Striving for Good Governance in Africa

Synopsis of the 2005 *African Governance Report*
Prepared for the African Development Forum IV

Economic Commission for Africa

"Good governance and sustainable development are indivisible. That is the lesson of all our efforts and experiences, from Africa to Asia to Latin America. Without good governance—without the rule of law, predictable administration, legitimate power and responsive regulation—no amount of funding, no amount of charity will set us on the path to prosperity."

—Kofi Annan,
UN Secretary-General

Foreword

The creation of capable states is one of the most fundamental challenges in Africa today. A capable state is one in which peace and security are guaranteed and sustained. Without peace, there can be no long-term development. And without good governance, there is seldom peace.

The capable state creates an enabling political and legal environment for economic growth and promotes the equitable distribution of the fruits of growth. But growth must also be coupled with policies that deliberately attack poverty and promote education, health and social safety nets. The capable state also builds an enabling environment for the private sector to generate economic growth, jobs and income. At the core of all this is political and policy stability and a fair and consistent application of the rule of law.

This report is a synopsis of ECA's forthcoming African Governance Report. It was prepared for the 4th African Development Forum (ADF IV) convened by the Economic Commission for Africa (ECA), in close partnership with the African Development Bank (AfDB) and the African Union (AU), in Addis Ababa on 11–15 October 2004.

The objective of the research was to ascertain current public perceptions of the state of governance in the region. By placing strong emphasis on local and national surveys, and incorporating the views of a wide cross-section of society, it aimed not only to take a snapshot of the perception of governance in various countries, but also to highlight key capacity deficits and encourage the sharing of intraregional experience and knowledge on the challenges to good governance.

The research shows, despite the many hurdles still to overcome, that governance overall is getting better in Africa and that the situation across the continent is markedly different from that a decade ago. Indeed, we are making steady progress, with citizens in many African countries expressing perceptions of positive results in several areas. For example, the political space has been liberalised, human rights and the rule of law are more widely respected and the media and civil society are advancing in many countries.

But the research also reveals considerable country variations in governance. Some countries score consistently better than the sample average—some consistently worse. There are countries with impressive governance improvements that come from resolving conflicts and resolutely embarking on broad-based social and economic development. But there are also weak states, with the poorest performance in countries in conflict.

The citizens surveyed also spotlight areas of governance in need of far more attention. Most countries score lowest on the decentralisation of government structures. They also have low scores for the efficiency of government services, the control of corruption, the integrity of the tax system and the transparency and accountability of the civil services. So the agenda in moving forward is broad.

In summary, our findings show that there is a pressing need for the implementation of a bold and innovative programme to effectively develop and use Africa's governance capacity. We need to implement a bold, cross-cutting and comprehensive, Africa-led programme for capacity development, backed with substantial funding from our international development partners. This effort should support a concerted push to address the 10 priority areas highlighted in this report.

I hope that the 4th African Development Forum will give us the opportunity to discuss this and other ideas for meeting Africa's main capacity challenges in governance and to reach a consensus on the way forward.

I would like to end by thanking all the research institutions we worked with to collect and analyse the survey results in the 28 countries reviewed. This report would not have been possible without their considerable effort and input. In addition, we are particularly grateful to the development partners that supported us with the financial resources to undertake our African Governance Project: Germany, the Netherlands, Norway, Sweden and the United Kingdom. Their support has greatly assisted ECA's ability to deepen our work in the area of governance in recent years. I also would like to thank the African Development Bank and the World Bank for their significant contributions.

K.Y. Amoako
Executive Secretary
Economic Commission for Africa

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Executive summary

> ***Much more has to be achieved before we can say that the capable state is the norm in Africa.***

This report is a synopsis of the first major continent-wide study to measure and monitor "Progress towards Good Governance in Africa," undertaken by the Economic Commission for Africa (ECA). The study conducted surveys and desk research in 28 project countries. The full results and analysis of the study are to be published in the first *African Governance Report* in 2005.

ECA initiated this work to gauge citizens' feelings about the state of governance in Africa, to gather information on best practices and to identify the main requirements for capacity development in the region. The project identified four positive trends on the road to creating capable states in Africa: democratic transitions, political inclusiveness, voice and accountability and economic management.

In the area of democratic transitions, many African countries have made significant strides, evolving from authoritarian or military regimes to more democratic arrangements. We see a new social pact emerging, where state institutions and processes are gradually being reconstructed to promote the values of good governance. Indeed, elections have become the only acceptable basis for choosing and changing leadership.

Africa has also entered an era of greater political inclusiveness. Many African countries are seeking to ensure that the executive and legislative arms of government reflect the profile of their people in regional, ethnic, racial and religious terms.

The third positive governance trend emerging from our survey findings is toward expanded voice and accountability. New avenues are being created across Africa to allow citizens to participate in the political process and express their demands, without fear of retribution. This, in turn, is making governments more responsive to their constituents. Our study found that most governments in Africa are expanding the political space for nonstate actors to participate in various aspects of public decisionmaking.

Fourth, in the area of public financial management and accountability, our study shows that more countries are running smaller deficits, meeting their targets for revenue mobilisation, managing their tax systems more effectively, improving fiscal transparency and creating institutions and arrangements for better auditing of public funds.

Although our study shows considerable progress to report on many fronts, it also highlights many deficits. It is evident that much more has to be achieved before we can say that the capable state is the norm in Africa. According to our research, the quality of public sector management in most countries remains very weak. That is where investments in better governance will yield big growth payoffs in the future. And in the area of corporate governance, African countries have definitely recognised the need to promote the development of the private sector, but they need to do much more to create a truly enabling environment for the private sector to flourish.

On the basis of our research findings, the report identifies 10 priority areas for action in building capable and accountable states. Together, these priorities encompass a series of interventions that will help to develop a critical mass of capacity in Africa at three levels: individual, institutional and societal. The 10 priorities:

Strengthening the capacity of parliaments to perform their core functions. There is a critical need to strengthen the human and institutional capacity of African legislatures to improve their operational effectiveness. The special training requirements for parliamentarians and their support staff have to be addressed and funding needs to be provided to establish supportive institutional resources, such as parliamentary databases and libraries.

Deepening legal and judicial reforms. Steps must be taken to protect and enforce the autonomy of the judiciary from outside pressure or interference and to modernise the functioning of the judicial process. The judicial system must operate independent of, but with the full support of, all institutions responsible for upholding the rule of law. That makes it important to ensure that the judiciary receives independent funding and that any judicial reform is done at the same time as reforms in other key sectors, such as the police force and office of the public prosecutor.

Improving public sector management. When it comes to strengthening the capacity of public service institutions and improving public sector performance, only a long-term, carefully thought-out and sustained effort, tailored to each country, can succeed. Action must focus on reevaluating the role, optimal size and organisational structure of the public sector—and on drastically reducing red tape to minimise the burden of administration and reduce opportunities for corruption. There is also a great need to increase performance through an accelerated programme of improving pay and other incentives. Human resource shortages should be addressed by tapping skills in the Diaspora and making more effective use of in-country and regional knowledge hubs.

Improving the delivery of public services. It is essential to develop an effective channel of accountability between public service providers and their clients. Options for implementing this include the decentralisation of the provision of public services as well as encouraging greater choice and competition, through various means of incorporating the private sector and nongovernmental organisations into the field of public service provision. Good regulatory oversight is essential to ensure adequate levels of quality and service provision.

Removing bottlenecks to private enterprise. There is an urgent need for actions that will lead to lasting improvements in national and regional investment climates. A sound macroeconomy naturally is important, with low inflation and stable exchange rates. Also needed are consistent policies and regulations governing the establishment and operation of businesses. Perhaps most important are the protection of property rights and the enforcing of contracts. Programmes to enhance business development and technical support services can also help, as can the provision of good information on markets and investment opportunities.

Tapping the potential of information and communication technologies. Information and communication technologies are useful for promoting transparency, openness and knowledge exchanges in the many areas of society—and managing the affairs of government is no exception. But given the relative high cost of developing and implementing the relevant e-governance tools in Africa, governments need a highly strategic approach to their adoption and use. It helps for key institutions (such as the legislature and the public service) to lead the way. But it is also important for governments to encourage private investment and initiative.

Fostering credible and responsible media. Several challenges need to be addressed if the African media are to promote the good governance agenda. Above all, they must develop the capacity to consistently report accurate and credible information. And journalists must be allowed to operate in an environment of freedom, without any threat or fear that prevents them from reporting facts to the public and stimulating debate on the issues. In addition, support should be provided to address key training needs that will support the drive for professionalism and effective self-regulation.

Maximising the contribution of traditional modes of governance. Given the enduring vital role of traditional modes of authority in many areas of the continent, particularly in communities, it is important to constantly find ways to increase their efficacy in the modern setting. Traditional systems can complement the resources of government in providing such services as health, education and infrastructure.

Confronting the governance dimension of HIV/AIDS. There can be no development progress in the region if the HIV/AIDS pandemic is not dealt with head on. African governments must treat HIV/AIDS as the most serious challenge to development and governance in the continent today, strengthening national leadership in the battle against the disease. Strong leadership is especially required to help states deal with the impact of HIV/AIDS on institutional structures, to scale up the resources dedicated to the fight against it and to create mechanisms for society-wide responses.

Getting partners to live up to their commitments. Everything in this report points to the greater accountability of African governments. What, then, about their external partners? First, donors must live up to commitments to provide more aid to Africa—as part of the Monterrey pledges. Second, they must do more to provide better aid—through harmonised procedures, general budget support and predictable disbursements. Third, they have to do more to ensure that their policies for aid, trade and debt relief are consistent with African efforts to come closer to reaching the MDGs.

‘The report identifies 10 priority areas for action in building capable and accountable states.

Fourth, they need to work with African governments in systematically tracking actions to enhance development outcomes—through mechanisms for mutual review.

Two other areas also command attention: attacking the supply side of corruption by improving corporate governance in donor countries; developing systems for the recovery of assets lost by corrupt officials and parked in OECD countries.

Essential in all 10 areas is tapping the potential of Africa's young people. They are the future of governance in Africa. Indeed, they are the future of Africa, and they must be part of all that we are trying to accomplish.

"It is time to move from small capacity-building interventions to a bold, cross-cutting and comprehensive programme.

We now need to make a concerted push to address these priority areas for a broadbased and multifaceted programme of capacity development in Africa. This call is not new. Several years ago, the World Bank proposed a comprehensive programme for capacity building in Africa, to be backed with substantial funding from our international development partners. It may be useful now to revisit that idea.

More recently, the UNDP has proposed the creation of an African Governance Institute to provide, among other things, resources for training and capacity building of academics, policymakers, parliamentarians and civil society leaders.

These and other options for advancing the agenda must be pursued with haste. For in our bid to build stable, capable states in Africa, it is time to move from small capacity-building interventions to a bold, cross-cutting and comprehensive programme that will transform the effectiveness of individuals, institutions and societies.

Part 1

The state of government in 28 African countries

Good governance is at the heart of sustainable development and the alleviation of poverty. It clearly is good for economic growth. It augments production inputs, such as labor and capital, and enhances the productivity of those inputs. It can also influence the distribution of the benefits of economic growth: income distribution is a crucial factor in transforming growth into poverty reduction in Africa. Governance thus has a dual impact: on growth and its distribution. So better governance, by increasing growth and improving income equity, can reduce poverty and spur advances towards the Millennium Development Goals.

Governments have a role promoting economic efficiency by improving governance and making markets work. They have to put in place solid strategies for development, providing information to engage the widespread involvement of the people at all levels, devising incentive structures that work for most people, not just a few. All this has to be buttressed by policies to curb corruption, limit rent-seeking, advance competition, promote diverse media, foster transparency to build confidence in the state, honor human rights and deepen the mechanisms for democratic practices. Governments also have to pay attention to a broad social agenda, providing free basic education for all, developing agriculture, protecting the environment, formulating appropriate population policies.

Recognising the benefits and the demands, African leaders are making good governance an urgent priority for the continent's development agenda. Two regional initiatives—the African Union (AU) and the New Partnership for Africa's Development (NEPAD)—underscore the centrality of good governance to economic development in Africa. A big part of the NEPAD blueprint is its Democracy and Governance Initiative, which emphasises that "development is impossible in the absence of true democracy, respect for human rights, peace and good governance." The NEPAD commits African countries to respect global standards of democracy, with its core elements of political pluralism, with several political parties and open, free and democratic elections.[1]

A practical manifestation of NEPAD's commitment to its Governance Initiative is the African Peer Review Mechanism. Voluntary, the mechanism monitors whether the policies and practices of participating countries conform to agreed political, economic and corporate governance norms and standards.[2] The peer reviews will build on the concepts of African ownership and mutual accountability. The review mechanism also offers the potential to transform the relationship of African countries with their external partners, moving away from the old model of donor-imposed conditionalities. By August 2004, 22 countries had signed up for their peer reviews.

This report is the outcome of a major effort of the Economic Commission for Africa (ECA) to measure and monitor the progress towards good governance in Africa. In today's political and economic environment, it is likely that important changes in Africa may be either unnoticed or trivialised. So, to analyse the realities and dynamics of developments unfolding in governance, the report uses a scientific and rigorous process to set benchmarks in 28 African countries (figure 1 and annex 2).

- Panels of experts in the 28 countries gave the highest scores for indicators of political representation: the credibility of the electoral process, the freedom of political parties, the distribution of political power.

- Average scores were lower for the effectiveness of institutions for all three branches of government: executive, legislative, judicial.

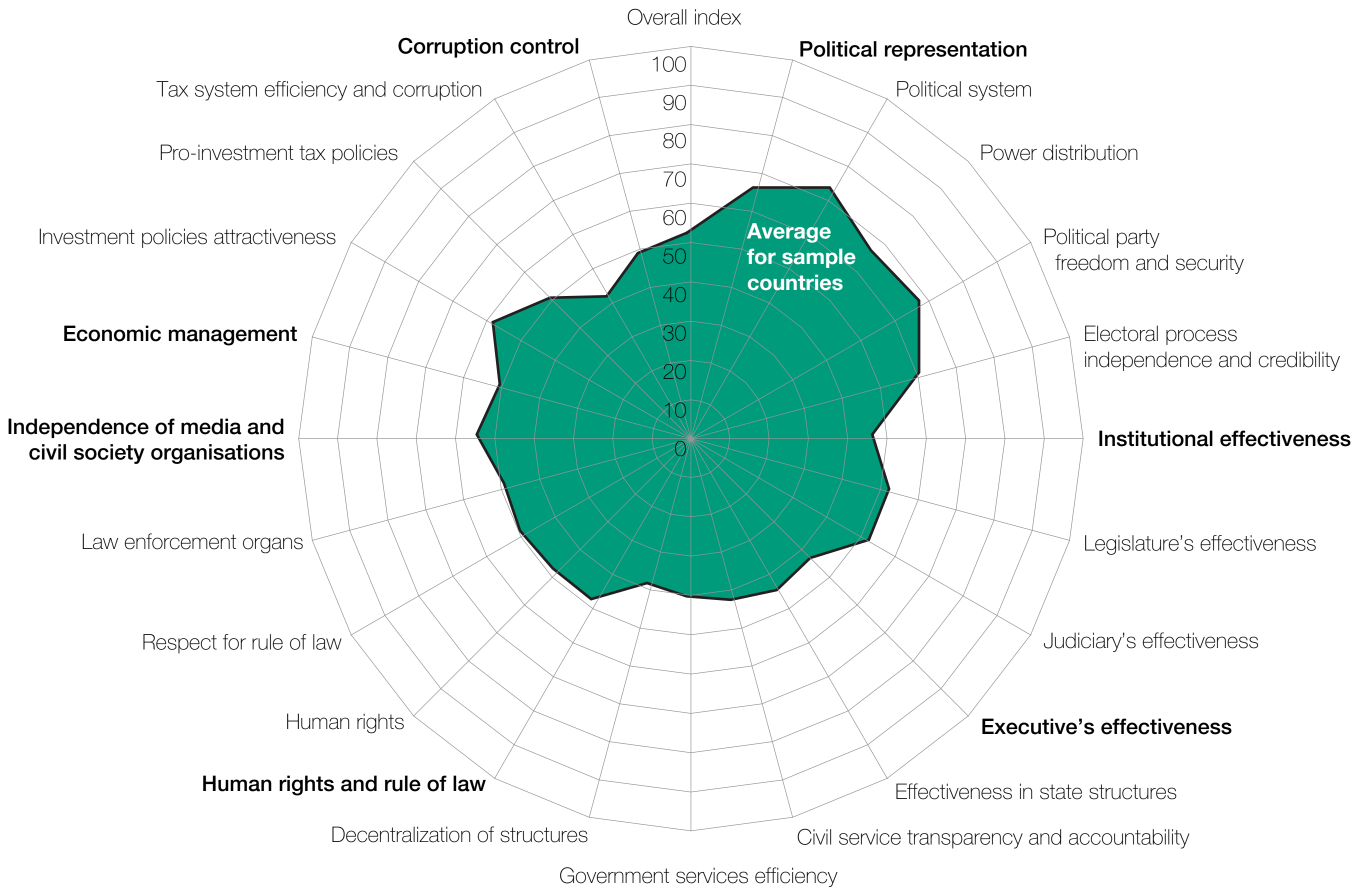
- Scores were lower still for the efficiency of government services, the control of corruption and the transparency and accountability of the civil service.

- Scores were lowest for the decentralisation of government structures and corruption in the tax system.

Project methodology and special features

The African Governance Project, covering 28 countries, measures and monitors the state of governance in Africa: Benin, Botswana, Burkina Faso, Cameroon, Chad, Egypt, Ethiopia, Gabon, Gambia, Ghana, Kenya, Lesotho, Malawi, Mali, Mauritius, Morocco, Mozambique, Namibia, Niger, Nigeria, Rwanda, Senegal, South Africa, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe.

Figure 1 Political indicators highest on average—decentralisation, tax evasion and corruption indicators lowest



Note: The scores are sample averages drawn from the expert surveys for the 28 countries in the African Governance Project. Running clockwise from the overall index on the top spoke, the indicators first cover political representation, then institutional effectiveness, then service delivery, then taxes and corruption. See the section on project methodology for details. Also see annexes 1 and 2.

Source: ECA governance survey of experts.

The project focuses on the formal and informal actors in the governance process that include the government and its institutions, political parties, the private sector and the civil society. It gives voice to the people on how they perceive the state of governance in their countries with regard to legal and policy prescriptions and the actual practice. It facilitates the sharing of cross-country experiences on governance with a view to identifying important lessons in "best practices" for other countries to emulate in improving their activities. It identifies areas of governance perceived as inadequate and the major capacity gaps. And it nurtures Africa's ownership and commitment to good governance norms and practices.

The project contributes to the objectives of the NEPAD and the AU in three ways. By providing valuable inputs for promoting good governance. By creating the research and analytical capacity to measure and monitor governance. And by building consensus among various stakeholders on ways of enhancing governance in the region. The research explored political governance, political representation and electoral systems. It also explored institutional effectiveness and accountability and economic management and corporate governance.

The methodology for the study consisted of a research instrument with three components in 28 project countries: a national expert opinion survey, a national household sample survey and desk research (see annexes).[3]

- The national expert survey used a group of national experts, about 100 on average in each country. The sample was carefully drawn to ensure representation by age, social status, education, field of training, political orientation, the private sector, civil society organisations, ethnic, regional and religious background as well as gender.

- The household survey captured the perceptions of the general population of households on the state of governance in each country. It looked at different aspects of governance, including national problems and the accessibility, adequacy and efficiency of government services. The sample population ranged from 1,300 to 3,000 households in each country (rural and urban, rich and poor, educated and illiterate).

- The desk research compiled factual information and data to complement the expert and household surveys.

Considerable effort went into making the administration of surveys consistent across countries. Collaborative national institutions were selected in each country (through a competitive process) as partner institutions to conduct the national studies. Two national workshops were conducted in each country to build and mobilise stakeholders before and after project implementation. In addition, three subregional workshops covering all of Africa's subregions were organised to mobilise and build consensus and ownership on good governance.

ECA realises that there are many other indicators of governance in Africa (annex 3). Some of the most comparable are those of the World Bank. Indeed, most of the African Governance Indicators are correlated reasonably well with the Bank's indicators, but with several countries as significant outliers (annex 4). We believe that our indicators are unique in many ways, adding considerable value to understanding how countries are performing:

- They are comprehensive, covering both political and economic governance.

- They give a consolidated picture of governance in Africa, providing useful and reliable inputs for policy formulation.

- They have national coverage, giving voice to the general population (especially the ordinary people) in assessing governance institutions and outcomes in their countries.

- They address capacity issues important for enhancing the institutions of governance in Africa.

But because much of the analysis is based on perceptions, considerable caution should be exercised in cross-country comparisons, since the political, social and economic environment differs significantly from one country to another. Note, too, that much of the research was conducted in 2002—and conditions in a country may have since changed. The perceptions research provides a picture of the state of governance in each country only as perceived by citizens of each country at the time of the research.

Adherence to constitutions is getting stronger

There have been concerted efforts in many countries towards a new constitutional order that is democratic, legitimate and popularly accepted. The constitution sets new norms for governance, creates and empowers new democratic institutions, protects the rights of citizens and their property, promotes the rule of law and due process—all creating a new vision and direction for the state.

Many African countries have been framing new constitutions or reforming existing ones. The main thrusts have been to capture the interests and wishes of the diverse groups in the society and to make the constitutional process open, democratic and transparent, as in South Africa, Uganda, Mozambique, Ghana, Zambia and Kenya. With more democratic constitutions, legislatures and judiciaries are getting a new lease on life. The people are participating more in the political and electoral processes of society. And the rule of law is increasingly being adhered to.

The major challenge to the new constitutional order is making constitutions living documents

'With more democratic constitutions, legislatures and judiciaries are getting a new lease on life.

to be respected by all. Many African leaders are respecting the constitution, but some still undermine it. There is also a perception that the law is not being evenly applied in many countries, with the upper social groups having undue leverage.

Legislatures and judiciaries are asserting their independence

Legislatures and judiciaries, severely undermined and underdeveloped in the long years of political dictatorship and authoritarianism, are gradually reasserting their independence. They are providing meaningful checks to the powers of the executive. They are representing and protecting the interests of the people. And they are providing hope for ordinary citizens.

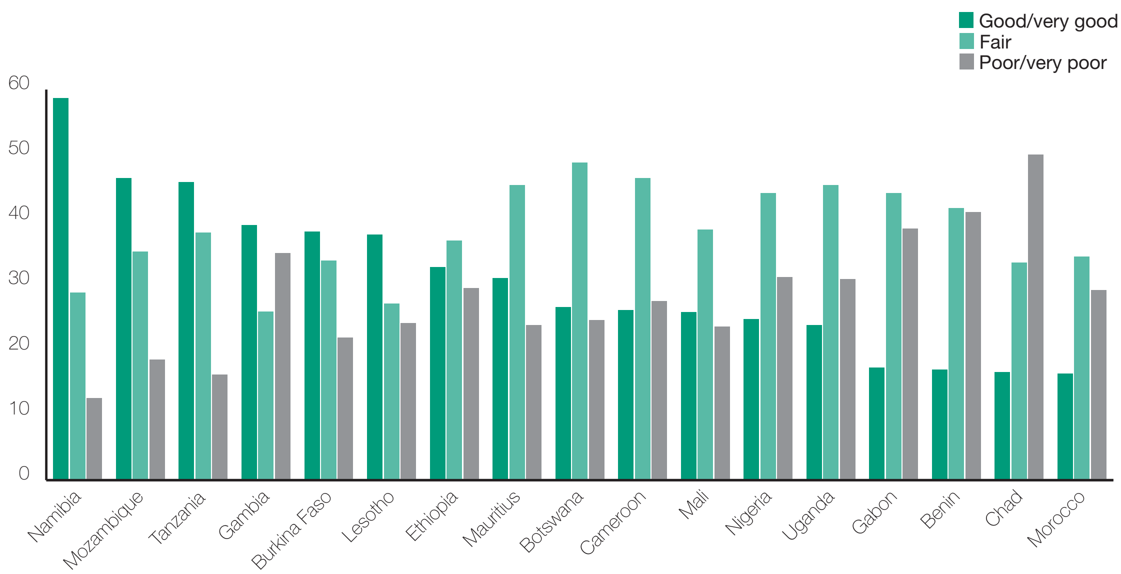
The legislature now provides some parliamentary oversight of public institutions, makes laws in the interests of the people, exercises power over the budget and promotes public accountability. People in South Africa, Namibia, Mauritius, Ghana, Benin, Botswana, Lesotho, Morocco, Senegal, Mozambique and The Gambia generally consider the legislature to be free from external control of the executive. Other countries ranged from the spectrum of being fairly free to really not free from external control.

More than half the expert respondents in 12 countries judged their legislatures to be free from the control of external agencies in all or most major areas of legislation—fewer than half in the other 15.

About a quarter of citizen respondents rate the performance of parliaments as good, more than a third as fair and another third as poor or very poor. Most respondents in Namibia, Mozambique, Tanzania, Burkina Faso, Lesotho and Gambia viewed the legislature as performing well (figure 2).

The judiciary is considered to be largely independent from the other branches of government in South Africa, Namibia, Botswana, Egypt, Uganda and Ghana. Other countries have set reforms in motion to improve the independence, integrity and performance of the judiciary. The judiciary is also hampered by serious institutional constraints:

Figure 2 Namibia gets the highest score for parliamentary performance
Percent



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Source: ECA governance survey of households.

inadequate funding, insufficient professional personnel, lack of regular training for judicial officers especially magistrates in the lower courts, registrars and court clerks. In many countries it takes 1–2 years for criminal cases to be heard in the courts, and in some extremes it takes 3–4 years. In Burkina Faso, there are only 300 judges for a country of 12 million people.

A major finding is that the customary court is popular in most African countries. Modern courts are seen to have long processes, high costs and poor access—distancing them from the people. Customary courts, by contrast, are more accessible, less expensive, less cumbersome and closer to the people. Key capacity issues to be addressed in most African countries are the adequate remuneration of judges, the provision of adequate infrastructure and facilities and the training and discipline of judicial officers.

The legitimacy and credibility of the electoral process have increased

Democratisation in Africa has spurred substantial progress in the electoral process.[4] Party registration laws have been reformed to allow for the registration of more political parties. Electoral institutions are being overhauled to give them greater autonomy, to improve voting arrangements and voter turnout and to resolve electoral conflicts. Overall, the electoral process is gaining credibility and legitimacy, and more people are identifying with electoral processes, but daunting challenges remain.

Political parties make new strides but remain weak

Political parties, the machinery for democratic control of political power, articulate and aggregate the interests of diverse groups in society and form a basis of political pluralism. But the party regimes in many African countries had draconian rules for party registration and little freedom for opposition political parties, in the rare cases they existed. These practices have been rolled back in most of Africa. Party registration laws have been relaxed. Consider the flexible arrangement in Mauritius, where political parties are not required to register at all, except for electoral administration. Also consider the liberal registration procedures in South Africa (with 140 parties), Mali (91), Ethiopia (79), Chad (73), Senegal (65), Kenya (48), Burkina Faso (47), Morocco, Nigeria and Botswana (30 each), Egypt (17) and Ghana (10) (figure 3). The numbers are clearly impressive, but only a few of the parties are competitive in elections.

Figure 3 Political parties are flourishing in many African countries
Number of political parties

Source: ECA governance desk research.

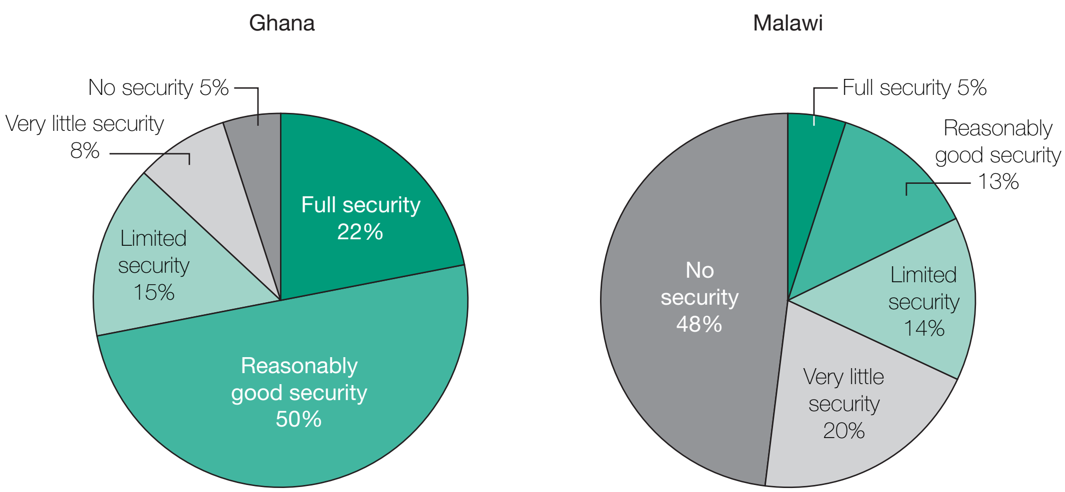
More freedom is being ceded to opposition political parties. In Mauritius, South Africa, Ghana, Mozambique, Botswana, Benin, Mali and Senegal opposition political parties enjoy relative freedom in political campaigns, holding party meetings and rallies, airing their views on national and international issues and having adequate police protection for their activities. The news is not so cheering in Egypt and Malawi, where opposition parties in practice, have little space for political and electoral activities. And in Uganda and Swaziland political parties are not allowed to operate legally. In nearly half the study countries, over half the experts were of the view that the government provides full or reasonably good security to registered opposition parties, but in about a fifth, fewer than a quarter were. In Ghana 72% of the experts said that the government provided full or reasonably good security to opposition parties—in Malawi only 18%, while 48% say that there is no security (figure 4).

In most countries, political parties are weak, highly personalised, lacking internal democracy and without a good funding base. So they rarely articulate alternative viewpoints for society, or provide effective platforms for political education and leadership training, mobilising only during elections. Political parties need to be managed by a professional corps that has basic academic qualifications and regular training in party organisation and management. The culture of accountability and internal democracy must be nurtured for the continuing existence or registration of political parties. In Tanzania the party registration law stipulates that a party can be de-registered if it does not allow for periodic election of its leadership, a good practice for other African countries to emulate.

Party funding affects whether there is a level playing field for all parties in the country. The general trend is that ruling parties have a disproportionate share of state resources for electoral purposes, not healthy. Each country has to devise an acceptable means of funding parties in an equitable and just manner. While both private and public sources of funding should be encouraged, some guidelines are critical. First, there should be a ceiling on private donations for political parties to prevent them from being hijacked by the rich and influential.

The culture of accountability and internal democracy must be nurtured for the continuing existence or registration of political parties.

Figure 4 Ghana and Malawi: two different realities in the security for legally registered opposition parties



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Source: ECA governance survey of experts.

Second, there should be state financial support for political parties, with the modes agreed on by all stakeholders—the government, the electoral commission and the political parties. Such support to political parties could be based on performance at elections—through the number of seats won in parliament or the number of local governments or states won—or provided equally, collectively agreed upon by all the stakeholders.

Electoral systems are becoming more competitive

With better electoral laws and procedures, the competitiveness of the electoral system has been significantly enhanced in many African countries (box 1). Electoral commissions are gaining capacity and competence to manage elections. Voter registration is conducted easily in South Africa, Mauritius, Namibia and Botswana—and less so in Zimbabwe, Ethiopia and Chad. The electoral system is considered legitimate and credible in Ghana, South Africa, Mali, Mauritius, Botswana, Senegal, Namibia, Benin, Niger, Burkina Faso, Gambia, Lesotho, Malawi, Morocco, Nigeria, Cameroon and Mozambique.

Election results, now earning the public's confidence in many countries, are accepted with less rancor. In Mauritius, Tanzania, Namibia, South Africa and Senegal elections are seen as credible. But they remain fairly controversial in Kenya, Nigeria and Zimbabwe.

A majority of citizen respondents consider their political system to be competitive in Nigeria, Mauritius, Benin, Burkina Faso, Mali, Lesotho, Namibia, Tanzania, Mozambique, Gambia, Uganda and Morocco, but not in Chad, Gabon, Botswana and Cameroon (figure 5). In some of these latter countries political parties are not allowed to compete for elections or a single party dominates the political process. On average, 58% of the households in countries covered by the survey say that the political system is very competitive and 28% say it is not (14% have no opinion).

Should electoral commissions be made up of government appointees or selected from broad segments and interests in society? What should be their tenure of office, and how should the institution be funded? Namibia's merit-based system is a good example for appointing commission members. The Electoral Amendment Act of 1994 requires that candidates for the electoral commission should apply and be screened by a selection committee. The committee recommends eight candidates to the president, who appoints five of the eight. The duration of each term of office for electoral commissioners is not to exceed five years, but they are eligible for reappointment.

How are elections to be funded to ensure the independence of the electoral commission, and what are the available sources of funding? In many countries, the executive controls the finances of the electoral commission. This has proved counterproductive. Electoral commissions, just like the judiciary, should have their financial allocations charged to the consolidated fund, with strict financial regulations, transparency and accountability.

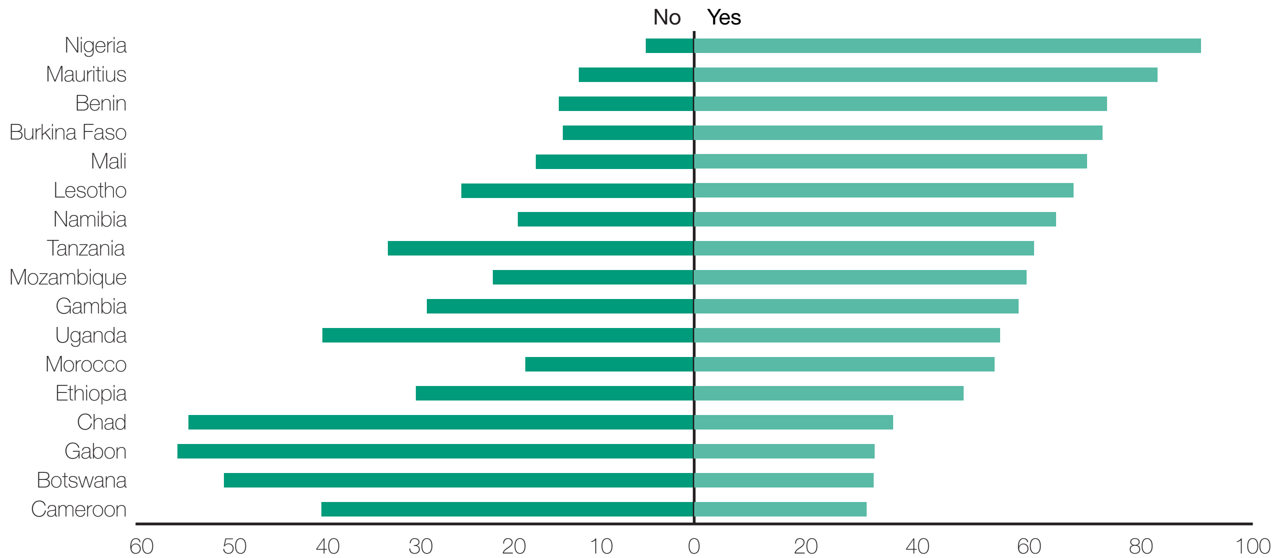
"Electoral commissions are gaining capacity and competence to manage elections.

Box 1 Daunting electoral challenges remain

South Africa's third democratic elections in April 2004 rekindled hope about the future of elections and democracy in Africa. Elections are gradually emerging as the "new game in town" for selecting leaders. But the electoral process in many African countries is fraught with serious challenges.

- **The weak and poor democratic character of political parties, which rarely articulate alternative views, programmes or agendas, limiting the scope of choices of electorates.**
- **The lack of independence of electoral commissions, often compromised by the executive.**
- **The enormous financial costs and huge logistical outlays for elections, which many countries cannot afford.**
- **The rampant cases of election rigging and violence, which can make a mockery of the electoral process.**

Figure 5 Is the political system competitive?
Percentage of households responding



Note: Because much of the analysis is based on perceptions, considerable caution should be exercised in cross-country comparisons, since the political, social and economic environment differs significantly from one country to another. The perceptions research provides a picture of the state of governance in each country only as perceived by citizens of each country at the time of the research. Percentages do not add up to 100 because of the presence of "no response."

Source: ECA governance survey of households.

Voter turnouts are on the increase

Voter turnout, a good measure of the legitimacy of the political system and electoral process, has been remarkably high in many African countries. The average rate of voter turnout since 1999 has been over 60%—comparable with, if not better than, that in many other parts of the world. Malawi, South Africa, Tanzania, Botswana, Ethiopia, Uganda, Nigeria and Senegal have been above average since 1999. In addition, a high percentage of the household respondents claimed to have voted at elections, confirming the greater confidence in—and commitment to—the electoral process (figure 6). So, despite the obstacles, the confidence of people in the electoral process is on the rise in many African countries.

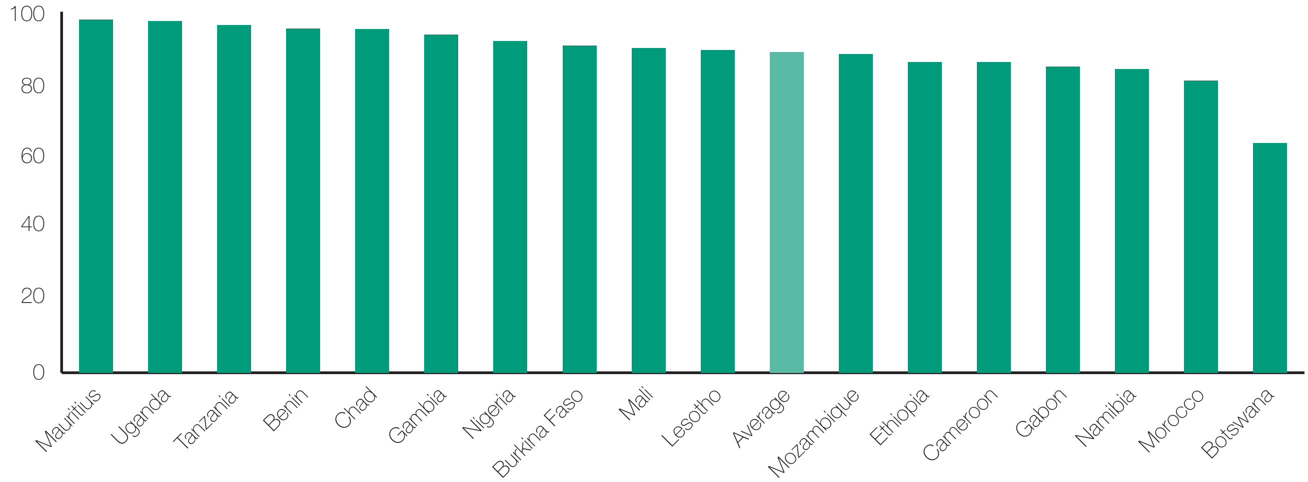
What, then, about participation in public affairs? The vast majority of households (figure 6) surveyed said that voting in an election was their most common public activity, with an average of 89%, much higher than discussing community problems with elected representative (35%) or writing to a newspaper (4%).

The political space is more inclusive

People's participation in politics, public debate and policymaking has improved substantially. Democratic institutions have become more inclusive in ethnic, religious, racial and gender terms. Many countries now have constitutional provisions or conventions to reflect the social profiles of their countries in state institutions. Nigeria and Ethiopia make ethnic balancing in state institutions a constitutional issue. And South Africa makes a conscious effort to promote racial inclusiveness in state institutions.

Evidence collected during the survey shows that there is an incremental progress towards women's greater involvement in governance. There is also some effort by African governments to ensure that women's perspectives and practical and strategic gender needs and interests are addressed by development policy. Both NEPAD and the AU have, as basic objectives, mainstreaming gender in the development process in Africa. This has been reinforced by the declaration on Gender Equality

Figure 6 African citizens report increased levels of participation in the electoral process
Percentage of households responding



Note: Because much of the analysis is based on perceptions, considerable caution should be exercised in cross-country comparisons, since the political, social and economic environment differs significantly from one country to another. The perceptions research provides a picture of the state of governance in each country only as perceived by citizens of each country at the time of the research.
Source: ECA governance survey of households.

by the African Heads of State and Government at the Third Ordinary Session of the AU Assembly in July 2004.

The Heads of States reaffirmed their commitment to expand and accelerate efforts to promote gender equality at all levels and actively promote the implementation of legislation to strengthen women's land, property and inheritance rights. The declaration also included a resolution to report annually on progress made in implementing the declaration and undertaking gender mainstreaming in national programmes.

Women's status and participation in the public sphere

Over the past decade, African governments have made concerted efforts to raise awareness of the importance of women's involvement in democratic and accountable systems of governance to end women's systematic under-representation. And many countries have undertaken affirmative action in support of women. This includes creating women's commissions, gender neutral machineries, reserving special seats for women in parliament and appointing women to such public positions as ministers and ambassadors (box 2).

The new policies have yielded some results. Since the 2001 elections, Uganda's parliament has been one-quarter female, and women have made up nearly one-third of South Africa's parliament since 1999. About a third of local government councillors in the two countries are women. This puts both ahead of most industrialised country democracies in women's presence in politics—and on the same level with the most advanced, the Scandinavian countries.

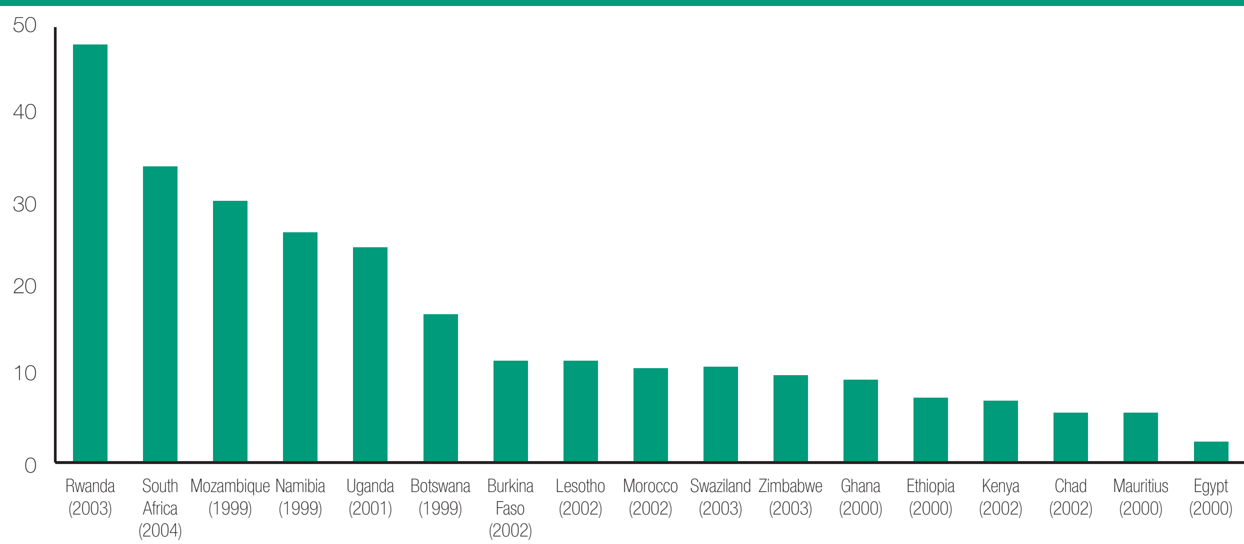
Singling out a few other examples in the region, women's participation in local government in Ghana has increased, though the numbers remain low. Women make up 7% of elected District Assembly members in 2002, up from 3% in 1994. Special efforts to increase women's participation have also been made through appointments. In 2002 the proportion of appointed female members was increased from 30% to 50%. In 97 of 110 districts women make up at least 35.5% of appointed members, and in 6 of the 97, 50%. In Rwanda and Mozambique the proportion of women in parliament is now 25% or more and in Botswana, Burkina Faso, Lesotho, Morocco, Swaziland and Zimbabwe between 10% and 25% (figure 7).

Box 2 Mainstreaming gender in governance

Both the NEPAD and the AU have as one of their basic objectives and principles the mainstreaming of gender in the development process in Africa. The following policy measures are recommended:

- **All African countries should have gender affirmative action policies, which seeks to increase the participation of women in all decisionmaking and governance structures to no less than 30%. A gender commission should be established to monitor progress and enforcement of this policy.**
- **Female education should be encouraged in which some preference is given to female candidates in admission policy at all levels of education from primary to tertiary.**
- **Private employers should be encouraged to have gender equity principle as part of their corporate employment and management policy.**
- **National discussion on gender issues should be encouraged as a basis for promoting dialogue and deconstructing the cultural and traditional barriers against women's equality in society.**

Figure 7 Women's participation in selected African parliaments
Percentage of women in parliament



Source: ECA desk research.

Despite these successes, much remains to be done in women's representation in legislatures and especially in decisionmaking positions. There are marked discrepancies in the representation of women in cabinet for example. In South Africa 9 out of the 27 ministers are women. In Zambia 2 of 16. The proportion of women in the cabinet in Botswana is 27%, the Kingdom of Lesotho 23%, Seychelles 21%, Tanzania 15% and Zimbabwe 16.7%. Angola, Malawi, Mauritius, Mozambique, Namibia and Swaziland are all below half the SADC target of 30%. In Ghana there are 4 female ministers of 24, with only 2 of cabinet status, and 7 female deputy ministerial appointments. Of the 10 regional ministers there is no woman and only 1 deputy regional minister out of 10.

Civil society and the media are giving people more voice and power

Civil society and the media have increased their-voice and power in the last decade of democratic reforms. The number of civil society organisations, especially nongovernmental organisations, increased tremendously in many countries. Take Tanzania, with more than 9,000 registered civic organisations in 1999, up from 168 in 1990.

The same advance characterises the media. Mali has 30 private newspapers, around 147 independent local radio stations, about 7 state radio stations and 1 television station. Ghana has more than a dozen newspapers, about 40 radio stations and 3 television stations. Nigeria has more than 60 newspapers and magazines, 40 television stations and about 50 radio stations. Most of these media enterprises are privately owned. So the information flows on national and local issues have been significantly enhanced.

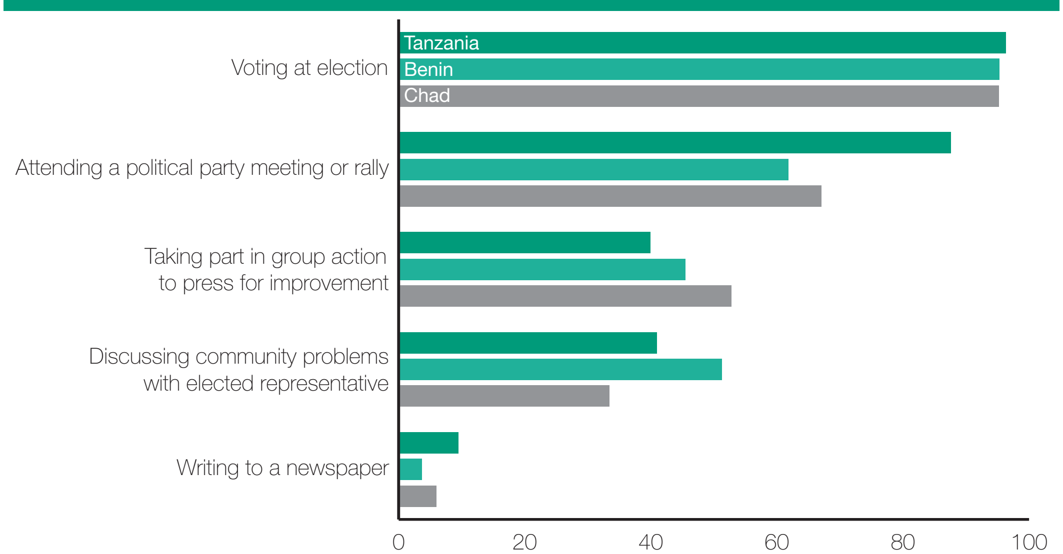
The clear message: the political space has become more inclusive, empowering people to participate in national and local policymaking. People are also engaging in governance forums, public hearings, stakeholder roundtables and community dialogues. On average, 89% of household respondents say they vote in elections, 51% attend political meetings and rallies, 36% discuss community problems with elected leaders, 33% take part in group action to press for community or societal improvement, while only 7% engage in writing to newspapers, the civic activity least engaged in. Tanzania has unusually high household participation in political activities, especially in elections (96%) and political rallies (88%) (figure 8).

A huge slice of the media in Africa is still owned by the state, but many more media houses are now in private hands. With the growth in private media come concerns about quality—about bias, abuse and unprofessional practices. A balance will have to be struck between control and freedom.

NGOs have undoubtedly contributed immensely in improving the lives of a great many Africans. And in most African countries NGOs are more and more viewed as credible partners by national governments rather than as mere rivals and critics trying to expose and undermine the legitimacy of the state or embarrass political leaders.

Even so, several challenges remain to improving the credibility and efficiency of the majority of NGOs in the region. Governments in many countries still mistrust local NGOs, due to evident problems of internal democracy in several of them. Indeed, NGOs across the region are often dominated by individuals, have few members and are prone to issues of poor transparency and low accountability that come from insufficient oversight and lack of institutional frameworks. Others rely heavily on external funding, and as a

Figure 8 How Tanzanians, Beninese and Chadians join the public discourse
Percentage of households responding



Source: ECA governance survey of Tanzania, Benin and Chad households.

result, their agendas are externally determined and governments are sometimes quick to question their independence. And, although their number may have increased, their manpower quality and operational performance have often not improved, largely due to problems of a weak social base and low funding. (There is also tension between local and international NGOs and so international funding agencies prefer to fund international NGOs to perform various functions, mostly under subcontracts or partnerships with local NGOs.)

To operate efficiently and truly independently at the national and regional level, African NGOs need to develop a vibrant culture of internal democracy and local sources of funding. They need to be given adequate support to build their human resources and institutional capacity. They should be encouraged to publish their audited accounts annually. And in some cases the state may consider offering some financial support and subcontracting of social work to them, especially where they have a comparative advantage.

The progressive economic reforms being implemented in many African countries have begun to yield positive results.

Economic management is getting better

Many African countries are committed to fostering macroeconomic stability, promoting sound public financial management and accountability systems, improving resource mobilisation and reforming financial and monetary institutions. Countries have also engaged in liberalising trade and promoting a vibrant private sector.

African countries have promoted macroeconomic reforms and stability through better budgetary management and discipline, more efficient management of the tax system, better coordinated and market-based interest and exchange rate regimes and a better economic environment for private investment. Botswana, Mauritius, Namibia, Tunisia and South Africa are among the better performers in adopting sound macroeconomic management frameworks and policies.[5] And the progressive economic reforms being implemented in many African countries have begun to yield positive results. While economic growth was, on average, below 2% in Sub-Saharan Africa from 1975 to 1994, it has accelerated since the mid-1990s, reaching an average close to 3.5% over 2000–03 (still far from the 7% needed to achieve the Millennium Development Goals.

By preparing Poverty Reduction Strategy Papers (PRSPs), African countries have embraced the internationally agreed goal of reducing the proportion of people living on less than $1 a day by half between 1990 and 2015. Many African countries have finalised their first PRSP while several in the interim phase or undertaking broad consultations in designing poverty alleviation plans. Even countries like Namibia, Nigeria and South Africa, not required to prepare a PRSP under the Highly Indebted Poor Countries (HIPC) Initiative, are formulating poverty reduction strategies, a clear indication of their political commitment to advance the development agenda. But the challenges remain great: avoiding overly optimistic projections, institutionalising participation in policymaking and planning, aligning partner efforts to national planning cycles (box 3).

Better macroeconomic fundamentals

Africa continued to exhibit better macroeconomic fundamentals in 2003. Overall, national governments are running smaller budget deficits, meeting their targets for revenue mobilisation more frequently, managing their tax systems more efficiently, focusing public expenditure on social services and improving the transparency and accountability of their fiscal systems. They are also instituting better procurement rules and strengthening their audit systems.

Inflation rose slightly to 10.6% from 9.3% in 2002, reflecting higher food prices caused by poor weather conditions in some parts of Africa, increased oil-import prices and currency depreciation in several countries. The regional current account deficit fell from 1.6% of GDP in 2002 to 0.7% of GDP in 2003, thanks to robust oil and commodity prices, as well as high worker remittances. The recent decision by the Bank of Ghana to inaugurate a Monetary Policy Committee crystallised the commitment of the government to a sound policymaking framework. In South Africa the adoption of an inflation-targeting regime is also enhancing its economic management.

The Medium Term Expenditure Framework (MTEF), for example, is a tool for enhancing the efficiency of budgetary management and improving policy outcomes. African countries have started to develop MTEFs, but they face serious challenges in implementing them (box 4).

Box 3 Higher quality PRSPs—and greater depth

The introduction of the PRSP and its focus on ownership has resulted in gradual but positive changes in the manner development plans are formulated. Most of all, it has helped place the reduction of poverty centre stage in Africa's development partnerships and sharpen the focus of external support to the continent on growth and poverty reduction. In an increasing number of countries, the PRSP has been instrumental in facilitating coherence across government departments and agencies and as a coordinating framework for channeling external support to national plans. In countries with strong and capable leadership, the PRSP process has expanded the political space for the involvement of various stakeholders in development policy dialogue and has help deepen country ownership of policies and programmes.

One clear message from the African Learning Group on PRSPs—created by the Economic Commission for Africa to share best practices, identify national capacity gaps, formulate recommendations to address these gaps and advocate changes in aid approaches—is that the quality and depth of the national poverty reduction strategies prepared by African countries have significantly improved over the years. While national governments now give explicit attention to poverty issues in these strategies, the content of the Poverty Reduction Strategies (PRSs) has tended to be biased to the social sectors. In many cases, much more effort is still needed in articulating discrete policies and programmes to generate employment, increase incomes and to induce pro-poor growth.

Similarly, with the increasing focus on development outcomes, the Millennium Development Goals have come to be accepted as the internationally agreed benchmarks for addressing poverty concerns. But PRSs targets for most countries make only passing reference to these goals. Experience from other developing countries suggests that to better understand the links between policy and development outcomes, governments will need to invest heavily in data gathering and analysis. High quality data will also be critical in tightening PRSP priorities, with greater specification of concrete pro-poor programmes and sequencing activities over the PRS time frame.

Costing, budgeting and financial management. **The PRSP process has resulted in an encouraging focus on the poverty-focus of national budgets and on the strengthening of public finance management systems and processes. But financing assumptions underpinning PRSs have been overly optimistic, often resulting in contradictions between priority poverty reduction interventions and the actual budgets. Many governments face severe difficulties in translating the broad objectives articulated in the PRSs into fully-costed programmes.**

Against this background, the Learning Group has stressed the critical importance of the link between the PRSs, the Medium Term Expenditure Framework (MTEF) and the annual budget cycle. The Group has identified limitations in technical capacity, inadequate consultation between ministries of finance and planning and sector ministries and lack of political will to make difficult spending decisions as key challenges that African governments need to address.

Country experiences have also shown that more African countries are putting in place transparent budgeting and auditing systems, by modernising financial accounting systems and using information technology for financial controls.

Institutionalising participation. **The PRSP process has broadened the participation of stakeholders, and better defined the role of various actors in national development policies and plans. However, in many countries participation has, for the most part, been driven by the requirements of the PRSP and remains to be institutionalised.**

There is also some tension between the ad hoc nature of the participatory process under the PRSP and the fledgling institutions of representative democracy in many African countries. For instance in many cases, the Learning Group has found that parliaments were not involved in the

(continued on next page)

Box 3 (continued)

PRSP process. Despite their weaknesses, parliaments are well placed to ensure accountability and transparency in decisionmaking and in the cost-effectiveness of public expenditures. Explicit efforts to involve parliaments should therefore be integral to the PRSP process. Partner support for training programmes for parliamentarians in economic policy and budget analysis will be key in this regard.

Aligning partner policies to the PRS objectives and national planning cycles. **Despite strong expressions of partners' willingness to change, progress in alignment and harmonisation of donor support in a manner that is consistent with the PRSP, progress in this area has been disappointingly slow. African country representatives express frustration with a range of difficulties that continue to pose heavy transaction costs in dealing with external partners. Furthermore, unpredictable aid flows and the misalignment of ODA disbursements and the recipient country's budget cycles compound the challenges of medium-term planning, particularly acute for countries dependent on ODA for more than half of their budget.**

Despite the problems, several African countries have put in place innovative arrangements with their partners to address these problems. Several factors have been critical:

- **The political will of governments to engage in medium term partnership arrangements.**
- **Capacity of national governments to translate medium-term indicators, targets and policy commitments into annual goals against which progress could be measured.**
- **The commitment to deepen governance reforms.**
- **The existence of transparent and reliable financial management systems that could satisfy the fiduciary requirements of budget support.**

Drawing on the lessons of experiences from the African Learning Group on the areas discussed above, preparations are under way for a major ECA-sponsored African plenary on the scope and content of an "optimal" PRS in the African context. In addition to material prepared for the Learning Group, the plenary will draw on existing empirical and policy work on pro-poor growth strategies, and country experience with PRSs, the plenary will inform the framework for the "second generation" of PRSs.

" Botswana, Lesotho, Mauritius and Namibia have been fairly successful in maintaining transparency in monetary policies.

Greater transparency in the monetary and financial systems

A key element of transparency in monetary and financial policies is the availability of timely, accurate, comprehensive and detailed information on who makes these decisions, how they are made, the objectives pursued, the outcomes expected and how the structures are constituted. Several African countries, such as Botswana, Lesotho, Mauritius and Namibia, have been fairly successful in maintaining transparency in monetary policies.

The Bank of Botswana ensures transparency through the annual publication of a monetary policy statement that outlines the objectives and targets of its monetary and anti-inflation policies. Adjustments to the bank rate are publicly announced, and the reasons for them explained and justified. The exchange rate policy is also fully explained and justified, and information is made available on the basket of currencies to calculate the exchange rate. But the exact weight of the different currencies used to calculate the exchange rate is not specified. The Bank requires commercial banks and credit institutions to provide it with—and to disclose to the public—details of all charges payable for the operation of accounts and other services rendered.

Responsibility for formulating and implementing monetary policy in Lesotho rests with the Central Bank. The Exchange Rate Policy Technical Committee, established in 1998, conducts technical analysis and makes recommendation to the Bank of Lesotho on monetary and exchange policies. It also spearheads the implementation of all monetary and exchange policy decisions taken by the board of the bank. In its operations, the Bank of Lesotho consults and deliberates with the

Box 4 The medium-term expenditure framework, a sophisticated tool to enhance transparency and accountability

The medium-term expenditure framework (MTEF) is a tool to design and analyse national budgets within an integrated framework consistent with clearly set social, economic and developmental policies. It is recognised by the international community as the appropriate tool to link policy objectives and planning and budgeting exercises. It is also perceived as the approach needed to enhance the transparency and accountability of the budget process.

With the PRSPs, the MTEF has been seen as the appropriate way for translating poverty reduction priorities into public expenditure programmes within a coherent multiyear macroeconomic and fiscal framework.

In Uganda the MTEF has resulted in the designation of protected sectors, limiting unpredictability of budget allocations to lower priority sectors. In Rwanda, due to the high level political commitment, priorities identified in the PRSP are better reflected in the MTEF and the national investment plans.

The emerging evidence, however, suggests that the MTEF presents significant challenges for African countries. Among them:

- ***Capacity constraints.*** **The MTEF requires technical skills that are lacking on the continent for costing priorities, monitoring expenditures and establishing transparent budgeting and auditing systems.**
- ***Limited scope.*** **For African governments, the latitude to set priorities is limited by the large share of non-negotiable items—such as wage bill, pensions—making it difficult to engage in new activities.**
- ***Unpredictability of aid flows.*** **The unpredictability of donor assistance may discourage adequate costing of projects that are unlikely to be funded.**
- ***Resistance.*** **Cloudy financial management systems benefit specific groups who may resist through delayed and poor implementation or outright rejection.**

Ministry of Finance to ensure transparency and accountability. It also publishes daily and weekly economic indicators as well as quarterly and annual reports that are widely available to the public.

The Bank of Mauritius ensures transparency in its conduct of monetary policy by informing the public of the goals and instruments of policy and any changes in procedures. The legal, institutional and economic framework of the bank, the objectives of policies, and data and information on monetary and financial policies are available to the public in an understandable, accessible and timely manner. The financial statements of the Bank of Mauritius contain much detail on the Bank's financial operations. And information on the operations of commercial banks, offshore banks and nonbank deposit taking financial institutions are published regularly.

Namibia promotes transparency in its monetary and financial systems by adhering to and fully implementing the IMF's Code of Good Practices on Transparency in Monetary and Financial Policies, which identifies desirable transparency practices to be followed by central banks and other financial agencies. The Bank of Namibia formed a committee to examine the degree to which its practices conformed to the requirements of the code. The committee concluded that Namibia was already in compliance with many provisions and for grey areas recommended various measures that were later adopted.

Corruption—the bane of good economic management

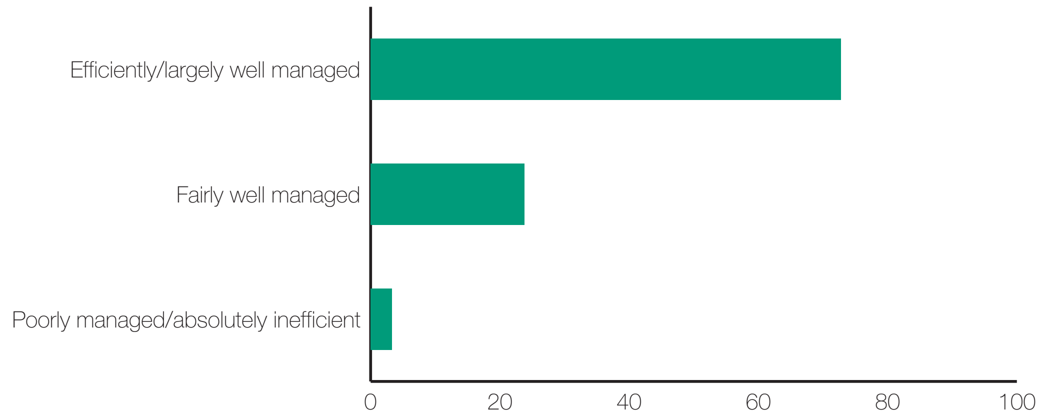
Tax evasion and corruption in the tax system, rampant in many African countries, reduce the government's revenue base and capacity to deliver basic services—thwarting transparency and good economic management. In only 4 countries did more than 40% of expert respondents consider the tax system to be fairly efficient and well managed. In South Africa 73% of expert respondents considered the tax system to be efficient and well managed

‘In only 4 countries did more than 40% of the expert respondents consider the tax system to be fairly efficient and well managed.

(figure 9). In Nigeria 86% of expert respondents said the tax system is characterised by tax evasion and corruption (figure 10). But the Nigerian government, like many other African countries, is making concerted efforts to fight corruption and reduce its high economic costs (box 5).

Many African countries are tackling corruption by setting up anticorruption commissions and enacting strict laws to end it. Botswana established the Directorate on Corruption and Economic Crime. Nigeria set up the Commission on Financial Crimes and other Related Economic

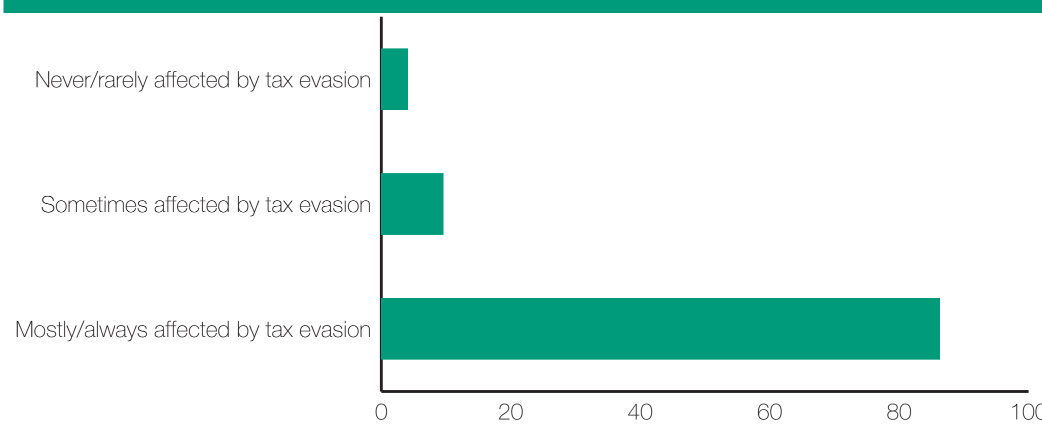
Figure 9 South Africa's efficient tax system
Percent of expert respondents



Note: Because much of the analysis is based on perceptions, considerable caution should be exercised in cross-country comparisons, since the political, social and economic environment differs significantly from one country to another. The perceptions research provides a picture of the state of governance in each country only as perceived by citizens of each country at the time of the research.
Source: ECA governance expert panel study.

Many African countries are tackling corruption by setting up anticorruption commissions and enacting strict laws to end it.

Figure 10 Corruption and tax evasion in Nigeria's tax system
Percent of expert respondents



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Source: ECA governance expert panel study.

Offences and the anticorruption commission. Yet corruption still undermines sound economic policies and the efficient functioning of state institutions. Transparency International, in its corruption perception index for 2003, ranked all African countries below the average score of 5, revealing a high level of corruption. Even Tunisia, ranked 39 on TI's corruption index, had a score of 4.9, still high. Cameroon, Angola, Kenya and Nigeria are among the world's worst 12 countries, with scores below 2.

New laws and new government agencies and commissions to control and reduce corruption have had less impact than expected at their often very public and vocal launch.[6] There seems to be no alternative to the long road of public sector management reform more broadly. The lesson is that the roots of corruption lie in dysfunctional state institutions. Anticorruption campaigns are not a substitute for the difficult tasks of public sector reform and capacity-building.

In a few countries (such as Botswana) the anticorruption agency complements the work of core state institutions, which themselves function quite effectively. In other countries the anticorruption agencies have served mainly

Box 5 Promoting transparency and combating corruption: a new partnership between Nigeria and the G-8

The efforts of the Nigerian government at fighting corruption gained a major boost with the commitment by the G-8 countries to form a partnership for the "Nigeria Transparency Compact." Nigeria has launched a comprehensive anticorruption programme in all sectors of the economy and public life.

Budget and fiscal transparency. **The process of budget formulation, presentation, consultation, implementation and monitoring is being done with clear rules, roles and responsibilities. Among the policy measures:**

- **Making the budget more accessible to the public and demystifying it through the publication of "Understanding the ABCs of the Budget."**
- **Publishing monthly revenue allocations to all the three tiers of government.**
- **Inaugurating a coalition of civil society and the private sector representatives to independently monitor programme implementation under the economic reform programme.**
- **Enhancing the capacity of the Office of the Auditor General for more effective synergy with the Public Accountability Committee of the Senate.**
- **Running operational reviews of major government spending activities to determine the operational and financial efficiency and effectiveness of major spending.**

Public procurement and legislation. **The procedure for awarding contracts has been redesigned to conform to the standards or international competitive bids, with emphasis on openness, competition and value for money. And a bill for the establishment of the Federal Procurement Regulatory Agency is being concluded for submission to the legislature to set out the process for contract awards, administration and redressing disputes.**

Anticorruption institutions. **Several anticorruption institutions have been established by the government, to be strengthened with appropriate capacity, funding and legal powers. These include:**

- **Independent Corruption Practices Commission.**
- **Economic and Financial Crimes Commission.**
- **Cyber-Crime Commission.**
- **Code of Conduct Bureau.**

Source: G-8 Commission 2004.

"New laws and new government agencies and commissions to control and reduce corruption have had less impact than expected.

political purposes, aiming to appease citizens and donors. The most difficult cases, yet also very promising, may be where such agencies serve as short-term substitutes for effective anticorruption measures through regular state interventions. These cases require very strong commitment by political rulers. If that commitment is available, the best approach, even in the medium term, is to strengthen the varied institutions and mechanisms of accountability. This is especially so in handling the revenues from extractive industries (box 6).

The private sector is getting more encouragement—but investment is still limited

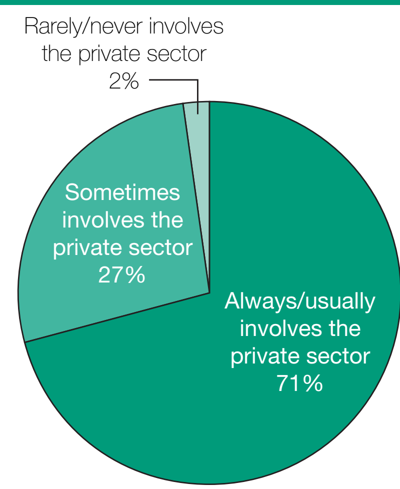
The private sector is expanding rapidly in many African countries, thanks to incentives to encourage private investment—removing administrative barriers to the registration of private firms, protecting property rights, granting tax exemptions, providing land for sitting industries, creating export processing zones, improving infrastructure and security.

"African countries need to take a more comprehensive approach to attracting investments and encouraging the private sector.

Almost all African countries now have investment codes. Gabon formulated an investment charter in 1998, guaranteeing freedom for investment of activities and the movement of capital and equal justice for all economic operators. It also created a free investment zone on the island of Mandji. Kenya has a 25-year tax holiday for investments in the export-processing zone, applying a tax rate of 25% in the subsequent 10 years. It also grants rebates on corporate tax for livestock, farming, fish processing, dairy products and edible oil. Morocco's investment charter, adopted in 1995, grants fiscal incentives to investors and authorises the free transfer of profits and capital. In addition, the government provides subsidies for industrial zones and promotes financial centres and export promotion zones. In Mauritius there is considerable private partnership in economic policymaking, with the private sector deeply involved in the process, a good practice to be emulated by other African countries (figure 11). And in 14 countries nearly a third of the expert respondents say that the private sector is always involved in policymaking on development issues.

Still, doing business in Africa can be a chore (table 1). In Mozambique it takes 14 procedures and

Figure 11 Good private sector participation in policymaking in Mauritius



Source: ECA governance survey of experts in Mauritius.

153 days to start a business, and 18 procedures and 540 days to enforce a contract. In Chad it takes 19 procedures and 75 days to start a business, and 52 procedures and 526 days to enforce a contract. But in Botswana it takes 11 procedures and 108 days to start a business, and 26 procedures and 154 days to enforce a contract. African countries will have to reform their administrative and legal procedures for doing business and enforcing contracts to make their private sectors more efficient.

Despite the commitment of African governments to pursue private-sector-led growth and development and their efforts to attract both domestic and foreign private investments, success has been limited. In 2003 the net FDI flows to Sub-Saharan Africa were $8 billion, short of the $39 billion to Latin America and the Caribbean, $14 billion to Central and Eastern Europe and $89 billion to Asia and the Pacific. Even this limited flow was concentrated in only a few countries.[7]

African countries need to take a more comprehensive approach to attracting investments and encouraging the private sector (box 7). Some key measures to improve investments include reducing rent-seeking by tackling corruption, removing business uncertainty and establishing credibility in public

Box 6 Promoting transparency and accountability in extractive sectors

The next decade will see a boom in oil wealth among countries in West and Central Africa. Nigeria's earnings alone will exceed $110 billion between 2004-2010. Angola, in the same period, will earn $43 billion, Equatorial Guinea about $10 billion and Chad slightly more than $2 billion. Such abundant revenues provide these states with a chance to develop their economic and political institutions, reduce poverty, expand opportunity and, for the first time in their histories, widely share their national wealth with their citizens.

The sheer scale of these future earnings and their ultimate use will shape these countries' futures. At a time when Africa itself is focused on transparency and accountability through NEPAD-APRM, the energy-rich countries of West and Central Africa have a chance to use these substantial inflows of cash for transparent, developmental ends, as a means to normalise their international standing, move beyond the burden of corruption and weak rule of law and demonstrate adherence to new norms of accountability and build new partnerships, internally and externally, with institutions committed to reform. Equally, the international community has an interest and a responsibility to ensure that this happens.

The international community should have interests in African oil wealth being used responsibly to lift citizens of these countries from the bottom of every index of human development. Although African oil production is modest in comparison, West and Central African oil is a major and growing source of diversity in global oil supply, especially given the geopolitics of the Middle East. The risk calculus for the global economy is straightforward: if African oil-producing countries remain stable, they will grow as reliable suppliers of oil and gas. If they face internal unrest, they will create shocks to the global economy. More important, the threat of violence, crime, excessive corruption, wanton disregard for human rights and lack of equity in wealth distribution are symptomatic of mismanaged energy wealth that has characterised many a country in Africa.

The international community must match its interest in African oil and other extractive sectors with the responsibility of ensuring that revenues are managed efficiently and equitably. Among other measures, pressures must be brought to bear on multinational companies to undertake the following measures:

- **Reveal the size of signing bonuses and new contracts.**
- **Eliminate corruption in the concession or licensing products.**
- **Create accurate and complete accounts of government revenue and expenditure.**

The Chad-Cameroon pipeline project should serve as a model for the management of oil revenues. In this regard, there is a convergence of regional, multilateral and bilateral initiatives that aim to advance transparency in public finance.

policies, fostering public trust in markets and firms and making sure that policy and institutional responses are based on local conditions, capacities and priorities.

Privatisation—uneven

State divestment programmes have been mounted to sell public enterprises to private entrepreneurs—local and foreign—through various means. Some countries have reached advanced stages, while others have just designed the ground rules and are gradually implementing them. The motivations behind privatisation are usually to promote economic efficiency, budgetary benefits and such broader developmental goals as deepening the capital market and facilitating technological flows.

‘Progress in privatising state enterprises has been uneven.

Progress in privatising state enterprises has been uneven (box 8). Of the 3,796 privatisation transactions valued at $7.9 billion completed by African countries, 31% in value terms was in South Africa, followed by Zambia with 11%, Côte d'Ivoire 10%, Ghana 8%, Senegal 5%, Egypt 4% and Ethiopia, Kenya, Morocco, Nigeria and Tanzania with about 3% each (World Bank 2002).

The problems with privatisation in Africa include higher unemployment and higher costs of

Table 1 Doing business in Africa

How do African countries compare with, say, Bangladesh, where it takes 7 procedures and 30 days to start a business, and 15 procedures and 270 days to enforce a contract?

	Starting a business		Enforcing a contract	
Country	**Procedures**	**Days**	**Procedures**	**Days**
Algeria	14	26	49	407
Angola	14	146	47	1,011
Benin	8	32	49	570
Botswana	11	108	26	154
Burkina Faso	13	135	41	458
Burundi	11	43	51	512
Cameroon	12	37	58	585
Central African Rep.	10	14	45	660
Chad	19	75	52	526
Congo, Dem. Rep.	13	155	51	909
Congo, Rep.	8	67	25	525
Côte d'Ivoire	11	58	47	560
Egypt	13	43	55	410
Ethiopia	7	32	30	420
Ghana	12	85	23	200
Guinea	13	49	44	306
Kenya	12	47	25	360
Lesotho	9	92	49	285
Madagascar	13	44	29	280
Malawi	10	35	16	277
Mali	13	34	28	340
Mauritania	11	82	28	410
Morocco	5	11	17	240
Mozambique	14	153	18	540
Namibia	10	85	31	270
Niger	11	27	33	330
Nigeria	10	44	23	730
Rwanda	9	21	29	395
Senegal	9	57	36	485
Sierra Leone	9	26	58	305
South Africa	9	38	26	277
Tanzania	13	35	21	242
Togo	13	53	37	535
Tunisia	9	14	14	27
Uganda	17	36	15	209
Zambia	6	35	16	274
Zimbabwe	10	96	33	350

Source: World Bank, Doing Business in 2005, country tables. (Washington, D.C.: World Bank, 2004).

goods and services. In some cases privatisation merely replaced state monopolies with private monopolies, generating all the disadvantages of the latter without any of the benefits of the former.

These negative consequences, many of them short term, point to the need for African countries to enhance their capabilities to derive the full benefits of privatisation. How? By providing social safety nets, ensuring competition in their economies and

Box 7 Why improving the investment climate is difficult

More countries are improving their investment climates—and countries as diverse as China, India and Uganda have been reaping the rewards of faster growth and less poverty. But despite the great rewards, progress is often slow and difficult in Africa. Why?

Poor access to finance

The most frequently identified bottleneck is access to reliable, inexpensive financing. Few firms in Africa have bank loans and overdrafts, forcing them to resort to their own resources for their investment and working capital needs. Even when bank loans are available, interest rates are high, and much larger collateral is demanded, often including personal assets. The problem seems to be linked to the unacceptability of land as collateral, due to the lack of freehold titles a problem endemic to much of the region. Suppliers' credit could play a potentially major role in facilitating business operations, but is not popular because of poor information and difficulties in contract enforcement. In a number of countries, government has been preempting available bank resources, crowding out the private enterprises. The bottom line is that with the exception of a few countries in Eastern and Southern Africa and Nigeria, the commercial banks are not important players in meeting the term needs of small and medium enterprises.

Macroeconomic instability and policy uncertainty

Most African countries have a long way to go in building a macroeconomic environment conducive to private sector development. Uncertainties generated by inflation and exchange rate volatility increase transaction costs and hamper the ability of firms to plan for the future. Large fiscal and external deficits raise the prospects of crises. This is particularly evident in countries engaged in conflicts.

Country credit ratings of international financial markets give low ratings to most countries, which have not been able to establish a reputation for strong economic management. Privatisation and commercialisation of key state enterprises have not proceeded very far in many countries. Corrupt regulatory processes of privatisation have often simply transferred inefficient public monopolies into private hands, without transforming the market structure. State-owned enterprises continue to hold dominant market share in many sectors, limiting market competition.

Weak infrastructure

The quality of power, transport and telecommunications varies a great deal. Long waiting periods for land telephone connections remains a problem. Long delays in power connections and frequent power outages have resulted in the installation of captive power generation by many firms, both inefficient and uneconomic. Few firms note transportation as a major bottleneck, but transport costs tend to be high.

Little interaction with government

Overlapping jurisdictions of federal, state and local governments result in the arbitrary imposition of taxes. Other problems include long delays in tax refunds, inconsistency and lack of transparency in sales tax and profit tax assessments, even those designed to provide investment incentives. Customs administration has improved in some countries, but long delays in clearance remains a problem.

Source: Eifert and Ramachandran 2004.

'The problems with privatisation in Africa include higher unemployment and higher costs of goods and services.

Box 8 Privatising Kenya Airways—a best practice for other African airlines

With its vision to expand service and to connect passengers from East to West and North to South, and vise versa, Kenya Airways (KQ) is exerting its utmost effort to be a world-class network airline by 2005. Since its privatisation in 1996, KQ has been able to realise cost savings, provide a better quality of service and connect to a wide network. To achieve this, the company has grown strongly and managed to weather the aftermath of September 11 surprisingly well. Income rose 2% over the six months following September 2001, while passenger numbers were up 11%. Over the same period, the company cut back on nonessential capital expenditures and restricted the employment of new staff.

The results: privatisation has drastically improved the reliability and performance of KQ, which an industry journal named "African Airline of the Year" in June 1999. After investing $150 million in four new Boeing 737s and acquiring some new Boeing 777s, KQ is now the market leader in flights between Europe and Africa and within Africa. With almost 40 destinations and providing more than 1,500 city connections weekly with its major partner KLM, it is generally seen as operating at the standards of other major international airlines worldwide.

Source: ECA, from official sources.

"New public-private partnerships are emerging to increase choice, promote efficiency and improve access.

creating an enabling political and legal environment for economic growth and the equitable distribution of this growth. A key ingredient for this: institutional reform and development for planning and regulations to support privatisation.

Better service delivery now a higher priority—but success still limited

On average 36% of household respondents say that services of local governments are very good or good, 38% fair and 24% poor. But there is much variance among countries (figure 12). In Burkina Faso 62% of the household respondents considered the quality of public services to be very good or good. In Tanzania 46% of the respondents considered it to be fair. And in Cameroon 41% of the respondents considered it to be poor or very poor.

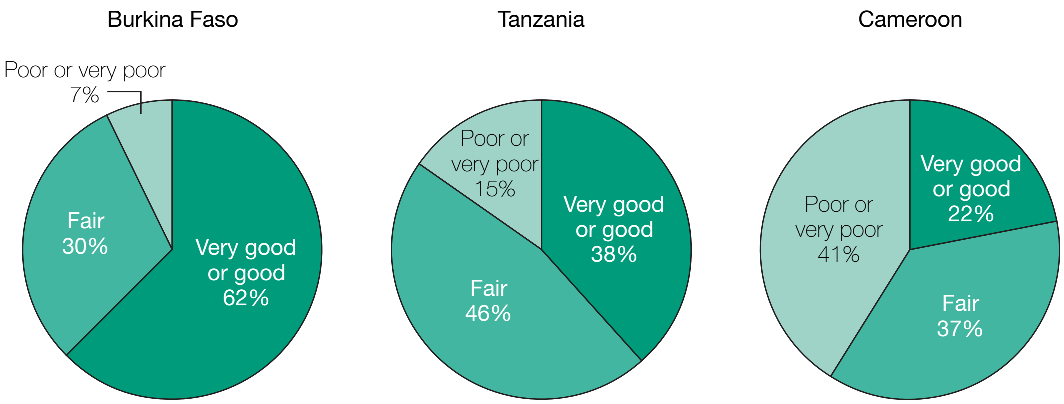
Basic primary education, health care services and water and rural development are featuring prominently in the poverty reduction and development programmes of many African countries, as is community-driven development (box 9). And new public-private partnerships are emerging to increase choice, promote efficiency and improve access. Botswana, South Africa, Namibia and Mauritius rank high in the provision of education, sanitation, water supply and health. At the other end of the scale are Ethiopia, Gambia and Chad.

Respect for human rights on the rise—with glaring exceptions

Most African countries have subscribed to the major international instruments, treaties and conventions on human rights—and to the regional framework for human rights protection. The Constitutive Act of the African Union (AU) has as one of its major objectives to "promote and protect human and peoples' rights in accord with the African Charter on Human and Peoples' Rights and other relevant international instruments." One of the AU's guiding principles is "respect for democratic principles, human rights, the rule of law and good governance." A major milestone in human rights protection in Africa is the recent ratification by AU member states of the instrument establishing the African Court on Human and Peoples' Rights in February 2004.

The constitutions of many African countries incorporate human rights and the rule of law as key provisions. These values are broadly accepted by the both the leadership and the people as being central to a decent society. In pursuit of this objective, many African countries have established watchdog institutions to protect and promote human rights—national human rights commissions, public protectors, anticorruption commissions, inspectors-general of government and ombudsmen for people to seek redress of rights violations. In addition, legal aid schemes have been established to provide legal services at affordable costs to

Figure 12 The quality of public services varies widely



Note: Because much of the analysis is based on perceptions, considerable caution should be exercised in cross-country comparisons, since the political, social and economic environment differs significantly from one country to another. The perceptions research provides a picture of the state of governance in each country only as perceived by citizens of each country at the time of the research.
Source: ECA governance survey of households.

Box 9 Community-driven development in Cameroon

A national agricultural extension programme in Cameroon introduced community participation in a pilot project covering 100 villages. Experts came in from Benin, Mali and Madagascar—countries with significant experience in community participation—to impart skills to Cameroonian trainers. The local trainers then encouraged villages to organise themselves into groups to diagnose their major challenges, set priorities and then demand support for these priorities from extension agents.

The entry point for community participation was agricultural extension. But once organised, the communities used their newfound power to make demands on local authorities for better schools, roads, water supply and the gamut of local issues.

The project's success enthused local practitioners, convinced ministers and officials who made field visits and strengthened Cameroonian ownership of community-driven development. Visible, clear-cut success in the field proved to be the most important way of overcoming resistance to change.

Although no additional resources were provided by donors or the government, the pilot project fared well. Communities managed to obtain additional resources from local elites and communes (the lowest level of local government). Organised villages put pressure on mayors and other officials to reduce the diversion of funds to unbudgeted purposes and make better use of resources already allocated. Even so, it was clear that to make the effort sustainable, additional resources were needed to support community action plans, build local capacity and strengthen local governments.

This success provided an excellent launching pad to make community-driven development a nationwide exercise. The Ministry of Planning has decided to scale it up as a multisectoral exercise. The pilot has now been expanded from 100 villages to almost 250, and the next phase should cover 4,000 villages. The medium-term aim is full national coverage of all 13,000 villages. This will take four to five years and require additional resources and capacity building.

Source: World Bank 2004b.

the poor—and free services to indigent litigants or defendants who cannot pay for legal services, as in Nigeria, Ghana, Senegal and Zambia.

But there is a wide gap between perceptions and realities. In Botswana 88% of expert respondents gave a positive verdict that their leadership respects the rule of law. But in Swaziland 69% of respondents say that the leadership rarely or never respects the rule of law and due process in the country (figure 13). In Namibia, Mauritius, Senegal, Morocco, Lesotho, Benin, South Africa and Ghana too, there is considerable adherence to the rule of law. But in Kenya, Ethiopia, Chad, Zimbabwe and Malawi there are doubts about the commitment of government agencies to respect and implement the rule of law.

"Police and prison services violate the rights of citizens with impunity in several countries.

Law enforcement agents sometimes culpable in rights violations

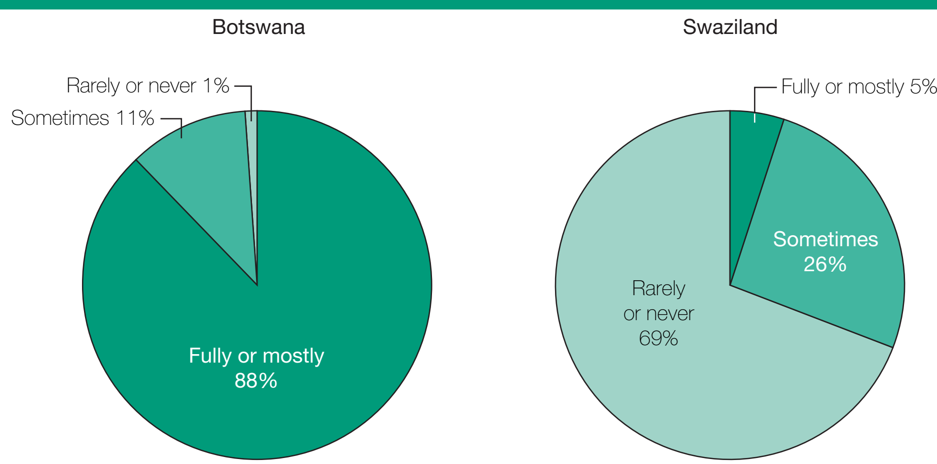
Police and prison services violate the rights of citizens with impunity in several countries. These agencies, especially the police, engage in torture, extrajudicial killings and ill treatment of suspects awaiting trial. In South Africa, for example, the Independent Complaints Directorate noted in its 2001 report that torture and ill treatment of criminal suspects by the police remained a serious problem despite the relatively good human rights record of the government. People in Burkina Faso, Lesotho, Benin, Tanzania, Malawi, South Africa, Mali, Uganda, Zambia, Chad, Nigeria, Ethiopia and Kenya have little or no confidence in their law enforcement agencies. So rather than report cases of rights violations to the police or take court action, people turn to traditional courts, local chiefs or community arbitration groups and institutions.

Rights of women and children still not well protected

A large number of African governments have adopted, ratified and acceded to important frameworks for promoting women's rights. This includes the Convention on the Elimination of all forms of Discrimination Against Women (CEDAW) which is one of the main conventions protecting women's rights. However, the nonbinding nature of all the regional and subregional declarations adopted by states and their nondomestication at country level, places limitations on the extent to which the region's female citizens can formally claim protection for their rights.

The constitutions of many African countries prohibit discrimination on the basis of sex. To pick a small number of examples, the 1992 Constitution of the Republic of Ghana has clear

Figure 13 Leadership's respect for the rule of law: high in Botswana, low in Swaziland



Note: Because much of the analysis is based on perceptions, considerable caution should be exercised in cross-country comparisons, since the political, social and economic environment differs significantly from one country to another. The perceptions research provides a picture of the state of governance in each country only as perceived by citizens of each country at the time of the research.

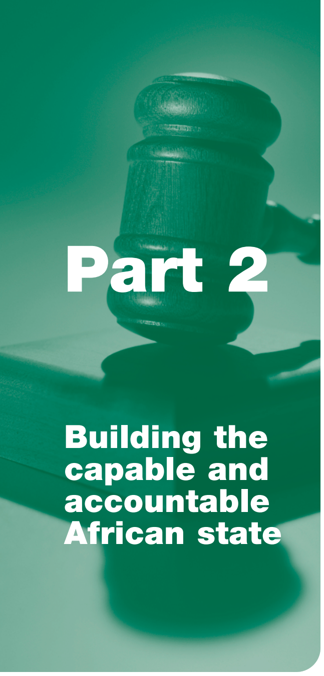
Source: ECA governance survey of experts.

provisions guaranteeing equality of all persons before the law. Article 17 specifically provides protection against all forms of discrimination and enjoins the state to take steps to end all forms of discrimination on grounds of gender, race, colour, ethnicity, religion, creed or social and economic status. Article 35 (5 and 6) enjoins the state to end all forms of discrimination through law reform and affirmative action. Article 27 provides for women's rights. The Ethiopian constitution states "All persons are equal before the law and entitled without discrimination to equal protection of the law."

A large number of African states are making commendable efforts in enacting empowering gender sensitive laws. These important inroads in the area of legislation have included women's equality in marriage including protection from marital rape; women's equality in the acquisition of movable and immovable property rights; women's labour rights with respect to equal pay for work of equal value, maternity benefits, as well as affirmative action and protection from sexual harassment in the work place.

Notwithstanding the legislation that has been put in place to protect women, they still suffer various indignities and rights violations. Women are also subjected to gender-based violence. They suffer societal discrimination on issues of land and inheritance, burdensome labour conditions and traditional male patriarchy. In Tanzania the constitution does provide for affirmative action, which is supposed to rectify historical imbalances in power sharing, however, the same constitution provides for customary laws and practices in areas of marriage, inheritance, succession and property rights. Such customary laws and practices are well known for their discriminatory practices against women. African governments have failed to provide easily accessible legal facilities; the responsibility has largely been carried by NGOs.

‘Women still suffer various indignities and rights violations.



Part 2

Building the capable and accountable African state

> *Good governance requires a capable democratic state as well as a vigorous civil society and an innovative private sector.*

A core element of good governance is a capable democratic state—a state embedded in the public will, relying on legitimacy through the democratic process, with strong institutions promoting the public interest. Botswana, Mauritius and South Africa, with fairly capable democratic states and good governance, have promoted economic and human development better than countries without these characteristics. By contrast, Sierra Leone, Liberia, Somalia and Sudan have suffered disorder, instability and general economic and social decline. Good governance thus requires a capable democratic state as well as a vigorous civil society and an innovative private sector. It is not an event but a process, a work in progress that all countries—developed and developing—strive to achieve. It is the product of deliberate policy choices, which countries make in managing themselves and creating a vision for the future.

A key task for all African governments and societies is to build the capacity and accountability of state institutions. This concluding section elaborates on 10 key areas deserving the full attention of African policymakers.

- Strengthening parliaments.
- Deepening legal and judicial reforms to protect property rights and ensure the independence of the courts.
- Improving public sector management.
- Improving the delivery of public services.
- Removing bottlenecks to private enterprise.
- Tapping the potential of information and communication technologies to support government.
- Fostering responsible media.
- Using traditional modes of governance to promote development and enforce contracts.
- Attacking AIDS to end its pernicious effects on governance—indeed on all development.
- Getting partners to live up to their commitments.

Strengthening parliaments

The legislatures in most African countries remain fairly weak and marginalised. Their autonomy, though guaranteed by the constitution, is often compromised by the executive through lobbying, financial inducements and sometimes intimidation. The poor educational training and calibre of legislators in many countries circumscribe their ability to perform efficiently. For example, in Ethiopia, fewer than a quarter of the parliamentarians have education at the 12th grade or above. While educational qualification should not serve as a barrier to elective public offices, a minimum standard should be enforced so that those elected have the knowledge and intellectual competence to perform the functions they have been elected to perform.

Parliamentary committees are also weak, partly a result of the low calibre of legislators and the lack of adequate professional staff and support services. A major challenge is to boost the capacity of parliamentary committees to provide adequate backup for legislative functions. Competent and well-trained professional staff should be recruited to support the parliament. A well-resourced library should be provided, with adequate reference materials and databases on legislative issues. And legislators should have periodic training on legislative matters.

The following specific measures are recommended to strengthen parliamentary oversight in African countries:

- Improve the capacity of the professional staff that serves legislators and parliamentary committees.
- Simplify and create better access for the people in parliamentary hearings, perhaps taking parliamentary hearings to the people, especially for key national issues.
- Create a parliament-civil society forum for civil society organisations to enrich the work of parliament. This would improve parliament-civil society relationships and enhance the quality of lawmaking.
- Ensure that legislators who serve in different parliamentary committees have basic knowledge or background in the matters they are responsible for.

- Encourage regular training for parliamentarians on various aspects of legislative responsibilities to improve their capacity.

- Create a good data and information base for the parliament on various aspects of governance and on institutions in the country.

Deepening legal and judicial reform

Several lessons emerge from past reform experiences. First, new laws must reflect the realities of the institutional environment, including the state of the institutions that will enforce it—judiciary, ministry of justice, police, regulatory agencies. When the agencies that will enforce a new law are corrupt, technically incompetent or insufficiently independent of political authorities, the law must compensate for these deficiencies. Second, implementation can be made easier if custom is incorporated into the law. Because customs are norms that citizens are already observing, their absorption into state law runs little risk of creating an enforcement gap. And third, reflecting the politics of legal reform, a transparent and inclusive reform process can reduce opposition to a new law and enhance compliance.

Another emerging lesson is that the absence of parallel institutional reforms will tend to negate any progress in judicial reform. For example, reform of the police and the offices of public prosecutors are key complementary reforms, which, if left unattended, will constrain efforts to improve the judiciary. While most efforts focus on improving the court system, some deal with alternative dispute resolution mechanisms. Arbitration, mediation and other forms of alternative dispute resolution methods can channel disputes away from the courts to private fora. But for private methods to be an effective substitute for resolution by the courts, the parties must have some incentive to submit their dispute and be bound by the outcome. In the commercial world, maintaining a good reputation often supplies that incentive.

How then to strengthen the capacity of the judicial system?

- Guarantee its autonomy and insulate it from pressures from the executive and other arms of government.

- Ensure independent funding of the judiciary, with clear rules of financial regulation and auditing system.

- Modernise the courts, including the automation of court procedures.

- Encourage alternative dispute resolution mechanisms, such as justices of the peace.

- Create better links between modern and customary courts by integrating the latter into the judicial system and ensuring that they are served by competent and credible people.

Improving public sector management

In most African countries the capacity of public sector institutions and the delivery of public services deteriorated as economies stagnated or went into decline from the early 1970s. The structural adjustment programmes of the 1980s and 1990s were accompanied by attempts to improve public sector performance, but there is widespread consensus that these attempts have largely failed, leaving little government capacity after the drastic downsising during the early years of adjustment. At the same time it is widely recognised that improved public sector performance—which is contingent upon increased capacity, improved incentives and better functioning of public institutions—is a critical element of good governance and a vehicle for economic and social development. So what should be done?

A "good fit" is needed between country characteristics and public sector reform. Countries differ in their political and bureaucratic commitment and capacity and in their institutional capacity to sustain reform during implementation. Similarly, public sector reforms differ from one another in the comprehensiveness of their ambition. Some programmes are limited to capacity building or institutional change in one part of the public sector. Others aim at comprehensive reforms of the structure of the public sector, involving multilevel capacity building and institutional changes, such as those related to civil service functions and pay.

Moving forward requires political ownership of—and attention to—national policies and budgets. This means linking national visions and plans,

*‘ **Improved public sector performance is a critical element of good governance and a vehicle for economic and social development.***

such as the PRSP, to the budget, in part through realistic costing of PRSP policies and programmes. This is increasingly being achieved. Ensuring full involvement of a well-informed cabinet and, for example, the budget committee of parliament in the budget remains a much larger challenge.[8] In a few countries, such as Benin, Tanzania and Uganda, the cabinet is fully involved in the government budget, which is the primary tool for allocation of public resources and delivery of public goods and services in accord with national priorities.

Some of the problems facing the civil service apply equally to parliament, the judiciary and the public service generally. These problems include poor incentives and a lack of training opportunities.

> ***In many cases, the rich and middle classes are the major beneficiaries of government spending on social services, and the poor are left out.***

As with all economic and social problems besetting African countries, there is no magic bullet when it comes to strengthening the capacity of public service institutions and improving public sector performance. Only a long-term, carefully thought-out and sustained effort, tailored to each country, can succeed. Here are the main elements of such a programme.

- Reassess the role of the public sector and downsize and expand, where necessary, to create a capable state—for example, reduce the number of government ministries and employ more doctors and nurses.

- Update and enforce laws and regulations to minimise arbitrariness in public administration.

- Drastically reduce red tape to minimise the burden of administration and reduce opportunities for bribery and corruption.

- Embark on an accelerated programme of improving pay and other incentives in the public sector to rebuild morale and integrity. The money for improved pay would largely come from elsewhere in the budget—from reduced government employment, fewer leakages of revenue, fewer grandiose projects.

- Have donors provide technical assistance funds in the form of budget support that can go towards improving pay and other incentives for public servants. Isolated project-related TA and non-project-related TA have not worked.

- Revamp staff performance assessment systems and ensure that annual assessments are carried out and acted on. Also draw up and implement—unit by unit—long-term in-service education and training programmes for public servants.

- Devise ways of filling skill gaps by tapping into the Diaspora. For example, doctors in the Diaspora could donate their services for short periods or provide their services at below-market rates.

- Make more effective use of in-country and regional hubs. Country or regional research and policy institutes could be more systematically used by governments to provide technical and advisory services at a cost considerably below expatriate rates.

All these activities could be supported by knowledge sharing and research partnerships among professional networks and between those networks and the key users of knowledge: policymakers, academic institutions, private firms and civil society organisations. Indeed, this is precisely what ECA has proposed for the Africa Knowledge Networks Forum. The Forum would create a network of institutes for research and policy analysis, anchoring them to universities through the Association of African Universities, connecting them through communications hubs. The Forum would also design and build common databases to improve the quality and quantity of data and to support interdisciplinary work. And it would prepare and routinely update a directory of African researchers and research networks.

Expanding service delivery

Providing efficient social services is a difficult exercise. Whether a service should be publicly provided or left to the private sector—or whether both should complement each other—are tough choices. Nor does increasing public spending on services guarantee their efficient delivery or that services will reach the poor.

In many cases, it is the rich and middle classes who are the major beneficiaries of government spending on social services, and the poor are left out. When services are publicly provided, the quality is usually poor. The reason: there is little or no channel of accountability between the providers and the clients. Clients do not have direct control over the public providers beyond influencing policy directions on those institutions through the policymakers or public complaint agencies. Choice and competition are thus key elements in the power of the poor.

Decentralising the provision of public services to subnational units or governments is a major means of bringing politicians and policymakers closer to clients and making services more effective. But decentralisation is not magic. Indeed, if the local structures are dominated by local elites, with the poor playing a marginal role, decentralisation may reproduce the patronage, clientelism and resource waste in the national government. Three things are thus central to making decentralisation work for efficient service delivery. First is the nature and capacity of the local service delivery institutions. Second is the extent to which the people have voice and power in both the electoral and political processes of the locality. And third is the flow of information. When people have adequate information on particular institutions and services, they are in a better position to demand accountability?

Reformers should not presume that decentralisation always is the preferred alternative for effecting change in the short and medium terms—but should consider the desirability and feasibility of a broad range of alternative strategies for strengthening accountability.

There are several ways for the private sector to be incorporated into service provision by the government, including subcontracting the delivery of services and deregulating services to allow private entrepreneurs to provide them. Private provision of services is not new in Africa. Parallel to state provision, water supply is privately provided by informal sector workers and small entrepreneurs in many cities and rural areas in Africa. So are private health services in many African countries.

There are two challenges in this. First is ensuring that those services reach the poor—perhaps by subsidising access to services by the poor. Second is to have good regulatory oversight to ensure the quality and standard of services. Nongovernmental organisations can also play a key role in private service provision (box 10). In many countries, religious organisations establish and run clinics for people in the rural areas where the presence of the government is virtually nonexistent.

In summary, the international experience with sector-specific decentralisation of public services provides these lessons of relevance to Africa:

- All service providers must be held accountable for results.
- There must be clear delineation of authority and responsibility as well as transparent and understandable information on results.
- Policymakers must take a long view: real changes in governance, accountability and impact take time.
- Reformers must remain open to a broad range of alternative strategies for strengthening accountability.
- Services must reach the poor regardless of whether provision is by the public sector or the private sector.
- Effective regulatory oversight structures must be established to ensure the quality and standard of services.

Removing bottlenecks to private enterprise

Most African countries are pursuing strategies that promote market economies. Many have achieved significant improvements in their macroeconomic stance and regulatory framework. Despite this, private sector opportunities in Africa remain untapped and the ratio of private investments to GDP remains the lowest of all the regions in the world.

Two high level international Commissions—the Commission on Capital Flows to Africa and the UN Commission on Private Sector and Development—have recently provided in-depth analysis of the challenges to private sector development in Africa and the bottlenecks to address on a priority basis. These bottlenecks

‘ ***Choice and competition are key elements in the power of the poor.***

include a range of constraints that lead to the high cost of doing business in the region, the result of macroeconomic instability, policy uncertainty, inadequate physical infrastructure, poor access to investment capital and banking services and cumbersome procedures and regulations governing the establishment and operation of businesses.

Action needs to be taken urgently to bring about lasting improvements in national and regional investment climates:

- Implement macroeconomic reforms that tackle problems of rapid inflation and exchange rate volatility.
- Ensure consistent policies and regulations that lead to a stable microeconomic environment as well as steps to deal with cumbersome procedures and regulations governing the establishment and operation of businesses that pose considerable difficulty for firms.
- Devise an appropriate sequencing of government policies and actions to move the reform agenda in the right direction and give a strong signal to the private sector about the seriousness of purpose of the government.
- Design a package of clear and transparent incentives to facilitate domestic and foreign investments.
- Effectively tackle any irregularities, inconsistency and lack of transparency in the tax system and customs regulations.
- Reform the financial sector and broaden the mix of financing instruments available to the private sector

Action needs to be taken urgently to bring about lasting improve-ments in national and regional investment climates.

Box 10 Alternate routes to basic education in Ethiopia

Ethiopia is a large country with a heterogeneous population. Education levels are low: only 24% of children complete primary school. There are very few schools in poor and remote areas: only about 30% of 10-year-olds in rural areas have ever attended school. But recent innovations sponsored by NGOs show other ways of getting schools to these children.

Programmes run by six NGOs reveal how expanding school places is possible even in remote areas—at reasonable cost and without sacrificing quality. The NGO ActionAid proposed adapting school models used by the Bangladesh Rural Advancement Committee in Ethiopia, and since then several other NGOs have sponsored similar programmes. The schools share several features:

- **Compressing four years of the official curriculum into three years.**
- **Streamlining the curriculum to reduce repetitiveness and remove elements deemed irrelevant to local needs.**
- **Using instructional routines that appeal to children, such as songs or teaching in groups.**
- **Scheduling classes on days and times approved by the community.**
- **Involving community members in monitoring the attendance of teachers and students.**
- **Targeting class sizes at about 35 students.**
- **Recruiting teachers and teaching assistants from local areas and paying them less than professional teachers.**
- **Spending more on textbooks, other instructional materials, training and supervision.**

The results are promising. Children attending these schools continue on to higher grades. Moreover, learning does not appear to have suffered. Test scores in the second grade were about 20% higher than in government schools, and scores in the fourth grade were only slightly lower, even though the schools catered to children from poorer families. All this at a lower cost per student.

Issues remain, however, particularly about scaling up these programmes to reach more children, the more so since some initial success was driven by a few energetic individuals.

Source: World Bank 2003.

Promoting e-governance

In many African countries, information is becoming more decentralised and freely available, increasing transparency, openness and efficiency in the affairs of government. And several e-government initiatives have enhanced information-based bureaucracies, increasing their efficiency and effectiveness (box 11).

Through the use of information and communications technologies (ICTs), e-government is offering the public sector new organisational arrangements, with a significant impact on accountability and transparency. Those technologies also have a modernising influence on governments by enhancing and updating internal systems and procedures even before electronic transactions are introduced to citizens and businesses. E-government encompasses three main areas: government-to-government (G2G), government-to-business (G2B), and government-to-citizen (G2C).

Government-to-government (G2G) forms the basis for e-government and involves sharing data and conducting electronic exchanges between governmental actors. This involves exchanges within and between agencies at the national level, as well as exchanges between the national, regional, district and local levels.

In government-to-business (G2B) initiatives, companies can bid for the procurement of goods and services over on the Internet for government contracts. When companies compete with each other in this way, it helps to drive prices down to market levels, and the transparency of contracts reduces corrupt practices.

The third e-government sector—government-to-citizen (G2C)—facilitates citizen interaction with government, which is what some observers perceive to be the primary goal of e-government. E-government initiatives for licenses, certificates, tax payments and land registrations reduce citizens' time through better service provision. They also enhance access to public information through web sites and information kiosks.

E-government is offering the public sector new organisational arrangements, with a significant impact on accountability and transparency.

Box 11 Technology supporting reform across Africa

Information and communication technologies are having big impacts on the way government does business. Some examples:

- **Tanzania's parliament, the Bunge, is hoping that a new website dedicated to explaining what it does will soon be figuring among the sites most visited in the country. The aims of the Parliamentary Online Information System are to make politics more understandable and accessible to the public.**
- **The Cameroon government is modernising its tax system through the use of ICTs. Internet-based technology will provide vital information to citizens and businesses about tax regulations, reducing the cost and increasing the accuracy of tax collection.**
- **The Gambia is developing a pilot e-government model focusing on the Department of State for Finance and Economic Affairs, the Office of the President, health and education ministries and local governments to facilitate the sharing of financial and economic management data and information. Initially to be done through an intranet, this will be expanded to include internet information kiosk that the government will provide to the general public, as well as radio, with respect to local authorities to allow greater citizen interaction with local governments.**
- **Egypt's e-government portal now offers a one-stop-shop for information related to more than 700 services of various ministries and other government agencies. Retrieving and paying phone and electricity bills can be done online.**
- **In Nigeria a civil society organisation, the West African NGO Network, is using the Internet to fight corruption. Its website—known as www.antigraft.org, the Anti Corruption Internet Database (ACID)—informs, educates and stores data on corruption in Nigeria to facilitate access to government information, increase accountability and reduce secrecy surrounding government actions.**

Source: ECA staff.

> *The media are widely acknowledged to have an important role to play as a public watchdog.*

E-government is, however, an expensive tool requiring strong and enduring political will. A challenge is for governments to put themselves under the scrutiny of citizens by transforming their operations and making their work more transparent and people-centred. The way forward:

- Countries should design an information and communication policy to create access for majority of the people to such modern information tools as radio, telephone and internet.
- Governments must remove restrictions to free access to information by the people and encourage private investment and initiative in the information and communication technology sector.
- Institutions of governance, including the parliament, the executive and the state bureaucracy, should adopt modern information and communication technology in their daily operations, as is being encouraged in South Africa and Mauritius.

Essential in all this is getting the right policy and regulatory environments for information and communications technologies.

Fostering responsible media

The media are widely acknowledged to have an important role to play as a public watchdog in exposing corruption, checking abuses of power, defending human rights and upholding democratic transparency through the effective monitoring of elections. The past decade has seen substantial progress in many parts of Africa. Yet significant challenges remain. First, the African media must be truly capable and able to perform the core task of consistently providing accurate, unbiased information to the public. Second, freedom of expression remains a critical issue in a majority of countries, and few have freedom of information laws in place. As a result journalists are often under threat of arrest simply for discharging their reporting duties. Action is needed at the political level to change this.

Although a huge slice of the media in Africa is still owned by the state, many media houses are now in private hands. This greater pluralism has often been lauded as an end in itself. Most journalists recognise that although stiff professionalism and a culture of ethical conduct are musts for the media to be responsible and thriving, governments should not be the ones to decide who can work as a journalist.

Action is needed in the following areas to build a credible, vibrant and responsible media on the continent:

- Create an enabling environment for journalists to function free from political interference.
- Promote adoption of freedom of expression and information laws.
- Build the capacity of the media to analyse and report (in depth) on development and social issues.
- Encourage a culture of ongoing professional training on the technicalities of the profession as well as legal and other matters.
- Encourage the establishment of guidelines for all media to guarantee provision of a certain quantity and quality of news and information that is deemed necessary for the "public good."
- Establish effective frameworks for ensuring media accountability, upholding minimum standards of professionalism and self-regulation of the profession.

Leveraging traditional governance

In many rural areas of Africa, traditional leaders provide the link between large numbers of people and modern forms of elected government. Many traditional modes of governance and aspects of indigenous leadership are in accord with basic tenets of modern democratic values or have adapted to contemporary political realities, particularly in dispute resolution. Although some customary systems may be perceived as being outdated and incompatible with economic development, there is room for flexibility in tapping their authority and structures to advance development and ease the burden on resource-strapped governments (box 12).

Attacking AIDS

In 2003 some 2.3 million Africans died of AIDS while an estimated 3.4 million contracted the HIV virus. This brought the number of people living with the virus on the continent to 29.4 million. Without access to effective antiretroviral medication, most of these people will die in the next 10 years, joining the 19.2 million Africans already claimed by the pandemic since the early 1980s (box 13).

Across Africa, HIV/AIDS is creating a downward spiral of social, economic and human deprivation, which in turn produces a fertile environment for the spread of the virus. The pandemic brings three processes together in a unique and particularly devastating combination. First, it kills people in the prime of their working lives (typically those aged between 15 and 49). This has the effect of sharply reducing life expectancy, eroding the labour force and destroying intergenerational social and cultural capital. Second, by destroying intergenerational capital, it weakens the ability of succeeding generations to maintain development achievements of the past. Third, the net effect of the proceeding two processes is the systematic erosion of a state's ability to replenish the stock

Box 12 Promoting partnerships with traditional authorities in Ghana

For example, Ghana is testing approaches to improve deprived, remote and rural communities' involvement in development activities and focus the contributions of traditional authorities on socio-economic development.

- **First, it is strengthening the capacities of chiefs, queenmothers and village headpersons in the Asanteman Council areas and the Akyem Abuakwa Traditional Council areas to participate in activities to improve health and fight HIV/AIDS in their communities.**
- **Second, it is providing resources for rehabilitating basic primary education facilities in select rural and deprived areas in the Asanteman Council community—and designing a partnership between traditional authorities and government to provide quality basic education.**
- **Third, it is improving the financial and management capabilities of the two councils' secretariats and building their capacities in community development.**
- **Fourth, it is supporting the councils in efforts to preserve and benefit from their cultural heritage—by developing school activities on cultural heritage, and community-business partnerships—for example, ecotourism. An important part of all this is to revise, codify and disseminate traditional laws and to increase the accessibility and effectiveness of traditional law courts.**

‘Across Africa, HIV/AIDS is creating a downward spiral of social, economic and human deprivation.

Box 13 The devastating toll of AIDS

It is hard to grasp in the abstract the devastation that AIDS is visiting on Africa. Some examples make the devastation graphic:

- **In Malawi up to 25% of the civil service will experience either severe illness or death from HIV/AIDS between 1995–2005.**
- **In Zambia school teachers are dying at a rate that exceeds the annual capacity of the teacher training colleges.**
- **In KwaZulu-Natal about 68,000 of the present 75,000 school teachers will be lost from the system by 2010 (due to AIDS and employment poaching).**
- **In Kenya about 75% of the deaths in the police force can be traced to AIDS.**
- **The Northern Province of Zambia, relatively free of drought, has seen its basic agricultural system undermined by the spread of HIV/AIDS. Having produced more than 1.2 million 90 kilogram bags of maize each year a decade ago, its recent production has been only 350,000 bags a year.**

Source: Badcock-Walters 2001, CHGA 2004, Cuddington and Hancock 1994, World Bank 2001a.

and flow of vital human capital needed to sustain socioeconomic development and political governance (box 14).

In its trajectory and impact, the pandemic clearly raises profound questions that touch on the organisation of all aspects of social, economic and political life. How, for example, will high-prevalence states continue to deliver critical state services (welfare and health services) and maintain vital structures (parliament, civil service and the core professions) in the face of declining life expectancy and increasing mortality across wide sections of the active labor force? Similarly, how will communities and families continue to function when so many parents are dying from the pandemic or burying their children; and when grandmothers and grandfathers are raising their children's children?

But not all is doom and gloom, for there have recently been some encouraging developments across the continent. According to UNAIDS, although the number of people living with HIV/AIDS across the continent has increased, some progress has been made decreasing prevalence rates in a few countries. Drug prices are falling at a fast pace, which has expanded access to treatment. Advances in understanding the economic and social impacts of the pandemic is leading to a greater sense of urgency for African leaders, African civil society and African development partners. Domestic production of antiretroviral drugs is beginning in Nigeria and Botswana. Substantial new financial resources are becoming available just as the improved access to treatment is encouraging and motivating many people to know their HIV status.

"But not all is doom and gloom, for there have recently been some encouraging developments across the continent.

Box 14 Looking at the full implications of AIDS

The Commission on HIV/AIDS and Governance in Africa—established by the UN Secretary-General and chaired by the ECA's Executive Secretary—represents the first occasion for the continent most affected by HIV/AIDS to lead an effort to examine the pandemic in all its aspects and likely future implications. The Commission is an exercise in policy engagement, aimed at key decisionmakers in African governments. Extensive research will underpin the advocacy activities of the Commissioners as well as the policy briefs to assist African governments in the fight against HIV/AIDS.

The task of the Commission is to provide the data, clarify the nature of the choices facing African governments, and help consolidate the design and implementation of policies and programmes that can help contain the pandemic.

In addition to helping governments understand the long-team development threats posed by the pandemic, the likely recommendations of the final report include:

- **Strengthening and sustaining national leadership in the fight against AIDS.**
- **Making the socioeconomic and ethical case for scaling up treatment and care provisions for people living with HIV/AIDS, including the argument that treatment is not only crucial to stemming human capacity losses from the pandemic but also fundamental to prevention.**
- **Calling for strong leadership at all levels from central authorities to communities to fight stigma and discrimination against people living with HIV/AIDS and to develop and secure programmes for HIV/AIDS.**
- **Reforming the organisational principles of the state to mitigate the impact of HIV/AIDS on state structures.**
- **Developing a continentwide strategy for supplying generic drugs for treating ailments related to HIV/AIDS.**
- **Harmonising international efforts to combat HIV/AIDS and thus avoiding duplication.**
- **Ensuring that such vulnerable groups as orphans and young girls are protected from HIV/AIDS.**
- **Encouraging governments to create mechanisms for civil society and the private sector to contribute coherently to the AIDS response, through public-private partnerships.**

Source: Commission on HIV/AIDS and Governance in Africa.

Based on these encouraging efforts, Africa can overcome the challenge of HIV/AIDS. But a lot more needs to be done to bring HIV prevalence rates down further and to secure the progress so far achieved. We need to fill major gaps in knowledge about what is actually happening. Across the continent, there is very little knowledge in all countries about the distribution of the pandemic in terms of its impact on critical skills and experience across all sectors. Moreover, there is no evidence that any country has begun to address, comprehensively, the human resource planning issues raised by the pandemic, and whether or not there is a capacity domestically or externally to meet the needs for critical skills and training for future generation.

The task of the Commission on HIV/AIDS and Governance in Africa is thus principally one of seeking to understand how the pandemic, through multiple mechanisms, will affect the ability of African states to maintain and promote social, political and economic frameworks and to provide policymakers with options for upscaling the the response.

Getting partners to live up to their commitments

Development partnership has played a significant role in Africa's economic progress and will continue to do so for the foreseeable future. Aid has had important successes in Africa in financing expanded access to basic services, development of high-yielding crop varieties, fighting malaria and other diseases, eradicating river blindness in West Africa and eliminating smallpox worldwide. Much infrastructure was built throughout the continent with partner support. Similarly, support form the international community has been crucial in delivering urgently needed humanitarian assistance to the victims of natural disasters and conflicts. The financial and technical support of the bilateral and multilateral development agencies has also been pivotal in underpinning the reforms of governance and economic management in an increasing number of African countries and enabling them to achieve respectable rates of growth.

But mutual dissatisfaction is growing with the development cooperation framework and the inherent problems in current aid relations. Overall, the record of international development cooperation in Africa has failed to live up to its high hopes.

Recipients have had a circle of high expectations, grand promises, incomplete achievements of goals and frustrations. While the donors tend to point to lack of political will and poor implementation by recipients, African countries have had to bear high transaction costs posed by onerous donor-driven conditionalities, unpredictable support, multiple reporting and procurement requirements, tied aid and donor preferences for project-driven support.

Still, much has been learned about development effectiveness. Not enough attention has gone to the domestic prerequisites for policy reform and using aid effectively, with African ownership of policies and programmes the precondition for success. And there is unprecedented frankness today in examining the record, identifying best practices and forging new modes of cooperation. Partners are required to demonstrate tangible progress towards meeting their commitments, monitoring the following indicators, as specified in the *Rome Declaration on Harmonisation and Alignment* of February 2003 (box 15).

Two other areas command special attention. One is attacking the supply side of corruption by improving corporate governance in donor countries (box 16). The second is developing mechanisms for the recovery of assets looted by corrupt officials and parked in OECD countries.

Also necessary, in the context of mutual accountability, is the need for a mechanism to systematically track partner and African actions towards enhanced development outcomes. ECA and the OECD have put in place a framework for the Joint Review of Development Effectiveness in the context of NEPAD—based on a limited set of indicators of strategic importance to enhancing aid effectiveness and development outcomes.

The first Mutual Review report will be available by June 2005 for consideration by the ECA Conference of African Ministers of Finance and Ministers of Planning and Economic Development and by the Implementation Committee of the African Union Heads of State and Government. The report will also be considered by the OECD High Level Group Meeting and the G-8/NEPAD Africa Partners Forum. The follow-up report on the Rome Declaration will be discussed at the second High Level Forum on Harmonisation in early 2005.

‘ The record of international development cooperation in Africa has failed to live up to its high hopes.

Box 15 Indicators of monitoring progress

The quantity of aid

- Meeting the Monterrey and G-8 commitments and the ODA target of 0.7 % of GDP.
- Harnessing aid flows to enable Africa to meet the MDGs.

The quality of aid

- Predictable support, measured by the proportion of aid channeled through medium term expenditure frameworks.
- Degree to which ODA expenditures fall within the recipient's budgetary system.
- Partner efforts to reduce transaction costs, as measured by the extent to which partner assistance is aligned with national priorities and with national planning cycles.
- Partners efforts to harmonise their disbursement procedures.
- Proportion degrees to which aid is tied to procurement in donor assistance countries.
- Alignment of donor reviews to national cycles of sector and financial reviews.
- And common format for reporting.

The coherence of donor policies

- The extent to which partner policies in aid, market access and debt relief are coherent with the MDGs.
- The level of preferential market access for African products.
- The level of tariffs and the status and changes in agriculture subsidies.
- The level of debt reductions.
- The consistency of debt's sustainability with reaching the MDGs.

Box 16 Corruption, asset recovery and donor assistance

The prime responsibility for tackling corruption rests with Africans themselves, but there is much that Africa's development partners can do to help:

- Ensuring that western firms conform to the principles of transparency and accountability in their conduct in African countries without engaging in acts of corruption, which comes under the elegant euphemism of corporate gifts.
- Donors should ensure transparency in international banking so that corrupt officials cannot lodge misappropriated funds in western banks.
- Supporting civil society organisations (including the media) that work on the investigation, exposure and punishment of corruption.
- Providing technical and logistical support for anticorruption commissions and other agencies established by the state to tackle corruption issues.

In tackling corruption, it is clear that attention needs to be given to both enforcement—passing legislation and effectively prosecuting offenders—and prevention—addressing the weaknesses in systems that provide the opportunities and incentives for corruption to occur. Donors can assist in this by improving operational approaches.

Donors can also play a role in returning illicitly acquired assets—as is an important element in the mobilisation and allocation of resources for development and in supporting the aim of poverty reduction and sustainable development.

Young Africans—meeting the challenges of governance

About one-third of the labour force in several African countries is unemployed, and more than half the unemployed are young people. Unemployment and underemployment present major concerns for governance because they lead to a feeling of social exclusion and reduce self-esteem. The challenge of governance is not only to create jobs but to equip the youth to enter stable livelihoods. Through economic engagement young people acquire the wherewithal to participate in mainstream political and social processes.

The participation of young people in governance processes is essential not only because they are the beneficiaries of sound policy and leaders of tomorrow but because many of them are already playing decisive roles within their own communities and nations. Young men and women are excelling in business as entrepreneurs and innovators, creating jobs for other young people and adults. In war-ravaged Liberia and Sierra Leone young people are taking on the mantle of peace and mobilising others for peace-building and reconstruction.

Improving governance to meet the needs of the population requires that young people have their concerns reflected in public policy. The energies and the dreams of youth as well as the dynamic subcultures of young people should thus help in establishing and sustaining rights-based and peace-based systems of governance in Africa, from the community to the nation, region and world.

With young people as the future of African governance—indeed, the future of Africa—the 5th African Development Forum will center on Youth and Leadership in the 21st century (box 17).

Forging a partnership to develop governance capacity in Africa

The continent will not make any serious strides in advancing the governance agenda if the capacity deficits identified in the course of our study are not dealt with soon.

There have been many efforts over the years, some still under way, to enhance capacity in Africa in various sectors. They include the work of the African Capacity Building Foundation, the African Economic Research Consortium and the Development Policy Management Forum. All have made significant and worthwhile contributions in their respective fields.

ECA also did a major study and came up with an action plan on building critical capacities across the board. The plan was endorsed by the Conference of African Ministers of Planning and Economic Development in 1997. But there was no mechanism for implementing the plan.

It was in the spirit of creating such a mechanism that the African governors of the World Bank proposed a Partnership for African Capacity Building (PACT) in 1998. The initiative cogently called for a comprehensive, five-year programme of action to address capacity deficits in the public and private sectors, civil society and tertiary education and training institutions. Many of PACT's

“Improving governance to meet the needs of the population requires that young people have their concerns reflected in public policy.

Box 17 Youth and leadership in the 21st century

The 5th African Development Forum, to be held in Addis Ababa on 15–19 June 2005 will put youth development on the African development agenda.

The objectives:

- **To build the case for more active and effective inclusion of youth in Africa's overall development processes.**
- **To inculcate in young people the ideals of democracy, tolerance and accountability.**
- **To help develop a strong sense of common destiny among young people in Africa.**
- **To identify key elements of a strategy for renewing and sustaining hope among African youth.**
- **To identify building blocks for an integrated National Youth Policy.**
- **To draft a regional framework for youth development in Africa.**

ideas covered the priorities we identify in this study and discuss in the actions for building capable states in Africa.

PACT stressed the need for genuine African ownership, the importance of public sector reform, enhancing the capacity of the private sector and civil society organisations, and the critical need to develop and harness the full potential of training, research and information technology institutions. It also set out a coherent institutional structure, linking the international, regional and national levels, as well as innovative funding mechanisms, in order to implement the proposed programmes.

At the international level, a Partnership Group and PACT Secretariat were proposed to guide the programme. At the regional level the PACT Secretariat would consider incoming proposals for regional programmes that would meet the needs of several countries. At the national level, participating African governments were called on to create National Capacity Secretariats as focal points for country coordination of multisectoral and multi-donor efforts on capacity building and as main point of contact with donor community on the initiative. It was also envisaged that these Secretariats would be responsible for involving the private sectors and civil society fully in the process.

‘With leadership, commitment and ownership in place, the support of the international community will also be vital.

For financing, a Capacity Building Trust Fund was to channel the resources of the overall programme in the form of grants for approved projects. The Fund was intended to complement existing resources dedicated to capacity building in Africa, with a focus on specific priority interventions.

A detailed plan of implementation was also set out. Unfortunately, PACT was never implemented in the scope and nature originally devised, mainly because there was no mechanism for implementation.

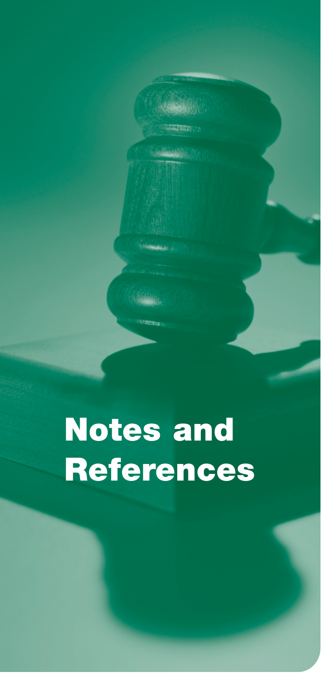
In a similar vein, the UNDP is now proposing an African Governance Institute to advance human development on the continent through the promotion of a better understanding of governance and the mobilisation of human and material resources. A key objective will be to share knowledge on experiences and best practices. As a welcome addition to the arsenal of tools at our disposable in this struggle, the initiative deserves our support. Yet the depth of the problem requires responses far greater than what has been attempted to date. The effort also needs to go beyond the public sector to focus on the needs of the private sector, and civil society.

PACT's original business plan, drawing on our earlier work, spells out in great detail the capacities needed in all sectors—public, private and civil. Given current circumstances, it is clear that the PACT approach, or a derivation on its theme, is needed now more than ever. It is therefore necessary to review that initiative in some detail and to discuss how a similar large-scale, holistic programme to develop governance capacity can be implemented for Africa in the near future.

The programme must be bold, cross-cutting and comprehensive. For it to succeed, African leaders must commit themselves to results-oriented implementation and encourage all stakeholders at the national and regional level to take ownership of the process. With that leadership, commitment and ownership in place, the support of the international community will also be vital, given the financial constraints hindering the countries of the region in coming up with the massive costs to fund capacity-building in Africa.

Africa is beyond bemoaning the past for its problems. The task of undoing that past is ours, with the support of those willing to join us in that continental renewal. We have a new generation of leaders who know that we must take responsibility for our own destiny, that we will uplift ourselves only by our own efforts in partnership with those who wish us well.

—Nelson Mandela,
Nobel Laureate



Notes and References

Notes

1. NEPAD (2001), p. 17.
2. OAU (2002).
3. For a detailed discussion of the methodology, see annex 1.
4. The electoral process constitutes the major means of constructing representative democracy. Its core elements are the party system, the electoral commissions, electoral laws and the management of elections and conflicts arising from them.
5. UNECA (2003), p. 52
6. Kpundeh (2004).
7. UNCTAD (2004).
8. Garnett and Plowden (2004).

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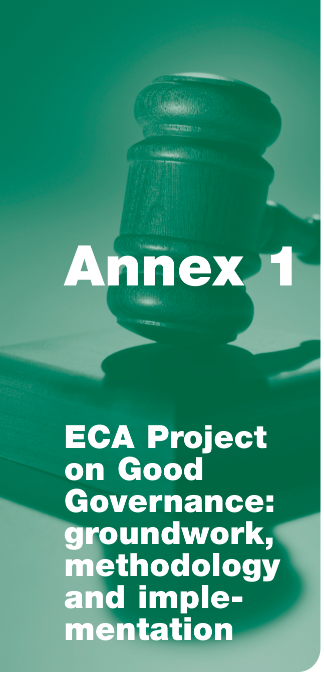


Annex 1

ECA Project on Good Governance: groundwork, methodology and implementation

The Economic Commission for Africa conceived of this project in the late 1990s in response to the emerging consensus that good governance is central to Africa's development agenda and progress, as well as to the growing demand for sustained improvements to Africa's governance situation.

The project has been conducted in phases; by the end of 2003, it encompassed 28 countries:

Benin, Botswana, Burkina Faso, Cameroon, Chad, Egypt, Ethiopia, Gabon, Gambia, Ghana, Kenya, Lesotho, Malawi, Mali, Mauritius, Morocco, Mozambique, Namibia, Niger, Nigeria, Rwanda, Senegal, South Africa, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe.

Plans for 2004–06 include adding some 12 additional countries to the study.

Project groundwork

In order to conceptualise the project, ECA convened a series of workshops in 1999, tapping expertise from within the continent and outside, consulting widely with relevant universities, research institutions and organisations, such as the Organisation for Economic Co-operation and Development (OECD), the United Nations Development Programme (UNDP), the African Development Bank (ADB), Organisation of African Unity (OAU) and many others with the following objectives in mind:

- To agree on the components of good governance, in all its dimensions, taking into account the disparate cultural, historical and other sociopolitical factors across the African continent. A call for the development of a list of qualitative and quantitative indicators to measure governance emerged.

- To establish criteria for measuring and monitoring governance in the face of the disparate historical, sociopolitical and economic disparities among African states. The need to create a dynamic mechanism for periodic cross-national assessment of the performance of African states thus became a central element to the advancement of good governance on the continent.

- To identify ways and means to create and sustain Africa's ownership and commitment to good governance norms and practices in the context of African realities. Consensus building among the various stakeholders, especially between civil society and the state, was deemed essential.

- To build research capacity in the area of governance.

Methodology

A research instrument with three components was designed to obtain information on the state of governance in Africa, as reflected by the political, economic and social affairs in each country. The three research components consist of:

- An opinion-based study using a national Expert Panel comprised of a group of national experts whose numbers ranged from about 70 to about 120 across project countries. In each of the 28 project countries, members of the expert panel were carefully drawn to ensure representation with regard to age, social status, education and field of training, political orientation, the private sector, civil society organisations and ethnic, regional and religious background as well as gender balance.

  The research instrument was in "cafeteria" format and it was formulated and fine-tuned by distinguished groups of experts on Africa in conferences held at ECA in September 1999, March 2000 and April 2001, and then subjected to a pre-test in South Africa and Benin before the final project launch in October 2001; the subject matter of the research included (i) political representation, which included the political system, distribution of power, political party freedom and security and the credibility of the electoral process, (ii) institutional effectiveness and accountability, which included the effectiveness of the three branches of government, with some emphasis on the executive branch, (iii) human rights and rule of law, (iv) civil society organisations, which looked into their independence, operational environment and their effectiveness and (v) economic management, which looked into investment policies, the tax system and the impact of corruption. Once collected, the data from each expert panel study were further subjected to rigid quality control to ensure that they were consistent and reliable.

- A national sample survey using a stratified two-stage probability sample ranging from some 1,300 to 3,000 households across Africa to represent a cross-section of the population (such as rural and urban, poor and middle class, the educated and the illiterate) to gauge perceptions of principal national problems and the accessibility, adequacy and efficiency of government services.

  The questionnaire for the national household surveys was also in closed form, and it was jointly designed by experts at ECA and by external partners who have had rich research experience in related studies in several countries. However, the implementation of the national household surveys was left entirely to research collaborators in each project country, but close quality control was undertaken by ECA to ensure that all household surveys had national coverage and were sound in scientific design and implementation.

  The household sample survey in each project country was carried out either in close collaboration with the National Statistical Office or with the principal sampling experts of the same office to ensure that the survey project utilised the official sampling frame, the official stratification and the overall official survey infrastructure so as to enhance the credibility of the final outcome of the sample survey at all places and at all levels. Consistent with sound scientific survey practice, details on sampling methodology, measures of error, copies of all research instruments and other relevant information are provided in appendices of all country reports.

- Desk-based research of factual information and hard data to supplement and complement the Expert Panel perceptions and national household surveys.

Project implementation

Preparation and pre-testing of research instruments
The preparation of the research instruments was completed by mid-2001. The instruments were then pre-tested in Benin in August 2001 and South Africa in September 2001. As a result, minor modifications were made to ensure validity and technical soundness.

Selection of collaborating institutions
Only national organisations were considered to conduct the studies. Capacity assessment missions were undertaken to identify research institutions to partake in a highly competitive bidding process, which resulted in the selection of a single collaborating partner or consortium per country.

Pre-launch workshops
Selected research institutions were invited to a three-day Pre-launch Workshop at ECA in August 2002 to familiarise them with the methodology to ensure cross-national comparability of research implementation and to agree on the work plan for each country based on a master work plan proposed by ECA.

National launch workshops
Each country held a National Launch Workshop with representatives of government, civil society and other stakeholder groups to introduce the project, promote a suitable implementation environment and ensure the development of national ownership.

National country reports
The collaborating institutions collected the data, obtained ECA's quality control clearance, analyzed it and produced a National Country Report. ECA provided technical oversight to ensure conformity with its detailed instructions and agreed-upon work plans and report formats and reviewed the final results.

National stakeholder and subregional workshops
The National Country Reports were presented at National Stakeholders Workshops in each country and subsequently at three Subregional Workshops (North Africa and the Horn, Southern and Eastern

Africa and West and Central Africa) during the months of November and December 2003.

Calculating the indices

The indices are based only on the data from the expert panel study, which contains 83 indicators clustered by subject-matter professionals of ECA. Some subindices are not mutually exclusive.

The overall index is calculated using all 83 indicators for each project country. There is no input from other countries in the overall index of any one country. Each reflects the perceptions of opinion leaders in each country.

The data from the expert anel Study are used to construct 23 subindices of governance for clusters of indicators. Each governance index is constructed using average scores, which are put together and rescaled to bring each of them to a common range of 0 to 100. The method of construction is simple and easy to understand. An index that is close to 100 reflects good governance as perceived by the respective national opinion leaders of the country concerned. Cross-country comparisons should be avoided since there are serious factors that negate the validity of such comparisons.

Clusters for index construction

Political representation

Political system. Democratic pluralism, executive formation mode, parliamentary election mode, decision participation mechanism, democratic framework acceptance, electoral system credibility.

Distribution of power. Parliamentary election mode, regional assemblies membership, local assemblies membership, constitutional checks and balances status, legislative independence, legislative control, judiciary's independence.

Political party freedom and security. Parliamentary election mode, regional assemblies membership, local assemblies membership, decision participation mechanism, democratic framework acceptance, electoral system credibility, electoral authority's legitimacy, election security, public media access.

Independence, credibility and transparency of electoral process. Electoral system credibility, electoral law credibility, electoral authority legitimacy, electoral authority's fairness, election security, public media access, election transparency, election control.

Institutional effectiveness and accountability

Legislative effectiveness. Constitutional checks and balances status, legislative independence, legislative effectiveness, legislative control, parliamentary debate relevance, parliamentary opposition strength, legislative corruption status, judiciary's independence, executive's independence.

Judiciary effectiveness. Legislative independence, judiciary's independence, judges appointment mode, court access, justice access, judiciary's corruption status, executive's independence.

Human rights and rule of law

Human rights. Decision participation mechanism, democratic framework acceptance, court access, justice access, respect for human rights, human rights reporting effectiveness, human rights violations reporting, women's rights violations reporting, actions against human rights violations, actions against women's rights violations, effectiveness of watchdog organisations.

Respect for the rule of law. Constitutional checks and balances status, leadership's respect for rule of law, police respect for human rights, citizen's confidence in law enforcement organs, monitoring violations by police and prisons, civil society organisations' monitoring of violations by police and prisons, penalty for violations of human rights by police, participation in conflict resolution, watchdog organisations' independence from executive, enabling government practices and policies, tax system equitability, tax system influence on local investment, tax system influence on foreign investment.

Law enforcement organs. Law enforcement officials' recruitment criteria, police force composition, police training, police equipment, watchdog organisations' independence from executive, effectiveness of watchdog organisations.

Executive
Management of state structure. Legislative independence, judiciary's independence, executive's independence, senior appointees' composition, executive's corruption status, civil service accountability, government accountability, government services' efficiency, local government accountability, resource allocation, local government capacity, government responsiveness.

Civil service transparency, accountability and accessibility. civil service management criteria, civil service accountability, civil service perceptions, government accountability, government transparency.

Efficiency of government services. Government services' efficiency, access to government services, services' relevance to poor, services' relevance to women, local government accountability, resource allocation, government responsiveness.

Decentralisation of structures. Local government accountability, resource allocation, local government capacity, community participation, government responsiveness.

Civil society orgnaisations and media independence. Civil society organisations' independence, civil society organisations' role in conflict management, civil society organisations' influence on policy and programmes, civil society organisations' role in promoting accountability and transparency, mass media independence.

Economic management
Attractiveness of investment policies. Enabling support for private sector, government support for private sector, enabling environment for private sector, private sector participation in policymaking, enabling government practices and policies, effect of crime on business, partnership of private and public sectors.

Pro-investment tax policies. Government services efficiency, enabling environment for private sector, tax system influence on local investment, tax system influence on foreign investment, tax system influence on business.

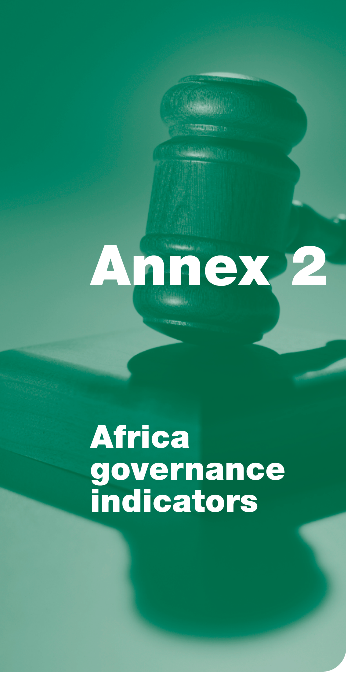
Tax system efficiency and corruption. Tax system equity, tax collection efficiency, tax evasion, tax collection corruption, tax system transparency.

Control of corruption
Legislative corruption status. Justice access, judiciary's corruption status, executive's corruption, government services' efficiency, access to government services, tax collection corruption.

Collaborating research institutions
These are the institutional partners at the country level which implemented the in-country surveys, prepared the country governance reports, and facilitating the national stakeholders consultations—on the 28 countries covered by the ECA Project on Measuring and Monitoring Progress Towards Good Governance

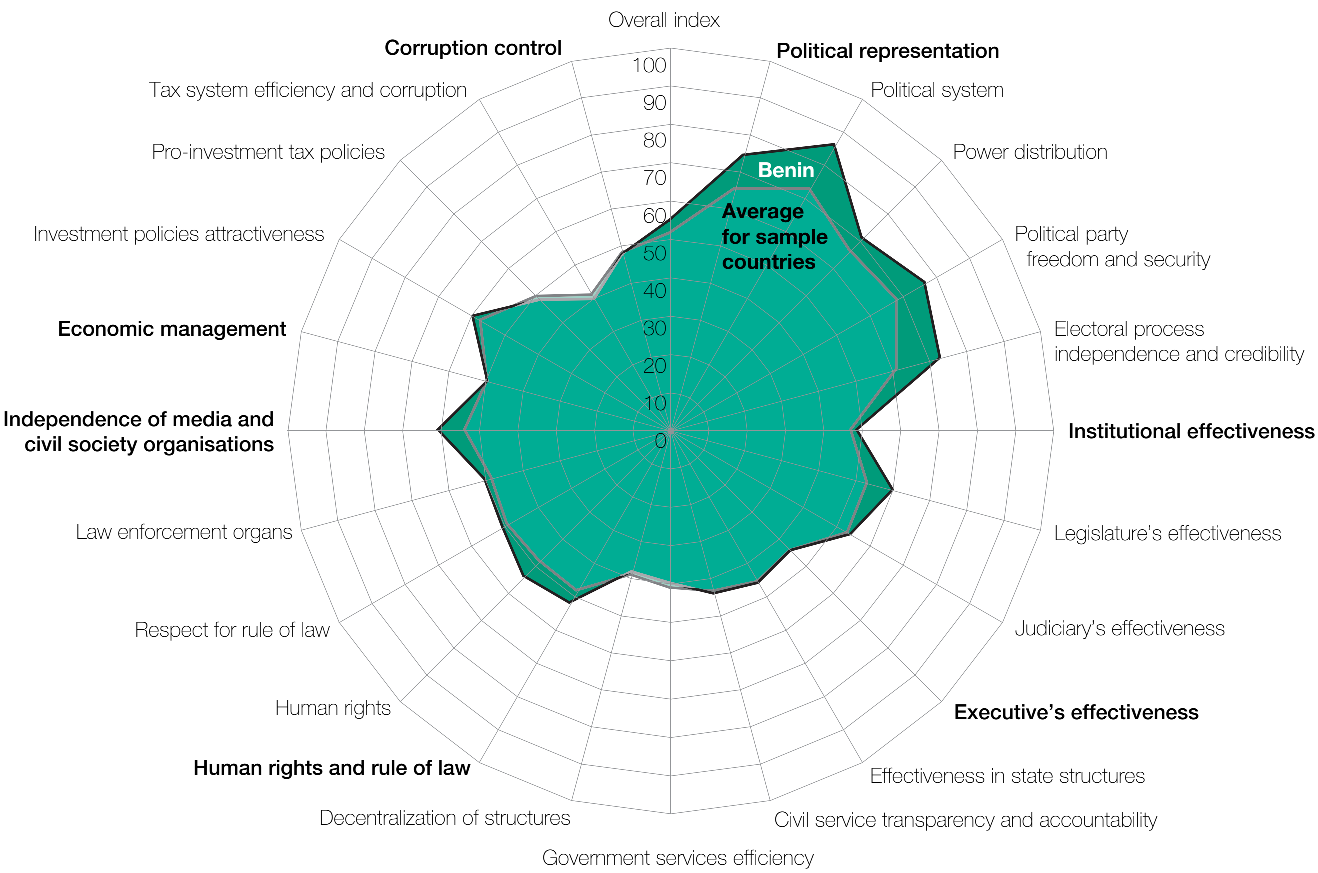
Country	***Research institution***
Benin	Cellule d'Analyse de Politique Economique
Botswana	Botswana Institute for Development Policy Analysis
Burkina Faso	Centre pour la gouvernance Démocratique
Cameroon	Centre d'Etudes et de recherche en Economie Gestion
Chad	Recherche & Actions pour le Développement Société Anonyme
Egypt	Faculty of Economics and Political Science, Cairo University
Ethiopia	Regional and Local Development Studies, Addis Ababa University
Gabon	Institut Sous-Régional Multisectoriel de Technologie Appliquée de Planification et d'Evaluation de Projets
Gambia	University of The Gambia

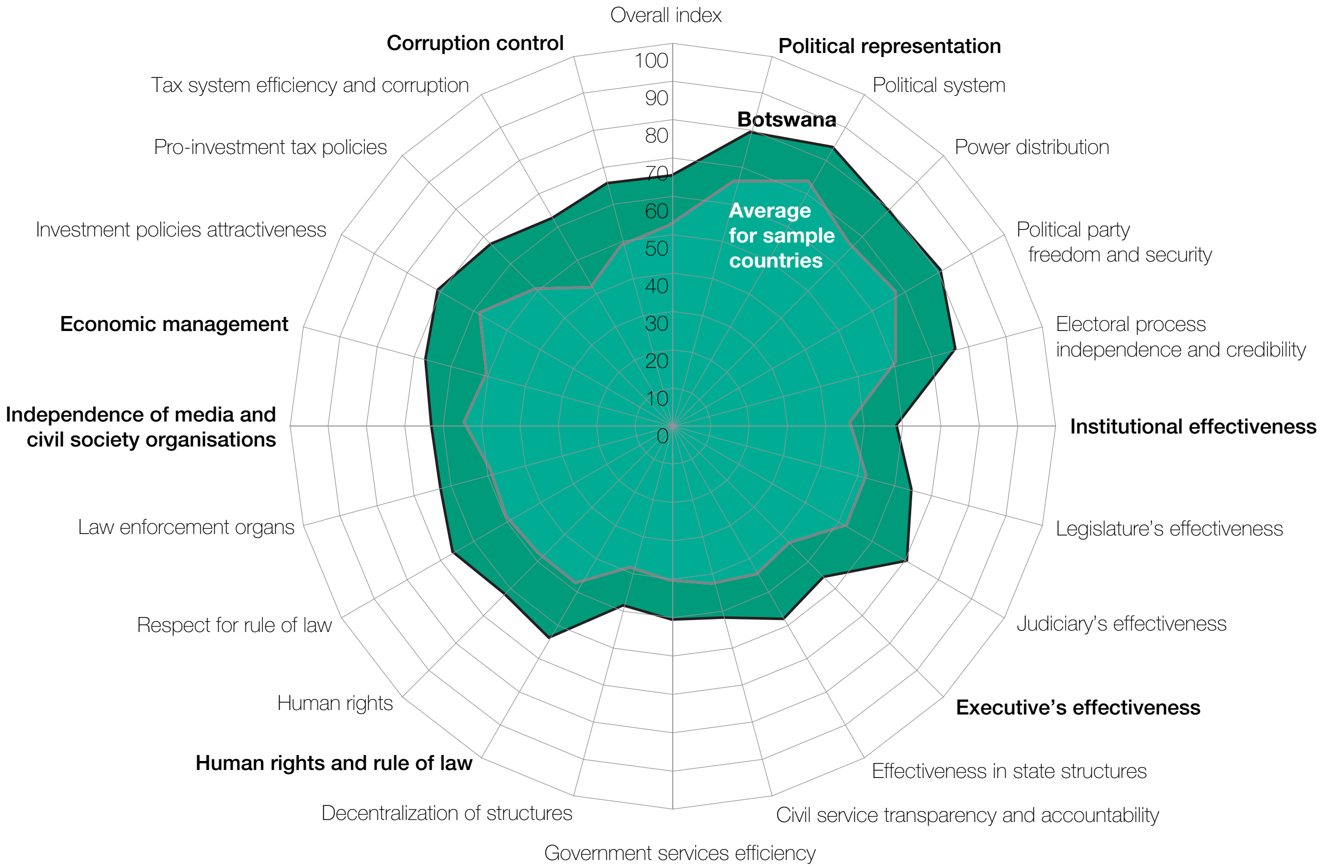
Ghana	Ghana Center for Democratic Development
Kenya	African Center for Economic Growth
Lesotho	Institute of Southern African Studies
Mali	Koni Expertise
Malawi	Center for Social Research
Mauritius	Stra Consult
Mozambique	Centro de Estudos Estratégicos e Internacionais do Instituto superior de Realçoes Internacionais
	Center for Strategic and International Studies
Morocco	Centre Africain de Formation et de Recherche Administratives pour le Développement
Namibia	Multidisciplinary Research and Consultancy Center
Niger	Cabinet d'Etudes, de Recherches, Conseils, Analyse et Prospective
Nigeria	Development Policy Center
Rwanda	Consortium formé de BEATER SARL et UNR: Faculté des sciences Economiques, Sociales et de gestion
Senegal	Institut Africain pour la Democratie
South Africa	The Institute of Democracy in South Africa
Swaziland	Uniswa Consultancy and Training Centre
Tanzania	Department of Political Science and Public Administration
Uganda	Center for Basic Research
Zambia	Centre for Policy Research & Analysis
Zimbabwe	Southern African Political Economy Series Trust



Annex 2

Africa governance indicators




Overall index
Political representation
Political system
Power distribution
Political party
freedom and security
Electoral process
independence and credibility
Institutional effectiveness
Legislature's effectiveness
Judiciary's effectiveness
Executive's effectiveness
Effectiveness in state structures
Civil service transparency and accountability
Government services efficiency
Decentralization of structures
Human rights and rule of law
Human rights
Respect for rule of law
Law enforcement organs
Independence of media and
civil society organisations
Economic management
Investment policies attractiveness
Pro-investment tax policies
Tax system efficiency and corruption
Corruption control
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Average
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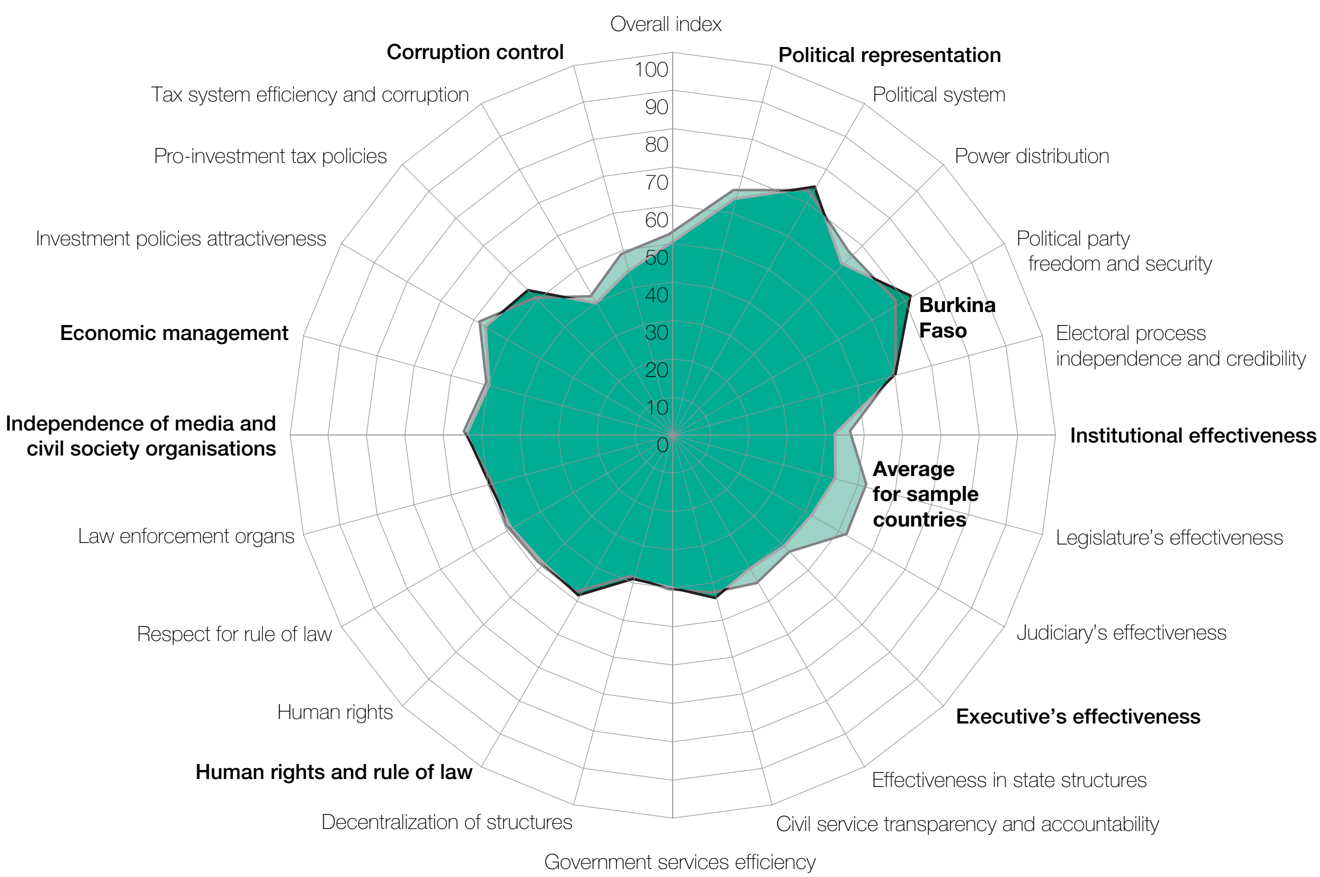
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Pro-investment tax policies
Tax system efficiency and corruption
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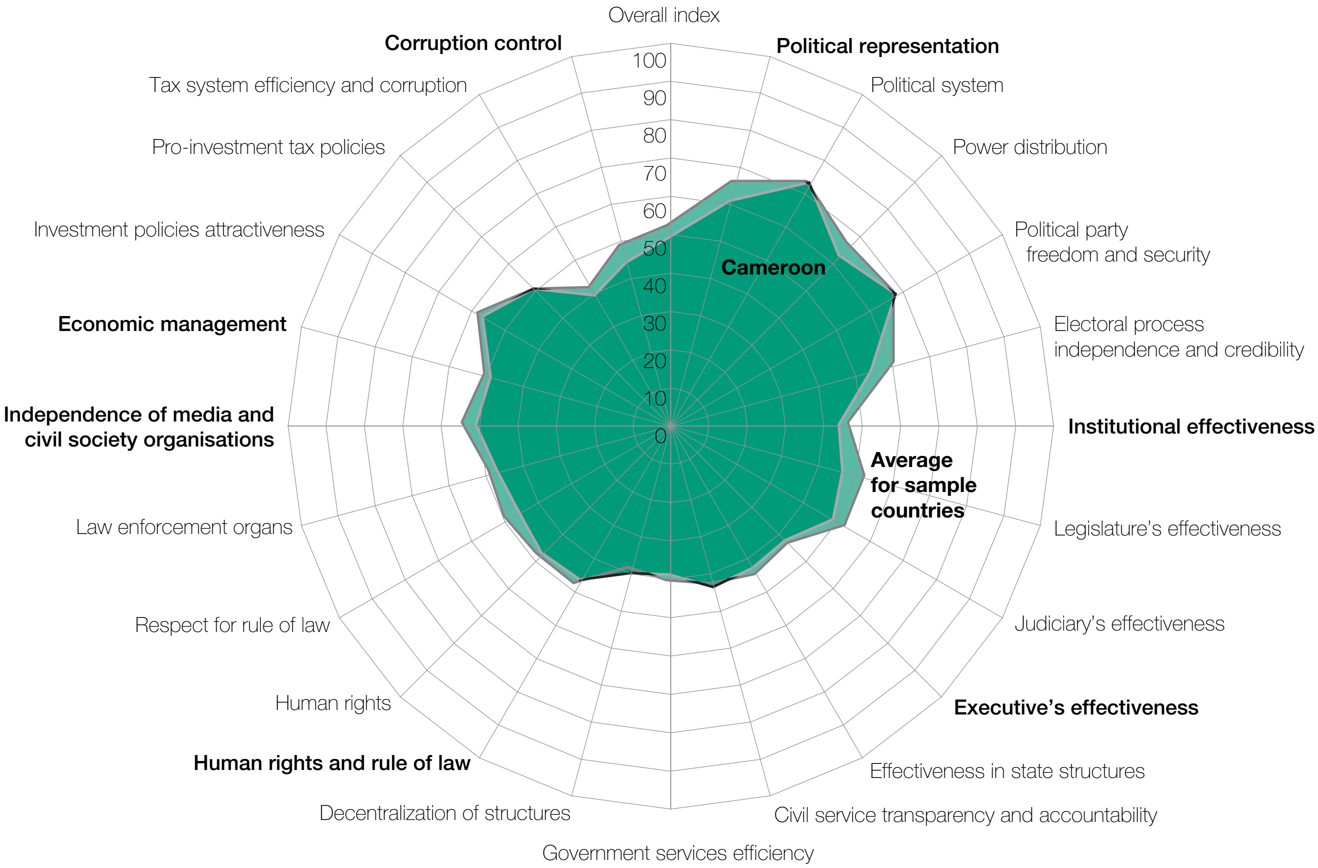

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Investment policies attractiveness
Pro-investment tax policies
Tax system efficiency and corruption
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Cameroon
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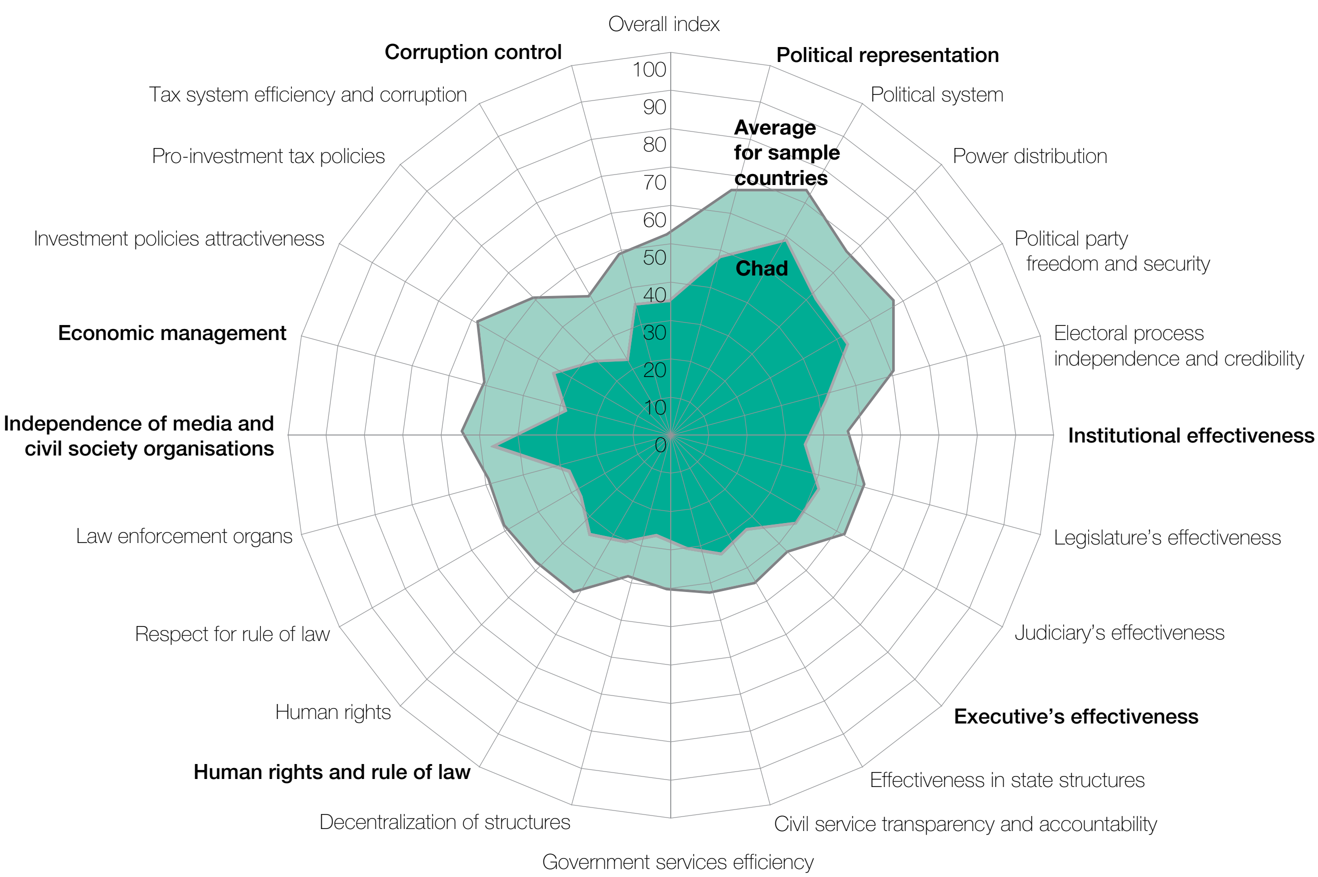

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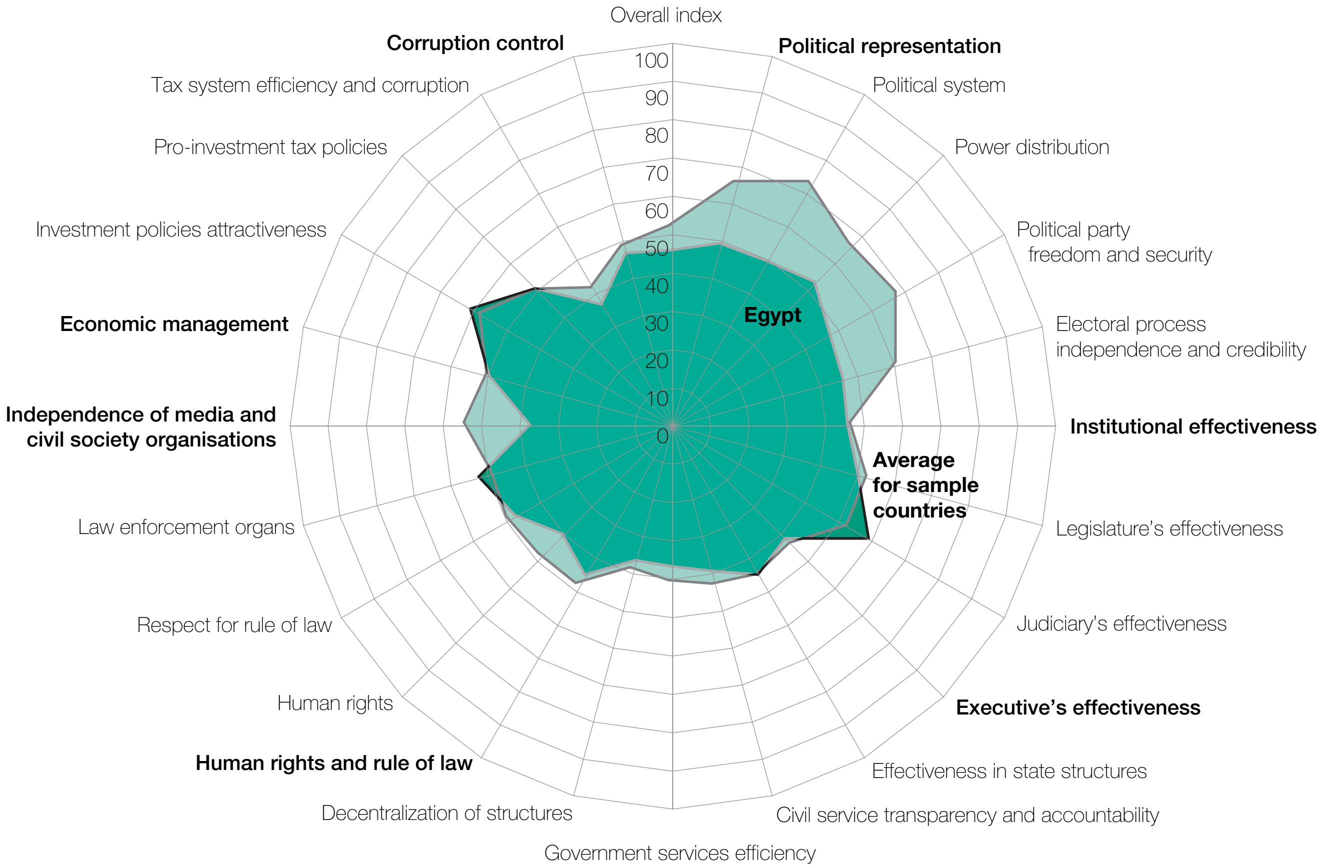
Average for sample countries
Chad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Tax system efficiency and corruption
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Egypt
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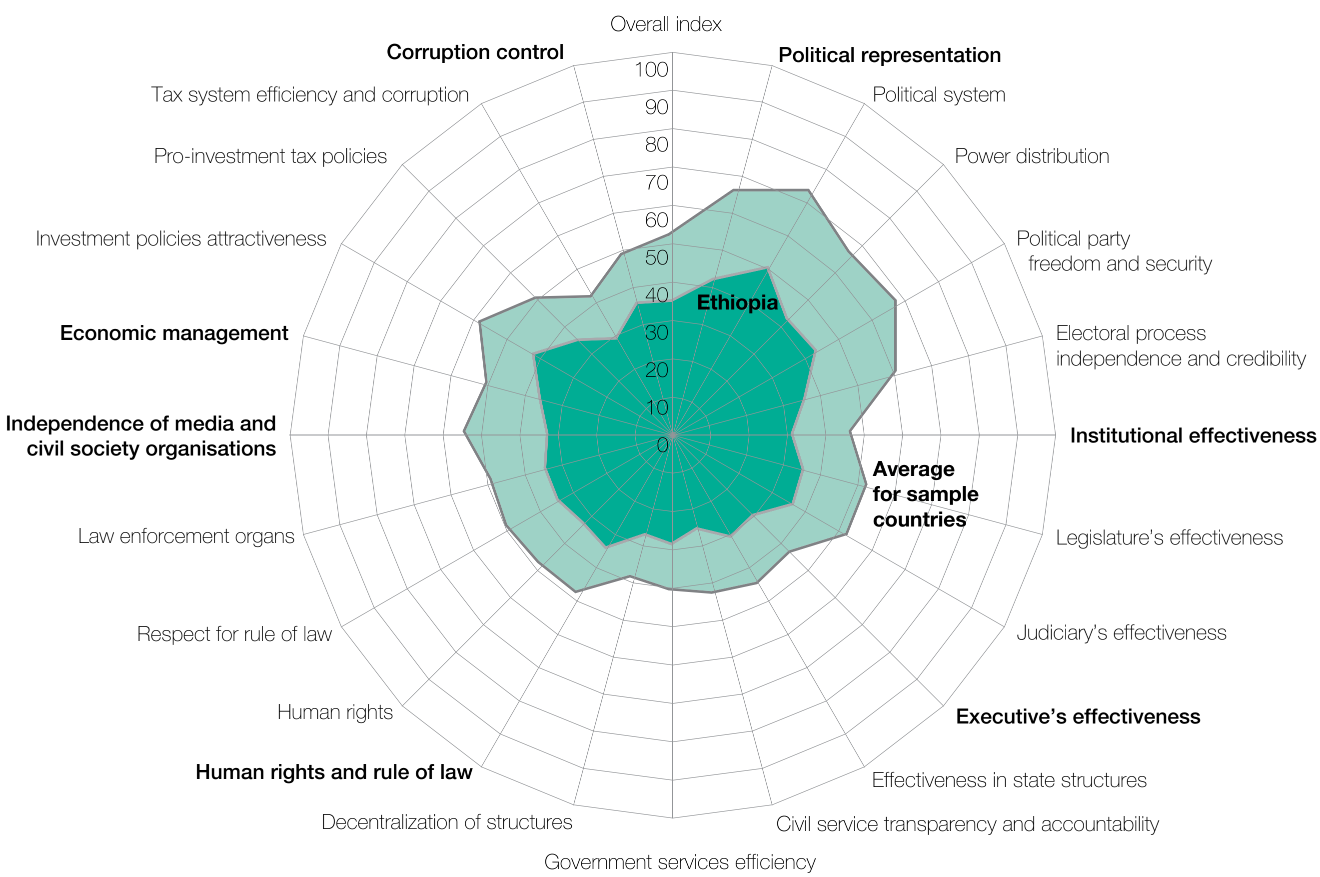
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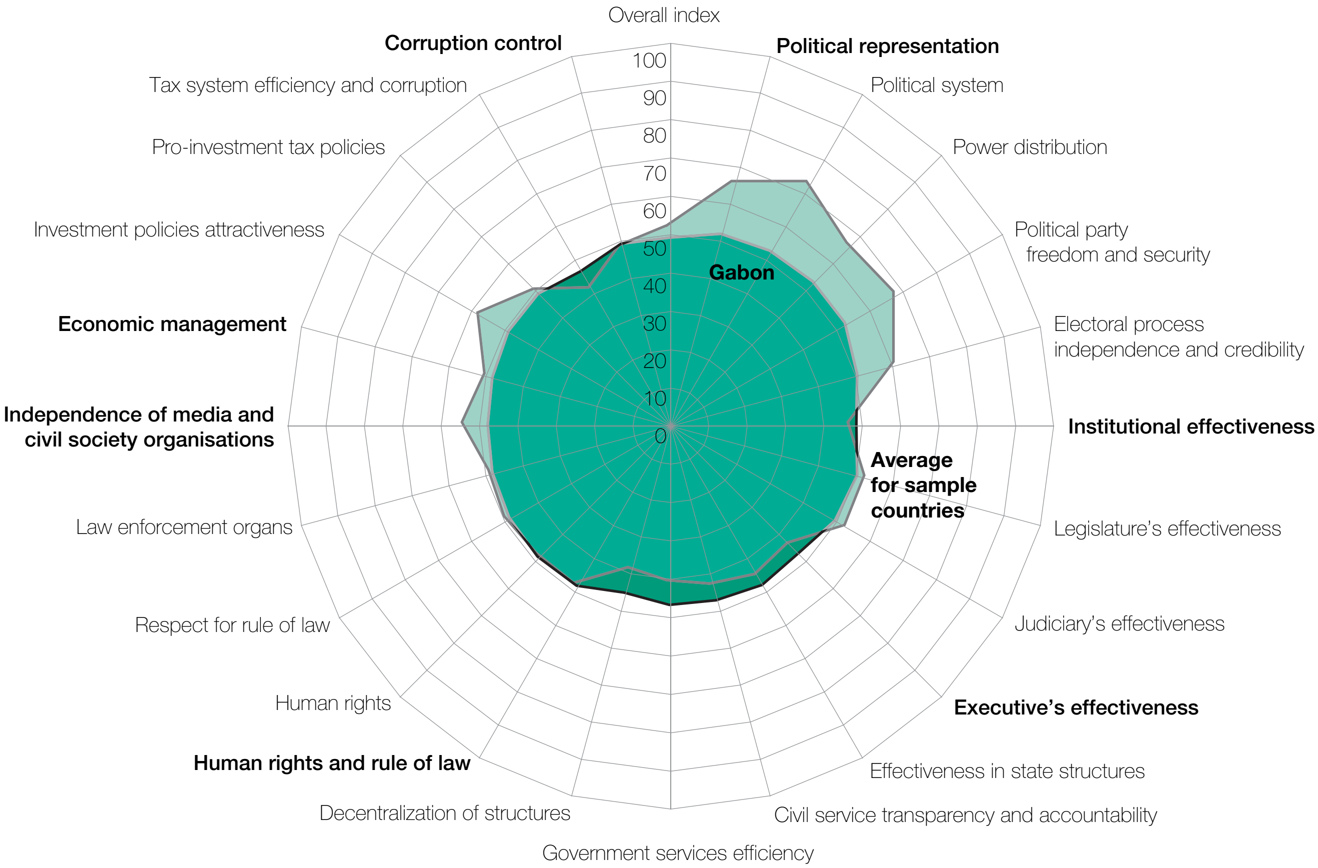
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Gabon
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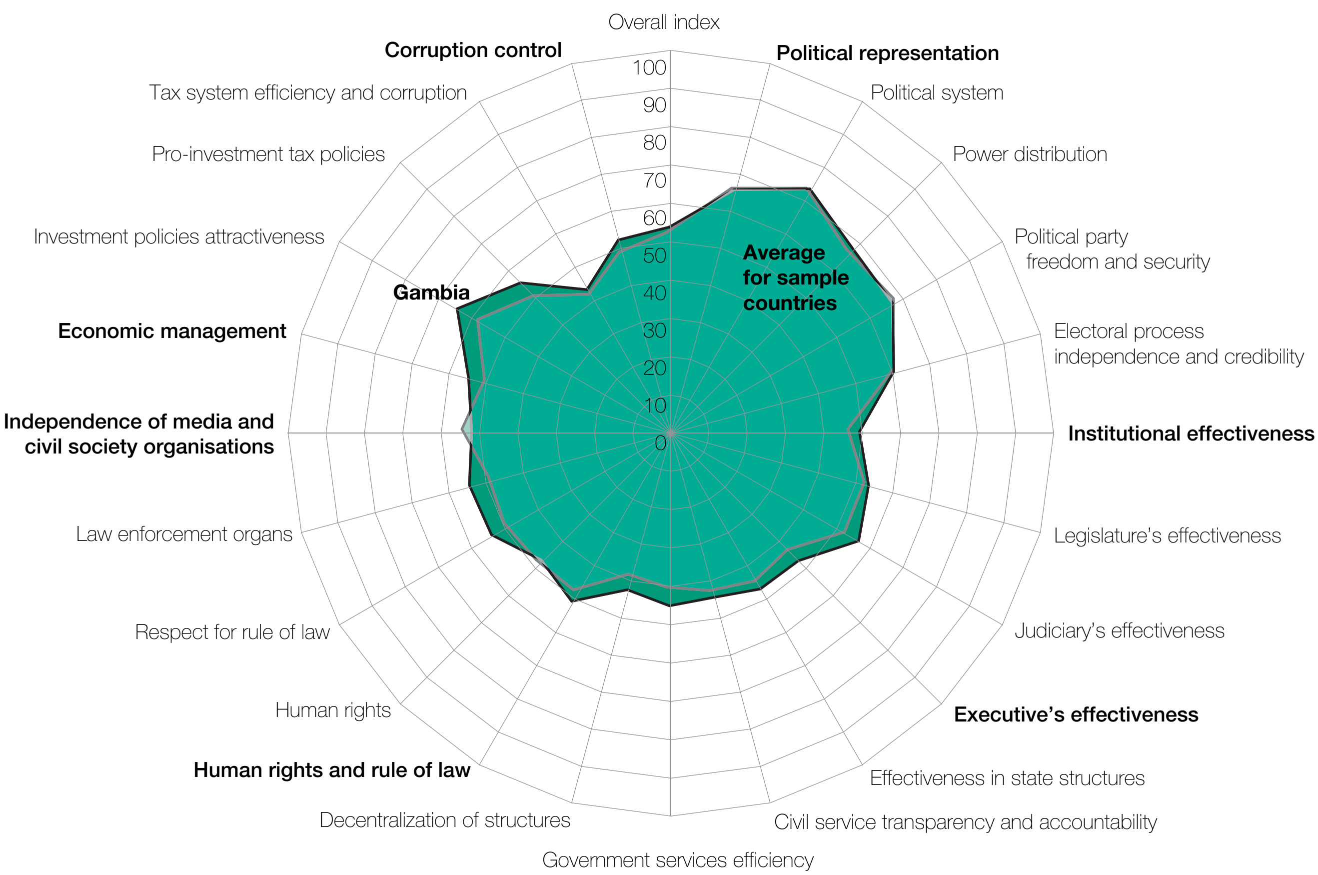
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Pro-investment tax policies
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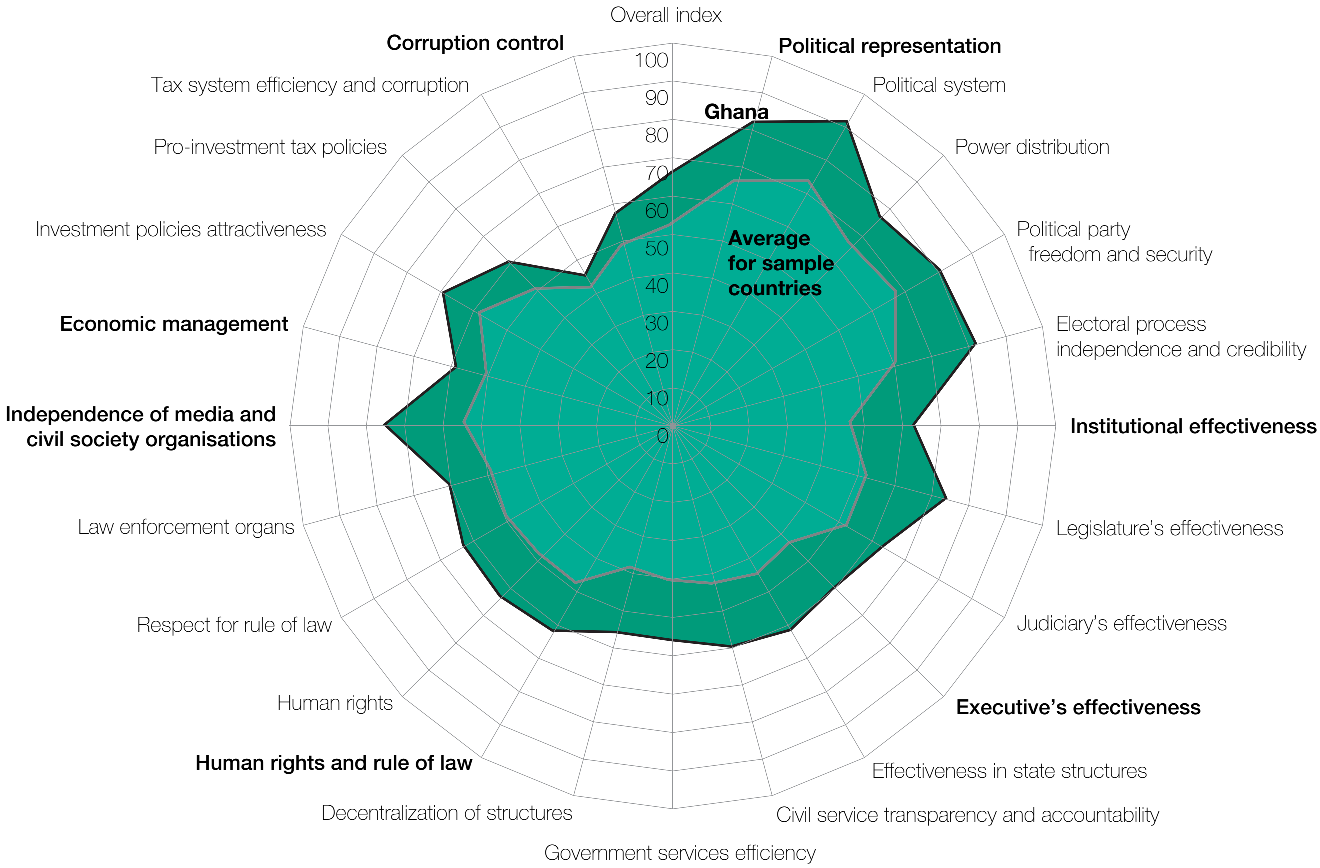
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Tax system efficiency and corruption
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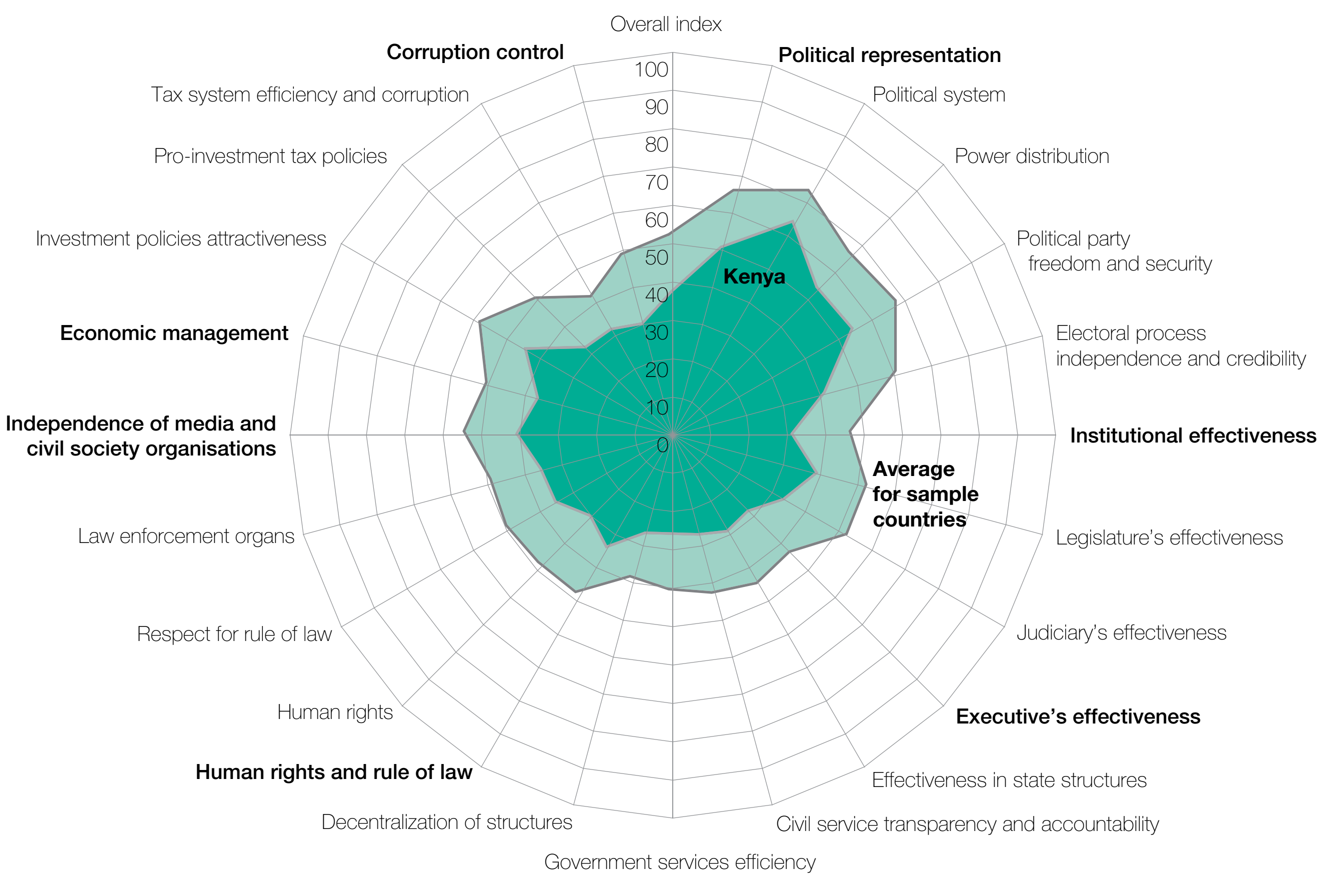
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Economic management
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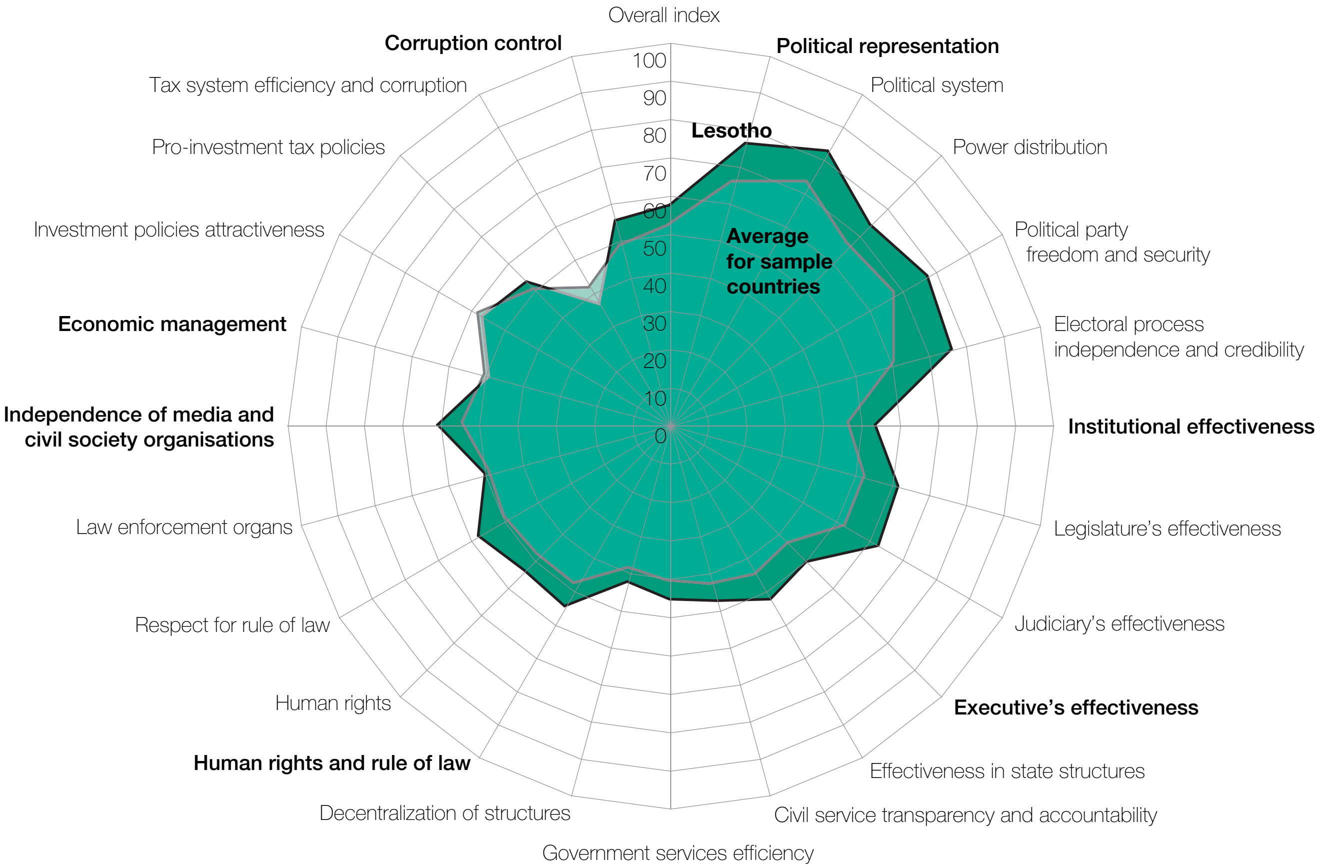
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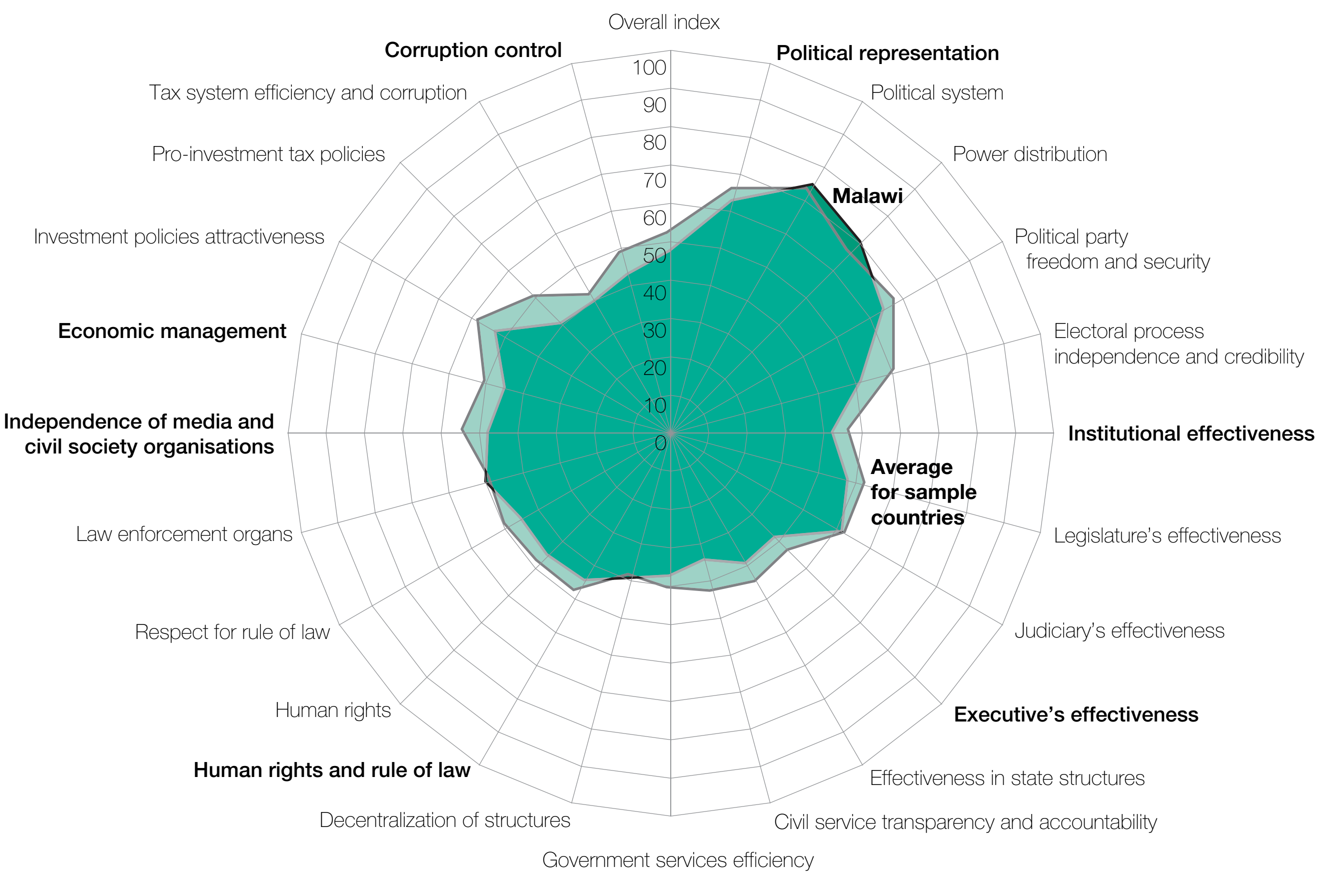
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Effectiveness in state structures
Decentralization of structures
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Malawi
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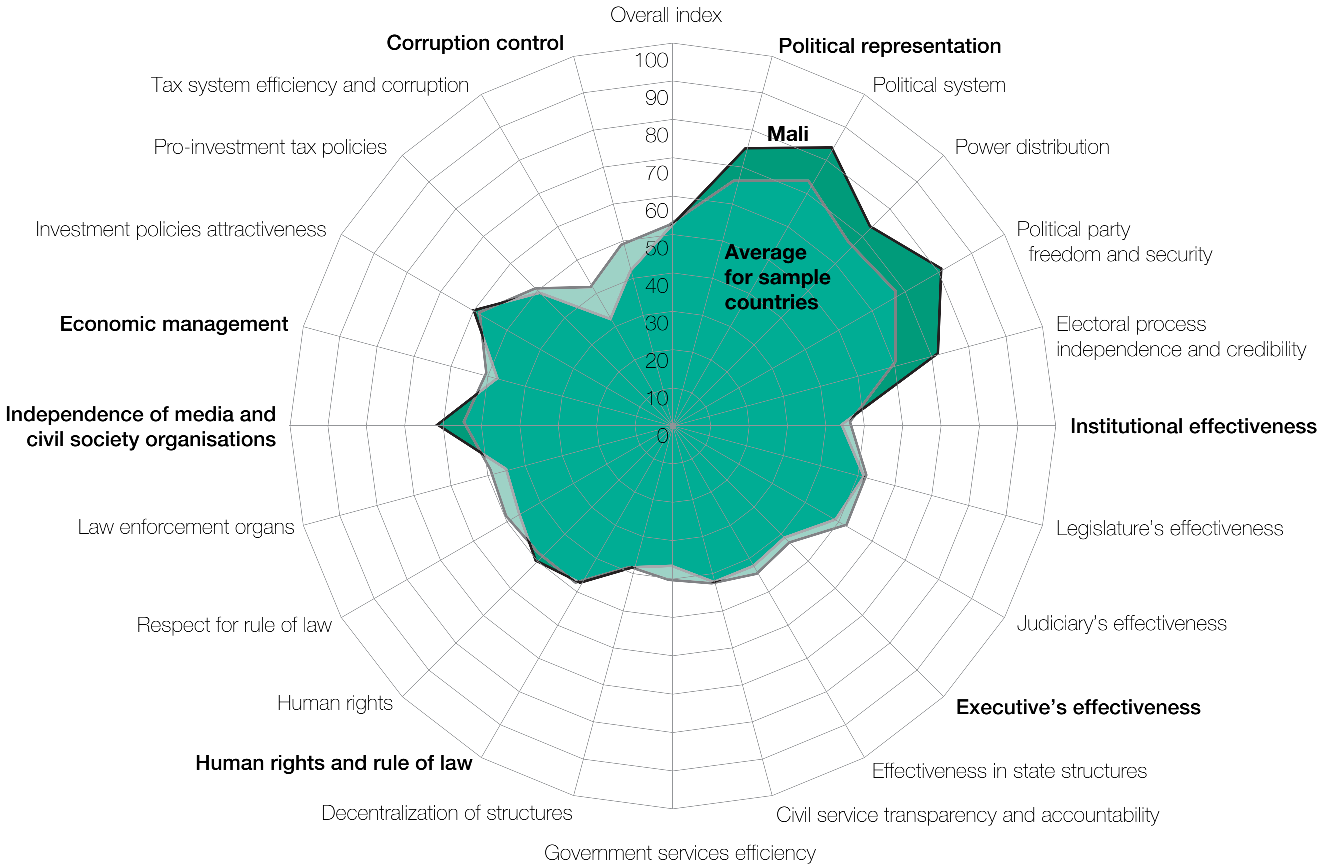
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Pro-investment tax policies
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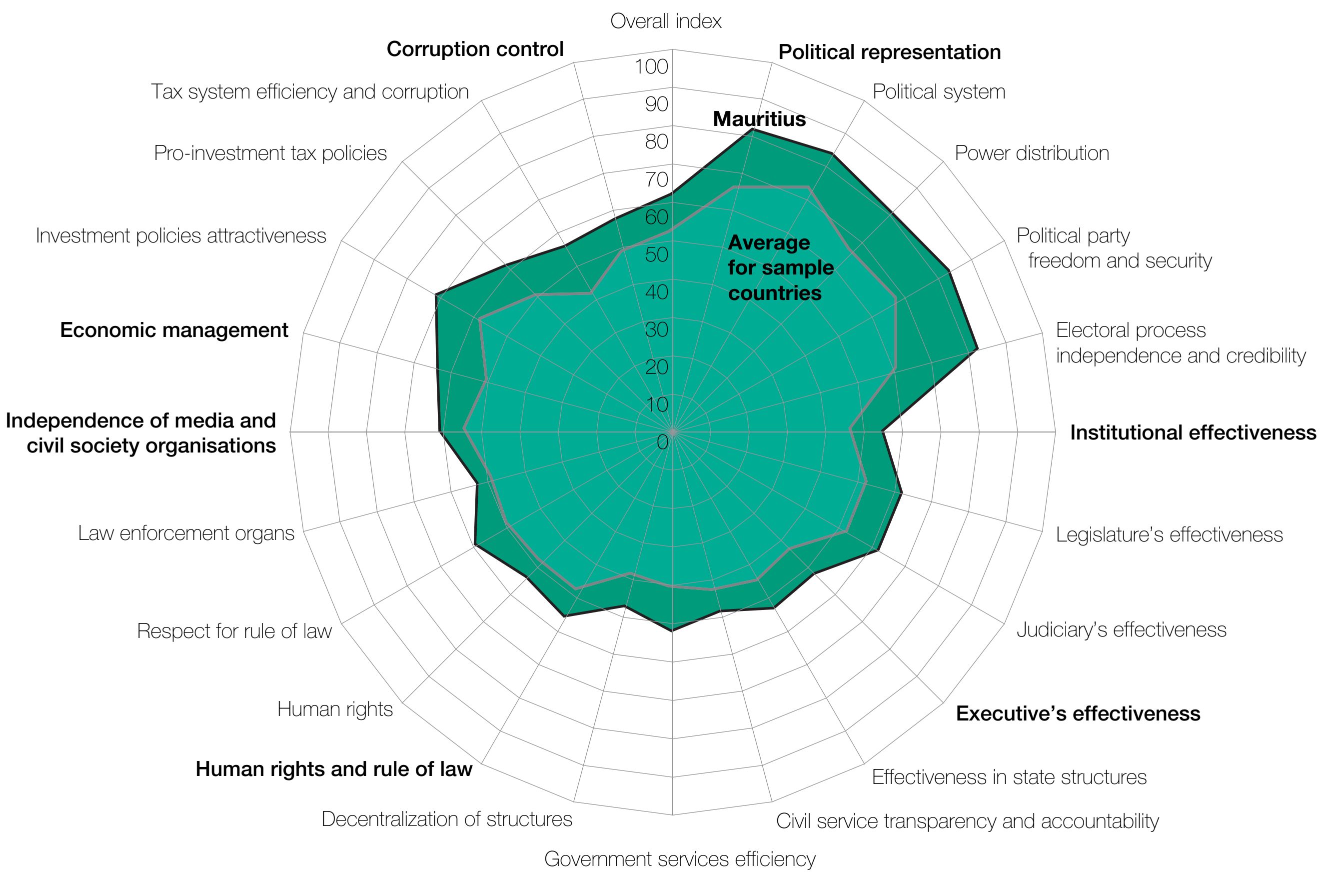
Mali
Average for sample countries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Economic management
Investment policies attractiveness
Pro-investment tax policies
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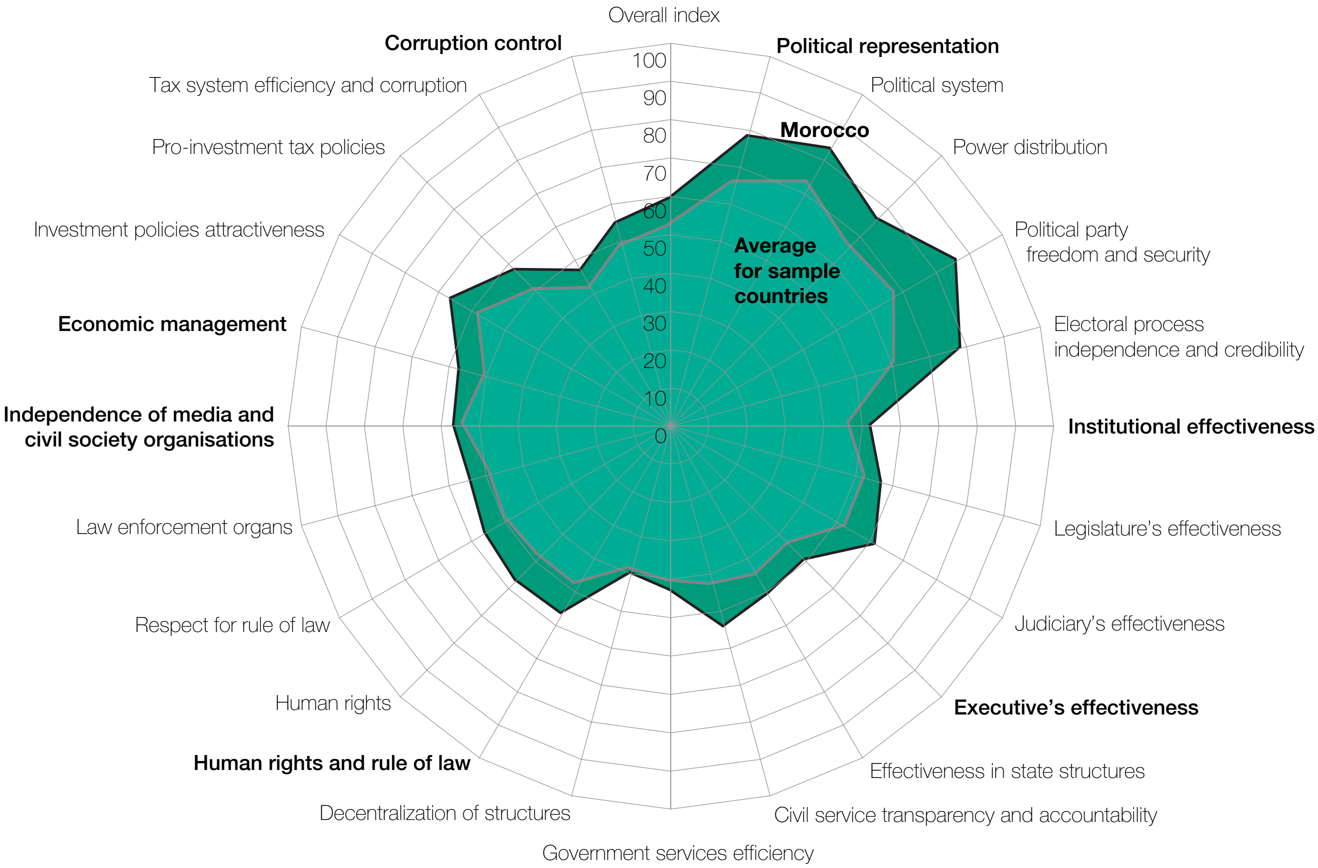
Mauritius
Average for sample countries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Human rights
Respect for rule of law
Law enforcement organs
Independence of media and civil society organisations
Economic management
Investment policies attractiveness
Pro-investment tax policies
Tax system efficiency and corruption
Corruption control
Morocco
Average for sample countries
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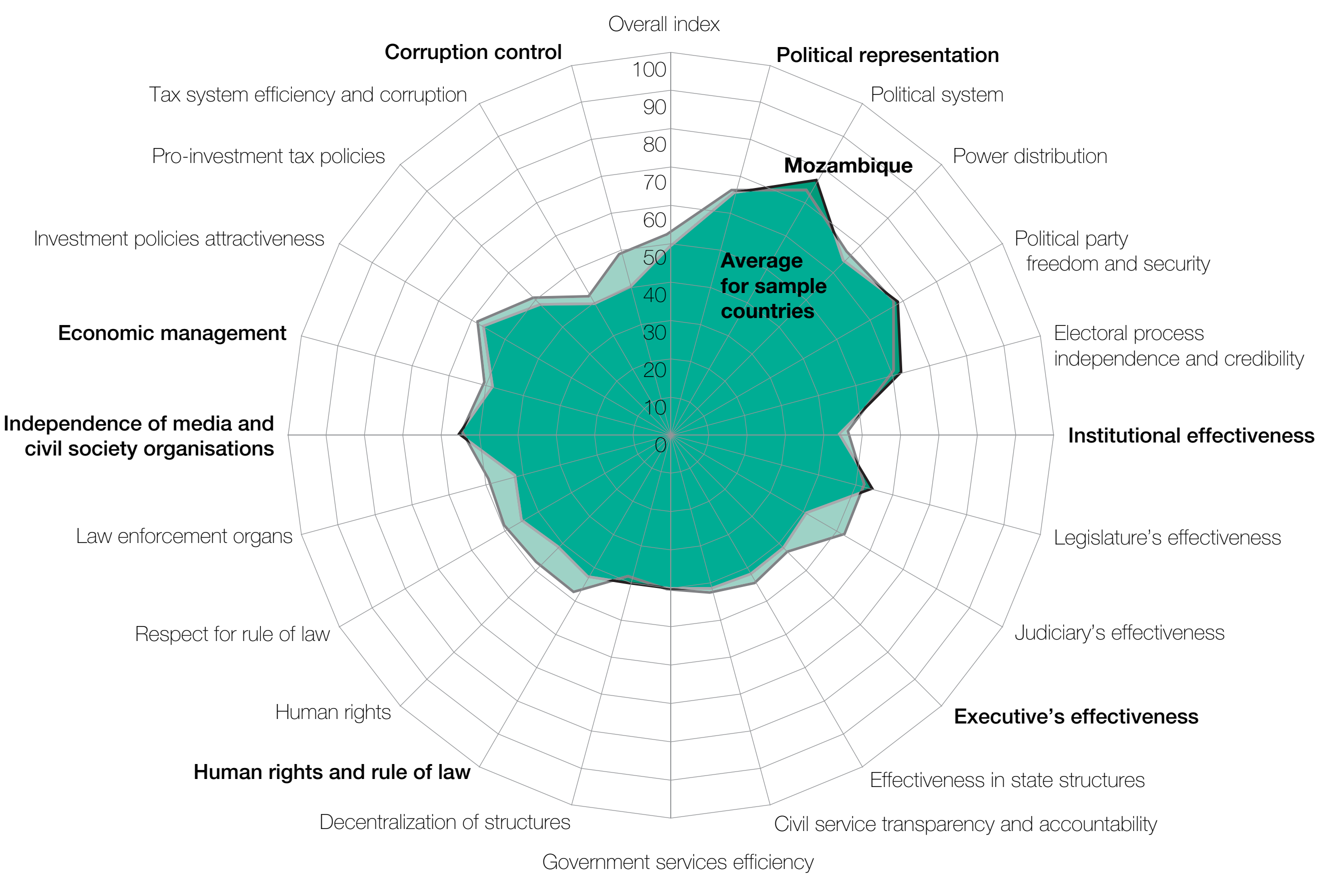
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Independence of media and civil society organisations
Economic management
Investment policies attractiveness
Pro-investment tax policies
Tax system efficiency and corruption
Corruption control
Mozambique
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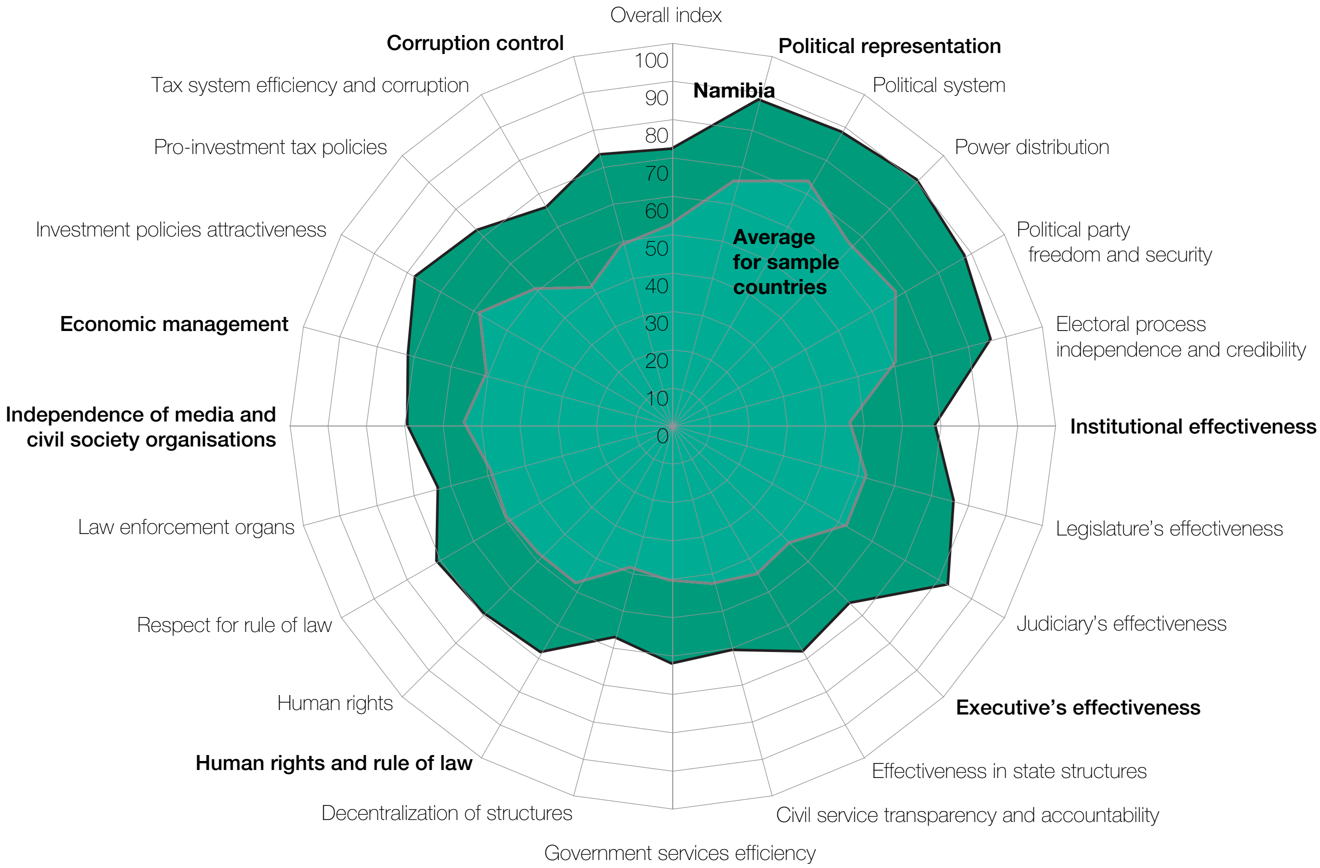
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Investment policies attractiveness
Pro-investment tax policies
Tax system efficiency and corruption
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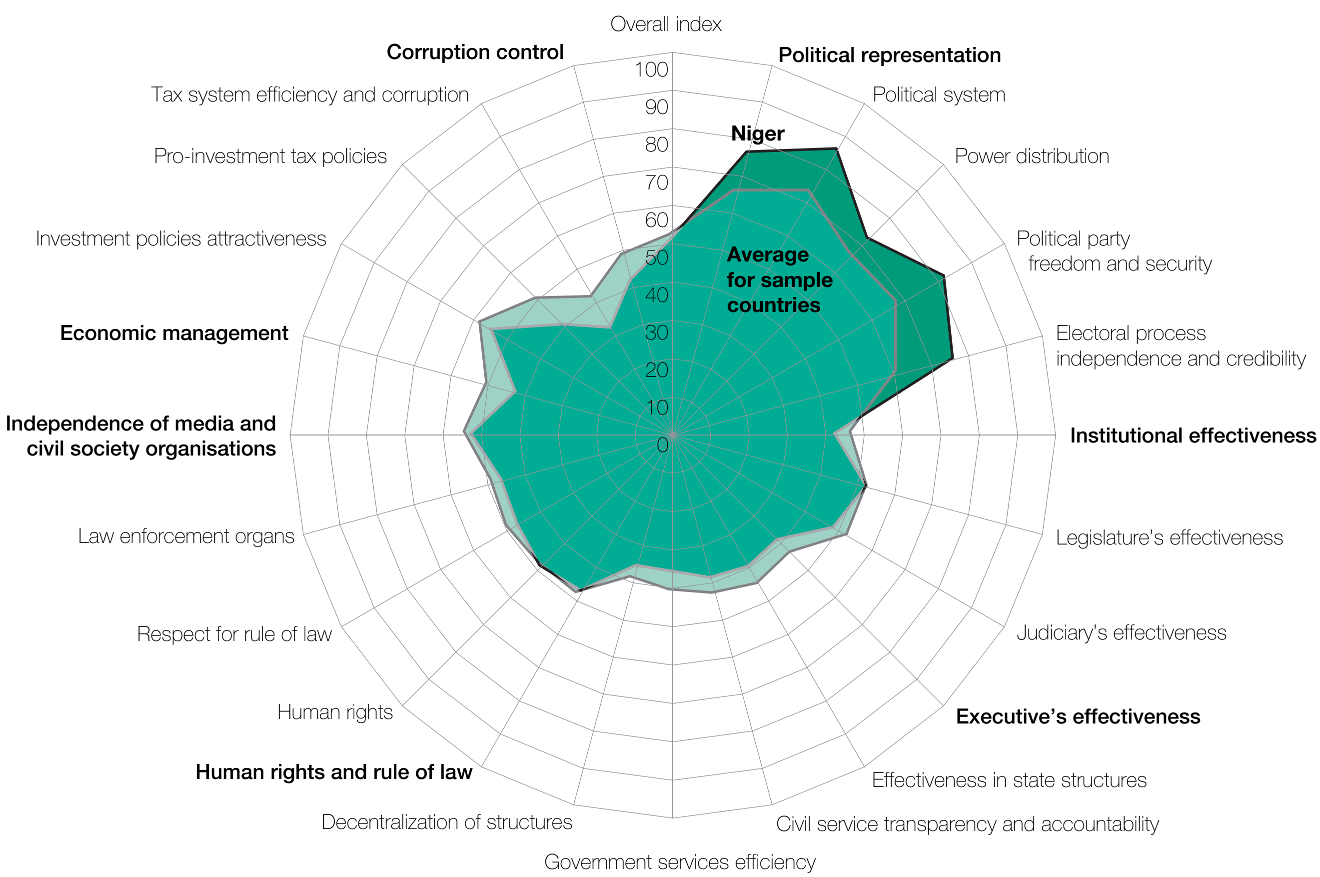
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Law enforcement organs
Independence of media and civil society organisations
Economic management
Investment policies attractiveness
Pro-investment tax policies
Tax system efficiency and corruption
Corruption control
Niger
Average for sample countries
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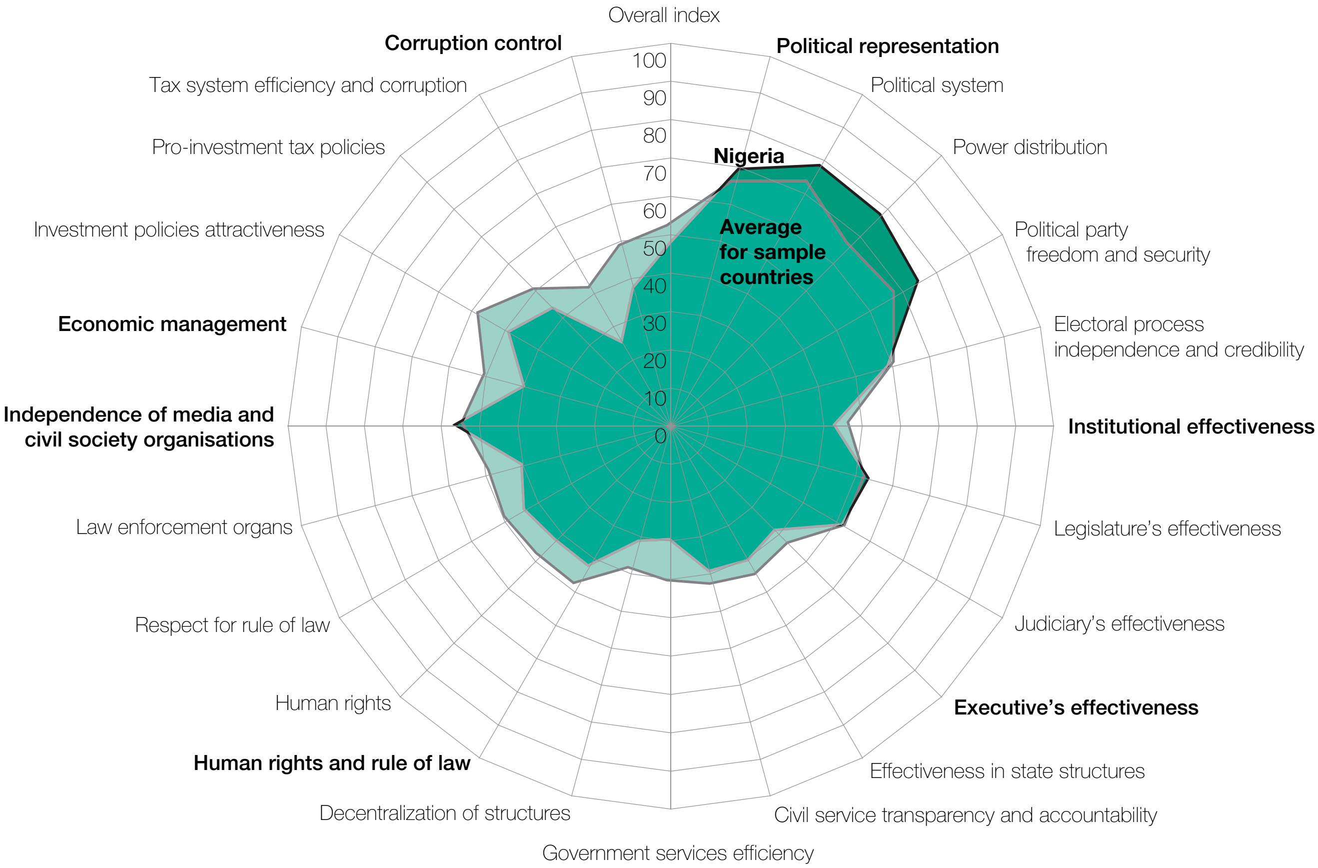
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Investment policies attractiveness
Pro-investment tax policies
Tax system efficiency and corruption
Corruption control
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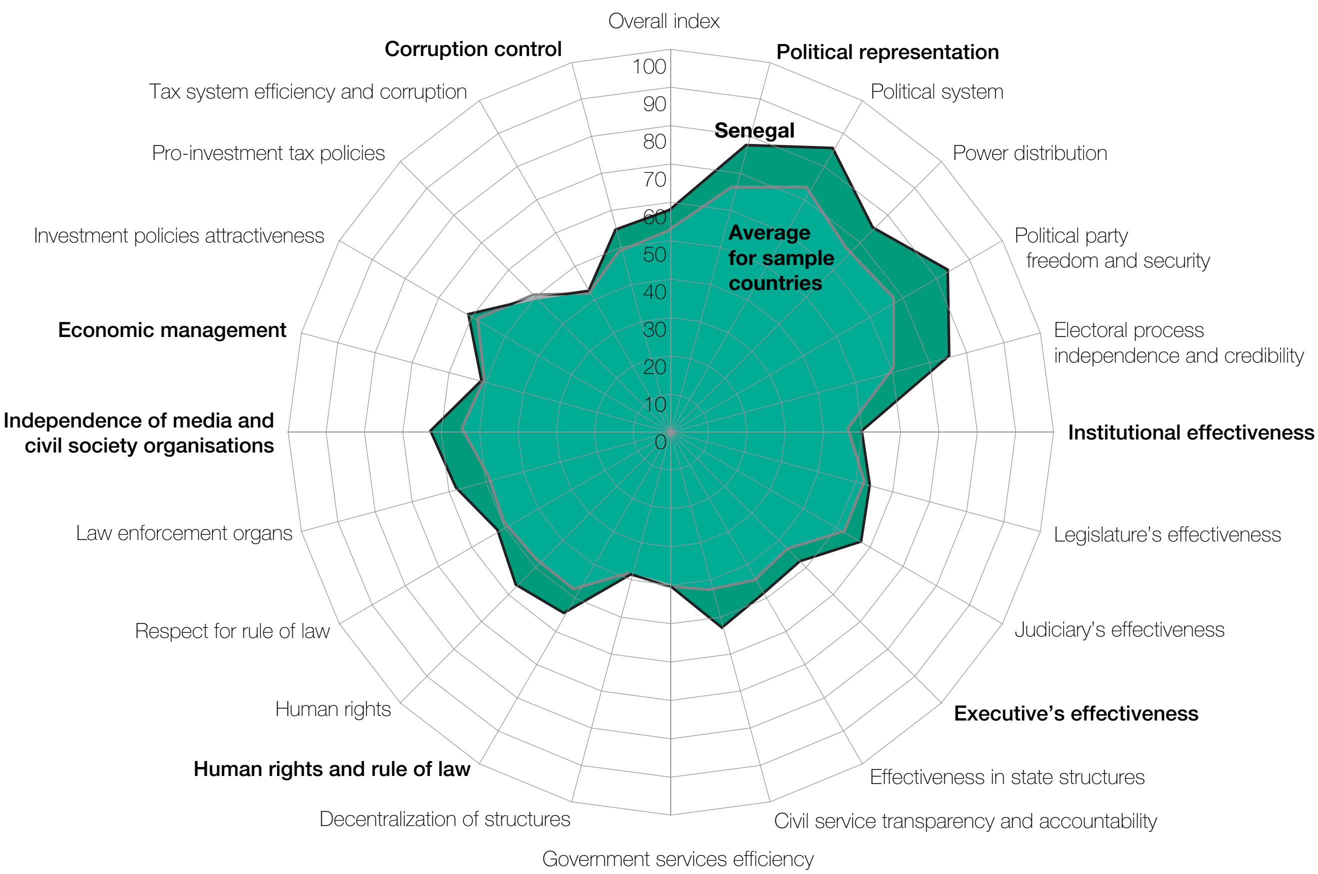
Nigeria
Average for sample countries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Independence of media and civil society organisations
Economic management
Investment policies attractiveness
Pro-investment tax policies
Tax system efficiency and corruption
Corruption control
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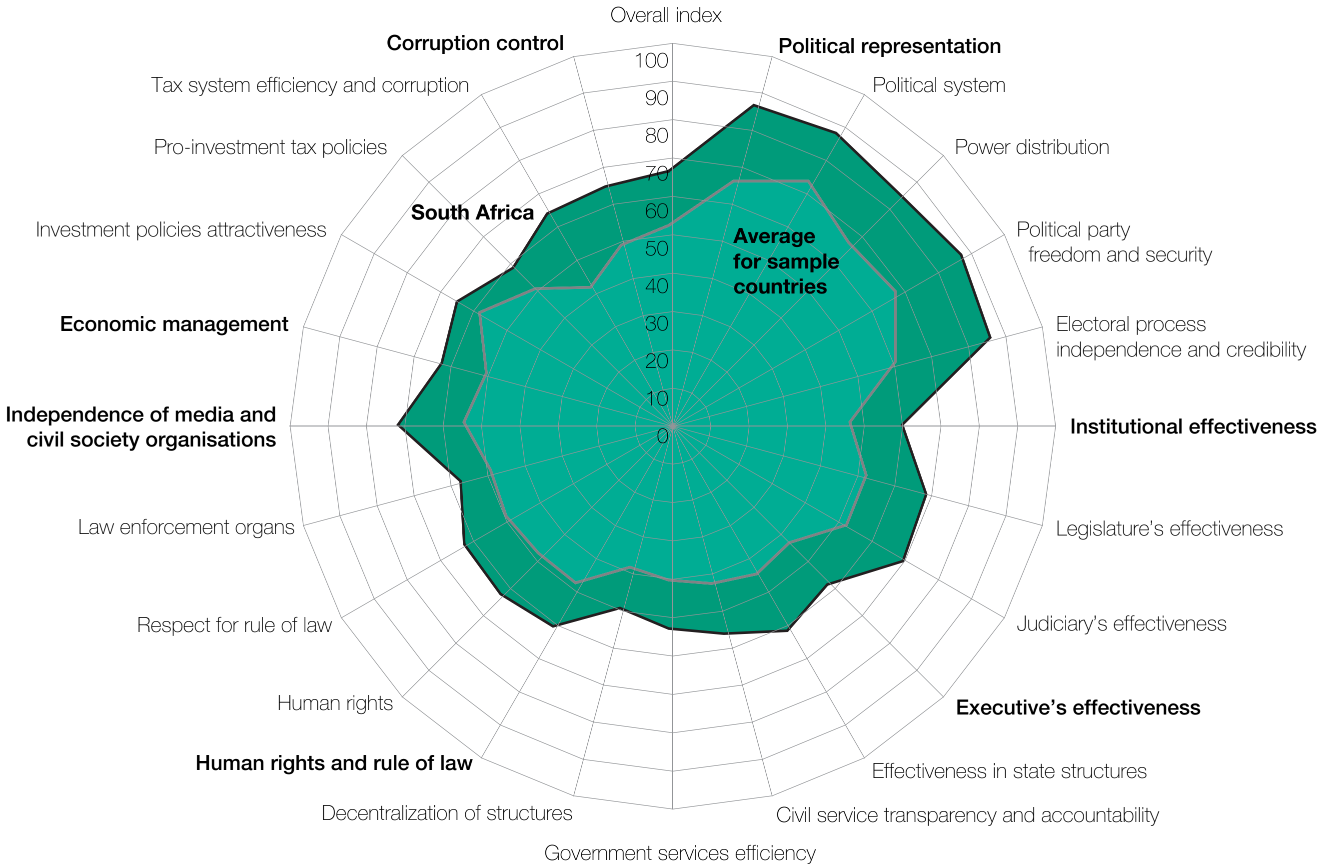
Senegal
Average for sample countries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Corruption control
Political representation
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Legislature's effectiveness
Judiciary's effectiveness
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Independence of media and civil society organisations
Economic management
Investment policies attractiveness
Pro-investment tax policies
Tax system efficiency and corruption
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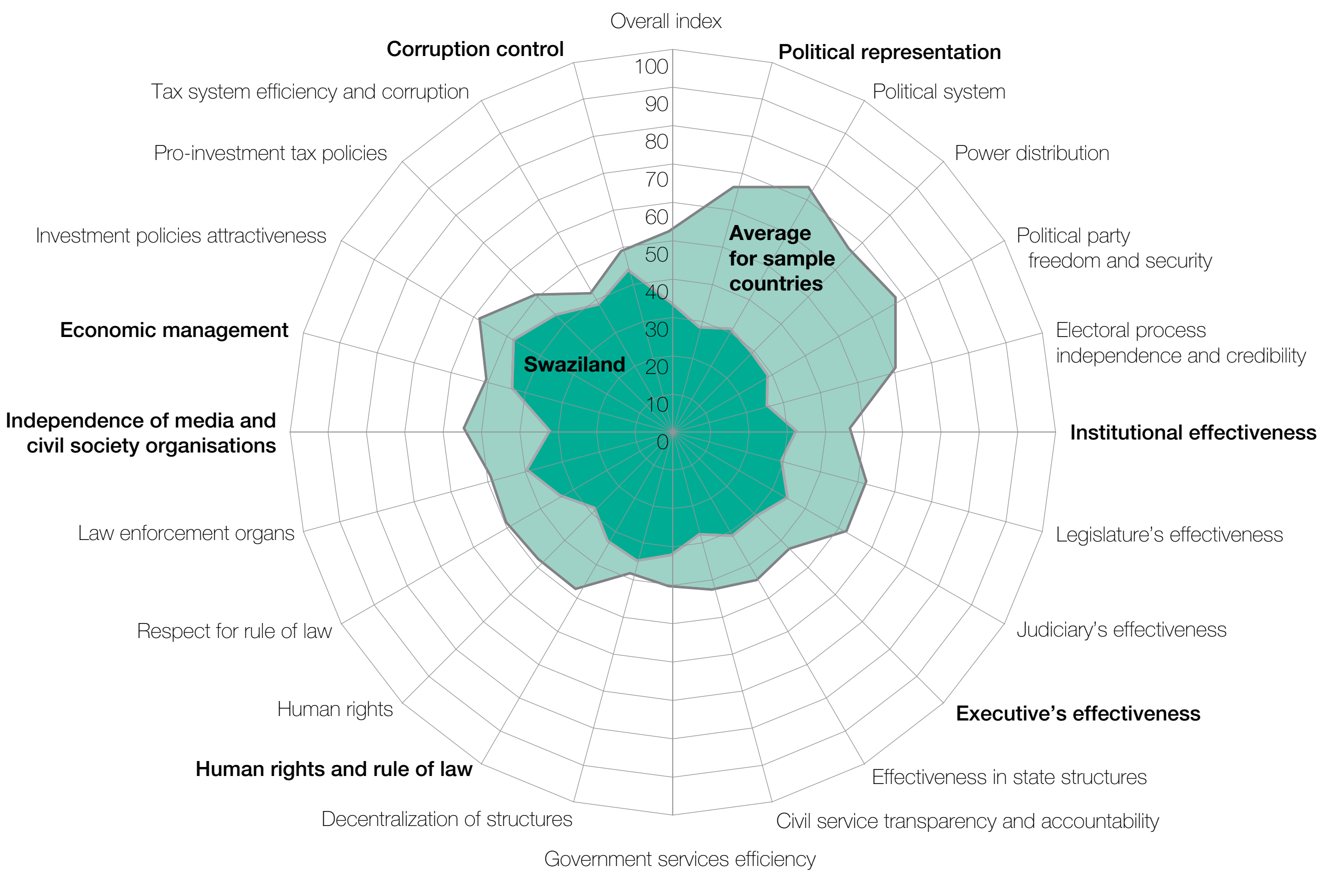
South Africa
Average for sample countries


Overall index
Corruption control
Political representation
Political system
Power distribution
Political party freedom and security
Electoral process independence and credibility
Institutional effectiveness
Legislature's effectiveness
Judiciary's effectiveness
Executive's effectiveness
Effectiveness in state structures
Civil service transparency and accountability
Government services efficiency
Decentralization of structures
Human rights and rule of law
Human rights
Respect for rule of law
Law enforcement organs
Independence of media and civil society organisations
Economic management
Investment policies attractiveness
Pro-investment tax policies
Tax system efficiency and corruption
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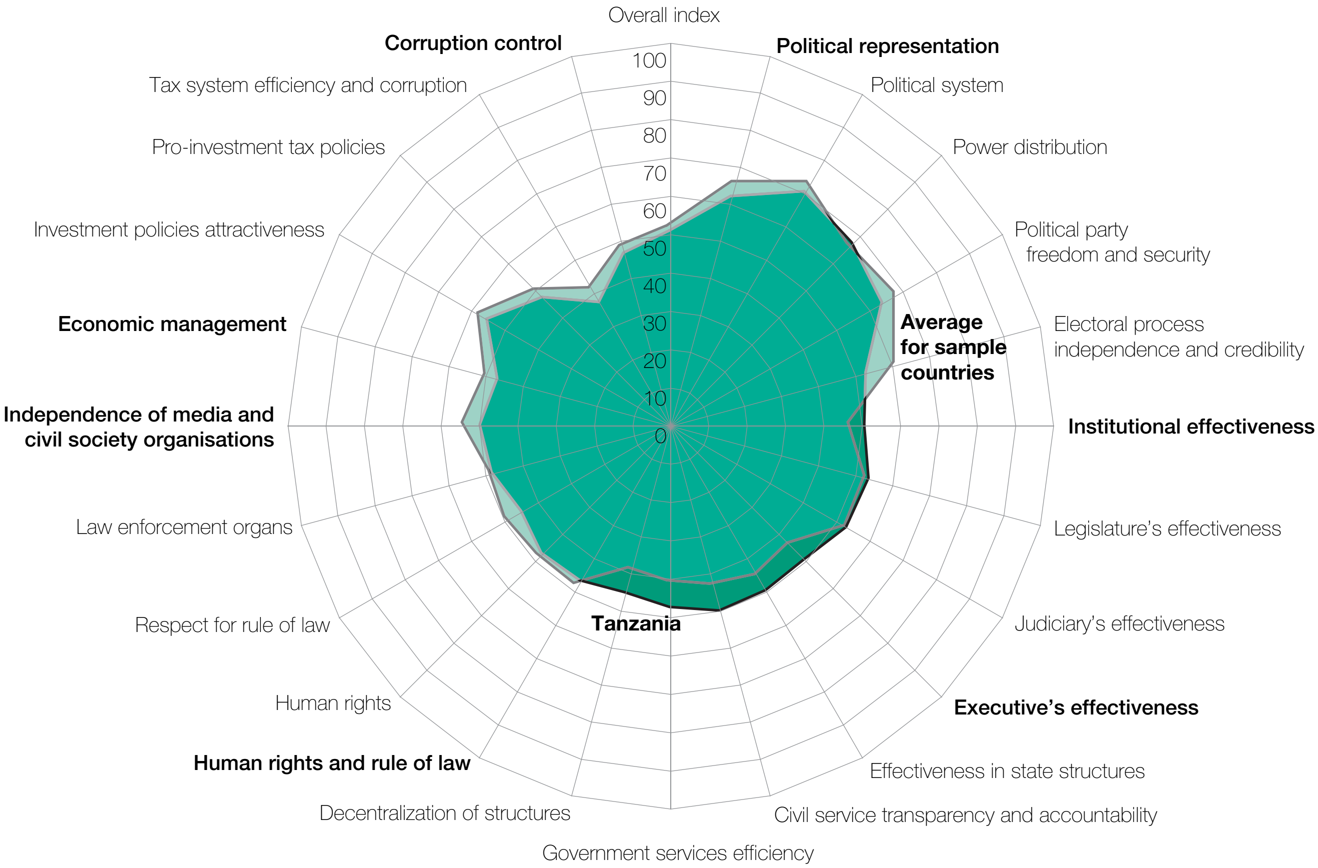
Swaziland
Average for sample countries



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Tanzania
Judiciary's effectiveness
Human rights
Executive's effectiveness
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Effectiveness in state structures
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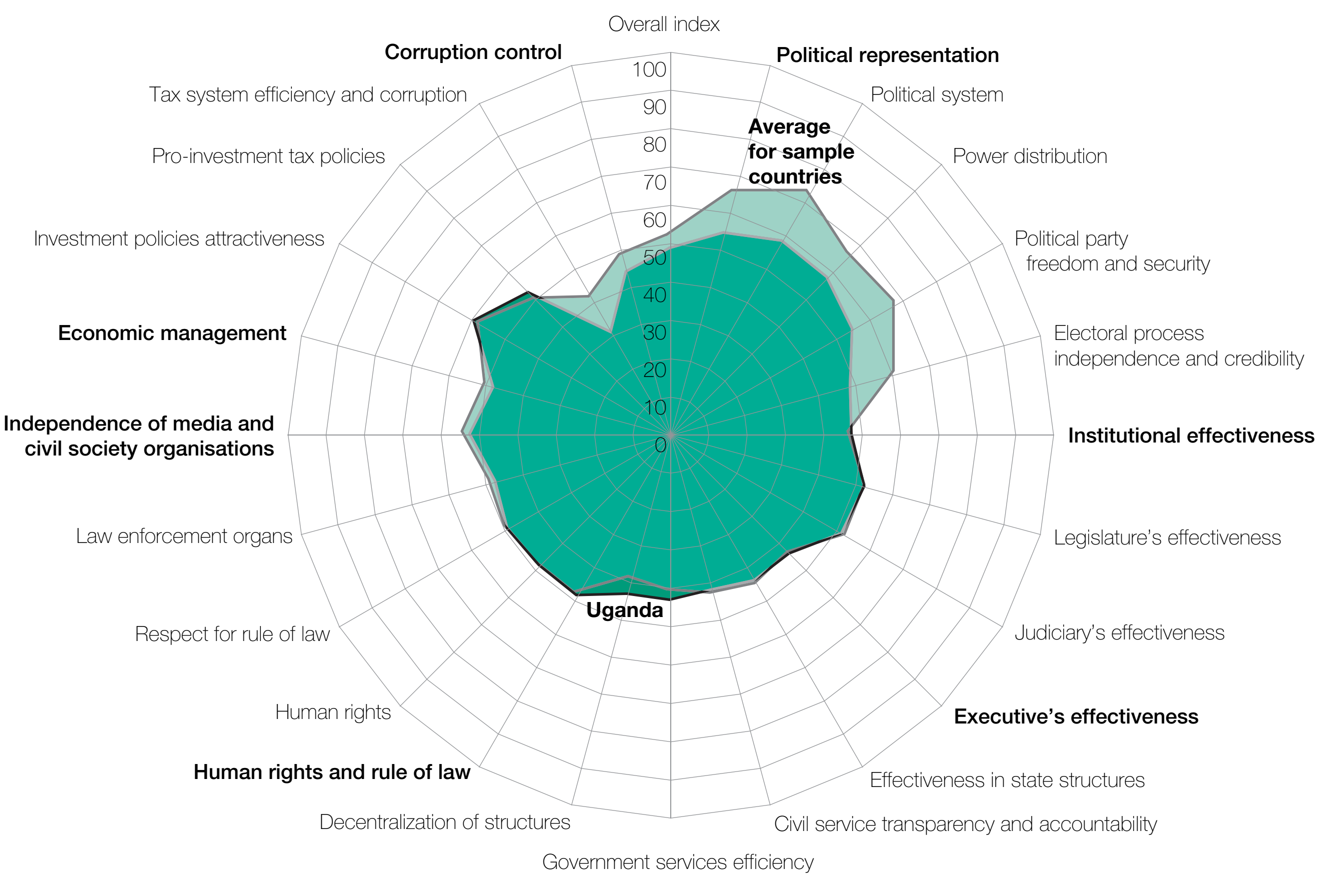

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Law enforcement organs
Legislature's effectiveness
Uganda
Respect for rule of law
Judiciary's effectiveness
Human rights
Executive's effectiveness
Human rights and rule of law
Effectiveness in state structures
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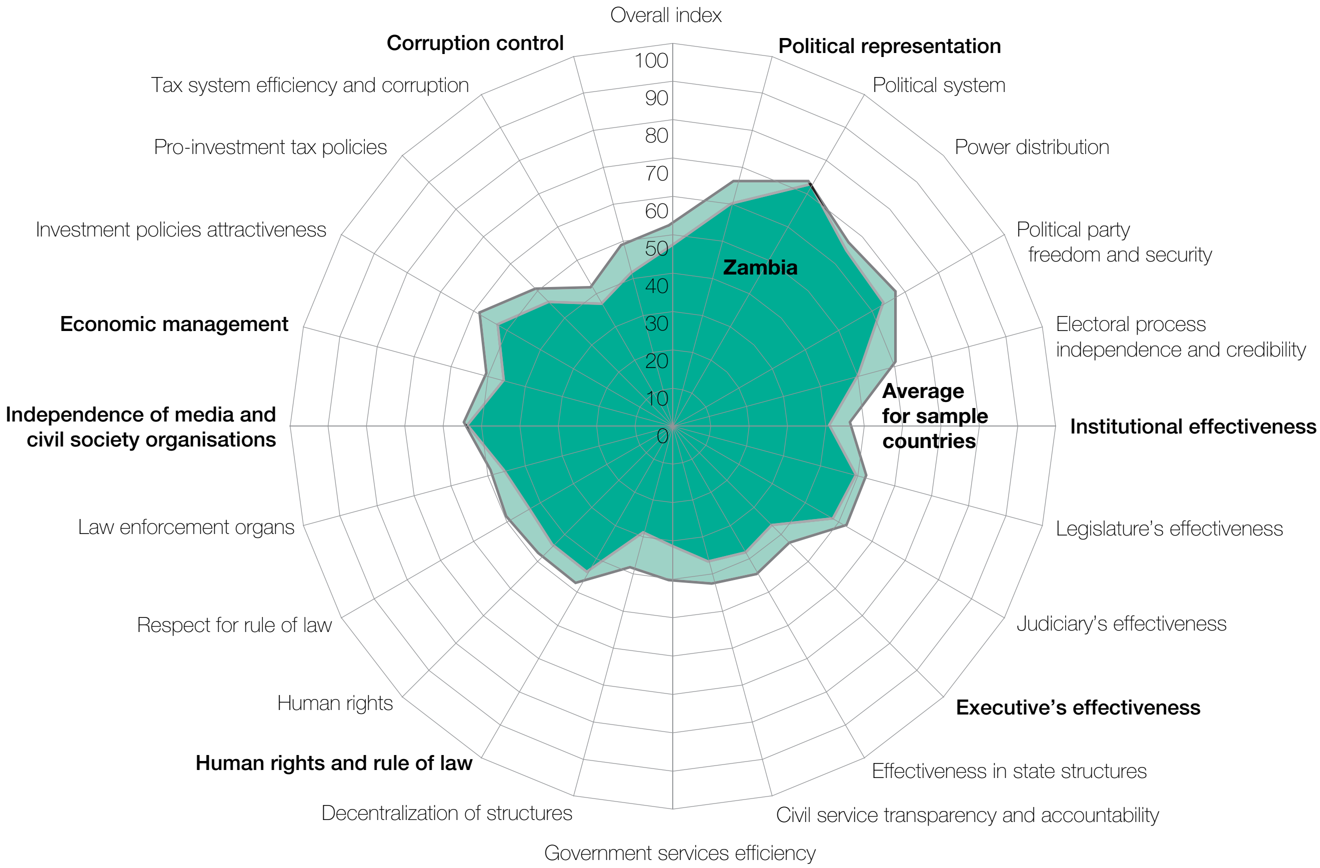
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Electoral process independence and credibility
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Law enforcement organs
Legislature's effectiveness
Respect for rule of law
Judiciary's effectiveness
Human rights
Executive's effectiveness
Human rights and rule of law
Effectiveness in state structures
Decentralization of structures
Civil service transparency and accountability
Government services efficiency
Zambia
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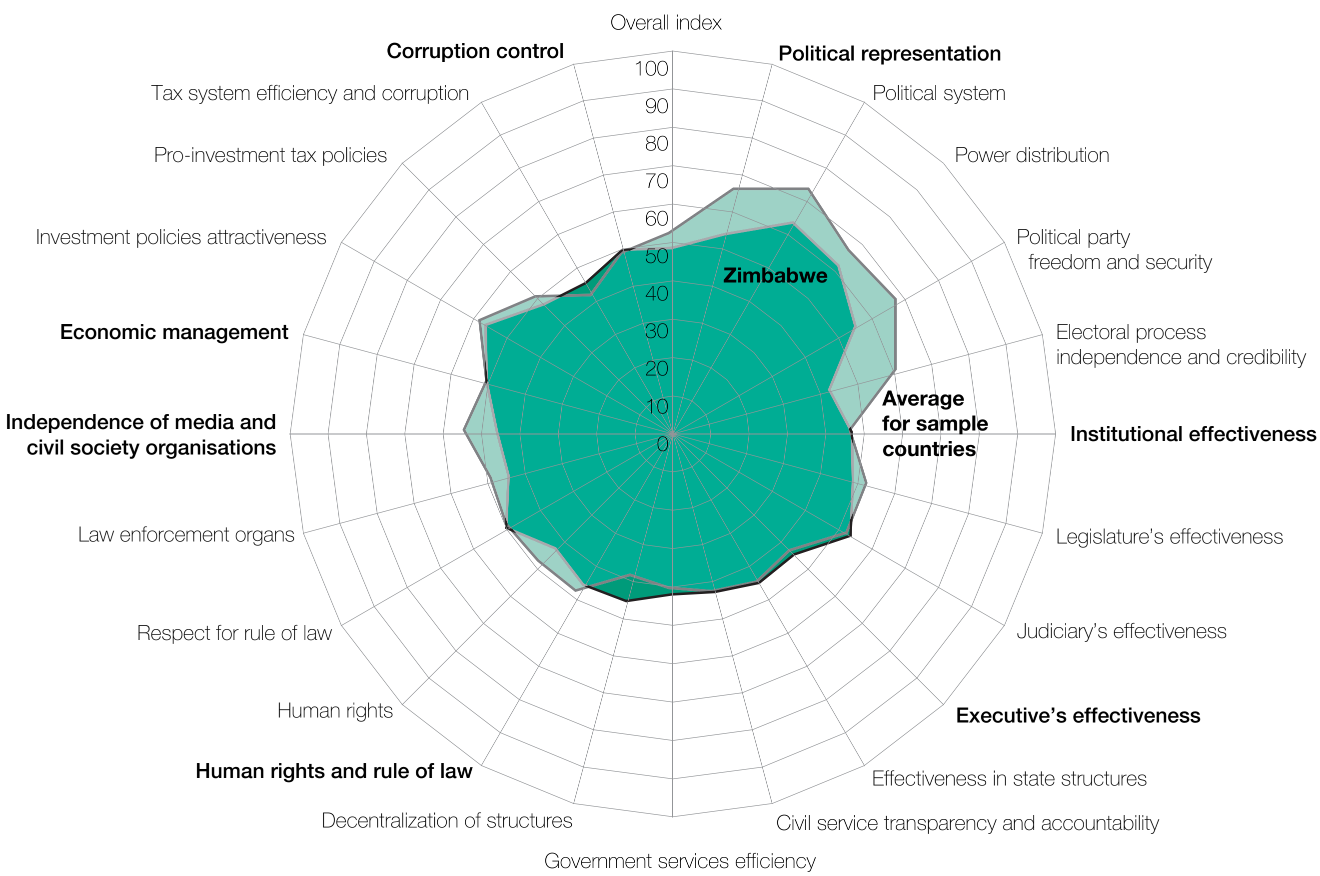
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Human rights and rule of law
Effectiveness in state structures
Decentralization of structures
Civil service transparency and accountability
Government services efficiency
Zimbabwe
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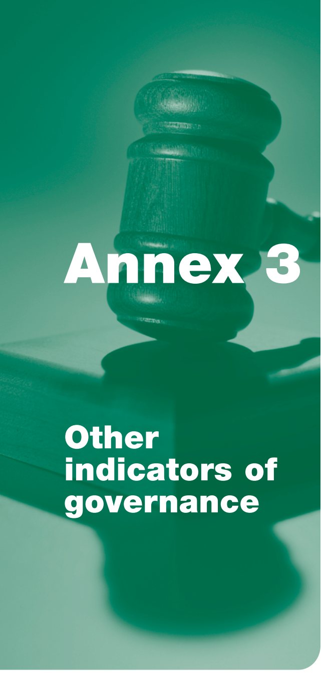


Annex 3

Other indicators of governance

The World Bank is perhaps one of the largest users of indicators, in addition to being engaged in aggregating information from a variety of sources to build indices that are designed to enable international comparisons with respect to six clusters which represent different aspects of governance: voice and accountability, political stability and lack of violence, government effectiveness, regulatory quality, rule of law and control of corruption. The most recent World Bank aggregation in 2002 has been prepared for at most 199 countries for the voice and accountability cluster and for at least 186 countries or more for the remaining 5.

The International Development Association (IDA) has also used performance measures based on a country policy and institutional assessment (CPIA) scheme which uses ratings on a scale of 1 to 6 on 20 criteria under 4 clusters: economic management, structural policies, policies for reducing inequalities and public sector management/institutions; the scheme is designed to investigate property rights and rule-based governance, quality of budgetary and financial management, efficiency of revenue mobilisation, efficiency of public expenditures, transparency, accountability and corruption.

One other set of indicators under the sponsorship of the World Bank comes as part of its *1997 World Development Report,* which includes results of studies, that has been carried out in 67 countries where only investors have been the respondents. UNDP has also had its own set of indicators and indices.

UNDP's indicators have been used in its annual *Human Development Report.* These indicators have been employed in the construction of the Human Development Index for all countries, the Human Poverty Index for developing countries, the Human Poverty Index for selected OECD countries, the Gender-related Development Index and the Gender Empowerment Measure. Just as in the case of IDA's CPIA, UNDP uses no indicators to measure or monitor political governance, though its 2002 report emphasises the importance of the exercise of political power by the people. Moreover, the way UNDP has used indicators to construct indices has been a subject of considerable debate by various stakeholders.

At the governmental level, USAID makes use of democracy and governance programme indicators, which are designed to measure country and programme performance. These indicators have been organised under four governance clusters: (i) rule of law, (ii) elections and political processes, (iii) civil society and (iv) governance. USAID's scope of measurement appears to have some similarity with that of ECA.

A more recent and related action of the US Government, detailed in November 2002, was to place good governance centre stage by spelling out plans for the allocation of funds from the $5 billion a year Millennium Challenge Account (MCA) to countries that "justly govern," "invest in people" and "promote economic freedom;" these three clusters make use of 16 performance criteria and the data come from the World Bank, national sources, IMF, Freedom House and Institutional Investor Magazine; the World Bank and Freedom House have provided all the data for "Governing Justly."

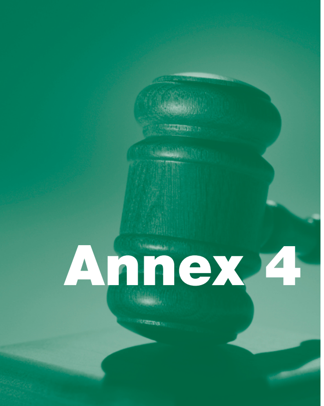
Creditworthiness of nations has been, and continues to be, measured by such rating agencies as Standard and Poor's, Moody's, International Country Risk Guide and Business Environmental Risk Intelligence (BERI). These sources are also used by the World Bank, among others, to construct indices for different aspects of governance.

The International Monetary Fund (IMF) has also used, since 1995, a set of indicators in its Special Data Dissemination Standards to monitor the international credit rating of member countries in relation to their access to IMF funding and international capital markets; this is largely restricted to businesses in fairly well-developed and fully developed nations.

The World Governance Survey is another study that has been carried out late in 2000 and early 2001 by United Nations University in 22 countries that are described as "transitional societies," and that group included Togo, Tanzania and Nigeria from Africa. The scope of the research included 6 governance clusters and 30 indicators on: (i) political society, (ii) the judiciary, (iii) the executive, (iv) the bureaucracy, (v) civil society and (vi) economic society.

Other widely known non-governmental organisations that employ indicators include Freedom House, which is engaged in monitoring progress in political rights and civil liberties, and Transparency International (TI), which has been constructing a Corruption Perceptions Index since 1995. TI's 1999 index, which used data from 14 sources, covered 99 countries, as opposed to only 41 in 1995. There are also several other organisations, mostly in developed countries, which employ indicators for different purposes.

In Africa there is the Afrobarometer, which was launched in 1999 to report on the attitudes of citizens towards democracy, markets and civil society in Botswana, Ghana, Lesotho, Namibia, Nigeria, Malawi, Mali, South Africa, Tanzania, Uganda, Zambia and Zimbabwe; all 12 countries have also been included in ECA's governance project. The Afrobarometer is one of the World Bank's 25 sources of inputs for (i) voice and accountability, (ii) government effectiveness and (iii) control of corruption in its 2002 aggregate governance estimates.



Annex 4

Comparing Africa governance indicators with other governance indicators

The Africa Governance Indicators are derived from the data collected in the expert panel study, which contains 83 measures of the perceptions of the nation's elite in each of 28 countries covered in the study, clustered in 23 groups.

The 24 Africa Governance Indicators (including the overall measure) were compared with 10 governance indicators routinely used by the World Bank: five governance-related indicators from the Bank's CPIA (Country Policy and Institutional Assessments); the average score of these five governance indicators in the CPIA; and four worldwide governance indicators published by the World Bank Institute, covering rule of law, government effectiveness, corruption, and voice & accountability. All these indicators have been tested empirically and proved to be good predictors of different aspects of the quality of governance, both in cross-country regressions and in country specific analyses.

Of the 28 countries with Africa Governance Indicators, only 25 have matching World Bank indicators: 23 countries from Sub-Saharan Africa and 2 countries from North Africa.

Most indicators are reasonably well correlated (table A4.1). The best overall proxies for the AGIs were CPIA 16 on Rule of Law and Property Rights and WBI's Voice & Accountability score, followed by WBI's Government Effectiveness and Rule of Law scores. The weakest correlation was found with CPIA 18 and 19, not surprising since the AGIs do not cover issues related to revenue mobilisation (CPIA 18) and only partly issues related to public sector management and civil service (CPIA 19). There are three clear mid-range indicators: CPIA 20 (on corruption), the average CPIA 16-20, and WBI's Corruption score.

To compare country level results, each of the AGIs was estimated using each of the CPIA/WBI indicators as a predictor. The analysis of standardised (Pearson) residuals shows that several countries are consistent outliers (table A4.2). The standardised or Pearson residual is calculated as the difference between actual and predicted value divided by the standard error of the residual. AGIs rank Ethiopia, Kenya, Chad, Swaziland, and to a lesser extent Egypt, significantly lower than the CPIA, while countries such as Ghana, Namibia and to a lesser extent Gambia and Zimbabwe are ranked significantly higher than the CPIA. The "lower ranked" countries are more consistent across indicators than the "higher ranked" countries.

Because survey instruments were applied by different research groups in each country, the results cannot be compared across countries. They are merely indicative of perceptions in one country at one point in time. The AGIs are thus useful primarily for country-specific analyses.

Table A4.1 Level of correlation between selected World Bank governance indicators and Africa Governance Indicators
Percent by level

	Correlations with 24 AGIs in each interval % of all correlation		
Indicator	**Less than 34%**	**34% to 66%**	**More than 66%**
WBI Rule of Law Score	0	54	46
WBI Government Effectiveness Score	4	42	54
WBI Corruption Score	13	83	4
WBI Voice and Accountability Score	0	46	54
Property Rights and Rule-Based Governance (CPIA 16)	0	29	71
Quality of Budgetary and Financial Management (CPIA17)	38	63	0
Effectiveness of Revenue Mobilisation (CPIA18)	79	21	0
Quality of Public Administration (CPIA19)	83	17	0
Transparency, Accountability and Corruption (CPIA20)	4	96	0
Average of Governance CPIAs	0	100	0

Table A4.2 Percentage of standardised residuals with absolute value greater than 1
Percent

Country	Percentage of standardised residuals with absolute value greater than 1	Percent of all negative standardised residuals	Percent of all positive standardised residuals
Benin	4	28	72
Botswana	9	25	75
Burkina Faso	8	59	41
Chad	59	100	0
Egypt	34	83	17
Ethiopia	83	100	0
Gabon	13	52	48
Gambia	38	3	98
Ghana	70	2	98
Kenya	59	99	1
Lesotho	5	19	81
Malawi	6	75	25
Mali	16	50	50
Mauritius	11	51	49
Morocco	18	13	87
Mozambique	5	58	42
Namibia	85	0	100
Nigeria	17	38	62
Senegal	10	26	74
South Africa	21	5	95
Swaziland	67	93	7
Tanzania	5	58	42
Uganda	7	55	45
Zambia	7	77	23
Zimbabwe	36	21	79