



Good Governance and Economic Development in Africa

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A matter of Definition

- Problematic to define and conflicting views
 - Easy to talk about bad governance
- Defined within an agency specific context:
- For e.g.
 - “the exercise of economic, political and administrative authority to manage a country’s affairs at all levels [**private & public spheres**] and it comprises **mechanisms, processes and institutions** through which citizens and groups can **articulate their interest**, exercise their legal rights, meet their obligations and **mediate their differences** (UNDP: Abdellatif, 2003, p4)
 - “the manner in which **power is exercised** in the **management** of a country’s **economic and social resources** for development”
(World Bank: Abdellatif, 2003, p5)

Elements of Good Governance

- Participation (do you have a say?)
 - Rule of law (can justice prevail?)
 - Transparency (is there openness?)
- Responsiveness (feedback mechanisms?)
 - Consensus orientation (consultation?)
 - Equity (opportunity?)
 - Effectiveness and efficiency
 - Accountability (why and to whom?)
- Strategic vision (Development oriented?)

Democratic Governance versus Good Governance

- “Democratic Governance differs from the concept of good governance in recognizing that political and civil freedoms and participation have basic value as developmental ends...and not just [as] means for achieving socio-economic progress” (Abdellatif, 2003, p11)

DG equals Fundamental Capabilities

Economic Development

ED is much broader than EG

- Quality of life and good incomes
 - Better education
- High standards of health and nutrition
 - Clean environment
 - Equality of opportunity
 - Economic freedoms etc

**But badly measured thru GDP per capita and
this affects findings on linkages between
EG/ED and GG**

Linkages between ED and GG

Measurement is a major challenge

- Most studies have ambiguous results
 - Positive correlation ED and Governance: GG constrains the actions of corrupt officials and reduced corruption stimulates and encourages growth (see for e.g Kaufman and Kraay, 2002).
 - Found strong causality running from better governance to ED
 - However, higher incomes do not necessarily reverse causes GG
 - Others studies have shown that political freedoms matter for growth (Poland, Czech Republic or SA)
 - Evidence that non-democratic countries with low quality of governance not able to sustain growth trajectories in the long run with GG (Indonesia, Zimbabwe)
 - However, cases where ED/EG was achieved at the cost of equity and equality, weakened democracy (South East Asia in the 60's and 1990's). **Avoids policy gridlock**

Character of GG African Experience

AFRICA LAGGED OTHERS ON INDICATORS OF GG

- Current and past cases of bad governance
- Negates the gains and credibility built post-independence (Zimbabwe, Somali, Sudan etc)
- Co-existence with perverse cases where the supply of democracy exceeds the demand (Namibia, Afrobarometer data)
- Missing or limited democratic value system (Keulder, 2003)
- Problems of Prisoner's Dilemma: reluctance to move together to a better governance equilibrium (SADC vs Zimbabwe)

Challenges and Opportunities

- Setting of developmental agenda critical
 - NDP's, and Visions etc a function of foreign funding
 - Not developmentally focused
- Sidetracked by other countries agenda's
 - So-called negative externalities of China's expansion
 - Political economy of trade liberalisation (CAP etc)
- Scope to redress capacity to absorb Aid
 - Integrated planning with M&E (e.g. NDP3)
 - Goodwill for Africa (a new phenomena)