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ASIA WITH AFRICA

Opportunities and Challenges

EDITED BY URVASHI ANEJA

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INTRODUCTION

URVASHI ANEJA

The past two decades have witnessed rapid economic transformation in Asia. Asian economies, particularly India and China, are increasingly looking to Africa to support their economic growth and strategic interests. Asia's growing footprint has the potential to contribute to African development and security. African states are also looking to Asia for new sources of investment and development partnerships. Asia and Africa are thus well positioned to build mutually beneficial partnerships based on the principles of south-south cooperation.[1] Asia and Africa also face comparable challenges of creating equitable and sustainable growth, strengthening governance and institutions, and negotiating a similar range of traditional and non-traditional security threats. The rhetoric of southern cooperation also obscures divergent, sometimes conflicting interests. This collection of policy-oriented opinion pieces by leading scholars from around the world examines how Asia's recent and emerging outreach to Africa can contribute to African development and security - how opportunities can be capitalized upon and challenges negotiated.

The Time is Now

Asia and Africa have a long history of cooperation. While the first Asian-African conference was held in 1955, the nature of the engagement has broadened and deepened over the past 60 years. The outcome documents of the 2015 India-Africa and China-Africa summits are a testament to this, with ambitious commitments made by both India and China towards African development. Three macro-trends make this an opportune moment to analyze how Asian economies can support African development.

First, despite similar starting points, Asian economies have sped ahead of Africa in the past few decades. Fifty years ago, South Korea and Sub-Saharan Africa were at a similar stage of economic development; today, as Michael Shellenberger notes in this volume, South Korea has a standard of living comparable to England and the United States. Ben Shenglin's article similarly notes that in 1970, Africa's GDP per capita was similar to Asia's and more than two times that of China; today, Africa's average is less than 30 percent of China's. Shellenberger suggests that the success of Asian economies can be explained by the central role played by Asian governments in promoting national industry and managing external aid around this objective.[2] For Shenglin, connectivity, or the lack of it, in terms of trade, technology and finance, explains a significant part of the divergence between Asian and African economies. In contrast, most African states have been heavily reliant on western aid for their development. Despite trillions in aid money to Africa, poverty levels remain high and growth rates remain low.[3] While the reasons for the divergent economic trajectories of Asia and Africa are naturally more complex, there are perhaps lessons from the Asian experience around the centrality of industry, infrastructure, and trade, in a state-led model of economic growth, than can be applied to Africa. Shellenberger takes a clear stance on the issue, arguing that the western model of aid for Africa has worked nowhere, not even in Europe and North America; African leaders, he argues, should pay attention to the lessons of the Asian growth story rather the solutions offered by the west.

Second, growing skepticism of the contributions of ODA combined with high growth rates in Asia, is leading to a shift away from 'aid effectiveness' to 'development effectiveness.' Where the former refers to organizational inputs and the internal coherence of aid instruments, the latter shifts attention to how non-aid instruments such as trade, investment, private sector engagement, and global policy in areas such as taxation and migration, can contribute to actual development outcomes. Development effectiveness also includes a renewed focus on economic growth and wealth creation, rather than direct poverty-reduction through aid.[4] The road map for financing the Sustainable Development Goals (SDG) developed in Addis Ababa in July 2015 reflected this shift towards development effectiveness. While aid will continue to play a role, a large portion of the financing for the SDGs is expected to come from non-aid sources such as trade, export credits, private sector investments, domestic tax revenues, and 'smart aid' that blends aid with innovative financial instruments to maximize its potential.[5] The growing acceptance of this model as the new 'development normal' gives renewed legitimacy to the economic model followed by a number of Asian states, particularly in East Asia, and reinforces their potential contribution to African development through trade, finance, and private sector investment.

Third, there is a growing expectation that south-south cooperation will play a critical role in global development. At the Financing for Development conference in Addis, northern donors made no new ODA commitments; ODA has in fact been declining since the early 2000s.[6] Two alternatives put on the table were domestic resource mobilization and private sector investments. Both these options work well for middle income countries, but look less rosy from the perspective of the least developing countries (LDC) and fragile contexts, many of which are in Africa; many of these LDCs do not have a broad enough tax base to fund necessary economic and social sector investments and are also likely to find it difficult to attract sustained private sector investments. The role of south-south cooperation is particularly relevant in this context - southern cooperation not just around trade and investment, but also for technology transfers and knowledge and skill building, can play a critical role in meeting the post 2015 development agenda. Over the next 15 years, the developing world is also expected to dominate global savings - by 2030, developing countries will hold 62 percent of global savings.[7] The newly formed New Development Bank (NDB) and the Asian Infrastructure Investment Bank (AIIB) have been created to direct these savings towards infrastructure development projects in the south. These new regional banks can play a critical role in financing infrastructure and other sectors neglected by the traditional Bretton Woods institutions in the global south, including Africa.

These broader trends create the conditions for Asia's economic diplomacy in Africa to be built around mutual benefit and contribute to African development. This narrative however obscures both the costs of high growth and the divergent interests of southern states. A number of Asian economies, such as India, have experienced high rates of growth but this has not contributed to equitable development. High growth has also come with severe environmental consequences - respiratory diseases caused by high levels of pollution is a growing cause of illness in Beijing and New Delhi. Corruption, poor governance, and weak institutions also continue to stifle development in a number of Asian countries. There are thus lessons to be learnt from the Asian model - not just of how to accelerate growth, but also how growth should be balanced with social equity and environmental impact. South-south cooperation is also premised on the principle of mutual benefit, though there are a number of points of conflict as well. Trade between Asia and Africa, for example, has primarily been concentrated in the primary commodities sector, which while contributing to African growth can also perpetuate Africa's resource curse.[8] The volatility of a primary commodity-led growth model has only become clearer in the context of the current global economic slow-down.[9] Negotiating these tensions requires not just political principles, like those of south-south cooperation, but also programmatic frameworks and operational guidelines.

Papers in this volume consider these opportunities and challenges across multiple sectors including trade and investment, energy and natural resources, technology and blue economy, security and peacekeeping, and policy convergence in global governance institutions. The rest of this introductory chapter lays out the main themes and recommendations in the volume. A caveat is in order – the 'Asia with Africa' narrative framing this volume risks over-generalization as there are numerous and significant differences within Asia and Africa. There is thus a need to examine the relationship from the perspective of specific Asian and African countries. The broader narrative on Asia and Africa also tends to be dominated by China and India, Asia's largest economies, a tendency that is reproduced in this volume as well.

Diversify Trade and Investments

While Asia-Africa trade has been steadily growing over the past decades, trade is mostly concentrated in the export of African crude oil and minerals. For equitable development, the building of domestic capacity and industry, and African peace and security, it is necessary to diversify this trade base. Manish Chand's piece in this volume suggests incentivizing African non-commodity exports through duty concessions and preferential access. Chand also notes the potential for Asian investment to address the infrastructure deficit in Africa. Such infrastructure investments, Chand argues, should be supported by investments in human resource development - such as in higher education and skill development institutions. These investments acquire particular significance in the context of Africa's demographic composition, the world's youngest continent. As Vikrom Mathur argues in his chapter, Africa's biggest strength is its youth - education and skilling are thus critical for Africa's future.

Make in Africa

A wider trade and investment base alone is not enough. Mao Keji's article in this volume highlights the opportunities for China and India to contribute to Africa's industrialization. Currently African countries occupy a disproportionally low share of the global manufacturing output that then leaves them reliant on the export of raw materials. Building a strong manufacturing base is thus key and Africa, with a projected 62 percent of its population within the working age bracket by 2050, is well positioned to join the global value chain. The slow-down of China is in fact an opportunity for Africa as China is looking to re-locate its lower-end and labor-intensive manufacturing capacities abroad. China's One Belt One Road (OBOR) strategy is intended to facilitate this, as are plans for Chinese established special economic zones (SEZ) and industrial parks in Africa. These SEZs and industrial parks are intended to address two of the main bottlenecks to African development – backward infrastructure and inadequate skilled personnel. Shenglin's piece similarly notes that OBOR is intended to facilitate connectivity, in terms of trade and investment, infrastructure, technology and people. OBOR has attracted some misunderstanding, Shenglin notes, but it is an opportunity not just for China, but also for the world to advance its integration with Africa.

At the Third India Africa Forum Summit (IAFS), India similarly pledged to contribute to the development of African manufacturing capacity. Keji cautions however that India is embarking on its own 'Make in India' program which, if successful, will increase India's demand for raw materials and new markets. While this can have adverse consequences for the diversification of India-Africa trade, the sizeable community of Indian diaspora and industrialists in Africa can help generate alternative sources of economic momentum.

Seize 21st Century Development Opportunities – Blue Economy, Technology, and Energy

Industrialization was a key driver of Asian success and it can become a cornerstone of Asia and Africa's economic partnership. But new avenues for cooperation have opened up in the 21st century that can have positive development outcomes. Blue economy, for example, was a key theme at the Third IAFS. Abhijit Singh's chapter highlights how India can build effective partnerships with Africa in fisheries and aquaculture, renewable ocean energy, seaports and shipping, and sea bed-exploration. Here, India and China can work together, directing finances from regional financial institutions like the AIIB and NDB towards building African capacity for blue energy projects.

Technological collaboration for ICTs, health, energy, and agriculture, as Vikrom Mathur highlights in his chapter, is also an important sector that should be further developed. For Mathur, meeting the SDGs in both India and Africa requires maximizing the potential of technology. He cautions however that the introduction of new technologies must be accompanied by a focused consideration of access equity and social impact.

The chapter by Gareth Price also highlights the importance of collaboration around renewable energies. Such cooperation will help African countries not only in diversifying from extractive industries but also in meeting their own demands for electrification. Mathur similarly highlights how technological cooperation between India and Africa can expand access to energy by developing decentralized and localized renewable energy solutions. Shellenberger however cautions that renewable energies such as solar and wind alone will be inadequate for powering industrialization. Manufacturing, he argues, will require cheap reliable power, whether from hydroelectric dams, thermal fossil power plants or uranium nuclear fission thermal power plants.

Align with African Development Priorities

Chapters by Chand and Singh both emphasize that Asia's contribution to African development will ultimately depend on the extent to which it is able to align with the Africa Agenda 2063. Aligning economic diplomacy with African development priorities is thus key if the partnerships are to be mutually beneficial. However, as Price argues, the principles of south-south cooperation, particularly non-interference, can lead to genuine risks being overlooked. Development objectives can be undermined by political agendas, and environmental standards and labor rights might be overlooked. Price thus suggests that corporate social responsibility should be mainstreamed into Asian private sector investments in Africa; building mutually beneficial partnerships will require that communities, not just governments, benefit from external investment through, for example, the creation of local jobs and provision of local training opportunities. However, as a number of contributors to this volume argue, the responsibility is finally with African leaders to manage economic partnerships with external actors in a manner that they align with African priorities and contribute towards sustainable and equitable development.

Invest in African Security and Institutions

Trade, investment and finance alone will not be enough for African development. Shenglin argues that peace and security are necessary pre-requisites, a factor that is often overlooked in comparisons of Asian and African growth trajectories. Kudrat Virk's contribution to this volume notes that India is one the largest contributors to UN peacekeeping missions in Africa, but the change in UN mission mandates from peacekeeping to peace-enforcement is at odds with India's commitment to the principle of non-interference. This poses a particular challenge for India as African states are themselves asking for more robust peacekeeping - the Africa Union's (AU) mandate for example stretches far further than that of the UN. Virk thus argues that the challenge for India is to re-think its approach to peacekeeping not merely as an aspect of its global diplomacy, but as a component of its Africa policy. What remains to be seen however is whether India will be willing to step out from under the UN umbrella to directly contribute to AU-run operations through for example, the training of forces, supply of equipment and even troop contributions, to safeguard its own economic interests and African security. Abhijit Singh also argues that the biggest impediment to the development of a blue economy in Africa is the absence of a legal framework for managing the commons. Singh thus suggests that India should help African states evolve rules and norms to manage its maritime resources.

Build Policy Convergence in Global Governance Institutions

A global policy environment conducive to the priorities and needs of Africa is the backdrop against which trade, investment, technology, combined with domestic security and institutions, can contribute to African development. The conversation about African development thus must extend beyond bilateral discussions between Asian and African economies to global governance arrangements and multilateral forums. Mathur argues that India and Africa need to work together for a new politics of technology. In particular, he draws attention to the Paris Agreement on Climate change, the Agenda for Sustainable Development, and the WTO agreement on TRIPS and argues that societal action on planetary threats such as climate change and the prevention of health crises should not be held hostage to the ability to pay for technological royalties. India and Africa must thus come together and build policy convergence around these issues for their mutual benefit. Sanusha Naidu's piece however cautions that such policy convergence while important will be compromised by the needs of individual states to maintain adequate policy space to address domestic concerns of poverty, inequality, and unemployment. To overcome this, Naidu suggests that states need to consider ways in which to 'nest power' within various global governance institutions by developing multiple areas of engagement, both big and small, and focusing efforts on state branding and public diplomacy.

Bound by a shared history, Asia and Africa now have the opportunity to chart a common future. High growth rates in Asia combined with increasing skepticism about the role of aid, the growing emphasis on development effectiveness and new forms of development finance, and increasing trade, investment and development partnerships in the global south, make this an opportune moment to consider concrete pathways through which Asian economies can contribute to African development as they pursue their economic and strategic interests in the continent. The chapters in this volume taken together suggest that building mutually beneficial partnerships will require multiple levels of engagement across political, economic and security realms, along with strong leadership and political vision by Asian and African leaders alike to navigate divergent interests and ensure that shared growth strategies contribute to equitable development.

1: For an overview of SSC principles, see: Sachin Chaturvedi, Thomas Fues and Elizabeth Sidiropoulos, Development Cooperation and Emerging Powers: New Partners or Old Patterns? (London: Zed Books, 2012).

2: For the factors explaining Asian economic success see: Homi Kharas, Koji Makino, and Woojin Jung, Catalyzing Development: A New Vision for Aid (Washington DC: Brookings Institution Press, 2011).

3: See for example: Dambisa Moyo, Dead Aid: Why Aid is not working and how there is another way for Africa (London: Penguin Books, 2009).

4: S Bilal, and F. Rampa, 'Emerging economies in Africa and the development effectiveness debate', Discussion Paper 107, Maastricht: ECDPM, 2011.

5: Gail Hurley, ' A crucial year ahead: development finance and the need for fresh perspectives', Development Progress, February 9, 2015.

6: Vivan Sharan, 'Trends in Official Development Assistance: Financing Sustainable Development', ORF Issue Brief 125, January 2016.

7: World Bank, 'Global Savings in 2030', Capital for the Future (Washington, D.C: World Bank, 2013).

8: Jeffrey D. Sachs and Andrew M. Warner, 'Natural Resource Abundance and Economic Growth', NBER Working Paper No.5398, December 1995.

9: John Campbell, 'Africa Rising', Council on Foreign Relations, January 29, 2016.

1 A CLOSER ASIA-AFRICA PARTNERSHIP IS AN OPPORTUNITY FOR ALL

BEN SHENGLIN

Asia and Africa are similar in many ways: Big and growing populations, large developing countries, rich and diverse cultures and histories of foreign occupations. However, the similarities seem to end there. Their recent economic fortunes and growth trajectories have been as divergent as one can imagine, with Asia being considered the poster child of development and Africa falling behind further. What are the key factors behind their divergence? Though peace and security are crucial factors that set them apart, connectivity factors such as trade, finance and technology have played differentiating roles as well. Building a stronger Asia-Africa connectivity will benefit not just in the development of Africa, but also that of Asia and the rest of the world. China's recent rollout of the so-called One-Belt-And-One-Road (OBOR) strategy has further sharpened its traditional focus on African friendship. Its intensified effort to play a leading role in the Asia-Africa partnership has caused some international concern and stimulated some healthy competition for geopolitical alliances and African partnership, which is an opportunity the world should seize to make not just Africa but the whole world a better place.

Why nations prosper and fail have fascinated one and all, from 'development economists' to historians and cultural experts, from social and political scientists to political leaders. Various initiatives have been undertaken to unlock the growth potential of developing countries, including the establishment of multilateral -- both regional and global -- institutions, with World Bank possibly being the most prominent example and AIIB (Asia Infrastructure Investment Bank) and NDB (New Development Bank) being the most recent endeavours.

In the world of 'development economics', there has been increased and particular focus on Asia and Africa not only due to the importance of these two regions in terms of population (See Fig 1 below) and poverty, but also because of Asia's perceived successes and strategies in contrast with Africa's pitfalls and the possible lessons for Africa to realise its untapped potential.

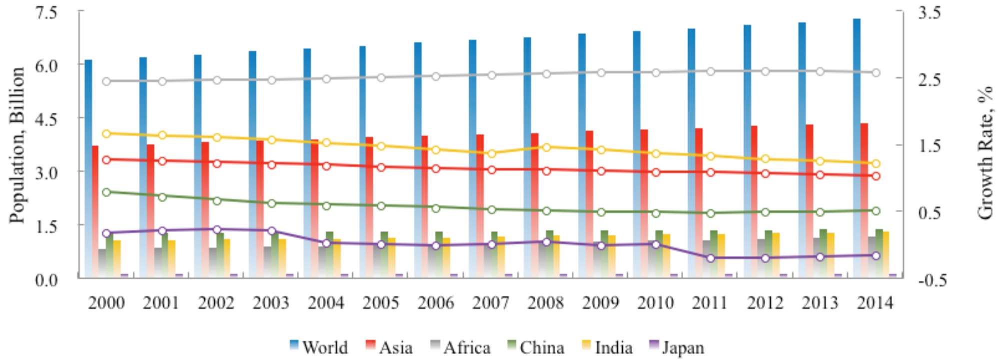

Fig 1: Asia & Africa account for 75% of world population which is still increasing [1]

Both the continents are expected to continue to lead in population growth, due to increased availability of improved health care, positive demographic trends and recent relaxation of the one-child policy in China.

Asian Success and African Potential

While the vast diversity of Asian and African nations means the risk of generalising the analysis by simply focusing on the two aggregated regions to draw the broad conclusions, this over-generalisation is partially mitigated with the inclusion of Asia's Big Three (China, India and Japan), South Africa and Egypt in our analysis given their significance, diversity and data availability.

It must be hard for many to believe the following salient points:

- In 1970, Asia was a bit more than five times of Africa in terms of nominal GDP, today their gap has doubled with Asia equal to 10 times of Africa
- In 1970, Africa's nominal GDP per capita was similar to Asia's and more than two times of China's; today Africa's average is less than 30 percent of China's; China and Africa were at par in terms of GDP in 1970, today China's GDP is five times that of Africa.
- During the same time period, India was able to narrow its gap in nominal GDP with Africa from nearly 50 percent to about 20 percent today.
- In terms of life expectancy, Egyptians and South Africans lived longer than Chinese and Indians in 1960; today a Chinese can expect to live nearly 5 years and 20 years longer than his Egyptian and South African counterpart, respectively; an Indian can expect to live 10 years longer than a South African. The gap between a South African and a Japanese in terms of life expectancy has also doubled since 1970. Considering South Africa is among the more developed nations of Africa, we can safely say that the gaps between some other African nations and Asia are even wider and discomforting.

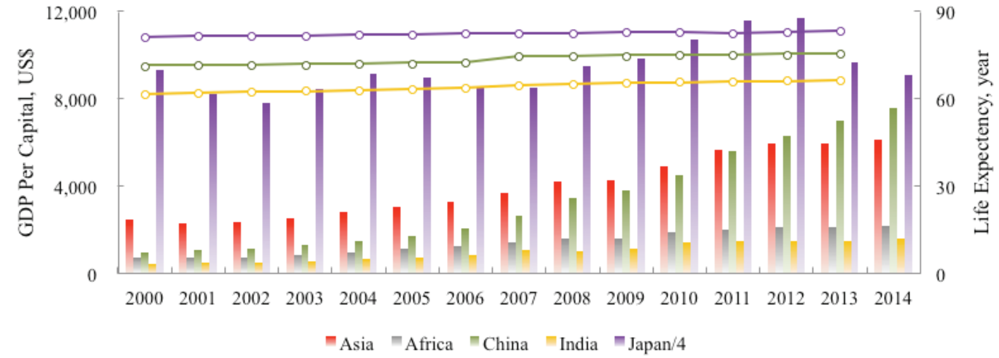

Fig 2: Per Capita GDP, Life Expectancy of Asia and Africa[2]

Note: Japan's GDP per capita in the graph is its actual divided by 4 for better illustration.

The Three Dimensions of Connectivity

The Asia-Africa gap represents both, the huge progress that Asia has made in its development efforts, and the significant opportunities for Africa. Various studies have been undertaken to identify the key factors behind Asia's success and what can be replicated to Africa.

While there are various key non-economic factors behind the vastly divergent economic performances of the two regions, connectivity or the lack of it seems to explain a significant part of their divergence. Among the various elements of connectivity, trade, technology and finance appear to have played pivotal roles.

Trade

From Fig 3, what is striking is that Africa's role in world trade has declined significantly since 1948. Its share of world exports and imports fell from 7.3 percent and 8.06 percent in 1948 to 3 percent and 3.44 percent in 2014, representing a sharp deterioration of its position in the global value chain of trade and its 'connectivity' with the rest of the world.

In contrast, Asia has expanded its role of world trade, taking 32 percent of total global exports and imports, respectively, from a more modest 13 percent and 8 percent in 1948. It is no wonder that Japan, the four Little Tigers of Asia (Hong Kong, Singapore, South Korea and Taiwan), and China have all successfully pursued the export-led growth strategies, according to World Trade Organisation data.

Technology

Though data on the regional level and many individual African countries is not available, Fig 4 shows internet users as a percentage of the total population in different countries and regions. It is noteworthy that China had a relatively late start and was not able to catch up with the world until 2009; today China is well above the world average, with over 50 percent of Chinese

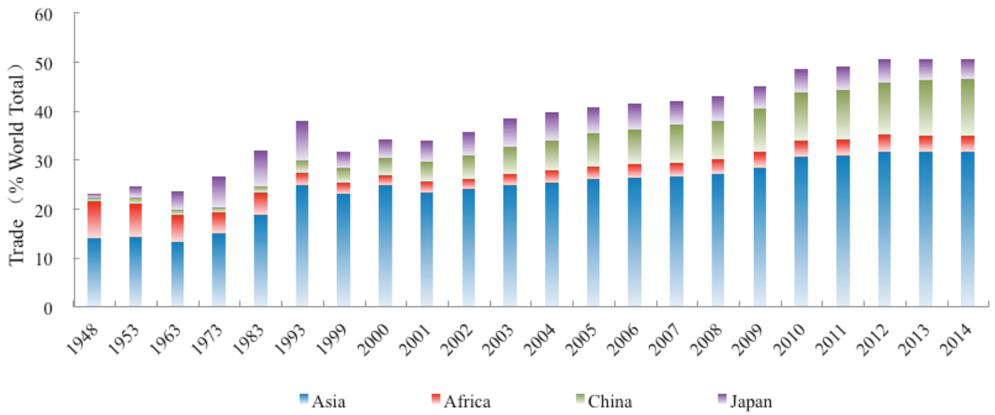

Fig 3: Trade connects the world: Asia, Africa, China & Japan [3]

connected to the internet.

What is equally striking is that South Africa has played an excellent catch-up game and its internet penetration ratio is now comparable to China's. Egypt has also improved fast and is now ahead of India, though below the world average. The mobile technology probably represents an unprecedented opportunity for 'latecomer' Africa to leapfrog many of the now outdated technologies. The disruptive nature and equalising effect of the new technologies means literally that the world is flat and Africa, for the first time, can be as easily accessible and visible on the world map as any other nation or region.

Finance

Technology and finance are considered two pillars underpinning the development of countries and corporate successes alike. How inclusive is their financial system is an indicator of both the level of social development and how strongly finance empowers the people and thus their nation to achieve the economic success and social justice.

In terms of number of bank accounts and credit cards per 100 adults (age 15 or above), China and South Africa are leading the 'financial inclusiveness' index, with India falling substantially behind the world average and Egypt failing miserably in the ranking. Those who are excluded from the formal financial system are missing out on the opportunities, which in turn constrains the government's ability to facilitate entrepreneurship and cultivate broader base for taxation.

The cure to this problem may lie in China's 'internet finance' (better known as FinTech outside China), a combination of technology and finance thanks to the exciting progress made in the Big Data and cloud computing powers. The much talked-about developments in FinTech space such as blockchain promises to revolutionise the way financial services are provided and are probably the best bet for Asia and Africa to achieve financial inclusiveness and

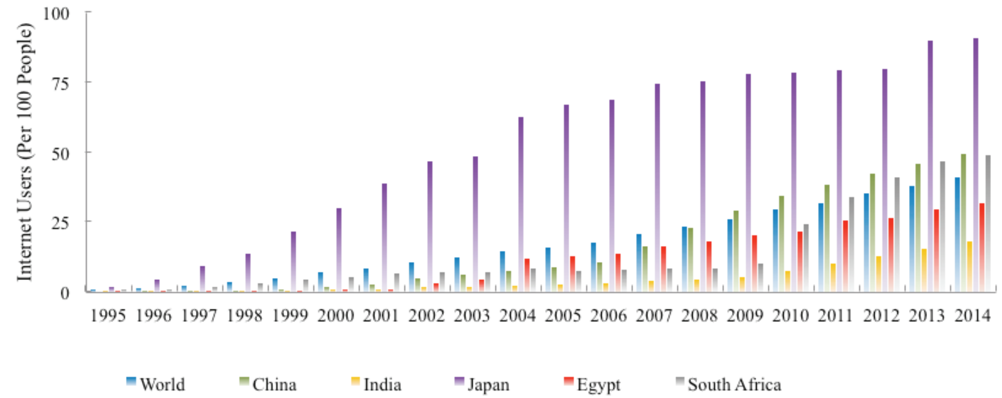

Fig 4: Technology connects the world: Internet penetration ratio [iv]

equality with the developed world. The mass market customers, or the so-called microfinance customer segments, have been unbanked or under-served by the traditional financial services firms due to efficiency constraints. They will now have access to similar, if not the same, level of financial services thanks to FinTech's cost-effectiveness and decentralised business model. Developing countries like China provide a fertile ground for applying such innovative solutions without the powerful incumbency of the traditional financial sector and some of them appear to be leading in this new arena.

The Opportunities for Asia-Africa Partnership

After making strides over the past decades, China and many other countries in Asia are facing the challenge of 'middle income trap'. Politically, the much-needed intra-Asia cohesiveness is sorely missing; Asia is now home to some of the most dangerous hotspots of geopolitical tensions in the world. What has helped Asia achieve economic growth includes the general peaceful environment and security arrangement in the region for the past few decades - a point that many people may have forgotten. The lesson that

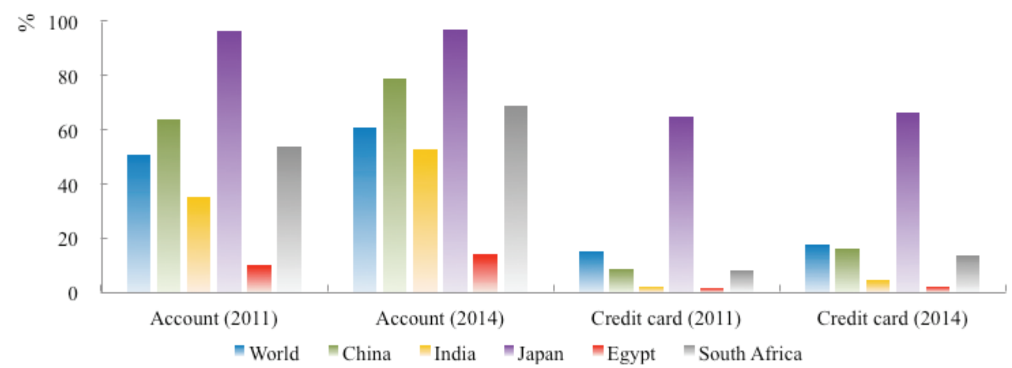

Fig 5 Financial inclusiveness: Bank account and credit card penetration ratio[5]

Africa must learn in order to achieve sustainable economic development is that security and stability are prerequisites for economic growth, even before technology, finance and trade.

Asia-Africa partnership is flourishing and is expected to gain additional momentum given the sharper focus placed by Asia, in particular China, India and Japan. While Japan started investing in Africa earlier, it is China that has moved faster. Despite being a latecomer, China has so far invested USD 32 billion, three times the total of Japanese investment in the region. In terms of trade, China has quadrupled its export to Africa over the past 20 years, exceeding $100 billion each year in both 2014 and 2015, while imports from Africa saw a five-fold growth in the same time frame. Japan's trade with Africa is dwarfed by China's, with exports and imports totaling $27 billion in 2014, according to data from World Bank and the World Trade Organisation.

China has launched the OBOR initiative, which is expected to cover most of Asia, Europe and extend further into Africa. One of its particular focus areas is 'connectivity', in terms of trade and investment, infrastructure, technology and people. This means improving intra-Asia cohesiveness as well as strengthening inter-regional connectivity, such as Eurasia and Asia-Africa partnerships. To support these and encourage alternative development paths, China had led the launch of AIIB and NDB with a particular focus on infrastructure. NDB has even planned a regional office in South Africa, signaling its commitment to foster closer Asia-Africa ties. China's proactive OBOR policy has attracted some international misunderstanding, closer scrutiny and even competition, the latter of which is probably unintended but is nevertheless good for Africa and the developing world in general. The rollout of OBOR as China's vision for inter and intra-regional partnership, and AIIB among the alternative funding vehicles to support OBOR have helped the world, including India, Japan and the United States to sharpen their focus on closer inter-regional partnership with Africa. The world and Africa in particular, should welcome and benefit from closer partnerships.

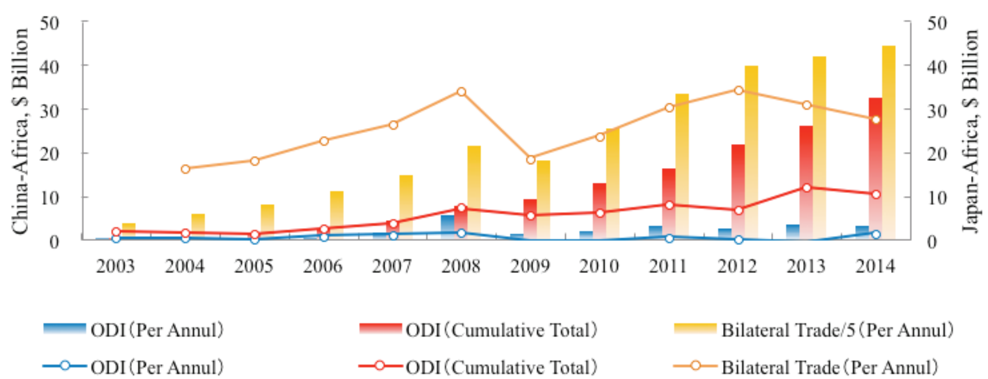

Fig 6: Asia-Africa Connectivity: Investment & Trade[6]

The author wishes to thank Jiamin (Jaime) Lv Eddie Brient, and Sadar Usman PhD Students at Zhejiang University for their research assistance to this article.

1: United Nations Population Division. World Population Prospects; United Nations Statistical Division. Population and Vital Statistics Report (various years); Census reports and other statistical publications from national statistical offices; Eurostat: Demographic Statistics; Secretariat of the Pacific Community; Statistics and Demography Programme, and U.S. Census Bureau: International Database

2: World Bank national accounts data, and OECD National Accounts data file

3: WTO Statistics Database

4: International Telecommunication Union, World Telecommunication/ICT Development Report and database, and World Bank estimates

5: World Bank Global Financial Inclusion Database

6: World Bank data, WTO Statistics Database

2 AFRICA, CHINA AND INDIA: A PROMISING TRILATERAL PARTNERSHIP FOR AFRICA'S INDUSTRIALISATION

MAO KEJI

At the recent Asian-African summits, industrialisation was singled out by Beijing and, to a lesser extent, by New Delhi as a key measure to bring about sustainable and rapid growth in Africa. Although China, India and Africa have competing — if not conflicting — priorities on various economic and political matters, when it comes to the question of Africa's industrialisation, each of them has something significant to contribute and a lot to reap at the end of the day. As the three's interests and visions are largely aligned, a robust and sustainable partnership dedicating to propel industrialisation in Africa may be formed.

The concurrent reemergence of China and India marks a geopolitical event with far reaching implications. This meteoric dual renaissance, undoubtedly, owed much to their productive integration into the world economic system as well as their rapid market-based industrialisation at home. However, as the world economy limps ahead with feeble growth, the two Asian giants increasingly look to Africa to tap its tremendous economic potential.

However, many African countries have been buffeted by severe economic headwinds in the wake of the global commodities slump. Without dynamic industries to add value to primary materials, many African countries have undergone a major crisis. They turned out desperate for an industrialised and diversified economy, by which they can not only navigate through the current financial hardship, but hopefully break away from the haunting shackles of joblessness and poverty.

It was at this critical moment that two Asian-African summits took place in tandem. While India invited the leaders of 41 African nations to New Delhi in October last year, a major China-Africa summit was arranged in Johannesburg in early December, with Chinese President Xi Jinping and many African statesmen attending the event. Among other topics, industrialisation was singled out both by Beijing and New Delhi, as a key measure to bring about sustainable and rapid growth in Africa. A promising trilateral partnership revolving around the lynchpin of industrialisation looms large.

But, given the vastly different sets of political, economic and cultural assets, how can each side factor itself into the formula? Admittedly, China, India and Africa have competing — if not conflicting — priorities on various economic and political matters. However, when it comes to the question of industrialisation in Africa, it appears that each of them has something significant to contribute and a lot to reap at the end of the day. As the three's interests and vision are largely aligned, a robust and sustainable international mechanism dedicating to industrial development in Africa may be formed in the future.

The Forum on China-Africa Cooperation (FOCAC) convened in Johannesburg last year was a bit special. In Xi Jingping's inaugural speech, he announced a trailblazing 'China-Africa industrialisation programme' as the first of the 10 initiatives composed to bring new dynamics to the Sino-African economic relations.[1] Aiming to be the 'most reliable partner' for Africa's journey to industrialisation, this programme will include 'Chinese investment, building and upgrading industrial parks in Africa, as well as helping to further educate 200,000 African specialists and a quota of 40,000 trainees in China.'[2]

Moreover, Beijing has also attached an unprecedented importance to industrialisation in its second Africa policy paper, which was released to coincide with the summit. In the policy paper, industrialisation was assigned to lead the section of 'deepening economic and trade cooperation' — the section that often carries most weight, given China's largely economic-centric tendency.[3] In comparison, however, the word 'industrialisation' was not even mentioned and 'industry' appeared only once in the first policy paper of 2006.[4]

Notably, Beijing highlighted special economic zones (SEZ), especially industrial parks, as the key policy vehicle to facilitate 'industrial capacity cooperation' with African countries. Featuring business-friendly management system and improved physical infrastructure, SEZs are designated geographical spaces to deal with local difficulties and capitalise on global capital, technology and talent for industrial development. These special zones are part of Beijing's promise to address the 'two major bottlenecks impeding development, namely, backward infrastructure and inadequate professional and skilled personnel.'[5]

What China has enthusiastically touted happens to be what many African countries have been after. As Nkosazana Dlamini-Zuma insightfully noted shortly after she became chair of the African Union in 2013, 'Industrialisation cannot be considered a luxury, but a necessity for the continent's development.'[6] Currently, African countries together occupy a disproportionally low share of the global manufacturing output. This largely bogs African countries down in the vicious cycle of raw material dependency, leaving them exposed to inequitable domestic development and hazardous exogenous shocks.

Actually, Africa has a great potential to make inroads into industrialisation. Undergoing a major demographic transition, Africa is the world's youngest continent in which the working-age population currently occupies 54 percent of the total and the percentage will further grow to 62 percent by 2050.[7] This demographic dividend may amount to comparative advantages for a labour-intensive manufacturing industry and render it competitive in global trade. Behind this process, the great productivity boom powerfully reduces dependency levels and frees up resources for further economic growth and investment. This story, after all, is all too familiar to the Asian developmental states.

For decades, however, most African countries have achieved only limited success in diversifying its economy from resources extraction to manufacture.[8]What's worse, even the little gains in this 'slow and volatile' industrialisation have often been reversed quickly in the face of rocketing commodity prices.[9] Undoubtedly, the Asian giants' tremendous appetites for African raw materials more or less affected the latter's industrial base. Without appropriate institutional structures and reforms, large-scale commodity export is not only ineffective in reducing poverty as it demands minimal unskilled workers, but it also discourages hard productive activities as it accommodates the reliance on the 'easy-money' siphoned from resources sales. However, this dismal scenario may well come to an end.

As the world economy is experiencing a dramatic downturn, China also decisively moves away from its time-honoured export-oriented manufacturing. In this grand scheme of economic restructuring, China on the one hand strives to climb the value chain by readjusting its industrial capabilities towards high-tech products, while on the other, relocates its existing lower-end and labour-intensive productive capacities abroad. The latter part of the scheme was actually epitomised in China's high-sounding 'Belt and Road' initiatives, which stress on industrialisation in addition to infrastructure. In this way, by setting up new SEZs in Africa, Beijing will be able to best accommodate Chinese industrialists in their African ventures.

If what mentioned above amounts to a perfect match between China and Africa, how can India — whose manufacturing sector is still largely at the infant stage — factor itself into Africa's grand journey towards industrialisation? As a matter of fact, the India-Africa import-export relation has evolved to be something like a miniature of the Sino-African pattern, featuring raw materials as major exports from Africa and manufactured goods as major imports to Africa.[10] If Modi's ambitious scheme of 'Make in India' takes off, India's demand for raw materials as well as supply of manufactured goods are bound to rise significantly. Admittedly, this development may emit unfavorable shocks to Africa's economic diversification, somehow backfiring on India's pledge of 'developing Africa's productive capacities and moving up the global value chain'.[11]

However, macroeconomic parameters alone can never fully define India's unique role in Africa. Common historical bitterness formed during the colonial era, widespread and prosperous Indian diaspora communities, similar social and political frameworks, plus fewer language and cultural barriers between the two peoples, all extend India's influences beyond the economic front. While these people-to-people connections and emotional linkages can hardly be directly taken into macroeconomic consideration, they may release tremendous economic value when put in the proper situation.

Underneath India's rich soft power assets in Africa, there are many hidden albeit valuable factors. For example, the Indian diaspora communities — which are famous for their commercial talents and work ethic — may provide decent commercial facilities across Africa. According to Chinese scholar Tao Duanfang's field research, after decades of careful management, Indian diaspora has formed a sophisticated ecosystem for small businesses.12Within this 'Indian circle', daily operations including wholesale, retail, consulting, auditing, financing and remittance all can be promptly performed. More importantly, this system not only covers different trades, but also functions beyond the borders of the countries and even the continents.

Another example is the sizable group of Indian industrialists in Africa. Although India's domestic industrialisation is still at the infant stage and theoretically not ready for massive outwards relocation like what China is witnessing, many Indian entrepreneurs have gone to Africa to set up their businesses. For them, India's neither comprehensive nor complete economic reform left major barriers. Perennial issues like land acquisition, labour regulation, taxation regime are nightmares for small-middle business, especially these in manufacturing sectors. Discovering many African countries are of similar cultural-political settings to India, but far less restrictive to businesses, many aspirant Indian entrepreneurs have ventured into the continent, especially southern and eastern Africa.

The above examined 'Indian circle' and expatriate industrialist group are just two examples of India's enormous hidden fortunes in Africa. The SEZs and industrial parks that China sponsored in various countries across Africa may provide a crucial platform for India to tap the great economic momentum in its hidden fortunes. For example, many Indian entrepreneurs find Chinese industrial parks attractive not only in physical infrastructure, but also in regulatory environment and policy regime. So, they simply move to take advantage of these favourable platforms. The 'Indian circle' may bridge the industrial enclaves with the local business communities, lubricating the interaction between the locals and the newly arrived ones. Having established a visible presence in Africa, Indian professionals — lawyers, accountants, engineers and technicians — may also find it a great opportunity to extend their business into the burgeoning industrial zones.

For sure, India can contribute greatly to Africa's industrialisation, not only through joining the Chinese initiatives like industrial parks and SEZs, but also via its own splendid programmes. In the 3rd India-Africa Forum Summit (IAFS), Modi revealed that India will work on 100 capacity-building institutions and develop manufacturing capacity, health infrastructure, public transportation, clean energy, irrigation, and agriculture across Africa. In the same vein, China may play a constructive role in the Indian programmes as well, charting another trilateral partnership with India in the driver's seat.

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3 AFRICA-ASIA ECONOMIC PARTNERSHIP: UNLOCKING MUTUAL RESURGENCE

MANISH CHAND

The intertwining of the narratives of Asian resurgence and African renaissance are intersecting more closely, with the rise of India, China and East Asian economies in the continent remapping economic partnership between the two growth poles of the world. The China slowdown, which has adversely impacted commodity-exporters of Africa, could spur ongoing efforts by African countries towards trade diversification and structural economic transformation. The road ahead is fraught with many pitfalls and challenges, but if both Asia and Africa seize the chance and show foresight and policy flexibility, they can firm up a template of lasting mutual resurgence, with transformative impact on the mutating world order.

The narratives of an unfolding Asian resurgence and hopes for an African economic renaissance in the second decade of the 21st century are intersecting, breeding new opportunities and challenges for the two continents to remap the contours of their multi-faceted relationship, with the overarching objective of fructifying their combined economic potential. The global economic slowdown, especially "the new normal" Chinese rate of growth, has called into question assumptions that underpin these twinned narratives. However, there is much to hope for and raise the bar for the burgeoning economic engagement between the two growth poles of the world.

The inter-dependency of Africa and Asia has been brought to the fore compellingly by latest economic statistics and projections. Sub-Saharan Africa, which has been growing steadily at a healthy rate of 5 per cent for the past few years and has been touted as the home of six of the world's fastest growing economies, is in a grim mode of introspection, with prices of commodities, including minerals and crude, plunging to new lows, making a deep cut into revenues of resource-exporting countries.[1]

China Slowdown: Impact on Africa Growth Story

The slowdown in China, which has emerged as Africa's single biggest trading partner and largest buyer of its commodities and oil, is rightly seen as a key factor behind the subdued economic prospects of the African continent, triggering full-blown financial crises in many of Beijing's principal partners in Africa like Nigeria, South Africa, Angola and Equatorial Guinea. The imports by China from Africa, have sharply plummeted by 40 per cent in 2015.

China's slowdown and its multifarious impact on Africa's economic situation however is an opportunity. China, for all its new normal growth rate, will continue to be the preeminent player, possibly changing its focus, policies in Africa to diversify its trade basket , which in turn could compel African economies to embark on a game-changing structural economic transformation, with suitable policy changes and course-correction. The current crisis in fact seems to be a passing phenomenon. We need to thererfore look at the big picture and have a longer view of the Africa opportunity and its organic links with an emerging Asian century.

Asia-Africa Economic Connect

The excessive focus on the China slowdown also detracts from African countries' efforts at moving away from commodity dependencies and the marked upsurge in trade and investment from other vibrant growth centres in Asia, including India and ASEAN. Asia has emerged as the largest continental trading partner of Africa, with bilateral trade in the range of $350-400 billion, which surpasses the combing trade of the US and European Union with Africa. Increasing investments by ASEAN countries like Thailand, Singapore, Indonesia, South Korea and Malaysia, Japan's accelerating trade and investment across the African continent and the growing interest of capital-rich Gulf countries to scale up their economic involvement in Africa point to a marked enthusiasm by Asian economies in tapping the Africa opportunity. ASEAN-Africa trade has been on an upward trajectory, climbing to $42 billion in 2012.

Looking at Asia as a whole, and its key growth centres, the Asian hemisphere has the potential to influence policy choices in Africa to rekindle the narrative of Africa Rising. Asian and African economies will need to take into account the following factors, and back it up with concrete policies and actions on the ground, for continued mutual benefit.

Fixing Asymmetries/Trade Diversification: Currently, Asia's trade with Africa, as is the case with Western powers, is focused primarily on extractive resources and hydrocarbons. In this trade configuration, Africa is seen as primarily a provider of resources and crude oil to feed the growing economies of Asian giants and Southeast Asian countries.

The focus on resource-based trade has led to an over-reliance by key oil and resource-supplying African countries on exports of commodities, adversely impacting the development of local industry and manufacturing. The illusion of plenty in some African oil- producing countries has ended up enriching the elite, fattening the bureaucracy and accentuating the 'resource curse,' with the elite in African countries benefiting the most, with not much visible trickle-down benefits for the poor. The resource-dependency has exacerbated financial stability and volatility, which is seen in the current depressed state of economies of major resource-reliant African countries. The Chinese slowdown has hit resource-producing countries the most; East African economies like Ethiopia and Kenya, which focused on bolstering manufacturing and service exports, are doing relatively well.

Against this backdrop, key Asian partners of Africa should make conscious policy changes to expand the share of African non-commodity exports and locally made products in their trade basket. This can be done through incentivising African non-commodity exports through duty concessions and preferential access. In this regard, India has provided duty-free preferential access to products from more than 33 LDC African countries.

Upscaling Manufacturing and Industrialisation: Manufacturing and accelerated industrialisation, as prioritised by the African Uion in its Agenda 2063, holds the key to a lasting economic transformation of Africa. In this context, the China slowdown could prove to be a blessing in disguise for Africa as China, forced by rising labour wages, moves low-cost manufacturing to African countries, taking advantage of Africa's demographic dividend in terms of its young population and cheap labour force.

Currently, the manufacturing scene in Africa is dismal, with the continent's share of global manufacturing falling to less than 2 per cent in 2013. The glum manufacturing scenario in Africa needs to be addressed on a war footing by radical policy interventions by African states, and a change in emphasis by their external partners. In this regard, given their burgeoning engagement with Africa, Asian countries, including China, India, Japan, ASEAN and West Asian countries, with their respective core strengths and competencies, can play a transformative role.

The success stories of East Asian countries like Singapore, Thailand and Indonesia could show the way for Africa. Besides building the requisite infrastructure, industrialisation also depends on "three closely related drivers of firm-level productivity—exports, agglomeration and firm capabilities," which have been largely responsible for East Asia's industrial success, points out a commentary by James Page on the website of the Brookings Institute. [2] "Putting policies in place that promote manufactured exports, encourage the development of industrial clusters and attract more capable foreign direct investors outside of the natural resources sector are essential first steps in reversing Africa's industrial decline," says the commentary on the Brookings website. The experience of India, with a similar development trajectory, also offers a roadmap for Africa. While many Indian companies are setting up manufacturing facilities in Africa, India's manufacturing potential remains untapped. The Modi government's Make in India campaign, and the enthusiasm it has evoked in the global community, could be seen as an example by Africa to launch a concerted Make in Africa campaign to re-brand Africa and attract foreign investment in its non-commodity sectors.

Moving Up the Value Chain Through Training and Skilling: The economic resurgence of Africa can be spurred and sustained by upscaling investment in human resource development and enhanced investments by Asian countries in setting up higher education institutions, training and skill institutions. If African economies need to move up the value chain, sustained investment in training and skilling of the work force is urgently required. Asian partners of Africa can play a pivotal role in this process by upscaling the training component in their economic engagement with African countries. India and China, the two leading Asian partners of Africa, are proactively engaged across Africa in setting up training facilities and promoting education through scholarships.

Given India's core strengths in knowledge industries, India has rightly focused on capacity building and training as key components of its Africa engagement. In a signature initiative, over the two summits held with the African continent in 2008 and 2011, India has pledged to set up over 100 training institutes encompassing diverse areas.[3]Currently, around 20 of these training institutes are at a take-off stage. Given Africa's urgent need for skilling, India should fast-track the process of setting up these institutes. ASEAN countries like Singapore and Malaysia, too, can pitch in with skill enhancement training modules in African countries.

Fixing the Infrastructure Deficit: Infrastructure remains the most forbidding constraint for Africa's accelerated industrialisation and economic growth. [4]China has played a major role in upgrading infrastructure across Africa, specially building roads, ports and bridges. Japan, too, is becoming active in providing quality infrastructure in the continent. India's developmental assistance and Lines of Credit are also geared towards shoring up infrastructure, with transformative projects in hydropower plants, thermal energy and railways. There is a compelling case for Southeast Asian countries like Singapore, Malaysia and Thailand to leverage their capital and expertise to scale up their investment in the infrastructure sector. Leading Asian economies should individually and jointly come together to contribute in addressing Africa's massive $100+ billion annual infrastructure deficit. In this regard, the Program for Infrastructure Development in Africa (PIDA) , a joint initiative of the African Union, the New Partnership for African Development (NEPAD) and African Development Bank (AfDB), is an ambitious Africa-led initiative to plug the continent's infrastructural gap in sectors such as energy, ICT, integrated transport and trans-boundary water networks.[5] Asian partners of Africa should explore avenues to partner PIDA.

Enhancing Services Trade: The growth graph in the services sector in Africa has shown a steady upward trajectory, and underlines a potential high-growth area of collaboration between Asian economies and Africa. Top Asian economies, with their well-developed and growing services sector, are uniquely poised to partner in this flowering of the services sector in the continent. Asian investors in Africa need to study UNCTAD'S 2015 report on unlocking the potential of Africa's services trade[6] carefully, and help African economies to upgrade regulatory and institutional frameworks for growth of infrastructure services sector in Africa, which will enable them to integrate in global value chains. Asian economies can enhance investment in banking and financial services, logistics and communications, hotels and tourism, airlines and other related areas in Africa.

Modernising Agriculture/Green Revolution: Africa's economic prospects will not be fully actualised without a multi-pronged transformation and modernisation of the continent's agriculture sector, which provides employment to 60 per cent of the African population.[7] There is a stark anomaly here, which needs to be addressed by the continent's policy-making elite: Africa has 60 per cent of the world's arable land, but remains a net importer of food.

Asian giants like India and China have considerable experience and expertise in transforming their agriculture sector, and they can leverage it to stimulate a lasting green revolution to promote the growth of sustainable and resilient agriculture in the continent. Enhancing agricultural cooperation has been one of the major themes in the three editions of India-Africa Forum Summit held since 2008.[8]The follow-up actions since the summit have been positive in this area, with Indian companies being encouraged to consider investing in Africa for production of pulses and oilseeds and to forge joint ventures in setting up food processing clusters in African countries. India is also looking to provide extend Line of Credit (LoC) to Least Developed African countries for joint venture business initiatives in agriculture sector.[9] To catalyse cooperation in agriculture, the two sides have set up the 'India-Africa Agribusiness Forum', which brings together multiple stakeholders across the agri-food value chain from Africa and India. China has also been ramping up investment in agriculture sector in Africa, providing new high-yield technologies to African farmers. Expanded across-the-spectrum cooperation in agriculture between Asian and African countries has, therefore, the potential to become a driving growth engine of the continent, and can also spur Africa's industrialization through agro-processing and agro-business.

The Road Ahead

The rise of Asia in Africa, specially a marked upsurge in engagement of India and China with the continent, has opened up new avenues for Africa's development and actualisation of its huge untapped economic potential. In the process, India, China and East Asian economies have also opened up a policy space and provided alternatives to engaging and doing business with Africa. Broadly speaking, one can discern three distinctive templates or models of engaging Africa, albeit with some overlapping features: the Washington-EU consensus of free market democracy and prescriptive structural development programmes, the Beijing consensus of authoritarian free market economy animated by value-free no-strings attached approach to aid and trade, and the New Delhi model of democracy and non-prescriptive development, driven by human resource development and capacity development. There could also be a Southern consensus or the Asian consensus way of engaging Africa, which leverages core strengths of Asian economies in catalysing sustainable and balanced development of the African continent through enhanced trade and investment, developmental assistance and a re-calibration of policies.

The key to the success of the Asia-Africa covenant will be in how Asian economies can align with the Africa Agenda 2063, and pursue multi-faceted economic engagement in terms of the ideals of South-South cooperation by eschewing predatory and mercantilist impulses, both in approach as well as in practice. In this respect, Fantu Cheru and Cyril Obi in their book "The Rise of Asia and Africa" have struck a cautionary note which should be factored into account by Asian economies looking to scale up their engagement with Africa. "China's and India's growing engagement in Africa can become a positive force only when African states are prepared to negotiate with the two Asian giants from a stronger and more informed platform. In the absence of deliberate and proactive African action, the outcome of China and India's involvement in Africa could turn out to be neo-colonialism by invitation," they write in introduction to the book.[10]

Africa, in short, is at a cusp of transformative change in history, and could become a new hub of industrial dynamism and a manufacturing powerhouse in the next decade or so if it goes ahead with structural transformation and accelerated industrialisation, as envisaged in the AU's Agenda 2063. The challenge for Asia-Africa partnership will to be forge a long-term template of mutual resurgence and firm up a detailed roadmap to actualise their enormous potential. The roadmap is fraught with many pitfalls and challenges, including mis-governance, corruption and the widening arc of instability triggered by the rise of radical Islamist groups in West Africa and the Horn of Africa. But if both Asia and Africa seize the chance and show foresight and policy flexibility, the narratives of Asian and African resurgence are set to be intertwined more closely in years to come.

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3: Manish Chand, "Skill, scale and speed to give a fillip to India-Africa links," *Asian Age*, Oct 29, 2015. <http://www.asianage.com/category/author/manish-chand>

4: Jeffrey Gutman, Amadou Sy, and Soumya Chattopadhyay, "Financing Infrastructure - Can the world deliver?," *Brookings*, March 2015. <http://www.brookings.edu/research/reports/2015/03/financing-african-infrastrastructure-gutman-sy-chattopadhyay>

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6: "Unlocking the Potential of Africa´s Services Trade for Growth and Development," in *Economic Development in Africa Report 2015, UNCTAD*. It shows that growth in services has been vibrant in Africa, at more than twice the average rate for the world during 2009-2012, generating almost half of Africa's GDP, 49 per cent of the economy and 32 per cent of employment.

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10: Fantu Cheru and Cyril Obi, *The Rise of China and India in Africa*, (London: Zed Books, 2010).

4 CHEAP ENERGY, MANUFACTURING AND ‘BACKING THE WINNER’: WHY AFRICAN LEADERS SHOULD LISTEN TO ASIAN ECONOMISTS AND IGNORE WESTERN EXPERTS

MICHAEL SHELLENBERGER

Imagine for a moment a nation — let’s call it Country X — where eight years after a bloody civil war, its annual per capita income is still less than a dollar a day. Where there had once been factories now exist only molder ruins. Three-quarters of the railways destroyed have not been re-built. The country produces few manufactured goods and its main exports are fish, tungsten, and other raw materials. The rulers of Country X can no longer easily blame their former colonial masters, who left half a century before. Corruption is widespread and nothing seems to work. A blunt analysis by an official at the United States Agency for International Development calls Country X a ‘bottomless pit.’

You are forgiven if you imagined Country X is in sub-Saharan Africa. In reality, it is South Korea — but in 1961.[1] That she back then so clearly resembles the Democratic Republic of the Congo, Nigeria, Kenya and many other African nations today may seem uncanny, but the uncanniness is also cause for inspiration: What South Korea did can be repeated in Africa, just as what Europe did was repeated in North America, and what North America did was repeated in East Asia. What Korea did used to be called the ‘Japanese Model.’ Today it is called the ‘Chinese Model.’ These more recent models aren’t very different from the development models pursued by the United States and European nations before it.

In the years after 1961, South Korea implemented the same basic recipe for economic development that has worked around the globe for 200 years to lift nations out of poverty. She built power plants for factories to manufacture products. She mechanised agricultural production to accommodate the migration of peasant farmers to the cities. She built steel, automobile, chemical, machine, electronics and other factories. There were serious hardships, to be sure, and increased pollution. But over the next half century, per capita income grew 14-fold, and Koreans achieved a standard of living ($26,000 per capita GDP in 2013) that took England two centuries and the US 150 years to achieve.[2]

It is impossible to speak of energy separately from the process of physically transforming natural resources into manufactured goods. Peasant farming requires only biomass — mostly dung and wood. Manufacturing requires cheap, reliable power, whether from hydro-electric dams, thermal fossil power plants or uranium nuclear fission thermal power plants.

This pattern is so obvious and easy to understand that it has taken great effort and large donations from European nations to persuade African leaders that instead of developing like China, Korea, Japan, the US, and Europe they should instead pursue a model of development that has never worked anywhere in the world. The diversion of development funding and credit from Western institutions to African nations — from power plants to more efficient wood stoves, from roads to rural clinics, and from mechanisation and fertilizer to organics and permaculture — has been an important factor in the stagnation of African economies, buoyed in the last decade only by higher global demand for raw materials.

African leaders, policymakers and scholars should ignore most of the advice being offered by the West, especially by its most famous and influential experts, and instead pay attention to a new generation of Asian economists. Here I focus on the research and ideas of three brilliant Asian economists: Korean economist Ha-Joon Chang, professor at Cambridge University; Vietnamese economist Hinh Dinh, former Lead Economist at the World Bank, now a consultant to African governments; and Indian economist Vijaya Ramachandran, also a former Lead Economist at the World Bank and now at the Center for Global Development in Washington DC, fairly characterised as the most influential development think tank in the US.

How to Become a Manufacturing Nation

The most famous of the generation of Asian development economists is Ha-Joon Chang, a Korean economist and Cambridge University professor. Chang was a star student of former World Bank chief economist and Nobel Prize winner Joseph Steiglitz. In two books, *Kicking Away the Ladder* (2002) and *Bad Samaritans* (2008), from which the Country X anecdote above was adapted, Chang writes with a polemical and entertaining style to construct a counter-narrative to the triumphalist picture of free markets painted for generations of Western development. The books describe the protectionist measures taken by supposedly free market nations, including England and Germany.

Chang is the most explicitly protectionist of the three authors, though Chang like Dinh and Ramachandran reveals a large set of measures governments have taken through the centuries to support their embryonic manufacturing industries develop before competing globally. Of the three authors, Chang is the least willing to concede to some of the problems experienced by African and Asian governments, most notably India, in the 1960s and 1970s, from import substitution and the propping up of unproductive industries. Chang’s most important contribution has been to broaden mainstream economic development conversations to consider more closely the role that states play in insuring that national industries grow.

Of the three, Ramachandran has the most mainstream credibility, working at the Washington DC-based Center for Global Development, which is funded by Bill Gates and others. Ramachandran worked directly for the Secretary General of the United Nations from 1999 to 2001 working on the development of the Millennium Development goals, and spent 2001 to 2004 at the World Bank. Ramachandran is unequivocal that nations must manufacture if they are able to develop. I asked her if resource rich nations like oil-rich Dubai or diamond-rich Botswana were exceptions to that, she told me:

> Not really because they often suffer from the resource curse. What that means is that if you have a lot of oil you tend not to be manufacturer because your revenues make your currency over-appreciated. This undermines one of the necessary pre-conditions for nations to become a manufacturing force. As such, nations with oil resources have a hard time generating broad-based growth. Oil rigs and energy don't employ a lot of people…. Dubai has tried to diversify away from oil and became competitive in trade logistics, like port management, transport infrastructures, services, and even developed an entertainment industry. It is trying to get away from oil.

Like Chang, Ramachandran embraces state support for infant manufacturing industries, but she emphasizes the importance of an export orientation. 'I can't find a single country that has developed its manufacturing without industrial policy,' she said. 'Economists are cautious because they worry protectionism doesn't make firms competitive, and doesn't result in growth. You just get subsidised firms that don't want to let go of subsidies. But that just means that you also have to have export orientation. Singapore, Malaysia, Indonesia, Taiwan, and China all pursued industrial policy but with goal of increasing exports. The places that failed, like India and Latin American countries, pursued import-substituting industrialisation, not export-oriented one, and created bloated industrial sectors.'

Like Ramachandran, Dinh believes industrial policy should be export-oriented and goes further, arguing that states should not 'pick' industrial winners but rather let industrial competitors compete and then 'back' the most successful ones. (Dinh's forthcoming book with Cambridge University Press is *Backing the Winner.*) Dinh notes that many things governments can do are not protectionist at all. Ethiopian ranchers lose much of their cow leather every year to a parasite that could be eradicated or controlled with a vaccine. He said:

> US AID did a study and found that with four vaccinations a year they could eliminate 95 percent of the disease at a total cost for country of $11 million — that's nothing in terms of what Ethiopia could produce, which could be $200 to $300 million in leather goods. The individual farmer isn't going to be interested in fixing the skin disease for the guy next door. That's why it's up to the government to go out and fix it by vaccinating the cattle. You can't leave that to the market.

Solving it requires some amount of collective action, but vaccinating cows falls far short of penalising imports with tariffs or taxes. Another example Dinh offers is his recommendation that Vietnamese government help garment manufacturers improve their quality so that they can contract directly with multinational clothing retailers like the Gap rather than sub-contracting to contractors.

Dinh emphasizes the empiricism of his approach — identify the barriers to manufacturing, and overcome them, but he also has a theory. There is a manufacturing 'escalator,' Dinh explained to me, where nations start with low-skilled garment and shoes and overtime do electronics and then automotive. This pattern has worked in nations all over the world, and the role for states is thus intuitive: They should help national firms rise the escalator upward, towards higher skilled and more highly valued labour.

For example, investment in human capital should be devoted to producing the right kind of workers to supply the domestic industries and not to produce university graduates who cannot find the right jobs and have to migrate abroad. Thus one could envisage a situation where during the first ten years, the focus of public investment in education should be on improving the enrollment and quality of primary education and vocational education. As the economy grows and moves up the development path, emphasis of public investment should be shifted to higher value-added products while the education system should focus more on secondary and tertiary education. In this way, the investment programme aims to create both the demand and supply of workers.

The Truth About Cheap Power

Today, over one billion people around the world — 500million of them in sub-Saharan Africa, another 700 million in India — lack access to electricity. Nearly three billion people cook over open fires fueled by wood, dung, coal, or charcoal. A recent report by the World Health Organisation found that 4.3 million people die each year from household air pollution.[3]

All nations need cheap and reliable electricity to develop. But in recent years, the UN, World Bank and others in the West have promoted small-scale, decentralised, renewable energy — technologies that cannot power factories and thus cannot meet the needs of nations seeking to escape poverty.Meanwhile, African nations are seeking to build their hydro-electric dams, just as the US, China and India did before them. Africa is set to increase the amount of electricity it gets from dams five-fold, and greatly expand how much of its oil and gas it produces — and consumes. With larger reserves of natural gas than even the US, Africa today produces one-quarter as much as the US.[4]About half of the gas African nations produce is sent abroad, while the US and Europe consume more oil and gas than they produce.

Cheap power for urbanisation, industrialisation and transportation delivers large environmental benefits. Using liquid petroleum gas instead of wood for cooking almost completely eliminates toxic smoke and can saves hours a day. As we move from wood fuel to fossil fuel our forests can return and become habitats for wildlife. Recently, India was able to protect her Himalayan forests by subsidising the substitution of liquid petroleum gas (LPG) for wood fuel. Something similar could be done in sub-Saharan Africa, where battles over charcoal have led to the killing of endangered mountain gorillas in the Democratic Republic of the Congo.

Factories and cities create more air pollution at first but over time become cleaner and greener. Rising societal wealth allows for pollution controls such as catalytic converters and smokestack scrubbers. And dust is reduced by paving roads, improving mining and land use practices, and tree-planting. In the US and Europe, conventional pollutants have been in decline since the early 1970s, and carbon emissions for the last ten years. Rich nations can afford to move from coal to much cleaner natural gas, which generates a tiny fraction of the pollutants of coal, and half the carbon emissions.

In the US and Europe, major oil and gas discoveries were key to shifting from coal to natural gas and reducing pollution. North Sea natural gas in deep waters reduced Europe's reliance on coal starting in the 1980s. In the US, it was natural gas from shale, a rock formation one mile underground, starting around 2007. China and India both have significant reserves of natural gas and oil in shale, but lack the workforce, drilling rigs and pipeline infrastructure. Africa is in an even lower phase of development. Those things will develop over time, but the question is at what pace.

Because solar and wind cannot generate power 24 hours a day, 365 days a year, their value to developing nations that need cheap reliable power for their factories and cities is highly limited. As solar and wind become a larger amount of the electrical grid, their value declines, as Germany is discovering. That's because solar and wind create power when it's not needed and don't create power when it is most needed from 5 pm to 9 pm.

The great emphasis put on an energy source that cannot support industrialisation and urbanisation is not a coincidence. Environmentalists in India and the West have since the 1960s promoted the romantic idea that low-energy consumption, rural subsistence living, and renewable energy are best for people and the environment. And since the 2000s, they have been promoting it to sub-Saharan African leaders and policymakers.

The last 50 years shows how wrong this idea is. Economic growth remains tightly coupled with energy consumption. A recent analysis of 76 countries found that Indians and Chinese earning $50,000 per year consume the same amount of energy as an American and European does when earning the same amount.

Where European, US, African and Indian governments put great emphasis on off-grid solar in rural villages, historically most people gain access to LPG and electricity by moving to cities. Solar and wind are promoted as energy sources with little negative environmental impact but both have large impacts measured on per unit of energy basis. Both require 100 times more land as fossil and nuclear plants. And wind and solar require five times more concrete and steel, respectively, than coal, nuclear and natural gas plants, according to the US Department of Energy.

Renewables Not the Only Answer

To the extent there is energy leap-frogging in India and sub-Saharan Africa it will mostly be from wood to natural gas to hydro-electric dams and nuclear — not to solar and wind. Intermittent renewables can play a role but should not distract nations from the main event of accelerating energy transitions for environmental progress. Said Vijaya Ramachandran:

> There are a lot of people in the public sphere saying sub-Saharan Africa should only invest in renewables, and while hydro is renewable, that community has argued against large hydroelectric dams, like the Inga…. But small-scale renewables aren't going to be enough to meet the demands of African business and citizens.

Ramachandran is right: It makes no sense, for example, to lump "renewables" — solar panels, tidal power, wind turbines, and hydro-electric dams — into a single category. Only large dams can generate the quantities of power needed — 24 hours a day, 365 days a year — to power factories, and drive development. It similarly makes no sense to hand-wave about 'leap-frogging' and 'disruptive innovation' in energy: Poor countries shouldn't be expected to be able to train hundreds of nuclear reactor operators annually.

The lesson of Country X is that cheap power, manufacturing, and 'backing the winner' are all elements within a single pattern that is as effective in Ethiopia today as they were in Korea in 1961 and in England in 1776. These lessons have been available to African nations for 200 years, just as they were to Korea for 150. Nations, like people, only change when they want to change. Civil wars must end so dams and factories can get built, but for the dams and factories to get built there must be a clarity of national purpose — a long-term commitment by the society to develop. African and other poor nations today seeking to develop thus have at hand a model of economic development proven to be a winner. All they have to do is back it.

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2: World Bank data, 2014.

3: "Household (Indoor) Air Pollution," *World Health Organisation*, http://www.who.int/indoorair/en/

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5 BUILDING MUTUALLY BENEFICIAL PARTNERSHIPS FOR ENERGY AND NATURAL RESOURCES

GARETH PRICE

This paper highlights the challenges for India and China in building mutually beneficial partnerships, particularly in the extractive sector. Extractive companies should not use poor governance as an excuse if partnerships are to be mutually beneficial. Corporate social responsibility should be mainstreamed into the extractive sector, and locally owned. On the African side, it is important that resource-rich nations are encouraged to promote good governance and develop appropriate economic and energy policies to enable positive diversification of the country's economy over time. Finally, there is an opportunity, which must be seized to expand engagement in renewable energy services. This will help African countries in diversifying from extractive industries and also meet their own demands for electrification.

Engagement between India, China and Africa is viewed through a number of discrete prisms. External analyses often focus upon the expanding trade interdependencies between fast-growing and resource-poor Asian economies and resource-rich African countries. Western critiques of the willingness of India and China to work with undemocratic governments in Africa are widespread. But equally, there sits the counter-argument – that countries like India and China take a less judgemental approach than the West and treat countries in Africa as equals rather than subordinates and respect their sovereignty. This argument is reinforced by Western countries' close relationships with a host of undemocratic countries in the Middle East.

Indian assessments of its engagement in Africa frequently stress cultural and historic ties. The Indian Diaspora provides a cultural link between India and a number of countries in Africa. While Chinese engagement with Africa is long-standing, economic ties have strengthened over the past three decades. In the 1990s alone, trade between China and Africa increased by 700 percent. China and India both run marginal trade deficits with sub-Saharan Africa, but in both cases exports are significant. However, the obvious headline in the composition of trade is the extent to which their imports from Africa are dominated by minerals and natural resources. In this, India and China are little different than other importers of African natural resources.

The political postures of non-interference stressed by both India and China, along with the absence of a colonial history, has clearly engendered a positive reception from many governments in Africa. In particular, African governments have welcomed the willingness of Asian investors to offer lines of credit[1] and invest in national infrastructure such as roads, rail, refining and power systems, which had not proven attractive to Western companies. But this positive political engagement should not mask a series of challenges by which their (or others') engagement in Africa may not necessarily be mutually beneficial.

Challenges in Building Mutually Beneficial Partnerships

First, while China and India claim not to interfere in the sovereignty of their African partners, this can lead to genuine risks being overlooked. Chinese and Indian firms are no less immune from the challenges of political risk than their Western counterparts. This is illustrated, for example, by the case of Nigeria in the late-2000s. Several oil deals failed following a change of government in 2007. The failed deals included proposed projects from both India and China which, following Western reluctance to fund infrastructure projects in Nigeria, were caught up in President Obsanjo's oil-for-infrastructure scheme. This scheme compromised the transparency of various oil licensing rounds and several projects were undermined by political agendas on both, the Nigerian and Asian sides. The change in government from Obsanjo, whose failure to administer the scheme was exposed as corrupt and mismanaged, to the incoming Yar'Adua government's transparent and rule of law-centred approach, resulted in the reappraisal of several of the previously awarded Indian and Chinese oil contracts.[2]

Second, India more than most should be acutely aware of countries' demands for their own electrification before allowing exports to other countries. Neither Nepalese hydro-power nor Bangladeshi gas has been developed to any significant extent. The development of both resources requires a sufficient market – India – but in Nepal and Bangladesh, public opinion has demanded that domestic needs are met before the country considers exporting.While India's relations with countries in Africa lack the particular political edge of its relations with its South Asian neighbours, demand for electrification is no different. The electrification rate across Africa is 43 percent, and is as low as 1 percent in some rural parts of Sub-Saharan Africa. This compares with national electrification rates of 100 percent and 81 percent in China and India, respectively.[3]

According to the International Energy Agency, the current level of investment in sub-Saharan electricity systems is only about US$8 billion a year, but must reach 46 billion US$ a year over the next 25 years to meet the demand. In order to reach the required levels of investment and meet the growing demand, international, as well as domestic, investment is needed. Both India and China, can play a role in helping African countries improve their electricity access by investing in the use of resources for the home country's domestic use, rather than export.

Third, Chinese companies working in Africa are often perceived to be behind when it comes to issues regarding labour rights, safety standards and levels of pay. Although Chinese practices may, in reality, be no worse than those of firms from other countries, more should be done to improve practices on the ground and communication of standards.A specific criticism of Chinese companies is their failure to hire local workers, even for casual, unskilled positions. Instead they have hired a majority of Chinese staff. While it may be unrealistic to expect locals to take up highly-skilled positions in such companies, it is clear that increased efforts should be made by foreign companies to employ local workers in management and administration positions and to put in place training schemes whereby local content can be increased.

Fourth, environmental issues do not appear to be of paramount concern for Asian (nor indeed many Western) companies. Where revenues from mining are not satisfactorily distributed among host country communities – in health and education for example -- instances of pollution and other environmental degradation can directly affect agriculture-based livelihoods. Thus, rather than benefit from mining, local people actually suffer.

In the case of Chinese and Indian firms, lower domestic standards for environmental protection can result in environmental issues being overlooked in third world countries. Firms from both countries should set higher regulatory benchmarks to monitor environmental and social impacts of their companies operating overseas. Environmental protection may be threatened by poor governance systems in place in host countries. They also increase the risk for foreign companies operating there as they may be held liable for damage done by national government or local groups.[4]It is in the interest of all parties to ensure that resource extraction activities in Africa become a mutually-beneficial, sustainable endeavour and serves to improve, not worsen, governance.

In short, poor governance should not be used as an excuse by extractive companies if investments are to be genuinely mutually-beneficial. Corporate social responsibility should be mainstreamed into the extractive sector, and locally-owned. Opportunities to benefit communities – not just governments – lie in areas such as training and in ensuring environmental protection. This must be underpinned by a clear communication of what a company can realistically and legitimately provide and a healthy acknowledgement of where its role ends and the national or local government's role begins.

Need for Diversification: Looking Towards Power Development

Furthermore, the context for commodities investment is changing in light of falling international market prices. In recent years, when prices for oil, gas and minerals soared, many African economies grew significantly. But now the outlook for countries with once reliable revenues from resource supply or great expectations thereof is increasingly uncertain. As Chatham House research has shown,[5] it is vital that resource-rich nations are encouraged to promote good governance and develop strong institutions, if they are to sustain sufficient levels of economic growth in the long run. This should come hand-in-hand with the development of appropriate economic and energy policies to enable positive diversification of the country's economy over time. Without this, it becomes impossible for governments to sustain their import and government spending requirements when either market price or production begins to fall. Careful planning is thus required on both the sides of the resource extractor and supplier in order to ensure for example that investment in the sector also benefits other sectors of the economy and that the way that fuel enters the domestic market discourages the lock in of inefficient systems.

This points to another avenue of increasing investment and cooperation between Asian and African countries: National power sector development. Most Indian exports to sub-Saharan Africa consist of high-end consumer goods - notably pharmaceuticals, automobiles and telecoms. Indian business groups have sold Indian products on the basis of their appropriateness and affordability. But bearing in mind African countries' desire seek to diversify from extractive industries and their own demands for electrification, there is significant scope to expand engagement on renewable energy and smart energy services.

China is already in the lead on this having invested in wind projects in Ethiopia, Tanzania and South Africa and solar projects in Kenya and South Africa.[6] But there is significant scope for both countries to develop renewable energy much further.India's experience in off-grid power generation and China's in wind and solar power, in particular offer major opportunities. Both countries have invested a significant amount in domestic renewable energy in recent years. In 2014, Chinese investment in renewable energy rose by almost 40 percent and India's by 16 percent. The potential for solar and wind power development across Africa provides a major opportunity for China and India. As with other industries, the key for earning long-term right-to-operate will be in finding mutually-beneficial ways to share technology, provide local jobs and enhance national market development.

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6 A BLUE OCEAN PARTNERSHIP IN THE AFRICAN LITTORALS

ABHIJIT SINGH

As India's ties with Africa improve, the 'Blue Oceans' has emerged as an important area of cooperation. Africa's coastal states have been working towards the rejuvenation of their maritime economies. Their stated goal is the achievement of sustainable development – a form of economic growth that is viable in the long-term, and which prevents the exploitation of the natural environment. Apart from the need to set up large-scale civilian maritime structure, this requires the establishment of a legal frame-work to ensure efficient governance in the maritime littorals. India, in partnership with other developed Asian powers, could assist Africa in developing a maritime system that could provide the resources, capabilities and specific technologies to achieve the desired objectives.

A notable feature of India's foreign policy outreach in recent years has been its growing emphasis on Africa. During the past decade, New Delhi has institutionalised its forum summits with Africa in which significant developmental assistance has been offered to African states. In late October last year, at the India-Africa Forum Summit, maritime security and blue economy was a key theme of discussions. In what was billed as India's most ambitious outreach programme towards Africa, New Delhi proposed the launch of "a new era of India-Africa relations" based primarily on the comprehensive development of Africa's littorals, even proposing the formalisation of a wide-ranging maritime partnership.[1]

The reorientation in India's nautical outlook towards Africa represents a shift from its earlier focus on trade and sea-lanes security in the African commons.[2] It was the anti-piracy effort off the Horn of Africa that was, for many years, India's flagship security initiative in the region. Apart from escorting merchant ship convoys in the Gulf of Aden, Indian naval ships patrolled the Exclusive Economic Zones (EEZ) of Mauritius and Seychelles. The thrust of India's security initiatives then was to secure energy and resource shipment flows to India.[3]

Even when New Delhi expanded its maritime engagement with Mozambique, Kenya, Tanzania, Madagascar, Seychelles and Mauritius, exchanges remained confined to military exercises, capacity-building and training assistance. With a rise in Indian naval ship visits to African ports, India certainly projected considerable political and diplomatic influence. Its participation in the African economy, however, could never cross a low threshold of assistance, not least since it appeared ambivalent about maritime development in Africa's commons.

The neglect of the continental littoral spaces seems to have been reversed over the past two years. With a growing African demand that its partners contribute to the development of the oceans-economy, India's political leadership is beginning to realise the importance of blue-oceans development. Not surprisingly, when Prime Minister Narendra Modi visited Seychelles and Mauritius in February last year, a key theme of discussions was the development of the maritime economy. The Indian premier's emphasis on blue-energy partnership in the Indian Ocean was widely highlighted in the media. As was his advocacy of maritime development, which may have served to expedite an agreement to develop island infrastructure in Mauritius (at Agalega) and Seychelles (Assumption).[4] The projects discussed during his visit have the potential to revive African domestic growth, and included proposals for the development of maritime infrastructure, sea-air transportation, fisheries, marine sciences, renewable energy and hydrography.
Meanwhile, Africa's own efforts to improve its maritime economy and develop a harmonising vision for the subcontinent have been significant. In 2013, the African Union announced an Integrated Maritime Strategy-2050 and plan of action, outlining a blueprint to address the region's maritime challenges for sustainable development and competitiveness.[5] The strategy, meant to systematically address Africa's maritime vulnerabilities, marked a declaratory shift away from a period of self-imposed sea blindness. More significantly, it sought to integrate individual maritime strategies of Africa's other security communities and develop a unique vision of comprehensive development.

In this context, the example of South Africa is instructive. In October 2014, Pretoria proposed Operation Phakisa, a maritime project aimed specifically at unlocking and developing the ocean economy. Pitched as a national movement aimed at the promotion of growth and jobs in the country's ocean economy, Phakisa has four priority sectors as new growth areas in the ocean's economy: (a) marine transport and manufacturing activities such as coastal shipping, trans-shipment, boat building, repair and refurbishment (b) pffshore oil and gas exploration (c) aquaculture and (d) marine protection services and ocean governance.[6] Importantly, each of these sectors also represent areas that India has been looking to partner regional states in the Indian Ocean Region (IOR). India's own developmental experience, in fact, could go a long way in providing valuable inputs to South Africa, especially since Phakisa is based on a model that brings together teams from government, labour, business and academia. Not only could India partner Pretoria in realising its National Development Plan-2030 goals through a sustained engagement with diverse stakeholders, it could also assist other African states in designing their own maritime blue-print for growth and development.

Needless to say, this still does not address the principle challenge Africa faces in rejuvenating the maritime economy: absence of a legal framework in managing the commons. There is an increased awareness among African nations that their major maritime dysfunction stems from lack of effective governance in the maritime littorals. It is the illegal capture of resources – overfishing in the African EEZs, rampant exploitation of the seas, drug smuggling, arms trafficking and widespread pollution of coastal waters – that has thwarted African efforts to build an effective maritime governance system. Africa not only needs maritime administration frameworks and the local capacity to enforce regulations, but also a model for sustainable blue-economy development that does not result in the destruction of its maritime habitat.

It is relevant that a blue economy development represents large-scale job creation and a viable rate of production and growth. The new blue economy has the potential to open up new avenues of development involving the environment, energy, defence and food production.[7] But it is also a comprehensive concept, including in its ambit both the 'green economy' (with its focus on the environment) and the 'ocean economy' (emphasis on ocean development and sea-land complementarities for sustainable development).

Last year, the Blue Economy Strategic Thought Forum-India, debated many ocean economy concepts, proposing multiple ways in which the blue economy could influence human activities.[8] The Indian Ocean Rim Association's (IORA) first Ministerial Blue Economy Conference in October 2015 too sought to enhance cooperation on sustainable development projects in the IOR. The conference held, in Mauritius, identified four priority areas (a) fisheries and aquaculture; (b) renewable ocean energy; (c) seaports and shipping; and (d) seabed exploration and minerals for development.

These are all areas in which India could develop an effective partnership with Africa. It could also combine efforts with China, which has a strong presence in Africa, in strengthening networking, exchange of experiences and best practices for the development of the blue economy. Notably, many of these goals correspond with the UN led sustainable development goals (SDGs) for the blue economy, especially for the conservation and sustainable use of the oceans, seas and marine resources for development.[9]

Still, there are significant impediments in developing the littoral spaces. The basic problem is that the blue economy is science, technology and finance intensive, and many African states are constrained by capability and resources in achieving the desired goals. What is then needed is an arrangement where states could use international and regional financial institutions such as the IMF, ADB and AIIB to develop an exclusive fund for blue energy projects.
It's important to reiterate that the central principle of the blue economy is the idea of ecosystem efficiency. Through a smooth flow of nutrients and energy -- in the same way as natural ecosystems -- life and growth can be sustained

in perpetuity. Such systems reduce inputs and eliminate waste, not just through the efficient use of materials but also because the little waste they produce do not cause much pollution. These innovations have the potential to increase rather than shed jobs, as emulating natural systems requires the employment of human beings.

In order to effectively realise a prosperous future for Africa, India will also need to contribute in the creation of a coherent maritime system. For this, it is imperative to look beyond infrastructure creation, and aid in the strengthening of legal frameworks and institutions. India has the systems, personnel, experience and know-how to help Africa evolve rules and norms that can equitably manage maritime resources. It must, however, also assist African states in creating the material capacity to deal with governance challenges in critical commons – especially the Gulf of Aden and Gulf of Guinea, where a working law enforcement system is yet to be effectively implemented.

India's guiding text for cooperation with the African states must be the Africa Union's Agenda-2063 document, which should spell out a comprehensive vision in alignment with 'development goals' and 'international aspirations.' But New Delhi should also be aware that apart from assisting Africa with hard capacity for security tasks, it will be expected to assist in the evolution of a continental strategy that can improve the lives of its people by creating a model of sustainable development.

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7 TECHNOLOGY AND DEVELOPEMENT IN AFRICA AND INDIA: NEED FOR A NEW POLITICS

VIKROM MATHUR

The persistence of basic development challenges related to hunger, energy-poverty and low agricultural productivity illustrate that market signals alone are not sufficient to generate technological applications for the bottom of the pyramid. Common socio-economic concerns of India and Africa provide fertile grounds for the two regions to collaborate on re-orienting technology regimes to address development needs. At the multilateral level, they must jointly advocate for humble technologies at three key platforms - technology facilitation mechanism under the 2030 Agenda for Sustainable Development, the Paris Agreement on Climate Change and the TRIPS agreement at the WTO. In terms of bilateral engagements, both India and Africa must work together to leverage information and communication technologies (ICTs) for development and explore potential areas for science-technology collaboration especially in the areas of health, energy and agriculture. At this point, transfer of agency is much more vital than diffusion of technology itself.

Realigning Technology Politics

Meeting the Sustainable Development Goals (SDGs) in Africa and India will require maximising the potential of technology. Africa and India face myriad development challenges: 635.4 million people in Africa and 237.4 million people in India have no access to electricity[1]; 80 percent of people in sub-Saharan Africa depend on biomass for cooking while in India 840 million people lack access to clean cooking facilities[2]. Crop yield (kg/hectare) both in India and African countries is among the lowest in the world – in India it's 2,963 kg/hectare, in Ethopia it's 2,217 kg/hectare[3], while in China and USA it's 5,891 and, 7,340 respectively. In terms of malnutrition, 15 percent of India and 20 percent of Africa's population is undernourished[4]. However, technological trajectories are often not well aligned with development needs of the poor. The persistence of basic health problems, hunger-malnutrition, energy-poverty, and low agricultural productivity illustrate that market signals and incentives alone are not sufficient to generate technological applications for the bottom of the pyramid. There is need for a new politics of technology. Global technology regimes and partnerships need to be re-imagined to sharpen focus on technological needs of poorer people and regions.

India's partnership with Africa on science and technology is half a century old. Africa was a major focus of the Indian, Technical and Economic Cooperation (ITEC) programme in the 1960s. India also made explicit commitments to support science and technology in Africa after the second India-Africa Forum Summit in 2008 through the India-Africa Science and Technology Initiative. Technology was the central theme in the Delhi Declaration 2015 - 'Partners in Progress: Towards a Dynamic and Transformative Development Agenda' that emerged from the Third India-Africa Forum Summit in 2015. The relevance of South-South co-operation between regions with shared socio-economic circumstances is particularly relevant for technology. Africa and India are two of the fastest growing regions of the world and have much to learn from each other. They need to work together at a multilateral level to reorient technology regimes to allow transfer and diffusion of technologies for development; at the bilateral level,existing platforms must be leveraged to support investment in invention of affordable technologies that contribute to development.

Technology Commons: Re-orienting Global Technology Regimes

Africans and Indians together comprise nearly one-third of humanity; they need to exercise proportionate degree of influence in global governance of technology. The Paris Agreement on Climate Change, 2030 Agenda for Sustainable Development and WTO's agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) are key platforms where India and Africa, together, must advocate for strengthened technology frameworks for development.

The technology facilitation mechanism that was set up in Addis Ababa as part of the outcomes of the Financing for Development (FFD) conference last July, is an important first step in this process. While the mechanism will not be a means for the transfer of technology itself, it establishes a multi-stakeholder forum and multi-agency task team to focus exclusively on technological solutions for developmental issues. Crucially, the mechanism will be responsible for a comprehensive mapping of existing technologies and how they can be disseminated[5].

The Paris Agreement also devoted an entire section to issues around technology and capacity building (Article 10 and 11, respectively), recognising that technology transfer and development is key to realising climate change resilience and mitigating greenhouse gas emissions. Paris saw the establishment of a technology framework to provide guidance on the work of the existing technology mechanism under the United Nations Framework Convention on Climate Change, and support the long-term goals of the agreement. There is always the risk that the highly bureaucratic multilateral mechanisms for technology transfer become empty shells. The 22nd Conference of Parties will be held in Marrakesh, Morocco in 2016: Africa and India need to ensure technology mechanisms under Paris Agreement and Agenda

2030 are effectively operationalised.

The Agreement on TRIPS under WTO prescribes intellectual property rights (IPRs) protection and enforcement standards, which have global implications. For India and Africa, TRIPS had two primary implications – first, the issue of access to essential commodities like affordable drugs and second, technology transfer from developed countries. While TRIPS recognised the detrimental effects that higher IP regulation can have on public health, and tried to address them to a certain extent through the 'flexibilities' that the agreement provided, the mandated IP restructuring has meant much stronger limitations for generic drug manufacturers in key supplier countries like India.[6] Recent developments highlight the possibility of even higher IP protection in the WTO platform – the United States and Switzerland are advocating for the establishment of the non-violation complaints (NVCs) norms under TRIPS. Through the NCV, any member state can challenge another member on actions that do not necessarily violate the WTO conditions.[7] Common concerns related to these implications have meant that India and Africa have a history of close collaboration at the WTO – recently, civil society of the two regions submitted a joint statement to the Nairobi Ministerial of the WTO demanding a more development-friendly framework in the areas of IP and agriculture.[8]

In terms of technology transfer too, little meaningful transfer and diffusion is actually taking place despite the rhetoric and commitments made by developed countries to take practicable steps to facilitate, finance and promote the access and transfer of life giving and environmental technologies.[9]Article 66.2 of the TRIPS agreement goes beyond mere promotion and compels developed countries to incentivise 'enterprises and institutions in their territories' to carry out suitable technology transfers.[10] However, evidence suggests otherwise – majority of the programmes classifies as technology transfer are poorly-targeted, and do not provide the mandated preferential treatment to least developing countries (LDC). For example, the 2002 report on technology transfer activities, submitted by Germany to the TRIPS Council, states that its programmes are aimed at 'any developing country where the legal framework and investment climate allows private investment', but it is silent on specific LDCs-based advantages that the country is expected to provide.[11]

Societal action on planetary threats like climate change and prevention of health crises can't be held hostage to the ability to pay for technology royalties. IPR must not be used as a shield to guard the interests of large corporations and prevent meaningful progress on SDGs and climate change.

Walking Together, Walking Far: Bilateral Technology Partnerships

Africa and India have a long history of technological collaboration in four areas that are critical for development, ICTs, agriculture, rural electrification and health. Ongoing collaboration in these areas needs to be strengthened to push for applications and products that cater to the needs and budgets of the poor.

ICTs

Inequality with regards to access to and use of ICTs among social groups/strata can create a 'digital divide' - further entrenching the gap between the haves and have-nots. Specific policies, programmes and products are needed to use ICTs to transform the lives of the poor by improving access to education, health and financial services. As the ICT revolution unfolds in India and Africa, it is crucial to also understand its impact on gender relations in both the regions. ICT technologies do hold the potential to empower women, but existing patriarchal, economic, and socio-cultural structures tend to favour male access and usage, inadvertently reinforcing, even widening the existing gender gaps. In order to tap the real potential of ICTs in transforming lives, it is simply not enough to introduce the technologies; their complex gendered nature must be acknowledged[12].

The M-Pesa scheme in Kenya is a good example of the use of ICTs to promote financial inclusions. Similar schemes can lead to structural social changes and empowerment by providing access to markets, banks, credit and insurance.

India and Africa are already collaborating on ICTs. The Pan-Africa e-Network was launched in 2009 through Indian assistance. This fibre-optic network, established at the cost of Rs 452 crore, across 48 countries in Africa provides satellite connectivity, tele-medicine and tele-education[13]. African technologists have also participated in training programmes in India. Technology centres have also been established in several African countries with Indian support such as the Technology Development and Innovation Centre in Science and Technology Park in Mozambique, Technology Park in Cape Verde and the Mahatma Gandhi IT and Biotechnology Park in Cote d'Ivoire.

Health

Potential areas for science-technology collaboration between India and Africa in the health sector relate to increased research anddevelopment of medicines especially for neglected tropical diseases, leveraging telemedicine to plug the access gaps, enhanced access to quality and affordable generic medicines and setting-up of medical institutes.

Cost of medicines remains a primary impediment to access: The WHO estimates that essential drugs are still not available to almost one-third of the global population.[14] Having said this, the growing supply of generics has made a significant positive impact. As early as 2001,Indian generic giant- Cipla – sold the ARV drug for just US$350 per patient per year, as opposed to the non-discounted version, which was priced between US$10,000 and US$15,000.[15] However, it is becoming increasingly difficult to produce generic versions – the global discourse is moving towards one of higher IP protection. Apart from the TRIPS, developed countries are negotiating for the much stronger TRIPS-plus conditions through bilateral and regional agreements.[16] India is also facing additional pressure from the US through the US International Trade Commission

(USITC)[17] and the US Trade Representative (USTR)[18]. At this stage then, there is a need to simultaneously explore alternative models of funding IP costs such as global health funding organizations, including Global Fund to Fight Aids, Tuberculosis and Malaria (GFATM) and UNITAID created a global subsidy through Affordable Medicines Facility-malaria (AMFm) which reduced the price of ACT to end users. Manufacturers received global subsidy directly and shipped reduced price drugs, which were distributed through local channels.

The Pan-Africa e-Network is another channel through which technology can be optimally employed to plug the supply gaps in Asia and Africa. Given the common challenges such as the health personnel crises, the lack of health centres in rural areas, and the relatively low investment in R&D for medicines,the two regions can collaborate to exploring common solutions. For instance, both India and Africa have a rich culture of traditional medicine[19], which forms a fertile base for pharmaceutical related R&D.

Energy

Large parts of India and Africa are not connected to electrical grids because of which there is scope to expand access to energy by developing decentralised and localised renewable energy solutions. Africa is undergoing a 'quite solar revolution' as innovative start-ups are providing power to rural consumers[20]. Indian energy planners have made a strong commitment to solar energy with Prime Minister Narendra Modi targeting installed capacity of solar power to be 100 GW by 2022. Solar power could drive technological cooperation in the area of energy between India and Africa.
It has also supported larger energy infrastructure projects through its lines of credit including power transmission lines in Kenya and Mali, hydro-power plants in Burundi, the Central African Republic, and the Democratic Republic of Congo, and solar power plants in Niger.

Agriculture

Africa and India are largely agrarian societies. Humble technologies for improving the productivity of agriculture and developing climate smart agricultural practices are critical such as drought resistant seeds, effective irrigation technologies, better crop varieties and more upstream investments in food processing technologies. A lot of collaboration is already happening between Africa and India in this sphere[21]. A potentially fruitful area for collaboration is irrigation technology. Indian private sector is already active; Jain Irrigation has wide presence in Kenya, Rwanda, Ethiopia, Tanzania and Nigeria and is spreading drip irrigation technology in Africa[22].

India has a long tradition of agricultural research: Crop Research Institute for the Semi-Arid Tropics (ICRISAT) and International Livestock Research Institute (ILRI) are at the forefront of India-Africa cooperation in agriculture[23]. Further up the value chain, ICRISAT has supported agribusiness development in Angola, Cameroon, Ghana, Mali and Uganda. ILRI has focused on livestock development in Mozambique, Tanzania, Ethiopia, and Kenya. The National Seed Association of India and Syngenta Foundation of India are distributing better seeds to African farmers and opening up markets for Indian seed companies through India-Africa Seeds Bridge project.

Making Technology Grow, Investing in People

To make technology grow, Africa and India need to invest in their key resource-the youth. Skilled and trained technologists will be needed for R&D of new applications and for the diffusion of existing technologies. India needs to continue to increase widespread access to quality science education in Africa through scholarships and fellowships for African students, specialised programmes of training, establishment of training centres and educational institutions and expanding tele-education.

The CV Raman Fellowship for example has supported 164 African researchers to conduct research in the Indian technology institutes. The Indira Gandhi National Open University (IGNOU) has been established in East Africa to provide online education. Several research centres have been established for the study of life sciences, earth systems, agriculture, and rural development.

Technology should ultimately lead to empowerment and social changes. Policy needs to direct and shape technological trajectories to align them with development needs and think seriously about social institutions within which technologies are embedded. Global politics and economics work against the interests of the poor in developing countries. Currently, technology innovation happens in the developed world and the market for its consumption is in the global south.[24] The current paradigm - where R&D takes place in the developed world and developing countries are recipients in the diffusion stage[25] -needs to be altered. Transfer of agency to developing countries is far more critical than the transfer of technology itself.

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8 DECONSTRUCTING INDIA'S PEACEKEEPING ROLE IN AFRICA

KUDRAT VIRK

India is among the largest and most consistent troop contributors to United Nations (UN) peacekeeping in Africa, where the majority of its blue helmets are deployed. This engagement with African peace and security has been driven by both principles and interests including India's bid for permanent membership of the UN Security Council and Africa's growing importance to it. However, India's peacekeeping role faces challenges related to the changing nature of the peacekeeping enterprise itself and the context in which it operates, as well as Africa's own efforts to provide security on the continent. These raise hard questions for New Delhi. Is the Indian endeavor more than an aspect of its UN diplomacy? Could it evolve to become a more integral part of India's Africa policy?

India has for long been one of the largest troop-contributing countries to United Nations (UN) peacekeeping, globally and in Africa, its soldiers having served under the UN flag 'from Congo to Congo'.[1] As India's interests in Africa have expanded over the past two decades, the provision of blue helmets has been a prominent feature of the rhetoric on its engagement with the continent and a key component of its efforts to strengthen India-Africa relations. Yet, how central is Africa itself to this endeavour?

Asian Peacekeepers in Africa – Situating India

The world of UN peacekeeping provides the most visible demonstration of Asian engagement with peace and security in Africa. And the numbers tell a vivid story. Six Asian countries – Bangladesh, India, Pakistan, Nepal, China, and Indonesia – provided over a third of all UN peacekeepers in 2015.[2] With about 80 percent of blue helmets deployed in Africa, this makes the Asian contribution to peacekeeping efforts on the continent no small matter. More than half the force strength of the UN Organisation Stabilisation Mission in the Democratic Republic of the Congo (MONUSCO) – the largest such operation in the continent – is comprised of Asian troops. Beyond numbers, and notwithstanding the occasional criticism that they have drawn over the years, the commitment shown by Asia's 'boots on the ground' in facing the hardships of peacekeeping, and in risking their lives to save strangers, has been as noteworthy and is reflected in the casualties that they have suffered.

The reasons why Asian governments commit so many of their uniformed personnel to serve under the UN flag in Africa vary, as they would given their different historical experiences, interests, and capacities. Within Asia, the leading troop contributors are from the Indian subcontinent – specifically India, Pakistan, and Bangladesh, for whom deployments of blue helmets are a concrete expression of their principled commitment to the purposes of the UN. But only in part, for each is further driven to translate this sense of responsibility into practice for assorted reasons. A snapshot illustrates. India is not only a relatively stable democracy, but also a rising economic power with a sense of 'manifest destiny', and its peacekeeping profile is a major component of its bid for a permanent seat in the UN Security Council. In the case of Pakistan, its peacekeeping credentials have helped the military in its efforts to project a positive image and gain a measure of international as well as domestic legitimacy.[3] Meanwhile for Bangladesh, blue helmet deployments have lent impetus for modernising the country's armed forces, while giving them an outward-facing role that has had a positive impact on civil-military relations at home.[4]

Yet, the drivers of South Asian peacekeeping – for the most part – have had very little to do with Africa itself, despite the continent's dominance in their UN deployment profiles. More than 90 percent of UN peacekeepers from Pakistan and Bangladesh were serving in Africa in 2015.[5] But if either country has any particular strategic interests that have predisposed it to provide blue helmets in such numbers to Africa in particular, they are far too obscure. Rather, the African focus derives from the shifting geography and expansion of peacekeeping from the Cold War period to the present, which has witnessed the continent play host to some of the UN's largest missions such as in the Democratic Republic of the Congo (DRC), Darfur, and South Sudan. India is an exception, albeit arguably. It has the longest – and most consistent – record as a troop contributor of note to UN operations in Africa. Prior to 1989, there were only two UN peacekeeping operations deployed on the continent: The UN Emergency Force (UNEF) in Egypt and the UN Operation in the Congo (ONUC). And India made major contributions to both. A legacy of Nehruvian liberal internationalism and Afro-Asian solidarity against colonialism, this engagement has continued, but with its need reinforced by India's growing interests in Africa.

Focus on Africa?

It may be over-simplistic to reduce the drivers of India's contemporary engagement with Africa to resources, but they are undoubtedly a key factor. Economic growth is an imperative, both to sustain India's rise as a credible and influential player on the world stage as well as to meet its domestic objectives, making the country – with its population of over 1.2 billion – a resource-hungry giant. The attraction to Africa, with its plentiful natural resources from oil and timber to metals such as gold, is obvious. India-Africa trade has grown very rapidly from $5.5 billion in 2001 to $70 billion in 2014,[6] and Indian investments in the continent now run into billions, with companies such as the Tata Group having a visible presence. However, conflict in Africa poses a risk to the safety of Indian investments and migrants, a reality exposed by the evacuation of about 15,000 Indians from Libya in the wake of violence in 2011. Other threats include those posed by Boko Haram insurgents to stability in Nigeria – one of India's main sources of crude oil imports – and by piracy off the Horn of Africa to shipping routes. Given the complexity of Africa's regional and security dynamics, this means that India has a broad-based interest in supporting efforts to increase peace and stability across the continent. New Delhi also has specific stakes in several African countries that currently host UN peacekeeping operations, in particular the DRC and South Sudan, where it has significant investments in the oil industry.

And then there is China, or rather Chinese competition for African business and 'hearts and minds'. China belongs to a cohort of newcomers to peacekeeping, but has rapidly risen to the top ranks of troop-contributing countries with over 3,000 blue helmets deployed in 2015, up from fewer than 100 in 2000.[7] The vast majority of these Chinese peacekeepers are serving in Africa – specifically in the DRC, Darfur, Mali, Liberia, and South Sudan. And until recently, most were medical, engineering, and support personnel. In 2015 Beijing deployed its first combat battalion to a UN peacekeeping mission – in South Sudan – signalling a shift in its approach to peacekeeping in Africa, further borne out by President Xi Jinping's pledge – made at the UN General Assembly later in the year – to create a 8,000-strong peacekeeping standby force. These Chinese moves pose a potential challenge for India, given that New Delhi's manpower contributions to peacekeeping operations have helped to distinguish its engagement in Africa and to give it a small edge over Beijing, the economically more dominant player.

'New' Challenges

Though China has attracted the lion's share of headline-grabbing controversy, India's engagement in Africa is not devoid of criticism and faces a few of the same issues. India-Africa trade, for example, is characterised by a marked imbalance, similar to China-Africa trade: It is based mainly on the export of primary products from Africa and the import of manufactured goods from India.[8] This risks replicating old colonial trade patterns, and there is a clear need for New Delhi to broaden its trade base. In this context, its contributions to African peace and security – through UN peacekeeping, in particular – have helped India maintain – for now – its standing on the continent, and remain a key plank of its bid to strengthening relations with Africa as a whole. But this peacekeeping role in Africa faces a number of challenges.

The first relates to the changing nature of peacekeeping. Over the past two decades, UN peacekeeping operations have grown in ambition and complexity to involve a wide range of activities, and since 1999, several missions (for example, MONUSCO) have had express mandates to protect civilians. This turn towards more robust peacekeeping has been intertwined with the emerging – and for India, problematic – norm of responsibility to protect (R2P) and raised similar issues, including a concern that it may be providing foot soldiers for the pursuit of Western interests and values.[9] Not surprisingly, India has been a vocal critic of the lack of transparency in the UN Security Council's working methods and of consultation with troop-contributing countries in the drafting of mandates. It has also pressed the case against abandoning the traditional principles of local consent, neutrality, and non-use of force except in self-defence in UN peacekeeping. The resultant tension between India's understanding of peacekeeping and the mandates that it has to implement in high-risk operating environments has, however, created difficulties: In the DRC, for example, Indian troops have had to weather criticism for not doing enough to protect civilians. A large part of the problem lies in the missions themselves: They tend to be under-resourced and operate under constraints that amplify the challenges faced by peacekeepers.

At the same time, there is no getting away from a more fundamental issue in the context of India-Africa relations: In Africa, there has been greater acceptance of the shift towards 'peace enforcement' and of the idea that peacekeeping cannot be based – always or entirely – on traditional principles. The mandates of African operations (such as the African Union Mission in Somalia [AMISOM]) have gone further than those of the UN. Though it may be an exception in the context of UN peacekeeping, the creation of a 3000-strong Force Intervention Brigade (FIB) – under the umbrella of MONUSCO, but manned by soldiers from South Africa, Tanzania, and Malawi – is closer to a trend in Africa. This force, in a first for the UN, was mandated to carry out offensive operations against rebels in the eastern DRC. In the words of Richard Gowan, 'African officials frequently argue that UN missions are too cautious and unwilling to use force. Both inside and outside the UN, African governments are likely to push for more robust and ambitious peace operations in future.'[10] The challenge for India then becomes one of willingness to re-think its approach to peacekeeping, not merely as an aspect of its UN diplomacy but of its Africa policy, or risk neglecting the context in Africa itself and forfeiting the pay-off of its past contributions.

Second, Africa is building its own capacity to keep the peace. Its deployments to UN peacekeeping operations have increased substantially, and this expansion in manpower contributions is reflected in the leader board of UN troop contributors: Five African countries ranked in the top ten in 2015 – Ethiopia, Rwanda, Senegal, Ghana, and Nigeria. Furthermore, African regional organisations have deployed their own peace operations over the past two decades – for example, in Sudan and Somalia – with the African Union (AU) alone having deployed 64,000 peacekeepers since 2004.[11] Africa is developing a continental peace and security architecture, including an African Standby Force (ASF) with rapid deployment capacity to address conflicts. However, the ASF – conceived over a decade ago – is not yet fully operational, and African peace operations face serious capacity gaps in areas ranging from skilled personnel to logistics and transport. India has supported African capacity-building in peacekeeping through monetary contributions and the provision of training, but can it do more? India is one of a handful of troop-contributing countries with the capacity and willingness to deploy specialised assets such as combat helicopters, field hospitals, and engineering units to UN operations. Is it willing, however, to step out further from under the UN umbrella and provide similar support for the ASF and African-run operations? All in all, how central is Africa itself to India's peace and security engagement with the continent? Is India's peacekeeping role in Africa more than an extension of its diplomacy at the UN? And is there room to think outside the proverbial box on sensitive and difficult issues such as the use of force for a closer fit with the realities in and of Africa?

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9 POLICY CONVERGENCE IN GLOBAL GOVERNANCE INSTITUTIONS: THE CASE OF A NEW INTERNATIONAL ARCHITECTURE ON DEVELOPEMENT

SANUSHA NAIDU

Examining the role of policy convergence in global governance institutions, the main argument is that under a new global development architecture achieving policy convergence will remain a difficult task as each state will be seized with dealing with their triple challenge of poverty, inequality and unemployment. The view is that in order to address these issues countries need to explore different ways of nesting power in global governance institutions.

The year 2015 was significant for the global agenda on development. It was underpinned by five main international gatherings. These were:

- The 5th Global Aid for Trade review (30 June- 2 July) that focused on reducing trade costs for sustainable development
- The Financing for Development Conference (FfD) that took place in Addis Ababa in July
- The UN adoption of the Post-2015 agenda (25-27 September, which focused on the shift from the Millennium Development Goals (MDGs) to the Sustainable Development Goals (SDGs), and included trade, peace and security as cross-cutting thematic issues aimed at global structural economic change
- The negotiations for a new international climate change deal under the auspices of the United Nations Framework Convention on Climate Change hosted in Paris in November
- The MC10 WTO Ministerial Meeting that was held in December in Nairobi, Kenya

Together these global meetings have set into motion the start of various international processes, which will ultimately define and shape the future of global architecture on development. Understanding how these global processes will evolve also requires a critical awareness of the kind of engagement and policy convergence that will be required. Based on the above issues this brief is aimed at unpacking how policy convergence is being informed by the underlying trajectories of a new global development framework. It also intends to explore what new practices of global governance are emerging that can assist in enabling better policy convergence in global governance institutions.

The World is not the Same

Following the 2008 financial crisis, the foundation of the global economic outlook had fundamentally shifted. The immediate fallout from the crisis did not directly affect emerging actors such as China. However, it seems that today the protracted nature of the 2008 financial consequences has begun to be felt in China's economic state of affairs and in terms of broader global impulses.

Over the past 18 to 24months, the global development landscape has been undergoing some strategic re-orientations that undoubtedly points to medium and long-term effects. Such trends will inform how policy convergence and decision-making in global governance institutions are undertaken.

Let us consider the following trends and patterns:

- World trade has not managed to rebound after the 2008 financial crisis and it looks unlikely that will return to its long run average of 6 percent before the crisis hit in the immediate future
- The weakening of the trade-growth nexus or relationship. Between the period 1986 and 2000, a 1 percent GDP growth in the world economy correlated with a 2.2 percent increase in trade growth. Yet since 2000 this relationship has been weakened. Currently, this elasticity is just about 1.3 percent[1]
- Global Commodity Prices are not just declining but have in some cases reached their bottom out levels
- The volatility in the global benchmark price of oil has seen prices dip to less than $35 a barrel, leading to balance of payment weakness for some oil producing countries in Africa, compounded by unpredictable currency fluctuations aligned to depressed primary commodity prices
- The rise of Mega-Regional Trading Agreements such as the Trans Pacific Partnership (TPP) or the Transatlantic Trade in Investment Partnership (T-TIP) are interpreted as bypassing the rules-based system of the WTO, and
- The weakening of the 'Africa Rising' narrative[2]

All of the above point to a global context where the idea of governance no longer relates to just state to state convergence but also brings into the discussion the role of other foreign policy actors who represent the voice and interests of a variety of multi-stakeholders whether it is the private sector, global social movements, national parliaments and/or domestic sub-national actors. This diffusion of state power in the current setting of a multipolar world leads to a set of fundamental questions around what types of policy convergence can be identified in going forward.

Domestic Policy Space and Global Governance

Within this evolving developmental governance landscape, the link between domestic policy issues and decision-making with international commitments and responsibilities cannot be ignored. Unmistakenly, the policy convergence around the global governance development agenda is underlined by the coalescing around the triple helix challenge of addressing poverty, inequality and unemployment.

While the triple helix challenges are not new

issues and form part of the global policy convergence in the G20 developing working group as well as in the BRICS platform and the IBSA (India, Brazil, South Africa) trilateral grouping, the adoption of the 2030 Sustainable Development Agenda Vision comes with its own set of inherent contradictions. The most obvious of these is the greater need to protect national development interests first and foremost in all spheres of decision-making with regard to political and economic governance institutions through the applied Principle of Common but Differentiated Responsibility (CBDR).

The CBDR principle is generally and commonly referred to in the context of international environmental law. It has in recent times also been extended to the WTO and in other bilateral trade negotiations. It provides a safety net for those states who, while accepting responsibility around climate change, remained cautious of being held liable to contribute in the same way as their counterparts from the developed world, based on two principles of 'historic emissions and their ability to pay'.[3]

The principle of CBDR can thus also be interpreted and used to safeguard national vested interests. This is because we cannot forget that all politics is local and therefore satisfying the expectations of domestic constituencies is very much a part of how international interests are shaped and influenced. Not least because it is electorates that wield the power at the ballot boxes.Of course in this global climate of economic and development uncertainty, the underplay of geo-strategic interests should not be underestimated either.

Current Status Quo of Policy Convergence

The sobering reality of today's multi-polar international system is that it is overlaid by its plurilateral nature that makes the policy convergence in global governance institutions that much more complex. On big ticket issues such as reform of the United Nations Security Council (UNSC), the Bretton Woods Institutions and platforms that still reflect the imbalance of the post World War II Period, there is consensus on the policy convergence that the world has changed and that the global architecture needs to reflect current realities of new voices and centres of power.

But where the situation becomes complicated is in the 'how to'. Nowhere is this more relevant than on the different approaches to reforming of the UNSC. The big policy convergence question is whether to push for the 'right to veto' or not. Consider the different trajectories among those countries seeking to gain a permanent seat in a reformed UNSC. The group of four - Brazil, Germany, Japan and India - have resolved that they will not push for the 'veto right' in order to allow for the process to continue without delay. However, not all engaged actors are willing to adopt such a compromise.

In the African context 'The Ezulwini Consensus'[4] calls for two permanent seats that will represent the continent with 'the right to veto'. With the African side remaining steadfast in its demands, South Africa finds itself caught between a rock and hard place. On the one hand, Pretoria cannot break ranks with the African position because it is a signatory of the Ezulwini

Consensus. On the other hand, it is also aligned in principle to what its IBSA partners are willing to concede in order for the impasse to be resolved around the UNSC reforms.

Another area of concern relates to the tensions that can be seen within the trade for development nexus where the rules based system is caught between Bilateral Regional Trading Agreements (BRTAs) vis-à-vis the WTO. Of particular interest is whether BRTAs would offer better market access and trade benefits than what can be established through issues being discussed in the WTO. The issue at hand is around the Duty and Quota Free Preferences (DQFP) scheme for enhancing market access and boosting growth and industrial development for recipient economies. While the objective of such programmes is to increase African exports into partner economies, often the design of such programmes is such that it excludes those goods which African countries' are competitive in. This is aimed at protecting local industries and producers.

A study done by Acharaz and Ghisu highlights that in the case of India's extended DFQP programme to Africa under the India-Africa Forum Summit engagement, the design of the programme is limited in terms of which products fall under the scheme and which are excluded through the adoption of tariff escalation measures, non-tariff measures such as sanitary and phyto-santiary standards, and rules of origin[5].

The dilemma in both examples for most African countries is balancing their different policy positions and interests in global governance institutions within a plurilateral set of engagements. This push and pull nature of policy convergence in global governance institutions is becoming more intricate, especially as the global development agenda is underlined by competing coalition interests, which are not always in sync with each other and underlined by Catch-22 dilemmas.

But is there a way to develop synergies that will strengthen policy convergence on global governance issues?

Nesting Soft Power for Policy Convergence in Future Global Governance Institutions?

Synergising Africa and Asia relations
Much of the debate regarding policy convergence in global governance institutions has focused on the use of soft power to influence and leverage outcomes. The use of such tools is aimed at understanding how the allocation of resources and the distribution of capabilities leads to coalition building centred around common interests.

But is soft power from this vantage point sufficient to push for greater policy coherence in global governance consensus? This is where examining other ways of embedding soft power needs to be discussed. The idea of 'nested power' is one such avenue for exploration. Nested power in global politics is the adoption of many instruments of power within a multi-level governance architecture that is aimed at achieving multi-dimensional outcomes underlined by branding, attracting, positioning and hedging by a state. The idea of 'nested power' is that the level of interaction and negotiations around each issue of interest is considered as unique based on the ability of the state to position, brand, and hedge itself by becoming a 'big player' through the use of resources, relationships, and networking. This means that in 'nested power' the level of interaction around one factor is considered to impact the level of engagement and outcome in respect of another and relationships are established with multiple actors even where there are tensions. The current global reality is premised on the viethat one set of engagements cannot satisfy all the interests of a state. This is because it does not always lead to the desired results with some of the trade-offs not always satisfying the national political and economic interests of countries.

In today's global setting, if states require more adept ways of bringing about policy convergence then the game to play is to nest power in different ways within the variations of global governance institutions. This requires not only looking at big ticket issues around global governance reforms but also embedding relationships around smaller salient issues that can have important consequences for what a state wants to achieve in its own vested interests around global governance outcomes.

Nesting power in coalition building must become more nuanced around the brand and identity a state conveys. This does not mean that coalition partners have to be on the same page at all times - they have the 'right to disagree'. But the idea of branding for a state refers to how effectively states communicate their efforts to partners, through public diplomacy, with the aim of building partnerships and getting states to join their coalition.In a sense, the country must be seen as 'mover' and shaker'.

This is where building policy convergence becomes the art of diplomacy in the current global development architecture; and perhaps where convergence between Africa and Asia around nested power can be utilised further around the triple helix challenges of poverty, inequality and unemployment. While the general consensus today is that aid has not assisted in addressing the triple helix challenges affecting the developing world, there is the common belief that trade is better equipped to do so. But we are also aware of the complex nature of global trading regimes that can also have negative effects on reversing the triple helix challenges. Therefore, an important area of cooperation towards governance convergence in this regard can be found in respect to the trade and development nexus, particularly around global value chains.

Asia's comparative advantage lies in its manufacturing capabilities as a result of its competitive labour arbitrage and its ability to invest in high capital intensive production. For Africa, it is the vast resource rich endowment which accounts for 75 percent of the continent's global value chain. Both these advantages make Africa and Asia reciprocal partners. Such synergies enable both continents to seek better governance outcomes that includes:

- Improving the design of trade and investment policies that enhance productive capacities not just in the form of preferential market access or technical training programmes that enhance prospects of improving value added production but also aimed at opening up markets for the export of such products

- Strengthening awareness from both sides on industrial programmes that provides for less competition and more complementarity between
- African and Asian producers in duty and quota free preferential schemes
- Harmonising more coordinated positions in the WTO and other global trade forums in respect of global value chains such as reducing NTBs and tariff escalation measures
- Looking to expand mega-regional trading blocs between themselves that create expansive markets to trade in

The above is just one possible way for Africa and Asia to define synergies around the emerging global development architecture where power needs to be nested in multiple layers within global governance institutions.

1: Figures presented at the Commonwealth Trade Symposium: Shaping a Global Trade Agenda for Development Symposium, hosted by The Commonwealth Secretariat in partnership with the South African Department of Trade and Industry (the dti), 23-24 June 2015, Southern Sun Hotel at OR Tambo Airport, Johannesburg.

2: The weakening of the 'African Rising' narrative is due to the decline in global commodity prices compounded by the slow growth consumption, which has been recorded in many of Africa's primary economic partners such as China. This has led to balance of payments issues and some countries such as Angola and Zambia claiming that the depressed global commodity prices will have negative consequences in meeting their socio economic budgetary spending. Other issues contributing to this downward shift include rising inflation costs; severe climate conditions yielding poor agricultural returns; and higher interests rates to curb consumer debt.

3: See Marcus Hedahl, *Moving from the Principle 'Common but Differentiated Responsibility' to 'Equal Access to Sustainable Development' will aid international climate change negotiations*, London Scholl of Economics 2013. Available at: http://blogs.lse.ac.uk/europpblog/2013/09/28/moving-from-the-principle-of-common-but-differentiated-responsibility-to-equitable-access-to-sustainable-development-will-aid-international-climate-change-negotiati/

4: 'The Ezulwini Consensus' was adopted in 2005 at an Extraordinary Session of the Executive Council of the African Union (AU). The Consensus outlines Africa's position on democratic reform of the UN as agreed to by the AU.

5: See Vinaye Ancharaz and Paolo Ghisu, 'Deepening Engagement India's engagement with LDCs' ICTSD, Issue Paper No 31, October 2014. Available at: http://www.eabc.info/uploads/Deepening_Indias_Engagement_with_the_LDCs_-_An_in-depth_Analysis_of_Indias_Duty-free_Tariff_Preference_Scheme.pdf

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