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**The Foreign Policy of Emerging Donor States: The Case of South  
Africa's Establishment of SADPA**  
**(MASTER'S THESIS)**

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Olomouc, 2016

**Declaration of Authorship**

I declare in lieu of oath that I wrote this Master's thesis myself. All information derived from the work of others has been acknowledged in the text and a list of references is given.

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## **Acknowledgement**

I take this opportunity to express my profound gratitude to my supervisor, Mgr. Radovan Dluhysmith who has supported me throughout my thesis with his patience and knowledge. I also attribute the level of my Master's degree to my family, friends and mentors for their encouragement. The European Union together with Palacky University has provided the scholarship to fund my studies; I express my gratitude for the financial assistance through the EUSA\_ID mobility programme. And finally, thanks to God for being my strength and guide.

## Abstract

“South Africa proudly wears the label ‘emerging power’, with its membership in BRICS and G20 probably the most visible signs of this conferred status” (Schoeman, 2015). However, the immediate prediction and reaction has been a contested hegemony from African countries against South Africa’s foreign policy that sought to exercise most of the cultural, political, economic and military influence on the continent. This paper discovers the notion of emergent donors within the context of current global power shifts from traditional Western donors to non-Western donors and locates South Africa within the latter group described by the notion of ‘from recipient to donor’. It analyses South Africa’s development model in Africa from the perspective of development theories, chiefly, dependency theory. The basic hypothesis is that South Africa’s development model, albeit an emergent donor has attributes of dependency relations and thus exploitative ‘cooperative ties’ (Jackson and Sorensen, 2010). I argue that underdevelopment in the SADC region and in other countries with proximity to South Africa is an intentional byproduct of the development in South Africa. The paper unpacks its outgoing aid under the pretext of South-South co-operation and explores the economic and political drivers that inform Pretoria’s development agenda. In the last section, the paper gives a brief contrast of the Chinese and South African development model to argue that both exhibit stark divergence from tenets of mutual gain espoused in the South-South co-operation model.

The findings derived from the study is that the agenda-setting power of development cooperation still resides within dependency practices of exploitation, emergent donors like South Africa have not overhauled the contentious development agenda associated with the West.

**Keywords:** Emerging powers, emerging donors, South Africa, development co-operation, China, OECD-DAC, Traditional Western Donors, Dependency

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PALACKÝ UNIVERSITY IN OLOMOUC  
Faculty of Science  
Academic year: 2014/2015

**DISSERTATION ASSIGNMENT**  
(PROJECT, ART WORK, ART PERFORMANCE)

First name and surname: **Xanani BALOYI**  
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Identification number: **R141065**  
Specialization: **International Development Studies**  
Topic name: **The Foreign Policy of Emerging Donor States: the Case of South Africa's Establishment of SADPA**  
Assigning department: **Department of International Development Studies**

**R u l e s   f o r   e l a b o r a t i o n :**

The predominance of the traditional North-South aid paradigm has been gradually undermined with the growing influence of development partnerships such as South-South cooperation. This thesis intends on elaborating on the rationale for the establishment of SADPA (South African Development Partnership Agency). It will analyze how SADPA would use development cooperation as a tool to advance South Africa's foreign policy goals in the context of the African continent.

---

Scope of graphic works: **dle potřeby**  
Scope of work report  
(scope of dissertation): **20 - 25 tisíc slov**  
Form of dissertation elaboration: **printed/electronical**  
List of specialized literature:

**DIRCO, Power-Point-Presentation to the NCOP Select Committee on Trade and International Relations, Cape Town, 3 August 2013**  
**Besharati, N.A. 2013. South African Development Partnership Agency (SADPA): Strategic Aid or Development Packages for Africa? SAIIA Research Report 12: Johannesburg**  
**Lucey, A . & O'riordan, A. 2014. South Africa and aid effectiveness: Lessons for SADPA as a development partner. ISS paper, 252**  
**IDS Policy Briefing Understanding South Africa's Role in Achieving Regional and Global Development Progress Issue 64, May 2014**  
**Dube, M. 2013. Donors Versus Investors in Southern Africa Infrastructure Development. PERISA Case Study 1 Infrastructure, SAIIA: Johannesburg**

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Date of dissertation assignment: **21 April 2015**  
Date of dissertation submission: **15 April 2016**

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Olomouc, dated: 30 January 2015

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## ABREVIATIONS AND ACRONYMS

ANC	African National Congress
AU	African Union
BRICS	Brazil, Russia, India, China and South Africa
DAC	Development Assistance Committee (DAC)
DIRCO	Department of International Relations and Cooperation
DRC	Democratic Republic of the Congo
FDI	Foreign Direct Investment
FOCAC	Forum on China-Africa Cooperation
G20	Group of the Twenty
IMF	International Monetary Fund
LHWP	Lesotho Highlands Water Project
MONUSCO	United Nations Organization Stabilization Mission in the Democratic Republic of the Congo
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
SACU	Southern African Customs Union
SADC	Southern African Development Community
SADPA	South African Development Partnership Agency
SSA	sub-Saharan Africa
UN	United Nations
UNSC	United Nations Security Council
WB	World Bank

# CHAPTER ONE

## RESEARCH PROBLEM

### 1.1 INTRODUCTION

#### 1.1.1 South Africa's Foreign Policy of Development Co-operation in the African Continent

“The aid deck has been reshuffled by a triple revolution in objectives, players and instruments”- Severino and Ray (2010). Development assistance has seen the mushrooming of new actor states-previously recipients and now graduated to donor status. From the advent of the democratic regime in 1994, South Africa has defined its global integration with an aim of benefiting the African continent. Evident of this commitment, South Africa was dubbed ‘voice of Africa’ and has manifested itself in major institutions of global governance such as the World Trade Organization, G20, United Nations, IMF, World Bank and in the context of aid, in the Working Party on Aid Effectiveness hosted by the OECD in Paris, Accra and Busan meetings and more recently G20 and BRICS (Qobo, 2013). In all these settings, South Africa’s foreign policy has always championed African prosperity and development.

The objective of the investigation documented in this paper is to review the state of South Africa’s development co-operation towards African states primarily from the perspective of dependency theory. South Africa’s development assistance efforts, trade relations, Foreign Direct Investment (FDI), imports and exports with African countries will be investigated to explore some of the main causes of Africa’s dependency and slow economic growth. Specifically, investigate past and recent trends in South Africa’s development cooperation agenda and explore some of the various explanations of South Africa being an island of economic prosperity surrounded by poor neighbours (Stuurman, 2004). The primary case studies focus on South Africa, Lesotho, Zimbabwe and the Democratic Republic of Congo (DRC). Other African countries will be briefly mentioned (see Figure 1).

**FIGURE 1: A MAP OF THE AFRICAN CONTINENT**



**SOURCE: Rakotaorisoa et al, 2011. Why has Africa become a net food importer?**

In his *Global Summitry Journal*, Mzukisi Qobo (2103), a well versed foreign policy analyst in South Africa contends that there is a broad recognition that BRICS countries and particularly South Africa in this case will come to be the main drivers of development finance and growth in the coming decades. Although fascinating that the new SADPA agency will coordinate all the development aid we disburse (mostly to Africa) and the idea that developing states can also be donor states - it fitting into the prominent foreign policy of South-South cooperation. The paper has picked up from glance in literature that amidst new actors, the existing economic power shift from the West to Southern economies has not necessarily translated to changes in political agenda setting, let alone changes in development models (Qobo, 2013). Substantiating this claim is the apparent resemblance between South Africa's development model and its traditional Western donors' dependency relations identity and this is the main theme I explore in this paper. The paper argues that yes there may be a relative decline in the power of the United States and overall OECD-DAC donors in development but the development model pursued by South-South cooperation states reflects a convergence

with the traditionally criticized dependency relations of the core (North) and peripheries (South) (Walz and Ramachandran, 2010).

In other words, the agenda-setting power and development path largely remains determined by traditional donors and thus used as blueprint in developing countries' policies that currently progress into becoming donor states. The particular development blueprint is that of dependency theory, new donors still find themselves pursuing this highly criticized form of development cooperation under the guise of South-South cooperation (Alden and Soko, 2005). In undertaking this critical assessment of the notion of South Africa using its development status in order to bridge the developing and the developed worlds, and to negotiate changes and attempt to offer alternative development finance and model in the African continent, I derive from theoretical approaches associated with development theories particularly the dependency school which argues that the mainstream development model causes development in the core and underdevelopment in the peripheral. This paper concerns the extent to which the development paradigm, occasioned by emergent middle power donors (states that are still developing, yet provide leadership at the global as well as regional levels) like South Africa are changing or reproducing the development landscape of norms, models, ideas, and dependency practice and leadership styles in the previously Western dominated development sphere.

#### ***1.1.1.1 Africa's Contestation over South Africa's Dominance***

The paper takes cognizant of the resistance over South Africa's dominance and hegemony as an alternate development partner who has been met with suspicion from fellow African states. An example over South Africa's compromised reputation on the continent is evident in the diplomatic relations of the two African Powerhouses, Nigeria and South Africa whose relations represent contention and tension that this thesis seek to reveal about South Africa's hegemon and development policies (Adebajo, and Landsberg, 2003). The recent state visit (March 2016) by President Jacob Zuma to Nigeria has sparked commentary among analysts and general citizens, according to a BBC report (2016) it was reported that "To many Nigerians, South Africa is the closest to the West that you can find on the African continent". The two countries' relations represent rivalry over the number one spot as Africa's largest economy and thus leader on development issues. Moreover, a current deadlock between a South African telecoms giant MTN and Nigerian authorities further exacerbates the resistance of South African corporations (over a 100 reported to operate in Nigeria) on the African continent. According to the BBC report (2016), the South African company was fined a hefty penalty for failing to meet deadlines stipulated by its host country and other issues alleging South African firms conducting bad business practices in African states.

Sources claimed that South African corporations fuelled rebel groups' insurgencies like Boko-Haram in Nigeria and other countries where South Africa spread its corporations and development aid. Sour diplomatic relations are linked to before the time South Africa became a democracy when Nigeria still assumed the role

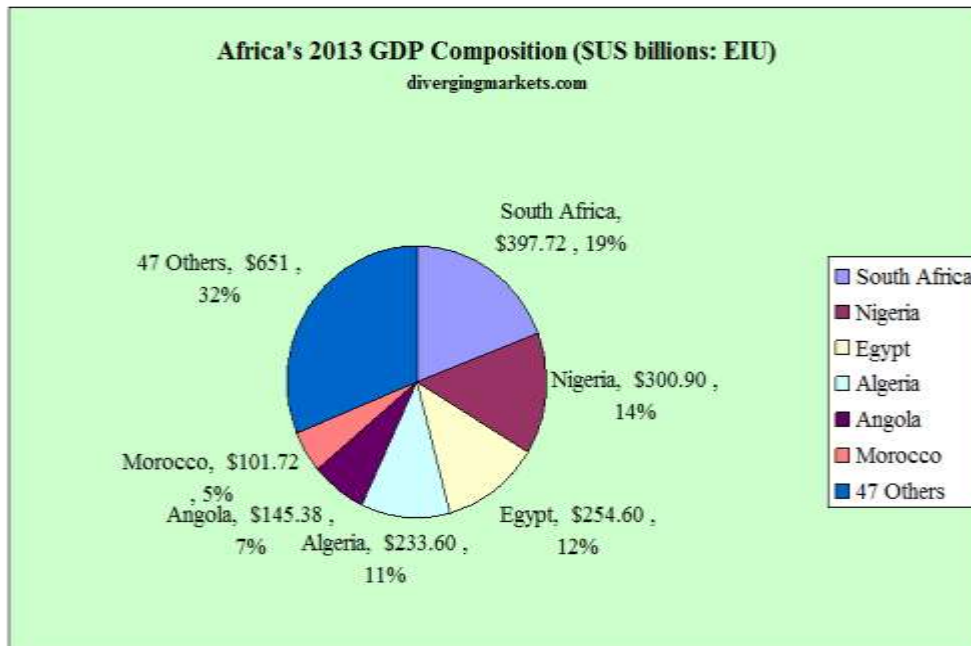
of continental leader, but because of the robust economic growth, democracy and human rights championing by South Africa in post-1994, South Africa assumed the new position of diplomatic spokesperson for Africa and thus development leader. According to an international affairs analyst in South Africa, Azi Langalanga (2016) speaking for Cape Talk Radio, South Africa is seen as a new comer and importer of Western norms and so its leadership is highly contested by Nigeria and by other countries on the African continent. The thesis will attesting to the above allegations later, however, the paper maintains that despite commercial ties between the two African giants, mutual suspicion has so far hindered joint cooperation nor Nigeria's backing for South Africa as a lead development partner on the continent, and instead the relationship still hinges more on a mix of rivalry and tension than cooperation Bello and Hengari (2013). This brief example serves to highlight the existing precarious and rivalry relations between South Africa and its biggest economic powerhouse competitor and its other neighbours.

### ***1.1.1.2 Contestation to Dependency Relations***

Semi-imperialism, a notion borrowed from Wallerstein's three hierarchical levels is what Harque (1999) used to account for the idea of a dependent capitalist state that exercises expansionist policies either through development assistance or even corporations' penetration in foreign countries but the fundamental practice being to dominate weaker states. This paper locates South Africa in this implication of practicing exploitative relations that have resulted in an island of economic prosperous South Africa surrounded by conflict besieged and underdeveloped neighbours. South Africa contestation stems from its top-down approach to development assistance which replicates the Western donor model and a stark divergence from the South-South cooperation 'partners and not recipients' notion (Paler, 2006). The below Figure 2 illustrates the economic dominance of South Africa and the stark discrepancies with the rest of the African continent. In sub-Saharan Africa, only Nigeria and South Africa exhibit relatively higher levels of GDP while the rest of the countries are mired in underdevelopment, stagnant economies and conflict.



**FIGURE 2: Africa's GDP Composition, 2013**



**SOURCE: Diverging Markets, 2016**

The above figure strengthens the claim that South Africa is a metropolis and core in the African region boasting a 19% GDP score leading the biggest economy in Africa by 2013. In descending order of nominal GDP: South Africa, Nigeria, Egypt, Algeria, Angola and Morocco. South Africa has thus been increasing its footprint on the African market and through ambitious development packages for Africa and an economy better equipped to give out aid. For the reasons stated here, South Africa is a core country in respect to the African Region and has its development linked to the underdevelopment of its region. The underdevelopment that fellow African states cry foul of, and also the dependency that these countries have on Pretoria and also its political dominance in regional political and economic bodies, (Southern Africa Development Community (SADC) and the Southern Africa Customs Union-SACU) highlight that they perceive that there is a causation by a metropolis to the crisis of satellite poor and weaker states (Gibb, 1997). That is to say, South Africa and its proposed SADA reinforces a skewed development agenda in favour of South Africa, and thus this new donor is not relatively free from neocolonial perception that Western donors and the Chinese have been mired with (Besharati, 2013).

The second element that this paper seeks to examine is South Africa's identity on the African continent. Considering specifically at Pretoria's past and present foreign policy engagements on the African continent and how these activities are subject to sphere of influence by the country's close relations with the Chinese, BRICS grouping as well as its association to various multilateral forums such as the G20, former non-

permanent seat at the United Nations Security Council and trilateral cooperation with UN peace keeping missions in African war-torn countries. Fundamentally, it is interested in understanding how South Africa distinguishes its identity and sphere of influence as an emerging donor in the African continent, over and above looking into how the country is responding to the dependency development plan criticism that is currently leveled against Pretoria by neighbouring African states. I will argue that the African continent, under the auspices South Africa's development co-operation, is far from experiencing 'African solutions for African problems' in a substantive, homegrown and ideal sense. Instead, what we see in the existing mainstream development model is regional powers that preserve the existing core-periphery dependency norms; South Africa simply stabilizes this status quo than overhaul the system as it claims (Qobo, 2013).

The case studies will also provide a discussion and critical analysis of what has been written about the topic by various authors. It will ascertain the claimed reproduction of the preserved core-periphery values and models that have universalized by the West and today are intentionally or unintentionally enshrined in emergent donor activities-in this case South Africa and also the Chinese. The Chinese model will be discussed briefly in the end given that China is South Africa's biggest trade partner and serves as a form of development financier of South Africa and therefore a significant influencer of South African foreign policy. In view of that, academic and international development policy discussions even in national governments concede to the enduring shape and influence of traditional donors' and the Chinese model perception of development (Masters, 2014).

### **1.1.2 Key objectives of the study**

This research study was guided by the following objectives:

- i. To demonstrate the new development in International development showing that the development cooperation paradigm has evolved significantly reflecting developing countries that have become donor states.
- ii. To demonstrate that the new actors have not radically overhaul domination and dependency's asymmetric development norms and models of development, instead agenda-setting power of international development still resides on Western donors' practices that intolerably continue to inform the modalities of development agendas of emergent donors like South Africa.
- iii. To probe the allegations of South Africa taking to a dependency persona in its development engagements on the African continent with respective countries (Democratic Republic of Congo, Lesotho, DRC) and regional bodies. This claim is substantiated with the arguments from the Dependency theory's perspective on development.

- iv. To conclude with highlighting that both South Africa's and its ally and biggest trade partner, China represent a divergence from tenets of equity and mutual gain prescribed in their enshrined South-South Cooperation model of development. And therefore, both these regional powers' comparative advantage over traditional Western donors on the African continent has been challenged and undermined by the contestation and resistance from African countries.
- v. To lay out recommendations for the operationalization of SADPA's future endeavours as informed by past and current development assistance operations.

### **1.1.3 Structure of the Thesis**

Chapter one: Introduction: This chapter introduces the research study by giving background information on South Africa's development cooperation, research objectives, motivation of the study and definition of key concepts is outlined as well in this chapter.

Chapter two: presents a literature review from the South African government and international organizations' publications. It will integrate the views of various authors to provide a solid literature background to the study. It reviews literature by describing development theories in the context of South Africa's development cooperation. It will provide an overview typology of South Africa's dependency relations with the African region, looking at SADC and SACU to highlight the disproportionate nature of gains between member states.

Chapter three: this chapter pays attention to the specific dependency relation between South Africa, DRC, Lesotho and Zimbabwe. It will discuss the case studies that will illustrate the dependency relations pursued by the South African development model. Each case study will conclude with a brief discussion of the findings.

Chapter four: In this chapter, a brief comparison of the Chinese and South African model will highlight that these two countries' growth has come at the cost of extractive-led development which has reinforced the core-peripheral discrepancies.

Chapter five: This brief chapter provides a conclusion drawn from the findings and discussions from the previous chapters. Recommendations will also be covered here to provide a prognosis for the South African Development Partnership Agency.

### **1.1.4 Motivation for the study**

Motivation for this study lies in that South Africa's domestic and external constraints threaten its 'status consistency' as an emerging power and subsequently emerging donor with prospects of having a comparative advantage or be preferred by African recipients over traditional donors in the African continent (Schoeman, 2015). Furthermore, the 2009 announcement on SADPA has generated interest among traditional donors and emerging donors as well as attracted much criticism and thus worth investigating. And therefore studying

South Africa's past and present development assistance (in Lesotho, DRC, Zimbabwe etc) is relevant because it has implications to development and South Africa's Development Partnership Agency which is envisioned to be established to strengthen Pretoria's development agenda. Besharati (2013) reported in 2011, it was announced that the South African Development Partnership Agency (SADPA) would be launched in April 2012, acting as the country's first development aid agency; envisaged to coordinate all the development aid disbursed by South Africa (mostly to Africa).

The status quo of South Africa's development agenda is one characterized by rivalry and contention between Pretoria and its respective recipients of development assistance. There has been power-shift (gradual) in the international development community with new actors altering the monopoly of traditional donors over aid; however this study will argue that the renovation has not gone beyond new actors. The norms and models of development of Traditional donors remain the informants of emerging donors' development policies. And therefore, South Africa may be a new actor on the other hand transmitter of the dependency relations inspired development plan which has been advanced by Western donors.

We cannot ignore the relative increase in South Africa's geopolitical and strategic importance, both in a negative or progressive manner, and therefore an assessment of its foreign policy is crucial as it impacts development in respective countries of the African continent. Appeals for Western disengagement on the continent meant that middle powers like South Africa assume lead role on continental matters making it a noticeable actor in the international community, and as a result, meriting this study, it is inevitable that South Africa's foreign policy is not scrutinized. Adam Habib (2009), South African professor of political science, and the current Vice-Chancellor and Principal of the University of the Witwatersrand in Johannesburg, has argued that various literature of the first generation has 'offered polarized assessments of South African foreign policy-that is, a one sided perception of the South African foreign policy that does not reflect the pitfalls of this government in its engagements on the African continent. Instead, the "African National Congress (ANC) aligned intellectuals and activists have portrayed South African foreign engagements as progressive and reflective of a human rights agenda" (Habib, 2009). Conversely, silenced voices on the other hand have critiqued that contrary to public knowledge and the ANC propaganda, the 'South African foreign policy reflected realist scheming and sub-imperialist ambitions respectively' (Habib,2009).

While both sets of analyses spoke to part of a reality, they did not provide persuasive explanations of South Africa's comprehensive foreign policy practice. The motivation of this study stems from seeking to probe and argue that South Africa's foreign policy is not all roses and populist as proponents of its Africa-Agenda would have us believe. To solidify Habib's (2009) claims, theoretical backing of the dependency school is befitting to understanding South Africa's development policies. The essay will paint a picture of Pretoria's various international engagements under the Pretoria's pretext of development cooperation, 'African solutions to

African problems and ‘renaissance peacekeeping’ which reveal that there exists contestation against South Africa’s contradictory policy documents and its actual actions that compromise its lead role in the African continent (Habib, 2009). In order for this paper to provide persuasive explanations of South Africa's comprehensive foreign policy practice, the study will opt to see the South African development model through the lens or perspective of dependency relations.

### **1.1.5 Methodology**

This section presents the main plan of the study bringing about procedures that will be followed in order to obtain the objectives of the research under consideration.

Some studies, like this one are not based on empirical work at all but contribute through the systematic and detailed analysis of existing texts, a literature-based research as expressed by Craig Higson-Smith (2010) who compiles research guides for the National Research Fund in South Africa.

#### ***1.1.5.1 Analysis procedures***

The main aspects of literature will be the major theory of development relevant to this study: Dependency School. This theory will form the principal theoretical explanations interpreting and understanding South Africa’s development efforts carried out in the African continent.

It is therefore a literature-based study on the topic of the foreign policy of a developing South Africa that has become a donor, yet has not managed to shake off the contentions surrounding the development model advanced by traditional Western donors on the African continent. Each chapter will entail at the end a brief analysis of the relevant issues discussed with theoretical basis of dependency theory prominent development scholars to support the argument presented by the paper. Essentially, the theoretical basis will serve to substantiate for instance; that Lesotho and the Democratic Republic of Congo etc. and Africa have not benefited from South Africa’s hegemon status and its rising prominence in the international community, contrary to its foreign policy anchoring Africa development (Schoeman, 2015).

#### **i. Sources**

Hereby, the literature included has been sourced form mainly secondary sources on development economists, the recommended literature reading from the course ‘Development Theories’ at the Department of International Development studies of Palacky University, individual researchers, South African think-tanks, governmental publications, Electronic Information Resources (EIRs), former professor and diplomat of South Africa based in the University of Pretoria and international publications, among them United Nations, Institute for Security Studies, South Africa institute for International Affairs and Immanuel Wallerstein web page. Scholarly and non-scholarly documents will form part of the literature review in order to gather views by different researchers on the given topic. The thesis will therefore use the different documents and analyze

the authors' views from the perspective of development theories, chiefly dependency theory. The obtained data will then be arranged in groups on the basis of interrelation that would allow for further research or be applied by prospective researcher interested in the topic under study. The above sources will be mainly accessed via desktop searches, email enquiries and library visits.

The literature review included first searching the Department of International Relations and Cooperation of South Africa (Ministry of Foreign Affairs) for documents on South Africa's development assistance engagements dating from 1994, (advent of democratic regime) to present. However, some development projects like the Lesotho Highlands water project were started during the Apartheid regime, thus prior to 1994 (Cobbe, 1988). The logic for this date was informed by the perceived limitations of obtaining governmental information from the former Apartheid regime that was succeeded by the African National Congress (ANC) led government. The review also entailed searching Google Scholar to capture scholarly work that may not yet be available in EIRs. The search within these electronic domains was based on a set of keywords like 'SADPA', South Africa development cooperation, South Africa aid, South Africa donor, development co-operation, South Africa DRC relations, South Africa Lesotho migrant labour, South Africa peacekeeping, South Africa exports/imports in Africa etc. The main criteria were the availability of the documents in English, relevance to South Africa's foreign policy and coverage of its development assistance case studies.

#### ***1.1.5.2 Case studies***

The following past and present foreign policy engagements of South Africa were chosen-Lesotho, DRC and Zimbabwe. These were chosen based on the deadlock or elusive success following South Africa's past and present intervention in these countries. The delays and dubbed 'quiet diplomacy' in achieving the peace mandate in Zimbabwe and DRC has placed South Africa's diplomacy and development assistance agenda in a predicament (Habib, 2009). Also, the interventions in Lesotho which have been met by resistant Basotho people have raised alarm that also places South Africa's foreign policy in a quandary meriting for a probe on South Africa's development agenda. These cases have trended in media and literature surrounding South Africa's foreign policy and thus attracted significant public interest on the topic. And therefore, these cases' importance on the African continent has predominantly informed the choice to feature them in this thesis.

To highlight the stark discrepancies between core South Africa and peripheral region, the thesis will include statistic graphs to illustrate the deep variances in levels of development and economic in regional bodies such as SADC. The Southern African Customs Union (SACU) will also be probed to highlight that trade has been in favour of South Africa at the expense other member states. This skewed development has been achieved by South Africa through the use and of its economic might and political dominance to dominate the weaker states (Gibb, 1997).

### **1.1.6 Limitations to the study**

Much literature on Official Development Assistance (ODA) analyses aid from the perspective of traditional donor states and therefore neglecting activities that have long existed in foreign policies of emerging donors or developing countries. Subsequently this poses a limitation on accessible data on the topic of the evolution in development cooperation that entails coverage of developing countries that have become donors. As suggested by Paller (2006), South Africa is difficult to study because it does not clearly fit into traditional categories of development financiers or donors. As already, South Africa is both a developing and developed country depicting the 'from recipient to donor' status. Apart from the envisioned SADPA which is yet to be operational, there is no clear development cooperation agency or department responsible for all the development assistance from Pretoria to African partner countries. Furthermore, the country remains among one of the most unequal societies in the world and so its rationale for extending aid is questionable especially amongst the many that still lives in poverty in South Africa (Paller, 2006). This may limit the information available for a researcher because this topic is not popular among ordinary citizens.

The classification of what is ODA poses limitation on this study as South Africa's development agenda covers a broad range of outflows especially in the manner of peace brokering and military intervention which according to ODA-Development Assistance Committee, is not accounted for as ODA. For the purposes of this study, Development assistance will therefore not only be limited to the measurements of ODA\_DAC classification, instead it will refer to a broad range of the respective engagements by South Africa in the African continent covering its bilateral and multilateral (spear heading projects under the authority of regional groupings like SADC and African Union amongst others) and trilateral engagements.

And also, the research could only rely on voices of government officials (from researcher's personal network), think-tanks, and academia and current affairs among other engines. An attempt to directly reach the concerned Department (DIRCO) has not come to fruition. And so, the South African government departments don't have a unified spokesperson or grouping on development co-operation, common or articulated position on the research topic seeing as the Agency is yet to be operational. I also believe that some government officials contacted may have not been free to discuss the internal matters of the South African government and therefore posed a limitation to acquiring firsthand information.

### **1.1.7 Clarification of concepts and terms**

In general, development cooperation is most popularly described as aid, according to the World Health Organization (WHO) "this is the international transfer of public funds in the form of loans or grants, either directly from one government to another (bilateral aid), or indirectly through nongovernmental organizations or a multilateral agency (multilateral aid) such as the World Bank or WHO" (WHO, 2016)

For the purpose of this study, aid which is a measure of spending historically by industrialized governments as donors and the developing countries as recipients has long been Official Development Assistance or ODA as noted by Moyo (2009) will have a broad definition in this thesis. According to the OECD Development Co-operation Directorate (2010), ODA “captures grants and concessional loans made to developing countries and multilateral development institutions for development purposes”. Development cooperation or assistance will herein be used to capture South Africa’s bilateral outflows which represent the country’s broad range of development cooperation expenditures.

The idea of emerging middle powers refers to states that are still developing yet provide leadership at the global as well as regional levels. Spies (2010) states that they use their developing status in order to 'bridge' the developing and developed worlds, and to negotiate changes to global development cooperation and offer alternatives to traditional donor institutions. A study on mapping rising powers done by the Goldman Sachs Team under the leadership of its then Chief Economist Jim O’Neill found that “these countries happen to be economies that are fast growing, have regional significance, and are asserting themselves in multilateral organizations” (Qobo, 2013). In one sense, rising or emerging powers are the ‘presumed future engines of growth for the global economy’ under the current power-shift from traditional industrialized powers in favour of countries that were previously situated at the bottom margins of influence on global governance institutions.

With that said, having no common working definition of development cooperation, it does not mean that such states cannot be identified. Schoeman (2015) noted that developing states that have become donor states include: China, India, Russia and South Africa amongst others are presumed would-be investors in the development paradigm. The point is evident of power shifting from the West in favour of emerging countries and this idea falls into the growing South-South cooperation which falls into South Africa’s foreign policy and therefore we regard Pretoria as a growing/emerging actor that this paper is conscious of.

Because the factors creating developing donor states are diverse, because development assistance is manifested in a variety of forms, the agenda of South Africa’s development assistance policy is broad and perhaps ill defined. Actors working on the emerging donor state of South African development assistance policy are involved in: post-conflict reconstruction, peacekeeping and peace building, transfer of expertise, Foreign Direct Investment, trade and financial loan (all under South-South cooperation), humanitarian aid, programmes addressing poverty, weak institution and good governance support and infrastructural development Walz and Rachamandran, 2010). As such, the term development assistance has no specific definition given the above diverse forms in which it manifests in the context of South Africa and to large extent South-South cooperation. But for the purposes of this study and for the sole context in which the



phenomenon is discussed, we shall define development assistance in the context of South Africa's foreign policy as stated in DIRCO's foreign policy mandate.

### **1.1.8 Conclusion**

This chapter has introduced the problem statement of the study. The chapter discussed the background and motivation of the research project. The chapter advanced the research objectives and definitions of terminology in the context within which are used in the study.

## CHAPTER TWO

### THEORATICAL FRAMEWORK

#### 2.1 INTRODUCTION

The previous chapter introduced the research study by reviewing basic concepts, principles and outlining the research problem and objectives of the study. This chapter comprises a literature review of various studies conducted by other researchers on this subject in this order: an introduction covering the theoretical body or bases for the topic (development theories), followed by detailed past and present foreign policy engagements of the South African government and other areas of interest organized by topics and finally the conclusion. The thesis will underline the dependency relations in the South African development model in the Southern region and African continent at large. It will therefore argue that the South African model represents a glaring divergence from South-South cooperation tenets of partnership, equity and African renaissance as espoused in the South African foreign policy.

#### 2.2 Historical background of the International development paradigm

The widespread Western belief that “the rich should help the poor, and the form of this help should be aid” (Moyo, 2009) has become undermined by new actors and the forms in which aid is carried out has been broadened by emerging donors. In this section the thesis will provide a brief history of aid and a theoretical basis for the proposed study. Writing on foreign policy matters for South Africa and emerging powers, Qobo (2013) argued that the global system of today remains engraved with doctrines of US creation and continues to be characterized by economic and development model of the hegemonic United States. In other words, emerging donors have not yet found a niche to shaper and determine their own development model. Evident of this power is the dependency relations and modernization lead which permitted the US to enjoy domination across capital intensive sectors, and it became the blueprint for development due to their unmatched economic prosperity.

Moreover, the high-tech preeminence saw the US reign supreme in sectors such as development aid. According to Moyo (2009) systematic aid, refers to cash payments towards governments through bilateral engagements or disseminated through international institutions known as multilateral aid. The systematic aid sums up the conventional type of aid that has long been dominated by the industrialized countries as donors transferring cash in the form of concessional loans to developing and least developed states as recipients of such aid. Concessional loans according to Moyo (2009) refer to “money lent at below market interest rates, and often for much longer lending periods than ordinary commercial markets”. Furthermore, grants (money given with no obligation for repayment) also form part of the said systematic aid and foreign aid of South Africa under question. In addition, for the purposes of this paper, foreign aid will cover unconventional forms such as military assistance, peace-brokering, financial and trade agreements and good governance

support intended to benefit South Africa's beneficiaries as stipulated on the 'African Renaissance Fund' development trajectory of South Africa (DIRCO, 2016).

The history of aid can be dated back to 1944 at a meeting held in Bretton Woods, USA (Moyo, 2009). The meeting was necessitated by the aftermath of the Second World War wherein affected countries sought to establish a global financial management system that would be responsible for addressing the legacies owing to the war. The advent of the Marshall Plan also known as the "European Recovery Program" was a U.S. initiative led by George C. Marshall to address the desperate economic situation, chaos and hunger threats due to a drought that hit Europe during the post-war period (Moyo, 2009). According to Qobo (2013), this fundamental event underlined the important dominance of the US to take lead of the global system, and positioning the United States at the heart of designing the global development aid architecture of today which is rooted in the modernization theory of development and has designed the dependency relations between the core and the peripheral areas today. In addition, there was a great fear of communism spreading to other developing countries and a way to stop this was through the American designed European rehabilitation plan. This account has indicated that the United States' primary goal was to entice countries of the Soviet Union into joining the Western club of countries through designing the Marshall Plan (O'Brien, 2014). This claim has inferred that the main goal was to offer these countries an alternative between Soviet communism and American capitalism. On this note, the Marshall Plan is interpreted on a critical position questioning America's true intentions.

Nevertheless, the Marshall Plan is hailed as a success story for its massive cash injections into a desperate economic situation in Europe and has placed this recovery programme as an epitome or blueprint for development assistance that could also be applied elsewhere especially the Third World countries for economic revitalization (Novacek, 2011). Subsequently, essential to restoring the economic and social defects owing to the World Wars, institutions were established with the core of the reconstruction agenda during the post-war period and were namely: the International Bank for Reconstruction and Development (formerly known as the World Bank), the International Monetary Fund (IMF) and the International Trade Organization (Moyo, 2009). At their inception, these institutions were tasked with facilitating post-war investments and have to this day been managing the global financial system and development finance. Qobo (2013) attests that The US existed as the focal point in the creation of the World Bank and the IMF in 1944 and has been the pivotal actor to lay down the principles and norms of the development paradigm that have been emulated by traditional OECD-DAC donors and also visible among emerging donors like South Africa.

And so, the development paradigm gained momentum and made way for the emergence of the Organization for Economic Cooperation and Development (OECD), representing efforts for European integration. It is regarded as a well-placed international organization in the development discourse to help governments tackle

issues of economic, social and governance challenges in an ever globalized world (Haque, 2006). Moyo (2009) holds that the preeminence of the US in this organization also helped solidify Western ideas that would establish the foundations for contemporary development aid. And therefore, this paper seeks to ascertain that indeed, the Western construction of aid materializes in the dependency relations in the Southern African model. In essence, Qobo (2013) argues that the US created institutions a very much linked to the liberal internationalization and are tied to the specific interest of the dominant countries, particularly the US. As a result, this laid basis for the dependency theory as ground-breaking of the development pattern.

The field of development and the US domination in this field was however challenged already in the 1960s when critics raised arguments that the Marshal Plan was doubtfully a benevolent European recovery by the US. The challenge to the first world order also grew prominence after the new states in developing regions of Asia and Africa became members of the United Nations and could finally voice their concerns over the skewed development. The most vital argument was that the Marshal Plan was principally a political maneuver the political landscape of the by then established Soviet sphere of influence and therefore ought to be stopped from advancing further. The US dominance most visible opposition was evinced by its foreign policy towards Vietnam from 1954-1965 where the opposition from Vietnam was feared to potentially leading to the spread of communism domination in the era (Porter, 2005). This saw the US militarily intervening in Vietnam, wars in Iraq and Afghanistan representing a defeat of the first order of US dominance. Furthermore, the current global distribution of power undergoing major change, 9/11, America's economic situation, Increasing oil scarcity leaving the US vulnerable to price fluctuations, perceptions that China will suppress the US in the future have all contributed to the declined confidence in Washington's supremacy that the US long enjoyed in international development and other spheres in the international community (Kramer and Michalowski, 2005).

A recent event that has elevated the importance of developing donors graduating from simple recipients to donors also owes to the economic crisis that has also challenged American supremacy. Things have since changed, at least in minimalist form, recipient countries and developing countries now form part of development discourse also as donors. An example that has questioned the Western development model is 2008 financial crisis which served as a major game changer that saw the creation of the G20 representing a relative decline of the US preeminence in intuitions of governance and particularly development finance. It laid the basis for calls for reform of global governance and institutions of financing development (Qobo, 2013). More than in the industrialized countries, the Third World countries were hit hard the most by the crisis and the modernization understanding of development became subject to increasing criticism because it had created so much dependency that the Third World suffered vulnerably from market collapses in the industrialized economies.

Looking at a more recent resistance, Jackson and Sorensen (2010) argue that the 2008 financial crisis aftermath fuelled the already existing reaction to the lack of progress in the countries of the Third World. In the same spirit, the dependency school questioned the phenomenon of growth rates reaching unprecedented highs in the developed world while many Third world countries struggled to take-off as anticipated advocates of the American model of development which has its origin in modernization theory. Rostow's five phase account of the modernization imputes to economic development had failed in the Third World and dependency theorists gave an account claiming the existing development pattern was fashioned to benefit the dominant donors at the expense of the peripheral recipients of aid. The latter functioned to service the industrialization of the former through the export of natural resources to the core areas-donors in the West (Peet and Hartwick, 2009A more theoretical account that intensified the core / periphery relationship dates back to the late 20<sup>th</sup> century when neoliberalism norms which advocated for excessive deregulation, reduction on government expenditures, free trade, privatization and essentially economic liberalization were promoted in the Third World (Griffith, 2006). The ideology was that the Third World or less-developed countries needed neoliberal economic policies to curb inflation in order to attract FDI. The economic liberals were the auspices of development in the West perceived their unmatched economic progress as a blueprint to be followed by less developed countries in order to overcome the traditional sector rooted in these countries (Jackson and Sorensen 2010).

However, these policies came with tremendous economic and social costs which have left stark discrepancies between the Global North and Global South and hence efforts for radical change and contestation of any pro-Western development model. To this day, these capitalist models in the North encounter severe resistance from counter hegemony game changers like the G20 (Griffith, 2006). These neoliberal norms looks set to survive even under the auspices of emerging donors like South Africa due to the lack of radical reconstruction of the development paradigm as we know has crated core / periphery divisions. Before moving onto the South-South model, this part has highlighted the US supremacy and neoliberalism dominance in the development discourse, however, it also highlights the increasing criticism to the neoliberal understanding of development in reaction to the lack of development in the Third World countries.

### **2.3 South-South Development Model**

This era signaled a proliferation of new actors in development finance. In this section we look at the scale and scope of emerging donors, many of which are developing economies themselves and we locate South Africa among this group. In this classification, we find that the new donors affix to the Southern Model or the non-DAC donors represent vast differences in levels of development and play a significant role in the development cooperation agenda (Walz and Ramachandran, 2010). These donors do not exhibit a monolithic model like the DAC model but in all their great variances, they champion for a Southern Agenda. Like South

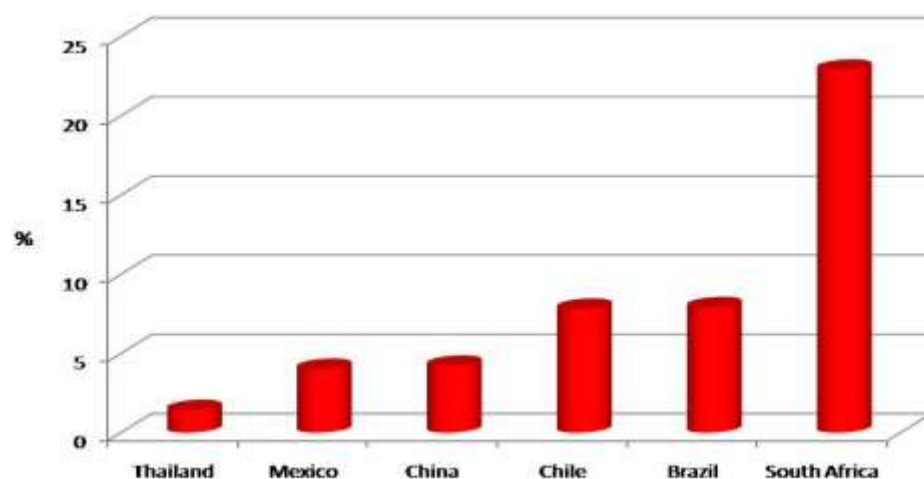
Africa, its foreign policy and the envisioned SADPA have espoused the African agenda and development rooted from the historical marginalization of the continent.

Inspired by the notion of South-South cooperation, we must first identify South Africa's foreign policy objectives and interests: The primary foreign policy objectives are to eradicate poverty and underdevelopment in Africa; promote human rights; search for peace security and equity; pursue global justice through a rules based international system; protect the global environment; resolve conflicts through dialogue and reconciliation and end xenophobia and intolerance (DIRCO Strategic Plan 2015-2020, 2015). However these aims not always proved to be compatible either with the African Agenda nor the South-South cooperation core policies they are supposedly inspired by, hence this investigation.

Emerging donors in South-South Cooperation in this sense consists of growing nations with robust economies that are accumulating their prominence in the international community through many channels like peacekeeping, foreign assistance, financing development in the South and increasing trade between South-South states to achieve development (Walz and Ramachandran, 2010). The key Southern donors are most likely to be regional superpowers in their respective regions, look at South Africa, Brazil, China and India. They tend to be regarded as representatives of their neighbours in the global arena-although mired by growing contestation over their dominance by their neighbours (as in the case of South Africa and Nigeria relations who are caught up in a power struggle for big brother title). The story holds true for South Africa, the country emerged as a regional leader in its championing for the New Partnership for African Development (NEPAD) and dubbed 'African Renaissance'. Under its continental development auspices, South Africa has expanded its influence economically, politically and culturally to a point where some coined its foreign policy a modernization-cum development model (Landsberg, 2013), implying dominance, and 'South Africanization' of the African continent. Equally so, its dominance in the Southern African Customs Union (SACU) and Southern African Development Community (SADC), a regional body was perceived by others as linked to dependency theory where the neighbours are subjected to the disproportionate development of South Africa resulting in core-peripheral areas within the region (Gibb, 1997).

However, poverty levels and unemployment as well as inequality remains high in these regional superpower countries, alike South Africa faces much debate over its development assistance agenda-especially the formalization of this foreign policy activity with the establishment of SADPA (Wallersterin, 2013). Critics question why the money for foreign assistance isn't spent on remedying these domestic deficiencies rather than South Africa seeking to maintain donor hegemony in Africa (see below Figure 3).

**FIGURE 3: Unemployment rate in selected emerging economies, 2010**



**SOURCE: Momentum South Africa, 2010**

In South Africa, unemployment was high during both robust economic growth and global financial crises compared to other emerging economies; South Africa's rate is significantly higher and worrying. As a result, the government has struggled to win popular public support on the topic of foreign aid.

This concept of South-South development cooperation can be dated back to as far as 1950s in the Bandung Conference of 1955 where African and Asian states convened with the purpose of creating a non-Aligned Movement that established the collective voice for the South (Walz and Ramachandran, 2010). From the Final Communiqué from Bandung, it was specifically laid out that there's a desire for economic cooperation and growth and subsequently, an agreement to provide technical assistance to one another was also agreed on by countries from the traditionally marginalized Global South. Unlike the traditional OECD-DAC model, South-South Cooperation was formed on the basis of equity and mutual cooperation where donor-recipient relations are not vertical but horizontal representing partnership or mutual assistance, they actually identify as partners, not recipients (Walz and Ramachandran, 2010). The scope of cooperation largely focused on regional trade and investment and infrastructure development as to ease trade routes and stimulate development. The South Africa model as claimed by the government is said to draw its foundations from the precepts of South-South cooperation.

In this section of the thesis, I maintain that that South Africa's development cooperation represents a contrast divergence from the founding principles of the South-South model. Instead, it corresponds to and reflects a convergence with dependency theory which has its essence on core-periphery exploitative relations.

The South African model will further be linked to its biggest trade partner-China which I also maintain represents a divergence from the South-South model, both these emerging donors correspond to the contentious characteristics of traditional donors-that is, they operate under the perceptions of sub-imperialism (Besharati, 2013). For example both their development models have been mired with dependency allegations which exhibit disproportionate development within regions that they have assumed hegemon status. Given, the South-South Model's focus on regional trade and investment, South Africa and China have abused their economic power over their peripheries to engage in enormous extractive-led development partnership evident Special Economic Zones (SEZs) established in many African countries (Walz and Ramachandran, 2010). Resource rich African countries such as DRC, Sudan, Nigeria and Angola have been popular targets and recipients of aid for South-South development partners and traditional donors.

These SEZs and other extractive-led development activities have sparked debate among critics who argued that these SEZs are merely export processing zones serving to attract Chinese and South African firms to penetrate African markets to enrich themselves (Cobbe, 1988). In view of this, there's an impression left that suggests that the South African model subscribes to the contentious dependency relations it pursues with the Global South-that of exploitation, siphoning of resources from the periphery to the core in order to enrich the latter (Jackson and Sorenson, 2010). The modus operandi is no different to modernization and dependency proponents' model which has been established into the mainstream development discourse. For this thesis, the development concept and foreign assistance in South Africa's foreign policy is perceived as an instrument of power to quench the yearn to catch up with the Western modernization.

#### **2.4 The broad bodies of literature (Theoretical Models) that have relevance to the research topic**

This section reflects on the main assumptions of the two major theories of development that will be the subject matter of analyzing South Africa's development model and foreign policy engagements namely, Modernization theory and Dependency theory. These are the leading theoretical enlightenments to understand development efforts predominantly carried out in the Global South by the industrialized North. The rationale for including these theoretical viewpoints is because they allow the thesis to set them in the development assistance and foreign policy engagements of South Africa.

However, an exhaustive discussion of dependency theory as applied to South Africa will be intended to be mainly illustrative of certain theoretical principles applicable on the South African development model. The concrete situations that will be complimented by dependency theory include the Southern African Customs Union (SACU), SADC, Lesotho, DRC and Zimbabwe. A major theme of the paper will be a comparison of the dependency positions of South Africa as the core area and the above countries as the peripheral area.



### **2.4.1 Modernization theory - Development model**

According to Wolfgang Sachs (1992), development in the perspective of modernization theory orders the key instrument of assimilation, a model of Western-style of consumer economy that has been disseminated to the Global South by the North. This type of model seeks to achieve a development that is a resemblance of the industrialized North thus implanting a lifestyle and behavior in the recipient that is identical to its donor. That is, this form of development is desirable and once the Third World comes in touch with the industrialized West, it become inevitable to detach from (Sachs, 1992).

Modernization theory grew momentum from the ability of evolution theory to explain the transition and growth from traditional societies into modern ones in Western Europe. According to Alvin Y. SO (1990), it became the blueprint to shed light on how to develop the Third World. For Levy, a modernization researcher defined the phenomenon of modernization by drawing comparison of modernized societies and non-modernized ones, Great Britain, Japan and the USA subscribing to the former and India and China located in the latter. So (1990) alludes that the end of the Second World War gave rise to modernization theory after the United States (US) emerged superior with other Western nations weakened by the World War II. As a result, the US becoming a superpower and carried out the implementation of the Marshall Plan to reconstruct the ruins from the World War II in Western Europe.

Levy perceived that modernization occurred via contact between the modernized and non-modernized societies where the latter is subjected to assimilation and adaptation to new technologies and the modern ways of the donor or importer of modernity. Therefore this development path implies that, traditions and country specificities such as culture become less imported as they give in to the modern practices of the powerful and economically stronger donors. That is, modernization is a transformative process requiring traditional and value structures of the Third World country to be replaced by modern ones (Jackson and Sorensen, 2010). So (1990) explains this requirement by stating that proponents of this theory perceive that Third World countries are the traditional ones and the developed Western one are the modern in this regard. Furthermore, the author indicate that modernization model of development is linked to the rapid process of industrialization, an irreversible process that cannot be stopped. One factor that Levy illustrates on the occurrence of modernization is the below text as covered So (1990).

“The patterns of relatively modernized societies, once developed, have shown a universal tendency to penetrate any social contexts whose participants have come in contact with them...The patterns always penetrate, once the penetration has begun, the previous indigenous patterns always change; and they always change in the direction of some of the patterns of the relatively modernized society” (So, 1990)

Therefore, once non-modernized societies come in contact with modernized products, they won't go back to non-modernized products because modernization is irresistible, in other words, once the Third World come in contact with modern products, it won't resist the impetus to modernization. Levy places great emphasis on the expertise of the industrialized donor states as agents of Third World modernization (SO, 1990).

Moreover, this widely held view of development was further advanced by Rostow who argues that there are five stages of economic development which development models ought to exude. Firstly there is the traditional society and ending with a high mass consumption society. The middle part is characterized by the take-off stage which is preceded by the preconditions for take-off characterized by development of new industries and the expansion of markets. Only after obtaining resources and capital that is invested Rostow sees traditional societies take-off to a self-sustained economy. This phased process is among some of the main assumptions of modernization theory, for any society's impetus to economic development. Concurring with Levy and Rostow, Western donors have seen aid as the best way to help modernize the Third World, thus magnitudes of aid have poured into the Global South purported to build their infrastructure and manufacturing sectors (SO, 1990). The essential modernization factors according to this model requires: especial trade liberalization policies in order to attract FDI thus a market economy which is free from political interference, reduction of government spending, and a need for a growing rate of economic investment are prerequisite factors to attaining a modern society (Porter, 2005).

Modernization theory's impetus has seen its longevity in prominent development economists like Paul Collier (2007) who have advanced the assumptions of development under the grounds of aid as advocated by modernization theory. In development literature, there is complacency towards West European and American models of development that has been endorsed by nation states in the global South. Thus, for Jackson and Sorensen (2010) modernization can be perceived as the Europeanization or Americanization of a particular know-how to economic development as it implies that the poor countries are expected to follow on the development path followed by developed countries. For So (1990), these states possess unrivaled economic prosperity as well as democracy that has ensured stability of their country, economic prosperity owing to the importance of open economy with growing rate of investment and thus all the more reasons why the less-developed countries would want to follow this path of Western development.

Like most development models, the modernization theory has been subject to increasing criticism over development. Facing resistant, from the point of view of the South, the Third World has argued that there is more to it than seeking a universalized idea of development from the North. According to Jackson and Sorensen (2010), the critics have resisted this model citing that it is an imposition on the rest and a scramble for wealth in the South by industrialized donors of the West. Given that growth rates have reached

exceptional highs in the developed countries with poor growth in the Third World, increasing criticism has become prevalent against this Western development path. The erection of skyscrapers, shopping malls, and capture of local industries by foreign business elites who advocate for Western-style consumer economy has been viewed as means of siphoning wealth, skills and natural resources from recipient countries (Jackson and Sorenson, 2010). In response to this, modernists would have the Third World to find solace in their assumption that modernization is a lengthy process that will take years and evolutionary change to arrive at and thus its progressive impact would be felt only through time. These assumptions have been derived from the evolutionary theory as a reference for modernization theory (Peet and Hartwick (2009).

Amidst intense political disagreements on aid, Collier (2007) promotes aid arguing that “Without aid, cumulatively the countries of the bottom billion would have become much poorer than they are today. Aid has been a holding operation preventing things from falling apart”. Moyo (2009) on the other hand uses modernization critique of failed development by arguing that aid actually induces rebellion and corruption in recipient countries and has led to state capture by foreign hands thus not a feasible tool to achieve development. Equally so, material benefits derived from a modernization model through hard labour and productivity is unequally distributed in societies which propels other social ills such as class struggles between the elites (who are often connected to donors) and peasants (the purported beneficiaries of development assistance).

Nevertheless, the policy conclusion for modernization theory is that, societies desiring to develop should open their borders and let foreign hands in for change and should become part of the global capitalist system (Peet and Hartwick, 2009). From a positive perspective, this model suggests modern society will provide an advanced industrial technology resulting in growth not only in the economic sense but also other structures in society such as cultural changes, individual activities will become highly specialized and integrated into the political and economic spheres. For example, the social realms will become characterized by high levels of urbanization, advanced infrastructure, health care, literacy, longer life expectancy, declines mortality rates, achieving universal suffrage, active citizenry in political parties, research increases etc. on the economic realm, the industrialization manifests in an upgrade of food production, replacement of barter trade with a money market, social mobility advancements, growth of commercial facilities and other amenities. At the core, basically people are more receptive to change, more concerned with achievement and individual rights are protected to ensure a modern society with liberties. Theoretical backing here is linked to Parsons, a functionalist who envisioned a modern society wherein people become self-organizing and self-regulating who are achievement oriented. The society would encompass a division a labour and highly specialized citizenry all serving a common purpose of achieving the shared goal of modernization (Peet and Hartwick, 2009).

Modernization theory adopted the functionalist theory advocated by Parsons and it stood for the following tenets: the modern society was like a biological organ with different branches contributing to its being, each branch or being performed its function to contribute to the goal of the entire society. Capitalism was regarded as the core economic system that achieves growth. The government has the role of ensuring liberal norms. Basically modernization theory suggests that this process of modernization should encourage the development of a number of features in the Third World, from urbanization, nuclear family, freedoms to economic growth and specialization (Peet and Hartwick, 2009).

#### **2.4.2 Dependency Theory's "development of underdevelopment"**

While theorists of modernization may define development in terms of economic output, meeting basic needs and productive capacity, other theorists may be more concerned about development and its misapprehensions. Indeed, dependency theorists (Frank, 1966) even talk about the "development of underdevelopment" (Armer and Katsills, 2001). According to Peet and Hartwick (2009) modernization theory is subjected to considerable criticism and yet again its assumptions are seen to provide the theoretical backing for contemporary proposals of the United Nations Millennium Development Goals (MDGs) (now Sustainable Development Goals) that are the focal point of the development paradigm. The most powerful critique of modernization theory and development models emanating from this theory is Dependency theory. Behind this theory we can trace Andre Gunder Frank and Raul Prebisch as one of the main authors (Peet and Hartwick, 2009).

Haque (2006) borrows from Frank's (1967) book on dependency school titled '*Capitalism and Underdevelopment in Latin America*' as a case study depicting criticism of modernization development model. This school analyses issues of development from a bimodal perspective-that the world in which nation states exist is confined to the core and the periphery. And in terms of the development, the core is harmful to the periphery due to the former's progress which comes at the expense of the latter (Jackson and Sorensen, 2010). Franks hypothesis is that development and economic progress of countries in the core (developed) and underdevelopment of the periphery (underdeveloped) countries was basically what necessitated the subordination of the periphery to the core. That is, the most critical outcome of these dependency relations between the metropolis/core (developed capitalist countries) and the satellites/periphery (underdeveloped countries) is the siphoning of surplus from the latter to the former (Haque, 2006).

Therefore, the developed country gets the benefits of economic development by securing such resources of weaker states even in regional bodies that are designed to mutually benefit all member states. The dominance of one state tilts the structure to service its growth at the expense of other member states that are weaker in power. Haque (2006) underscores that Frank is very adamant that underdevelopment is very much linked to

the development of capitalist states and that we cannot study weaker states' economies by simply looking at their underdevelopment as a point of departure, because their origin is not in underdeveloped conditions. As a result he has advocated that weaker states have potential for economic development when their ties with developed capitalist states are very weak. Radical dependency followers of Frank such as Dos Santos were on the forefront championing for delinking which is a revolutionary break from capitalist interference (Haque, 2006)

The common theme of dependency theory can be located in Paul Baran's account of colonial societies which he regards their economic backwardness as reinforced by colonial masters (Albo, 2005). The general argument is that post-colonial countries underdevelopment is due to development in the North, the economic surpluses of the colonial countries was appropriated by foreign interests together with domestic elites and has resulted in the North South divide today. This critique is essentially against the world market and its supportive position of trade liberalization because capitalism produces inherent structural inequalities in societies. The anti-capitalist critique is based on the assumption that the strong metropolis countries of North America and Europe that have come to dominate the world market and development paradigm as we know has imposed an export-oriented development path particularly on commodity production from the resource rich satellite countries of the inferior Global South. Such a development plan in the current development paradigm is deemed to produce underdevelopment in the satellite. As a result, dependency theory provided a key theoretical orientation to the "left-nationalist" politics in developing countries representing resistance to the mainstream development path that converges and identifies with structural inequalities (Albo, 2005). An example was the 'Waffle Movement in Canada in 1970s following Frank's teachings in late 1960s in Montreal, this was regarded the most radical period of the Quebec sovereignty movement' (Albo, 2005).

Similarly, opposition from South African satellites steams from contentions that South Africa's dependency in the world market particularly on migrant labour, exported water, oil exports from Angola and Nigeria and exported gas from Mozambique, Namibia etc. and current efforts to generate electricity from DRC produces a structure of over-reliance on raw-materials exports at the expense of a development in those neighboring countries (EIA, 2015). Inspired by dependency arguments, African states have abandoned the notion that modernization was the answer to African economies backwardness, hence 'African solutions for African problems' (Landsberg 2013). This slogan is pit to the test with South Africa's development packages and so far has lost credibility under the auspices of South Africa. Instead, from the perspective of dependency theory the underdeveloped satellites of South Africa have contended that the capitalist system is actually a zero-sum game where the strong enrich themselves at the expense of weaker states. This is evidently so in the development of underdevelopment in terms of infrastructure, economic growth, industrial, educational,

military and political in the typology of the African region and those in proximity to South Africa-which towers above its neighbours in the mentioned areas (Gerhart, 1997).

The essay has chosen dependency theory as its theoretical backing to support the thesis' hypothesis claiming that South Africa's development model fits the model of dependent relations with neighbor states. Comparable to Frank's (1967) *'Capitalism and Underdevelopment in Latin America'*, South Africa's foreign policy engagements provide the context for capitalist development and underdevelopment in its development partners' countries. The African continent fits well to depicting the core and periphery divides that Frank alludes to, it doesn't necessarily have to occur between the developed North and Global South, but at any geographic location with regions that are highly underdeveloped (periphery), and still linked to the highly developed regions (core) and thus necessitating the former's subordination to the core, be it in one country, region or continent (Gerhart, 1997). Dependency scholars debate that a pro-Western capitalism whether veiled as South African development model will lead to a bankrupt African region of already poor countries and will result in their citizens become subject to slave labour and increasing migrant labour dependent, the case of Lesotho is evident.

Dependency theory has seen some states remain constrained by the exploitative mainstream development path while others have found ways to use the world capitalist system to their advantage such as China and Vietnam. Non-OECD countries have however also been fortifiers of the mainstream export-oriented development path mainly in commodities. They are currently the providers of financial loans to developing countries dependent upon wealthier nations for capital and industrial machines to produce the goods and development finance. Other new dependency theorists' concerns are on the influx of FDI by trans-national corporations from richer states even those from non-OECD donors like South Africa (Tures, 1998). These TNCs can push away small domestic enterprises, snatch "whatever natural resources they can extract from forced contracts with the "host" government, hyper-exploit the local labor force, then repatriate the profits to their home base" (So, 1990). This new dependency account is linked much to the 'Asian Tigers' for their export-led industrialization. Tures (1998) has argued that these new doors will not create self-sustaining markets for themselves but one which will forever be dependent upon resource rich countries commodities for growth. And when they do send in their TNCs to development partners, the production facilities never belong to the recipient countries but to either Western, Asian tigers or other non-OECD richer emerging donors. Thus the profits don't stay in the recipient country and thus dependency is reinforced. The Export-led industrialization has also in due part been propelled by the host governments of the TNCs who abuse human rights, suppress wages, permit slave like working conditions and break labour unions (Tures, 1998).

An example is Macedonia; new dependency theorists (Tures, 1998) have attributed the economic backwardness in Macedonia and much of the Eastern Europe to the transition from communism to capitalism. Tures (1998) blames richer Western European countries for their advocacy of free trade that has pushed the east into 'poverty capitalism'. Backers blame Western countries and their free market ideals for dragging East Europe into "poverty capitalism." The transition consequence has been inflation and unemployment which have characterized these countries as by-products of capitalism. The transition has called off government subsidies and expenditures which ensured protection for many firms which have today been forced out of business. The above data appears to have confirmed these dependency findings in new donors. The focus is to reveal that indeed the poor development in those respective countries is in part due to their links to the South African economy, transnational corporations, government and its military power that have been 'universalised' on the African continent under the banner of development co-operation. What is said here comes from the suspicion of 'strategic aid' posing as development packages for Africa research report done by Besharati (2013). This research has alluded to South Africa's ascendancy on the region from the dependency relations with other African states.

Absolutely, the South African model bring slight improvements and development (dams, roads, schools etc.) to some in the Third World but such models emanating from this theory come bearing the price of exploitation'. The dependency essence is that it (development) is always accompanied by the extraction of raw materials resulting in state capture. That is to say, the peripheral due to their proximity to such larger economies, they become the spontaneous functioning of the market integrated into service of the richer (core). And as a result of their vulnerability, they lose their own substantial measure of control over their natural resources and economic decisions. Dependence thus manifests when the power relations between the core and peripheral becomes asymmetric (Graaff, 1982).

The mainstream development model in the region has resulted in poor progress in many on its neighbor countries while concurrently; South Africa experiences unprecedented highs of growth. These countries have been underdeveloped as an intentional byproduct of the development of the South Africa (Rahnema and Bawtree, 1997). Essentially, the connectedness between these countries exudes an adverse global condition which is a single process generating development and wealth in the core and poverty in the most parts of Africa. In view of the aforementioned theories of development, in conclusion, the thesis holds that dependency school suits this research best. The dependency school's articulation of power between the core and periphery will provide a means of deconstructing South Africa's foreign policy and on that account will be a key axis around which this study is formed. These arguments presented by dependency theory still bear analysis and application for their ferocity of argument against mainstream development theory that dominates policy-making even today's emerging donors like South Africa.

## **2.5 DEPENDENCY THEORY IN SOUTH AFRICAN DEVELOPMENT MODEL: SOME ASPECTS OF MIGRANT LABOUR, MINING ENCLAVES, TRADE AGREEMENTS etc.**

### **2.5.1 Dependency relationship between South Africa and the African Continent**

There are views in the aid paradigm that aid and trade negotiations should go hand in hand. And South Africa's development co-operation strategy has not lacked the economic drive that other major players in Africa namely; the Chinese, Europeans, Americans and Indians have (Besharati, 2013). They are all driven by strong national interest supporting commercial ties that have reinforced dependency evident in the core-peripheral inconsistencies. South Africa's growth strategies and development model towards Africa fit the model of dependent economy and its contribution to Africa's core-periphery situation (Graaff, 1982). In this section the paper maintains the assumption that the problems and development options/impediments of African countries correspond substantially with South Africa's economic dominance and can be very successfully associated within the dependency theory paradigm.

Dependency has determined South Africa's development by its proximity to poor countries-peripheral regions nearer to South Africa have become unplanned functioning of market integration service of the richer unit-South Africa (Graaff, 1982). As a result, these peripheral regions have lost their substantial measure of control over their own economic and to large extent political decisions. Evident of this, the power relations between South Africa and its neighbours has become asymmetrical. A whole range of disadvantages faced by peripheral regions include: Access to financial and commercial services, transportation (corridors, rail lines etc.) and making their products uncompetitive and economies unattractive. When there are migrant labourers from the periphery, their earnings tend to be spent and saved in the core thus contributing to the growth of that country and not theirs, and in this regard, South Africa tends to benefit more (Graaff, 1982).

The dependency paradigm is also characterized by a periphery with very minimal domestic market (makes them labour dormitories to big foreign markets-core areas) with heavy reliance on export trade which also exhibited trade deficit as they import more than they export (Gibb, 1997). This implies a vulnerability to global market price fluctuations; moreover exposure to domination by large Multinational Corporations is nothing short of tragedy faced by peripheral areas. The unequal power relationships which develop out of dependency circumstances allow the likely forced interventions by the core country in the domestic market and political spheres of the peripheries.

As it will be discussed in further detail, dependency in SACU and SADC region member states spells disastrous consequences to them as the periphery in the event of some crisis in South Africa. The most important of these is the Southern African retail network which substantially affects not only the BLNS

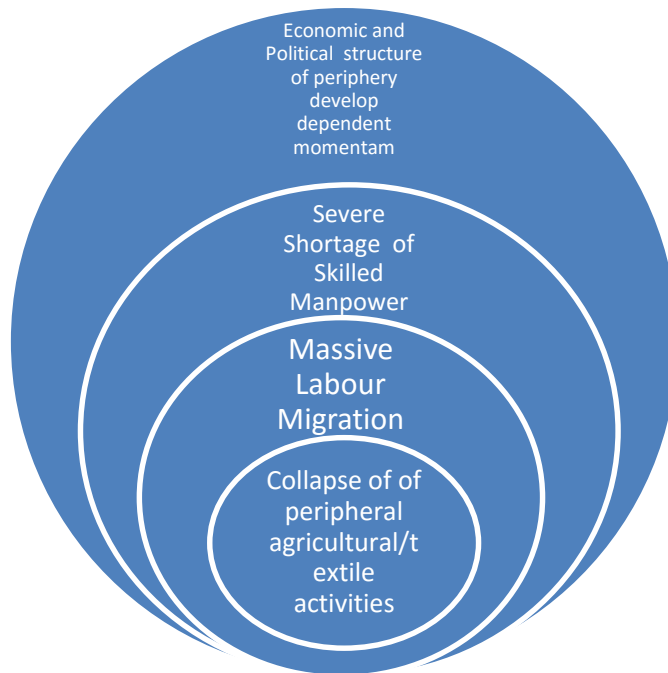


countries (Botswana, Lesotho, Namibia and Swaziland-all SACU member states) but also Zimbabwe, Namibia, Zambia and the DRC. This aspect is exacerbated by these countries dependence on South Africa fuel and energy, food, skilled personnel, employment opportunities, finance, imports and exports which have all given South Africa overwhelming dominance power (Graaff, 1982). This magnitude of dependence actually determine the degree of control actually exercised by the core (South Africa) over the periphery even in regional agreements like SADC, AU, SACU etc. for example, the high dependence of Lesotho on South African financial support deduces implications for political control for the Lesotho government due to the dependency relationship. At this point, we have indicated that dependency infers the loss of power and independent decision-making by the periphery. The form of such is that the internal power structure of the recipient country is controlled and designed to the benefit of the core.

### **2.5.2 Has capitalism underdeveloped the labour reserves of South Africa?**

Looking at the developmental potential of the aforementioned periphery states, not to say that they are totally powerless to oppose South African dominance, however their development potential becomes limited due to their already intense participation in the South African economy, and also their potential to retaliate and development potential is further hindered by the institutionalized economic pattern which has been imposed on them by the core (South Africa) which is necessarily core-oriented (Graaff,1982). In other words, for example the existing customs union (SACU) and other trade agreements necessary compliments to core-needs and not peripheral needs.The widespread impact of the African region also touches on South Africa's economic dominance that has attracted highly skilled workers from SSA; the impact of SA on the region is one of brain drain and has exacerbated the regional dependency (Carmody, 2012). The proliferation of South African supermarkets like Shoprite in Zimbabwe and Lesotho and also South African banking services in as far as DRC and the rest of the continent means the local economies suffer development backlog and distortion in their growth patterns. Graaff (1982) claimed that the supermarket expansion was a conscious policy aim of the core, as the multinational supermarkets displaced local farmers by suppressing their competing industrial activities; the conscious policy aim was to ensure an adequate supply of labour to mining and agriculture from people that had lost their jobs from their local farmers who were displaced by South African supermarkets. Whether intentional or not, the economic policies of South Africa produced a whole series of consequences summed up in the following chart:

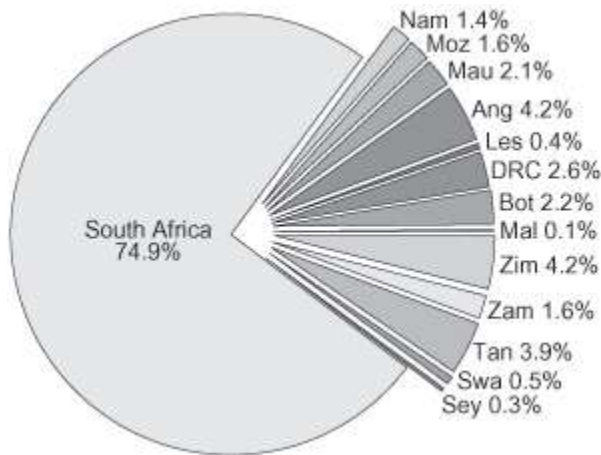
**FIGURE 4: DEPENDENCY RELATIONSHIP CONSEQUENCES FOR THE PERIPHERY**



In the above Figure 4, the essence of dependency relationship shows overlapping relationships and consequences for the peripheral satellites. The smaller oval has a causal effect on the rest of the bigger ovals.

In conformity with the dependency arguments presented above, the enormous economic differences between SADC states, shown in the below Figure (5) (although old, still relevant for today) reflect the almost unbridgeable gap that owes to dependency relationships and perpetuated by South Africa's incorporation of the whole region into its market economy.

**FIGURE 5: ESTIMATES OF GDP IN SADC, DATED FROM 2003 AND STILL RISING DISCREPANCIES**



**SOURCE Ngoma, Institute for Security Studies, 2003**

The essence of the dependency relationship infers that underdevelopment is therefore an original state of capitalism or the development of South Africa is due to the labour reserve supplies of the periphery (Graaff, 1982). And therefore dependency in the context of South Africa provides interpretation of the reasons for the lack of development in the surrounding development partner states.

### **2.5.3 South Africa, SACU and African Continent: Hegemony and Dependency Manifested**

The neoliberal thinking of development co-operation expanding markets for multinational corporations is highly favoured by emerging economies like China, South Africa's biggest trader (see Figure 6 below). South Africa is said to have been inspired by the Chinese growth strategy and applying it to Pretoria development cooperation agenda on the African continent. The essence of the Chinese aid model is having business interests as integral part of aid offers 'aid-for-trade deal' forms (Besharati, 2013). South Africa's dominance and dependency relationships also manifests in the region's customs union, The Southern African Customs Union (SACU) and its central characteristic remains the variation in size of the countries and sharply contrasting development levels and economic growth among member states (Gibb, 2006). Public perception maintains that Pretoria uses its economic dominance to exploitatively undermine the economies of its neighbours in SACU, the longstanding customs union comprising of South Africa and the BLNS states - Botswana, Lesotho, Namibia and Swaziland representing the most institutionalized dependency relationship (Alden and Soko, 2005). In these countries, through SACU, South Africa's development model has pushed for economic liberalism and deregulation mainly export driven industrialization to exploit business

opportunities and reinforce dependency. Some African leaders are accused of allowing this exploitation and themselves reinforcing the dependency by actively encouraging and opening doors to South African firms because they regard South Africa as the last beacon of economic hope for the region. But accordingly, that is exactly what dependency relations result in, a capture of the local economic and political units to the benefit and service of the core.

The South African Reserve Bank (SARB) has been at the forefront to this export driven economic liberalization by releasing up to US\$ 216 million to South African firms as incentive to penetrate African countries, especially those within SACU, Lesotho being the topmost recipient of these multinational corporations (Alden and Soko, 2005). The financial limit has reportedly been on an increase to propel investment in Africa and making South African led businesses more attractive for investment in those recipient countries. Not only have South African exports penetrated African markets, the government of South Africa is the proverbial head that opens African markets to the North, South America and East Asia to penetrate the African continent (Alden and Soko, 2005).

#### **2.5.4 South Africanisation of Africa-South African Exports to Africa**

Contrary to the African promise or African equity and much more of dependency, the ‘South Africanisation’ of the African economy is what has materialized and further isolated South Africa. A brief glimpse at literature displays South African TNCs manage power plants in Zambia, Zimbabwe and Mali and run the national railroad in Cameroon, the national electricity company in Tanzania, and they have controlling shares in Telecom Lesotho (Flemes, 2007). Furthermore, South African corporates manage airports located in or near seven African capitals. They are also leading providers of cell phone services in Uganda, Tanzania, Rwanda, Mozambique, Swaziland, Nigeria and Malawi. And finally South African multinational corporations control banks, hotels, supermarkets, breweries throughout the continent and provide TV programming through the DSTV company to over half of all African states (Flemes, 2007). This following quote paints a picture of the contestation over South Africa’s development leader title on the continent “In Tanzania, almost 60 per cent of new foreign investment deals during 1996–1998 were from SA (Soederbaum, 2004). There are over 150 South African companies active there, where many locals boycott them, as they are ‘white’ and associated with colonialism. One Tanzanian pastoralist activist noted ‘we now live in the United States of South Africa’ (Carmody, 2012).

The heated debate steams from the fact that mineral extraction and mobile telephony are two major practices of SA engagement in SSA. Both are argued to bring dependency but the extractive form has captured much of the attention and source of contention. Table one below is illustrative of the impact of South

African firms and engagements on the continent. It portrays South African firms as more competitive than others in the region, leading to loss for SSA economies as local companies are displaced and job losses occur simultaneously. On the other hand, the extractive-led trade means that minerals are mined for processing by South African firms and thus profits remitted to South Africa. The contentions around this sector have also cited cases of displacement of families for example in Tanzania where families and small-scale gemstone miners were forcefully relocated from a tanzanite mining site to make way for South African investors who are interested in the precious stone (Carmody, 2012). South Africa lacks in some basic industrial minerals and its primary industrial mineral imports compose of certain abrasives, talc, soda, sulphur, graphite, magnesia, soda ash, good quality kaolin, potash and salt (Department of Mineral and Energy South Africa, 2003). Another impact comes from Eskom, which is located in over 31 African countries and generates electricity for South Africa's economy which faces power scarcity. Its stake in the Grand Inga project in the Democratic Republic of Congo has resulted in clashes with ecologists due to water borne diseases and malaria that stems from the dam and has also been a cause of displacing local people in the area. Similarly, the Katse Dam project in Lesotho generating water for South Africa is also mired with controversy over unsuitable geology requirements that pose series of earthquakes (Carmody, 2012).

**Table 1: South Africa's Development Impacts in sub-Sahara Africa**

		<i>Nature of relations with region</i>				
		<i>Trade</i>	<i>Overseas foreign direct investment</i>	<i>Foreign portfolio investment</i>	<i>Labour and personal capital flows</i>	<i>Governance regimes and ideas</i>
<i>Type of impact</i>	<i>Capital extractive (results in net flow of capital to SA or overseas)</i>	<i>Consumptive (eg cars from SA) and competitive (eg textiles from SA)</i>	<i>Market serving (eg retail, bank and cell phone investment from SA)</i>	<i>Capital flows from region into SA stock market and banks.</i>	<i>Regional brain drain of skilled workers and professionals and economic/trade tourists to SA.</i>	<i>EU-SA free trade agreement (SA as regional anchor for EU goods).</i>
	<i>Resource extractive (flow of resources to SA for further processing)</i>	<i>Extractive (eg copper to SA)</i>	<i>Export platform (eg minerals to SA)</i>	<i>Global FPI transformed in SA to outward FDI, often in resource sector.</i>	<i>Associated migration of South African 'ex-pats' and local investment.</i>	<i>Private sector driven - aim of South African centred regional space economy.</i>
	<i>Developmental (contributing to economic growth and/or poverty reduction)</i>	<i>Complementary (eg mining equipment from SA)</i>	<i>Various.</i>	<i>Capital flows from SA into regional stock markets and banks.</i>	<i>Return migration to countries of origin (brain circulation) and remittances.</i>	<i>NEPAD (infrastructural and educational development and poor revive institutions). Africa as a region of 'good governance'.</i>

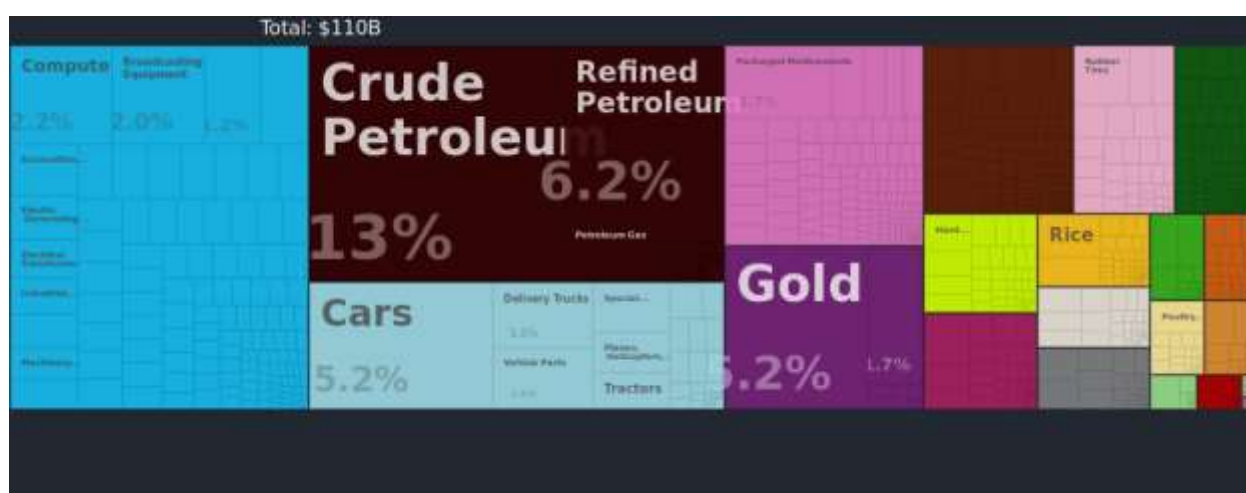
SOURCE: Carmody, 2012



#### 4. What Does South Africa Import from the DRC? 2014



#### 5. Overall South African Imports



SOURCE: OEC, 2014

Complementing its economic dominance, South Africa exported \$114B and imported \$109B, resulting in a positive trade balance of \$5.02B. In 2013 the GDP of South Africa was \$366B and its GDP per capita was \$12.9k (OEC, 2016). In the below Table 2, Iran was the main source of mineral fuels and mineral oils with 19.9 percent share, followed by Saudi Arabia and Nigeria at 13.8% of South Africa’s imported minerals. 93% of South Africa’s copper is sourced from the DRC. Looking at figure 6 visualizations, Mozambique accounts for 55% of South Africa’s petroleum gas and 23% of refined petroleum. Looking at the sources of South Africa’s gold, Tanzania accounts for 30%, Zimbabwe 25%, Cote D ’ Ivoire 13%, Zambia 5,4% and Burkina Faso at 5.3% of South Africa’s gold imports (OEC, 2014). Another crucial primary import of South Africa’s extractive-led development is crude oil and from Africa it is sourced from Nigeria 32%, Angola 12% and Ghana 3.9%.

**Table 2: South Africa's top 10 Import commodities**

Rank	Chapter	Description	ZAR millions	% of Total
1	27	Mineral fuels, mineral oils and products of their distillation	115 060	19.1
2	84	Machinery and mechanical appliances and parts thereof	87 063	14.5
3	85	Electrical machinery and equipments and parts thereof	64 022	10.6
4	87	Vehicles other than railway	51 616	8.6
5	98	Original equipment components	37 940	6.3
6	39	Plastics and particles thereof	15 384	2.6
7	90	Optical, photographic, cinematograph instruments and apparatus etc	15 285	2.5
8	30	Pharmaceutical products	15 091	2.5
9	29	Organic chemicals	12 144	2.0
10	38	Miscellaneous chemicals products	9 183	1.5

**SOURCE: SACU Merchandise Trade Statistics**

I chose Namibia to represent the export-led development particularly in commodities in favour of South Africa within SACU in order to highlight the dependency. Similarly, to other SACU countries, table three below shows “natural pearls, precious stones, precious metals and articles continued to dominate the list of export commodities from Namibia, accounting for 25.5 percent of total exports in 2010 compared to 17.2 percent in 2009” South Africa is the second largest destination (after United Kingdom) of these extractive-led commodities from Namibia. In 2010, South Africa received 8.3% share of Namibia’s precious stones, pearls and precious metals. This typology is held in common for other SACU member states as also indicated by the previous visualizations that emphasize South Africa’s primary resources dependency from African countries.



**Table 3: Main Destination of Top three exported commodities, Namibia 2010**

Chapter	Description	Destination	ZAR millions	Shares (%)
71	Pearls, precious stones, precious metals etc		9 776	
		United Kingdom	4 991	51.0
		South Africa	816	8.3
		USA	641	6.6
26	Ores, slag, and ash		6 239	
		Canada	1 777	28.5
		France	1 649	26.4
		USA	1 251	20.0
03	Fish and crustaceans		5 239	
		Spain	2 062	39.4
		South Africa	851	16.2
		Italy	697	13.3

**SOURCE: SACU Merchandise Trade Statistics, 2010**

On the below table four, vehicles and other than railway material was the main commodity imported into Namibia accounting for 14.8 percent of total imports. South Africa accounted for 82.6 shares as a source of these imports. Machinery and mechanical appliances were also imported mostly from South Africa which supplied 65% of these manufactured goods to Namibia (SACU, 2010). The imports are similar also to countries like Zimbabwe where South Africa exports delivery trucks, cars, buses, animal food, corn, rice, soybean oil and other manufactured goods such as computers, washing machines etc. (OEC, 2014).

**Table 4: Namibia Main sources of Top three imported commodities, 2010**

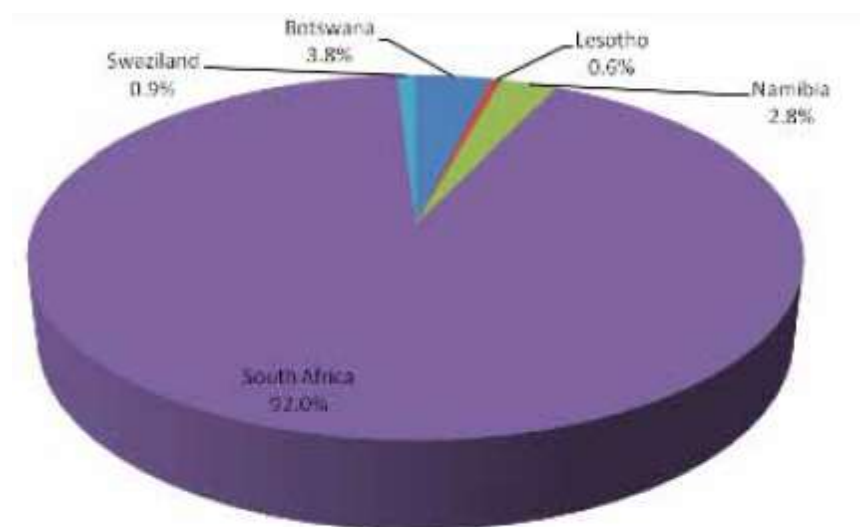
Chapter	Description	Country	ZAR millions	Shares (%)
87	Vehicles other than railway		5 845	
		South Africa	4 854	82.6
		United Arab Emirates	351	6.0
		USA	130	2.2
84	Machinery and mechanical appliances and parts thereof		4 853	
		South Africa	3 200	65.9
		Germany	643	13.2
		China	222	4.6
27	Mineral fuels, oils, distillation products		4 023	
		South Africa	1 923	47.8
		Netherlands	646	16.1
		United Kingdom	600	14.9

**SOURCE: SACU Merchandise Trade Statistics, 2010**

The dependency between South Africa and fellow African states is strengthened by the gross economic inequalities among member states of both SACU and the Southern African Development Economic

Community (SADC) where South Africa's economic predominance accounts for approximately 80% of the region's GDP. The dependency is illustrated on the following Figure 7:

**FIGURE 7: 2010 GDP at Market Prices for SACU Member States.**



**SOURCE: SACU MEMBER STATES ECONOMIC PERFORMANCE: 2010**

On the above pie chart, a more recent study found that years after the 2002 revised SACU agreement, South Africa's economic predominance contributes to an enormous 92% of SACU GDP while Lesotho ranks the lowest and also the most hit hard by the unequal revenue sharing, it only accounts for a poor 0, 6% of SACU GDP (SACU, 2010). Its economic epicenter has also manifested in the South African Rand (currency) being accepted and used as a legal tender in these countries (Trade Performance Review 2006). As the largest industrial base and trade hub in the Customs Union, South Africa benefits from its advanced infrastructure ports, roads and communication networks which provide the country with convenient link for the landlocked countries in the region with the rest of the world, and its trade policies will have significant spillover effects on its neighbours. These are some of the factors underlining its disputed dominance and institutionalized dependency relations it has with Lesotho, Namibia, Botswana and Swaziland (SACU Member States Economic Performance, 2010)

For example, some of the resistance stems from when South Africa's Anglo-DeBeers and the entire South African diplomacy was concealed in controversy over the mine's allegations of involvement in illegal diamond trade emerging out of conflict regions in Africa (Alden and Soko, 2013). This incidence is amongst the topmost visible convergence between investors, trade liberalization and nationalistic interests, and perhaps a

plausible account for Pretoria's tainted reputation and stiff resistance of South Africa's foreign aid. They resist on the basis of South Africa's trade openness advocacy being a plot to expose Africa to the hostile global economy. In principle, the contestation over South African investments and foreign aid stems from the propensity of South Africa to associate dependency and imperialist economic policies to their development model and as a result has rendered South Africa suspicions of being un-African and being Pro-West (Alden and Soko, 2005).

## **2.5.6 SADC**

### ***2.5.6.1 Primary Goods Imports from SADC***

Similarly to SACU, the dependency on South Africa's economy for primary resources applies in SADC. As is evident in Table 5, South Africa imported predominantly manufactured goods from the rest of the world and mostly primary goods from SADC. This pattern has reflected that South Africa has a comparative advantage in producing manufactured goods compared to the rest of SADC while it has scarcity of primary resources which are imported from SADC countries; this is typical of dependency relations. Looking at the table below, almost "half of all of South Africa's imports from SADC were mineral products, including the following items: Angolan (and to a lesser extent Mozambican) petroleum products, nickel ores and products from Zimbabwe and Zambian copper products" (SADC, 2006). Looking particularly at items C05 (minerals) and C14 (Precious stones), these products were mainly sourced from SADC than from the rest of the world. In addition, 11% of South Africa's base metals were sourced from SADC.

**Table 5: South Africa's Commodity composition of imports from the world and SADC**

<b>Imports</b>	<b>Share of total imports from world (%)</b>	<b>Share of total imports from SADC (%)</b>
C01: Live animals, animal products	0.7	0.8
C02: Vegetable products	1.6	4.0
C03: Animal or vegetable fats	0.8	0.1
C04: Prepared foodstuffs	2.0	4.9
C05: Mineral products	15.2	41.8
C06: Chemicals	9.1	0.9
C07: Plastics	3.7	0.8
C08: Leather	0.5	0.5
C09: Wood	0.6	2.4
C10: Wood Pulp and Paper	1.6	0.3
C11: Textiles	3.3	15.0
C12: Footwear	0.9	0.3
C13: Stone, Ceramics & Glass	1.2	0.4
C14: Precious metals	1.7	3.6
C15: Base metals	4.2	11.0
C16: Machinery	26.0	6.7
C17: Vehicles	13.4	3.7
C18: Scientific equipment	3.3	1.0
C19: Arms & ammunition	-	-
C20: Miscellaneous manufactures	1.4	1.0
C21: Art & Antiques	0.1	0.1
C22: Unclassified	0.1	0.7
C23: Special classification: Motor Parts	8.5	0.0
<b>H0: Total: all commodities (Rm)</b>	<b>306,368</b>	<b>7,554</b>

**SOURCE:**SADC Trade Performance Review, 2006

### ***2.5.6.2 Manufactured Goods exports to SADC***

In comparison to the above primary goods dependency by South Africa on SADC countries, table 6 below reflects South Africa's comparative advantage of producing and exporting manufactured goods to the SADC region. This long standing dependency is evident in that South Africa's exports to the rest of the world has been concentrated in primary goods but exports to SADC have predominantly comprised of manufactured goods. South African exports to the rest of the SADC countries were dominated by manufactured goods.

**Table 6: South Africa's Commodity composition of Exports to the world and SADC**

<b>Exports</b>	<b>Share of total exports to the world (%)</b>	<b>Share of total exports to SADC (%)</b>
C01: Live animals, animal products	1.2	1.5
C02: Vegetable products	3.4	4.7
C03: Animal or vegetable fats	0.1	0.7
C04: Prepared foodstuffs	3.5	7.9
C05: Mineral products	11.8	16.5
C06: Chemicals	6.0	12.9
C07: Plastics	1.8	6.8
C08: Leather	0.5	0.1
C09: Wood	1.1	0.6
C10: Wood Pulp and Paper	2.2	4.1
C11: Textiles	1.7	2.1
C12: Footwear	0.1	0.2
C13: Stone, Ceramics & Glass	0.7	1.2
C14: Precious metals	27.4	0.2
C15: Base metals	19.6	14.0
C16: Machinery	8.2	16.9
C17: Vehicles	8.7	6.9
C18: Scientific equipment	0.5	1.4
C19: Arms & ammunition	-	-
C20: Miscellaneous manufactures	1.6	1.5
C21: Art & Antiques	0.0	0.0
C22: Unclassified	0.1	0.0
C23: Special classification: Motor parts	0.0	0.0
<b>H0: Total: all commodities (Rm)</b>	<b>291,129</b>	<b>24,911</b>

**SOURCE: SADC Trade Performance Review, 2006**

Looking at the items that South Africa's imports from SADC especially primary goods such as C14 (precious metals like platinum, diamonds and gold), South Africa exports more of these to the rest of the world and barely nothing to SADC. The sourcing of these primary products have been done especially in the form of South African companies penetrating the region, invest and start sourcing their commodities from those countries (Trade Performance Review, 2006). On the other hand machinery goods (C16) are predominant in South Africa's exports to SADC; these represented a much higher 16.9% of exports to the region that to the rest of the world which accounted for 8.2%. Machinery exports to SADC, for example, represented a much higher proportion (16.9%) of total exports to the region than to the world (8.2%). When South Africa exports minerals to SADC, it is usually refined fuel (SADC, 2006).

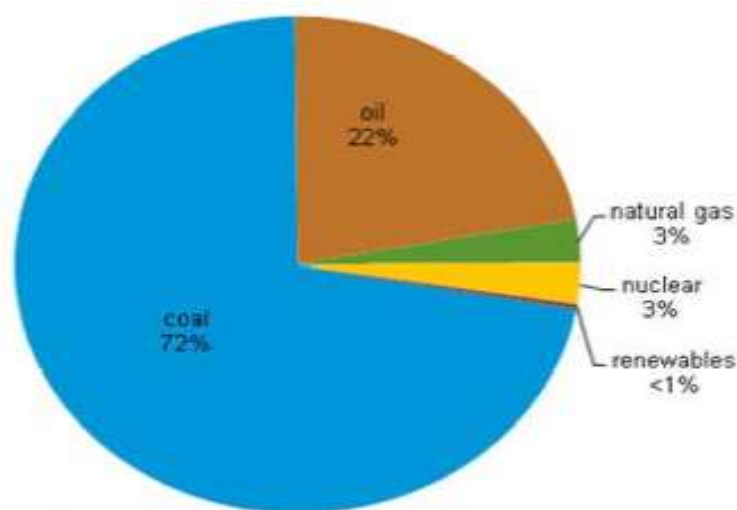
In view of this, South Africa's intra-trade with the SADC countries differed evidently from its imports and exports with SADC and the rest of the world. As is evident in Table 5 and 6 South Africa's intra-industry reflected dependency on primary goods from SADC while its exports to these countries were predominantly machinery and other manufactured goods as well as food stuff. Corroborating with the above data; Alden and Soko (2005) held that by 2006 South Africa remained and still is the source of virtually all products demanded by customers in the SADC region. The products exported from South Africa range from agriculture to domestically manufactured/assembled products.

### ***2.5.6.3 Imports in Primary Sector: Energy Dependency***

South Africa's energy sector is critical to its economy; the country's yearning for industrialization is heavily reliant on large scale energy intensive development. The country has been heavily reliant on its coal mining industry to supplement its poor energy sector. Due to its limited oil reserves, South Africa imports oil from Middle East and on the African Continent chiefly from West African Producers in Organization for Petroleum Exporting Countries (OPEC). Much like the Chinese growth Model, South Africa's imports originating from the African continent are primary resources which are refined locally. Oil import from Nigeria is refined in South African plants in Secunda and Mossel Bay (U.S. Energy Information Administration (EIA), 2015). Being the highest energy consumer on the African continent, South Africa's rapid development owes to the large contributions of natural resources from African neighbor states. With the large extraction it engages in in other countries, environmental concerns (accounting for 40% emissions in Africa) and dependency concerns about African states being means for South Africa's industrialization raised contention over South Africa's dependency relations with the rest of the African continent (EIA, 2015). Evident of this has been the delays and resistance over exploration permits sought by South Africa's petroleum firms operating in the African continent.

The figure 8 below attests to arguments of South Africa's dependency, like the Chinese growth strategy (that will be elaborated later), South Africa also pursues an extractive-led development (given its very limited energy reserves) on the African continent which mostly goes hand in hand with its development co-operation agenda. Apart from Angola and Nigeria, South Africa's Petro-SA (State Owned Company) has great interest in Namibia and Mozambique's natural gas company and uses its interest to pipeline transport gas from Mozambique to South Africa (EIA, 2015). Equally so, South Africa's SASOL company involved in the energy industry also has a share on Mozambique's gas pipeline that exports gas to South Africa, the company is also involved in oil production in other resource-rich African countries that South African energy imports originate from (Nigeria mostly). The company also has 49% stake in Qatar's Oryx GTL Plant and Uzbekistan in quest to supply South Africa's dependency and route to industrialization (EIA, 2015).

**FIGURE 8: South Africa's Dependence on Primary Energy Consumption, 2013**

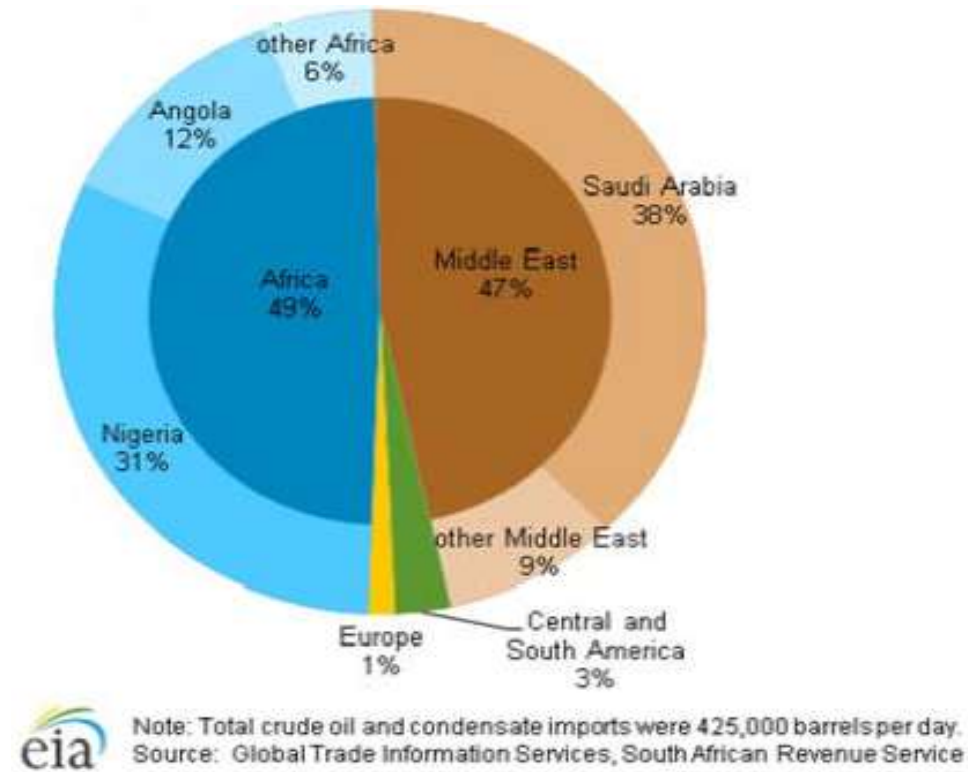


Note: Traditional solid biomass and waste is not included in the total.  
Source: BP Statistical Review of World Energy 2014

**SOURCE: EIA, 2015**

South Africa's second largest oil refinery after Egypt serves to refine the 425, 000 bbl/d (2014) of crude oil that it imports from OPEC. In Africa, South Africa's crude oil imports originate from Angola (12%) and Nigeria (31%). The other originates from Saudi Arabia (38%) (EIA: 2015). The below figure 9 indicates the sources of South Africa's energy imports and dependency on African resource rich countries. The whole African continent accounts for 49% of South Africa's oil imports with Nigeria and Angola leading. Ferguson (2005) argued that Angola was one of the country's that is home to donor's or core countries mining enclaves that ensured the siphoning of resources amidst civil wars. In the same token, Angola (oil-abundant country) was regarded to suffer from the resource curse perpetuated by South Africa's demand for oil (Bebbington et al (2008). Similarly, Nigeria is one country coupled with internal problems, the status quo there is the fuel crisis, and one of the largest oil producers is in shortage of petrol (The Economist, 2015). The irony of that predicament is unbelievable right? Dependency theory explains why sub-Saharan Africa's largest oil reserves are in such predicament. The core's (South Africa and others) demands have in part due contributed to Nigeria's oil shortage crisis. Corruption and mismanagement are also attributes to Nigeria (the most populous African country) ending up importing 80% of its needs (The Economist, 2015). There is dependency evidence in the capture of Nigeria's oil reserves by external countries, not particularly by South Africa but likeminded countries with primary resources demands.

**FIGURE 9: South Africa's Crude Oil imports by Country of origin, 2014**



**SOURCE: EIA, 2015**

Due to the energy dependence, South Africa's state owned Energy Company Eskom has a strong hold of the SADC region as both an investor in the countries' electricity companies and supplier of their electricity. Eskom is the current exporter of South African electricity to Lesotho, Zimbabwe, Mozambique, Swaziland, Namibia, Botswana and Zambia (EIA, 2015). However, the buying of shares from electricity companies in these countries has been a great issue of debate, for example the case of Zimbabwe is clear illustration of dependency and reinforcement of its debt crisis that has been converted to South Africa's share of Zimbabwe's national electricity company. Zimbabwe has been an importer of South Africa's Eskom electricity for over a decade, and has vast arrears owing by the Zimbabwean government, a solution was initiated by the South African state owned entity to convert a portion of the arrears into a loan that Zimbabwe battles with to date. The country reportedly needs US\$17 million every month for electricity imports (Mbendi Information Services, 2016). This has culminated to Eskom ending up taking a stake in ZESA (Zimbabwe Electricity Supply Authority) both to cover the debt and also to secure electricity demands for South Africa's economy. Investment on the Grand Inga Dam is a similar strategy by South Africa to generate power form the hydroelectric system underway in the DRC. This project envisioned to siphon electricity to South Africa and most African countries through Eskom's distribution (Bloomberg, 2016).



South Africa generates most of its electricity from coal mining and hence its quest for acquisition of the DRC Grand Inga hydroelectric power generation to alleviate its reliance on coal and supplement the current constrained power supply in South Africa through renewable means.

## CHAPTER THREE

### CASE STUDIES, A TYPOLOGY OF AFRICAN COUNTRIES RELATIONS WITH SOUTH AFRICA AND THE IMPLICATIONS OF THE DEPENDENCY RELATIONS

#### 3.1 INTRODUCTION

South Africa's development co-operations in Lesotho, DRC and Zimbabwe for example have appeared to be more business-oriented than politically motivated. It has been claimed that in fact, Africa is the first and foremost primary target market for South Africa's services and manufactured goods and aid has been a strategic tool for South Africa to expand its supply base and dependency relationship while South Africa has received primary goods from the region (SADC, 2006). The objective of this section is to locate the dependency arguments made in the previous chapters with experiences particularly in DRC, Lesotho and Zimbabwe. These three countries are current recipients of South African aid ranging from peace-brokering to concessional loans and are also trade partners with South Africa exchanging primary, secondary and tertiary goods. A typical case of business going hand in hand is the intervention in the DRC where Pretoria used its peace brokering presence to obtain mining concessions with the Congolese government which saw South Africa and companies from other emerging donor states (China, Brazil, India and Arab states) benefiting from the new market (Malan, 1999).

The thesis will highlight that South Africa is dependent on commodities as the primary source of foreign income, and how it has used its development agenda or aid to source factors for its growth strategy. Not only are the commercial benefits contributing to South Africa's growth, the dependency established saw South Africa becoming an island of prosperity surrounded by a sea of poverty and conflict besieged African countries.

Further dependency was reinforced when then President Mandela cancelled the debt of Lesotho and Swaziland (Besharati 2013), critics of aid argued that at the same time of the cancellation, South Africa swiftly negotiated deals for public infrastructure packages in these countries to be implemented by South African companies and therefore undermining domestic companies and human capital. In fact, Pretoria's loans to Lesotho, Zimbabwe and the Swaziland have been mirrored with controversial links of conditionalities which is often contentious to the development discourse and a contrast to South-South cooperation (Walz and Ramachandran, 2010). Looking at the foreign direct investment (FDI), South African State Owned Enterprises (SOEs) are said to have invested over ZAR 8 billion in 2010 for infrastructural development on the African continent, the infrastructure is crucial for the transportation of the primary resources from the recipient countries to South Africa (Besharati, 2013). South Africa actually plays a critical role as that played

by BRIC countries in infrastructure investments, though still lags behind in magnitude. Figure 10 and figure 11 below give us a rough estimate of outflows of aid from the South African government and its development lead role on the continent.

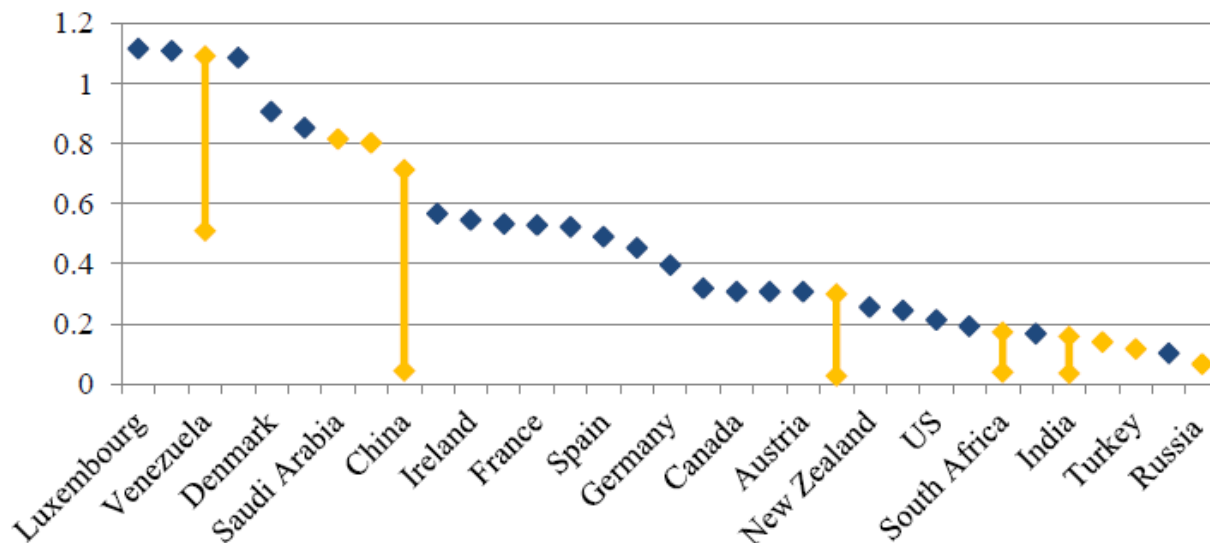
**FIGURE: 10 Estimates of Foreign Aid as a Donor and Recipient, 2009**

**Table 1: Estimates of Foreign Aid as a Donor and Recipient, 2009 (or most recent year)<sup>19</sup>**

Country	Outflows of Aid				Inflows of Aid*	
	US\$ (Millions)		% of GNI**		US\$ (Millions)	% of GNI
	Lower Estimate	Upper Estimate	Lower Estimate	Upper Estimate		
Brazil	356	4,000	0.03	0.30	338	0.03
China	1,500	25,098	0.04	0.71	1,132	0.03
India	488	2,171	0.04	0.16	2,502	0.18
South Africa	109	475	0.04	0.17	1,075	0.39

Source: Center For Global Development (Walz and Ramachandran), 2010:

**FIGURE 11: ODA as percent of GNI**



**SOURCE: Walz and Ramachandran: Center for Global Development, 2010**

The above figure 10 represents a growing contribution by South Africa in comparison of the 0.17% of GNI recorded in the above figure 11, especially being the only sub-Saharan state contributing an estimated 0.2% of the UN target 0.7% of GNI amongst non-DAC donors (Walz and Ramachandran, 2010). The lines connect high and low estimates.

### 3.2 Peacekeeping in the DRC: a Precipitate for Mining Enclaves?

The choice of the DRC case study was motivated by the IMF classification of this country as being resource-rich and therefore interesting to see how external actors like South Africa have conducted their development assistance with this precious resource rich country worth scrambling for. Amidst the displeased neighbours over Pretoria’s interventions, international observers have seen South Africa as a potential hegemon that could fill the security vacuum in the face of much needed peacekeeping missions on the continent owing to the country being a pivotal regional player-largely due to militarily, economic and political power (Adebajo and Landsberg, 2003). By 2007, the South African National Defence Force (SANDF) had deployed 1268 peacekeepers to the DRC and had contributed round about 3400 troops to UN and AU missions on the African continent (Flemes, 2007). At this time, South Africa’s military and economic dominance was criticized as “apartheid-style military adventurism aimed at serving South Africa’s economic interests” (Flemes, 2007). This was largely due to its military intervention in Lesotho in 1998 on the ‘Operation Boleas’ where South Africa secured the US\$ 4 billion Katse Dam Project- part of the controversial Lesotho Highlands Water project discussed in detail later and South Africa also used its military intervention footprint

to construct water supply systems to its industrial hub of South Africa-Johannesburg (Flemes, 2007). Similarly dependency relations prevailed in the DRC when Pretoria's credibility as a resolute catalyst for regional stability was eroded in 1997, in the DRC. During Mobutu's kleptocracy South Africa was accused of being two faced when it played friendly relations with the regime in Kinsasha while simultaneously helping to establish contacts between South African companies and rebels in the resource rich region of Lubumbashi which allowed for extraction of primary resources by South African firms (Flemes, 2007).

South Africa's intervention in the DRC civil war in partnership with MONUSCO can no longer be trusted to protect civilians due to the widespread dependency relations that have mired the external actors (Malan, 1999). MONUSCO is the United Nations Organization Stabilization Mission in the Democratic Republic of Congo, 'established by Security Council resolution 1925 of 28 May and authorized to use all necessary means to carry out its mandate relating, among other things, to the protection of civilians, humanitarian personnel and human rights defenders under imminent threat of physical violence and to support the Government of the DRC in its stabilization and peace consolidation effort' (UN News Centre, 2015). South Africa's respected and prominent role in the international community became reinforced by its lead role on indigenous peacekeeping slogan like the one dubbed by Malan (1999) "RENAISSANCE PEACEKEEPING — A South African solution to conflict in the DRC?" He claims that South Africa has faced domestic expectations for advancing the vague slogan of 'African Solutions to African Problems'. The type of intervention under the pretext of "RENAISSANCE PEACEKEEPING" was conceived by President Thabo Mbeki and also advanced by Rwanda, Uganda, Zambia and Zimbabwe leaders in response to seeking an unconventional peacemaking operation following the widespread discourse of the UN's peacekeeping inability for force and guarantee security beyond borders of conflicted state. Renaissance Peacekeeping would invite a neutral commander to avoid mistakes made by the West in previous multinational peace operations. However concerns already arose questioning how the UN would finance a multinational peacekeeping force not under its full control, given South Africa's ambitions to fill the security stabilizer vacuum on African soil albeit financially constrained (Malan, 1999).

South Africa's peace building approach has been informed by its peaceful transition from the apartheid regime to democracy which came into effect in 1994. However, the paper's criticism here refers to the divergence from the lessons of apartheid South Africa's transition to democracy. The current military interventionism in the DRC represents an atypical intervention by Pretoria, associated to Western infamous interventions (Malan, 1999). Atypical because the forceful deployment in DRC doesn't seem to take command from its foreign ministry (DICRO), instead the defense ministry is said to be the one with firm accountability for the forces. This internal inconsistency has signaled diverging goals by the ministry of affairs

and that of defence. One explanation has associated this to South Africa's ulterior motives in the DRC possibly pursued by militaristic intervention.

The above skepticism is substantiated by the fact that Pretoria's numerous diplomatic efforts failed to negotiate a cease-fire agreement to this day, and perhaps propelling its robust approach to use force (Malan, 1999). The military has in other words become the principal resort in conflict where it has unavoidably raised concerns over the interests the military is serving in conflict torn countries. But the excuse put forth alluded to the immense international pressure from the United Nations and the international community as *de-facto* overseers in the DRC peace processes that have had dire contributions to the prolonged conflict. The international community account for vast financial support in the peace process and thus exert pressure on regional powers like South Africa, leaving them with little choice but to support their donors' approaches at the expense of 'African Solutions' (the West supplies the 'peace-process' resources and so, they have the agenda-setting power, argued Qobo, 2013).

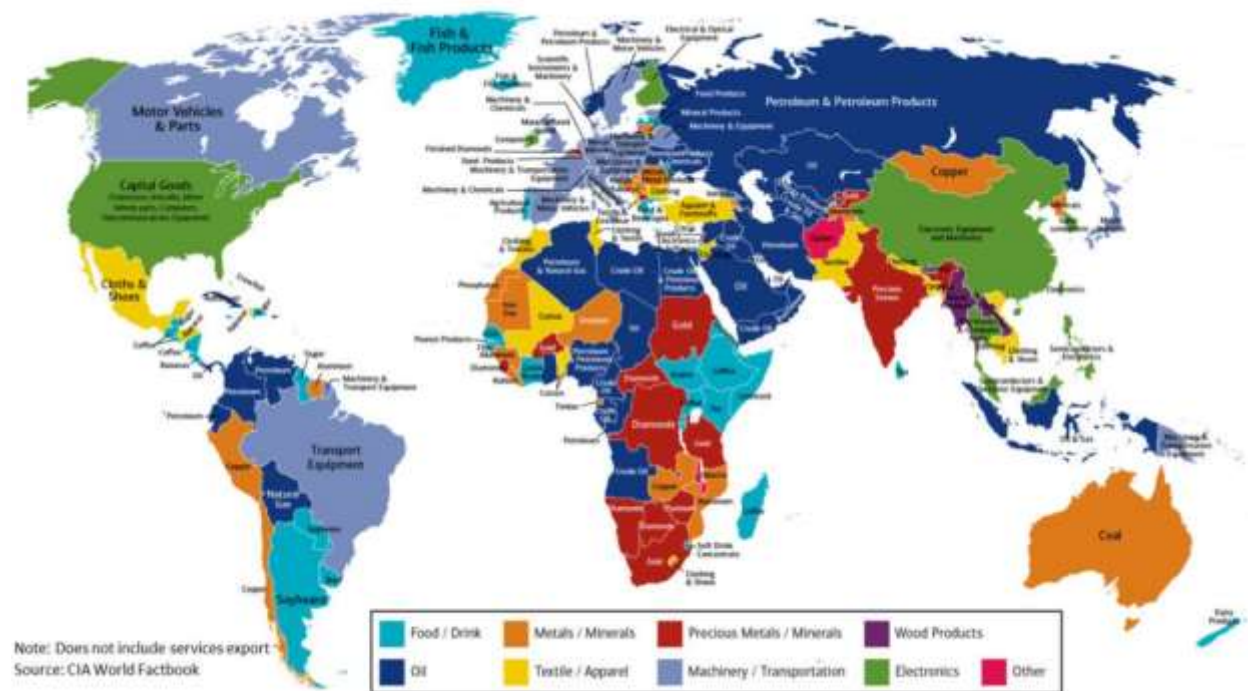
Subsequently, Pretoria has been contending with the question of 'what is the appropriate contribution to international peace missions?' Well, the appropriate contribution as informed by the foreign policy and national interests for South Africa and that in reality should bring an expected outcome of a stable and peaceful DRC. The country has therefore associated its current intervention to the notions of responsibility to protect although still haven't found favor on the public perception. Bizos (2015) has alluded to South Africa's foreign policy mission statement where South Africa perceives its interests and understands humanitarian intervention, a notion they claim justify their DRC intervention. However, evidently not even the notions of 'responsibility to protect (R2p), pan-African intervention and continental security interests as defended by South Africa have convinced the Congolese and other observers that South Africa is a benign intervener (Bizos, 2015).

Dependency school's reasoning questions South Africa's flourishing economic island on a continent characterized by conflict, underdevelopment and misrule because the hypothesis of dependency school is that the wealthy donor metropolis needs the poorer albeit resource rich, conflicted satellites to remain wealthy (Haque, 2006). This is suggestive of exploitative relations between South Africa and the DRC, that is, the source of DRC's ongoing underdevelopment points to Pretoria's seemingly unaffected stability and economic progress amid its ties with a conflicted DRC. Frank's dependency explanation was that the metropolis-satellite arrangement functioned to draw capital of the satellites to metropolis, enriching the latter while the former suffered (Haque, 2006).

South Africa's questionable role in the conflict was further brought to the spotlight after a recent appointment made by the UN of South African National Defence Force (SANDF) Lt-Gen Derrick

Mbuyiselo Mgwebi as a force commander of the 20, 000 UN Mission (MONUSCO) (UN News Center, 2015). The appointment has stirred concerns claiming that this is a clear indication that South Africa is colluding with the UN or the West position on the conflict. Furthermore, critics have argued that SANDF has been subjected to constant abuse by the ruling party, ANC elites are said to protect their mining business interests particularly in the DRC and CAR through the deployment of troops (Timeslive South Africa, 2015). It is not surprising, the notion of mining enclaves has in the past and present been mired by dramatic growths and simultaneous underdevelopment which has been a course for contention in resource rich countries (Bebbington et al 2008).

**FIGURE 12: Every Country's Major Export, 2014**



**SOURCE: World Economic Forum, 2016**

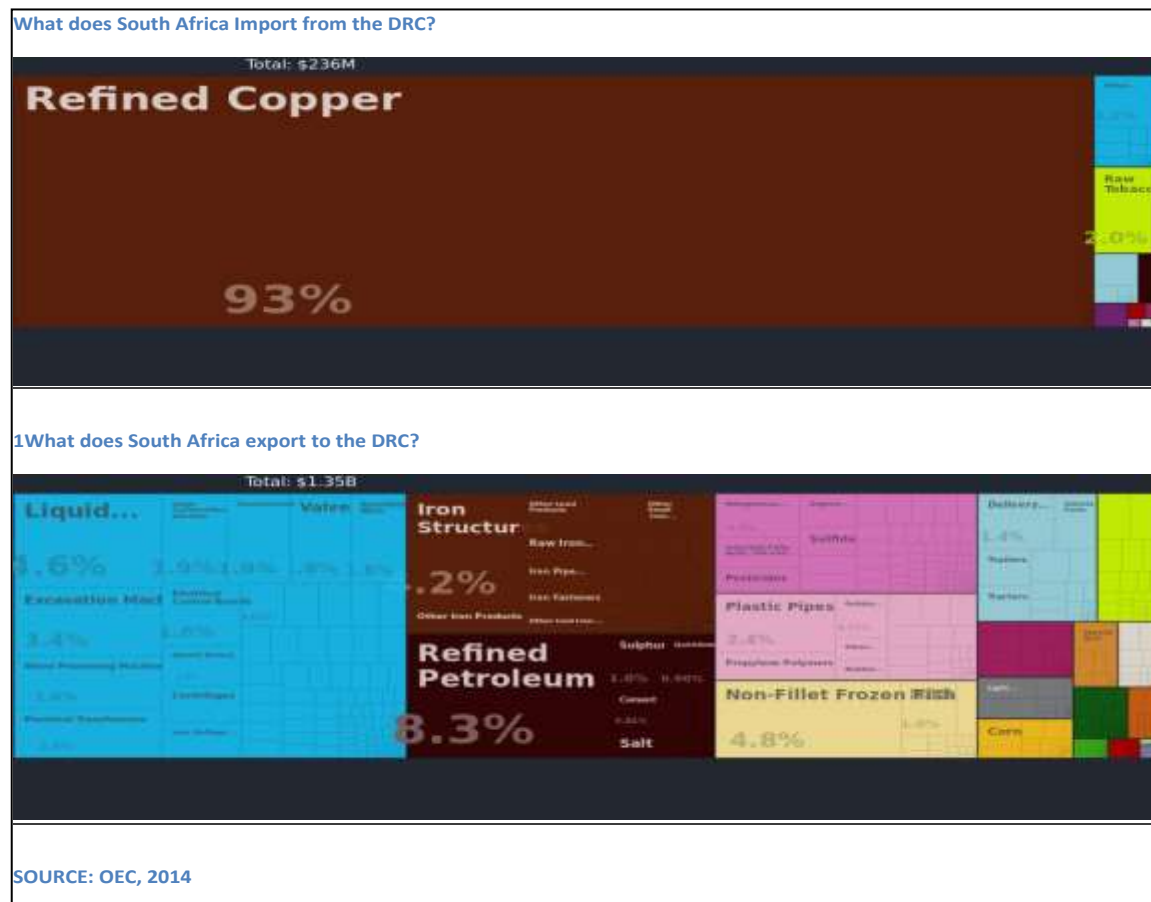
Before we look at a particular example in the DRC's mining sector, the above Figure 12 above is a map that highlights the global export patterns described in this section. Notably, the importance of an extractive-led development in most African countries caught up in conflict. The dark red shading represents countries where precious metals and minerals are the biggest export and shows that the importance of these exports are concentrated in African countries that are experiencing civil wars and domestic instability. Similarly like oil exporting countries from Africa: Nigeria, Angola, South Sudan and Congo Brazzaville are caught up in conflict, however that has not deterred oil exports, in fact most of the conflict are rooted in the power

struggle for control over the resources. On the above map, DRC is shaded in dark red highlighting its importance of exports such as gold, diamonds, iron ore, and coal. And interestingly the country has attracted much external actors who also contribute to the ongoing conflict (World Economic Forum, 2016).

### 3.2.1 Dependency of South African companies' stake in Alphamin- Democratic Republic of Congo's mining industry

To launch this section, it is imperative that we look at the export and import relations of South Africa and the DRC. In the below visualization South Africa imports 93% of DRC's copper, the rest is smaller percentages of food stuff, raw tobacco, and 0.28% of diamond shaded in the colour purple. The imports from the DRC are not as diversified as the imports the DRC receives from South Africa, represented in the visualization beneath the imports. On the other hand, South African exports to the DRC are diversified ranging from excavation machinery, corn, plastic pipes, delivery vehicles and only 8.3% of refined copper accounts for extractive primary products exported by South Africa to the DRC. The inconsistency is evident; the DRC exports to South Africa are predominantly primary sector products like the 96% of refined copper imported by South Africa (OEC, 2014).

**FIGURE 13: South Africa Imports and Exports to the DRC, 2014**

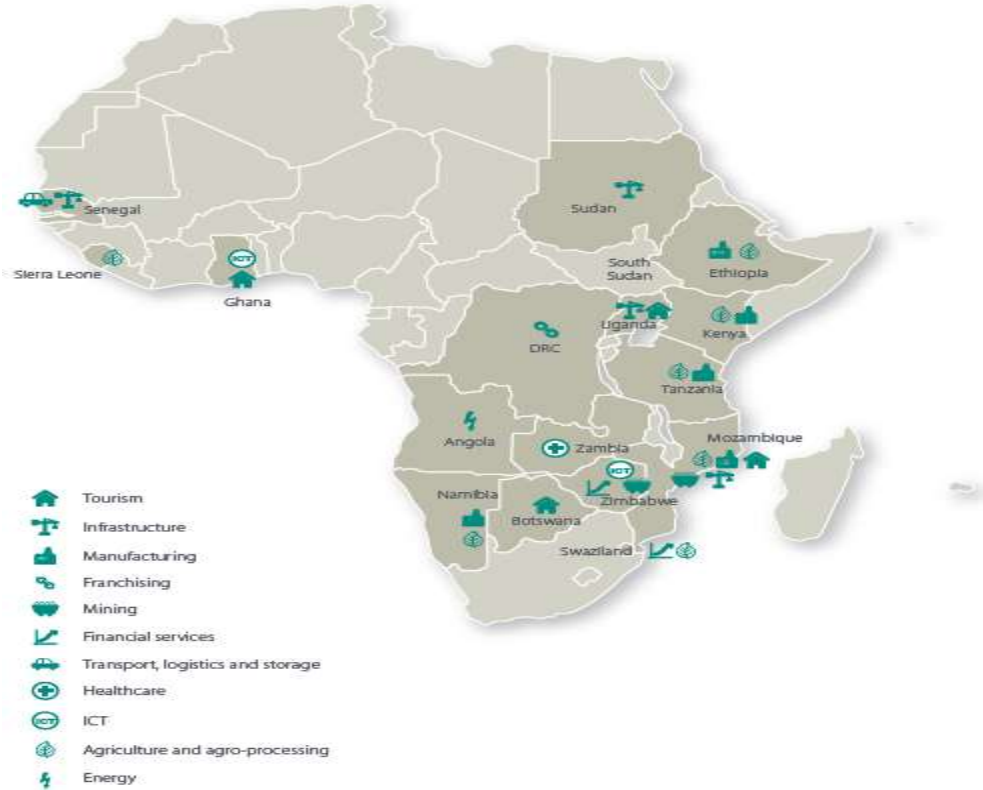




The claims presented in the previous section regarding peacekeeping missions serving to safeguard mining enclaves can be substantiated in this section where the paper probes South Africa’s stake in DRC mining sector. Alphamin (Congolese mining company) is reportedly developing the Bisie tin mine in Congo’s eastern North Kivu province, where armed groups have controlled the area’s biggest mine on and off for years (Bloomberg, 2015). This trade deal has yet proven that political risk or instability is not an impediment or barrier for FDI in the mining sector in Congo. Johannesburg based IDC (Industrial Development Corporation) is a national development finance institution in South Africa with a mandate of promoting economic growth and industrial development for South Africa throughout the African continent. The below figure 14 shows the IDC’s project footprint in the rest of the African continent and thus highlighting South Africa’s penetration of the continent. It further elaborates on the extractive-led development the South Africa engages on the continent, the DRC here is not indicated as a mining destination by the IDC; however, Zimbabwe and Mozambique are mining destinations for the IDC (IDC, 2013).

**FIGURE 14: South Africa’s (IDC) Project Footprint in the rest of Africa, 2013**

Selected IDC projects and investments of more than R10 million are reflected



SOURCE: Industrial Development Corporation, 2013

The state owned enterprise (SOE) or South Africa's private investment arm has a stake on investment in the Aghamin Congolese mining company, its first asset in Congo was in First Quantum Minerals Ltd. developing world's biggest production of tin and copper (Bloomberg, 2015). According to the DTI reports, overall South African investment in the conflict besieged DRC from year 2006 to 2012 was estimated at approximately R12.5-billion and claimed to have created over 4 000 jobs from the trade relations, as indicated by figure 14 a booming FDI area is also South African franchising (South Africa Info, 2016). By 2015 SAIIA reported South Africa to have invested US\$ 1billion in the country since its 1990s involvement on the DRC's political process (Hengari, 2015). Of all the external actors on the DRC political processes, South Africa has a strong economic footprint in Congo with a recorded 20% of the DRC's manufactured imports coming from South Africa, while the recipient exports are dominated by primary resources to South Africa.

In addition to the controversial mining deals, the signing of the Grand Inga Treaty in Kinshasa by Zuma and Kabila in October 2013 signaled reinforcing of dependency and has also drawn enormous controversy over South Africa's economic and political predominance on the country (Hengari, 2015). This dependency is manifested through South Africa's siphoning of energy resources from the Dam project to South Africa and for sale to other countries. By the year 2005, US\$6 billion was reportedly invested by South African Multinational Corporation Eskom Enterprises towards the Grand Inga Hydroelectric Dam project estimated at US\$ 100 billion and still rising (Alden and Soko, 2005). The government responded to aid critics by claiming that South Africa's post-conflict assistance for the DRC included infrastructure rehabilitation and development, in other words, that aid and business development worked hand in hand, well that's in accordance to South-South Cooperation investment led principle. The conflict aftermath in the DRC therefore provided business opportunities for South African products despite the trade deals skewed in South Africa's favour due to lack of productivity from the conflict ridden DRC economy. By 2015, South Africa was regarded the as DRC's biggest African contractor supplying of foreign goods and services, "providing more than 21% of the country's total imports" as noted above (South African Government News Agency, 2016). The conflict is argued to have provided a window for South Africa to craft its dependency strategy consistent with its hegemon status on the African continent, which is underlined by 35 bilateral agreements and memoranda of understanding with the DRC government (Hengari, 2015).

Controversy has not abated in South Africa's stake on Congolese mining sector, evident of this has been regular clashes between the military providing securities to the mining business with rebel groups. I would like to illustrate some FDI in the Congolese economy; however there is virtually no account of reliable statistical data on aggregate FDI in Congo. It can be assumed that as the country is beset with political and economic problems, there is no reliable institutional mechanism in place within the country; however the political and economic problems have not discouraged foreign investment, particularly from the South African side. The

mining revenues have further raised alarm for controversy as they seem to be on decline in the sector's contribution to the GDP. In 1990 mining only contributed to 17% to GDP and in 1995 it dismally contributed a 4.4% to the GDP (mind you, the country's abundance of mineral resources has on the contrast attracted major South African and other investments however there's no revenues to show for the recorded foreign companies having stake on Congo's mining sector (African Resources, 2016). Amid the lack of clear data on South Africa's extractive engagements in the DRC, the General Assembly at the United Nations was alerted by a report that cited 12 South African conglomerates of being involved in looting of mineral during the civil war in the DRC (Carmody, 2012).

Samples of companies linked to South Africa that are involved in the Congo extractive sector include:

**Copper Resources Corporation** located in Johannesburg and involved in the copper sector. Its ownership is Public in LSE with estimated total assets value of \$58.3 million in 2006. **De Beers Group** is also located in South Africa and England and involved in the diamonds sector. It is privately owned with estimated value of total assets worth \$8.3 billion in 2006. **Gold Fields** is publicly owned in Johannesburg Stock Exchange (JSE) and New York Stock Exchange (NYSE) with locations in Johannesburg and London. Its Total assets in the gold sector in 2007 recorded \$55.4 billion. **Kumba Iron Ore** is also listed on the JSE, a South Africa based company in the DRC iron ore, coal zinc, lead and titanium sectors. Other include South Africa based **Metorex, Ruashi Mining** in cobalt sector, Teal Exploration & Mining in cobalt and copper sectors (Congoweeek, 2008).

There is great scope for controversy in this potentially one of the richest mining countries of Africa, having South Africa, EU, Belgium and France amongst others contributing great stake to social and economic recovery in the country but progress seems an illusion (African Resources, 2016). This section has explored South Africa as a factor that affects underdevelopment in its periphery recipient country of the DRC, but contrary to expected positive results, South Africa's FDI in Congo indicate that: yes there is a higher return on investment and better infrastructure have a positive impact on development of the DRC, but this FDI have no significant impact on the GDP and improved living conditions to Congolese people (al Jazeera, 2015).

Furthermore, accusations of malpractice by South African corporates have undermined Pretoria's credibility as a constructive development actor in the DRC (Hengari, 2015). In the eyes of the opposition to President Kabila's regime and civil society, South Africa's trade and financial ties to the Kabila government is counterproductive and could undermine its image as a benign intervener through MONUSCO which to date has struggled to bring peace on the existing political stalemate in the country. South Africa needs to introduce means to govern the conduct of its corporates in the DRC in order to regain its trust from the civil society

and opposition because all they perceive now is that South African firms are colluding with the incumbent and siphoning mineral resources enriching themselves at the expense of DRC poor people (al Jazeera, 2016).

Evident in DRC and African countries from which South Africa sources its primary resources is that resource curse symbolized by an extraction-led development model perused in conflicted countries (Bebbington et al, 2008). Large-scale mining has become associated with conflict, underdevelopment and attracted so-called interveners and donors in magnitudes, as the DRC is indication. Supporting the relationship between mining and underdevelopment and its contentions, Ferguson's (2006) articulation of mining enclaves in Africa argues that the most corrupt, lacking in good governance and basically anarchy states have attracted the most capital intensive investments in mines, refuting claims that Africa is poor because corruption and poor governance do not attract foreign capital investment. The DRC is a country with an active civil war, corruption and dysfunctional governance but host to many foreign capital investors and has attracted significant inflows, with South Africa named amongst some with major mining interests. In this country, the exploitative business of mining has developed and flourished amidst a prolonged civil war (Ferguson, 2006). Ascertaining the relations between FDI/aid and conflict and underdevelopment, Moyo (2009) argues that despite Africa's corrupt environment, the lenders always considered the continent ripe and ready for concessional loans. Foreign aid (despite West's obsession with ethos of democracy and good governance as a prerequisite for development) continued to be the predominant source of financial resources for most of the continent'. Proving this correct, on 29 March 2016, the World Bank approved "an additional grant of \$30 million for the Human Development Systems Strengthening Project in DRC" (World Bank, 2016).

The only way that these investments and aid inflows can survive is through the protection from the army from the ongoing fighting. Shedding light to the questions raised by South Africans as to why their troops have prolonged their stay in the DRC although no success on ceasing the civil war is visible, Ferguson speaks of paramilitaries. He made reference to the 'Ironies of the Cold War politics during the 1980 when Cuban Troops were providing protection for US Gulf oil company's facilities in the oil-rich enclave of Cabinda even though the US was intervening in the conflict apparently in support of the rebel groups' (Ferguson, 2006). Similarly, South Africa is also implicated in controversy over its private military company called Erinys guarding the Iraqi oil industry for business elites in a hostile territory (Ferguson, 2006). The benefit of supporting rebel groups is to prolong the anarchism, meaning the mining extraction businesses are not under regulation from a functioning government, thus allows for illegal dealings and looting. This allows for revenues to be siphoned off and paid to the corrupt government officials and other stakeholder in the conflict, never mind such benefits ever reaching people on the grassroots, and the DRC is well placed in this explanation (Bebbington et al, 2008).

There are sound economic motives in peacekeeping, given that this third largest African country has petroleum, copper, coffee, cobalt and diamonds that provide most of its foreign exchange earnings. Corroborating this, Al Jazeera (2015) interviewed some officials involved in the conflict and they too confirm this paper's dependency motives arguments. The anonymous interviewee said "officers deployed for the Sukola I military operations against ADF were involved in the exploitation and sale of timber in Beni territory". Another one stated "The MONUSCO official, during the interview with Al Jazeera, confirmed that a senior FARDC military officer admitted to passing information, logistical support and uniforms to the ADF and that the army and the ADF "started working together and having businesses together, in timber and minerals" (Al Jazeera, 2015).

Attesting to the above claims over military officials conspiring with local business elites and rebels, the Table below (Figure 15) may not show South African outflows dedicated to the extractive industries but large of it is allocated to peace-keeping operations and this is where the aid is abused by peace-keeping officials who use the aid to pursue their self-interest ambitions at resource rich countries like DRC beset with conflict. The main sectors that the South African government has committed its aid to is in peace-keeping, post-conflict reconstruction and technical cooperation as indicated on the last column of the below table (Figure 15). In this sector, military personnel have abused their power to engage in illegal gain from natural resources. There is clear indication of overlaps between peace-keeping operations and primary resource exploitation.

**FIGURE 15: Overview of Southern Donors, 2010**

COUNTRY	MODALITY	TOP RECIPIENTS	MAIN SECTORS
China	Bilateral aid, Projects, in-kind, technical cooperation, and debt relief.	Africa (46%), Asia (33%), Latin America (13%)	Economic infrastructure (61%); industry (16%); energy and resources (9%); Agriculture (4%)
India	Mostly project oriented and technical cooperation (with the exception of more general support to neighbors). Some debt relief.	Bhutan (36%), Afghanistan (25%), Nepal (13%). Approximately 85% to Asia; 15% to Africa.	Rural development, education, health, technical cooperation. Also gives loans primarily for infrastructure.
South Africa	Majority through multilaterals channels (esp. NEPAD, African Renaissance Fund). Some debt relief.	Southern African Development Community (70%) and other African countries.	Much work through peacekeeping, post-conflict reconstruction, technical cooperation. Beginning to get involved with infrastructure.

**SOURCE: Walz and Ramachandran, 2010**

Moreover, on the above table (Figure 15) South Africa ranks amongst big regional powers because in sub-Saharan Africa it boasts a high GDP together with Nigeria, and as such the country has converted its GDP into military power. This is so because South Africa is actually outnumbered in terms of military personnel and inhabitants by its sub regional neighbours (Flemes, 2007). An example is Angola which possesses more troops than South Africa, but simply because South Africa can spend more on its military capabilities than its sub regional neighbours owing to its higher GDP, thus the country emerges with military supremacy in sub-Saharan Africa and overall dominance on the continent.

Flemes (2007) illustrate this argument: “Pretoria shows the highest defence expenditures in its sub region and on the African continent as well: US\$ 3, 55 billion. Botswana – ranking second in SADC – spends US\$ 340 million on defence purposes, which is more than ten times less”. On a global level, in 2007 South Africa defence expenditure ranked on 34<sup>th</sup> place (Flemes, 2007).

### **3.2.2 CONCLUSION**

In this section, we can adopt that South Africa has diverged from the South-South cooperation inspired African renaissance peacekeeping approach. As the architect of this renaissance peace keeping notion, South Africa aimed it literally as an arbitrary rule designed to allow South Africa to justify and conceal their own abuse of power in Kinshasa to secure their dependency primary sector exploitations. Resistant groups perceived there is not sufficient means for Pretoria’s military interventionism approach under the guise of so-called renaissance peacekeeping. Malan (1999) argues that, unless Pretoria is accepted by the conflicting parties as their peacemaker of their choice, it would probably be best that Pretoria does not force its hand in the DRC conflict.

With its leadership in SADC already challenged and damaged by a mixture of Mugabe’s bravado and Lesotho’s intervention, Pretoria’s peacekeeping has and still struggles to impress the African Union and a peacekeeping and development leader on the continent. This has left South Africa without the requisite level of continental support. The core argument here is that Pretoria has lost its prominence plethora of peace brokering; it has associated with the mainstream foreign aid models that have reinforced periphery weaker states as a result of enriching core donors’ trough dependency practices.

### **3.3 Enormous Dependency of Lesotho’s Economy, Polity and Society on South Africa**

‘The above heading is an extract from Cobbe (1988) who argues that dependency in Lesotho has been widely viewed as a result of Pretoria’s policies and actions’. From before the time of its independence in 1996, Lesotho has served as a ‘labour-reserve economy’ for the South African market. Much of the society has been employed in South Africa for below minimum wages that are insufficient for Basotho families. And to this

date, such underlying dependency structures have experienced superficial modifications, for example, former colonial master British aid-transfers have been replaced by heavy reliance on South African aid transfers to Lesotho's revenue. This has had effect on enabling physical infrastructures to expand, however domestic production growth and improvements of livelihoods still lags behind. The deficiency in these sectors is arguably due to the blockade by South Africa, the argument here is adamant that underdevelopment was due to lack of access to the South African formal labour market and meaningful opportunities for Basotho nationals in South Africa (Cobbe, 1988). In this section, the thesis will focus on the case of dependency relations between South Africa and Lesotho, the findings reflect that South Africa has benefited enormously while simultaneously exacerbating underdevelopment in Lesotho.

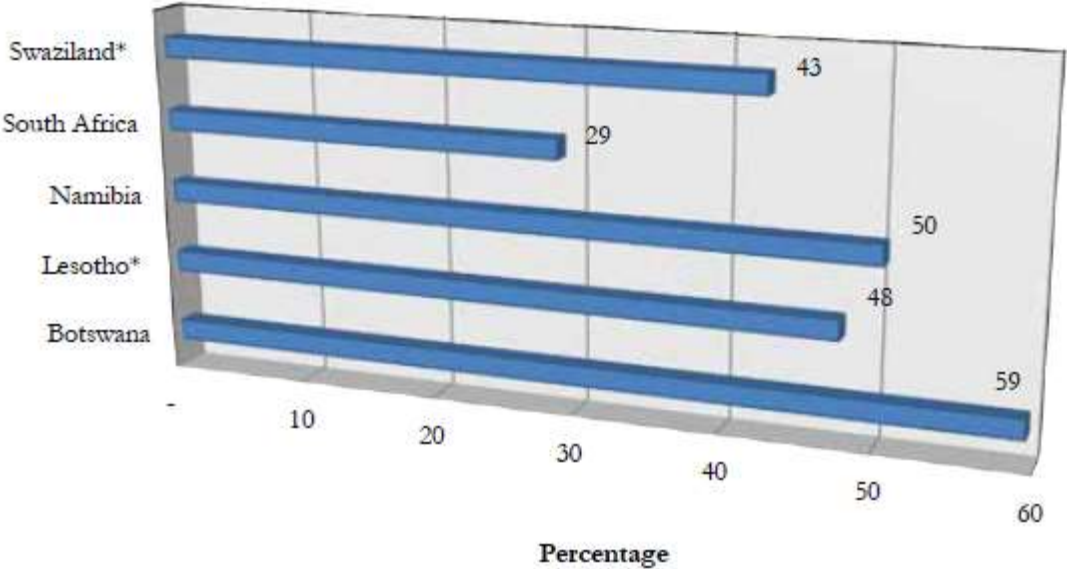
Development issues, particularly poverty of Lesotho till date remains vulnerable to South African adverse Chamber of Mines labour laws towards migrant labourers' wages, most of them originating from Lesotho (Steinberg, 2005). An unabated structural problem that makes Lesotho vulnerable to South Africa is that the country is dependent on South African employment for its migrant workers and recruitment continues threatened even by the spate of xenophobic attacks by some South Africans. Conversely, South Africa's mining and agriculture sector is heavily dependent on the labour reserves of Lesotho and other peripheral neighbouring countries. South Africans tend to resort to xenophobic attacks against foreign labourers especially in low skilled jobs; the reasoning behind this is that employers prefer migrant labourers to South Africans because of their cheap labour which can be exploited by firms in the absence of labour unions protecting migrant labourers (Wallerstein, 2010). Basotho nationals have not been able to confront the exploitative labour situation as they face South African blockade to participate in trade union activities in South Africa, in some instances, they are employed illegally and therefore no protection is granted for them.

Most of them have to endure poor labour conditions because their homeland periphery presents no opportunities for employment especially with a staggering growth in the economy. Not only will their resignations be costly to the mines but largely to Lesotho's revenue and families who are heavily dependent on some remittances from South Africa. Again, it is vulnerable to South Africa due to the spillover effects of domestic problems in South Africa; Lesotho's access to trade corridors is fully dependent on relations with South Africa since the country is entirely surrounded by South Africa. Both exports and import trade pertaining to Lesotho goes through South Africa and thus strengthening the country's vulnerability and dependence on South African ports and advanced infrastructure (Cobbe, 1988).

Furthermore, the landlocked country is vulnerable due to heavy dependence on South African imports for basic day to day needs (petrol, milk, and various processed food not produced in Lesotho), South Africa has promoted the high mass consumption in Lesotho which matches that of better off South Africans,

representing Levy’s modernization views that “as time goes on, they will increasingly resemble one another because the patterns of modernization are such that the more highly modernized societies become, the more they resemble one another” (Reyes, 2001). As will be discussed in detail, there is growing preference on South African products over Lesotho products, this has contributed to wages being spent in South Africa than the migrants’ peripheral homelands. And also, the growing demand for South African products has allowed for South African firms and service providers to penetrate Lesotho ensuring that profits leak away into South African revenues (Graaff, 1982). The below Figure 16 illustrates the dependency of Lesotho (and other SACU members) to South African imports.

**FIGURE 16: IMPORT PENETRATION INDEX**



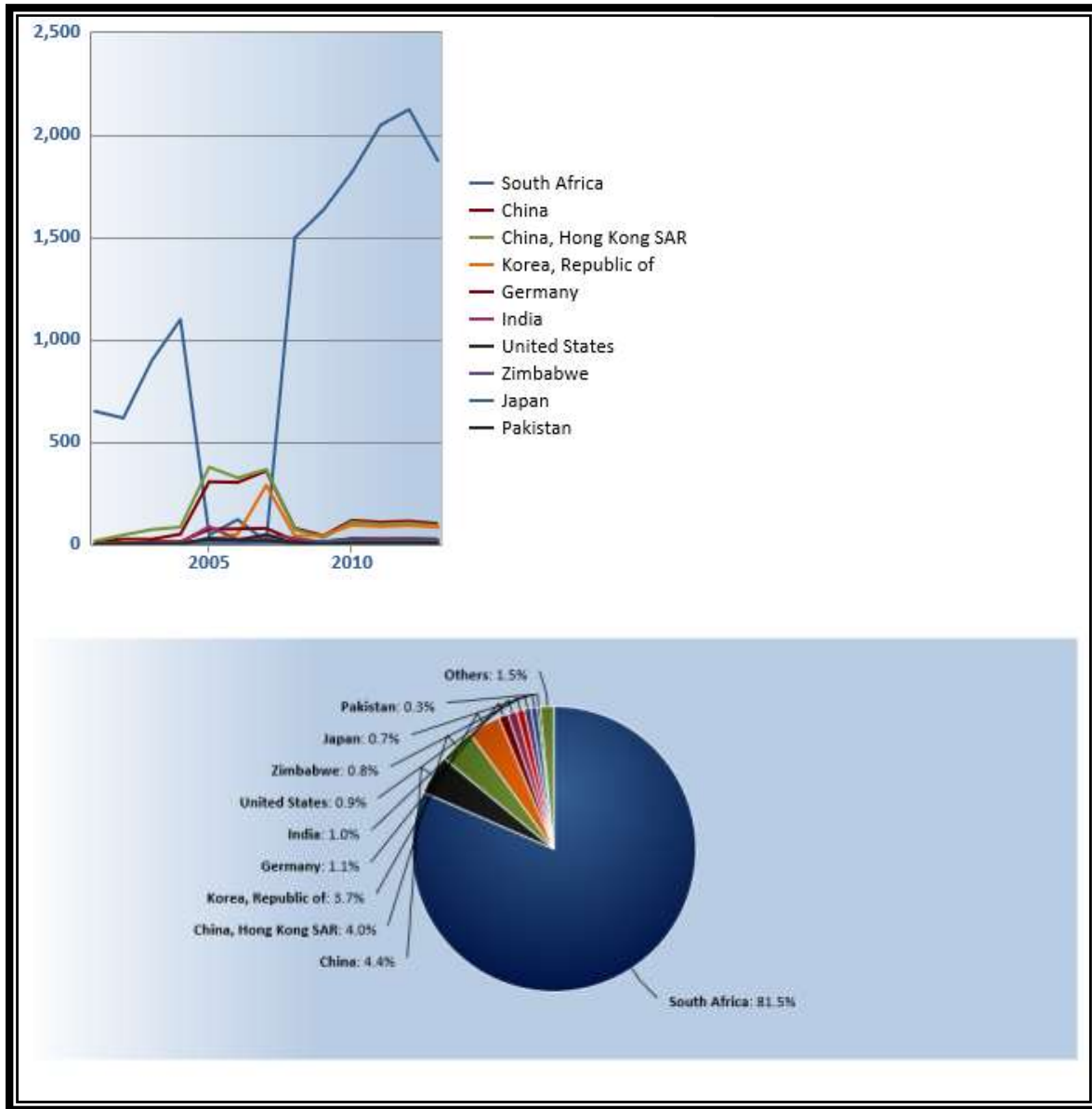
**SOURCE: SACU, 2013**

The figure 16: **Import Penetration Index** is a ration of imports showing the degree to which domestic demand is satisfied by imports. It also implies that the country demanding imports may face incapability to produce those products locally and thus their dependency on foreign products. In the above graph, imports satisfied 48 % of the aggregate demand in Lesotho in 2013 and the remaining 52% satisfied by domestic production. The rate of import demands also indicates the degree of vulnerability to external shocks. In comparison with South Africa - (Lesotho’s most imports origin) the country only reflects mere 29% (making it the lowest in the Southern African Customs Union) domestic demand on imports with the rest of 71% satisfied by South Africa’s domestic production, making it the lowest in the Union (SACU Merchandise Statistics, 2013). This figure also highlights the discrepancies in levels of self-sufficiency for the



countries; South Africa is able to produce most of its secondary domestic demands while the rest of the countries show more dependence on external assistance to meet their manufactured domestic demands. Substantiating this argument, the below figures indicate that South Africa is Lesotho's main source of imports in manufactured goods.

**Figure 17: Lesotho's manufactured imports dependency on South Africa**



**SOURCE: Lesotho Data Portal, 2014**

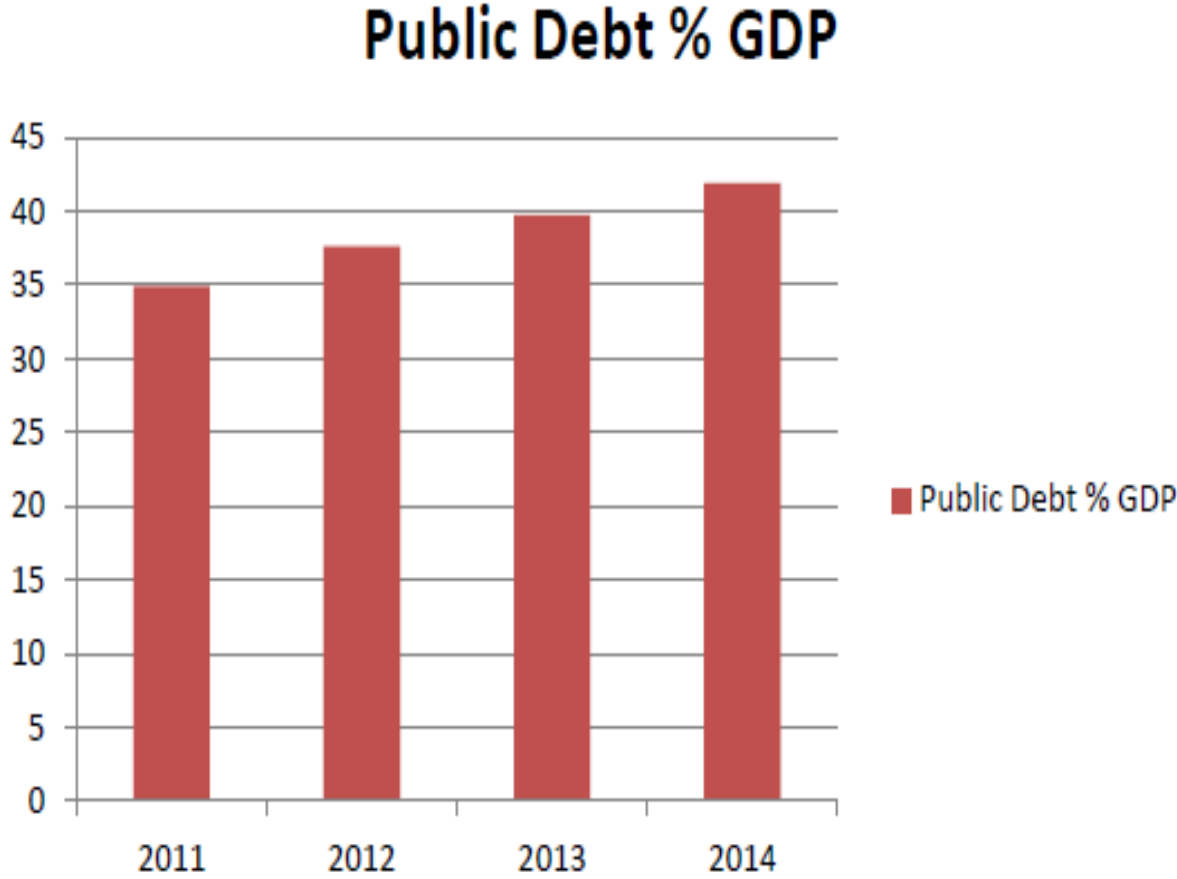
There is also a view against the food-aid imports from South Africa which has disempowered Lesotho from feeding itself, production from domestic sources and self-sufficiency has drastically declined due to South

Africa's actions through brain drain, migrant labour and high exports of manufactured goods to Lesotho (Cobbe, 1988). Consistent with South Africa's blockage, harassment and delays at border control for the movement of goods and people from Lesotho exacerbated the decline on Lesotho's growth as this implied lack of access to the South African market for Lesotho's manufactured products. What's worse is, the elusive negotiations of a Customs Union allowing for free trade between the two countries which has still not significantly addressed the member states crying foul over imbalanced benefits. As discussed in more detail in the previous sections, the existing Southern African Customs Union (SACU) between Botswana, Lesotho and Namibia and South Africa (BLNS) is extremely important for South Africa and has seen member states dissatisfied even with ongoing renegotiations for regional economic cooperation and integration (Gibb, 2006). As dependency theory holds, South Africa's important influence on the trade arrangements has shaped imbalanced revenue-sharing, and due to adherence (and lack thereof) to common policies. Furthermost of the tensions within the customs union relate to asymmetries in terms of development amongst SACU members, in particular, economic dependence of the BLNS on South Africa and the political dominance of Pretoria in the customs union (Gibb, 1997).

### **3.3.1 Aid Dependency on External Creditors**

The underdevelopment conditions addressed here have apparently been used by their source South Africa to continually justify for additional aid into Lesotho and therefore reinforcing the dependency and benefiting from that underdevelopment and Lesotho's foreign debt (Cobbe, 1988). The aid dependence on South Africa has specified Lesotho as an economic hostage of South Africa, the debt cancellation have come at a new price and renegotiated repayment schedules. As a result, virtually the economic viability and independence of Lesotho has seemed very bleak and unpromising. Figure 18 and 19 below represents a pattern of increasing debt for Lesotho. The level of debt increase is associated to increase borrowing for infrastructure projects from external creditors like multilaterals and bilateral partners such as South Africa (AFRODAD, 2014).

FIGURE 18: Lesotho's increasing Public Sector Debt: 2011-2014



SOURCE: AFRODAD: 2014

FIGURE 19: Lesotho: Public Debt Outstanding at end of 2012/13

**Lesotho: Public Debt Outstanding at end 2012/13**

	In Millions	In Millions	In %
	maloti	USD	GDP
<b>Total Public Debt</b>	<b>7,849</b>	<b>863</b>	<b>38</b>
Domestic Debt	952	105	4.6
External Debt	6,898	758	33.4
Multilateral	6,151	676	29.8
IDA	2,745	302	13.3
ADF	1,849	203	9.0
IMF	494	54	2.4
Others	1,063	117	5.2
Export credit	378	42	1.8
Bilateral	300	33	1.5
Commercial	69	8	0.3

SOURCE: AFRODAD: 2014

In view of the above figures, they show that Lesotho's debt is dominated by external debt than domestic one which has the potential of running the risk of external debt distress. And also, due to the external debt dependency, Lesotho becomes more vulnerable to external price fluctuations that the country has no control on and thus can be detrimental (AFRODAD, 2014).

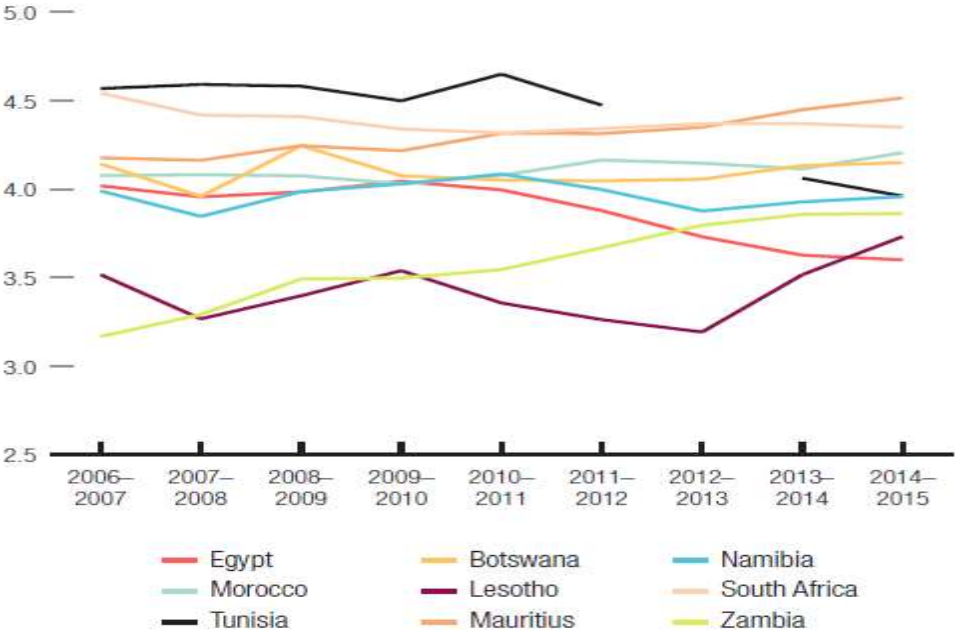
### 3.3.2 South Africa and Lesotho both Middle-Income counties BUT stark discrepancies

Figure 20 below extracted from the African Competitiveness Report (2015) ascertain the above claims in imbalanced revenue-sharing between South Africa and Lesotho. It is surprising that both Lesotho and South Africa fall into the same 'Middle-income economies' according to IMF classifications but exhibit stark discrepancies in their levels of development and economic performance. In the below figure 20 we shall only focus on Lesotho and South Africa alone. According to the report, South Africa and Lesotho's divide is partly due to barriers to trade which remains critical issue in SACU, the trade structure is lopsided in favor of

South Africa as evident of its performance of figure 20, although South Africa’s performance has experienced a decline from 2008 and a partial improve between 2012-2013 scoring about 4.4% also in 2015. It is nothing compared to the stark difference to Lesotho who has been subjected to its trade barriers, Lesotho has not scored anything above 3.7% in performance (African Competitiveness Report, 2015).

The dependency is also evident in the fact that when South Africa’s performance declines, Lesotho’s also declines, paying attention to its steep decline between 2012-2013 when South Africa also experienced a decline. Others have referred to this dependency in the words “Lesotho’s economy catches flue-from big brother’s” (Tafirenyika, 2011). This indicates Lesotho’s heavy reliance on South Africa so much that when South Africa experiences difficulties, it places small landlocked Lesotho’s economy at crossroads given that South Africa employs much of Lesotho migrants who have been experiencing diminishing revenues, and South Africa large FDI footprint in Lesotho can easily affect the small country should the companies experience economic slowdown. This suggests the dependency of Lesotho over South Africa which becomes susceptible to shocks, as a satellite of South Africa, it is expected that Lesotho is directly impacted by its metropolis’ and thus also explains the stark economic performance divergences –The satellites serves to fuel economic progress of the metropolis, that’s what dependency is.

**FIGURE 20: Middle-Income Countries**



**SOURCE: African Competitiveness Report: 2015**

### 3.3.3 Further implications flowing from the rising dependence on Migrant Labour wages

Lesotho-South Africa relations is fitting to the exploitative ties picture painted by dependency theorists, Jackson and Sorensen (2010) reiterate that the development of the core is built through the exploitation of the periphery, thus underdevelopment of the periphery is a result of development in the core. Following from above, it is clear that South Africa is in the midst of the economic and political crisis of landlocked Lesotho. Underdevelopment is largely due to the integration of Lesotho in the South African economy, and change is unpromising because Lesotho continues to lose its productive population to South Africa as they follow economic incentives and an alarming brain drain for the much desperate Lesotho for skilled workers that should contribute to their government's revenue through taxes (Tafirenyika, 2011). It is a central argument of dependency theory that in the world system, poor states are impoverished and rich ones enriched by the way poor states and its peoples are integrated in the world system or in this case the conditions of development partnership between South Africa and its neighbours (Haque, 2006).

The case of Lesotho and South Africa is a notable example of the 'good fences make good neighbours' (or not) saying as indicated by Patel (2013) of the Daily Maverick. Lesotho's geographic location being entirely surrounded by South Africa (see figure 21 below), one would think that incorporation into South Africa would happen de facto by now. However, reality is that South Africa is interested in mending and building up the wall to keep out Basotho nationals or make it hard for free flow of people, goods, services and trade which then obscures development opportunities in the landlocked kingdom of Lesotho. Dating back from its founding, Lesotho as a British protectorate in 1868, commentators have argued that despite Basotho nationals contributing overwhelmingly in the South African economy as wage labourers, traders, produce exporters and retail consumers, there's still growing contention between South Africa and Lesotho's foreign relations with the former upholding stringent border controls against the latter (Daily Maverick, 2013).

**FIGURE 21: Landlocked Lesotho**



**SOURCE: AFRODAD, 2014**

Another theoretical base for this is the work of Paul Collier (2007), in chapter four of his *'Bottom Billion'* book he wrote about 'Landlocked with Bad Neighbors' arguing that 'geography matters for development'. His analysis is that being landlocked does not essentially subject a country to slow growth and poverty, however, as the case of Lesotho proves otherwise; there is a linkage between its geographic relations with a bad neighbor-South Africa and thus locating it in Collier's (2007) bottom-billion societies. We find here that a problem of landlocked countries seem more apparent in Africa than say Europe's Switzerland, Austria or Luxemburg who experience growing economies and better living conditions albeit landlocked. Looking at Lesotho, the paper maintains that landlocked countries in dire poverty and slow growth have become hostages of their neighbours, attesting to what Cobbe (1988) said when he argued that South Africa finds itself in the middle of underdevelopment crisis of Lesotho. Lesotho's development has become dependent on South Africa's infrastructure, transport corridors and policies and thus asserting Collier's position that 'neighbours matter'. Regardless of South Africa's growth, the growth spillover effect that Collier (2007) anticipated for landlocked countries doesn't seem to materialize in Lesotho, unless this suggests South Africa is not a good neighbor allowing Lesotho to piggyback on its growth. His hypothesis holds true for countries like underdeveloped Uganda because its neighbours like Kenya also is consistent with Uganda's underdevelopment, and thus Kenya has been stuck in stagnant growth for over two decades, Sudan and South Sudan both embroiled in civil wars, Rwanda on the other hand coming from a genocide with its legacies to date and the last neighbor DRC is catastrophic with the world's largest UN peacekeeping mission (MONUSOM) located there (Malan, 1991). In this case, Uganda accordingly piggybacks or is influenced by the instability of its neighbours. Why then is Maseru gaining slow growth when Pretoria's growth continues to grow unprecedentedly in comparison to Collier's hypothesis?

The only valid explanation is by dependency school: the wealthy core metropolis needs the poor periphery satellites to remain rich while impoverishing the latter (Haque, 1999). Bad neighbours therefore have the potential to create impediments to development of the landlocked country. Collier (2007) suggests landlocked countries encourage economic performance of their neighbours as they matter more. The idea that the faster the neighbor grows, the faster the landlocked country grows has proved elusive in this particular dependency relations between South Africa and Lesotho. Contrary to this hypothesis, Lesotho is a periphery of South Africa and the latter is in part enriched by the hostage it has over Lesotho's wage labourers and water as a scarce natural resource. Dependency theory therefore gives a better understanding to Collier's (2007) views; it explains why Lesotho has not shared the accomplishments of South African growth as anticipated, it has only in part contributed to South Africa's accomplishments. The author does however have a point that Lesotho could encourage remittances from its nationals who are migrant workers in South Africa to contribute to Lesotho's revenue, alas Yildirim, (2014) findings of Lesotho's reality prove otherwise, shortly we will look at the issue of remittances.

### **3.3.4 Violation of Wage Agreements**

Another reason why Lesotho doesn't grow from South Africa's growth spillover effects is due to South Africa's exploitative labour conditions. To recruit Basotho labour legally, South African farmers need to comply with a set of regulations established by the Lesotho Labour Commission (LLC). For each worker a farmer recruits, he signs a contract stipulating the terms and conditions of employment, including the rate of remuneration. "He is obliged to provide each worker he recruits with free transport to and from his farm, free accommodation and three free meals per day for the duration of the worker's stay on his farm, and free medical treatment" (Steinberg, 2005).

But research has highlighted inconsistencies on the South African side as the recruiter of the periphery. It has been found that the core practices the above stipulations in breach, for instance, labourers' wages were sometimes withheld and unreasonably refused leave and they also reported poor accommodation from employers. Nor were their grievances welcomed by LLC and South African authorities, this highlights the essence of dependency's power to capture and corrupt internal officials to serve the core-needs; so long South Africa sources its labourers. One of the documented respondents was heard "We are told there are many people in Lesotho waiting to come to the farms. If we were not willing to work we would be sent home" (Steinberg, 2005).

Only the South African government is in a position to write the labour market policy it wants; since it knows it has the capacity to enforce it and clearly its policy aims are currently directed at servicing the industrialization and growth strategy of South Africa. Theoretical backing to this, dependency theory maintains and warns that on an occasion when an economic sector becomes reliant on foreign-sourced cheap labour, its cost arrangement rapidly comes to rely on the presence of this labour. That infers embedded and permanent dependency relations between the core and peripheral areas (Steinberg, 2005). And therefore, it is in accordance with the cheap labour dependence of South Africa and that the country as a core will not change labour policies in favour of and pro-migrant worker.

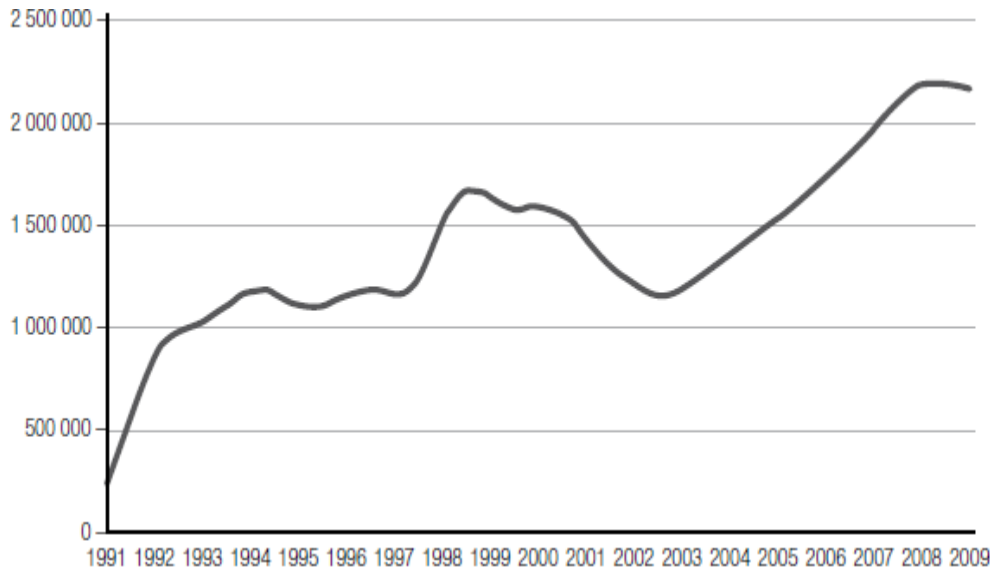
### **3.3.5 Why Remittances have not substantially developed Lesotho?**

It is also argued that remittances could have potential for development and growth only if many of Lesotho's migrant workers weren't employed as unskilled labourers, many of them are wage labourers working without labour union protection from exploitative gold mines and farms in South Africa (Yildirim, 2014). Lesotho is one of the world's biggest migrant labour dependent country, in 2006 alone remittances accounted for 25% of its GDP (Crush et al, 2010). Despite the increased cross-border movement (see figure 22 below) remittances have not correspondingly contributed to the development of Lesotho. This has been contradictory to the hyper-mobility of most of the population; however a reason may be that most of these



movements are not related to formal employment in South Africa. In most cases, the wages come from cheap paying seasonal jobs if not from the more stable mine recruitments. Other reasons for the cross-border movement has been for “medical treatment (6%), trading (3%), tourism (2%), business (2%) and study (1%)” (Crush et al, 2010).

**FIGURE 22: Legal Migration from Lesotho to South Africa, 1991-2009**



**SOURCE: Crush et al, 2010**

The onus still lies with South Africa’s good (or lack thereof) labour policy environment which remains an impediment to development that would be generated from remitting if labourers were paid sufficient wages.

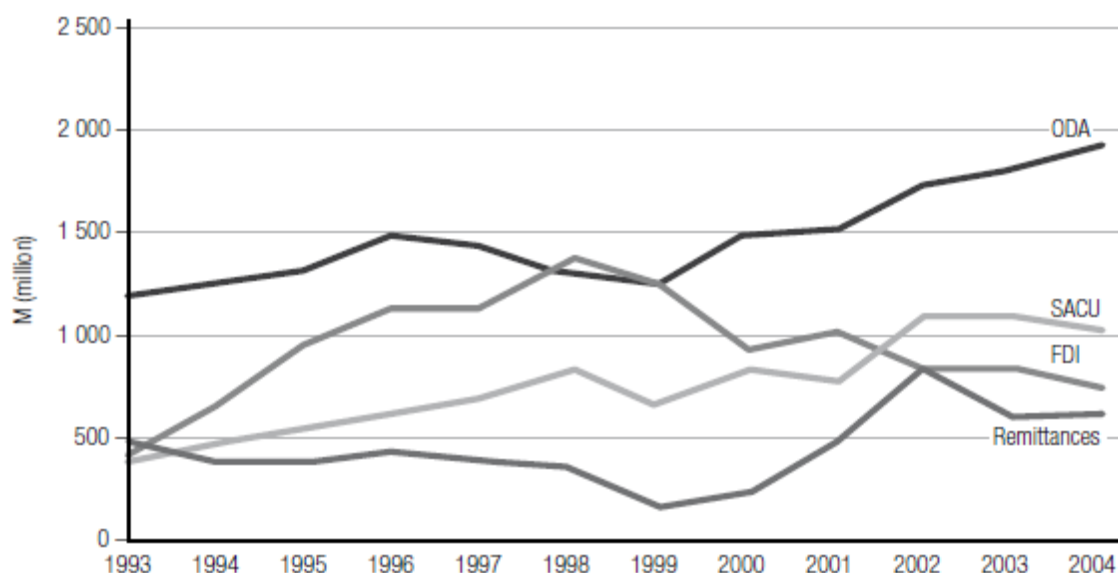
### ***3.3.5.1 Destabilization of Basotho Family Units***

In the face of retrenchments in South African mines, (Largely due to lack of labour union protection for migrant labourers, Basotho women have had to step up to take up the increasing seasonal farm work, domestics work and other low paying jobs. Many of these women are from families where their male brothers and husbands (breadwinners) have been retrenched from the gold, platinum and coal mines in South Africa. Beside the core depopulating Lesotho, needless to say, this phenomenon has also contributed to the breakdown of family units as the wife is forced to abandon the family heading to South African farms to take the role their husbands and brothers had as breadwinners (Graaff, 1982).

In addition, when the remitting does happen for those that afford to do so, the direct consequence of this is that remittances tend to create and intensify class differentiation in rural areas of Lesotho which further exacerbates social-economic issues and inequality (Steinberg, 2005). Migrant labour income has increasingly

become a stepping stone for access to resources like land and cattle, but for those without migrant labour earners (mostly male children), they are being forced into poor economic activities like prostitution, selling home-grown vegetables and beer brewing (Graaff, 1982). This consequence from dependence is therefore abused by South Africa, using Lesotho's underdevelopment to justify transfers of aid (highly politicized with elusive outcomes) and thus perpetual dependency and debt cycle. The importance of remittances is illustrated on the below figure 23, where migrant remittances have shown to be the major source of Lesotho's revenue. However, the section succeeding this will indicate that remittances are affected as there is a growing preference on spending the money in South Africa, on South African produce and saving in South African financial services.

**FIGURE 23: Flows of ODA, FDI, Remittances and SACU Revenue to Lesotho, 1993-2004**



**SOURCE:** Crush et al, 2010

Another negative effect of the dependence on migrant labour wages relates to brain drain. As stated in the previous paragraph that since migrants are typically younger often uneducated and some educated males who are recruited in South African mines and agriculture sectors, the migrant labour dependence system is depriving the periphery (Lesotho) of its most skilled and physically capable manpower that could be the remaining beacon of hope for Lesotho's much needed development potential. The disruption on human capital for a periphery spells nothing short of destabilization and limits prospects for potential development (Graaff, 1982). Tying to the issue of food security and agriculture, the periphery areas suffers from a shortage of agricultural labour even at peak harvest times due to foreign wages dependency as most opt for South African jobs. The influx of migrant labourers in South Africa serving the needs of the core-area, which is presented with many labourers and thus lowering the wages as farmers enjoy a surplus in desperate labourers,

it further obstructs the possible amount of remittances as wages decrease so does money sent home and ultimately undermining development of periphery-area households.

### 3.3.6 South African products over Local Periphery Goods

Given these situational dependency constraints, inevitable, over a period of time the poverty acquires a certain prolonged momentum simultaneous with profound implications for the chances of development. With stark differences between South Africa and Lesotho, these unfavourable comparisons tend to produce preferment for core-area goods. This tie to the point made above on why remittances are not substantially developing Lesotho- because the money still leaks into South African products and taxes. Both migrant labourers and local Lesotho citizens start conforming to the urban standards of South Africa and a considerable part of the most of their income is spent of South African products over their own Lesotho productions(Graaff, 1982). Figure 24 below confirms that migrants tend to spend their money in South Africa on clothes, food and consumer goods that are sent to Lesotho. I mean clothes ranked high above consumer goods, this also contributed to the textile decline in Lesotho as people are dressed by South African clothing companies. These are products that could be easily accessed in Lesotho; however, the preferment over South African products ensures that money stays in the core.

**FIGURE 24: Most Important Goods Remitted by Migrants**

<b>Table 36: Most Important Goods Remitted by Migrants</b>	
<b>Male Migrant-Sending</b>	<b>Female Migrant-Sending</b>
Clothes	Clothes
Food	Food
Consumer goods	Consumer goods

**SOURCE: Crush et al, 2010**

This institutionalized preferment also calls for the rise of South African supermarkets, clothing stores and banking services to penetrate Lesotho and in return undermine domestic production and services. Food is the second highest remitted goods by migrants; this also spells out disaster for the small farmer in Lesotho who cannot sell his produce at the face of South African food influx. This measure of dependence works to service South African revenue as there is very high rate of income leakage from periphery Lesotho into core South Africa (Graaff, 1982).

Further implications from dependence on export products, periphery Lesotho becomes vulnerable to uncontrollable price fluctuations from South Africa and other domestic issues that may affect export prices and export product availability. Price rises, dropping and falling unemployment in the core are all beyond

They are in no condition to play the trade union role to negotiate for better prices and predictable labour conditions to stop abrupt retrenchments (Graaff, 1982).

The below Figure 25 shows and supports above claims over Lesotho's economic dependence on its South African big brother. Lesotho's imports are sourced mainly from South Africa illustrating an increase from 1999 (3,350,495) to 2003 (6,673,503), as the regional economic power surrounding the entire Lesotho country. Imports from South Africa include various items used for immediate consumption, especially food items as discussed above (Trade Performance Review, 2004).

On the other hand, Lesotho's exports to South Africa represent a loss for the country as Lesotho has generally experienced a negative trade balance with South Africa. The main primary resource that isn't covered here is Lesotho's water exports to South Africa that has been an issue of debate as it depicts the dependency of South Africa's industrialization on the neighbour's primary resources.

**FIGURE 25: Lesotho's trade balance with the world and with SADC, 1999-2003**

**Table 1:** Lesotho's trade balance with the world and with SADC, 1999-2003 (Maloti)

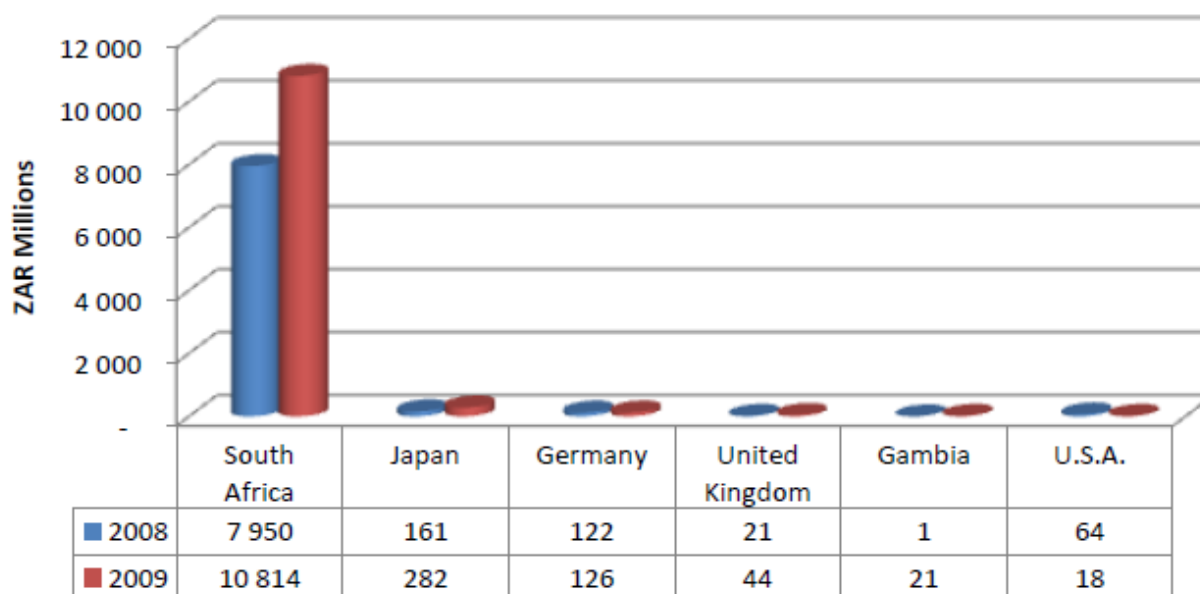
	1999	2000	2001	2002	2003	Growth (%)
Exports	1,046,920	2,327,471	2,425,903	3,739,592	3,582,561	34.1
Imports	3,667,310	4,051,027	4,943,092	8,151,374	8,171,683	25.9
Trade balance	-2,620,390	-1,723,557	-2,517,189	-4,411,782	-4,589,122	
Exports to SA	485,801	636,524	1,286,737	1,583,960	694,771	17.7
Imports from SA	3,350,495	3,476,650	4,765,695	6,244,451	6,673,503	21.7
Trade balance with SA	-2,864,694	-2,840,126	-3,478,958	-4,660,492	-5,978,731	
Exports to SADC	1,788	5,911	4,449	374	461	-42.1
Imports from SADC	31,501	5,064	25,341	28,512	9,426	-6.6
Trade balance with SADC	-29,713	847	-20,892	-28,138	-8,965	

Source: TIPS

**SOURCE: Trade Performance Review, 2004**

Fast forward to 2009, what has changed in trade between Lesotho and South Africa? Alas South Africa has traditionally (see above figure 25) and currently remains the main supplier of manufactured goods to Lesotho. Imports from South Africa accounted for 95.2 percent of total imports to Lesotho in 2009 (See Figure 26 below). The red shade cylinder represents South African 2009 exports to Lesotho which have been on the rise (10 814 ZAR millions) in comparison to the blue cylinder which in 2008 represented 7 950 ZAR millions (SACU, 2010).

**FIGURE 26: Lesotho Key Import Market, 2008-2009**



**SOURCE: SACU, 2010**

The below table (figure 27) underlines the above two figures findings, only this time representing data collected in 2013. Still, South Africa being the largest economy in SACU, it continued dominating not only Lesotho trade but the overall intra-SACU trade accounting for 98.5% of Lesotho's intra-SACU trade. The case is similar for Botswana and Namibia who also are heavily dependent of South African trade for manufactured products while they export primary resources to South Africa.

**FIGURE 27: INTRA\_SACU TRADE 2013**

R million							
	Botswana	Lesotho	Namibia	South Africa	Swaziland	Total Exports	South Africa share of intra-SACU trade (%)
Botswana	-	14	1 805	5 070	7	6 896	87.9
Lesotho*	74	-	7	2 301	94	2 476	98.5
Namibia	4 814	7	-	6 649	9	11 479	88.4
South Africa	43 868	13 620	45 367	-	13 999	116 854	
Swaziland	35	53	170	11 244	-	11 502	98.6
Total Imports	48 791	13 694	47 349	25 264	14 109	149 207	95.2

**SOURCE: SACU, 2013**

### 3.3.7 Controversial Military Border Controls

Moving to the controversial border controls, the paper explores how the borderline controls have shaped the development of the two countries and also to find out how South Africa's labour market policy has impacted the development of Basotho nationals. Being entirely geographically surrounded by South Africa, Lesotho and South Africa jointly co-host Basotho people -making their culture, language and relations intertwined to almost indistinct division (Steinberg, 2005). As already discussed above, Lesotho's citizens have always contributed in the South African economy, and on a long term prognosis, always will. Most of the cities near the border owe their infrastructure, commerce and trade to the migrant labourers, customers and entrepreneurship of Basotho nationals. In his survey, Steinberg (2005) found that according to Basotho nationals, the presence of the border is illegitimate in itself because it has caused a division of what used to be united families. Skeptics questioned South Africa's adamancy to mend the wall in guise of regulating spates of criminal activities along the border, as South African policy-makers tried to cover up. The question here is: if their labour reserves are appreciated in industrializing South Africa, why can't they be appreciated as neighbours?

A deployment of the military force (South African National Defence Force) on the border has been met with great criticism against South Africa's foreign policy which only serves the core-needs and interests but extends aggression to its peripheral. Central to the criticism has been the surveillance systems, militarized checkpoints and basically mending of fences. Perhaps Pretoria contends with the stiff resistance and potential retaliation from Basotho people who feel cheated by South Africa, hence the military blockade. The militarization of borders is perceived with the conception of war by South Africa's neighbours. The loud anger has questioned why the Basotho as a sovereign nation is subject to South African military patrol, they argue that it is violation to have their lives monitored as well as their day to day activities (boundary of grazing cattle, accessing shops and such other amenities) and essentially hampering development opportunities. According to the author (Steinberg, 2005), Basotho civilians do not understand such stringent policing when their farms and cheap labour have supported the emerging mining and economic epicenter and their contribution to industrialization in South Africa. This ambivalence is not only held by Basotho nationals on the other side of the border, but also South African nationals who do not appreciate being monitored and dictated for the manner in which they choose to relate to their neighbours across the border (Steinberg, 2005).

However, our dependency theory account of this implies that the border security is projected to safeguard South Africa from the consequences of underdevelopment of the peripheral which is largely due to South Africa's development. They are shielding their precious core area from the spillover effects of poverty, crime and disorder in neighbouring states. It resonates with the Apartheid mentality segregation of black and white people, with the traditionally first class citizens (whites) in urban areas and dumping of the rest of low class

citizens (blacks) in peripheral townships and camps. These segregated people were the labourers in mines, farms and domestic workers for the white minority during apartheid who were housed in gated opulence areas. This is profoundly the same case with peripheral Lesotho and core South Africa (McMichael, 2012).

### **3.4 Dependency on The Lesotho Highlands Water Project: South African multinational corporations scramble for Lesotho primary resources.**

In addition to the above dependency relations, is a notable infrastructure project that is regarded a catalyst for the SADC regional integration and development, but also a substantiation of dependency relations of extracting natural resources to the core. South Africa's military style intervention was condemned from the time of the 1998 'Operation Boleas' in Lesotho where South Africa's intervention was able to secure water projects like the Katse Dam Project (picture inserted below), then estimated at US\$ 4 billion (Flemes, 2007). The intervention allowed for South Africa to swiftly negotiate constructing water supply systems to its industrial hub of Johannesburg, which means should there be any disruptions to Gauteng's water supply; it will cause an existential threat to South Africa's economy. The deal was said to be a collusion of corrupt politicians and business elites, who together authorized the contentious Lesotho Highlands Water scheme featuring frequently South African business investors (Cobbe, 1988). Like many development plans, this one is also not exempt from controversy. SADC regards infrastructure projects undertaken under the pretext of development co-operation as corridors to peace, regional co-operation and steady development.

**PICTURE 1: Maluti Magic, Katse Dam**



**SOURCE: Allison: Good Governance Africa, 2013**

“The Lesotho Highlands Water Project (LHWP) is one of the largest water transfer schemes in the world that serves to quench South Africa’s thirst for industrialization (Allison, 2013). The trade-off in diverting its water to South Africa – through a gravity drop – is that Lesotho can power an underground hydroelectric station at Muela, reducing Lesotho’s dependence on South Africa for its energy needs” (Wentworth, 2013). The contention lies in the fact that South Africa’s growth strategy is heavily dependent on natural resources and this project is branded with South African business investments and subscribing to the assumption of dependency theory where the core lead extractive developments in the peripheral to service their dependency on natural resources (Peet and Hartwick, 2010). The upside development for Lesotho from this venture has been growth in infrastructure such as paved roads and communications infrastructure linking Lesotho villages.

Presumed corruption in the project has also raised concerns to the project, this is linked to the ZAR 35–45 million given to the Lesotho government by South African counterparts, in other records, the LHWP royalties collected by the Lesotho government made up for 5.9% of the government’s revenue in 2011-2012 (Allison, 2013). So South Africa gets its needed water and poor Lesotho the money it needs! However, there have been controversies pertaining to the actual royalties received from the South African government as these have not had an impact in the poor standards of living for citizens although water transfers have not been halted. Such controversies have been attributed to key government officials by way of assertions of embezzlement. Like Moyo (2009) has argued, aid-dependency has caused African states to flounder seemingly never ending cycle of corruption despite facts that their core donors transfer big magnitudes of cash in development assistance. Her argument suggests that this project and dependency on South Africa has made Lesotho poorer. The project has left Lesotho in a much worse condition than before, as discussed in detail later, Lesotho’s water exports to South Africa has favoured the donor’s needs while running Lesotho to water scarcity. The core affluent country that Lesotho exports its water to, sells it back to Lesotho as drinkable water. Therefore, already poor Lesotho’s debt becomes prolonged as it battles to pay for their water imports from South Africa. Dependency scholars argue that export of primary goods to core countries is detrimental because the ‘Value Added’ by manufacturing a functional/drinkable product always cost more than the primary products used to create those products (Graaff, 1982).

On the other hand, there is also apparent national self-interest in the forged agreement by South Africa and Lesotho. The aid relationship between donor and recipient cannot be exclusive of national interest and the maintenance of donor hegemony by the core. Considering that South Africa’s growth strategy is challenged by water scarcity for its industrial core; particularly the Gauteng Province, where Johannesburg is located (Allison, 2013). A burning issue is that too much water is channeled out of the landlocked country feeding



industrial hub Johannesburg to a point that Lesotho has actually exported itself to food insecurity as a consequence of the magnitude of water drained by South Africa, Wentworth (2013) argued.

The partly self-inflicted water scarcity has had dire consequences on Lesotho's agriculture; significant arable land has been damaged through flooding and accidents that occurred during the construction of LHWP. However, dependency theory maintains that it is not the political will and desire of the periphery to be primary products producers for the rich (Graaff, 1982). The dependency is due to the engraved relationship between the rich and the poor. Referring to the capitalist exploitation by South Africa-should be a point of reference as to why Lesotho has found itself in poor dependent conditions and reserve for primary resources for rich South Africa. A manifestation of the said national interest is in the feasibility study that served as a stamp of approval that we suppose had Lesotho's interests at heart. Needless to say, the feasibility study was done by the South African government companies and endorsed by both parties ensuring that no environmental damage would be caused by the construction of the plant, yet when it actually does, whether unforeseen or anticipated and ignored, South Africa cannot be held to account and compensate for the damaged agriculture land which Lesotho considers a legitimate charge to South Africa (Wentworth, 2013). This also casts doubts of the feasibility study assertion by the South African government. Affected people, environmentalist and human rights activists perceive the widely held explanations to why the project has left Lesotho in water woes owes to corruption and "development failure", both by South Africa and Lesotho (International Rivers, 2005). However, formal explanations and accountability have not come forth due to both governments' political will to block investigations when they are initiated and to undermine anti-corruption drives regarding the water project.

### **3.4.1 What went wrong for Lesotho's civil society went right for multinational corporations**

The establishment of the Lesotho Highlands Water Project was founded on rule breaking because it dates back to when South Africa was still under Apartheid regime and facing international sanctions. And so the water project was also disapproved in the international community due to South Africa's isolation in the international community (International Rivers, 2005). Despite international sanctions, the signing went ahead signaling the first wrong for civil society but on the other hand, first step right for the government elites, businesses and corporations having stake in the project. Nonetheless, the project was approved on deeply flawed environment and community consequences assessments, a win again for the corporations and the South African government. And the World Bank, one of the project funders did nothing to halt the irregularities irrespective of the concerns raised by opposition parties. South Africa's stronger hand in the

project assassinated workers that initiated strikes on poor wages and labour conditions and once more, nothing was done by the international community(International Rivers, 2005).

One of the explanations for Lesotho's lack of political will to halt this was linked to its dependence on South Africa's economy and South Africa's hegemony. Lesotho was stated to be the borrower of finances from the World Bank for the project however, claims were made that South Africa was the responsible being for paying these loans to the World Bank, and so the institutionalized dependency of Lesotho gained momentum (International Rivers, 2005). Lesotho officials were also alleged to have taken bribes to give the green light despite growing scrutiny and attempts to interfere with the project-their job was to ensure no disruptions interfered with the project. Another win for the multinational corporations despite growing assertions even in today's public discourse the World Bank and the South African authorities knew full well of the corruption charges (International Rivers, 2005).

### 3.4.2 The Companies

Asserting to dependency assumptions, the core companies invest in the peripheral to source their primary commodities and this case, source water to supply the industrialization in Gauteng-South Africa's core area. Needless to say, no company bears its origin in Lesotho although linked to business and political elites there that colludes with the multinational corporations. The known companies with massive investments in the LHWP are listed on the box (right) with their country of origin.

Similarly, the below box displays the funders, again none associated with Lesotho origin, which means dependency triumphs with siphoning profits to external actors.

- "Lahmeyer International was part of the Lahmeyer Macdonald consortium, with Mott Macdonald (UK)
- Consult 4 (South Africa), which carried out the 1986 feasibility study for the LHWP
- Dumez (France) and LTA (South Africa) started the access road to the Katse dam in 1989
- Sogreah was the lead company, with Coyne etBellier and Sir Alexander Gibb (UK) in the SCBG-Europe consortium which designed and supervised construction of the Katse dam.
- The other firms in the consortium are Hochtief (Germany)
- Bouygues (France)
- Keir International (UK)
- Stirling International (UK)
- Concor (South Africa)
- Group Five (South Africa)"

SOURCE: International Rivers, 2005

- Five South African banks provided the bulk of the commercial loans and export credits
- Banque Nationale de Paris (which loaned \$19.7 million)
- Credit Lyonnais (\$17 million) France
- Dresdner Bank (\$15.8 million) and Kreditanstalt fur Wiederaufbau (KfW) from Germany.
- Hill Samuel (\$14.5 million) from the UK.
- The World Bank loaned \$150million to the project and the UK's Commonwealth Development Corporation \$36 million.
- Export credits included \$118 million from Germany's Hermes,
- COFACE of France and \$107 million from SACCE of South Africa.
- Germany, France and Britain, provided bilateral aid.

SOURCE: International Rivers, 2005

## **Water Woes**

### **3.4.3 Water Woes resulting from excessive water dependency**

Corruption charges against South Africa and the above mentioned funders and contractors had escalated to what culminated as 'water woes'. In response, this saw South Africa's dominance deploy troops in 1998 to invade Lesotho on a mandate to bring order in face of public protests against the Lesotho government for allowing a state capture by South Africa and other external forces. The protests also raised concerns over poor working conditions at the project and discrimination over Lesotho workers who reportedly earn less for the same jobs than South Africans, moreover, police harassments and contractors' dismantling of negotiating structures were some of the issues that coupled the water woes. Like mining enclaves in the DRC, South Africa's largest investment in the region was at stake and needed protection, hence the militaristic approach. Over 17 people died from the shooting at the project's dams (International Rivers, 2005). South Africa's Star newspaper stated: "Protection of the dam and its pipeline supplying [the region] with water was a top priority of the occupation forces" (International Rivers, 2005). This incidence has also contributed to the re-militarization of South Africa-Lesotho border by South African forces, to safeguard national interests.

### **3.4.4 Loss of Livelihoods**

The national self-interest manifested when negotiations for Basotho farmers to access South Africa's surplus grazing land and agricultural fields. To date, , the negotiations have been elusive and remains unclear whether South Africa will grant its underutilized arable land to Lesotho as compensation for theirs that was damaged by the LHWP construction. This has also been stated as another reason for the military patrol over the borders-to guard South African land that Basotho people may invade for farming and grazing (McMichael, 2012). We must remember that Steinberg (2005) revealed that the South African National Defence Force Company that patrols the borderline had become increasingly involved in policing the labour market and agriculture fields to keep out Basotho farmers, suggesting that South Africa will not welcome Basotho farmers on its territory. The use of force by the South African government already speaks volumes about the hostility nature of relations with Lesotho, much similar to Ferguson's (2006) analysis of paramilitary uses for mining enclaves and other extraction-led development.

Much of the arable land was flooded upon completion of the dams in respective locations and South African and World Bank authorities did not help relocate or compensate the affected people (Allison, 2013). Given that Lesotho has little arable land, food insecurity issues became worse when those evicted to make way for the reservoirs had not been placed elsewhere and most resorted to labour migration in Johannesburg and nearby farms in South Africa. This strengthened Lesotho's food dependency on South African producers and supermarkets that saw an opportune moment to penetrate Lesotho's food markets. Where there is farmland

compensation especially in the form of money, villagers laid complains that compensations had not been adequate or fulfilled as per prior agreements (Allison, 2013).

Drawing conclusions on this is a quote illustrating that the Dam has made families worse off and more dependent on South Africa. A schoolchild, whose family was uprooted by the Katse Dam, when asked to comment on the dam, wrote:

"There is nothing worse than working hard at something and then have something come and destroy it. We were satisfied with the way we were working. We were plowing maize and beans. We were eating fresh maize. We had trees. We had firewood and people were buying it from us. We were getting money and we were able to go to school. When LHDA came and destroyed everything that was important to my family, we started to become poor. The dam took our fields and our trees. That was the end of our money. We needed to look hard to find enough money for us to attend school. We were given maize, beans, and a little money, but it is not as much as we were producing before. That was the end of our fire and fresh maize. Now, when I look at the dam, I still get very angry" (International Rivers, 2005).

### **3.5 CONCLUSION: THE RESOURCE CURSE & PERIPHERAL STATE CAPTURE**

To wrap up this ‘water woes’ dependency development partnership with a substantiating theoretical basis, the resource curse or paradox of plenty is manifested in the case of Lesotho, a circumstance that is both self-imposed and influenced by an external stronger force or state-South Africa’s dominance on a weaker state. South Africa because it depicts eternal exploitative influence over the national decision-making environment and the impact their actions (or lack of action) have on the supposed development partnership beneficiaries. Bebbington et al. (2008) debating the paradox of plenty maintain that the resource curse thesis gained momentum in the beginning of the 1990s following observations of declining economic performance in mineral rich countries. The thesis therefore, argues that the water abundance in Lesotho has generated series of economic and political challenges and overall an impediment to development. This phenomenon is perpetuated when the resource rich country is a peripheral like Lesotho servicing South Africa’s core city’s water needs and ultimate development (Graaff, 1982). Due to its proximity to a relatively developed country, Lesotho’s development prognosis will always be impaired by South Africa’s economic, resource and labour dependence on peripheral areas.

The case of Lesotho’s current water scarcity and insufficient royalties from the water pumped to South Africa can be explained by one of the causes of the resource curse, ‘sectoral concentration’. This concentration according to Bebbington et al. (2008) ‘indicates a concentration of ownership and of power over that particular natural resource that is being extracted— often in foreign hands (South Africa)— which reduces political competition in policy making and as a result increasing the potential for capture by the development

partner or foreign hand. This sectoral concentration in Lesotho has also led to nontransparent management of rents and induced clientelism as well as patronage over public resources as Moyo (2009) has also alluded to the aid-dependency correlation with corruption. This has led to the erosion of the quality of government in Lesotho as a foreign hand meddles indirectly in the domestic administration, no officials can be held to account there! In a nutshell, dependency has explained why Lesotho, despite its water abundance than South Africa tends to have poor economic growth outcomes than countries with less natural resource wealth.

To therefore agree that the resource curse of Lesotho's water abundance is in due part to South Africa's relations is synonymous with dependency theory contention that natural resources are channeled out of the periphery poor satellite to a core-wealthy metropolis resulting in the enrichment of the latter at the expense of former (Haque,1999). Johannesburg is an industrial core of South Africa' enriched and bearing infrastructure built by means of a bilateral benefit-sharing development partnership that is polarized and imbalanced against Lesotho who waters Johannesburg. Put simply, South Africa and other funding agencies of Lesotho's water project are institutionally predisposed to behavior that makes things right for the multinational corporations to service the needs of the core, to siphon resources to the profit of South African growth (International Rivers, 2005).

In addition, *The anti-politics machine: 'development', depoliticization and bureaucratic power in Lesotho* author, James Ferguson (1990), made a notable theoretical backing for his critique of Lesotho and failed attempts by external development partners. Ferguson (1990) has pointed out the consistent failures dating back to the 1975 Thaba-Tseka development project which similar to present day Lesotho Highlands Water project under the auspices of South Africa has lived up to what Ferguson (1990) calls "the development discourse fantasy". The argument here like dependency theory is based on why development has failed for peripherals, Lesotho's development projects have failed to achieve the intended objectives for its people, it has instead achieved unintended benefits like paved roads, strengthened bureaucracy but the reality is that Lesotho is in dire need of pastoral land and agriculture fields that have been consumed by projects. And to account for this failure, we cannot ignore that Lesotho's underdevelopment cannot be understood without considering its relations to South Africa. If the country is resource-poor, this is because most of the good Basotho land was taken by South African projects serving to source resources for their own industrialization ambitions. Moreover 70% of the income for rural dwellers is derived from wage labour in South Africa and thus reinforces Lesotho's role as a cheap labour reserve (mining and agriculture industries). Under such dependency, prospects for Lesotho to catch-up with its relatively developed core neighbour remains limited and undermined (Ferguson, 1990).



light on the extractive-led development that South Africa gains from Zimbabwe as indicated on the above visualization. The apparent extractive-led dependency especially on South Africa's part forms the axis of the argument that South Africa's economic epicenter and dominance heavily owes to the contributions of its satellites neighbor countries like Zimbabwe. Not only have Zimbabwe exported predominantly primary resources to South Africa, Zimbabweans have themselves participated in the South African economy as migrant labourers usually pushed by the internal conflict in their country.

**Picture 3: What does South Africa Export to Zimbabwe?**



**SOURCE: OEC, 2014**

A significant international role that South Africa assumed was the 2007 two year temporary seat in the Security Council of the United Nations (UNSC) wherein South Africa's claimed benign development leader status was put on a test. With this role, it was anticipated that South Africa would play a positive role in advocating for African development and other issues pertaining to Africa's marginalization in international institutions given its increasingly hegemonic role in Africa. However, to various Africans' disappointment and author Habib (2009), the country's ascending into UNSC initially seemed to appease fellow developing countries especially those on the African continent. Regrettably Habib (2009) argues that South Africa's image during its tenure separated it from its African equals; this point highlights the conceivable lack of political support that threatens South Africa's development agenda on the African continent amid dependency allegations against the Pretoria development path.

Its UNSC tenure was mired by discontent from various officials and organizations, among them was Human rights activists who had become demoralised by South Africa's defence of 'rogue powers' and its refusal to support resolutions in the Security Council condemning and imposing sanctions particularly during its intervention in Zimbabwe 2008 conflict (Habib, 2009). Moreover, amidst the crisis in Zimbabwe, (undermining of the rule of law, lack of concerted and coherent land redistribution in the farm invasions, the political repression of the opposition and implosion of the Zimbabwean economy) South Africa as a

mediator still declared the presidential elections on March 2002 in Zimbabwe as free and fair (Schoeman and Alden, 2013). This sparked severe criticism against South Africa, and the astonishment at its policy choices questioned whether South Africa had a stake to gain from the Zimbabwe crisis. A lot is at stake, South Africa's quiet diplomacy could heavily be shaped by its primary resource dependence on Zimbabwe, and thus the dependency could be used for economic and political ploys. This claim can be traced to the country's economic hegemony in the region and the underlying dependency theory assumptions that have led me to believe that conflicts can potentially benefit external actors and their national interest. This claim can be refuted had South Africa done much more to address the Zimbabwean crisis, which it didn't do as many analysts maintain and ascertain that South Africa had leverage to halt the conflict, but it didn't do more (Schoeman and Alden, 2003). Instead, trade went ahead amid the conflict, it was business as usual for South Africa.

The paper considers that South Africa as a powerful nation on an African continent riddled with conflict, as a core country, what South Africa says carries enormous weight either to make or break its neighbours. Today's political climate in Zimbabwe hasn't experienced substantive change, labor migration to South Africa, human rights violations and political repression of the opposition has not ceased, all under South Africa's watch (Lalbahadur, 2016). South Africa has rejected international condemnation over Zimbabwe's human rights violations while it still maintains very close relations with the Mugabe regime and swiftly negotiating business deals for South African firms. According to Eye Witness News (2016), a news broadcaster in South Africa has regarded the situation as 'propaganda and the pursuit of hegemonic goals'. Resonating so much with the dependency school, this report suggests that Zimbabwe's situation is a result of being a weaker neighbour in comparison to South Africa and as a weaker member; it is heavily dependent in the economic strength of South Africa. In light of the above, South Africa's interventionist approach towards Zimbabwe and the southern region is viewed as Pretoria's backyard to source its sphere of interests, an easily penetrable market for its products and an exploitable source of cheap labour contrary to the claimed promotion of regional development (Flemes, 2007).

Despite the destabilization of the SADC region, South Africa still maintained that Zimbabwe posed no threat to international peace and security. The mediator, then President Thabo Mbeki defended South Africa claiming "democratic South Africa should at all costs avoid acting as a new home-grown African imperial power which would have given itself the right unilaterally to determine the destiny of the peoples of Africa!" (Destiny Connect, 2016). Conversely, allegations as noted by Habib (2009) in public discourse claim that while maintaining that Zimbabwe did not constitute a threat to international peace, South Africa used this instrument to support its hegemonic goals at the expense of betraying human rights and the African agenda. South African businesses supplying electricity to Zimbabwe and other businesses dealing with extracting resources



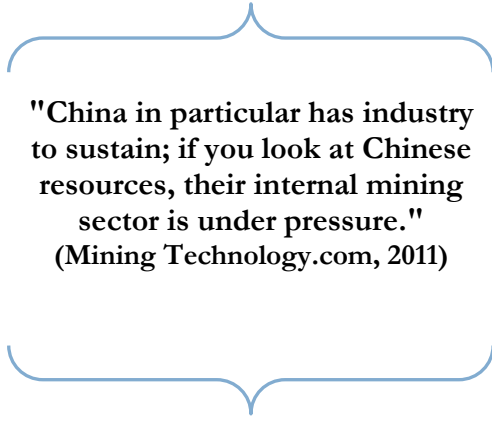
for South Africa continued to work as if nothing was happening-they were unaffected by the chaos. If South Africa wanted to condemn the Mugabe regime, they could have done so by imposing sanctions with other concerned countries.

Instead, South Africa went mum when both its allies the Russian Federation and China (Now all party to BRICS group) vetoed Western initiated resolutions on Zimbabwe. According to then President Mbeki this position was to counter Western imposition of power on Zimbabwe, however, contrary to his accounts, critics claim that South Africa and its allies acted in this manner to disguise the pursuit of their hegemonic goals (Eye Witness News, 2016). Explanations for this policy position are linked with arms (weapons) deal trade between the Mugabe regime, South Africa, China and Russia. Clearly, business interests would be at stake had South Africa sided with sanctions over Zimbabwe. And moreover, Zimbabwe is dependent on South African loans and food aid, clearly South Africa's exports of manufactured goods to that country would have also been affected.

Dambisa Moyo (2009) has argued that aid is an unmitigated political disaster "the disease of which it pretends to cure". We use her arguments to substantiate dependency relations between South Africa and Zimbabwe-the former's aid has impoverished the poor (latter) while generating progress in wealthy donor states. To secure South Africa's interests, Pretoria has not ceased its relations with the dictator regime of Mugabe amidst international community's condemnations. Dependency is manifested in South Africa adamant alliance with Russia and China vetoing the United Nations Security Council (UNSC) resolution which if had been successful would have resulted in an arms embargo, meaning that Chinese and Russian weapons exports to Zimbabwe would have been disturbed. However, this trade deal is still flourishing today fueling impoverishment and instability in the periphery while enriching the Russians and Chinese together with their South African ally and the Mugabe regime. Moreover, on the extractive-led industrialization, South Africa was implicated many years ago also in Zimbabwe when South African companies, like Chinese ones were accused of taking opportunistic advantage of the political and economic crisis to invest and purchase mining assets. This case was linked to when South African Impala Platinum Company bought into Zimplats (Zimbabwean mineral company) for 83%. This majority share was now owned by South African Impala Platinum (Implats) Ltd (Carmody, 2012). The opportunistic stance over the conflict taken by South Africa was evident when despite Zimbabwe's deepening economic crisis; Zimplats had managed to record profits of over \$100 million in 2007, making double those of 2006 profits (Carmody, 2012).

Similarly, BRICS as a whole has intensified its quest for minerals in Zimbabwe, coupled with the weapons trade is the spotlight on Zimbabwe's bountiful resources. South Africa's accession to the group has played a lucrative role as a gate keeper providing access to Africa's bountiful resource rich countries like Zimbabwe.

BRIC mining activities in Africa and particularly in Zimbabwe have been after iron ore and gold production. As their own resources dwindle, these countries are in need of strategic metals that only Africa can provide. It is this combination of primary resource scarcity and determination to fund development in African states and BRICS resourcefulness that will continue to make China and its ally's footprint grow larger on Africa's mining industry. In other words, the FDI flowing into Zimbabwe and greater African continent is largely shaped by investors' and donor countries' primary resource drives (Mining Technology.com, 2011)



**"China in particular has industry to sustain; if you look at Chinese resources, their internal mining sector is under pressure."  
(Mining Technology.com, 2011)**

The South African government is criticized for using its regional powerhouse to legitimize dictatorships with its patron of financial bailouts and trade opportunities extended to President Mugabe while failing to take cognizance of the impact of Mugabe's regime of the ordinary people of Zimbabwe. FDI flowing into Zimbabwe from BRIC and South Africa has traditionally been shaped by other factors other than mere peace building efforts. Cash bailouts also manifested when South Africa injected \$100m (R900m) towards Zimbabwe's budgetary support (Business Day, 2013). On the table below, the Reserve Bank of Zimbabwe indicated its bilateral debt as of 2009 and South Africa was owed \$18 million, the only African country declared to on the list.

**FIGURE 28: Zimbabwe's Bilateral Debt, 2009**

<b>Country</b>	<b>Amount in stated currency</b>	<b>Amount in US\$</b>
France <sup>160</sup>	€400 million	\$571 million
Germany <sup>161</sup>	€384 million	\$549 million
UK <sup>162</sup>	£208 million	\$330 million
China	\$339 million	\$339 million
Japan	\$263 million	\$263 million
US	\$212 million	\$212 million
Italy	\$139 million	\$139 million
Finland	\$98 million	\$98 million
Spain <sup>163</sup>	€34 million	\$49 million
Sweden	\$44 million	\$44 million
Netherlands <sup>164</sup>	€29 million	\$41 million
Belgium	\$34 million	\$34 million
Austria	\$28 million	\$28 million
Norway	\$20 million	\$20 million
Switzerland	\$19 million	\$19 million
South Africa	\$18 million	\$18 million
Kuwait	\$10 million	\$10 million
Saudi Arabia	\$8 million	\$8 million
Israel	\$1 million	\$1 million
<b>Total</b>		<b>\$2.8 billion</b>

**SOURCE: Jones et al, 2011**

The declining size of Zimbabwe's economy has not helped much to its debt relief. In 2000 the economy illustrated on the below graph (Figure 29) shows a depreciating trend and therefore suggesting that Zimbabwe's debt repayment capability is impaired.

**FIGURE 29: Relative Size of Zimbabwe's economy**



**SOURCE: Jones et al, 2011**

However, amidst international sanctions from the West over Mugabe's dictatorship, countries like South Africa and the Chinese have not ceased their support for President Mugabe, dubbed 'rouge state' by critics of the South-South model. Currently, the one remaining source of large foreign loans is the Chinese government. Amongst some of the Chinese funded projects are the ones listed on the box below.

**FIGURE 30: Chinese Funded Projects in Zimbabwe**

### China

- US\$200 million for export credits for fertiliser and agricultural equipment
- US\$25 million for tied loans for agricultural equipment
- US\$20 million for steel production
- US\$8 million for ministry of water
- Defence College loan of US\$100 million to be disbursed, but not included in figures yet.

**SOURCE: Jones et al, 2011**

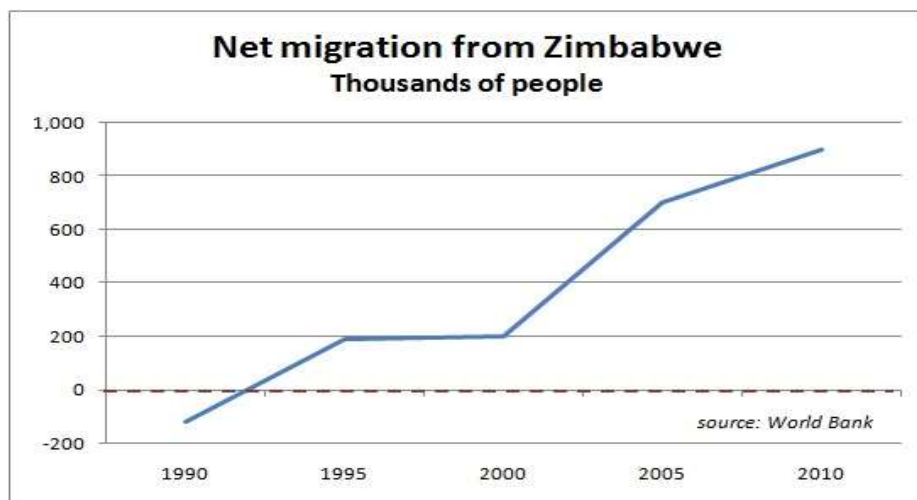
The South-South model and their allegation of supporting rouge states have been a matter of debate over these self-claimed benign development partners. In this case, civilians argue that they are compromised by South Africa (mediator) which still maintains strong relations with Mugabe, by bankrolling his regime. This model converges with what Moyo argued. Moyo (2009) has drawn this correlation between dictatorship and

aid; she argued that the most-aid dependent and bailouts dependent countries exhibit poor growth and aid fueled corruption that perpetuated dictatorship as in the case of Zimbabwe with President Mugabe who has been serving since 1987. This provision of aid relentlessly has in her view encouraged the “control of government worth fighting for” (Moyo, 2009). Too often, wealth from the extractive sector does not translate into effective government investments, infrastructure, health or education. Often, the economic and political elites of those recipient countries benefit from the cash injections and exploitation of their mineral resources. Moreover, environmental legislations are also weak in the mining sector which leaves the multinational corporations to practice drillings in breach.

### **3.6.1 Dependence Relations on the Zimbabwe Conflict and Implications**

Dependence can be seen in the economic disadvantage that the region suffers but at the same time being service to the growth of the bigger and more advanced countries (South Africa) that almost look unaffected. The obvious economic disadvantage was the withdrawal of investments from Zimbabwe to South Africa because investors considered it more profitable and stable. Following news that Mugabe would continue for his seventh term in 2013 coupled with the gloomy economic forecast in Zimbabwe owing to the conflict translated in eroded investor confidence and companies forced to close down and leaving employees in dire situations (Business Day, 2013). The conflict determined that an already core area was a better investment destination than the conflict besieged peripheral Zimbabwe. And with investment withdrawals from Zimbabwe to South Africa, migrant labour also chases the investments’ destination and thus causing depopulation to a much needed workforce in Zimbabwe (Graaff, 1982). The below figure 31 highlighted the hyper-migration from Zimbabwe which peaked in between 2008 and 2010 after South Africa’s 2008 mediation role. Population growth in this country has been declining because migration soared at high rate, mostly to neighbouring South Africa as Zimbabweans look for work. With the high companies’ shut down, those left behind have little to do are prone to doing meaningless employment.

**FIGURE 31: Net migrations From Zimbabwe by 2010.**



**SOURCE: Allen: FT Data, 2013**

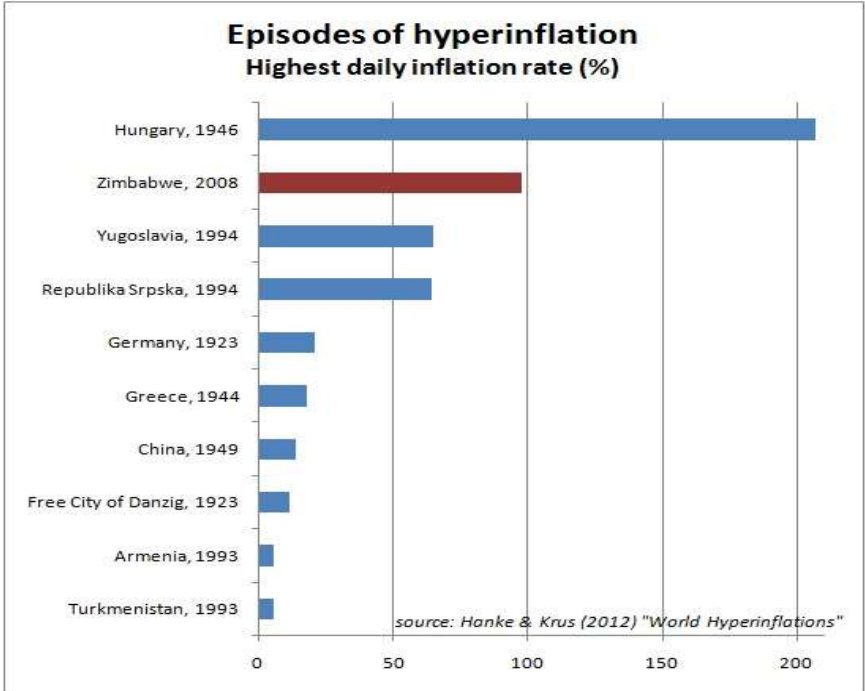
An unaffected South Africa by the conflict in Zimbabwe meant investors saw an opportune moment from a country with ready access to legal, advertising, financing institutions, facilities etc. and other commercial services which influence FDI. The conflict in Zimbabwe resulted in a disruption of the above FDI attractions especially in the non-extractive sector. Moreover availability of transport access and physical capital as well as human capital was hindered in Zimbabwe. An influx of migrant labour was transferred to South Africa and their earnings there tended to be spent in South Africa and taxes and savings also kept in South African institutions, thus further undermining Zimbabwe's potential revenue. This further depopulated Zimbabwe and undermined its chances for development as its human capital which was lost to South Africa who have less incentive to go back to their country which today is still staggering from the conflict's legacies (Flemes, 2007).

The conflict and South Africa's maintenance of it not being a crisis also threatened academic progress in Zimbabwe. Key governmental, economic and educational institutions failed to provide basic needs and services to its people (Tonini, 2005); the country's crisis is nothing short of an alarming rate of brain drain to the benefit of South Africa. Most Zimbabwean scholars have migrated to South African institutions contributing to scores of academic excellence for higher education institutions of South Africa and overall participating in the South African economy. Mind you, if Zimbabwe boasted about anything, it has to be its education which has traditionally been regarded a progressive policy and this sector also maintained the progressive agenda as lauded by other African states. "By the end of the 1980s, with adult literacy rates at 87 percent for males and 75 percent for females (UNICEF, 2003), Zimbabwe was gaining recognition as one of the leaders for access to education in Africa" (Tonini, 2005). Nonetheless coupled with the economic decline from the conflict, South Africa being a core stood to gain from the destabilized education sector in

Zimbabwe. Today this loss contributes to advancing South Africa’s human capital, development and economic growth as the country employs many Zimbabweans both in skilled and unskilled sectors.

Amidst vocal Western voices over Zimbabwe’s crisis are influential African nations like South Africa, who have been largely silent. The conflict culminated to eroding the once Breadbasket of Africa to be a Zimbabwe currently desperate of food aid. And the country that quickly cashes in from the food desperation is core South Africa, while Zimbabwe exports copper to South Africa, conversely South African exports to Zimbabwe were predominantly food stuff and manufactured goods (OEC, 2014). Due to the failed mediation in 2008, although not limited to it alone, Zimbabwe experienced episodes of hyperinflation where prices rose not just the day but by hours. In 2008, the hyperinflation (Figure 32) had reached to 2.2million percent (Allen, 2013). The currency that could buy valued assets suddenly got reduced to minor and almost useless items. People in Zimbabwe knew that their money would be worth less tomorrow so they rather exchange their money for South African goods because their own goods would cost twice or more to buy as the episodes of hyperinflation exacerbated. This made Zimbabwe to be more dependent of food imports and goods from other neighboring countries, especially South Africa.

**FIGURE 32: Episodes of Hyperinflation in Zimbabwe**



**SOURCE: Allen: FT Data, 2013**

The consequence of the hyperinflation made it impossible for families to afford basic needs and thus resorting to food imports and food aid. Figure 33 below indicates the level of Zimbabwe’s dependence for food on South Africa’s economy. All three case studies (DRC, Lesotho and Zimbabwe) covered in this thesis

are countries with which South Africa has development partnerships on the SADC region, they all fall within the Net food importers category. The stark discrepancy is underlined by South Africa being the middle income country (together with Swaziland) as Net food exporters (Rakotoarisoa et al, 2011). Allegations of South Africa's state capture in Zimbabwe have been linked with the core country using food aid as a political ploy in the conflict to secure national interest goals. It is highly probable that the donor used food aid to exert influence over the political and economic decisions of Zimbabwe. This country (South Africa) may have a hidden stake in keeping conditions in Zimbabwe deteriorating further by not proactively intervening in the conflict to stop it, the most prominent one lies in the mineral resources sector.

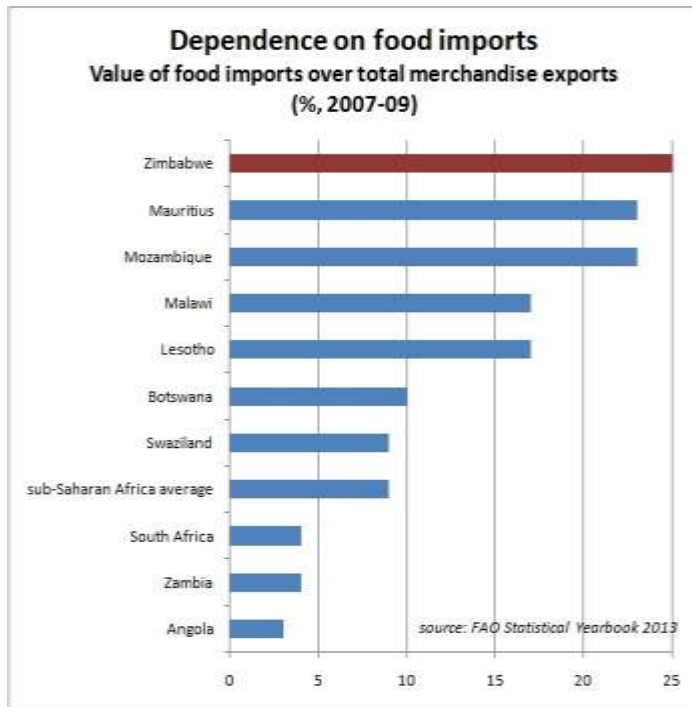
**FIGURE 33: Typology of African States' dependency on Food Aid, 2011**

	Low Income Countries (average 2000-2005 GDP cap <975 constant 2000 USD)		Middle Income Countries (976 <average 2000-2005 GDP <3855 constant 2000 USD)		High Income Countries (average 2000-2005 GDP cap>3856 constant 2000 USD)		Total
	Net Food Exporters	Net Food Importers	Net Food Exporters	Net Food Importers	Net Food Exporters	Net Food Importers	
	<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>	
	Chad Cote d'Ivoire Ghana Guinea-Bissau Madagascar	Angola Benin Burkina Faso Burundi Cameroon Cen. African Rep Comoros Congo, Dem Rep Djibouti Eritrea Ethiopia The Gambia Guinea Kenya Lesotho Liberia Malawi Mali Mauritania Mozambique Niger Nigeria Rwanda Senegal Sierra Leone Sudan Tanzania Togo Uganda Zambia Zimbabwe	South Africa Swaziland	Algeria Cape Verde Congo, Rep. Egypt Morocco Namibia Tunisia	Mauritius	Botswana Equatorial G. Gabon Libya Seychelles	
Number of countries	5	31	2	7	1	5	51

SOURCE: Rakotoarisoa et al, 2011



**FIGURE 34: Dependence on food Imports**



**SOURCE: Allen: FT Data, 2013**

In the above figures (33 and 34), the majority of the lowest income countries with which South Africa is development partners such as Zimbabwe, Lesotho and Democratic Republic of the Congo (DRC) are net food importers. The food import bill of the group has remained below total export revenue. However, to emphasize SADC member states disproportionate development, South Africa and Swaziland are the only two categorized in a better position as net Food exporters in the middle income countries' group. Figure 34 clearly highlights the disproportionate levels of food dependency between South Africa and Zimbabwe, the latter is at an alarming rate and South Africa not highly affected as such. This gives South Africa dominance over the weaker dependent Zimbabwe (Allen, 2013).

Following from above, South Africa's quiet diplomacy focused on 'national' interests cannot be dismissed as it accommodates a wide range of interests and other factors that shaped the country's foreign policy. Therefore, this paper maintains that South Africa's foreign policy in Zimbabwe was interest-driven particularly by dependency interest in the mining sector as South Africa's development is highly reliant on primary resources imports. Further business stakes are discussed in the following sections to underline the dependency relations between the core and peripheral areas.

### **3.7 CONCLUSION**

Following from above, the direction of South Africa's dependency policy is not that surprising, South Africa has growing commercial and political ties on the African continent, even conflict ridden countries. Hence not condemning President Mugabe's dictatorship is seen as much a political gesture as an economic move aimed to pleasing business elites in order to cement trade relations between the conflict ridden country and South African corporations and safeguarding trade ties with Chinese and Russians (China is South Africa's biggest trade partner and Russia has a massive nuclear plant trade deal with South Africa). While dependency theorist has explained this conduct, Frank asserted that wealthy-metropolis states actually needed satellite poorer states to remain wealthy, and if South Africa has to trade human rights for its labour reserve, mining resources, and gains emanating from the Zimbabwean conflict, it is simply in accordance with dependency relations, after all this paper maintains that development assistance is a commodity and people/South Africa will trade it to maintain donor hegemony and national interest. And as such, underdevelopment of Zimbabwe is a byproduct of development of the capitalist economy of South Africa.

An overall conclusion on this chapter based on the three case studies (DRC, Lesotho and Zimbabwe) has revealed an atypical nature of South Africa-a divergence from South-South cooperation principles of mutual gain, partnership and not donor-recipient relations which are a stark contrast to optimistic expectations based on South Africa's leverage, having power to lobby for peace processes on the African continent and support development. However, subscribing to its alleged dependent persona, the regional powerhouse has turned a blind eye on the development of neighbouring countries while enjoying being an island of economic growth that is built by the consequences of instabilities in its neighbours (The Guardian news, 2015).

## CHAPTER FOUR

### CHINA-AFRICA DEPENDENCY RELATIONS

#### 4.1 Introduction

In the South-South Cooperation group of emerging donors, South Africa is ranked alongside India and China with a strong presence on Africa. Walz and Ramachnadan (2010) recoded “overall estimations for the non-DAC donors range from \$11 billion to \$41.7 billion – between 8 and 31 percent of global gross ODA”. We look at China in order to juxtapose its development model with that of South Africa to underline that both models have diverged from South-South cooperation of mutual gain and equity and converged with dependency models. They both overlap with dependency relations that traditional DAC donors’ model has been mired with. One plausible explanation is that South Africa is dependent on China for development finance and as its biggest trader; the country has aligned its development model with Chinese practices of extractive-led growth which is heavily reliant on primary commodities chiefly from African countries. China’s presence in Africa and South Africa’s acquisition in BRIC group represents “a major source of investment, merger and acquisition activity for South Africa particularly in the local mining sector” and as such, these countries development models tend to overlap (Mining Technology.com, 2011).

This thesis worries that emerging donors such as China and South Africa might support ‘rouge states’ (of note is the case of Zimbabwe), ignore environmental protections, increase level of indebtedness, over focus on extracting resources and thus reinforce dependency practices of siphoning recourses from peripheral recipient countries to enrich their core primary resources driven economies. With the principle of non-interference, Southern donors are accused of hiding behind this principle to fund rouge states and corrupt governments, yet trade especially in the mining sector is business as usual amidst political instabilities, this non-interference policy means Southern donors do not apply conditionality to their aid. With the exception of China’s “One-China” policy which prohibits official relations with Taiwan, China is one Republic inclusive of Taiwan (Walz and Ramachandran, 2010). Swaziland is evident of this as it recognizes Taiwan and thus not eligible for Chinese foreign aid. But this is not entirely true, South-South aid has conditions too, it champions for trade liberalization that has seen Chinese manufactured exports displacing domestic production in recipient countries, similarly for South African manufactured exports to Africa (Walz and Ramachandran, 2010). So the trade liberalization is a form of aid conditionality.

The non-inference South-South cooperation policy is also not upheld as these countries claim. South Africa finds itself in stark contrast to this principle when looking at the case of Lesotho that was discussed above. Their militaristic intervention in Lesotho’s internal affairs has marked Pretoria’s compromise of traditional South-South cooperation principles it claims to hold. Furthermore, it was also discussed in the case of DRC

and South Africa relations where the non-interference policy was abused by South Africa to still support rebels and corrupt government officials through aid and chiefly to protect mining interests (Ferguson, 2008). Allegations of South Africa colluding with the Kabila regime and some rebels were made and South Africa's credibility as a benign intervener was compromised as spectators regarded its position in support of 'rouge' state of DRC (Bloomberg, 2016). Only the case of Zimbabwe do we see the non-inference policy upheld, for China and South Africa it is business as usual in Zimbabwe amidst human rights violations and Mugabe's dictatorship, none of these countries have condemned the Mugabe regime (Habib, 2009).

The paper argues that yes modalities of South-South Cooperation differ from Traditional OECD-DAC donor model, but China and South Africa's ambitions and dependency policies do converge and share in the negative perceptions that traditional donors have operated under. Although the notion of emerging donors is partly misleading for classifying all non-DAC donors into one, the countries' (South Africa and China) variations differ and their development models also differ, however here we argue that their fundamental intentions behind aid programs over-lap and are similar, which is to enrich the core at the expense of the peripheral through. Both countries' models depict the pursuit for Africa's rich mineral and natural reserves as their major aims. And likewise South African companies are not essentially well received in the rest of Africa, especially in terms of linking investments projects with development assistance (Walz and Ramachandran, 2010).

#### **4.2 China's Special Economic Zones**

China's model is largely focused on regional trade, mining sector investment and infrastructure development as to ease trade routes. This has manifested in the creation of its Special Economic Zones (SEZs) established in many African countries and have been linked to a stark divergence of 'mutual gain' as espoused in the South-South model. Arguments are that SEZs are merely export processing zones serving to attract Chinese firms to penetrate African markets to enrich themselves. As argued in the previous chapters, South Africa resorted to similar instruments (mining enclaves in DRC, Water woes in Lesotho etc.) and has shared in the criticism leveled against China (Walz and Ramachandran, 2010). The following section will illustrate the dependency relations promoted by the Chinese and ultimately South Africa as it is being inspired by China, given that China is South Africa's biggest trade partner and development financier.

On the below figure 35, the table illustrates the heated debate over China's footprint in Africa through its SEZs. SEZs are slated for bringing in Chinese labour in infrastructure, influx of competitive Chinese products, Chinese traders which all pose serious threat to African manufactures and workers as well as small-scale traders. Above all, they are alleged to be all about getting access to natural resources.

**FIGURE 35: Overview of China's official African Trade and Special Economic Zones**

Overview of China's official African trade and economic cooperation zones

Country	Size	Planning initiated	Status as of late 2010	Developers	Industry focus
(1) Zambia Chambishi and Lusaka subzone	11.58 km <sup>2</sup> (7.98 km <sup>2</sup> ) startup 2 km <sup>2</sup> Lusaka: 5 km <sup>2</sup>	2003	In operation & under construction <i>Lusaka:</i> <i>planning</i>	China Nonferrous Mining Group (CNMC group)	Copper and cobalt processing <i>Lusaka: garments, food, appliances,</i> <i>tobacco, electronics</i>
(2) Egypt Suez	5.08 km <sup>2</sup> , startup 1.07 km <sup>2</sup>	1994	In operation & under construction	Tianjin TEDA, CADF, Egypt-China Corporation for Investment (ECCI), Tianjin Suez International Cooperation Co.	Textiles & garments, petroleum equipment, automobile assembly, electronics assembly
(3) Nigeria Lekki	30 km <sup>2</sup> , Phase I 10 km <sup>2</sup> , start-up 3.5 km <sup>2</sup>	2003	Under construction	China Civil Engineering Construction, Jiangning Development Corp., Nanjing Beyond, China Railway, Lagos State (20 %): Lekki Worldwide Investments Limited	Transportation equipment, textile & light industries, home appliances & telecommunication. Possible oil refinery.
(4) Nigeria Ogun	100 km <sup>2</sup> , 1st phase 20 km <sup>2</sup> , start-up 2.5 km <sup>2</sup>	Early 2004	Under construction	Guangdong Xinguang, South China Developing Group, Ogun State Government	Construction materials & ceramics, ironware, furniture, wood processing, medicine, computers, lighting
(5) Mauritius Originally Tianli, renamed Jinfei	2.11 km <sup>2</sup> , start-up 0.75 km <sup>2</sup>	2006-7	Under construction	Shanxi-Tianli Group, Shanxi Coking Coal Group, Taiyuan Iron & Steel Company	Manufacturing (textile, garment, machinery, hi-tech), trade, services (tourism, finance, education)
(6) Ethiopia Oriental (Eastern)	2 km <sup>2</sup> , start-up 1 km <sup>2</sup> with 10 km <sup>2</sup> reservation area	2006-7	Under construction	Yonggang (quit), Qiyuan Group, Jiangnan Int'l trade, Yangyang Asset management and Zhangjiagang Free Trade Zone (not shareholder)	Electric machinery, steel & metallurgy and construction materials
(7) Algeria Jiangling	5 km <sup>2</sup> , 1st phase 1.2 km <sup>2</sup>	2006-7	Approved but suspended	Jiangling Automobile, Zhongling International	Automobile assembly, construction materials

SOURCE: Brautigam and Xiaoyang, 2011

Furthermore, China's predominance as an emerging donor is illustrated by figure 36 below extorted from Walz and Ramachandran, (2010). Their overall outflow of aid exceeds its inflows with the upper estimates of 0.71% of GNI over inflows of 0.3% of GNI, emphasizing its strong footprint on the aid discourse. The figures however may exclude projects which the Chinese may not regard as ODA, therefore there is potential of significant amount of 'assistance' that is not reflected on the below table.

**FIGURE 36: Estimates of Foreign Aid as a Donor and Recipient, 2009**

Country	Outflows of Aid				Inflows of Aid*	
	US\$ (Millions)		% of GNI**		US\$ (Millions)	% of GNI
	Lower Estimate	Upper Estimate	Lower Estimate	Upper Estimate		
Brazil	356	4,000	0.03	0.30	338	0.03
China	1,500	25,098	0.04	0.71	1,132	0.03
India	488	2,171	0.04	0.16	2,502	0.18
South Africa	109	475	0.04	0.17	1,075	0.39

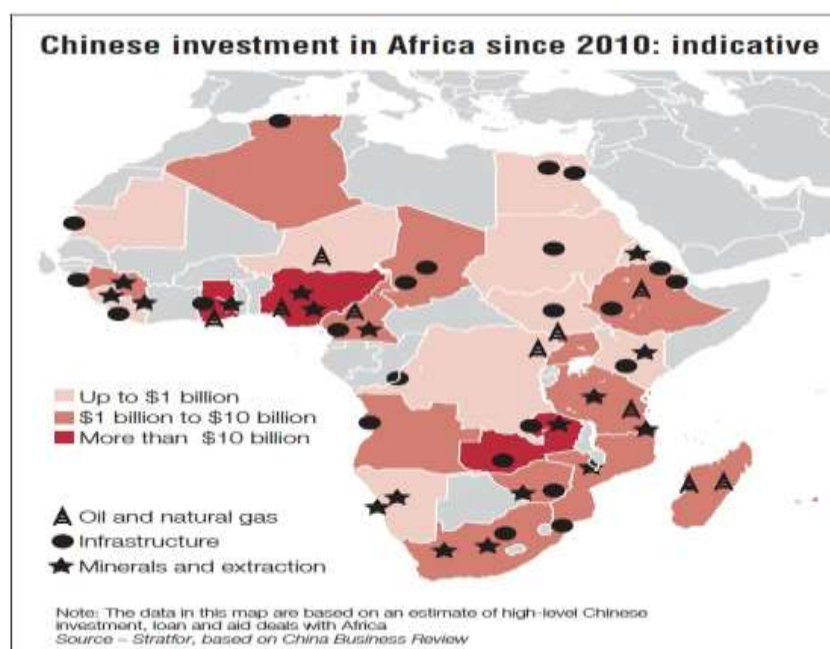
SOURCE: Walz and Ramachandran, 2010

### 4.3 FOCAC: Forum on China-Africa Cooperation

China's presence in Africa is rising and has attracted immense attention; the FOCAC initiative meeting held in Beijing in November 2006 put emphasis to this (Wang, 2007). South Africa has been on the forefront in hosting the Chinese in annual meetings of the African Development Bank (AfDB) to drive the merger between the two countries as Africa's investors and donors. Although Chinese investments have been welcomed, concerns have been raised on what drives China and how China's development model will affect African development. For example, South Africa serves as the gate keeper for the Chinese investments in Africa through its BRICS affiliation, and its championing for openness to trade has promoted FDI to Africa evident of Chinese enormous investments; however, the marginal benefit from increased openness is less for SSA (Asiedu, 2002). These results imply that Africa battles with dependency on the core —suggesting that dependency policies that have been reinforced through loans, conditional infrastructural development, trade and financial ties have not been effective for the periphery African states but enriching the investors, in this case China which has experienced unprecedented growths. An explanation for the lack of growth despite the increased attractiveness by African countries for Chinese FDI is that the Chinese FDI brings with it, its own employment, managerial skills, and technology experts which is contrary to notions of technology transfers to the recipient country and in general South-South cooperation principles of mutual gain (see figure 35). The role of FDI should be to bring in money and domestic savings for local development trajectories for growth; however the Chinese FDI boom hasn't benefited the Sub-Saharan countries as anticipated. This stems from the fact that till date, income and domestic savings in these countries are dismally low (Asiedu, 2002).

This rising penetration in African markets especially Sub-Saharan Africa has made African markets more susceptible to Chinese dependency consequences and spillover effects. According to the IMF's Drummond and Liu (2013), due to the lack of diversification from the extraction-led exports of African countries, when there's 1 percentage point decline in China's domestic investment growth, inevitably, African countries also experience about a percentage decline in their export growth-that is the inevitable consequence of dependency relations. The lack of diversification from African states in their exports to China is indicated in figure 37 which highlights that the Chinese are siphoning out minerals and oil from Africa while dumping manufactured goods for African states. As the current single trading partner for SSA, China's FDI was recorded at about US\$16 billion in 2011; and made commitment of US\$20 billion to Africa in financial assistance at the FOCAC conference in 2012 (Drummond and Liu, 2013).

**FIGURE 37: Chinese investment in Africa: Overview of Exports and Imports**



**SOURCE: BICKHAM E: Montrose Associates, 2009**

As a market for African exports, development financier, donor and investor, China accounted for over US\$28.8 billion by 2006; about 85% of all African primary exports went to China. What was even more on the spotlight is the imports from China to Africa during the same period between 2001 and 2006, Africa's imports from China recorded a whopping US\$26.7 billion in manufactured goods. Critics have raised concerns that imports from China have resulted in market loss for African production as the demand has declined in favour of cheaper Chinese products (Drummond and Liu, 2013). The top five SSA countries with largest resource exports to China and having Chinese trade contributing to a lion's share of their GDP is Republic of Congo, South Africa, Democratic Republic of Congo, Angola and Equatorial Guinea. China's

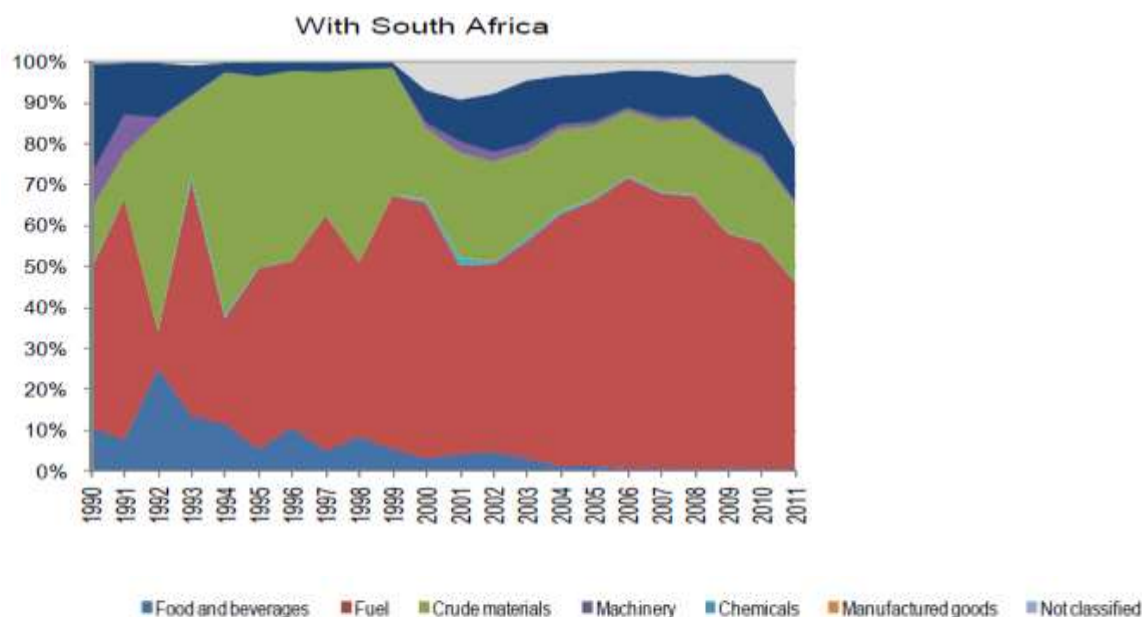
demand for their primary resource exports has resulted in a 0.8 percentage point increase in these countries export growth rate and these topmost trade partner countries with China account for about 75% of SSA exports to China (Drummond and Liu, 2013). The growing China-SSA trade relations represent dependency relations because China's economic growth is natural resource intensive and SSA is natural resource abundance. This dependency trend is likely to continue in the future as China continues a yearning to catch up with the industrialized West; high demands for extraction-led growth will intensify as indicated on the above graph (Figure 37). This has been met with concerns over environmental degradation and for economists, concerns over the dangers of the Dutch disease which awaits these resource rich African countries.

#### **4.4 Trade Deficit in Imports and Exports (China and sub-Saharan Africa)**

With the top five natural resources rich country exporters accounting for 75% of SSA exports to China, and another top six importers of Chinese production (Nigeria, South Africa, Liberia, Ghana, Benin and Angola) accounting for 80% of SSA of manufactured imports from China, we are presented with a trade deficit that has undeniably reinforced the dependency between core China and periphery Africa in general terms (Drummond and Liu, 2013). The lack of production hubs in part contributes to the high import of Chinese production by SSA, and the dependency becomes institutionalized as there's a market for Chinese trade that is concentrated in productions. On the other hand, lack of natural resources for China also strengthens the dependency of Chinese growth on African natural resources because SSA's trade with China is highly concentrated on primary products. Evident of this was 2008 records of about 45% of all SSA exports to China coming from mineral fuel and related materials (Drummond and Liu, 2013). On the other hand, compared with Chinese exports to SSA, they are heavily dominated by machinery, chemicals and manufactured goods. The following Figure 38 illustrates SSA exports to China in product composition.



**FIGURE 38: Sub-Saharan Africa Exports to China by Product Composition**



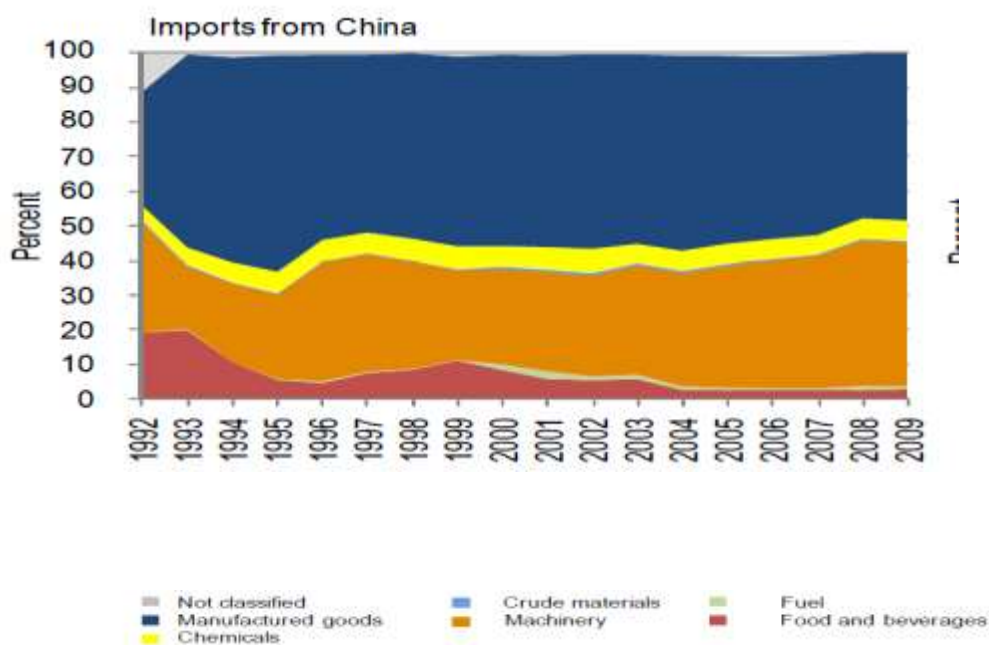
Source: United Nations' Comtrade Statistics database.

There is clear indication that the trade from SSA to China is an extraction-led development, primary products such as fuel and crude materials account for the lion's share of SSA exports in product composition to China. SSA's export of manufactured products such as mere food beverages have been progressively worsening and diminishing with a peak only in 1991-1992 (25%) to hitting rock bottom in 2011 with 0% export (Drummond and Liu, 2013).

What are the implications of Chinese dependency on the extractive-led development for Sub-Saharan Africa countries? The indirect impact is through commodity prices with lack of diversification in the exports, as net exporters of commodities, SSA countries are vulnerable to fluctuations in the global economy. As indicated above, activities in China (decline) have a direct impact on the price of oil, copper etc.; these shocks are felt the most by net exporters of primary products-SSA. Similarly, the commodity boom was also due to China's rising industrialization ambitions and urbanization investments. What more can we say should Chinese demand decline? The net exporters of commodities will suffer consequences of the Dutch disease as their extractive sector dominates, there's a causality of decline in other strategic sectors like manufacturing and agriculture (Bebbigton et al, 2008) which have been abandoned and cannot be considered sectors to fall back on should the natural resources sector face detrimental external shocks (Drummond and Liu, 2013).

In juxtaposition, the below figure 39 compliments the above exports figure from Africa, here we have imports by product composition from China to SSA.

**FIGURE 39: Sub-Saharan Africa Imports by Product Composition**



Source: United Nations' Comtrade Statistics database.

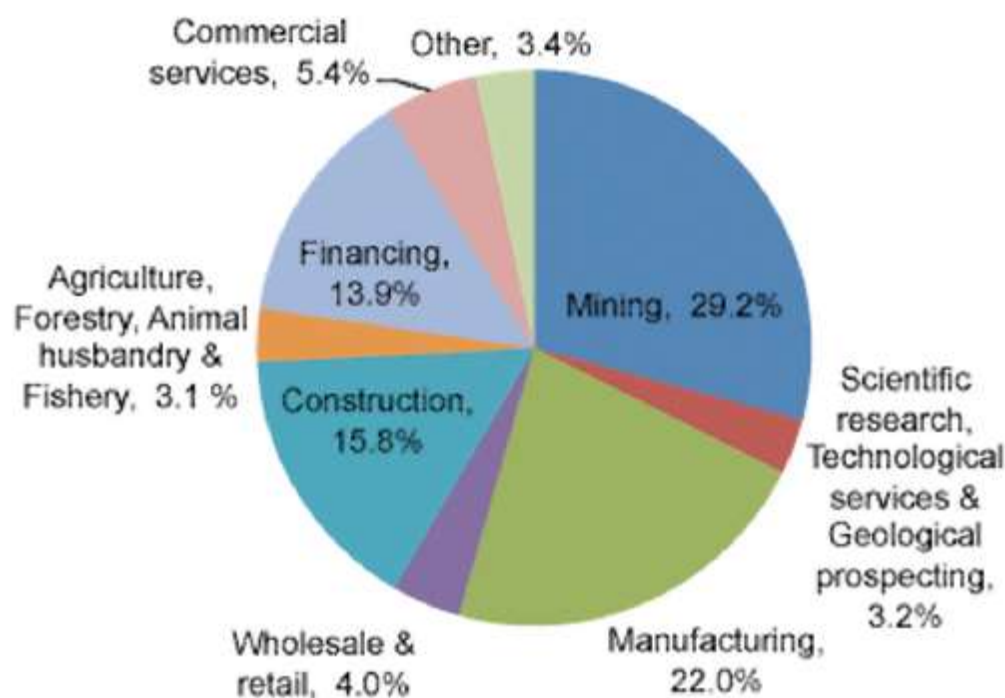
In the above Figure 39, the preponderance of manufactured goods at a whopping estimated 99% represents the SSA imports from China. What are the economic implications of this development model? The obvious one is the out spacing of domestic production which has contributed to domestic financial crises as more profits are siphon off to Chinese firms at the detriment of the peripheries' growth.

Furthermore, looking at the Chinese FDI Stock to Africa by Sector (below figure 40 of 2009), it reveals that the extractive sector (mining) gets the lion's share of Chinese FDI at 29.2%, followed by manufacturing at 22.0%. Sectors considered enhancing competitiveness like scientific research and technology only received 3, 2% of total Chinese FDI in 2009. This is alarming because for in order to have economic development the research and scientific sectors should be crucial sectors receiving high FDI and African countries lag behind in this crucial field needed to stimulate innovation and overall economic growth (Edinger and Pistorius, 2011).

The overemphasis on the mining sector manifested by mushrooming Chinese Special Economic Zones is a route to the Dutch disease (Bebbington et al, 2008), the largest projects here are geared towards strategic minerals like iron ore, platinum, copper and coal. The growing Chinese FDI in manufacturing (textile, metals, plastic rubber, machinery and electrical) poses great threat to local production. To date, according to the South African Revenue Services (SARS), China makes up 90 percent of Asian imports to South Africa alone

(not considering the rest of the African continent) and 33 percent of its exports (Fabrice, 2014). South Africa's main exports to China are primary products, while it imports mainly manufactured products such as machinery, clothing, telecommunication equipment and footwear from the East Asian nation.

**FIGURE 40: Chinese FDI Stock to Africa by Sector, 2009**



**SOURCE: Edinger and Pistorius (The South African Institute for Mining and Metallurgy). 2011**

#### 4.5 Tied Aid

Traditionally regarded a characteristic of northern donors, China and South Africa have subscribed to tying aid—a characteristic in stark contrast with South-South Cooperation. Walz and Ramachandran (2010) argued that the majority of aid from Southern countries, especially China, India, and South Africa is tied. The tied aid has seen the intense use of the donors-country's contractors and companies. The Chinese are typical of bringing their own managerial skills and leaving the low skilled and cheap jobs for local recipients. Similarly with South Africa, the rise of South African Supermarkets that go hand in hand with Pretorian Aid has emphasized tied aid of its kind; it has reinforced food aid because South African supermarkets are the suppliers in the recipient countries (Reardon et al, 2003).

Where South Africa intervenes for peace-brokering, it has also provided its local firms with feasibility studies to set-up foreign firms in the recipient's country. The export of South African products to the neighbouring

countries through expansion of South African supermarkets is a form of tied aid because while negotiating for peace, South Africa also swiftly negotiated deals for business. The rise of South African supermarkets in the SADC region and beyond has presented great challenges for Pretoria's aid recipients. Some of the challenges presented to poor aid recipient satellites is the exclusion of local small farmers and distributors (Reardon et al, 2003).

Furthermore, China's tied aid is criticized for directly funding Chinese firms to implement projects instead of funding the host governments. This is a convergence with traditional donors' practices-this is not uncommon for DAC donors, "64 percent of South Korea's aid is tied, 45 percent of Greece's aid, and 23 percent of the United States' aid is tied" (Walz and Ramachandran, 2010). Here we see that South-South Cooperation again overlaps with the DAC Model for development cooperation, although Southern donors claim their model is fundamentally different to the Northern donors.

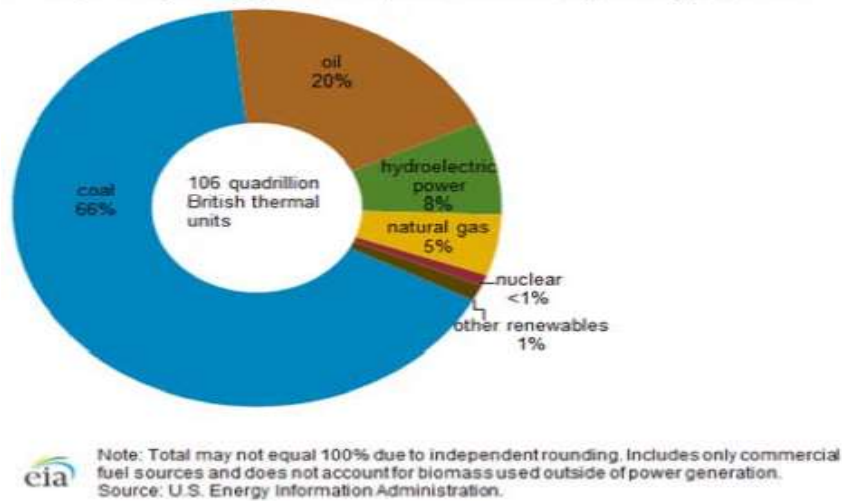
#### **4.6 Brief Comparison of South Africa and China's Dependency Policies**

The following figures 41 and 42 will serve to ascertain that both China and South Africa operate under the same model of dependency exhibited in their extractive-led growth strategies. In these figures, we see that both China and South Africa's economies exhibit high primary energy consumption which is sourced through extraction from other countries. South Africa is heavily reliant of oil imports from Nigeria, Angola, and natural gas from Mozambique and Namibia due to its little oil and natural gas reserves (EIA, 2015). As much as South Africa's heavily energy consumption economy is dependent on the natural resources of African countries, the Chinese is no different. Relations between South Africa and its continental neighbours display a dependency form, and so are the relations between China and South Africa as well as the entire African continent at large.

Both South Africa and China's (see figures 41 & 42 below) economies are heavily dependent on primary energy consumption to which both countries face vast constraints due to lack or poor natural resources reserves. This challenge has forced both countries to commit their imports from resource-rich countries for primary resources. South Africa's immediate importers are African neighbouring states who account for its big share of oil imports as illustrated in figure 42.

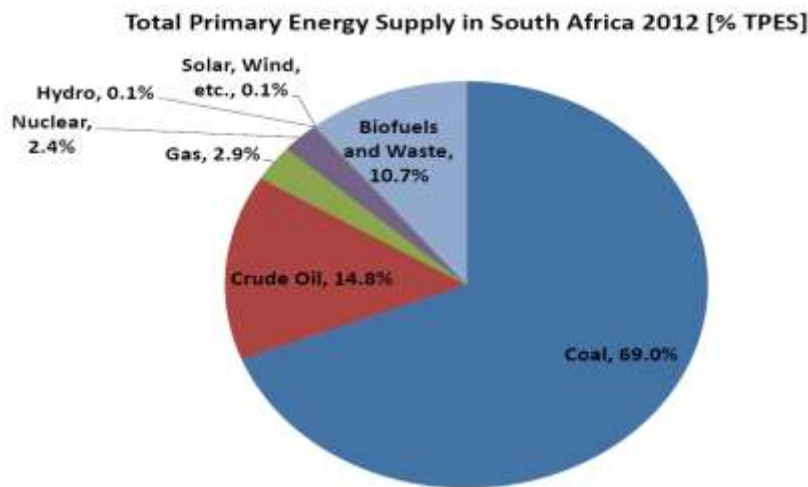
**FIGURE 41: Total Primary Energy Consumption in China by Fuel Type, 2012**

**Total primary energy consumption in China by fuel type, 2012**



**SOURCE: EIA, 2015**

**FIGURE 42: Total Primary Energy Dependence and Consumption by South Africa, 2012**



**SOURCE: EIA, 2015**

China on the other hand like South Africa is heavily reliant on coal which both countries explore locally. However, its second most primary energy generator is oil which faces growing demand for Chinese industrialization and has forced China to rely on oil imports. As a result, China’s National offshore oil Cooperation (CNOOC) is mandated by its government to explore and expand offshore zones and for the acquisition of foreign assists in order to supplement its local moderate oil reserves (EIA, 2015). Like the stiff

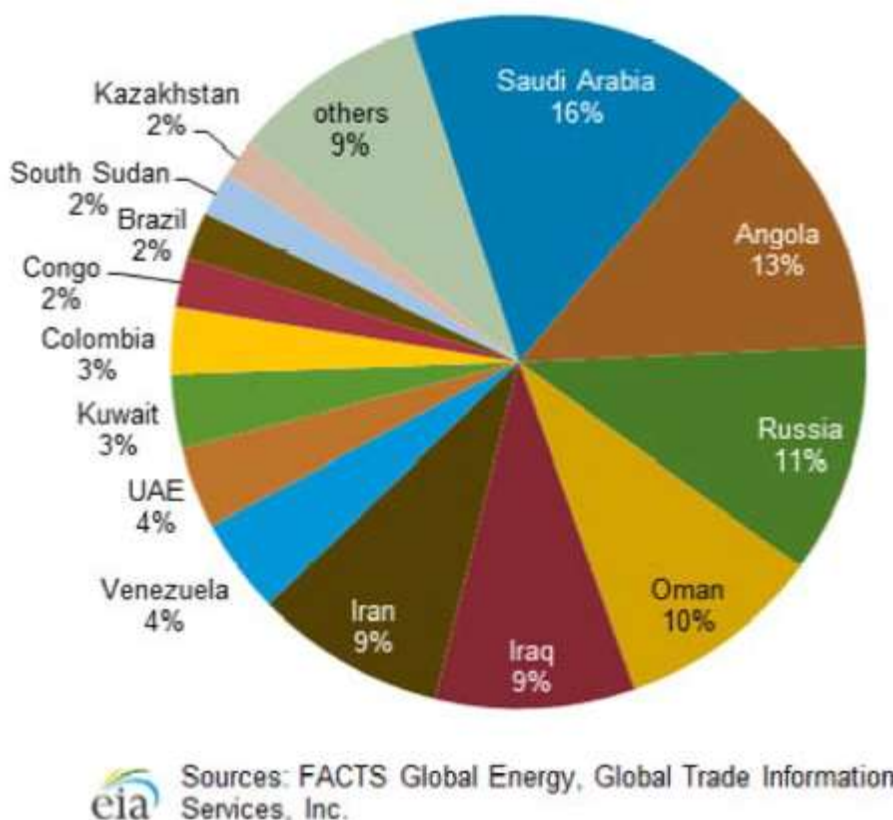
resistance from African states towards South Africa's extractive-led growth, China also shares in the same contentions and controversy. Territorial disputes over drillings for primary energy sources in the East China Sea have left China and Japan in great conflict over territorial claims (EIA, 2015).

CNOOC and Chinese private companies have expanded their overseas acquisitions at a rapidly expanding pace. The International Energy Agency reported that between 2011 and 2013, the Chinese boasted overseas acquisitions in Latin America, Africa (both South Africa and China are drilling in West Africa), Middle East, North America and Asia (smaller states such as Turkmenistan, Uzbekistan, Kazakhstan etc. which dependency theory labels satellites) to the estimated value of \$73 billion in overseas oil and gas assets (EIA, 2015). The modus operandi that the Chinese hold in common with South Africa on their overseas acquisition is the use of their financial muscle to give financial loans to the host countries that are usually disadvantaged (poor economic growth, civil war besieged, corrupt governments, rebel groups in control of resource hotspots etc.). The financial loans or funding of rebels groups (South Africa in DRC and misuse of military troops mandated for peace keeping for securing mining enclaves and China's oil drilling in conflicted Sudan and South Sudan-see figure 43 below) are in exchange for oil supplies and other scarce natural resources, China has extended oil-for-loan deal to Ghana in Africa (EIA, 2015). This operation is a reinforcement of dependency because the loans are usually long-term financial ties and vast in magnitude for the recipient governments to complete repayments. The core countries then renegotiate and reschedule the loan repayments or even cancel the debt in exchange for stakes in the local mining rights and extractive sector (Bebbington et al, 2008).

Figure 43below displays China's overseas acquisitions by destination; some of the countries have been extended the oil-for-loan deals that are part and parcel of development co-operation offered by emerging donors. Moreover, these countries (especially in Africa) are undergoing chaos of civil wars rooted in power struggle for controlling resources which has led to dictatorships and political instability, hence the allegation of 'funding rouge states' (Walz and Ramachandran, 2010). South Africa's development engagement did it also with Zimbabwe, debt-cancellation-for-electricity deal and stake in Zimbabwe Electricity Supply Authority (Mbendi Information Services, 2016).

FIGURE 43: China's crude oil imports by source, 2014

### China's crude oil imports by source, 2014

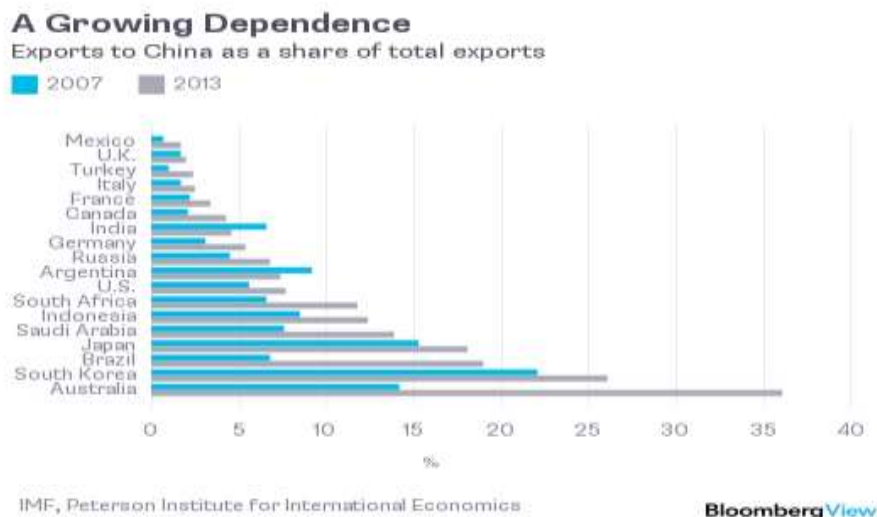


SOURCE: EIA, 2015

#### 4.7 CONCLUSION: Growing Dependence on China and its Implications.

In this section the paper has argued and illustrated that despite the trade liberalization for SSA championed by South Africa through its BRICS platform, the openness has exposed most resource-rich countries to China's dependency policies. Chinese exports to SSA have not allowed periphery SSA countries to diversify their exports from commodities; instead it has promoted the Dutch disease among the resource rich African countries. Due to the strengthened dependence on Chinese imports, local production has been displaced owing to inability to compete with cheap Chinese products. Furthermore, by the same dependency token, SSA countries have become all the more susceptible to Chinese economy spillover effects (economy slowdown) which mostly are negative for the net exporters of commodities. Specifically, South Africa has become particularly dependent on their raw materials supplies to China, from 7% in 2007 to about 14% in 2013 of primary exports to China(see Figure 44 below).

**FIGURE 44: A Growing Dependence: South Africa’s exports to China**



**SOURCE: Bloomberg, 2015**

Fluctuations on Chinese demand’s for commodities is not good for South Africa which has fed the Chinese commodity boom with its own exports, reinforcing a dependence that it has struggled to shed off. Given the lack of diversity in South Africa’s exports to China just like the rest of Africa, it is inevitable to avoid domestic changes and spillover effects from China. And so a drop in China’s demand would be nothing short of tragedy for South Africa’s dependence on the country (Bloomberg, 2015).

To alleviate the dependency, SSA countries must diversify their exports and reorient their exports to other destinations. The existing slow economic growth in Pretoria’s traditional trade partners in the European Union has not been without negative impact for Pretoria, it is therefore imperative that South Africa and the African continent at large diversify their trade partners (and exports) and not only embrace the Chinese.

And last but not least, the Chinese and South African development models have proved to move in the same direction, representing a divergence from South-South cooperation. Both their growth strategies are heavily reliant on primary resources from resource rich peripheral countries. Their companies have been mired in poor labour practices and environmental degradations. In return, China and South Africa account for manufactured imports in the peripheral countries, the imports have been responsible for displacing domestic productions in the recipient countries. And as such the dependency has been reinforced through food aid, loans in exchange for resources and other negative measures commonly associated with traditional donors. In essence, their development models have not promoted growth in peripheral development partners; instead it has generated disproportionate growth and development between the core areas and peripheries which generally diverges from South-South cooperation tenets of mutual gain.



## CHAPTER FIVE

### CONCLUSION

#### 5.1 CONCLUSION

South African companies that dominate African markets are largely in extractive sector, retail, tourism, infrastructure and financial services, Besharati (2013) notes that although South African companies feature on the mining sector, they still cannot compete with Chinese, Brazilian and Indian companies that have benefited from their governments' development aid presence on the African continent. What these emerging donors have in common is the perceptions of negative practices of their multinational corporations especially in the extractive sector. Resistance against the dependency is against South African and Chinese companies coming into African countries as the prime contractors to implement major infrastructure programmes and somehow becoming the providers of access to mining of copper and cobalt in the DRC reflecting the foreign hand capture of host country's natural resources which reinforces dependency (Besharati, 2013). Further resistance against this neoliberal thinking of aid going hand in hand with extractive development is exemplified by the demand for local content in loan agreements and investment projects by partner countries who argued that Pretoria's development co-operation imposes its labour, services and products on the continent in exporting its development model.

South Africa's possession of disproportionate military, political and economic power relative to its neighbours has elevated its influence and the country's military interventionism as part of its development assistance tool, and has left profound distrust in the eyes of the recipients of its military aid particularly in the DRC where South African forces have been deployed for a long time. Accounting for why South Africa with its military and economic capacity lacks the legitimacy to play its hegemonic role on the African continent, Adebajo and Landsberg's (2003) argue that South Africa faces one big challenge, it lacks internal cohesion and it fails to convince its neighbours to follow its leadership. Some reluctance from neighbours come from the understanding that the destabilization legacy from the Apartheid era-army lives on today in the neighbours territories hence the profound distrust of Pretoria's military interventionism. Bizos (2015) has also referred to this as an atypical identity of an ad hoc interventionist policy that has tainted South Africa's image. As the uneasiness of these neighbours implies, South Africa's hegemon and interventionism has not gone unchallenged, the hypothetical beacon of hope for Africa is met with anti-hegemonic alliances.

This thesis denounces the polarized relations between South Africa and Lesotho "Basotho did indeed, through their labour, help build South Africa's richest industry of the 20th century, and, in the process, became dependent on, and integrated into, the South African economy. To spurn the Basotho now that their only asset is unwanted labour is callous reparation indeed" (Steinberg, 2005). The author's expression still

begs the most important question, which is: under what pretext the envisioned South African Development Agency (SADPA) would be prepared to benignly work on development packages for Africa and not concealing the current strategic dependency aid as the case studies have revealed? Nevertheless that's a question we ought to look out for answers in everyday current affairs. But in light of the interconnectedness, despite the mere distinction of South Africa's Pretoria and Lesotho's Maseru being administratively and politically separate, the intertwined asymmetric economies, society and history confers great deal of moral accountability for South Africa to consider the future of Lesotho. Existing mutual dependence and betrayal characterize the current sour diplomatic relations between the two countries (Steinberg, 2005).

In Zimbabwe, South Africa's foreign aid to Zimbabwe was undermined by national interest and attracted allegations of South Africa's inaction as a betrayal of the spirit of South Africa's own democratic transition and the international support that had facilitated it, argued Habib (2009). In view of the case study discussions, Zimbabwe is not just a conflict ridden country but a resource rich neighbour for South Africa and thus a strategic development partner; in fact its exports to South Africa are predominantly primary resources like copper (OEC, 2014). And for this dependency, South Africa's quiet diplomacy towards the conflict not only diverged from the commitment to Africa's development but was also an appeasement for South Africa's trade relations with Zimbabwe. Zimbabwe's conflict and the country's proximity to South Africa resulted in one neighbor (core) flourishing amidst regional chaos while Zimbabwe (periphery) and others grappled with the effects of the destabilized region. And therefore, South Africa's inaction to halt the Zimbabwean conflict has made an early test for the chances of the envisioned SADPA to bring change in Africa. It has in fact undermined the necessary support from African states for South Africa's foreign aid agenda.

After the findings and the discussion that was incorporated in all the above chapters, I was left with the impression that the issue with aid given by SA is essentially a question of aid effectiveness viewed through the lens of donor-recipient relationships. While examining aid, it was highly inevitable to not tie issues of national interest in South African foreign aid. This is often so in traditional donors and even the Chinese model.

The thesis has argued the following main points.

- 1) That South Africa as an emerging aid donor constitutes a paradigm shift from traditional OECD-DAC donors' aid only by virtue of being a developing country with broad range of development assistance. However, South Africa does not constitute a paradigm shift in the sense of achieving an African renaissance model that is different from the sub-imperialist notions that have surrounded traditional donors; it has not overhauled the aid contentions and dependency debate associated with donors. Like the Chinese model,

South Africa also operates under allegations of dependency tactics serving to cause underdevelopment in the periphery and enrichment of the donor's core country.

The thesis also assessed whether this aid has indeed been effective in SADC countries (Lesotho, DRC and Zimbabwe) – Statistics have shown that South Africa continues to account for the lion's share of GDP, infrastructural development and economic growth representing stark discrepancies with SADC and SACU countries. South Africa's aid has therefore minimally contributed to economic growth and general welfare (as this is the ultimate aim of aid) of its development partners.

Tying it up with dependency theory, the thesis sought to find out why is aid still being given in countries where it is most likely to fail like the case studies presented above, countries with internal political instability and civil wars. Here the paper draws on motivations for giving aid - focusing on the national interest element – with use of dependency theory. One important thing we learnt was that the aid relationships are usually pro-donor policies of dependency for natural resources and labour reserves in the peripheries. Fundamentally, the argument draws into the wider debate between aid-skeptics and aid-advocates apparent in the stiff resistance from African states and the apparent poor reputation South Africa's hegemony suffers on the region. The motivation for South Africa's aid was argued to show how it is driven by national interest and the maintenance of donor hegemony as impetus of its development agenda on the continent.

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