market regulatory institutions (such as central banks,*[3] *competition commissions and state auditing watchdogs) beyond the reach of transitory political majorities or the actions of the political executive through mechanisms that provide for a high degree of autonomy for these institutions.* (Jayasuriya, 2001: 110)

Economic constitutionalism (arguably both consubstantial and/or constitutive of 'good governance') and the other strictures of 'good governance' (plus representative democracy)—clean and efficient bureaucracy and judiciary, the protection of property rights, contracts and patents, good corporate governance institutions, an independent central bank, and so forth—now

2 Economic constitutionalism refers to attempts to 'treat the market as a constitutional order with its own rules, procedures and institutions that operate to protect the market order from political interference' (Jayasuriya, 2001: 121).

3 'An independent central bank rips the heart out of the developmental state model through removing the power and capacity of 'central economic agencies' to direct the kind of industrial policies that were a marked feature of these states. The shift of power away from technocratic economic agencies to independent central banks effectively erodes the close political relationship or bargaining between state and business that informs the operations of core state developmental agencies' (Jayasuriya, 2001: 188).

deemed as necessary conditions for development and imposed on developing countries—were the *outcome* rather than *cause* of economic development in the now-developed countries (Chang, 2002). Chang (2002) empirically demonstrates that up until 1913—and even beyond—universal suffrage and secret balloting in many of today's developed countries was a novelty; there was widespread nepotism and corruption in the public sector; corporate governance institutions fell miserably short of modern standards; competition law was non-existent; banking regulation was underdeveloped or patchy; insider trading and stock price manipulation was common; income tax was not even in its infancy; labour legislation regarding working hours, occupational safety and child and female labour standards were low, coverage limited and enforcement poor. Worded differently, the current demand that developing countries should (immediately) adopt world-class institutions or face punishment is frequently at odds with historical experience of the developed countries. More intriguing is Chang's (2002) finding that developed countries were institutionally much less advanced in those times than the currently developing countries at similar stages of development.[4] Paradoxically then, it might be said that today's underdeveloped countries of the world are perhaps, institutionally overdeveloped. The maintenance of this overdeveloped institutional infrastructure may be responsible for diverting scarce resources away from desperately needed investment in poverty eradication and human development, harmful to equitable development and contributing to their enslavement to the powerful of this world.

One could continue with these comparisons but suffice to say that in their early days of economic development, the now-developed countries operated with more crude and unsophisticated institutional structures than those that exist in today's developing countries at comparable levels of development. Their democratic credentials referenced to representative democracy and 'good governance' (especially state–business relations) were also extremely

4 The now developed countries had relatively low levels of institutional development compared to the developing countries of today at comparable levels of development (especially per capita income). For instance, the United Kingdom of 1820 had only a slightly higher income than today's India but the latter has universal suffrage (the UK did not even have universal male suffrage), a central bank, income tax, bankruptcy laws, a professional bureaucracy and labour legislation (see Chang, 2002).

suspect and unsavoury. In the so-called developmental states of East Asia, for example, a significant component of their success resided in a unique combination of close government ties with business, clientelism and bureaucratic insulation—termed 'embedded autonomy'[5] in the literature. Similar practices in Africa are slated as 'state capture', corruption and patronage—fundamentally at odds with World Bank notions of 'good governance' (Mkandawire, 2001).

Stein says that it is doubtful whether accountability, transparency and the rule of law will produce vibrant economies in the developing world (2000: 9). This follows

> *… the general neoclassical notion of institutional neutrality … that will permit an unimpeded space for optimal private decision-making. Passively create the conditions perceived as inducing private production and investment and 'ye will come'.*
>
> (Stein, 2000)

Fostering institutional neutrality for the removal of market-distorting rents—recognised as a flawed assumption under structural adjustment programmes—and their contemporary redirection away from non-productive activities (import substitution industrialisation strategies) to (so-called) productive activities (export-oriented industrialisation), but with minimal state interference, is, in neo-classical economics, perceived as central to the achievement of competitive outcomes. Rents, in neo-classical economics, are dismissed as exogenous to the growth and competitiveness of firms and industries, with enterprises (inappropriately) allocating resources to secure them. This allocation, it is averred, leaves fewer resources for productive investment when the state tampers in the process. If the assumption of exogeneity is removed and rents (now correctly) viewed as an indispensable function of a firm's performance, their pursuit and securing can lead to the expansion of

5 Evans (1995) writes that an embedded autonomy arises from the fusion of what seems to be contradictory characteristics. 'Embeddedness provides sources of intelligence and channels of implementation that enhance the competence of the state. Autonomy complements embeddedness, protecting the state from piecemeal capture (which would destroy the cohesiveness of the state itself and eventually undermine the coherence of its social interlocutors). The state's corporate coherence enhances the cohesiveness of external networks and helps groups that share its vision in overcoming their own collective action problems' (Evans, 1995: 248).

productive activity. Rent seeking then becomes a spur to growth as rent seekers attempt to capture the maximum rents. It is in this context that 'government mediation of profits' (a significant component of the developmental state's intervention arsenal) and 'even extensive cronyism' might be compatible with heightened levels of productive investment and dynamic growth (depending on political conditions)[6] (Mkandawire, 1998: 11).

In the developmental states, rents created and allocated by the state—wherein higher than expected profits are provided to the private sector in return for investment and production in economically targeted activities—played a crucial role in the development of a capitalist class and robust accumulation. According to Amsden (1997), the development of dynamic productive capacity and processes entailed the deliberate creation of 'distortions' in the form of firm-specific skills, knowledge-based monopolies and other types of entry barriers. Government's role revolved around joining with the private sector to 'socially construct competitive assets' (resources, capabilities and organisations) versus creating 'perfect' markets.

> *To construct socially those competitive assets for production purposes, governments have rigged key exchange prices, such as the price of foreign currency, credit, and labour (by weakening its bargaining power); ie, they have deliberately got relative prices 'wrong'. Thus, even if the ultimate correction of market failures aptly describes the government's normative role in the realm of exchange, it is a poor explanatory device for understanding its role in the realm of production, which is better analysed in terms of the 'social' (public–private) construction of competitive assets.*
> (Amsden, 1997: 471)

Accordingly, the system of contingent rents in the developmental states was effective on account of their extension to activities deemed to serve the national interest; rent-seeking costs (information collection, influence peddling and bargaining) were kept low; governments closed off non-productive avenues for wealth accumulation such as real estate speculation (critical to the success of many housing programmes alongside the successful capture of increments

6 'What matters crucially is the strength and capability of the state; the 'self-monitoring of the capitalist class themselves', social pressure by other forces for performance, and the political coalitions sustaining the regimes' (Mkandawire, 1998: 11).

in urban land development/development gains); rents were provided on a selective and temporary basis and withdrawn as new industries matured enough to compete globally; and strict performance standards were enforced (Akuyz, 1996, cited in Stein, 2000: 18). (This is a far cry from many of the present day supply-side industrial incentive schemes and regimes.) The point of the Asian experience, remarks Mkandawire (1998: 13),

> *… is that the use of 'rent seeking' as an argument against a more active developmental state is simply not credible. The relevant issues are 'rents' for whom and with what reciprocal obligations for receivers of rents? And the answer will lie in the desired income distribution and strategy of development. The denial of an active developmental state for fear of 'capture' is tantamount to the denial of the possibilities in Africa of accelerated development achieved by a deliberate 'government of the market' towards greater mobilisation and developmental allocation of resources (including rents). In the African debates, the fear of the damaging effects of rent seeking has not only sustained the argument for a minimalist state, but has also given the foreign experts, who for inexplicable reasons do not engage in rent seeking like all other mortal beings, a moral upper hand.*

If case studies demonstrate that the 'good governance' agenda 'fatally damages the possibility of creating [and sustaining] a developmental transformation state' (Khan, 2004: 188), it has to battle with the contemporary status quo-oriented regimes of knowledge production which elevate modelling, mathematisation and high-order generalisations (see Buroway, 2004). Undergirded by the previously mentioned 'epistemology of certainty', the conservatives push an economy of knowledge that 'speaks closure, recognisable answers, simple conclusions and certainties' (see Shepherd, 2010). Deploying 'regression analyses of cross-country data' to surface 'significant correlations' (Grindle, 2011: 204), they gloss over history, context, politics and sociology. Cause and effect relationships are often confused and neat correlations, despite evidence to the contrary, are posited between growth and equality; redistribution and growth; democracy and growth; corruption and poor growth; regime type and growth; governance and poverty alleviation; decentralisation and poverty eradication. These become enshrined in a plethora of indicators and indices, which strive to measure many things in a single moment but are incapable of telling the whole story (Sanin-Gutierrez et al., 2013).

Lurking in these aggregate indices and metrics is the danger of 'conceptual stretching' (Satori, 1970, cited in Sanin-Gutierrez et al., 2013: 306); their inability to furnish information about 'variations of state capacity across functions' (Di John, 2011: 3) and the realities of contemporary governing and governance regimes. For example, the Latin Americans learned from the various pendulum swings in policy—from inward-looking developmental statism to neo-liberal, market-oriented reforms to the present embrace of state intervention and distrust of markets—that 'what matters is not so much what you do, but how you do it' (Tommasi, 2011: 199).

> *Discovering how policies influence behaviour and hence aggregate outcomes, exploring the conditions under which some reforms are most likely to give good results, and identifying effective ways to improve development outcomes require an understanding of the processes within which countries instrument policies, ie, their policy-making processes. It is essential that the policy process and the political process more broadly facilitate the agreement, design, and implementation of effective long-term policies.*
>
> (Tommasi 2011: 199)

The imposition of 'burdensome lists of "things that must be done" before development' can proceed (Grindle, 2011) detracts from approaches to governance and corruption reforms that are linked to development outcomes and their processes, agents and drivers. The question then becomes: What determines the ability of different societies to produce and implement effective policies? The answer is to be found in the distribution of power between contending social groups and social classes, on which any state is based—in short, the political settlement.

Political settlement: Elites, political parties and institutional design

> *Looking at the political settlement focuses attention on intra-elite contention and bargaining (political versus economic elites, landed and non-landed elites, rural and urban, religious and secular, and so on), on contention and*

> *bargaining between elites and non-elites (either within groups or across them, as between classes), inter-group contention and bargaining (gender, regional, ethnic/linguistic, religious) and on contention and bargaining between those who occupy the state and society more widely.*
> (Di John & Putzel, 2009: 4)

Understood as the bargaining outcomes among contending elites, the nature of many present-day political settlements do not invite optimistic scenarios referenced to transformative or developmental outcomes. At the risk of over-generalising from the South African experience, the accumulation strategies of many African states—especially the mineral-rich ones—is based on an intertwining of state-orchestrated 'outside in' (industrialisation by invitation) and state-facilitated conglomerate 'inside out' globalisation (neo-conservative adjustment strategies) (Carmody, 2002: 266). This gives rise to states that are embedded in global forces and negatively connected to domestic social forces. Transnational capitalist business embeddedness, together with neo-conservative *dispositifs*—self-styled doctrinaire abstractions of 'economic pragmatism', 'sound fundamentals', 'investor confidence', 'macroeconomic balance', and 'good governance'—often put paid to any drastic interference in property rights, financial markets and the socio-political distribution of power.

Second, as the state liberalises the economy to maintain the confidence of international investors and uses the global market forces to discipline productive capital and labour, it undercuts the social foundations of a project of developmental state construction and intervention—that is, the nurturing of a social class and domestic alliances with an interest in state-building and vested with sufficient political power to undertake it. On the one side, the sections of society (working class, informal economy and rural poor) with whom the state needs to align themselves for the purposes of building an assertive state have very little or nothing to gain from the present economic growth path (or distribution patterns). On the other side, there is little reason for the privileged to support efforts seeking to establish a strong redistributive state (Eriksen, 2005: 407).

Third, with the elevation of supply-sided infrastructure and privatised service-delivery regimes, the social distance between state and society, and rich and poor, functions in ways to further entrench and solidify the fault-lines of class, race, gender and exclusion. Atop this is a party that deploys an arsenal of techniques and technologies of liberal governmentality that obliterate the public realm and accountability of the elite.[7]

Fourth, at some distance from countries whose historical, developmental evolution pivots on markets and capital accumulation regulated by bureaucracies in the national interest, are those with enduring pre-industrial and pre-industrial agricultural economic foundations and relatively classless/egalitarian-type ethnic/kinship institutions. These countries present unique state construction and statecraft challenges. Politics in numerous North and Middle African countries are 'personalised and based on coalitions of informal patron–client political organisations, using organisational power to allocate rents' (Khan, 2011: 2). The imposition of colonial models of development, and their intermingling with these foundations and institutions, generates complex and complicated patterns of conflict, competition and co-operation that are not easily contained in the shallow, institutionally monocropping tracts and strictures of 'good governance'.

Yet many productive articulations and hybridisations have occurred between colonial/liberal and precolonial associational and moral economies (Khan, 2011) based on treating informality not as 'pathology'—in other words, inimical to good governance and/or to be 'corrected by administrative reforms' (Khan, 2011: 11). Administrative efforts to make African governments more transparent, for example, often work against the grain of their societal patterns/practices of legitimacy, accountability, power and obligation and are likely to have 'limited success' (Kelsall, 2011: 232). In other words, the programmatic push to enhance transparency denies the reality that these practices/patterns

> *... must remain opaque because they are both necessary and illegal: necessary because politicians for reasons of traditional legitimacy must deliver resources through personalised clientelistic networks, and illegal because they*

7 These include the collapsing of party into state structures; the diminished influence over public policies and governing processes of the wider public and the increased use of special advisers with direct relationships to the highest offices of land; insulation and centralisation of decision-making at executive levels of state (especially central and the supplementing/replacement of cabinet-endorsed 'policy' by (secretive and/or restrictively circulated) strategies (Khan, 2010).

> *contravene an imported ideological, legal and governmental system founded on a strong separation between public and private that has never existed in Africa ... The lack of the fit between local culture and imported institutions consequently creates incentives for rule-breaking and opportunities for self-enrichment. What is more, the formal institutions of the state are working against the grain of society's more dynamic forces. At best, this may hold unmanageable centrifuges in check, but, more normally it puts a brake on society's energies, channels politics and administration into opacity and unpredictability, and makes trust impossible to attain.*
> (Kelsall, 2011: 232–233)

So what might working with the grain of viable governing and governance regimes involve? Drawing on the work of researchers connected to the Africa Power and Politics Programme,[8] this includes refraining from imposing external behavioural models; complementing local understandings of power, authority and organisational modes; respecting traditional norms for selecting local leaders; harnessing the authority of local leaders that command/wield legitimacy and 'fitting institutions to realities of political legitimacy' at ground level. Acknowledging corruption and working with neo-patrimonialism (in specific political contexts) requires an in-depth understanding of the multitude of organisations and the functioning of clientelism and, most critically, their role (albeit not always) as enabler and contributor to sustained/sustainable economic growth and development.

This chapter is a modest contribution to growing scholarship registering profound disillusionment with the content and practical interventions of both ambitious and aspiring contemporary (transformative) state-construction menus. There is no doubt that state construction is messy, complex and replete with contradictions. Disturbing though is how the technologies and strategies championed and advocated by those of the mainstream orientations and schools come to be unquestioningly appropriated by ruling elites (worldwide) in spite of the overwhelming evidence of the damages and devastations wrought

8 A consortium research programme, supported by the UK Department for International Development (DFID) and Irish Aid, for the benefit of developing countries. Richard Crook, David Booth and Goran Hyden are some of the luminaries associated with this project.

on institutions and societies—that is, the agenda is out of kilter with reducing poverty, inequality and unemployment patronage. Indeed, the research shows that a great many of the orthodox stratagems, by omission and commission, design and default, frequently reduce the capacity and capabilities of the state to 'intervene' so as to further the interests and priorities associated with the popular will and demands. This chapter points to the need for us to work with the 'grain of African societies', which is of quintessential importance, given the limited resources of money, time, knowledge and human and organisational capacities at our disposal. There is an urgent need to search for innovative ways to move towards better governance, grounded in a critical analysis of our context. We need to pay particular attention to the balance of social forces and the strength and agility of forces within and outside the state, and cobble together political settlements that manage the tensions between short-term losses and long-term gains; that is, we need to contain the social fallout from the inevitable winner–loser policy-impact calculus. New and interesting vistas connected to pro-poor transformative statecraft are being prised open daily in other countries. A great many of these are embedded in historical record, democratic experimentation and 'less-than-heroic' versions of effecting and sustaining social and economic transformation.

Conclusion

The 'End of History' triumphalism—culminating in the financial crisis of 2008/09—marked a turning point in the rethinking and remaking of national and global political economies. There is now widespread agreement, even in conservative circles, that the events of 2008/09 heralded an end to the 'market state' or an end to a 'market fundamentalism [that] abandoned the fundamentals of the market' (Blond, n.d.: 1, 3). Slowly and steadily replacing it is a 'more balanced account of state versus market, global integration, and fiscal and monetary strategies' (Kanbur, 2009: 6). The post-crisis market re-embedding exercises and strategies, especially in the Americas and Europe, alert us to alternative pathways to economic development that were formerly dismissed and vilified. Buttressing this are the success stories of India and China, which bucked the economic orthodoxies of the Anglo-Saxon growth model; and the post-structural adjustment stratagems of centre-left Latin

American governments, with their eclectic mix of orthodox and heterodox pro-growth (versus pro-market) interventions. These ongoing policy reform initiatives reflect diverse balances struck between state and economy, state and society, and national and global interests. In a context of a crisis of ideas, there have been democratic renewals in countries that one never thought possible, and innumerable—though dispersed and incoherent—radical development experiments in the poor slums, shantytowns and townships of the world; alongside the protests and rebellions 'everywhere' else (*The Economist*, 29 June–5 July 2013).

The prospects and potentials afforded us by this conjuncture to remake the 'development' project, re-engineer governance regimes and (re-) activate (a high-intensity) democracy impel us to rethink. Unlike that of the past, however, this type of political engagement is less about scaling the emancipatory peaks of the imaginaries of the new age development thinkers. Politics, in this frame, is 'not an event that happens once, a spectacular outburst of energy that overcomes the dark forces of oppression and lifts liberation into a superior state of perpetual triumph' (Farhi, 2003: 39). This politics is the 'act of climbing, daily, tenaciously and incessantly' (Farhi, 2003: 39), advancing each day by a 'millimetre, in the right direction' (late President Hugo Chávez of Venezuela, 2004, cited in Swilling et al., 2005: 1) to 'simply do what needs to be done' (ex-President Luiz Inácio Lula da Silva of Brazil, cited in *New York Times*, 27 June 2004).

More critically, '[i]t is hoped that the search for answers will yield insights into the problematic of African development never considered before' (Kelsall, 2011: 245) or, to state it more forcefully, never permitted consideration. Recent uprisings and protests in societies ruled by democratic and undemocratic regimes (including those in the grip of economic crises and harsh austerity programmes)—Egypt, Tunisia, Spain, Greece and Brazil—might offer some clues to these questions. Many would no doubt contest the rebellions and revolts, but these originate in the unprecedented degeneration of the core institutions of our modern societies/key components of our civilisation: representative government, the free market, the rule of law and civil society (see, for example, Ferguson, 2012; Harvey, 2012). What is distinctive about the protests is that 'their organisers *saw* themselves as being part of the same global upsurge'.

> *Placards in Madison paid homage to Tahrir Square and the activists in Occupy Wall Street took inspiration from Madison. What stood out the most was that, for the first time since the 1980s, social movements put the question of* capitalism *back on the political agenda.*
> (Panitch, et al., ix; original emphasis)

In Brazil, the scene of the most recent uprising, protestors took to the streets not only to express their dissatisfaction about education, health and transportation. Their outrage—including the hurling of Molotov cocktails at government offices—was directed at the skewed distribution of benefits from growth, a political system that favours the 'powerful few' at the 'expense of the many', and 'politicians who act *legally* on behalf of the powerful' (Teixeira & Baiocchi, 2013; emphasis added).

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CHAPTER 2

China in Africa: *Quo vadis* governance?

Louise Scholtz and Saliem Fakir

> *Mozhe shitou guo he* or *Crossing the river by feeling for stones.*
> (Deng Xiaoping)[1]

Introduction

The emergence of China as one of the main economic players in Africa has generated widespread debate on the benefits for Africa. There seems to be general agreement that although Chinese investment is welcome in Africa, especially since the global economic crisis, and is 'critical' to accelerate economic growth (Gu, 2009: 571), many hold the view that the continent is being colonised anew by Chinese investors seeking 'quick benefits' with 'little sustainable positive impact' (Grimm, 2011: 10). Tull (2006: 460) argues that 'China's "economic impact may prove to be a mixed blessing", [but] the political consequences of its return are likely to prove deleterious'. On a more positive note—and aligned with China's own view—others posit that China's re-entry into Africa opens up new choices for African development for the first time since the neo-liberal turn of the 1980s and may prove an attractive alternative to a 'Western economic paradigm that is generally seen as having only limited efficacy in the developing world' (Mohan & Power, 2008: 23, 25). Moyo (2012) points out that the neglect of European countries to take into account the views of their African counterpart contributed to their failure to

1 Available from: https://www.mtholyoke.edu/courses/sgabriel/economics/china-essays/7.html [accessed 23 March 2013].

convince their hosts of the benefits of colonialism. China, in contrast, provides them with 'money, roads, railways—for access to their minerals and land: a win for all involved' (Moyo, 2012: 165–166)

Acting strategically, China has been very effective in emphasising its 'anti-colonial and anti-imperialist credentials' turning it into an 'attractive ideological narrative of third world solidarity that emanates directly from Beijing's political elite', and which contributes to African goodwill towards China (Alden & Alves, 2009: 7). Emphasis is placed on the 'frank exchange' of China's aid as part of a relationship of mutual benefit' and a mutually profitable future, rather than a 'one-way offering of alms' (Brautigam, 2009: 21). Mohan and Power (2008: 27) speak of China's bilateral cooperation, rather than a moralising political discourse of 'catch up development', while Tull (2006: 459) underscores China's international strategy as premised on 'multi-polarity and non-intervention'.

When surveying these debates, the question begging an urgent response is whether China treads the all too familiar neo-colonialist pathway, or is there something more dramatic afoot—namely, the emergence of a 'China Model' or 'Beijing Consensus' as an alternative to the Washington Consensus? The follow-on question would be: To what extent does this emerging model or consensus challenge 'contemporary global political and economic governance'? (Gray & Murphy, 2013: 183). Some raise the possibility of a 'new world order' (Gardenal & Araújo, 2013: 255). Numerous other commentators, however, allude to the potential reversal in the progress (to date) recorded in democracy and governance (Alden & Alves, 2009; Breslin, 2011). Similar to the conflicting views on China's overall impact on Africa, the confluence of China, Africa and governance elicits diverse responses, many of which will be examined further in this chapter.

This chapter makes two main points. First, much of the criticism levelled at China is informed by geo-political rivalry. China is now Africa's biggest trading partner, 'unseating' the United States, growing from 'US$10 billion in 2000 to US$90 billion in 2009' (Moyo, 2012: 77). A substantial part of the criticism (and vilification) emanates mostly from Western commentators who spotlight the 'inherently dangerous and self-serving nature of China's foreign policy', while enhancing the 'legitimacy of Western approaches to democracy and development aid' (Mohan & Power, 2008: 36). Second, good governance in Africa depends on many factors, of which China is but one, albeit important, player. More important, arguably, is the presence of capacitated state institutions, strong democracies and civic capability for action to ensure accountability and transparency (Acemoglu & Robinson, 2012; Shaw et al., 2007).

Narrative of Sino-African engagement: Ideological, strategic and pragmatic

Before delving into the contemporary drivers and rationalities of Sino-African engagement, it is worth reminding readers that Sino-African links date back to the early fifteenth century. In modern China, two engagements are notable: the 'going-out strategy' (driving China's present engagement with Africa), and the previous 'Maoist Phase' (lasting until the late 1970s). This earlier phase, characterised by its 'revolutionary engagement' or 'Third World Solidarity' was partly inspired by [China's] ideological rivalry with the Soviet Union' (Grimm, 2011: 11–12). China offered decolonising Africa moral and political support, sometimes coupled to limited military support and aid (Kaplinsky et al., 2011; see also Reilly & Gill, 2007).

The 'Maoist Phase' China stood the country in good stead, enabling it to maximise the 'quasi-natural convergence of interests' between, in the words of the previous president, Jiang Zemin', 'China, the biggest developing country and Africa, the continent with the largest number of developing countries' (Tull, 2006: 463). This strategic cloaking of resource-extractive policies in attractive rhetoric is present to a large extent in the principles outlined by Jiang Zemin in his five-point proposal for long-term Sino-Africa co-operation (Mohan & Power, 2007). In a similar vein, the Chinese Foreign White Paper (2012) opens with the assertion: 'China is a developing country' and continues as follows: 'although [China's] economy has been developing rapidly' it still has 'a large poverty-stricken population'. The document also highlights the distinctive characteristics of China's engagement, emphasising the principles of 'mutual benefit', 'substantial results', and 'keeping pace with the times without imposing any political conditions on recipient countries'.

Three salient features of China's engagement with Africa continually surface. First, China's present engagement derives from its own development orientation: the strong focus on sustained economic development as 'the best antidote to conflict and instability' (Brautigam, 2009: 21). Second, China's approach of supporting an 'extension of incentives … to companies wishing to extend their global reach' is strongly informed by its own experiences as a recipient of foreign aid from the United States and Japan (Beeson et al., 2011: 10). Third, the centrality of China's present resource politics or 'going out strategy' (Beeson et al., 2011: 25) in its 'evolving foreign policy' cannot be overstated. This form of resource politics is essential to sustain its domestic economic development to 'fulfil the growing aspiration' of the Chinese and ensure the 'performance legitimacy' of the Chinese government (Beeson et al., 2011: 25). It is this last feature that feeds the negative perception of China's engagement as a 'straight resource scramble' (Mohan & Power, 2008: 27).

Beeson et al. (2011: 25) point to China 'executing its "going out" or resource strategy with considerable aplomb' using 'state controlled tools such as cheap financing'—underwritten by the state financial institutions (Moyo, 2012: 77)—and access to government contracts with African states to encourage overseas expansion and acquisitions (by both state and private companies). Within the broader strategy,

> *… China's 'corporate engagement' strategy in Africa consists of several elements. Top Chinese leaders and diplomats create a favourable environment for Chinese investment in Africa through a mixture of prestige diplomacy, economic assistance, and diplomatic support for African leaders. At home, China's economic bureaucratic agencies encourage Chinese state-owned enterprises (SOEs) to increase their investment and trade with Africa. China's SOEs implement Beijing's aid projects, extract strategic natural resources for export back to China or for profit in the international marketplace, and expand their manufacturing bases in China. Chinese workers staff Chinese projects efficiently and at low cost, and Chinese migrants build trade networks and supply chains linking China and Africa.*
>
> (Reilly & Gill, 2007: 38)

Simultaneously, China furnishes host countries with 'infrastructure and finance to unlock economic growth' and in the process secures strategic assets (Moyo, 2012: 85). Consequently, China has evolved from 'a status of no position in the resource market' in 1995 to an important player today with 'oil leases from Angola to Sudan and mining concessions from the Democratic Republic of the Congo (DRC) to South Africa' (Alden & Alves, 2009: 4).

The 'corporate strategy' detailed above does not however translate into a 'China Inc.' that controls and coordinates the activities of all Chinese companies in Africa. This would be a misconception of the 'nature of the relationship and the power of the Chinese state' (Beeson et al., 2011: 9). Indeed, China's 'Going Global' strategy involves not only companies with owners in both central and provincial governments, but also 'privately-owned companies with divergent interests'. These companies are in competition with each other 'in bidding for overseas projects, development rights and construction contracts' (Taylor, 2012).

This brings us to the thorny issue: Do China's actions amount to neo-colonialism? Hillary Clinton—not explicitly mentioning China—recently warned African states of a 'new colonialism'; issuing a reminder of colonial times when 'it [was] easy to come in, to take out natural resources, pay off leaders and leave' (Moyo, 2012: 155–156). China's policy of non-interference in the domestic affairs of other countries suggests that it does not seek to exercise political hegemony over the African countries in which they are investing. However, leaders can be bought, potentially providing China leverage and influence over countries. Similarly, assuming a dominant position vis-à-vis aid and development that enters any particular country may also translate into *de facto* economic dominance. In attempting to answer these questions, it might be instructive to look more closely at the extent and flow of Chinese aid and investment to Africa.

Analysis of the foreign direct investment (FDI) in 20 countries reveals that China is the largest source of foreign direct investment in the DRC at nearly 80 per cent, followed by Ethiopia and Zambia at approximately 55 per cent, Liberia at 50 per cent and Guinea at 45 per cent. Similar figures for France reveal foreign direct investment of nearly 80 per cent of total FDI in the Congo and Gabon (Van der Lugt et al., 2013: 73). Of these, Ethiopia and Gabon are still authoritarian regimes, and the Congo is regarded as a 'hybrid state' (*The Economist*, 2013: 6). In Angola, yet another authoritarian regime, FDI is spread more or less equally between France, Norway and the United States(Van der Lugt et al., 2013: 73), while South Africa is by far the biggest investor in the hybrid states of Mozambique and Zimbabwe (*The Economist*, 2013: 6; Van der Lugt et al., 2013: 73; see also Mlachila & Takebe, 2011). From these figures it is clear that China is not the only foreign power active in countries without democracy or hybrid democracies. Additionally, there is no conclusive evidence of China targeting despotic regimes that can be bent to its will, given that China is active in all 20 countries reviewed and invested in a wide variety of enterprises.[2] Put starkly then, if China stands accused of neo-colonialism, the same could be said of France. Moyo (2012: 5, 165) points out that China is not the first country to pursue resources in Africa; that is, 'Western critics tend to avoid mention of the less-than-savoury politicians with whom their own countries have done business'. Similarly, a fair number of flaws and criticisms that need to be levelled against Beijing's politics in Africa do equally apply, though to a lesser extent, to Western policies towards Africa (Tull, 2006).

With regard to foreign aid, the foreign assistance of the US and other developed countries is far larger than that of China (Beeson et al., 2011). On the other hand, it is difficult to pronounce authoratively on the quantum or extent of aid or involvement, owing to poor/lack of information.[3] This is compounded by the removal of exchange controls and weak recording practices (by African states). Securing reliable data on the flow of Chinese aid to Africa is complicated because China does not classify aid as a separate category of investment and does not reveal its aid figures (Grimm, 2011; Kaplinsky & Morris, 2009). This might be another instance where Chinese investment and aid practices fuel 'misunderstanding and speculation' (Brautigam, 2009: 12), playing into the hands of its critics. In any event none of these figures and findings support a charge of neo-colonialism.

2 South Africa had by far the highest levels of cumulative Chinese FDI flows with a total value of US$5 816 million, most of it going to their purchase of a 20 per cent stake in Standard Bank (Van der Lugt et al., 2011: 73).

3 This is partly to avoid being seen as favouring one country above another, but is also an indication of the sensitivity surrounding aid in China; 'hand-outs to other countries are not considered immoral, and also due to persisting high needs for development' (Grimm et al., 2011).

Discounting further the claims of Chinese neo-colonialism and hegemonic despotism, is Moyo's (2012) finding that relatively fewer benefits accrued to Africa and local communities in the past than today. The official Chinese viewpoint on Africa is that of an 'exceptional and receptive investment area' that was 'abandoned by the West' in the aftermath of the Cold War when ideological tensions dissipated (Beeson et al., 2011: 10). Investment is based on the notion of 'mutual beneficial gain', with no desire on the part of China to impose its will on African countries—that is, 'encumbered with the widely resented demands for reform associated with Western political and economic engagement in the region' (Moyo, 2012: 156). This is echoed by Li Ruogo, the Chairman and President of the Export–Import Bank of China. Conceding that China's 'resource campaigns have features of past international forays', he points to noticeable differences: China's stated principle of 'equality and mutual benefit', and adherence to 'market rules to acquire resources'. Li Ruogo posits that it was 'China's entry into the market that broke the Western countries' long-term control over the resource exploration', enabling African countries to sell their 'energy at market prices for the first time ever' (Moyo, 2012: 89). China also holds the view that its investment in energy and raw materials underpins the development of African infrastructure and economic development that led to the heralded 'African Renaissance' (Beeson et al., 2011: 10).

In summary, China's interests have diversified and grown, and it would be simplistic to portray its engagement, on the one hand, as merely to 'help Africa' or, on the other hand, as exploiting Africa for its natural resources (in a 'straight resource scramble' (Mohan & Power, 2008: 27). China's engagement should be more appropriately portrayed as 'part of the picture of China's global engagement' and, in particular, 'about its own position, the Chinese economy, [its] diplomatic clout, or simply individual pursuit of opportunities as in the case of migration' (Grimm, 2011: 31–32).

Does China's engagement present a 'new model' of development, the so-called 'Beijing Consensus'[4] or China Model, or is it merely tweaking existing models, and does it portend or announce the emergence of an 'alternative world order'? (Gardenal & Araújo, 2013: 255).

4 As coined by Joshua Cooper Ramo, the former foreign editor at *Time Magazine* in 2004 (Brautigam, 2009: 16, 17).

'Beijing Consensus' or 'China Model'?

Having established that Chinese foreign policy follows domestic development approaches, the answer to both questions resides in the examination of the strategies or principles guiding China's internal transformation. Steinfeld (2010, cited in Beeson, 2013: 239) argues:

> *China today is growing not by its own rules, but instead by internalising the rules of the advanced industrial West. It has grown not by conjuring up its own unique political-economic institutions but instead* [by] *harmonising with our own.*

If Steinfield's observations are correct, China is likely to exert international influence 'as a successful capitalist economy, not as a standard bearer for a radically different set of ideas or practices' (Beeson, 2013: 239–240). In similar vein, Steinfield argues that the 'pragmatic basis of the Beijing Consensus [of doing] whatever seems to work, and in the process sporting "a cavalier approach to human rights" does not constitute a fairly coherent set of policy proposals and implicit normative values' (Beeson 2013: 239–240).

Several authors endorse this view, albeit from diverse ideological platforms or schools. Gray and Murphy (2013: 188) alert to the failure of China to 'formulate its own model as a set of universal principles' and point to China's entry into the World Trade Organisation as indicative of a 'process of internalising the rules of the West'. Mohan and Power (2007: 31) argue that China—like neo-liberal 'Western powers'—endeavours to advance the class power of its elites. Similarly, Breslin (2011: 13) signals that the 'Chinese Model' is a 'variant of a relatively well-trodden statist development path, less peculiar or atypical than appears at first sight'. Brautigam (2009: 16–17) expresses her reluctance to endorse the 'Beijing Consensus' as an 'identifiable model' related to the evolving nature of the five-year plans coupled with China's 'emphasis on experimentation rather than certainties' versus the policies implemented under the aegis of the Washington Consensus.

It would at this stage be 'premature' (Gardenal & Araújo, 2013: 255) to aver that China—the 'biggest lender and superpower'—is 'on a path to overturn the present status quo laying the foundation for a new world order'. Arguably, it is rather the case of China in its inimitable way—'crossing the river by feeling for stones'—slowly building momentum for a reorientation of power from the

West to the East.[5] It should also not be assumed that China wants to actively and directly drive change on its own. It is also unclear why China should be impelled or compelled to seek and/or champion change (directly or indirectly) to the development praxis and/or changes to the international order. The mere fact that the China 'model largely benefits economic and political elites', coupled with the 'competitive advantages that it confers', might 'leave rivals little option but to follow suit' and implement 'some degree of emulation' (Beeson, 2013: 233).

China, Africa and governance

The remarks above related to influencing and/or changing praxis and order serve as useful springboards into the next section covering African governance and Chinese projects and programmes. If governance (the political system) and economic agency interlinked, and the economic system is the outcome of the political regimes that prevails over how resources are managed, allocated and distributed, the question arises whether China poses a threat to or bolsters 'good governance' in Africa.

Three caveats frame the ensuing discussion. First, China's doctrine of respecting sovereignty and non-interference is based implicitly on the existence of a functioning state[6] (not necessarily the case in Africa). This has future implications for governance. If China seeks stability to conduct business and is not bothered about how it achieves it, then 'the state may not be the vehicle to attain this' (Mohan & Power, 2008: 28). Second, 'outcomes of Chinese involvement are also mediated by the particular histories, structures and capacities of individual states' (Mohan & Power, 2008: 28). Third, under these circumstances, the only way that China can positively impact governance is by managing and steering the development executed under

5 'One of the elements in FOCAC 2012 is the increased assertiveness of China and African countries in calling for a new international order. There is also a stronger call to reform international institutions such as the UN' (Delpero, 2012: 10).

6 'Functioning' in this context is a term used to denote capable governance by states of their territories, creating conditions that support investment, coupled with 'the levels of institutional regulation and the robustness of political society since many African states lack organised political debate and action, which might challenge development models' (Mohan & Power, 2008: 28).

the Chinese 'flag' in Africa. This raises the question: Is China capable of bringing about good governance in Africa? (Grimm, 2011: 13).

There is a 'general perception that Chinese involvement in Africa has characteristics that are in some way distinct from the involvement of OECD countries', which 'might distort economic growth and compromise the pursuit of the Millennium Development Goals (MDGs)' (Kaplinsky et al., 2011: 398). 'China has also been criticised for obscuring or failing to pay attention to a range of issues pertaining to good governance, human and labour rights, environmental protection and social justice' (Kaplinsky et al., 2011: 398). China's deliberate policy of non-interference in the domestic affairs of other countries, coupled with its largesse as a funder, raise additional concerns that Chinese finance may 'fuel corruption directly through the transfer of large funds to poorly governed regimes' or 'could provide a financial lifeline to repressive, authoritarian governments that might otherwise be forced to bow to sanctions or governance conditionality' (Brautigam, 2010: 37).

Moyo (2012: 160, 166) refers to the 'strange schism' between mostly Westerners and reporters, and Africans (who mostly experience China in positive terms).[7] The former depict China's excursions as 'unanimously bad, and Africans the presumed victims of the abuse' or as a 'rogue donor operating completely outside the rules and making governance worse' or pedalling toxic aid (Brautigam, 2009: 3). It is argued that there is a 'cynical use of political largesse on the part of the Chinese state' to facilitate access to African resources (Tan-Mullins & Mohan, 2012: 4); 'feting and courting the worlds' best known despots' by offering inducements (Moyo, 2012: 165) 'aimed at satisfying elite-defined needs' (Alden & Alves, 2009: 4).[8]

7 Moyo (2012) refers to the findings of the Pew Report, which revealed two important points. 'First, favourable views of China and its investments in Africa outnumber critical judgements by at least a two-to-one majority in virtually all the ten countries surveyed' in Africa. Second, 'in nearly all African countries surveyed, more people view China's influence positively than make the same assessment of US influence.' (Moyo, 2012: 166).

8 Much of the 'concern with the negative dimensions of China's re-engagement with Africa today' as evidenced in the media, shows marked similarities with earlier Cold War literature that depicted '… [the] PRC as an intentionally destabilising revolutionary factor in Africa versus China's current inclination to support the status quo and

It would be amiss not to raise concerns relating to 'problems of asymmetry in any economic negotiations and agreement' (Grimm, 2011: 31–32) and it is in this arena in which Africa continues to fall short. The challenge for African states is to gain maximum advantage of the agreements entered into. This entails, among others, the nurturing of 'human resource capacity and institutional capability', not only to 'negotiate these agreements effectively', but also 'the political will and legitimacy to enforce them' (Kaplinsky & Morris, 2009: 567).

African countries have to contend with fierce competition from Chinese firms, large trade deficits, inflows of Chinese labour, and the 'prospect of racing to the bottom in competition for Chinese investments'. Obscuring, then, the 'win-win situation'—a key phrase in China's investment marketing strategy—are searching questions about the distribution of the gains and long-term costs. Managing the social/political impacts of 'rapid transformation benefits' flowing from Chinese investment alongside possible 'transformation of the status quo with unforeseeable consequences' can be challenging (Beeson et al., 2011: 25). Facilitating development that entails a combination of finance options and role players requires levels of institutional capacity many African countries do not have (Grimm, 2011: 31–32).

Over and above issues of asymmetry, elite capture of the gains and lack of institutional capacity, there are valid concerns that Chinese banks may be 'free riding' by opportunistic extension of loans to low-income countries recently freed from crippling debts. In a region plagued by official malfeasance, poor accounting of funds—lack of proper accounting is not a Chinese demand—and absence of conditions on governance, the incidence and exacerbation of corruption is palpable (Brautigam, 2009). Arguably, the way that Chinese loans are structured can mitigate the situation because money is rarely transferred in terms of loans, and very seldom is aid given as a cash grant. Instead the money is kept in China 'through payments to Chinese companies and their subcontractors authorised by the borrowing government'. This practice mitigates against 'large-scale embezzlement of funds, although

established African governments; the PRC as an ideological threat to newly independent African states versus China as an interest-driven threat to 'good governance' or 'democratisation' today' (Large 2008: 49).

kickbacks might still take place' (Brautigam, 2009: 37). China does not seem to be shy of hard deals that are entirely donor-centric, as long as the flows of assistance are controlled and within their sphere of influence. This is their customised form of governance and accountability over aid flows (Mlachila & Takebe, 2011).

Undoubtedly, Chinese investment strategies, based on the principles of non-conditionality and non-interference, may in some instances play into the hands of the respective players and as such impact on governance. While not distracting from the potential of investment positively impacting on incomes and reducing poverty, this newfound wealth can be captured by 'governments who use the cash for self-aggrandisement' or the subjugation of their citizens (Moyo, 2013: 4.) In a similar ironic vein, aid 'without preconditions' presents an 'attractive alternative to conditional Western aid'. The major beneficiaries are the Chinese and African elites, resulting in 'a generally asymmetrical relationship differing little from previous African-Western patterns' (Tull, 2006: 459). On balance, though, there appears to be a consensus on Africa benefiting from Chinese development (Brautigam, 2010; Gu, 2009; Johnson, 2013).

With a view to arresting or reducing the prospect of negative outcomes, the question arises about China's influence, leverage and control over Chinese decision-makers and shapers in Africa. As already stated in this chapter, it would be a mistake to assume that China has absolute mastery over all the Chinese actors in Africa; similarly it would be incorrect to assume that all African countries are the same. Any discussion of China's engagement with Africa requires 'disaggregating "China" and "Africa", since neither represents a coherent and uniform set of motivations and opportunities' (Mohan & Power, 2008: 23).

As China's model of development evolved, so did the profile of Chinese investors in Africa. Kaplinsky and Morris (2009: 551–552) identify four distinct families of Chinese foreign direct investment that have entered Africa from the mid-1990s until the present: first, companies that are predominantly owned by the central state and which are accountable to the State Council—they invest mainly in resource extraction and infrastructure, and operate under formal state-to-state agreements. Second, provincial state companies whose loyalty is primarily to their 'provincial objectives rather than the Central State' and which 'build on regional Diasporas'. Third, predominantly private-owned companies ranging from those incorporated in China and Africa to those incorporated only in Africa and active in petty manufacturing and services. It is arguably this last class of investor that has impacted negatively on the perception of Chinese firms active in Africa. Not understanding the 'expectation of how [their] investment ought to bring development gains to Africa', they do not 'work collectively' with the Chinese government to address 'emerging development issues' (Gu, 2009: 572, 581). The situation is complicated further by the influx of small entrepreneurs (Gardenal & Araújo, 2013) that compete even more directly with small businesses.

Although on the one hand 'political outcomes of China's involvement in Africa [are] primarily shaped by state-capital dynamics, particularly how Chinese capital and parts of the Chinese state intertwines with fractions of capital and political blocs within Africa' (Brautigam, 2003, cited in Mohan & Power, 2008: 25), the diversity of Chinese actors in Africa challenges the view of China as a 'monolithic bloc' with 'one master plan in Beijing that systematically includes the full spectrum' (Grimm, 2011: 31). In the past the Chinese state and firms' engagement with African states were 'coincidental', but this is rapidly changing. Although the links between the Chinese Communist Party, the large state and the large Chinese multinationals are still strong, the majority of Chinese firms in Africa are small or medium enterprises—with CEOs that argue that they are 'primarily commercial entities' (Gu, 2009: 274, 583), and are independent of Chinese state agendas to a degree. (Brautigam, 2003, in Mohan & Power, 2008: 25; see also Taylor, 2012). Consequently, the Chinese government will

> *… more likely find itself hamstrung by what theorists call a powerful 'principal-agent' dilemma: an increasing set of tensions and contradictions between the interests and aims of government principals—the bureaucracies based in Beijing tasked with advancing China's overall national interests—and the aims and interests of ostensible agents—the companies and businesspersons operating on the ground in Africa.*
> (Reilly & Gill, 2007: 37)

Lastly, detractors often forget that although China is the second biggest economy in the world and increasingly flexing its political power, not least as a key player in BRICS, it is still a developing country grappling with many internal challenges. Mirroring Africa, these include inequality, widespread poverty and corruption. This renders it difficult for China to 'balance its direct engagement with the indirect (and possibly involuntary) effects on African states—even with the best of intentions' (Grimm, 2011: 13). Is it justifiable to expect the Chinese state to assume responsibility for every company or family-run business that operates in Africa if we are not expecting the US or France to assume a similar responsibility for all the irresponsible actions of its citizenry in other countries irrespective of whether it is able to exert any control over them?

There is also a tendency among detractors to disregard Africans themselves in the critique of China—in particular, their view of China and what it can offer Africa. Brautigam (2009: 17) points out that Africa regards China

> *… as different from traditional donors and aid partners because it is also a developing country and its development success (explicitly, its rapid economic transformation and its reduction of poverty) give it a great deal of credibility as a partner with relevant recent experience.*

The Chinese view—specifically, that 'once development is achieved, standards, rights and rules worked out by African and not imposed by external parties'—appears 'closer to the African than Western norm. In many cases, China has followed the lead of prominent countries in Africa, particularly South Africa and the African Union, on governance issues' (Brautigam, 2010: 37). This does not mean that Africans are uncritical of China's mode of engagement with Africa. The prevailing buoyant mood in Africa, with talk about 'business, investment and win–win cooperation', is tempered by a sense of 'disquiet' among African countries over what is perceived as China's record on governance, environmental impact and stance on human rights (Brautigam, 2009: 4).

However, as long as the present strategy continues to support China's development goals and works for the government and the leadership of the Communist Party, it is unlikely to change in the near future (Moyo, 2012: 9). Moreover, 'China's position as the world's most dynamic growth engine' and its impact on the internal and external politics of its trade partners, will leave them with little choice but to accommodate China. 'In the resource politics of the 21st century, material forces may trump ideological ones' (Beeson et al., 2011: 27).

Institutional engagement: A way forward?

Any discussion of China's present and future engagement with Africa would be incomplete without a few comments on the nature and materiality of institutional relations at regional and continental scales. Created in 2000 to pave the way for a more coherent continent-wide investment, the Forum of African and Chinese Cooperation (FOCAC) was intended to provide a platform to effectively support dialogue between China and Africa and coordinate foreign policy in Africa. Sadly, FOCAC has not succeeded in bringing about a 'coherent African Agenda'. Furthermore, African states and multilateral institutions—the New Partnership for African Development (NEPAD) Secretariat and the AU—have failed to utilise these spaces to further their 'policy positions' or to promote alternative governance agendas. Not surprisingly, negotiations on the whole are still conducted bilaterally, which effectively reduces FOCAC to a public relations opportunity where 'agreed projects' are announced (Davies et al., 2008: iv, 9). However, as FOCAC matures, the opportunities may well arise to introduce suitable governance measures pertaining to the coordination of aid, investment and trade flows between China and Africa. FOCAC could also provide a useful forum for the AU and African states (on an individual basis) to discuss, with their Chinese counterparts, governance matters and associated metrics.

An analysis of the Declaration of Action, announced at the closing of the latest FOCAC meeting held in Beijing in July 2012, offers some hope. Alongside strong resistance to any interference in Africa's internal affairs by external forces pursuing their own narrow self-interest, clearly directed at Western 'meddling' (Para 2.6.2) (Delpero, 2102), is the emphasis on African agency in the relationships: the concept of a 'partnership of equals' (McDonald, 2012: 8).

China has demonstrated that it is susceptible to criticism: 'overcoming negative perceptions and the concerns raised by its rapid economic rise and outward expansion are major priorities' (Beeson et al., 2011: 9–10). The threat of 'losing face', a recurring Chinese expression, often features as the way to affect change/s in Chinese investment drivers and management of African investment. The increased attention on burnishing China's image in the 2012 Action Plan—clearly a claw-back of media space 'hijacked' by anti-China reporting—is accordingly to be welcomed. The stated goals (in Chapter 6.3) are to foster 'favourable public opinion for China–Africa cooperation', encourage 'objective and fair coverage' and intensify information on China–Africa relations. Interestingly, 'objective coverage' is associated with 'favourable public opinion' (Delpero, 2012: 4).

Illustrative of China's interests beyond Africa's 'wealth of resources' is increasing engagement with 'political and diplomatic aspects' (Reilly & Gill 2007: 37). The FOCAC Declaration (Para 2.6.3) establishes a new initiative on 'China–Africa Cooperative Partnership for Peace and Security' whereby China commits financial and technical support for the development of the African Peace and Security Architecture and for the African Union peace-support operations. For the first time China committed CNY600 million (approximately €73 million) in free assistance to the African Union for African integration and 'self-enhancement through unity' (2.5.3)[9] (Delpero, 2012: 1). Cumulatively these are suggestive of a move away from China's support in the past, that was 'little more than rhetoric and ambivalent at best' (Tull, 2006: 476).

The AU also has vehicles (for instance, NEPAD) that identify development needs in a number of sectors and strives to coordinate development (and other forms of assistance) across the continent. Additionally, the AU can play a region-wide role to promote good governance through improved democratic practice, and NEPAD (in particular) can ensure codes and practices for financial flows into the African continent to stimulate economic growth and development, and ensure better coordination of aid and FDI (Keponang & Mosweu, n.d). The jury is, however, still out as to whether China will accept the AU contribution and facilitation as non-invasive and non-interfering. If not, they are more than likely to query the nature and role of such interference as not squaring up with the 'cornerstones of Chinese statecraft—that is, sovereignty and non-interference' (Tull, 2006: 477). However, the possibilities identified above must be seen in context. To date the AU has not developed an official stance on Sino-African relations, and according to Taylor (2012: 32) although it is appreciative of the Chinese funding of the AU headquarters, there is 'an almost total lack of any coherent African voice to shape the relationships that FOCAC is supposed to engender'.

9 In comparison, the African Union Support Programme of the European Union amounted to €55 million for the period 2007–2011 (Delpero, 2012: 2).

Conclusion

By way of a conclusion, a few reflections. First, it is important that the dogmatism of equating good governance with democracy should be avoided. This is reinforced by Grimm (2011: 29):

> [T]*here are actually good arguments to consider 'good governance' a key element for the Chinese policy success … clear elements of good governance appear in assessment of its development successes: a development-orientated leadership with implementation capacity and a clear policy based on trial and error: in other words, evidence based policy.*

Second, although China's wealth and largesse may influence governments in its favour, the responsibility for their 'sociological, economic and environmental landscapes ultimately lie with the host country' (Moyo, 2012: 171). China is only one of many players on the continent. Decades of meddling in Africa's affairs has not demonstrably changed government for the better across the continent. Arguably, the 'villain is the system, not China' (Moyo, 2012: 171).

Adding to the sentiments above, and without diminishing the progress made by Western governments with regard to the 'promotion of democracy, human rights and conflict resolution', one should be alive to selective moralism at play (Tull, 2006: 477). Much of the scaremongering related to China's so-called 'negative' impact on governance in Africa is conceivably part of a larger game of carving geo-political influence and space.

Third, both FOCAC and the AU afford opportunities to drive the good governance agenda. The AU, in particular, can apply peer pressure on errant countries and eject members that do not comply with its codes and practices. However, much depends on the determination of Africa to put their 'pledges for democracy and human rights into practice' (Tull 2006: 477). FOCAC, on the contrary, does not have the same 'teeth', leading Taylor (2012: 38) to question whether it is anything more than a large-scale public relations exercise—'fanfare and razzmatazz'. Indeed, Africa engages with China in the same way as with its other trade partners from all over the world.

To conclude, the ability of the major parts of the South to withstand and weather a financial crisis spawned by the North's lax and irresponsible financial regulation of others (the West) has probably added to the latter's reduced position in Africa. The loss of the West's moral authority to lecture others on the 'proper way to organise and regulate their economies' presents opportunities for 'rising powers of the South to play an increasing role in the reform of global economic and political governance' (Gray & Murphy 2013: 184). The outcome of such greater assertiveness hinges on how the South chooses to grab and roll the dice!

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CHAPTER 3

Governance, aid and institutional traps

David Ross Olanya

Introduction

In the political discourse related to 'development,' the 1980s witnessed a fundamental shift from 'government' to 'governance'. A component of this shift, relayed through the optics of the 'new political economy', was the largely negative portrayal of government as predatory, given to rentierism and vulnerable to corruption. Derived from this perspective, 'good governance' was introduced as a regulatory framework for democratic participation in decision-making. As a necessary administrative capacity for development and its adoption—and a condition for accessing international finance (Kjaer, 2004)—'good governance' is intimately connected with structural adjustment policies and the dominance of neo-liberalism (Leftwich, 1994: 370).

Good governance—as articulated and championed by the international financial institutions and the powerful nations of the world—comprises 'the exercise of authority or control to manage a country's affairs and resources' (Schneider, 1999: 7). Key elements include the rule of law, public-sector management and transparency, public-expenditures management and combating corruption (OECD, 1997). The World Bank has, over time, supplemented this view and now includes in its metrics, voice and accountability, political instability and violence, government effectiveness and regulatory burden.

Expanded definitions of governance include political and economic dimensions. The political dimension spotlights government's legitimacy, accountability, competency and respect for the rule of law (mainly to guarantee and protect property rights). From the economic angle, governance is referenced to the proper (in other words, neo-conservative) management of the public sector to ensure financial and fiscal accountability, upholding property rights, and transparency for effective execution and management of economic progress (Landman, 2003: 92). Easterly and Pfutze (2008) identified five major areas to measure best practice, which included transparency, specialisation, selectivity, ineffective aid channels and overhead costs.

This chapter argues that quality institutions are central to achieving developmental outcomes and that enhancement of governance capabilities in allocating investment and coordinating resource mobilisation should be the starting point of state building and economic reconstruction. In other words, the failure of developing countries to enter into and maintain virtuous human development and (inclusive) economic development cycles is not due to a lack of savings and investment, but rather to the absence of quality institutions to sustain incentives for savings and investment. Both narrow and expanded definitions of governance—the former, peddled by the World Bank (1992), which elevates efficient, independent and open public service (Leftwich, 1994), and the latter, with its emphasis on democracy and human rights—misunderstand and misinterpret the reasons for uneven, distorted and failing development. More pointedly, donors operate from the premise that poor countries fail to grow because they cannot generate sufficient resources to fund investment. Therefore, infusions of external aid (the 'big push' into a country) will plug/fill saving and investment gaps and furnish the critical threshold for the economic 'takeoff' (Rostow, 1959; Sachs et al., 2004). However, Easterly (2005), Kraay and Raddatz (2005) and Berg et al. (2006) countered this, demonstrating that many extremely poor countries succeeded in development without attaining a certain minimum necessary to 'take off' into sustained growth. Evidence suggests that quality institutions are critical for *sustaining* growth. The theory and evidence undergirding this perspective is located in new institutional economics and the East Asia development record (see, for example, Acemoglu et al., 2001; North, 1990; World Bank, 1997), which collectively show that the state is pivotal in promoting socio-economic development. Variations in levels and quality of institutional capabilities and capacities of states explain differential outcomes and results across and among nation-states.

In sum, then, this chapter attributes poor growth and high poverty to weak institutions—or the 'weak institution trap'—which is at some distance from the praxis of donors premised on the belief that Africa is trapped by its poverty, and aid is the magical elixir to escape poverty. If emphasis is placed on building institutions for effective developmental interventions and outcomes, then the quality of aid—encompassing (among others) the nature of aid programmes and their impact on local institutions—is of paramount importance. Greater quantities of aid, often devoted to 'good governance' and poverty reduction, are harmful to growth and development, as they feed and nurture socially exclusive political coalitions whose survival depends on extractive institutions. Increasing aid injections to combat and reduce poverty, but filtered through institutions that protect and perpetuate asset and income inequality, and intensify high dependence on mineral and oil exports (enclave economies)—whose rents are captured by a narrow elite—(unwittingly) renders already weak institutions even weaker (see Birdsall, 2007; Moss et al., 2006). Rather than assisting and helping the poor, donor aid, in this context, is not only complicit in exacerbating poverty, but is also implicated in effecting and fuelling an upward redistribution of income and assets. Before demonstrating this thesis, it is necessary to clarify our understanding of quality institutions.

Quality institutions

How does one measure quality? Edison (2003) underscores the importance of quality institutions, with both formal and informal rules (see North, 1990). Quality institutions provide for the rule of law and the protection of property rights, and constrain the power of the executive. High quality institutions enhance policy sustainability and trump everything else—that is, climate change (and associated diseases), geographical location, ethnicity and so forth (see Rodrik & Subramanian, 2003). Together, strong institutions and policies promote transparency, accountability and security, which encourage investments (North, 1990).

Quality institutions come in different configurations and, at times, their features run counter to mainstream logics and received wisdoms. I refer here to the 'developmental state', which traditionally is not associated with the rule of law, the sanctity of private property and its strict/absolute protection, and constraining executive power. Dating back to the sixteenth century, the developmental state has played a critical role in pushing forward development, economic growth and social transformation in many regions of the world (Bagchi, 2000). The developmental state is often associated with the first and second generation of newly industrialised economies (NIEs) of East Asia, in addition to the historical development of the Netherlands and England in the sixteenth century and Germany in the early twentieth century (Mkandawire, 2001; UNECA & AU, 2011).

The developmental state 'constructs and deploys institutional infrastructures and technologies within the state and mobilises society towards achieving developmental projects' (Edigheji, 2010: 4) via nurturing growth-enhancement capabilities to sustain growth, adapt technology and manage non-market transfers (Khan, 2008). The developmental state exhibits 'embedded state autonomy' (Evans, 1995); institutional capacity and competence bureaucracy (UNECA & AU, 2011: 98), with professionalism and technical skills (UNECA, 2005: 138); effective national development planning (UNECA & AU, 2011), support for a national entrepreneurial class (Mkandawire, 2001)—what UNCTAD (2009) calls 'developmental governance'; a commitment to the expansion of human capacity (UNCTAD, 2007: 64); and the existence of peace, political stability and predictability in government business (UNECA & AU, 2011). However, this approach needs capable leadership and development ideology (Johnson, 1987: 140).

Deconstruction of the growth experience and record of these transformative states reveals that development was not a function of 'good governance', but rather of the kinds of politics that the state generated, sustained and protected. Evident in developmental governance is purposive statecraft, wherein the 'political and institutional structures' are 'developmentally driven', and the 'developmental objectives' are 'politically driven' (Leftwich, 2000: 154). Variations are seen in the degree and depth of state intervention in the economy, ranging from government guidance to governing the market, which together provide 'directional thrust to the operation of the market mechanism' (Onis, 1991: 110; also see Doling, 1999; Johnson, 1982; Khan, 2004; Wade, 1990).

The Northern Uganda Social Action Fund

Grounded in the belief that quality institutions are preconditions for development success, this chapter, with its focus on development lending, now turns to experience of post-war intervention projects in northern Uganda. This case study highlights how donor funding delivered via the Northern Uganda Social Action Fund (NUSAF I) and Peace Recovery and Development Plan (PRDP-NUSAF II) (OPM, 2009), fell victim to mismanagement by politicians and bureaucrats, largely as a result of the absence of quality institutions (or developmental governance). The continued flow of development resources without improvements in development performance and results undermined the impetus for effective action to build state capability or improve effectiveness (Andrews et al., 2012). In many cases not dissimilar to this, the capture and mismanagement of funds is masked and facilitated by 'isomorphic mimicry'; that is, the state maintains legitimacy by adopting the forms of successful organisations without the functions. In other words, the state pretends to reform by changing what organisations 'look like' rather than what they actually 'do'. The deployment of 'developmental' rhetoric—one of the numerous critical 'pretend' strategies and tactics—is crucial to securing development sources. In the long term, these strategies and tactics, together with resource capture, undermine and erode institutional integrity and capability; that is, failure is allowed to exist and continue by creating the illusion of implementing development policies and providing many attractive options (Pritchett et al., 2010).

Against this backdrop, the mainstream literature on capacity and corruption, with its focus on the role of agents and emphasis on reducing corruption through cultivating more capable and concerned civil servants (Andrews et al., 2102: 4), is poorly kitted to explain—even less to address—the functional mismatch between expectations and actual capacity of the prevailing administrative systems to implement. Indeed, the focus should rather be on functionality and not the tiresome, unhelpful and (frequently) unrealistic normative: what government 'should be doing' which, in most instances, does not engage with the existing 'structures' of society; namely, its resources and politics and their embeddedness in institutions and organisations (Canterbury, 2011: 225). It is this social ecology—the architecture, interactions, associations and density—that either rewards or inhibits innovation and success. not the normative fabrications and fictions that are unhinged from 'existing' structures and realities.

Northern Uganda Social Action Fund I (NUSAF I)

The Uganda Participatory Poverty Assessment (1999) revealed that northern and eastern Uganda had the lowest incomes. The north was poorest in terms of development indicators such as household size, education level, health expenditure and child survival. West Nile was the poorest region in terms of welfare indicators such as diet, clothing and inability to afford health care. The 2001 Uganda Poverty Status Report (UPSR) recorded 35 per cent of the population living below the poverty line and a very low average per capita income (compared to 1970). Although poverty declined by over 20 per cent (from 1992 to 1997), there were significant regional disparities. The north registered the highest incidence of poverty at 66 per cent, compared to the central region with 20 per cent. The poor lacked access to basic services (health care, education and safe water). Twenty-six per cent did not have access to health services—the north registering up to 35 per cent, compared to 30 per cent and 20 per cent in western and central Uganda, respectively. Against this backdrop, NUSAF was initiated, drawing on a particular variant of developmentalism. This included fostering an enabling environment for economic growth and structural transformation; the promotion of security and good governance; enhancing the ability of the poor to raise their incomes; and, on the whole, raising the quality of life.

The NUSAF project was designed to directly support the poor in the region. Following an agreement between the Government of Uganda and the International Development Association (IDA) on 7 August 2002, the project commenced in February 2003, under the auspices of the Office of the Prime Minister. This five-year project was implemented in 18 districts in the five regions—namely, West Nile, Acholi, Teso, Lango and Karamoja (OAG, 2010).

NUSAF I was projected as a strategy which provided an opportunity for the community in northern Uganda to take charge of their social and economic development process, thereby 'nurturing a sense of self-esteem and self-importance while lessening the feeling of powerlessness and dependency' (Republic of Uganda, 2000). The intention was for the northern region to 'catch up' with the rest of the country. Assistance to local government in tackling poverty and fostering development was via participatory community efforts under the decentralisation framework. Specifically, key performance goals and targets encompassed improved community participation and resource mobilisation for poverty reduction; promoting access to social services; providing safety-net programmes to the poor; supporting reconciliation; and providing institutional support to agencies involved in programme/project implementation (OPM, 2004).

Based on a community demand-driven development (CDD) model—that is, entrenching decentralisation within the communities, transferring 'authority and resources from the centre to the people with the objective of taking services nearer to the people'—NUSAF I was haunted by the ghost of weak institutions. Bottom-up planning processes were negatively impacted by limited planning, budgeting, implementation, monitoring and evaluation, and procurement-process skills. Democratic participation in identifying and prioritising community needs, without capable institutions to prevent institutional capture, manifested in group interests, trumping those of the wider community.

The three-way institutional hierarchy of accountability at the community level, the sub-county level and the district level (as shown in Figure 3.1) effectively created a 'new form' of institution outside the local structure. The council structure retained the approval and decision-making authority while the technical committees of experts appraised and ensured compliance with technical guidelines, sector norms and standards. However, some sub-projects—by their nature, size, complexity and coverage—required technical and managerial skills that communities did not possess. The approval authority started from the Parish Council, then to the Local Council III/Sub-County Council and the District Council. The appraisal and planning processes started

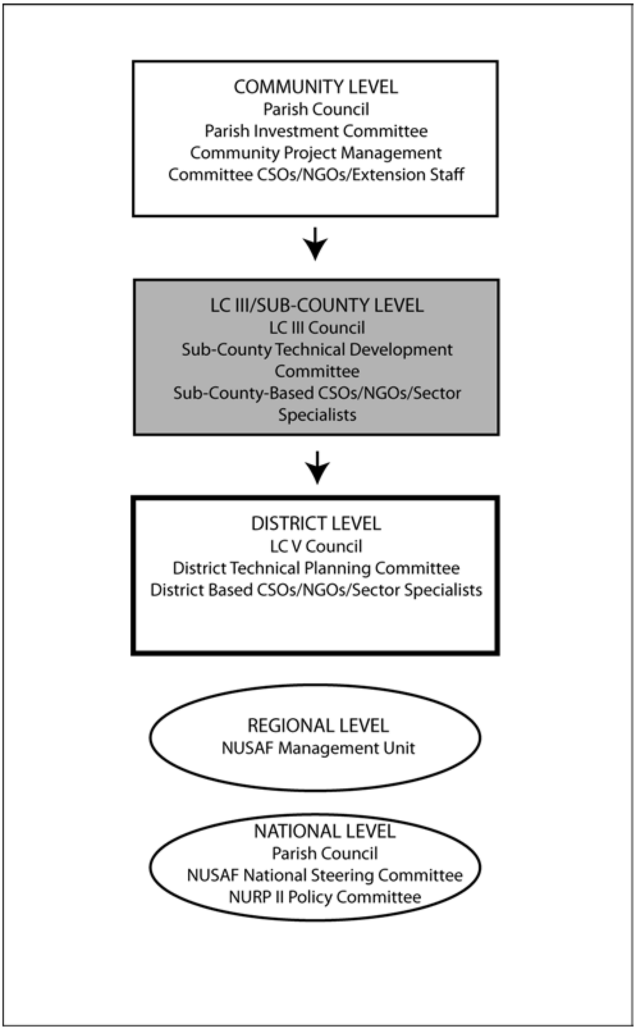

Figure 3.1: NUSAF I—Institutional hierarchy of accountability

Source: Adapted from NUSAF Operational Manual (OPM, 2004)

from the development committee, moving to the Sub-County Technical Planning Committee to the District Technical Planning Committee/CSOs. All these administrative processes and procedures were designed to minimise graft through strict administrative controls (NUSAF Operational Manual, 2004).

Although considerable progress was registered under NUSAF I[1]—especially in enhancing accountability and transparency in social service delivery—widespread poverty, vulnerability and limited access to quality socio-economic services remain serious challenges. In 2008, six years into the project, poverty in northern Uganda stood at 60.7 per cent (that is, 60.7 per cent of the population was living below the poverty line)—greater than the national poverty level of 31 per cent. In addition, income disparities rose to 30 per cent in 2005/06, compared to 17 per cent in 1992. It was revealed that 51 per cent of the sub-projects were not completed and disbursements were also not timely.

The main villain responsible for the intractable and continued poverty is none other than 'reinvention of the wheel/structure'. Instead of working with and through and/or enhancing the capacity of existing institutions, the new 'independent' institution bypassed local government. The new institutional matrix rendered local community implementation unaffordable. At the community level, the sub-county facilitators were not included in the new institutional arrangement and were therefore not paid. Their payment came mainly from the community contribution, with some contribution from the sub-projects. Community development initiatives, especially during the planning process, excluded adequate technical inputs. With no competent institution to guide project planning and budgeting, communities were excluded.

1 Funded by the World Bank and Government of Uganda to the tune of US$120 million, communities were empowered with knowledge and authority to participate in the planning process within the decentralisation frameworks of health, education, water and sanitation. In addition, communities have gained experience in sub-project implementation. Communities can now plan their own work programmes; mobilise local resources as community contributions; demand technical services from service providers and technical staff; monitor and supervise their own sub-projects; be elected into leadership positions (LCs, school-management committees, PTAs, water committees and leaders in their local CBOs) in their communities; and demand services from extension agents (NUSAF Quarterly Progress Report, 2008). In the Soroti district, out of 64 teachers' houses, 63 houses were completed, as well as 22 classrooms, 114 boreholes, a laboratory (science), a public library, a maternity building and a farmer's house.

Drawing from the learning of NUSAF I, government introduced the second Northern Uganda Social Action Fund II (NUSAF II) (OPM, 2009), which was implemented under the PRDP framework. The intention of the project was to improve on household incomes, support public infrastructures and increase access to basic services in the post-war reconstruction. NUSAF II (OPM, 2009) has three components: (1) livelihood investment support (LIS), focusing on a household income support programme (HISP); (2) a public works programme (PWP), a community infrastructure rehabilitation (CIR) programme supporting rehabilitation and functioning infrastructure; and (3) institutional development (ID). The objective of ID is to improve the technical, administrative and managerial capacity of key implementers and that of implementing agencies.

Peace Recovery and Development Plan (PRDP-NUSAF II)

The PRDP-NUSAF II project, supposedly aligned to the delivery of outcomes in line with the National Development Plan, covered 40 districts in both northern and eastern Uganda. Unlike NUSAF I, NUSAF II was a multi-donor-funded project with implementation spanning five years in 40 PRDP districts (OPM 2009; World Bank, 2008). When it came to the management of the programme, the focus was, however, at the district level, but coordinated through the Office of the Prime Minister. The project's main focus was health, education, water and sanitation. In sum, a total of €473 million was earmarked for the project from donor governments (OPM, 2009; World Bank, 2008).

Regrettably, a significant portion of this funding was mismanaged, diverted and embezzled. From the Office of the Prime Minister downwards, funds meant to help the people of northern Uganda ended up in the hands of corrupt officials via shadow banking. The manipulation of information technology controls and passwords at senior levels of bureaucracy, transfers to personal accounts, use of fake vouchers and bogus suppliers, forging of signatures, and so on, is reported to have occurred. This corruption penetrated the executive and the bureaucratic circles in Uganda while donors committed increased funding. Senior ministries and reputable departments, such as the Office of the Prime Minister, the Ministry of Finance and the Bank of Uganda were involved in the scandal. Without strong institutions, increased/

increasing donor funds fuelled corruption and parasitic (versus growth-enhancing) rent seeking. This is also a far cry from developmental neo-patrimonialism that centralises rent management within long-term horizons (Dawson & Kelsall, 2012: 50).

In response to this theft and embezzlement, donors cut their funding, with the consequence that government was unable to remit salaries of the important sections of the public service.[2] Funding cutbacks also deleteriously affected key programmes, including the National Agricultural Advisory Service (NAADS), universal primary education and universal secondary education.[3]

Conclusion

In summary, if the creation of a new 'institution' outside the local government structure frustrated the aims and objectives of NUSAF I, under NUSAF II, the movement of the management unit of the donor programme to the Office of the Prime Minister facilitated the capture and embezzlement of funds. The lesson from NUSAF I is that community involvement in planning and budgeting must be grounded in existing structures that are oriented and (re)calibrated to minimise/avoid institutional capture. Building effective local institutions before asking for more aid is a prerequisite for effective aid utilisation and an alternative to aid. In the case of NUSAF II, the government continued to maintain an 'escalation of commitment' without the presence of effective institutions. Shifting the management unit to the Office of the Prime Minister prised open new opportunities and prospects for anti-developmental neo-patrimonialism. In both instances, the direction, guidance and prescripts proffered by the 'good governance' tract/treatise misrepresented the realities, did not grapple with reality and the existing 'structures', and force-marched Uganda down the well-trodden gangplank of serfdom and institutional devastation (OPM, 2009; World Bank, 2008).

2 Available from: http://www.businessdailyafrica.com [accessed 25 March 2013].

3 Available from: http://www.observer.ug [accessed 25 March 2013].

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PART 2

Government, governance and party systems in Africa

PART 2

Government, governance and party systems in Africa: Overview

Zwelinzima Ndevu

The view that public participation enables the world's poor to exert greater influence over the decisions and institutions that affect their lives is well established in the literature. Development scholars have highlighted the costs and benefits of public participation as informed and shaped by the horizons and landscapes of development praxis (Dill, 2009: 718). Gibson (2006: 7) states that public participation is ignited when citizens mobilise and collectively embark on actions to address problems and needs and raise issues that the community decides are important. This entails information sharing, actions to solve community needs and involvement in decision-making processes. Citizens and communities thus come to play a central role in deciding and defining the measures, metrics and mechanics of the service production and delivery regime. This process of coproduction engenders ownership, stewardship and continued survival of the regime. Dulani (2003: 4) summarises this viewpoint most eloquently: participation is an activity 'where specified groups, sharing the same interests or living in a defined geographic area, actively pursue the identification of their needs and establish mechanisms to make their choice effective'. Other authors equate participation with empowerment, that is, community or public 'self-mobilisation', 'decentralised decision-making', the 'participatory role of civil society in development' and a 'bottom-up approach in which power is given [sic] to civil society' (Davids et al., 2005: 124).

The theme of violence and conflict runs through the chapters from both Sivi-Njonjo—Chapter 4: 'Changing demographics: Is Kenya's political stability assured?'—and Hicks and Buccus—Chapter 5: 'Public participation in South Africa: Strengthening state accountability in a dominant party system'. While the reasons accounting for conflict and rebellion vary, what is common is the constituency, namely, the unfulfilled dreams, demands and priorities of the youth. In the case of South Africa, the 'born frees'—those born in 1994 and after—'less burdened' by the apartheid past and refusing to be 'encumbered by a blind loyalty to the ruling party' (see Habib, 2013), are increasingly coming to reject the limited and truncated top-down imposition of the elite's development project and vision. The youth and born-frees are the stormtroopers of the rebellions and protests that have earned South Africa the unenviable reputation of 'protest capital of the world' (see Alexander, 2012).

Interestingly, countries that experience youth bulges, notes Sivi-Njonjo, are more prone to conflict and unrest, especially under conditions of high unemployment. Not infrequently, these youth—who in many cases are educated and unemployed—serve as the recruiting ground of gangs, militias, vigilante and terrorist groups. According to the market fundamentalist, Fareed Zakaria, editor of *Newsweek*, the youth bulge is a 'popular explanation for current political instability in the Arab world and for recruitment to international terrorist networks' (Zakaria, 2001). In a background article surveying the root causes of the 11 September attack on the United States, Zakaria (2001) argues that youth bulges, combined with slow economic and social change, provide a foundation for an Islamic resurgence in the Arab world. It seems that the (troublesome) idealism of the youth tends to attract them to 'new' ideas, which contest traditional forms of authority. Moreover, with supposedly fewer responsibilities for families and careers, and free of constraints, they have time to engage in political and social activism, which for older people is too time-consuming and/or risky (Goldstone, 2001). To avoid this outcome, that is, political instability and violence, Sivi-Njonjo proposes the creation of economic opportunities and the expansion of educational opportunities, particularly during periods of economic contraction and decline. This creation and expansion must, however, be synchronic, as there is ample evidence that, while expanding opportunities for education generally may appease youth cohorts, the lack of employment opportunities for these educated youth may undermine and destabilise societies. Sivi-Njonjo underscores the creative appropriation of the changing demographics as a resource for growth and a driver of new imaginaries for socially responsive twenty-first-century development and accountable governance.

Accordingly, both chapters highlight the importance of engaging the public in defining and elaborating the development project—the development agenda, amendments of laws, programmes and approaches to service provision—via the creation of durable and substantial platforms for positive interaction with the public sector. Ideally, the scaffolding of these platforms should facilitate the accountability of the elites to the citizenry; tilt socio-institutional power and shift public expenditure towards the needs of the poor; and empower the poor to articulate, champion and pressure the state to implement their chosen/preferred development programmes and projects. The words of the former Tanzanian President, Julius Nyerere, summarise this outlook most eloquently:

> [I]*f development is to benefit the people and communities, the people must participate in considering, planning and implementing their development* … [T]*he duty of the government is to ensure that the leaders and experts implement the plans that have been agreed upon by the people themselves.* (Nyerere, 1979: 38)

Noting the disconnect and increasing social distance between citizens and government, Plein et al. (1998) advocate public–government collaboration, wherein greater attention is devoted to citizen-led efforts and citizen involvement in agenda-setting processes through to monitoring and evaluation. Critical texts on public participation—summarised in Ndevu (2011: 1254)—illustrate how participation could bridge the gap between governors and the governed. This is of paramount importance in our times, especially given the limitations of contemporary representative democracy, which seeks to insulate policy design and implementation from citizens and communities. Neo-liberalism, for example, declared that 'society is dead' and accorded/endowed the amorphous 'market' with the same rights as 'citizens'. With this backdrop, we find the staggering upward redistribution of income and the concentration and centralisation of political power in the hands of elites and away from the poor, disadvantaged majority. The embedding and institutionalisation of this low-intensity/shallow democracy—wherein (so-called) 'people's representatives' use/d legal means and processes to marginalise and impoverish the people they are meant to represent and whose interests they are meant to champion—has fuelled rebellion and protest, toppling governments in North Africa and the Middle East, and sending shock waves through the hallowed streets of the world's financial centres.

In South Africa, the exclusion of citizens and communities from policy design and implementation—notable in the vibrant challenges to the Information Bill, electronic road tolls, mega-projects and the recent 'Nkandla' affair—has provoked mobilisation across class and racial social faultlines. Governments frequently justify exclusion and insulation of citizens and communities on the grounds that *the people* are uneducated and disrupt routine-oriented operations. Yet without inclusion of these *people*—the voters, the citizens and the taxpayers—in decision-making and implementation formats and frames, (even) the (noble/well-intentioned) programmes and projects of state will most likely fail. Moreover, the 'creation of new structures and enactment of new policies and legislation are important but they cannot be a sufficient condition for democratic deepening and effective public policy performance' (Kondlo, 2010: 385). These initiatives, remarks Kondlo (2010), will not turn the situation around 'until government embeds itself in society and among ordinary citizens'. Turning things around requires 'innovative ideas and needs to experiment with models of grass-roots participatory democracy' (Kondlo, 2010: 391).

Building on the ideas related to scaffolding of platforms for positive state–society interaction, the challenge—according to Hicks and Buccus—resides in reinventing current public-participation strategies. This means reinvigorating the content and streamlining the design of forums to render them accessible and known to participants so that they can make their contributions. It also means finding innovative ways of creating public arenas in which controversial issues can be resolved and/or at least handled through dialogue and not postponed/deflected/defused in the sanitised and lifeless 'invited participation' spaces of government (see Giddens, 1995: 16; Ginsborg, 2008: 12; Kondlo, 2010: 385).

In conclusion, both chapters spotlight the need to reinvent public participation and restore fragile and flagging social compacts. The sustenance and nurturing of an inclusive developmental project and programme pivots on the embedding and institutionalisation of a high-intensity democracy; one that transcends the limitations and violence of the traditional public realm, representative democracy and elitist development designs and fantasies.

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CHAPTER 4

Changing demographics: Is Kenya's political stability guaranteed?

Katindi Sivi-Njonjo

Introduction

Youth bulges, which are large youth populations compared to the adult population, may be linked to internal armed conflict due to strained social institutions (like the labour market and the educational system) causing grievances (Urdal, 2004). One consequence of rapid population growth in developing countries, like Kenya, is a declining rate of both fertility and mortality, which changes the age structure from a 'child-rich' population structure to a 'youth-rich' population structure. Though Kenya's youth population is yet to peak, a large youthful population is recognised as a resource for national development, but it can also be a significant challenge (Sivi-Njonjo, 2011).

The main objective of this chapter is to review Kenya's population trends in order to determine future political, economic and social development implications.

Theoretical basis

According to Pool and Wong (2006), age structural transition (AST) is the

> *... passage of a birth cohort from one life cycle or phase to another such as from childhood to youth. The AST model comprises three life cycles, or age structural types, which are created by dividing a country's population into three age groups.*

The first phase is the young population which comprises those aged 29 years and under. This phase is further divided into two—that is, children and youth—because of their distinct natures. Children are defined as those aged 14 years and under, and youth as those aged between 15 and 29 years. The second phase is the middle-aged population comprising those aged between 30 and 59 years. The third phase is the mature population, which encompasses those aged 60 and above. In Pool and Wong's view, age transitions help us understand the 'way a population is distributed across different age groups at any given point in time' and therefore establish a country's position along the demographic transition (Sivi-Njonjo, 2011).

Countries with a young population structure have a majority of their population below the age of 15 years (hence considered *child rich*) and two-thirds or more of their populations comprise those under the age of 30 years. 'In 2005, there were 62 countries with this type of age structure, including nearly all of sub-Saharan Africa' (PAI, 2007a).

> *This phenomenon occurs due to an accelerated increase in the number of children following the onset of child mortality decline. Countries with youthful populations are beginning to experience a declining number of under 14s and an expanding number of youth aged between 15 and 29. This is mainly due to the continued decline in child mortality and the onset of fertility decline. This phase could start 15 to 20 years later than the child rich phase.*
>
> (Opiyo & Agwanda, 2011)

There were about 27 countries in this category in 2005, mostly from Central and South Asia, North Africa and parts of the Middle East (PAI, 2007a).

> *The expansion of a middle aged population starts when the cohorts enlarged by mortality decline and reach middle ages. It could take 20 to 30 years after the onset of the youthful phase or four to five decades to produce sufficient numbers of middle aged populations.*
>
> (Opiyo & Agwanda, 2011)

Migration and very high HIV-infection rates distort the distinct age structure types described above. Labour migration in the Middle East makes their middle-aged population structures more exaggerated than they really are. The net migration rate in Dubai, for example, is 19 migrants per 1 000 people. Similarly, rural–urban migration in search of jobs in major Kenyan cities such as Nairobi and Mombasa exaggerates the proportion of the working-age population (15 to 64 years) in these areas. In southern Africa, where 29 per cent of those between 15 and 59 years of age are HIV positive and 'where two to three per cent of the working age population dies each year (more than 10 times the normal rate), the working-age population is shrinking' (CSO, June 2007).

> *Age structures and associated changes stem from the recognition that people's social and economic behaviour and needs, vary at different stages of the lifecycle. Age structures therefore have far-reaching consequences for sectors such as health, education, labour markets, and social protection.*
> (Opiyo & Agwanda, 2011)

According to PAI (2007b), 'age structures can help illustrate a country's risks and opportunities in issues of democracy, development and security'.

Kenya's population trends: Past, present and future

Population growth

The population of Kenya was 38.5 million in 2009, seven times more than the population in 1948 (Sivi-Njonjo, 2010). The growth rate rose from 2.5 per cent per annum in 1948 to about 3.8 per cent per annum in the early 1980s, one of the fastest in the world, due to birth rates rising to their highest and death rates declining to their lowest level. As seen in Table 4.1, the total fertility rate (TFR) rose from 6.0 per cent to 7.9 per cent between 1948 and 1979, before declining from 7.7 per cent in 1984 to 4.6 per cent in 2009. The infant mortality rate[2] (IMR), which had been high before 1979, dropped significantly to 52 per 1 000 in 2009. The rapidly changing birth and death rates caused an absolute increase in population from 135 000 persons per annum in 1948 to about one million persons per annum in 2009; this translated to the birth of 3 000 children daily in 2009 (Opiyo & Agwanda, 2011). According to the CIA *World Fact Book* (2010), the population growth rate is about 2.7 per cent.

As indicated in Table 4.2, in the year 2030, the number of children per woman (fertility rate) is expected to decrease from 4.6 to about 3.5. Infant mortality rates are also expected to decrease to 38 children per 1 000, while

Table 4.1: Population dynamics of Kenya, 1948–2009

Year	48	62	69	79	84	87	89	92	94	96	00	03	05	09
Population (millions)	5.4	8.6	10.9	15.3			21.4				28.7 (99)			38.5
Annual % growth rate	2.5	3	3.3	3.8			3.3				2.9 (99)			2.7
Absolute increase per annum ('000)	135	258	360	581			792				850 (99)			1017
Fertility rate	6	6.8	7.6	7.9	7.7	7.7	6.6	5.4	4.9	4.7	4.9	4.9	4.6	4.6
Infant mortality rate per 1 000	184		118	104	64.4	80	71.2	86.2	87.3	94.2	82	77	65.5	52
Under-5 mortality rate per 1 000	Na			0	88.1		98	123	124	137	116	115	90.5	74
Adult HIV mortality rate per 1 000	Na			0	0		3.1	4.7	6.7	8.5	13.4	6.7	7.4 (07)	6.3
Life expectancy at birth	35	44	49	54	62	56	60	54	53	50	49	49	53	54
Crude death rate per 1 000	25	20	17	14	13	13	12	12	12	13.3	13.7	14	11.9	13
Crude birth rate per 1 000	50	50	50	52	50	50	48	46	40	38	42	42	39.7	39

Source: Author, 2011

under five mortality rates are also expected to decrease to 52 children per 1 000. This will reduce the population annual growth to 2.2 per cent from 2.7 per cent by 2030. It is, however, expected that the population will increase from 40.9 million people in 2010 to 66.3 million people in 2030, with the population density increasing by 63 per cent. Life expectancy will increase to 65.8 years and the dependency ratio is expected to decrease from 82 to 67 by 2030.

Table 4.2: Population dynamics of Kenya, 2010–2030

Population projections					
Year	2010	2015	2020	2025	2030
Population in millions (medium variant)	40.9	46.7	52.9	59.4	66.3
Annual population growth	2.68	2.67	2.47	2.31	2.2
Population density	70	81	91	102	114
Total fertility rate (TFR)	4.6	4.41	4.08	3.79	3.54
Infant mortality rate (IMR)	59.7	51.6	46.3	42.1	37.7
Under-5 mortality rate per 1 000	90	77	68	60	52
Life expectancy	57.2	61.6	63.1	64.4	65.8
Median age	18.5	19	19.6	20.5	21.6
Dependency ratio	82	80	76	71	67
Crude birth rate per 1 000	37.9	35.1	32.5	30.4	28.9
Crude death rate per 1 000	10.2	8.3	7.5	7.1	6.8

Source: Author, 2011

Age structural transitions

The percentage of people aged 14 years and under increased consistently from 40 per cent of the total population in 1950 to peak at 50 per cent in 1980 (see Figure 4.1). Since then, the proportion of this age group has been declining and, in 2009, formed 43 per cent of the total population. It is projected to continue declining and by 2030, it is envisaged that those aged 14 years and under will form 33 per cent of the total population. The working-age population (15- to 64-year-olds), on the other hand, consistently declined from 1950 but started rising after 1980. In 2009, they formed 53 per cent of the total population. It is projected that by 2030, the working-age population will have further increased to about 62 per cent of the total population. The number of people above 65 years old, though slowly increasing, will continue to be less than 10 per cent of the total population. The percentage of youth (15 to 29 years) compared to the total population has been increasing, albeit slowly, from 25 per cent in 1969 to 33 per cent in 1999.

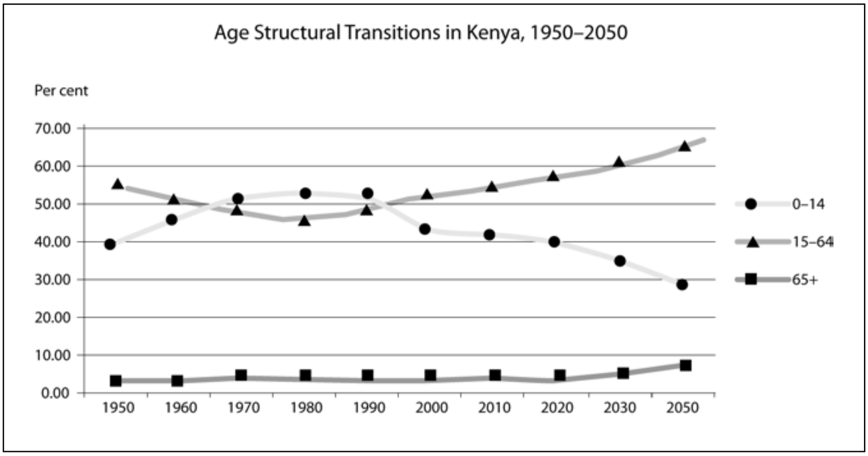

Figure 4.1: Age structural transitions in Kenya, 1950–2050
Source: Author, 2011

Opiyo and Agwanda (2011) assert that 'the youthfulness of a population is always indexed by the median age'. According to the CIA *World Fact Book* (2010), 'Kenya's median age declined from about 20 years in the 1950s to about 18 years currently'. 'The median age is expected to reach 21.6 years in 2030' (UN, 2007).

As women give birth later, to fewer children, and as they space their children more widely, it is projected that Kenya will shift from a *child-rich* to a *youth-rich* population structure in the coming decade, thus changing the population structure.

Challenges posed by a bulging youth population

PAI (2010) points out that 'between 1970 and 1999, 80 per cent of civil conflicts occurred in countries where 60 per cent of the population or more were under the age of 30'. The proportion of the population under 30 years old in Kenya is 72 per cent. PAI (2010) also notes that 'countries with more than 40 per cent of young adults (aged 15 to 29 years) in the population of adults (aged 15 and older) were 2.3 times more likely to experience an outbreak of civil conflict'. Kenya's proportion of this age group (15 to 29 years) to the adult population (15 and above) is 52 per cent, making the level of threat of a civil conflict more pronounced.

According to Urdal (2004), 'countries that experience youth bulges are more likely to experience domestic armed conflict than countries that do not merely because of the number of individuals that make up the bulge'. First, 'youth seem to be more available to participate in violent conflict than older people. They are the protagonists of protests, instability, reform, and revolution' (Huntington, 1996: 117). Second, 'young people's troublesome idealism tends to attract them to new ideas and religions and thereby challenge traditional forms of authority' (Goldstone, 2001). Third, 'young people generally have fewer responsibilities for families and careers and are simply free, to a unique degree, of constraints that tend to make activism too time-consuming or risky for other groups to engage in' (Goldstone, 1999: 3). In Collier's (2000) view, 'the cost of recruiting young people to rebel movements is relatively low since the opportunity cost for a young person generally is low'.

In an attempt to model the correlation between youth bulges and civil conflict, Urdal (2004) argues that with large youth populations, policies on expansion of education opportunities are likely to follow, thus raising expectations. However, when the large youth population experiences unemployment because of the substantial increase in the labour supply relative to the employment opportunities available, problems follow. Similarly,

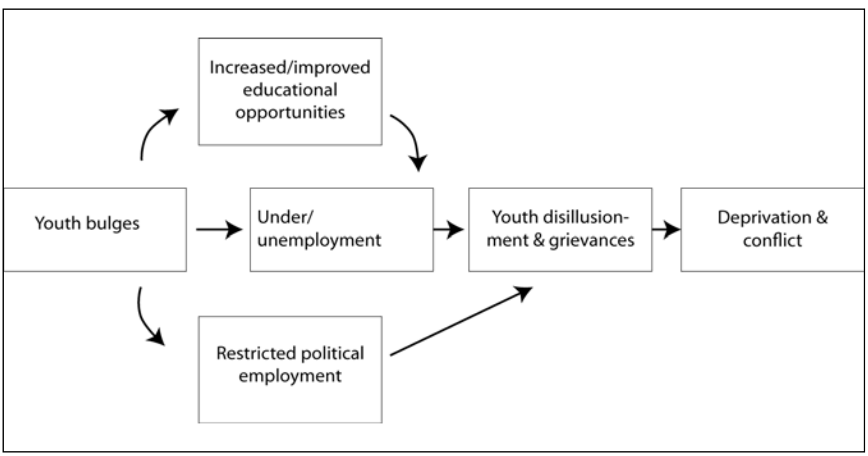

Figure 4.2: Youth bulges and conflict
Source: Adapted from Urdal (2004)

grievances arise if possibilities to influence the political system and attain elite positions are limited, as illustrated in Figure 4.2.

Current implications of a bulging youth population

Expansion of education and lack of employment opportunities in Kenya

Primary school enrolment in Kenya significantly increased from six million in 2002 to seven million in 2003 after a presidential decree for the state to provide subsidised education (K'oliech, 2011). While primary net enrolment rates increased to above 90 per cent, there was only about 50 per cent primary completion rate and 25 per cent secondary completion rate. This translates to the fact that the bulk of young people seeking jobs are semi-illiterate and therefore excluded from well-remunerating, white-collar jobs that require high-level skills. The poor educational conditions, low quality training and relevance of the education received further marginalises them, resulting eventually in involvement in crime and violence.

Kenya is producing more graduates than it ever has, due to increased provision of university education through satellite campuses and an increase in the number of chartered, private universities. Whereas a higher level of education increases a person's value in the labour market, Collier (2000) argues that it also raises their expectation of a relatively high income. This means that educated youth experience a greater gap between expectations and actual outcome if they face unemployment. Kahl (1998) argues that the high expectations among educated, urban youth cause frustration and anti-state grievance when unemployment is high. Braungart (1984), in his case study of Sri Lanka, finds that the most explosive episode of violence occurred when there was a great increase in youth cohorts in the context of a rapid expansion of education and rising unemployment. Urdal (2004) argues that the opportunity cost of system maintenance is highest for those with higher education, making it more rational for educated youth than for uneducated youth to take part in rebellions, and he agrees with Collier that inflexible developing economies are unlikely to have the capacity to absorb a sudden, rapid increase in the number of educated youth.

According to Sivi-Njonjo (2010),

> *... in 2005/06, 15- to 29-year-olds formed 55 per cent of the working age population. 70 per cent of all the unemployed people were under the age of 30. Among 15- to 29-year-olds, unemployment is higher among young women than among young men by 5 percentage points (ie, 24 per cent compared to 19 per cent, respectively).*

Unemployment is twice as high among urban youth than among rural youth (that is, 35 per cent compared to 17 per cent, respectively). The most vulnerable to unemployment are young women in urban areas, where 39 per cent are unemployed. Unemployment is high among 15- to 19-year-olds (25 per cent), mainly because the majority in this age group are in school (Sivi-Njonjo, 2010).

Omolo (2011) attributes Kenya's unemployment mainly to 'the weak labour absorptive capacity of the economy, mismatch in skills development and demand, imperfect information flow and inherent rigidities within the country's labour market'. On the one hand, with regard to Kenya's absorptive capacity, the informal sector has been growing at an average annual rate of 17 per cent compared to the formal sector, at an average of 2 per cent. On the other hand, the country's working-age population increased by about 25 per cent between 1999 and 2006. This translates to more job seekers than the jobs being created. According to Omolo (2011), 'the longer people stay out of work, the more their *employability* deteriorates, making it progressively harder for them to gain employment'. Fewer opportunities for young people to secure jobs generates despair and a fair probablity of being drawn into violent conflict. In establishing the reasons that contributed to the post-election violence in Kenya in 2007/08, the Kenya Thabiti Taskforce (2009) found that idleness and lack of economic empowerment (which caused youth to be paid to cause violence) were the most (93.8 per cent) cited reasons to instigate violence given by young people.

Token political participation

According to Brinkman, as quoted by the Kenya Thabiti Taskforce (2009), 'socio-economic factors have frequently been important causes of violent conflicts'. According to Collier (2000), 'the willingness of young men to join rebellious groups depends on their other income-earning opportunities. If young people are left with no alternative but unemployment and poverty, they are likely to join these groups as an alternative way of generating an income.' According to Choucri (1974), 'youth bulges will be especially vulnerable to unemployment if they coincide with periods of serious economic decline'. This generates despair among youth, moving them towards the use of violence.

Kagwanja (2005) locates the utilisation of youth in politics within patron–client relationships where generational identities have been manipulated and instrumentalised by Africa's patrimonial elite. Accounts by Okombo and Sana (2010) suggest that unemployed youth in Kenya in the 1990s received between US$2.00 and US$6.00 for causing chaos in political rallies or circulating threat materials such as leaflets. For more grave assignments, such as beating or killing rivals, petrol-bombing or burning homes and offices, these youth received between US$6.00 and US$10.00. As evidenced by Okombo and Sana (2010), these unemployed youth also received alcohol, cigarettes and drugs. Those close enough to politicians would have their rent paid or would acquire government jobs. Most were recruited from criminal gangs that terrorised estates or manned public transport. University students also began to provide these services for politicians.

The multi-ethnic dimension in Kenya is closely linked to what Richardson and Sen (1996) refer to as big tribes using the political system to close out and exclude others, leading to beliefs, attitudes and behaviour of dominance and subordination—and hence, turbulence. Minority groups endure discrimination for some time, but a sense of shared deprivation strengthens group identity. This provides a basis for political mobilisation and radicalisation, which leads to contests between the dominant and the minority groups. According to the Kenya Thabiti Taskforce (2009), this contestation has very close interlinkages with economic causes of conflict, which relate to means of livelihood, including ownership and control of means of production such as land, capital and labour. According to Brown (2003), 'land scarcity and its distribution aggravated by other factors such as a high rate of population growth and environmental degradation, has contributed to the violent clashes in Kenya'. Some known groups of young people that mobilised along ethnic lines to contest for means of production are highlighted in Table 4.3.

Relative deprivation of economic or political opportunities

Brinkman (2001), as quoted by the Kenya Thabiti Taskforce (2009), notes that 'liberalised and globalised markets not only provide many opportunities but also sharpen the distinction between losers and winners'. The winners are increasingly educated, skilled and know how to use new technology. In Brinkman's view, it is not surprising that parts of Kenya with better social and economic infrastructure tend to have dominant representation in both the political and economic institutions of the country. This unequal distribution of opportunities leads individuals and groups to experience relative deprivation when they perceive a gap between the situation they believe they deserve and the situation that they have actually achieved—leading inevitably to conflicts.

According to the Society for International Development (SID, 2004), Kenya is ranked as one of the most unequal among developing countries and espouses various types of inequalities. These include differences in share income and social services across regions, gender and specific segments of the population. The top 10 per cent of households control 42 per cent, while the bottom 10 per cent control less than one per cent of the total income (SID, 2004). The disparity in life expectancy between the Central and Nyanza regions is 19 years, while the doctor–patient ratio in Central region is 1 : 20 700 compared to that of North Eastern, which is 1: 120 000. In North Eastern region, 93 per cent of women have no education, compared to only 3 per cent in Central Province. Whereas inequality is a visible and significant phenomenon

Table 4.3: Examples of ethnic groups mobilised to contest land

Name of group	**Area of operation**	**Reason for existence**
Chinkororo	Kisii	Chinkororo, the traditional warriors of the Abagusii community, who protect the Gucha and Borabu border communities, pursue stolen livestock and sometimes engage in cattle rustling
Sabaot Land Defence Force	Mt Elgon area	Disputed allocation of land in a government scheme between the majority Soy and minority Ndorobo
Pokot Ponchons	Pokot	Cattle-rustling outfits
Oromo Liberation Front	Upper Eastern	Cattle-rustling outfits

Mombasa Republican Council	Coast	Support the cessation of Coast province
Mungiki	Central, Rift Valley and Nairobi	Defend the Kikuyu community and mount retaliatory attacks against enemy communities
Group of 41	Uasin Gishu	Is a sub-group of the Kalenjin warriors claiming to be mobilising all other tribes against the Kikuyu
People's Liberation Army	Uasin Gishu	Is a sub-group of the Kalenjin warriors reported to be 'liberating' land owned by Kikuyus in the region
Kalenjin Warriors	Rift Valley	Young men undergo circumcision as a rite of passage. It is these young Kalenjin men that form the Kalenjin warrior groups.
Balarget Land Defence Force	Molo, Mau	Is a subset of Kalenjin warrior groups
Kalenjin Land Defenders	Molo, Mau	Kalenjin warrior groups

Sources: Adapted from Kenya National Dialogue and Reconciliation (KNDR, 2009); Kisii.com, 19 May 2009; IRIN, 22 February 2008

in Kenya, it has an uncannily low profile in political, policy and scholarly discourse—and yet, it is this skewed distribution of resources, rather than poverty, that escalates conflict (Freeman, 2005, quoted in the Kenya Thabiti Taskforce, 2009).

Future implications of a bulging youth population

The first challenge for Kenya with regard to a youthful population is the fact that women aged between 15 and 29 years are at their reproductive peak. Low access to reproductive health services (according to the Government of Kenya [2005], only 12 per cent of Kenya's health facilities are currently considered youth friendly), early and casual engagement in sex and high unemployment increase the chances of this age group bearing children they had not planned and whom they cannot feed or clothe. Currently this age group is responsible for 61 per cent of the Kenyan annual birth rate of one million children. Their reproductive decisions will ultimately determine Kenya's rate of population growth. It will also determine the level of personal and state responsibility for the provision of essential services such as education and health, which, if not developed at the same pace, will only increase cycles of poverty and feelings of deprivation.

The second challenge Kenya faces with regard to an increasing number of 15- to 29-year-olds is that of high rural to urban migration. This is because 50 per cent of migrants come as young adults to look for employment in cities (Omolo, 2011). Currently, about 250 000 people move from rural areas to urban areas in search of better opportunities, with 60 per cent of the population in urban areas living in slum conditions (World Bank, 2011). Given that, on one hand, half of the population is set to be living in urban areas by 2030 and, on the other hand, urban development is not occurring at the same rate (Sivi-Njonjo, 2010), Kenya is likely to witness a rapid growth of informal settlements.

In 16 years the population is set to increase from 38.5 million in 2009 to 57.6 million in 2025. This higher population will inevitably increase the population density and may result in overcrowding and environmental degradation due to overuse of natural resources. Currently, over 80 per cent of the population is concentrated on one-third of the productive land. The current conversion of farmland to real estate for the expansion of urban spaces is reducing the percentage of arable land. This is detrimental to the future food security of the country, which is already dire. Between 1999 and 2008, 33 per cent of Kenyans were undernourished—that is, 12.4 million people in 2008.

Undernourishment affects the future development of the brain and eventual productivity of an individual. In an increasingly globally competitive world which requires innovation, what is the future of Kenya's youth productivity? The food-security situation is aggravated further by the fact that 90 per cent of the population still use firewood and charcoal as their main source of energy and lighting, a major cause of environmental degradation. Resource conflicts are therefore likely in the future.

Many of the countries with youthful populations, which are not well educated or gainfully employed, have among the world's weakest economies, as the lack of jobs escalates dependency (Urdal, 2004). The fewer the economic opportunities availed to them, the more the country experiences a shrinking per capita income. According to PAI (2010), 'between 1970 and 1999, these countries experienced an average annual economic growth rate of 3.6 per cent'. Political instability is triggered by frustrations caused by extended unemployment, making it difficult for these countries to generate economic growth or attract the foreign and domestic investment needed to generate new jobs.

Policy interventions needed

According to Urdal (2012), 'empirical studies suggest that youth bulges are associated with an increased risk of instability'. The potential risk of conflict is expected to persist in the future for countries with large youth cohorts. The situation becomes explosive for regions that combine a youth bulge with poor economic performance and intermediary and unstable political regimes (Urdal, 2004). However, countries can choose to take advantage of the ensuing youth demographic dividends. This can be achieved in various ways.

Adequate provision of family planning, sexual and reproductive health services

First, the countries must work at curtailing high fertility levels through the provision of adequate reproductive-health services to young people to spur lower birth rates. According to PAI (2007b), interventions include increased availability of voluntary family planning, sexual and reproductive health services and prevention and treatment of STIs and HIV/AIDS. Increased funding to the health sector is crucial to reduce the current high unmet need for family planning, as well as the low level of sexual and reproductive health-care services.

Adequate access to education at all levels and provision of relevant education

According to Urdal (2012), 'the level of secondary education appears to have a clearly pacifying effect on large youth bulges in low and middle income countries'. An increase in primary completion rates, primary to secondary transition rates and completion rates are critical in helping to pacify the risk of conflict. The effect, however, appears to be contingent on structural economic factors. Some evidence does suggest that as opportunities for higher education are expanded, the lack of corresponding employment opportunities for highly educated youth may contribute to future instability.

Various studies also show that girls with secondary-school education register better maternal and child-health indicators than those without (PAI, 2007b). Education of girls is key, because the more educated a girl is, the more likely she is to choose the number and the timing of her children. Children of well-educated women are also less likely to be malnourished. They are also likely to receive an education.

Provision of employment opportunities

In particular, in order to avoid instability and violence, the focus should be on improving economic opportunities for young people by providing employment opportunities for youth in periods of economic decline. As shown in Figure 4.3, a high proportion of productive people decreases dependency and increases purchasing power of individuals and households, thus increasing demand for goods and services. With more people spending, saving, investing and paying taxes, the economy grows and more jobs are created.

Due to the rising cost of labour in Asia, Africa is increasingly becoming a preferred investment option for big corporations to access low-cost labour. While there are human rights concerns regarding such job opportunities, Kenya and other countries in Africa should prepare to embrace this opportunity as a means to absorb excess labour by negotiating good working conditions for their populations. Kenya's natural resources, like those of the rest of Africa, are also attracting big investments. Government should think strategically about how to train its youth population and create a reservoir of skills in the extractive industry while ensuring affirmative action for its youth to access those jobs. Additionally, the development of the agricultural sector would not only increase the absorption of youth in gainful employment but also provide a solution to the country's twin problems of food insecurity and malnutrition.

Women's economic empowerment encourages growth of their families' income, hence reducing poverty. Empowered women also register better maternal and child-health indicators and lower fertility rates, thus helping to speed up the demographic transition (PAI, 2007a). A strategy to increase young women's employment is critical for demographic indicators and the well-being of families.

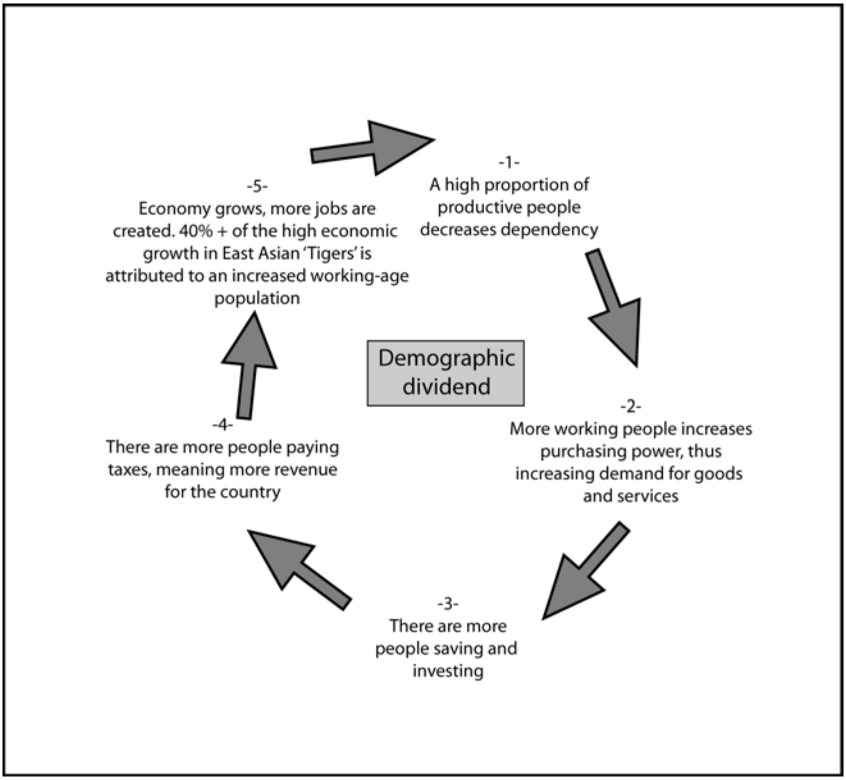

Figure 4.3: Demographic dividend
Source: Author (2011)

Migration policies

Historically, countries with large youth cohorts encouraged labour migration to other parts of the world. Europe's large youth cohorts immigrating in the nineteenth century to the United States is believed to have been an important explanation for the absence of youth-generated violence in Europe (Urdal, 2004). Emigration arrangements with countries that have aging populations may be an escape valve—especially for youth who are very highly educated—to fit into the current globalising world of information, technology and innovation. However, with increasingly restrictive emigration laws and without domestic initiatives to strategically provide such opportunities for its youth, developing countries, which previously relied on exporting surplus youth to perform menial jobs in foreign countries, may instead experience increased pressure.

Urbanisation and urban planning

According to the World Bank (2011), no country has reached middle-income status with a predominantly rural economy. Although there is higher unemployment in cities than in rural areas, economic activities in the former are more productive than those located in the latter. Kenya's biggest cities—that is, Nairobi and Mombasa—comprise only 10 per cent of the total population but generate 40 per cent of the total wage earnings, compared to 70 per cent of people residing in rural areas who generate only 45 per cent of the total wage earnings. Owing to the fact that more people will be migrating to cities, the Kenyan government needs to urgently formulate urban planning policies and provide the required infrastructure to facilitate this transition.

Conclusion

It is evident that big youth populations can undermine political and economic development, hence becoming a curse. However, with strong institutions and well-allocated resources, especially in areas of education, reproductive health, employment, migration and urban development, these high youth numbers can become a blessing and enable a country to leap-frog to the next level of development.

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CHAPTER 5

Public participation in South Africa: Strengthening state accountability in a dominant party system

Janine Hicks and Imraan Buccus

Introduction

South Africa has enjoyed a multi-party democracy since its first democratic elections in 1994, with more than a dozen parties represented in Parliament through a closed-list, pure proportional representation system. On the surface it would appear as if a vibrant democracy is flourishing. The balance of power, however, results in a different reality. With the majority party, the African National Congress (ANC), enjoying a 66 per cent majority in Parliament and, in addition, exercising executive control of the state, what is experienced in practice is something akin to a one-party state. The conflation of party and state has resulted in many key policy processes being driven largely through ANC internal deliberations and policy conferences, to which ordinary citizens and other stakeholders have limited access or opportunities for influence.

Parliament has been accused of failing to exercise adequate oversight over the Executive, with concerns expressed at an apparent weakness of members of Parliament of the dominant party, the ANC, to hold their counterparts within the Executive to account. Similarly, the apparent disregard demonstrated by some ANC members of the Executive for the parliamentary oversight processes, such as sending junior departmental representatives to attend to questioning by portfolio committees, refusing outright to appear before a committee and account, and generally neglecting to respond to parliamentary questions posed by Members of Parliament (MPs) from opposition parties, further weakens Parliament as a check on government processes. Moreover, party behests for MPs to toe the line on party positions in debates on issues, such as the Protection of State Information Bill or so-called 'Secrecy Bill', addressing publishing and whistle-blowing on evidence of state corruption, and the much-disputed Traditional Courts legislation, entrenching the power of traditional leaders along apartheid-era, geographically designated lines, further undermine the role of Parliament as a site for state accountability to its citizenry. The MPs being required to follow the majority party policy position on an issue—reflected in the formulation of the Executive arm of government's policy formulation on that issue—weakens Parliamentary scrutiny and debate on issues. Couple these with the narrow opportunities provided through parliamentary public-participation processes for rigorous citizen engagement and input into such policy deliberations, and the role of Parliament in championing public participation in policy deliberations is in question.

With executive policy and decision-making processes characteristically opaque, and few, if any, formal opportunities created for public participation, policy priorities, targets and strategies are developed with little reference to citizen-articulated needs and recommendations. At the local level, more opportunities are created for direct citizen participation. However, the limited authority and scope of municipal decision-making beyond basic service delivery, coupled with inadequate public-participation mechanisms which fail to connect, in any significant way, citizen deliberation with decision-making, limits the ambit of citizen influence and state accountability.

With formal, state-initiated, public-participation mechanisms failing to connect citizens with state policy priorities and decision-making—it falls to citizen agency, and claimed, created spaces and sites for lodging demands on the state to ensure a robust, responsive democracy for South Africa. The challenges of access, resources, information and capacity experienced by marginalised communities such as the poor, youth, rural constituencies and women across these bands, pose obstacles for full, representative and equal participation.

It is worth examining how the system of participation is structured and operates, and how this has been used to effect by groups within the youth sector. This will serve to illustrate how formal participation mechanisms can leverage influence and accountability, and where these fail, and how such groups have strategically operated outside the formal system to achieve their objectives.

Public participation

Legislative frame for participation: Legislatures and local government

The South African Constitution (RSA, 1996) establishes constitutional rights to participatory governance. In addition to the right to vote and thereby elect representatives to Parliament, citizens are afforded the right to augment this form of representative democracy with additional measures of participatory democracy, thereby influencing policy decisions made by government, as outlined in the following sections of the Constitution:

Section 17: Everyone has the right, peacefully and unarmed, to assemble, to demonstrate, to picket and to present petitions.

Section 59(1): The National Assembly must facilitate public involvement in the legislative and other processes of the Assembly and its Committees.

Section 70*(b)*: The National Council of Provinces may: make rules and orders concerning its business, with due regard to representative and participatory democracy, accountability, transparency and public involvement.

Section 72(1)*(a)*: The National Council of Provinces must facilitate public involvement in the legislative and other processes of the council and its Committees.

Section 118(1): This section entitles members of the public to have access to provincial legislatures and to be involved in legislative processes, stating that provincial legislatures must facilitate such public involvement. It also requires legislatures to conduct their business in an open manner, with section 59(2)

> preventing legislatures from excluding the public and media 'unless it is reasonable and justifiable to do so in an open and democratic society' (RSA, 1996).

Parliament and provincial legislatures have accordingly enacted numerous measures to give effect to their constitutional obligations in relation to public participation, establishing public hearing mechanisms with options for written or verbal submissions, in any of the officially recognised languages, 'Parliament to the People' and sectoral Parliament initiatives, such as the 'Women's Parliament' and 'Youth Parliament', public access to house sittings and portfolio committee meetings, public petitions mechanisms, on-site visits by portfolio committees, and numerous public education and awareness interventions.

Significantly, therefore, the obligations on the local sphere to consult are more developed. Hence section 152(1) of the Constitution (RSA, 1996) states that 'local government must encourage the involvement of communities and community organisations in the matters of local government'. This implies going beyond merely consulting communities as an aid to deliberation. In this regard the Municipal Systems Act (32 of 2000) (RSA, 2000), section 16, obliges municipalities to 'develop a culture of municipal governance that complements formal representative government with a system of participatory governance, and must for this purpose (a) encourage, and create conditions for, the local community to participate in the affairs of the municipality, including in—(i) integrated development planning; (ii) the performance management system; (iii) performance, (iv) the budget and (v) strategic decisions relating to services.'

In addition to the consultative requirements listed above, the Municipal Structures Act (117 of 1998) (RSA, 1998) establishes ward committees. Piper et al. (2008) note that:

> *Consisting of ten people and chaired by the ward councilor, ward committees are intended to act as the main means of communication between the council and local communities. Notably, however, as with the national and provincial spheres, legislation makes it clear that decision-making powers rest with council alone and that public participation around key council processes or through ward committees really means community consultation to aid the deliberations of municipal councils.*
>
> (Piper et al., 2008)

Research data reveal that there is no standardised approach adopted in facilitating public participation in the integrated development planning (IDP) processes. While all municipalities report compliance with legislated requirements, the substance of that consultation may be questionable (Piper et al., 2008). While all municipalities claimed to have convened some form of *izimbizo* (public gatherings) on their IDP and budget processes, research reveals that these do not yield meaningful opportunities for substantive citizen influence of these processes (Buccus, 2007; Hemson, 2001, 2009; Hicks & Buccus, 2007; Piper & Deacon, 2006). This is due to the limited information made available to citizens on policy options prior to consultative processes, the sheer scale of public meetings and limited space for and facilitation of truly deliberative discussions, and the questionable scope for citizen influence of largely (pre)concluded planning decisions in relation to development responses and budget.

Ward committees are expressly formulated as the mechanism to link communities with municipal processes, through their directly elected ward councilor; yet these often function poorly and appear vulnerable to political manipulation. In addition, they replicate the political support patterns in wards and therefore the politically dominant parties in a locality reinforce their dominance through sites of community participation, by ensuring the successful election of their chosen candidates to these structures.

Moreover, public hearings on municipal by-laws are usually dominated by well-resourced civil society organisations such as business and trade associations, well-resourced NGOs with high capacity and the labour movement. Participation at this level is characterised by a keen awareness of the formalised process requirements for participation, resources which enable participation, and keenly developed intellectual capital with well-developed lobbying and advocacy capacity to meaningfully interact with key decision- and policy-makers.

Departmental initiatives

The frame and developed practice for participation in policy-making processes in the Executive arm of Government is typically facilitated through government departments. Research with provincial policy-makers (Buccus &

Hicks 2007) on interventions to facilitate public participation in national and provincial departmental policy formulation processes, reveals that these are limited to *izimbizo* (public meetings) and formal green and white paper processes.

Izimbizo are large-scale events typically convened by the Office of the Premier, or a municipal mayor, drawing thousands of participants, primarily to raise concerns in relation to service delivery by provincial and local government. While a welcome exercise in public accountability, in that the premier or mayor will then address any complaints to his or her departmental heads, the limitation of this intervention as a true public participation or deliberation forum has been noted.

Practice within some government departments, on some policy process, includes publishing 'green paper' outlines of policy intention and 'white paper' policy statements in the *Government Gazette* for comment. Some departments take further steps and distribute these documents among a limited circle of interest groups for review and comment, or sometimes even facilitate a consultative workshop with stakeholders in the relevant sector. While these initiatives are, indeed, welcome, critique of these processes reveals significant shortcomings with regard to the reach and depth of consultation. Piper et al. (2008) note that this is

> *... limited to existing networks of sectoral stakeholders, as opposed to, for instance, representative groups of affected communities, and consultant-driven workshops which fall short of a truly deliberative forum, where stakeholders develop and negotiate policy alternatives amongst themselves as a relatively elite set of stakeholders.*

Further, with departments typically failing to consult with affected community groups at the outset of the policy process in identifying problems, objectives and possible solutions, to make available and widely distribute policy recommendations, in plain and local languages, raises questions about the participatory nature of these processes. As a result, these tend toward co-optation and legitimation of government decisions. This renders notions of participation moot, or opens them up to criticism that they serve as mere exercises validating government decisions, which appear to involve citizens, but, in reality, merely pass on information without including the vital elements of consultation and feedback. Participation in this instance is reduced to an opportunity for government information sharing, rather than opportunities for hearing and listening to stakeholders and citizens.

Implications for participatory democracy

What does this analysis reveal? While a strong constitutional and legislative framework for public participation augurs well for democracy in South Africa, the narrative raises questions about how this manifests itself in practice, and whether there is genuine political will among power-holders for participatory democracy, and citizen participation in shaping decision-making. Despite state discourse of public participation, its practice, predominantly through municipal and executive participation processes, reveals instead a tendency to consolidate authority and political party power, and close access to decision-making.

In addition, Piper et al. (2008) note that the state has not implemented adequate policy frameworks and practical guidelines for officials on how to effectively discharge constitutional obligations relating to public participation, although some effort has been made, particularly at legislative level, to establish units to drive public participation processes. Above all, however, the ability of existing mechanisms to create meaningful platforms and opportunities for public dialogue, input and influence in decision-making processes, is questionable, with public participation interventions largely regarded as cosmetic (at worst) or peripheral (at best). As Piper et al. (2008) note:

> *Dislocated from decision-making, they do not yet reflect a genuine attempt to solicit community input to inform policy-making, thus losing out on the opportunity to produce more relevant, responsive policy with a better chance of successful implementation.*

What this chapter considers is whether an enhanced state response might include a sectoral focus to ensure a more effective and sagacious fit between the specific sector and constituencies' needs, government's policy response to these needs and a consideration of the skills, capacity and ability to effectively implement such sectoral consultation. Strategic considerations in relation to youth and women's participation are examined to assess whether existing mechanisms provide sufficient fit and opportunities for these sectors, and recommendations put forward in this regard.

Strategic engagements by the youth

Numbers vs influence

Africa's population is predominantly youthful. According to a United Nations Programme on Youth (UNPY) fact sheet, 70 per cent of the population in Africa is under the age of 30 (UN, 2011). In 2006, 44 per cent of sub-Saharan Africa's population was under the age of 15 years (Ashford, 2007). Turning to South Africa, of the 40.6 million people living in the country in October 1996, just over 16.1 million, or 40 per cent, were youth—that is, 'people in the age bracket 14 to 35' (Stats SA, 2005). This figure declined slightly to 37.4 per cent in 2008 (Molebatsi & Leona, 2009: i). It should be noted that different countries and regions use different age brackets to define the 'youth'. In South Africa, the youth are defined as those aged between 15 and 34 years; and this is the age bracket adopted in this chapter.

Africa's unique population demographics have inspired interest in the social composition of its constituent countries, as well as their economic potential. African countries have diverse political, social, economic, and cultural characteristics. The fact that Africa has a particularly youthful population does not reveal much about the socio-political makeup of African countries. Underlying narratives that draw on the youthful nature of the population are based on the assumption that the youth should inspire the reconfiguration of Africa's social, political, and economic map. Such assumptions often ignore the realities on the ground. There is little evidence that social, political and economic movements across the continent, including sub-Saharan Africa, are inspired by or are responsive to the common denominator of a youthful population.

It is important to ask why South Africa's significantly youthful population has failed to inspire a social movement that seeks primarily or exclusively to address young people's needs. Instead, the youth have on the whole aligned themselves with the political project driven by the ANC. This affiliation, however, has not inspired the formulation of policies to address the challenge of youth exclusion.

The idea that the youth should inspire or be reflected in socio-economic policy development is latent in assumptions about how societies and generations compete for the distribution of resources. It is normally assumed that government institutions are unbiased and allow for the equitable distribution of opportunities across generations in response to the proportionate needs and requirements of the demographic composition of a population. Assumptions relating to the influence of the youth on the body politic and in relation to competition for resources need to be teased out. This would reveal whether the youth, being catalysts for social, political, and economic development or change, are dependent on the presence of certain types of institutions in the society. Conversely, the question can also be framed in a manner that seeks to assess the extent to which the demographic domination of the youth has a bearing on the way in which institutions respond to competition for, and subsequent distribution of, resources. Policy formulation is therefore seen as a framework for the distribution of resources and opportunities in society.

It is thus important to begin by enquiring if there is a typology of youth influence on social, economic, and political development. The observation that the youth form a substantial proportion of a population should not automatically create the expectation that there will be greater youth-driven development. Demographics relate very much to the accident of birth and are inadequate in explaining socio-economic phenomena. In order to understand youth participation in South Africa, it is necessary to understand the historical experience of the youth in the country.

Youth political participation in the South African context

Apartheid South Africa did not provide institutional channels for political participation; this played a significant role in shaping the youth's political options in regard to influencing political events and outcomes. From the 1970s onward, the youth in South Africa were the central pivot in the resistance to apartheid. Their experiences shaped their understanding of what participating in processes of governance meant and how they would engage with mechanisms for participation provided by the state. As Julianna (2008) argues, the political context of the local environment determines the degree of youth participation, in that contexts defined by poor service delivery and poverty are likely to have higher levels of youth participation. Competitive politics, which would increase voter turnout among the youth, need also be taken into account.

Context, Julianna (2008: 419) argues, 'matters more for socially based participation, such as attending rallies, because such participation requires participants to interact with others'. The fact that South African youth were politicised post-1975 in an environment that did not provide opportunities for their legitimate participation impacted on how they would engage participatory processes provided by the state post-1994. Julianna (2008: 431) states that 'when predicting political behaviour, it is important for researchers to model the political contexts that individuals experience simultaneously and in the past'. In the context of the political participation of South African youth, this implies that the experience of political exclusion during apartheid would have a direct impact on the manner in which the youth perceive and interact with institutions of political participation in the future.

Youth political identity in South Africa is encapsulated in the Soweto Uprising of June 1976. Swilling (1988: 1) writes that:

> *The Soweto Uprising also terminated a long period of apparent black political quiescence … that began with the banning of the African National Congress (ANC) and Pan Africanist Congress (PAC) in 1960 and the brutal repression of the movements represented by these organisations during the early 1960s.*

Bearing in mind our historical context, it comes as no surprise that youth participation has taken on a rebellious form. Voter turnout is only one aspect of political participation by the youth. Another important consideration is the nature of youth engagement with the political system. These depend largely on whether there is competition for resources and how the youth interface with political institutions.

The socio-economic conditions characterising the black youth in post-apartheid South Africa also impact on the manner in which the youth relate to the formal institutions through which political participation can occur. In addition, by dint of apartheid's poor quality education afforded to the black youth and the closing of the spaces for dialogue, they were not empowered to take advantage of formal institutions of political participation. The systematic exclusion of the majority of South Africans from the economy and from political participation during apartheid shaped the 'home experience' of the youth.

The fact that the youth constitute a significant proportion of a given population is not sufficient to guarantee their effective political participation—if any. Social capital is required for the youth to be able to participate in politics as 'expert citizens'. Thus, education is a strong explanatory variable for young people's participation in politics at a formal party level and through formal associations such as trade unions and civic organisations. James Coleman characterises social capital as a

> *... variety of different entities, with two elements in common: they all consist of some aspect of social structures, and they facilitate certain actions of actors—whether persons or corporate actors—within the structure.*
> (Sanguinetty, n.d.: 218)

Some societies are well endowed with social capital, while others lack the necessary tools to build coherence for political participation.

A further refinement of this analysis is necessary, however, in order to explain the nature and level of youth participation in southern Africa, in general, and South Africa, in particular. The region's black youth is disadvantaged. This is starkly apparent in South Africa, where the youth population is characterised by unemployment, poor education and a growing sense of discontent. As we know, 50 per cent of South Africans—60 per cent to 70 per cent of whom are unemployed—are under the age of 30 years. It is, however, important to distinguish between socio-economic conditions and aspects of associational life (that is, social capital). The fact that the youth in southern Africa are economically disadvantaged should not impede the realisation of social capital, which is not determined by economic and cultural factors.

It is not the task of this chapter to propose a theory of youth participation in politics, or to evaluate existing theories. Suffice it to note that there is solid literature that seeks to understand and map the social, political, and economic space for youth participation in politics. Bang's (2004) theory is critical in this endeavour and will be used to examine youth participation in politics in southern Africa.

Political agency

In relation to youth participation in politics, Pahad (2005: 21) observes that the major problem is 'growing disenchantment with formal electoral politics but also because the very reasons individuals and groups engage politically vary considerably'. This speaks both to the response by potential participants and the nature of the given political space. It is difficult to conceive of a situation in which participation, such as mobilising and engaging with local civil-society structures, is high in civic engagement, amid low levels of political participation. Pahad (2005: 21) goes further and argues that there is a 'mutually reinforcing relationship between formal political participation and participation in community organisations'. The question, then, is whether there is a significant degree of civic participation among the youth in southern Africa.

Pahad (2005: 23) observes that:

> *... since the political upheavals of the late 1980s and early 1990s, youth membership in civil society and NGOs appears to have declined. Research is also pointing to growing youth disengagement from the new institutions of democracy—as evidenced in lower voter registration and voter turnout numbers.*

The decline of institutions and, consequently, affiliations to institutions, has created a gap regarding opportunities for participation in civic life. This has to do with the fact that democratic consolidation was initially seen as the preserve of political parties, particularly the ANC, rather than the broader society, including civic organisations—hence, the decline in the number of civil-society institutions.

The incentive for citizens to form institutions that support democracy in Africa has been thwarted by the growing perception—and often, too, the reality—that the political system is not sufficiently competitive. Parties affiliated to liberation movements have dominated the political system and constricted the space for new entrants. This has also limited the space for the emergence of civil-society formations and civic mobilisation outside the party machinery. However, one needs to recognise participation in movements like the Treatment Action Campaign and Equal Education. These movements are important because, as effective civil society organisations, they have used both protest and formal (invited) spaces for participation. They are, indeed, focused on tangible goals that benefit vulnerable groups in South African society. While significant, participation in these civil society movements is limited. These NGOs are sometimes regarded as 'blue chip' (that is, well resourced) and at times are not able to connect effectively with broad-based grassroots and popular struggles. This limits participation.

Political parties are largely inaccessible and the least favoured channel for political participation by black youth. This prevents the emergence of Bang's 'Expert Citizens', who would engage in formal participation, and explains why political participation among black youth in South Africa takes place largely outside formal institutions such as trade unions and political parties (2004). The one exception to this rule may be the opposition Democratic Alliance (DA), which has in recent years elected young black South African men and women into high leadership positions. The DA's leader in the national parliament between 2011 and 2014, Lindiwe Mazibuko, was a young adult in her mid-thirties. The same applies to the party's new leader, Mmusi Maimane.

Bang's (2004) classification creates a space for political participation by disadvantaged youth. Where the formal process of political participation is not optimal—due, inter alia, to either a constricted political culture, a decline of institutions or poor education and high rates of unemployment among potential participants—an opportunity still exists for informal participation. In South Africa, the exclusion of the youth from formal participation has led to their involvement in protests against government. Through this type of engagement, they seek to express their concerns about the legitimacy of formal processes of participation.

While it might be expected that the exclusion of the youth and the disadvantages they suffer would or could inspire a coherent and cohesive response, this has not materialised in southern Africa. While they continue to be excluded from formal political processes, the extent of this exclusion is not uniform, nor are the state's responses to it. In some countries, like South Africa, the youth have been co-opted into the mainstream society through political party organs such as youth leagues or associations. However, where they have been inspired to organise a coherent response, such as in the case of the ANC Youth League in South Africa, attempts have been made by the senior party leaders to thwart them by neutralising or silencing their voices, and by ensuring that there is limited room for manoeuvre outside the party system.

Under these circumstances, opportunities for youth participation are limited. This implies that the youth would participate in politics predominantly as Everyday Makers, through voting and other informal channels. They are not well represented in formal structures such as political parties and civil society forums. As democratic consolidation is pursued in the region, the decline in trust in governments has also dissuaded the youth from challenging their exclusion from formal institutions.

Formal versus informal methods of expressing discontent

In South Africa, where popular protest is on the increase, the youth have opted to express their concerns largely outside the formal process of engagement. In order to participate as Expert Citizens, the youth require improved skills and education. While the situation is not uniform across the region, political exclusion remains rampant. In some countries, the youth enjoy better education, allowing them to participate through formal institutions and civil society formations.

However, even where the youth engage in participation in political processes, this does not translate into influence on policy formulation. This is due to the fact that the political party system is not competitive and power is usually concentrated among a few elites. Co-optation of the youth into the system is an attempt to prevent them from turning against governments. The disjuncture between youth participation in formal political processes and the outcomes of such participation have inspired the thinking that the youth need to mobilise in a similar manner to those who precipitated the Arab Spring—that is, to revolt against the system.

While there have been attempts to encourage the youth to participate in politics and the economy, their economic exclusion has undermined such initiatives. South Africa's National Youth Development Agency is an attempt to provide a formal framework to respond to the economic and political exclusion that the youth have suffered. The National Youth Development Agency Act (54 of 2008) (RSA, 2008) states that this government-funded agency aims to uplift the youth. The Act states, in its preamble, that the establishment of the youth agency is in recognition of, 'the heroic struggles of generations of the youth to bring about freedom and democracy in South Africa' (RSA, 2008). However, the National Youth Development Agency has not fulfilled its mandate. The agency exhibits partisan tendencies and youth outside of ANC party structures have not benefited from its programmes. The primary beneficiaries have been the organisation's leaders, who have emulated the enrichment practices of their seniors.

There have been other initiatives aimed at ensuring that the youth are well represented in formal state institutions. One recent parliamentary initiative is *Bokamoso Ba Rona*, a platform that allows for meaningful engagement with the state on issues that affect the youth. They are also given the opportunity to talk about resolutions to the many challenges that impact on young people.

The Youth Parliament, in which youth from different formations convene in Parliament to discuss issues that affect them, is another example. This initiative is not significant because the issues debated within this forum do not connect with formal decision-making processes or feed into the national debate on these topics. In addition, adequate measures are not taken to ensure that a representative cross section of South African youth is given a voice in the Youth Parliament.

The importance of the Youth Parliament is perhaps its symbolic inclusion in the national discourse. Whether this will ever inspire the youth to believe that formal institutions of participation are accessible and open to them is another question. Millions of young people in South Africa are effectively excluded from meaningful participation, and they have pursued other means to make their voices heard. Public protests have their roots in anti-apartheid resistance. It is important to observe how this tradition is invoked in post-apartheid South Africa and how it impacts on the legitimacy of formal participatory institutions.

The old culture of participation versus new institutions

Public protests were the most common way of expressing dissent against the apartheid regime. This was exemplified in the youth uprising in the 1970s. Youth defiance during the apartheid years has outlived the apartheid system. This culture of participation is characterised by protests, often involving violence, and often met with state brutality. South Africa has witnessed an escalation in service-delivery protests since 2004. These protests are sparked by grievances relating to the lack of basic amenities such as water, electricity and housing, as well as occasionally being about intra-party (mostly ANC) factional battles or expressions of general frustrations at the social powerlessness that most South Africans feel. The protests often attract unemployed, disgruntled youth. In 2007, there was an average of 8.9 protests per month. This escalated to 19.18 protests per month in 2009 (Jain, 2010). There were relatively fewer protests in 2011 and 2012 than in the two preceding years.

The youth's disdainful attitude towards formal government institutions is also expressed in their large-scale rejection of voting as a mechanism for political participation. A survey by the Human Sciences Research Council (HSRC, 2011: 31) shows that, in 2010, 'young people aged 18 to 24 … [made] up the lowest share of registered voters but also the highest share that intend to register'. This suggests that, while the youth intend to vote (by registering as voters), this intention could be dampened by negative perceptions of the integrity and effectiveness of formal institutions of democracy.

Education and awareness campaigns could facilitate a point of connection between South African youth and formal institutions of participation. Poor educational levels have resulted in the youth perceiving public protests as a viable framework for political participation. This undermines the legitimacy of formal democratic institutions of participation, as well as formal institutions with which citizens can lodge complaints. The necessary link to establish a harmonious relationship between the youth, who have a strong culture of political participation, and the institutions of participation, is missing. The declining levels of participation in formal institutions run by the youth coincide with increased public protests.

On the one hand, political participation is encouraged by meaningful attempts at addressing the needs of the youth. However, where state mechanisms for participation are perceived to be meaningless, alternative modes of participation are sought. While some analysts have suggested that South Africa could experience a so-called 'Arab Spring', the supposed political inclusion of the youth in this country is sufficient to discourage them from engaging in such an uprising. Further, the ANC-led government still enjoys legitimacy, based largely on its history as a liberation movement. The ANC is not seen as an inherently troubled political party, nor is the ANC-led government seen as an inherently illegitimate government. This sets South Africa apart from the type of regimes that were toppled through Arab Spring-type protests.

On the other hand, however, the constricted nature of the party political system and the poor track record of internal democracy within political parties render it impossible for the youth to meaningfully influence policy formulation, such that meaningful youth participation is possible only through disengagement from the current party political system. Some would argue that the youth stand to inspire policy responses if they act outside the formal party mechanisms. However, this form of social capital through which the youth participate through informal institutions is a challenge rather than an opportunity. With increased levels of education and greater economic inclusion, the youth might be able to negotiate meaningful channels of inclusion in political processes.

Insights and recommendations

The incentive for citizens to form institutions to support democracy in Africa has been thwarted by the growing perception, and often, too, the reality, that the political system is not sufficiently competitive. Parties affiliated to liberation movements have dominated the political system and constricted the space for new entrants. This has also limited the space for the emergence of civil society formations and civic mobilisation outside the party machinery. As a result, political parties are rendered inaccessible and, therefore, are considered to be unsuccessful channels for public participation.

It is clear that further research and intervention is required to ensure the development of appropriate mechanisms to support participation of marginalised groups within South Africa's policy-making environment, addressing the issues related to power relations and limitations to the youth's full participation. Considerable intervention is required when designing particip-atory mechanisms to ensure that these enable full participation by diverse groupings within the ambit of a contested political and policy arena characterised by fundamental power imbalances.

Political participation is a complex phenomenon that takes different forms in different contexts. The most desirable form of political participation—and the one that is necessary for stability and further democratisation—is through formal institutions and processes such as voting and open engagement through political parties. The low levels of skills and education and high levels of poverty among South African youth have negative impacts on the manner in which the youth opt to participate in political life. While the youth demonstrate high levels of political awareness, they are not well equipped to participate in politics through formal institutions. The policies and interventions on the part of government to develop black youth through incentives and participation at many levels have not redressed the scale and complexity of South Africa's youth unemployment and educational crises.

Opening up policy spaces and transforming participation processes requires political leadership to demonstrate political will for public participation, enact public participation policy frameworks, and hold administration to account for enabling marginalised groupings, particulaly the youth, to participate in the political and developmental arenas. The absence of such a response endangers South Africa's participatory democracy, serving to reproduce the patterns of exclusion in the one-party dominant political system that 'characterises' African politics.

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PART 3

Governance, policy reform and institution-building

PART 3

Governance, policy reform and institution-building: Overview

Greg Ruiters

Rethinking Africa's prospects in radically new times: Institutions, path dependency and fragility

African states find themselves in a very different global context. With the rise of China, African states have greater bargaining power in dealing with major Western external actors. The West has also experienced a 'major collapse' in its institutions—described by Hassan (2011) as the first great crisis of the twenty-first century. The crisis—a long time coming—was triggered by the 2007 collapse of the United State's financial (banking) system, which then spread globally, but with less impact on growth in parts of the world that were either marginal or more insulated from financialisation. In the United States, moreover, the rise of the evangelical Right—organised around an apocalyptic but merciless vision of the Second Coming, which was embellished in the best-selling series of novels, *Left Behind*, that had sold more than 65 million copies by 2014—believe that on the glorious day of judgement, 'Christ will heave the world's Muslims, Jews, agnostics, atheists, and many Catholics into everlasting fire' (Connolly, 2005: 874).

The 'bonus culture' of Wall Street, the fetish of fantastic instant wealth and the outright disregard for democracy and public interests displayed by the big bankers and accounting firms in the North (the very people who preach 'good governance' in the South) has set the scene for increased uncertainty, further collapse of trust in hallowed institutions and the unravelling of the global neo-liberal project (Hassan, 2011: 400).[1] The barbaric effects of globalised finance capital reveal what Hannah Arendt (1951, cited in Villa, 2000) terms the 'fragility of civilization'. As Connolly (2005: 876) insists, 'the existential bellicosity of those infused with economic greed *reverberates* with the transcendental resentment of those visualizing the righteous violence of Christ'.

Bubbling underneath the collapse is the inexorable shift of economic power to the East and the struggle by China to position itself as the global hegemon. There are several issues arising from this shift: first, how are the ruling classes of Europe and the United States responding to their loss of world power? Second, how will the subordinate classes of the North respond (Arrighi, 2007) and, third, how will Africa—the world's largest store of resources—fit into the China–America battle?

At a global level, the American century has consolidated world inequalities in income and resource use/abuse. The overlap between the racial and the economic divides on a world-scale is also another notable feature of this consolidation (Arrighi & Silver, 1999). Unlike those who venerate the durability of (Western welfare) state institutions (Pierson, 2000), Arendt noted the artificiality of civilisation and how rapidly shifts from civilisation to barbarism can take place (in Villa, 2000). Like Marx, Arendt drew from a large canvass, arguing that capitalism is (characteristically) a restless dynamic process driven by 'endless accumulation', converting fixed capital into fluid money. While fixed property, attached to place, is and has been a source of political–institutional stability, mobile capital shows 'no respect for established boundaries or institutions'. (Arendt, 1951, cited in Villa, 2000). Tearing down what exists is thus not a cultural or psychological phenomenon of modernity but a 'fact' of life of our capitalist times, just as space and time are ever more compressed and parts of the globe are ever more interdependent.

Harvey (1989) has taken up this concept of capital as a dynamic, yet fragile system, producing an ever-changing competitive process—producing new technologies, new geographies of investment and new social landscapes and

1 In 2012, 'only about one in five Americans had trust in banks, about half the level in 2007' (*New York Times*, 10 July 2012). Few Europeans still believe their pensions are safe in the hands of 'banksters' and many now openly question capitalism and endless consumerism as a viable system.

class struggles. But the idea of uneven development applies equally to social and political institutions. Scholars who argue for durable social compacts and path-dependent institutions (Pierson, 2000) have to confront both the theory of uneven development and the empirical historical evidence of fragility.

Cast differently, the conduct of finance capital affects all because space and time are ever more compressed, parts of the globe are ever more interdependent and the social process is dramatically sped up (Hassan, 2011). Collectively, these globalisation processes happening from above appear to undermine the slow, democratic and organic development of institutions. The totalitarian globalisation impulse thus denies politics, diversity and social difference (recall Thatcher's phrase … 'there is no such thing as society') and the totalitarian impulse frequently speaks in the name of progress, destiny, necessity and history, all of which provide a cover for its leaders and spokespersons to break 'all ordinary laws' and democratic limits (see Arendt, in Villa, 2000: 32). But what lessons might this portend for Africa's institutional development?

In contrast to the globalisation thesis, the 'historical–institutionalist' school stresses the durability of national institutions. 'Path-dependency' (Pierson, 2000) posits that national institutions are regularly resistant to radical change. Countries tend to stick to the tried and tested patterns in responding to new challenges. In the path-dependence theory, as summarised by Chung and Thewissen (2011), it is asserted that the institutional legacy of a country strongly shapes future policies, accounting for change being incremental rather than radical. Since most institutions contain veto-points and have high set-up costs, radical transformations are difficult to effect and relatively expensive. Moreover, politicians have short time horizons—they have to deliver to their electorates and constituencies. Chung and Thewissen (2011) examine three cases of different government reactions to the financial crisis of 2007–2009, concluding that governments resort to old habits even in their short-term policy measures.

How does this debate apply to African countries with their relatively shorter histories of modern state formation and (un)favourable circumstances, including volatile capital flows? How do we build durable national structures, strong inter-state systems and respect for democracy, the Earth and human civilisation? Will the continent simply 'fall back into *bad* old habits' (echoing Chung & Thewissen, 2011) or will the external impetus, provided by China and by the eclipsing of the United States, spawn new democratic impulses that could potentially contribute to building institutions and political understandings at local, national and regional scales in Africa? Or should African countries prostrate themselves before the god of economic growth and globalisation?

The following two chapters—Chapter 6: 'The Somali question and prospects for state-building' by Aynte and Chapter 7: 'Landscapes of terror: City-ness, routine violence and urban development' by Pieterse—provide fertile ground for contemplating these questions at very different scales. Both chapters address different forms of violence and institutional fragility: one takes a regional view; the other a local, city view. Pieterse homes in on everyday violence in the largely informal economic setting in African cities, whereas Aynte spotlights regional dimensions of conflicts and the repeated failure of peace talks, institutions and agreements in Somalia.

Both chapters—following Mamdani (2001)—insist that we should not conflate geographical boundaries (nation states or local–urban) with epistemological ones and that what happens in distant places across our national borders often has local consequences. Pieterse, like Mamdani (1996), insists that African cities cannot be understood through analogies with Western cities. Rather,

> *... forced and voluntary migration across Africa suggest that urban territories are as much nodal points in multiple circuits of movement of goods, services, ideas and people, as they are anchor points for livelihood practices.*
> (Pieterse, Chapter 7)

Instead of glamourising the urban poor and their livelihoods, Pieterse alerts readers to the 'overdetermining effect of violence in African social life … largely related to the colonial era of terror and exploitation', now 're-embedded in *enduring inequalities* that mark contemporary everyday life'. Bordering on an Afro-pessimism that routinely presents African urban life and politics in a one-dimensional way, he argues that 'orchestrated violence around elections is an integral part of the contemporary political culture in Nigeria—in the largest African 'democracy' 'politics and social life are irrevocably fragmented'.

Aynte is less pessimistic, pointing to new beginning for Somalia in 2012. He suggests that 'Somali leaders are to blame for inviting external actors to settle internal disputes'. Neighbouring countries must agree on a constructive strategy for stabilising Somalia, respectful of its sovereignty and forswearing interventions. However, both chapters focus inwardly and should be complemented by a larger sense of vital changes at a global level and within Africa as a whole.

Scholars have debated a supposedly 'correct way' to analyse the continent's politics and development prospects. In the 1970s, some believed the Third World was trapped in a spiral of underdevelopment. This view was empirically incorrect, and the later debate was no longer *whether* Third World countries could develop as capitalist states, but rather *how*. The obstacles to development were anchored in the lack of democratic institutions and policies imposed on Africa by external lenders and Western donor governments. Indeed, the 'rent-seeking'/'neo-patrimonialism' discourse on Africa was 'carried out as though *all* Africans are collectively and uniformly immersed in … premeditated, self-serving neo-patrimonial calculations' (Olukoshi, 2005). History demonstrates that modern functioning Weberian states are more the *products of development* than an input into them (see Chang, 2004).

The democratic developmentalists—those contesting Afro-pessimism and anti-statism—believed it was wrong to see (caricature) Africa as unchanging and caught in vicious cycles. Africa's political community struggled/s for deep(er) democracy and many 'want to hold themselves and their governments to the highest standards of performance' (Olukoshi, 2005). Furthermore,

> *… no two democracies are the same …* [E]*very democracy has a specific history, a specific dialectic. There are spoken and unspoken norms that define the bodies politic of every country and which make the metaphors of discussion and exchange intelligible to the members of that political community.*
>
> (Olukoshi, 2011)

Any renewal of political pluralism and citizenship, Olukoshi (2005) notes, must of necessity redress the post-colonial model of accumulation that structurally excludes multiple groups—particularly the youth—and produces exceptional violence. Pieterse reminds us of the everyday terror of the African city—it is not exceptional but 'normal'. Localised cultures of strong men and political violence are *routinised*; interwoven with politicised religious and ethnic identities (now) mobilised by elites. Pieterse searches the 'microscopic details of everyday practices as imagined and experienced by the contemporary protagonists of the city who … have abandoned the nationalist development project'. In African cities, writes Pieterse, 'politics and social life are irrevocably fragmented and reproduced by powerful vested interests that feed off dysfunction and low-intensity but routinised violence'. In Lagos, for example, the majority of people are informal entrepreneurs, but they are not self-employed since there is a 'person above'—a protector who operates a system of predatory patronage and violence against the subordinates. And Addis Ababa, Pieterse remarks, is not much different.

By way of contrast, the chapter by Aynte spotlights both routine and exceptional political forms of large-scale violence and war (in Mogadishu and Somalia). Both scholars invite us to grasp the nature of violence and policy responses to its various forms. Looking evil in the eye, avers Pieterse, is the first vital step. The emptiness of natural or human rights is sharply felt when people are turned into refugees—stateless and having lost the right to have rights. In South Africa, with its much-vaunted Constitution, foreign Africans living in townships quickly discover the thin line between 'beasts' and 'humans'; this thin line is underscored in both chapters.

Somalia is often cited as the exemplar of cyclical and endless conflict where the winners have lost any sense of proportion and where compromise politics is ruled out by primordial clanism. A more dangerous and problematic matter is the long-established regional rivalries between Somalia's neighbours—Kenya, Uganda and Ethiopia. A case in point is Kismayo port and the southern Somalia region called Jubaland. Kenyan defence forces supporting the Ras Kamboni militia have their sights set on Kismayo and the economically strategic Jubaland. Nairobi has intensified these regional rivalries—directly or by proxy—to the detriment of the new government.

Missing from both accounts is a consideration of the consequences and impacts on state formation and statecraft connected to the dramatic rise of China vis-à-vis the decline and crisis of the West, and China in Africa.

Africa and the China opening

First, the speed of China's entré and its effectiveness has taken most observers by surprise (Chan, 2013; Condon, 2012) in contrast with the sheer destructiveness of United States policy in Africa. China has benefited from the blunders of the United States in Africa. Money and cheap finance with little or no strings attached (Arrighi, 2007; Condon, 2012) does not hurt engagement.

Second, while China's drive into Africa might be propelled by its resource needs, there are strong prospects for a Chinese-led industrialisation of Africa (Chan, 2013). China does not see Africans as having only 'basic' needs (as the MDGs do) but instead is contributing high end infrastructures: universities, media and culture, as well as hospitals and conference and governmental centres.

Third, unlike the West with its pension-fund hot money flows that destabilise many governments in Africa, China undertakes long-term brick and mortar investments, including production plants. Huawei, for instance, employs 4 000 workers in Africa. China's trade with Africa grew from just US$9 billion in 2000 to US$200 billion in 2012—*double* the US trade for 2011, which stood at US$95 billion. China is not looting in the way that Western firms do when they evade tax and grab resources.[2]

Finally, China is not only a major force for economic integration within Africa, but also for potential political integration and peace (DBSA, 2008). Railways and roads that link African countries augur well for deeper mutual dependency, stronger common interests and institution building and cooperation. A stronger East African region, for example, with less inter-state predation, could bolster more durable compromises in conflict zones.

But if China's opening is one pole of opportunity offered to Africa to break with path-dependency and/or fragile stability, the urbanisation of poverty could short-circuit the panning and mining of these.

2 Africa's cumulated stock of capital flight for the period 1970–2004 was US$ 607 billion, which is almost three times the region's external debt. The flow of unpaid taxes over the last four decades went to Western financial institutions (Allafrica.com, 27 February 2012). Looting Africa by South Africans (mainly apartheid-era, white firms such as Shoprite) happens with South African-based companies acting as arteries of global capital (Bond, 2013).

Working-class urban organisations in Africa

Pieterse and others (Gandy, 2006) correctly raise deep concerns about the possible urban implosion and the terrors of informalisation that daily assault and erode the social fabric of African cities. African cities are unplanned and 'post-productive' (Gandy, 2006)—that is, almost 70 per cent of urban populations of Africa live in abject slums. Yet in each of these cities working classes exist. What role, if any, can working-class organisations and social movements play in constructively moulding and shaping African urban life and planning? In recent times, urban mass strikes and demonstrations, backed by or led by *organised labour* and drawing *tens of thousands* have become widespread. The 2012 uprising that shook Nigeria was against attempts by the Federal Government to 'liberalise' petrol pump prices (more than doubling the price). In South Africa, trade unions have become critical of narrow ANC 'nationalists'. In Tunisia, trade unions were decisive in the 'Arab Spring'. This experience, at the very least, supports calls for closer analysis of the power of trade unions and their role in alliance with civic and other organisations in the informal economy (Beckman, 2012; Ruiters, 2014).

With links to tired nationalists weakening in powerful countries, such as Nigeria and South Africa, unions are asserting an independent role in political life, triggering the construction of 'new' democratic institutions and social cohesion in the 'new' context. The working class in Africa might be a numerically minor entity, but it is growing and its political and social weight cannot be reduced to its population size (Beckman, 2012). As the International Labour Organisation (ILO, 2011) noted: 'wage employment may be small in relative terms but their absolute number makes them a sizable population warranting the attention of policy makers'.

In sub-Saharan Africa, wage employment, estimated at 23.5 per cent of the population, amounts to more than 100 million people (ILO, 2010). More than a quarter of Africa's workers are wage or salary earners with the rest self-employed or in agriculture. Half of those employed are 'working poor', falling below the US$1.25 per day poverty line (ILO, 2011).

The 'new' context is this not without dangers and pitfalls. Peh and Eyal (2010) argue:

> *African trade unions* [are] *increasingly voicing fears about the impact of China's overall involvement. These apply in particular to the harm done to local economic sectors—such as the textile industry in South Africa—by the inflow of cheap Chinese imports.*

Furthermore, African workers are mostly excluded from involvement in Chinese-financed or -led infrastructure projects and 'if African workers are recruited, they are often subjected to lax safety standards, sometimes even more inferior than the standards applied in China itself'.

The question of the 'right to have rights' cannot be sacrificed on the altar of economic growth. This democratic question has been starkly posed on a global scale by labour unions and NGOs. To what extent can trade unions contribute to building strong institutions, linking with unorganised workers and the informal sector while respecting plurality and difference? Rather than an externally led African Renaissance, labour, along with citizens, could—and should—play a leading role in a new next steps vision for Africa. Development should not be what some do to or for others.

To conclude: new openings, new contexts and new circumstances offer glimmers of hope—but only if we are alert to the radical ambiguities and contingencies of development, and how to transform inherited processes of dependency and underdevelopment into dynamic (though also not unambiguous) processes of reconstruction and transformation.

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CHAPTER 6

The Somali question and prospects for state-building

Abdihakim Aynte

Introduction

Somalia's interminable crises—decades of failed peace talks, violent lawlessness and warlordism, internal displacement of its populations and chronic underdevelopment, intermittent famine, piracy and regional proxy wars—have sparked major debates about state formation and the institutional pre-requisites for state consolidation. For many, it has failed as a state in every respect (see Figure 6.1 for a conventional depiction of Somalia).

To see the roots of the country's endemic political violence—whether religious, clan-based, or economic in nature—as local or regional in scope is misleading: it has been global. Hence our first caveat: we should not conflate state boundaries with epistemological ones, since what happens in distant places often has local consequences (see Mamdani, 2001). Second, it would be easy to conclude that today's disaster is merely another episode in a long history of recurring problems since becoming a state in 1960, when two colonies (one Italian and the other British) merged. But much is new this time, and it would be an error to relegate Somalia's current crisis to 'more of the same'. A third caveat is that it would be equally wrong to call for the same formulae—United Nations (UN) peacekeeping, state-consolidation exercises and anti-terrorism operations—that have achieved little since 1990.

On a wider scale, over the last decade, the Western international development industry has been increasingly concerned about a set of poor

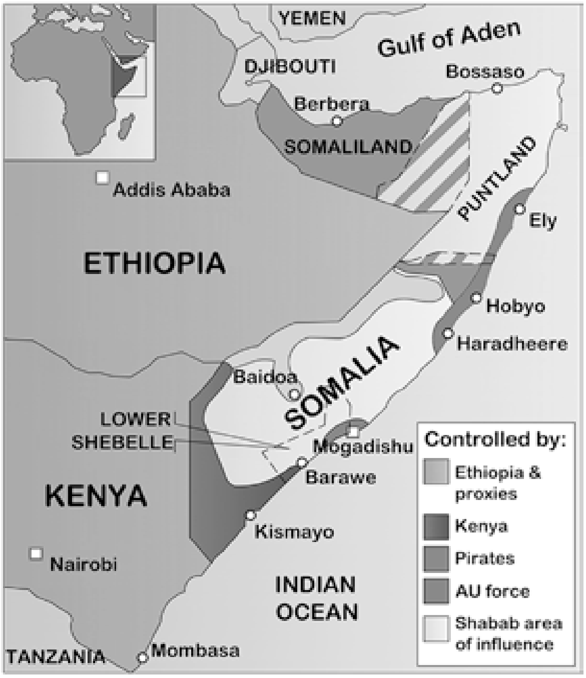

Figure 6.1: A conventional depiction of Somalia
Source: Adapted from *The Economist*, 8 February 2014

developing countries, which today are labelled 'fragile states'. According to Wiuff (2010), the problem of so-called 'fragile' and 'failed' states occupies a central position on the agenda of the international donors (among others). State fragility is seen as a threat not only to local safety and development, but also to global security—especially the USA's War on Terror. The concern with 'fragile' states took on global importance after those responsible for the attacks on the World Trade Center on 11 September 2001 were linked to Afghanistan—a porous state crippled by decades of war.

Critical scholars have questioned the pervasive tendency in the debate on so-called 'failed' states to lump them together and to disregard the different historical contexts and, sometimes, unique paths that these countries attempted to walk towards state formation. Many post-colonial states were hurriedly constituted with no time for organic state formation. Hence to talk of state *failure* is to presume a pre-existing viable state. Moreover, the debate has been shaped strongly by the idea that Europe offers the standard of state-formation and nation-building (Di John 2009), yet the fact that European state formation was a product of endless wars spanning several centuries is often omitted in this narrative. Tilly famously suggested that in Europe 'war made the state and the state made war' (Tilly, 1990: 54).

Indeed the term 'fragile' is a pejorative and normative concept reflecting western Weberian ideals of how a 'successful' state should function (Di John, 2009). Chang (2004) argues that 'a modern functioning Weberian state is more a product *of development* than an input into it'. At the empirical level, the failed state paradigm does not adequately differentiate between the unique economic and socio-political dimensions of states. Other scholars contend that in practice, state fragility is not an either/or condition, but varies along a continuum of performance, as well as across areas of state function and capacity. Taking into account the empirical and normative limits of the term 'fragile states', development agencies now increasingly favour the less subjective terminology of 'situations of fragility'. These terms better reflect the fact that fragility is not solely determined by the boundaries and features of states; there is a need to look beyond the state to the nature of social forces in both assessing and addressing fragility. State fragility—as a concept—has often been confounded within the literature by the conflicting imperatives of sovereignty, good governance and state security.

Regional effects of Somali–Ethiopian and Kenyan tensions

To understand 'state-failure' it is important to assess what colonial legacies left behind; arguably, the base of and the basis for stateness and territory. Consider Ethiopia–Somalia relations, from which hostility over territory dates back to the 1950s. Somalia refused to accept the validity of the Anglo–Ethiopian Treaty of 1954, which had recognised Ethiopia's claim to the Haud. It rejected treaties defining Somali–Ethiopian borders. Somalia made a threefold argument: first, the treaties ignored earlier agreements made with the clans that had placed them under British protection; second, the Somalis were not consulted on the provisos of the treaties and in fact had not been aware that they had been signed; and third, these treaties dishonoured the principles of rights to self-determination.

Starting with minor disputes between Ethiopian police and armed parties of Somali nomads in the Haud soon after Somalia's independence, smuggling, livestock rustling and tax collecting were viewed as expressions of Somali nationalism. In February 1964, armed conflict broke out along the Somali–Ethiopian frontier, and, thereafter, Ethiopian aircraft attacked targets in Somalia. Hostilities ended in April through the intercession of Sudan. The ceasefire produced a joint commission to uncover the causes of frontier incidents, and to establish a demilitarised zone of 10 to 15 kilometres wide on either side of the border. These solutions failed, leading to the Ogaden War (1977–1978) in the Ogaden desert region, the barren plain between the Somalia–Ethiopia border and the Ethiopian Eastern Highlands, which remains one of the definitive conflicts between the two states, with devastating consequences for Somalia.

Between 1977 and 1991, the country endured three major armed conflicts, with the Ogaden War as the most significant. The Soviet Union and Cuba supported Ethiopia. Cuba dispatched nearly 15 000 troops, while the Soviets sent 1 500 advisers. Somalia not only lost the war, but its military was wrecked, and the stage was set for the civil war of the 1980s. The cumulative effect of wars with neighbouring states—most damagingly, the 1977–1978 Ogaden war with Ethiopia—has been cited as one of the causes of the collapse of the Somali army and thus the state. The Somali National Army (SNA) never recovered from its defeat in the Ogaden War. The invasion of the Ogaden region of Ethiopia in 1978, in which a large population of Somalis lived, turned out to be a monumental calamity for Mogadishu.

As Mamdani (2001: 207) incisively shows, Somalia, like Rwanda, at independence built up an army from scratch:

> *… after the defeat in the Ogaden, the Somalian army ceased to have a national project. Not surprisingly the leadership for each clan militia that contended for supremacy a decade later came, not from outside the army, but from one or other commander of the army defeated in the Ogaden.*

Somalia suffered around 25 000 casualties (World Bank, 2005). The humiliating losses of this war were the seedbed of future internal conflict. They contributed to the rise of several Somali liberation movements intent on removing the military regime of Siyad Barre, whom they blamed for the catastrophe. The first of these movements was the Somali Salvation Democratic Front (SSDF), formed in 1978 by Abdullahi Yusuf. Drawing support from the Majerten clan, the SSDF led periodic reprisals against the regime in the northeast of the country. These efforts were harshly repressed.

The second major armed conflict was between the Somali military and the Somali National Movement (SNM) for control over northwest Somalia. The SNM, created in 1981, was backed by members of the Isaaq clan. The Isaaq clan's resentment grew during the 1980s, when the Barre regime put the northwest under military control, repressing the Isaaq and depriving them of their businesses. The civil war started by the SNM in May 1988 produced more catastrophe as government forces further repressed civilians (an estimated 50 000 to 60 000 Somalis died, mostly persons of the Isaaq group). Bombs destroyed the city of Hargeysa; 400 000 Somalis fled across the Ethiopian border, while a further 400 000 became internal refugees. In the wake of this violence, the Isaaq demanded secession, becoming the self-declared state of Somaliland in 1991. Somaliland, on Somalia's northwestern tip, has not been internationally recognised.

Legacies of the Barre period have fuelled widespread anti-national statist sentiment in contemporary Somalia. The suspicion remains that the centre will be used by some political leaders to dominate others, monopolise state resources, and appropriate valuable land and other assets. As a result, reconciliation and power-sharing discussions in Somalia are complicated by high levels of distrust and a 'zero-sum game' mentality toward political power and the state. Second, the leadership skilfully manipulated and politicised clan identity over two decades of divide-and-rule politics, leaving a legacy of deep clan divisions and grievances while promoting 'an atavistic sense of national identity … (while) bent on actualising the unification of a long lost Somalian nationalism' (Samatar, 1988: 132). Third, this period coincided with the height of Cold War competition in the Horn of Africa that permitted the Barre regime to draw large quantities of military and economic aid. When the war ended, the high level of expenditure on the bureaucracy could not be sustained.

For the next decade, the increasingly fragmented SNA sought unsuccessfully to improve its capability by relying on a variety of foreign sources, including the United States.

As the Cold War faded in the late 1980s, and Somalia's strategic importance to the West diminished, Western donors froze aid to Somalia. The breakup of the Ethiopian army in 1991 inundated the region with cheap weaponry. As more arms reached Somalia some of these weapons found their way into Kenya, making the border area unstable and giving criminals in Nairobi greater access to cheap semi-automatic weapons. By 1991, the Kenyan police and the military in northern Kenya were overwhelmed by well-armed clan militias and criminal gangs. An initiative by a group of eminent Somalis known as the 'Manifesto Group' to broker reconciliation and establish a provisional post-Barre government was met with arrests of the group's leaders by the Barre regime in April 1990.

The rapid rise of trade in the once remote Kenya–Somalia border region has, since the early 1990s, made it the focus of strife. Somali traders evade taxes and trade profitably in a range of consumer goods—sugar, dry foodstuffs, cloth, basic household items, cigarettes and light electronics—in the lucrative Nairobi market. This commerce has led to a network of cross-clan business partnerships with a stake in safe and open roads.

The rise of militant Islam

The rise of the militant Islamists can be traced to the overall conflict in Somalia. According to Goldsmith (1997), the Juba Valley became a major site of activity for the small but important Islamist movement, which emerged in post-Barre Somalia. *Al Ittihad Al Islamiyya* (AIAI) briefly controlled Kismayo seaport in 1991, controlled the town and district of Luuq (Gedo region) from 1991 to 1996 and vied with the Marehan faction Somali National Front (SNF) for control of Beled Hawa. Much of AIAI's support came from a subclan, *guri* Marehan, who saw the organisation as an effective resistance to the *galti*-dominated SNF. In Luuq, AIAI imposed sharia law and may have had links with foreign insurgents from Sudan, but also succeeded in establishing basic security and the rule of law at a time when the rest of southern Somalia was in a state of anarchy. Since 1996, AIAI has effectively disbanded into a loose arrangement of 'alumni' who are incorporated into their Somali communities.

Terror suspects in the attacks on the US Embassy in Nairobi in 1998 and on the Paradise Beach Hotel in Mombasa in 1999 crossed the Kenya–Somalia border and used southern Somalia as both a trans-shipment point and safe retreat in those attacks. The unpoliced border makes it easy for foreign or Somali insurgents to cross into Kenya. Even more difficult has been differentiating between legitimate Islamist movements in the region and those with links to terrorism.

The Transitional Federal Government (TFG), led by President Abdullah Yusuf, was meant to be a government of national unity, but Yusuf's deep hostility toward all forms of political Islam upset the growing network of Islamic schools, hospitals, businesses and local Islamic courts in Mogadishu. By early 2005, serious splits emerged within the TFG between what became known as the 'Mogadishu Group' and Yusuf's supporters. Facing deep resistance in Mogadishu, they could not root themselves in the capital, taking up residence instead in two small provincial towns. Weak and dysfunctional, the TFG seemed to be yet another stillborn administration in Somalia, which, since 1990, has been devoid of an operational central government. The coalition of clans, militia leaders, civic groups, and Islamists, which formed the Mogadishu Group, were themselves divided. War erupted between two wings of the group in early 2006 (Menkhaus, 2009).

Armed battles pitting factions of the Darood and Hawiye clan-families against each other swept across the countryside. In several instances, fighting briefly spilled across the Kenyan border. The area between Mogadishu and the Kenyan border became a 'shatter zone' within which residents were exposed to repeated looting until they began to starve. The massive famine which occurred from late 1991 through 1992, and which ultimately claimed an estimated 240 000 Somali lives, was thus almost entirely due to armed conflict and wartime plundering (Refugee Policy Group, 1994).

These regional wars benefit arms dealers, smugglers and certain kinds of capital, but have devastating results for ordinary people who become refugees, with the spread of malaria and HIV/AIDS that accompanies refugee flows. These lawless areas allow drug production and trafficking, international terrorism, and other global crimes to flourish.

The impact on the Kenya–Somalia border area was immediate and disastrous, especially in the first two years of civil war and famine. A major impact was the *refugee flows and humanitarian crises*, as the collapse of the

Barre government triggered a massive exodus of hundreds of thousands of Somalis into the Juba regions and northern Kenya. Tens of thousands of Somalis poured into Kenya on foot, by ship and by air, seeking safe haven or passage to third countries.

The USA in Africa

Fresh from its apparent victory in the 1991 Persian Gulf War, the US military was keen to prove that it could undertake 'peace' operations rather than war. The opportunity to resolve what appeared to be a few ragtag militias in Somalia, while in pursuit of humanitarian objectives, seemed an ideal test (Meredith, 2006). On 3 December 1992, the UN authorised a United Task Force (UNITAF) to establish a secure environment for humanitarian relief operations in Somalia. UNITAF, led by the US military, which contributed 28 000 men, was backed by France, Belgium, Canada, Italy and Nigeria. George H.W. Bush provided 12 000 marines in what was dubbed 'Operation Restore Hope'. The intervention was sold as a way to assist with drought and famine, which had long weighed down the country. The US troops landed in Mogadishu in December 1992 and left in May 1993. Although disarming the militia was not their mission, when they arrived, most Somalis expected them to do this.

Aideed and Mahdi had accepted America's presence. On their arrival they allowed Aideed and Mahdi and other warlords to keep their arsenal intact in designated compounds. No attempt was made to round up heavy weapons, let alone disarm the militia. In a telling incident a few days later, the army patrol arrested a group of Aideed gunmen loading up arsenals of weapons in a building near the US embassy. The army commander instructed the patrol leader to release them. From then on the militia leaders sensed they were untouchable.

UNITAF lasted for five months and made little impact in southern Somalia. Its presence provided an opportunity for negotiations in Addis Ababa in 1993. After UNITAF left, the United Nations Operation in Somalia II (UNOSOM II) was formed. At the southern port of Kismayo in February 1993, UNITAF allowed a rival Darod militia, led by Siad Barre's son-in-law, to occupy the town, ousting a pro-Aideed militia; Aideed interpreted this as war. The US killed innocent persons and when the UN attacked Aideed-held territory, the UN planes were shot down

(Meredith, 2006). The Bush administration, without formally announcing it as a policy, engaged all kinds of sub-state actors in the country, including the two stable regions of Somaliland and Puntland and some of Somalia's most notorious warlords. The Somalis concluded that 'Operation Restore Hope' was little more than a cynical deal between the USA and the warlords. By early 1993, the Somalis had resisted the US and UN forces occupying the country. Dozens of US and other troops lost their lives in an embarrassing defeat.

With the benefit of hindsight, it is clear now that, in 2006, it was counter-productive to undermine the Somali government while supporting warlords in Mogadishu. After the warlords failed to establish authority in Mogadishu, it was expedient for Washington to ignore the Somali government and instead support the Ethiopian invasion. Ethiopia has also pursued a similar policy toward Somalia, called the 'building block' approach, for the last two decades. This approach did not lead Somalia into peace. Instead, it emboldened extremist groups.

The unplanned consequence of the Obama Administration's dual track policy is that it has deepened already divisive clan identities in Somalia and rendered a sensitive situation more explosive. Soon after it was announced, most Somali clans and sub-clans understood the policy to mean that the US would only deal with clans who had regional administrations of their own. A result is that more than 20 nominal clan-owned regional administrations have been created since the dual track policy was announced. The push to set up clan-owned regions strengthens the claim that a specific clan can own a part of the country. Because of this, Somalis' citizen-based rights and the collective ownership of the country have been eroded further. There is also a well-founded apprehension that this may sow the seeds of inter-clan conflict. In retrospect, the dual track policy is merely a new label for the old (and failed) Bush administration's approach. It inadvertently strengthens clan divisions, undermines inclusive and democratic trends and, most importantly, creates an environment for the return of the war-lordism in the country.

In a nutshell, US policies have contributed to the already failed situation in Somalia by arming warlords while supporting policies that are not inclusive, in the form of 'war on terror'. More appallingly, they pursued a very narrow policy of counter-terrorism. These though are not the core problems of Somalia; rather, they are the symptoms.

In 2006, Ethiopia entered Somalia, its forces pushing as far as Somalia's capital of Mogadishu after representatives of Somalia's Islamic courts declared a holy war against the nation. Ethiopia's efforts have recently served only to motivate new members to join al-Shabaab. According to USAID (n.d.)

> *... the Somali civil war produced a major weapons flow in the Kenya–Somalia border area. Both government troops and liberation movements looted the enormous Cold War armories of the army, producing a free flow of weapons and ammunition on the street.*

Programmes/capacity-building efforts to address the fragility in Somalia

Somalia has attempted approximately 12 recorded peace agreements since 1991, all of which have failed (Menkhaus, 2007). The first attempt at Somali national reconciliation was a conference held in Djibouti in July 1991. This was followed by the Addis Ababa Agreement in March 1993, where heads and representatives of 14 Somali factions signed an agreement for an immediate ceasefire, disarmament and cessation of hostilities among all Somalis. Then there was the Sodere Declaration in Ethiopia in January 1997, where the National Salvation Council, consisting of 41 members from all clans, was established, and then the Cairo Accord/Declaration, which was signed by 26 rival Somali faction leaders, who agreed to cease hostilities. This was followed by the Arta Reconciliation Conference from May to August 2000. On the announcement of Djibouti's intention to hold a Somali peace conference, three things were clear to any political analyst who understood Somali: the questions of inclusion, the credibility of the delegates and the future shape of the Somali state had to be discussed. The Djibouti government failed to address these issues during the Arta peace process. The majority of Somalis were unrepresented; the delegates were handpicked—some from Djibouti and others from the diaspora—and they knew very little about the issues on the ground (Abdulle, 2005).

The Arta peace process also failed and another conference, organised by the Intergovernmental Authority on Development (IGAD), was held in Nairobi, Kenya, following two years of discussion between 2002 and 2004. This conference resulted in the election of Abdullahi Yusuf as President of the

TFG in 2005. Between June and September 2006, the League of Arab States hosted a reconciliation meeting in Khartoum, where the ICU and the TFG recognised the legality of the TFG. The TFG and the ICU were to work towards the reintegration of the forces and to continue the dialogue, but this was never implemented. From July to August 2007, the National Reconciliation Congress, held in Mogadishu, was attended by 2 600 delegates, including clan representatives, women's groups and the diaspora. In September 2007, the congress for the liberation and reconstitution of Somalia, made up of ICU and former parliamentarians, met in Asmara and established the Alliance for the Re-Liberation of Somalia and also adopted an action plan. In November 2008, Nur Ade was elected as the prime minister and, in June 2008, the TFG and the ARS initiated an agreement in Djibouti. (UNPOS, December 2008). As a result of the Djibouti Agreement in December, the TFG had a new leadership in January 2009 with Sheikh Sharif Sheikh Ahmed as the president elected by the Transitional Federal Parliament (TFP) following the resignation of TFG President Abdullahi Yusuf Ahmed in December 2008 (Mbugua, 2009).

Conclusions and recommendations

Despite al-Shabaab being militarily defeated, in 2015 it remained a strong force that controls a sizable swath of territory in the central part of Somalia and has a clandestine presence in Puntland. China has plans to invest in Somalia and has explored for oil in Puntland since 2008. Al-Shabaab, hiding among the local people and employing hit-and-run tactics, poses a lethal threat to the population, as evidenced by the 2013 attack on Westgate shopping mall in Nairobi, which killed 67 people.

For years, the main challenge has been to tackle the widespread insecurity, and establish credible national institutions for the nine million nominal Somalis. A surprising number of Somali police work for private companies and individuals, largely due to the government's inability to pay their salaries. This contributes to the worsening security situation on the ground (Bryden, 2013). In addition, the young defectors should be incorporated into the army. Rebuilding Somalia's national army requires determination and a realistic plan. As the president has rightly acknowledged, improving the quality and the morale of the Somali army and police and strengthening central and regional administrations should be the first order of business.

Somalia lacks functional government institutions, despite numerous transitional governments, which were often paralysed by infighting and persistent corruption. For many Somalis, previous governments were nothing but power-hungry and greedy individuals with no interest in building civic institutions. As a result, every government became, by and large, irrelevant. For the local population, government is about security, water, health and education. If the new government fails to install these basic institutions, it too will become irrelevant.

Kismayo is by far the most complex issue of the day in Somalia. Obviously, the fall of Kismayo has dealt a huge blow to al-Shabaab, but it is a harbinger of more sinister things to come: the intensification of deep-seated inter-ethnic rifts. Historically, Kismayo has been a multi-ethnic region with no specific clan configuration—a very complex place with diverse local realities.

While the coalition troops have successfully toppled al-Shabaab, the real test is now whether they will succeed in building an effective local governance system—some kind of tribal local structure that fills the vacuum and provides basic services to the local people. A more dangerous and problematic issue is the Jubaland Initiative driven by Nairobi, evoking long-established regional rivalries between Kenya and Ethiopia. The fall of Kismayo will only intensify the regional rivalries—directly or by proxy—to the detriment of the new government.

Furthermore, the role of the Mogadishu government has been blatantly undermined, adding fuel to the already deep-rooted suspicion by the Somali government of Kenya's motives regarding Kismayo. To avert future fallout, the role of the regional inter-governmental body IGAD is critical for coordinating and providing frameworks for cooperation between the stakeholders.

Unlike his predecessor, President Hassan has a realistic approach in negotiating with al-Shabaab, an organisation made up of two camps—nationalist (Somalis) and global jihadist (foreign)—with different views on peace negotiations. Among the former, there are many frustrated and disoriented youths, whom the president rightly wants to bring into the process.

There is also a small but quite powerful global jihadist hard-core contingent whose vision for Somalia, among other things, is to become a launching pad for terrorist activity and keep Somalia in anarchy for their own benefit and safety. There can be no room for accommodating this camp. To avoid past mistakes, the president needs to articulate his negotiation strategy. A blank-cheque negotiation will not help; the president must appoint an interlocutor or governmental body to spearhead the process. Of course, negotiating with militants is generally very tough and rough.

From a reform perspective, there is an urgent need to transform the disenfranchised segments of the Somali population into stakeholders in a process of state-building. Admittedly, there is no 'one-solution-fits-all' magic bullet to achieve this. States are complex and we have to look at the particularities and context of every situation. There are specific mechanisms to reach different groups of these internal stakeholders (political elites, business elites, 'ordinary citizens').

In 2012, Somalia ended a 20-year era of transitional and interim administrations. The aim for post-transitional government is mainly to let Somalia stand on its own—politically and militarily—with a four-year mandate to structure and lay the groundwork for prosperity. After more than two decades, the country has assumed its full responsibility of post-transitional government, adopted a new—federal—Constitution, installed a new president and a prime minister, and downsized parliament. Given Somalia's recent past, this was an historic and generational moment. The new post-transitional government is responsible, with the help of international partners, for its state and security. Somali forces, together with coalition partners, have since 2011 assumed control of key towns from the insurgents, notably Kismayo—the third largest city in Somalia and al-Shabaab's biggest revenue-generating town.

The African Union formally proposed that the UN lift the arms embargo in order to enable the new government to look after its own security, while the appointment of Hassan Sheikh Mohamud, a long-time civil society activist, came as a total surprise to many Somalis who feared a repeat of the status quo in the presidential election. He represents a new—and genuine—leader who seeks to resuscitate Somalia from the quagmire. His appointment was itself a rare moment for Somalia; unlike previous governments in which the presidents and parliamentarians were imposed from outside, he was appointed in the capital, Mogadishu and thus enjoys a degree of legitimacy.

This new political momentum was only possible with the courage of the previous transitional government who, despite all its setbacks, paved the way for responsible transition. Of equal importance was the international community's unflagging commitment to concluding the roadmap process that yielded this nascent transformation. Looking ahead, successful transition is not automatic. Some fundamental facts remain unchanged: government institutions are woefully dysfunctional; insecurity has reached unacceptable levels; Somali forces are heavily dependent on the African Union Mission in Somalia's (AMISOM's) assistance every step of the way; and the government is bankrupt.

Even if Somalis agree on a broad-based internal political settlement, the country still needs an external political 'settlement' as well. For years, Somalis and non-Somalis alike have criticised the external interferences in Somalia's internal affairs (Bruton, 2009). The importance of minimising foreign intervention has been recognised by many, including the Somali scholar Menkhaus (2007), who stated: 'As Somalis are sick and tired of statelessness, perpetual conflicts, warlordism and piracy; they're, equally, sick and tired of us—the international community'. A durable exit from poverty and insecurity will need to be driven by their own leadership and people. The adoption of the following shared principles can help maximise the positive engagement and minimise unintentional harm. The challenges faced by fragile states are multi-dimensional. Somalis are exceptional in this case, and they must be addressed as exceptional.

The political, security, economic and social spheres are inter-dependent. Importantly, there may be tensions and trade-offs between objectives—particularly in the short term—which must be addressed when reaching consensus on strategy and priorities. For example, international objectives in some fragile states may need to focus on peacebuilding in the short term, to lay the foundations for progress against the MDGs in the longer term.

National actors suggested that coordination was Nairobi-centric and lacked accountability. International actors suggested that the emerging Somaliland joint coordination structures, if implemented in full, were over-elaborate. All actors agreed on the need to move appropriate coordination structures to Somaliland and for Somaliland actors to be in the lead; all actors approved the focus on results, enhanced transparency and accountability.

International engagement will need to engage two main areas—first, support the accountability of states by addressing issues of democratic governance, human rights, civil society engagement and peace-building; second, strengthen the capability of states in order to reduce poverty. Priority functions include: mobilising revenue; establishing an enabling environment for basic service delivery; strong economic performance; and employment generation. In turn, support to these areas could potentially strengthen citizens' confidence, trust and engagement with state institutions. Civil society has to play a key role, both in demanding good governance and in service delivery.

It is not enough to remove the destructive features of an old system. Rather, a positive institutional structure must be created if stability is to be achieved and endure. Strategies for state capacity enhancement should be nationally driven: ownership is the key. Somali leaders are to blame for inviting external actors to settle internal disputes. Neighbouring countries must agree on a coherent and constructive strategy for stabilising Somalia, one that respects its sovereignty and forswears interventions. Somalia has major ports, ten million people, mineral resources, eight million hectares of agricultural land, rivers and the longest coastline in Africa; landlocked countries could benefit from Somalia's long coastline. The greater international community should support Somalia's plan for stability, governance and development. This means departing from the securitisation approach to more long-term social justice and economic development policies, programmes and projects.

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CHAPTER 7

Landscapes of terror: Cityness, routine violence and urban development

Edgar Pieterse

> *Kinshasa is a city that not only by its size but by its very shape-shifting nature resists objectification, colonisation, synthesis and summary. It constantly remains out of focus. It is a city difficult to tame, and impossible to capture in one master narrative. It eludes any order which one imposes upon its realities. Its constant energy and movement refuses to be frozen in static images, in linear text. Its sum is always more than its parts.*
>
> (De Boeck & Plissart, 2004: 8)

If one allows that Kinshasa could stand in for a moment as the quintessential post-colonial African city, for all contemporary African cities, it is clear that there are two problems with the state of urban knowledge in Africa (and the global South more generally). One, the continued insistence that there is a rational policy fix for the multitude of urban development crises—economic, social, environmental, infrastructural and, especially, political—is simply wrong. Two, the assumptions about the urban nature of African cities and towns are so paper-thin that the prospect of formulating appropriate policy-oriented knowledge about these places is rather feint. These two problems are obviously intertwined, as the first is arguably a product of the second. I would argue that it is long overdue to launch a corrective effort to rebalance the division of intellectual work between examining the nature of African urban life—that is, African urbanism—and undertaking policy-oriented research that seeks to address the imperatives of developmentalism. More to the point, it seems that we have now passed the point where we can simply do decontextualised or disembedded policy analysis and prescription. This is not a new argument, but it is one that is seemingly struggling to gain traction, as evidenced by the fact that the bulk of urban research remains apparently fixated on issues broadly in the domain of urban developmentalism.

Taking cityness seriously

The academic literature points in two opposing directions in the diagnosis of the urban revolution unfolding in the global South. On the one hand, radical political economists such as Mike Davis (2006) paint a picture of utter devastation, with no end in sight as long as the global structural drivers of economic inequality are not addressed. In this work it is also suggested that the 'moral' and political capacity to live with extreme levels of poverty, physical oppression and social exclusion is basically limitless, which means that normative discourses appealing for more 'democracy' and stronger 'political will' are unlikely to achieve much. On the other hand, there is a vast policy literature that spells out a comprehensive package of governance, infrastructural, and managerial reforms that are up to the task of arresting and reversing the crises of urban poverty. *More Urban Less Poor* by Tannerfeldt and Ljung (2006) is a good example of this body of work in which prescriptions hinge on appropriate technology, institutional reform (substantive decentralisation), capacity and, of course, political will. Significantly, both of these genres of urban analysis operate on the assumption that poverty, economic exploitation, political corruption, environmental degradation and so on are the primary issues to understand and 'solve' in these cities, even though they hold very different theoretical assumptions about the causes and prospects of these (urban) afflictions. In other words, preoccupations with developmental problems unify these theoretically divergent bodies of scholarship on cities in the Global South.

Robinson (2002) suggested, in her thoughtful intervention in the *International Journal of Urban and Regional Research* some years ago, that the most serious weakness in urban studies more broadly is the artificial and obsolete division of knowledge between cities in the West and those in the non-West. Robinson (2002: 531) argues that there is a 'geographical division of urban studies between urban theory, broadly focused on the West, and development studies, focused on places that were once called 'third-world cities'. Due to this deeply entrenched divide, theoretical research agendas tend to draw inspiration and example from urban dynamics and processes in Western cities that are deemed, implicitly, more developed, complex, dynamic and mature. Thus, urbanism is largely equated with complex social, natural and material interactions that unfold in Western cities, whereas non-Western cities are only good for describing absences and wanting, even if fuelled by a moral agenda to alleviate material deficiencies. These differences are played out and reinforced through the ascription and deployment of the notions of 'modernity' and 'developmentalism'; the former relevant to the West, and the latter to the Other. In a later elaboration of these ideas, Robinson substantiates her distinctions in the following way:

> *By urban modernity I mean the cultural experience of contemporary city life, and the associated cultural valorisation and celebration of innovation and novelty. And by development I mean the ambition to improve life in cities, especially for the poorest, along certain policy-informed paths. A political investment in development, and the institutional promotion of development as a way of improving life in poor countries, following Escobar (1995), we can call, 'developmentalism'. These two concepts are closely entwined. Together they work to limit both cultural imaginations of city life and the practices of city planning. For without a strong sense of the creativity of cities, of their 'modernity', the potential for imagining city futures is truncated.*
>
> (Robinson, 2006: 4).

The upshot of this critique is that the very structure of the field of urban studies, divided in itself between theory and more applied domains, needs to be deconstructed and remade by rendering all cities equally harbingers of (diverse) modernities and in need of transformation to achieve more socially just patterns of life and aspiration. This approach extends an earlier call by Parnell (1997: 903) to reconceptualise African urban spaces with reference to what she terms 'conventional urban theory', denoting the fields of theoretical enquiry that delineate (post)modern urbanism. Robinson's work is a systematic attempt to unpack what Parnell's (1997) challenge may mean in practice, and in the process, Robinson also fundamentally destabilises the authority of existing theoretical frames because of their complicity in keeping the epistemological dualism alive. Clearly, the challenge is not simply to move onto the terrain of urban theory and work to enrich it with more and more layered accounts of particular modernities in all cities, even though this would be a great advance in itself, but rather to see how one can completely rethink and recast the pragmatic considerations of development policy on the back of a more textured appreciation of the urban and its probable and possible futures. But, before I move too quickly into the domain of policy, let us also consider the intervention by Achille Mbembe and Sarah Nuttall to further a similar agenda to that of Robinson.

Mbembe and Nuttall (2004) propose a different way of rendering all cities equivalent as distinct but intertwined repositories of modernity, by pointing to the deterritorialised and circulatory nature of urban spaces in both material and imaginary senses. Consequently, they see the obsession with developmentalism as a symptom of a broader epistemic failure of imagination:

> *There have been limits to the capacity of the epistemological imagination to pose questions about how we know what we know and what that knowledge is grounded upon; to draw on multiple models of time so as to avoid one-way causal models; to open a space for broader comparative undertakings; and to account for the multiplicity of the pathways and trajectories of change. Where empirical work and local studies are carried out, generally they are poorly informed theoretically. As fresh questions emerge and new dramas take shape, the social sciences manifest a surprising lack of openness toward the humanities. Historical and political scholarship is not combined with fundamental philosophical inquiry, and this has led to a dramatic 'thinning' of 'the social'. The latter is still understood as a matter of order and contract rather than as the locus of experiment and artifice.* (Mbembe & Nuttall, 2004: 349)

According to Mbembe and Nuttall (2004), taking on the challenge of writing the social back into our understanding of African 'life forms' requires an examination of everyday practices and imaginaries as they unfold at the nexus of multiple crossings that constitute urban spatiality. For, like most cities in the world, 'the continent has been and still is a space of flows, of flux, of translocation, with multiple nexuses of entry and exit points. As evinced by numerous recent studies, the continent we have in mind exists only as a function of circulation and of circuits' (Mbembe & Nuttall, 2004: 351). This implies a spatiality that is predominantly shaped by the imperative, desire and tyranny of incessant mobility. Data on forced and voluntary migration across Africa indeed suggest that urban territories are as much nodal points in multiple circuits of movement of goods, services, ideas and people, as they are anchor points for livelihood practices that are more settled, more locally embedded and oriented (Adepoju, 2004; Mamdani, 2007; Mbembe & Nuttall, 2004; UNFPA, 2007).

Nevertheless, it is also clear that the dynamics of economic globalisation as it spills over into formal, informal and illicit economies, and especially their intersections, further reinforce and enhance the imperative of mobility as a constitutive dimension of livelihood strategies of both the poor and middle classes in many African cities. Apart from the pragmatics of economic activity, the circulation of globalised symbolic registers that accompany religious identities and practices and the styling of the body through dress and the expression of dietary and musical tastes all suggest that everyday social practices are profoundly shaped by globalised imaginaries (see, for example, De Boeck & Plissart, 2004; Diouf, 2003; Geschiere & Meyer, 1998; Scheld, 2007). Given the profound presence of these translocal senses of place in the routinised activities of the urban poor, it is clear that we have hardly begun to scratch the surface in understanding what non-localism or translocalism means in terms of identities, interiorities, social practices, networks, intimacies, and so on, in psychological, sociological and philosophical senses. Surely, this supports Jenny Robinson's argument that a rounded conceptualisation of cityness remains a big gap in our knowledge and understanding of African urban life, and thus, the absence of a full-fledged conception of African urbanisms.

An important aspect of Robinson's project is the idea that mainstream, urban-development policy frameworks are generally inappropriate because they fail to come to terms with the specificity of particular cities and places. By extension, she argues that once we turn our gaze to the unique particularity of specific places and the myriad practices that reproduce relations, institutions, networks and generative energy in general, we will also notice more innovative options that can be activated to deal with the profound development challenges which exist. In other words, her work is an argument for policy innovation and creativity by taking seriously the embedded practices and sensibilities that underpin routine economic, social and cultural reproductions. But a first step is to hold in abeyance policy obsessions, in favour of efforts to produce a more patient, in-depth and nuanced account of the mobile, diverse and complex socialities that form and reform at the intersection of multiple identities, spaces, networks and imaginary registers. The rich, sometimes oblique, but always suggestive oeuvre of Simone (2004, 2005) is probably a good illustration of what such a research agenda translates into.

Harrison (2006) is enamoured of this argument and draws inspiration from it to make a persuasive case for using post-colonial theory to forge a Southern-based theory to respond, specifically, to Northern-dominated planning theory. Post-colonial theory, with its interest in how the colonial encounter violently repressed and sought to erase indigenous practices and associated knowledges, is a productive seam of analysis to mine for revelations of the inherent biases of Western rationality, and, more importantly, the potential that resides in repressed and occluded knowledges, which were never successfully done away with through the colonial encounter and the skewed modernist enterprise built on top of it (see Rakodi, 2002). Through careful excavation, subjugated knowledges and subjectivities can be retrieved and revealed. There is ample opportunity for such excavations because the failure of the Western modernist adventure in much of the South exposes the cracks through which other practices, rationalities and world views can be glimpsed. This line of argument leads Harrison to suggest, echoing Mbembe and Nuttall (2004), Mignolo (2000), Robinson (2002) and Watson (2003) that we need to conceive of multiple modernities and, by extension, multiple rationalities that underpin contemporary life. This move opens up a hopeful reading whereby Africa ceases to be a basket case of multiple pathologies by Western modernist standards, and is viewed instead as an example of inventiveness.

> *Rather than seeing Africa as an incomplete or deteriorated example of modernity, we might focus on how Africa, and its many different parts,*

> *is—through the resourceful responses of its residents to conditions of vulnerability—in the process of becoming something new that is both part of and separate from Western modernity. This new imaginary may provide a conceptual opening that would allow us to think about Africa in ways that are more hopeful and positive; that acknowledge the success of Africans in constructing productive lives at a micro-scale, and economies and societies at a macro-scale, that work despite major structural constraints.*
> (Harrison, 2006: 323)

This hopeful agenda, aiming to turn what is conventionally regarded as evidence of underdevelopment or failed modernisation into a sign of resilience, partial autonomy and inventiveness, is appealing. It is a theme that Robinson pushes strongly in her appeal for recognition and exploitation of the potential for urban policy that is less formulaic, and more infused with endogenous and creative approaches. This leads to a conceptual focus on the quotidian, mundane practices and routines that comprise the specificity and ordinariness of, actually, *all* cities (Amin & Graham, 1997; Robinson, 2002: 546). A serious engagement with the nature of the ordinary—cityness—is the only way to reach the point where relevant knowledge can be generated about how to meet the challenges of cities.

There is unmistakably a hopeful leap being made in the important arguments of both Harrison and Robinson. Harrison suggests that the uniqueness of African modernities points to ways of living and institutional functioning that operate in terms of fundamentally different rationalities than what is normative in Western rationality. These alternatives, by force of being different, being a source of resilience in the face of grave injustices, are surely a signal of hope and positivity. Robinson makes a similar suggestion in her argument that a deeper awareness of, and working with, the specificity of particular places and their own dynamics will lead to more creative and, one presumes, more effective, urban policy. I am deeply tempted to buy into this optimism because I share their post-colonial epistemological project, but I find myself yanked in a different direction by the spectre of terror in the African city.

The imponderability of routine terror

A report by Human Rights Watch (2007) catalogues how local politics in Nigerian cities have become hostage to an ostensible electoral system whereby all political parties, and especially their leaders, exercise their political agency through the brutal force of local gangs. It is estimated that around eleven thousand Nigerians lost their lives in politically related violence between the 1999 and 2007 'elections', and, during the same period, three million were displaced (Human Rights Watch, 2007: 19). Local political parties and politicians, who establish and sponsor gangs that intimidate, abuse and attack political opponents and ordinary people, orchestrate this violence. The same gangs also commit electoral fraud during elections by stealing ballot boxes or loading them with fraudulent ballot papers. The various electoral commission reports suggest that the practice is endemic in both federal and local elections. The Human Rights Watch report sums up the situation in these terms:

> *Political violence has become a central part of political competition across much of Nigeria and it takes many forms—from assassinations to armed clashes between gangs employed by rival politicians. This violence is most often carried out by gangs whose members are openly recruited and paid by politicians and party leaders to attack their sponsors' rivals, intimidate members of the public, rig elections, and protect their patrons from similar attacks.*
>
> (Human Rights Watch, 2007: 17)

This condition of orchestrated violence as an integral part of the contemporary political culture in Nigeria—the largest African 'democracy'—must be considered against the backdrop of even more insidious terror that marks everyday life for the urban poor. Packer (2006) provides a powerful journalistic account of such terror in Lagos in a *New Yorker* report. What emerges from Packer's (2006) insight into the micro-functioning of the city for the poor is a narrative of utter inconvenience, arbitrary violation of personal space and body, a world profoundly truncated around micro-negotiations to access extremely minimal spaces and opportunities in the city, always at a price—a price that is invariably gender-coded. This ensures that sexual abuse and predation are built into the fabric of everyday negotiations at the core of social and economic reproduction. In this account, one is confronted by the tortuous drudgery of daily life without functioning basic services, but only sporadic drips of service provision, accessible in small rations, mediated by extortionists. This organisation of daily reproductive functions is governed by a deeply embedded patronage system, which has some elements of mutuality, but is by and large oppressive and exploitative; it is, furthermore, actively reproduced through very deeply rooted beliefs that such is the reality of life at the bottom of the pile. In Lagos this fate has a name, *Oga*, powerfully captured here by Packer:

> *What looks like anarchic activity in Lagos is actually governed by a set of informal but ironclad rules. Although the vast majority of people in the city are small-time entrepreneurs, almost no one works for himself. Everyone occupies a place in an economic hierarchy and owes fealty, as well as cash, to the person above him—known as an oga, or master—who, in turn, provides help or protection. Every group of workers—even at the stolen-goods market in the Ijora district—has a union that amounts to an extortion racket. The teenager hawking sunglasses in traffic receives the merchandise from a wholesaler, to whom he turns over ninety per cent of his earnings; if he tries to cheat or cut out, his guarantor—an authority figure such as a relative or a man from his home town, known to the vender and the wholesaler alike—has to make up the loss, then hunt down his wayward charge. The patronage system helps the megacity absorb the continual influx of newcomers for whom the formal economy has no use. Wealth accrues not to the most imaginative or industrious but to those who rise up through the chain of patronage. It amounts to a predatory system of obligation, set down in no laws, enforced by implied threat.*
>
> (Packer, 2006: 70)

A very similar narrative of desperate survival comes through in the more personal account of Edemariam (2007) as he travels back to Addis Ababa (from Toronto) to rediscover the city of his childhood memory in its contemporary incarnation. In this affecting account, we learn about how daily survival is practically achieved or attempted in a context where the overwhelming majority of the urban population is left largely to their own devices, and the exploitative systems of daily rule govern every facet of life in the slums of Addis. A theme that emerges very strongly in this piece is the degree to which sex work by girls and women becomes one of the primary livelihood practices, and how seemingly unavoidable and psychically corrosive this is. One of the characters we meet in Edemariam's essay is a young woman called Mekdes. She had fled to Addis when her relationship with her boyfriend turned violent, and, in the process, left her newborn child with her grandmother. In Addis, she knew no one, and ended up being inducted into the ways of the city by two newly acquired friends who had also ended up in Addis after fleeing from violent domestic relationships. Both of her new friends were sex workers and they inducted Mekdes into the trade. At some point in the conversation, as she laments her fate and especially her lack of options, she reflects:

> *Nobody can really deal with this kind of life … Without knowing it, you start off at a certain okay place and slide downward, and when you find yourself in this place, where you are amazes you; it scares you. But you've reached the place, touched your feet to it, and so, because you have no choice, you just live.* (Edemariam, 2007: 72)

For most poor youth in many cities of Africa, the city is a highly circumscribed funnel that delivers them to contexts within which they have very little option but to opt for a life of violence, excess and terror because of the profound deprivation that characterises their households and neighbourhoods, and which coincides with the crumbling of earlier socialisation frameworks. Winton (2004) reminds us that John Galtung's seminal work on structural violence captures the way in which deprivation is itself a form of violence. In this reading, Winton (2004: 166) argues '… violence includes psychological hurt and, in turn, alienation, repression and deprivation'. She further points out that widespread and routinised deprivation, which takes the form of a lack of access to basic services or social protection, and being vulnerable to corruption and arbitrary violations, amount to deprivation as inequality.

Most importantly, living in such dire conditions makes the urban poor most vulnerable to the emergence of conflict, crime and violence. If we accept this understanding, and consider the available data on urban poverty and multiple dimensions of deprivation and insecurity (Kessides, 2006; Moreno

& Warah, 2006; Satterthwaite, 2007; UN-Habitat, 2006), the inescapable conclusion is that 'the everyday'—that is, mundane ordinariness, is profoundly sutured by structural and symbolic violence. This suggests to me that the focus on cityness, on the inventiveness of survivalist practices and the worldliness of African cities, is first and foremost a story about terror; a narrative about multiple forms and patterns of abuse; a rebus of pain.

Exploring cityness through terror

In his paper, 'Terror and the city', Ashraf Jamal (2010) provides one of the most provocative and troubling accounts of the condition of the South African city, soaked as it is in routinised violence not too dissimilar from the cases of Addis and Lagos referenced above. He opens his essay with an extract from a short story he had published before, which details at considerable length the gang rape of a street worker and leaves little (and too much) to the imagination. The narrator painstakingly retells every second of cruelty and violation, to the point where the pain and narcissistic implication of the act overwhelm the sensibility of the reader. The reader is overwhelmed precisely because the detailed explication of the acts of violation is much more than one would normally allow oneself to think about, or see reported in a newspaper account. It is also unnerving because one is forced to accept that such an imponderable level of brutalisation is indeed well within the capacity of many people; a fact of (bare) life, and therefore suggestive of a broad-based debasement that is so cancerous as to be beyond the point of treatment or reversal. This moment of confrontation and acknowledgement is overwhelming because it forces one to admit that there is very little in our archive of knowledge, politics, institutional capability and, most importantly, collective sociality, that can stop, mitigate or eradicate this insidious force. Then all that remains is the question: What does it mean for our sense of self, our sense of a future, if all that we have is the poisonous outgrowth of unchecked and cumulative terror?

Jamal suggests that our epistemic challenge is to continuously arrive at this question, and through that painful recursive movement, learn to disabuse ourselves of a simply inappropriate and exhausted humanist morality. Jamal underscores this imperative vividly: 'Terror, understood here, is not merely the sum of empirical acts of violence but a pervasive and variegated *psychic* *seam*. It is this seam that must be tapped if we are to understand why the city works yet does not work' (Jamal, 2010: 121). Thus, for Jamal, the issue is not a choice between hope and despair, but rather the nurturing of an epistemic capacity to engage with the indeterminate zone of becoming that falls between these polarities. For,

> … [it] *is terror that challenges all claims to the substantive at the precise moment that it despairingly invokes the non-substantive. By insisting upon the prevailing despair that has gripped the South African imaginary—a despair that is flanked today by an unparalleled hope—I would not want to consecrate that despair in and for itself. Rather within and* between *despair and hope I would suggest that another way of living becomes possible. This other way is only possible once one accepts that the styling of self is coterminous with the styling of terror. For it is the epistemic and psychic reconfiguration of terror that will best enable us to embrace the barbarism of the present moment. This embrace—at once intimate and violent—allows for both an implacable acceptance of a brute fate that emerges without pretext and reason as it allows for a limited conversion and transformation. This view lays no claim upon the future and neither does it measure itself against a preordained past. Rather it is a view that accepts the unresolved nature of the present moment as one that must be negatively questioned and apprehended. Only thereby will we free ourselves from the captivity of despair and hope.* (Jamal, 2010: 135)

Thus, our task in redescribing the city, in the first instance, is not to look for an end to the horror, or to reach out for the moment of redemption; no, our most important imperative is to simply stare terror in the face without any anticipation that it will come to an emancipatory end. This is a tall order but one, I agree, that we cannot afford to elide because the violence that pumps energy through the spaces of daily survival and adaptation has a deep and expansive root network that it feeds off, as the work of Mahmood Mamdani (2007) suggests.

Drawing on his wide-ranging work over the past two decades, Mamdani develops an argument to explain the constitutive nature of political violence in most parts of the African continent as religious and ethnic identities are mobilised in a process he defines as the 'politicisation of culture'. This argument is of relevance to our concern here because it suggests that armed conflict will remain a constitutive dimension of contemporary political life, especially as economic growth becomes ever more tied to extractive industries that feed the global commodities boom. The crux of Mamdani's (2007) historically rich argument is that modern power in contemporary Africa is, almost without exception, premised on a distinction between civil and customary identities and the institutional implications associayed with such a distinction. This premise is a direct outgrowth of the colonial regime of governmentality, essentially kept in play in the post-colonial era because the differential, customary regime, which subjugates in terms of a static notion of tradition, is embedded in most contemporary political systems. He then traces how these distinctions create a fertile environment for new forms of inclusion and exclusion within national and sub-national territories; conditions that lead to almost all of the current and recent armed conflicts across the continent (Mamdani, 2007). This system of rule is particularly dangerous in a context where considerable numbers of Africans are continuously on the move in search of better opportunities and to maintain their deterritorialised livelihood strategies. In other words, because of the inherited and maintained legacy of distinguishing between the indigenous and non-indigenous groups, lines of distinction are drawn that facilitate patron-based political cultures in which violent means of control and regulation are extensively routinised. This exposition points to the larger structural factors that shape the polities of African countries and cities, but that also reinforce and animate localised cultures of strong men and *oga*s reliant on violence to regulate and reproduce their patches in the city.

If we acknowledge these deep structural drivers of quotidian violence, then we need to heed Jamal's (2010) challenge and forge a different set of registers and frameworks to work through their implications for what cityness really means in all of its contradictory fullness; and by extension, possibly disabuse ourselves of the optimism and positivity in the approaches of Robinson (2002, 2006) and Harrison (2006).

At this point it is instructive to turn to the work of Mamadou Diouf (2003) who has been at the forefront of a novel scholarship that seeks to confront and theorise these violent tendencies, particularly in West Africa. Diouf (2003) proposes that the contemporary generation of youth in (West) Africa is socialised in a fundamentally different manner than before and at a time when youth are becoming the demographic majority in most countries (UNFPA, 2007; World Bank, 2007). Contemporary socialisation occurs amongst the ruins of a nationalist project; a project that held on to a particular conception of young people and their 'proper' role in the post-independence phase of autonomy and development. Diouf (2003: 3–4) argues that

> [in] *its cultural and political versions, the nationalist project sought to do two things: to maintain the frontier between elders and juniors that characterised traditional African values, and to put young people at the centre of its plans for economic development and national liberation.*

However, with the sustained economic crisis across much of Africa since the 1970s, the systematic drift towards a narrow agenda of resource-plundering by national elites, buffeted in turn by heightened geopolitical dynamics as a function of the Cold War, the devastating effects of structural adjustment programmes and ever deepening economic marginalisation in a more and more integrative global economy, this naïve vision for young people turned sour. Diouf's (2003) project is to come to terms with the culturally inflected consequences of this ruined vision. The argument he mounts provides us with some clues about how to fully acknowledge and move through the prevalence of urban terror as a generative current in the constitution of the everyday in many African cities. Diouf's core argument shines through brilliantly in the following extended abstract:

> *Excluded from the arenas of power, work, education, and leisure, young Africans construct places of socialisation and new sociabilities whose function is to show their difference, either on the margins of society or at its heart, simultaneously as victims and active agents, and circulating in a geography that escapes the limits of the national territory. These transformations, which have been taking place for several years, affect both geography and history—especially history conceived as a chronology embracing age groups that are connected by obligations, rights, and duties.*

> *The ideological and cultural reorganisation that flows from this posture of defiance takes place in the spaces deserted by political power and outside the communities and their dominant cultures, to the advantage of the margins and the unoccupied areas in which emptiness and indetermination are dominant: places that are ready to be filled, conquered, and named, and which favour the expression of rites and rituals intended to produce signs of identity. The function of these spaces, which escape the logics of public and administrative control, communitarian prescriptions, and state surveillance, is to serve as supports for acts that express within the public sphere, in a violent, artistic, or spiritual way, a desire for recognition and a presence.*
> (Diouf, 2003: 5)

Key themes that jump out from the excerpt include the phenomenon of *exclusion*, which denotes the profound scale at which most African societies and cities simply fail the majority of urban inhabitants with the kinds of 'formal' opportunities that one has come to expect with the consolidation of modernity; yet, despite this unimaginable scale of social failure, youth display phenomenal agency by actively *constructing* their own places and social territories within which to forge different, morally ambiguous, bases for identity construction. Furthermore, there is the evocative suggestion of *alternative itineraries* of bodily and imaginary circulation, which firmly place the subjectivities of youth in the deterritorialised domain of the translocal (Smith, 2001)—a theme that has, of course, been carefully mapped in the rich and occult-realist ethnographic elaborations of Simone (2005). Then there is that arresting image of 'postures of defiance', which intimate the confrontational and often deliberately offensive behaviours and tactics of youth as they put their bodies, sexual desires and offensive cultural proclivities on display, effectively daring mainstream society to respond, attempt an intervention, or even feign concern. Indeed, Diouf (2003) is probably right in claiming that the continuously reinvented rituals of transgression are ways of announcing presence and claiming symbolic space over a society and system that can do little but announce its impotence to deliver any semblance of a viable future.

In the remainder of his article, Diouf (2003) explores the new forms of association and sociality that young people enter into as they 'make their way into the world's market economy of desire and consumption'. In particular he focuses, somewhat counter-intuitively, given the primary thrust of his argument, on religious associations, sport and cultural organisations, which in turn often lead to community-based cleansing campaigns and often also to various forms of micro-enterprise. It is beyond the scope of my current discussion to rehearse Diouf's (2003) exploration of these practices as evidence of new bases of subjectivity, unmoored from the nation and patrimonial forms of community. The implication is that by getting a more in-depth understanding of these new forms of sociality, which operate in very different moral registers than what is often assumed in uncritical 'community development' and 'livelihood' policy models, we can perhaps attain some purchase on aspects of cityness in African cities.

In the last section of his paper, Diouf (2003) introduces what I believe to be an even more fertile territory for exploration and theorisation to arrive at the core of contemporary forms of cityness or urbanity: the body. He draws attention to the intricate and refined senses of style, fashion, adornment and constant beautification, which also contend with the scars (psychic and physical) of hardship and extending the body to do whatever it might take to exercise one's sense of self. This implies an intensely precarious and dangerous life where the 'the gap between adolescence and adulthood, and in some cases, between childhood and adolescence' is effectively erased (Diouf, 2003: 9). This way of being in the world generates enormous discomfort and alarm among older generations, and acts as confirmation of the moral degeneration and vice that mark contemporary life. Thus Diouf (2003: 10) challenges us to consider that:

> *To kill, to experience violence and pleasure, to move along the obscure paths of night and migration, of witchcraft, of the urban and rural undergrounds—all these impulses produce new cultures, new sociabilities, and new meanings of pleasure, life, and death.*

What I draw from this framing is a fertile research agenda that can immediately open up a vast terrain for a more grounded, phronetic research programme that can potentially yield the microscopic details of everyday practices as imagined and experienced by the contemporary protagonists of the city who, through their abandonment by the nationalist development project, have been forced to carve out a distinctive, even if often monstrous, 'morality' of risk, chance, narcissistic pleasure, and also tenderness and intimacy (Clarke, 2005; Flyvbjerg, 2001; Law 2004). It is precisely because of the moral ambiguity embedded in such emergent socialities that we need a post-humanist philosophical framework to underpin such a research agenda—for a fuller account of African cityness will only emerge when we cross-fertilise ethnographic texture, sociological patterning and topographies, spatial practices and registers and interpretive metaphors that stem from speculative philosophical enquiry and literary theory in the broad sense of the term (Pieterse, 2012, 2013).

Conclusion

The argument mounted here is in a formative stage and clearly incomplete. What has been left out for now, due to space constraints, is development of the theme of a post-humanist philosophical framing. The shared ethical agenda emerging from the post-colonial theoretical enterprise, which seeks an engagement with development theory (Ahluwalia, 2001; Sylvester, 1999) on the one hand, and the relatively new focus on a transhuman theory of sociality arising from a stream of geographic theory intertwined with actor-network theory in sociology (Amin & Thrift, 2002; 2013; Gandy, 2005), on the other, presents some fresh opportunities to theorise African urbanisms on their own terms and in a post-foundational manner.

As a final set of thoughts I want to touch on what this line of analysis may mean for urban development policy, because it is obviously impossible to establish a sequential research agenda whereby we first need to flesh out a more grounded and meaningful conceptualisation of African cityness before we can move on to addressing the many and ever growing lists of policy challenges. The ambiguous and arguably uncontainable social explosion that is occurring in the wake of the new, highly mobile and often dangerous (risqué) practices of identity-making referenced above, presents a fundamental challenge to the entire raft of policy agendas premised on the possibility/desirability of stable, predictable modern rationality prevailing in African governments and societies. There can be little doubt that we need effective states, more consistent regulatory frameworks that can effect consequences, and resilient democratic institutions and forums within which just, fair and appropriate decisions can be taken to address the overwhelming needs associated with the material wellbeing of especially the urban poor (Pieterse, 2008). However, what we now need to explore is how one can bring such agendas into being, when politics and social life are irrevocably fragmented and reproduced by powerful vested interests that feed off dysfunction and low-intensity but routinised violence. In such contexts, the language of a policy fix—through institutional reform, capacity-building, political will and the like—feeds on itself precisely because it cannot contemplate, let alone understand, the profoundly new condition that is both beyond civility but also generative of a wide range of inventive actions that must either be tapped or redirected, but without which a different urban future cannot be created. Put differently, effective political and policy action cannot escape contamination by social–cultural forces it does not understand, and cannot ever condone, but which represent the only game in town for many poor and aspirational urbanites. If direct engagement on a different footing than the automatic resort to violent repression is to emerge, what kind of rationalising discourse will it necessarily invoke?

Pressing down this path of painful, inherently irresolvable enquiry one invariably runs into brick walls. This brings me back full circle to the imperative of an unflinching engagement with the brutal, dynamic, fast-paced, generative, mobile, iconographic, novel and divergent practices that fill the space between stunted formal economies, indifferent states and elites, and splintering social life. The key is to enter this treacherous zone in the full knowledge that it will lead to philosophical and psychic heartache, but is an unavoidable journey if we are serious about engaging African futures and prospects on its own terms.

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PART 4

Governance, resource mobilisation and financing

PART 4

Governance, resource mobilisation and financing: Overview

Basani Baloyi

Governing resource rents and the politics of the green economy in Africa

The following two chapters, although seemingly contradictory, are surprisingly complementary. Read in unison, the chapters spotlight familiar contests over mineral resources in developing countries. The first chapter, Chapter 8: 'Mining in Malawi: Another missed opportunity' by Liabunya, presents a contest fought between society, the state and capital. It exposes yet another recent victim to the resource curse—Malawi—a predominantly agrarian economy which may remain in poverty should the poor governance of its newly discovered uranium bounty continue unabated. Chapter 9, 'Green economy, realpolitik and resource mobilisation in Rwanda, Mozambique and South Africa' by Gulati and Zikhali, presents an emerging contest between developing countries and a constellation of green statist North Atlantic countries (plus the multilateral system supporting them). Sensitised to the development challenges of 'catching up', which in most instances necessitates a resource-based development path—followed by countries such as Malawi—they are critical of the notion of a depoliticised and ahistorical green economy. Utilising theories of governance, both chapters navigate the complexities of policy implementation within a policy space of competing interests. Institutional formulations are proposed as 'remedies' to manage resource rents and the green economy. However, the ability for institutional mechanisms to induce desired change is *partly* dependent upon the type of political settlement and economic relations underpinning them.

Acknowledged weaknesses in the Malawian government's mineral-rights regime do little to lessen the cynicism of the citizenry that the bounty from uranium will be used to diversify the industrial base and expand citizenship through infrastructure and service delivery. Exacerbating this is the political short termism and neo-liberal outlook. Short tenure of political office bearers disincentivises them from adoping long-term development agendas and programmes. A long-term strategic view is also trumped by the drive to maximise personal benefits, which effectively relegates the wellbeing of the majority of poor Malawians to the bottom of the (development) priority list. Moreover, the neo-liberal policy agenda manifests itself in an obsession with attracting foreign direct investment (FDI) at all costs, stemming from the erroneous belief that FDI (in the absence of a domestic investment strategy) will automatically catalyse growth and development.

At various points in its history, the pendulum in Latin America has swung between politicisation and an attempt at depoliticising its mineral wealth (Hogenboom, 2012: 135). The nineteenth century was an era in which resistance to popular uprisings against multinational companies was strong. This set of circumstances changed in the twentieth century when countries nationalised mining companies and created state enterprises (Hogenboom, 2012: 135). This traction yielded in the 1980s as the fall in the terms of trade in commodities, the Volcker-induced debt crisis,[1] and market fundamentalism—driven by the then nascent neo-liberal agenda—tilted the balance of power against the state in favour of international creditors and multinational companies. While some may regard this as the deregulation of the mining sector via privatisation and its reorientation from a strategic sector to a sector of commodities (like any

1 The Volcker shock flowed from a set of measures introduced by the American Treasurer Paul Volcker during the Carter and Reagan administrations with the objective of reducing inflation as a response to economic recession. The measures raised interest rates, cut social spending, and deregulated the labour market. The impact of the rise in interest rates in a period of falling commodity prices had global reach as the cost of borrowing significantly rose—particularly for developing countries, who, with falling terms of trade, found it a challenge to service their dollar-denominated debt. Developing countries were thus plunged into a debt crisis and, coupled with the enforcement of the Washington Consensus Structural Adjustment Policies, a period of protracted recession termed a lost decade/(s) for countries in Latin America and sub-Saharan Africa.

other), careful observers talk instead of a re-regulation of the mining sector. This can be argued from the purview that despite the changes in ownership and the 'sector-neutrality' stance, the state was heavily involved in ushering in and maintaining enforcement through often violent means, as the de-/re-regulation processes were not without resistance (Hogenboom, 2012: 136).

The social movements of the 1990s were motivated by strong anti-globalisation and anti-neoliberal ideological persuasions, finding their political home in the trade union and peasant movements in Brazil, Ecuador, Bolivia and Venezuela (Hogenboom, 2012: 145). By the early 2000s, these movements had gained political traction when they threw their political weight behind left-leaning political leaders embedded in them. The political settlement forged in the body politic was clear: a rejection of neoliberalism and the strategic use of mineral wealth as a lever for broader socio-economic development evidenced in the state wresting control of mineral rents from multinational corporations (MNCs) (see Hogenboom, 2012). The nature and contours of the command and control varied. In (radical) Venezuela, the state asserted control through joint ventures with MNCs. Moderate Brazil wielded influence through its (strong) local content industrial policy (Hogenboom, 2012: 144). These administrations delivered on growth, and deployed their mineral resources to reduce poverty, and in Brazil's case, also to reduce inequality (Hogenboom, 2012: 146). Again this was resisted: on the one side stood the disenchanted (former) elite and, on the other, dispossessed peasants battling elite land-grabbing and environmental degradation (Hogenboom, 2012: 150). In other words, the (political) left-propelled economic juggernaut, it could be argued, disempowered their elite and their stranglehold on power and resources, and asset-stripped the peasantry to shift the economic floor of the nation's poor upwards.

These types of social struggles are not alien to Malawi. Civil society through campaigns pushed the government to renegotiate the mining agreement struck with Paladin Africa to finance broader social development. The social forces gained ground under the administration of President Joyce Banda. Banda reviewed and tried to reform the agreement and refocus the policy framework and regime.

The cynical observer could quite plausibly challenge the claim that civil society pushed government to alter the balance of power and distribution of rents. The Kayerele deal was negotiated under the watch of the now deceased President Bingu wa Mutharika who, in his second term in office, spoiled the political goodwill of his first term in administration through mass corruption and political repression, becoming feared, reviled or discredited by the opposition, mass populous and donor community. The donor community then froze aid; and with 40 per cent of the budget donor funded, the country was plunged into crisis (Wroe, 2012: 135–6). This culminated in mass protest action against his leadership on 20 July 2011 in three regional capitals (Wroe, 2012: 135–6). Political change arrived, but not through the ballot box. Rather, it was impelled by the death of President Mutharika on 5 April 2012 (Dionne & Dulani, 2012: 111). This pulled the then Vice President Joyce Banda out of the political wilderness[2] (Dionne & Dulani, 2012: 111). The shifts, then, were impelled less by ideology and more attributable to power struggles. It remains to be seen where debate and policy practices are headed. For the moment, the current administration has positioned itself as an agent of change, rewriting the wrongs of the previous government.

Another powerful discourse that has grown over the decade—often in parallel to the resource rent discourse or subsuming it—is the *green economy,* subject of the chapter by Gulati and Zikhali. Whether the green economy can effectively shift the existing patterns of growth, production and consumption in the context of societal power dynamics, ranged against its adoption and implementation, is at the heart of this provocative contribution. Suspending for the moment issues related to the multiple types of material and non-material mobilisations required to make the green economy a reality in developing countries, interesting is the convergence of opinion across ideological and political spectrums. Indeed, the initial hype about fostering green growth (in general), particularly in developing countries, has steadily matured into a sober outlook that matches their invocation of realpolitik. For instance, the World Bank report (2012), arguing in the same vein as do the authors, legitimises developing countries' pursuit of growth (critical to poverty reduction and catching up); recognises the urgency of dealing with the ecological crisis immediately rather than at some future date; and, crucially,

2 Banda was expelled from the Mutharika presidency over a power struggle but constitutionally retained her position as vice president.

acknowledges the challenges presented in managing the political economy trade-offs associated with green growth (World Bank, 2012). The chapter and report both argue in favour of institutional mechanisms and capabilities to mutually reinforce growth and environmental sustainability, but remain alive to the trade-offs.

Critics charge that the envisaged/proposed institutional mechanisms and capabilities for implementation of a green economy production regime may not be optimal. Smith (2011) considers naïve the possibility of a green mode of production on the basis of it focusing on the degree to which outputs are 'green' with little to no consideration of the inputs, processes and inter-sectoral linkages to produce them. Virtually every commodity produced requires the exploitation of natural resources for its production. Moreover, green technologies often have unintended negative consequences, weighing heavily against the larger green project (Smith, 2011: 136). Smith (2011) illustrates numerous examples that highlight the paradox of the green project. For instance, sugar for biodiesel is cleaner than coal or oil for fuel. However, present methods of producing biodiesel encompass clearing rain forests and land grabs, with negative socio-ecological and socio-economic consequences for rural populations (Smith, 2011: 134). The green economy under this spotlight is a mirage, concealing the depth of the numerous socio-ecological crises inherent within production.

While critical of and often resistant to the green economy project for its failure to wrestle with the developmental challenges confronting developing countries, Gulati and Zikhali present studies of countries that have embraced the idea of a green economy and integrated various green programmes and projects into their national development plans. A critical question is whether these programmes and projects represent a genuine attempt to save the environment from the vagaries of growth or a pragmatic/expedient response to changed or changing incentives. If it is the latter, it will probably add further grist to the mill of those who portray the green economy as a utopian ideal, or worse, the reproduction (and potential intensification) of familiar forms of capitalist exploitation but now fancifully and beguilingly (re-)packaged as 'green'. The outcomes and results are, however, mixed. South Africa is a good example: on the one hand, government's consideration of a carbon tax suggests a 'commitment' to changing the structural dynamics of the economy (notwithstanding claims of the futility of such measures [Smith, 2011]). On the other hand, the state's position on fracking and nuclear power points to a different rationale.

Perhaps the best insight to gauge the commitment to greening the economy is provided by South Africa's Renewable Energy Independent Power Producers Programme (REIPPP). The 2011 REIPPPP intended to harness South Africa's renewables potential through an independent power procurement programme wherein the state utility, Eskom, procured 3 725 megawatts from the private sector. Gulati and Zikhali correctly point out that South Africa's industrial development is based on the exploitation of cheap coal-based electricity generation. Fine and Rustomjee (1996) go further by characterising South Africa's system of accumulation as the minerals and energy complex (MEC)—cheap coal-fired power is the basis of its construction. On one level, the MEC describes a set of core capital-intensive, high energy-using sectors that are directly and indirectly linked to South Africa's mining sector but weakly linked to the rest of the economy. On another level, the MEC describes a structure that has determined South Africa's economic and political landscape beyond its own bounds (Baker, 2013). It is this structure of accumulation that the REIPPP seeks to reconfigure.

Baker (2013) contends that government has 'managed' the trade-off between coal-fired and renewable energy by allowing the growth in coal exploitation to continue in tandem/parallel with the country's entry into renewables. This created *space* for vested MEC interests to enter the nascent renewables sector (Baker, 2013: 7). This also entrenched and renewed the MEC system of accumulation rather than its reconfiguration or discontinuity, as it now uses its political agency through already established policy networks to influence praxis and sustain its core-sector interests (see, for example, Baker, 2013). For instance, one of the major players in this *space* is the largest Johannesburg Stock Exchange-listed Black Economic Empowerment firm—and the country's second largest coal producer—Exxarro. This company is part of the family[3] of the conglomerate structure of ownership that has wider and entrenched interests within the MEC and abroad (Baker, 2013: 12). Baker (2013) argues that Exxarro is central to Eskom's development plans: it is the sole supplier to Eskom's Medupi power station (Baker, 2013: 14). Exxarro has entered into a 50 : 50 joint venture with a Tata Power Company subsidiary—Khopoli investment—with which it formed Cennergi, a leading wind energy generator (Baker, 2013: 14). With coal at the core of Exxarro's business, it wields considerable political influence. It remains to be seen whether its entry into the renewables sector will be utilised as an enabler or 'disabler' of further growth in that sector (Baker, 2013: 14).

In conclusion, both chapters analyse the challenges of policy reform within a highly contested policy environment of deep vested interests. Both chapters argue that the developmental challenge—whether mobilising resource rents for development or dealing with trade-offs presented by the green economy with a view to securing sustainable growth, resides in filling or plugging (a) policy, institutional and capacity vacuum/s. In Malawi, the weakness of the mineral regime policy and institutional deficiencies are due to a lack of political will and corruption. Governments in select southern African countries are enthused to 'green' their economies. Whether it is purely to exploit a new source of (subsidised/incentive-fuelled) growth or a genuine attempt to generate sustainable development, (potentially) competing objectives and interests are at play. Both chapters propose institutional mechanisms and reforms to govern resource rents for development or to direct/steer the green economy towards inclusive and sustainable growth. The lessons garnered from the governance of Latin America's resource rents and South Africa's exploits in renewables energy highlight the importance of a pro-poor political settlement that develops in reaction or response to the underlying economic relations bent on perpetuating socially divisive systems of accumulation. The illustrative cases in Latin America reflect the successes of social movements and struggles in establishing and nurturing mineral regime changes that 'reasonably' benefit

3 As Baker (2013) explains, Exxarro's formation was through an empowerment transaction involving the old guard of interest in the MEC (that is, a mix of state and mining interests): Kumba (the privatised coal subsidiary company), Anglo American Corporation and BHP Billiton.

society at large. It is questionable whether Malawi will experience similar success under a new administration with dubious (ideological) credentials. It is also questionable whether growth in South Africa's renewables sector will or will not perpetuate the inherited system of accumulation. The underlying economic relations within these regimes (green or mineral) and the efficacy of how social movements respond to these relations will probably provide valuable clues.

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CHAPTER 8

Mining in Malawi: Another missed opportunity?

Janet Ndagha Liabunya

Introduction

Across the globe, tax revenue mobilisation has been acknowledged as key to raising resources to finance national development. The presence of natural resources in any country affords it an opportunity to use the natural resource endowment for the purpose of revenue mobilisation. Africa, including the sub-Saharan region, is endowed with a rich source of valuable natural resources. It produces more than 60 mineral and metal products and accounts for about 30 per cent of global mineral reserves (British Petroleum, 2008). It holds 8.2 per cent of gas reserves and 9.5 per cent of global crude oil reserves. Ninety per cent of the world's platinum group minerals, 38 per cent of uranium, 60 per cent of cobalt, 42 per cent of gold and 88 per cent of diamonds are found in Africa (AfDB, 2007). Despite having this bounty of resources, most African countries have not sufficiently used them for the purpose of raising government revenue for development. The result has among others been erratic growth, limited inter-generational transfer of wealth, poor service delivery and limited social development. This has resulted in high numbers of people living in poverty.

Fiscal policies governing the exploration and management of these resources have been identified as one of the key factors that determine the benefit that a country accrues from its resources (Ndikumana & Kaouther, 2009). However, foreign companies lead the extraction and exploration in many of these countries to supply the world markets. The challenge for most sub-Saharan African countries has been to attract foreign investment in the mining sector without sacrificing the national benefit. To ensure that a country captures an appropriate share of the benefits generated from mineral extraction, a properly designed, efficient and effective fiscal regime that balances optimum government revenue collection and encourages private sector investment in the resources industry is crucial. Success in doing this would depend on getting the key processes and decisions right. This would include managing the process of discovery of the resource, engaging the public, managing the process of negotiating private investment, including agreeing on a proper tax regime, investment and managing the investment process to achieve good returns (Ndikumana & Kaouther, 2009).

Malawi's economy has, for many years, depended largely on agriculture and agriculturally related activities. Traditional commodities such as sugar, coffee, tea and tobacco account for almost 75 per cent of exports. In the recent past, efforts have been made to diversify Malawi's economic base, as the dependence on agriculture has been insufficient to finance development. The discovery of uranium deposits in the northern part of the country and the subsequent commencement of mining in 2008 by Paladin Ltd have given the Malawian economy hope, as it has created another major revenue source and an opportunity for mobilising more resources for the development of the country. Negotiating an advantageous deal for uranium mining and deciding on a fiscal regime to govern the investment was a topic that attracted great public interest. The key issue was whether, in attracting and negotiating investment in uranium, the country had properly balanced the investment and social benefits.

Malawi's social and economic structure

Malawi is a landlocked country situated in southern Africa. It covers a total area of almost 118 500 square kilometres and is bordered by Mozambique, Zambia and Tanzania. Considered one of the world's most densely populated countries, Malawi has a population of about 13 million, the majority of whom live in the rural areas. (Malawi National Statistics Office, 2008). Malawi is one of the least developed countries, with a GDP of US$12.8 billion and a gross national income per capita (in 2011) of US$340.00 (Government of Malawi, 2012b). However GDP growth has been robust in the last five years, averaging 7 per cent per annum (Ndikuman & Kaouther, 2009). A significant percentage of its population (50.7 per cent) is currently living below the US$1.25 per day income poverty line. (Welfare Monitoring Survey, 2011). Most of its social indicators are extremely poor relative to sub-Saharan Africa. Income inequality also remains high, reflecting profound inequities in access to assets, services and opportunities across the population (Welfare Monitoring Survey, 2011).

Malawi's economy is predominantly agricultural, with agricultural exports contributing almost 85 per cent of total GDP. Almost 90 per cent of the population is involved in agricultural or livestock-related activities for a living (Ndikuman & Kaouther, 2009). The agricultural sector supplies almost all of Malawi's exports and accounts for 38 per cent of GDP. Tobacco is the major export, accounting for more than half of all exports. Although there have been repeated efforts to increase the contribution of the industrial sector to the economy—estimated to contribute 14 per cent of GDP (Mapemba, 2006)—its performance is poor and lacklustre.

The Malawian economy remains precariously unstable, facing a weak trading environment and uncertain developments. During the period 2006 to 2010, GDP growth rate was impressive, averaging around 7.5 per cent per annum, mainly as a result of strong harvests, an improved macro-economic environment and large aid inflows (IHS3, 2012). The poverty data suggest that these high rates of economic growth did not translate into significant poverty reduction. The 2012 IHS3 notes that poverty rates in Malawi remain at 51 per cent and have not registered a significant reduction since 2004. Rural poverty has increased from 55.9 per cent to 56.6 per cent during the same period. Income inequality is also increasing, suggesting that economic growth has not been inclusive (IHS3, 2012).

The economic situation has deteriorated since 2010 due to, among others, the existence of a failing industrial sector and declining foreign direct investments over time. A large trade deficit, foreign exchange shortages and an increasingly over-valued exchange rate worsened the situation in 2010 (Government of Malawi, 2012a). Additionally, high production costs resulting from poor infrastructure and high prices of utilities, high real interest rates and competition from neighbouring countries of Zambia, Tanzania and

Mozambique have negatively impacted investment (Government of Malawi, 2012a).

The failure of the industrial sector to grow despite recorded high rates of economic growth reflects the existence of trade barriers and failing investment policies (Chinsinga, 2010). Due to a very unfavourable investment environment, Malawi has very little foreign investment; thus very little revenue is mobilised to support the country's economic recovery and development.

The commissioning of Kayelekera uranium mine in April 2009 gave hope to the failing industrial sector in Malawi, particularly the mining sector. The potential of this sector to significantly contribute to the country's GDP profiled its importance. This was against the backdrop of an increase in the contribution of the mining sector to GDP from 1 per cent in 2001 to 3 per cent in 2004 (Chinsinga, 2010) and to 10.8 per cent by 2010 as a result of the Kayelekera Uranium Mine (Government of Malawi, 2012b).

Kayelekera was expected to boost the country's foreign current account, which has been under strain. Uranium mining was to account for about 30 per cent of the country's exports and contribute between 20 per cent and 30 per cent of Malawi's GDP in the next five years (Action Aid International Malawi, 2012; Chinsinga, 2010). The mine is said to be the country's second largest foreign exchange earner and creates an opportunity to diversify the economic base of the country. Recently internal consensus has developed around the potential of the mining sector to overtake agriculture as a primary source of foreign exchange in the country (Chinsinga, 2010). The following are the three factors that form the basis for such a position: first, the resilience of the mining sector—unlike agriculture when it comes to climatic change and weather patterns; second, constant changes in tobacco prices, the country's main foreign exchange earner, and the ban on barley tobacco; and third, the potential for the existence of significant reserves of various minerals in the country (Chinsinga, 2010).

Understanding fiscal regimes and taxes

Malawi has made significant changes to the fiscal regimes for mineral extraction over the years. Royalties on output were historically the main form of mineral taxation (Baunsgaard, 2001). Since the 1950s, however, hybrid fiscal regimes combining royalties with ordinary taxes became more common (Baunsgaard, 2001). Over the years, the fiscal burden in the mineral sector has increased, with countries being more directly involved in actual production through equity participation or production-sharing arrangements (Baunsgaard, 2001). Since the 1990s, fiscal regimes have paid greater attention to competitiveness and incentives so as to attract investment (Baunsgaard, 2001).

Fiscal regimes, particularly in the mining sector, represent a mechanism by which government will collect its share in the benefits obtained from extraction and exploration, which is referred to as economic rent (Baunsgaard, 2001). There is no set model to collect rent. Usually this is achieved through a combination of different instruments. The choice and design of a particular fiscal regime impact the profitability and risk of the investment. It will determine the amount of rents that the government collects from natural resources and influence the investor's assessment of the project potential (Baunsgaard, 2001). The flexibility of combining different instruments to derive a desired model allows governments and investors to design a regime that meets their objectives and expectations (Baunsgaard, 2001). This section discusses various tax instruments used, particularly in respect of mineral extraction, as these are more pertinent to our topic. These instruments are selected and, at times, combined to create an agreed fiscal regime for a particular investment.

There are several identifiable regimes to govern a mineral-mining project. The major ones are tax regimes, royalty regimes, production-sharing schemes and state equity (ICMM & Commonwealth Secretariat, 2009). Tax regimes include income tax, which in as far as mineral mining is concerned, includes corporate income tax or company tax and resource rent tax (ICMM & Commonwealth Secretariat, 2009). Corporate income tax is tax paid by corporations based on the income they generate as a result of their activities. Resource rent is understood as 'the excess of the total project lifetime value arising from the exploitation of a deposit over the sum of all costs of exploitation including the compensation to all factors of production' (Otto & Cordes, 2000). In other words, natural resources rent, also described as the price of the unprocessed mineral on the ground, represents the difference between the market price of t he unprocessed mineral above the ground and the marginal cost of mining (Otto & Cordes, 2000).

In as far as mining is concerned, a royalty is a 'charge incurred by companies for exploiting a resource of the state' (Land 2008). The state owns the resource on the ground because the ground is its territory. The investing company uses the resource instead of the state; as such the state is the owner, and is entitled to a payment called a royalty, the right to use, or rent, which must be paid by the investing company (Land, 2008). The royalty is put on mining as a means of ensuring that a state and its people get a fair contribution in return for the investing company's exploitation rights. When a resource has been mined, it cannot be renewed, which means that there is an 'economic rent' that belongs to all nationals of the state in which the resource is found and is then appropriated by the mining industry (Land, 2008).

Historically, royalties have been the most important mechanism for taxing mineral extraction. They are deemed effective because they ensure an advanced revenue stream once production starts (Consiglier, 2004). Royalties can be calculated based only on production volume or on the value of production. Similarly, royalties can be based on a gross or net of cost assessment (Land, 2008).

A production-sharing scheme is an arrangement in which government retains ownership of the resources while contracting exploration and exploitation of the resources to private companies (Land, 2010). The complication, however, arises in profit-sharing. This is often due to uncertainty over profitability and the complexity of the negotiations over allowable recoverable costs (Land, 2010).

State equity is another form of fiscal regime that governs mineral extraction. It involves a government holding a share in a mineral project so as to secure a share from a profitable project (Land, 2010). Some governments would acquire equity in a project in order to exercise control over or influence the development of the project and facilitate technological and skills transfer to locals (Land, 2010). State participation through an equity stake is sometimes expensive—particularly in an arrangement called cash call, when a government is required to contribute its share of the development costs (Land, 2010). Equity can at times generate a conflict of interests, as the government is forced to play the role of regulator of the project while also benefiting as an equity shareholder.

A fiscal regime can be created by combining the different instruments discussed above; such careful negotiations would produce a regime that adequately addresses the circumstances of a particular project and meets the expectations of both the investor and the government (the people) in as far as benefits and risks are concerned.

Kayelekera uranium mine and its fiscal regime

History of the mine

Kayelekera uranium mine is a uranium mining project located in the northern district of Karonga in Malawi. The project is managed by Paladin Africa Ltd, a company registered under the Companies Act of Malawi, and is a subsidiary of Paladin Energy Ltd, a company on the Australian Toronto stock exchanges (Paladin Energy, 2013). The deposit is governed by the Exclusive Prospecting Licence (EPL) 070, covering 157 square kilometres. Kayelekera is Paladin's second largest uranium mine and it has proved to have reserves of uranium oxide amounting to 2.8 metric tonnes (Paladin Energy, 2013).

This uranium deposit was discovered by the Central Electricity Generating Board of Great Britain (CEGB) in 1980 (Paladin Energy, 2013). In 1983, following the enforcement of the new Mines and Minerals Act, CEGB was granted two Reconnaissance Licences covering Livingstonia and North Rukuru basins of northern Malawi (Bowden & Shaw, 2007). The Livingstonia area licence was dropped due to discouraging results (Bowden & Shaw, 2007). In 1984, CEGB applied for a three-year EPL, following a discovery of possible significant uranium deposits at Kayerekera (Bowden & Shaw, 2007). A feasibility study confirmed the potential of the deposits, based on which CEGB commenced negotiations with the Malawian government for the grant of a mining licence with the intention of mining the deposit by open pit methods (Bowden & Shaw, 2007). These negotiations did not go further because of, among other reasons, the UK government's decision to privatise CEGB. The private operators were also not committed to the diversification of uranium; consequently, they abandoned the Kayelekera project (Bowden & Shaw, 2007: 3).

Balmain Resources Property Ltd, an Australian company, took over the project and applied for and was granted an Exclusive Prospecting Licence over

157 square kilometres covering the Kayelekera Prospect (Bowden & Shaw, 2007). In 1998, through a farm-in agreement with Balmain, Paladin Resources Ltd obtained a 90 per cent interest in the project (Paladin Energy, 2013). In 2005, Paladin took full ownership of the project after acquiring the remaining 10 per cent equity in the project (Paladin Energy, 2013). In 2006, Paladin Resources completed a feasibility study and an environmental impact assessment and applied for a mining licence (Paladin Energy, 2013).

In February 2007, the Malawian government signed a development agreement with Paladin Africa Ltd, which provided a stable fiscal regime for Kayelekera Uranium Project for at least 10 years from the start of production (Crabb, 2007). Under the recitals to the agreement, it was indicated that in signing the agreement, the government wished to ensure that the

> *... establishment and operation of the project benefits the company, and adequately contributes to the advancement and the social and economic welfare of the people of Malawi, including those in the vicinity of the Contract Area, in a manner consistent with their needs and the protection of the environment and which secures an appropriate return on investment commensurate to the risks involved to the company.* (Crabb, 2007: 1)

The obligation placed on the Malawian government when negotiating the agreement falls within the fiduciary duties placed on it under section 12 of the Malawi Constitution. This section is to the effect that all legal and political authority that is exercised by the government is given to it by the people of Malawi and shall be exercised only to serve and protect their interest (Malawi Constitution, section 12). The primary responsibility of the Malawian government when negotiating the contract was to ensure that the interests of the people of Malawi are properly safeguarded. Effectively, principles of transparency, accountability and public participation were supposed to govern the conduct of the government in negotiating the agreement.

In trying to give effect to the recital, the parties agreed, among others, to a fiscal regime that would govern the mining project. The next subsection analyses the fiscal regime, as stipulated in the agreement, and compares it with the experience of other sub-Saharan African countries so as to assess whether or not Malawi has used the opportunity well in as far as optimum resource mobilisation is concerned.

The fiscal regime

The fiscal regime under which Kayelekera mining project is operating comprises four main elements; royalty, company tax, government equity and specified benefits to local communities to be provided by Paladin Africa Ltd (Crabb, 2007). Under the agreement, Paladin Africa Ltd would give the Malawian government 15 per cent of the equity of the project and finance infrastructure projects to be funded progressively with the implementation schedule (Crabb, 2007). In return, the Malawian government reduced corporate tax from 30 per cent to 27.5 per cent; resource rent tax was reduced from 10 per cent to zero; and the royalty rate was reduced from 5 per cent to 1.5 per cent for the first 3 years of the project and then raised to 3 per cent for the remaining years. The state also agreed that it would not impose any import VAT (17.5 per cent) or import duty during the stability period of 10 years and it would provide an immediate 100 per cent capital write off for tax purposes (Crabb, 2007).

When one considers the agreement at face value, and even from the numerical value of the obligations of each party, one comes to the easy conclusion that the Malawian government had sacrificed much for the deal. While Paladin would only meet two obligations under the agreement, the Malawian government would discharge five obligations. However, the Malawian government, through President Bingu Wa Mutharika, argued that

> *... Kayelekera Uranium Mine will contribute as much as 10 per cent of Malawi's gross domestic product and 20 per cent of total export earnings and Paladin's chairman stated that the country should expect US$45 million in taxes and royalties from the mine each year.*
> (*Daily Times*, 17 April 2009)

Boylan (2009) contends that over the span of the project, Malawi will lose over US$120 million in various taxes due to the nature of the agreement and the subsequent obligations. It is thus clear that the obligations under the agreement operate to the detriment of Malawians. The legislative and policy framework for mining in Malawi is poor/fragile. The country is using mining laws and policies that were developed during the colonial period and, hence, are out-dated (Tilitonse Fund, 2013: 5). This, among others, is a major contributor to the raw deal obtained in the negotiation of the Kayelekera uranium mine, previously described. The government acknowledges that the continued application of outdated mining policies and laws is a problem. It has however defended ongoing licensing of 'mining activities for fear of losing potential investors if it was to wait for a more modern and protective legal framework' (Tilitonse Fund, 2013: 5). Officials from the Department of Mining, in an interview conducted by the Tilitonse Programme (2013), gave the following reasons for continuing to grant mining licences despite a weak regulatory framework:

> *Waiting to create a proper legal framework before we start issuing mining licences would be self-defeating, as it would mean that there would be a suspension of mining activities. Considering that market prices of minerals keep shifting, it would be risky to halt activities since there may not be a vibrant market by the time we improve our laws. Imagine if we had waited to issue the license for uranium mining at Kayelekera—now that prices of uranium on the world market have dramatically fallen since the issuance of the license, it is unlikely that the investors would have remained enthusiastic to proceed with the deal if they were still waiting for us to enact new laws.* (Tilitonse Fund, 2013: 6)

The failure by government to assemble strong policies and regulations to govern the mining sector, including the granting of licences, in order to ensure sufficient benefits for the people of Malawi is attributed to the Department of Mining's 'lack of political muscle to assert its priorities and challenges' (Tilitonse Fund, 2013) and ensure that the laws and policies are revised. Section 2 of the Mines and Minerals Act, 1981, vests the entire property in, and control over minerals in land in Malawi, in the president on behalf of the people of Malawi. It therefore grants the people of Malawi exclusive ownership of the mineral resources found in the country (Republic of Malawi, Mines and Minerals Act, 1981). At the same time, section 43 of the Act confers on a holder of a mining licence the exclusive right to carry on prospective and mining operations in the mining area. This means that while Malawians have the exclusive ownership of the minerals, once a mining licence is granted, they lose the ownership and are excluded from the mining operations in the mining area over which a licence has been granted. The only duty that the holder of a licence has in respect of the mining area is in respect of the environment and the provision of employment and training to the citizens of Malawi (section 44 of the Act).

The minister responsible has been given too many discretionary powers under the Act and makes decisions on critical issues (Tilitonse Fund, 2013). He has sole powers to decide on who should be granted a mineral right, when to grant a mineral right, conditions to be included in the right and any matter incidental to the exercise of the mineral right (Republic of Malawi, Mines and Minerals Act, 1981).

Furthermore, the Act does not have a properly debated and agreed model of a mineral agreement. This means that agreements governing a granted mineral right are decided by the minister on a case-by-case basis. This undermines the possibility of developing a robust framework and a shared vision in the mining sector (Tilitonse Programme, 2013). It negates the creation of an accountability framework. It also creates room for challenge and controversy once an agreement is made between the government and a mining investor.

The weaknesses in the regulatory framework cited above create much room for corruption, with adverse effects on the benefits that Malawians would have expected to enjoy from the mining industry. Too much discretionary power to the minister creates a huge platform for influence and monopoly over the sector by the minister and, of course, the president, and creates ample space for politics. This renders mining licensing prone to abuse and puts the technical experts in the Department of Mining in a 'very weak position where they have to defer to political decisions, whether wrong or right' (Tilitonse Fund, 2013). At the same time, despite most technical people being aware of the existence of a weak regulatory framework and its impact on the mining sector, the

> *... fact that a demand for speeding up the creation of a strong regulatory framework has not been made at the highest political level signifies that, either the country's leadership has not understood the effects of a weak regulatory framework or there is a deliberate omission to take urgent action because some leaders are benefitting from the weak state of matters.* (Tilitonse Fund, 2013)

Despite a clearly regulatory framework, there are many incentives that could have impelled and/or compelled government to proceed with the issuing of mining licences. First, the position of minister and/or president cannot be guaranteed beyond the five-year term of office. While the president has five years (barring impeachment), the minister takes office by presidential appointment and can be removed at any time. Considering the possible and potential benefits (corrupt or otherwise) that the minister or president gains or can gain from the licence holders, suspending the issuance of licences until the legal framework is strengthened may result in a lifetime loss of the opportunity to accumulate wealth by those who are currently holding office. Such an option may well be very attractive.

Second, the country's leadership is desperate for economic recovery through economic diversification, despite the absence of a robust strategy and technical expertise to achieve this goal. This was particularly important in view of the recent May 2014 tripartite elections (five-year term of office for political leaders) and the prevailing and perpetual economic hardships confronting the majority. Atop this is a great desire to move from aid to trade, obtain quick wins and attain economic independence. There is also a desire to diversify foreign exchange sources away from tobacco (Mataya, et al., 2001). Government is willing to do anything for quick fixes, creating the potential for weak analyses, errors and missed opportunities.

Another incentive for rushing into mining is the false impression that weak terms in mining licences will attract many investors into the sector, thereby boosting economic development (Chinsinga, 2010). What is not brought into the picture is that poor terms result in the government and the people of Malawi being short-changed. What is critical, therefore, is to ensure that there is balance and that the people of Malawi do not lose out in the name of attracting investors. The losses that the people of Malawi will incur as a result of a poor agreement cannot be justified by the need to attract investors. What is the point of attracting investors who will exploit and 'rip off' Malawi while Malawians lose out?

Learning from others

The manner in which the agreement between the government of Malawi and Paladin Africa Ltd reached the approval and execution stages contributes, to a large extent, to the losses that the nation will incur in the project. Because the mining legal framework in Malawi places too much discretionary power over mining licences—and consequently monopoly—on the minister and the presidency, it is imperative that the negotiation process should be made as transparent as possible to ensure that personal interests do not override the interests of the country. In the case of Kayelekera Uranium Mine, the government of Malawi was not ready to make public the terms upon which the agreement was based. This led to suspicion and the cancelling of the opportunity to build consensus on the project through public consultation, opinion and debate, including extending the negotiation process to many other companies. The inadequate consultation, poor communication and lack of open debate and transparency on the project before Cabinet approval and execution is further evidenced by the fact that civil society organisations had to invoke the intervention of the courts to have their concerns over the project registered. Both civil society and the community claimed not to have been informed and properly consulted on the project. The Malawian human rights groups, on 30 August 2006, also petitioned government against the plan to grant a 16-year tax break to the mining company (Nyondo, 2006).

Second, by excluding the public, the Malawian government also missed an opportunity of generating information from public analysis and opinions on the licence in general and the agreement specifically on which to base its decision. Literature on mineral extraction and fiscal policies in sub-Saharan Africa suggests that, even though most of these countries are endowed with minerals, they are incapable of capturing the significant revenues generated (Baunsgaard, 2001). This is because, as mentioned earlier, most countries are unable to balance attracting mineral investment and ensuring that the country obtains sufficient benefit from the resource. Kayelekera, as a major mining project in the country, was an opportunity for the country to set a proper standard or system or pace for deciding on a fiscal regime. The failure to use this project to harness a shared vision in the mining sector in Malawi is a missed opportunity. Let us consider a few other cases for both good and bad lessons.

The Zambian case

Zambia, unlike Malawi, has been involved in mineral extraction for a long time, but it presents a good example of how a fiscal regime bent on attracting foreign investments at all costs, and thus not properly framed, can result in losses for the country. Regardless of the presence of a wealth of minerals, Zambia's economic growth has not performed very well. One of the major reasons for the failure of growth despite the presence of copper has been identified as 'the mismanagement of the state owned copper industry' (Weeks et al., 2004). From 1960 to 1990, copper production in Zambia declined from 600 000 tons to 300 000 tons (Di John, 2006). The Zambian government's reaction to the decline was to 'privatise the copper industry and lower mineral royalties in order to attract foreign investment' (Fraser & Lungu, 2007). The new Mines and Minerals Act of 1995—which replaced the 1972 Act—provided particular incentives for investors in the mining sector (Fraser & Lungu, 2007). The Act 'set the mineral royalty at a rate of 3 per cent; and permitted companies to minimise their income tax returns by allowing deductions for any investment in mine' (Fraser & Lungu, 2007). The Act further provided for relief from paying customs duties on imported machinery and equipment; however, it left the specifics of the reliefs to be taken care of by development agreements that the government entered into with mining companies (Fraser & Lungu, 2007).

In the bid to attract investors, the corporate tax rate for the mining sector was reduced from 35 to 25 per cent (compared to manufacturing companies where it is pegged at 35 per cent) (Fraser & Lungu, 2007). The government of Zambia provided

> *an exemption from customs duty on inputs up to US$15 million; reduced mineral royalty from 2.0 per cent to 0.6 per cent; increased the period for which losses could be carried from 10 to 20 years; and provided an exemption on withholding tax on interest, dividends, royalties and management fees.*
>
> (Fraser & Lungu, 2007).

In 2008, the Zambian government considered raising the royalty rate to 2.5 per cent (Fraser & Lungu, 2007). This is a low rate compared to its neighbours when one accounts for the fact that an IMF survey of tax and royalty rates in developing countries found no other African country charging royalties with rates below 2 per cent (Di John, 2010). The actual rates are between 2 per cent to 30 per cent; the most common range is between 5 per cent and 10 per cent (Fraser & Lungu, 2007). The failure by Zambia to design a proper fiscal regime for copper mining resulted in declining taxes as a percentage of GDP (Di John, 2010). The effect of this has been the failure by the Zambian government to finance infrastructure improvements and service delivery for national development (Fraser & Lungu, 2007).

The case of Namibia

The objective of Namibia's minerals policy is to ensure a healthy and profitable mining industry (Index Mundi, 2014). More than 50 per cent of foreign exchange earnings comes from mining and it accounts for 11.5 per cent of GDP (World Bank, 2014). The main mining products include diamonds, gold, uranium, zinc, copper and lead. It is the fourth largest producer of uranium after Canada, Kazakhstan and Australia, and is among the 10 largest exporters of diamonds (World Bank, 2014).

Namibia has a minerals policy whose objective is to ensure that the mining industry continues to develop (Chamber of Mines of Namibia, Minerals Policy of Namibia, 2011). The policy also aims at creating an environment that attracts both foreign and local investment in order to contribute to the socio-economic development of the country by ensuring that Namibian people have opportunities to benefit from the country's mineral resources (Chamber of Mines of Namibia, Minerals Policy of Namibia, 2011). Its mining fiscal regime uses the royalty system combined with corporate income tax. Corporate income tax on mining companies is set at 37.5 per cent, while diamond mining has a special tax rate of 55 per cent (ICMM & Commonwealth Secretariat, 2009). It also has been reported that 'Royalties in Namibia are decided based on the value of the mineral produced. This type of royalty is payable irrespective of the fact that the mine is profitable or not' (ICMM & Commonwealth Secretariat, 2009). Investors do, however, favour royalty tax based on income or profits as it is based on their ability to pay (ICMM & Commonwealth Secretariat, 2009). In Namibia, diamonds attract 10 per cent royalty payment and 5 per cent is imposed on all unprocessed dimension stones (ICMM & Commonwealth Secretariat, 2009). The 2006 Minerals Royalty Act of Namibia introduced the royalty tax on other minerals. It imposed a 6 per cent royalty payment on uranium and a 3 per cent rate on precious stones (Republic of Namibia, 2006). In terms of withholding tax, Namibia applies it to both dividends at 10 per cent and royalties at 10.5 per cent, totalling 25.5 per cent (Republic of Namibia, 2006).

The Namibian fiscal regime offers a number of tax allowances. For instance, it allows a company to deduct all preproduction exploration expenditure to the full, in the first year of production (Namibia Chamber of Mines, 2011). All development costs, including loan finance and start-up capital, are also deducted in full in equal instalments over a period of three years. The regime also allows losses to be carried forward indefinitely (Namibia Chamber of Mines 2011). Namibia has also signed double taxation treaties with the United Kingdom, the Republic of South Africa, Mauritius, Sweden, France, India, the Russian Federation, Romania and Germany (Mobbs, 2010).

The case of Botswana

Botswana is a landlocked country in southern Africa that has moved from being one of the poorest countries in Africa since its independence in 1966 to an economically stable country (World Bank, 2010). It is the world's leading producer of diamonds by value (Newman, 2008). Botswana's mineral resources include diamonds, coal, copper and soda ash. The country's mining industry is primarily governed by the Botswana Mines and Minerals Act of 1999 (Department of Mines, 2009). It also has a mining policy whose objective is to maximise national economic benefit from the development of mineral resources.

In Botswana, income tax for mining companies is charged at a rate of 25 per cent (Otto et. al, 2000). Taxation of highly profitable mines is determined by a variable income tax formula which can rise to a maximum of 50 per cent and is applicable when the taxable profit is equivalent to gross income (Otto et.al, 2000). The diamond industry has a special tax treatment in Botswana because of its role in the economy, with the government owning 50 per cent equity in De Beers Century AG, the leading diamond company in Botswana. Diamond companies are, however, taxed differently, based on the negotiations that they have with the government (Department of Mines, 2009). In terms of royalties, Botswana imposes a 10 per cent royalty for precious stones, 5 per cent for precious metals and 3 per cent for other minerals, all calculated from the gross market value of mineral sales at the 'mine gate' (Republic of Botswana, 1999). Botswana also offers a 100 per cent depreciation of capital in the initial year of investment and allows losses to be carried forward. Additionally, mining equipment and spares are zero-rated (Ministry of Minerals, Energy and Water Resources, 2008).

The missed opportunity

The cases of Zambia, Namibia and Botswana present sound lessons for Malawi. A careful observation and analysis of their tax regimes could have helped Malawi arrive at a more informed decision on the deal with Paladin Africa Ltd as regards Kayelekera Uranium Mine. Zambia accepted poor terms for the copper-mining industry so as to attract foreign investment, but this decision resulted in tremendous losses to the country. Namibia and Zimbabwe, which are also in the sub-Saharan African region, are reaping benefits from the mining sector and have boosted their economies because of robust fiscal regimes. The failure by the Malawi government to use lessons from countries in the region in as far as mineral investment is concerned, or to allow the free flow of information and open public discussion on the deal, has squandered the opportunity to negotiate a better tax package.

First, the Malawi government did not allow multinationals to compete for a bid to invest in the uranium mining project. When Paladin Africa Ltd finalised a Bankable Feasibility Study, it proceeded to apply for a mining licence (Paladin, 2013). The government assessed the application for the licence and signed a development agreement with Paladin. Had government opened the bid for the project to other companies, it would have created competition among several investors, which could have delivered rich pickings for the nation.

Further, although Paladin Africa Ltd did not initially discover the uranium, it conducted an update of the Pre-Feasibility study that was completed by CEGB in 1988 after it had acquired 90 per cent interest in the project from Balmain Resources Pty Ltd in 2004. Paladin also conducted a US$2.3 million Bankable Feasibility Study in 2005 which also confirmed the presence and extent of uranium deposits. This alone created room or a potential for under-declaring the find. If the government had created competition for the mine, it could have allowed several analyses to be made on the amounts of the deposits, and the prospects could hence have generated valuable information to negotiate a better agreement.

Second, the Malawian government maintained secrecy around all the information related to the licence and the subsequent development agreement it signed with Paladin Africa Ltd. Only a few powerful civil-society leaders had access to the development agreement; many only after it had been signed. This prevented the public from participating in the negotiation of the first-ever large mining operation in Malawi. This was a complete violation of the fundamental principles of sections 12 and 13 of the Malawi Constitution; that is, the government's obligation to protect people's right to participate and adopt measures that will guarantee accountability, transparency and strengthen confidence in public institutions.

It is clear that Malawi did not learn from others, particularly in as far as the royalty regime is concerned. When Zambia raised its mining royalty to 2.5 per cent with the support of the IMF in 2008, the rate was considered to be 'very low by the standards of its neighbours' (Di John, 2006). Additionally the IMF survey of tax and royalties in developing countries previously referred to found no other African country charging royalties with rates below 2 per cent (Di John, 2006). With this trend and evidence on the ground, it is surprising that the Malawian government, in 2007, agreed to reduce the royalty rates of Paladin Africa Ltd from the set 5 per cent to 1.5 per cent for the first three years and then to 3 per cent for the remainder of the project period (Crabb, 2007). This is a missed opportunity by the government, as it agreed to terms that were a complete 'rip off' Further, under no circumstances could Paladin Africa Ltd have expected percentages below the continent's minimum rate on royalties. In any case, in Namibia, where Paladin (Africa) Ltd operates, the royalty rate for uranium mining is set at 6 per cent. The government could have done better to use information from other countries as a basis for negotiating a better rate.

Further to the above, one could argue that it would be wrong to base an argument of a missed opportunity only on the royalty rate, as an assessment of other countries' regimes would show that they were charging less than Malawi in other taxes. What this chapter is arguing is that even though other countries may be charging less than Malawi—for example, Botswana charges 25 per cent in corporate tax on all minerals other than diamonds, which is less than the 27.5 per cent that Malawi agreed with Paladin—these countries decide on the rate of tax within the framework of the law governing their tax regimes. Put simply, most of the countries negotiate within the framework set by the law and adhere to the defined formulas where the rate is not fixed. As far as possible, the minimum rates set by the law are protected when negotiating the rates with the investors. Additionally, most of the countries do not move below the continent's minimums in their negotiations to ensure that, while they remain competitive, they do not lose out. The lack of a model agreement under the current legal framework, with the consequence of having agreements decided on a case by case basis, means that the negotiation process and the outcomes are highly unpredictable. This opens the door to narrow (often unaccountable) resource and revenue capture and looting.

The Kayelekera Uranium Project is, in the light of this analysis, a missed opportunity and a missed fortune running into hundreds of millions. The calculation of some analysts referred to earlier indicates that the country will lose more than US$ 120 million during the project. This figure could finance at least 10 annual budgets for the country, judging by the 2012/13 annual budget figures. Malawi can, nonetheless—as was suggested by Di John (2006)—still engage in renegotiation, so as to save millions in revenue.

Conclusion

The opportunity for sub-Saharan African countries to mobilise resources for development through investing in mining is still available, considering that an abundance of resources remain in the region. What is crucial, however, is that governments develop mechanisms for negotiating better deals with investors. Malawi, which recently had an opportunity to create another vibrant revenue base through the development agreement for the Kayelekera mining project, has failed to do so because it could not negotiate a beneficial deal. This, as has been argued in the chapter, has been because of the existence of a weak mining legal framework that is prone to abuse and corruption; government did not make public the information on the deal and allow public discussion on it; government did not learn from the experiences of its neighbours, who have been in the mining industry for a long period; and government could not exploit the potential of competition amongst multinationals for the project to its own advantage. The result is that it could not properly balance attracting foreign investment with the benefits the country would accrue from mining. Consequently, the government has failed to effectively mobilise internal resources for development, thus missing the opportunity—and millions of kwachas.

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CHAPTER 9

Green economy, realpolitik and resource mobilisation in Rwanda, Mozambique and South Africa

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Introduction

There is presently enormous faith invested in the ability of the 'green economy' to generate employment, transform work and production patterns and deliver a 'sustainable' world and society. The pursuit of the 'green economy' is increasingly being put forward as an alternative development path that could help countries, particularly developing and emerging economies, foster economic growth and development while generating and exploiting synergies between environmental protection and social development.

The Organisation of Economic Cooperation and Development (OECD) has specified several new sources of growth that a green economy has potential to unlock (OECD, 2011). These new sources include (1) enhanced productivity through incentives for greater efficiency in the use of natural resources, reducing waste and energy consumption, and allocating resources to the highest value use; (2) innovation that can jumpstart economic growth in advanced economies and put it on a more sustainable path in developing and emerging-market economies, while also addressing critical environmental challenges; (3) creation of new markets, by stimulating demand for green technologies, goods and services, thereby creating the potential for new job opportunities; and (4) macro-economic stability on account of reduced

1 The views expressed in this chapter are solely those of the authors.

resource price volatility and greater fiscal consolidation by means of, for example, increases in revenues through the pricing of pollution and natural resource use (OECD, 2011).

There is no doubt that, in principle, the pursuit of synergies between environmental, economic and social considerations will contribute to the overall sustainability of development. But the challenge in the pursuit of the green economy is that the crucial question of how the terms 'green' and 'economy' work together in practice is inadequately problematised. There is little understanding of how a green economy will affect GDP growth, employment, international competitiveness and social developmental objectives such as poverty alleviation, inequality, and even access to basic resources. Put simply, the concept of a green economy, which promotes a broader concept of economic welfare, has so far not been able to engage with the 'realpolitik' in developing and emerging-market countries regarding their prospects for maintaining environmental and ecological services without negative impacts on income—especially in the short term—and meeting social developmental objectives. Therefore, this creates a wedge between what is theoretically the potential of a green economy and what is actually possible in reality.

While a discussion on the green economy is incomplete without a discussion on the resources required to achieve it, we enter the discussion from the perspective of institutional and regulatory resources required for achieving a green economy rather than the financial and investment levels required to support a green economy. Illustrative case studies of diverse African countries (ranging from mineral-rich South Africa to land-abundant Mozambique and agricultural-dependent economies such as Rwanda) and income groups (ranging from low-income to middle-income countries) are considered to contextualise the need for resources and the types of policies needed to mobilise the requisite resources.

What is a green economy?

The concept of a green economy is not new and can be traced back to as early as the 1980s when debates centred on whether or not growth and the environment were mutually exclusive (Pearce et al., 1989). The green economy is based on a long-term holistic view of nature and incorporates the concepts of difference, diversity, equity and inclusiveness (Kennet & Heinemann, 2006). More recently, the green economy has been described as the possibility of win-win outcomes—namely, not only a better environment but also more jobs and a faster rate of economic growth. The United Nations Environmental Programme (UNEP, 2010) defines the green economy as one that is characterised by sustainable resource management and increased investments in those economic sectors that build and sustain the natural capital of earth or mitigate ecological scarcities and environmental risks, thereby improving human wellbeing and social equity. The OECD, an association of industrialised countries (including Mexico and South Korea), defines green growth as a means of fostering economic growth and development while ensuring that natural capital provides resources and environmental services for human wellbeing (OECD, 2011), and the United Nations Economic Social Commission for Asia and the Pacific (UNESCAP, 2011) refers to green growth as environmentally sustainable progress that fosters low-carbon emissions and socially inclusive development.

The term green economy has sometimes been used interchangeably with green growth; however the two concepts are theoretically different. While green growth is an economic growth strategy that seeks to foster growth that minimises environmental impacts, a green economy is a system of production, distribution and consumption of economic goods and services that improves long-term human wellbeing and protects future generations from environmental risks and ecological scarcities (UNEP, 2010). Although the term green economy has no single definition, the common thread in all definitions of the green economy is the emphasis on the decoupling of use of resources and environmental footprint from economic growth.

However, some, such as the governments of Venezuela and Bolivia, have opposed or rejected the concept of a green economy and green growth on the basis that it is another form of green capitalism and global imperialism. These concerns arise mainly from the fact that, for natural resource-endowed countries, the transition to a greener economy often entails a shift away from their natural comparative advantages and could be inconsistent with their past investments. This will naturally change the global geopolitical and economic dynamics.

Nevertheless, it is clear that a green economy is a concept that attempts to harmonise economic growth with environmental protection, sustainable use of scarce natural capital and social welfare, and faster economic growth with more eco-efficiency. Therefore, it shifts the emphasis of development from the quantity to the quality of growth.

The realpolitik of a green economy

The green economy has arisen as a concept that attempts to address the multi-dimensional facets to economic development. Developing and emerging economies are in the 'catching up' process, striving for economic growth in the context of multiple challenges. These challenges include increasing energy supply to support the objective of growing their economies in the longer term, ensuring affordable energy to support inclusive development, eliminating poverty and high levels of inequality, and addressing growing unemployment. Therefore a green economy is only feasible if it presents developing and emerging countries with opportunities to pursue these developmental objectives.

The green economy realpolitik is complicated by the fact that it may require these economies to move away from their comparative advantage by foregoing returns from past investments; adopting expensive technologies that direct investments away from other development priorities; and incurring significant short-term costs. The latter is particularly true for the rural populace and urban poor, as benefits that would occur in the long term are not proven in a tangible form. In addition, there remains the challenge that those who ultimately gain from the green economy may not be the same as those who would sacrifice. Consequently, the realpolitik of green economy means that countries wish to become green economies but are unwilling to recognise resource constraints, pay the price associated with these resource constraints or mismanagement, or address the systemic risks arising from multiple, overlapping constraints.

The case of South Africa

South Africa's comparative advantage lies in mineral resource exploitation—in many ways this form of accumulation is seen as the route to economic development and increased employment, with downstream effects on poverty and incomes. This has led to the development of energy-intensive industries and, consequently, two broad outcomes: resource inefficiency and high electricity demand.

Population growth, the mitigation of inequality and poverty, and industrial expansion to create employment have all added to the high electricity demand. To meet this demand, South Africa has relied on a strategy of exploiting its abundant coal resources for electricity production and subsidised electricity prices. The fact that coal yields cheaper electricity than other production sources has favoured this strategy. Over time, this has meant that South Africa has developed a heavy reliance on cheap coal-based electricity. Currently, coal accounts for 85 per cent of the total installed capacity for electricity in South Africa (Eskom, 2012).

The reliance on coal-fired power has resulted in South Africa being the 12th largest emitter of greenhouse gas (GHG) emissions in the world (Republic of South Africa, 2010). Moreover, an energy production system reliant on fossil fuels and the dependence on minerals has negative impacts on other key resources. Because South Africa's coal deposits coincide with its best agricultural land and sources of its major inland rivers, the country's energy addiction to coal directly impacts food production because of acid mine drainage (AMD). The AMD from coal mining, together with other mining-related activities and the burning of fossil fuels, also generates devastating impacts on water resources, with acidification of rivers and streams, and elevated metal levels in water bodies (WWF-SA, 2011). Mining already heavily pollutes many of the country's catchments, and it is projected that six out of 19 of the country's water management areas (WMAs) will not have enough water to meet demands by 2030 (WWF-SA, 2011). Moreover, the direct and indirect consumption and pollution embedded in the energy sector supply chain results in a significant water footprint (WWF-SA, 2011). When solutions are proposed that require more energy to clean or pump and transfer water to maintain supply for the energy sector, this in turn results in more water to supply more energy to supply more water (WWF-SA, 2011).

A greener economy for South Africa will imply: (1) a contraction in the high carbon-intensive and environmentally damaging industries; (2) increased renewable energy in the energy mix; (3) economic instruments that price and tax carbon; (4) efficiency in the use of natural resources such as water; (5) reducing resource intensity and decoupling; and (6) structural adjustments to the economy.

However, this shift will mean several substantial trade-offs as a consequence of deviations from the current investment and development strategy. First, the country will have to forego expensive investments already made in physical capital. Second, the move away from coal to renewable energy will mean significantly higher electricity prices in the short to medium term. This is because of the higher capital cost and lower load factor of renewable-energy technologies (RETs). The latter implies that every unit of coal-based generation capacity will need to be replaced by more than one unit of an RET. The recurrent electricity price hikes due to the historical policies of artificially lower electricity prices and non-recovery of costs of electricity production are already putting inflationary pressures on the economy and being demonstrated in the form of higher food prices (Joubert, 2011; Jooste, 2012), which affect the poor. Tariff increases have already been met with adverse reactions from labour and industry in the past few years, with the latter arguing that the recurrent hikes are affecting operating costs, making operations unviable. Third, the poor still lack affordable electricity. Fourth, a move away from coal-based electricity may lead to dependence on imported hardware given that the country does not have a competitive manufacturing base for renewable energy technologies. This also means that the country will be limited in the exploitation of its own natural resources, thereby involving substantial opportunity costs (Resnick et al., 2012).

The shift will also be complicated by the prevalence of factor immobility due to capital and expertise that are currently sunk into the existing resource-inefficient industries and technologies. Moreover, declining employment in energy-intensive industries will impose significant adjustment costs for workers and firms dependent on these sectors. In fact, there is every possibility that employment will be lost and unless retraining takes place, employment in green economic activity areas may not be found. New jobs created by the opportunities presented by the green economy may go to foreigners because domestic skills would not be available.

It is for these reasons that the government's proposal to introduce a carbon tax, a tool to move towards a green economy, has been met with considerable opposition. The tax has been proposed at a level of R120 per ton of carbon dioxide for 2013/14, with a 10 per cent increase per annum until 2019/20. Besides affecting electricity prices, the tax will impact households and industries in different ways. In particular, the mining and energy-intensive heavy industry is concerned that the tax will add to the already rising prices and impact production, competitiveness of exports, and employment in this industry. Labour unions are concerned about job losses if the tax adversely affects industry. On the other hand, civil society is worried about unaffordable electricity for the poor and wants business to pay. The tax will also cause a structural transformation of the economy (Resnick, et al., 2012), and add to the trade-offs already identified above.

The case of Rwanda

Rwanda differs from South Africa in terms of its heavy dependence on agricultural production. Rain-fed agriculture accounts for 35 per cent of GDP and 80 per cent of the workforce employment in the landlocked country (Republic of Rwanda, 2011). The majority of the workforce are very poor and are dependent upon subsistence agriculture for their livelihoods. Even though economic policies since independence have targeted agriculture as the main engine of economic growth, this sector has performed poorly and productivity has continuously deteriorated. This necessitates the formulation and implementation of developmental policies that are realistic about the potential and viability of subsistence-based agriculture (Republic of Rwanda, 2000).

Agriculture is therefore a focal point in Rwanda's Vision 2020 that seeks an economic transformation from a poor, post-conflict subsistence agricultural economy to a knowledge-based middle income, regional trade and investment hub by 2020 (Republic of Rwanda, 2000). Growth and commercialisation of the agricultural sector are identified as important levers of economic expansion and have been prioritised over industrialisation (Huggins, 2012). The vision also involves decreasing the percentage of the population dependent upon agriculture from 85 per cent to 50 per cent by 2020.

In addition to these ambitious targets for national development, Rwanda has developed a National Strategy for Climate Change and Low Carbon Development. This strategy, which focuses on green growth and climate change, envisages Rwanda as climate-resilient and low-carbon by 2050. The vision is supported by the strategic objectives of energy security and low-carbon energy supply that aids the growth of green industry and services; reduced vulnerability to climate change; and sustainable land use and water resource management that enhances food security, appropriate urban development and conservation of biodiversity and ecosystem services (Republic of Rwanda, 2011). Clearly, the agriculture and energy sectors play a strategic role in Rwanda's vision to leapfrog from old technologies and destructive development pathways to a green economy.

In the agriculture sector, from a green economy perspective, there is a need to change traditional farming methods, and address over-exploitation of natural resources and cultivation of marginal lands and wetlands. These practices cause soil erosion, siltation to adjacent lakes and rivers, and environmental degradation. Soil erosion is reducing the productivity and growth of export-earning agricultural sectors, in turn affecting the demand for non-agricultural goods in the economy. Integration of environment in the agricultural sector is therefore crucial for poverty reduction and sustainable economic growth. The country's green economy approach suggests the transformation of subsistence agriculture into commercial agriculture, the sustainable intensification of agriculture, sustainable land use management—particularly in agriculture—and building resilience into agricultural ecosystems (Republic of Rwanda, 2011).

However, this strategy does not necessarily speak to the ground reality of the agricultural sector in Rwanda. The average landholding is abysmally small at slightly over half a hectare. Consequently, those dependent on land, and this includes the majority of the workforce in the country, are trapped in subsistence-based agricultural modes. They face severe institutional constraints for increased participation in the modernisation of the agricultural sector (Ansoms, 2008). They also lack the means of adopting improved agricultural methods and technologies, and managing the risks associated with these techniques.

However, the green economy approach and enabling policies do not address these constraints and do not detail how the majority can diversify their income portfolio away from subsistence agriculture. The government aims to have larger farm units by consolidating landholdings, either by grouping farms under collective ownership or by transferring land to fewer people (Ansoms, 2008). Such a move, however, could lead to a concentration of economic power, which could subsequently encourage unfair competition. Thus it is important for the government to ensure that relevant regulation is installed to prevent this and promote 'balanced development'. Another concern is the lack of clarity on the alternative livelihood options for those who leave agriculture or eventually emerge landless from the transformation of the sector. Different or new modes of employment continue to elude such people (Huggins, 2012).

The agenda to re-engineer the agricultural sector into a proficient engine of sustainable economic growth, with little place for old-fashioned smallholder farming, finds its basis in the country's political evolutions. These evolutions have led to the rise of a political elite whose ethnic and spatial identity is profoundly different from that of the vast majority. This elite favours the modernisation of the Rwandan society through the shift to a service-oriented and knowledge-based economy or through a progressive, modern and state-of-the-art agricultural sector (Ansoms, 2008). These developments might contribute to growing income inequalities as the elite pursue strategies that enrich themselves rather than policies that are aligned to the realities of the poor majority.

The realpolitik is also reflected in the coercive model of agricultural development that has been put in place by the government. These policies include state-imposed crop choices and cultivation regimes such as monocropping and regional crop specialisation which are administered through instruments such as fines and imprisonment (Ansoms, 2008; Huggins, 2012). This model has introduced major distortions into agricultural markets that have severe adverse consequences for smallholder farmers in drought-affected areas or growing risky 'niche crops'. These policies also contradict green agriculture because they reduce biodiversity and might also be economically unviable for farmers as they are forced to grow specific crops.

The other trade-off to the green economy comes from the electricity sector. Approximately 90 per cent of Rwandans lack access to electricity and depend on biomass, particularly wood fuel, to meet their energy needs. Overexploitation of limited biomass resources to meet the needs of a growing population poses serious risks of resource scarcity and environmental degradation (Okereke & Tyldesley, 2011). Inefficient methods of biomass use are not only leading to resource consumption at a pace faster than it can be replaced, but also the discharge of toxic substances into the atmosphere (Okereke & Tyldesley, 2011). Future supply of the resource, to keep pace with demand, may be impacted on account of climate change, which may affect the rate of vegetation growth through changes in temperature and rainfall. A green economy pathway for Rwanda will therefore necessitate a reduction in the reliance on biomass and greater access to electricity.

However, this pathway is complicated by the current realities of the electricity sector, which is experiencing demand pressures due to economic growth. Historically, hydropower has met the electricity needs of the country. The development of thermal power plants is a recent phenomenon necessitated by an electricity crisis, triggered in 2004 by a long period of drought, low rainfall and unusually low river levels, which led to severe power outages and electricity rationing (Okereke & Tyldesley, 2011). Businesses were doubly impacted as many were forced to buy highly expensive diesel generators. Since then thermal power plants have been the preferred options for electricity generation.

The government is under pressure to increase the generation capacity, and ensure reliable and low-cost electricity supply. This is imperative for the development of industry and businesses, which will lead to the diversification of the economy. Simultaneously, it needs to manage high electricity prices, poor access to electricity and over-reliance on thermal generation. A green economy approach would suggest that Rwanda exploit its abundant natural resources—geothermal, hydro and solar—and even natural gas. It is expected that, if exploited properly, these resources would easily be able to meet the country's electricity needs by 2020 and replace fossil fuel generation plants.

However, the development of these cleaner sources of energy has trade-offs. First, low purchasing power, particularly for the rural population which forms the overwhelming majority, means that the electrified population will not be able to afford the expensive alternative sources of energy. Although alternative sources of energy such as renewable energy are becoming cheaper, the upfront capital investment still remains high and may be unaffordable in the short to medium term. Second, emissions may decline but the other environmental impacts may not be addressed, given the inclusion of large-scale hydroelectricity projects in the clean energy development plan. Third, trade-offs may exist on the fiscal front. The government already has to forgo revenue generation in the short run by exempting taxes on the import of cleaner technologies in order to support manufacturers to adopt those cleaner technologies.

Thus, a green economy approach in Rwanda involves trade-offs between environmental, fiscal and poverty reduction benefits. The pursuit of this approach is further complicated by financing and human capacity constraints. Given that 80 per cent of the country's total employment is in agriculture, a green economy approach that relies on moving away from agriculture will require significant technical skills and capacity that is currently lacking.

The case of Mozambique

Unlike Rwanda, Mozambique has plenty of land. But like Rwanda, Mozambique recorded relatively strong economic growth in the last decade, with GDP growing at an average rate of 7.5 per cent between 2001 and 2010 (Mozambique Government, 2011). Yet the country continues to be confronted with several socio-economic and environmental challenges that are inter-dependent and mutually reinforcing. On the socio-economic front, although the country recorded an impressive decline in poverty rates from 69.4 per cent between 1996 and 1997 to 54.1 per cent between 2002 and 2003, this slowed between the periods 2002 to 2003, and 2008 to 2009, and increased marginally to 54 per cent between 2008 and 2009 (World Food Programme, 2010). The slow pace of poverty reduction has been attributed to stagnant agricultural production, among other factors. Thus, hunger and food insecurity remain pervasive. Unemployment is also high, at 27 per cent. Further, only 32 per cent of all employment is in the formal market, pointing to job insecurity for many of those employed.

On the environmental front, the challenges facing the country include climate change and natural disaster risks; deforestation; degradation of marine/coastal and land resources; inadequate management of water resources, water pollution and sanitation; loss of biodiversity and ecosystem services; air pollution; and chemical load due to releases of chemicals and heavy metals from industrial and artisanal mining activities and commercial agriculture.

Consequently, Mozambique's Green Economy Roadmap, launched in 2012, aims for sustainable and resilient socio-economic development through protection, restoration and rational use of natural capital and ecosystem services. The roadmap envisages poverty eradication through increased investments and the creation of an institutional, policy and legal framework that will facilitate sustainable development.

A key component of Mozambique's green economy strategy is the development of biofuels. The country is a net importer of oil and imports over 11 per cent of its total fuel needs, which costs over 15 per cent of its total GDP (Schut et al., 2010). This makes the country highly vulnerable to fluctuations in oil prices, which directly affect economic performance and the poor through inflationary pressures. Further, 70 per cent of the population rely on biomass energy such as firewood for their domestic needs. For many decades, this has impacted negatively the natural resources, principally through deforestation around the main urban centres. State-led energy plantations of the late 1970s and early 1980s, agroforestry and the community forestry that followed have all failed to provide an alternative (to deforestation of natural forests) due to the intrinsic characteristics of the exotic species, lack of financial and managerial capacity on the part of the government, and unclear land and tree property rights, which were crucial for community involvement.

The need to reduce oil dependence while improving the efficiency of biomass energy utilisation, coupled with the abundance of fertile land and other enabling environmental conditions, such as abundant and unexploited water resources, made biofuels an attractive proposition. The country has potential to grow several different feedstocks for both biodiesel (for instance, coconut, sunflower, jatropha, and castor seed) and bioethanol (for instance, sugarcane, molasses, cassava, and sorghum).

This motivated the Mozambican government to develop and publish a National Biofuels Policy and Strategy (NBPS) in 2009. The objective of the strategy is to reduce the dependency on imported fossil fuels and thus promote energy security; stimulate sustainable local energy resource use to substitute for or complement imported fossil fuels; and promote rural development through investments in biofuels. Moreover, the growing market for biofuels in South Africa and in countries within the European Union presents an opportunity for Mozambique to expand into more high-value export markets. Sugarcane and sweet sorghum were the selected feedstocks for ethanol production while the jatropha plant and coconut were selected for biodiesel production. The intention was to pursue a blending mandate for gas (10 per cent ethanol) and diesel (5 per cent biodiesel) by 2014, but this has proved ambitious given significant ethanol price increases.

International investor interest from countries such as Brazil, Canada, China, Italy, Portugal and the UK has been on the rise (Cuvilas et al., 2010). By 2009, over 12 million hectares of government-owned land had been requested for the development of the biofuel industry. However, despite the stated real and perceived benefits of biofuel production in Mozambique, the development of biofuels faces significant challenges.

Apart from reducing oil dependency, a biofuels-based industry creates jobs and generates investment on previously unused land. But from a green economy perspective, biofuels pose several trade-offs. First, biofuels can have adverse impacts on the environment. Since only a limited amount of land is currently under cultivation, biofuel production will necessitate the clearing of land. This is one of the primary causes of deforestation and leads to a reduction in biodiversity. In addition, biofuels account for 14 per cent of global annual GHG emissions (World Bank, 2010) and impact eutrophication, acidification and ozone depletion. Compared to fossil fuels, biofuels have lower sulphur and carbon dioxide emissions but generate up to 70 per cent higher NOx emissions.

Second, biofuel production is influenced by and has implications for land access and use. As is the case with most developing countries, large investor interest in biofuel production may be accompanied by what can be loosely termed 'land grabbing'. This often involves leasing or selling of land traditionally used by local communities to mainly foreign investors. It has been estimated that by the end of 2007 agro-fuel investors had applied for rights to as much as five million hectares of arable land (Friends of the Earth Europe, 2010). The fact that, in most cases, investors are given full export rights to production means that the local communities may not reap the maximum benefits from investments, thereby driving socio-economic disenfranchised. As a result, the social cost could be high, especially if local communities are not consulted in the process and biofuel production proceeds at the expense of other land uses that communities prioritise. These considerations could alienate both government and local communities from the debate on green economy (broadly) and biofuel production (specifically).

Third, investors may not necessarily prioritise food security objectives of the country. This is of particular significance because 35 per cent of Mozambique's population is chronically food insecure (World Food Programme, 2010). There are real risks that a growing interest in biofuel production might incentivise farmers to switch from staples such as maize and cassava to crops that have been selected as feedstocks. Moreover, although land estimates indicate that there is ample land to produce biofuels, the development and dissemination of agricultural techniques and technology remain limited—implying that food versus fuel conflicts could still arise as inefficiency of agricultural production slows or reduces food production.

Fourth, the distribution of benefits and costs associated with the biofuel industry is still contested in the political economy. There is general ambiguity about who will be most affected by biofuel production in Mozambique, depending on the approach taken to develop the industry. Whether or not the poor benefit depends crucially on the type of feedstocks used. For instance, jatropha production uses more unskilled labour than does sugarcane production and, given unemployment and skills challenges in Mozambique, this could potentially be pro-poor (Arndt et al., 2010). However, sugarcane is more capital-intensive than jatropha and thus will not impose high land clearing requirements, implying positive environmental benefits in terms of forgone deforestation.

From a green economy perspective, sugarcane would be favoured as a feedstock. However, sugarcane is a water-intensive crop and could lead to water scarcities in some areas. This is a classic policy dilemma relating to realpolitik: although sugarcane is preferred for the environment and green economy, jatropha is more pro-poor. While the use of sugarcane is in agreement with 'the protection, restoration and rational use of natural capital and ecosystem services' as articulated in the Green Economy Roadmap, it may not guarantee that development is 'inclusive'. Moreover, poor urban households and households in areas that are well suited for agriculture, such as those in southern Mozambique, are less likely to benefit from the biofuel industry. Furthermore, because these households tend to be net food buyers, they are vulnerable to the food price fluctuations which may accompany biofuel production.

Fifth, the EU has enacted legislation that prevents its member countries from importing biofuels from crop plantations that adversely affect the environment and/or food security. This might constrain Mozambique's biofuel production, since the EU is the major target market. Further, in addition to imposing significant land requirements, servicing an international export industry requires improved methods to reach and maintain environmental standards required by the developed countries. As Mozambique and seven other countries have publicly indicated, such legislation is very restrictive and suppresses the development of the biofuel industry.

Finally, developing a biofuel industry will require government investment and support in the form of, for example, technological infrastructure in areas such as transport, water, and power. Given the country's financial resource constraints, this imposes a re-prioritisation of resource allocations. Coupled with the lack of clarity on the distribution of costs and benefits accruing from biofuel production, shifting resources away from other possibly more inclusive spending items will create new centres of power and thus change the political economy dynamics in the country.

Resource mobilisation

'Greening' the economy will require shifting significant amounts of capital from fossil fuels and resource-intensive and polluting technologies to newer, clean technology and infrastructure that will allow lower resource intensities of production, a phenomenon known as 'decoupling'. Financing will also be required to accommodate the transition out of industries that will necessarily be negatively affected by a green economy approach.

But funding is only part of a broader resource mobilisation definition or strategy. The definition needs to consider resource mobilisation in the broad sociological sense as the mobilisation of social consensus, finance, political support and organisational skills. Specifically, resources need to include capacity building, institutional strengthening, innovation and technology transfer. Capacity building needs to cover a variety of areas, such as technical assessment capacity; operations and maintenance; programme or project development, planning and implementation support; and technical know-how around new technologies.

This broad view of resources is necessary because funding in itself is not sufficient to move to or achieve a green economy. Funding cannot be applied in the absence of the capacity and skills required to channel the funding toward requisite areas. In fact, the shortage of skills can limit the capacity of a country to develop actions to boost the green economy. Similarly, technology development and transfer is critical for the development of a green economy. A single technology cannot make a significant difference to an old economy—a synthesis of different technologies are required to facilitate the transition towards a green economy. A shortages of capacity will only reinforce the barriers to the transition. Finally, the involvement of citizens will be important to the successful implementation of measures that underpin a green economy path.

An understanding of the challenges facing developing and emerging market-based economies, as demonstrated through the case studies discussed in this chapter, supports this broad definition of resources within the framework of the green economy. In the case of South Africa, where the constraints lie within the energy-intensive nature of the economy, a green economy would require the transformation of skills and innovation capacity. Specifically, the country would not only need to acquire the necessary technological hardware, but also the skills to install and manage greener technologies. At the same time, it needs to foster institutions that promote innovation in green technologies and provide the conditions for the harnessing of natural resources—such as fresh water and solar energy—that are required to support clean technology solutions; and to mobilise the political consensus required to support the green economy.

The case of Rwanda strengthens the need for human capacity and skills as well as an appropriate institutional framework for achieving green economy strategies. The shortage of a technically skilled workforce in the country presents the biggest barrier to the creation of a strong non-agricultural sector in the economy. Consequently, Rwanda does not have the technical capacity to achieve its ambitious green growth strategy that hinges on the re-engineering of the agricultural sector and diversification of the economy. Capacity development is not realised overnight; it is a long-term exercise.

The three examples considered in this chapter highlight the pressing need for finance. The urgent developmental needs of these countries, along with their financial resource constraints, indicate the immediate imperative to reprioritise resource allocations.

The appropriate resource mobilisation landscape will need to be supported by policy for mobilisation of new and additional resources, through both public funds and private investments, that is directed towards 'greening' or accelerated phase-out of long-lived black assets, along with a reallocation of capital from activities that increase environmental and eco-system risks to areas that can stimulate sustainable growth and create employment. Limited financial resources can inhibit government responses and necessitate that spending is prioritised towards activities that help realise sustainable socio-economic and environmental gains to society.

Policy interventions will also be needed to reform subsidies that encourage environmentally harmful behaviour and induce unsustainable patterns of consumption and production. Positive economic incentives, which will drive innovation and facilitate access to equitable benefit-sharing of resources, are necessary. A stable regulatory and legislative framework are also vital to support the financial and market innovations.

Stronger institutions are needed to formulate and support the implementation of green economy strategies and policies. These institutions will need to move away from isolated approaches to coordinated action involving policy and decision-makers from many segments of government. They will need to specify entitlements to use land and water; reduce reliance on international funding sources and enable the creation of domestic sources of funding; enable fair, transparent and efficient access to resources; and ensure that resources are used to improve the livelihoods of the vulnerable. Moreover they will need to draw on private and public sector participation, community-based local knowledge and collective forms of decision-making.

Conclusion

Green growth is a relatively new concept with varying definitions, holding in common a call for a re-thinking on environmental and social challenges in a manner that suggests that these challenges are not mutually exclusive from economic growth. However, as a mechanism, the green economy approach cannot be a panacea since its application still requires a value judgement on what the needs of current and future generations are and, because its focus is necessarily on the economy, an analysis on the allocation of capital. In addition, since sustainable development is itself a pathway rather than an end-goal, a green economy approach is unlikely to address the social ramifications that result from the economic restructuring necessitated by adopting a green economy. Nor does a green economy approach take into account structural issues such as availability of skilled labour, consumption patterns, international trade dynamics, income equality, and the management of scarce resources at a global level.

Achieving a green economy in practice is difficult. The very concept of the green economy may conflict with other developmental goals in the short and medium terms. The challenges are more pressing for developing and emerging economies. High rates of poverty, unemployment and inequality necessitate accelerating economic growth. But a green economy approach may entail trade-offs in terms of high short-term costs, that would inevitably have to be borne by the poor, which are the majority in these economies. Stakeholders may not be able to take long-term opportunities into account if they are adversely affected in the short run. Moreover, the resources mostly produced in the global North required for pursuing the green economy approach—finance, technical and institutional capability, and innovation abilities—are not immediately available in the South. While addressing these constraints is crucial, significant South–South cooperation and policy interventions will be needed to reform subsidies that are environmentally harmful, and to reallocate capital from activities that increase the vulnerability of the eco-system to areas that can stimulate sustainable growth and create employment.

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