South Africa, NEPAD and the African Renaissance

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Abstract

This paper examines the relationship between South Africa and NEPAD and its prospects for African economic renaissance. It contends that through the spearhead of NEPAD, South Africa is positioned to play the role of a pivotal state in African economic development. The growing South African Investments in the rest of the continent, which is being facilitated by NEPAD, represents a good opportunity for an African economic renaissance. This is especially so given the fact that the continent's rising profile as a high risk, corruption infested and politically unstable environment has negatively impacted on its attractiveness to most foreign investors. The emphasis of the NEPAD document on the need for African countries to enshrine good governance and adhere to free market principles is expected to provide some form of protection for the rising South African Investments in the African region. This will in turn help strengthen the South African economy thus making it more relevant in the global world. For the South African agenda to be sustainable and lead to the economic renaissance of the African Continent, however, there is need to lay down the ground rules of operations and conduct, especially in the area of corporate governance, for the South African businesses operating in the continent.

Introduction

In its 2001 Summit, in Lusaka Zambia, the Organisation of African Unity (now Africa Union), an umbrella body for independent African States endorsed and adopted the New Partnership for Africa's Development (NEPAD). This represents the latest attempt by African countries to promote economic and social development in this economically backward continent.[1] Paradoxically, the same African continent is the custodian of a sizable portion of the World's natural resources.[2] Essentially, the long-term objective of NEPAD is to eradicate poverty in Africa and to place African countries, both individually and collectively, on the path of sustainable growth and development and thus halt the marginalisation of Africa in the globalisation arena.[3]

To achieve the above objectives, the NEPAD document adopts a neo liberal economic approach that emphasises the supremacy of market forces and the promotion of free competition within the continent.[4] In other to support and encourage the above objectives, the NEPAD agenda stresses the promotion of good governance. At another level, the programme calls for international support to help create the conducive environment necessary for the reintegration of Africa into the global economy. In other words, the main objective of the NEPAD initiative is to create a favourable environment for the advancement of private capital within the African continent and to make the international business arena more accessible to African goods and enterprises. This

[1] According to the NEPAD Document: "In Africa, 340 million people, or half the population, live on less than US $1 per day. The mortality rate for children under 5 years of age is 140 per 1000, and life expectancy at birth is only 54 years. Only 58 percent of the population have access to safe water. The rate of illiteracy for people over 15 is 41 percent. There are only 18 mainline telephones per 1000 people in Africa, compared with 146 for the world as a whole and 567 for high income countries" (NEPAD, 2001, Paragraph 4).

[2] Lagos Plan of Action (1980, p.5). See also Hamid (1982, p. 150).

[3] Since the 1960s, Africa is the only region to have experienced a decline in real dollar exports per capita. The continent's share of world trade fell from more than 3 percent in the 1950s to less than 2 percent in the mid-1990s and to only 1.2 percent if South Africa is excluded (World Bank, 2000, p.20).

[4] Under the neo liberal economic concept, the ideal future is one in which the individual is as free as possible to pursue his own selfish interests. Little emphasis is placed on the concept of altruism (Mathews, 2004, p.501).

paper contends that NEPAD is in the main, the product of South African private sector driven entrepreneurial expansionist ambition in Africa. The main essence of NEPAD is to facilitate the advancement of South African capital to other African countries. This will in turn help strengthen the South African economy thus making it more relevant in the global world.[5] Despite this, the paper argues that South Africa, through the spearhead of NEPAD is positioned to play the role of a pivotal state in engendering African economic development.[6] The South African expansionist agenda therefore represents the best chance for an African economic renaissance. This is especially so given the fact that South Africa businesses have permeated most economic sectors in the African continent. Perhaps the most important South African investments in the continent are those in basic infrastructure like telecommunications, railways and power. These have great potentials for accelerating economic development.[7] Remarkably, South African businesses are thriving in a terrain where western economic interests are fleeing due to the rising profile of the continent as a high risk, corruption infested and politically unstable zone. Various incentives by African Governments have not been able to resuscitate the interest of the west in the region.

For the South African investments to be sustainable and lead to the economic renaissance of the African Continent, however, there is need to put in place explicit corporate governance rules for such investments. In addition to this, South Africa should do more to justify its status as a pivotal state by providing more developmental assistance to less privileged African states. To achieve its aim, this paper is divided into four parts. Part One outlines the origins of the NEPAD programme and critiques some of its main provisions while Part Two analyses the operating mechanisms of NEPAD.

[5] "[B]y world standards, the South African economy is very small and is not very competitive. It… is not very attractive to investors and depends on access to other markets for its growth. Therefore, South Africa needs a growing Africa in which it can have better access to markets because of proximity. In short, South Africa's support for NEPAD is driven primarily by the above factors and not by ideological considerations that are not rooted in reality" (Nkuhlu, 2003, p.4).

[6] "A pivotal state is so important regionally that its collapse would spell trans-boundary mayhem… A pivotal State's economic progress and stability, on the other hand, would bolster its region's economic vitality and political soundness" (quoted in Schoeman, 2003, p.352). See also Chase et al (1996, p.37) and Cochran, 2001).

[7] "By far the most important investment trend in Africa in the post apartheid era has been the numerous investments being made in infrastructural development. One of the setbacks of African countries securing investments has been the absence of adequate supporting infrastructure such as telecommunications, transport, power supply and road and air links. South African companies have been quick to notice this inadequacy and have realised the potential for profit in infrastructural development" (Naidu, 2003, p.11).

Part Three examines the potential role of South Africa in African economic renaissance while Part Four concludes the paper.

The NEPAD Programme

Although most African countries gained political independence in the 1960s, the search for a viable development formula for most of these countries has continued without end. Severe criticism of colonial economic policies as exploitative was one of the main reasons that led to the demise of colonialism in the continent. The emergent African states soon accused western corporations as being agents of neo colonialism. This later led to the mass nationalisation exercises of the 1960s/ 1970s. It is instructive that Africa, more than any region in the world, recorded the highest number of nationalisations during the period.[8] Despite this, African economic conditions did not improve. If anything, the economic conditions worsened in several of these African countries. Corruption, inefficiency and nepotism reigned supreme in these nationalised corporations. The negative impact of the oil crisis of the 1970s on the economies of most African countries coupled with the deterioration in the continent's terms of trade did not also help matters.[9] It was under these circumstances that several African countries abandoned their nationalist interventionist economic policies and signed on to the market oriented economic policy approach (Structural Adjustment Programme) championed by the Breton Wood twins. The main pillars of the above programme were: fiscal austerity, privatisation and market liberalisation.[10]

At the regional level, African economic development initiatives have also not fared better. Although the Organisation of African Unity was formed in 1963, it was not until 1980 that it came up with a specific economic blueprint for the continent: the Final Act of Lagos and the Lagos Plan of Action.[11] Under the Lagos Plan of Action,

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[8] Rood, 1976, p.431.

[9] See, World Bank (2000, Chapter 1) and Cashin and Pattillo (2000) for detailed discussion of these points.

[10] Nkuhlu, 2004, pp.3-4.

[11] Under the Final Act of Lagos, the Heads of State reaffirmed their commitment to establish an African Economic Community by the Year 2000. This was in order to ensure the economic, social and cultural

for instance, African leaders resolved to adopt a regional approach towards the development of the African continent, "based primarily on collective self-reliance."[12] The Plan blamed most of the African problems on colonisation and slave trade and specifically acknowledged the "political constraints on the development of our continent caused by colonial and racist domination and exploitation" but hoped that: "Africa, which had survived the brutalities of imperialism, racism and apartheid, has the resilience to pull itself out of the economic malaise."[13] The main targets of the plan were, among others: reducing illiteracy and promoting science and technology, transport and communications, self-sufficiency in food production, and industrial development.[14]

The lack of commitment of member states to the OAU, which was perhaps caused by lack of belief in its potency, was perhaps best demonstrated by the fact that shortly after the release of the Lagos Plan of Action, several Finance Ministers of OAU member states asked the World Bank for an opinion on the Economic crisis in the continent. The World Bank subsequently published its Report titled: "Accelerated Development in Sub Saharan Africa."[15] The World Bank Report sharply criticised the Lagos Plan of Action arguing that it failed to emphasise the need for public sector reform as an important ingredient of economic development. The World Bank was also concerned that the plan did not put much emphasis on the importance of private sector participation in the promotion of economic development. It therefore recommended that African states should decrease their role in the economy and social welfare programmes through mechanisms such as privatisation, liberalisation and the promotion of market forces as determinants of economic activity. Furthermore, the World Bank criticised the proposal by the Lagos Plan of Action for economic self-reliance, regional integration and partial de linking from international capitalism. It instead, re-emphasized the need for the

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integration of Africa. The objective of such community included, among others: the promotion of collective, accelerated, self reliant and self sustaining development of member states; cooperation among these states and their integration in the economic social and cultural fields (section 2a).

[12] Paragraph 1.

[13] Paragraph 11.

[14] Bujra (1982, p.i); and Achenhou (1983, p. 6).

[15] See Bujra (1982, p.i) and Achenhou (1983, p. 6).

increased integration of African economies into the international economy.[16] Given the divergent views expressed in the two reports, one had to give way. The weakness of the African States, their lack of political will and the power of the Breton Wood Institutions ensured that the World Bank view triumphed.[17]

Most African countries have since signed up for International Monetary Fund imposed Structural Adjustment Programmes based on principles similar to those propounded by the World Bank. This has however not always helped matters. Most of the African economies remain distressed and the quality of life continues to drop. Scholars opposed to the neo liberal economic system always point to this fact as evidence that such an economic system is unable to aid the development of African countries.[18] On their part, the Breton Wood institutions insist that the continuing deterioration of most African economies is linked to poor governance.[19]

In 1994, the Apartheid policy in South Africa was formally abolished. South Africa was subsequently admitted into the OAU, fundamentally altering the economic structure of Africa. By this singular development, South Africa has become the economic powerhouse of the continent. This country, which is by far the most developed country in the continent, accounts for more than 20 percent of the continent's GDP and uses 50 percent of its modern energy.[20] Its GNP is more than three times that of the other eleven members of the Southern African Development Community put together and is three times larger than that of Nigeria.[21] The South African economic success, despite apartheid, was achieved under neo-liberal market conditions. The fact that apartheid ended shortly after the collapse of the Soviet Union and, by extension, control economies, further entrenched belief in neo liberalism.[22] It was perhaps because of the

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[16] For an analyses of these comparisons, see: Makgetlaneng (2003), Achenhou (1983), Amin (1982), Nkandawire (1982) and Bujra (1982).

[17] See Organisation of African Unity, 1998, p.2.

[18] See, for instance, Olukoshi (2002b). For general criticisms of the utility value of neo liberal economic policies for African development see: Mathews (2004) and Third World Network/ CODESRIA (2002).

[19] See Makgetlaneng, 2003, pp.6-7.

[20] Nkuhlu, 2003, p.4.

[21] Cornwell, 2002, p.24.

above, coupled with the negative end result of the nationalisation policies in some African countries that made the ANC Government reluctant to tamper with the country's thriving entrepreneurial class and the neo liberal economic environment that ensured their success. Rather it has, especially under its current President, Mbeki, supported this group. It is this relationship between business and government in South Africa that was the main reason that propelled the emergence of NEPAD. This fact also impacted on the provisions of the NEPAD Document.

It is on the above premise that the NEPAD document preaches free competition within and among African States, while calling for international efforts to make world markets more accessible to African countries. On the issue of improving intra African trade, which currently accounts for less than 10 percent of the regional trade, the NEPAD document recommends that this should be rigorously pursued with the aim of sourcing within Africa imports formerly sourced from other parts of the world.[23] The above objectives are to be achieved through the following policies: the creation of marketing mechanisms and institutions to develop marketing strategies for African products; publicizing African importing and exporting companies and their products through trade fairs; promoting and improving regional trade agreements; harmonising tariffs and product standards; and, reducing export taxes.[24] At the international level, the NEPAD document emphasises the need to negotiate measures and agreements that will help facilitate access to the world market by African products. The document also emphasized the need to remove non-tariff barriers. Along these lines, it asserted that:

> African leaders believe that improved access to the markets of industrialised countries for products in which Africa has a comparative advantage is crucial. Although there have been significant improvements in terms of lowered tariffs in recent years, there remain significant exceptions on tariffs while non tariff barriers also constitute major impediments. Progress on this issue would greatly enhance the economic growth and diversification of African production and exports.[25]

[22] Daniel et al, 2003, p.373-4.

[23] Nkuhlu, 2004, p.14.

[24] Paragraph 166.

[25] Paragraph 170.

Similarly, the NEPAD document strongly advocates the promotion of the private sector and private capital flows in Africa. Recommended actions towards this include: enhancing the entrepreneurial, managerial and technical capacities of the private sector by supporting technology acquisition, production improvements and skills development; strengthening chambers of commerce, trade and professional associations and their regional networks; organising dialogue between the government and the private sector in order to develop a shared vision of economic development strategy and remove constraints on private sector development; and, strengthening and encouraging the growth of micro, small and medium scale industries.[26] On private capital flows, the NEPAD document argues that:

> The first priority is to address investors' perception of Africa as a "high risk" continent, especially with regard to security of property rights, regulatory frameworks and markets. Several key elements of the New Partnership for Africa's Development will help to lower these risks gradually, and include initiatives relating to peace and security, political and economic governance, infrastructure and poverty reduction. Interim measures for risk mitigation will be put in place, including credit guarantee schemes and strong regulatory and legislative frameworks.[27]

The NEPAD document also spells out a clear role for the international community in aiding African development. It, for instance, advocates debt relief for African countries participating in the NEPAD programme. In the pursuit of the above, the programme proposes a two pronged approach: in the interim, debt service ceilings should be fixed as a proportion of fiscal revenue while in the long run, debt relief should be linked with costed poverty reduction outcomes.[28] Aside from debt relief, international aid is another area recognised by the NEPAD document where the international community has a role to play. Here the document seeks increased Overseas Development Assistance (ODA) flows in the medium term as well as the reform of the ODA delivery system to ensure that flows are more effectively utilised by recipient African countries. Specifically, it asserts that:

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[26] Paragraph 164.

[27] Paragraph 151.

[28] Paragraph 146.

> A typical dimension of Africans taking responsibility for the continent's destiny is the need to negotiate a new relationship with their development partners. The manner in which development assistance is delivered in itself creates serious problems for developing countries. The need to negotiate with, and account separately to, donors supporting the same sector or programme is both cumbersome and inefficient. Also, the tying of development assistance generates further inefficiencies. The appeal is for a new relationship that takes the country programmes as a point of departure. The new relationship should set out mutually agreed performance targets and standards for both donors and recipients. Many cases clearly show that the failure of projects is not caused only by the poor performance of recipients, but also by bad advice given by donors.[29]

From the above analysis, it is clear that the NEPAD document sees the need for reviewing the existing relationship between underdeveloped Africa and the developed world as being of critical importance in the promotion of African economic growth. It is on the basis of this that it proposes debt relief and a review of the ODA administration. Unfortunately, it fails to do the same for intra African relationships. This is so despite the glaring disparities in economic fortunes of various African countries. The result of this failure is the fact that the document contains little on how more economically advantaged African countries like South Africa can help assist the development of its less fortunate neighbours. This essentially places South Africa, a middle income country, with a per capita income of US$ 2780 on the same pedestal with other Sub-Saharan African countries, most of which are classified as low income countries with an average per-capita income of US$ 490, when it comes to dealing with the developed world. Even Nigeria, which is essentially the largest market in the region has a per capita income of US$ 320.[30] On the other hand, despite the extensive poverty in these Sub-Saharan African countries, South Africa's contribution to their development is mainly through the profit driven private sector. There is little contribution from the South African Government to the economies of its less fortunate NEPAD member states in terms of development aid.

By adopting the above approach, the NEPAD programme has put South Africa in a position to be the major beneficiary of free market access and competition in inter continental trade without a corresponding financial commitment to the development of

[29] Paragraphs 148 and 183

[30] See, World Bank (2004).

poorer African countries.[31] Such an attitude has led to increased suspicions about South African motives in the continent. Perhaps more important is the fact that for South Africa to be an effective pivotal state, it has to offer more developmental assistance to less fortunate NEPAD member states. This will, at the very least, help increase the country's acceptability in such states and help reduce mistrust for South Africa, which dates back to the apartheid era. The fact that South Africa stands out economically in Africa is not in doubt. It is for instance widely known that a major impediment to intra African trade is the preponderance of primary goods across the breath of the continent. The paucity of manufactured goods in the continent makes it difficult for any meaningful volume of trade to take place between these African countries. South Africa, however, is one of the most advantaged African countries with respect to the export of manufactured goods. In 2001, for instance, the percentage of manufactured goods to the total exports of South Africa stood at 59.4 Percent. This is a major advantage when compared, for instance with the 2.3 percent recorded by Algeria and the 0.2 percent recorded by Nigeria.[32] Classifying South Africa among economically less viable African countries under the NEPAD scheme has also positioned the country to become the major African beneficiary of better trading conditions for African goods. This is especially so given the fact that South Africa is Africa's biggest economy and, despite its limitations, remains the most active African player in intercontinental trade.

In 2003, for instance, South Africa imported 116 billion Rand worth of goods from Europe, representing 45 percent of its total imports for the year. On the other hand, it exported goods worth 92 billion Rand to that continent. Its second major trading partner is Asia. Thirty-five percent of South African imports in 2003 came from Asia. The African continent, on the other hand accounted for only 3 percent of South Africa's import in that year. Despite this, the continent remains South Africa's most profitable trading partner at least in terms of trade balance. In 2002 and 2003, for instance, South Africa had a trade surplus of 34 billion Rand and 30.7 billion Rand respectively, in its

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[31] This is because South Africa has the most competitive economy in Africa. Most benefits of any international concessions to the continent, is therefore likely to accrue to the country.

[32] Economic Commission for Africa (2004). It is important to note that Nigeria and Algeria are also major promoters of the NEPAD project.

trade with the rest of the African continent. In contrast the country has consistently run huge deficits with its two major trading partner continents: Europe and Asia.[33]

In terms of Investments, Africa has also been very profitable for South African firms. South Africa is now the largest foreign direct investor in the African continent. Between 1990 and 2000, for instance, South African investment in the African continent averaged US$ 1.4 billion annually.[34] This has been so despite the degenerating security, political and economic conditions in many of these African countries. While the above negative conditions may have made western investors wary of doing business in Africa, this has not been so for the South African investors. This is because a legacy of the apartheid past of the country is the high rate of violence in the South African society. African countries, despite their political and economic instability, therefore usually constitute manageable security and business risks for South African businesses. The South African business interest in Africa, despite the risks, is, also, at least in part, linked to the high returns recorded by their investments in the continent. It is, for instance, known that returns on African investments, made by South African companies, sometimes exceed those in South Africa by as much as 100 percent.[35]

From the above analysis, it is clear that while South Africa remains competitive in the African arena, it is uncompetitive in its economic relationship with Asia and Europe. The NEPAD project is thus a South African strategy to increase its integration with the African continent thereby increasing its share of the very profitable African market and its global competitiveness.[36] In pursuing the above agenda, South Africa has been

[33] See Table 1.

[34] Leon (2004). For detailed descriptions and analyses of South African investments in Africa see Miller (2003) and Daniel et al (2003, 2004). See also Table two for a summary of some recent material investments made by South African companies in Africa.

[35] See Daniel et al, 2003, p.368.

[36] It is important to re-emphasise that South Africa is not the only beneficiary from the NEPAD project. The country's foreign direct investments have also positively impacted on recipient African countries by contributing to jobs, manpower development and government finance via taxation and licences. More important however is the South African investments in basic infrastructure like power, railways and telecommunications which is the foundation of economic development and growth.

careful to make the concept look like an OAU idea by broadening the NEPAD leadership base.[37]

NEPAD: Operating Mechanisms

Officially, the idea of NEPAD dates back to a mandate given to South Africa's President Mbeki and Algeria's President Bouteflika. by the OAU Extra Ordinary Summit in Sirte, Libya in September 1999. Essentially, they were requested to take up the issue of debt cancellation with the industrialised countries on behalf of the OAU member countries. The OAU, in its Lome (Togo) summit of July 2000, expanded the above mandate to include President Obasanjo of Nigeria. This was deemed necessary in order to ensure synergies especially given the fact that the Havana South South Summit of June 2000 had requested Obasanjo and Mbeki to carry out similar negotiations with the West.[38]

The three Presidents subsequently proposed that instead of taking up debt cancellation as a single issue, they be mandated to prepare a comprehensive development agenda. This resulted in the Millennium Partnership for the African Recovery Plan (MAP). Subsequently, in January 2001, they became aware of the Omega Plan, which was prepared by President Wade of Senegal. Realising the need for the Continent to unite behind a single plan, the Omega Plan and the MAP were subsequently merged to form NEPAD. In the formulation process of the NEPAD agenda, the West was extensively consulted. In a 2001 publication, President Mbeki painstakingly detailed his efforts at

[37] Schoeman, 2003, p.359.

[38] "The mandates to represent the interests of Africa on the question of debt was given to Presidents Mbeki and Bouteflika at the Extraordinary Organization of African Unity (OAU) Summit held in Sirte in Libya in September 1999. Similarly, mandates to represent the interests of the South were given to President Mbeki (in his capacity as Chair of the Non-Aligned Movement (NAM) and President Obasanjo (in his capacity as Chair of the Group of 77 developing countries (G77)) by the South Summit held in Havana, Cuba, in April this year. Prime Minister Leekpai was invited in his capacity as President of the United Nations Conference on Trade and Development (Unctad 10) and a representative of the Association of Southeast Asian Nations (ASEAN). The delegation and the consensus they represented can be seen as a determined effort by the countries of the South to confront what is increasingly seen as the relentless forces of globalization, by engaging strategically with the G8 before their annual summit. The delegation urged countries of the North to seriously address issues of concern to the South, primarily efforts to ensure people-centred development and poverty alleviation. Within the context of globalization, the G8 Summit was seen as an important grouping for convincing wealthy countries of the North of the need to enter into partnerships for the development of the South and especially Africa" (Mehatey, 2002).

winning international consensus for the MAP, which is the forerunner of NEPAD. According to him:

> During the year 2000, we spent sometime meeting the political leadership of the developed world-the North. Accordingly, in May we met Prime Minister Blair and President Clinton in London and Washington D.C., respectively. We also met the then Governor George W. Bush in Austin, Texas. In June, we were part of the Berlin meeting on progressive governance. … In the same month, we visited to participate in and addressed the meeting of Nordic Prime Ministers. Again in June, we addressed the meeting of the European Council held in Portugal, which was attended by all heads of government of the EU. In July, together with Presidents Obasanjo and Bouteflika, we met heads of state and governments of G7 in Tokyo, and had the opportunity to hold bilateral discussions with the Japanese Prime Minister, Yoshiro Mori. While in Tokyo, we also met the President of the World Bank, Jim Wolfensohn. Later, in Pretoria, we also held discussions with the Managing Director of the IMF, Horst Kohler. In September, we addressed the UN Millennium Summit and had an opportunity to meet Presidents Putin of Russia, among others. Before this, we had also interacted with the UN Secretary General, Kofi Annan, who committed the UN to co-operate with us as we worked on the MAP.[39]

Based on such assertions, opponents of NEPAD have argued that the idea of NEPAD was essentially initiated from the West with little consultation with African stakeholders.[40] In other words, rather than represent the African viewpoint, NEPAD represents the viewpoint of the West, which has an agenda different from that of the African people.[41]

Despite the factual accuracy of the above assertions, such criticisms make little sense, at least in the context of the current NEPAD development. This is because the very essence of NEPAD is to reintegrate Africa into the global economy. Consulting with the major actors in the global world is therefore essential for the successful take off and implementation of the programme. Critics of the NEPAD programme can only be satisfied by an agenda that shuns globalisation and neo liberal economic policies. This is however the very basis of the South African economy which was instrumental in conceptualising the NEPAD agenda. Furthermore, it is important to reiterate that the Lagos Plan of Action, which was against globalisation and neo liberal economic

[39] Quoted in Nabudere, 2002, pp.5-6.

[40] See, for instance, Bond (2002a, p.1-2) and Ngwane (2002, pp.3-4).

[41] The Issue of South African interests will be dealt with in the next section.

policies, failed. One of the main reasons why the programme could not even take off was because it failed to win the endorsement of western governments and institutions. It was because the programme failed that the idea of NEPAD came to light. Had the programme succeeded in lifting Africa out of its poverty trap, there would have been no need for NEPAD.

Perhaps because of the extensive western consultations, the NEPAD agenda was markedly different from that of the Lagos Plan of Action and attracted immediate sympathy and praises from the West. The 2001 G8 Summit in Genoa laid the foundation for this support. In its Press Release after the summit, the G8 asserted that:

> we agreed to support African efforts to resolve African problems. Peace, stability and the eradication of poverty in Africa are among the most important challenges we face in the new millennium. We welcome the New African Initiative, which is based on the principles of responsibility and ownership, with an emphasis on democracy, transparency, good governance, rule of law and human rights as fundamental factors of development. This initiative provides the basis for a new intensive partnership between Africa and the developed world…. We also stress the importance of working in partnership with African governments to improve access of African products to world markets, attract foreign direct investment and promote investment in key social sectors, in particular health and education….. We are committed to promoting this objective with our African partners and in multilateral fora - in the UN, the World Bank and the IMF, and in a new Round of WTO negotiations.[42]

The Secretary General of the United Nations has also appointed a high level panel consisting of thirteen eminent persons to advise on international support for the NEPAD Programme. This widespread support for NEPAD is perhaps because the NEPAD document adopted a more conciliatory approach towards the West and was more self-critical. For instance, although it maintains that colonisation, the cold war and the

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[42] Press Release titled: Genoa Plan for Africa (July 21, 2001). Tony Blair, the British Prime Minister, was even more positive. In a July 1 2002 speech to the House of Commons, he asserted that: “for the first time there is a comprehensive plan [NEPAD], dealing with all aspects of the African plight. For the first time, it is constructed with reforming African leaders as partners, not as passive recipients of aid. For the first time, we link explicitly and clearly good governance and development. So this is not our destination—of an African renaissance—achieved, but it is a new departure. It is a real signal of hope for the future, and it is up to us now to make it a reality. I am proud of the part that Britain has played in it. There are those who say that Africa matters little to the British people. The millions who donate to charities—who give up time, energy and commitment to the cause of Africa—eloquently dispute this. Africa does matter: to us and to humanity. We intend to see the plan through” (House of Commons Hansard Debates, Volume 388, 1st July 2002).

workings of the international economic system are some of the causes of Africa's underdevelopment, it rightly admits that African countries cannot excise themselves from blame. Specifically, the Plan recognises the "inadequacies of and shortcomings in the policies pursued by many countries in the post independence era" as another contributory factor to the African underdevelopment.[43]

The NEPAD document then suggests that there is a new emergent leadership in the continent and that "African governments are much more resolute about regional and continental goals of economic cooperation and integration." The document further asserts that:

> The objective of the New Partnership for Africa's Development is to consolidate democracy and sound economic management on the continent. Through the Programme, African leaders are making a commitment to the African people and the world to work together in rebuilding the continent. It is a pledge to promote peace and stability, democracy, sound economic management and people centred development, and to hold each other accountable in terms of the agreements outlined in the Programme.[44]

This is the main reason why NEPAD introduced an African Peer Review Mechanism (APRM). The essence of this Peer Review Mechanism, which is voluntary, is to ensure that member countries maintain appropriate standards of conduct. This has become one of the most innovative, as well as controversial aspects of NEPAD.[45] In September 2002, for instance, the United Nations General Assembly High Level Plenary Meeting on NEPAD described the APRM as "one of the most important and innovative mechanisms of NEPAD."[46] In October 2002, the Chairman of the NEPAD Steering Committee made explicit the link between the successful implementation of the APRM and the credibility of the NEPAD Programme:

> Steps are being taken to implement the African Peer Review process early next year [2003]…. There are of course many sceptics who do not believe the APRM will be professional and credible and therefore capable of rendering assessment by external agencies unnecessary. However, I believe

[43] Paragraph 14.

[44] Paragraph 202.

[45] Cilliers, 2003, p.1.

[46] President Mbeki's Report to the UN General Assembly High Level Plenary Meeting on NEPAD (16th September 2002).

> that we owe it to ourselves to prove them wrong. The continent needs a peer review process that will enhance sustainability of policy reforms and also reinforce good practice. Successful implementation of the APRM will greatly enhance the credibility of policy reforms in the continent.[47]

Despite this explicit promise to implement APRM by early 2003, it was not until April 2005 that Ghana became the first country to welcome an APRM Review Mission.[48] Furthermore, as at January 2005, only 23 countries had signed up to the APRM Scheme. Despite these developments, few believe that the APRM would be of much benefit to African countries. The main argument in support of this position is the fact that it is illogical to expect a continental enforcement of good governance from African leaders. This is so because most of them have poor human rights, corruption and political records in their various countries. The credibility of members of the NEPAD Steering Committee (several of them are also members of the APR Forum) for instance, has been called to question. Along these lines, it has been stated that:

> The 15 nations represented on its implementation committee include oil-rich Gabon. It has been led since 1967 by President Omar Bongo, who was asked to close personal bank accounts at Citibank of New York in 1999 after moving $130-million (U.S.) through them. Also on the committee are Nigeria and Cameroon — perceived as the most corrupt and second most corrupt countries in the world, according to the independent watchdog Transparency International. Rwanda is another member; it is one of the foreign nations involved in the vicious scramble for mineral wealth disguised as a civil war in the Democratic Republic of the Congo.[49]

Another area of concern, related to the above is that of human rights violation. This, till date, remains a major problem even in many of the so-called democracies. Several African Governments carry out explicit acts of oppression against their citizens. Here, again, the leaders of the NEPAD Project are not excluded in the unfortunate acts of human rights abuse. In recent times, the government of Presidents Mbeki, Bouteflika and Obasanjo have faced intense criticism for violating the human rights of their citizenries on a large scale.[50]

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[47] Nkhulu, 2002, p.8.

[48] See Brief Report Issued at the end of the African Peer Review Mechanism Country Review Mission to Ghana (2005).

[49] Knox (2002)

Another closely related issue is corruption. This has remained one of the greatest impediments of economic growth and development in Africa. Take the case of Nigeria as an example. The country has consistently remained on the top three bracket of the Transparency International table of the most corrupt countries in the world. Corruption is so advanced that President Obasanjo, who is also the AU Chairman appears to be helpless, if not part of the problem. According to the British and American Intelligence Report, 60 percent of the corruption in Nigeria emanates from the Presidency.[51] Although Mbeki's South Africa may not be as corrupt as Nigeria, it still has a corruption problem to grapple with.[52] Even the democratic process has witnessed large-scale abuses in some of these countries. The mass rigging of the 2003 elections by President Obasanjo's ruling party is evidence of this.[53] Given the fact that the leaders of NEPAD all have poor corruption, democratic and human rights records at home, it is doubtful to see how such leaders can push for good governance in Africa.[54] It was therefore not surprising that when a test-case political situation emerged, it became clear that the entire concept of good governance was more political than economic.

Here, the case in point has been the political situation in Zimbabwe. Incidentally, Presidents Mbeki and Obasanjo, key proponents of NEPAD, are also deeply involved in the international efforts to resolve the crisis in Zimbabwe. Specifically, they are part of the three man Commonwealth Panel set up to adjudge the controversial political situation in Zimbabwe. The third member of the Panel was Australia's Prime Minister Howard. Despite the insistence of Presidents Obasanjo and Mbeki that Zimbabwe should be allowed back to the fold after its one-year suspension, this did not happen. Rather, the minority report of Prime Minister Howard was adopted. This was perhaps because there was a threat that the leaders of the Western Commonwealth countries and the Queen of England, who is the official head of the Commonwealth would boycott the December 2003 Nigerian Commonwealth Summit if it did not exclude Mugabe.[55]

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[50] See Bond, 2002b, p. 81.

[51] Daily Champion, April 17, 2003, p.32.

[52] See, for instance, Ngwane, 2002, pp.3-4.

[53] See Bond (2003a, p.11; 2003b, p. 18).

[54] For further evidence on the nature of African democracies, see Massamba et al (forthcoming).

Western Leaders have also been quick to suggest that they supported NEPAD because the document promised improved transparencies in African democracies and some have even threatened to withdraw support.[56] The Zimbabwe case, it is argued, is thus the test case for Mbeki, who is the main proponent of the NEPAD Project to prove that he has sincere intentions about the NEPAD project. On his part, President Mbeki insists that it could not have been the intention of either South Africa or the entire leadership of the continent to subject political governance issues for review under NEPAD. Such an action, according to him, is beyond the mandate of the Initiating Committee of the NEPAD. Mbeki also argued that it has never been the intention that the NEPAD peer review process would conduct the work of the Commission of Human Rights.[57] This controversy with respect to the link between NEPAD and good governance was excellently summed up by Dr. Ian Taylor of the University of Botswana, in his recent Memorandum to the Select Committee on Foreign Affairs of the British House of Commons:

> most focus on the NEPAD has been aimed at the section on Political Governance and Peer Review…. Unlike the now-defunct Organization of African Unity (OAU), it appeared to some observers that the NEPAD was a qualitatively different document from previous African "declarations", perhaps for the first time advancing a promise to self-police African leaders and rein in corrupt autocrats. However, it now appears highly improbable that there will be any sanctions or counter-measures against those countries that fail to pass the governance muster. Yet without such measures any review mechanism is largely pointless as it will have no teeth. Problematically, it was President Mbeki who unilaterally claimed that the African Review Mechanism (APRM) would not review the political governance of African countries. This marked a retreat from earlier pronouncements and came after an extended period of time when the NEPAD's promoters (primarily Mbeki and Obasanjo) not only consistently refused to criticize Robert Mugabe of Zimbabwe and his party's behavior but also supported him. Whilst Mbeki has sought to deny that there should be any link between inaction over Zimbabwe and the NEPAD's credibility, virtually all observers have stressed the crucial linkage.[58]

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[55] Rotberg, R. (2003).

[56] See Olukoshi, 2002a, pp.12-13.

[57] See Cilliers, 2003, p.1.

[58] Taylor, 2004, pp.1-2.

The above disagreement remains a contentious issue and threatens to undermine the entire NEPAD project.[59]

Another contentious issue in the NEPAD Project is its perception of globalisation. Here the NEPAD document essentially takes the view that there is currently no alternative to it. Although the document admits that most African countries have not benefited from the globalisation process, it, as already mentioned, argues that this is, at least in part, due to the failure of political and economic leadership in many African countries. It is this leadership failure that has impeded the effective mobilisation and utilisation of scarce resources in productive economic sectors and inhibited local and foreign direct investments.[60] Based on the above, the document recommended that:

> What is needed is a commitment on the part of governments, the private sector and other institutions of civil society, to genuine integration of all nations into the global economy and body politic. This requires the recognition of global interdependence with regard to production and demand, and environmental base that sustains the planet, cross border migration, a global financial architecture that rewards good socio economic management, and global governance that recognises partnerships among all people. We hold that it is within the capacity of the international community to create fair and just conditions in which Africa can participate effectively in the global economy and body politic.[61]

Opponents of NEPAD have however argued that globalisation is simply a tool that operates to the benefit of the developed economies by enriching such economies to the detriment of developing countries. They contend that the expectation that the international community will “create fair and just conditions in which Africa can participate effectively in the global economy and body politic” is the triumph of hope

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[59] Along these lines, it has been suggested that: “since the Zimbabwe elections, Africa has been warned that if the African leaders cannot condemn their “peers,” they too will be targeted for “punishment.” This was demonstrated when Presidents Mbeki of South Africa and Obasanjo of Nigeria, were made to eat their own words by agreeing to suspension of Zimbabwe after the controversial presidential election in that country. NEPAD has after September 11 become a weapon of control of the African states. In the context of September 11, Mugabe was being targeted and singled out as a representative of ‘evil’ in Africa because he had dared interference with the ‘rights’ of Rhodesians over their ‘land.’ He was judged to have rigged the elections even before they were held and Blair had insisted that Zimbabwe be expelled from the Commonwealth even before the elections were held! … This shows how NEPAD is being used to achieve certain security objectives of the “partners” than of addressing poverty and conflict in Africa” (Nabudere, 2002, pp.20-21).

[60] Paragraph 34.

[61] Paragraph 41.

over experience.[62] They therefore dismiss the entire NEPAD project as an attempt to get the Western powers to re-colonise Africa. Such criticisms are however unrealistic. The expectation that the West should act as a Santa Claus that would spoon-feed Africa to economic prosperity is rather idealistic. Worse still, as already mentioned, most critics of NEPAD downplay the fact that the Lagos Plan of Action, which was the African antithesis to globalisation never got off the ground. They also offer no practical alternative to neo liberal economic policies. All they do is to blame western powers and institutions for Africa's dilemmas forgetting that a key element necessary for these western interests to be able to achieve their exploitation objective is the substantial cooperation of the African people themselves and the inherent characteristic of most African leaders to pursue private interests to the detriment of national interests.[63] Honest competent leadership was the main reason behind the economic miracles of former colonies like Malaysia and Singapore. Both countries, which achieved independence after several of the African countries, have since blazed enviable economic trail rather than brooding about the damage of colonisation. Singapore's founding leader has explicitly stated the strategy for his country's economic miracle:

> Our greatest asset was the trust and confidence of the people… We were careful not to squander this newly gained trust by misgovernment and corruption. We needed this political strength to maximise what we could make of our few assets, a natural world-class harbour cited in a strategic location astride on of the busiest sea-lanes of the world… The other valuable asset we had was our people: hardworking, thrifty, eager to learn. Although divided into several races, we believed a fair and even handed policy would get them to live peacefully together, especially if such hardships as unemployment were shared equally and not carried mainly by the minority groups… Singapore had no natural resources for MNCs to exploit. All it had were hardworking people, good basic infrastructure and a government that was determined to be honest and competent. Our duty was to create a livelihood for 2 million Singaporeans. If MNCs could give our workers employment and teach them technical skills and management know how, we should bring in the MNCs.[64]

Although there is a genuine case for Africans to seek reparations, this can certainly not be the solution to the African problem. Even if reparations were to be paid to Africans

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[62] See, for instance, Bond, 2002b, p.104.

[63] For an extreme view on total western responsibility for African problems, see, Osabu-Kle (2000).

[64] Quoted in Nyong'o (2002, p.4).

today, there is no guarantee that it will in any way help the economic and social upliftment of the continent. This is because there is clearly no structure of efficiency and accountability in place to ensure the effective utilisation of resources in several of these African countries. Rather than focus on the limitations of the international economic system, which African countries are in no position to impact on, the time has come for all to focus on the limitations of Africa's internal systems which has been the major cause of its economic woes and which African countries are in a position to influence. The near absence of efficient internal structures has been the main reason why most African countries cannot benefit from any international system even when it is specifically designed to encourage its profitable participation. Most African countries, for instance, failed to benefit from their preferential trade agreements under the Africa, Caribbean and Pacific (ACP) – European Economic Community (EEC) Convention. Despite all incentives, Africa's economic dealings with the West continued to decline. It has for instance been asserted that:

> Even under the Lome Conventions and the Cotonou Agreements, ACP-EU partnerships presupposed equity in trade relations, improvements in good governance in Africa and development payoff for the people. In the 25 years between the signature of Lome I in 1975 and the expiry of Lome IV in 1990, the share of ACP exports in European markets fell by half, from nearly 8 percent to about 3 percent. The main beneficiaries were other developing countries such a [those in] South East Asia, which enjoy a level of preferential access to the EU (the Generalised System of Preferences) that is less favourable than under Lome.[65]

Although neo liberalism may have limitations, the fact remains that such limitations are not geography or colour specific. If, for instance, Singapore and Malaysia are perceived to be politically and socially unstable, and corruption prone, the reactions of the international economic systems to these countries will be no different than that being witnessed in the African arena with similar characteristics. The insinuation of an international conspiracy against African is therefore nothing more than illusion that needs to be jettisoned. This is the very essence of NEPAD. If NEPAD succeeds, it will not be because of the rhetoric of corrupt and inept African leaders on the subject of development. Rather it will be because an entrepreneurial group in Africa: South African businesses see NEPAD as a channel for expanding their markets in high profit and less competitive African countries. By so doing, they are creating jobs, training

[65] Nyong'o, 2002, p.18.

indigenous labour and establishing basic infrastructure in recipient African countries. These are all key ingredients in the development process.

African Development: the Role of South Africa

In Africa, the place of South Africa is unique. It is by far the most developed country in the continent. Despite its credentials, it remains a land extensively divided and where the income difference between the poor and rich is very wide. It is, for instance, estimated that 51 percent of the annual income in South Africa goes to the richest 10 percent of the households while less than 4 percent of the annual income goes to the poorest 40 percent of households.[66] Despite this, the South African Government is bent on focusing long term by allowing market forces to drive economic activity, rather than attempting to intervene in the economy.

The extensive divide between the rich and the poor in South Africa has its origins in the apartheid structure. Although the apartheid policy succeeded in making South Africa a pariah state, its minorities continued to thrive economically. When the end of the apartheid regime became imminent in the early 1990s, the economic future of the country became very uncertain. There were fears that the emergent black government may try to redress the past economic and social injustices of the apartheid regime. This however would have entailed the nationalisation of the economic interests of the apartheid system beneficiaries and increasing public sector control of economic activities. This however did not happen. From the very onset, the African National Congress adopted a non-racial policy. After assuming Office, President Mandela championed the national reconciliation process. This led to accusations that he was bending over backwards to placate whites. Mandela refused to relent arguing that national renewal could only begin with forgiveness and reconciliation. Any attempt to revenge the misdemeanours of the apartheid regime, he argued, could only further exasperate the conflict and bloodshed by driving the whites into the arms of the rightwing.[67]

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[66] Cornwell, 2002, p.24.

[67] Joseph, 1997, p.3.

The new black leadership of South Africa therefore refused to materially alter the neo liberal economic base of the South African Apartheid Regime. Rather it recognised that it had a pivotal role to play in engendering the economic development of the African continent.[68] Thus when Thabo Mbeki, then Vice President, started his crusade for an African Renaissance, South African businesses, which saw this as a clear opportunity to get government support for their expansionist ambitions, willingly became partners. These businesses, therefore worked closely with the government renaissance team to develop the economic aspects of the renaissance programme. Along these lines, it has been asserted that:

> It is a generally accepted view that South Africa cannot achieve optimal growth without the growth of the SADC region and the rest of the African continent. Taking note of business requirements should be made an integral part of NEPAD's objectives, both at the level of macro-economic management and a favourable investment regime. It is against this background that South African businesses have found it imperative to be part of NEPAD. The idea of Africa's development gained momentum in the 1990s when the role of business in the African Renaissance, the forerunner to NEPAD, was articulated in BMF business forums. The message from these forums was that business activity can generate the required growth for job creation, infrastructure development and poverty reduction. This in turn will provide the necessary tax revenue required for an efficient and effective government.[69]

From the above, it can be argued that South African economic interest was at the heart of the development of the African Renaissance[70] that later metamorphosed into NEPAD.[71] The growing South African investments which is being facilitated by

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[68] ANC Today, 18th June 2004.

[69] Lindie, 2003, pp.1-2.

[70] Not everybody is in agreement with this position. See for instance, Vale and Maseko (1998) for an analysis of other motives underpinning the African Renaissance.

[71] It has, for instance, been argued that: "As much as South Africa wants to contribute to peace on the continent and create an environment in which all states achieve their full potential, one cannot help but think that South Africa's top priorities in the whole affair are its business interests and profits and making sure an environment that is conducive to business trade is fully implemented. After all, South African businesses are running the national railroad in Cameroon, the national electricity company in Tanzania, Rwanda and Cameroon. They are also managing power plants in Zimbabwe, Zambia and Mali; building roads and bridges in Malawi and Mozambique, and a gas pipeline between offshore Mozambique and South Africa. South African Businesses control banks, breweries, supermarkets and hotels throughout the continent and provide TV programming to over half of all Africa's states" (Majavu, 2004, p.2).

NEPAD is however welcome by several African states. For many of these African countries, South Africa now remains their best chance for Foreign Direct Investment. As already mentioned, such investments create jobs, train indigenous labour and contribute to government coffers via taxes and licence fees. Aside from the above, South African business investments, especially in infrastructure has also helped improve the business environment in several of he recipient African countries. The investments of South African companies, especially MTN and Vodacom have immensely improved the telecommunication system in the continent. Vodacom currently has operations in Lesotho, Tanzania, Democratic Republic of Congo, Zambia and Mozambique. As for MTN, it now has operations in Uganda, Rwanda, Swaziland, Cameroon and Nigeria. The dearth of telecommunications facilities in the African continent is perhaps best illustrated by the fact that the number of MTN subscribers in Nigeria rose rapidly from 327,000 in 2001 to more that one million in 2003.[72] By extending telecommunications to users who previously did not have access, these South African telecommunication companies have no doubt positively impacted on the general business and economic terrain in recipient countries. Another important sector where South African businesses have made positive impact in the continent is transport. The advancements in this area has been well summarised thus:

> Expansion in the transport sector has been fairly dominated by rail specialists Spoornet (a division of Transnet Limited) and Comazar (subsidiary of Transnet). Spoornet holds country contracts in more than 15 African countries. Its main responsibilities include upgrading operating and in some instances, managing railways…. Comazar, on the other hand has only two country contracts. One for a twenty-five year concession to manage and operate the national railways of Cameroon and the other to establish a trans-shipment facility in Tanzania. Unitrans is another South African company involved in enhancing transport distribution and logistics in nine Southern African countries namely, Botswana, Namibia, Zimbabwe, Zambia, Tanzania, Malawi, Mozambique, Swaziland and Lesotho. The transport sector has been of considerable importance to the region especially considering that most countries in Africa are landlocked and depend on effective and efficient transport means for distribution of goods to specified destinations.[73]

[72] Naidu, 2003, p.12.

[73] Naidu, 2003, p.14.

South African businesses therefore appear to be thriving in important development sectors where western capital either failed or was too scared to venture into given the risk profile of the African continent.

Despite the adoption of Structural Adjustment Programmes in several African states, FDI, especially from the West in these countries have been on the decline. This perhaps started with the various nationalization programmes of several African Governments in the 1960s and 1970s. The euphoria of independence, sometimes supported by the discovery of valuable minerals, propelled some African Governments to demand an end to the foreign domination of their economies. This culminated in the indigenization of various foreign interests in the affected countries. This had negative consequences for the various African economies. Subsequently the poor economic performance of most of the countries in the continent forced them to subject themselves to IMF induced structural adjustment programmes. This provided for liberalization and opening up of market access. Despite this, Foreign Direct Investments have been reluctant to return to the continent. The end of the Cold War and the opening up of Eastern European markets has also not helped matters. These markets have essentially provided an alternative avenue for investing surplus western capital. The situation has been further aggravated by the increasing profile of the African continent as a conflict prone region, which offers poor security of lives and property for foreign investors. Given the fact that South African businesses were used to doing business in apartheid induced high-risk home environment, they had little problems coping with the business risks in other African states. It was thus not surprising that shortly after the effective end of its international isolation in 1991, South Africa overtook the United States of America as the largest provider of FDI in Africa.[74]

Before 1990, for instance, South African businesses had only 179 business investments in 14 African countries. With the effective end of the international isolation of South Africa, its business investments in the African continent expanded appreciably. By early 2004, for instance, the number of South African business investments in the continent had risen to 439, spread across 35 countries.[75] Given the above trend of South African business investments in the rest of Africa, it is not surprising that South Africa is

[74] See, South Africa Foundation, 2004, p.13.

[75] See Table 3.

championing the NEPAD project which, apart from making it easier for South African companies to access these African markets, will also offer some form of protection, especially from nationalization and anti-market policies, for these South African investments.[76]

The South African State has also explicitly supported the advancement of South African capital to the rest of Africa through its own domestic policies. Along these lines, it has been asserted that:

> South Africa today has emerged as the largest foreign direct investor in the continent outstripping both European and American investors. South Africa has invested an average of $1.4 billion in annual foreign direct investment since 1991…. A recent adjustment to the foreign exchange policy allows South African companies to invest up to R2 billion per project in Africa (versus R 500 million per project in other global markets) with capital raised in South Africa. This is in response to what some political and economic commentators see as the government's alignment to NEPAD, which they argue is intended to consolidate the promotion of investment by South African corporates into the rest of Africa. The attractiveness of investing in Africa has also been underpinned by the favourable returns that some South African businesses have registered of over 30%, and in some cases 50%-60%, compared to the 16%-20% rate of return in the South African market.[77]

The interest of South Africa in Africa is evidence both of the profitable business opportunities existing therein and the country's determination to play a pivotal role in the development of the African continent. It is also such interests that have made the South African Government to be reluctant to loose control over the NEPAD Project.[78] Till date, the Headquarters of NEPAD remain in South Africa. It is also no coincidence

[76] Given the prevailing dominance of market forces, it is not surprising that the economic advancement of private capital in Africa under the leadership of South Africa has been attracting valuable support from major establishments. The current Secretary General of the African Union recently asserted that: "We believe strongly in the African private sector. Without its help, we cannot achieve great things. The private sector must help us to become fully functional and efficient. We must find a way to ensure permanent contact between governments and business. If we don't work with the private sector and reinforce it, nothing will change in Africa" (Quoted in NEPAD English E-Newsletter Issue No. 31, 22 January 2004).

[77] See Naidu, 2003, pp. 7-8.

[78] See Melber, 2004, p.3.

that Professor Nkuhlu, who is President Mbeki's economic adviser, heads the NEPAD Steering Committee.[79]

For the South African business expansion in Africa to be sustainable, however, the South African Government has to do more to ensure that South African businesses adopt good corporate governance and ethical standards in their business operations in the African continent**.** This is very important giving the rising distrust of these South African multinationals in Africa already.[80] Some South African businesses are also known to be involved in illegal economic activities on the continent. In an October 2002 Report to the United Nations Security Council on illegal exploitation of natural resources in the war thorn Democratic Republic of Congo (Zaire), 12 South African companies were listed as being involved in unethical business practices.[81] In Nigeria, MTN is mired in controversy for defrauding subscribers.[82] At another level, South Africa, in its position as Africa's largest and most sophisticated economy should be willing to assume greater role in aiding and financing development in less privileged African countries. These will, no doubt, greatly enhance both the acceptability of NEPAD and the status of South Africa as a pivotal state in the Continent.

Conclusion

In Africa, South Africa stands out as an example of a country where market forces and neo liberal economic policies have culminated in private sector led positive economic development and growth. It is on the basis of the country's relative economic strength that it has earned the status of a pivotal state in the region. The expectation is that

[79] Even Professor Nkuhlu has made explicit the importance of NEPAD for the South African economy. According to him: "South Africa's self interest in the socio economic development of the continent is well understood by business. South Africa needs markets for her products and access to raw materials that are not produced in South Africa. Countries like Angola, the Democratic Republic of Congo, Equatorial Guinea and many others have resources that are of economic interest to South Africa. There is also the issue of political stability. South Africa needs neighbours that are both politically stable and economically prosperous. This will not only ensure better markets for South African exports, but also discourage excessive migrations of the citizens of other African countries to South Africa. Supporting and sponsoring NEPAD, places South Africa in a strong position to become the preferred development partner by a large number of African countries" (Nkhulu, 2003, p.3).

[80] For instance, a Kenyan legislator recently noted that: "if we continue doing this, we will end up owning nothing in Kenya…. They bulldoze their way around. It seems like they have the old attitude of the old South Africa" (Quoted in Daniel et al, 2004, p.347).

[81] United Nations, 2002, Annex III.

[82] See Naidu, 2003, p.19.

through the spearhead of NEPAD, the country would be able to engender the economic development of its less fortunate neighbours. In return, the South African domestic economy will be grown to become more relevant and competitive in the global world. The road to African economic renaissance and the sustenance of the NEPAD programme is however fraught with risks. While the NEPAD document explicitly spells out its expectations from African states especially the need for the adoption of free market policies and good governance, it documents little about its expectations from owners of foreign capital especially with respect to corporate governance. Given the sharp practices by some of these South African investors penetrating all corners of the continent under the cover of NEPAD, there is need for the enshrinement of corporate governance rules to guide these investments. This will be helpful if the rising resentment of such foreign investments is to be stemmed. Finally, there is need for South Africa to be more involved in providing developmental assistance to less privileged African states. This will, no doubt, help reduce the mistrust for the country, which dates back to the apartheid era and increase its acceptability as the continent's pivotal state.

Table 1

SOUTH AFRICAN TRADE BY MAJOR CONTINENTS
EXPORTS, IMPORTS AND TRADE BALANCE (RAND'000)

YEAR	TRADE	TOTAL AFRICA	TOTAL AMERICAS	TOTAL ASIA	TOTAL EUROPE
2003	EXPORT	39,000,060	34,161,186	65,176,197	92,019,620
	IMPORT	8217357	36,436,446	89,131,389	116,597,093
	TRADE BALANCE	**30,782,703**	**(2,275,260)**	**(23,955,192)**	**(24,577,473)**
2002	EXPORT	44,580,615	42,936,076	67,412,717	105,699,737
	IMPORT	9,937,967	43,536,528	88,109,497	123,902,091
	TRADE BALANCE	**34,642,648**	**(600,452)**	**(20,696,780)**	**(18,202,354)**
2001	EXPORT	34,709,006	37,331,702	53,268,078	85,592,016
	IMPORT	5,630,636	33,833,308	73,479,206	94,725,235
	TRADE BALANCE	**29,078,370**	**3,498,394**	**(20,211,128)**	**(9,133,219)**
	RANKING BY TRADE BALANCE: 2003	1	2	3	4
	2002	1	2	4	3
	2001	1	2	4	3

Source: Department of Trade and Industry, South Africa (2004)

Table 2

SOME LARGE INVESTMENTS IN AFRICA BY SOUTH AFRICAN COMPANIES MADE BETWEEN 1998 AND 2003

YEAR	TARGET (ACQUIRED) COMPANY	HOST COUNTRY	SOURCE (ACQUIRING) COMPANY	TRANSAC-TION VALUE ($'MILLION)	INDUSTRY
1998	MTN Nigeria	Nigeria	MTN	285	Non-Cyclical Services
2000	Vodacom Tanzania	United Republic of Tanzania	Vodacom	142	Non-Cyclical Services
	Ashanti Goldfield Geita Project	United Republic of Tanzania	AngloGold	83	Natural Resources
2001	Paide & Temane Gas Fields	Mozambique	Sasol Oil	581	Natural Resources
	Skorpion Zinc Project	Namibia	AngloGold	454	Natural Resources
	Mozal II	Mozambique	Industrial Development Corporation	160	Basic Industry
	Vodacom Congo	Democratic Republic of Congo	Vodacom	94	Non-Cyclical Services
2002	Grand Inga Falls Hydroelectric Project	Democratic Republic of Congo	Eskom Holdings	1,200	Utilities
	Vodacom	Mozambique	Vodacom	260	Non-Cyclical Services
	Kamoto Copper Mine	Democratic Republic of Congo	Kumba Resources	120	Basic Industries
	Caminhos de Ferro de Mocanbique	Mozambique	Ressano Garcia Railway Company	78	Cyclical Services
2003	Ashanti	Ghana	AglGold	454	Natural Resources
	Zimbabwe Platinum Mines	Zimbabwe	Impala Platinum	85	Natural Resources
	Hartley Platinum Mines	Zimbabwe	Impala Platinum	80	Natural Resources
	Business & Tourism Complex	Angola	Sun International SA	60	Cyclical Services
	Kolwezi Tailings Project	Democratic Republic of Congo	Industrial Development Corporation	33	Basic Industries
	Commercial Bank of Namibia	Namibia	Nedbank	33	Financial Services
	Banco Standard Totta de Mozambique	Mozambique	Stanbic Africa	22	Financial Services
	Investec Bank (Botswana)	Botswana	Stanbic Africa	21	Financial Services
	Zimbabwe Platinum Mines	Zimbabwe	Impala Platinum	19	Natural Resources
	Escravos Gas to Liquid Plant	Nigeria	Sasol		Natural Resources

Sources: UNCTAD, 2004.

TABLE 3

SOUTH AFRICAN BUSINESS INVESTMENTS IN AFRICA (DATES & NUMBERS)

Country	Pre-1990	1991-2000	2001-2004	Total	% of Investment Post-2000
Algeria			2	2	100
Burkina Faso			1	1	100
Burundi			1	1	100
Equatorial Guinea			2	2	100
Gabon			2	2	100
Guinea			1	1	100
Mauritania			1	1	100
Morocco			1	1	100
Sao Tome & Principe			1	1	100
Senegal			3	3	100
DR Congo		3	7	10	70
Rwanda		1	2	3	67
Madagascar		2	3	5	60
Angola		5	7	12	58
Nigeria	1	4	7	12	58
Uganda		5	6	11	55
Mali	1	2	3	6	50
Mauritius	1	6	9	13	46
Tanzania	2	11	11	24	46
Kenya	3	6	7	16	44
Ghana		9	6	15	40
Mozambique	7	11	9	27	33
Zambia	11	13	5	29	17
Malawi	7	8	3	18	17
Botswana	40	8	7	55	13
Namibia	41	16	6	63	10
Zimbabwe	24	14	4	42	10
Lesotho	17	7	1	25	4
Swaziland	23	6	1	30	3
Cameroon		1		1	-
Congo (Brazzaville)		1		1	-
Eqypt		3		3	-
Ethiopia		1		1	-
Ivory Coast	1			1	-
Seychelles		1		1	-
Total	**179**	**144**	**166**	**439**	**26**

Source: South Africa Foundation, 2004

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