

DRAFT

The impact of the Asian Drivers on Governance in Africa

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The question of the role of governance on the ability of African states to address their developmental weaknesses has risen in prominence within the continent in the last decade or so. African states' history of weak institutions, authoritarianism, inadequate human and capital resources, have all conspired to make Africa the most marginalized and poor continent. However, since the fall of the Berlin Wall, the trend in Africa has been towards more democratisation, social accountability and developmental imperatives of African leaders. In the early 21st century the global environment is changing, with the emergence of new actors such as India and China. Their rise is having wide-ranging impacts not only on economics but also on politics at the global, regional and national level.

Their growing political and economic engagement in Africa leads to the assumption that they will have some effect on the way in which political institutions, policies and overall governance frameworks evolve at the national and regional level in Africa. These impacts will be direct and indirect, positive and negative. The impact of China will not necessarily be the same as that of India, and the type of impact will vary from country to country depending on the level of engagement and the areas in which it takes place. At the outset, it is important to note that the investigation of the impact on governance in Africa of the Asian Drivers is a cross-cutting issue, which must inform all field research conducted on the sectors (agriculture, oil and gas, infrastructure, manufacturing). The points raised here therefore, need to be infused into the methodological framework of those papers too.

This paper starts by defining the concept of governance and human security, then goes on to highlight the weaknesses of African states, which perhaps militate against the optimum application of processes, aggregation of interests, operation of institutions and the bureaucracy and the related policy outcomes, and then goes on to set out the role of governance on the vectors as identified in the overarching framework of the programme 'Asian Drivers' by the Institute for Development Studies at Sussex University. It then identifies a number of actors, which it would be necessary to examine in assessing the impact on their policy-making as a result of the emergence of the Asian

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Drivers. Finally, the paper briefly identifies criteria for selecting country case studies.

Definitions of governance

The term 'governance' has received much currency in the academic discourse, in that of African states, as well as the international community (and donors in particular). At the continental level these are reflected in the documents on the New Partnership for Africa's Development, the African Union Constitutive Act and of course among donors.

Governance is widely recognised now as an essential prerequisite for extricating countries out of their poverty and underdevelopment, and thus helping them to become more symmetrically integrated into the world so that they too can gain from globalisation. Governance can be defined in a narrow technocratic way, focusing on the regulations, procedures, institutions that the state adopts, implements and enforces; or it can be far broader and more political, covering political reform, democratisation and the interplay between the state and non-state actors. Clearly, the former can be less politically sensitive to advocate (whether at the continental level through the home-grown African peer review mechanism, or at the donor level). The latter, however, is even more important when one talks about developing sustainable and accountable polities.

Governance is not only restricted to the public domain (whether in the broad or narrow sense). It includes the private domain within a state (from corporate governance and social responsibility of the business sector to the role and impact of non-governmental organisations and other non-state actors such as trade unions). Furthermore, another aspect becoming increasingly significant is global governance, relating to the functioning and evolution of global institutions and whether their preferences and methods of aggregation follow legitimate processes and are accountable to their constituents.

The primary focus of the paper will be on *governance at the national and regional level*. Reference will be made to both the implications for both the wider and narrower interpretations of governance. The paper will touch only very briefly on *global governance* and the impact of these new actors on Africa's position on this issue.

The most widely accepted definition currently of good governance is that of the World Bank, which defines it as the traditions and institutions by which authority in a country is exercised for the common good. This includes the process by which those in authority are selected, monitored and replaced; government's capacity to manage its economic and social resources effectively and to design and implement sound policies; and the extent to which citizens

and the state itself respects the institutions that govern economic and social interaction among them. (World Bank, 1992) Essentially, the Bank's focus is very much on transparency and effective management of public money and other funds at the state's disposal to ensure that these resources lead to development and growth.

Bowao and Samb (1997) define good governance in a broader sense, as "...the desire, constantly renewed over time, for liberty, justice and growth that fuels the drive and determination, admittedly controversial but never incomplete, of human society. This contradictory yet universal human quest which, under diversified and historically changing forms merges with the refusal to accept any kind of oppression, alienation, social hardship or moral decay..." This goes beyond the technical aspects of governance, which are given prominence in the World Bank's definition, to encompass elements related to the way in which a society interacts within itself, the extent to which society is open and allows for different interest groups to operate and participate in the broad social and economic debates, and help to shape them.

In an equally expansive definition of the term, the executive secretary of UNECA in 2004, KY Amoako, defined good governance as ensuring peace and security. "It engages the participation of every sector of society and ensures that human rights are guaranteed... good governance and democracy are intertwined. Good governance also promotes economic efficiency through equitable rules, by promoting fair and well-functioning markets. It curtails corruption and ensures the fair delivery of services." These activities are premised on the ability of actors in the policy process to precommit to good behaviour. Otherwise agents will continue to maximise their own utility or that of the group they belong to (Hamdok, 2003, 18).

Thus, good governance is closely interlinked with the challenge of building capable states in Africa. It presupposes the existence of effective domestic institutions, adherence to the rule of law, a private sector that can play a productive role in society, as well as a civil society that can participate in the policy formulation processes and the varied interests which the state has to aggregate. Such states (Amoako, 2004) are able to guarantee peace and security over a long period of time, and good governance is often a precondition for peace. Better phrased, the absence of good governance has been an important contributory factor to fuelling wars. Peace in turn provides a nourishing environment for development.

The capable state creates an enabling political and legal environment for economic growth and promotes the equitable distribution of the fruits of growth...Sustained poverty reduction results when growth is equitable. And the best way to achieve that is by building strong forms of democratic governance at all levels.

The capable state deals head on with corruption...[and] builds an enabling environment for the private sector to generate economic growth,

jobs and income. At the core of this is political and policy stability and a fair and consistent application of the rule of law. (Amoako, 2004)

Determining these is evaluated on the basis of how preferences of different groups are organised and aggregated, and the role of institutions and other actors in this regard.

UNECA's *African Governance Report 2005* breaks down governance into the following areas:

- *Political governance* – adherence to constitutionalism, leadership systems, social inclusivity in political representation, legitimacy of the political framework and the electoral process.
- *Economic governance and public financial management* – accountability and integrity of the systems.
- *Private sector development and corporate governance* – enabling environment for the private sector, public-private partnerships and protection of property rights and improving corporate governance.
- *Institutional checks and balances* – separation of powers and the effectiveness of the three arms of the state, as well as the effectiveness of non-state actors
- *Institutional effectiveness and accountability of the executive* – popular legitimacy of the public sector, transparency and accountability, corruption, policy-making processes and coherence and service delivery
- *Human rights and the rule of law* – including both the African human rights framework, as well as the institutional mechanisms for safeguarding and enforcing human rights
- *Institutional capacity building for good governance* – dealing with the capacity gaps in state and non-state actors

The African peer review process, to which 26 countries have now acceded, divides governance into four broad categories: political governance; economic governance; corporate governance; and socio-economic development. These broadly cover the areas identified by UNECA above.

An analysis of the impact on governance of the Asian Drivers would therefore have to consider it in the context of these various elements and the actors its includes.

Human versus regime security

One of the key concerns articulated relating to the impact of China and India on Africa is whether the manner of their interaction with African states and other actors within those countries (the various levels of state bureaucracy, the private sector, trade unions, local communities) will be negative on the progress made in 'mainstreaming' governance into the peace and prosperity agenda. With specific reference to China's involvement with African regimes engaged in conflict, there is a fear that their financial and political assistance

has helped to protract them by reducing the pressure on combatants to make compromises and to address underlying root causes of these conflicts. The same argument would need to be explored in the case of states not engaged in conflict, but where socio-economic development and accountability are weak, and where external actors (whether intentionally or not) have an impact on the types of decisions elites make (whether these are beneficial or not in the medium term to the overall polity).

At the heart of this lies the tension between human security and regime security in the policies that states adopt. In a broader sense, well-governed states provide human security for their populations. The underlying assumption of human security is that the promotion of peace and security is about protecting people rather than states. The notion embraces far more than “the absence of violent conflict. It encompasses human rights, good governance, access to education and health care and ensuring that each individual has opportunities and choices to fulfil his or her potential. Every step in this direction is also a step towards reducing poverty, achieving economic growth and preventing conflict. Freedom from want, freedom from fear and the freedom of future generations to inherit a healthy natural environment – these are the interrelated building blocks of human, and therefore national, security.” (Annan, 2000)

Peace is an important precondition for the emergence of good governance regimes, development and thus human security. Amartya Sen notes, (2000)

Development requires the removal of major sources of unfreedom: poverty as well as tyranny, poor economic opportunities as well as systematic social deprivation, neglect of public facilities as well as intolerance or overactivity of repressive states.

The emergence of this concept has been a response to the typology of state, which focused on the security of the elite at the expense of its citizens, often with dire consequences for them. The international system’s recognition of the principle of sovereignty allowed this to flourish because it is based on the ostensible control of national territory by the elite in the capital, whether the elite truly exercise control over its entire territory or not, and whether it is responsible and accountable to its citizens.

According to Cilliers, concerns about human security, “based on the emerging body of international law that elevates human rights to a level where it impinges upon demands for absolute state sovereignty and non-interference in the domestic affairs of countries, have led to new expectations for action and standards of conduct in national and international affairs” (Cilliers: 9, 2004). The international community’s ‘responsibility to protect’ (although the implementation of the principle is not without its controversies), implies that state actors and international organisations such as the UN, cannot and should not turn a blind eye to violations of human rights within a country.

Africa has adopted – at least in writing – a broader definition of human security. For example, the African Non-Aggression and Common Defence Pact states: “human security means the security of the individual with respect to the satisfaction of the basic needs of life; it also encompasses the creation of the social, political, economic, military, environmental and cultural conditions necessary for the survival, livelihood, and dignity of the individual, including the protection of fundamental freedoms, the respect for human rights, good governance, access to education, healthcare, and ensuring that each individual has opportunities and choices to fulfil his/her own potential.” Unfortunately, in many countries on the continent this is still the ideal.

The current discourse about human security does not dispute or undermine the role of the state as an organising unit of people (citizens), but rather re-affirm the centrality of humans within it. A state that functions well, is accountable and legitimate, continues to be the most effective protector of the security of citizens (Hammerstad, 2005). Thus the discussion about the attainment of human security is one that focuses on how to build states that are effective, but not oppressive.

I argue that at the heart of good governance regimes lies the concept of human security. In addressing the impact of the Asian Drivers on Africa countries in the area of politics and governance, therefore, a key research question would be to see how their engagement with states helps to further the evolution and implementation of these emerging principles in the African debate.

A related sub-element would be the examination of the governance practices of the external actors themselves. The Asian Drivers aside, there has been the development of a substantial body of policies within the context of external actors’ governance agendas, which are meant to improve for example, the efficacy of aid – by adopting harmonised codes and policies and recognising the need for such policies to reflect the importance of local ownership and input into their development – or socially responsible investment codes. How the ADs interact with these at the international level is an important area of investigation in understanding their approach to governance issues in Africa.

The nature of the African state

The particularities of the emergence of the state system in Africa have had a profound impact on development and growth, and the ability of states to carry out these basic functions for their citizens.² This legacy continues to

² For an excellent discussion of this see, Herbst J, *States and Power in Africa: Comparative lessons in authority and control*, Princeton, Princeton University Press, 2000,

plague them, and the role of external actors (both old and new) is therefore greater than may have been the case in other regions of the world. The question to ask in this paper, is whether the Asian Drivers are following in the mould of other external actors.

The nature of state-building in Africa has played a central role in the post-colonial period in constraining development and growth. More often than not, governing elites have been unable to exercise control over large parts of their territory as granted to them by international law at independence. The attainment of sovereignty itself did not necessarily confer legitimacy on the elite in the eyes of sections of the electorate, and the government bureaucracy itself was seen as benefiting the power base of the ruling elite. To this day there continues to be the co-existence of patrimonial practices with modern bureaucracies (Van de Walle, 2004). More transparent governance systems threaten the large number of rent-seekers, who risk being deprived of their access to resources, as better processes and controls are introduced. There are entrenched interests there, often in the top echelons of the hierarchy, which become themselves the key obstacles to any reform: where good policy may have been designed – often with traditional donors – the nature of the bureaucracy is such that it is poorly implemented either intentionally or because of a lack of capacity and sufficient understanding of the constraints of adopting and enforcing certain policies.

The foreign aid system has undermined the development of state institutional capacity by externalising policy-making (Van de Walle). And this passivity of many governments to proposals made by donors continues to this day – it is replicated quite starkly in some of the less capable states, where the entry of the Asian Drivers has created similar situations of the abdication of hands-on participation by the African government in projects initiated by the Chinese, for example.

Taxation is often an important tool in the hands of the people in the context of accountability. However, most African states have a low internal revenue base, and depend largely on aid flows and royalties from oil and gas fields for large proportions of the budget. The potential for new actors and flows both of investment and assistance to provide room for manoeuvre is high and it is in states which are probably most fragile and where domestic economic activity is largely subsistence-related.

Notwithstanding that much of the discourse in the previous two decades was about slimming down the state, privatising state agencies and reducing expenditure in the name of structural adjustment programmes, effective and capable states are the foundation of a well-governed polity: determined by their ability to deliver public goods, but equally by the extent to which there is a sense of ‘moral and intellectual’ bonding with citizens by the leadership, and concomitant legitimacy. Fukuyama notes that, “the task of modern

politics has been to tame the power of the state, to direct its activities toward ends regarded as legitimate by the people it serves, and to regularize the exercise of power under a rule of law”, but the consequence of the policies associated with the ‘Washington Consensus’ was to weaken the state, rather than seek to ensure that it was *strong* enough to carry out the *scope* of its functions. (Fukuyama: 2-16, 2005)

Therefore, at the heart of the challenge lies institutional capacity, which conventional wisdom today regards as a “critical variable in development”. (Fukuyama, 29) In a related vein, state legitimacy has a close relationship to state/institutional capacity, because the ability of institutions to meet the needs of their citizens in an effective and transparent way contributes to the assertion of political legitimacy. (Fukuyama, 35)

Although no country conforms precisely with a particular typology, it is important to define the broad parameters and within those examine certain groups of states. Samatar and Samatar (2002) identify five types. For the purposes of this paper, I will focus on four of them as the fifth, the integral state, has not been produced yet in Africa. The type of state most often correlates directly with the question of how policy preferences are aggregated through domestic political institutions.

At the one end of the spectrum there is the ‘*developmental*’ state where the state is activist in the improvement of human capital and the enhancement of productive forces and national accumulation. However, socio-economic achievements may sometimes come at the cost of civil liberties and political pluralism. An example of such a state in Africa is Botswana, although it has managed to maintain its commitment to liberal democracy.

The second type of state is the ‘*prebendalist*’ state, which is concerned with the “protection and reproduction of the immediate interests of the regime and its associates”. The state may become a source of personal and group enrichment, and if this continues the common good is increasingly disregarded. Examples of this type of state are Nigeria before the political transition or Ghana, also before its transition).

The third type of state is the ‘*predatory*’ state, where the prebendalist state loses what little functional capacity and stability it had, leading to growing alienation. As Samatar and Samatar describe it: “..the last veils of collective belonging drop, and scavenging over dwindling public resources becomes openly vicious.” The regime can become openly criminal (Sudan).

Finally, the ‘*cadaverous*’ state, where civic life has completely disappeared, for example, the case of Somalia where there is no real state that one can speak of.

One can use different definitional terms to describe the range of state forms in Africa. For example, the US National Intelligence Council refers to 'democratic consolidators, democratic aspirants, semi- or authoritarian states, and those countries that are under the supervision of various UN missions.

Democratic consolidators display a higher degree of public accountability, have an active civil society, an ability to control corruption and adherence to the rules of the game (for example, Ghana, South Africa, Botswana). Democratic aspirants are those countries that hold regular elections, but where their legitimacy is questionable. The sustainability of the political transition is still uncertain (Nigeria). Semi- or authoritarian states have seen their progress towards democracy stall. Patronage and the silencing of dissent is the norm (Equatorial Guinea, Togo). In these states corruption and organised criminal networks proliferate. (Wannenburg, 2006)

To add to the typology, there is a growing literature on fragile, failing, or weak states in Africa. "State failure presents a genuine threat to the international system in part because the system is based on states and in part because state failure has become the primary cause of armed conflict, civil war, and the everyday threats to the security of people living on the territory of such states" (Woodward, 2004). In such African states there is not much of a framework of governance to talk of, and thus the question arises whether external actors help to rebuild these states, and assist in the emergence of a governance-architecture or entrench the absence of any predictable institutional and regulatory frameworks. (But clearly in such states, governance in its broader meaning will be largely absent, which also has ramifications for the longevity and effectiveness of institution-building.)

Within the Northern donor community, the need to differentiate the form of engagement in weak, failing or fragile states, from that in more stable and effective states is gaining in prominence. This is an important development, which should be investigated in the case of the Asian Drivers.

While there have been a number of initiatives at conflict resolution in Africa in recent years, and a willingness by Africa leaders to deal with emerging conflicts, Africa continues to be wracked by the consequences of 'conflict systems' or environments that are politically very fragile or still emerging out of conflict: West Africa (Sierra Leone, Liberia, Cote d'Ivoire); the Great Lakes, the Horn of Africa and Sudan. These conflicts or very nascent post-conflict situations have all the characteristics of weak states, insufficient legitimacy or authority over large swathes of their territory, and consequently very limited, if any, accountability or transparency in the way some of the precepts of capable states define these. State failure is the inability to make collective decisions and enforce them (Woodward).

In Africa very few wars today are the conventional interstate wars, although many cross borders. They may be billed as societal conflicts (Porto, 2002) where to begin to address them requires an understanding of ethno-nationalism, religious militancy, resource scarcity, and environmental degradation among others.

Into this malaise of 'wars of a third kind' (Holsti, 1989) enter the Asian Drivers. These wars/conflicts are both the result and the cause of the legacy of weak, poorly governed states who often lack legitimacy in the eyes of sections of the population, or which although recognised as states and thus as sovereign – represent little more than several pockets of authority within the same territory, one of which is recognised in the international system as the legal representative and authority of the state. One cannot remove from a discussion on governance the impact of external actors on it, the legacy of state formation and building on the continent.

An underlying concern in examining the various typologies of state in Africa is how it can be “reformed to purposefully pursue a developmental agenda” (Samatar and Samatar, 2002), rather than one that is focused on selfish enrichment of the few. Improved governance is central to achieving such an agenda, and underpins the thinking behind Nepad and the new continental architecture. However, the inability of many states in Africa to fulfil such a role has implications for the manner in which they are able to engage with China and India at the political and economic level in their countries. Will the presence of the Asian Drivers in such states slow or speed up the process of better governance?

Issues and Challenges

It is not a predetermined fact that the impact of the Asian Drivers on governance and politics in African states will be either positive or negative. The outcome will be largely determined by the manner in which African states themselves manage their relationships with these 'new' global actors. (Both India and China have had a long relationship with Africa, but their more recent phenomenal growth and impact is the current area of investigation.) Both states' rise present enormous possibilities for African states to deal with their developmental deficits, but without carefully planned strategies such opportunities can easily become threats in the medium to longer term.

The underlying assumption, therefore, is that capable, well-governed states will manage their relationship with the Asian Drivers proactively and strategically to ensure optimum positive impact in terms of their developmental objectives. Fragile states, or states with weak capacities will have greater difficulty in ensuring such an outcome.

China and India: Different political and economic traditions

While much has been written about China in the last few years, less has been done on India, and it is an area that will require substantially more exploration. China and India may have much in common – their phenomenal recent economic growth, their developing country status – but their particular political and economic systems and historical background differ vastly. This means that an analysis of their potential impact on governance will need to take into consideration these differences.

China is a more open economy than India, has made substantial progress in adopting the ‘market’, but on the political level, continues to be an authoritarian state with little room for open debate and engagement with interest-based civil society groups. The rule of law still is not as predictable or as reliable as it is in the developed world and the regulatory environment is quite weak. China’s substantial economic achievements over the last 27 years have also sparked debates within African countries about whether the Chinese authoritarian model is the path to effective development. Thus, is the Chinese developmental model, for example, an alternative paradigm or simply an alternative strategy of implementing the existing paradigm?

India, by contrast, is the world’s largest democracy, although it has only begun to throw off the ‘shackles’ of the ‘licence Raj’ in the last 12-15 years. In this sense, China is more globalised than India. However, it has an independent judiciary, better enforcement of the rule of law, and stable capital markets. As a democracy it has a vibrant civil society and vigorous public debate on political and economic issues. It also has a far better developed private sector. The fact that India shares a common colonial history with many Anglophone African states may be an advantage in terms of the extent of understanding of its political and economic culture is concerned.

Thus their respective entry strategies and *modi operandi* in other countries are conditioned by their political and economic systems. This presupposes an understanding not only of the history of their civilisations, but also an interrogation of their domestic policies and governance frameworks to compare actions/policies/processes at home with those abroad. An understanding of the drivers of their foreign policy and the underlying principles thereof are equally important.

In addition, one should recognise that there are many different actors operating in Africa from China and India, and that even authoritarian China does not have a monolithic structure/system. This entails, therefore, a better understanding of the various actors from India and China that drive the entry and engagement with Africa.

Direct and indirect impacts on governance

Impact on governance and the political framework in African countries should be examined on four different levels: Firstly, at the level of political institutions and processes; secondly, at the level of economic and fiscal management; thirdly, at the local community level; and fourthly at the level of firms. These levels in turn are linked to the four vectors identified in the overarching framework of the research project by the IDS: Trade, investment, aid and migration.

At the first level, *impact on political institutions and processes*, these may be affected directly by the actions of the Asian Drivers at the political level (in terms of their engagement with the leadership), or they may be affected by the perceived benefits emanating from a particular type of system (authoritarian in the case of China). The latter perception may thus lead to a stalling of processes promoting greater transparency, accountability, and democracy. Political and financial support by the Asian Drivers for regimes that are highly undemocratic with poor and divisive governance records (such as Sudan or Zimbabwe) may also allow for the creation of greater manoeuvrability and intransigence for the ruling elite in terms of breaking political impasses, negotiating with the opposition or opening up the political space. Where processes and institutions for aggregating different interests (both internal and external) are weak or non-existent, or where they are flouted, the extent to which the African state can determine the type of impact on the four vectors will be reduced. It is at the political level, for example, that policies, regulations and standards are developed, implemented and enforced. How are such policy choices made at the state level? How trade and industrial policy is determined, or investment codes developed and adhered to, how different domestic interests are taken into consideration, how aid is utilised, and whether there are rules for migration are usually the outcome of the various mechanisms of political participation, processes and institutions.

However, adherence to principles, and enforcement of procedures and policies, have been the key shortcomings of governance regimes in Africa. The size of China and India may thus simply serve to magnify the already existing problem rather than necessarily compound it.

Some key questions at this level include: Will ADs become involved in domestic politics, either openly or through political party financing? And how may that potentially change the internal balance of power within a country? How are ADs playing a role in aggregating preferences within a particular country? Through what means are they engaging with the various actors within a state? Do African governments seek to integrate aid, trade and investment from the Asian Drivers into their national poverty reduction and development strategies or do the flows operate outside of that framework? Are the Asian Drivers concentrating their political engagement only at the state level, or is it more diversified? To what extent are these engagements

linked to the kind of decision-making and regime type that these states display? What types of cooperation are emerging, diplomatic, military, trade and investment? How do these engagements differ between India and China?

The second level, *economic and fiscal management*, cannot be completely separated from the first, as this too is a result of political institutions and processes. However, it also includes certain more technical elements, which warrant it being set apart. Are there transparent rules that reflect how aid, for example, is allocated? Is aid from China for example, factored into the national budget, or is it extra-budgetary? Is there an open process for tendering for state contracts, and does it stand up to scrutiny? Does the state have the capacity to enforce its regulations on imports and exports, and customs collection?

At the level of the *local community*, the direct impact can be both on the public authorities as well as the population itself. Questions would include, what economic impact company activity is having on the community? Equally important is the extent to which the company is integrated into the community or not. Where there has been migration of labour from China, how does this affect the social dynamics within the community? Is there provision for consultation with the local community in terms of removing them from the area to make way for a plant, a mine or an oilfield? At what level is there engagement with the public authorities by the Asian Driver actors? Is there engagement with, and the decision taken, solely via the central government, or in consultation with the local authorities? And to what extent does this affect institutions and processes already in existence?

The fourth level is that of *firms*. These may be big domestic corporations, or small and medium companies, including small traders. Does the regulatory environment provide for a level playing field for all companies? Or can certain actors play by different rules, more conducive to operating in what is often a difficult political environment? This relates specifically to standard labour practices, environmental impact assessments and responsible management of the environment, corporate social responsibility to name a few. All these factors are critical to the ability of local (and other foreign) firms to compete with the Asian Drivers, if their comparative advantage stems from political deals alone.

The above analysis of impact should be placed in the context of the different type and *degree of fragility* of the African state elaborated earlier. For example, in the absence of specific policies and practices that take into account the challenges of ungoverned, or weakly governed spaces (fragile states),³ will the

³ Most Northern countries are becoming increasingly sensitive to the challenges these states pose and have/are developing policies in this regard. Furthermore, the OECD has developed a toolkit for investors operating in weak governance zones. There are also many other such initiatives.

Asian Drivers be a force for good, or for bad, especially in the context of conflict? The vector of aid is crucial in this analysis. As emerging aid donors, China and India have not yet become active participants in the creation of principles related to aid effectiveness, nor are they party to some of the international conventions on good practice in areas such as natural resource management etc. Is there potential cooperation forthcoming with Northern countries in these and other areas, and what initiatives are being undertaken to give them a place in principle and norm creation on some of these issues? In the medium term this will have a significant impact on the manner of their engagement at the international and national level. What are the positions of China and India respectively in this regard?

At the other end of the continuum in the typology of states, what are the potential implications on political and economic processes, of lucrative investments linked to aid/loans etc being made to *well-functioning* African states? Are the established rules of the game being changed to accommodate them? What is the possibility for erosion of rule of law etc. This would be a key test for the strength of the institutional foundations of these states. (Clearly, the entry of China and India into Northern markets is not expected to have the same implications.) Therefore the key difference is the institutional structure and capability of such states.

Additional questions that touch on the interrelated nature of the four levels of impact and the vectors, include the following:

- Do the ADs help political elites within African states to withstand pressures to improve governance from Northern donors and equally from domestic constituents?
- What are the implications for greater stability or conflict of the potential of greater autonomy in policy-making brought about by aid flows outside of the Paris Declaration?
- What do the ADs do for the momentum of civil society in Africa to affect corporate, political and economic governance?
- What will their impact be on human rights and civil liberties within countries with weak traditions in these areas?
- To what extent is there an opening of economic policy space for African states, which the ADs afford, because of their potential role as developmental models, and what is the concomitant effect on governance and development-oriented regimes?

Apart from engagement in the domestic terrain, the Asian Drivers are also keen participants in the global arena. China holds a permanent seat on the Security Council, while India aspires to one. Furthermore, because of their size and phenomenal economic growth, sooner or later they will need to be brought into the global processes dealing with global public goods such as the environment, but also on issues related to 'private' global governance, related to labour standards, the triple bottom line, fair trading and so on.

However, while China continues to see itself as a developing state and one that on the global scene promotes the interests of poor countries, the global governance agenda of India or China will not always be the same as Africa's, and indeed even within Africa there are a multitude of perspectives on different aspects of the global governance agenda. China's position on reform of the UN Security Council is very different from that of India, which is also different from the African consensus. China has benefited and continues to benefit from the international system as it is now, in ways that Africa or India perhaps do not. This is partly through domestic choices it has made itself but also because a country of that economic and demographic size cannot be ignored. India may be in that position in the future, but is lagging a little. Equally, India and China have played different roles within the WTO and forged different alliances at different times. China's interests at Doha are probably not those of Africa, and indeed many developing countries want to be able to access the Chinese market more easily than they can now because of numerous restrictions.

In the medium term, which particular countries become power brokers in Africa over the next 20 years will have an impact on African states' positioning on various global matters. This also has linkages to the fact that the global governance system and the current international order are in transition (at this point gradually, but a major crisis may not rule out the possibility of it happening more quickly and suddenly). Either way, the central question is whether the Asian Drivers will accelerate the momentum for the strengthening of a rules-based multilateral system of global governance based on democratic principles and focusing on the global good rather than narrow national interest.

Policy implications for different actors

To refer to the earlier point about the fact that the Asian Drivers are not necessarily good or bad in and of themselves, the outcomes of their impact are also largely determined by a number of 'agents of influence' (Sidiropoulos, 2006). The first of these is the 'host' state or states, because they can determine (up to a point) both the form bilateral engagement takes and the terms of conditions on assistance. (Regional and continental organisations are also included here.) Furthermore, it encompasses both the government, the state bureaucracy, and other domestic actors, such as business, community-based organisations, trade unions etc.

The second agent of influence is the international community (both states and international institutions), and the rules and norms governing trade, investment and aid that have evolved over the last few decades, both in the political and economic terrains. These relate to conditions like accountability, transparency, responsibility to protect and corporate governance, which must

be met by the recipient country if assistance is to be forthcoming. Global integration is such that the beneficiaries, whether states or non-governmental entities, cannot avoid conforming with many of these requirements, at least in some of their dealings.

The last agent of influence is the ADs themselves. Both have aspirations to 'great power' status. This carries with it the recognition that such prestige involves assuming global responsibilities. This may have a restraining and moderating influence over the ways in which they use their power in the future. The international environment will have an impact on both domestic and foreign policy.

The section below will examine briefly the various actors and policy implications for them in the context of the entry of the Asian Drivers.

Governments (national, provincial, local): A distinction should be made between different types of government and their views on political and economic governance, and the broader regulatory and enabling environment. The depth of engagement with the ADs at the political level will depend to some extent on the degree of dependence on them. It is likely that weaker states will focus on elite survival strategies, where an actor such as China may give them the opportunity to defer difficult decisions. For more stable states, the challenge may be to focus on capacity building to beef up the rules of the game and work towards a more equitable mutual benefit. At the same time this would allow for better integration of the ADs' assistance and activities into the broad national development priorities.

The research should aim to test the assumption of three types of impacts:

- a) *reasonably well-governed states* (South Africa, Botswana) (developmental)
The existence of more developed civil society, a more engaged press, and an organised private sector means that the host state has a far more substantial interaction on different issues, and the existence of a reasonably developed body of laws, which are enforceable for the most part, usually militates against arbitrariness – although this may not always be the case. In these instances, a reasonable question would be the positive role that ADs can play, given their own experience, in helping to reform the state so that it can pursue a growth and developmental agenda.
- b) *poorly governed states (prebendalist, predatory)*, only now emerging out of conflict or with low-intensity conflict in parts of their territory (DRC, Cote d'Ivoire, Sudan, Angola). For these, the entry of the ADs provide them with options outside of their traditional cooperation partners, which in turn may slow down any movement on their part to improve their accountability towards citizens, or may help to entrench further existing conflicts. Most of these states lack the institutional and related

infrastructure that the various protocols and plans talk about. They display some of the more critical problems facing the state in Africa. Adopting more rigour in terms of systems and institutions will carry huge costs for the elite, which ADs may give them a way out of. China's entry into some of the more fragile states seems to boost state/regime security at the expense of people security. It contributes to the entrenchment of the elite, and provides a lifeline, which militates against the need of states to seek legitimacy from the electorate. It allows for difficult decisions/reforms to be deferred; thus exacerbating the tensions beneath the surface in the longer term, and making the intensity of the problem greater. It may in its worst form perpetuate conflict/violence as a means of achieving certain political outcomes (either for those they support or those that are opposed to the particular state). The role that Indian political or commercial engagement may have on policy makers is still unclear, as its level of engagement at both levels still lags substantially behind that of China.

- c) *middling states* (Zambia, Uganda) (prebendalist) These may not face serious conflict, but they are largely poor, with substantial developmental challenges. They may have fairly progressive legislation on many aspects of governance, some of which may also be constitutionally enshrined, but the application and enforcement is often non-existent.

Intergovernmental organisations: For policymakers in these institutions there is potentially much opportunity for securing support for some of the large infrastructural and other visionary projects espoused by NEPAD. However, China in particular seems to be shying away from engagement with regional bodies. Its interaction is largely bilateral, but regional entities have an important role to play in the developmental agenda of the continent, and it is clear that some of the problems facing states can only be dealt with at the regional level (infrastructure is one such instance). Furthermore, regional entities are also working towards the harmonisation of regulatory frameworks in trade, investment, and migration.

The private sector: Most African countries have weak domestic private sectors, with the possible exception of South Africa and Kenya (and one or two others). Where these exist, more often than not, they thrive on clientelist relationships with the governing elite. Thus they are largely uncompetitive in the global arena. There are few incentives to adopt or comply with codes of conduct related to companies, and a largely absent corporate governance environment. While Western companies not complying with good corporate practice have sometime been pressurised by their own domestic constituencies or international civil society organisations to improve the way they do business in developing countries, these kinds of pressures are often absent in the Asian drivers. A recent report by Transparency International –

Bribe Payers Index 2006 – surveyed the inclination of companies from 30 leading exporting countries to bribe abroad. The ranking was as follows: India, China, Russia, Turkey, Taiwan, Malaysia and South Africa.

However, how domestic and other foreign commercial actors react to what they may view as ‘cu-throat’ practices of the ADs in the area of business may have implications for the way in which corporate governance regimes emerge and are adhered to in such countries. The experience of South African companies shows that where corporate governance exists and is enforced, companies comply. If they operate in weak governance zones, where such codes are non-existent or not enforced, companies will cut corners.

Trades unions and chamber of commerce: Where trades unions are well-organised, the most important impact is the pressure they may exert on government, but also on companies from the Asian Drivers (where these are not adhering to certain minimum labour standards) to ensure compliance. However, the entry of the Asian Drivers whether through trade or investment raises strategic questions for both trades unions and business chambers in terms of their strategic decision-making in positioning their industries globally. The challenge for both here is to avoid retreating behind protectionist walls in the hope that they can see out these new challenges and opportunities.

NGOs and other civil society organisations: These include: Environmental organisations, community-based organisations, human rights organisations and related advocacy groups. Many of the bigger ones are international, but throughout Africa civil society is becoming more vocal and active, and it is conceivable that these will start emerging as watchdogs on particular interest-driven issues.

The level of political organisation among civil society, the strength of business chambers, trade unions, women’s and other groups will play a role in the way in which countries engage with the AD; whether they have the ability to deal with them in a strategic fashion or not.

Traditional donor community: This will continue to be an important actor because the resources at its disposal are still vastly greater than those of the Asian Drivers. However, its actions and reactions to the rise of the Asian Drivers in Africa will also play a significant part in how the relationship with host countries evolves, as indeed with the ADs themselves. The key challenge for the traditional donor community will be what form its engagement will take with African states on the good governance agenda, poverty reduction strategies and sectoral foci.

Both the actors and the vectors form part of a moving picture. How the Asian Drivers themselves evolve as they begin to assume greater global roles and responsibilities, and how their own domestic political and economic system change will affect in no small measure their interaction with African states.

Criteria for potential country case studies

The criteria for investigating the impact on governance in various countries should be ensure that there is a fairly good spread in terms of the typology of state:

- Fragile, 'captured', contested, criminal?
- Authoritarian or semi-authoritarian?
- Democratic aspirants?
- Democratic consolidators

In addition, there should be a fair mix between resource-rich and resource poor states, and equally the selection should look to the relevance of the country studies to governance, and the potential overlap with the economic sectors being investigated.

To give some examples in the above context, **Malawi** would be an interesting case study in the context of China because it has no formal diplomatic links with the PRC. However, there is much Chinese economic activity in that country. It would provide an interesting analysis of the interplay between politics and economics.

Chad would also make an interesting analysis. It is oil-rich, would be regarded as a weak state, and has very recently switched sides (previously it recognised Taiwan). It is also part of the arc of conflict stretching from the Horn, through the Sudan into Chad itself and the Central African Republic. This is relevant in the context of identifying the impact of Chinese involvement in the conflict and the effect this has on decision-making within the state.

Other countries that should be considered are Ghana, Kenya, and Liberia.

In the context of the global governance debate the research should focus on African countries that are active and engaged in the global debates at the UN level, in the IMF, in the WTO, and in the emerging issues such as climate change and the environment.