Asymmetric Power Endowments and NEPAD:

Predicting the Flow of Foreign Direct Investment in Africa

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ACRONYM LIST

AGOA	The U.S. Africa Growth and Opportunity Act
AEC	African Economic Community
AMU	Arab Maghreb Union
APRM	African Peer Review Mechanism
AU/OAU	African Union/Organization of the African Union
CEMAC	Communauté Économique et Monétaire de l'Afrique Centrale (Central Africa Economic and Monetary Community)
COMESA	Common Market of Eastern and Southern Africa
ECCAS	Economic Community of Central African States
ECOWAS	Economic Community of West African States
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
ICTs	Information and Communications Technologies
IOC	Indian Ocean Community
MNC	Multi-National Corporations
NEPAD	The New Economic Plan for Africa’s Development
SACU	South African Customs Union
SADC	Southern African Development Community
UEMOA	Union Economique et Monétaire Ouest Africain (West African Economic and Monetary Union)
UN	United Nations

TABLE OF CONTENTS

INTRODUCTION

Globalization, defined as the interconnection of the political, economic, social, and cultural processes of nations across the globe, has expanded rapidly in recent decades. This expansion is altering the political processes, economies, and social institutions of many African nations. Due in part to the new political and economic global networks, actors, and regimes that have emerged, authoritarian and totalitarian regimes have collapsed on the continent of Africa, which has made way for more democratic forms of government and greater trade with the developed world. In the economic realm, liberalization, rapidly advancing information technologies, and more open markets make modes of production possible that were not conceivable in the past. The economic challenges of time and space are diminished in importance and companies across the world are able to conduct commerce with suppliers, manufacturers, and customers regardless of their locale. Yet despite the potential afforded by these developments, many African nations have been ill equipped to integrate themselves into the global marketplace due in part to economically paralyzing national debt, lack of investments in public and private enterprises, and poor governance. Among development theorists, there is little doubt that the world's poorest nations must act quickly if they are to maximize the benefit of globalization and minimize its negative repercussions.

Nations that have been marginalized and exploited for generations now work to employ drastic measures and innovative devices to facilitate beneficial economic global interaction. The New Economic Partnership for Africa's Development (NEPAD) is the latest in a long line of initiatives to address the continent's multitude of development needs, making use of regionally-based, multi-sectoral tactics. Long-term objectives include the creation of a path for sustainable growth and development and the promotion of the role of women; further, there are specific, measurable goals for poverty reduction, primary and secondary school enrollments, reductions in maternal, child, and infant mortality rates, reproductive health access, and reversal of the environmental resource loss. Short-term objectives include emphasis on market access, human capital, infrastructure, health, and agriculture. It is envisioned that NEPAD's long- and short-term objectives will provide the necessary framework to accelerate Africa's development in a comprehensive manner.

Written primarily by the leaders of four African nations (Algeria, Nigeria, Senegal, and South Africa), and participated in via the African Peer Review Mechanism by a dozen others, the NEPAD document offers a plan for advancing the continent as a whole. It is clear that the political leaders who drafted NEPAD understand the significance of regionalism, yet simultaneously the document attempts to maintain the nation-state as the direct beneficiary of developmental rewards. While regionalism is celebrated, the nation-state endures. Within NEPAD's endeavors, this means that every effort is made to retain the sovereignty, influence, and operation of the state, even as the drafters of NEPAD insist that regionalism is critical in the continent's success.

While the overarching goals of NEPAD are the eradication of poverty and full integration into the world economy, many other facets of African governance and national operation are taken into consideration. Thus, the initiative surreptitiously recognizes that the global economic institutions in place dictate certain political behaviors. Therefore, the ideologies of human rights, transparency, political pluralism, and democracy are linked societal cornerstones to which participating nations must be willing to adhere (or at least pay lip service to) to enjoy the benefits of NEPAD. It is no coincidence that these ideologies are the same as those specifically outlined in the United States' Africa Growth and Opportunity Act (AGOA) and that are supported – through action or non-action – by the modern development regime. This regime is comprised of actors such as the European Union, the United Nations, the International Monetary Fund, the World Bank, and multi-national corporations (MNCs). This regime controls the flow of capital and aid into the continent, along with managing the programs that assist in development and providing a market for Africa's goods.

The economic superpowers within the modern development regime bequeath the rewards upon those nations that are democratic, politically stable, economically productive, and, in a social context, acceptable by neo-liberal standards. The realization of these qualities, or at least the outward façade of achieving this standard, can be derived from several sources – governance structures, economic productivity, human capital, and poverty alleviation. Due to the historical, cultural, political, and social realities of the individual African nations, rates of achieving the neo-liberal standard will occur at dissimilar paces. This means that access to the capital, human resources, and programs to foster development will not be available equally to all African nations. As a result of its reliance on political stability, predictable and transparent institutions, and economic productivity as investment precursors, foreign direct investment (FDI) is a key indicator of the achievement of accessibility.

Nevertheless, within the emergent African development environment under NEPAD, other factors must be considered as sources of strength. Globalization and informationalization have increased both the importance and capabilities of non-state actors through the emergence of networks and new conceptualizations of power. *Instrumental power,* that influence bestowed on a nation by its possession those endowments that the NEPAD document and the modern development regime place a premium upon, is doubtless an important factor in securing FDI. But there is also power in an African nation's *existing networks* – those political, economic, and technological ties to actors (both within the continent and globally) that can be exploited both to connect with sources of FDI and to maximize the benefit of investment funds that have already been secured.

Moreover, as NEPAD is an evolving initiative, there is also a *structural power* conferred to those nations who are involved at the outset. As NEPAD is Africa's response to the structural power of the other actors on the international scene, there is also a power conferred by the greater international structure's acceptance of NEPAD at the outset. Nations involved at the outset are those that will help to create the institutions that support NEPAD-development and they are also likely to have initial access to investors that are intrigued by the promise of NEPAD; the potential of these two activities allow for access to resources that will likely be unavailable to nations not involved with NEPAD.

Which African nations are relatively more likely to secure foreign direct investment in the NEPAD environment? More specifically, what is the interplay between an African nation's *instrumental power* and *existing networks* and, when combined with *structural power* in the NEPAD environment, what do these factors signify about the likelihood of securing FDI? In the process of answering these questions, this research will also suggest tactics for overcoming the inherent biases of the NEPAD-development structure to benefit overall continental development goals.

Most assuredly, some nations would rank higher than other nations with regard to *instrumental power.* The weight of this power is apparent in both the general development climate and in the dogma of NEPAD, as it lays out these associated goals explicitly. For example, several nations are led by regimes globally-regarded as democratic and fair; while still other nations have established productive capabilities and are currently producing for the global, as well as the local and national markets. Some governments have made substantial investments in public services; as a result, the citizenry enjoys higher rates of literacy and lower rates of disease. Each of these factors bring nations closer to their goals, and would permit them to score higher on the basis of *instrumental power*, yet no African nation enjoys a dominance by all measures of instrumental power. Yet these factors have been precursors for investment for decades. In the NEPAD environment, which explicitly pays homage to the value of these criteria, they are likely to rise in importance.

Given the asymmetric capabilities and circumstances of the various NEPAD participants, achieving common goals through collective action will be no easy task. Individual states and the firms that will provide the momentum for growth will be forced to rely upon *existing networks* that each has fostered. These networks could have been established via participation in international diplomacy structures, intra-continental economic endeavors, and external relationships established through exchanges facilitated by information and communications technology (ICT) usage. A major benefit associated with participation in the creation of NEPAD could be familiarity with the global political economy achieved through participation in governance mechanisms such as the United Nations or initiatives such as the AGOA. Still other nations have extensive experience with the intricate and delicate assessments required for intra-continental cooperation on economic issues, thanks to participation in the various sub-regional economic initiatives undertaken in Africa. For those nations with higher levels of connectivity and ICT usage, the information revolution has allowed the establishment of virtual connections that provide access to both information (a premium in the modern world) and actors who are in a position to aid in development and provide capital for investments.

Finally, if NEPAD is to become **the** development plan for the continent of Africa, the importance of an early accession to the NEPAD initiative confers benefits to a nation. Certainly, the drafters of the document are likely to secure the most gains – in addition to being those nations that are immediately associated with the document by African nations, multi-lateral institutions, and investors, they are creating the institutions that will comprise and support NEPAD efforts. Because there are relatively few drafters, those nations that participate in the Implementation Committee and the African Peer Review Mechanism are also likely to reap early rewards.

In this research, each African nation will be examined on the basis of indicators for instrumental power, existing networks and structural power, and assertions will be made regarding their relative strength or weakness as investment locales in the NEPAD-development environment. Unlike many risk analysis assessments, African nations will be measured against each other. Given the diversity provided by the continent, we should expect a variation in the power endowments of each nation.   Moreover, this research takes into account the strength and power of networks and leadership of the NEPAD initiative itself. These measures are especially important is determining whether a nation is relatively more or less likely to receive investment – and more interestingly, whether they are more or less likely use that investment for developmental gains.

CHAPTER 1: POWER, NETWORKS, AND DEVELOPMENT TRENDS

The building blocks of this research are two theoretical concepts: networks and power. Power, or the capacity of social agents, agencies, and institutions to maintain or transform their circumstances [Held, 1999], is an implicit aspect of networks. Networks are composed as a set of relations or ties among actors where the content of these ties can include information or resource flows, advice or friendship, or shared personnel or members of an organization [Powell and Smith-Doer,1995]. It is upon each of these complex notions that a multiplicity of derived premises rest, and it is these interrelated concepts that make possible the exploration of a myriad of development trends. Globalization and the 'network society,' are made up of networks of production, power, and experience which constructs a cultural of virtuality in the global flows that transcend time and space [Castells, 1996]. Thanks to these networks, the transmission of neo-liberal development ideologies has occurred, articulating the popular development goals of growth, equity, democracy, stability, and autonomy [Huntington, 1987]. The informationalization of society, which is characterized by information's critical role in the social and economic activities that comprise the development process, has had dramatic effects on nations [Garcia, 1995]. Without the existence of power-related phenomena and network structures, the constructs that bound and comprise modern development would be dramatically altered.

It is the acknowledgement of these phenomena that make possible this exploration of the New Economic Plan for Africa's Development (NEPAD). As such, this research rests upon several theoretical constructs: 1) NEPAD is a network of nations and actors that constitutes a regional socio-political and economic structure; 2) there are multiple, overlapping networks that tackle NEPAD's goals in part, but no other networks that address Africa's spheres of the social, political, and economic comprehensively; and 3) given the nature and goals of this regionalized structure, there are asymmetric power endowments bestowed upon its participants. Knorr states, "Power arises from an asymmetrical interdependence" [Knorr, 1977], and it is this very statement that highlights the relationship between networks and power examined here. Just as networks and power are the basic concepts of this research, they are also the foundations upon which relevant development trends have grown.

Globalization and informationalization, the transmission of neo-liberal development ideologies, regionalism, and the positioning of foreign direct investment vis-à-vis foreign aids and loans are all associated development trends. The concepts of power and networks are powerful forces that shape the ideologies and structures that constitute developmental success in today's environment. Without the power endowments of their advocates, the emergence of dominant ideologies and globally accepted structures would not have occurred. And without networks, the transmission of these ideologies and the acceptance of these structures would not have prevailed, even in a converging environment.

1.1 Power

Power is the capacity of social agents, agencies, and institutions to maintain or transform their circumstances, social or physical; and it concerns the resources that underpin this capacity and the forces that shape or influence its exercise [Held, 1999].

Accordingly, power is a phenomenon found in and between all groups, institutions, and societies and cutting across both public and private life; it is a universal dimension of life, independent of any specific site or set of institutions [Held, 1999]. According to J.P. Singh, global politics is inherently relational and equations of power can be simplified to "who does what to whom." Broadly, *instrumental power* entails who is empowered vs. who is disempowered, *structural power* is who is constrained in a given situation vs. who gets to write the rules, and *meta-power* is how basic identities, interests, and issues themselves are reconstituted or transformed and in turn re-define other relations of power [Singh, 2002]. These power relations are fundamental to this research and, given the parameters of this research, each type of power is evaluated in the context of global norms, existing developmental indicators, and evolving NEPAD institutions.

From the perspective of NEPAD and this research, *instrumental power* is that intrinsic power currently held by African nations (e.g., pre-NEPAD implementation) and that is rooted in the ideologies of the existing neo-liberal development environment. More broadly, *instrumental power* focuses on the capacity or capability of power holders to affect a particular outcome [Singh, 2002]. *Instrumental power* can be traced to multiple indicators in the framework of NEPAD: it may lie in a nation's current trajectory of economic gains as measured by gross domestic product (GDP) growth; in its highly educated workforce as measured by literacy rates of adults; in the shear size of its population, its poverty levels, or amounts of foreign direct investment (FDI); or in the economic participation of its female workforce. These factors comprise *instrumental power* as a result of their perceived worth in both the current development environment and their weight in the decision-making processes of multi-national corporations (MNCs) and other investors.

NEPAD is a response to the stratification of power in the international arena, where the hierarchy places nations such as the US and regional entities such as the EU in a much higher station than that held by African nations. This response seeks not to break away from this structure, but is an effort by African leaders to assert power and exert agencies over their circumstances, to redefine their existence in the configuration. Yet, at the same time, nations that are leading the charge for NEPAD are gaining their own s*tructural power* within the continent. This *structural power* is held by those nations whose leaderships are dictating the form, construction, and operation of those institutions being developed to drive NEPAD-development. Where *instrumental power* is associated with the power to affect outcomes, *structural power* is about the ability to dictate the rules and institutions that govern these outcomes [Singh, 2002]. While nations such as Senegal, Algeria, and Nigeria may be relatively weak by measures of the international structure, their role in NEPAD allows them to be strong in the regional structure.

Within NEPAD, this relates directly to those nations who have participated in the first and second drafts of the NEAPAD document. The leaders of the nations that have participated at this level have outlined which aspects of neo-liberal ideology the document seeks to espouse and they have determined those outcomes which NEPAD seeks to achieve and how to best gain them. These actors have determined the developmental priorities for the continent as a whole and they have also begun to generate alliances within the global development community and among investors. Furthermore, each of these activities began long before the leaderships of other nations had even seen the NEPAD document. To denounce the importance (and power embedded within) these activities is to ignore the weight of institutions and the magnitude of institution building.

An African nation's *meta-power* lies in both the existence of, and national participation in, external networks that will help to create those distant and diverse nodes of contact that will spur development. As ideas, interests, and institutions are reconstituted, power shifts away from original power-holders; moreover, the very nature of the power itself and the actors who wield it also change [Deibert, 2002;Singh, 2002]. Further, this *meta-power* rises in significance along with a rise in information networks [Keohane, 1998;Singh, 2002]. For this research, *meta-power* will be associated with a nation's 'existing networks.' These ties will be examined in terms of the political, economic, and technological networks to which African nations belong and the extent to which they participate in those networks. As a result of holding various positions, nation-state participants in certain networks may be in a position to gain power, participate in reformulating power, or simply have access to information in a morphing environment. Conversely, those nation-states who are not members of these diverse networks are prone to 'global disempowerment' relative to those who are members.

This typology of power is important in understanding both the rationale for this research and the structure of the approach. Asymmetry of power on the African continent both harkens to past experiences of nation-states (such as colonialism, existing production and supply networks, and stature on the world stage) and foreshadows future performance. Without thorough examination of these irregularities, consideration of these factors in the process of NEPAD institution-building, and adjustments to address these anomalies via specific projects, current developmental inequities are likely to both persist and widen.

1.2 NETWORKS

In this research, networks are often used as the unit of analysis, as in the 'network of NEPAD participants'; the structure of which constitute and define *structural power*. Networks are also the unit of analysis when evaluating the political networks of the United Nations (UN), the Africa Growth and Opportunity Act (AGOA), and the African Union (AU); the economic networks of the sub-regional economic arrangements in Africa; and the technological networks of the continent as a whole. In this respect, it is crucial to resolutely define a network. According to Powell and Smith-Doer:

> A network is composed of a set of relations, or ties, among actors (either individuals or organizations). A tie between actors has both content (a type of relation) and form (the strength of the relation). The content of ties can include information or resource flows, advice or friendship, shared personnel or members of [an organization]; indeed any type of social relation can be mapped as a tie. Thus, organizations typically are embedded in multiple, often overlapping networks – resource exchange networks, information networks, [leadership] networks, etc. [Powell and Smith-Doer, 1995].

Network approaches to the analysis of power build upon the insight that even though individuals come and go, the distribution of power among positions frequently remain stable; in this view, the basic units in a system of power are not individuals per se, but the statuses occupied by them and the relations and connections of their positions [Powell and Smith-Doer, 1995]. For example, only a few nations can be on the security council of the UN, and once these nations lose their seat and recede in status, other nations will emerge as the power-holders in the UN network.

Moreover, network interdependencies give rise to both positive and negative externalities; while some nation-states might well benefit from the emerging NEPAD network, still others might well be harmed through their participation (or exclusion) from the network. For example, there might be considerable transaction costs for all states participating in NEPAD (which, of course, are more costly to smaller and less economically productive states) in that delegations must be sent to meetings, consensus outcomes may not favor the existing production regime within a continent, or a nation that is favored in the existing development environment may not be favored in the NEPAD environment. If only the large and economically productive states reap investment via NEPAD, then these smaller states are doubly harmed by their participation due to both transaction costs and the loss of potential investment capital. Networks are prone to trajectories – this means that without a major structural change on the continent and in the composition of the NEPAD network, those nations currently reaping developmental rewards are likely to continuing doing so, while those nations currently sidelined by the developmental process will likely continue to be marginalized.

Despite these concerns, there are clear benefits to participation in networks. A key strength of networks lies in two dynamics: the existence of dense and overlapping networks and the presence of more distant networks rich in non-redundant contacts. Participants positioned thusly – i.e., that are nodes in both types of networks simultaneously – are structurally autonomous and capable of capitalizing on the information and control benefits afforded by the presence of structural holes (opportunities) to broker gaps in the social structure [Burt, 1994]. For example a member of NEPAD (a dense and overlapping network) might also be a member of AGOA (a distant network with non-redundant contacts); through this second network, a nation might learn of a manufacturer looking to expand production onto the continent under NEPAD-development. This nation is then able to directly contact this actor and court the investment capital, while nations that are not members of AGOA are not in a position to do so – even though as members as the NEPAD network they may be as viable a location for investment as the first nation.

The ‘strength of weak ties’ is taken into account by the very networks examined in this research. Specifically, the networks used as units of analysis include: the NEPAD network; the political networks of the African Growth and Opportunity Act, the United Nations, and the African Union; the economic networks of the sub-regional African arrangements; and each state’s technological networks. Through analysis, network relationships (along with power endowments) will be used to draw conclusions about the potential allocation of foreign investment resources within the NEPAD network and under the purview of NEPAD-development. These networks have advanced and made possible globalization and informationalization processes and have brought these phenomena to the continent of Africa.

1.3 Globalization and Informationalization

Globalization has been cited as the central driving force behind the rapid social, political, and economic changes that are reshaping modern societies and the world order [Castells, 1996;Giddens, 1990;Scholte, 1993]. As a phenomenon of networks, globalization can be located on a continuum with the local, the national, and regional. At one end of the continuum lie the social and economic relations and networks that are organized on a local and/or national basis and at the other end lay social and economic relations and networks that crystallize on the wider scale of regional and global interactions [Held, 1999]. With globalization, international economic and political systems have evolved from a collection of closed hierarchical systems to a complex set of relationships involving a variety of new forms of interdependence [O'Brien, 1980]. The current development environment in Africa is an example of this 'globalizing' of the national, regional, global spheres. Given this evolution, African leaderships are at once concerned with the national issues that affect their immediate locale and the ability of their political parties to thrive; yet to secure the beneficial operation of the nation, they must maneuver within the regional and global to thrive. It is within this nexus – where national governments, sub-regional arrangements, the African Union, the United Nations, and now, NEPAD meet – that African nations must navigate in the globalized context.

It is also important to note the difference between 'internationalization processes' and 'globalization processes.' The former involves the simple extension of activities (economic, social, or otherwise) and is essentially a quantitative process that leads to a more extensive geographical pattern of activity; the latter is a qualitative process that incorporates the first process, but that also connotes the functional integration of internationally dispersed activities [Dicken, 1998]. Thus, while NEPAD is an activity in internationalization, is it also an activity in globalization. Under these definitions, the broad expression 'globalization' encompasses everything from increased trade between nations and cultural iconography that transcends the nation-state boundary to the amplified presence of the U.S. superpower and the concept of a 'global village.'

The significance of networks in the process of globalization is underlined by Castells, who touts ‘The Network Society’ as the new social structure of the information age:

> … *the network society* is made up of networks of production, power, and experience, which construct a cultural of virtuality in the global flows that transcend time and space. Not all dimensions and institutions of society follow the logic of the network society, in the same way that industrial societies included for a long time many pre-industrial forms of human existence. But all societies in the Information Age are indeed penetrated, with different intensity, by the pervasive logic of the network society, whose dynamic expansion gradually subdues pre-existing social forms [Castells, 1998].

The network phenomenon is illustrated through the ties between NGOs in disparate locales that are charged with similar missions, the connections between financial markets across the globe, and the transfer of capital and cultural goods between nations. Without networks – from economic and political to technological and social – ‘globalization’, ‘the information age,’ and ‘neo-liberalism’ as they are commonly understood would be radically different. They key in each of these structures is the flow of information.

Many academics contend that the globalization phenomenon is due largely to what is termed the ‘informationalization’ of society; characterized by information’s critical role in the social and economic activities that comprise the development process. Information serves as a primary resource and key factor of production, with this trend toward a networked, information-based economy resulting in large part from the deployment of information and communication technologies (ICTs) [Garcia, 1995]. Hveem asserts that the revolution in technology and information is both a *means* of control and accumulation and the actual *centers* of control and accumulation; with the vehicles behind this global revolution being:

- The establishment of the technological basis for a major advance in the conquest of the material world and the beginnings of truly cosmopolitan production;
- The creation of a highly sophisticated, highly efficient means of sorting communicating, and controlling information on the global scale;
- And the formidable growth and superior efficiency if the multinational corporation in organizing the use of technology and information.[Hveem, 1973].

In keeping with this theory, the central focus of economic activity is shifting from manufacturing of objects to the handling of information and knowledge [O'Brien, 1980]. This informationalization at once reinforces the global and broadens the local – resulting in changes that support the widespread diffusion and impact of dominant ideologies and evolving structural institutions.

The transmission of these ideologies occurs in a two-way fashion – both to and from the developing world. Concepts such as neo-liberalism (in the form of American-style democracy and capitalism) and a perceived necessity for regionalized structures as a precursor of developmental success are examples of this transmission. Institutional changes include the emergence of ICTs as a developmental tool and the relationship of foreign aid vis-à-vis foreign direct investment. The forces of these changes include issues of globalization, informationalization, power, and networks. These forces of change, emergent ideologies, and evolving structural institutions are affecting every nation on the globe, from superpowers to the least developed, and suggest that immediate adjustments be made in social, political, and economic operations of states.

Each of these developments is reflected in NEPAD, which simultaneously considers and responds to these forces, espouses these ideologies, and encourages these the formation of these institutions. As a major transformation in the continent’s socio-political and economic structure, NEPAD ventures to manage the change and minimize the uncertainty of globalization affecting the nations of Africa by creating a more predictable environment for investors and a more equitable environment for citizens. These impetuses dictate that both nations and other continental actors explore new methodologies for coping with this evolving environment.

1.4 Neo-Liberalism

In the development atmosphere of the 1990s and 2000s, neo-liberalism has been a dominant ideology. The popular version of neo-liberalism both entwines and makes distinctions between the operation of the market and that of the government. Markets have historically required some form of political organization and protection, normally provided by the state; by the same token, governmental institutions require finance, which created an added interest in both facilitating and regulating markets [Gill, 1989]. In terms of neo-liberal economic transformation, a three-stage process has been emphasized: stabilization, or the curbing of inflation along with a devaluation; structural adjustment, including the removal of artificial market distortions and privatization; and export-led growth [Green, 1995]. In terms of overall development, the neo-liberal ideology articulates several goals, including growth, equity, democracy, stability, and autonomy; with specific emphasis on national integration, governmental effectiveness and penetration of society, and military power [Huntington, 1987]. A key aspect of neo-liberalism is its emphasis on growth instead of income redistribution, which the theory maintains will come about through a trickle down process, along with income redistribution [Mengisteab, 1996]. In partial response to the end of the Cold War and the emergence of a single superpower, neo-liberal ideologies have been widely accepted throughout the globe.

This acceptance has come about in numerous fashions. Whether it has been through a “trickle-up” process from academics or as a result of the routine bargaining and negotiation between international finance institutions and African states, there is no doubt that a transmission of liberal economic ideas has occurred between the Western world and Africa’s leaders [Biersteker, 1995]. This process may also have taken place through interaction with organizations such as the United Nations and superpowers such as the United States and the European Union. For an illustration that these principles have formally taken root in African political circles, one need look no further than NEPAD. It accepts the attainment of modernization and development as premised on two distinct, but closely related strategies. Popular among academics, these include: the adoption of neoclassical economic approaches and the institutionalization of a democratic government whose powers are flexible enough to ensure stability and order for market mechanisms to work [Kalu, 2001]. In its rhetoric of peace, stability and democracy, NEPAD recognizes the liberal internationalist theory of development. The liberal internationalist theory of development maintains that states with similar democratic institutions and open economic systems are more pacific than authoritarian states with centralized economies [Kalu, 2001]. These linked theories are the basis for the multi-dimensional ideals behind the NEPAD document.

In light of current promotion of these ideologies, it is important to note that neo-liberalistic efforts in Africa have not always been successful. Many structural adjustment programs were disasters and privatization schemes are still being tested [Mengisteab, 1996]. Yet despite past failures, African leaderships seem to acknowledge that they must continue to play by the prevailing global rules. The hope of completely self-sufficient and autonomous development seems to have been lost. But this is not to suggest that African citizenries disagree with their leaders. Among 206 countries studied by the Pew Institute, African countries generally hold the most favorable opinions toward American ideas about democracy. Majorities or pluralities in all 10 African countries surveyed liked "American-style democracy" – with support especially strong in Kenya (87%), Ghana (80%), Nigeria (86%), and Cote D'Ivoire (78%), Uganda (76%), Senegal (65%), and more tempered support in Mali (55%), South Africa (53%), Angola (51%), and Tanzania (43%) [PEW, 2002]. This survey indicates that any leadership effort to espouse the neo-liberal idea of democracy as a precursor of development is supported, to some degree, by citizens. But this acceptance does not mean that African leaderships will adopt democracy.

NEPAD itself is an endeavor to create the most fortuitous environment for democracy to develop – with the 'enforcement' mechanism, if it can be called that at all, being the potential gains afforded by participation in a regionalized structure that is democratic in nature itself. Moreover, the African Peer Review Mechanism (APRM), which examines states' suitability for participation in the NEPAD structure based on democracy, freedom from corruption, political stability, and peace [Cilliers, 2002]. The APRM must be participated in and passed prior to reaping the full rewards of national acceptance to NEPAD. By making these characteristic precursors to NEPAD participation, the drafters of NEPAD acknowledge that a regionalized network structure can only survive if the members of the network have basic tenants and ideologies upon which to build.

1.5 Regionalism

Regionalism can be denoted by a clustering of transactions, flows, networks, and interactions between functional or geographical groupings of states or societies; in contrast to internationalization, which can be taken to refer to patterns of interaction between two or more nations irrespective of their specific geographic locations [Held, 1999]. Regionalization can create the necessary kinds of economic, social, and physical infrastructures that facilitate and complement the deepening of globalization; by association, political regionalism denotes a geographical cluster of contiguous nation-states that share a number of common attributes, have significant levels of interaction, and which enjoy institutionalized cooperation through a formal multilateral structure [Held, 1999]. It is hoped that via regionalism, smaller and less developed nations can pool their resources and strengths to overcome weaknesses and integrate themselves more completely in the global economy. Regionalism has enabled less beneficially positioned nations to reap rewards in a development environment that caters to the mighty.

The formalization of this phenomenon in disparate locales has been notable in the past 15 years. The first official regional institution was the European Union (EU), which met with social, political, and economic success in the post Cold-War environment. Regardless of the substantial economic and political capital its members began with, other nations began to imagine improved circumstances for themselves within regional arrangements. Since the late 1990s, region after region has followed suit. Existing regional configurations include the Association of South East Asian Nations (ASEAN), the Asia-Pacific Economic Cooperation (APEC), the Southern Cone Common Market (MEROCUR), and the North-American Free Trade Agreement (NAFTA).

While shifting circumstances made the idea of regionalism attractive, the mechanism by which regionalism was fostered (global governance networks) allowed the flow of information about regionalism. Powell and Smith-Doer argue that networks of relations among individuals in different organizations and among organizations in a field are critical in explaining how organizations adopt similar structures and pursue common strategies [Powell and Smith-Doer, 1995]. In this vein, NEPAD has emerged, absolving elements of several of these arrangements. NEPAD is not a formal organization (similar to MERCOSUR), yet it is concerned with the harmonization of trade regulations (like NAFTA) and creating regional development projects (akin to the EU).

The issue of power is critical in discussions of regionalism. Power expresses at one and the same time the intentions and purposes of agencies and institutions and the relative balance of resources they can deploy (or gain) respective to each other [Held, 1999]. At the same time, power is a structural phenomenon, shaped by and in turn shaping the socially structured and culturally patterned behavior of groups and the practices of organizations [Lukes, 1974]. An actor's position in the network both empowers and constrains action, and structural analysis shows that knowledge of the resources present in an actor's network indicates that actor's capacity for power and influence [Powell, 1995]. In other words, the positions and relative power of actors who form the regional structure are defined by existing relations (both socially and culturally), and the intentions and purposes of this structure emerge from the positions and endowments of these actors. Despite the best intentions at the outset, the regionalized structure will benefit some nations more than others.

The rules and resources that organizations and institutions embody rarely constitute a neutral framework for action, for they establish patterns of power and authority and confer the right to take decisions on some and not others; in effect they institutionalize a power relationships between ‘rulers’ and ‘ruled’, ‘subjects’ and ‘governors’ [McGrew, 1998]. Concerning NEPAD, care should be taken with regard to the embedded power in the structure itself and the effect on the developmental outcomes for all actors, as managing change and minimizing uncertainty are the impetus for nations and other actors examining new methodologies (such as regionalism) for coping with the evolving environment. There are several underlying forces that make this re-examination necessary and yet complicate it, among these are power issues and issues of sovereignty.

At the core of the transformation of structure toward regionalistic forms is the concept that globalization’s forces are reconstituting the power, functions, and authority of national governments; and it is therefore associated with an unbundling of the relationship between sovereignty, territoriality, and state power [Held, 1999;Ruggie, 1993]. This creates a contradiction in the day-to-day operation of governments requiring that they acknowledge the lessening distinction between international and domestic external and internal affairs [Rosenau, 1990]. While it is clear that the impact of the emerging trends in the world economy does not seem to affect countries uniformly, regionalism is an effort to manage the effects for several nations at once [Held, 1999]. It is with globalization, regionalization, national democratization, and sovereignty in mind that African leaderships enter into NEPAD.

1.6 Increasing Importance of FDI in Global Development

In recent years, foreign aid and loans have waned in prominence on the development landscape. The emphasis on FDI is born of two emergent ideologies – that of democratic neo-liberalism and that of capitalism and free-market ideologies. Due in part to the prevalence of these ideologies, many nations now court private and non-governmental sources of foreign direct investment (FDI) more actively than national sources of foreign aid and institutional sources of developmental loans. Cross-border capital flows into developing countries show that while net debt flows have become less and less important and portfolio flows have become firmly established, FDI now swamps all other financial flows [Klein, 2002]. Over the last couple of decades, these flows have increased by a factor of almost ten; but this trend has been characterized by periods of stagnation and explosive growth [Stein, 2002]. During the 1990s, the annual rate of growth was close of 25 percent; in fact, FDI grew worldwide from about US$60 billion in 1982 to $865 billion in 1999 [Newfarmer, 2002;Stein, 2002]. This increase in capital flows has enormous development potential for all developing nations, and particularly for the nations of Africa.

Supporters of FDI cite several mechanisms by which poverty can be reduced and economic growth can prosper:

1. FDI contributes to the rapid and efficient transfer and adoption of “best practices” across boarders;

2. FDI is particularly well suited to translate this effect into broad-based growth, with a great percentage of this growth attributed to an upgrade in human capital;
3. FDI, relative to other forms of promoting private sector investment, helps to improve corporate governance;
4. FDI has been linked to improved environmental and labor standards, because foreign investors tend to be concerned about reputation in foreign markets; and
5. FDI firms both generate taxes and increase community development, as many firms invest substantially in areas where they operate. [Klein, 2002]

Further, foreign entrant firms are larger and more productive than domestic firms in developing countries, they tend to produce higher quality goods and services, and they export relatively more; this means that FDI can speed up the structural shift in the economy that allows a country to catch up with advanced economies – from this perspective, sound policies that support FDI are also among the best ways to develop domestic small and medium-sized companies. [Klein, 2002] The current development environment virtually dictates that FDI be an aspect of development, if a developing nation is to 'leap frog' in any regard.

Each of these phenomena are taken into account in the framing and methodology of this research. While power and networks are indeed central, the emerging trends that have encouraged the formation of NEPAD and helped to craft its agenda are also relevant. Despite media characterizations to the contrary, Africa too is affected by globalization, informationalization, regionalism, and the other forces of global governance. African leaders are well aware of their nation's position and status in the world economy and are actively seeking mechanisms by which to empower both individual nation-states and the region.

CHAPTER 2: INSTRUMENTAL POWER AND AFRICA'S DEVELOPMENT EXPERIENCE

Taken together, the phenomena of networks and power and their associated ideologies and trends (globalization and informationalization, neo-liberalism and regionalism, and the increasing role of FDI in development) have had varied results on the continent of Africa. Africa's lack of widespread economic, political, and social development has been cited by a wide-range of actors, from development academics and economists to World Bank Officials and African leaderships. There is data to support these declarations – by almost all standards, the majority of African nations' developmental figures lag behind those of Latin America, Eastern Europe, and Southeast Asia. Academics have cited a variety of factors as contributors to the current state of development, including: historical resource exploitation, political instability and corruption, health crises, poor public investments, and inefficient and ineffective economic institutions. Due to the inter-related nature of development, these shortfalls in turn hamper associated efforts, leaving net results with regard to economic growth, public services, and income equality somewhat meager. With certainty, there are developmental high points on the continent, but the fact remains that aggregate indicators lag behind the advances accomplished by other developing nation regions.

2.1 AFRICAN IMAGERY

Despite Africa's slow growth by global standards, many theorists question the representation of Africa as 'marginalized.' Castells asserts that Africa is a participant, but that it is disarticulated by its fragmented incorporation into the global economy, for some of the following reasons:

- The small, affluent bureaucratic class in many nations displays a high level of consumption of expensive imported goods, including Western food products and international fashion wear;
- Capital flows from African countries to personal accounts and profitable international investment that results in private accumulation that is not reinvested in the country where the wealth is generated;
- And the exportation of valuable resources (oil, gold, diamonds, and metals) which benefits select nations and is not part of a larger production chain [Castells, 1998].

As examples of Africa's integration, Shaw emphasizes that the continent is crucial to world biodiversity and green tourism, and that aid is often concentrated on the continent; which he claims confirms that over-generalizations about the continent's 'marginalization' is misplaced and misleading [Shaw, 2000]. Marginalized or not, what is certain is that Africa is becoming increasingly extraneous in world markets with respect to production, incomes, trade, investments, technologies, and the bargaining power it wields [Kalu, 2001]. And this trend is a somewhat recent one. During the Cold War, the duality of the power structure and the efforts of the U.S. and the U.S.S.R. helped Africa become a tactical ground for both nations. This enabled African leaderships to secure aid and financing for their nations with relative ease. Since the end of the Cold war, this has not been the case.

Regardless of the path to this point, the image of Africa as extraneous has prevailed in many circles. When Western governments, MNCs, an African leaderships perceive this notion and take it to heart, the hope of full inclusion in the global economy (rather than lip service and non-productive connections via development loans) seems even further away. To counteract this inclination and encourage incorporation into the global economy in a manner that benefits all Africans, nations must be aggressive in creating environments that attract foreign investment, which can then help to facilitate vast and diverse linkages to the global economy. After this is process is begun, the leaders of these efforts must be proactive in marketing this accomplishment to the world. In this effort, those disparate networks can then help to attract new actors to the network, for continued gain.

Given the current production and consumption patterns, Africa as 'marginalized' indeed seems misguided. Traditionally, Africa has played three main roles in the world economy: 1) a supplier of industrial raw materials and primary agricultural products to the industrialized countries; 2) a market for the finished and semi finished exports of these countries; and 3) a field for investment, both public and private. In all three capacities, the role of Africa compared to that of other continents has been small [Shaw, 1978]. While this historical role has been somewhat limited, African states do have the potential to be major players in the international system, due in part to their natural endowments:

> Twenty percent of U.S. oil imports come from Africa, and America relies on Africa for supplies of strategic minerals. Africa possesses 54 percent of the world's cobalt, 32 percent of its bauxite, 52 percent of its manganese, and 81 percent of its chromium stocks. South Africa alone has 84 percent of the world's reserve of platinum, and Zimbabwe has significant platinum potential … Beyond strategic metals, Africa's mineral wealth – from West Africa's gold, tin, and iron ore to South and Central Africa's industrial and precious diamonds, copper, and gold – is at least equal to that found elsewhere [Gordon, 1998].

Additionally, African labor forces have the potential to contribute significantly to world production and efficiency, thanks in part to a comparative advantage in labor costs. This is the same advantage that contributed appreciably to the growth rates of nations in South America and Asia.

This potential has yet to be realized, in part due to production and consumption systems and patterns that have remained since colonialism. In fact, since independence Africa has become more reliant – not less – on exports of primary products and raw materials and on imports of finished and semi-finished goods [Shaw, 1978]. Africa's continued dependence is not so much a problem of inadequate resources, but of allocation methods and a production orientation towards former powers. These inefficient mechanisms are borne of several factors – corruption, the systemic and institutional remains of colonialism, and the absence of democratic mechanisms in government. For example, with regard to foodstuffs, Africa exports twice as much food as it imports yet some areas of the continent continually suffer food shortages. Additionally, Africa produces more than sufficient oil for its own consumption, yet unreliable supplies and the high internal-African prices charged have been economically damaging [Shaw, 1978]. While creating the institutions that will support NEPAD-development, it is important to address these distribution and production problems. If these issues of misallocation persist, poverty will cling to nations regardless of levels of FDI and economic growth.

This emphasis on foreign markets as a source of goods and capital has been devastating to individual African economies, especially while other developing nations were attaining higher levels of industrialization by looking to one another. The continent continues to rely on external exchange, capital, technology, and skills from abroad, while a large portion of its population engages in subsistence activities in the rural areas [Shaw, 1978]. The availability of food for survival is of course essential; however, if the production mechanism can be modernized to permit both sufficient food for survival in all regions and the fabrication of manufactured goods for exports, then all national needs will be met.

When discussing the continent of Africa, it is important to note that the continent is vast and comprised of nations with very different histories, experiences, and circumstances. Some are heavily Muslim states with strong Arab influences, while others are essentially tribal communities with governments legitimized primarily by the Treaty of Berlin and European powers. Still others have established a true sense of nationality beyond these external forces and are visions of modernity and progress in many regards. Further, there is a great disjuncture between those citizens who must grow crops for the sustenance of their families and those who wear clothing exclusively from Europe. As a result of these variations, "life in Africa" is not the same experience for all. The continent displays a great diversity in lifestyles and jobs:

> About 75 percent of Africans south of the Sahara work in agriculture. Food is produced for domestic consumption, and coffee, tea, peanuts and other crops are exported for money. Less than one-thirds of African citizens reside in cities and 10 to 20 percent of urban citizens have "modern' wage earning jobs as professionals, secretaries, laborers, and office workers. Many urban jobs are in the informal sector and are often held by migrants from rural areas. Informal sector jobs include a variety of activities that do not pay a steady and formal wage – activities like shoe shining, basket weaving, auto repair, street sweeping, trading, prostitution, and many others [Bradshaw, 1996].

This diversity can be a powerful engine for growth of the continent and nation-states, but its potential for divisiveness must also be recognized. The continental diversity of Africa must be addressed in regional development efforts, to ensure that equality and respect for social and cultural differences are fostered. For if they are not addressed via democratic measures, the developmental gains acquired through NEPAD will be for naught.

2.2 Recent Historical Overview

Attitudes about Africa's growth potential have fluctuated over the years. In the 1960s, a leading development textbook ranked Africa's growth potential ahead of East Asia's, and the World Bank's chief economist listed seven African counties that 'clearly have the potential to reach or surpass' a 7 percent growth rate [Easterly, 1997]. Despite the hope, real per capita GDP did not grow in Africa over the 1965-1990 period, and those seven promising countries identified by the World Bank's chief economist experienced negative growth in the same period [Easterly, 1997]. These aggregate figures are a result of the industrial collapse Africa experienced in the 1980s, after hefty growth in the 1960s and moderate growth in the 1970s. Africa's industrialization went in to crises at exactly the time when technological renewal and export-oriented industrialization characterized most of the world, including other developing countries [Castells, 1996]. A contributing factor to this industrial stagnation was the exit of foreign firms who were helping to lead the trend. In fact, from 1980-1990, forty-three of 139 British firms with industrial investments in Africa withdrew – primarily from Nigeria, Zimbabwe, and Kenya [Kalu, 2001]. This inability to grow while others were able to thrive has contributed to the perception that Africa cannot attain the same rates of production and economic growth as other regions in the developing world, thereby negatively impacting the levels of foreign investment.

Actual figures for the past 40 years have indeed been disheartening. While Africa's per capita GDP income rose an estimated 1.4 percent in the 1960s and 0.8 percent in the 1970s, it fell to minus 2.4 percent in the 1980s [Kalu, 2001]. In a world characterized by interdependence and scarcities; those African states that contain valuable mineral or energy resources, and those most amenable to the interests of multi-national corporations (MNCs) have achieved the highest growth rates [Shaw, 1978]. Africa's poor growth – resulting in low income – is associated with low schooling, political instability, underdeveloped financial systems, distorted foreign exchange markets, and insufficient infrastructure [Easterly, 1997]. This poor overall growth was the beginning of an economic disaster, precipitated by slow growth and exacerbated by growing debts (to the World Bank, the International Monetary Fund and other multi-lateral organizations) and the inability to pay them off. Moreover, a lack of state funding caused the persistence of inequalities within and between African states.

Under these conditions, many economies came to depend on international aid and foreign borrowing. In 1990, Africa represented 30 percent of all aid funding in the world; and in 1994, international aid represented 12.4 percent of GNP on the continent [Castells, 1996]. The average Sub-Saharan African country currently receives upwards of four times more official development assistance as a percentage of GDP than states in other world regions; in the 1990s, this aid reached an average of US$ 35 per capita for Sub-Saharan Africa [Leonard, 2003]. Further, as a result of dependence on loans, Africa has become the most indebted area in the world; as a percentage of GNP, total external debt has risen from 30.6 percent in 1980 to 78.7 percent in 1994 [Castells, 1996]. In 1996, Africa's external debt stood at US $328.9 billion [Kalu, 2001]. Debt levels of this size are crippling for any region, but for one that has remained as production-challenged as Africa's they almost seem insurmountable.

Of 42 nations labeled "Heavily Indebted Poor Countries" by the World Bank, 34 are African; these nations are Angola, Benin, Burkina Faso, Burundi, Cameroon, Central

African Republic, Chad, Comoros, Congo, Republic, Congo, Democratic Republic, Côte d'Ivoire, Ethiopia, The Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Rwanda, Sierra Leone, São Tomé and Príncipe, Senegal, Somalia, Sudan, Tanzania, Togo, Uganda, and Zambia [Bank, 2003]. The typical highly indebted country owes international debts that are 126 percent of its gross national product and 349 percent of its export earnings [Leonard, 2003]. This latter figure is particularly important because these debts are payable in international currencies that can only be earned through exports. With these kinds of stumbling blocks facing development, it is clear that a system-shocking structural change is needed. It is only by this manner that nation-states will be prompted to discover new pathways to development. Regional development efforts have the potential to be this mechanism, encouraging more fruitful methods of growth and integration.

As a system of dependence, foreign aid brings to mind the adage: Give a man a fish and he will eat today, but teach him to fish and he will eat forever. Development loans are just the 'fish,' but foreign direct investment (with its knowledge transfer, amalgamation of best practices, higher technology, and institutional norms) is 'teaching to fish.' Yet, foreign direct investment is bypassing Africa at a time when it is growing substantially elsewhere. According to Collier:

> While direct private investment into developing countries has increased enormously over the past decade, to around US $200 b. per annum, the share going to Africa has shrunk to negligible proportions: current estimates are that less than 1 percent of this flow is going to sub-Saharan Africa. Even this level is falling: the absolute amount in 1992 was less in real terms than the inflow in 1985, the nadir of the economic crises for much of the continent [Collier, 1995].

The reasons for this investment shortcoming can be summarized under three headings: an unreliable institutional environment; lack of production and communications infrastructure, as well as human capital; and erroneous economic policies that penalize exports and investment for the sake of local businesses favored by their association with state bureaucracy [Castells, 1996]. As a result, foreign aid accounts for more than half of gross domestic investment in many countries [Leonard, 2003]. Aid often directly addresses social problems that would – through economic theories of trickle down effects – require longer periods of time and substantial governmental efforts to tackle solely via FDI capital flows. But this is not to discount the fact that FDI flows enable governments to allocate greater expenditures for social goals. Given the formalized role of 'equity and fairness' under NEPAD, these social goals must be addressed if claims of democracy and democratic institutions are to be taken to heart.

2.3 The Democracy Factor

Many African *societies* (not governments) have a strong history of democracy. Traditional African villages are models of democracy, with village elders sitting around and talking about each issue until a consensus is reached [Bradshaw, 1996]. The people of Africa have not lost this value: the current calls for democracy have come from below, with the heart of the demands having been human rights abuses, gender inequality, economic stagnation, ethnic clashes, and institutional weaknesses [Makinda, 1996]. Despite this predisposition, many attempts to introduce Western-style democracy have created problems for both leaders and voters with no experience of operating in open and competitive political systems [Makinda, 1996]. Democracy has exposed the weakness in the structures and performance of the public institutions of many states, and shown the connection between authoritarian rule and political tensions [Makinda, 1996]. This struggle for democracy should not be surprising, as state-building and nation-building have often been violent and disorderly matters, from Europe to Latin America [Sandbrook, 2000]. With many African nations only having experienced independence for less than 40 years, it should be expected that many institutions are still struggling to take hold.

There have been major impediments to multi-party democracy in Africa, including the inappropriateness of certain Western ideas and practices, the inexperience of leaders in running multi-party systems, and the general political, economic, and social conditions [Makinda, 1996]. One problem is that many of Africa's leaders were trained not in the halls of parliament, but in various military academies across the continent and world – as a result, guns and bullets have dominated the political picture across much of the African continent [Bradshaw, 1996]. Further, the very nature of African democracy differs from that of the West:

> Since representation in Western societies is often (but not always) shaped by class interests and organized groups, political divisions tend to assume a horizontal dimension. In African countries, where established classes or interest groups are relatively weak, representation is often based on ethnic or religious affiliations. In such societies, political divisions tend to be vertical, since members of an ethnic group often band together irrespective of their class status [Makinda, 1996].

As the creators of emerging democratic institutions, the construction of the state itself begets rewards for those in power. Moreover, the structural power bestowed upon the elites in African nations is distorting in many ways:

> This political economy essentially dovetails with the continent's historically weak states to sustain personal rule. Elites gain access to the state through patronage; their material advancement largely comes from using the state to collect unearned income (rents) from their government positions or the market niches created by regulations; in turn, the state's rents are generated through the economic regulation of enclaves and foreign aid. The consequence is that states remain weak and detached from their population's productivity. The state does not need deep institutions, capacity, or legitimacy except in small areas. Politics in turn center on a winner-take –all struggle for control of the state as a type of distributional spigot. These distorted incentives are key to the way states interact with the international system and are at the root of personal rule [Leonard, 2003].

Each of these factors has contributed to the erosion of democratic institutions – and their leisurely creation – in many nations. Regardless of the reasons for these failures, many experts agree that democracy remains a precursor for development. Democracy cannot be abandoned without absolving the continent of the hope of full integration into the new world order.

Despite the continent's experiences with democracy, both citizens and leaders alike cling to the promise of social equality, political plurism, and economic prosperity that neo-liberalism has pledged. In fact, a historical wave of democratic regimes swept the continent in the 1980s and 1990s. In 1975, there were 43 authoritarian regimes (marked by a dominant state, no competitive elections, and severe restrictions on civil and political rights; 2 partial democracies (characterized by some accountability in government to citizens through elections, but with curtailed elections procedures, rights, and associational autonomy) and 3 liberal democracies (comprised of accountable governments, free and fair competitive elections, civil and political rights, associational autonomy, etc.). By 1995, there were only 12 authoritarian regimes, 16 partial democracies, and 20 liberal democracies [Held, 1999]. Today, democracy presses forward on the continent, but it is not always the vision of democracy that many would have hoped. According to the 2002 World Audit, which ranks nations' democracy on the basis of political rights, civil liberties, press freedom, rules of law, corruption, and human rights, no African nations rank in the first division – and just a few are ranked above the lowest level [Audit, 2002]. *See Appendix C.* These rankings are telling indicators of the overall democratic institutions in place and the operation of the governance mechanisms, regardless of nation's claim to be 'democratic.' The presence of these democratic institutions also have significant implications for the flow of FDI.

2.4 FDI Flows into Africa

Despite the potential gains made possible through FDI and the desperate need for growth in Sub-Saharan Africa, these nations have not been able to attract FDI at the same rates as Latin American and Asian nations. Just as capital seeks the most propitious conditions for investment in the business world, states compete to attract capital and direct investment. Globalization's forces have rendered capital extremely internationally mobile; as such, the investment climate of one country will be judged by business with reference to then climate that prevails elsewhere [Gill, 1989]. In many regards, African nations are simply not where investors think they can reap rewards.

In addition to African nations simply not being on the radar screens for investors, there are other factors which contribute to low levels of FDI. These include small internal market sizes, poor infrastructures, political uncertainty, corruption, and restrictive policies toward foreign investment [Klein, 2002;Morisset, 2002;Newfarmer, 2002]. Along with weak basic institutions, issues such as an unreliable legal system, market-unfriendly policies, excessive regulatory burdens, and lack of commitment by the government, have also hamper FDI investment [Stein, 2002]. Of those African nations that have secured increasing levels of FDI, the accomplishment seems to be related to their natural resources and the size of their domestic markets [Morisset, 2002].

But by addressing the pre-conditions for FDI, some African countries have been able to attract FDI by improving their business climate. These efforts include macroeconomic stability, trade liberalization, privatization, political stability, implementation of new laws related to FDI, and a national focus on either one or a few projects to bolster economic gains [Morisset, 2002]. These results indicate that optimism about the encouragement of FDI flows into Africa is founded.

CHAPTER 3: NETWORKS OF POWER – POLITICAL, ECONOMIC AND TECHNOLOGICAL

Given that Africa's development experience has been somewhat patchy overall, it is hardly surprising that yet another development plan is on the horizon. NEPAD is not the first program, initiative, or effort by Africans (or Westerners) with the aim of accelerating development within African nations, it is simply the latest. Participatory governance institutions, strategic economic endeavors, and technological development have each been at the center of past attempts. While many of these labors have failed to achieve their desired effects in total, they have been productive in nurturing a rise in democracy on the continent, the emergence of more predictable and transparent economic institutions, and deliberate and increasing advances in the levels of ICT connectivity. In addition, these efforts have fostered the establishment and continuation of vast networks of power. Regardless of whether an effort succeeded on all levels, these accomplishments alone should be heralded in development circles – these networks of individual actors, supportive programs, and on-going relationships are those upon which African leaderships can rely for current and future development initiatives. Further, these networks have direct implications for the future of NEPAD.

These political, economic, and technological networks are vital facets of national status in the international arena. Additionally, they are essential to effective day-to-day national operations and they must be cultivated if nation's are to garner achievements in NEPAD-development efforts. These are the very networks that will allow leaderships to strengthen global connections, expand economic development, and connect with continental and global actors for necessary support. These are the networks that will bring to attention the opportunities that are available for support, make pathways for capital inflows, and offer guidance in developmental efforts. These are the networks that comprise social capital. For the purposes of this research, several political networks will be examined, along with continental economic networks, and state-based technological networks. In addition to providing the pathways for capital inflows to enter the continent, these types of networks will prove invaluable tools in implementing NEPAD-development.

3.1 Political Networks

As the neo-liberal development machine dictates, and as NEPAD unambiguously acknowledges, political development is a linked societal cornerstone that facilitates economic development. While the leaderships of some African nations are major actors on both the international and continental stages (South Africa and Egypt, for instance), others are struggling to establish those political networks that assist a nation in advancing beyond "Third World" status. There are many mechanisms by which African nations and their leaderships can develop political networks – participation in international governance institutions, continent-wide political bodies, and bi-lateral trade agreements with superpowers such as the United States. These political networks benefit nations and leaders in many ways. For example, movement within these institutional frameworks allows nations to gain exposure on the international stage, which promotes national legitimacy and advances the states' political, social, and economic goals. Additionally, national actors are able to have a voice in international agreements and to gain access to international developmental programs. The leaders themselves are able to create and foster those interpersonal networks that advance the specific causes of administrations, as these institutions provide potential avenues for access to those actors that are willing to assist them in achieving their goals.

For the purposes of this research, three forms of political networks will be examined – the United Nations, the African Union, and participation in the U.S. African Growth and Opportunity Act. These networks can act as indicators of a national leadership's presence on the international scene, of its contribution to the formation and maintenance of a unified African region, and of its proclivity for economic integration into an international arrangement with social, political, and economic requirements. These three institutions are wide in scope and diverse in their goals; and this is the very reason for their inclusion. Despite their diversity, each of these networks support, in principle and ideology, the goals of NEPAD. NEPAD is a broad-based endeavor that attempts to benefit the integration of Africa internationally, the cooperation of African nations continentally, and the participation of African states in economic arrangements with the West. Moreover, these are the diverse and distant networks that hold the potential for gains by nations.

THE UNITED NATIONS

The United Nations (UN) was established in 1945, after 50 countries met in San Francisco, California to draw up to United Nations Charter. The purposes of the UN are: to maintain international peace and security; to develop friendly relations among nations; to cooperate in solving international economic, social, cultural, and humanitarian problems; to promote respect for human rights and fundamental freedom; and to function as a center for harmonizing the actions of nations in attaining these ends. Founding

African nations of the UN are Egypt, Ethiopia, Liberia, and South Africa [UN, 2003]. Since the time of the UN's inception, these nations have been particularly active in UN activities and programs; however latter-joining members have had ample opportunity to contribute to the organization through its various principle organs and committees.

There are six principle organs of the UN – the General Assembly, the Security Council, the Economic and Social Council, the Trusteeship Council, the International Court of Justice, and the Secretariat. African nations are currently participants in each of the six principal organs of the UN, with the exception of the Trusteeship Council. Fulfilling the roles of bureau and committee members for the various organs and their subsidiaries allows the representatives of participating African nations to interact regularly with the representatives of developing and developed countries alike. Further, the UN forum provides each representative, regardless of their home nation's size or economic status, to stand on equal ground. These leadership roles in the UN allow visibility, but they also confer legitimacy and provide an arena in which to embark on diplomatic overtures.

Moreover, African nations' participation in the UN structure has a trickle down effect throughout the development community, as the International Monetary Fund, the World Bank, and 12 other independent organizations are linked to the UN through cooperative arrangements. Some of these organizations include the World Health Organization, the International Civil Aviation Organization, the International Labor Organization, and the Universal Postal Union. Further, a number of UN offices and programs work for the economic and social benefit of nations across the globe, including the UN High Commissioner for Refugees, the UN Development Programme, and the UN

Children's Fund [UN, 2003]. These development networks are crucial, as state visibility is key to securing the financing and development assistance needed to progress into the first stages of industrialization.

The UN also has an organization solely charged with supporting the economic and social development of the African continent, the Economic Commission for Africa (ECA). This regional African arm of the UN is also mandated with fostering regional integration and promoting international cooperation for Africa's development. Established in 1958 and based in Ethiopia, the ECA reports directly to the UN Economic and Social Council [ECA, 2003]. All 53 African nations are members of the ECA.

With regard to NEPAD, at the final review of the UN's New Agenda for Development of Africa in the 1990s (UN-NADAF) in October 2002, the General Assembly decided to "endorse a recommendation by the Secretary-General that NEPAD should be the framework for the international community's support to African development." In this regard, the General Assembly called upon the United Nations system to provide support to Africa within respective mandates [Recovery, 2002]. This support is significant, in that the UN provides a wide network of developmental, economic, social, and humanitarian programs that can directly support NEPAD-development efforts.

That African nations participate so fully in this premier international organization signifies their political positioning and subsequent opportunities in the new world order. Further, that the UN has explicitly stated that NEPAD is the development platform it will support bodes well for the plan itself. This means that UN programs and efforts are primed (and mandated) to fully enable NEPAD-development and that there are African representatives on hand to guide UN efforts via their participation in the various committees and bureaus.

The African Union

The Organization of African Unity (OAU) was established on May 25, 1963 in Addis Ababa, Ethiopia, aiming to "promote the unity and solidarity of the African States; coordinate and intensify their cooperation and efforts to achieve a better life for the peoples of Africa; promote international cooperation, giving due regard to the Charter of the United Nations and the Universal Declaration of Human Rights; and coordinate and harmonize members' political, diplomatic, economic, educations, cultural, health, welfare, scientific, technical, and defense policies" [AU, A.U.-. 2003]. The representatives of 32 governments initially ratified the OAU:

> Algeria, Benin (formally Republic of Dahomey), Burkina Faso (Upper Volta), Burundi, Cameroon, Central African Republic, Chad, Congo, Egypt (United Arab Republic), Ethiopia, Gabon, Ghana, Guinea, Cote D'Ivoire (Ivory Coast), Liberia, Libya, Madagascar (Malagasy), Mali, Mauritania, Morocco, Niger, Nigeria, Rwanda, Senegal, Sierra Leone, Somalia, Sudan, Tanzania (Tanganyika), Tunisia, Togo, and Uganda [Creation, 2003].

A further 21 states have joined gradually over the years, with South Africa becoming the 53rd member in 1994. In keeping with stated objectives, the OAU has passed charters on such diverse issues such as preventing and combating terrorism, rights and welfare of children, maritime transport, telecommunications, trade, agriculture, and refugees [AU, A.U.-. 2003].

After the Abuja Treaty established the African Economic Community (AEC) in 1994, the OAU began operating on the basis of two legal instruments; for this reason, the

OAU is officially referred to as the OAU/AEC. In the late 1990s, it became apparent that there was a need to integrate the political activities of the OAU with the economic and developmental issues as articulated by the Abuja Treaty. [AU, 2003] On July 11, 2000, the *Constitutive Act of the African Union* was adopted during the Lomé Summit of the OAU, dictating that the Union will evolve from the OAU and the AEC into one unified institution, the African Union (AU) [AU, A.U.-. 2003]. In general, AU objectives are different and more comprehensive than those of the OAU. The objectives of the AU, as articulated by the Constitutive Act are to:

- Achieve greater unity and solidarity between African countries and the people of Africa;
- Defend the sovereignty, territorial integrity, and independence of its Member States;
- Accelerate the political and socio-economic integration of the continent;
- Promote and defend African common positions on issues of interest to the continent and its peoples;
- Encourage international cooperation, taking due account of the *Charter of the United Nations* and the *Universal Declaration of Human Rights;*
- Promote peace, security, and stability on the continent;
- Promote democratic principles and institutions, popular participation, and good governance;
- Promote and protect human peoples' rights in accordance with the *African Charter on Human and Peoples' Rights* and other relevant human rights instruments;
- Establish the necessary conditions which enable the continent to play its rightful role in the global economy and international negotiations;
- Promote sustainable development at the economic, social, and cultural levels, as well as the integration of African economies;
- Promote cooperation in all fields of human activity to raise the living standards of African peoples;
- Coordinate and harmonize the policies between the existing and future Regional Economic Communities for the gradual attainment of the objectives of the Union;

- Advance the development of the continent by promoting research in all fields, in particular science and technology; and
- Work with relevant international partners in the eradication of preventable diseases and the promotion of good health on the continent [AU, A.U.-. 2003].

In these capacities, the AU has been a premier vehicle for promoting NEPAD, gaining continental support for NEPAD, and for implementing NEPAD. NEPAD was presented to the AU on July 11, 2001, and then quickly taken to the G8 Summit on July 20, 2001. [NEPAD, 2003] Further, as NEPAD has no organization structure of its own, it will rely heavily upon the AU methods for support and implementation, as evidenced by it reliance on the AU Peer Review Mechanism. That NEPAD efforts and AU operations will parallel each other in the years to come is a certainty, provided of course that NEPAD is fully implemented.

The Africa Growth and Opportunity Act

Approved by the US Congress in 2001 after a 5-year-long debate, the African Growth and Opportunity Act (AGOA) was created to provide duty-free access to the US market for many classifications of African goods. Introduced by conservative, corporate-oriented Rep. Phil Crane (R-IL), AGOA's fight for survival began amid multi-faceted controversy. The debate that initially surrounded the act would continue for the duration of its five-year-long battle within Congress and reach beyond its ratification in May 2001. Dubbed by some as the "African Re-Colonization Act" or "NAFTA for Africa," at its outset even American-oriented South African President Nelson Mandela called the bill, "not acceptable [to South Africa]" [ISODEC, 2000]. With the exception of initial murmuring of discontent regarding the scope and breadth of African governance AGOA attempted to address, African nations overwhelmingly supported its passage. For many of these nations, any platform that would enable greater integration into the global economy – particularly with the U.S. as a gateway – was acceptable.

Regardless of this fact, the bill was particularly contentious among NGOs for a variety of reasons, including the lack of aid for SSA's other pressing needs, the recent passage of the ATC – which was to eliminate bi-lateral agreements in which powerful nations took advantage of their positions, the ease with which U.S. firms could invest in SSA, and the requirements for U.S. upstream inputs. Most notably, the act called for a number of economic and social reforms to take place, and required assertions by governments that extended beyond the norm of trade agreements. Major sticking points with opponents included the political imperialism that they claimed was inherent in its rhetoric, including its calls for democracy, privatization, and unionism as precursors for inclusion as a "member state." Further, many opponents felt that it reached beyond the bounds of national sovereignty by demanding that trade barriers to the U.S. be dropped, and by requiring that nations not impede the national security or foreign policy interests of the U.S. [*African Growth and Opportunity Act*, 2000].

As AGOA was only applied to sub-Saharan African countries, the nations of Algeria, Egypt, Libya, Morocco, and Tunisia were ineligible for participation. Of the 53 African nations, 40 were eligible as of February 2003:

> Benin, Botswana, Cameroon, Cape Verde, Central African Republic, Chad, Congo, Cote D'Ivoire, Democratic Republic of Congo, Djibouti, Eritrea, Ethiopia, Gabon, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, São Tomé and Principe, Senegal, Seychelles, Sierra Leone, South Africa, Swaziland, Tanzania, Uganda, and Zambia. [Commerce, 2003]

National participation in the bilateral agreement is a critical indicator of national success in NEPAD-development models, as the dogmas of both efforts are interrelated. Specifically, AGOA states that a country is eligible for participation if – among other factors – it has established, or is making continual progress towards establishing:

a) a market based economy that protects private property rights, incorporates an open rules-based trading system, and minimizes government interference in the economy;
b) the rule of law, political pluralism, and the right to due process, a fair trial, and equal protection under the law: and
c) economic policies to reduce poverty, increase the availability of health care and educational opportunities; expand physical infrastructure, promote the development of private enterprise, and encourage the formation of capital markets through micro-credit or other programs [*African Growth and Opportunity Act*, 2000].

This language designates that to adhere to and abide by AGOA eligibility requirements is fundamentally the same as agreeing to the political and social goals articulated in AGOA and by association, NEPAD.

For this reason, participation in the AGOA network – which predates NEPAD – is an indicator of a nation's willingness to reach outside of itself for economic gains and its comfort level with these political ideologies. While increased trade between the US and Sub-Saharan Africa is the goal of AGOA, and it is undoubtedly an economic endeavor, for the purposes of this research it is included in political networks. There are several reasons for this classification: first, given the long list of requirements for participation, the decision for an African nation to apply for AGOA eligibility is a political one; second, the language of AGOA more completely mirrors the language of NEPAD (an inter-sectoral political, social, and economic plan) than is does the language of pure economic activities; and third, the creation of, the debate surrounding, and even current objections toward AGOA are all based on political rationales and not the economic strategy of permitting access of African goods to the US market. While the gains from AGOA may be economic, the effort of participation is primarily political.

3.2 AFRICAN ECONOMIC NETWORKS

The 1994 Abuja Treaty established the African Economic Community (AEC), which was designed to “promote economic, social, and cultural development, as well as African economic integration in order to increase self-sufficiency and endogenous development and to create a framework for development and the mobilization of human resources and materials” [AEC, 2003]. The aim of the treaty was to create a continent-wide single market by 2025; it is intended that this market will come about through a gradual process, beginning at the sub-regional levels in the 1990s and forming a continental community by 2000 [Oyejide, 2001]. This emphasis on economic regionalism was not novel; in fact, since the early 1960s members of the African Economic Community were encouraged to combine their economies into sub-regional markets that would ultimately form one Africa-wide economic Union. In 1980, the OAU Extraordinary Summit adopted the Lagos Plan of Action and formally committed itself to the first major step towards integration [AU, A.U.-. 2003]. This was to begin a long process with mixed results that remains under debate today.

Initially planned as a “bottom-up” integration process, the AEC’s creators emphasized the ultimate objective of a continent wide integration, achieved through the building blocks of the lower-level regional integration arrangements. Through coordination, harmonization, and progressive integration, these lower level arrangements were expected to design and implement trade liberalization programs and eventually establish free trade areas in each of the five sub-regions by 2000 [Oyejide, 2001]. Contrary to the design envisioned by the AECs drafters, most African sub-regions have more than one regional arrangement – in part because many of these regional arrangements pre-dated the treaty and their mandates were not readjusted to fit the model articulated by the Abuja treaty [Oyejide, 2001]. As a result, the economic plans of the AEC's drafters have yet to come to true fruition in many regards.

These regional arrangements are both varied in number and diverse in operation. Some are preferential trade areas, agreeing to impose lower tariffs on one another than on non-member countries; some are free trade areas, in which all member countries eliminate all trade barriers among themselves but retain individualized tariffs against non-members; others are customs unions, free trade areas with an external tariff which all member countries impose on non members; and still other are economic unions, in which all countries within a common market agree to coordinate and harmonize their domestic economic policies. The level of coordination required for each of these structures varies, as do the economic results.

> For the purposes of this research, the focus of economic networks will be on two separate groups – those arrangements that are recognized as the five regional economic communities of the AEC and those arrangements that are functioning economic arrangements, but are not formal members of the AEC. The latter groups of arrangements include:
>
> - CEMAC, located in Central Africa and comprised of Cameroon, Central African Republic, Chad, Congo, Equatorial Guinea, and Gabon;

- IOC, located in East Africa and comprised of Djibouti, Madagascar, Mauritius, and Seychelles;
- SACU in Southern Africa and containing Botswana, Lesotho, Namibia, South Africa, and Swaziland;
- and West Africa's UEMOA, comprised of Benin, Burkina Faso, Cote d'Ivoire, Guinea Bissau, Mali, Niger, and Senegal [Oyejide, 2001].

While these additional economic networks do bring into question the effectiveness of the AEC, they nonetheless indicate the propensity of their member nations to participate actively in sophisticated economic negotiations and to abide by the economic regulations dictated by these organizations.

The five formal pillars of the AEC include:

- the Arab Maghreb Union (AMU), comprised of Algeria, Egypt, Libya, Mauritania, Morocco, Sudan, and Tunisia;
- the Economic Community of Central African States (ECCAS), consisting of Angola, Burundi, Cameroon, Central African Republic, Chad, Congo, Democratic Republic of Congo, Equatorial Guinea, Gabon, Rwanda, and São Tomé and Principe;
- the Common Market of Eastern and Southern Africa (COMESA), including Angola, Comoros, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Namibia, Swaziland, Seychelles, Somalia, Sudan, Uganda, Zambia, and Zimbabwe;
- the Southern African Development Community (SADC), comprised of Angola, Botswana, Democratic Republic of Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia, and Zimbabwe;
- and the Economic Community of West African States (ECOWAS), which includes Benin, Burkina Faso, Cape Verde, Côte D'Ivoire, The Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, and Togo [COMESA, 2003;ECOWAS, 2003;Oyejide, 2001;SADC, 2003].

These arrangements are in varied states of activity or inactivity. Those arrangements that are inactive are due to a variety of factors: such as the ability to rely upon European markets, making African markets of secondary concern, as is the case with the AMU; or widespread sub-regional socio-political crises, as is the case with ECCAS. [Oyejide, 2001] Regardless of a network's activity or inactivity, there are gains conferred through participation in a formal pillar. Likewise, if a nation is part of a fully-functioning economic arrangement that is not a formal pillar it should be considered as gaining network benefits, as well. Many of these non-formal pillars pre-dated the AEC and may well provide a stronger network upon which to depend.

3.3 Telecommunications Networks

Since the early 1990s information and communication technologies (ICTs) have been used, particularly by the U.S., as tools to promote foreign aid goals. Often these goals include sustainable economic growth, democracy, and political stability; the belief being that ICTs' ability to collapse both time and space result in economic structures that are more efficient and representative governance structures that are more effective and accountable [Garcia, 1995]. It is interesting that the rise in developmental significance of ICTs coincides with the rise in neo-liberalism, as the 'potentials' of ICTs for development correlate almost directly with the neo-liberal opinions about development.

Observers admit that communications technologies have little direct impact on society; rather they affect relationships indirectly by providing a structure to communications processes [Garcia, 1995]. ICTs allow citizens to interact with their governments, non-governmental organizations (NGOs) to connect with one another, producers of goods to link with distributors of goods and manufacturers, and buyers to connect with sellers. As communication is the process by which culture (and society, politics, and economic exchange) is developed and maintained, it is important to understand the ways that ICTs can affect communication processes:

- The speed of communication
- The costs of communication
- The distance that, within a given period of time, information can travel,
- The amount of intelligence/functionality that can be transferred,
- The relationships and interdependencies among parties to an act of communication, and the perceptions of the parties communicating [Garcia, 1995].

With the informationalization of society and societies, information has been made critical to the social and economic activities that comprise the development process; and if information is essential for development, then communications (as a means of sharing information) is not simply a connection between people, but a link in the chain of the development process itself [Hudson, 1997]. Held maintains that the development of new communications systems generates a world in which the peculiarities of place and individuality are constantly redisplayed and reinterpreted by regional and global communications networks [Held, 1999]. With these conceptualizations, the development of communications infrastructures, policies, and access has risen in importance.

Until recently, access to telecommunications was considered a luxury to be provided only after all other investments in water, electricification, and roads had been made – and after the demand for telecommunications in the cities had been met; now it is recognized that ICTs are a vital component of the development process and can improve productivity and efficiency of rural agriculture, industry, and social services and can enhance the quality of life in developing regions [Hudson, 1997]. In today's information-based society, the existence and reliability of telecommunications networks are deemed necessary. For nations that are still seeking developed-nation status, connectivity can mean the difference been successful development efforts and marginal results. The economic, social, and political ramifications of poor ICT connectivity hamper other development efforts, eliminating the possibility of modernization by global standards.

Economically, ICTs permit modern businesses and markets to operate: financial markets are able to operate in real time; vertical integration is made possible through "just-in-time" inventory processes; sellers of any good are able to access the current market price and maximize profits; the process of customization of goods for a customer is a less lengthy and costly process; and producers of upstream inputs are able to quickly and effectively connect with assemblers [Schofield, 2002;"Streamlining the Supply Chain," 2002;Van Rensburg, 2002]. Socially, ICTs perform a variety of tasks: empowering users of all socio-economic backgrounds with much of the information available to more affluent citizens; providing educators with access to the wealth of information available on the world wide web; and enabling users to connect with family members, potential employers, educational institutions, and news outlets in distant locales [Okigbo, 1995;*Power to the People: The Role of Electronic Media in Promoting Democracy in Africa*, 2003]. Politically, ICTs allow democracy to operate more effectively: permitting interest groups outside of the government to participate in governance mechanisms, empowering women, the disabled, and other marginalized groups; making possible the transparency that guarantees operation that is equitable and fair; and facilitating the delegation of power that backstops development [*Creating*

Virtual Learning Communities in Africa: Challenges and Prospects, 2002]. As a result of these vibrant spillover effects – telecommunications networks may well be the most dynamic of all of the networks in terms of securing and maximizing foreign direct investment.

There is power in these technological networks. They are more than just a means to access news or quickly discover the scores to a soccer game. Wellman states:

> Computer networks are inherently social networks, linking people, organizations, and knowledge. … The proliferation of computer networks has facilitated a de-emphasis on group solidarities at work and in the community and afforded a turn to networks that are loosely bounded and sparsely knit. The Internet increases people's social capital, increasing contact with [those] who live nearby and far away [Wellman, 2001].

This social capital is quite similar to that a country might gain through participation in a formal AEC pillar, the UN Security Council, or the AGOA. Nations that already have these attainments (relative to other African nations) have vested interests in the networks that pre-date NEPAD, yet that will prove invaluable in securing FDI and fostering development.

AFRICA AND TELECOMMUNICATIONS

Currently, the African continent has the least development telecommunication network in the world; additionally, the infrastructure is inefficient, not well adapted to the needs of the African environment, and unequally distributed on a country-by country-basis and between rural and urban locales [Coeur De Roy, 1997]. The continent's meager telecommunications development to date has been traced to lack of investment, foreign exchange scarcity, investment inefficiencies, poor management incentives, inadequate private sector involvement, weak policy direction, corruption, insufficient regional development, and unreasonable constraints on private sector participation in the provision of services [Minges, 1994;Mustafa, 1997]. Other studies cite a lack of scientific and technological information across the continent, a lack of training in computing technology that hampers the educational prospects of subsequent students, and language barriers on the Internet [Adam, 1996]. In order for the nations of NEPAD to succeed in their development endeavors, these issues must be overcome to enable the promotion of continental connectivity. Otherwise, the international interaction required to support regionalism and specific NEPAD efforts will be hampered by slower and less reliable forms of communication. Most certainly, it will affect economic exchange and operation and, ultimately, prosperity.

As such, NEPAD projects planned to date support the importance of technology: of the 89 projects currently publicized, 13 are ICT projects, with 10 of these being transcontinental in nature [NEPAD, 2002]. But much of the success in transcontinental connectivity activity is dependant on states levels of connectivity. For if nations have low levels of Internet users and Internet hosts, these figures will need to be raised before ICT use will reach the critical mass needed to become a social phenomenon. Further, most ICT technologies currently in use require reliable energy production as well. Given current trends, it is unlikely that new users will utilize solar-powered computers or wireless technology, despite their potential for widespread use in the African context.

The figures illustrate the patchwork levels of development in African nations. Developmental indicators for “Mainlines per 1,000 persons” deviate widely across the continent; from highs of 176 and 132 in Seychelles and Mauritius, respectively, to lows of 1 in Chad, the Democratic Republic of Congo, and Niger [Bank, 2002]. Internet usage figures from 1999 range from a high of 1,820,000 users in South Africa, to a low of less than 1,000 in Liberia and Somalia [Bank, 2002]. Other figures include: 20,000 users in Cameroon, Cote d'Ivoire, and Ghana; 10,000 users in Angola, Benin, Malawi, and Mali; and 5,000 users in Cape Verde, Guinea, Seychelles, Sudan and Swaziland [Bank, 2002]. It is important to bear in mind that , depending on the statistical methodology and the sources used (e.g., registered users vs. registered users, intermediary users, and secondary users), the results may be skewed quite low. Whatever the final figures, these differences in ICT development and usage will have implications in the NEPAD-development environment, with more advanced nations reaping greater rewards.

Another important indicator of a nation's emphasis on technology is its web presence. Some nations, like South Africa, have fully integrated government web sites that allow advanced functionality for users. These users are able to access state services on the web. Other nations, such as Burkina Faso, have virtually no presence on the Internet [Anzinger, 2002]. While there are certainly benefits for the citizenry if a national government has a web site that offers public services, it also has implications for the outsider's perceptions of that nation. If an investor types "Somalia" into a search engine, two official government websites will pop up; yet, if an investor types in the name "Algeria" into that same search engine, 56 official government sites will come up [Anzinger, 2002]. This changes the way the investor views the nations, relative to each other. For Algeria especially, the perception is changed from the view of 'marginalized Africa' to a nation that is aware of and responding to technological trends. Moreover, these websites can function as a starting point to actors seeking to initiate ties to a network. African actors can refer potential network members to the website for information, while those seeking connections to African actors may well stop at the website prior to other efforts. This technological network has power, as well.

Chapter 4: Structural Power and NEPAD

Existing political, economic, and technological networks have provided a pathway by which ideologies and forces of change enter the African landscape and collective conscious. Without these conduits, which are the channels of globalization's forces, internal African conceptualizations about development would likely have evolved quite differently. Without existing networks, NEPAD and pan-Africanism would not be the trends of the day.

While pan-Africanism is a familiar concept, it has rarely seemed to be a viable political, social, or economic mechanism for Africa's development in any formal sense, until now. In recent years, development problems such as poverty, poor transportation and utility infrastructures, oft-stagnant GDPs, sagging economies, often-absent information technologies, and disheartening health and education systems have plagued many African nations. But the African developmental experience cannot be quantified in broad strokes – some nations have been able to reach measures of success in various realms of development, from technological advances and gross domestic product growth to education improvements and infrastructure modernization. Yet these individual successes have failed to guarantee comprehensive developmental gains. These irregularities have led less successful nations to look to their more accomplished neighbors for insights and practices that might accelerate their development in a manner that addresses multiple aspects of the social, the political, and the economic.

Given the current development environment, it is no accident that this wave of pan-Africanism is realized at a time when democratic regimes are on the rise, globalization's forces are looming, and transnational cooperation is essential for success in the marketplace. The existing global development regime, which includes diverse sources of aid and investment such as the United States, the European Union, the United Nations (UN), the World Bank, non-governmental organizations (NGOs), and multi-national corporations (MNCs), has laid out the formula for success for development. And this global regime dictates that all nations play by the rules and institutions they have created if they hope to reap benefits. The formula (comprised of democracy, capitalism, free markets, regionalism, and other neo-liberal ideologies) dictates precursors for aid and investment.

Moreover, the structure of the international global regime is extremely hierarchical, with African nations being among the least empowered of all nations. In this environment, the leaders of African nations find themselves facing problems that are more similar than disparate. As a result, these leaderships now seem more willing than ever to cooperate for shared returns. The environment is ripe for partnership and the New Economic Partnership for Africa's Development (NEPAD) has been designed as the mechanism for this partnership. NEPAD is a direct response by African nations to the structural power wielded over them by other international actors. While NEPAD is an effort to create opportunities for the region of Africa, it simultaneously creates a new structural hierarchy within the continent between nations that have drafted the initiative, nations that are involved in the initiative, and those who are yet to participate at any level.

4.1 - NEPAD CONTENT

NEPAD, the latest form of pan-African efforts, is a pledge by African leaders, "based on a common vision and a firm and shared conviction, that they have a pressing duty to eradicate poverty and to place their countries, both individually and collectively, on a path of sustainable development and, at the same time, to participate actively in the world economy and body politic" [NEPAD, 2001]. Initially drafted by the leaderships of four African nations (Algeria, Nigeria, Senegal, and South Africa), NEPAD both acknowledges that many plans, initiatives, and programs have been created to promote Africa's development and that NEPAD addresses the same problems. However, drafters assert that NEPAD is different in that it is envisioned as a long-term template of an African-owned and African-led development regime [NEPAD, 2001]. Many past development efforts have been closely aligned with Western powers and institutions from the outset, and despite early advances towards these actors, the initial language and drafting of NEPAD was borne of three separate development initiatives underway on the continent. By stressing the need for 'African-led and African-owned' efforts, it is hoped that detrimental arrangements from the past will not be replicated in structure if not in name. These unfavorable arrangements include production chains that are oriented towards the external market to the injury of internal markets and loan schemes that implicitly harm the prospects of Africa's future economic development. By creating a new structure, with new goals, policies, and objectives, it is hoped that Africa's needs will be more directly addressed.

The drastic differences that currently exist with regard to the developmental attainments of African nations can be attributed to many factors – country size, population, existing level of industrialization, natural resources, productivity of the labor force, and political instability. While some of these factors are insurmountable by developmental standards (e.g., no initiative can endow all African nations with Nigeria's oil reserves), it is these very metrics that NEPAD aims to improve through diversification of production, comparative advantage, and concerted economically and socially engineered programs. How successful these endeavors will be depends considerably on the established networks of the individual nations. NEPAD's long-term objectives include eradicating poverty and beginning a sustainable growth and development trajectory, while making considerable efforts to promote the role of women in all activities. Long-term measurable goals include:

- To achieve and sustain average GDP growth rates of more than 7 percent annually for the next 15 years;
- To reduce the proportion of people living in extreme poverty by half between 1990-2015;
- To enroll all children of school age in primary schools by 2015;
- To eliminate gender disparities in both primary and secondary school enrollments by 2005;
- To reduce infant and child mortality ratios by two-thirds between 1990-2015;
- To reduce maternal mortality rates by three-quarters between 1990-2015;
- To provide access for all who need reproductive health services by 2015;
- To implement national strategies for sustainable development by 2005, so as to reverse the loss of environmental resources by 2015 [NEPAD, 2001].

These goals are indeed ambitious, yet drafters are certain that by fostering an environment that supports economic growth, nations will benefit socially and politically, as well. To further underpin the creation of this atmosphere, the drafters have outlined specific conditions for sustainable development. In addition to the central NEPAD document, drafters have also penned a Peace and Security Initiative, a Democracy and Political Governance Initiative, and an Economic and Corporate Governance Initiative [NEPAD, 2001]. By encouraging improvements and expansion in each of these linked institutional spheres, it is anticipated that the state-based economic returns sought will soon follow. It is certain that the continent of Africa would benefit from improvements in these realms, but the one element vital for development – capital – is most necessary for NEPAD's success.

A central component of securing these returns, fiscal support is needed from within Africa and from private and public sources abroad. Reinforcing the aspect of financial flows, the NEPAD document asserts that "the resources needed to launch a global war on poverty and underdevelopment, including capital, technology, and human skills, exist in abundance and are within the reach of African nations" [NEPAD, 2001]. As such, acquiring these resources are essential to all efforts, and nearly all NEPAD-development activities are undertaken acknowledging the existence of these resources and their potential for backstopping future and evolving endeavors. Both NEPAD's drafters and academics recognize that securing foreign direct investment (FDI) is a cornerstone of this resource procurement [NEPAD, 2001;Tandon, 2002]. For many reasons, FDI is a more productive source of capital than aid or loans. Unlike loans, which must be repaid, and aid, which has minimal spillover effects to the labor force or the economic climate, FDI can empower employees, small- and medium-sized companies, corporate governance, and many other sectors of the economy.

The practical approach for NEPAD-development is based on sub-regional and regional approaches. Drafters cite the reality that most African countries are small, both in terms of population and per capita incomes, and as a result, their limited markets do not offer attractive returns to potential investors [NEPAD, 2001]. Market size and strength have far-reaching implications, as it leads to retarded exports and limited diversification of production. In turn, this limits investment in essential infrastructures that depend on economies of scale for viability [NEPAD, 2001]. Drafters uphold that through enhanced regional efforts, pooled resources, and economic integration, African nations can overcome these conditions and improve international competitiveness. Therefore, NEPAD regards the region as the basic unit of analysis for development and divides Africa into five regions for the purposes of project implementation: Northern Africa, Western Africa, Central Africa, Eastern Africa and the Indian Ocean, and Southern Africa and Madagascar [NEPAD, 2001].

North Africa is comprised of Algeria, Egypt, Libya, Mauritania, Morocco, and Tunisia; West Africa is comprised of Benin, Burkina Faso, Cape Verde, Cote D’Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, and Togo; Central Africa consists of Burundi, Cameroon Central African Republic, Chad, Congo, Democratic Republic of Congo, Equatorial Guinea, Gabon, Rwanda, Sao Tome and Principe; East Africa consists of Comoros, Djibouti, Ethiopia, Eritrea, Kenya, Mauritius, Somalia, Sudan, Tanzania, Uganda; and Southern Africa is comprised of Angola, Botswana, Lesotho, Madagascar, Malawi, Mozambique, Namibia, South Africa, Swaziland, Zambia, and Zimbabwe [NEPAD, 2001]. Despite this focus, NEPAD is careful to assert that the plan does not question the sovereignty of any State, maintaining that through promotion of regional space, African nations can offer a bigger market for their industries and higher possibilities of foreign investors [NEPAD, 2001]. By focusing on the sub-region as the focus of development project, NEPAD at once reinforces the existing economic arrangements operating on the continent and encourages transnational development efforts that will benefit the acceleration of development for the continent.

In a related issue, NEPAD does not interfere with Africa's other development, economic, or political devices currently in place. NEPAD's drafters are quick to point out that NEPAD is not an organization and will have no ruling body [NEPAD, 2002]. This means that NEPAD-development will rely heavily on state-based institutions and mechanisms, the already-established economic arrangements on the continent, and political governance organizations such as the African Union. Actors in the NEPAD regime cite that the proposed action plans draw heavily form the outcomes of many regional, continental, and global consultative processes, including: the Dakar Action Plan on Education; the Abuja Plan on Health; the Comprehensive African Agriculture Programme prepared with the assistance of the Food and Agriculture Organization of the United Nations; the World Health Organization report of Macroeconomics and Health; and the infrastructure development plans of the various Regional Economic Communities [Mkuhlu, 2002]. There are several rationales for this organization: first, it will minimize bureaucracy and time constraints often associated with hierarchical organizations; second, that by relying upon existing networks, those effective mechanisms currently in place will be allowed to thrive in the new NEPAD environment; and third, that these networks will be able to react more quickly to the changes from NEPAD-development and make better use of evolving factors of development.

While the objectives of NEPAD are grand in scope, the drafters have attempted to render them more intellectually and pragmatically manageable by creating both sectoral priorities and initiatives to mobilize resources. Sectoral priorities include:

- infrastructure, e.g., information and telecommunication technologies, energy, transport, water and sanitation;
- human resource development, e.g., education, reversing the brain drain, and health; agriculture;
- the environment initiative, e.g., combating desertification, wetland conservation, invasive alien species, coastal management, global warming, cross-boarder conservation areas, and environmental governance;
- culture, e.g. indigenous knowledge, genetic resources, artistic and scientific works;
- and science and technology platforms, e.g. supporting technological expertise in high-growth potential areas such as biotechnology and natural sciences [NEPAD, 2001].

There are several initiatives that fall under the “Mobilizing Resources” objective, a section of the official NEPAD document, including:

- the Capital Flows Initiative, e.g., increasing domestic resource mobilization, debt relief, overseas development assistance reforms, and private capital flows;
- the Market Access Initiative, e.g. diversification of production, agriculture, mining, manufacturing, tourism, services;
- and Promoting African Exports, e.g., improves customs procedures, minimized trade barriers, increased intra-regional trade, and countering

> Africa’s negative image through conflict resolution and marketing [NEPAD, 2001].

This delineation of economic and financial goals provides for a more convenient development process, and allows for the creation of a formalized development regime, with certain actors charged with promoting accelerated development in their areas of expertise. For example: Nigeria is responsible for issues pertaining to economic governance, such as banking procedures, Overseas Development Assistance, corruption and money laundering, and financial institutions; South Africa is charged with peace, security, conflict resolution, and democracy; Egypt handles market access and agriculture, poverty alleviation, food safety, rural development and intra-African trade; Algeria is accountable for human development issues, education, health, and capacity building; Senegal focuses on infrastructure, transport, e-governance, and all issues of ICTs [Imisim, 2003]. That these nations have been given prominent roles is due in large part to the *structural power* (i.e., the nations’ roles in the historical creation of NEPAD) and their *instrumental power* (i.e., those nations with considerable developmental attainments pre-NEPAD). Other nations have not been given similar responsibilities with regard to NEPAD. In this sense, the spillover effects of *structural power* have already began to take place, simultaneously empowering some actors and dis-empowering others. This effect can be more thoroughly examined through an overview of NEPAD’s history.

4.2 - NEPAD History and Structural Power

Due to both the development environment and the experiences of African nations, the notion of pan-Africanism has once again risen in prominence. The journey toward today’s NEPAD began at the Organization for African Unity (OAU) summit in July 2000, where African countries reaffirmed their political position – full and total commitment to the principles of globalization, liberalization, and privatization [Wade, 2001]. After that summit, leaders from nations as historically and economically diverse as South Africa, Senegal, Nigeria, and Algeria offered strategies to promote Africa’s full integration into the world economy, all with a focus on liberalism and regionalism. Formal initiatives began to emerge in 2001, when President Mbeki of South Africa began popularizing the concept of the African Revival, while President Obasanjo of Nigeria and President Bouteflika of Algeria launched the Millennium African Plan [NEPAD, 2002]. Concurrently, President Wade of Senegal proposed the Le Plan Omega [Wade, 2001]. Once it was realized that each plan proposed similar tactics for Africa’s reintegration into the world economy, these leaders joined with President Mubarak of Egypt to create the first formal version of NEPAD [NEPAD, 2002]. These are conferred the highest level of structural power in the NEPAD environment. These nations are immediately associated with NEPAD, both inside and outside Africa. Further, these nations are creating the institutions that will govern and direct Africa development efforts in the coming years. Doubtless, those leaders who wrote these initial plans will reap considerable rewards in the NEPAD environment.

While the exact wording of NEPAD is still indefinite, as are the participating countries and the extent of their involvement, it is clear that the concepts outlined in NEPAD are likely to eventually comprise some formal regional partnership in Africa. For the sake of simplicity, the latest version of NEPAD, presented to the investor’s summit in Dakar, Senegal, April 15-17, 2002, and drafted in October 2001, will be considered for this research as the unit of analysis in exploring the African political landscape. In many regards, NEPAD has been well received by African and western governments, international development and governance institutions, and MNCs. Almost immediately after its creation, NEPAD was taken to the G8. According to the chairperson of the NEPAD Steering Committee, this was done because these countries account for more than 70% of overseas development assistance to Africa and for more than 70% of trade and investment; further, they have considerable influences on the policies and behavior of global institutions such as the World Bank, the International Monetary Fund (IMF), the World Trade Organization (WTO), and the UN [Mkuhlu, 2002]. This directly speaks to the influence of neo-liberalism both the drafting and the 'marketing' of NEPAD. The goal is to play the rules of the prevailing game, not create a new one.

In response to these efforts, the G-8, the WTO, the World Bank, the UN, and the leaders of the United States, Great Britain, France, Germany, and Canada have all voiced their support of the initiative [NEPAD, 2002]. In fact, the World Bank's Multilateral Investment Guarantee Agency (MIGA) has said that it will offer more guarantee projects to sub-Saharan Africa in efforts to help meet NEPAD's continental goals; current plans are to increase its sub-Saharan portfolio by 10 percent [Kamagara, 2002]. In terms of private capital flows, high-profile MNCs such as Hewlett Packard, Microsoft, Cisco, Unilever, Air France, Chevron, All Africa.com, Trust Bank Corporation, Siemens, Intellibridge, and Tiscali have attended investors meetings and indicated interest [NEPAD, 2002]. Thus, as the drafters seem to have garnered the support they had hoped to secure (given the mirroring of the popular Western development language) – the

Western powers, the development regime, and private investors all appear hopeful for the future of NEPAD.

It seems that NEPAD is destined to be – at least theoretically – the development initiative for the continent in the coming years. Practically, movement may occur somewhat more slowly and unevenly than many Africans hope. With regard to African nations' acceptance of NEPAD, 15 Heads of State have joined the Implementation Committee in addition to the drafter-states: Botswana, Cameroon, Gabon, Ghana, Ethiopia, Mali, Mauritius, Mozambique, Republic of Congo, Rwanda, São Tomé and Príncipe, Tanzania, Tunisia, Uganda, and Zambia [Nigeria, 2002]. In addition to headquarters in South Africa, nine supplementary NEPAD offices have been established: in Cameroon, Gabon, Egypt, Ethiopia, Kenya, Lesotho, Mozambique, Nigeria, and Senegal [News, 2002]. In terms of on-the-ground projects, there are currently 89 projects listed on the NEPAD website, in various states of the planning and pre-planning phases [NEPAD, 2002]. While NEPAD has not been accepted whole-hearted by all African leaderships, it does seem to have momentum both inside and outside the continent. The controversy that persists in some academic, journalistic, and even African national government spheres seems to have little effect in slowing the initiative's progress.

Currently, interested nations are participating in the African Peer Review Mechanism (APRM). The APRM, which is based on existing AU peer review procedures, examines both the current performance of African nations and the potential of NEPAD-development. During APRM, a panel of evaluators looks at the institutions established in each country – including political and economic governance regimes, democratic foundations, and mechanisms for accountability and peace [NEPAD, 2003].

According to one NEPAD representative, economic and governance sectors are evaluated to determine if they conform to "African- and internationally-accepted standards"; and if they indeed conform to these pre-agreed norms, it is "ensured that [the nation] is investor-friendly and that it is a democratic country" [Imisim, 2003]. Some business leaders on the continent have expressed misgivings about the APRM because of long-standing reluctance among African leaders to speak out against mismanagement among their neighbors [News, 2002]. Despite this concern, there is a marked emphasis on internationally-accepted norms in the APRM that reflects the ideologies behind NEPAD. That this rationale seems primarily based on the importance of an investor-friendly environment is no surprise, given the theoretical precursors of the NEPAD document and its reliance upon Western, neo-liberal ideologies.

4.3 - THEORETICAL ORIGINS OF NEPAD

Whether it has been through Biersteker's "trickle-up" process, or by other mechanisms, the transmissions of liberal economic ideas has occurred between the Western world and Africa's leaderships [Biersteker, 1995]. These principles of democracy, capitalism, free market ideals, and globalization have been central in these transmissions. The rhetoric and development institutions advanced by the Western world, despite having been initially and periodically derided by scores of African leaders, now seem to have been wholeheartedly adopted by current African leaderships. For an illustration that these principles have formally taken root in African political circles, look no further than NEPAD itself. While NEPAD's drafters hope to reap the economic rewards made possible through regionalism, it also adopts much of the doctrine that is fundamental to the 'new world order.'

The NEPAD document states its main objective explicitly: "to bridge the gaps between Africa and the developing world." The document goes on to reiterate that despite its exclusion from many bargaining tables, the continent is already an active participant in the globalization process because "the development of the world economy is, by historic accounts, the result of the exploitation of the continents raw materials, the labor of its people, and the commodity of its exports" [NEPAD, 2001]. According to NEPAD's drafters, globalization is, in part, made possible by Africa, as the nations of power in globalization would be much less powerful had they not gained of their exploitation of Africa.

Given the current realities of African states, there is a noticeable emphasis on economic development and poverty; but that "good governance" and "improved institutions" feature prominently in the NEPAD text is noteworthy. While change of the economic models that fuel development are of primary concern, both the drafters and, by their acceptance and participation, a good portion of Africa's political community (NEPAD's drafters, the Implementation Committee, and participants in APRM) recognize the growing importance of some form of democracy as a precursor of success. With regard to governance, NEPAD recognizes:

> Post-colonial Africa inherited weak states and dysfunctional economies that were further aggravated by poor leadership, corruption, and bad governance in many countries … factors, together with the division caused by the Cold War, hampered the development of accountable governments across the continent …

> Today, the weak state remains a major constraint to sustainable development in a number of countries. Indeed, one of Africa's major challenges is to strengthen the capacity to govern and develop long-term polices …
>
> Democracy and state legitimacy have been redefined to include accountable government, a culture of human rights and popular participation as central elements … across the continent, democracy is spreading, backed by the African Union (AU) … these efforts are reinforced by voices in civil society, including associations of women, youth, and the independent media. In addition, African governments are much more resolute about regional and continental goals of economic cooperation and integration. This serves both to consolidate the gains of economic turnaround and to reinforce the advantages of mutual interdependence [NEPAD, 2001].

The highlighted role of participatory government and democratic states in NEPAD's wording is momentous, for it formally acknowledges a familiar neo-liberal axiom that these are precursors for economic development. No current political or economic body refutes that inclusion in the global economy is a precursor to modern development. Yet NEPAD goes a step further, by utilizing language that reinforces formal governance institutions that are easily recognizable by the powers that be. Through this recognition, they acknowledge that a developing nation's must have democracy, or something that looks an awfully similar.

Via NEPAD's language, modern African leaders acknowledge that to gain economic stability in the age of globalization, they must maintain political stability in both their individual nations and the region. NEPAD aims to accomplish this goal though the creation of a new institutional framework. Institutional frameworks play a major role in the transformation of the economy, and Africa is in major need of such an evolution [North, 1990]. This is part of the reason NEPAD is so timely, but beyond the need for a familiar political façade, the initiative is quite obviously attempting to reduce the uncertainties of the West and give structure to the investment process through the creation of institutions, ones that they hope will both affect the economy in a positive manner and create incremental change [North, 1990]. For example, the establishment of transparent and dependable institutions is important for achieving the objectives (increased capital flows) outlined in the *Mobilizing Resources Initiative*. By doing so, a common barrier to FDI – high transaction costs for MNCs in African states – will be lowered and the prisoner's dilemma mitigated through repeated interaction with the *region* in Africa as opposed to with specific states.

In many respects NEPAD takes a linguistic bow to the dogma of the U.S. African Growth and Opportunity Act (AGOA), which includes increased trade and investments, expanded U.S. assistance to regional integration efforts, increased focus on countries committed to the rule of law, economic reform, and the eradication of poverty, and facilitating the development of civil societies and political freedom [*African Growth and Opportunity Act*, 2000]. Most specifically, AGOA states that a country is eligible for participation if – among other factors – it has established, or is making continual progress towards establishing:

1. a market based economy that protects private property rights, incorporates an open rules-based training system, and minimizes government interference in the economy;
2. the rule of law, political pluralism, and the right to due process, a fair trial, and equal protection under the law; and
3. economic policies to reduce poverty, increase the availability of health care and educational opportunities; expand physical infrastructure,

> promote the development of private enterprise, and encourage the formation of capital markets through micro-credit or other programs [*African Growth and Opportunity Act*, 2000].

Each of these concepts is addressed at length in the body text of NEPAD, and by participating in such an initiative, political leaders are committing, at least in gesture, to these ideas. The timing of these two economic treatises indicates a certain convergence between what the developed world views as vital to Africa's development and what Africans leaders themselves view as vital to their development. Both documents acknowledge that increased capital flows to developing African nations are central to success and that these flows will reduce poverty if they are augmented by diminished corruption on all levels – political, financial, and corporate; but more importantly, both initiatives note that some form of democracy is also crucial.

4.4 - DISSENTING OPINIONS

On the whole, many African scholars and journalists have expressed support of NEPAD, indicating that nations and citizens alike should accept it whole-heartedly. This support is based on the foundations of good governance rationales, economic soundness, and gender and equality considerations [Kanbur, 2001;Randriamaro, 2002]. Coupled with the visible support of the US, the EU, the World Bank, etc., these judgments can be powerful factors in determining a nation's (or an MNC's) participation in NEPAD-development. NEPAD's support base is fortified, and some NEPAD actors are so loyal that they have characterized "enemies of NEPAD" as "enemies of Africa" [Imisim, 2003]. Despite this enthusiasm, a many vocal African scholars and journalists, from both within the continent and abroad, have issued concerns about NEPAD’s structure, its priorities, and its very validity as in inclusive development program [Imisim, 2003]. These calls have come from various levels of academia, journalism, NGOs and governments themselves, with the rationales highlighting a myriad of potential shortcomings.

These dissenting opinions include those who insist that NEPAD is pandering to neo-liberal ideologies, that it is merely a public relations exercise by heads of state, that NEPAD does not give enough attention to the devastation caused by HIV/AIDS on the continent, that human rights must be central to any NEPAD efforts, that African social movements and actors beyond governments are being ignored [ADNA, 2002;Akukwe, 2002;Bond, 2002;Ngwane, 2002;Nyong'o, 2002;Oyugi, 2002;Saul, 2002]. Formal objections to NEPAD include the Bamako Declaration, passed by participants from more than 200 social movements, organizations, and institutions from 45 African countries in January 2001, which stated:

> “The Forum rejected neo-liberal globalization and further integration of Africa into and unjust system as a basis for its growth and development. In this context, there was a strong consensus against initiatives such as NEPAD that are inspired by the IMF-WB strategies of structural adjustment programs and trade liberalization that continue to subject Africa to an unequal exchange between its exports and its imports, and strictures on governance borrowed from the practices of Western countries and are not rooted in the cultures and history of the peoples of Africa” [Tandon, 2002].

Other adversaries refer to the fact that NEPAD’s drafters took the document to the G-8 and other western organizations for “approval” prior to its presentation to the leaders of African nations, causing a rift within the continent. This presentation has resulted in some nations (Namibia has been named publicly) feeling as though their insights and opinions have been left out of the NEPAD creation process [Imisim, 2003]. Still other academics note that the initiative has become too closely aligned with the home nations of it drafters – calling it "Thabo Mbeki's New Partnership for Africa's Development" [Bond, 2002]. It is clear that if NEPAD is to succeed as a continental development program, and be welcomed in all nations by the majority of citizens, considerable efforts must be made to eliminate the improprieties highlighted by these detractors. Only by gaining consensus from across the continent, and from across organizations, will NEPAD be the equitable mechanism for development that it's drafters seems to have intended.

4.5 NEPAD AND FDI

After the rhetoric of NEPAD has been digested and the plans for success have been considered, one central question is left regarding its potential success: where will the money come from? While NEPAD's drafters are careful to highlight the role of the state in making provisions for infrastructure development, education, and health, the plans for business development and overall economic gains seem to point in another direction. The goals of NEPAD's drafters appear to center around the ideas that they can attract outside investors to the region and create an environments that draws significantly higher inflows of foreign direct investment (FDI) in all sectors.

In the NEPAD document itself, drafters concede that "the bulk of Africa's capital up to the year 2015 will have to come from outside Africa" [NEPAD, 2001]. While this does not specifically highlight FDI over foreign aid, development loans, or overseas development assistance, there is evidence to indicate that FDI is indeed the goal. Written to outline categorical steps to address the market access priority, the *NEPAD Market Access Initiative* cites FDI as a major external factor contributing to Africa's 'lack of participation in international trade' [Bank, 2002]. This focus on FDI, if not always explicit in the text of NEPAD, is apparent in the actions of the NEPAD Steering Committee, which is comprised of the leaders of drafter nations.

To find support of the drafters' primary concern with FDI, one need look no further than the fact that the "Conference on the Financing of NEPAD" was held in Dakar, Senegal, on April 15th, 2002 – long before it has been taken to the leaderships of all African nations for commentary. At this meeting, NEPAD was presented to prospective investors and commitments were attempted to be secured from participants such as Hewlett Packard, Cisco, Chevron, Intellibridge, Trust Bank Corporation, Seimans, Microsoft, Unilever, AllAfrica, Air France, and Tiscali [NEPAD, 2002]. During this conference, the 'partnership' between African states and businesses and these American and European companies was highlighted; with an emphasis on the symbiotic relationship that could be developed under the auspices of NEPAD. By drawing attention to the social and developmental rewards for African citizens and the potential for economic rewards for investors, NEPAD representatives put the plea for investment at the forefront of NEPAD activity.

Indeed, FDI might well be the best plan for securing capital for Africa's development. In recent years, and thanks in part to globalization's forces, general beliefs about development have changed. While the efforts and results of the Asian tigers are still exalted, they are no longer held as "the model" for development. The results of development loans and structural adjustment loans have been mixed at best, with particularly disheartening results in Africa. FDI is different than loans in that FDI is far more than mere capital: it is a uniquely potent bundle of capital, contacts, and managerial and technical knowledge [Economist, 2001]. The new development buzzwords to increase GDP are 'investment,' 'knowledge transfer,' and 'productivity gains.' The juxtaposition of FDI as a more productive inflow of capital than aid and loans has not been over-looked by African leaderships, yet to a great degree FDI has remained elusive.

NEPAD endeavors to shift the trajectory of Africa's development by addressing a variety of development issues, and FDI is a key element of this new trajectory. Through FDI, more dynamic growth can occur in African nations – while simultaneously having a positive impact on human capital. Taken altogether, increased FDI flows on the African continent will help to accomplish many NEPAD goals – economic growth, corporate governance improvements, increased human capital, improved environmental and labor standards, growth in small-to-medium sized enterprises, and increased exports.

For example, in section 1(e) - "Development of export-oriented private sector" of the *NEPAD Market Access Initiative*, the objective is "To harness the power of the private sector for generating sustainable economic growth and poverty reduction"; with the rationale being:

> To ensure that African countries are able to take advantage of the opening up of world economies under rule-based Multilateral Trading System, the power of the private sector needs to be harnessed. As private enterprises – especially the small, medium, and informal scale ones – development of the private sector focusing on these enterprises will contribute in a major way to the poverty reduction efforts of the countries without which economic growth rings hollow [Bank, 2002].

If fertilization of these enterprises comprise a major 'market access' goal of NEPAD, then the flow of FDI into existing African businesses and the presence of exporting foreign-owned firms will create those spillovers highlighted by Klein, Stein, and Newfarmer. Additionally, the NEPAD document addresses the strengthening of the associated institutions with spillover benefits to companies invested in the continent:

> [An important issue is] compliance capacity. This involves the modernization of policies and regulatory regimes, and attendant institutional and administrative measures at the national level to meet obligations arising from trade agreements.
>
> [Another is] supply capacity and competitiveness of African states and their enterprises. It entails overcoming supply-side impediments, diversifying into new and value-added products and even more into new services (including sustainable tourism and professional services), strengthening the competitiveness of production (in particular of export-oriented industries), and meeting new and changing technical, sanitary and photosanitary, environmental, and labor standards. Much also remains to be accomplished in the public sector domain in terms of policy, such as the judicious use of tariff and tax policies [Bank, 2002].

If undertaken, these endeavors address those very institutions that will backstop and foster FDI investment by Western corporations and help small- and medium-sized enterprises prosper.

Directly addressing the factors which contribute to slow FDI flows into Africa is an underlying theme in NEPAD. Since, according to NEPAD's drafters, foreign capital is the most critical factor in meeting Africa's future goals, nothing must be allowed to happen in the continent that prejudices the flow of foreign capital [Tandon, 2002].
As such, the basic principle of the *Capital Flows Initiative* is that improved governance is a necessary requirement for increased capital flows, and from this concept the 'Principles of Economic and Political Governance' have emerged, including:

- Long term peace as a primary condition to attract FDI.
- Africa must undertake to respect the global standards of democracy, whose core components include political pluralism, principles of democracy, transparency, accountability, integrity, respect for human rights, and promotion of the rule of law.
- Commitments by participating countries to create or consolidate basic governance processes and practices.
- State capacity building as a critical aspect of creating conditions for development.
- And the strengthening of national, sub-regional and regional continental structures that support good governance [Tandon, 2002].

These are the very criteria that would render the continent of Africa more attractive to investors. If undertaken, these endeavors address those very institutions that will backstop and foster FDI investment by Western corporations. It is becoming increasingly apparent that nations not connected to the global production chain via high levels of exports or the presence of Multi-National Corporations (MNCs) are suffering economically. On the whole, FDI has not featured prominently in most African economies. Achieving these growth rates will be a major obstacle for nations without these natural resources such as oil, platinum, and diamonds; but for those nations who are further hampered by poor institutions that discourage MNC investment, achieving these growth rates will be nearly impossible.

While many activists claim that Western businesses and globalization's forces are unwelcome visitors to developing nations, research indicates otherwise. With regard to the idea of Western-style businesses in their communities, African citizens support the notion. On the whole, of 10 African nations surveyed by PEW the majority are responsive toward US business practices – Nigeria (85%), Kenya (78%), Cote D'Ivoire

(76%), Ghana (70%), Uganda (66%), South Africa (60%), Senegal (49%), Mali (48%), Tanzania (41%), and Angola (41%) [PEW, 2002]. On the whole, leaderships and citizens alike are open to the idea of foreign firms in their midst. The goal of increased FDI – while not always explicitly stated – seems to be in tune with both the development trends and public sentiment. As such, the focus of this research is to determine the potential of equitable FDI flows throughout the continent.

Chapter 5: Methodology

When examined in the context of evolving NEPAD-development, nations' instrumental power and existing networks – when considered along with structural power – can provide insight into the emergent development trends on the continent of Africa, particularly with regard to potential foreign direct investment (FDI) flows. Within the framework of the NEPAD environment, there are three types of indicators (i.e., power variables) that this research uses as predictors of future FDI flows into African nations via NEPAD-development. These indicators are instrumental power (as measured by current developmental indicators), the existing political, economic, and technological networks, and structural power (in the context of NEPAD's internal regional operations).

These factors are interrelated, yet each represents a unique dimension in the potential for development and level of attractiveness for investors. Established power represents those current development attainments of African nations that make for an attractive investment environment, which coincide with the development goals outlined in NEPAD. Existing networks represent those distant contacts (both across the continent and across the globe) that can position certain nations to reap initial gains. Structural power represents the tendency for those nations involved in the drafting of NEPAD (i.e., NEPAD institution-building) to influence the outcome in their own favor.

5.1 Instrumental Power

The sources of *instrumental power* are those endowments that pre-date the creation of NEPAD and which indicate a pre-disposition to succeed in the current neo-liberal development environment. With regard to the developmental indicators, all

African nations will be compared against other African nations – as these are the members of the universe of potential FDI investment locales in the NEPAD environment. The indicators of instrumental power are those very measures NEPAD's drafters seek to improve through the novel development plan. This power can be associated with several traditional developmental indicators.

The indicators include gross domestic product (GDP) and consumption levels, which can represent a burgeoning or floundering economic market. Female participation in economic activity – which NEPAD recognizes as a significant role for women in development – is a sign of the strength and intensity of the labor force. Illiteracy rates of both women and men denote the educational levels of the labor force, which can be linked to the ability to performed advanced manufacturing and services tasks. By examining both female and male illiteracy rates, gender equality in education is also considered. GDP per capita can show poverty levels, which gives a general sense of the day-to-day existence of average citizens. The *World Bank's African Development Indicators 2002* is used as sources for these measures. Additionally, democracy levels are examined through the *2002 Democracy Rankings* on the World Audit.org website. For the purposes of instrumental power, African nations are ranked only against other African nations.

Development indicators such as those chosen for this study are used for a variety of purposes, including by MNCs when evaluating locales for investment. The indicators chosen are those that mirror the stated goals and objectives of the NEPAD document, as well as those characteristics that multi-national corporations regard as vital precursors for investment. A mean will be established for the basis of comparison, but the ultimate measure will be the corresponding ranking levels of each nation. Within each measure, those nations which rank in the upper half of nations are considered 'relatively more hospitable' with regard to investment and FDI.

Growth in Gross Domestic Product

The NEPAD document articulates the goal of "achieving and sustaining average GDP growth rates of more than 7 percent annually for the next 15 years". With regard to GDP, nations such as Algeria (US$ 48.8 billion), Egypt (US$ 78.4 billion), Morocco (US$ 39.3 billion), Nigeria (US$ 32.1 billion), South Africa (US$ 170.5 billion), experiences substantial growth in 2000; while other nations' GDPs were considerably lower, such as São Tomé and Príncipe (US$50 M), Comoros (US$ 220 M), Sierra Leone (US$ 792 M), and Guinea-Bissau (US$ 251 M). [Bank, 2002] Due to the standard manner in which GDP is calculated, the figures vary due to population differentials, disparities in natural resources, and size of economy. These factors are impossible for smaller countries to overcome. Given these concerns, GDP growth averages from the period 1990-2000 are employed instead of absolute levels of GDP. This measurement is a better gauge of economic performance in the present development environment.

Consumption

'Effective markets' are comprised of two national activities, production and consumption. Consumption is an important consideration for MNCs when choosing locales for investment and are often precursors for investment. Like GDP, total consumption can vary widely due to circumstance beyond developmental control. For this reason, annual consumption per capita average for the period from 1990-2000 is used. High figures range from US$ 5,214 in Seychelles, US$ 2,810 in South Africa, and US$ 2,757 in Gabon. Figures on the lower end of the spectrum include: US$ 100 in Ethiopia, US$ 133 in Somalia, and US$ 161 in Benin. The continental average for the period is US$ 574 [Bank, 2002].

Female Participation in Economic Activity

The average ratio of female participation in economic activity is 67 women per 100 men; with individual figures ranging from 103 women per 100 men in Ghana and 26 women per 100 men in Libya. Other female to male employment ratios include 46:100 for Mauritius, 83:100 in Zambia, and 94:100 in Mozambique [Bank, 2002]. Female participation in economic activity is a crucial link in nations' ability to achieve target GDP growth. If a large percentage of any nation's healthy and capable labor pool is either socially or culturally discouraged from working, the result is dire for economic growth. While there are undisputed advantages to female work in the household and in household supportive activities (e.g., subsistence farming), it will be literally impossible to achieve the levels of economic growth that NEPAD seeks without increased female participation on a continent-wide basis.

Education

Almost all studies show that education raises incomes and improves quality of life; not surprisingly, almost every country in the world officially endorses the value of education. Many African families have sacrificed greatly to enable their children to attend primary then secondary schools; yet despite the desire for education, governments and other organizations are unable to maintain schools, buy books, and train teachers for a quality education system [Bradshaw, 1996]. High levels of access to education and literacy rates that are both sizable and comparable between males and females act as a fulcrum in creating a productive workforce. An educated workforce is one that is worthy of investment and that gains knowledge transfer from employment. This knowledge transfer provides direct gains to the economy, whether a domestic or foreign firm employs the worker. As education figures are inconsistent for both primary and secondary school enrollments by gender, illiteracy rates are used as indicators of educational opportunities. The 1999 illiteracy rates average around 40 percent (31 percent for males and 49 percent for females) for the entire continent, with figures as low as 8 percent male illiteracy in Zimbabwe and Equatorial Guinea and to as high as 77 percent in Niger (where female illiteracy is 92 percent). Female illiteracy ranged from 7 percent in Lesotho (21 percentage points lowers than for males) to 87 percent in Burkina Faso and 82 percent Guinea-Bissau [Bank, 2002]. These rates indicate that considerable investments must be made in making education available and attainable to larger segments of the African population – without these abilities, it is unlikely the NEPAD will reap the type of investment rewards (in high-skill, high-industrialization fields) which its drafters seek.

POVERTY

As the mitigation of poverty is a main objective of the NEPAD initiative, the starting point of poverty levels on a country-by-country basis is important. Further, poverty has externalities throughout development: unmanageable population growth, poor health, lack of education, and poor nutrition; due to these weights upon governments, years of development have been reversed by economic decline, HIV/AIDS, crumbling infrastructures, and government ineffectiveness [Bradshaw, 1996]. Poverty levels occur at different rates across the continent, and GDP per capita is used as an indicator of wealth, and conversely, poverty. Seychelles (US$ 11,188), Mauritius (US$ 9,629), Botswana (US$ 8,547), and South Africa (US$ 7,187) enjoy relatively high GDPs per capita, while other nations' figures are considerably lower. For instance, Sierra Leone (US$ 401) and Ethiopia (US $517) experience the lowest levels of GDP per capita on the continent. The average GDP per capita for the continent is US$ 1,905, which averages out to US$5.22 per day [Bank, 2002]. These levels of poverty must be lowered if African citizens are to enjoy higher standards of living, and this goal lies at the center of all NEPAD endeavors.

Democracy

Democracy rankings are used as criteria for determining the likelihood of FDI in NEPAD-development as a part of instrumental power. Those nations that exhibit more democracy in operations are likely those that will secure investments. This is particularly true for issues such as corruption, rules of law, civil liberties, and human rights; which both secure a MNC's investment and ensure that their reputation in their home country is protected. Additionally, these democracy indicators are a meter of a nation's propensity to adopt NEPAD and to feel comfortable operating within an initiative that requires a willingness to work with those whom one may not agree.

5.2 Existing Networks

For the purposes of this research, existing networks include political networks, economic networks, and technological networks. These networks of power represent (to the greater NEPAD network) disperse and diverse nodes. These nodes can help to create bottlenecks of power for those nations that have access to the resources and information that they transmit. Moreover, these interactions require diplomacy, integration of economic activity, and outward-orientation of development with regard to technology. Each of these activities is crucial in attracting FDI. If effectively utilized, these are the avenues where real developments with regard to FDI can be reaped. As history has shown, it takes more than incremental growth in GDP or education to attract investors – a stronger connection must be made and a more vibrant relationship must be created.

Political Networks

Measurements of political networks include participation in the African Union (AU), eligibility for the Africa Growth and Opportunity Act (AGOA), and committee participation in the United Nations (UN). This data will be taken from the websites of the AU and the UN, as well as the U.S. Commerce Department's AGOA website [AU, 2002, Commerce, 2002, and UN, 2003]. Participation in these networks is scored as a zero and one tabulation – either nations participate in these networks or they do not. This same scoring principle will be used for economic networks.

Economic Networks

The power conferred by economic networks is be measured by participation in the sub-regional economic networks currently in place and nations' participation in these arrangements. These sub-regional arrangements include the official five pillars of the African Economic Community (AEC) – the Arab Maghreb Union (AMU), the Economic Community of Central African States (ECCAS), the Common Market of Eastern and Southern Africa (COMESA), the South African Development Community (SADC), and the Economic Community of West African States (ECOWAS) – and the fully functioning communities that are not official pillars, which are Communauté Économique et Monétaire de l'Afrique Centrale (CEMAC), the Indian Ocean Commission (IOC), the Southern African Customs Union (SACU), and the Union Economique et Monétaire Ouest Africain (UEMOA). This data will be taken from the Oyejide article, the official AEC website, and the various official community websites [AEC, 2003;COMESA, 2003;ECOWAS, 2003;Oyejide, 2001;SADC, 2003].

Technological Networks

A nation's attainment of technological networks are tabulated based on three indicators – the percent growth in mainlines per 100 inhabitants, the number of Internet users per 100,000 inhabitants, and the extent of the web presence of the governments. The first two indicators will be taken from the *International Telecommunications Union* figures [ITU, 2001]. A mean is established for the basis of comparison, but the ultimate measure of achievement remains the corresponding ranks of each nation. Within each measure, those nations that rank in the upper half of nations are considered 'relatively more hospitable' with regard to investment and FDI. The third measurement is based on the "African Governments on the WWW" section of the *Worldwide Governments' Presence on the WWW* website [Anzinger, 2002]. Official government sites, ministry sites, and embassy sites are included in the final number of entries. A mean is again established for the basis of comparison, but the ultimate measure continues to be the corresponding rank of each nation. Within each measure, those nations that rank in the upper half of nations will be considered 'relatively more hospitable' with regard to investment and FDI.

5.3 Structural Power

Structural power is an important element that will feature prominently in the evolving development environment in Africa. This power speaks both to nations' position on the continent and their position globally, as NEPAD seeks to address the second issue through its operation. Those nations not involved at these beginning stages of NEPAD implementation and operation are significantly removed from the institution-building processes. It is during this process when structural power can be most effectively used to the benefit of individual nations. Given the network structure of NEPAD itself, this structure will empower some nations in the network and simultaneously disadvantage other nations. Each nation will receive a yes or no 'vote' on the basis of being either a primary or secondary drafter of the NEPAD document. Nations participating in the Heads of State Implementation Committee will also receive a yes or a no. Finally, a yes or not 'vote' will be given to those nations actively involved in the African Peer Review Mechanism. Taken together, these comprise four levels of power – nations that participate in all three endeavors, nations that participate in two endeavors, nations that participate in one endeavor, and nations that participate in no endeavors.

CHAPTER 6: DATA AND RESULTS

6.1 INSTRUMENTAL POWER INDICATORS

As expected, instrumental power ranks tended to vary tremendously across the continent. Higher score represent several phenomena: those nations who have higher attainments are also those nations who are relatively successful in the current development environment by many measures. They are also those nations, using traditional risk analyses, that investors look to first when seeking investment locales.

ANNUAL AVERAGE REAL GDP GROWTH, 1990-2001

With regard to GDP growth in the period 1990-2001, the only nation that meets or betters the NEPAD goal of seven percent GDP growth is Equatorial Guinea with 19.7 percent growth for the period. Of all African nations, only one nation ranks above the mean of 7.05 percent – Sudan with 7.6 percent. Given that Equatorial Guinea's GDP is an outlier, the mean with this figure thrown out is 6.6 percent – still only Sudan and Uganda (6.9 percent) fall above the mean.

The nations ranking in the top half of the ranks (with GDP growth rates rankings of 23 or higher) were; 1) Equatorial Guinea, 2) Sudan, 3) Uganda, 4) Mozambique, 5) Cape Verde, 6) Mauritius, 7) Tunisia and Botswana, 9) Burkina Faso, 10) Benin, 11) Egypt, 12) Ghana, 13) Guinea, Lesotho, and Ethiopia, 17) Mauritania and Eritrea, 19) Malawi, 20) Mali, 21) Swaziland, and 22) The Gambia and Côte d'Ivoire. Nations ranking in the bottom half were; 24) Seychelles and Tanzania, 25) Gabon, 26) Nigeria, 27) Zimbabwe, 28) Morocco, 29) Niger, Kenya, and Chad, 32) Madagascar and Togo,

TABLE 6.1A: INDICATORS AND RANK FOR INSTRUMENTAL POWER

	Average Annual % Growth, GDP Real 1990-Present[1]		Consumption Growth as % of GDP, 1990-Present[1]		Percent of Population over 15 that is illiterate, 1999[1]				2002 Democracy Rankings[2]	
		Rank		**Rank**	Male	**Rank**	Female	**Rank**		**Rank**
Algeria	1.6	**36**	68.6	**47**	23	**16**	44	**20**	90	**21**
Angola	0.7	**40**	79.2	**42**	--	**--**	--	**--**	137	**41**
Benin	4.6	**10**	95.9	**20**	45	**36**	76	**42**	37	**4**
Botswana	4.8	**7**	67.7	**48**	26	**19**	21	**6**	43	**5**
Burkina Faso	4.7	**9**	91.4	**30**	67	**44**	87	**44**	70	**9**
Burundi	-2.2	**46**	103.1	**10**	44	**35**	61	**30**	127	**37**
Cameroon	1.0	**39**	81.0	**40**	19	**12**	31	**12**	117	**33**
Cape Verde	5.6	**5**	106.4	**5**	16	**8**	35	**15**	--	**--**
Central African Republic	1.6	**36**	96.0	**19**	41	**33**	67	**34**	111	**28**
Chad	2.1	**29**	101.1	**11**	50	**39**	68	**36**	119	**34**
Comoros	0.0	**42**	103.7	**9**	34	**30**	48	**24**	--	**--**
Congo, Democratic Republic	-5.6	**48**	91.5	**29**	28	**24**	51	**25**	77	**14**
Congo, Republic	-0.3	**43**	65.8	**49**	13	**6**	27	**9**	139	**41**
Cote D'Ivoire	3.1	**22**	82.5	**38**	46	**37**	63	**32**	112	**29**
Djibouti	-1.4	**45**	105.4	**6**	25	**18**	47	**23**	--	**--**
Egypt	4.5	**11**	85.7	**33**	34	**30**	57	**28**	115	**32**
Equatorial Guinea	19.7	**1**	76.1	**43**	8	**1**	27	**9**	--	**--**
Eritrea	3.9	**17**	132.0	**2**	33	**29**	61	**30**	133	**40**
Ethiopia	4.2	**13**	95.0	**23**	57	**42**	68	**36**	95	**25**
Gabon	2.9	**25**	59.5	**50**	--	**--**	--	**--**	76	**13**
The Gambia	3.1	**22**	95.1	**22**	57	**42**	72	**39**	99	**26**
Ghana	4.3	**12**	92.1	**27**	21	**15**	39	**14**	48	**7**
Guinea	4.2	**13**	85.6	**34**	--	**--**	--	**--**	119	**34**
Guinea-Bissau	1.6	**36**	99.3	**12**	42	**34**	82	**43**	80	**16**
Kenya	2.1	**29**	87.1	**32**	12	**4**	25	**8**	119	**34**
Lesotho	4.2	**13**	136.4	**1**	28	**24**	7	**1**	71	**10**
Liberia	--	**--**	--	**--**	31	**27**	63	**32**	127	**37**

Libya	--	**--**	--	**--**	10	**3**	33	**13**	142	**45**
Madagascar	1.8	**32**	95.9	**20**	27	**22**	41	**17**	63	**8**
Malawi	3.7	**19**	96.9	**16**	26	**19**	55	**26**	93	**23**
Mali	3.5	**20**	92.3	**26**	53	**40**	67	**34**	35	**3**
Mauritania	3.9	**17**	91.7	**28**	48	**38**	69	**38**	87	**19**
Mauritius	5.3	**6**	76.0	**45**	12	**4**	19	**4**	25	**1**
Morocco	2.4	**28**	82.9	**37**	39	**32**	65	**33**	85	**17**
Mozambique	5.8	**4**	105.1	**8**	41	**33**	72	**39**	73	**11**
Namibia	4.2	**13**	84.3	**35**	18	**11**	20	**5**	44	**6**
Niger	2.1	**29**	97.3	**15**	77	**45**	92	**44**	74	**12**
Nigeria	2.7	**26**	75.1	**46**	29	**26**	46	**22**	114	**31**
Rwanda	-0.9	**44**	105.0	**7**	27	**22**	41	**17**	140	**43**
Sao Tome and Principe	1.7	**34**	119.0	**3**	--	**--**	--	**--**	--	**--**
Senegal	3.4	**21**	89.9	**31**	54	**41**	73	**41**	79	**15**
Seychelles	3.0	**24**	77.6	**42**	--	**--**	--	**--**	--	**--**
Sierra Leone	-4.1	**47**	99.2	**13**	--	**--**	--	**--**	90	**21**
Somalia	--	**--**	112.5	**4**	--	**--**	--	**--**	142	**45**
South Africa	1.7	**34**	82.5	**38**	14	**7**	16	**2**	29	**2**
Sudan	7.6	**2**	--		31	**27**	55	**26**	140	**43**
Swaziland	3.4	**21**	96.2	**18**	20	**13**	22	**7**	--	**--**
Tanzania	3.0	**24**	97.8	**14**	16	**8**	34	**14**	87	**19**
Togo	1.8	**32**	92.7	**25**	26	**19**	60	**29**	106	**27**
Tunisia	4.8	**7**	76.1	**43**	20	**13**	41	**17**	93	**23**
Uganda	6.9	**3**	96.4	**17**	23	**16**	45	**21**	85	**17**
Zambia	0.4	**41**	93.3	**24**	15	**8**	30	**11**	112	**29**
Zimbabwe		**27**	83.9	**36**	8	**1**	16	**2**	130	**39**

1. *from World Bank 2002 African Development Indicators*
2. *from the World Audit.org Democracy Rankings*

TABLE 6.1B: INDICATORS AND RANK FOR INSTRUMENTAL POWER, CONT.

	Female/Male Ratio of Participation in Economic Activity 1995[1]		GDP Per Capita on PPP, US $ 1998[1]	
	Indicators	**Rankings**	Indicators	**Rankings**
Algeria	32	**48**	4,540	**8**
Angola	87	**12**	1,334	**27**
Benin	93	**6**	1,276	**29**
Botswana	85	**15**	8,547	**3**
Burkina Faso	87	**12**	1,035	**32**
Burundi	97	**3**	636	**44**
Cameroon	60	**36**	1,929	**14**
Cape Verde	64	**35**	2,999	**12**
Central African Republic	88	**11**	1,320	**28**
Chad	80	**20**	--	**==**
Comoros	74	**28**	1,488	**24**
Congo, Democratic Republic	77	**24**	847	**37**
Congo, Republic	77	**26**	1,641	**21**
Cote D'Ivoire	49	**44**	1,881	**15**
Djibouti	--	**--**	--	**==**
Egypt	40	**47**	3,120	**11**
Equatorial Guinea	55	**42**	--	**==**
Eritrea	90	**9**	813	**39**
Ethiopia	69	**30**	517	**45**
Gabon	80	**20**	7,556	**4**
The Gambia	81	**18**	1,459	**25**
Ghana	103	**1**	1,661	**20**
Guinea	90	**9**	1,838	**16**

Guinea-Bissau	67	**32**	810	**40**
Kenya	85	**15**	1,168	**31**
Lesotho	58	**39**	1,827	**17**
Liberia	66	**34**	--	**==**
Libya	26	**50**	--	**==**
Madagascar	81	**18**	927	**33**
Malawi	96	**4**	695	**43**
Mali	87	**12**	739	**41**
Mauritania	77	**25**	1,746	**19**
Mauritius	46	**45**	9,629	**2**
Morocco	53	**43**	3,357	**9**
Mozambique	94	**5**	913	**35**
Namibia	68	**31**	4,932	**7**
Niger	79	**23**	842	**38**
Nigeria	56	**41**	922	**34**
Rwanda	93	**6**	696	**42**
Sao Tome and Principe	--	**--**	1,536	**23**
Senegal	74	**28**	1,768	**18**
Seychelles	--	**--**	11,188	**1**
Sierra Leone	57	**40**	401	**47**
Somalia	75	**27**	--	**==**
South Africa	60	**36**	7,187	**5**
Sudan	40	**47**	1,640	**22**
Swaziland	60	**36**	3,313	**10**
Tanzania	98	**2**	513	**46**
Togo	67	**32**	1,421	**26**
Tunisia	44	**46**	5,453	**6**
Uganda	91	**8**	1,183	**30**
Zambia	83	**17**	910	**36**
Zimbabwe	80	**20**	2,325	**13**

from World Bank 2002 African Development Indicators

34) South Africa and São Tomé and Príncipe, 36) Guinea-Bissau, Algeria, and Central African Republic, 39) Cameroon, 40) Angola, 41) Zimbabwe, 42) Comoros, 43) Congo, Republic, 44) Rwanda, 45) Djibouti, 46) Burundi, and 47) Congo, Democratic Rep. The nations of Liberia, Libya, and Somalia had no available figures. *See Table 6.1a.*

These variations in growth are significant factors for investors – with 26 nations realizing less than three percent growth in GDP over the decade, investors are loath to risk harming their corporate productivity. This is why attainments in other areas (in the realms of instrumental power, existing power, and structural power) must be publicized and touted by national governments and the NEPAD initiative itself.

AVERAGE CONSUMPTION (AS % OF GDP), 1990-2001

In the measure of average consumption, 13 nations ranked above the mean of 97.9 percent consumption (as percent of GDP) and in the top half of the nations: 1) Lesotho, 2) Eritrea, 3) São Tomé and Príncipe, 4) Somalia, 5) Cape Verde, 6) Djibouti, 7) Rwanda, 8) Mozambique, 9) Comoros, 10) Burundi, 11) Chad, 12) Guinea-Bissau, and 13) Sierra Leone. An additional 12 nations are in the top half of the rankings, but below the mean: 14) Tanzania, 15) Niger, 16) Malawi, 17) Uganda, 18) Swaziland, 19) Central African Republic, 20) Madagascar and Benin, 22) The Gambia, 23) Ethiopia, 24) Zambia, and 25) Togo. In the lower half of the rankings were: 26) Mali, 27) Ghana, 28) Mauritania, 29) Congo, Democratic Republic, 30) Burkina Faso, 31) Senegal, 32) Kenya, 33) Egypt,

34) Guinea, 35) Namibia, 36) Zimbabwe, 37) Morocco, 38) South Africa and Côte d'Ivoire, 40) Cameroon, 41) Angola, 42) Seychelles, 43) Equatorial Guinea and Tunisia, 45) Mauritius, 46) Nigeria, 47) Algeria, 48) Botswana, 49) Congo, Republic, and 50) Gabon. There were no figures for Liberia and Libya. *See Table 6.1a.*

These consumption figures denote several phenomena, but each case must be examined before further assertions can be made on a nation by nation basis. A high consumption rate (relative to GDP) can indicate a market that desires more goods and can support a more robust market, but perhaps the production rate is unable to keep up. Or a high consumption rates (along with high GDP) may indicate a thriving internal market. Lower consumption rates (relative to GDP) may be indicators of poverty more so than a populous' desire for a market, or it may well indicate production orientation toward exportation more than production for the internal market.

MALE AND FEMALE ILLITERACY RATES, 1999

The World Bank's 1999 male illiteracy rates also varied widely across the continent. Thirty-two nations fell above the mean of 42.4 percent. In the top half of the rankings, signaling the lowest levels of illiteracy: 1) Equatorial Guinea and Zimbabwe, 3) Libya, 4) Kenya and Mauritius, 6) Congo, Republic, 7) South Africa, 8) Zambia, Namibia, and Cape Verde, 11) Cameroon, 12) Tunisia and Swaziland, 14) Ghana, 15) Algeria and Uganda, 17) Djibouti, 18) Malawi, Botswana, and Togo and 21) Rwanda and

Madagascar. Nations falling above the mean, but ranking in the bottom half were: 23) Congo, Democratic Republic and Lesotho, 25) Nigeria, 26) Liberia and Sudan, 28) Eritrea, 29) Comoros and Egypt, 31) Morocco, and 32) Mozambique and Central African Republic. Nations ranking in the lower half were: 33) Guinea-Bissau, 34) Burundi, 35) Benin, 36) Côte d'Ivoire, 37) Djibouti, 38) Mauritania, 39) Chad and Mali, 40) Senegal, 41) The Gambia and Ethiopia, 43) Burkina Faso, and 44) Niger. *See Table 6.1a.*

World Bank 1999 female illiteracy rates also exhibited variety. Twenty-three nations fell above the mean of 49.5 percent. Nations with the lowest rankings, indicating high female literacy rates were: 1) Lesotho, 2) South Africa and Zimbabwe, 4) Mauritius, 5) Namibia, 6) Botswana, 7) Swaziland, 8) Kenya, 9) Congo, Republic and Equatorial Guinea, 11) Zambia, 12) Cameroon, 13) Libya, 14) Tanzania, 15) Cape Verde, 16) Ghana, 17) Madagascar, Rwanda, and Tunisia, 20) Algeria, 21) Uganda, and 22) Nigeria. Nations falling above the mean, but in the lower half of the rankings were: 23) Djibouti and 24) Comoros. Nations falling both below the mean and in the lower half of the rankings were: 25) Congo, Democratic Republic, 26) Malawi and Sudan, 28) Egypt, 29) Togo, 30) Burundi and Eritrea, 32) Côte d'Ivoire and Liberia, 33) Morocco, 34) Central African Republic and Mali, 36) Chad, and Ethiopia, 38) Mauritania, 39) The Gambia and Mozambique, 41) Senegal, 42) Benin, 43) Guinea-Bissau, and 44) Niger. *See Table 6.1a.* Nations with unavailable indicators for illiteracy were Angola, Gabon, Guinea, São Tomé and Príncipe, Seychelles, Sierra Leone, and Somalia.

Indicators are fairly straightforward with regard to illiteracy – low illiteracy rates in both categories for men and women indicate and education systems that is relatively effective and is marked by relatively less gender bias. For investors, these figures indicate that the labor force is relatively more capable than those in nations with higher illiteracy rates. High rankings for males, but relatively lower rankings for females indicates that perhaps the education system is effective, but gender biases hamper the educational attainments of women. Lower rankings overall indicate that perhaps the educational system requires an overhaul to ensure that workers can better meet investor needs.

DEMOCRACY RANKS, 2002

Based on the overall 2002 World Audit.org Democracy Rankings, African no African nations ranked in the top division for democracy as compared to all countries. Just two nations ranked in the second division: 25) Mauritius and 29) South Africa. Six nations ranked in the third division: 35) Mali, 37) Benin, 43) Botswana, 44) Namibia, 48) Ghana, and 63) Madagascar. Nations in division 4, the lowest division, are: 70) Burkina Faso, 71) Lesotho, 73) Mozambique, 74) Niger, 76) Gabon, 77) Democratic Republic of Congo, 79) Senegal, 80)Guinea-Bissau, 85) Morocco and Uganda, 87) Mauritania and Tanzania, 90) Algeria and Sierra Leone, 93) Tunisia and Malawi, 95) Ethiopia, 99) The Gambia, 106) Togo, 117) Central African Republic, 112) Zambia and Côte d'Ivoire; 114)

Nigeria, 115) Egypt, 117) Cameroon, 119) Kenya, Chad and Guinea, 127) Liberia and Burundi, 130) Zimbabwe, 133) Eritrea, 137) Angola, 139) The Republic of the Congo, 140) Rwanda and Sudan, and 142). Somalia and Libya. *See Table 6.1a.*

These democracy rankings are telling indicators for investors – perhaps one of the most influential indicators. If investors are concerned about legal recourses or the possibility of operating in a corruption free environment, they are less likely to invest in a nation. Further, in terms of institutions, investors are likely to be much more comfortable surrounded by corporate governance practices that are familiar to them and predictable.

FEMALE TO MALE RATIO OF PARTICIPATION IN ECONOMIC ACTIVITY, 1995

For World Bank 1995 female to male ratio of participation in economic activity, the top 34 rankings fell above the mean of 64.5 percent. Ranking in the top half the rankings (and above the mean) were: 1) Ghana, 2) Tanzania, 3) Burundi, 4) Malawi, 5) Mozambique, 6) Benin and Rwanda, 8) Uganda, 9) Eritrea and Guinea, 11) Central African Republic, 12) Mali, Burkina Faso, and Angola, 15) Botswana and Kenya, 17) Zambia, 18) The Gambia and Madagascar, 20) Gabon, Zimbabwe, and Chad, 23) Niger, 24) Congo, Democratic Republic, and 25) Mauritania. Nations that rank in the lower half, but still above the mean were: 26) Congo, Republic, 27) Somalia, 28) Senegal and Comoros, 30) Ethiopia, 31) Namibia, 32) Guinea-Bissau and Togo, and 34) Liberia.

Nations falling in the lower half were: 35) Cape Verde, 36) Cameroon, South Africa, and Swaziland, 39) Lesotho, 40) Sierra Leone, 41) Nigeria, 42) Equatorial Guinea, 43) Morocco, 44) Côte d'Ivoire, 45) Mauritius, 46) Tunisia, 47) Sudan and Egypt, 48) Algeria, and 50) Libya. There were no rankings available for São Tomé and Príncipe and Seychelles. *See Table 6.1b.*

As to be expected by the diversity on the continent, these figures require further evaluation, as well. Many of the nations with the lowest ration are the Arab Northern nations, which have strong cultural taboos against female work outside of the home. While almost all nations are experiencing ever-larger percentages of females in the workforce, these nations are still much more conservative with regard to the issue. Among remaining nations, the diversity of results is quite staggering. It would be interesting to correlate these figures against GDP growth rates to further examine the direct results of female participation in the work force.

GDP PER CAPITA, 1998

As an indicator of poverty levels, the World Bank's 1998 GDP per capita ranks are telling. Nations ranking in the top half and above the mean of US $5794.50 were: 1) Seychelles, 2) Mauritius, 3) Botswana, 4) Gabon, and 5) South Africa. Nations ranking in the top half, but below the mean were: 6) Tunisia, 7) Namibia, 8) Algeria, 9) Morocco, 10) Swaziland, 11) Egypt, 12) Cape Verde, 13) Zimbabwe, 14) Cameroon, 15) Côte d'Ivoire, 16) Guinea, 17) Lesotho, 18) Senegal, 19) Mauritania, 20) Ghana, 21) Congo, Rep., 22) Sudan, 23) São Tomé and Príncipe, and 24) Comoros. Nations ranking in the bottom half were: 25) The Gambia, 26) Togo, 27) Angola, 28) Central African Republic, 29) Benin, 30) Uganda, 31) Kenya, 32) Burkina Faso, 33) Madagascar, 34) Nigeria, 35) Mozambique, 36) Zambia, 37) Congo, Democratic Republic, 38) Niger, 39) Eritrea, 40) Guinea-Bissau, 41) Mali, 42) Rwanda, 43) Malawi, 44) Burundi, 45) Ethiopia, 46) Tanzania, and 47) Sierra Leone. *See Table 6.1b.*

These indicators express the poverty that many African experience – many live on less than US $2,000 per year. With the economic pressures of globalization looming, these income rate have affects on education (in nations where parents must pay for their children to go to school), on health, on female participation in the workforce (where some women must perform subsistence farming in order to survive), and on the ultimate abilities, capabilities, and depth of the workforce.

5.2. EXISTING NETWORKS

In a world characterized by globalization and informationalization, the existence of networks of power can be fulcrums in fostering accelerated development. Political networks provide pathways by which nation status and influence can be raised, by which opportunities to make use of information gaps can be realized, and greater access to development programs can be provided. Economic networks can provide pathways to connect with other actors on the continent and they also indicate a propensity for proactivity with regard to economic endeavors. Technological networks enable citizens in all realms of society to access information and resource stores from around the globe, they provide a mechanism for citizens to access the political processes of their nation, and they can be the enabling tool for streamlined economic structures. When determining a plan of action with regard to development, the presence of these networks should be taken into account by investors, development programs, and national leaderships alike.

Political Networks

Scores for political networks were tabulated in several manners. Every African nation was given one point for being a member of the African Union. While this does not allow for diversity with regard to this indicator, given the important role of the African Union in the operation of NEPAD, it was important to account for the power of this network. With regard to the Africa Growth and Opportunity Act (AGOA), nations were given one point for being an AGOA-eligible nation, as designated by the U.S. Commerce Department and the Office of the President of the United States. For the United Nations (UN), while all African nations are members of the body, nations were given a point if they had a position in any of the UN committees or councils.

A high score of participation in all three networks was received by: Central

TABLE 6.2A: INDICATORS FOR EXISTING POLITICAL NETWORKS

	African Union Network[1]	Africa Growth and Opportunity Act Network[2]	United Nations Committee Participation Network[3]	**Political Networks Total**
Algeria	X	X		**2**
Angola	X		X	**2**
Benin	X		X	**2**
Botswana	X	X		**2**
Burkina Faso	X			**1**
Burundi	X		X	**2**
Cameroon	X	X	X	**3**
Cape Verde	X	X		**2**
Central African Republic	X	X	X	**3**
Chad	X	X	X	**3**
Comoros	X			**1**
Congo, Democratic Rep.	X	X	X	**3**
Congo, Republic	X	X		**2**
Côte D'Ivoire	X	X		**2**
Djibouti	X	X		**2**
Egypt	X	X	X	**3**
Equatorial Guinea	X			**1**
Eritrea	X	X		**2**
Ethiopia	X	X	X	**3**
Gabon	X	X	X	**3**
The Gambia	X	X	X	**3**
Ghana	X	X	X	**3**
Guinea	X	X	X	**3**
Guinea-Bissau	X	X		**2**
Kenya	X	X	X	**3**

Lesotho	X	X		**2**
Liberia	X			**1**
Libya	X	X	X	**3**
Madagascar	X	X		**2**
Malawi	X	X		**2**
Mali	X	X	X	**3**
Mauritania	X	X		**2**
Mauritius	X	X		**2**
Morocco	X	X	X	**3**
Mozambique	X	X	X	**3**
Namibia	X	X	X	**3**
Niger	X	X		**2**
Nigeria	X	X	X	**3**
Rwanda	X	X		**2**
São Tomé & Principe	X	X		**2**
Senegal	X	X	X	**3**
Seychelles	X	X		**2**
Sierra Leone	X	X	X	**3**
Somalia	X			**1**
South Africa	X	X	X	**3**
Sudan	X		X	**2**
Swaziland	X	X	X	**3**
Tanzania	X	X		**2**
Togo	X		X	**2**
Tunisia	X	X	X	**3**
Uganda	X	X	X	**3**
Zambia	X	X		**2**
Zimbabwe	X		X	**2**

1. *from African Union website*
2. *from AGOA website*
3. *from UN website*

African Republic, Chad, Congo, Democratic, Egypt, Ethiopia, Gabon, The Gambia, Ghana, Guinea, Kenya, Libya, Mali, Morocco, Mozambique, Namibia, Nigeria, Senegal, Sierra Leone, South Africa, Swaziland, Tunisia, and Uganda. *See Table 6.2a.*

While some of these nations are those that are also strong with regard to instrumental power (Senegal, South Africa, etc.), many of these nations are those that are deemed relatively weak by many traditional investment measures (Chad, Central African Republic, Mali, Namibia, and Sierra Leone). For this second group of nations, the political capital they possess can be utilized to access both investors and development programs that will help to attract investors. The power of these networks should not be overlooked.

ECONOMIC NETWORKS

Based both on the formal economic pillars of the African Economic Community (AEC) and the non-formal, but functioning, economic pillars on the continent, these networks have considerable potential. For nations with smaller internal economies, the connections made through these arrangements can serve to broaden both the production base and the consumption based of nation-states. For small- and medium-sized enterprises, these nations can make possible the modes of vertical integration and business structures that characterize globalization.

Based on participation in either the formal African Economic Community Pillars

TABLE 6.2B: INDICATORS FOR EXISTING ECONOMIC NETWORKS[1]

	Non-Functioning Pillars		Functioning Pillars of the African Economic Community			Functioning Non-Pillars				Total number of Memberships
	AMU	ECCAS	COMESA	SADC	ECOWAS	CEMAC	IOC	SACU	UEMOA	
Algeria	X									**1**
Angola		X	X	X						**3**
Benin					X				X	**2**
Botswana				X				X		**2**
Burkina Faso					X				X	**2**
Burundi		X								**1**
Cameroon		X				X				**2**
Cape Verde					X					**1**
Central African Republic		X				X				**2**
Chad		X				X				**2**
Comoros										**0**
Congo, Democratic Rep.		X		X						**2**
Congo, Republic		X				X				**2**
Côte D'Ivoire					X				X	**2**
Djibouti			X				X			**2**
Egypt	X		X							**2**
Equatorial Guinea		X				X				**2**
Eritrea			X							**1**
Ethiopia			X							**1**
Gabon		X				X				**2**
The Gambia					X					**1**
Ghana					X					**1**
Guinea					X					**1**

Guinea-Bissau					X				X	**2**
Kenya			X							**1**
Lesotho				X				X		**2**
Liberia					X					**1**
Libya	X									**1**
Madagascar			X				X			**2**
Malawi			X	X						**2**
Mali					X				X	**2**
Mauritania	X				X					**2**
Mauritius			X	X			X			**3**
Morocco	X									**1**
Mozambique				X						**1**
Namibia			X	X				X		**3**
Niger					X				X	**2**
Nigeria					X					**1**
Rwanda		X								**1**
São Tomé & Principe		X								**1**
Senegal					X				X	**2**
Seychelles			X	X			X			**3**
Sierra Leone					X					**1**
Somalia			X							**1**
South Africa				X				X		**2**
Sudan	X		X							**2**
Swaziland			X	X				X		**3**
Tanzania				X						**1**
Togo					X					**1**
Tunisia	X									**1**
Uganda			X							**1**
Zambia			X	X						**2**
Zimbabwe			X	X						**2**

1. from Oyidije

or the fully-functioning non-pillars, nations were given one point for each economic arrangement in which they were a participant. High scores included three points for: Angola, Mauritius, Namibia, Seychelles, and Swaziland. A low score of zero was received by Comoros. *See Table 6.2b.*

Most nations received a score of 1 or 2, which indicates that many nations have at least started down the path of economic harmonization with regard to customs, regulations, and operations. This indicates that – on the whole – the continent is fertile ground for creating those business structures and operational procedures that investors value in today's world.

TECHNOLOGICAL NETWORKS

Technological networks are developmental tools for the globalized world and communications are no longer luxuries, but necessities. Nations that have made infrastructure investments are already reaping the rewards of their efforts. These technological networks are powerful for individuals, businesses, and governments. They enable connections to quickly be established in the virtual world that may take many months, and many travel dollars, to make in the 'real' world. They can connect NGOs, members of a supply chain, development programs with needy segments of society, and governments with potential investors.

Based on 2000 International Telecommunications Union (ITU) figures, the

TABLE 6.2C: INDICATORS AND RANK FOR TECHNOLOGICAL NETWORKS

	Percent growth in telephone mainlines per 100 inhabitants **1995-2000**[1]		Internet Users per 100,000 inhabitants **2000**[1]		Number of entries on official state government websites **5/29/02**[2]	
		Rank		Rank		Rank
Algeria	6.7	**29**	16.19	**29**	56	**3**
Angola	1.6	**45**	22.84	**20**	20	**14**
Benin	10.5	**18**	24.60	**18**	10	**25**
Botswana	17.8	**5**	92.48	**10**	6	**22**
Burkina Faso	9.3	**22**	8.38	**41**	13	**37**
Burundi	0.1		4.48	**45**	2	**46**
Cameroon	7.0	**27**	13.61	**34**	20	**14**
Cape Verde	16.9	**7**	183.99	**5**	11	**24**
Central African Republic	0.8	**48**	4.15	**46**	4	**41**
Chad	11.5	**15**	1.34		2	**46**
Comoros	6.9	**28**	21.61	**21**	4	**41**
Congo, Democratic Rep.	-13.3	**53**	0.10	**52**	7	**34**
Congo, Republic	-1.5	**50**	1.75	**47**	2	**46**
Côte D’Ivoire	15.7	**9**	27.05	**17**	12	**23**
Djibouti	1.8	**44**	0.10	**53**	5	**39**
Egypt	13.1	**10**	15.67	**30**	38	**5**
Equatorial Guinea	27.3	**3**	11.32	**37**	1	**51**
Eritrea	10.2	**19**	13.05	**35**	1	**51**
Ethiopia	8.1	**23**	1.59	**48**	23	**11**
Gabon	1.3	**46**	122.35	**7**	5	**39**
The Gambia	7.8	**25**	30.70	**16**	9	**28**
Ghana	26.0	**4**	14.84	**32**	31	**8**
Guinea	39.8	**1**	10.12	**39**	7	**34**
Guinea-Bissau	6.1	**33**	12.77	**36**	0	**52**
Kenya	4.5	**37**	65.21	**11**	34	**7**
Lesotho	3.3	**40**	4.74	**43**	8	**32**

Liberia	5.4	**35**	1.59	**48**	4	**41**
Libya	12.9	**11**	17.84	**26**	4	**41**
Madagascar	7.3	**26**	18.82	**24**	17	**18**
Malawi	3.5	**38**	14.51	**33**	9	**28**
Mali	16.4	**8**	17.80	**27**	10	**25**
Mauritania	12.0	**13**	18.87	**23**	8	**32**
Mauritius	12.2	**12**	728.91	**2**	68	**2**
Morocco	3.5	**38**	35.27	**14**	50	**4**
Mozambique	4.9	**36**	15.24	**31**	18	**16**
Namibia	3.3	**41**	170.78	**6**	22	**12**
Niger	6.0	**34**	4.66	**44**	3	**45**
Nigeria	1.9	**43**	17.57	**28**	29	**9**
Rwanda	11.3	**17**	6.47	**42**	15	**20**
São Tomé & Principe	9.5	**21**	436.48	**4**	2	**41**
Senegal	17.5	**6**	42.19	**13**	17	**18**
Seychelles	7.9	**24**	736.63	**1**	10	**25**
Sierra Leone	1.2	**47**	10.30	**38**	7	**34**
Somalia	-1.8	**51**	0.21	**51**	2	**46**
South Africa	2.3	**42**	549.38	**3**	176	**1**
Sudan	34.3	**2**	9.65	**40**	21	**13**
Swaziland	6.6	**30**	99.21	**9**	9	**28**
Tanzania	10.2	**19**	32.75	**15**	25	**10**
Togo	12.0	**13**	43.21	**12**	6	**16**
Tunisia	11.5	**15**	104.32	**8**	18	**37**
Uganda	6.5	**31**	18.01	**25**	36	**6**
Zambia	-2.2	**52**	19.19	**22**	9	**28**
Zimbabwe	6.4	**32**	23.76	**19**	15	**20**

1. *2001 ITU indicators*
2. *Worldwide Governments on the WWW website*

TABLE 6.2D: TOTAL TECHNOLOGICAL NETWORKS BY NATION

	Nations that rank in top half for telephone mainlines per 100 inhabitants 1995-2000	Nations that rank in top half for Internet Users per 100,000 inhabitants 2000	Nations that rank in top half for Number of entries on official state government websites 5/29/02	Total Network Ranks in top half
Algeria			X	**1**
Angola		X	X	**2**
Benin	X	X	X	**3**
Botswana	X	X		**2**
Burkina Faso	X		X	**2**
Burundi				**0**
Cameroon			X	**1**
Cape Verde	X	X	X	**3**
Central African Republic				**0**
Chad	X			**1**
Comoros		X		**1**
Congo, Democratic Rep.				**0**
Congo, Republic				**0**
Côte D'Ivoire	X	X	X	**3**
Djibouti				**0**
Egypt	X		X	**2**
Equatorial Guinea	X			**1**
Eritrea	X			**1**
Ethiopia	X			**1**
Gabon		X		**1**
The Gambia	X	X		**2**
Ghana	X		X	**2**
Guinea	X			**1**
Guinea-Bissau				**0**
Kenya		X	X	**2**
Lesotho				**0**

Liberia				**0**
Libya	X	X		**2**
Madagascar	X	X	X	**3**
Malawi				**0**
Mali	X		X	**2**
Mauritania	X	X		**2**
Mauritius	X	X	X	**3**
Morocco		X	X	**2**
Mozambique			X	**1**
Namibia		X		**1**
Niger				**0**
Nigeria			X	**1**
Rwanda	X		X	**2**
São Tomé & Principe	X	X		**2**
Senegal	X	X	X	**3**
Seychelles	X	X		**2**
Sierra Leone				**0**
Somalia				**0**
South Africa		X	X	**2**
Sudan	X		X	**2**
Swaziland		X		**1**
Tanzania	X	X		**2**
Togo	X	X		**2**
Tunisia	X	X	X	**3**
Uganda		X	X	**2**
Zambia		X		**1**
Zimbabwe		X	X	**2**

following nations ranked in the top half of nations with regard to percent growth in telephone mainlines per 100 inhabitants: 1) Guinea, 2) Sudan, 3) Equatorial Guinea, 4) Ghana, 5) Botswana, 6) Senegal, 7) Cape Verde, 8) Mali, 9) Côte d'Ivoire, 10) Egypt, 11) Libya, 12) Mauritius, 13) Mauritania and Togo, 15) Chad and Tunisia, 17) Rwanda, 18) Benin, 19) Eritrea and Tanzania, 21) São Tomé and Príncipe, 22) Burkina Faso, 23) Ethiopia, 24) Seychelles, 25) The Gambia, and 26) Madagascar. *See Table 6.2c.*

Based on 2000 ITU figures for number of Internet users per 100,000 inhabitants the nations that ranked in the top half were: 1) Seychelles, 2) Mauritius, 3) South Africa, 4) São Tomé and Príncipe, 5) Cape Verde, 6) Namibia, 7) Gabon, 8) Tunisia, 9) Swaziland, 10) Botswana, 11) Kenya, 12) Togo, 13) Senegal, 14) Morocco, 15) Tanzania, 16) The Gambia, 17) Côte d'Ivoire, 18) Benin, 19) Zimbabwe, 20) Angola, 21) Comoros, 22) Zambia, 23) Mauritania, 24) Madagascar, 25) Uganda, and 26) Libya. *See Table 6.2c.*

According to Worldwide Governments on the WWW, the following nations fell in the in the first half of the rankings for number of official government sites on the web: 1) South Africa, 2) Mauritius, 3) Algeria, 4) Morocco, 5) Egypt, 6) Uganda, 7) Kenya, 8) Ghana, 9) Nigeria, 10) Tanzania, 11) Ethiopia, 12) Namibia, 13) Sudan, 14) Angola and Cameroon, 16) Mozambique and Tunisia, 18) Madagascar and Senegal, 20) Rwanda and Zimbabwe, 22) Burkina Faso, 23) Côte d'Ivoire, 24) Cape Verde, and 25) Benin, Mali, and Seychelles. *See Table 6.2c.*

Taken together, existing technological networks present a certain image to the world outside of Africa. *See Table 6.2d.* In an environment where technology and technological capabilities are seen as a pathway for future returns, the capacity for a nation to utilize ICTs, the willingness of a population to operate ICTs, and the outlook of the government with regard to ICT usage are all indictors of a nation's potential for economic gains and productivity.

6.3 Structural Power Indicators

Given that the NEPAD document has been welcomed with open arms by the greater international governance regime, NEPAD is likely to take on a central role in Africa's development. The structural power conferred to NEPAD drafters and committee members by this acceptance is considerable and will likely rise in importance as NEPAD takes greater shape.

Based on participation in the formal NEPAD structure, the first and second drafter states received a score of three – they are Algeria, Egypt, Nigeria, Senegal, and South Africa. Three nations received a score of two (for participation in both the Implementation Committee and the African Peer Review Mechanism), they were Ethiopia, Rwanda, and Mozambique. Nations receiving a score of one for participation in either the Implementation Committee or the African Peer Review Mechanism were Burkina Faso, Cameroon, Congo, Democratic Republic, Gabon, The Gambia, Guinea-Bissau, Mali, Mauritius, Tunisia, and Uganda. *See Table 6.3.*

Table 6.3 – Indicators for Structural Power[1]

	1st Drafter or 2nd Drafter of NEPAD	NEPAD Implementation Committee Member	NEPAD African Peer Review Mechanism Participant	Level of NEPAD Participation
Algeria	X	X	X	**3**
Angola				**0**
Benin				**0**
Botswana		X		**1**
Burkina Faso				**0**
Burundi				**0**
Cameroon		X		**1**
Cape Verde				**0**
Central African Republic				**0**
Chad				**0**
Comoros				**0**
Congo, Democratic Rep.				**0**
Congo, Republic			X	**1**
Côte D'Ivoire				**0**
Djibouti				**0**
Egypt	X	X	X	**3**
Equatorial Guinea				**0**
Eritrea				**0**
Ethiopia		X	X	**2**
Gabon		X		**1**
The Gambia				**0**
Ghana			X	**1**
Guinea				**0**
Guinea-Bissau				**0**

Kenya			X	**1**
Lesotho				**0**
Liberia				**0**
Libya				**0**
Madagascar				**0**
Malawi				**0**
Mali		X		**1**
Mauritania				**0**
Mauritius		X		**1**
Morocco				**0**
Mozambique		X	X	**2**
Namibia				**0**
Niger				**0**
Nigeria	X	X	X	**3**
Rwanda		X	X	**2**
São Tomé & Principe				**0**
Senegal	X	X	X	**3**
Seychelles				**0**
Sierra Leone				**0**
Somalia				**0**
South Africa	X	X	X	**3**
Sudan				**0**
Swaziland				**0**
Tanzania				**0**
Togo				**0**
Tunisia		X		**1**
Uganda			X	**1**
Zambia				**0**
Zimbabwe				**0**

1. from NEPAD website

CHAPTER 7: CONCLUSIONS

While interesting on their own merits, the individual measures of instrumental, existing network, and structural power are more illuminating when evaluated on a comprehensive basis. While individual instrumental power indicator data can point to evidence about an African nation's economic health, labor force, social conditions, and civic society; it is when the instrumental power scores are tabulated that a more complete picture begins to form. It is this initial image that investors first establish, and it is often this initial image that determines the possibility of investment in Africa and the location of that investment. But in today's modern world – characterized by globalization, collapsed time and space, and expanding global production and consumption capacities – there is more to the picture.

Strong are the effects of an African nation's existing networks, its connections to the political, economic, and technological processes of both the continent and the world. It is by these means that nations can connect with sources of private investments. It is by these methods that nations can partner with public programs to best prepare themselves for rapid industrialization. It is by these mechanisms that nations will connect with other actors and create the networks that will facilitate their own development.

Finally, if NEPAD is to be widely adopted by governments across the continent of Africa, supported by the United Nations and the African Union, financed by multi-national corporations from abroad (all of which seems to have happened or be in the process of happening), the role of nations in creating the institutions that will support this development initiative must be considered. These nations will be in unique positions of power – possibly throughout the implementation of NEPAD, but certainly at the outset.

7.1 INSTRUMENTAL POWER

With respect to instrumental power, there are certain dynamics of these individual indicators that directly relate to an investor's search. Taken together, the rankings for consumption and GDP have implications for the presence of a strong internal market, but they can also be misleading. Nations that are in the top half of the rankings for both GDP and consumption are: Cape Verde (5 and 5, respectively), Mozambique (4 and 8), Lesotho (13 and 1), Eritrea (17 and 2), Uganda (3 and 17), Benin (10 and 20, respectively), Malawi (19 and 16), Ethiopia (13 and 23), Tanzania (24 and 14), Swaziland (21 and 18), and the Gambia (22 and 22). Given both a high level of GDP and high levels of consumption, these nations would be prime locales for companies both looking to secure an internal market presence and export to other African nations. Nations that rank in the lower half for GDP, but in the top half for consumption are likely to posses as somewhat promising market for goods, but the productivity of the workforce may be less than those of nations with rankings in the top half for both measures. These nations are: Burundi, Central African Republic, Chad, Comoros, Djibouti, Guinea-

TABLE 7.1: INSTRUMENTAL POWER RANK EXAMINED

Rationales for Foreign Direct Investment	Potential for Internal Market	Strength of Labor Force As measured by Education Levels, Equity in Education, and Poverty			Predictable Institutions and Stability	**Number of Top Half Rankings**
Rankings and Indicators Used for Determination	Nations in Top Half of Rankings for both GDP and Consumption	Nations in Top Half of the Rankings for Female Participation in Labor Force	Nations in Top Half of Rankings for Both Male and Female Illiteracy Rates	Nations in Top Half of Ranking of GDP per Capita	Nations in Top Half of Democracy Rankings	
Botswana	**X**	**X**	**XX**	**X**	**X**	**6**
Lesotho	**XX**		**XX**	**X**	**X**	**6**
Uganda	**XX**	**X**	**XX**		**X**	**6**
Cape Verde	**XX**		**XX**	**X**	**--**	**5**
Ghana		**X**	**XX**	**X**	**X**	**5**
Madagascar	**X**	**X**	**XX**		**X**	**5**
Mauritius	**X**		**XX**	**X**	**X**	**5**
Swaziland	**XX**		**XX**	**X**	**--**	**5**
Tanzania	**X**	**X**	**XX**		**X**	**5**
Zimbabwe	**XX**		**XX**	**X**		**5**
Algeria			**XX**	**X**	**X**	**4**
Benin	**XX**	**X**			**X**	**4**
Congo, Democratic Republic		**X**	**XX**		**X**	**4**
Mauritania	**X**	**X**		**X**	**X**	**4**
Mozambique	**XX**	**X**			**X**	**4**
Namibia			**XX**	**X**	**X**	**4**
Rwanda	**X**	**X**	**XX**			**4**
South Africa			**XX**	**X**	**X**	**4**
Tunisia	**X**		**XX**	**X**		**4**
Burkina Faso	**X**	**X**			**X**	**3**

Cameroon			**XX**	**X**		**3**
Congo, Republic			**XX**	**X**		**3**
Eritrea	**XX**	**X**				**3**
Ethiopia	**XX**			**X**		**3**
The Gambia	**XX**	**X**				**3**
Guinea	**X**	**X**		**X**		**3**
Kenya		**X**	**XX**			**3**
Malawi	**XX**	**X**				**3**
Niger	**X**	**X**			**X**	**3**
Sudan	**X**		**XX**			**3**
Zambia		**X**	**XX**			**3**
Burundi	**X**	**X**				**2**
Central African Republic	**X**	**X**				**2**
Chad	**X**	**X**				**2**
Cote D'Ivoire	**X**			**X**		**2**
Egypt	**X**			**X**		**2**
Guinea-Bissau	**X**				**X**	**2**
Libya	--		**XX**			**2**
Mali	**X**	**X**				**2**
Morocco				**X**	**X**	**2**
Senegal				**X**	**X**	**2**
Sierra Leone	**X**		--		**X**	**2**
Togo	**X**		**X**			**2**
Angola		**X**	--			**1**
Comoros	**X**					**1**
Djibouti	**X**				--	**1**
Equatorial Guinea	**X**				--	**1**
Gabon					**X**	**1**

Nigeria			**X**			**1**
Sao Tome and Principe	**X**				--	**1**
Seychelles			--	**X**		**1**
Somalia	**X**		--			**1**
Liberia	--					**0**

Bissau, Madagascar, Niger, Sao Tome and Principe, Sierra Leone, Togo, and Zambia. Somalia is questionable due to the lack of GDP information. It is also important to consider that some nations (Nigeria, for example) might produce considerably more goods for export than for the internal market's consumption. Other countries might score high in consumption but low in GDP, which may indicate a market that is hungry for more goods created internally and a labor force that can benefit from economic expansion via FDI. *See Table 7.1.*

Indicators for female participation in the labor force, male and female illiteracy rates and, GDP per capita are telling about the strength of the labor force, as measured by education levels, equity in education, and poverty. These are those factors that let investors know if they will achieve acceptable levels of productivity and if the labor force is broad enough, deep enough, and capable enough to complete the tasks that operations may require. Only Botswana and Ghana ranked in the top half by all of these measures. Nations that ranked in the top half on three of these measures include: Algeria, Cape Verde, Central African Republic, Congo, Democratic Republic, Congo, Republic, Lesotho, Liberia, Madagascar, Mauritius, Namibia, Rwanda, Somalia, South Africa, Swaziland, Tanzania, Tunisia, Uganda, Zambia, and Zimbabwe. *See Table 7.1.*

Democracy rankings, especially ones that consider a variety of factors, can provide clues to investors regarding the predictability of economic and governance institutions and the stability of the mechanisms they will need to rely upon, should they invest. Nations ranking in the top half of democracy rankings include: Algeria, Benin, Botswana, Burkina Faso, Congo, Democratic Republic, Ethiopia, Ghana, Guinea-Bissau, Lesotho, Madagascar, Mauritania, Mauritius, Morocco, Mozambique, Namibia, Niger, Senegal, Sierra Leone, South Africa, Tanzania, and Uganda. *See Table 7.1*.

Taken altogether, these instrumental power indicators can indicate much to the potential investor. Not surprisingly, these are those same indicators taken into account in many risk analysis rankings. High overall instrumental power scores of 6 were received by three countries: Botswana, Lesotho, and Uganda. Scores of 5 were received by seven nations: Cape Verde, Ghana, Madagascar, Mauritius, Swaziland, Tanzania, and Zimbabwe. Scores of 4 were received by nine nations: Algeria, Benin, Congo, Democratic, Mauritania, Mozambique, Namibia, Rwanda, South Africa, and Tunisia. These are nations that are likely to be relatively more hospitable to foreign direct investment in terms of investor returns. Remaining nations scored 3, 2, or 1 points, with the exception of Liberia, which received a zero. *See Table 7.1*.

7.2 EXISTING NETWORKS

Existing networks indicate a nation's potential to connect with private and public sources of investment. Moreover, they indicate a nation's ability to transform existing successes into future success and to connect with actors who can be of assistance in endeavors. High scores of eight were received by two nations – Mauritius and Senegal. Scores of seven were received by 11 nations: Angola, Benin, Côte d'Ivoire, Egypt,

TABLE 7.2: EXISTING NETWORKS EXAMINED

	Total Number of Political Networks	Total Number of Economic Networks	Total Number of Technological Networks Ranks in Top Half	**Total Score**
Mauritius	2	3	3	**8**
Senegal	3	2	3	**8**
Angola	2	3	2	**7**
Benin	2	2	3	**7**
Cote D'Ivoire	2	2	3	**7**
Egypt	3	2	2	**7**
Madagascar	2	2	3	**7**
Mali	3	2	2	**7**
Namibia	3	3	1	**7**
Seychelles	2	3	2	**7**
South Africa	3	2	2	**7**
Swaziland	3	3	1	**7**
Tunisia	3	1	3	**7**
Botswana	2	2	2	**6**
Cameroon	3	2	1	**6**
Cape Verde	2	1	3	**6**
Chad	3	2	1	**6**
Gabon	3	2	1	**6**
The Gambia	3	1	2	**6**
Ghana	3	1	2	**6**
Kenya	3	1	2	**6**
Libya	3	1	2	**6**
Mauritania	2	2	2	**6**
Morocco	3	1	2	**6**
Sudan	2	2	2	**6**
Uganda	3	1	2	**6**
Zimbabwe	2	2	2	**6**
Burkina Faso	1	2	2	**5**

Central African Republic	3	2	0	**5**
Congo, Democratic Republic	3	2	0	**5**
Ethiopia	3	1	1	**5**
Guinea	3	1	1	**5**
Mozambique	3	1	1	**5**
Nigeria	3	1	1	**5**
Rwanda	2	1	2	**5**
Sao Tome and Principe	2	1	2	**5**
Tanzania	2	1	2	**5**
Togo	2	1	2	**5**
Zambia	2	2	1	**5**
Algeria	2	1	1	**4**
Congo, Republic	2	2	0	**4**
Djibouti	2	2	0	**4**
Equatorial Guinea	1	2	1	**4**
Eritrea	2	1	1	**4**
Guinea-Bissau	2	2	0	**4**
Lesotho	2	2	0	**4**
Malawi	2	2	0	**4**
Niger	2	2	0	**4**
Sierra Leone	3	1	0	**4**
Burundi	2	1	0	**3**
Comoros	1	0	1	**2**
Liberia	1	1	0	**2**
Somalia	1	1	0	**2**

Madagascar, Mali, Namibia, Seychelles, South Africa, Swaziland, and Tunisia. Scores of six were received by 14 nations: Botswana, Cameroon, Cape Verde, Chad, Gabon, The Gambia, Ghana, Kenya, Libya, Mauritania, Morocco, Sudan, Uganda, and Zimbabwe. These nations are relatively more likely to connect with sources of financing by brokering opportunity gap between networks. They are likely to have a strong support network, including contact with the current superpowers, intra-Africa continental actors, and programs and initiatives on the international scene. These nations are most likely to maximize the spillovers that may come with increased FDI. *See Table 7.2*

7.3 Structural Power

With regard to structural power, it is interesting to see that some nations that score high with regard to instrumental power and existing network participation are also highly or somewhat involved in the NEPAD structure. Of nations that are relatively more hospitable towards FDI with regard to instrumental power, nations that are also involved in NEPAD are: South Africa (structural power score of three), Mozambique and Rwanda (score of two), and Botswana, Ghana, Mauritius, Tunisia, and Uganda (score of one). Despite this connection on some level, many nations that are more hospitable toward FDI by instrumental power measures are not involved in NEPAD at all. These nations include Cape Verde, Lesotho, Madagascar, and Namibia. *See Table 7.3.*

Of nations that score highly with regard to existing networks, Egypt, Senegal, and

TABLE 7.3: STRUCTURAL POWER EXAMINED

	Level of NEPAD Participation
Algeria	**3**
Egypt	**3**
Nigeria	**3**
Senegal	**3**
South Africa	**3**
Ethiopia	**2**
Mozambique	**2**
Rwanda	**2**
Botswana	**1**
Cameroon	**1**
Congo, Republic	**1**
Gabon	**1**
Ghana	**1**
Kenya	**1**
Mali	**1**
Mauritius	**1**
Tunisia	**1**
Uganda	**1**
Angola	**0**
Benin	**0**
Burkina Faso	**0**
Burundi	**0**
Cape Verde	**0**
Central African Republic	**0**
Chad	**0**
Comoros	**0**
Congo, Democratic Republic	**0**
Cote D'Ivoire	**0**
Djibouti	**0**
Equatorial Guinea	**0**

Eritrea	**0**
The Gambia	**0**
Guinea	**0**
Guinea-Bissau	**0**
Lesotho	**0**
Liberia	**0**
Libya	**0**
Madagascar	**0**
Malawi	**0**
Mauritania	**0**
Morocco	**0**
Namibia	**0**
Niger	**0**
Sao Tome and Principe	**0**
Seychelles	**0**
Sierra Leone	**0**
Somalia	**0**
Sudan	**0**
Swaziland	**0**
Tanzania	**0**
Togo	**0**
Zambia	**0**
Zimbabwe	**0**

South Africa received scores of three in structural power. Of nations that scored a one in structural power, Botswana, Cameroon, Ghana, Kenya, Mali, Mauritius, Tunisia, and Uganda scored relatively higher with regard to existing networks. While this indicates that there may be some connection between existing networks and participation in NEPAD, one cannot read too much into this phenomenon. Eleven nations scored high with regard to existing networks, but are not involved in NEPAD at all: Angola, Benin, Cote d'Ivoire, Libya, Madagascar, Mauritania, Morocco, Namibia, Seychelles, Sudan, and Swaziland. *See Table 7.3*

7.4 Overall Scores

Of all results, the overall scores based on all three measures are the most telling for future flows of FDI. Those nations who scored highly by this measure should be considered the most hospital of all environments to foreign direct investment, both in terms of investor returns and the potential developmental benefit to nations. Highest overall scores, on the basis of instrumental power, existing networks and structural power were Mauritius and South Africa (14 points). Three nations received scores of 13 points – Botswana, Senegal, and Uganda. Five nations received 12 points: Egypt. Ghana, Madagascar, Swaziland, and Tunisia. Seven nations received scores of 11: Algeria, Benin, Cape Verde, Mozambique, Namibia, Rwanda, and Zimbabwe. Six nations received scores of 10: Cameroon, Ethiopia, Lesotho, Mali, Mauritania, and Tanzania. Six

TABLE 7.4: TOTAL SCORE

	Total Number of Instrumental Power Rankings in the Top Half	Total Number of Political and Economic Networks & Total Number of Technological Network Rankings in the Top Half	Structural Power Level	**Total Score**
Mauritius	5	8	1	**14**
South Africa	4	7	3	**14**
Botswana	6	6	1	**13**
Senegal	2	8	3	**13**
Uganda	6	6	1	**13**
Egypt	2	7	3	**12**
Ghana	5	6	1	**12**
Madagascar	5	7	0	**12**
Swaziland	5	7	0	**12**
Tunisia	4	7	1	**12**
Algeria	4	4	3	**11**
Benin	4	7	0	**11**
Cape Verde	5	6	0	**11**
Mozambique	4	5	2	**11**
Namibia	4	7	0	**11**
Rwanda	4	5	2	**11**
Zimbabwe	5	6	0	**11**
Cameroon	3	6	1	**10**
Ethiopia	3	5	2	**10**
Lesotho	6	4	0	**10**
Mali	2	7	1	**10**
Mauritania	4	6	0	**10**
Tanzania	5	5	0	**10**

Congo, Democratic Republic	4	5	0	**9**
Cote D'Ivoire	2	7	0	**9**
The Gambia	3	6	0	**9**
Kenya	3	6	1	**9**
Nigeria	1	5	3	**9**
Sudan	3	6	0	**9**
Angola	1	7	0	**8**
Burkina Faso	3	5	0	**8**
Chad	2	6	0	**8**
Congo, Republic	3	4	1	**8**
Gabon	1	6	1	**8**
Guinea	3	5	0	**8**
Libya	2	6	0	**8**
Morocco	2	6	0	**8**
Seychelles	1	7	0	**8**
Zambia	3	5	0	**8**
Central African Republic	2	5	0	**7**
Eritrea	3	4	0	**7**
Malawi	3	4	0	**7**
Niger	3	4	0	**7**
Togo	2	5	0	**7**
Guinea-Bissau	2	4	0	**6**
Sao Tome and Principe	1	5	0	**6**
Sierra Leone	2	4	0	**6**
Burundi	2	3	0	**5**
Djibouti	1	4	0	**5**
Equatorial Guinea	1	4	0	**5**

Comoros	1	2	0	**3**
Somalia	1	2	0	**3**
Liberia	0	2	0	**2**

nations received scores of nine: Congo, Democratic, Côte d'Ivoire, the Gambia, Kenya, Nigeria, and Sudan. Ten nations received a score of eight: Angola, Burkina Faso, Chad, Congo, Republic, Gabon, Guinea, Libya, Morocco, Seychelles, and Zambia. Five nations received a score of seven: Central African Republic, Eritrea, Malawi, Niger, Togo, Guinea-Bissau, São Tomé and Príncipe, and Sierra Leone. Three nations received a score of five: Burundi, Djibouti, and Equatorial Guinea. Two nations received a score of three: Comoros and Somalia. Liberia received a score of two. *See Table 7.4*

7.5 RECOMMENDATIONS

These results are telling – both from the standpoints of investors and for nations. For investors, these results can be more informative for investors that traditional risk analyses with regard to African investment. While the continent of African offers many advantages in terms of labor costs, natural resources, and cultural goods, there is a wide diversity among the capabilities of the nations. Nations that score higher by all of these measures are likely the best locales for investment in the NEPAD-development environment. The labor force is more likely to be able to support operations, productivity and consumption are likely moving toward (if not already supporting) a strong internal market, democratic institutions are more embedded in society, significant political entrees have likely been made (both inside Africa and globally), economic connections have likely been made throughout the continent (in support of inter-regional trade), the technological infrastructure and technological capabilities of the population and the government are likely progressing, and, finally, the nation is likely to be more active in continental development efforts and more likely to help create institutions that satisfy both state and investor needs.

For the leaderships of African nations, the results are also telling. Nations that score high by all measures are more likely to make the most use of investment funds and meet other developmental goals in the process. This potential should be touted both within the continent and abroad. These are those locales that are likely to be the most attractive locales, but these sources of continental power should not leave their less-endowed neighbors by the wayside, they should strive to create investment opportunities that are inclusive and make the most of NEPAD's collective action concept.

Nations with high scores in both instrumental power and existing networks, but with low structural power scores, might begin considering a more active role in NEPAD. This role in NEPAD may allow them to access sources of investment and to be recognized for their strengths in the evolving environment. Given the momentum that NEPAD currently has within the international development regime, it is unlikely that it will simply disappear, and as such, ever effort should be made to cultivate structural power.

Nations with high instrumental power scores that are actively involved in NEPAD, but who lack strong existing networks, perhaps it is time to begin to utilize the

NEPAD network to connect with actors who can advance a nation's political, economic, and technological networks. Instrumental power scores can be powerful tools in attracting FDI and in gaining ground with regard to these other areas.

For nations that have considerable existing networks and high structural power, but lack instrumental power, perhaps networks are not being used to their best effectiveness. These networks can be used to access programs, actors, and investors that can assist nations in meeting many of their developmental goals.

For nations that are lower-scoring by all measures, all hope is not dashed. By creating coalitions, they might also garner investment gains. By sheer rhetoric, NEPAD must make a place at the table for these weaker members of the African Union. Moreover, if an investor likes NEPAD and the ideological and market changes that it strives to make, these smaller nations may have an advantage if they are to pool their resources. They may well have even greater market potential, they may have more advantageous labor cost structures, or together, they may have the right combination of low-skill and high-skill labor to take product from raw materials to a finished good. It is critical that nations take the concept of pan-Africanism to heart if NEPAD is to succeed, and more importantly if weaker nations are to reap rewards such as foreign direct investment. Perhaps those nations with lesser instrumental power and existing networks can maximize the potential of their structural power by organizing nations that are similar by instrumental power and existing network measures.

In terms of future investigations, this research opens the door to many future questions. Most pressingly, in the future it would be interesting to see the results of FDI under NEPAD development and to note its flows against the flows that predated NEPAD. By this manner, the effectiveness of NEPAD (with regard to FDI) can be measured. Also, a multivariate statistical analysis of the correlations between each of these variables might indicate certain peculiarities. For example, the presence of a strong internal market (GDP growth and consumption growth) and existing networks might actually serve to secure the most FDI.

Appendix A: Numbered Instrumental Power Ranks

Annual Average GDP Growth, Real

1990-2001

1	Equatorial Guinea	19.7
2	Sudan	7.6
3	Uganda	6.9
4	Mozambique	5.8
5	Cape Verde	5.6
6	Mauritius	5.3
7	Botswana	4.8
7	Tunisia	4.8
9	Burkina Faso	4.7
10	Benin	4.6
11	Egypt	4.5
12	Ghana	4.3
13	Ethiopia	4.2
13	Guinea	4.2
13	Lesotho	4.2
13	Namibia	4.2
17	Eritrea	3.9
17	Mauritania	3.9
19	Malawi	3.7
20	Mali	3.5
21	Senegal	3.4
21	Swaziland	3.4
23	Cote D'Ivoire	3.1
23	The Gambia	3.1
25	Seychelles	3.0
25	Tanzania	3.0
27	Gabon	2.9
28	Nigeria	2.7
29	Zimbabwe	2.5
30	Morocco	2.4
31	Chad	2.1
31	Kenya	2.1
31	Niger	2.1

34	Madagascar	1.8
34	Togo	1.8
36	Sao Tome and Principe	1.7
36	South Africa	1.8
38	Algeria	1.7
38	Central African Republic	1.7
38	Guinea-Bissau	1.6
41	Cameroon	1.6
42	Angola	1.6
43	Zambia	1.0
44	Comoros	0.7
45	Congo, Republic	0.4
46	Rwanda	0.0
47	Djibouti	-0.3
48	Burundi	-0.9
49	Sierra Leone	-1.4
50	Congo, Democratic Republic	-2.2
	Liberia	-4.1
	Libya	-5.6
	Somalia	--
		--
		--

CONSUMPTION, AS PERCENT OF GDP, AVERAGE 1990-2001

1	Lesotho	136.4
2	Eritrea	132.0
3	Sao Tome and Principe	119.0
4	Somalia	112.5
5	Cape Verde	106.4
6	Djibouti	105.4
7	Mozambique	105.1
8	Rwanda	105.0
9	Comoros	103.7
10	Burundi	103.1
11	Chad	101.1
12	Guinea-Bissau	99.3
13	Sierra Leone	99.2
14	Tanzania	97.8
15	Niger	97.3
16	Malawi	96.9
17	Uganda	96.4
18	Swaziland	96.2
19	Central African Republic	96.0
20	Benin	95.9
20	Madagascar	95.9
22	The Gambia	95.1
23	Ethiopia	95.0
24	Zambia	93.3
25	Togo	92.7
26	Mali	92.3
27	Ghana	92.1
28	Mauritania	91.7
29	Congo, Democratic Republic	91.5

30	Burkina Faso	91.4
31	Senegal	89.9
32	Kenya	87.1
33	Egypt	85.7
34	Guinea	85.6
35	Namibia	84.3
36	Zimbabwe	83.9
37	Morocco	82.9
38	Cote D'Ivoire	82.5
39	South Africa	82.5
40	Cameroon	81.0
41	Angola	79.2
42	Seychelles	77.6
43	Equatorial Guinea	76.1
44	Tunisia	76.1
45	Mauritius	76.0
46	Nigeria	75.1
47	Algeria	68.6
48	Botswana	67.7
49	Congo, Republic	65.8
50	Gabon	59.5
	Liberia	--
	Libya	--
	Sudan	--

Female to Male Ratio of Participation in Economic Activity
1995

1	Ghana	103
2	Tanzania	98
3	Burundi	97
4	Malawi	96
5	Mozambique	94
6	Benin	93
6	Rwanda	93
8	Uganda	91
9	Eritrea	90
9	Guinea	90
11	Central African Republic	88
12	Angola	87
12	Burkina Faso	87
12	Mali	87
15	Botswana	85
15	Kenya	85
17	Zambia	83
18	The Gambia	81
18	Madagascar	81
20	Chad	80
20	Gabon	80
20	Zimbabwe	80
23	Niger	79
24	Congo, Democratic Republic	77
24	Congo, Republic	77
24	Mauritania	77
27	Somalia	75
28	Comoros	74
28	Senegal	74
30	Ethiopia	69
31	Namibia	68
32	Guinea-Bissau	67
32	Togo	67
34	Liberia	66
35	Cape Verde	64
36	Cameroon	60
36	South Africa	60
36	Swaziland	60
39	Lesotho	58
40	Sierra Leone	57
41	Nigeria	56
42	Equatorial Guinea	55
43	Morocco	53

PERCENTAGE OF MALE POPULATION OVER 15 THAT IS ILLITERATE
1999

1	Equatorial Guinea	8
1	Zimbabwe	8
3	Libya	10
4	Mauritius	12
4	Kenya	12
6	Congo, Republic	13
7	South Africa	14
8	Zambia	15
9	Cape Verde	16
9	Tanzania	16
11	Namibia	18
12	Cameroon	19
13	Swaziland	20
13	Tunisia	20
15	Ghana	21
16	Algeria	23
16	Uganda	23
18	Djibouti	25
19	Botswana	26
19	Malawi	26
19	Togo	26
22	Madagascar	27
22	Rwanda	27
24	Congo, Democratic Republic	28
24	Lesotho	28
26	Nigeria	29
27	Liberia	31
27	Sudan	31
29	Eritrea	33
30	Comoros	34
30	Egypt	34
32	Morocco	39

33	Central African Republic	41
33	Mozambique	41
35	Guinea-Bissau	42
36	Burundi	44
37	Benin	45
38	Cote D'Ivoire	46
39	Mauritania	48
40	Chad	50
41	Mali	53
42	Senegal	54
43	Ethiopia	57
43	The Gambia	57
45	Burkina Faso	67
46	Niger	77
	Angola	--
	Gabon	--
	Guinea	--
	Sao Tome and Principe	--
	Seychelles	--
	Sierra Leone	--
	Somalia	--

PERCENTAGE OF FEMALE POPULATION THAT IS ILLITERATE, 1999

1	Lesotho	7
2	South Africa	16
2	Zimbabwe	16
3	Mauritius	19
4	Namibia	20
5	Botswana	21
6	Swaziland	22
7	Kenya	25
8	Congo, Republic	27
8	Equatorial Guinea	27
10	Zambia	30
11	Cameroon	31
12	Libya	33
13	Tanzania	34
14	Cape Verde	35
15	Ghana	39
16	Madagascar	41
16	Rwanda	41
16	Tunisia	41
19	Algeria	44
20	Uganda	45
21	Nigeria	46
22	Djibouti	47
23	Comoros	48
24	Congo, Democratic Republic	51
25	Malawi	55
25	Sudan	55
27	Egypt	57
28	Togo	60
29	Burundi	61
29	Eritrea	61
31	Cote D'Ivoire	63

31	Cote D'Ivoire	63
31	Liberia	63
33	Morocco	65
34	Central African Republic	67
34	Mali	67
36	Chad	68
36	Ethiopia	68
38	Mauritania	69
39	The Gambia	72
39	Mozambique	72
41	Senegal	73
42	Benin	76
43	Guinea-Bissau	82
44	Burkina Faso	87
45	Niger	92
46	Angola	--
47	Gabon	--
48	Guinea	--
49	Sao Tome and Principe	--
50	Seychelles	--
	Sierra Leone	--
	Somalia	--

APPENDIX B: NUMBERED TECHNOLOGICAL NETWORKS OF POWER RANKS

PERCENT GROWTH IN TELEPHONE LINES PER 100 INHABITANTS

1	Guinea	39.8	33	Guinea-Bissau	6.1
2	Sudan	34.3	34	Niger	6.0
3	Equatorial Guinea	27.3	35	Liberia	5.4
4	Ghana	26.0	36	Mozambique	4.9
5	Botswana	17.8	37	Kenya	4.5
6	Senegal	17.5	38	Malawi	3.5
7	Cape Verde	16.9	38	Morocco	3.5
8	Mali	16.4	40	Lesotho	3.3
9	Côte D'Ivoire	15.7	40	Namibia	3.3
10	Egypt	13.1	42	South Africa	2.3
11	Libya	12.9	43	Nigeria	1.9
12	Mauritius	12.2	44	Djibouti	1.8
13	Mauritania	12.0	45	Angola	1.6
13	Togo	12.0	46	Gabon	1.3
15	Chad	11.5	47	Sierra Leone	1.2
15	Tunisia	11.5	48	Central African Republic	0.8
17	Rwanda	11.3	49	Burundi	0.1
18	Benin	10.5	50	Congo, Republic	-1.5
19	Eritrea	10.2	51	Somalia	-1.8
19	Tanzania	10.2	52	Zambia	-2.2
21	São Tomé & Principe	9.5	53	Congo, Democratic Rep.	-13.3
22	Burkina Faso	9.3	40	Lesotho	3.3
23	Ethiopia	8.1	40	Namibia	3.3
24	Seychelles	7.9	42	South Africa	2.3
25	The Gambia	7.8	43	Nigeria	1.9
26	Madagascar	7.3	44	Djibouti	1.8
27	Cameroon	7.0	45	Angola	1.6
28	Comoros	6.9	46	Gabon	1.3
29	Algeria	6.7			
30	Swaziland	6.6			
31	Uganda	6.5			
32	Zimbabwe	6.4			

NUMBER OF INTERNET USERS PER 100,000 INHABITANTS
2000

1	Seychelles	736.63
2	Mauritius	728.91
3	South Africa	549.38
4	São Tomé & Principe	436.48
5	Cape Verde	183.99
6	Namibia	170.78
7	Gabon	122.35
8	Tunisia	104.32
9	Swaziland	99.21
10	Botswana	92.48
11	Kenya	65.21
12	Togo	43.21
13	Senegal	42.19
14	Morocco	35.27
15	Tanzania	32.75
16	The Gambia	30.70
17	Côte D'Ivoire	27.05
18	Benin	24.60
19	Zimbabwe	23.76
20	Angola	22.84
21	Comoros	21.61
22	Zambia	19.19
23	Mauritania	18.87
24	Madagascar	18.82
25	Uganda	18.01
26	Libya	17.84
27	Mali	17.80
28	Nigeria	17.57
29	Algeria	16.19
30	Egypt	15.67
31	Mozambique	15.24
32	Ghana	14.84
33	Malawi	14.51
34	Cameroon	13.61
35	Eritrea	13.05
36	Guinea-Bissau	12.77

37	Equatorial Guinea	11.32
38	Sierra Leone	10.30
39	Guinea	10.12
40	Sudan	9.65
42	Rwanda	6.47
43	Lesotho	4.74
44	Niger	4.66
45	Burundi	4.48
46	Central African Republic	4.15
47	Congo, Republic	1.75
48	Ethiopia	1.59
48	Liberia	1.59
50	Chad	1.34
51	Somalia	0.21
52	Congo, Democratic Rep.	0.10
52	Djibouti	0.10

NUMBER OF ENTRIES ON OFFICIAL STATE GOVERNMENT WEBSITES
5/29/02

1	South Africa	176
2	Mauritius	68
3	Algeria	56
4	Morocco	50
5	Egypt	38
6	Uganda	36
7	Kenya	34
8	Ghana	31
9	Nigeria	29
10	Tanzania	25
11	Ethiopia	23
12	Namibia	22
13	Sudan	21
14	Angola	20
14	Cameroon	20
16	Mozambique	18
16	Tunisia	18
18	Madagascar	17
18	Senegal	17
20	Rwanda	15
20	Zimbabwe	15
22	Burkina Faso	13
23	Côte D'Ivoire	12
24	Cape Verde	11
25	Benin	10
25	Mali	10
25	Seychelles	10
28	The Gambia	9
28	Malawi	9
28	Swaziland	9
28	Zambia	9
32	Lesotho	8
32	Mauritania	8
34	Congo, Democratic Rep.	7
34	Guinea	7
34	Sierra Leone	7

37	Botswana	6
37	Togo	6
39	Djibouti	5
39	Gabon	5
41	Central African Republic	4
41	Comoros	4
41	Liberia	4
41	Libya	4
45	Niger	3
46	Burundi	2
46	Chad	2
46	Congo, Republic	2
46	São Tomé & Principe	2
46	Somalia	2
51	Equatorial Guinea	1
51	Eritrea	1
53	Guinea-Bissau	0

APPENDIX C:
World Audit. org Democracy Rankings

AFRICAN NATIONS 2002

1	Mauritius	25	36	Kenya	119
2	South Africa	29	37	Burundi	127
3	Mali	35	38	Liberia	127
4	Benin	37	39	Zimbabwe	130
5	Botswana	43	40	Eritrea	133
6	Namibia	44	41	Angola	137
7	Ghana	48	42	Congo, Republic	139
8	Madagascar	63	43	Rwanda	140
9	Burkina Faso	70	44	Sudan	140
10	Lesotho	71	45	Libya	142
11	Mozambique	73	46	Somalia	142
12	Niger	74		Cape Verde	--
13	Gabon	76		Comoros	--
14	Congo, Democratic Republic	77		Djibouti	--
15	Senegal	79		Equatorial Guinea	--
16	Guinea-Bissau	80		Sao Tome and Principe	--
17	Morocco	85		Seychelles	--
18	Uganda	85		Swaziland	--
19	Mauritania	87			
20	Tanzania	87			
21	Algeria	90			
22	Sierra Leone	90			
23	Malawi	93			
24	Tunisia	93			
25	Ethiopia	95			
26	The Gambia	99			
27	Togo	106			
28	Central African Republic	111			
29	Cote D'Ivoire	112			
30	Zambia	112			
31	Nigeria	114			
32	Egypt	115			
33	Cameroon	117			
34	Chad	119			
35	Guinea	119			

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