



Harnessing the Power of Africa's Swing States

The Catalytic Role of Nigeria, Kenya and South Africa

Terence McNamee

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About the Author

Dr Terence McNamee is the Deputy Director of the Brenthurst Foundation.

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E Oppenheimer & Son (Pty) Ltd
PO Box 61631, Johannesburg 2000, South Africa
Tel +27-(0)11 274-2096 · Fax +27-(0)11 274-2097
www.thebrenthurstfoundation.org

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Executive Summary

International experiences suggest that if regional powers – what we characterise as ‘swing states’ – are successful they will usually generate political and economic benefits well beyond their borders. When swing states perform badly, the consequences of failures – economic turmoil, political instability, armed conflict – reverberate in the region and continent of which they form part in ways that similar failures in medium or small states typically do not. Africa as a whole is especially malleable to the influence – positive or negative – of swing states owing to the relative infancy of its nation-building processes. The social and institutional architecture of Africa at the national level can be more easily altered for good or ill by what happens ‘next door’.

In August 2015 the Brenthurst Foundation and the Konrad Adenauer Stiftung convened a high-level Dialogue to examine three countries in sub-Saharan Africa – Kenya, Nigeria and South Africa – which are particularly illustrative of the importance of swing states to regional and continental success. This Discussion Paper reflects on some of the main arguments and perspectives that emerged from the Dialogue though, unless otherwise stated, its conclusions are the author’s own.

The three countries were selected on account of their relative economic and diplomatic weight, location and level of international integration (regionally and globally) – factors which could make them engines of regional growth and stability. Three key assumptions underpin why, this Paper argues, the performance of swing states bear particular attention:

- Deeper regional economic integration, upon which wider development across the continent depends heavily, will not be achieved without the leadership of swing states;
- The most important guarantors of security in Africa are swing states willing to use diplomatic and, if necessary, military might prudently to counter regional security threats; and
- Strengthening Africa’s voice globally rests to a significant degree on the ability of swing states to forge a common narrative and approach to issues of concern to Africa and the world.

Each of the swing states examined here is grappling with grave challenges, ranging from escalating domestic and regional terrorism to declining commodity prices, endemic corruption, collapsing currencies, labour unrest, refugee crises and highly factious politics. Various factors could be advanced to explain why all three are currently performing well below their potential. Yet each, in their own way, also evince powerful signs of what is possible: areas of excellence which could spawn virtuous cycles of development and stability within and beyond their borders.

This Paper suggests a number of ways the catalytic power of Africa’s swing states could be harnessed for the betterment of their regions, the continent and the world. While almost too obvious to mention, highlighting the importance of ‘doing better at home’ is nonetheless essential due to the second and third-order consequences of swing states’ performance on their regions; and for the essential legitimization from neighbouring states as their regional leader. A major hurdle to overcome for each, though to a lesser extent for Kenya, is convincing their neighbours and the continent as a whole that their external agendas are not entirely self-serving. Kenya would appear to understand better than either Nigeria or South Africa that there is a particular onus on swing states to build (or repair) trust in Africa’s regional frameworks, not least because their own agendas are questioned the most. The ‘politics’ of regional integration need to give way to practical solutions. Through their interactions swing states have a particular role in devising and promoting home-grown answers to Africa’s most pressing economic questions, not least the need to move away from an inherently fragile reliance on the continent’s resource wealth towards more sustainable and diversified economies. Politically, swing states must do more to champion the African Union and communicate what it does and why Africa needs to make it work. To date swing states have yet to articulate a common, compelling narrative about the AU to other Africans and the rest of the world. This narrative is key to enhancing African agency within the international community. That said, until such time as the AU has grown into its mandate and is able to effectively represent the African agenda internally and globally, swing states must step-up

and pool diplomatic resources in order to drive a consistent and common strategic approach that will strengthen Africa's voice on key issues of global governance, reform

of the Security Council and the architecture of global finance and trade.

Introduction

For decades the best performing states in Africa have been tiny.

The three most developed, according to the 2014 UN Human Development Survey, are Botswana, Seychelles and Mauritius, which together comprise less than one-third of 1 per cent of Africa's total population. In the 2014 Mo Ibrahim Index of African Governance, those same three countries, plus another very small one – Cape Verde – ranked in the top five. And of the top five countries ranked by GDP per capita, the most populous is Botswana. With just over two million people, Botswana has one-tenth the population of Nigeria's largest city, Lagos.

For all the benefits accruing to their own people – not least, they live longer than other Africans¹ – Africa's smallest states have not had much impact beyond their borders.

Big states in Africa have, in general, performed badly since independence

Big states in Africa have, in general, performed badly since independence. Their large territories and populations amplified the herculean challenges faced by the first generation of post-independence African leaders. Notwithstanding many of their own acute failures in governance, none could have been prepared to manage relations between the fragmented ethnic groups perilously bequeathed into their new states by colonial rule. At the same time, basic economics would suggest that big states have inherent advantages, for example in creating economies of scale and lower costs of trade. But for various reasons most big African states have not been able to translate those advantages into sustainable development.²

What might Africa look like today if this situation were reversed – if Africa's larger states were also its best performers? If Kenya's GDP per capita were eight times higher, about the same as Mauritius's? If Nigeria's governance record over the past three decades was similar to Botswana's? If apartheid had ended in 1960 rather than 1994? What might that have meant for their regional neighbours and the continent as a whole, in terms of economic and

human development, peace and security? To imagine 'what might have been' is not a frivolous exercise. It is essential to formulating 'possible maps and possible worlds' for Africa in the coming decades.³

International experiences tell us that success in key states – what we characterise as 'swing states' – typically generates benefits well beyond their borders. Japan's spectacular post-war economic boom helped lift the entire East Asia region; its transformation from an expansionist martial power to a democratic constitutional monarchy fostered stability in its neighbourhood. Further south, Indonesia's progress over the past decade from unwieldy military dictatorship to an increasingly democratic political and economic power is rippling benefits to Australia and all of Southeast Asia. Even Canada, a nation frequently lauded for achieving top rankings across global development indices over decades, must attribute at least part of its success to the luck of geography. Its immensely powerful southern neighbour is perhaps the ultimate swing state. The United States – nine times more populous and richer – has not only provided a vast open market for Canadian goods and services and effectively underwritten Canada's territorial security, but also, through its own democratic evolution, helped create mutually beneficial relationships across myriad sectors. This is not a given between big and small countries. And when it goes wrong, the consequences of failures – economic mismanagement, acute political instability, armed conflict – in swing states are that much greater for the region and continent of which they form part.

The consequences of 'failures' in swing states are that much greater for the region and continent of which they form part

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Africa at the national level can be more easily altered for good or ill by what happens 'next door'.



In August 2015 the Brenthurst Foundation and the Konrad Adenauer Stiftung convened a high-level dialogue to examine three countries in sub-Saharan Africa – Kenya, Nigeria and South Africa – which are particularly illustrative of the importance of swing states to regional and continental success. Each is grappling with grave challenges, ranging from escalating domestic and regional terrorism to declining commodity prices, endemic corruption, collapsing currencies, labour unrest, refugee crises and highly factious politics. Various factors could be advanced to explain why all three are currently performing well below their potential. Yet each, in their own way, also evince powerful signs of what is possible: areas of excellence which could spawn virtuous cycles of development and stability within and beyond their borders. In swing states the stakes are very high.

The Dialogue, 'Harnessing the Power of Africa's Swing States: The Catalytic Role of Nigeria, Kenya and South Africa', comprised current and former government officials, leading private sector figures, academics and analysts from each country, as well as representatives from continental organisations. Some

of the key questions which framed the discussions included:

- What are the key opportunities for positively leveraging swing states' (potential) economic and political power?
- How do issues of regional competition and state sovereignty hinder broader economic development?
- How can Nigeria, South Africa and Kenya become more effective regional leaders, especially in security and integration structures?
- How can Africa's swing states contribute to greater Africa-wide coordination on continental and wider international peace and security issues?
- What does the response of swing states to recent international crises suggest about the direction of their foreign policies?

This Discussion Paper reflects on some of the main arguments and perspectives that emerged from the dialogue though, unless otherwise stated, its conclusions are the author's own and do not necessarily reflect any particular viewpoint expressed at the Roundtable. The author gratefully acknowledges the comments from participants on the draft paper, many of which are reflected in this publication, though all remain, as per the nature of the Roundtable, unattributed.

What's a 'Swing State'?

The term 'swing state' is most frequently associated with presidential elections in the United States. Their outcomes often hinge on those states evenly divided between Republicans and Democrats where the vote could 'swing' either way. The sense in which the term is applied here, however, is closer to leading democracy scholar Larry Diamond's classification of 'strategic swing states' in his study *The Spirit of Democracy*.⁴ Though, where Diamond applies simple measures based on population or national income, this study does not use hard and fast criteria for what constitutes a swing state. Relative economic and diplomatic weight, location and level of international integration (regionally and globally) are key factors which *could* make certain countries engines of regional growth and stability. But these qualities

are not exclusive to the countries examined here. Ethiopia would almost certainly be included in any comprehensive list of sub-Saharan Africa's swing states. Even resource-rich Democratic Republic of Congo, owing to its capacity to spread insecurity inasmuch as its potential to ignite economic growth in Central Africa and beyond (if it ever got its house in order), would be hard to exclude. Swing states should not be confused with the concept of 'pivot states' – those states at the seams of the international system, where great powers' interests often clash or intersect.⁵ An archetypal pivot state in the African context would be Somalia, a country that attracts disproportionate international attention owing to its malign impact throughout the Horn of Africa, but

does not have the capacity to induce major development gains beyond its borders.

The idea of 'swing states' offers a helpful lens through which to analyse some of the principal obstacles to regional development in Africa, though it is not put forward here as a rigorous framework or model in the way other similar concepts of influential countries are advanced in academic literature. There is a considerable body of work which focuses on the concept of 'regional hegemony', a corollary to the global hegemony theories articulated by Robert Keohane, Joseph Nye and other scholars. At its most basic level it refers to dominant countries at the regional level – defined in geographic, political or economic terms – which possess sufficient power to dominate secondary state systems. In the African context, the concept has been used to assess the role of regional hegemony as a catalyst

for deeper continental integration⁶, as well as in specific country-case studies, such as how South Africa's regional hegemony might influence its idea-driven foreign policy and vice versa.⁷ Important insights can be gleaned from these studies. So too the research by the Institute of Security Studies into 'African Futures'.⁸ A recent ISS study, using quantitative data which measures relative national power in historical terms, identifies five countries in Africa (including North Africa) that exert the most power and influence, and forecasts trajectories for each of them over the next 25 years.⁹

Nigeria and South Africa are included in the ISS list. No study of regional powers in Africa could reasonably exclude them. Kenya is a more contentious choice as a swing state. Before examining how each is grappling to fulfil their respective regional roles, the next section explains why we should care.

Why We Need to Care about Swing States

Three key assumptions underpin why concerns about the performance of swing states should be privileged.

Regional integration and economic development

Through their spheres of influence and material capabilities, swing states are natural drivers of regional integration. Africa is a continent of 54 states. The circumstances of de-colonisation and the principles animating the establishment of the OAU furnished African states with very strong notions of sovereignty and equality. So much so, many of the strongest voices on continental integration and pan-Africanism in the past have been from smaller or medium powers, such as Ghana, Libya or even Gambia. In practice, however, the depth and strength of integration will depend significantly on the commitment and political leadership role of swing states. Europe without the consistent and strong political will of Germany and France would simply not be 'Europe'. Swing states are also essential to advancing regional interests at the continental and global level.

The importance of deeper regional integration to Africa's economic prospects is universally accepted. The continent as a whole has never exploited the comparative economic advantages that exist within

its sub-regions. From combining tourism products to plugging-in to manufacturing supply chains to building regional infrastructure, historic divisions and sovereignty fetishes have scuttled cooperation between neighbours on numerous projects that would have delivered huge development gains to Africa's regions. Yet, by clubbing resources and supporting each other, Africa's regions could drive-down the high transaction costs of doing business across borders and create effective transport corridors to get goods to Africa's larger markets, especially landlocked ones. To be viable, often large energy and water projects, upon which industry, mining and agriculture depend, require levels of regional integration that so far have proved elusive. Closer integration would provide remedies to a lot of economic problems that are defined in national terms, but in fact exist almost everywhere on the continent.

Enhanced security

One of the core principles of sub-system stability is that regional powers should act as the major stabilising influences in their region and be leaders in the respective regional bodies through which conflict is managed. This generally requires a *relative* preponderance (assessed in regional rather than global

terms) of military capabilities (troops and materiel), training and experience (peace-keeping, counter-insurgency, conventional warfare) and consistent levels of defence expenditure. But stability rarely inheres from hard power alone. Diplomatic heft, economic might and demographic size are also, in varying degrees, essential complements. Military power alone may afford a swing state temporary zones of influence and control, but regional stability often proves ephemeral unless underpinned by key elements of soft power. What is more, other states in the region must recognise the regional power's special responsibility in promoting security, whether through stability operations or diplomacy. This recognition must be earned. Swing states will encounter everything from tacit resistance to outright hostility if their record of deploying power is perceived as being purely for the furtherance of domestic interests. Internal economic and political dynamics will always shape diplomatic and military choices, but the strategic calculus of swing states must have a 'regional benefit' dimension.

Making Africa a stronger voice globally

Africa is at the margins of world politics. No African state played a role in the establishment of the key institutions which make up the international system. Even the map of Africa was imposed on the continent by outsiders. Today the interests of Great Powers generally prevail on issues of global finance, security and justice.¹⁰

The global distribution of power is not static, however. Multi-polarity and the diffusion of power – from states to networks, non-state actors and other international regimes – are increasingly identified as mega-trends. With a population predicted to reach two billion by 2040, Africa will not be ignorable. And it seems almost inevitable that the world's major powers, stressed by the prolonged global economic crisis and growing uncertainty over the future, will look more towards Africa's vast, untapped agricultural lands and unexplored mineral and energy resources, as China did so presciently in the 1990s. A renewed 'scramble for Africa' is possible, if not likely. Although resource-interest cooled-off somewhat in 2015, this increase in great-power competition, as

the US, China, India and middle powers ranging from the Europeans to Australia, Canada and Brazil seek to establish or broaden existing commercial interests, will put many African countries in very strong bargaining positions and create massive development opportunities.

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Typically major external actors – whether states or international organisations – pay more attention to swing states simply on account of their size and relative economic strength. But this will become a more decisive engagement in a context where Africa is expected and aspires to take on more responsibilities for development, peace and security on the continent. In the past there has been a marked reluctance or inability of Africa to speak with one voice on global issues, even of direct relevance to the continent. Climate change and, to some extent, the International Criminal Court, are exceptions. But generally Africa has failed to affirm a collective position on seminal global issues and conflicts. Ironically this may stem, at least in part, from the way Pan-Africanism has evolved. In its initial political incarnation, Pan-Africanism was moulded by a sense that the cards in the global economic system were stacked against Africa and thus continental coordination was vital for Africa to end dependency and forge a new independent economic and political future. Equality of nations was central to Pan-Africanism. For the concept to have political force externally, however, in practice those values embodied in the idea need to be transmitted and articulated by the leading states on the continent. Swing states are thus vital to Africa moving off the margins of global politics.

South Africa

For decades prior to 1994 South Africa was a swing state for all the wrong reasons. During the apartheid era (1948–94) the white regime did not confine its insidious methods to its own borders; it fomented instability in its neighbourhood in order to consolidate its domestic political order. Its vastly superior military was frequently deployed externally to counter any perceived threats to its rule at home. South Africa also towered over its neighbours economically, but apartheid precluded economic integration and much (though not all) trade with the region.

Only after the end of apartheid could South Africa emerge as a force for good. The country embarked on a massive investment and trade promotion push throughout the region and continent. Its comparatively advanced companies swept into a host of new markets with the lifting of the restrictions imposed by apartheid. Globally, South Africa enjoyed unprecedented clout for a country of its size, due mainly to the almost mystical reputation of its political messiah, Nelson Mandela, and the country's remarkable transition from international pariah to non-racial democracy which brought him to power. After 1994 Mandela's erudite deputy and later president of the republic, Thabo Mbeki, guided the country through nearly 15 years of macro-economic stability and healthy, if unspectacular, economic growth. The concomitant change in South Africa's external relations is nicely summed up as follows:

Enmity gave way to amity and isolation was replaced by integration. The friendless, marauding regional power of old was transformed into an initially reluctant regional giant professing the highest altruistic intentions ... the 'old' South Africa's realist thinking informed by the imperatives of survival in a hostile world, was replaced by a liberal idealist approach in which democratic South Africa would promote an ambitious reformist agenda abroad based on its internal experiences and values.¹¹

South Africa's return to international respectability helped pave the way for the resolution of long-standing conflicts in the region, notably in Namibia and Mozambique. Today South Africa is Africa's

most sophisticated and second-largest economy. It is the only African country that is a member of the G20 and BRICS (the Brazil, Russia, India, China and South Africa grouping), as well as one of the European Union's 10 global strategic partners. Its swing state credentials are beyond doubt.

South African foreign policy lacks the clarity and muscle shown in its first decade of democracy

Writing at the start of 2016, however, the colours of the Rainbow Nation have never been dimmer. The language of crisis has become ubiquitous as debates rage over how close South Africa might be to a tipping point. 2015 witnessed various forms of mass action, chaos and violence in the national parliament, fraught labour relations, national electricity shortages, a resurgence of xenophobic attacks and racialised politics, critical failures of state-owned enterprises, deepening inequality ... the list could go on. Factionalism and leadership gaps within the governing African National Congress, which has ruled South Africa since 1994, impaired policy implementation across government. The country's economic growth prospects have fallen sharply and investor confidence has plummeted. In the most recent Ipsos Socio-Political Trends Survey, only 44 per cent of South Africans now believe that the country is 'moving in the right direction', down from 76 per cent in 1994 and 71 per cent in 2004. Various data could be marshalled to explain why, though perhaps most tellingly: the unemployment rate for black South Africans, who comprise nearly 80 per cent of the total population, is 40 per cent.

More than two decades on from the end of apartheid, South Africa is still at peace with its region, unlike Nigeria and Kenya. But South African foreign policy lacks the clarity and muscle shown in its first decade of democracy. At his inauguration Mandela averred that South Africa would engage the world with a principled, highly moral foreign policy. For a time it appeared more than just rhetoric. South Africa became a leading voice in the Nuclear

Non-Proliferation Treaty (NPT) regime, head of the Non-Aligned Movement and peacemaker in Burundi, Sudan, the DRC and Zimbabwe.¹² Yet today South Africa confronts a host of legitimacy problems. Crass patronage appointments have tarnished its once-vaunted diplomatic service. Critics charge that post-Apartheid South Africa's initial moral stature and diplomatic finesse on the continent have given way to coarse exceptionalism and bullying, exemplified by its bellicose campaign to elect one of its own as African Union Chairperson in 2012. 'South Africa can be heavy-handed when it comes to diplomacy', observes Jakkie Cilliers, 'and

there is a sense that South Africa speaks more than it listens in Africa'. Globally, the lustre of Mandela's rainbow nation has melted away, with no less than *The Economist* suggesting that South Africa's foreign policy could become a 'laughing stock', and deriding a recent ANC discussion paper as 'clueless and immoral'. If South Africa – once touted as Africa's 'natural leader' – is becoming more 'regressive', opting for 'ideology over content and outcome', as two analysts recently questioned¹³, then what might that portend for southern Africa and the continent as a whole?

Nigeria

When conceptualising Nigeria as a swing state it's all about numbers. It is the largest economy in Africa, with a GDP of 510 billion USD¹⁴, which exceeds all the countries of the ECOWAS region combined. Nigeria's population is 180 million, by far Africa's largest. Both are predicted to get much bigger. Estimates suggest that Nigeria's population will rise to 320 million by 2040, making it the fourth most populous country in the world after China, India and the US. Its economy is projected to grow to US\$4.2 trillion over the same period. Projections such as these fuel talk of Nigeria as the 'giant of Africa', the only country on the continent capable of being a global power in the future. The ISS report even suggests that, 'to a large extent, the increase in Africa's role globally will therefore be driven by the future weight of Nigeria.'

Nigeria's big numbers have yet to translate into success at home or its region. The language of (perennial) crisis and state fragility have dominated the narrative about Nigeria within and outside its borders. For more than half of the period since independence in 1960 Nigeria has been under military rule. Eruptions of violence along the country's numerous ethnic, religious and social fault lines have been frequent. The Biafra War (1967–70) alone claimed more than a million lives. For all the particularities of the Boko Haram insurgency in northeastern Nigeria, which has claimed some 17 000 lives since 2009, its origins and potency are profoundly symptomatic of wider failures of the state. The structural dynamics that historically have characterised the state are well

known: endemic corruption (in its latest index on corruption perceptions Transparency International ranked Nigeria 136 out of 175), misallocation of resources, high levels of poverty, the resource curse (between 90 and 95 per cent of Nigeria's export revenue still comes from oil), insecurity. That Nigeria

The language of crisis and state fragility have dominated the narrative about Nigeria within and outside its borders

has performed well below its enormous potential is unquestionable.

Infamously poor governance and muddled foreign policy have led to Nigeria's relative lack of influence internationally. There have always been question marks over whether Nigeria's internal challenges are simply too grave for the country to ever project power effectively. Yet when Nigeria has managed to do so, the results have been impressive. During the 1970s it was a leading voice in the global anti-apartheid movement and drove the establishment of ECOWAS. In the 2000s it was a central actor in various peacekeeping and diplomatic missions across the continent. Its then-President, Olusegun Obasanjo, in partnership with South Africa's then President Thabo Mbeki, spearheaded the creation of NEPAD and together

they inspired the idea of the 'African renaissance' for millions on the continent. Obasanjo's election in 1999 marked a shift towards democratisation that, for all its imperfections, has since embedded itself ever-deeper into national life. The peaceful election in 2015 and subsequent orderly transfer of power could prove a pivotal moment in Nigeria's history.

Nigeria's historic addiction to petro-dollars has suppressed the development of manufacturing, commercial agriculture and other sectors. The informal sector still accounts for around 70 per cent of total employment. Low oil prices took a heavy toll on the economy in 2015, crippling the nation's currency and prompting foreign investors to pull out of its stock and bond markets. Beneath the gloom, however,

glimpses of a brighter future abound. Nigeria has witnessed an explosion in entrepreneurs, innovators and professional services development. Cellphone penetration is now 100 per cent. Across banking, entertainment, telecommunications, agriculture and building materials sectors, the green-shoots of a more diversified economy are sprouting.

An increasingly dynamic economy and a more open political space is good news for businesses in the region eyeing-up Africa's largest consumer market. Yet the spectre of a false dawn looms. Without addressing the underlying structural dynamics that produce deepening poverty, inequality and insecurity, Nigeria is destined to be an ever-turbulent and volatile swing state.

Kenya

Based on numbers alone the case for Kenya as a 'swing state' is contestable. Its neighbours Tanzania and Ethiopia have more people, in the case of the latter twice as many. Eight African countries have bigger economies. Historically, Kenya has not been a robust diplomatic or political force on the continent. It was not a significant player in the establishment of key organs such as the OAU or AU, nor were its leaders especially influential internationally, unlike

understood now for what it actually *is*, a complex country facing immense social, economic and security challenges – but also a subtle powerhouse, epitomical of the *Africa Rising* story.

Kenya boasts East Africa's strongest international trade and investment links, and serves as its transport, logistics, tourism, banking and services hub, all underpinned by major infrastructure development. It has a strong blueprint for the country, Vision 2030. Human resource capital is perhaps Kenya's biggest asset. Its educated, professional class has long been a source of national pride. Its culture of innovation is strong and growing. That the world-leading mobile-money system, M-PESA, was created in Kenya is not an accident. M-PESA and technology in general have seeped into the fabric of life in Kenya as almost nowhere else in Africa. Such innovations give Kenya the potential to widen public access to myriad services and leapfrog traditional phases of development and industrialisation in a way few African countries could aspire.

Kenya is increasingly defined by a private sector that is multi-ethnic and arguably the most dynamic in Africa. That the 2013 elections passed off peacefully in the face of dire predictions of violence and chaos was due, in part, to the ambitious peace-building programme undertaken by the private sector to ensure a free and fair outcome.

Kenya is increasingly defined by a private sector that is multi-ethnic and arguably the most dynamic in Africa

Tanzania's long-serving President Julius Nyerere.

Yet for most of its history since independence in 1963, Kenya *was* Africa for much of the outside world, at least the Africa it wanted to see: of preternatural landscapes and wildlife, of vibrant, liberal-minded people, of social harmony.¹⁵ Western countries viewed Kenya as 'one of its own', a political oasis amidst the chaos of Africa. Then came the disputed 2007 election. The widespread communal violence which erupted in its aftermath eviscerated the 'Kenya' in the West's popular imagination. In one sense that was a good thing. Kenya is better

Intra-regional trade in the East African Community (EAC) is higher than any other region on the continent. Kenya is the chief beneficiary of the trade in manufactured products, but in driving deeper integration across other spheres it has generated positive spillover effects and helped boost neighbouring national economies, even if growth has been uneven. Internationally, Kenya has effectively

Kenya has effectively pursued a pragmatic approach, balancing 'the best from China and the best from the US' for investment and market expansion

pursued a pragmatic approach, balancing 'the best from China and the best from the US' for investment and market expansion.

Kenya may be a 'burning platform for change', as one Roundtable participant asserted, but there are formidable obstacles aplenty. At independence there were about 5 million Kenyans, today there are nine times as many and increasing by a rate of one million a year. There are acute concerns over Kenya's rising debt and its ability to finance the maintenance or procurement of public facilities. Kenya is poised to grow its economy above 6 per cent annually for the next several years but much of it recently has been 'jobless growth'; the fastest growing sectors are not

labour-intensive. As with Nigeria and South Africa, inequality is growing. In the latest UN human development index, Kenya ranks a lowly 147 out of 187 countries. Also as with Nigeria, institutionalised corruption has often been cited as a major factor in Kenya's poor development performance. Gross financial impropriety and mismanagement of public funds by government officials is such that, according to the 2013/14 auditor general's report, only '1.2% of the country's \$10bn (£6.4bn) budget was correctly accounted for. About \$600m could not be accounted for at all'.¹⁶ Kenya's President Uhuru Kenyatta recently declared that corruption was so pervasive it had become 'a national security threat'.

Kenya's new constitution, passed in 2010, is meant to enhance accountability, promote a more active citizenry and build national cohesion – and there are tangible signs that democratisation is deepening. But more open and competitive politics risks exacerbating the religious and tribal divisions that Kenya has struggled to mitigate since independence. A persistent refugee crisis and attacks by the Somalia-based Islamist extremist group, Al Shabaab, which have escalated since Kenyan troops intervened in Somalia in 2011 to help AMISOM (African Union Mission in Somalia) end piracy in the Horn of Africa and to stabilise the country, amplify the challenge of nation building. Kenya is now on one of the front-lines of the global fight against Islamic extremism. Parts of the country are becoming more difficult to govern effectively and internal cohesion in Kenya is under acute strain. Yet, overall, peace has been maintained.

Harnessing the Power

Distinguished Africa scholar Christopher Clapham once described the challenges facing Africa's larger states as a 'complex of interconnected predicaments'. Some of those predicaments flow from the 'peculiarly damaging' way African states were historically incorporated into the global system and which continues to 'exercise its baleful influence'.¹⁶ Other predicaments are typical of nation-building processes throughout history; most are tortuously difficult, few can avoid periods of violence. One roundtable participant rued the tendency of outsiders to expect

Africa's swing states facing grave economic, political and security challenges to *simultaneously* be 'excellent on all levels'. There is no panacea for any of these challenges. Progress is sure to be uneven and prone to setbacks.

Doing Better at Home

That said, there are things that can – and must – be done in the near-term if the catalytic power of Africa's swing states is to be harnessed for the betterment of their regions, the continent and the world. Much

hinges on what happens within their own borders. Large states cannot effectively manage or develop regional economic bodies if their own economies are mismanaged or dysfunctional. They cannot act as a stabilising force in their region if they themselves suffer from major internal conflict and violent divisions; they instead become exporters of insecurity. And they cannot galvanise regional or continental consensus around the key issues of our time if they

There is an urgent need to improve inclusivity, open opportunity spaces and create more resilient economies able to withstand ever-more frequent global shocks

are not acknowledged as leading nations, which seek to advance certain shared values and interests.

If 'doing better at home' is the first principle of being a successful swing state, a few key contradictions – smartly applied by one participant to Nigeria but in fact relevant to South Africa and Kenya as well – need to be addressed in order to reinforce the positive economic trends. The first is 'transparency without accountability'. A raft of commissions and investigations are underway in Kenya, South Africa and increasingly in Nigeria on everything from corruption, policing, state-owned enterprises, tribal authorities, and so on. Transparency is thus increasing, to be sure. But this is largely meaningless unless it translates into more prosecutions, reforms and genuine accountability, which has yet to happen on a concomitant scale in any of the swing states. The second is 'growth without prosperity'. Nigeria and Kenya in particular are experiencing sustained economic growth, but the lack of structural change means that acute unemployment and inequality continue to persist, even deepen. More generally, across all three economies there is an urgent need to improve inclusivity, open opportunity spaces and create more resilient economies able to withstand ever-more frequent global shocks. Access to capital – and where it comes from – will be increasingly important. Reliance on foreign direct investment,

especially from the US, Europe and China, is still high. Swing states need to build their institutional capacity and improve government services – move from 'red tape to red carpet', in the words of one participant – in order to generate their own domestic capital and better advance national development interests and initiatives.

Better Diplomacy

A major hurdle to overcome for each, though to a lesser extent for Kenya, is convincing their neighbours and the continent as a whole that their external agendas are not entirely self-serving. No one should underestimate how deeply fear of dominance runs in Africa's middle and smaller states. The robust spirit of Pan-Africanism has always co-existed with strongly nationalistic tendencies. Notwithstanding the ethic of 'African Unity' leaders have been reluctant to lessen the sovereignty of their states by surrendering powers to any supranational body. In part this stems from fear that more powerful states will use Africa's regional economic communities (RECs) to further their regional hegemony. South Africa has come under particular scrutiny for what some neighbouring states perceive as 'aggressive' economic policies and also for putting their own global pretensions – exemplified by their BRICS

No one should underestimate how deeply fear of dominance runs in Africa's middle and smaller states

membership – ahead of regional commitments. West African states have long feared that Nigeria might use ECOWAS to extend its own hegemony, even though the organisation's 'one country, one vote' policy has often frustrated Nigeria's agenda. Kenya, the smallest economy of the three swing states examined here, has arguably been most successful at achieving greater regional and continental influence through quiet diplomacy and collaboration. The indictments against Kenya's president and other officials by the International Criminal Court illustrates the point, however one might feel about the merits of the case. Kenya deftly marshalled broad African

support behind its cause without disengaging from the institution or its international partners that support it. Kenya would appear to understand better that there is a particular onus on swing states to build (or repair) trust in Africa's regional frameworks, not least because their own agendas are questioned the most. Kenya's demonstrable commitment to building and empowering regional blocs affords the rest of Africa salutary lessons on the benefits of integration. Perhaps above all, it shows what's possible when the 'politics' of regional integration give way to practical solutions.

Doing more to facilitate private sector regionalism should be a key priority of swing states. Business is already driving key regional initiatives. Corporate Pan-Africanism, exemplified in the extraordinary investments across borders by Nigerian cement

It is time for the 'politics' of regional integration to give way to practical solutions

mogul Aliko Dangote or South Africa's SABMiller or Kenya's ICT companies, is creating new identities and new connectedness outside the traditional spheres. By eschewing protectionism and instead promoting greater freedom of movement for business and labour, swing states will help Africa cure the pernicious 'us (government) versus them (business, society)' disease.

The New Partnership for Africa's Development (NEPAD) provides an overarching vision and framework for promoting economic cooperation and bringing African countries closer together. As an organ of the AU dependent on individual states and regional economic communities for the implementation of its programmes, NEPAD is, not surprisingly, beset by funding, coordination and decision-making challenges. But its main aims of deeper economic and political integration, strengthening institutions and governance and, critically, an effective and supportive process of 'peer review' to achieve them have become cornerstones of a broad development strategy and symbolic of a commitment to reclaim ownership of Africa's development trajectory. The

African Peer Review Mechanism (APRM) was promoted most vigorously by former presidents Mbeki and Obasanjo, and Nigeria and South Africa remain its core African funders. While the APRM has outlived their tenures, it is clear that the current leaderships of swing states – through their own examples as much as the pressure they are able to bring to bear within their regions – are critical to the success of

Stronger networking and simply more conversations between Africa's swing states are necessary

a key instrument in Africa's development armoury. The same goes for the realisation of the AU's Agenda 2063, the aspiration for 'an integrated, prosperous and peaceful Africa, driven by its own citizens and representing a dynamic force in the global arena'. Inevitably key states like Nigeria, South Africa and Kenya will be looked to for leadership in trying to attain that vision.

One of the principal takeaways from the high-level Roundtable was the clear indication from participants that stronger networking and simply more conversations between Africa's swing states are necessary. Through their interactions swing states have a particular role in devising and promoting home-grown answers to Africa's most pressing economic questions, not least the need to move away from resource reliance and build sustainable growth. History and personalities are vital factors in determining the quality and frequency of those interactions, but emboldening shared institutions will help Africa's major powers sustain good relations through times of amity and rivalry. The most important of which is the AU.

Relations between swing states are vital to the success of continental organisations like the AU. The European Union's success would not have been possible without the complete transformation in relations between France and Germany in the second half of the 20th century. South America's leading trading bloc, Mercosur, would not have been possible if its economic giants and close strategic partners, Argentina and Brazil, did not put aside mutual hostility and a

dangerous nuclear rivalry in the 1980s. In the same way, the future success of the AU rests at least partly on how the likes of Nigeria, Kenya, South Africa and other major powers get along.

People-to-people links between Africa's swing states are a key part of diplomatic relations. Currently, they are very weak. Educational, cultural and other types of exchanges between their respective citizens are, by international standards, comparatively meagre, and mostly confined to business. In the case of South Africans and Nigerians, levels of trust are low. Nigerians living in South Africa are often caricatured as gangsters or drug peddlers; the reputation of South Africans are scarred by the eruptions of xenophobia against other Africans and their own 'delusions of exceptionalism'. In business, South African companies are very active in Nigeria but it's a one-way street:¹⁸ South Africa's protectionist policies and BEE regulations have deterred not just Nigerian but most African companies from entering its market, and have arguably impeded intra-continental trade. At the government level, much of the rhetoric suggests the two are in a battle for economic dominance in Africa and power projection globally. Much repair work will need to be done if the heady days of the Mbeki–Obasanjo era can be reinvigorated. Nigeria and South Africa's approach appears to differ from Kenya's 'softer' diplomacy although relations between Kenya and South Africa in particular have suffered on account of the latter's strict visa requirements which have deterred the flow of businesses and tourists.

Swing states need to do more to facilitate interaction between their citizens, not just in business and trade, but through the free movement of people and ideas. A common agenda and greater understanding will remain elusive otherwise. The AU would seem a natural first port of call, for all its political and administrative challenges. Aside from core

external backers, Nigeria and South Africa are first-tier funders of the organisation, Kenya second-tier. Almost as important as funding is championing the AU and communicating what it does and why Africa needs to make it work. To date swing states have yet to articulate a common, compelling narrative about the AU to other Africans and the rest of the world. This narrative is key to enhancing African agency within the international community. The Libya debacle is a reminder of why this is so vital. The instincts of Africa's most powerful states on whether external intervention to topple Muammar Gaddafi's regime in Libya in 2011 was a good idea were right. For all the excesses of Gaddafi's decades-long dictatorship, and the pernicious 'clubiness' his brand of diplomacy fostered in Africa, his violent ousting unleashed profoundly destabilising forces that continue to shake Libya and the whole Sahel region. This outcome might have been avoided had the initial African consensus approach to the internal conflict in Libya been maintained. In the end both Nigeria and South Africa voted in favour of the UN Security Council intervention, despite misgivings that the NATO mandate might be extended, as it duly was.

The African Union came in for sharp criticism over its inability to act decisively over the civil war in Libya. Its muddled response illustrated that the AU will still need more time to grow into its mandate and effectively represent the African agenda internally and globally. This makes the role played by swing states, across regions, especially critical. In the absence of a strong AU, if Africa's voice is to carry weight on issues of global governance, reform of the Security Council, the architecture of global finance and trade, it must pool the diplomatic resources of its most powerful nations to drive a consistent and common strategic approach.

Final Word

Predictions based on quantitative data and trend analysis suggest that, from a global power perspective, Africa is most likely to remain where it is for the next 25 years: at the margins. Yet the performance of swing states could alter that prognosis

significantly. It is not a fanciful but rather essential exercise, as stressed at the beginning of this Paper, to imagine 'what if' Africa's swing states were also its best performers. Their largely untapped influence and power to lift the entire continent should not be

underestimated. The main ingredients for success – political stability, effective institutions, sound policy making, economic diversification – are more easily articulated than implemented. But the obstacles facing swing states should be understood in the context of universal norms and practices, not as inimitable problems. They do not have to reinvent the wheel: a lot can be learnt from others, not least what some smaller African countries have done to build sustainable growth and development.

The consequences of Africa's swing states *not* succeeding but instead regressing bear sober consideration.

An IMF official recently compared South Africa's economic weight in southern Africa to that of Germany's in the Euro area.¹⁹ Across nearly all key sectors such as telecommunications, retail, finance and mining, South African companies are heavily invested throughout the region. They act as drivers of growth in those economies, impacting civil societies and people on the ground in myriad ways. That South Africa's economy is an 'important anchor of economic stability' in southern Africa and even further into the continent is beyond doubt. Within South Africa itself, migrant workers from neighbouring countries – numbering in the millions – provide much-needed revenue to their home countries in the form of repatriated wages. Zimbabweans, who comprise the majority of migrants working in South Africa, who returned home in 2015 for Christmas

holidays found that their hard-earned Rands didn't go very far. Currency exchange rates are effectively determined by street traders rather than the Central Bank in Zimbabwe, where a basket of currencies are accepted but the US dollar is king. The collapse of the Rand currency, due in significant part to intensifying global pessimism over the future of Africa's most advanced economy, meant that in parts of Zimbabwe the Rand was not even accepted. In the city of Gweru in the centre of Zimbabwe, migrant workers found it difficult to find any vendors willing to sell them basic necessities like bananas or phone credit if all they had were Rands.²⁰ Elsewhere in the country the collapsing Rand made the price of staple products like bread nearly twice as expensive as last year. At the macro-level, economists are warning that Zimbabwe's current account deficit will rise precipitously if the Rand continues to weaken, adding further pressure on a country facing acute food shortages and economic meltdown.

This is but one example of the second and third-order consequences all three African swing states examined here can unwittingly trigger in the continent. If these big ships sink, they will surely take some smaller boats down with them. The aim of this Paper was to focus the minds of governments, in particular, on what they can do to achieve the opposite outcome: a rising tide of swing states that will help lift all boats.

Endnotes

1 The top three countries by life-expectancy in Africa are Cape Verde (75), Mauritius (74) and Seychelles (74) – significantly higher than the next ranking country, Namibia (68). Botswana is the outlier, ranking only 10th in Africa (64), though it is reasonable to assume that it would be ranked first or thereabouts were it not for the devastating impact of HIV/AIDS during the past two decades. Botswana currently has the third highest HIV infection rate in the world and life expectancy has only just returned to slightly less than 1990 levels, after plummeting to 35 in 2005. Between 1995 and 2002 total life expectancy fell by 36 per cent on account of the HIV/AIDS

epidemic, <http://www.worldlifeexpectancy.com/life-expectancy-africa>.

- 2 Christopher Clapham, Greg Mills, Jeffrey Herbst (eds.), *Big African States* (Johannesburg: Wits University Press, 2006).
- 3 Michael Barnett, 'Culture, Strategy, and Foreign Policy Change: Israel's Road to Oslo', *European Journal of International Relations* (Vol. 5, No. 1, 1999), p. 7.
- 4 Larry Diamond, *The Spirit of Democracy: The Struggle to Build Free Societies Throughout the World* (New York: Holt Paperbacks, 2008).
- 5 In a similar vein, Robert Chase, Emily Hill and Paul Kennedy identified several 'pivotal states' in

- the developing world in their 1998 edited volume which they described as hot spots that could not only determine the fate of their respective regions but also affect international stability. South Africa was the only sub-Saharan African country categorised as such. Robert Chase, Emily Hill, and Paul Kennedy (eds.), *The Pivotal States: A New Framework for U.S. Policy in the Developing World* (New York: W. W. Norton, 1998).
- 6 Samuel Oloruntoba & Vusi Gumede, 'Regional hegemony as catalyst for continental integration: A comparative note on the roles of Nigeria and South Africa in Africa's integration and development', Working Paper. See [http://www.vusigumede.com/content/2014/ACADEMIC%20PAPERS%202014/Working%20Paper%20\(with%20Femi\).pdf](http://www.vusigumede.com/content/2014/ACADEMIC%20PAPERS%202014/Working%20Paper%20(with%20Femi).pdf).
 - 7 Deon Geldenhuys, 'The Idea-driven foreign policy of regional power: The Case of South Africa', paper presented to German Institute of Area and Global Studies, Hamburg, 2008.
 - 8 See <https://www.issafrica.org/futures/>.
 - 9 Jakkie Cilliers, Julia Schünemann and Jonathan D Moyer, 'Power and influence in Africa: Algeria, Egypt, Ethiopia, Nigeria and South Africa', *African Futures Paper 14* (Pretoria: ISS, 2015).
 - 10 The heads of the World Bank and IMF have come exclusively from Europe and the US. In terms of international security, the list of permanent, veto-wielding members (P5) of the UN Security Council – China, Russia, US, France and the UK – has not changed since 1945. Their veto powers also afford the P5 significant influence over the operations of the International Criminal Court, even though only two members – France and the UK – are members.
 - 11 Geldenhuys, op. cit.
 - 12 South Africa's role as 'peacemaker' in Zimbabwe is fiercely contested by critics of Mbeki's 'quiet diplomacy' approach. At the time, it was widely portrayed as cover for Mugabe's regime against what Mbeki argued was external interference in African affairs.
 - 13 Malcolm Ferguson and Greg Mills, 'South Africa's foreign policy: Progress or 'Progressive'?', *Daily Maverick*, 23 September 2015.
 - 14 As calculated in 2014 when Nigeria's GDP was rebased.
 - 15 Terence McNamee, 'Why Kenya Matters', *The Strategist* (Canberra: ASPI, 2015).
 - 16 *The Guardian*, 6 August 2015.
 - 17 Christopher Clapham in *Big States*, op. cit.
 - 18 This argument has been made forcefully by, among others, Nigerian cement mogul Aliko Dangote. See <http://www.bdlive.co.za/business/2013/05/08/africas-richest-warns-sa-on-forced-marriage-bee>. Others have argued that it is less the spirit and letter of BEE regulation that is shutting out Nigerian (and other) investors but poor implementation and persistent corruption and cronyism, as well as miscommunication by South African regulators. Despite concerns over BEE by African and non-African companies, South Africa still accounts for over a quarter of all FDI flows to the continent (according to the SA Department of Trade and Industry).
 - 19 See <http://www.cfr.org/south-africa/south-africas-economic-fault-lines/p30727>.
 - 20 See <http://www.thedailyvox.co.za/a-letter-from-zimbabwe-after-the-rand-fell/>.